



Sustainability Report 2017



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Leadership

Our 2020 Strategy: Growth, Trust and Talent

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“ The world around us is changing fast, the pace of change in the next 10 years may well surpass what we have experienced in the last 75.

KPMG's 2020 strategy is our blueprint for building a sustainable firm.”

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Ong Pang Thye, Managing Partner

Our 2020 Strategy: Growth, Trust and Talent



Ong Pang Thye
Managing Partner

As a firm with more than 75 years of history, we are proud of our heritage. Through the years, we have remained focused on being the clear choice for our people, our clients and our community.

The world around us is changing fast, the pace of change in the next 10 years may well surpass what we have experienced in the last 75. We are keenly aware that if we are to remain the clear choice, we must stay relevant by being agile and innovative as individuals and as a team.

Our 2020 Strategy

KPMG's 2020 strategy is our blueprint for building a sustainable firm.

This strategy is guided by a long-term view of inclusive success, as we anticipate change and make plans to respond to opportunities and challenges posed by disruptions to our business model. Consistently focused on quality and excellence, we draw on the collective strength and knowledge of our people as

we collaborate and continue to innovate.

Growth, Trust and Talent

Our growth strategy is anchored to the strategic relevance of Singapore as a country, and as a member firm of KPMG's global network. We continue building our capabilities in the areas of digital transformation, data analytics, cybersecurity and block chain, developing new businesses, and making strategic acquisitions and alliances to make ourselves a future-ready firm.

KPMG grew strongly in 2017, but our pride lies not just in the numbers. The breadth and quality of our clients, as well as the economic resilience that the firm has shown, are key indicators of our progress. We are proud that our clients are happy to be associated with us and we look forward to growing with them in the future.

While the growth of our firm is always at the top of our minds, building and keeping public trust is equally important to us. We define trust as doing the right thing, doing

things right and doing good. This means we deliver our work with professional excellence, prioritising quality and risk management to create unbroken circles of trust with our employees, our clients and the community.

KPMG is proud that we have a history of not being afraid to do the right thing, and maintaining a solid track record in the quality of work we deliver. In giving back to the community, we emphasise authenticity and empowerment, believing that this approach will result in positive outcomes that are magnified beyond our immediate actions.

KPMG is a magnet for talent. In 2017, we received multiple accolades for being amongst the best firms to work for and the most attractive employer. We are committed to continue investing in our 2,800 strong team of passionate people to ensure that our people remain relevant in the dynamic business environment. Whilst we remain focused on

engaging, developing and retaining our people, it is clear that we need to step up our efforts in some areas as the annual survey of our people has shown a decline in employee engagement.

We are on a journey to renew our approach, improve our processes, and harness technology in our pursuit of sustainable growth, building trust, and engaging with our people. Through innovation and technology, we aim to provide our people with a better and more conducive work environment. We are also finding new and collaborative ways within the firm and with our clients and business partners to bring innovative and relevant solutions to the market.

In this report, I am pleased to share more on our 2020 strategy and our progress towards building a sustainable firm. Change is not always easy or fast, but we are committed to embracing disruption and are confident of navigating change successfully and forging ahead as one.



clients

We strive to bring together our skills and knowledge to provide holistic solutions to address our clients' needs and to bring credibility and value as they navigate an increasingly complex environment. This calls for seamless collaboration within the firm, across multidisciplinary teams, as well as strategic alliances with other market leaders to bring the best in class practices, technologies and solutions for our clients. 2017 saw the start of our deep collaboration drive. We will continue to embed a collaborative culture.

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Working with Clients in a Changing World

Achieving Seamless Collaboration

Thinking Digital

Powering Customer Innovation

Working with Clients in a Changing World



Irving Low

Head of Clients & Markets

Irving Low, Head of Clients & Markets, highlights some of the challenges currently facing businesses, and how the firm is gearing up to help our clients navigate them.

KPMG works closely with an extensive range of clients from the country's leading businesses, and government and public sector agencies, through to thriving entrepreneurs, family businesses and not-for-profit organisations.

Our clients have unique needs and challenges. We recognise this, and want to bring to each client practical solutions with real results that will help them prepare for their greatest challenges in this age of rapid change. This starts with us staying close to the ground and feeling the pulse in the market, having a keen sense of what our clients are thinking, saying and doing. To deliver tangible value to our clients, we also invest in our people to deepen their industry expertise and professional skills and build a collaborative culture of working together.

“Our clients have unique needs and challenges. We recognise this, and want to bring to each client practical solutions with real results that will help them prepare for their greatest challenges in this age of rapid change.”

Irving Low, Head of Clients & Markets

Top of the agenda for many businesses is how to maximise the opportunities that digital transformation and innovation present, whilst at the same time managing threats to cyber security. We have invested in both of these areas by building dedicated teams to support clients.

Our clients need to leverage the opportunities the modern digital economy presents, and invest in disruption detection and innovation processes. At the same time, they want to be confident that they can operate without the damaging disruption of a cybersecurity event. Our Digital + Innovation team was created to meet these needs.

Achieving Seamless Collaboration



Tay Hong Beng
Head of Real Estate at KPMG

Having been with KPMG since 1990, Hong Beng is a passionate advocate of collaboration. Here, he shares his personal experience on a recent engagement, which saw KPMG deliver enhanced value through the synergistic efforts of Audit, Tax and Advisory professionals.

I had the privilege of being the team leader for a client's mega-acquisition project. When the client was exploring who to help them with a tax-related challenge, our Tax team was the first port of call. We anticipated that the potential tax solution would be accompanied by regulatory, financial and accounting implications, so we brought in our accounting and advisory teams to brainstorm and explore various scenarios. Together, we were able to present a much more sustainable, practical and end-to-end solution to the client. It was a rewarding moment when we received strong affirmation from the client that we had exceeded their expectations through our dedication to bring them the best outcome

“We can no longer wait for our clients to approach us with their problems; rather, we harness our expertise to think ahead in their best interests. This shift in KPMG's business model can only be successful if powered by the collaborative efforts of our people.”

Tay Hong Beng, Head of Real Estate at KPMG

with collective effort and expertise from KPMG.

We want to replicate the success. The disruptive business environment we now face challenges us to find new ways of delivering solutions which holistically address our client's needs, and not only those which are immediately obvious. We are confident we can do so, as long as we stay committed to working as one team.

Thinking Digital



Lyon Poh

Head of Digital + Innovation

The wide-reaching impact of digitalisation can warrant, or even facilitate, an enterprise-wide business transformation for organisations today. Enterprises of today are characterised by four pillars: they utilise customer data to enhance customer engagement; they see intangibles like data, agility, and alliances as assets; they procure services as needed instead of growing internal functions and infrastructure; they access skills on demand rather than hiring full-time employees.

To enable enterprise-wide digital transformation, organisations must therefore focus on restructuring operations beyond customer-facing functions to include middle and back office processes and systems. Only when businesses view disruptors as enablers and as providers of opportunities to innovate can they unlock future value through new customers, markets, experiences and business models.

“ Integrity is key in building trust through technology. While technology brings about exciting opportunities, we need to always keep in mind the importance of deploying it responsibly and ethically.”

Lyon Poh, Head of Digital + Innovation

Powering Customer Innovation



Jan Reinmueller
Head of Digital Village

KPMG launched the KPMG Digital Village in 2016 to help our clients embark on an innovation journey to better understand and capture the unmet needs of their customers, and the “to be” experience that their customers aspire to attain.

Having brought on board highly-specialised professionals, we are now able to survey a variety of technologies, including Data & Analytics, Intelligent Automation and Block Chain, to develop the right digital solutions for our clients.

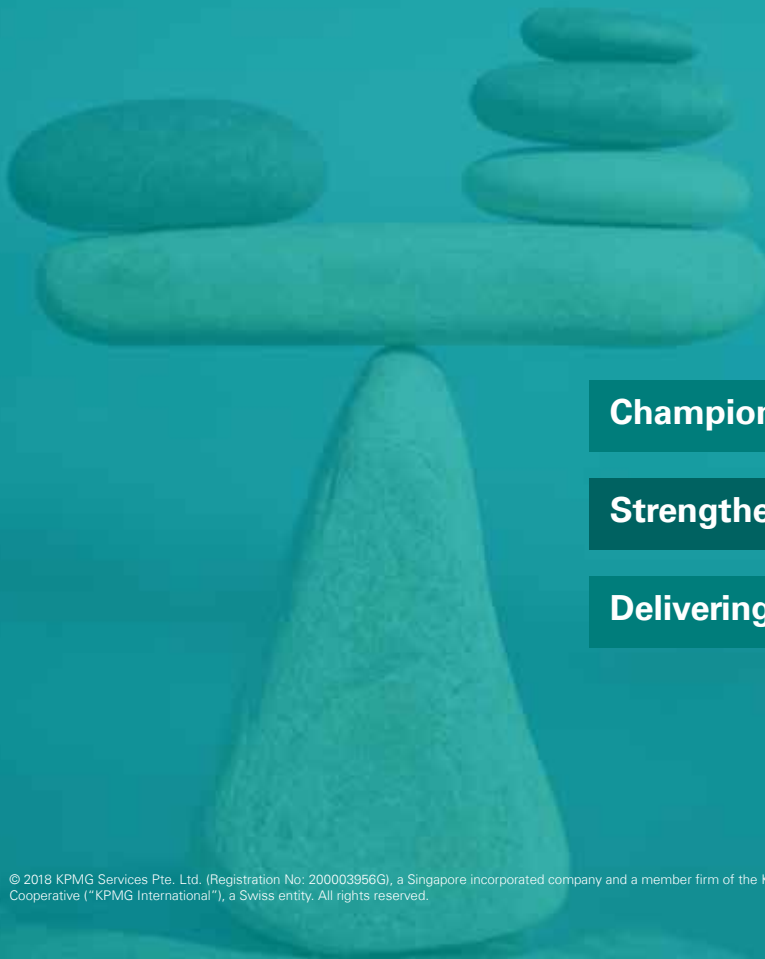
We have also established strategic alliances with market leaders such as Microsoft, Oracle and IBM, to access leading technological solutions, and brought corporates, start-ups, investors, and government bodies together in an eco-system at the KPMG Digital Village to drive the adoption and integration of innovative solutions.

“Innovation is a key contributor to the future success of businesses, not a temporary experiment or a marketing gimmick.”

Jan Reinmueller, Head of Digital Village



Building public trust is something we continuously pay high attention to as we have a key role to play in society and we cannot be complacent. The community, our clients and our people have placed their trust in us. We will guard it zealously and continue to deliver our work with professional excellence and quality, stay engaged with the community, and care for our people.



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Championing Public Trust

Strengthening Our Trust Culture

Delivering Trust in Audit, Tax, Advisory

Championing Public Trust



Lee Sze Yeng
Head of Public Trust

Lee Sze Yeng, Head of Public Trust, discusses what public trust means to the clients and communities.

We know that our clients come to us expecting that we will do the right thing, even when it is hard to do so. Our clients and the community are looking to us to add credibility and to shine a light.

To have the continued privilege of serving our clients and the community, KPMG provides high-quality and unbiased views. To achieve this, it is fundamentally important that we do things right and uphold professional standards.

Doing good is the third pillar of building public trust. This calls for us to invest and give back to the business, professional and social community, including caring for our people. *Refer to the CITIZENSHIP section for more information.*

“We cannot be complacent. The community, our clients and our people have placed their trust in us.”

Lee Sze Yeng, Head of Public Trust

Strengthening Our Trust Culture



Eng Chin Chin
Head of Quality & Risk

“ Every KPMG individual knows that as part of a large network of firms, any potential loss of reputation affects not only those of us in Singapore, but also other member firms in the network. ”

Eng Chin Chin, Head of Quality & Risk

Eng Chin Chin, Head of Quality & Risk, discusses what public trust means to our people.

KPMG is able to build trust with our clients and the community because our people recognise the importance of performing our work in a way that earns and builds public trust. Every KPMG individual knows that as part of a large network of firms, any potential loss of reputation affects not only those of us in Singapore, but also other member firms in the network.

The work we do every day uncovers truth. From the audits to ensure that the numbers tell the full story, and the insolvency and liquidation work that gives back to the public what is rightfully theirs, to the accurate filing of tax returns.

We work at building a culture where everyone demonstrates exemplary behaviours aligned to our values. As such, our rigorous recruitment process focuses on seeking out and retaining people who believe in doing the right thing

for the business and society. We maintain our high standards of ethics and integrity by providing comprehensive and regular training, and also monitoring and testing compliance. This helps ensure that compliance with risk management, ethics and independence standards, and our clients' confidentiality will not be compromised.

KPMG employees also know that they can report actions that are counter to our culture of always doing what is right, with no fear of repercussion. They know that there is a dedicated 24-hour ethics hotline they can call when they hear about or see things being done which taints trust. This brings authenticity to the workplace and strengthens the culture of doing the right thing.

Refer to the [2017 KPMG in Singapore Transparency Report](#) for more information.

KPMG Core Values

- We work together
- We lead by example
- We respect the individual
- We are open and honest in our communication
- We seek the facts and provide insight
- We act with integrity
- We are committed to our communities

Corporate Governance

KPMG is a global network of professional services firms providing Audit, Tax, and Advisory services. We operate in 154 countries and have more than 197,000 people working in member firms around the world. In the ASEAN region, member firms operate across all 10 countries of this regional grouping, providing professional services which support the growth, compliance and performance objectives of our clients.

KPMG in Singapore draws guidance from the policies set by KPMG International's key governance and management bodies, including the Global Council, Global Board, Global Executive Team and Supporting Committees.

As of 31 December 2017, KPMG in Singapore has 107 partners. The Managing Partner is an executive position supported by the Operations Committee. The Operations Committee comprises senior representatives from KPMG's various functional areas and market segments. The Operations Committee representatives are responsible for the leadership of their respective market segments or functional areas. They set and manage the strategic direction and progress of their segment or area of responsibility within KPMG.

Delivering Trust in Audit and Tax



“Any erosion of public trust would have huge ramifications not only for KPMG, but will also lead to the loss of public confidence in the capital markets and the wider business ecosystem.”

Roger Tay, Head of Audit



“In this digital age, everyone is trying to leverage technology and innovation to work smarter. But one thing that does not change is the importance of maintaining trust.”

Chiu Wu Hong, Head of Tax

Delivering Trust in Advisory



“Trust cannot be separated from the KPMG brand. We must continually conduct ourselves with integrity to protect our brand.”

Bob Yap, Head of Advisory



“KPMG has had the opportunity to play a key role in supporting the digital growth and transformation of Singapore’s payments ecosystem.”

R. Satyanarayan, Head of Consulting

Delivering Trust in Audit, Tax, Advisory

KPMG's business heads, Chiu Wu Hong (Tax), Bob Yap (Advisory), Roger Tay (Audit) and R. Satyanarayan (Consulting) share their thoughts on the importance of trust and how they are seeking to embed an appreciation of its value in their people.

The importance of trust

Roger: In Audit, trust underpins all that we do. This starts from the most junior members of our engagement teams to the firm's leadership team, all doing the right thing. This is the responsibility of everyone at KPMG, enabling us to deliver a high quality audit so that we issue audit reports that build trust. Any erosion of public trust would have huge ramifications not only for KPMG, but will also lead to the loss of public confidence in the capital markets and the wider business ecosystem.

Wu Hong: In this digital age, everyone is trying to leverage technology and innovation to work smarter. But one thing that does not change is the importance of maintaining trust, and this can only be achieved through building the right culture and developing our people well.

The foundations of trust

Roger: Our KPMG Core Values are the foundation of trust. Through consistent demonstration of our core values within and outside of KPMG and the delivery of high quality work which we communicate through our advice, audit reports and risk management, we add credibility to financial information released by our clients to their stakeholders.

Bob: To me, honesty is a chief requirement for trust. Honesty means that when our clients appoint KPMG, we act according to our values. At the same time, we also ensure that our clients understand why and how we make decisions. Trust cannot be separated from the KPMG brand. We must continually conduct ourselves with integrity to protect our brand.

How would you measure trust?

Bob: There is no single measurement, as trust is created through multiple channels and over time. Trust is also nurtured in the market through association with reputable clients as we are repeatedly engaged to work for them, and more importantly, through delivering quality work.

Wu Hong: We can measure internal trust and culture by looking at staff engagement scores, having a sense of how forthcoming our people are, and in the warmth of our working relationships. Public trust may be measured by way of accolades that the firm is accorded, and the flow of work referrals from clients.

Roger: Trust is not a hard statistic and therefore, it is difficult to measure. Whilst we are unable to put a number to it, we can observe and track whether our people are living our core values in the things they do and complying with our ethics and independence requirements, and through the quality of their work.

How do you see trust being built in this digital age?

Roger: The digital age is an enabler for audit. Technology, for example, through data and analytics, empowers us in a way that was not previously possible or efficient. We can now perform audit procedures on the entire population rather than by sampling. This helps to build trust among stakeholders of our audit reports given that technology enables us to achieve higher audit coverage. In addition, it allows auditors to take a step back to analyse trends and patterns, and examine what the macro evidence is telling us. These new insights and perspectives give us a more holistic view in forming our audit conclusion, and our findings will add value for our audit clients and their stakeholders.

Satya: KPMG has had the opportunity to play a key role in supporting the digital growth and transformation of Singapore's payments ecosystem. A cross-functional global team carried out a strategic review of retail payments and delivered a country roadmap of recommendations which significantly raised awareness and action on payments. Singapore's payments ecosystem is undergoing rapid changes which are impacting everyday life. Whilst these changes create immense opportunities, they also bring with them increased financial and data security risks. Consumer behaviours are stimulating the need for transformation in order to meet demands for 24/7 availability, instant delivery of financial services, and contactless payments that are faster, more transparent and provide the highest security. The launch of PayNow and greater ability to make real time payments are just some examples of these changes.

people

A group of seven business professionals, four men and three women, are gathered in a circle on a light-colored floor. They are dressed in business attire, including suits and blouses. One man in the center is gesturing with his hands while speaking to the others. The background is a plain, light-colored wall.

Our 2017 Global People Survey, a primary measure of employee engagement, was down three percentage points from 2016. With our people as our greatest asset, we place significant emphasis on the insights from the survey and have developed a series of action plans to address the feedback gathered. The 2018 action plans are in the areas of Leadership, Communication, Recognition and Sustaining Energy at Work.

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Creating a World-class Experience for Our Extraordinary People

Engaging with Our People

Embedding Digital Thinking

Encouraging Diversity and Inclusion

Creating a World-class Experience for Our Extraordinary People



Ang Fung Fung

Head of People, Performance & Culture (PPC)

Ang Fung Fung, Head of People, Performance & Culture (PPC), discusses her role and how KPMG is creating an environment to attract and develop extraordinary people.

What do you hope to achieve in your role as Head of PPC?

Having benefitted significantly from the mentorship provided by many of the past and present leaders of the firm, I hope to replicate my experience for every individual in KPMG. I aspire to build the firm to be the clear choice for our people on their professional journey.

What are your priorities in your role?

A key priority is to ensure that our people are ready to ride the disruptive digital wave, where things like robotics and artificial intelligence will fast become part of the picture.

I aim to groom the next generation of passionate leaders in the firm; individuals who can inspire and

“ I aim to groom the next generation of passionate leaders in the firm; individuals who can inspire and ignite the ambition of our people to reimagine and reinvent what was otherwise thought impossible.”

Ang Fung Fung,
Head of People, Performance & Culture (PPC)

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ignite the ambition of our people to reimagine and reinvent what was otherwise thought impossible.

Another key priority is to address the feedback from our people in the 2017 Global People Survey (GPS). We have drawn up a detailed action plan for 2018 and beyond to improve employee engagement, focusing on Leadership, Communication, Recognition and Sustaining Energy at Work.

In the digital age, what is the focus in terms of skills development?

For our people to thrive in the tech-enabled working world, we are driving the concept of equipping every employee with “T-shaped skills”. We aim to ensure our employees have broad perspectives (horizontal bar of the “T”) while also being able to go deep into one specialised area. This philosophy shapes the entire learning and development blueprint of KPMG.

I also believe that people need to continually develop their social skills, so as to be able to have quality conversations with clients and their teams, and to collaborate across digital networks in ways that foster innovation.

In 2017 alone, we had a total of 4,000 unique learning events (including face-to-face sessions, online learning, etc.), which represent an average of nine training days per employee per year.

In addition to the in-house training opportunities, our people also joined external conferences, seminars, workshops and professional qualification programmes.

How do we ensure that we are recruiting people with the right values, culture and purpose?

Besides looking for candidates with the right technical skills, we place emphasis on KPMG’s Global Behavioural Capabilities (GBCs), such as “Strives for Continual Improvement” and “Drives Collaboration and Inclusion” – we identify candidates who possess the right attributes and are able to articulate thoughtful and meaningful responses to questions.

Engaging with Our People

GPS

Our primary measure of engagement with our employees is through the GPS, which is conducted annually across all KPMG member firms. GPS is performed by an external consultant, and the GPS invites employees to communicate to the leadership on how they feel about KPMG. The results of the GPS enable us to calibrate our performance against key relevant benchmarks¹.

KPMG xChange

Another communication platform is the KPMG xChange, which is an informal, online forum for our people to anonymously share their concerns and discuss any topic of interest.

Coaching and Mentoring

There are also other modes of engagement such as coaching and mentoring, and engaging our staff through business strategy updates and townhalls. Ground-

up feedback received through the various channels, including our People Manager Leaders, are also the impetus for many of our people initiatives.

Employee-led Support Groups

Our partners also champion employee-led support groups. These cater to diverse interest groups such as sports, music, gender diversity and even parenting. One key group is the Rec Club, which organises activities all across the year. There are large-scale events such as KPMG Carnival, Welcome Night, Music Fest, and smaller scale activities such as Fun @ Work, which give staff the opportunity to pick up new skills such as violin-playing, wakeboarding and even Bollywood dancing. The strong sports community in the firm has enabled the firm to take home the highly coveted annual Institute of Singapore Chartered Accountants games championship for five consecutive years.

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¹ Benchmarks include: previous year's results, KPMG Global results, Top 40 Professional Services firms worldwide, and other companies in Singapore.

Embedding Digital Thinking

KPMG embarked on our own digitalisation journey, bringing together our powerful data & analytics capabilities, innovative new technologies. KPMG developed KPMG Clara — a cloud-based smart audit platform to help our people to work smarter, and provide our clients with insights to

the audit process and results in real time.

We also re-examined and automated internal administrative processes, such as resource planning and expense claiming, to improve efficiency.

Encouraging Diversity and Inclusion

Diversity and inclusion are firmly embedded in KPMG's corporate culture and we take steps to ensure that we have the broad experience and skills necessary within our workforce. The profiles of our employees can be found on pages 23 to 26.

Singaporeans and Permanent Residents make up over 80 percent of those in KPMG Singapore, working together across our four key functions – Audit, Tax, Advisory and Central Services. With over 37 nationalities working together,

we empower our people to be themselves and respect others.

The leadership team is also supportive of employee initiatives that help our female employees achieve their ambitions. We have our very own Lean In circle, Zeal, which is a ground-up initiative started by two employees with the aim of enabling women to learn from one another, to seek insights for handling tricky situations, and to have a platform to network with KPMG's best.

Human Capital Mark

In 2017, KPMG received recognition as one of the pioneer members of the Human Capital Partnership (HCP) programme. Under this programme managed by the Tripartite Alliance for Fair and Progressive Employment Practices, KPMG was recognised for its commitment in investing in employees at all levels in an inclusive way, creating a diverse and international workforce, and enhancing skills transfer from foreigners to local employees.

Employees by employment contract, by gender

As of 31 Dec 2017

41%

Permanent **male** employees

56%

Permanent **female** employees

| 23 |

2%

Temporary **male** employees

1%

Temporary **female** employees

New employee hires during the year, by age group and gender

As of 31 Dec 2017

77%

< 30 years old

21%

30 - 50 years old

2%

> 50 years old

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50%

Male

50%

Female

Age by Employee Grade

As of 31 Dec 2017

< 30 years old

56%

5%

Management group

50%

Professional staff

1%

Administrative staff

30 - 50 years old

40%

27%

Management group

9%

Professional staff

4%

Administrative staff

> 50 years old

4%

2%

Management group

0%

Professional staff

2%

Administrative staff

Gender by Employee Grade

As of 31 Dec 2017

Male

43%

13%

Management group

25%

Professional staff

1%

Administrative staff

Female

57%

16%

Management group

34%

Professional staff

6%

Administrative staff

Why I Am Proud to be at KPMG

Jarrell Yapp

Associate, Real Estate,
Consumer & Tourism
Joined September 2017



“ At KPMG,
I am blessed
with countless
learning and

growth opportunities to
expand my competencies
beyond that of which I am
familiar with. I am proud
of our people and the
teamwork we share during
times of both work and
play.”

Phyllis Ng

Associate, Transaction
Services
Joined July 2016



“ I am proud
to be at KPMG
as it is a place
for me to not

only work hard but play
hard too! There are many
opportunities to prove my
worth at work but there are
also many activities held for
us to relax, unwind and get
to know others too.”

Mitul Shah

Manager,
Infra Advisory
Joined June 2016



“ My ideas
are valued and
the firm has
taken genuine

interest in my growth. Being
at KPMG has helped me
grow both professionally
and personally through
mentoring and exposure
on challenging yet exciting
projects.”

Emily Harayda

Senior Associate, People
& Change Consulting
Joined July 2015



“ The work
that I do, helping
clients unlock
value from their

most valuable asset, their
people, gives me a great
sense of achievement.”

Jaw Kien Te

Manager, Tax Planning and
Compliance
Joined July 2011



“ Being
offered many
opportunities
to grow

professionally as well
as being part of a great
team.”



citizenship

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Unlocking Greater Value for Our Community

Doing Well, Doing Good

Unlocking Greater Value for Our Community



Lee Sze Yeng

Partner in Charge of KPMG Cares

“Responsible business practices help build public trust and contribute to the development of our communities.”

Lee Sze Yeng,

Partner in Charge of KPMG Cares

Lee Sze Yeng, Partner in Charge of KPMG Cares, shares KPMG's approach to corporate citizenship, including how KPMG is applying its skills and resources to support its communities.

What is KPMG's approach to citizenship?

KPMG has always been committed to our communities.

Our approach to citizenship is founded on the belief that businesses can be a major economic and cultural force, and therefore responsible business practices help build public trust and contribute to the development of our communities. As a firm, we aim to embed this commitment in our communities, in the firm and in our business processes.

Our citizenship programmes focus on lifelong learning, particularly in support of skills training, promoting sustainable communities with regard to environmental protection, and in support of low-income families and people with disabilities.

Inclusive Employment Initiative

KPMG Cares works with individuals to develop their talents through the learning of new skills. Participants of KPMG Cares come from the deaf community, or are persons recovering from mental illnesses. We support these individuals by sponsoring their training. We commission their creations as limited edition gifts for clients and employees.

The firm continues to engage with social enterprises and charity organisations and to help raise awareness amongst our people, clients and business associates to promote responsible sourcing.

More information on KPMG Cares can be found at kpmgcares.com

Progressive Wages Programme

In 2016, we initiated the Progressive Wages Programme with the mission of promoting business responsibility, through transparency of company policies, for lower-end wage-earners.

Under the PWP, we identified 0.9% of our employees who were paid average monthly income below

\$2,000, which is the income eligibility threshold for the Workfare Income Supplement Scheme through which the Singapore Government supplements the incomes of low-wage workers.

We worked with these employees to identify training courses for them to upgrade their skills and for some, we have reviewed and redesigned their work scope with higher productivity in mind.

It is KPMG's policy to actively manage lower-end wage policies to reduce the proportion of such employees. The annual increment to the gross monthly wage of this group of full-time staff was at least \$70 in 2017 and 2016, above the \$45 to \$60 for 2017/2018 set by the NWC guidelines. In 2018, following the revision in work scope and higher productivity, an increment of \$200 was made to the gross monthly wages of this group.

How is KPMG applying its skills and resources to support its communities?

Cybersecurity Workshop for Students

As part of the annual KPMG Global Cyber Day, the Cybersecurity team along with staff volunteers organised a cybersecurity awareness workshop for 12 to 16 year-old students at a

local girl's school. The workshop highlighted the risks that young people can be exposed to, focusing on the use of personal data, chat rooms, social media, cyber bullying and online gaming. The overall purpose was to help today's youth better understand internet and cyber threats and to equip the participants with enough knowledge and tips so that they can become cyber champions in their own schools.

Shared Services for Charities

We contributed 1,380 pro bono hours to support Shared Services for Charities, a not-for-profit organisation.

Give Time

Give Time strives to encourage our employees to play a more active role in community service and to contribute their skills, time and efforts for the less fortunate. *Give Time* gives each staff up to 40 hours per year to volunteer with a community of their choice. In 2017, over 6,500 *Give Time* hours were used by employees to volunteer on various projects locally and internationally.

Make a Difference Day (MADD)

MADD is an initiative firmly embedded in our firm's annual event calendar and represents collective volunteerism. It gives

employees a day to spend with beneficiaries of selected Voluntary Welfare Organisations. In 2017, through MADD, over 13,000 hours were contributed by employees, reaching out to more than 7,700 beneficiaries.

Regional Outreach Programme

More than 290 employees have taught at Elephant Village School in Dalat, Vietnam, since the inception of the Regional Outreach Programme five years ago. 2017 saw the completion of a new school building, which was fully supported and funded by contributions from KPMG's employees and partners.

Disaster Response

Apart from scheduled activities, KPMG Singapore responds to crises and disasters occurring around the world, often supporting the member firm on the ground.

2017 saw a large number of natural disasters affecting countries where KPMG member firms operate, creating significant humanitarian need. As part of our commitment to our communities, our staff and partners collectively raised US\$47,000 in response to the Global KPMG Disaster Fund appeal.

Doing Well, Doing Good



Ian Hong

Head of Sustainability Services

Ian Hong, Head of Sustainability Services, discusses the ways KPMG is helping our clients achieve sustainable business growth.

Helping our clients achieve sustainable business growth is a priority for KPMG Singapore's Sustainability Services team. We believe that for a company to do good, it must first do well. Sustainable business growth is the prerequisite for greater positive impact to the environment and the society in the long term.

In our work, we help clients think about mega-forces that act as key drivers of change which impact their existing business models. We then support their response to these changes, helping them develop environmental, social and governance (ESG) strategies that translate to actions and outcomes with positive impact that are measurable, which eventually enhance enterprise value.

“ Our social and environmental expertise provides a lens through which our clients can future-proof their business through putting in place effective strategies to pursue opportunities and manage risks posed by climate change and sustainability issues. ”

Ian Hong, Head of Sustainability Services

Global Climate Response

KPMG’s Global Climate Response (GCR) was developed to help ensure that across the KPMG network, we actively work to reduce the environmental impact of operations, adopt resource-efficient practices and technology, and meet the expectations of our clients and the communities in which we operate. The GCR is aligned with the UN Sustainable Development Goals.

Phase 1: 2010 – 2015

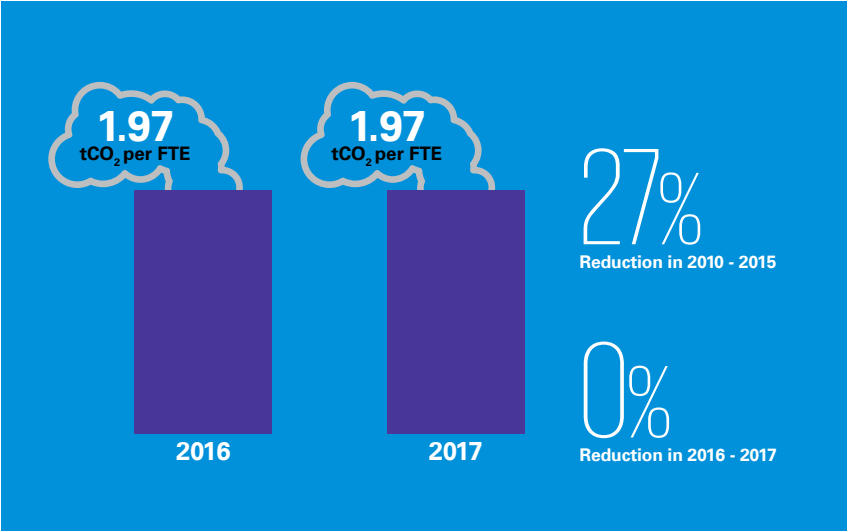
The target set for KPMG in Singapore was to achieve an 8 percent reduction in net carbon emissions (against a 2010 baseline) per full-time employee (FTE) by the end of 2015. We significantly exceeded the target by achieving a 27% reduction in net emissions per FTE.

Phase 2: 2016 – 2020

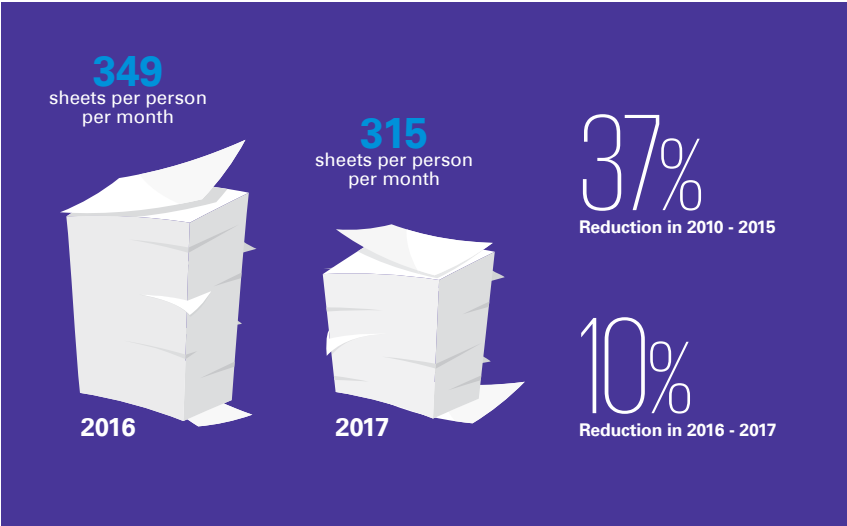
The target set for KPMG in Singapore is to achieve a 15 percent reduction in net carbon emissions (against a 2016 baseline) per full-time employee (FTE) by the end of 2020. In 2017, we maintained our carbon emission intensity².

² Our scope includes the use of a KPMG van, purchased electricity for our office spaces and common areas, and air travel by employees for internal and client purposes. The data excludes fuel for electrical generators and refrigerant used for cooling as the data was not available from our leasing vendors. Emission factors utilised to calculate carbon emissions of KPMG-owned vehicle, purchased electricity and business air travel are obtained from the Singapore National Science Experiment, Energy Market Authority and DEFRA, respectively.

Carbon Emissions



Paper Usage



External Initiatives & Association Memberships of International Organisations/Bodies

In addition to supporting community projects, our people contribute their knowledge and skills to a range of

industry bodies and not-for-profit organisations. We have partners who serve on boards of national arts organisations, professional associations, education boards, and on the local council for green issues.

A list of external initiatives and association memberships that KPMG in Singapore (through KPMG International) endorses can be found in Table 1.

External Initiatives & Association Memberships of International Organisations/Bodies

United Nations Global Compact (UNGC)	KPMG International is proud to be a signatory to the UNGC, a principles-based initiative that aims to influence the creation of a more sustainable and inclusive global economy. It is the world’s largest corporate citizenship initiative and its purpose is to demonstrate and build the social legitimacy of businesses and markets. By participating in the UNGC, we demonstrate our commitment to advancing the business agenda as an active corporate citizen.
International Integrated Reporting Council (IIRC)	KPMG International is an active participant within the IIRC in its work to promote integrated reporting to address the gap between reporting content and business value, with official representation by KPMG International, as well as involvement by KPMG partners and employees across the globe.
World Business Council for Sustainable Development (WBCSD)	KPMG International actively participates in the WBCSD and is involved in a variety of WBCSD projects. Our involvement focuses on the Social Impact cluster, where we participate on the board, in the Redefining Value work stream, the Greenhouse Gas Management team and the Future Leaders team.
World Economic Forum (WEF)	KPMG International is a Strategic Partner to the WEF, working with them to help shape initiatives, projects and task forces and to give intellectual guidance through the participation of our senior executives. KPMG International has a strong presence in Davos every year and regional leadership also participates in the Regional Summits that take place throughout the year.

External Initiatives & Association Memberships of International Organisations/Bodies

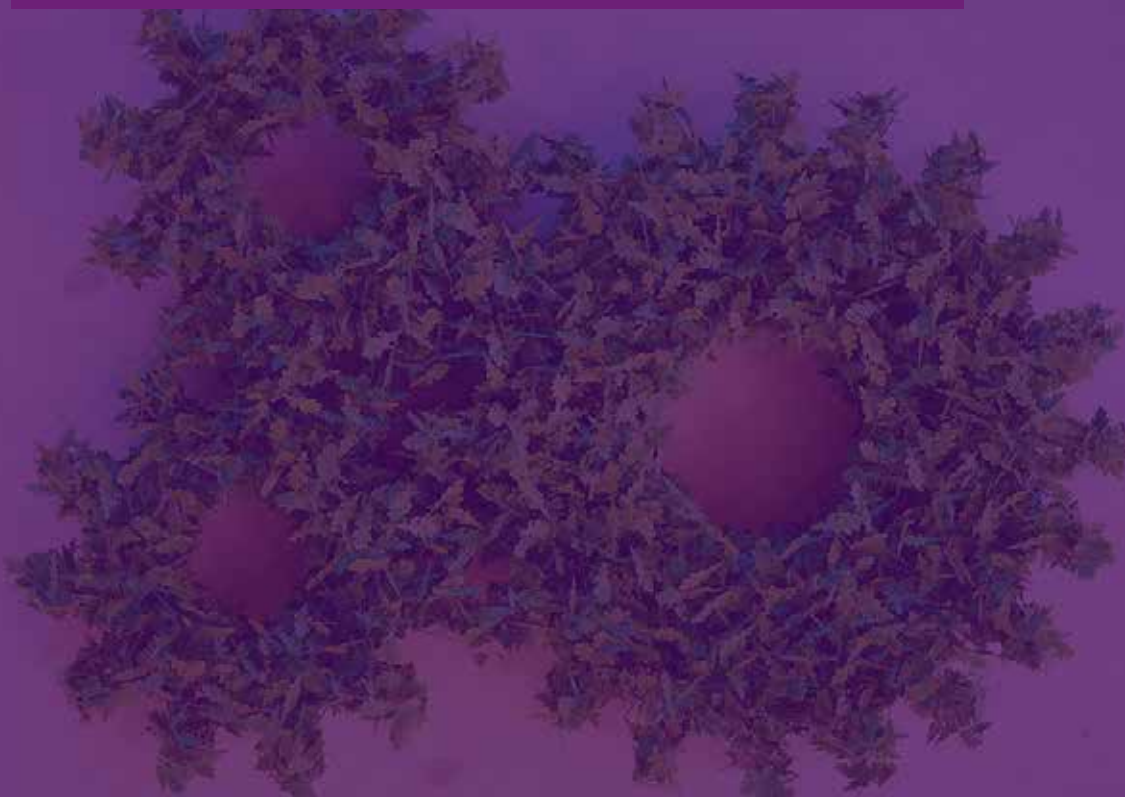
Enactus	<p>Enactus is a global non-profit organisation mobilising university students to make a difference in their communities while developing skills to become socially responsible business leaders. Enactus teams develop business projects that have a positive social impact over the course of a school year and compete nationally. Winning teams are invited to compete at the annual Enactus World Cup.</p> <p>KPMG International has sponsored Enactus for over 17 years and is currently the Global Presenting Sponsor of the Enactus World Cup. With more than 2,000 students showcasing a host of inspiring projects that are transforming lives, Enactus is harnessing the power of entrepreneurial action to drive vital social enterprise projects.</p>
One Young World	<p>One Young World summit is a global entrepreneurial forum for young future leaders. Hailed as a “junior Davos”, the annual One Young World summit provides a global platform to develop, empower, engage and network with the best and brightest people – helping them to grow into socially responsible business leaders.</p>
Human Rights	<p>KPMG International’s Human Rights Statement is in accordance with UN’s Guiding Principles on Business and Human Rights. The statement lays out our commitment to respect human rights within our sphere of influence and builds on our long-standing support for the UNGC.</p>
Women’s Empowerment Principles	<p>KPMG International is a signatory to UN’s Women’s Empowerment Principles, a set of principles for business that offers guidance on how to empower women in the workplace, marketplace and community.</p>
WomenCorporateDirectors	<p>KPMG is a global sponsor of WomenCorporateDirectors (WCD), the world’s largest membership organisation and community of women corporate board directors. Members serve on more than 8,500 public and private boards around the world. In Singapore, KPMG has been a founding member and supporter of the local chapter since its inception, providing additional sponsorship, organisational and membership support, and leadership. KPMG’s active involvement in improving the representation of women on boards goes beyond WCD, through its championing of other organisations with similar objectives, such as Singapore’s Diversity Action Committee and BoardAgender.</p>

Appendix

KPMG's GRI Standards Methodology Adoption Process

GRI Content Index

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KPMG's GRI Standards Methodology Adoption Process

Stakeholder Engagement Approach

Our stakeholders are crucial to our success and expect our actions to be reflective of a responsible organisation. Our key stakeholder groups are:

Our People

We recognise that our people are unique individuals with diverse strengths, and they are encouraged to discover their personal purpose at work. We place significant emphasis on developing, motivating and equipping them with the right tools and skills.

Our Clients

Our clients expect us to add credibility, share insights and provide innovative solutions. Thus, it is crucial to deliver quality work and enhance the experience that our teams provide to our clients.

The Community

Our purpose is to inspire confidence and empower change by investing in and improving the communities with whom and within which we work.

Our regular and ongoing communication with our key stakeholders allows us to understand their concerns and address their needs. Insights gained from such interactions are incorporated into our business strategy, as well as our reporting.

Materiality Determination Process

In order to identify the sustainability focus areas of importance to us, we undertook industry research and conducted internal dialogues with key stakeholders.

We identified the material topics and their boundaries, which we report on based on the GRI Standards for defining the report's content.

Stakeholder Engagement

Stakeholders	Engagement Methods	Frequency	Key Concerns
People	<ul style="list-style-type: none"> • Global People Survey • Informal online forum, “KPMG xChange” • Business strategy updates and townhall sessions • Annual performance reviews • Training and development programmes • Support and interest groups • Recreational events and activities 	Annual Ongoing Ad-hoc Annual Ongoing Ongoing Ad-hoc	<ul style="list-style-type: none"> • Clear leadership and sense of purpose • Communication and recognition • Talent building and continuous learning • Sustaining energy at work
Clients	<ul style="list-style-type: none"> • Dedicated teams to service each unique and individual client • Networking events • Post-engagement survey • Seminars and conferences 	Ongoing Annual Ad-hoc Ad-hoc	<ul style="list-style-type: none"> • Relevant solutions and technical expertise • Pursuit of excellence • Industry and thought leadership
Community (Professional and Social)	<ul style="list-style-type: none"> • Participation and representation in industry organisations/bodies • Community investments and outreach programmes • Employee volunteerism • Public feedback channels 	Ad-hoc Ad-hoc Ad-hoc Ongoing	<ul style="list-style-type: none"> • Transparency, strong governance and ethical business practices • Contribution to national goals and needs

Materiality Determination

Stakeholders	Topics	Boundaries
People	<ul style="list-style-type: none"> • Employment • Training and Education • Management/Staff Relations • Diversity* • Occupational Health and Safety* 	Within Organisation
Clients	<ul style="list-style-type: none"> • Customer Privacy and Confidential Information • Market Presence • Technology* 	Within and outside of Organisation
Community	Building Public Trust <ul style="list-style-type: none"> • Anti-corruption • Socio-economic Compliance Citizenship <ul style="list-style-type: none"> • Local Communities* • Emissions* 	Within and outside of Organisation Within and outside of Organisation

*Non-material topic

Appendix: GRI Content Index

GRI Standards (2016)		Corresponding Sections / Notes	Page Numbers
General Disclosures			
Organisational Profile			
102-1	Name of the organisation	KPMG Singapore	–
102-2	Activities, brands, products, and services	TRUST – Strengthening Our Trust Culture	12
102-3	Location of headquarters	16 Raffles Quay, #22-00, Hong Leong Building, Singapore 048581	–
102-4	Location of operations	Singapore	–
102-5	Ownership and legal form	We are registered as KPMG LLP, KPMG Services Pte. Ltd, KPMG Corporate Finance Pte. Ltd., KPMG Consulting Pte. Ltd, KPMG Advisory Services Pte. Ltd. and KPMG Cares Limited.	–
102-6	Markets served	TRUST – Strengthening Our Trust Culture	12
102-7	Scale of the organisation	TRUST – Strengthening Our Trust Culture	12
102-8	Information on employees and other workers	PEOPLE Part-time employees make up less than 1% of the work force	18
102-9	Supply chain	The procurement system is decentralised for specific items and each business unit procures its own required items. KPMG has a Supplier Code of Conduct which guides us in the choice of suppliers. Almost all of KPMG in Singapore's supplies are sourced locally as we value supporting local businesses.	–
102-10	Significant changes to organisation and its supply chain	No significant changes during the reporting period.	–
102-11	Precautionary principle or approach	We do not specifically address the principles of the Precautionary approach as the information is unavailable.	–
102-12	External initiatives	CITIZENSHIP – External Initiatives and Association Memberships of International Organisations / Bodies	34
102-13	Membership of associations		

GRI Standards (2016)		Corresponding Sections / Notes	Page Numbers
Strategy			
102-14	Statement from senior decision-maker	LEADERSHIP – Our 2020 Strategy: Growth, Trust and Talent	1
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	TRUST – Strengthening Our Trust Culture	12
Governance			
102-18	Governance structure	TRUST – Strengthening Our Trust Culture	12
Stakeholder Engagement			
102-40	List of stakeholder groups	APPENDIX: KPMG’s GRI STANDARDS METHDOLOGY ADOPTION PROCESS – Stakeholder Engagement Approach	36
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.	–
102-42	Identifying and selecting stakeholders	APPENDIX: KPMG’s GRI STANDARDS METHDOLOGY ADOPTION PROCESS – Stakeholder Engagement Approach	36
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		
Reporting Practice			
102-45	Entities included in the consolidated financial statements	As our entities are limited liability partnership and private limited companies, we are not required to disclose our financial statements. Please see Notes on 102-5 for a list of entities included in the report.	–
102-46	Defining report content and topic Boundaries	APPENDIX: KPMG GRI STANDARDS METHDOLOGY ADOPTION PROCESS – Materiality Determination Process	36
102-47	List of material topics	APPENDIX: KPMG GRI STANDARDS METHDOLOGY ADOPTION PROCESS – Materiality Determination Process	36
102-48	Restatements of information	There were no restatements for the reporting period.	–
102-49	Changes in reporting	APPENDIX: KPMG GRI STANDARDS METHDOLOGY ADOPTION PROCESS – Materiality Determination Process	36
102-50	Reporting period	1 January to 31 December 2017	–

GRI Standards (2016)		Corresponding Sections / Notes	Page Numbers
102-51	Date of most recent report	June 2016	–
102-52	Reporting cycle	Annually	–
102-53	Contact point for questions regarding the report	KPMG Corporate Citizenship Team sg-corpcitizenship@kpmg.com.sg.	–
102-54	Claims of reporting in accordance with GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	–
102-55	GRI content index	APPENDIX: GRI CONTENT INDEX	38
102-56	External assurance	KPMG has not sought external assurance for this reporting period and may consider it for future periods.	–
Topic-specific Disclosures			
Economic			
Market Presence			
103-1	Explanation of the material topic and its Boundary	TRUST – Strengthening Our Trust Culture PEOPLE – Encouraging Diversity and Inclusion	12
103-2	The management approach and its components		22
103-3	Evaluation of the management approach		
202-2	Proportion of senior management hired from the local community	TRUST – Strengthening Our Trust Culture	12
Anti-corruption			
103-1	Explanation of the material topic and its Boundary	TRUST	10
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI Standards (2016)		Corresponding Sections / Notes	Page Numbers
205-3	Confirmed incidents of corruption and actions taken	There were no incidents that resulted in significant fines or legal actions during the reporting period.	–
Social			
Employment			
103-1	Explanation of the material topic and its Boundary	PEOPLE	18
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
401-1	New employee hires and employee turnover	PEOPLE	18
Labour/Management Relations			
103-1	Explanation of the material topic and its Boundary	PEOPLE	18
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
402-1	Minimum notice periods regarding operational changes	PEOPLE	18
Training and Education			
103-1	Explanation of the material topic and its Boundary	PEOPLE	18
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI Standards (2016)		Corresponding Sections / Notes	Page Numbers
404-1	Average hours of training per year per employee	PEOPLE	18
Customer Privacy			
103-1	Explanation of the material topic and its Boundary	TRUST	10
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents that resulted in significant fines or legal actions during the reporting period.	–
Socioeconomic Compliance			
103-1	Explanation of the material topic and its Boundary	TRUST	10
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
419-1	Non-compliance with laws and regulations in the social and economic area	There were no incidents that resulted in significant fines or legal actions during the reporting period.	–

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