



Innovate. Disrupt. Grow.

**2017 International
Annual Review**

KPMG International

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Leadership

Chairman's message: innovating, disrupting and growing

This is an exciting time to be Chairman of KPMG International.

There is tremendous innovation and opportunity in the marketplace. Every industry and client KPMG serves is transforming, responding to new technologies and disruptive forces that are reshaping their businesses. These same disruptive forces are impacting our business as well, and we are responding by innovating, investing and continuing to strengthen the focus on quality that is at the foundation of everything KPMG people do. This is an environment in which the 200,000 people of KPMG thrive.

Transforming KPMG

The KPMG network has invested more than US\$1 billion over the past 12 months as part of a multi-year investment program focused on technology and developing innovative new services, often through alliances and acquisitions. We're operating in new ways, becoming more agile, efficient and effective as KPMG firms compete in an evolving business landscape.

We continue to build our capabilities to meet client needs in the digital age, particularly in digital transformation, data and analytics, cyber security, intelligent automation and blockchain. We have strengthened already strong strategic alliances with leading technology companies including IBM, Microsoft, Oracle, ServiceNow and Workday, combining KPMG's deep business expertise with leading edge



KPMG International Chairman Bill Thomas participates in the 2017 Nikkei Global Management Forum in Tokyo, Japan in November.

technology. I'm proud of the recognition we have received from global analysts for KPMG's role as a market leader in information security, IT strategy and digital transformation.

Our commitment to harnessing innovation and new technology sits alongside our responsibility to invest in our people and their skills. KPMG is investing to attract and develop new types of professionals with the talent to meet the challenges of clients in the digital age.

Quality and trust

As Global Chairman, I have a responsibility to set the right tone from the top. Trust is not a given — it must be earned. I take

every available opportunity to speak with KPMG professionals around the world to reinforce that our commitment to quality can never be compromised. You can find more detail about this commitment to quality in the 2017 KPMG International Transparency Report.

Strong growth

KPMG grew strongly this year in Audit, Tax and Advisory services and in all three regions (Americas, ASPAC and EMA). We achieved this growth by focusing on our clients' changing needs, making KPMG more agile, improving the speed at which we develop new services and solutions for clients and shortening the time we take to get them to market.

You will find some exciting client stories that show how KPMG is delivering innovative solutions and impactful results in the Client section of this report. More details about KPMG's growth across our regions, functions and sectors can be found in the Financials section of this report.

A magnet for talent

KPMG has long been one of the world's leading employers, training and developing the next generation of business professionals and leaders. Last year we hired more than 50,000 people, including more than 37,000 university graduates and entry-level professionals, creating more than 8,000 new jobs.

Our new joiners were split evenly between men and women. Across our network we are becoming more diverse and representative of the communities in which we live and work. Within our leadership ranks, our gender diversity continues to rise — in our top 10 countries, 28 percent of partners joining in the latest partner class were female and women now make up 47 percent of the KPMG network's workforce.

KPMG is advancing the accounting profession through higher education, partnering with a number of leading universities in the US and elsewhere to integrate our latest expertise and technology. We have developed an innovative Master of Accounting with Data and Analytics program to help tomorrow's accountants be ready for highly complex, data-centric audits.

We are also training a new generation of digital business professionals. We have recruited and developed software engineers, computer scientists, database experts and analytics PhD graduates in order to help meet clients' digital transformation challenges.

KPMG people are globally-minded, and the opportunity to work outside their home country is a career differentiator.

In the past year alone nearly 2,700 KPMG people have taken on international assignments to almost 100 countries within the KPMG network, expanding their skills and business knowledge while taking on a new challenge.

Looking to the future

This is my first message as Chairman of KPMG International since I took over from John Veihmeyer in October 2017. On behalf of everyone at KPMG, and all the clients he served with such distinction throughout his career, I thank John for his steadfast and trusted leadership.

The next few years will be the most exciting and transformational in KPMG's history. We are well positioned to become even more successful and relevant than we have ever been before. I look forward to working with KPMG's extraordinary professionals and our clients around the world to deliver on that ambition.

Bill Thomas

Chairman
KPMG International

“Trust is not a given — it must be earned and I take every available opportunity to speak with KPMG professionals around the world to reinforce that our commitment to quality can never be compromised.”



Bill speaks at conference in October 2017 in Rome, Italy.

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

Trust

We take our role in building trust seriously, working towards providing the highest quality of work for clients and all of our stakeholders.



Larry Leva

Global Head of Quality, Risk & Regulatory, KPMG International

Building public trust

KPMG has 200,000 professionals in more than 150 countries and territories committed to providing high-quality services for clients across the globe — from performing complex audits, to consulting on critical business challenges to giving insightful tax advice. As different as each client engagement can be, they all have something important in common. That is the recognition that in everything KPMG professionals do, there is an obligation to perform all their work in a way that earns and builds public trust: in KPMG, in business and the capital markets they serve.

This responsibility means the way we work is just as important as the work itself. It requires a relentless focus on quality. But it also requires something more. It means every KPMG professional and firm putting their public trust responsibilities at the forefront of everything they do, doing the right thing in the right way, every day.

Further details on KPMG's commitment to quality can be found in KPMG International's latest Transparency Report which outlines the governance and compliance systems in place to help ensure we continue to act in the best interest of the public every day.

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It begins with creating and sustaining the right culture.

Setting the right 'tone from the top' is essential. From Bill Thomas as Global Chairman and the senior partners of our member firms, to KPMG leaders at every level. It's important to continually reinforce this commitment as leaders and professionals must strive to earn the public's trust every day. Those same standards have to be applied to personal affairs, ensuring they are conducted ethically and with integrity.

Comprehensive training and robust monitoring and compliance testing are essential to reinforcing our culture. KPMG people receive regular training on the importance of ethics and integrity to all they do professionally and in their private lives, the importance of compliance with the system of quality controls and the importance of earning and building the public's trust in KPMG.

Our culture of focusing on quality and doing the right thing is central to KPMG firms' recruitment processes. Whether hiring a new graduate, an experienced professional or a senior leader, firms communicate openly about their commitment to building public trust and why this is a critical part of everyone's role across the network. Every person who joins KPMG learns our culture and values and the potential impact any one

person can have on how KPMG is seen and trusted in the marketplace.

KPMG people are encouraged, without fear of retaliation, to report if they see or hear of any actions or behaviors that they feel are counter to our culture or could, in any way, be viewed as harmful to the broader public interest. All concerns raised through this system are dealt with in a timely, decisive manner.

We welcome the role of independent oversight and regulation. We are committed to cooperating fully with regulators to drive continuous improvement in KPMG professionals' work.

We engage with a broad group of key stakeholders externally — ranging from regulators, investors, clients, local communities and other spokespeople for civil society and beyond. While sometimes challenging, these discussions are a vital way to stay connected to the society, stakeholders and capital markets we serve. As Global Head of Quality, Risk & Regulatory for KPMG International, I know from first-hand experience the impact they have on our thinking and the actions we take.

Our culture is fundamental to everything that KPMG people do, and how we work. KPMG's public interest role in society deserves our focus on doing the right thing, and our high standards demand it.

Building trust in the digital age

The value of trust to business cannot be overstated. But the digital age has created new challenges in building and maintaining trust.

Three of KPMG International's business leaders, Jane McCormick, Global Head of Tax, Bill O'Mara, Global Head of Audit, and Mark A Goodburn, Global Head of Advisory, sat down to discuss the importance of trust and what has changed with the impact of technology and innovation.

The importance of trust

Bill: Trust underpins everything in the capital markets. If trust disappears, markets freeze up, and insecurity can spread rapidly. Without trust you can almost be rendered inoperable.

Mark: The other side of the coin is that businesses that have built up a reservoir of trust can also act with more speed and more reach; without it, relationships tend to be more limited and decision making can grind to a halt.

Jane: Of course, with the pace of change today, it is easier to lose trust. It takes more time and work to maintain trust in today's environment.



Mark A Goodburn
Global Head of
Advisory

Digital challenges

Bill: The speed of data and information is an enormous challenge for the investor community and frankly for all of the KPMG network stakeholders — clients, our people, everyone.

Mark: And when data is coming at you from all directions, it becomes

much more difficult to sort out which information you trust and what you should be wary of.

Jane: The digital age also raises new dilemmas — all of the data and speed with which we can manage it has a huge upside — but on the flip side are concerns about misuse of data and security that have serious trust implications. So the challenge is capturing the benefits while managing these risks.

Bill: In the long term, I believe the digital age is an enabler of trust. In audit, there is an increasing ability to analyze millions of lines of information and identify patterns that can better focus the audit.

Mark: With all of the benefits associated with digital, the world is now much more complex. Transparency is just one example. Beyond privacy requirements, there are difficult questions of how much data transparency there should be from a trust perspective.

Bill: When it comes to data, just because you can do something with the information, doesn't mean you should. In the digital age, there are a lot of challenges to governance models and how information is managed.

Foundations of trust

Jane: One thing that hasn't changed in the digital age is the ethical framework. Trust is very much about behaving in an ethical manner even in the face of enormous change. We realize that behaviors with respect to tax are often viewed as a proxy for the trustworthiness of an organization. And greater volumes of data and transparency are being used to more closely scrutinize these behaviors.

Bill: For every part of our business, trust has to start with quality being spot on all the time. Innovation is making a greater contribution to quality. This year we launched the Clara smart audit platform. One of KPMG Clara's key components is that it creates the ability for greater communications between KPMG teams



Jane McCormick
Global Head of Tax

and their clients — in the end, that contributes to quality and trust.

Mark: Innovation is central to every facet of our business: training, standards and internal controls. Our teams are just as focused on how our services help to foster trust. It means taking a close look at what data is going in, that it is collected in the right way, and that it is protected.

Jane: We also know that judgment continues to be critical. That's what is behind our global tax principles — they are designed to enable good judgments. We are also engaging with a variety of stakeholders to contribute to building consensus around what an effective, trusted global tax system looks like.

Bill: I would also emphasize integrity. Doing the right thing, even when it is the hard thing, is so important to building trust.

Mark: And consistency is key. Trust has to be an all-the-time thing, not a sometime thing.



Bill O'Mara
Global Head
of Audit



Innovating to enhance audit quality and value

KPMG is continually innovating to bring new digital capabilities to audit to enable our professionals to enhance audit quality and add value for clients.

In 2017 KPMG launched KPMG Clara, a fundamental transformation in how KPMG audits are carried out. KPMG Clara moves the audit to the next level of digital sophistication while enhancing quality, consistency and effectiveness.

KPMG Clara brings together KPMG's powerful data & analytics

capabilities, innovative new technologies, and proven audit workflow. It's a powerful yet simple, agile and intelligent platform that will enhance audit quality and bring clients deeper actionable insights in real time. With KPMG Clara's advanced capabilities, our auditors can empower their judgment, experience and skepticism with new technologies, data science and advanced analysis. KPMG Clara can be used on audits of every size, and is built to integrate emerging and future innovations into the

audit — such as predictive analytics, cognitive technologies and artificial intelligence.

KPMG has also expanded its alliance with Microsoft to place KPMG Clara on Microsoft Azure, their comprehensive, cloud-based platform, which will make KPMG the first of the Big Four professional services firms to enable external financial statement audits to be conducted using Azure.

The business value of cyber security

In the digital age, trust in business increasingly hinges on data and identity security. Greg Bell and Akhilesh Tuteja, Global Co-Leaders for Cyber Security, KPMG International, discuss how the view of cyber security is changing and how the KPMG network is building on its leading position. The Forrester Wave™: Information Security Consulting Services, Q3 2017 has ranked the KPMG network as a leader in Information Security Consulting Services.

What are the key trends impacting cyber security?

Akhilesh: Business is adopting transformative digital technologies at an unprecedented pace — which puts cyber security center stage with respect to managing core business risks and for forward-thinking businesses, as a means for driving growth.

Greg: Customers today have built-in security expectations. So there is a trend toward cyber security by design, for everything from consumer electronics, Internet of Things and medical devices, to fintech solutions.

Akhilesh: The expectations for response to a cyber incident are much higher as well. A response strategy can't be developed after an event happens — businesses are expected to be ready for any cyber incident.

How cyber-prepared are businesses today?

Greg: KPMG's 2017 Global CEO Outlook showed that CEOs overall are more confident in their teams' ability to respond to a cyber event, but the plans and approaches that businesses think are effective don't always cover

all of the bases. Cyber can't just be left to technology delivery teams — there needs to be operational alignment for cyber preparedness across the business.

Akhilesh: Regulatory compliance has also become more complicated. There is increased scrutiny over data breach notification and response, privacy and data sovereignty — where data can't be moved in or out of certain jurisdictions, and penalties can be severe. It's very challenging, especially for global businesses.

Greg: There is also a great opportunity for businesses to take a broader view of cyber security and understand that cyber is not just a risk management priority but it can also be a business differentiator, increasing customer trust and opening up new product and service opportunities.

What is KPMG doing to help?

Greg: KPMG teams start by integrating cyber into every facet of digital transformation. Whether a client is interested in front-office or back-office innovation, cyber security is integral to the solution — not something that is bolted on at the end. The KPMG network has invested significantly in new services in areas such as identity management and information governance that help clients take a business value approach to cyber security.

Akhilesh: Many businesses simply don't have a good picture of their cyber capabilities, so the KPMG network has also developed an in-depth cyber maturity assessment service. KPMG cyber professionals work with all levels of an organization — from operational teams to senior management and boards — to better understand their cyber strengths and weaknesses from both a business and technology

perspective. And when inevitable cyber issues do occur, KPMG firms provide global cyber response services to help clients to better respond.

Greg: Above everything, KPMG firms across the network are investing in people and teams to attract and develop the best talent. Cyber skill sets are in high demand and our goal is to make sure KPMG firms are a top destination for building a career in cyber security.

What is your main message to clients?

Akhilesh: Most importantly, that a comprehensive, business-centric cyber strategy can enable the confidence and trust to take your business to new places.

Greg: The Forrester Wave™ report recognized KPMG's vision in treating information security as a business issue, rather than an IT issue. It boils down to our belief that the right approach to cyber security is through a business value lens.



Greg Bell and Akhilesh Tuteja, Global Co-Leaders for Cyber Security, discuss the future of cyber security at KPMG's Annual Global Cyber Security Conference in Singapore.

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Clients

KPMG professionals serve as trusted advisors to many of the world's leading organizations. Working with passion and purpose and integrating innovative approaches help deliver real results.



Gary Reader
Global Head of Clients & Markets
KPMG International

Working with clients to deliver real results

Gary was appointed Global Head of Clients & Markets in October 2017. Gary reflects on the coming year for clients, and the ways KPMG is innovating to meet the needs of a world in the midst of the digital transformation.

KPMG works with an incredible breadth of clients, from high-tech entrepreneurs leading fast-growing start-up businesses to some of the world's most iconic and enduring companies, from family-owned businesses to governments, civil society and not-for-profits. No two clients and their challenges are ever the same, and each one rightly expects KPMG to bring deep industry expertise to their issue, combining integrity with innovation and a determination to deliver results that matter.

It starts with the exceptional people we recruit and train, and the focus we maintain on building their industry expertise alongside professional skills.

I'm always delighted when I speak with a client and hear how much they value the insight their KPMG team brings.

Over the past year, that focus on delivering outstanding service to clients, wherever KPMG people are located, has enabled KPMG to serve 84 percent of the Fortune 500 Global list.

We are making significant strategic investments across Audit, Tax and Advisory in technology and innovative services to ensure we are prepared to help clients with their greatest challenges. We have built leading teams and capabilities in two areas which are top of mind for most clients; cyber security and data & analytics (D&A), where we bring together our deep business expertise with leading edge technology to deliver market leading solutions.

We are proud of the work KPMG delivers and are grateful that a number of clients have shared their stories in this Annual Review about the difference KPMG is making to their business.

Driving digital transformation



Lisa Heneghan, KPMG International's Head of Technology, Management Consulting, talks about the growing mandate for companies to digitally transform their businesses, and how KPMG professionals take a connected approach to the challenge.

Every business, in every sector and every geography, is face-to-face with the implications of digital for their organization. Whether they need to reduce costs or find new ways to grow — or more likely both — digital transformation is increasingly not a choice, it is a must.

What is digital transformation? It starts with how you engage with your customer and becoming more customer-centric. But new ways to engage customers are just the start. Digital transformation is ultimately about transforming your business value chain end-to-end.

This means looking at every part of your business and how it has to change to support the digitally-empowered customer, from the front end, to middle- and back-office systems and processes.

Taking a connected approach

KPMG professionals know digital transformation is a unique journey for every client that needs to be tailored according to the industry, the market

disruptors, how the business works today and the legacy systems that need to be managed. There is no cookie-cutter answer.

It begins with a deep understanding of the client's business issues as well as having knowledge and resources across the spectrum of emerging technologies, including Internet of Things, blockchain, D&A and artificial intelligence (AI). KPMG professionals examine how these digital technologies can be strategically applied, assessing the opportunities for creating new platforms for growth and ways to manage costs.

Not every business is ready to embark on an enterprise-wide transformation. KPMG professionals are able to come in at any point to help make meaningful change that can be the foundation for ultimately achieving broader transformation.

Supporting business change

Every digital transformation has a massive people and change element. As new technologies are introduced and customer engagement and processes become digital, businesses have to consider how this impacts their workforce, how they organize and their decision-making.

The benefits of becoming a digital business can't be realized without evolving your culture and capabilities to be able to make decisions and take appropriate risks in a digital world. KPMG professionals work shoulder-to-shoulder with clients to help them become a more agile organization and to understand and adapt to driving a digitally-enabled business.

Getting connected to Industry 4.0

Digital disruption combined with interconnectivity through the Internet of Things (IoT), data and analytics and artificial intelligence are significantly changing the way the world manufactures goods in an evolution called Industry 4.0, or i4.0.



Doug Gates

Global Sector Chair for Industrial Manufacturing and
Global Head of Aerospace and Defense
KPMG International

Spanning a business' production ecosystem, i4.0 taps into the information flow among suppliers, original equipment manufacturers (OEMs) and customers, crossing traditional sector lines and production silos — all while increasing connectivity in order to improve business performance.

KPMG International's Global Sector Chair for Industrial Manufacturing and Global Head of Aerospace and Defense, Doug Gates, says KPMG professionals are helping businesses create comprehensive strategies to capitalize on the potential of i4.0: "Manufacturers need a blueprint that integrates all aspects of their value chain, from procurement and engineering, to equipment status on the manufacturing floor, and even products out in the market. Companies that don't think holistically about i4.0 won't be able to compete in an increasingly connected marketplace."

Manufacturers are eagerly experimenting with i4.0 capabilities, as shown in KPMG's research, *Beyond the hype of i4.0*. Most manufacturers have some maturity in key areas like cloud, robotics, big data, cyber security and IoT technologies, but are lower on the maturity curve in applying these technologies in demand-driven supply chain, machine-to-machine (M2M) communication and other applications.

According to Gates, KPMG firms are increasingly helping demonstrate the value of end-to-end i4.0 strategies, such as in a project with a global automotive OEM as it began a journey to become a smart factory, ultimately reducing idle times with a fully synchronized IT environment. KPMG professionals also helped a global consumer goods manufacturer align business planning with production, resulting in more consistent utilization rates and real-time information sharing with procurement and suppliers, resulting in an improved brand perception in the market.

Our global resource for digital technologies

One way KPMG professionals are working with clients to provide access to the right technology and talent is through the KPMG Lighthouse network.

KPMG unlocks the power of Intelligent automation (IA) and D&A for clients by helping turn data into insights into value. As the center of excellence for IA and D&A for KPMG firms globally, KPMG Lighthouse allows KPMG teams working with clients anywhere in the world to tap into dedicated IA and D&A resources.

The model started more than 3 years ago in the US, spearheaded by Brad Fisher, KPMG in the US' Leader of Data & Analytics. "The Lighthouse model was a game changer in the way we solve client challenges," he says. "By centralizing our methodologies and talent, we developed a model in the US that gave D&A expertise to clients when they needed it, and we're really proud that it's now been expanded across the Americas and adopted in the KPMG network's two other regions."

By providing access to highly-specialized D&A professionals around the KPMG network, the model gives KPMG firms the flexibility to cater their offering to each client challenge, says Thomas Erwin, Global Head of KPMG Lighthouse. "Everything starts with the client's business issue, tackling challenges ranging from the front office to looking for a better understanding of customers, from logistics and processes in the middle office, to the cost and risk issues in the back office, including finance, HR, IT and tax."

The opening of the Singapore-based ASPAC regional Lighthouse

in October 2017 joins the Americas center based in New York and the EMA center in Frankfurt. In just the last year alone, Lighthouse professionals within the EMA region have worked on more than 200 client D&A challenges. In the coming year, the global reach and agility of the network will be expanded by increasing the capabilities of KPMG teams around the world.

Igniting development of artificial intelligence

KPMG Ignite is a portfolio of AI and cognitive technologies, solutions and capabilities used to address clients' most pressing business issues. These capabilities were built to help clients unlock the value of AI to accelerate their strategies for intelligent automation and cost management, growth and customer engagement, and risk and regulatory policy. Notes Brad Fisher, KPMG in the US' Leader of Data & Analytics, "AI is on the leading edge of D&A, and it's what clients need for today's complex data challenges. Through KPMG Ignite, we're filling a critical void in the marketplace by bringing together a seamless mix of our AI solution and talent."

Using KPMG Ignite, clients can leverage an advanced suite of AI tools and capabilities, custom-fit for the most complex business problems in the marketplace. This portfolio is leveraged by highly-skilled KPMG people who apply relevant domain knowledge to leverage the capabilities and continue to innovate as technologies emerge. Projects are grounded in a foundation of best-of-breed technology coupled with deep-rooted domain knowledge and trusted D&A.

Embedding technology in everything we do

Helping clients to digitally transform their businesses requires new technologies, new service delivery models, alliances with technology leaders and professionals who know how to bring all of these capabilities together in order to enable success.

According to KPMG International's Global Head of Technology & Knowledge, Christian Rast, it is all part of the KPMG approach in embedding technology in everything KPMG does: "More and more of KPMG digital solutions are cloud based. Clients are demanding forward-thinking technology, and KPMG firms are consistently delivering this across their businesses, every day."

Cloud-based solutions that combine the power of AI are part of KPMG firms' technology ecosystem. Products like KPMG Procurement 365 Digital deployed in KPMG firms' Advisory businesses, the KPMG Tax Intelligence Solution, KPMG SOFY Solutions to provide insights on transactional data, and KPMG Clara, a cloud-based smart audit platform, are leveraging data in different ways to help clients make better decisions faster.



Christian Rast

Global Head of Technology & Knowledge
KPMG International

“
The Global
Customer
Center of
Excellence
is working with KPMG
firms to evolve and
expand their front-
office offerings, driving
research and working
with member firms as
they recruit and train
client teams.”



Julio Hernandez

Head of the Global Customer Center of Excellence
KPMG International

Winning the race for the customer

At a time when good — or bad — customer experiences go viral in a matter of minutes, companies can live or die by the way they deliver services, respond to issues and manage customer expectations. CEOs themselves feel a growing responsibility to represent the best interests of their customers, according to KPMG International’s 2017 Global CEO Outlook — where 70 percent of CEOs reported feeling a growing responsibility to represent the best interests of their customers.

Julio Hernandez, Head of the Global Customer Center of Excellence, KPMG International, emphasizes the important role that business leaders play in forming connected enterprises: “Transformation needs to be led from the top down in order to see significant business results. By breaking down internal silos and joining the dots between the front, middle and back office, CEOs can deliver on their customer promise and at the same time achieve profitable growth.”

That transformation starts with becoming customer-first — understanding customer expectations and reflecting a more customer-centric approach to the way the enterprise executes. Organizations should also think about connecting with five stakeholder groups: customers, business functions, employees, partners and the digital ecosystem.

KPMG firms are helping clients assess how these factors will impact their bottom line as they transform their enterprises with the customer at the core. Julio explains: “A lot of

companies are concerned with front-office capabilities such as experience design and journey mapping. This is important, but they also need to be able to execute on the customer promise by building the right capabilities across their teams while leveraging new and emerging technologies.”

KPMG continues to invest in helping clients win the race for the customer. The Global Customer Center of Excellence is working with KPMG firms to evolve and expand their front-office offerings, driving research and working with member firms as they recruit and train client teams. Through the KPMG Nunwood Customer Experience Excellence Center, for example, KPMG researches how global brands deliver customer experience across six pillars of experience excellence, providing clients with a framework for assessing the quality of the experience they are delivering and how it meets customer expectations.

KPMG International also recently launched the KPMG Global Customer Insights program, which takes a deeper and holistic look at consumer behavior and helps clients build a multi-dimensional view of their customers. These insights and offerings are brought together through the ‘Connected Enterprise’ — a KPMG framework that helps the entire organization become customer-centric, drive growth and customer loyalty.

See the client story section of the International Annual Review for examples of how KPMG firms are helping clients in their customer experience journey.

ORACLE

Platinum
Partner
Global Cloud Elite

Jeff Henley, Executive Vice Chairman at Oracle, **“KPMG is one of our leading cloud partners with a strong track record of successful deployments. As an example, with KPMG Powered Enterprise, they have a unique advantage and offering in the marketplace that will continue to play a key role in helping organizations innovate, adapt and grow.”**



Worldwide Consulting & SI Digital
Transformation in Action partner

Judson Althoff, Executive Vice-President, Worldwide Commercial Business for Microsoft, **“KPMG and Microsoft are working together to develop and deliver world-class technology-led solutions that enable the businesses of today to run faster, better and more effectively than ever before. Our alliance brings together KPMG’s deep industry and business insights with the technology expertise of Microsoft to meet the ever-changing digital transformation needs of our clients.”**



“Cognitive technologies such as IBM Watson can transform how data is understood and how critical decisions are made,” said John Kelly, Senior Vice President, Cognitive Solutions and IBM Research. **“By working together with IBM, KPMG is taking a forward-looking approach to extending its expertise and helping professionals and clients gain new insights from their business-critical information.”**



Jens Rassloff
Global Head of Alliances
KPMG International

Strategic alliances to transform in the digital age

“Harnessing the opportunities presented by digital transformation is top-of-mind with many of the world’s top business leaders,” says Jens Rassloff, Global Head of Alliances, KPMG International. “In fact, in KPMG’s 2017 Global CEO Outlook, when CEOs were asked to name their key strategic priorities fostering innovation, implementing and investing in disruptive technologies and being more data-driven were among their collective top five. This reflects the wider marketplace where digital developments continue at an extraordinary rate and the volume, velocity and variety of data being captured are only set to increase.”

Through a strong ecosystem of relationships with more than 70 organizations across the KPMG network, KPMG provides clients with access and insights from market leaders in technology, data and services whose strong expertise directly complement and enhance KPMG’s methodologies, business acumen and deep industry knowledge.

Working with market leaders such as Microsoft, Oracle and IBM, to

name only a few, is complemented by KPMG’s relationships with a wide and varied group of start-ups, internationally recognized academic institutions and not-for-profit organizations. This diversity, coupled with an existing alliance framework, enables KPMG to deliver increased value, expand the range and availability of solutions across the globe and bring the best of both KPMG and trusted alliances to clients.

By working as part of these alliances, KPMG offers scalable technology platforms and innovative digital business solutions helping clients move more of their operations and services to the cloud and developing technology-led solutions that enhance their operational effectiveness and improve organizational efficiency.

KPMG continues to build, and maintain a focus, on co-created solutions that bring innovative capabilities to clients, allowing them to address their most pressing challenges like cyber security, while also taking advantage of the tremendous opportunities being presented by the digital economy such as AI, robotics and blockchain.

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Twenty years
I’ve been in
this business
and I’ve never seen a
geopolitical environment
that’s been this volatile.
These are changes
that, while corporates
understand they’re
coming, they don’t really
know how to hedge
against them, how to
address them, how to
invest in to them.”

Ian Bremmer, President &
Founder, Eurasia Group

Joining forces with Eurasia Group to deliver geopolitical risk expertise

Geopolitical risk is at the top of boardroom agendas, with KPMG’s 2017 Global CEO Outlook reporting that three in four CEOs are spending more time than ever on scenario planning to plot a course through today’s shifting geopolitical climate. This newly-formed alliance with Eurasia Group is based on joint capabilities that help clients make sense of an unpredictable and disrupted world.

As one of the world’s leading geopolitical risk consulting groups, Eurasia Group is teaming up with KPMG member firms to provide unique insights on how geopolitics is impacting business and to help clients understand how to make strong strategic choices in the midst of uncertainty. Through qualitative assessments and quantitative

methodologies, Eurasia Group forecasts and analyzes political risks — an essential addition to economic intelligence. With 65 analysts covering more than 100 countries, the alliance enables KPMG member firms to provide clients with political risks indices, monthly forecasts and in-depth country, regional and global outlooks.

Geopolitics is at the heart of some of clients’ biggest issues. Adding clarity to these issues together with Eurasia Group puts KPMG firms in a position to deliver customized advice, in areas such as scenario planning, due diligence and geopolitical risk management that can help clients better understand how their business needs to respond to today’s volatile geopolitical landscape.

Learn more about KPMG’s global network of professionals with geopolitical expertise on kpmg.com.



KPMG International Chairman Bill Thomas and Eurasia Group Founder and President Ian Bremmer discuss how geopolitics and business are interlinked.

Client stories

Find out more about how KPMG works for some of the world's leading companies and organizations, and the impact our work has.

Mobilizing KPMG's global network to help The Bahamas deliver universal healthcare



Dr Mark Britnell, Chairman, Global Health Practice, KPMG International (center) and the KPMG healthcare team

The fourth of May 2017 was a historic day in The Bahamas: a retired teacher became the first patient to receive care under a new National Health Insurance (NHI) plan. It was a joyous culmination of the country's longtime vision of quality, affordable healthcare for its people.

In 2016, KPMG in The Bahamas was enlisted to help bring the country's vision to reality, helping to create and implement a universal healthcare model. The firm built on its deep local knowledge by quickly mobilizing a team combining KPMG's extensive global healthcare experience, with the support of Dr Mark Britnell, Chairman of KPMG's Global Health Practice.

The first critical step for the KPMG team was engaging key healthcare stakeholders in The Bahamas. "Universal health coverage can only be achieved if you have the majority support and advocacy of a wide range of key stakeholders," said Simon Townend, lead partner with KPMG in The Bahamas. "We knew this had to be the first priority."

With the shared passion of bringing greater wellbeing to the population, the KPMG team then worked closely with Bahamian officials in developing all aspects of the healthcare transformation, including economic modeling and developing the enrollment system and

benefits package as well as an IT system to administer NHI.

According to Andrew Hamilton, Engagement Director with KPMG in Canada, "creating a new system for funding healthcare from the ground up is complex — the KPMG team brought a wide spectrum of specialized skill sets in everything from legal and policy development to physician negotiations to actually designing the organization to administer NHI."

The new NHI system launched in 2017, enrolling 8,000 Bahamians in its first week and today people of The Bahamas can access primary care services, at no out-of-pocket cost, from a provider of their choosing.

KPMG has now established the Center for Universal Health Coverage to expand and consolidate universal health coverage systems expertise across the KPMG network to support the development of new health systems around the world.

Said Dr Britnell: "I believe universal healthcare is the greatest gift a country can give its people. We are passionate about improving health systems and services across the world, and it has been extremely meaningful to all of the KPMG professionals involved to help make this contribution to the people of The Bahamas."

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BP wanted
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compliance and the role
of technology.”

BP masters its worldwide compliance demands with a futurist vision, advice and support

Declaring that, “The world is changing fast and BP is changing with it,” the UK-based oil and gas giant is embracing transformation across its 72-country operation, including within its global tax group. Amid complex regulatory changes, BP is responding to tax authorities’ demands for faster, more detailed and digital compliance data, while also aiming to streamline its tax processes.

These forces prompted BP to launch a tax effectiveness and efficiency program across its compliance and reporting activities, with a vision to create a network of local, regional and global delivery capabilities. To do so, it sought a strategic advisor to help implement the program and map out the best way to combine the skills and resources of its Global Business Services (GBS) division with an outsource service provider that could complement GBS and BP tax capabilities.

“BP wanted a long-term advisor who shared their view of the future of tax compliance and the role of technology,” says Andy Cox, KPMG’s Global Lead Partner for BP and Head of Energy, KPMG in the UK. “We showed them that we have the strategic and executional know-how to design and deliver the right combination of process transformation, automation and outsource support to create a compliance function for the changing world they envisage.”

BP was impressed by the significant capabilities available through KPMG’s Global Compliance Management Services network, including its proprietary technologies and tax compliance delivery centers ready to support multinational clients. For example, KPMG’s LINK 360 technology will provide BP management with up-to-the-moment access to program status and detailed compliance data across its international operations. But they also recognized KPMG’s commitment to its own vision and to investment and innovation in technology and compliance delivery, which made KPMG ideally placed to work alongside BP for the long-term.

As part of this 5-year change program, KPMG is providing broad tax compliance services across a large number of BP locations, including rapid global team response to arising tax issues. The KPMG team is also sharing fresh perspectives by bringing the best of its ongoing technology innovations and by using its customized ‘Lean for Tax’ approach to help BP leadership improve the effectiveness and efficiency of their tax processes.

Notes Chris Scott, Head of Tax for the EMA region and Lead Partner on the program, “With BP, we are demonstrating how KPMG professionals work collaboratively across the global network and can support them across their worldwide footprint and help them achieve their desired future state.”

Turning identity management into a business growth enabler

For a worldwide information technology leader, managing their customer experience and identity and access management (IAM) had become too complex and was slowing down their continually expanding business.

Customers with multiple product accounts or subscriptions didn't always have a consistent experience and the company wasn't able to quickly determine a customer's access permissions and privacy requirements. Moreover, it was losing opportunities to cross-sell or up-sell new services, particularly when integrating new acquisitions.

KPMG in the US brought its experience with identity management and business transformation to develop a strategy for delivering a unified customer experience driven by a complete customer IAM (CIAM) system.

"The approach we took was that this was not just an IT or security project, it was part of a wider transformation to support the growth of the business," said Jacob Pszonowsky, engagement lead for KPMG in the US. "IAM is no longer simply creating a single log-on process. The client has a global customer base, in the range of tens of millions, that needs to be enabled to add new devices, install new apps

and access new services. And the client's partner companies are critical as well — so there are upwards of 400,000 partner identities to manage, as well as identities for their own workforce."

Once the strategy was aligned and bought into across the client's business, the KPMG team undertook developing the CIAM platform to enable the customer experience in a way that supports necessary security, privacy and regulatory compliance. With vastly different requirements across the global customer base, the KPMG team had to ensure that the platform has the capability to meet varying compliance needs, anywhere in the world.

Along with providing a unified customer experience, the platform gives the client a 360-degree view of each customer's products and interactions, so that there is more opportunity for effective cross and up-selling.

Ron Lopes, KPMG Global Lead Partner said, "The KPMG team really worked to understand the client's distinct business environment and then focus on how CIAM could actually help enable business growth. The client viewed KPMG as an integral part to their overall identity solution with their customers. In their words: 'We couldn't have done it without you.' "

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With many
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around the
world,

**it's exciting that we
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solve the most complex
problems, maximize
efficiency and reduce
their costs.”**

How advanced analytics are changing the game

Most sports fans have no idea of the difficulties facing sports leagues when they schedule hundreds of games over a fixed season at busy venues in distant cities.

It's a familiar problem for any organization that needs to optimize the scheduling of critical people, assets and activities, and KPMG advanced analytics professionals “changed the game” when it developed a decision optimization solution for a sports league that sought help drafting its season schedule.

Among the pressing challenges for the client was accommodating the scheduling needs for more than 1,000 games which resulted in an astounding 32 trillion possible schedules. KPMG professionals developed a cloud-based optimization system with the processing power to compute these schedules, using mathematical algorithms to produce and select the schedule that could best meet the league's objectives. Rather than create a rigid, single-use solution, the KPMG team brought together the KPMG Lighthouse Data & Analytics Center of Excellence with the Management Consulting Digital Enablement group to develop a flexible algorithm that could accommodate new, arising variables to update and improve the schedule.

Once the optimized schedule was in-play, the league and its teams noticed a dramatic reduction in very unfavorable travel constraints, resulting in more team rest time, better player health and performance. Word has spread across the sporting world, and the KPMG Lighthouse team and KPMG member firms' Management Consulting practices are collaborating to enable KPMG firms to deliver this proprietary game scheduling software to other professional and college leagues.

“Sports is just the starting point, since we can apply our decision optimization technology to virtually any organization with a schedule or resources they need to optimize,” says Brad Fisher, Partner, Data & Analytics Leader, KPMG in the US. Noting that KPMG teams, supported by KPMG Lighthouse, are currently advising an Australian telecom firm on the optimal strategy to deploy a broadband network to households across the Australian continent, he adds that, “With many massive infrastructure and mega projects around the world, it's exciting that we can help clients make data-driven decisions to solve the most complex problems, maximize efficiency and reduce their costs.”

Working shoulder-to-shoulder to help Sydney Water implement a customer-centric operating model

When Sydney Water Corporation, a major Australian water utility, set a strategy to place the customer at the heart of everything it does, it called upon KPMG Australia to be its strategic advisor in implementing its new operating model, intended to transform its customers' experience at each of its service touchpoints, from accelerating customer connections to the water network through to enhanced service fault repairs.

Although the utility is already a trusted provider of high-quality water and wastewater services for many Australians, Sydney Water recognized that current ways of working would not sustain these results or allow the business to respond sufficiently to evolving customer expectations.

Leadership agreed upon a new operating model and transformation goals to reshape all customer journeys, structure service operations to deliver enhanced customer experience and value for money, and to streamline support services. Sydney Water's leadership see it as a "once in a generation transformation that is all about the customer and the future."

Seeking added confidence in execution of their program, they called upon KPMG to deliver with a cooperative delivery approach, with an emphasis on flexible and responsive support when needed from KPMG's network of technical subject experts.

Cassandra Hogan, KPMG Australia's Sector Leader for Power and Utilities, notes, "While we are sharing deep

expertise in many aspects of this operating model transformation, a big part of this program is about ensuring that the organization stays in the driver's seat, keeps ownership and builds know-how in transformation."

For example, while KPMG teams were embedded in a range of projects, including customer experience design, customer service and operations hub delivery, shared services implementation, supply chain transformation and program leadership functions, Sydney Water also wanted a delivery advisor who was willing to work shoulder-to-shoulder with them and have the right, constructive discussions about overall program direction.

This close teamwork has already supported the introduction of an innovative customer hub which tightly integrates customer fault notification with advanced fault analysis and maintenance scheduling. Repairs can be responded to more rapidly, prioritized based on relative customer impact, and customers can be kept informed of progress in resolving service issues.

Hogan says that, "KPMG Australia's expertise in transformation allows us to bring ideas and productive challenges to the client's decision processes for keeping the program aligned with changing business needs. We're proud to have delivered a uniquely flexible support model that is contributing to making a big difference for Sydney Water's customers."

“
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Helping an India-based multinational company resolve cross-border tax issues

For a multinational company operating in more than 100 countries, including India, fulfilling its direct tax obligations across its global footprint was always a complex, but vitally important, proposition. For its local operations within India, the company was involved in a complex and lengthy process with tax authorities, which caused great uncertainty for their group’s operations.

The company engaged KPMG in India to drive a successful resolution. KPMG in India’s global tax and regulatory professionals worked closely with all stakeholders to develop and

design a solution that allowed the tax authorities to arrive at a satisfactory resolution. The innovation has now set a precedent for similar cases requiring mutual discussion by cross-border tax authorities.

Girish Vanvari, KPMG in India’s Head of Tax states, “We are very proud that we helped the client to resolve one of the most complicated topics in the international tax environment, and we did so within record time of our involvement, sparing the client uncertainty and many more years of prolonged litigation.”

Insurance in East Africa: A journey of transformation

James Norman, Head of Insurance, KPMG in East Africa

Tanzania is a rapidly emerging market for insurance in East Africa.

However, while the sector has huge potential due to a thriving economy, young population and a growing middle class, insurance penetration is low due to challenges including poverty, financial illiteracy, fraud and corruption, and poor governance, ethics and risk management.

KPMG in East Africa is helping address some of these challenges and increase opportunities.

In collaboration with the Tanzania Insurance Regulatory Authority (TIRA), Tanzania Insurance Brokers Association (TIBA) and the Institute of Financial Management (IFM) we launched a student innovation essay competition for students from the IFM in Tanzania, resulting in an internship opportunity for the winner. This is an ongoing brand profile initiative that has also enabled mentoring and plans for TIRA and IFM to allow students to be part of KPMG in East Africa’s insurance academy, receiving ongoing mentorship, training and initiatives.

With the aim of building skills and professionalism, through the Insurance Institute of Tanzania (IIT), KPMG in East Africa is developing a 5 year continuous training curriculum aimed at educating participants on the dynamic nature of the insurance sector and encouraging disruption through innovation in the Tanzania Market. This is also aligned to and will support the government's national insurance policy.

This year we delivered a CEO training in partnership with TIRA on the subject of risk based capital and global regulation; this was part of a targeted regional training program for the C-suite.

We have also sponsored a number of key national insurance events including the last two TIBA conferences in

Zanzibar, where in 2017 we carried out the first live insurance survey in Tanzania at the event and the survey provided insights on challenges and opportunities in the insurance sector in Tanzania.

Since 2016, we have been involved in successful continuous trainings and workshops for insurance brokers, running workshops in the capital but also in the region, and covering topics such as claims, principles of insurance, customer care and tax.

We believe these initiatives help us build trust and create a more valued and successful insurance sector in Tanzania and the wider Sub-Saharan Africa.

“

Through the services offered by KPMG, The Tanzania Insurance Brokers Association (TIBA) has been able to train over 150 industry members in the past 18 months. The insurance industry has also benefited from the local and regional market research conducted by KPMG. KPMG has without doubt added great value in assisting to build local capacity in Tanzania.”

Mohammed Jaffer, President of the Tanzania Insurance Brokers Association (TIBA) and a Senior Partner at Tan Management Insurance Brokers Limited

People

Talented professionals are attracted to KPMG for the opportunities to build exceptional careers and to do work that inspires confidence and empowers change, both for clients and communities.



Susan Ferrier was appointed Global Head of People, Performance & Culture (PPC, KPMG International) in October 2017. Here, she discusses her new role and how KPMG is creating an environment to attract and develop the extraordinary people at the heart of our business.

Creating a world-class experience for our extraordinary people

How did you come to the Global Head of PPC role?

I've always had a passion for organizational culture and performance, as well as an entrepreneurial side.

For the past 6 years I was the Head of People for the Australian firm and since October 2016, I was Head of Global Inclusion & Diversity. My experience has given me great exposure to KPMG's extraordinary, diverse professionals around the world.

What are the priorities in your new role?

My key priority is to lead a global people strategy that embraces the opportunities of the digital age and creates a distinctive, world-class experience for the KPMG network's 200,000 people. At the heart of KPMG's people experience are three principles: meaning, authenticity and choice. Our people need to feel that they're making a difference and they want to

be connected to a strong sense of purpose.

This new age also calls for developing passionate leaders who can inspire our people, as well as clients. Leaders who light the spark and ignite ambition for our people to take on the challenge of reimagining and reinventing what's possible.

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

Technology is causing the shelf life of skills to decline rapidly and driving people to learn new skills faster. By 2020, it is predicted that more than a third of core skill sets for most jobs will be made up of skills that are not crucial to the job today.¹ Learnability is the critical core skill of the Fourth Industrial Revolution — the ability to unlearn old skills and relearn new ones on demand is essential. We are making "learning how to learn" a key foundational element of our global learning strategy.

All of our people need to be tech-savvy — KPMG is investing in technology and digital skills like never

before — from emerging digital technologies, to data and analytics, to cyber. We're also focused on the critical social skills such as having quality conversations with clients and teams, and collaborating globally across digital networks in ways that foster innovation.

Digital is also allowing us to make all sources of learning easily accessible so that KPMG people can personalize and develop their target skills on demand, whenever and as quickly as they change.

What attracts graduates to KPMG firms?

I'm proud to say that the network saw very strong graduate recruitment in 2017, with more than 37,000 graduates and other entry-level professionals joining KPMG firms. It speaks to the range of opportunities with KPMG and I think it also speaks to our inclusive learning culture. KPMG's culture is characterized by inclusion, care and collaboration, in a distinct way that graduates appreciate.

You can't hide your culture from graduates in today's environment — the marketplace is very transparent,

¹ World Economic Forum "Future of Jobs" 2016

“ Technology is causing the shelf life

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especially given the increasing role of social media. You have to be authentic about who you are and what you stand for.

Is mobility an important part of KPMG’s people strategy?

Absolutely. In 2017, nearly 2,700 KPMG professionals took mobility assignments. It has never been more important to be agile in our thinking and in the way we work. It is a state of mind not just a location. Clients expect KPMG firms to field the best team, with the right skills and experience for every project, no matter where they are in the world. The goal is always to build teams that collaborate on an exceptional basis without regard to boundaries.

What is most important in attracting and retaining extraordinary people?

The importance of an inclusive culture stands out — it is reflected in the conversations I have every day across the network and in all the research we have done. What we have found, particularly with millennials, but also with all our people, is they want and

Educating accounting professionals for the digital age

The KPMG Master of Accounting with Data and Analytics Program has been developed by KPMG in the US with leading universities to help educate and provide opportunities to the next generation of accounting professionals. The program is designed to enhance students’ critical thinking and problem solving skills with a curriculum that combines advanced accounting with specialized courses in data and analytics, including hands-on use of software tools and data sets that are actually being used by KPMG professionals.

The program was developed with The Ohio State University Max M. Fisher College of Business and the Villanova School of Business and has been

expanded to seven more universities in the US, with plans underway for expansion to multiple countries.

KPMG recognizes the need to be a driving force in shaping the future of accounting talent and to help prepare an emerging workforce for the explosion of data and the rapid advance of technologies that are changing the landscape of the accounting profession. The Master of Accounting with Data and Analytics Program will help better prepare future accounting professionals for the digital age, which will ultimately enable KPMG professionals to deliver greater value to clients and the markets they serve.

expect inclusion. This leads to a more collaborative way of working, because you are constantly challenged by people with different perspectives. Anyone can have a great idea! With an inclusive culture, the result is much richer, with more positive relationships that

challenge everyone to be their best, and ultimately this means we can help our people, clients and communities achieve greater personal and collective success.

Global Mobility at KPMG

Serving clients means providing the right teams and resources wherever clients operate around the world. KPMG's Global Mobility program benefits these clients, while providing exciting opportunities for KPMG professionals to gain valuable experience working in different member firms across the 154 countries and territories in the KPMG network. It is an important way to bring the very best of KPMG to wherever it is needed most. Learn more about Global Mobility and where it is taking KPMG professionals in the map below.

Assignment destinations and top routes



Mobility at a glance

2,689
active assignments in FY17

75%
of assignees are between 22 and 34 years old

50%
of assignments take place within EMA

Assignments by function



Assignments demographics

60% male
40% female

Average assignment duration
21 months

77%
of assignments are long-term (greater than 12 months)

50% Audit
26% Advisory
15% Tax
9% Support

Top importers and exporters



“ KPMG’s Global Mobility program

benefits these clients, while providing exciting opportunities for KPMG professionals to gain valuable experience working in different member firms across the 154 countries and territories in the KPMG network. ”

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in society.”

Inclusion & diversity: #itshoweare

Our commitment to being inclusive isn't a tactic. It's a belief, a celebration of difference, and a moral imperative. It's how we work and who we are. We also see inclusion and diversity as a driver of growth.

To work at KPMG is to see the world differently, through many different perspectives and with a truly collaborative spirit. We empower our people to be themselves and respect others — it's core to our values and what we believe in. This inclusiveness is something we have lived and breathed throughout our history. In short, we are the sum of our people and their stories.

Fostering an inclusive working environment and celebrating our differences is no longer a 'nice to have.' Inclusivity enables our people to thrive, and individual creativity and ingenuity is key to our overall success. Through inclusivity, we're enhancing the way KPMG professionals serve clients to ultimately help them succeed, transform and grow.

We have a proud record of achievements and awards across the full spectrum of diversity where we have been acknowledged for our leadership role and the work we do internally in our firm and with our communities.

At KPMG we define diversity and inclusion in its fullest potential. And with our new Global Inclusion and Diversity Strategic framework, we are investing in initiatives like inclusive leadership/unconscious bias training, global networks and building robust measurements and metrics.

KPMG firms are also forming relationships and supporting programs with community organizations that are helping them make a positive difference in both the workplace and in society. With organizations like Women Corporate Directors (WCD), Equal Measures 2030, Women's Forum for the Economy and Society, Catalyst, Women of the Future, G(irls)20 and Male Champions of Change, KPMG people are contributing time and resources to initiate change where it's most needed.

Within the KPMG network, we are leading the conversation on the role of developing, elevating and advancing women in leadership through the KPMG Women's Leadership Summit hosted annually in conjunction with the KPMG Women's PGA Championship. The Summit convenes highly accomplished leaders from business, politics, sports and the media, to forge paths for the next generation of women leaders through high-impact leadership development content and networking. In 2017, we hosted 300 women, represented by a record 75 of the world's leading brands who joined our goal of advancing more women to the C-Suite by their CEOs nominating next generation women leaders to attend.

But it's not just about what we do externally. We also empower our people

around the world to make positive change and drive their passions. Over the past 10 years, we have celebrated International Women's Day through events and activities across the network, including in the past 2 years by encouraging our people to publicly pledge their personal commitment to helping women and girls achieve their full potential — whether at work, home or in society at large. Through this program, our people committed to take action in their teams and communities to empower change.

To learn more about how we are bringing our inclusive culture to life, check out our hashtag, #itswhoweare, or visit kpmg.com/inclusionanddiversity.

A history of inclusivity

We have a long-standing history of inclusivity being part of who we are. At the turn of the 20th century, Sir William Peat — the "P" in "KPMG"; as President of the Institute of Chartered Accountants in England and Wales (ICAEW), championed changing the Institute's rules to permit the admission of women. The first woman to qualify through examination as an ICAEW accountant in 1924, Ethel Watts, was employed by his son, Sir Harry Peat, while in training.

Go to kpmg.com/annualreview to watch Fahrah Gulamhusein trace Ethel's ancestors to discover more about a woman who became a bold pioneer for change, championing women's causes for more than 40 years.



Lynne Doughtie, Chairman & CEO of KPMG in the US, speaks at the 2017 KPMG Women's Leadership Summit

Why I joined KPMG

Why are extraordinary people attracted to KPMG? For many reasons: meaningful work, the opportunity to learn and grow, the collaborative, inclusive culture. Here, some recent joiners talk about why they joined KPMG:

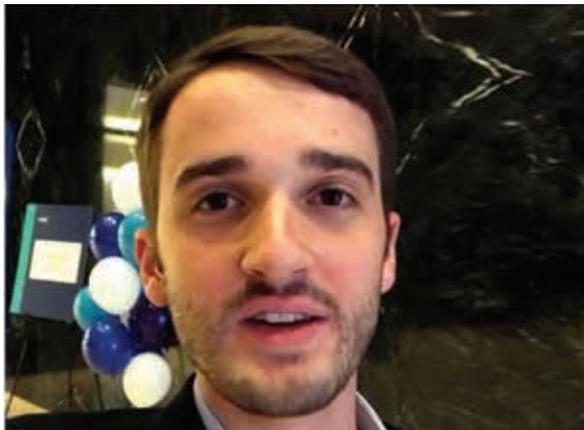


Rachael Buttigieg

Consultant, Technology Risk and Assurance, Management Consulting
Joined February 2017

Reason I joined KPMG:

“Exposure to growth opportunities early in your career.”



Matthew Calabrese

Associate, Real Estate Tax
Joined October 2016

Reason I joined KPMG:

“To grow with a firm that values me as an individual.”



Patrick Lorenz

Manager, Audit
Joined July 2017

Reason I joined KPMG:

“Opportunities for professional development while working on a great team.”

Go to kpmg.com to see the videos of these six new joiners, explaining why they joined KPMG.



Raul Khemlani

Analyst, Financial Services Technology, Management Consulting
Joined August 2016

Reason I joined KPMG:

“To grow professionally and bring innovative ideas to life.”

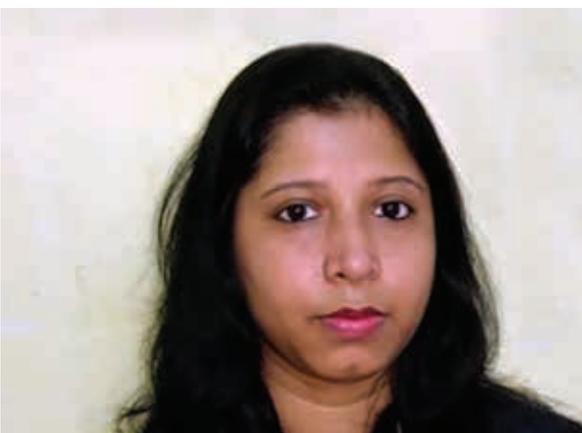


Ashley See

Manager, People & Change, Management Consulting
Joined May 2017

Reason I joined KPMG:

“To join a great team environment with numerous opportunities.”



Ishita Singh

Consultant, Digital-CIO Advisory
Joined April 2017

Reason I joined KPMG:

“To work in a challenging business environment where I could grow while getting lots of client exposure”

Citizenship

Our role as global citizens has never been more important. Throughout the world, KPMG professionals endeavor to inspire confidence and empower change that makes a difference in their communities.

Corporate citizenship — inspiring and empowering our communities

How has the role of business in society changed?

There has been a remarkable revolution of thinking from the old model where doing a bit of good in the community would help burnish the brand. This has shifted very strongly to a world where business is much more attuned to the needs of society and the practical realization that successful businesses rely on a thriving, educated and positive society.

This means that business has to join with governments and the not-for-profit sector in endeavoring to build a stable, stronger, more just society. Today we are seeing that business is extremely passionate and engaged in these efforts.

What is the KPMG approach to citizenship?

KPMG has a corporate citizenship strategy that is central to our identity that supports and reinforces our values and our purpose to inspire confidence and empower change.

We have aligned our citizenship focus on lifelong learning, particularly the support of literacy.

The development of the UN's Sustainable Development Goals (SDGs) in 2015 were a powerful influence. The SDGs contain very ambitious



Business increasingly recognizes citizenship and community involvement as fundamental societal obligations. Lord Dr Michael Hastings, Global Head of Corporate Citizenship, KPMG International discusses how business is playing a greater role in addressing wider societal needs and the KPMG approach to corporate citizenship, focused on lifelong learning.

objectives about critical issues — from poverty to health, education and justice. Goal 4, to ensure inclusive and quality education for all and promote lifelong learning, resonates very strongly with KPMG firms.

With 200,000 people around the world, KPMG firms have an incredibly intelligent and skilled resource to apply to society's critical need for lifelong learning.

How is KPMG applying skills and resources to support lifelong learning?

Our focus on support of literacy recognizes that literacy is not just a childhood issue, it is an adult issue. There are more than 800 million people in the world who can't read or write and about 250 million children who are either out of school or receiving inadequate education.

KPMG people are involved first-hand with promoting literacy and education. Starting with reading to children, inspiring students, developing next generation leadership, and promoting enterprise and financial literacy within schools, colleges and continuing learning.

We are very involved in developing networks that strengthen the ability of society to address more holistically the right of every child to a sound education. For example, KPMG member firms have had a long and fruitful partnership with Junior Achievement delivering financial literacy and business confidence for school students. Through a growing involvement with WE (formerly known as Free The Children), a worldwide development charity and youth empowerment movement, and with

the Global Business Coalition for Education, we are helping to bridge the gap between children attending a classroom and actually learning. All these collaborations give us a voice and a hand at the center of learning opportunities.

What has changed in how learning occurs?

The digital revolution, in particular, is upending traditional notions that learning was something that had to be done in a classroom. Because of the ubiquitous nature of mobile technology, a curriculum can be made available online to anyone at any place and time. Learning is no longer about static classrooms, it's about active minds having tools to seek out and access knowledge and information wherever they are.

Digital is making learning easily accessible and personalized. KPMG's Family for Literacy (KFFL) program has distributed more than 3 million books to children in 20 countries. Now we are taking KFFL digital. KPMG in India is partnering with World Reader to use e-readers to multiply the books that can be put in a child's hands — the hope is to roll this out across the country and beyond so that it becomes a template for continuous learning through digital means.

What do you see as the longer-term vision?

We have set out a vision that every person across KPMG can be and should be a mentor — contributing to learning and skills development. KPMG in Kenya has joined with Microsoft in a program dedicated to providing education opportunities to girls and young women. Also KPMG in India is involved with the Aspire program, mentoring girls in developing their educational skills. These are models we want to spread.

Our goal is to inspire an increasing number of the 200,000 KPMG people to actively participate in this journey

of literacy support, mentoring, and student engagement — where highly intelligent, skilled, capable KPMG professionals across the world join in empowering lifelong learning. It is a vision that truly embraces the needs of society.

SDG4: Quality education and lifelong learning

Our commitment to education and literacy goes beyond the classroom to provide innovative coaching and mentoring programs as well as through participation in global partnerships that empower lifelong skills and learning.

This year, our partnership with WE Charity in three of our larger firms means that we are helping to support literacy and skills development while enabling a new generation of leaders. KPMG International joined with the Global Business Coalition for Education (GBC-Education), a non-profit organization that brings the business community together to raise awareness of youth skills deficiencies and accelerate progress in delivering quality education (read this KPMG blog, He who opens a school, closes a prison). In September 2017, KPMG International's Lord Dr Michael Hastings was appointed to GBC-Education's Youth Skills and Innovation Commission.

KPMG's Family for Literacy

Recognizing that strong literacy skills are the basis for future prosperity, KPMG's Family for Literacy (KFFL) continues to grow. Alongside KFFL programs in India, Kenya, Mexico, South Africa, the UK and the US, KFFL has now launched in Canada, China, Ireland, Nigeria, Pakistan, Tanzania and Uganda. KPMG in Ireland was awarded "Excellence in Community Volunteering" at the Chambers Ireland Corporate Social Responsibility Awards 2017 for its commitment to KFFL.

KPMG in the Netherlands: Refugee Talent Hub

KPMG in the Netherlands has joined in supporting the Refugee Talent Hub, a collaboration between major corporates in the region to mentor refugees and help them integrate into the Dutch labor market.

The Refugee Talent Hub is a digital job matching platform designed to accelerate sustainable integration and economic independence of refugees into Dutch society. Companies, NGOs, educational institutions and government groups are working hand in hand to bridge the gap between employers and refugees seeking employment.

Lifelong learning around the world

Building support for literacy

Over the last year, KPMG China, through the KPMG Foundation in China, has continued to develop literacy programs in mainland China through sponsoring the construction of a primary school in rural Yunnan. This marks the fourth KPMG Hope School in mainland China and a clear commitment to lifelong learning.



Collaborating for a cause

KPMG in Pakistan collaborated with KPMG in the US' Long Island, NY office to launch KFFL Karachi, Pakistan in late 2017. With the support of the Karachi and Long Island offices' leadership, four KFFL events were held over the course of 2 months where 2,175 books and other school supplies, including laptops, were donated to 386 students as part of the first wave of KFFL outreach in Karachi. Plans are underway to expand KFFL in Karachi.



Reaching a three million milestone

In collaboration with First Book, KFFL's *Read to Succeed* initiative took place throughout March 2017 at schools and organizations in low-income communities across the US, with more than 150,000 new books given to children in need. The *Read to Succeed* event in Detroit, Michigan marked a major milestone for KFFL with the distribution of its three millionth book since the program began in 2008.



Enactus

For more than 2 decades, Enactus has been an integral part of the KPMG network's lifelong learning programs. Enactus engages college and university students from around the world to make a difference in their communities, while they also develop the skills that will enable them to become the next generation of socially responsible business leaders.

The 2017 Enactus World Cup in London saw more than 3,500 participants from 36 countries showcasing market-based solutions to some of the world's most pressing issues. KPMG professionals are proud to serve on more than 20 Enactus boards around the world and to support the growth of Enactus across its 36 countries.

Global Climate Response

KPMG's Global Climate Response (GCR) has evolved 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 clients and the communities in which we operate. The GCR is aligned with the UN Sustainable Development Goals.

Phase 3 of KPMG's GCR aims to reduce environmental impact across the global network by a further emission reduction target of 10 percent net per full-time equivalent (FTE) between 2016-2020. The next phase also includes a global renewable energy target of 60 percent of purchased electricity to come from renewable sources by 2020, against the 2016 baseline of 35 percent of purchased electricity coming from renewable sources.



The Enactus team from Shaheed Sukhdev College of Business Studies in India won the 2017 Enactus World Cup competition in September 2017 in London, UK.

Climate-related financial disclosures

KPMG recognizes that climate change will have significant impacts across many business sectors and we support stronger disclosures of climate-related risks and opportunities. Such disclosures are an important step in using market forces to drive more efficient allocation of capital and the transition to a low-carbon economy. KPMG participated in the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and we believe climate-related risks, like other risks, should be an integrated part of our reporting.

In this first year of implementation, we have consolidated our disclosures as follows:

Governance — climate-related risks and opportunities

Since 2010, the Global Board of KPMG International has received an annual update on KPMG's GCR, detailing progress in reducing emissions. In light of the TCFD recommendations, the update has extended to include potential risks and opportunities on climate-related issues for KPMG's member firms. In addition, we have developed guidance for the use of KPMG member firms in assisting their clients with considering the financial impacts from climate change including the challenges and opportunities.

Climate-related risks and opportunities

KPMG's biggest contribution is through member firms assisting clients in understanding the potential impacts of climate change, in determining the impacts of certain climate scenarios, in establishing management, reporting and monitoring systems and in appropriate disclosure of the financial risks of climate change.

We also anticipate potential new services to be an opportunity for the KPMG global network to assist member firm clients. While these climate-related services will be very relevant for the future, the financial results from new services will likely be limited in comparison to our global revenue.

As a result of our review of the potential impact of climate-related risks and opportunities, we have considered a number of aspects as being potentially material to the network. These include disruption to operations, reputational risks and operational improvements, which are being managed through member firm facilities and IT departments as well as efforts to reduce impacts on climate change.

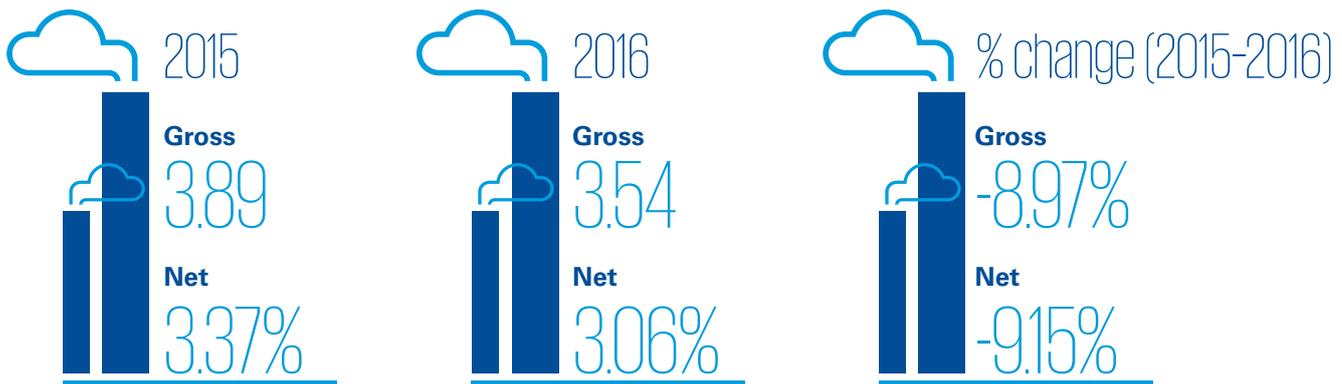
We report carbon emissions annually (see below) and provide additional climate-related disclosures in our annual response to the CDP (formerly known as the Carbon Disclosure Project).

Global Climate Response baseline data

KPMG has adopted a new methodology for the GCR reporting period of 2016–2020. Below is an updated 2015–2016 comparison using this new emissions reporting methodology.

KPMG global emissions

Per full-time equivalent (metric ton)



Business and human rights

Serving as a role model to influence and empower communities around the world

Companies are under increasing pressure to identify and address human rights issues within their operations, supply chains, and product and service portfolios. Last year, KPMG International published *Addressing human rights in business: Executive perspectives* with the purpose of helping companies understand and apply best practice in identifying and managing human rights issues across their organizations.

To help continue the conversation, KPMG International's Corporate Citizenship team and the Climate Change & Sustainability network hosted a series of discussions at KPMG in the

UK's offices and at the UK House of Lords with clients, government and civil society around the opportunities and challenges surrounding the business and human rights agenda.

Investing in our communities

KPMG is committed to improving our communities through active involvement, advocacy and investment. Over the past 12 months, the KPMG global network and KPMG people have invested more than US\$105 million in our communities. This includes more than 500,000 hours supporting our communities, of which more than 100,000 hours comprised the delivery of pro-bono services. A priority focus on our community investment is to advance lifelong learning and literacy.

KPMG Australia's Reconciliation Action Plan 2017–2020

In 2017, KPMG Australia launched its second Elevate Reconciliation Action Plan (RAP) 2017–2020, demonstrating its deep commitment to change, reflecting the belief that Australia will be enriched by acknowledging, celebrating and preserving the unique and enduring cultures, languages and identities of the First Australians.



KPMG in Malaysia volunteers perform annual underwater coral reef surveys to monitor changes in coral reef health

Eco Dive: KPMG in Malaysia celebrates 10 years of its ‘underwater audits’ of coral reef health

Since 2007, in collaboration with Reef Check Malaysia, the Eco Dive project in KPMG in Malaysia has been training and sending out volunteers to conduct annual underwater coral reef surveys at sites surrounding Tioman Island.

These ‘underwater audits’ of coral reef health are key to combating coral reef degeneration, a result of climate change.

Our commitment to communities means helping when the worst happens

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, we launched a Global KPMG Appeal to respond to recent disasters:

- the Asian monsoon flooding in India, Bangladesh and Nepal
- a series of hurricanes affecting the Caribbean and Central and North America
- the earthquakes hitting Mexico and Guatemala.

Millennium Village Project, Pemba

From 2009–2016, 25 KPMG member firms supported the transformation of a village on Pemba Island, part of Tanzania’s Zanzibar archipelago. This commitment to the Millennium Village Project (MVP), a demonstration project aimed at proving an integrated approach to rural development could help achieve the UN Millennium Development Goals, exceeded US\$2.2 million with investment in education, health, infrastructure, as well as agriculture and the environment, impacting over 1,300 households.

Building A Village: KPMG donor report for the Millennium Village Project, Pemba Island, Zanzibar, Tanzania was published in 2017 presenting the success and outcomes from the project.

Financials

How we work

KPMG firms collaborate across the globe, addressing the needs of clients, making bold decisions on investing together and serving the needs of KPMG professionals, wherever they work.

Across the network, KPMG professionals lead with commitment, passion and purpose in order to be able to deliver differentiated, more successful outcomes for clients, for our people, and for our communities.

The way KPMG professionals work is guided first and foremost by our values — the fundamental tenets we believe in, that are reinforced in everything we do. We have also articulated a clear purpose — to inspire confidence and empower change — that reflects why KPMG professionals do the work they do, not only for the benefit of clients but broader society as well.

With a unified and powerful vision to be the clear choice for clients, KPMG professionals are focused on a strategy to realize this vision that is aligned and

adopted by member firms throughout the world.

The strategy starts with a focus on quality in all aspects of our business. With quality as the foundation, the goal is to combine the best thinking from KPMG professionals across locations, services and industries, so that a high level of innovative, insightful approaches and advice can be brought to clients when and wherever needed.

This also means helping to ensure that 200,000 KPMG people have the knowledge and insights they need to make a difference for clients locally and globally.

Working together, KPMG professionals are prepared to help clients meet the challenges and capture new opportunities in their industries, wherever they do business.

Our commitment to stakeholders is outlined in the 2017 KPMG International Transparency Report where we outline KPMG International's governance and structure that demonstrate the relentless focus on quality and service

The Transparency Report provides a description of audit quality initiatives, including our focus on continuous improvement to build public trust.

Read more in the 2017 KPMG International *Transparency Report, Our relentless focus on quality.*

excellence when providing independent assurance on what matters to the public.

FY17 global revenue growth and people numbers

The KPMG network achieved strong results in FY17*, reflecting the passion and innovative thinking its professionals bring to clients. Together with extraordinary people, investments in technology and alliances enabled growth across geographies and service lines. With the addition of more than 37,000 graduates and other entry-level professionals, headcount across the KPMG network grew to nearly 200,000, the highest-ever number employed across the network.

Combined global revenues

\$26.40

US\$ in billions

Revenue growth

4.8%

in local currency

People

197,263

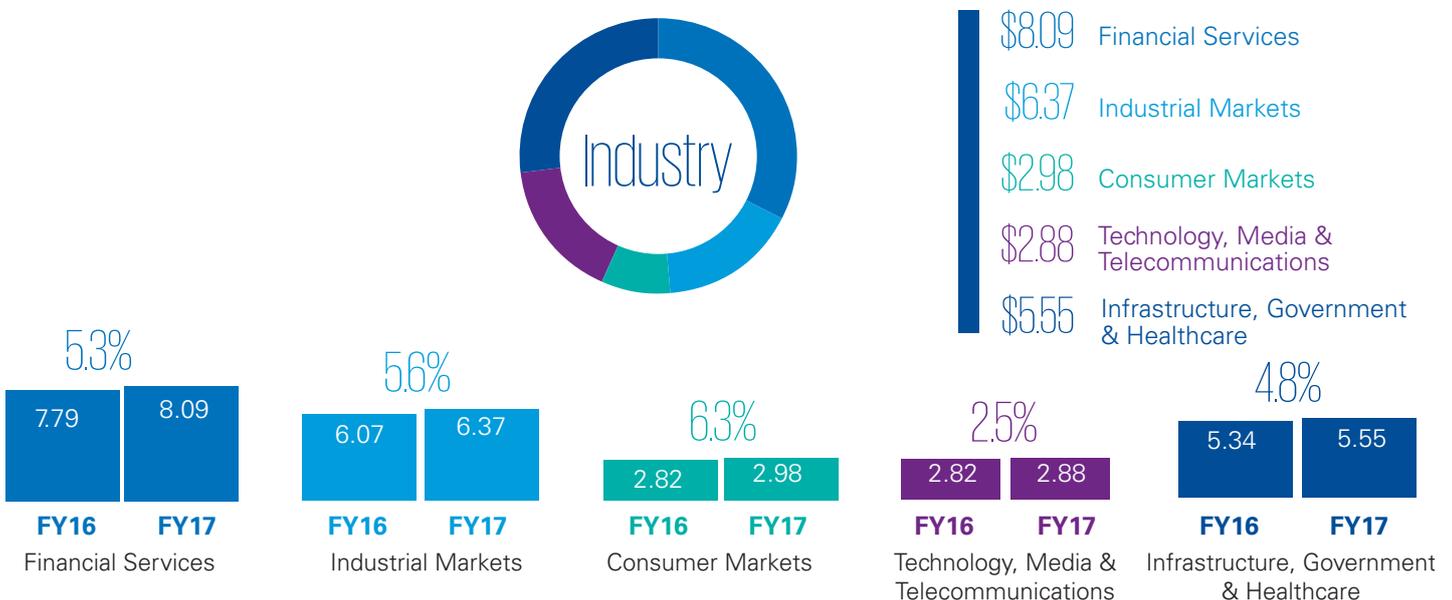
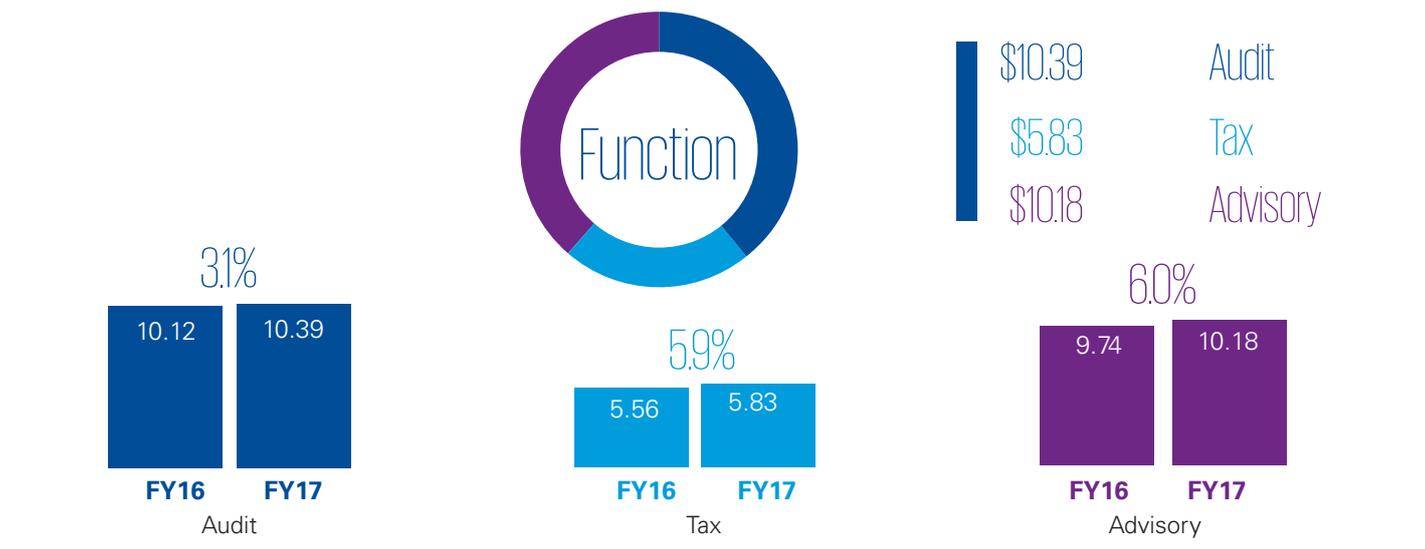
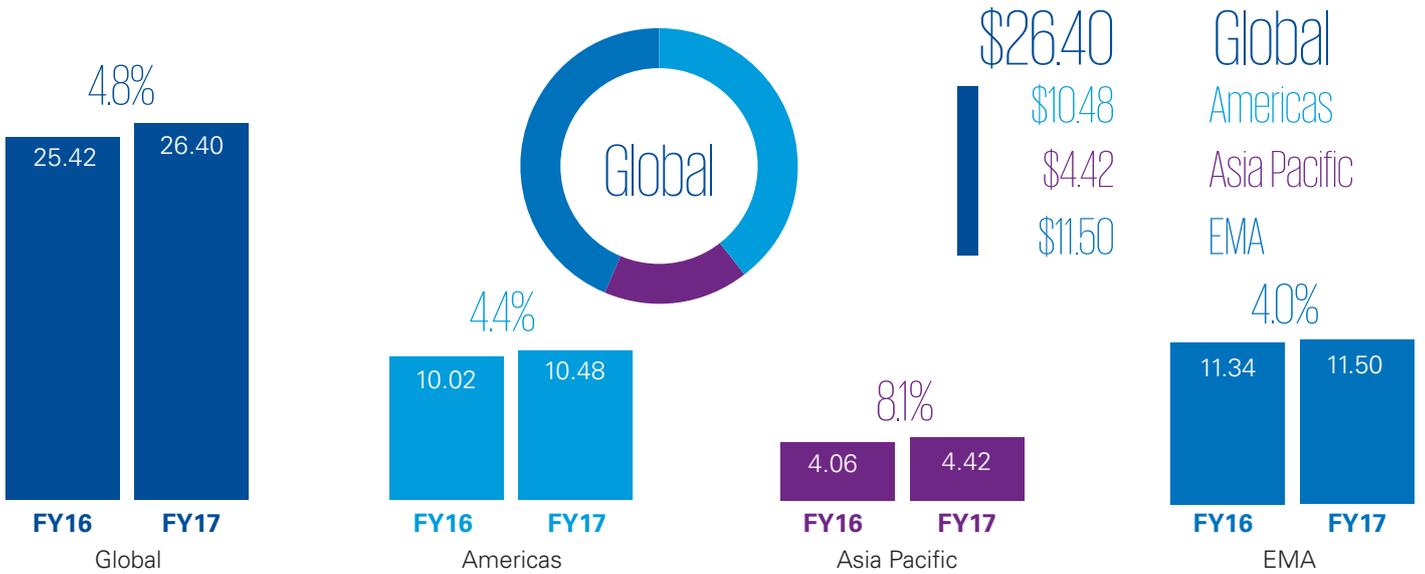
New joiners

49%/51%

* FY17: 1 October 2016 to 30 September 2017

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

US\$ revenues (billions) and local currency growth



The industry analysis excludes revenues reported outside of KPMG's standard sector taxonomy. Prior year figures have been restated to reflect FY17 sector reclassifications.

US\$ revenues (billions) and local currency growth



\$10.48 Americas

- \$4.21 Audit
- \$2.65 Tax
- \$3.62 Advisory



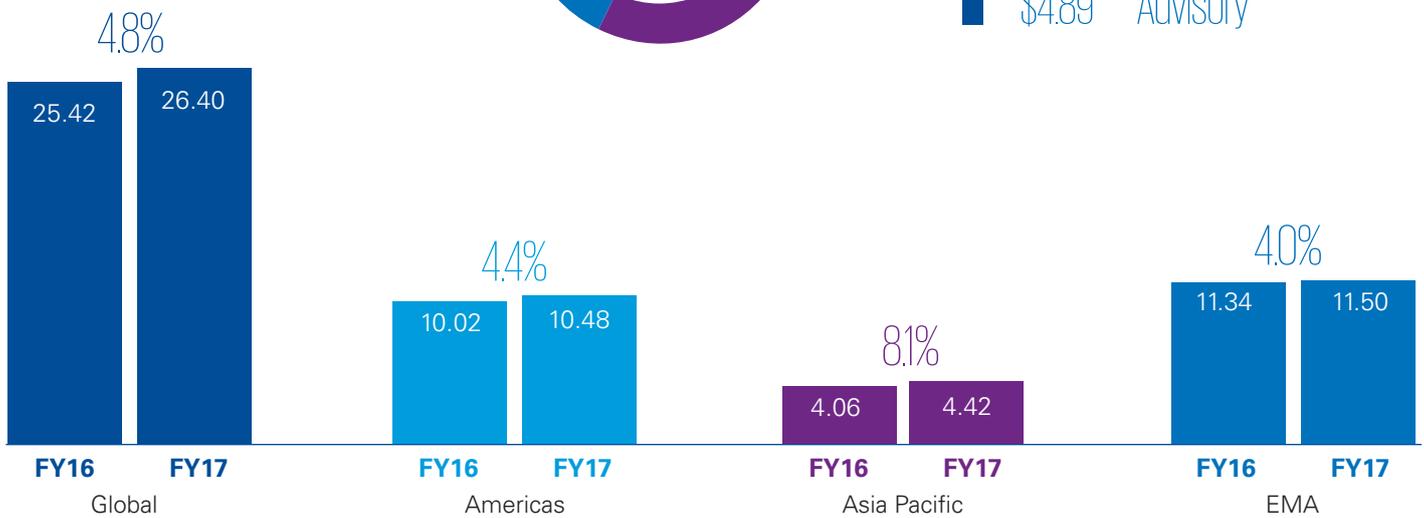
\$4.42 Asia Pacific

- \$1.95 Audit
- \$0.80 Tax
- \$1.67 Advisory



\$11.50 EMA

- \$4.23 Audit
- \$2.38 Tax
- \$4.89 Advisory



By region

Americas

55,856

EMA

100,762

Asia Pacific

40,645



By role

Partners

FY16

9,843

FY17

10,147

Professionals

147,028

153,472

Professional support staff

32,111

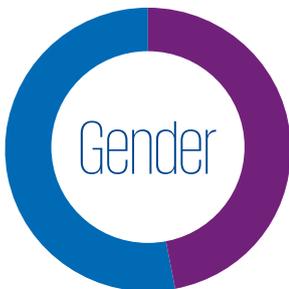
33,644

Total

188,982

197,263

By gender



53% male
47% female

In the KPMG network's largest 10 countries, 28% of new partners promoted internally were female.



Headcount figures are expressed as FTE (full-time equivalent) and are based on average headcount for the financial year.

Our leadership teams

Global Board

The Global Board is the principal governance and oversight body of KPMG International.

Members of the Global Board, as at 1 October 2017:

Bill Thomas

Chairman
KPMG International

Scott Ozanus

Chair
KPMG's Americas region

Honson To

Chair
KPMG's Asia Pacific (ASPAC) region
China

Sikander Sattar

Chair
KPMG's Europe, Middle East and Africa (EMA) region

Kunle Elebute*

Africa

Alison Kitchen

Australia

Charles Kriek

Brazil

Elio Luongo

Canada

Richard Cysarz

Central and Eastern Europe

Oleg Goshchansky

Commonwealth of
Independent States

Jay Nirsimloo

France

Klaus Becker

Germany

Arun Kumar

India

Shaun Murphy

Ireland

Domenico Fumagalli

Italy

Tsutomu Takahashi

Japan

Kyo Tae Kim

Republic of Korea

Abdullah Al Fozan

Middle East and South Asia

Victor Esquivel

Mexico

Ong Pang Thye

Singapore

Hilario Albarracin

Spain

Stefan Pfister

Switzerland

Bill Michael

United Kingdom

Lynne Doughtie

United States

KPMG International's FY17 Global Board was led by John Veihmeyer, whose term as Chairman, KPMG International ended on 30 September 2017.

*As of 11 October 2017

Global Management Team

The Global Management Team works under the supervision of the Global Board, with other leadership groups, on key priorities including developing global strategy and driving alignment between KPMG member firms, functions and sectors.

Members of the Global Management Team, as at 1 October 2017:

Bill Thomas

Chairman

Anne Collins

Global General Counsel

Susan Ferrier

Global Head
People, Performance & Culture

Mark Goodburn

Global Head
Advisory
Global Head
New Business Innovation

Diane Jeffreys

Global Chief Administration Officer

Shaun Kelly

Global Chief Operating Officer

Larry Leva

Global Head
Quality, Risk & Regulatory

Jane McCormick

Global Head
Tax

Bill O'Mara

Global Head
Audit

Christian Rast

Global Head
Technology & Knowledge

Gary Reader

Global Head
Clients & Markets

Rebecca Shalom

Global Head
Strategy



Where we work

KPMG member firms have a presence in 154 countries and territories.

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

Our values

Our values create a sense of shared identity. They define what we stand for and how we do things. Our values help us to work together in the most effective and fulfilling way.

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 advisors.

We are open and honest in our communication

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

We are committed to our communities

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

Above all, we act with integrity

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

Disclaimers

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

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

Headcount figures are expressed as FTE (full-time equivalent) and are based on average headcount for the financial year.

kpmg.com/socialmedia



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