

KPMG Corporate Citizenship Report – Helping Make a Better World

Leadership Message – Message from Tim Flynn

KPMG is guided by our promise of professionalism – to each other, to our clients, and to the capital markets we serve. Along with this commitment comes the honor of serving communities throughout the United States and around the world. Our conduct as responsible corporate citizens is part of our promise of professionalism and a key driver of the firm's business, affecting our relationships with clients, shaping the experiences of our people, and inspiring us to be a positive force in the communities where we live and work.

Responsible corporate citizenship means much more than good business – it means working hard every day to make our world a better place. This obligation finds expression throughout our firm from our ethics and governance structure to our environmental initiatives, to our partnerships and philanthropic activities and beyond. KPMG has four strategic priorities, each containing initiatives and programs that constitute our corporate citizenship framework. Here are a few examples:

Professionalism and Integrity. *Do the right thing in the right way.* This is priority number one and is supported by our corporate governance structure, which includes KPMG's Core Values and Code of Conduct. We recognize the critical importance of good governance in promoting our values and guiding our behavior. KPMG provides services that play a central role in the capital markets, and this requires the highest levels of quality, integrity, and transparency. We believe KPMG should not only talk about high standards, but demonstrate them in everything we do.

Employer of Choice. *A great place to build a career.* To attract and retain the profession's best talent, we sustain a culture that supports the aspirations of our people – both at work and in their personal lives. We are proud of our initiatives that support professional development, volunteerism, diversity, and effective work/life balance. Additionally, our work with KPMG Foundation and our philanthropic focus on youth and education help nurture future leaders and associates, including our employees and partners, clients, and civic and community leaders.

Quality Growth. *Right clients, right services.* More than ever before, clients are determined to work with organizations that share their values. We in turn are committed to growing our business by forming relationships with the right clients – clients that share our concern for people, communities, and our planet. This is a powerful dynamic: as more organizations with these common values interact, they influence and learn from each other to the benefit of their communities.

Global Strength and Consistency. *Think global, act global.* This means more than KPMG member firms delivering consistent quality service everywhere they operate. It also means that KPMG supports worthy efforts around the globe. From the KPMG Global Development Initiative to our Living Green program to the firm's involvement in Students in

Free Enterprise (touching 48 countries), we act on our commitment to help make our world a better place.

Proud as we are of our corporate citizenship, we continue to work at it. We are on a journey. Our complex world presents us with an ever-challenging list of potential issues and opportunities. One should never be satisfied; new challenges call every day, and it is an honor to be in a position to help address them and make a difference.

Please consider this *Corporate Citizenship Report* a snapshot of our journey. I hope you find it useful.

KPMG Core Values

Our Core Values are the guiding principles by which we operate. They are ideas that give life to our firm, helping us create a culture defined by sound ethics and integrity – one that attracts and retains the best people, develops relationships with the right clients, and protects and enhances our reputation.

We lead by example—at all levels acting in a way that exemplifies what we expect of each other and our member firms' clients.

We work together—bringing out the best in each other and creating strong and successful working relationships.

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

We seek the facts and provide insight—challenging assumptions, pursuing facts, and strengthening our reputation as trusted and objective business advisers.

We are open and honest in our communication—sharing information, insight, and advice frequently and constructively and managing tough situations with courage and candor.

We are committed to our communities—acting as responsible corporate citizens.

KPMG: Proud to be Part of the Communities We Serve

As an audit, tax, and advisory firm, KPMG depends on the mutually supportive relationships we establish with our communities. That is why “We are committed to our communities” is one of our core values. It is at the heart of our business and culture. KPMG people, clients, and the myriad other organizations we work with form a fabric of communities that stretch from coast to coast and around the world, and it is our privilege and responsibility to serve them. In 2007, our employees and partners demonstrated community service with enthusiasm, donating a total of 150,000 hours of paid and unpaid volunteer time, more than ever before. Our corporate giving programs entered into new relationships with organizations doing innovative and exciting community service – and we continued our successful relationships with others.

Volunteerism: Our Skin in the Game

In 2007, KPMG employees and partners walked for the American Cancer Society in Albany, bowled for Big Brother/Big Sisters in Tulsa, painted for the Boys’ and Girls’ Club in Orlando, worked with Special Olympics athletes in Anchorage, weatherized apartments in Portland, and did much more. KPMG so values charitable and community volunteerism that it encourages eligible employees to volunteer during business hours. Our **Volunteer Time Release (VTR)** program enables employees to volunteer 12 hours per year during KPMG’s normal business hours. We are proud to have been the first firm in our industry to offer a national volunteer time release program. In 2007, more than 4,500 partners and employees participated in the VTR program, using 31,000 hours for community involvement activities.

Chairman’s Award

Another way KPMG demonstrates its support of volunteerism is through its recognition program for outstanding volunteers. The [Chairman’s Award for Excellence in Volunteerism](#) honors partners and employees who perform exceptional community service. KPMG recognizes up to four individuals per office, as well as 26 individuals nationally, each year. National recipients of the 2007 Chairman’s Award included KPMG professionals who help low income high school students prepare for college, teach English to immigrants, work in a food pantry that serves individuals afflicted with AIDS/HIV, and rebuilt homes devastated by Hurricanes Rita and Katrina. KPMG makes a financial donation to the recipients’ charity of choice, and each honoree is recognized at an annual event honoring their charitable service.

Involve: Community Involvement through Volunteerism and Fundraising

Involve is KPMG’s national community involvement program. Though national in scope, it is managed at the local grass-roots level; employees and partners use their knowledge of the communities in which they live to choose the projects they support. KPMG has an Involve committee in nearly every office across the U.S. In 2007, KPMG employees and partners donated nearly 90,000 volunteer hours at Involve events.

Community Giving Campaign – A Channel for Passion

KPMG's Community Giving Campaign provides employees and partners an easy way to give to the organizations they feel most passionate about. The campaign occurs between September and February each year and allows KPMG people to make on-line anonymous contributions to a variety of organizations. Participants can choose to give using a debit or credit card, or through payroll deduction or the Charitable Flex Fund. During the 2007 Community Giving Campaign, KPMG employees and partners pledged more than \$7.1 million – more than ever before, and an increase of 30 percent over the previous year.

Teaming With National Non-Profits

KPMG teams with many national non-profit organizations on events, volunteer activities, and fundraising programs. These organizations are selected based on extensive involvement by KPMG volunteers, results of research, surveys and focus groups, and the organizations' proven track record of helping people overcome extraordinary challenges. These KPMG national non-profit affiliations are deep and long-standing. Aside from traditional programs mentioned above, the affiliations include **skills-based volunteering**, which matches a volunteer's professional skills with the needs of a particular non-profit organization, and includes many cases of KPMG partners providing intellectual capital by serving on boards of non-profit organizations. Nearly half of our partners are currently serving on at least one board.

American Cancer Society

For many years, KPMG has played an active role in raising funds for the American Cancer Society. This includes participation in the organization's signature Relay for Life program since 2001. In 2007 alone, more than 1,000 KPMG employees and partners from more than 40 offices participated in Relay for Life, Making Strides Against Breast Cancer, and Daffodil Days events in their communities. Through these events – as well as our KPMG Community Giving Campaign and firm philanthropic contributions – more than 7,000 hours of volunteer time helped raise upward of \$500,000 for cancer research, education, advocacy, and services.

Junior Achievement

In 2007, employees and partners from more than 30 KPMG offices participated in Junior Achievement events. They volunteered more than 10,000 hours as classroom mentors and helped young people understand the economics of life. KPMG people also supported Junior Achievement by serving on more than 40 local chapter boards and raising money at various events. Overall, more than 1,700 partners, employees, family members and friends helped make a positive impact on Junior Achievement. More than \$600,000 was raised for the organization through bowl-a-thons, golf outings, local hall of fame events, and the KPMG Community Giving Campaign.

National Multiple Sclerosis Society

The National Multiple Sclerosis Society is one of KPMG's strongest and fastest-growing national non-profit affiliations. In fact, the organization has listed KPMG as one of its National Partners. In 2007, KPMG deployed 25 walking and cycling teams comprised of

nearly 600 partners, employees, family members, and friends. A combination of those teams' fundraising, our firm sponsorship, and our online giving campaign enabled us to raise more than \$450,000 for the National Multiple Sclerosis Society.

American Red Cross

Last year more than 2,000 KPMG partners and employees participated in more than 50 blood drives across the U.S. They devoted nearly 4,000 hours of their time and donated more than 1,800 units of blood, potentially helping to save an estimated 5,500 lives. In addition, the firm donated more than \$100,000 to the organization through the KPMG Community Giving Campaign and other philanthropic efforts.

March of Dimes

Five hundred walkers from 30 KPMG offices helped the firm raise nearly \$375,000 for the March of Dimes in 2007. Additionally, partners and employees gave 1,700 hours of volunteer time to help the organization in its mission of saving children. In the past 10 years, in WalkAmerica events alone, KPMG has raised more than \$3.3 million for the March of Dimes.

American Heart Association

Employees and partners from 29 KPMG offices, along with family and friends – 650 individuals in all – teamed up with the American Heart Association to promote events and raise awareness in 2007. The activities generated nearly \$170,000 to fight heart disease and related illnesses – making a real difference in patients' lives and helping researchers find cures. Each year KPMG gives nearly \$500,000 to the American Heart Association through Heart Walk, National Wear Red Day, and the KPMG Community Giving Campaign as well as the firm's philanthropic and sponsorship programs.

Focus on: Youth and Education

Through a number of programs, including two exciting new sponsorships, KPMG deepens its philanthropic focus on youth and education.

NEW - Reviving Baseball in Inner Cities™

Last year KPMG became presenting corporate sponsor of the Major League Baseball® **Reviving Baseball in Inner Cities™** (RBI™) youth outreach program. The program's goals include increasing participation in baseball and softball, encouraging academic achievement, promoting the inclusion of minorities in the mainstream of the game, developing self-esteem, and encouraging community citizenship. To date more than 900 partners and employees have stepped up to the plate as volunteers in RBI activities across the United States, both on and off the field. KPMG professionals have served as coaches, scorekeepers, field maintenance workers, and site managers. In addition, KPMG is applying skills-based volunteering by helping create local governance for RBI chapters as well as providing academic and mentoring help to youngsters involved in RBI. KPMG is excited and proud to support the many aspects of this creative program, including the formation of RBI's first-ever National Advisory Board and the recently-developed "RBI for RBI Scholarship Fund" for deserving inner city youth.

NEW - KPMG's Family for Literacy

KPMG's Family for Literacy is our newest firmwide community involvement program. Teaming with **First Book**, a national non-profit organization, we are committed to bringing the gift of literacy to children from low-income families. Our goal is straightforward: to put new books into the homes of boys and girls throughout the United States. This initiative addresses a serious need, given that the majority of children from low-income families have virtually no books in their homes or classrooms. Family for Literacy is open to KPMG employees and partners, and their family members as well as KPMG alumni. Plans are underway for participants to organize volunteers to help fund the purchase of books, distribute them, and conduct reading programs in schools. In our first year, we expect to deliver more than 200,000 new books to children from low-income homes.

Students in Free Enterprise

KPMG's focus on youth and education also includes initiatives such as its sponsorship of Students in Free Enterprise (SIFE). The purpose of SIFE is to help students develop business leadership skills. KPMG's involvement began in 1996 and we are proud that our sponsorship has helped the program go global. SIFE not only helps students build skills, it encourages them to create economic opportunities for others. SIFE urges students to promote five business elements: market economics, success skills, entrepreneurship, financial literacy and business ethics. Today, more than 38,000 college students at more than 1,500 universities in 48 countries around the world participate in SIFE.

Earlier this year, KPMG appointed Shaun Kelly, Vice-Chair – Tax to be the firm's new leader for our U.S. involvement with SIFE. Kelly also has been elected to serve as a member of SIFE's executive committee. At the same time, we announced that Lord

Michael Hastings, KPMG's Global Head of Citizenship and Diversity, will be KPMG's leader for our international involvement with SIFE, and will serve as a member of SIFE's International Oversight Committee.

KPMG's work with SIFE has produced many benefits. Most important, the program helps thousands of less fortunate individuals and communities around the world. And, SIFE has become a source of talent for KPMG – at least 40 KPMG people in the U.S. are SIFE alumni, while many more have joined KPMG member firms worldwide.

The KPMG Foundation

The **KPMG Foundation** is a separate legal entity that invests in business education through its support of U.S. educational institutions and programs. In fiscal year 2007, the Foundation invested \$8.4 million in academic grants and scholarships, research and conferences, diversity programs, student-as-citizen programs, and volunteerism. The Foundation views its mission as planting the seeds of leadership, nurturing professionals who can make a difference, and thereby laying the groundwork for quality leadership.

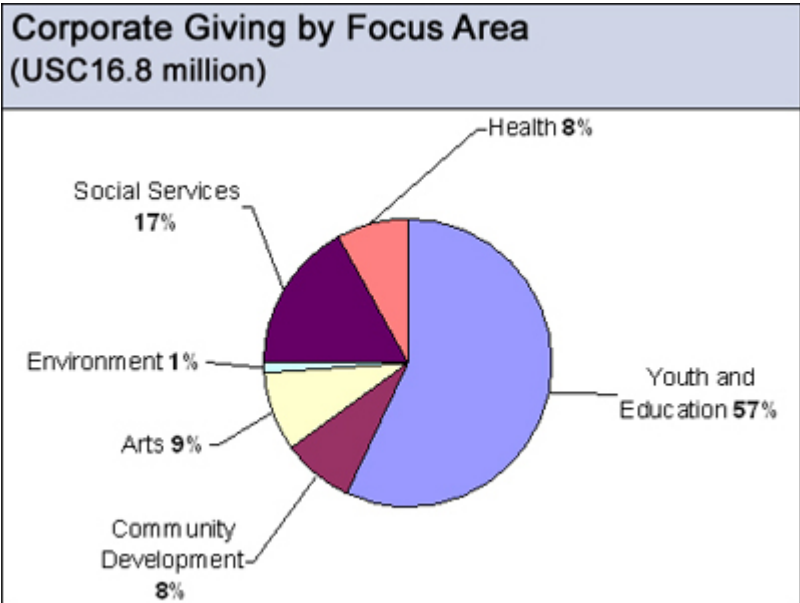
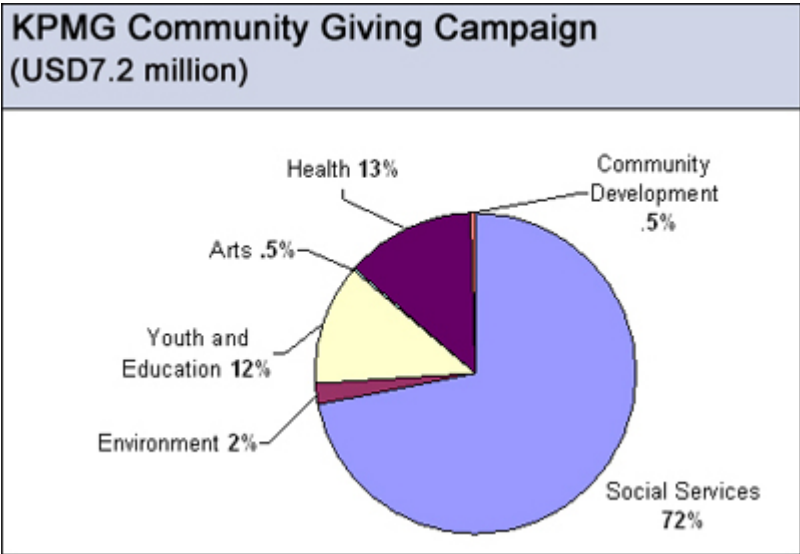
Last year, the Foundation continued its role as lead sponsor of The PhD Project, which encourages bright, motivated minority individuals to consider doctoral studies in business and careers as business professors. It also continued its Matching Gift Program, the foundation's largest annual investment. The program matches donations from KPMG's active and retired partners, and active employees, to colleges or universities with strong business programs. This year's donations combined with the Foundation match totaled \$4.7 million.

A new initiative for the Foundation in 2007 was KPMG's National Audit Case Competition Program, which it manages in tandem with KPMG International's Global Services Centre. The program gives students the opportunity to compete on simulated audit teams and receive feedback from an audit partner and mentor.

Disaster Relief Fund

KPMG has established its own non-profit organization, the **Disaster Relief Fund (DRF)**, aimed at supporting individuals whose lives are impacted by a natural disaster. The DRF provides a way for KPMG partners and employees to assist employees who have an immediate financial need and/or permanent financial loss resulting from a natural disaster. The DRF also distributes funds in support of other non-profit organizations to aid relief and reconstruction after a disaster. Proceeds from the DRF continue to assist in recovery efforts from Hurricanes Katrina and Rita in 2005, the 2004 Indian Ocean tsunami, 2005 Pakistan earthquake, and 2007 fires in Southern California.

Giving and Service Data



Community Involvement/Volunteer Events			
Area	Events	Hours	Total \$\$ Raised
Midatlantic	177	16,050	\$253,300
Midwest	212	22,825	\$320,500
Northeast	160	12,770	\$576,550
Southeast	101	6,025	\$212,650
Sothwest	71	12,790	\$321,925
West	175	18,510	\$448,365
Total	896	88,970	\$2,133,290

Commitment to Global Communities

In 2006, KPMG International appointed **Lord Michael Hastings** as its first Global Head of Citizenship and Diversity.

“My role is to inspire colleagues around the world to see the huge opportunities that effective and targeted corporate citizenship can offer,” he says. “What really excites me is the prospect of KPMG people around the world building on our strong record of philanthropy and volunteerism and finding innovative ways to apply their technical, strategic, and intellectual skills – the capabilities they provide to clients – for the benefit of the wider community. Corporate citizenship is a very big, comprehensive strategic program that affects the firm at every level. We want to inspire our people to be engaged with the big issues that are facing the world today, like climate change and international development. Business, governments, and employees all have high expectations of us, and my aim is to ensure that KPMG remains a leader in the field of citizenship, wherever in the world we operate.”

The KPMG Global Development Initiative

The **KPMG Global Development Initiative** is a forward-looking effort that uses the combined resources of KPMG member firms around the world. Its mission is to make positive, sustainable impacts in countries, cities, and villages across the globe. The Global Development Initiative’s charter is guided by the United Nations Millennium Development Goals (MDGs). The MDGs put measurable commitments around some of our most pressing global issues, including reducing extreme poverty by half, halting the spread of HIV/AIDS, and providing universal primary education, all by the target date of 2015. As KPMG addresses its strategic priority of global strength and consistency, the Global Development Initiative is a powerful channel for alleviating suffering in some of the world’s most challenged areas, and an opportunity for skills-based volunteering that matches professionals with individuals truly in need. While several pilots are under way, KPMG LLP in the U.S is playing a leading role in the **Millennium Cities Initiative**, a program focused on the African sub-Saharan region.

The **Millennium Cities Initiative** uses research and policy analysis to advise seven mid-sized cities in Ghana, Kenya, Nigeria, and Tanzania and help them achieve MDG goals. In an example of skills-based volunteer work, KPMG’s Transaction Services practice provides economic and commercial work in support of the Millennium Cities Initiative’s investment reports, which will be used to encourage foreign investments in the sub-Saharan cities. KPMG member firms in China, the Netherlands, the United Kingdom, and the United States are working with the Millennium Cities Initiative to support the delivery of the reports. A KPMG professional is on a secondment in the Millennium Cities Initiative’s headquarters in New York to provide additional guidance and coordination.

Additionally, KPMG's Women's Advisory Board, which advises on women's issues firmwide, has started a "microcredit" program to complement the firm's involvement with the Millennium Cities Initiative. Under the program, the firm arranges personal and business loans in the sub-Saharan African cities engaged through the project.

Corporate Governance

Our strategic priority of quality growth requires impeccable corporate governance. Our clients, communities, partners, and employees demand nothing less. As a member firm of KPMG International, and in accordance with our own internal standards, we hold ourselves to the highest levels of ethics and accountability. KPMG's people commit to demonstrating much more than professional skill – employees and partners are expected to conduct themselves with the professionalism and integrity that marks our firm. We recognize that our independence and objectivity shape every client engagement. We also are committed to promoting and embracing constructive reform, and to helping clients follow good business practices while increasing value for their stakeholders.

Code of Conduct

KPMG's Code of Conduct defines how we operate based on our **Core Values** (see section on Core Values above). The Code of Conduct defines the standards by which KPMG does business, reaffirming our commitment to ethical behavior and integrity. It is intended as a roadmap for our values-based compliance culture, which guides the actions and behaviors of our partners and employees in their work at KPMG. It also describes the resources available to help fulfill our individual responsibility to mitigate risks to the firm, and to achieve compliance with the firm's standards. The Code of Conduct applies to all KPMG partners and employees, regardless of title or tenure, and brings to life our promise of professionalism to each other, to our clients, and to the capital markets we serve.

The importance of ethics and integrity is inseparable from KPMG's vision of being a great place to build careers in a rewarding environment. For KPMG's people, it means a strong sense of inclusion, mutual respect, open and honest communication, fairness, teamwork, and pride in being associated with each other and being part of KPMG. As part of our focus on integrity, KPMG has instituted an **Ethics and Compliance Hotline** for employees, partners, and others working with the firm to anonymously report possible illegal, unethical, or improper conduct.

To learn more about the Code of Conduct, go to <http://www.us.kpmg.com/about/conduct.asp>.

Instilling and Reinforcing the Culture

Before recruits join our firm, and through numerous “touch-points” during their careers, we make sure KPMG’s partners and employees understand the importance of ethics and integrity to our culture, and the uncompromising way they are expected to conduct themselves. In our talks and presentations on college campuses, interviews with recruits, and printed materials, we emphasize our commitment to ethics and integrity and discuss our compliance programs. After formally agreeing to join our firm, new hires are taught to understand our promise of professionalism and the behaviors we expect. With each offer letter, new partners and employees receive the Code of Conduct and are asked to review it and confirm that they will comply. And, as part of New Hire Orientation, they receive training on the Code of Conduct and the ethics and compliance resources available.

During their first month at the firm, KPMG people are required to complete several Web-based training programs around ethics and integrity. They include:

- Ethics and Compliance Training: An Introduction
- Ethics and Compliance Training: Protecting Information
- Security First Training
- Respect & Dignity Training
- Diversity in the Workplace.

As employees and partners progress through their careers at KPMG, their sense of ethics in the firm’s culture is reinforced. During our live and Web-based training programs, we integrate ethics and compliance learning points. Functional training such as Audit Fundamentals, Tax Skills Seminar, and Advisory University, as well as “soft skills” courses, such as Exploring KPMG’s Business and Skillful Performance Conversations, include ethics and compliance components.

We survey our employees regularly to stay abreast of how they feel about ethics and compliance at KPMG. We have our Ethics and Integrity Survey solely focused on this topic; and our annual Work Environment Survey contains a number of questions about how well our leadership demonstrates our values and provides an environment that encourages KPMG people to do the right thing in the right way.

Transparency Report

Our commitment to open and honest communication is reflected in *The KPMG Transparency Report*, which sets out KPMG International’s global governance and structure, audit quality statement, and financial report. KPMG member firms are committed to providing consistently high quality services in an ethical and independent way. In the U.S., the services we provide play a central role in the capital markets, and this requires on our part the highest levels of quality, integrity, and transparency. KPMG not only should

talk about high standards, but also demonstrate them in everything we do. As a demonstration of our commitment to openness and honesty, *The KPMG Transparency Report* is a key component of our corporate governance structure. We invite you to access this important document at <http://www.kpmg.com/NR/rdonlyres/A75F1CFF-AAB7-4D69-A489-690396C9094A/0/KPMGIntlTransparencyReport.pdf>

Employer of Choice – Making Aspirations Possible

KPMG understands that its success as both a business and corporate citizen is dependent on the engagement of its people. The firm depends on its ability to attract, develop, motivate, and retain the best talent. That is why one of KPMG's strategic priorities is being an employer of choice, a place where all professionals have opportunities to build a rewarding career in a supportive and stimulating environment. We work with our professionals to help them have the resources to develop themselves, and we recognize their contributions. We want them to succeed and reach their aspirations – regardless of their role. We are very proud to have earned a place on *FORTUNE* magazine's list of "100 Best Companies to Work For" for the second year in a row in 2007, as well as being named in 2007 for the fifth consecutive year to the Companies that Care Honor Roll – external validation that our unwavering focus in this area is paying off.

Supporting Professional Development

KPMG has a variety of programs and tools to help our people develop as professionals and advance their careers. Last year KPMG introduced **Employee Career Architecture (ECA)**, a comprehensive resource of tools and information organized around building a rewarding career. Areas such as identifying the skills you need, expanding them, networking with others, employing coaching and feedback, and more are represented on the site. ECA is a mix of practical news, information, and tools for managing tasks such as building a career path and performance management. ECA even includes audio clips from employees who share career experiences and advice with colleagues. To date, 19,000 employees have visited the ECA site.

One of the areas of focus supported by ECA is **mentoring**, which KPMG views as an important professional development resource. The firm has established a formal mentoring program through which partners and employees connect with colleagues for valuable advice and career guidance. Last year, we launched a national mentoring award program through which mentees nominate outstanding mentors who have made a difference in their careers. KPMG leaders then select award recipients from that talented pool. Our firm's commitment to mentoring has led to widespread participation: More than 15,000 KPMG professionals are currently involved in mentoring relationships.

Of course, KPMG would not be a top-quality service firm without a strong commitment to training. In an industry that requires an average of 40 CPE (continuing professional education) credits per year, KPMG professionals last year averaged close to 60. Last year the firm expanded its leadership curriculum, developed innovative computer-based simulations, and launched new industry training and client relationship management courses. The firm's Center for Learning and Development delivered approximately 3,400 classes in 2007, an increase of more than 400 over the previous year. In total, KPMG people took more than 1.3 million hours of training in 2007. Our initiatives have earned prestigious external recognition: *Training magazine* ranked KPMG fifth on its **2008 Training Top 125** list.

Diversity Networks

Diversity is a key focus area for KPMG. Furthering diversity helps the firm attract and retain the best talent, and gives us access to a broader client base. We believe in fostering an environment of inclusion that encourages all partners and employees to be successful. By valuing our differences, we build upon our individual, team, and firm strengths. KPMG has six national Diversity Networks that help professionals engage with each other. The networks provide professional development opportunities, and forums in which members can share experiences, strengthen relationships, build leadership skills, and help their communities. KPMG Diversity Networks include:

- KPMG's Network of Women (KNOW)
- African-American Network
- Asian Pacific Islander Network
- Hispanic/Latino Network
- pride@kpmg (gay, lesbian, bisexual and transgender professionals)
- National Disabilities Network, the firm's newest diversity network, launched in late 2007 to help support partners and employees who have a disability, or who have a child or other dependent with special needs.

We're pleased that our diversity initiatives have earned external recognition. Most recently KPMG was named to *DiversityInc's 2008 "Top 50 Companies for Diversity,"* acknowledging our deep commitment to create an inclusive work environment that embraces individual differences and supports the development of all our people.

KPMG Leads Big Four in Percentage of Female Partners and Professionals

The 2007 Public Accounting Report survey of accounting firms' representation of female partners showed KPMG in a leadership position relative to the other Big Four accounting firms. Female partners comprise 18.1 percent of KPMG's total partners and KPMG women professionals comprise 50 percent of the total – both figures lead the other Big Four firms.

Achieving Satisfaction in Work and Personal Lives

KPMG recognizes that it is important for our people to enjoy a healthy balance between their professional and personal lives. Key to productive and satisfying engagements with work, family and community are useful programs that can help each professional meet their unique goals. KPMG continuously updates its offerings to help employees and partners achieve satisfaction. Initiatives cover a variety of areas including:

- Healthy living – Advice on health and wellness programs and benefits

- Family resources – Advice, benefits programs, and resources on a variety of family-related matters, including becoming a new parent, caring for elderly parents, advice about college tuition, and confidential counseling
- Time off – Information and guidance on time-off policies and leave plans, including a Shared Leave Program that allows KPMG people to donate unused personal time to colleagues dealing with family medical emergencies
- Flexibility – Programs that support a culture in which people utilize flexibility to meet their professional and personal responsibilities
- Financial matters – Programs and advice around retirement planning, mortgage assistance, college tuition savings plans, and other financial matters
- Professional Development – Tools and resources to help individuals manage their careers and continue to grow and develop professionally. (See above **Professional Development** section.)

Work/Life Satisfaction and our Impact on the Environment

At KPMG, workplace flexibility is all about giving employees and partners choices in how, when, and where they work – and it’s environmentally friendly. KPMG offers a number of alternative work arrangements that include telecommuting and compressed work weeks. As discussions with employees show and research confirms, flexibility in work arrangements generally increases employee dedication because they appreciate the benefit to their personal lives as well as the level of trust the arrangements demonstrate.

Telecommuting enables KPMG’s people to work part of the week at home on a regularly scheduled basis. When people are more satisfied with their jobs, they tend to be more productive. Flexible programs for employees and partners means fewer vehicles on the road, less traffic congestion, improved highway safety, and a lowered KPMG carbon footprint through reduced greenhouse gases. Similarly, KPMG has instituted a **WageWorks** Transit Program to encourage the use of mass transit. With this program, employees and partners take advantage of a pre-tax payroll deduction to get reduced mass transit prices.

Commitment to the Environment: Living Green

As important as any area covered in this report is our firm’s impact on the environment. Without a healthy planet, the most noble corporate citizenship endeavors will fail. That is why KPMG has launched **Living Green**, a firmwide commitment to reducing the amount of waste we generate, the natural resources we consume, and our carbon footprint.

Living Green marks our commitment to taking a leadership role in promoting environmental improvements in our communities. Through Living Green we are identifying best practices

across the U.S. firm and with other KPMG International member firms, and establishing new programs and processes to support our environmental goals. These will be implemented at both the national and local levels. An example already in progress is our **alternative work arrangement** program, which addresses the problems of automobile congestion.

Some of our goals for the next three years include:

- Reducing the amount of paper we use by 15 percent
- Increasing our use of recycled paper
- Reducing office-related energy usage by 5 percent
- Reducing our volume of waste by 10 percent
- Incorporating LEED (Leadership in Energy and Environmental Design) standards into renovation and new construction projects.

KPMG's Global Green Initiative

Living Green is the U.S. firm's program to support KPMG International's Global Green Initiative. This initiative sets the overall direction for all KPMG member firms regarding environmental matters, with a special emphasis on the global challenges of climate change.

To help achieve the goals of the Global Green Initiative, KPMG commits to:

- Making a global effort to reduce its overall carbon footprint by 25 percent as of 2010 through emission reduction and renewable energy
- Investing in projects that achieve social and environmental benefits and have a positive impact on the climate
- Proactively working with employees, suppliers and clients to help them measure, report and improve their climate-change impacts.

Green Example: New Data Center Plan Earns State Recognition

Upgrading the firm's Central Data Center at its Montvale, N.J., campus is business-critical. The center needs advanced technology to keep up with the firm's growing operational and client service demands. In drawing up the plans, we recognized the tremendous electrical needs of the project. Given the imperatives of Living Green, the firm made a commitment that the new Central Data Center would be environmentally friendly.

The centerpieces of the new data center are 14 gas micro-turbines from United Technologies. These power units run on natural gas, provide exceptional energy

efficiency, and produce ultra-low carbon dioxide and particulate emissions. The system also recovers heat that would otherwise be wasted.

“A traditional power system returns only about 20 percent of the energy in the fuel in usable electricity, while the rest is lost as heat. Our new data center captures the exhaust heat and uses it to heat and cool the building. The result is that 80 percent of the energy in the gas is used.”

- **John Reina**, director, Technology Services, and a member of the data center project team.

In recognition of KPMG’s commitment to energy efficiency, the State of New Jersey awarded the firm an \$800,000 incentive toward the cost of the renovation project through its Combined Heat and Power (CHP) Program. The CHP program allows for businesses, colleges and universities, local government agencies, and other organizations to receive up to \$1 million for installing eligible CHP systems.

KPMG Awards

During the past year, KPMG has been honored with external recognition and awards around our corporate citizenship and Employer of Choice initiatives.

FORTUNE Magazine's "100 Best Companies to Work For." The list is put together by The Great Place to Work Institute of San Francisco, which surveyed a random sample of partners and employees, and also reviewed the firm's benefits and practices.

Business Week Magazine "50 Best Places to Launch a Career." KPMG ranked #11 on the list for our strong on-campus recruiting, competitive benefits, extensive training, and collaborative culture.

Working Mother Magazine "100 Best Companies." KPMG was honored as one of the top ten organizations for working mothers for its variety of programs and services to help working parents and all employees manage their personal and professional lives.

2007 Companies that Care Honor Roll. KPMG was recognized by the Center for Companies that Care for its commitment to employees and local community environment.

Training Magazine's 2008 "Training Top 125." KPMG ranked #5. The learning and development community recognizes the Training Top 125 as one of the most prestigious honors of its kind. The list is based on a rigorous examination of the range of training offered, the quality and innovation with which training is delivered, and the impact of training in meeting core strategic objectives.

DiversityInc's 2008 "Top 50 Companies for Diversity." This award, from one of the leading publications in diversity, acknowledges KPMG's deep commitment to create an inclusive work environment that embraces individual differences and supports the development of all our people.

Consulting Magazine's "Achievement Awards: Excellence in Diversity." In its first ever Achievement Award for Excellence in Diversity, *Consulting Magazine* selected KPMG as one of only five winners. The publication recognized KPMG for outstanding efforts to champion diversity and foster an environment of inclusion.

Human Rights Campaign 2007 Best Places to Work. KPMG again has been recognized for our commitment to supporting equality for gay, lesbian, bisexual, and transgender employees.

Hispanic Enterprise Top 50 Corporations for Supplier Diversity. KPMG was named as one of *Hispanic Enterprise* magazine's Top 50 Corporations for Supplier Diversity,

which is awarded to organizations that have shown a commitment to working with minority business owners.