



Helping to Make a Better World

Corporate Citizenship
2007 Annual Report
Executive Summary

KPMG LLP

A Message from Tim Flynn



Tim Flynn
 Chairman and CEO, KPMG LLP (U.S.)
 Chairman, KPMG International

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.

- **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 also 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 our 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 a 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 that you will find it useful.

For a full description of the programs and initiatives KPMG has in place to maintain its position as an outstanding corporate citizen, visit www.us.kpmg.com/about/community.asp.

Volunteerism: Our Skin in the Game

In 2007, KPMG employees and partners walked for the American Cancer Society in Albany, bowled for Big Brothers Big Sisters in Tulsa, painted for the Boys & 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.

Over the past year, our employees and partners performed their community service with enthusiasm, donating a total of 150,000 hours of paid and unpaid volunteer time—more than ever before.

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 the 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 KPMG 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 Reviving Baseball in Inner Cities.



KPMG's 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.

NEW! KPMG’s Family for Literacy

KPMG’s Family for Literacy is our newest firmwide community involvement program. Teaming with **First Book**, a national nonprofit 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 under way 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.



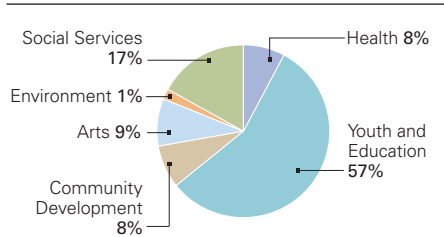
Students in Free Enterprise

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 but also 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 students at more than 1,500 universities in 48 countries participate in SIFE.

Corporate Giving by Focus Area

(USD16.8 million)



TEAMING WITH NATIONAL NONPROFITS

KPMG teams with many national nonprofit organizations on events, volunteer activities, and fundraising programs.

Junior Achievement

In 2007, employees and partners from 30 KPMG offices participated in Junior Achievement events. More than USD600,000 was raised for the organization through bowl-a-thons, golf outings, local hall of fame events, the KPMG Community Giving Campaign, and more.

American Cancer Society

In 2007, the firm raised USD500,000 for cancer research, education, advocacy, and services. One thousand KPMG employees and partners from 40 offices participated in Relay For Life, Making Strides Against Breast Cancer, and Daffodil Days events.

American Heart Association

Each year KPMG gives nearly USD500,000 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.

National Multiple Sclerosis Society

The National Multiple Sclerosis Society has listed KPMG as one of its National Partners. In 2007, KPMG deployed 25 walking and cycling teams comprising nearly 600 partners, employees, family members, and friends. Overall, the firm raised more than USD450,000 for the National Multiple Sclerosis Society.

March of Dimes

Five hundred walkers from 30 KPMG offices volunteered to help the firm raise more than USD375,000 for the March of Dimes in 2007.

American Red Cross

Last year more than 2,000 KPMG partners and employees participated in 50 blood drives across the United States. In addition, the firm donated more than USD100,000 to the organization through the KPMG Community Giving Campaign and other philanthropic efforts.

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.

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. While several pilots are under way, KPMG in the United States 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 the MDGs. 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 delivery of the reports.

Commitment to the Environment: Living Green

KPMG LLP has launched Living Green, a firmwide commitment to reducing the amount of waste we generate, the natural resources we consume, and our carbon footprint.

Through Living Green we are identifying best practices across the U.S. firm, and with other KPMG member firms we are establishing new programs and processes to support our environmental goals. These will be implemented at both the national and local levels.

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.

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 our firms 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."



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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 results.

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

For more information about KPMG's corporate citizenship programs, please contact us at us-involve@kpmg.com or 201-307-8009.



us.kpmg.com

KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. We operate in 145 countries and have 123,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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