



KPMG's Social Responsibility Report 2008

KPMG IN CANADA

“Ours is a highly ethical culture in which we strive to recognize the importance of integrity as vital to protecting and enhancing our reputation.”

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2008

“KPMG is thinking beyond borders as part of a global membership to deliver greater value in our social responsibility.”



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Message from Leadership

2008

Welcome to our *Social Responsibility Report* for 2008.

Bill Thomas
CEO and Senior Partner

I am pleased to say that our approach to social responsibility is involving more areas of our business with every passing year. Five years ago, we set out to make social responsibility one of our core values. We take core values very seriously at KPMG, and it was a meaningful decision.

This principle leads us to new concepts and in new directions. For example, KPMG is thinking beyond borders as part of a global membership to deliver greater value in our social responsibility.

Message from Leadership

2008



Bill Thomas
CEO and Senior Partner

The world, including Canada, is facing tremendous challenges: some related to the current economic climate, others involving the environment, and still others that can be affected by humanitarian resources our people generously choose to contribute to.

This report summarizes KPMG's 2008 social performance and, most importantly in my mind, profiles the volunteer activities of a number of our people. At KPMG, we are proud of our community leadership and we showcase our people by celebrating their community involvement.

In this report you'll read personal stories about KPMG people making a difference in the communities in which they live and work.

It is the experiences of our people that capture the hearts and minds of everyone at KPMG, and I hope you read about them.

I am extremely proud of the way they have stepped up to the plate, especially in the difficult times we are experiencing right now.

My thanks and sincere gratitude to all involved.



Marilyn De Mara
Chair, The KPMG Foundation

This year's *Social Responsibility Report* is all about the ways we are making a difference in our communities. Making a difference means applying the same integrity and transparency we bring to our clients to the approaches we use to engage and support our communities.

As Chair of The KPMG Foundation, I am in close touch with the financial side of our social responsibility. In fiscal year 2008, we were able to give \$3.6 million to organizations dedicated to helping in key areas, such as education, the environment, civic and cultural development, the arts, and social welfare.

I speak regularly with my counterparts in client organizations and other Canadian businesses and, frankly, many of them inspire me with their commitment and generosity. I am pleased that we are able to add our contribution to the substantial resources given by Canada's private sector.

Thanks to all the KPMG people who have embraced social responsibility in 2008.

“It is the experiences of our people that capture the hearts and minds of everyone at KPMG, and I hope you read about them.”

Bill Thomas

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Making a difference means applying the same integrity and transparency we bring to our clients to the approaches we use to engage and support our communities.”

Marilyn De Mara





Methods and Measurement

2008

“We are among the ethical leaders in the communities in which we operate as an Audit, Tax, and Advisory services firm, and we have an impact on the societies we live in.”

Bill Thomas
CEO and Senior Partner

KPMG has been reporting performance on social responsibility for 5 years. This *Social Responsibility Report* for 2008 includes all relevant activities and programs active from January 1, 2008, through December 31, 2008.

We have built our reporting approach on strong performance measurement, and will continue to do so. Our social responsibility performance uses data from our internal employee survey, *PULSE*, as well as other metrics, such as our Environmental Performance Initiative (EPI), which is gathered internally.

“I think it’s important to give back, and I wouldn’t be able to sleep at night if I didn’t try to help those less fortunate.”

Kristina King
Calgary office

We have thorough and robust internal review processes that engage senior leaders from across the firm to incorporate their input in support of the accuracy and reliability of the information. These processes involve a detailed review by The KPMG Foundation Chair, as well as

a review by The KPMG Foundation’s Board of Directors. Other reviewers include KPMG’s Leader, Environmental Performance Initiative; the Chief Human Resources Officer; the Canadian Managing Partner, Markets; the Risk Management Officer; and the Chief Executive Officer.





Ethics, Integrity, and Values

2008

“Ours is a highly ethical culture in which we strive to recognize the importance of integrity as vital to protecting and enhancing our reputation.”

Axel Thesberg
Canadian Managing Partner,
Professional Standards and Risk
Management

At KPMG, we work alongside people who understand and uphold the ethical values that our profession and our business relationships demand. We have crystallized this element of our culture into a set of values that guide the daily actions of all KPMG people.

Ethics guide our profession, and KPMG people are providing leadership. Bill MacKinnon, Former CEO of KPMG, is Vice Chair of the Canadian Institute of Chartered Accountants (CICA), a professional body with oversight for chartered accountancy professional standards.



KPMG’s values

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

We are committed to our communities—acting as responsible corporate citizens and broadening our skills, experience, and perspectives through work in our communities.

Above all, we act with integrity—constantly striving to uphold the highest professional standards, provide sound advice, and rigorously maintain our independence.



enCORE awards

At KPMG, we have developed a thank-you culture that recognizes the demonstration of our values and the contributions of our people in a variety of ways. The enCORE award recognizes our people demonstrating values in everyday interactions with each other, our clients, and our communities.

In 2008, we conducted a survey that indicates our people’s awareness of the firm’s values. Respondents said they received the information they needed to help them understand the firm’s core values applicable to their job functions.

KPMG’s Values	Number of enCORE Awards		
	2008	2007	2006
We lead by example	1,307	1,436	1,244
We work together	5,368	5,511	5,752
We respect the individual	38	73	75
We seek the facts and provide insight	201	171	220
We are open and honest in our communication	29	22	71
We are committed to our communities	83	88	82
We act with integrity	23	48	28
Total:	7,049	7,349	7,472

These questions asked our people to respond to key issues about values-based performance.

PULSE	Strongly Agree/Agree	
	2008	2007
We hold each other accountable for living by our organization’s values	64%	60%
Senior leadership consistently demonstrates our organization’s values through their behaviours and actions	66%	67%
Senior leaders are open and honest in their communication	67%	61%

Code of Conduct

The Canadian firm's Code is based on KPMG International's *Global Code of Conduct*, and describes the global principles and standards of ethical conduct that govern all member firms around the world. Both documents are underpinned by the value of integrity—one of the seven global core values.

The Code articulates our commitment to the highest principles of personal and professional conduct—how our people relate to each other; what we expect of our clients and vendors; and what our clients, vendors, and the marketplace can expect of us. The spirit of the Code is expressed in the maxim, “do the right thing, the right way.”

The Canadian firm's *Code of Conduct* and the *Global Code of Conduct* are available for viewing on our Web site at www.kpmg.ca.



KPMG's Ethics and Compliance Hotline

KPMG's Ethics and Compliance Hotline is a confidential channel for the firm's people to report concerns about possible violations of law, ethical and professional standards, or KPMG policy.

It is staffed 24 hours a day, 7 days a week, by an independent third-party service provider. KPMG handles any reported incidents confidentially and lawfully. Corrective action is taken where facts and circumstances warrant such actions.

A review of the results of these investigations is conducted by KPMG's Disciplinary Committee and the Board of Directors.

In 2008, calls received by the hotline involved general inquiries about policies and issues related to personnel and client matters. One call related to the behaviour of a firm member resulted in a Disciplinary Committee review and sanctions in line with the disciplinary process outlined in the firm's *Risk Management Manual*. Two calls were received related to client matters: one questioned the accuracy of an assurance report. An investigation and review of the documentation supporting the report concluded that professional and firm standards had been met in the conduct of the engagement, and there was no reason to withdraw the report or to take any further action. The other call concerned the content of a client's business plan that was outlined in a public conference call by the client; the complaint was passed on to the company's shareholders' relations officer.

Risk management

KPMG employs risk management policies and guidance for all professionals, regardless of function, to enhance the quality of service provided to our clients. Our Risk Management group works to ensure that the proper policies are in place and that compliance guidelines are being followed. Our *Risk Management Manual* covers topics such as ethics and independence, conflicts of interest, client acceptance, engagement performance, and practice management.

Significant projects and initiatives undertaken during 2008 involved:

- Responding to the Annual Regulatory Review by the Canadian Public Accountability Board (CPAB) and the Public Company Accounting Oversight Board (PCAOB)
- Development of IFRS Risk Management guidance on the scope of service and collateral for IFRS conversions and other Advisory engagements used by our IFRS cross-functional teams
- Enhancing our review and approval process for new tax ideas to ensure that they meet the ethical standards of the firm and maintain a high professional standard
- Increasing the complement of people in the operating offices responsible for Risk Management consultations and advice, and in the Risk Management group in the National Office, to better provide guidance to all of our firm members in a timely and effective manner
- Expanding our compliance function to allow more thorough and frequent monitoring of our Risk Management policies and procedures.

“We like to cover as broad a range of volunteer activities as we can, choosing organizations that represent the environment, children, seniors, different cultures, etc.”

Guy Castonguay
Montréal office





KPMG Volunteers in Action

2008

“From biking across Canada to teaching small children in the third world, KPMG people do great things both big and small to help our communities locally and around the world.”

Mario Paron
Chief Human Resources Officer

For 5 years, KPMG has supported organizations in communities across Canada through KPMG Volunteers.

Community Care

Because we actively support our people and the communities in which we live and work, our Community Care program provides KPMG

people with such benefits as KPMG Volunteers, the CEO Community Excellence Awards, Time to Volunteer, and Financial Support for Volunteering. The projects include local, national, and international initiatives.

In 2008, KPMG Volunteers celebrated its fifth anniversary of volunteerism. In offices across the country, KPMG designated a volunteer week between September 22 and October 17, so that our people could support organizations of their choice on firm time.

In our Greater Toronto Area (GTA) offices, we increased this allotment to 2 weeks in four volunteer periods spread throughout the year. However, there was an adjustment to the periods allocated, with the outcome

that three periods better reflected the needs of the community. During these weeks, KPMG people worked together and volunteered 1 workday to make a difference to a worthy cause.

In 2008, 2,828 KPMG people helped 173 organizations in a wide range of volunteer activities:

Year	Total # of Organizations Supported	Total % of KPMG People Participating
2004	121	45.8
2005	126	57.3
2006	115	55.3
2007	129	55.9
2008	173	52.4*

* Participation rate for GTA is 60% over multiple volunteer periods spread throughout 2008 and 2009.

Measure of support KPMG people felt the firm provided for engagement in the community:

PULSE	2008 Strongly Agree
Our organization plays an active role in the community	84%
The support that KPMG provides (e.g., recognition for volunteering, support by my Performance Manager) meets my needs for making a difference in the community	72%

CEO Community Excellence Award winners

In 2008, 16 employees received KPMG’s highest award for volunteerism—the CEO Community Excellence Award. This award is presented annually to KPMG people who have made significant or unique contributions to volunteer organizations, and who exemplify the value. “We are committed to our communities.”

KPMG’s CEO, Bill Thomas, presented the awards to the worthy recipients at the firm’s Leadership Conference in Montréal last September. KPMG also made a \$1,000 donation in each recipient’s name to the charitable organization of their choice.



Each winner was presented with a lasting symbol of esteem in the form of an Inukshuk. The Inukshuk is a symbol of the human spirit.

KPMG's CEO Community Excellence Award-winning volunteers in action

The following stories represent just a few examples of how hundreds of KPMG people are making a difference in their communities.

KPMG Volunteers in Action

2008



Marlon Arenas (GTA)

In 2007, Marlon took a 6-month unpaid sabbatical leave to travel to the Philippines. Through ANCOP International Canada, he took the opportunity to help those less fortunate by teaching reading and writing to children 3 and 4 years old.

When asked why he is drawn to this type of work, Marlon says,

"I have come to realize that I am blessed in my life in so many ways—with a great family, a career, and a home to live in. I am very thankful for the many blessings I have received, and I strive to return the favour by serving the less fortunate."



Caroline Cagampan-Stoute (Toronto)

Caroline has taken a deep personal loss and turned it into an opportunity to reach out and help others. In July 2007, her husband of 22 years passed away suddenly at age 44.

Caroline says she felt such a profound sense of loss that she was unsure of what to do next. But she soon realized how fortunate she'd been to experience such love, and decided to help others who have also experienced loss. With that in mind, she contacted the San Judas orphanage and decided to take a volunteer placement in Peru, helping girls ages 5 to 15 who have lost a parent.



Catherine Gosselin (Montréal)

Catherine volunteers at the Welcome Hall Mission, and she has served on the Board of Québec's International Offices for Youth, an organization that promotes overseas training for young adults. Catherine has also spent time volunteering in Guatemala and Burkina Faso, where she worked in an orphanage.

In fall 2008, she and her husband and family welcomed a 16-year-old girl from the orphanage who asked for their help in getting an education. The girl will live with Catherine and her family while finishing her high school diploma and, if possible, will go to CEGEP to become a nurse before returning to contribute her skills to her community and the orphanage of Sandeba, Burkina Faso.



Gordon Gunn (Victoria)

In 1989, Gordon developed the concept of the Great Canadian Family Picnic, and rallied volunteers to organize an event that draws up to 40,000 people to Victoria's Beacon Hill Park each year. Gordon says,

"It's not every day that you put a smile on the face of 40,000 people!"



Wyatt Hartley (GVA)

Wyatt Hartley, Mike Giannelli, and Jonathan Ronkai from our GVA office, along with Wyatt's family and friends, rode their bikes from Halifax to Victoria in the "Make a Difference Marathon." This cross-Canada bike marathon was in support of the Strachan Hartley Legacy Foundation. Riding in memory of Dr. Strachan Hartley (Wyatt's brother), they biked over 6,329 km in 13 days to carry on Dr. Hartley's dream of making a difference in the lives of underprivileged children.

The KPMG Foundation contributed to the total of \$400,000 raised in the "Make a Difference Marathon."



Kristina King (Calgary)

After graduating from university last year, Kristina travelled to Nairobi, Kenya, to help care for patients with HIV/AIDS and the orphaned children of AIDS victims. She worked with the Amka Health Project, which offers medical care, social support, counselling, and education. Kristina went door to door tending to bed ridden patients and assisting with the food program.

Of her volunteer efforts, she says,

"I think it's important to give back, and I wouldn't be able to sleep at night if I didn't try to help those less fortunate."

KPMG's CEO Community Excellence Award-winning volunteers in action

The following stories represent just a few examples of how hundreds of KPMG people are making a difference in their communities.

KPMG Volunteers in Action

2008



Brandon Ma (Vancouver)

Brandon has been involved in recruiting and training new leaders for Scouts Canada. He has organized and participated in many events, including outdoor camps, overnight hikes, and fundraising campaigns. He is truly dedicated to helping young people develop and succeed in life.



Maryse Mayer (Montréal)

Maryse volunteered for 10 weeks in India with an organization called Young Musicians of the World, which provides complimentary schooling and training in traditional music to children and teenagers, with schools in Montréal, Québec City, and India.

During Maryse's time at the school, she helped with management and accounting, putting in place basic control measures and bookkeeping procedures to help the school manage its very limited resources.



Tyler Meredith (Ottawa)

Tyler recently convinced members of the Ottawa office to donate vital professional services. As a result, KPMG has begun developing a business case with the Youth Services Bureau of Ottawa for the creation of a primary health clinic dedicated to serving Ottawa's homeless youth population. The clinic allows 1,200 street youth a year to live healthy on the streets and also transition off of them.

Tyler has also been heavily involved with the Board of the Ottawa Community Immigrant Services Organization.

"This is really in line with where we're going as a firm with our diversity and inclusion efforts. With the demographic challenges we'll soon be facing, developing a city-wide plan for integrating skilled immigrants into our workforce is crucial."



Daniel Ricica (Toronto)

Along with his wife Dawn, Daniel went to Uganda to help support Watoto Children's Villages, an organization that has provided homes to more than 1,700 orphaned children in Africa.

While there, Daniel helped dig a drainage ditch for the village and Dawn volunteered in the baby orphanage.

Daniel says,

"This is an experience I would definitely like to repeat; we got more out of it than we ever gave."



Carlos Salazar (Calgary)

Carlos has taken his love for soccer and turned it into a way to help others. When Carlos' friend and teammate was diagnosed with cancer in 2004, his soccer team banded together to create the Mike Metcalfe 30-Hour Soccer Marathon.

Now in its fifth year, the marathon has raised over \$230,000 for cancer treatment equipment, including a portable ultrasound machine. Happily, Mike is now in remission and is able to join his team for the event.

Carlos says,

"It's important to find something you're passionate about and then just get out there and make it happen."



Dave Snell (Waterloo)

Dave has been volunteering in his community for over 30 years. In addition to organizing the KPMG fundraising team for the annual Big Brothers Bowling for Kids event, Dave has volunteered at the Grand Valley Institute for Women.

Since 1981, Dave has also volunteered for World Accord, an international development agency. After serving as a Director for 14 years, he has continued his work as an Adviser. In January, he and his wife flew to Honduras to assist with a housing project.

KPMG's CEO Community Excellence Award-winning volunteers in action

The following stories represent just a few examples of how hundreds of KPMG people are making a difference in their communities.

KPMG Volunteers in Action

2008



Narmin Vasanji (Calgary)

Narmin was selected by the Aga Khan Foundation's Grants and Review Board to participate in a comprehensive Management Review of health services in Tanzania. The goal of the Aga Khan centres is to reach vulnerable groups in society with low-cost medical services, including outpatient care and minor surgery.

As part of the Management Review, she joined a four-person team to complete 10 days of field work in Tanzania. Their recommendations included the centralization of management, a revisit of the centres' strategic direction, and an increased focus on retention of staff at all centres. These recommendations have been accepted and are currently being implemented by the Foundation.



Janet Verbeek (GTA)

Janet's values of giving back and helping those less fortunate led her to Big Trout Lake, a First Nations community in Northern Ontario.

It's been an experience she calls life changing. "There is such a great need up there," she says. "The suicide rate among teenagers is 75 percent."

"They need help and hope. And you know you have done some good for these kids and given them that. The fact that you go back makes a difference. They build up trust in those who invest in them."



Sara Willet (Calgary)

For the past 4 years, Sara has headed up the fundraising campaign at KPMG for the Juvenile Diabetes Annual Walk. Each year, both the number of walkers and the amount raised for the cause have increased. It is Sara's own experience with the disease and her desire to help others that makes this a special cause for her.

Of her volunteer efforts Sara says,

"I sometimes feel really small in this great big world, but it is amazing the difference volunteering can make."

“At KPMG, we are proud of our community leadership and we showcase our people by celebrating their community involvement.”

Bill Thomas



KPMG people making a difference

KPMG Volunteers in Action

2008



KPMG actively supports personal volunteer activities that make a contribution to people in the community. We are proud of our community leadership and we showcase our people by celebrating their community involvement.

KPMG demonstrates a commitment to giving back to our communities by supporting a locally driven approach to community involvement at the national level. KPMG has provided financial support to our volunteers by making a charitable donation to their charity of choice in recognition of the volunteering they do in the community.

Here are some stories of exceptional KPMG people who volunteered outside the firm's programs.



Heather Kaine and **Paula Foster** are both partners in our GTA office. After spending a day cycling in Stanley Park in Vancouver, they were inspired to take their new passion for cycling and do something that would make a difference. When Toronto's Princess Margaret Hospital announced the inaugural Ride to Conquer Cancer, they thought it would be the ideal challenge for them and an excellent way to give back to their community. Heather and Paula raised \$28,000 and plan to continue their fundraising efforts.

Andrew Williams from our GTA office has spearheaded a grassroots fundraising effort to rescue 500 orphans from the streets of Kenya with his Rescue 500 Project (pictured above). Andrew asked partners from the GTA to approach 25 companies for a donation of \$25,000 each to get the project off the ground.

When KPMG in East Africa learned about Rescue 500, 30 of their people joined the project. This project has now become a business model for other corporations to emulate in their approach to NGO engagement.

Guy Castonguay from our Montréal office helped organize volunteer events for Le Chaînon, Le Portage, Action Nouvelle Vie, and many others. According to Guy,

"We like to cover as broad a range of volunteer activities as we can, choosing organizations that represent the environment, children, seniors, different cultures, etc."

To recognize employees who donate a significant amount of their time, KPMG will make a financial contribution in that person's name. Below is a summary of the grants requested by KPMG employees and the funds distributed by the firm in support of their charities.

Financial Support for Volunteering			
	2008	2007	2006
Number of requests	70	72	65
Total donation amount	\$46,000	\$50,400	\$42,800



Curtis Blais from our Edmonton office went to Nicaragua in 2007. According to Curt: "In 2007, my wife and I led a team of 23 people to Nicaragua for 2 weeks to do humanitarian work. We built a community building, held medical clinics, and distributed food to the very poor. We were so touched by this experience that we went back in February 2009 to do it again."

"You try to explain to people that you're going there to give. What's hard to describe is the feeling that somehow I benefited more."

KPMG professionals volunteer at GTA Tax Clinics

KPMG co-sponsors and staffs free CA Tax Clinics in the GTA in partnership with the Institute of Chartered Accountants of Ontario (ICAO). Since 1969, the CA Tax Clinic Program has provided free preparation of tax returns to low-income individuals, some of whom are disabled, elderly, or new Canadians.

For nearly 12 years, Shawn Stern, Senior Manager, Tax, GTA, has been volunteering in these clinics. Jolanta Wilewska, Financial Analyst, Audit, GTA, has been volunteering for 8 years.

"I think it's a good experience—it's a different way of using your CA skills. It also gives you a different perspective on what we do every day as CAs,"

says Shawn. Jolanta likes the satisfaction of helping people and seeing joy in their eyes, which makes her want to go back the next year.

Students in Free Enterprise (SIFE) World Cup

KPMG International was a sponsor of the 2008 SIFE World Cup, and KPMG people assisted at the event as official scorers and verifiers. The SIFE World Cup brings together an international network of student leaders representing more than 1,400 universities in 48 countries. The event mobilizes university students around the world to make a difference in their communities, while developing the skills to become socially responsible business leaders.

Awards to KPMG for social performance in 2008

Alberta

Alberta Venture Magazine is the largest business magazine in the province.

It gave out the following four awards to KPMG's Alberta offices in 2008: Best Workplace for the Environmentally Conscious and honourable mentions for Best Workplace for Working Parents, Best Workplace for Training and Development, and Best Overall Workplace for Over 500 Employees.

"KPMG definitely stood out above the rest in terms of our networks and benefits package."

Bryon Dickie

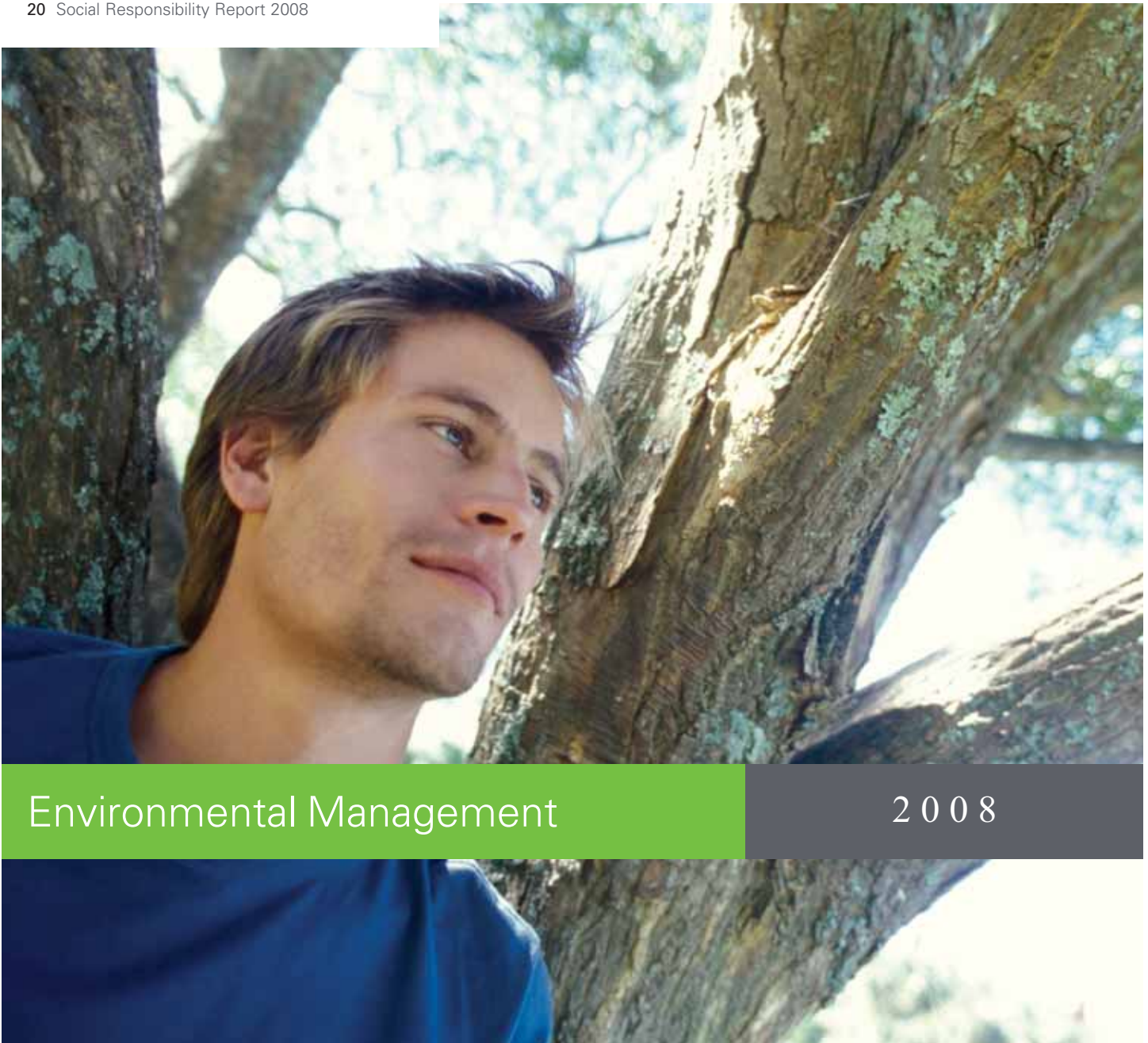
Area Marketing Director, Calgary

Vancouver

KPMG's Vancouver office was recognized by the Adoptive Families Association of BC with the Adoption in Action Award, which honours organizations that provide outstanding adoption benefits for their employees.

Toronto/GTA

- KPMG was recognized as one of the GTA's Top 75 Employers. This special designation recognizes GTA employers that lead their industries in offering exceptional places to work.
- The United Way's Spirit Award for Employee Campaign in the \$1 million-plus category was awarded to Inka Bari, Matt Tedford, and Benjie Thomas, KPMG's 2008 GTA United Way Co-Chairs. The Spirit Award honours an Employee Campaign Chair who has run an exemplary campaign. In total, KPMG in the GTA raised \$1.7 million, making the 2008 GTA Campaign the best ever.
- KPMG's GTA Cricket Team won the Spirit of Cricket Award at the Fourth Annual Canada Mayor's Trophy, hosted by the Chartered Institute of Management Accountants (CIMA). The 2008 event raised funds for cricket training in the UK for 12 junior cricketers, primarily from low-income neighbourhoods in Toronto.



Environmental Management

2008

“KPMG is committed in its environmental mission and vision to implement leading sustainable programs toward reducing our operational footprint and improving our environmental performance over time.”

Chris Ridley-Thomas
Leader, Environmental Performance Initiative

Environmental Performance Initiative

The Environmental Performance Initiative (EPI) was launched in 2007 as a way to manage and improve the firm's environmental performance.

Chris Ridley-Thomas, Leader, Environmental Performance Initiative, notes that “In the long run, we identified opportunities to make significant improvements in our performance, so we set aggressive targets to get people thinking about what we are capable of achieving.”

“The tree-planting activity was very valuable because it reinforced KPMG’s commitment to do its share in protecting the environment, as well as helping in a neighbourhood, reminding us of the impact the firm can have on our community.”

Gregory Cecchin-Léger,
Montréal office

The EPI is built on a network of Office Champions who work to foster improvements in environmental awareness and performance at local KPMG offices. This strategy focuses on the reduction of paper usage, carbon footprint, and waste. In addition to setting targets, a number of strategies to support our reduction efforts were also under development in 2007 or in various stages of implementation in 2008. These strategies include:

Print Strategy

One of the key objectives of this strategy is to reduce KPMG’s environmental footprint that results from its printing activities. The first phase of the Print Strategy was completed in mid-2008, which set printers to default to double-sided printing where possible. In addition, we have been promoting the use of double-sided printing on all of our capable printers with a reminder sticker attached to each one.

The second phase of the Print Strategy is scheduled to be complete in mid-2009, and is anticipated to achieve a 35 percent reduction in our total number of printers. The new print devices will consume less power, and printer power and sleep settings will be standardized across the country, further reducing power consumption. This initiative also reinforces KPMG’s digital-office environment implemented through Project Productivity’s reduction of print volumes.

eFax

The digitization of all incoming and most outgoing faxes is helping us save over 1 million sheets of paper annually, as well as eliminating the need for hardware to send faxes, and other consumables, including toner.

Project Productivity

The goal of Project Productivity is to implement a business operating model that leverages technology and integrates core workflow processes. These automated workflows support the reduction or even the elimination of paper use by managing the entire life cycle of client engagement—from planning, to working paper preparation, to file reviews, to completion—and all other client deliverables. On average, each business unit that implements Project Productivity is expected to experience an initial reduction in paper usage of between 18 and 23 percent, with substantially more reductions as full implementation is achieved. Project Productivity is being rolled out to all business units in phases: Phase 1 focused on the Enterprise and Audit units across the country, many of which initiated implementation in 2008, and some in 2007. Selected Tax and Advisory units began implementation in 2008, with the remainder transitioning over the next couple of years.

Standardizing printer paper

In November 2008, KPMG changed the standard paper used for printing and photocopying to paper with 30 percent recycled content.

IT alternatives to travel

Several virtual options to communicate with our clients and participate in internal meetings are available to all KPMG people, including audio and video conferencing, Net Meeting, and Web casting. These options have been increasing in popularity, as they help reduce our carbon footprint as well as the downtime experienced while in transit.



KPMG International’s Global Green Initiative

In 2008, KPMG International launched the global network’s approach to addressing the challenges of climate change by setting some ambitious goals, including:

- Reducing the combined member firms’ carbon footprint by 25 percent by the year 2010 (from a 2007 baseline) by reducing emissions and using renewable energy
- Supporting environmental projects to help address the challenges of climate change within our wider commitment to our communities
- Working with employees, suppliers, and clients to help them measure and reduce their impact on the environment.

KPMG International was the first of the “Big 4” accounting firms to announce a global ambition to reduce carbon footprint. KPMG supports achievement of the Global Green Initiative objectives through our Environmental Performance Initiative.

“KPMG International’s Global Green Initiative enables all of our people and member firms to make a significant contribution to addressing this serious challenge for ourselves, our families, our communities, our clients, and the generations to come.”

Timothy P. Flynn
Chairman, KPMG International

Environmental Management

2008



Awareness

Increasing staff awareness of and commitment to environmental improvement remains central to the EPI. In 2008, the primary drivers for the initiative included:

- Local Office Champions and office environmental committees
- Continued availability of two programs promoting staff energy-efficiency improvements at home
- An internal EPI Web site with information on programs and performance
- An EPI mailbox to respond to staff suggestions and questions
- Inclusion of environmental activities in the KPMG Volunteers program.

The examples above indicate KPMG's long-term commitment to managing our environmental performance and enhancing the reduction of our carbon footprint. 2008 marked the first year we measured our progress against a baseline performance, as well as the first year many of our supporting strategies were implemented. We are encouraged by the progress we have made

and have identified areas where we need to further our efforts. We are also cognizant of having completed only the first steps of our journey. We will continue to challenge ourselves to do more when it comes to the environment and our environmental footprint.

Progress made in 2008

2008 was the first year we formally implemented strategies and processes to reduce our paper use and carbon footprint from air travel, and enhance diversion of our waste from landfills. One of the greatest challenges we face is reducing our overall footprint while our firm continues to grow. We have been working with our business partners to obtain reporting on the goods and services we purchase to facilitate our monitoring and to refine the information available to us, enabling more in-depth analysis in the future. We are also seeking a better understanding of the environmental implications of the types of goods and services we purchase and other options available that can help us achieve our objectives.

What follows is a summary of our achievements to date and future plans:

Paper use

Our analysis indicates that over 90 percent of the paper we consume is everyday printer and photocopy paper, or "regular" paper. Many of our initiatives are focused on reducing our footprint in this regard; accordingly, we have monitored separately our use of regular paper and specialty paper, including heavier stock or coloured paper for presentations and reports.

In 2008, we implemented Phase One of our Print Strategy and made very good progress in implementing Project Productivity in many of our Audit units across the country. As a result of these initiatives, in 2008 we used 4.2 million fewer sheets, or 6.2 percent less, of regular printer and photocopy paper than in 2007. We also reduced our use of specialty paper by 7.1 percent, or over 400,000 sheets. Overall, this is a decrease of 6.3 percent, or almost 1,000 sheets per employee.

In 2009, we anticipate even greater progress in achieving our target of a 20 percent reduction in paper use, with full implementation of the Print Strategy and further progress in rolling out Project Productivity across the firm, as both of these initiatives directly support reduction of our use of regular paper.

We actively source paper from manufacturers that are participating in independently monitored sustainable forestry programs, purchasing 100 percent of our regular printer and photocopy paper and 64 percent of our specialty paper from these sources, compared to our 70 percent

target. The availability of specialty paper that contains fibre from sustainably managed forests can be limited; however, we will continue to seek options that include recognized certifications.

As noted above, KPMG's switch to standard paper that contains 30 percent recycled content will help increase the proportion of recycled content of regular printer and photocopy paper in 2009 and in future years. In 2008, 22.2 percent of the regular paper we purchased contained recycled content.

Carbon footprint

As a professional services firm and one of the largest member firms of KPMG International, our relationships with our clients, colleagues, and communities are the cornerstone of our business.

Travel is a necessary part of our business. That said, we are looking to better understand the nature and extent of our travel and appropriate alternatives to air travel, including the IT alternatives mentioned earlier in this report.

Our travel service providers prepared reports of our travel patterns in 2007 and 2008 that form the basis of our analysis. Consistent with the firm's growth, our overall air travel increased by 5 percent. In 2008, we began a relationship with a new travel services provider, and we are working with their staff to obtain more detailed reporting going forward. While the majority of firm members use our service provider to book airline travel, we are aware that some arrange their travel plans independently, which may impact our overall analysis. We are working to address this in the future.

Currently, our new office in the GTA, our largest office in Canada, is under construction, with our occupation scheduled to begin in Fall 2009. We are very excited, as our new building, the Bay-Adelaide Centre, and KPMG's office space was built to a Leadership in Energy and Environmental Design (LEED) Gold Standard. This was our only major construction project in 2008.

We are working with our internal IT colleagues and our landlords to find other ways to monitor our energy consumption and reduce office-related energy waste. We will continue to increase awareness about the simple ways each KPMG person can reduce office-related energy waste every day; for example, by turning off computers at night, in addition to firm-wide decisions to select energy-efficient products.

Waste reduction

All of our offices have recycling programs in place. During 2008, we focused on improving the diversion of materials from the waste stream toward recycling. Many offices across the country have identified opportunities to enhance their environmental performance; for example, some offices have eliminated the use of disposable cups and plates. We are currently seeking other means of monitoring our waste management and tracking our progress. In 2009, we will engage with our landlords to determine other opportunities to increase the volume as well as the types of recycling bins. In future, we will also seek opportunities to reduce the amount of non-reusable materials entering our waste stream, including plastic water bottles.



Montréal

In our Montréal office, a large number of employees volunteered to be on the Environmental Committee. They decided to focus on three issues—waste, paper, and carbon emissions—all in line with KPMG's green priorities.

The Committee has already implemented several ideas for reducing the office's environmental impact, including placing recycling bins on every floor, placing a recycling box for batteries, and raising environmental awareness among employees by promoting participation in Earth Day, Défi Climat, and Earth Hour.

On the carbon footprint side, the Committee has encouraged employees to take advantage of a bike path that stretches across the entire city and passes right in front of their building. The office has even made arrangements with a nearby gym to allow use of its shower facilities, and has secured indoor parking spaces for 30 bicycles. In 2009, KPMG's building plans to make a pool of bicycles available to employees for their use.

Sustainable acts within our communities

At KPMG, our commitment to the environment is also demonstrated during our signature event that supports the engagement of the firm's people in the community—KPMG Volunteers. Here are a few examples:

Environmental Management

2008



Waterloo

A team of KPMG volunteers from the Waterloo office spent a day offering their landscaping and gardening skills at KidsAbility – Centre for Child Development. Recent budget cuts had left room for only their basic operational needs. Some of the areas enhanced by the Waterloo team are regularly used by the children as part of their therapy.



Montréal

A group of 18 volunteers from KPMG's Montréal office planted trees in an under privileged neighbourhood. Gregory Cecchin-Léger said, "The tree-planting activity was very valuable because it reinforced KPMG's commitment to do its share in protecting the environment, as well as helping in a neighbourhood, reminding us of the impact the firm can have on our community."



Kingston

In Kingston, Ontario, a group of volunteers spent the day gardening at The Walk at City Park, a scenic fountain created by Hospice Kingston. KPMG people cleaned flagstones, weeded the surrounding gardens, and performed general maintenance on The Walk. Hospice staff and families who stopped by to watch our staff work appreciated having a clean, well-cared-for, space where they could remember their loved ones.

Helping KPMG people improve energy efficiency at home

Today, 17 percent of all energy used in Canada goes toward running our homes, but every time we use energy from fossil fuels, such as coal and oil, we produce greenhouse gas emissions.

As part of KPMG's commitment to supporting environmental improvement among our people and our communities, the firm has implemented two energy-efficiency programs available to all of our people to help identify where significant energy savings can be made at home.

KPMG people from across the country have conducted home energy assessments through these programs and identified opportunities for energy savings.

1

Natural Resources Canada (NRCan) Assessment Program

This residential energy assessment initiative has been developed by the Office of Energy Efficiency of NRCan to help home owners make retrofit choices that help improve the comfort and energy efficiency of their homes.

NRCan ensures that only licensed and independent energy advisers will perform a residential energy assessment to identify how a home uses energy and where it is being wasted. Advisers will show property owners how to improve the comfort of their homes and cut heating and cooling costs, while ensuring adequate ventilation for a healthy indoor environment.

The service involves two visits to a house. The first provides detailed information on potential improvements, and the second (completed within 18 months) assesses the impact of the home improvements made. Based on the improvements made, the Government of Canada provides grants to home owners who complete energy -efficiency retrofits based on the energy advisers' recommendations.

To help defray the initial assessment costs, KPMG will fund 50 percent of the cost (up to \$150) as an incentive for staff to enter the program.

2

Go Green Energy-Efficiency Program

For those not ready willing to take the plunge yet, and for those living in rental accommodations, a second program has been developed. This program involves the completion of a Go Green checklist by a trained third party, which will result in a tailored list of recommended action items for improving the energy efficiency of a home.



Diversity, Equity, and Inclusion

2008

“At KPMG, we’ve made an investment in diversity and inclusion because it’s the right thing to do and the smart thing to do.”

Michael Bach
Director of Diversity, Equity,
and Inclusion

KPMG has a business goal to work toward an environment of inclusiveness for all of our people, regardless of culture, race, colour, gender, sexual orientation and gender identity, family status, age, disability, or faith and religion.

Our diversity, equity, and inclusion initiatives support this goal with specific actions. KPMG’s Management Committee, including CEO Bill Thomas and Michael Bach, Director of Diversity, Equity, and Inclusion, are responsible for the overall development and monitoring of KPMG’s diversity plan. We have local Diversity Councils that aid in the execution of the plan.

In 2008, 40 percent of KPMG’s new partners were women and visible minorities.



Monitoring Diversity Initiatives

KPMG formally monitors progress in diversity through an accountability framework called *The Diversity Report Card*, which comprises a series of questions included in *PULSE*, our annual employee survey. Below is a sample of survey questions in the areas of inclusivity, tolerance, and career advancement.

Results from KPMG’s Diversity accountabilities survey:

PULSE: Diversity	Strongly Agree/Agree		
	2008	2007	2006
KPMG has a workplace free of gender stereotypes	77%	74%	73%
Stereotypes about members of visible minority groups do not exist at KPMG	81%	74%	77%
At KPMG, everyone is treated with dignity and respect, regardless of their gender	87%	84%	84%
At KPMG, everyone is treated with dignity and respect, regardless of their visible minority/cultural status	89%	86%	86%
The leadership (partners/associate partners/senior principals) in my practice acts proactively to advance workplace diversity at KPMG	77%	77%	54%
All employees have equal opportunity to advance, regardless of factors such as gender, ethnicity, sexual orientation, family status, language, etc.	76%	74%	72%

Diversity in 2008

In 2008, KPMG continued to move forward with its diversity initiatives, notably promoting awareness about diversity and inclusion across the firm, and developing several new networks.

Diversity, Equity, and Inclusion

2008



We encourage our people to think about diversity and inclusion issues, and help them with support from our national network of Diversity Champions, internal communication campaigns, online training tools, and awareness campaigns.

Celebrating the next generation

Our diversity in the workplace reached new heights when 40 percent of KPMG's new partners for 2008 comprised visible minorities and women. We continue toward our objective of increasing the proportion of women and visible minorities in the partnership.

Diversity poster campaign

2008 marked the second year of our firm-wide poster campaign. In March 2007, KPMG launched a firm-wide poster campaign designed to raise awareness of the holidays and months that highlight various events across the country and around the world. The posters celebrated such events as International Women's Month, First Nations Month, Asian Heritage Month, and LGBT Pride Month.

Diversity Calendar Contest

Our Diversity Calendar Contest aimed to create a calendar that reflects the mosaic nature of our world. Each month displays an aspect of diversity as seen through the eyes of a child.

Building on the success of the previous year's Diversity Calendar Contest, we once again chose some amazing creative works of art for the 2008/9 Diversity Calendar. We received over 250 submissions from many talented young artists, and the resulting calendar has been displayed in offices across the country. The theme for the calendar was "Diversity: Here, There, and Everywhere," which reflects the diverse nature of the world we live in. In our local communities, across Canada, and all around the world, diversity is here, there, and everywhere.

Diversity training

All KPMG people participate in our Web-based training program entitled "Diversity in the Workplace." The training was created to help further the understanding of diversity and why an inclusive work environment is so important for our people, our clients, and the market. The program offers customized modules for partners, management, and staff, as well as general information applying to all KPMG people such as identifying problematic attitudes and assumptions, and cultural issues that can arise in the workplace.

In 2008 KPMG also offered in-person classroom training for managers entitled "High-Impact Communication in a Diverse Workforce." This course focused on differences in communication styles across various cultural backgrounds and was designed to help our teams work more effectively together, and help our managers better understand their people.



KPMG's "Educate and Celebrate" series celebrates diversity in the workplace

KPMG provided local support for diversity-themed events in 2008, including Black History Month, Easter, Pride Month, and Hanukkah. These events are part of our "Educate and Celebrate" series and are designed to introduce our people to aspects of different cultures and traditions.

In addition, articles focusing on different world religions appeared monthly in *Infotrack*, KPMG's weekly e-newsletter. The articles provided details about various religions, including Christianity, Shinto, and Buddhism. Firm-wide e-mails also profiled the origins of popular holiday traditions, including the Christmas tree and the Menorah.

Barrier-free accessibility

In 2008, we completed a national audit of all KPMG offices with regard to accessibility. This information will help us achieve our goal of an accessible workplace for all people.

Reflection rooms

Having space and time for quiet reflection or prayer during the workday is important to many of our people. In 2008, we created reflection rooms in offices across the GTA, and in the Edmonton and Vancouver offices.

Diversity awards and recognition in 2008

2008 Best Diversity Employer

Canada's Best Diversity Employers competition recognized KPMG among the nation's leaders in workplace diversity and inclusiveness.

2008 Best Employer for New Canadians

This award represents employers from across Canada that lead their peers in creating workplaces that welcome new Canadians and allow them to make the most of their skills, education, and talents. One of only 20 finalists, KPMG is among a small group of Canadian employers that excel in welcoming new Canadians.

Sponsorships and events

KPMG sponsored many worthwhile diversity events in 2008, including the New Pioneer Awards (presented by Skills for Change) in Toronto and the Red Dress Ball (presented by the Gay and Lesbian Business Association of BC) in Vancouver. Other major sponsorships included

- The Conference Board of Canada – On December 2nd and 3rd, KPMG partnered with the Conference Board of Canada to deliver a Workplace Diversity and Inclusiveness Forum in the GTA. Michael Bach, KPMG's Director of Diversity, Equity, and Inclusion, spoke at the event, which discussed key diversity issues that affect organizational performance.

- This year, KPMG was a platinum sponsor of the Women in Leadership Conference produced by the Schulich School of Business at York University. The conference provided learning and networking opportunities for Canada's future female business leaders.
- For the fourth year in a row, KPMG offices in Vancouver, Victoria, Toronto, Calgary, Edmonton, and Ottawa participated in the World Partnership Walk. All funds raised from the walk are used by the not-for-profit organization the Aga Khan Foundation, which supports social development programs in Asia and Africa.
- Women's Executive Network (WXN)TM is Canada's most influential female audience and the country's leading organization dedicated to the advancement and recognition of executive-minded women in the workplace. This year, KPMG's Beth Wilson, National Leader, KPMG EnterpriseTM, and Canadian Managing Partner, Regions, was named one of Canada's Most Powerful Women: Top 100TM by WXN. KPMG also sponsored the WXN's Diversity Luncheon Series.



Beth Wilson

National Leader, KPMG Enterprise, and Canadian Managing Partner, Regions

Networks and clubs at KPMG

One of the important ways we've supported diversity and inclusiveness at the firm is to encourage the development of networks and clubs. We support these networks and clubs through broad guidance and sponsorship; however, the members are the driving force behind these groups.

Diversity, Equity, and Inclusion

2008



Women's Interchange Network (WIN)

The Women's Interchange Network (WIN) is a women's networking program that promotes relationship building opportunities with other women in the marketplace and provides KPMG people with career-enhancing networking tools. WIN is open to women across the firm, and KPMG has successfully launched network chapters across the country.

WIN initiatives in 2008 included the following:

WIN summer socials

These summer socials facilitated a rare opportunity for female management at the firm to get to know their colleagues in a relaxed and informal setting. The WIN Committee held three socials in the GTA—one in North York and two downtown—to create casual networking events that helped foster teamwork and a sense of affiliation for over 100 attendees.

"Wise & Wealthy" external event featuring Patricia Lovett-Reid

The WIN Committee wanted to empower female executives with the information they need to stay on track and reach their personal financial goals. Patricia Lovett-Reid is a Senior Vice President of TD Waterhouse Canada and a regular market commentator on radio and TV. Her powerful and entertaining stories inspired an audience of over 240 professional women to take control of their personal finances.

Contribute to Change in Your Community

A recent internal WIN survey showed that there was a keen interest in volunteerism. As successful female KPMG executives continue to make their mark, their accomplishments often extend beyond the marketplace and into the community at large. The WIN Committee wanted to highlight the stories of some of these women to encourage our people to be involved in making a difference.

"If we could harness the energy for volunteerism of the women in this room, anything is possible."

Tracey Sanderson

Senior Manager, National Sales and Marketing

A panel of active KPMG peers engaged in a dialogue in front of an audience of 84 women on what it means for them to be a volunteer while meeting the demands of a career and personal life. A few of the many organizations they have impacted include Ovarian Cancer Canada, the Canadian Down Syndrome Society, AboutFace, and the Oakville Trafalgar Memorial Hospital.

Parents of Children with Special Needs

is a KPMG network that provides support and information sharing for parents in the firm who have children with disabilities. Members participate in information and resource sharing, and obtain assistance in accessing support within the firm and with community agencies. This year, the group hosted a guest speaker from New Haven Learning Centre, an organization that supports the development of children with autism.



Andrea Boulden's story

When Andrea Boulden's son Liam was diagnosed with Tourette syndrome and pediatric bipolar disorder, she turned to KPMG's Parents of Children with Special Needs network. Through the network, Andrea found out about the disability tax credit and government programs for respite, in which a caregiver will watch Liam so that she and her husband can have a break. She has also learned more about camps for special-needs children.

"Every call we've had has been very helpful to me."

Andrea Boulden

pride@kpmg, KPMG's Lesbian, Gay, Bisexual, and Trans-identified (LGBT) network was started to support and advance the needs of lesbian, gay, bisexual, and trans-identified people at the firm, acting as an informal mentoring program and resource for its members. The network strives to increase awareness of LGBT issues within the firm and in the community. It offers members the ability to communicate with each other at various levels of disclosure. In 2008, pride@kpmg expanded its involvement with the LGBT business community through its partnership with Pride at Work Canada, a workplace advocacy group. KPMG is one of 13 corporate partners participating in roundtable discussions, workplace advocacy, and networking events across Canada.



Corey Rosen's story

Corey Rosen, a Senior Manager in our International Executive Services group, is a member of pride@kpmg. Shortly after joining the firm in 2005, he became one of the network's almost 50 members, which work in 11 offices across the country.



“I think the network is important for a number of reasons. pride@KPMG provides support for anyone who may be apprehensive about coming out and who may be wondering how that may affect their day-to-day life at KPMG.

We provide mentoring and sometimes a shoulder to lean on for anyone who has questions or concerns. The firm's support of the network attests to the fact that intolerance is not acceptable in this organization.”

Corey Rosen

Diversity, Equity, and Inclusion

2008

The East Asian Network recognizes and celebrates the diversity of East Asian cultures through networking with the firm’s existing East Asian employee base. The network also focuses on supporting new hires and international secondees who have joined the firm by coordinating activities that allow members to develop professionally and personally, and by providing opportunities for them to meet and develop skills and business opportunities together. The network also engages KPMG employees of East Asian descent to be active and take part in business development within their communities.

The International Club assists international hires and secondees in adjusting to the Canadian business environment. The club provides support on such issues as international credentials, obtaining Canadian designations, Canadian business culture, and common questions about living and working in Canada. The club matches new members with mentors and holds regular social networking events.



Gurdev Narula’s story

A Senior Manager in the GTA’s Industrial Markets group, Gurdev is one of the founding members of the GTA’s International Club. With over 50 members, the club was organized to help people transition into the firm and Toronto life. “We share our experiences and try to guide people in the right direction when they have problems.”

In 2008, he launched an initiative close to his heart—the KPMG Cricket Club.

“There’s a great deal of interest in cricket ... it’s been very popular. We have almost 120 people in our club and look forward to playing in an existing league in the summer, and also playing with other corporate teams!”

Gurdev Narula

Integrating diversity with volunteering

The GTA Mentoring Partnership

KPMG is a partner of the Toronto Region Immigrant Employment Council (TRIEC) program called The Mentoring Partnership. The Mentoring Partnership matches mentors from organizations like ours with new Canadian mentees who are looking for guidance about working in Canada.

Currently, we have over 70 mentors matched, making us the fourth-largest corporate partner within The Mentoring Partnership.



Arash Hesamy's story

A member of our Toronto office, Arash participates in KPMG's Mentoring Program, an initiative in the GTA that matches new Canadian professionals with a mentor who can assist them in acclimatizing to the Canadian business culture.

"Often, when new Canadians arrive, they lack Canadian professional experience, which can be a barrier to employment," Arash says.

"By providing support and encouragement, and helping to familiarize someone with Canadian business jargon and culture, you can make an enormous difference in the life of someone who may be highly qualified but not familiar with our business environment."

Arash Hesamy

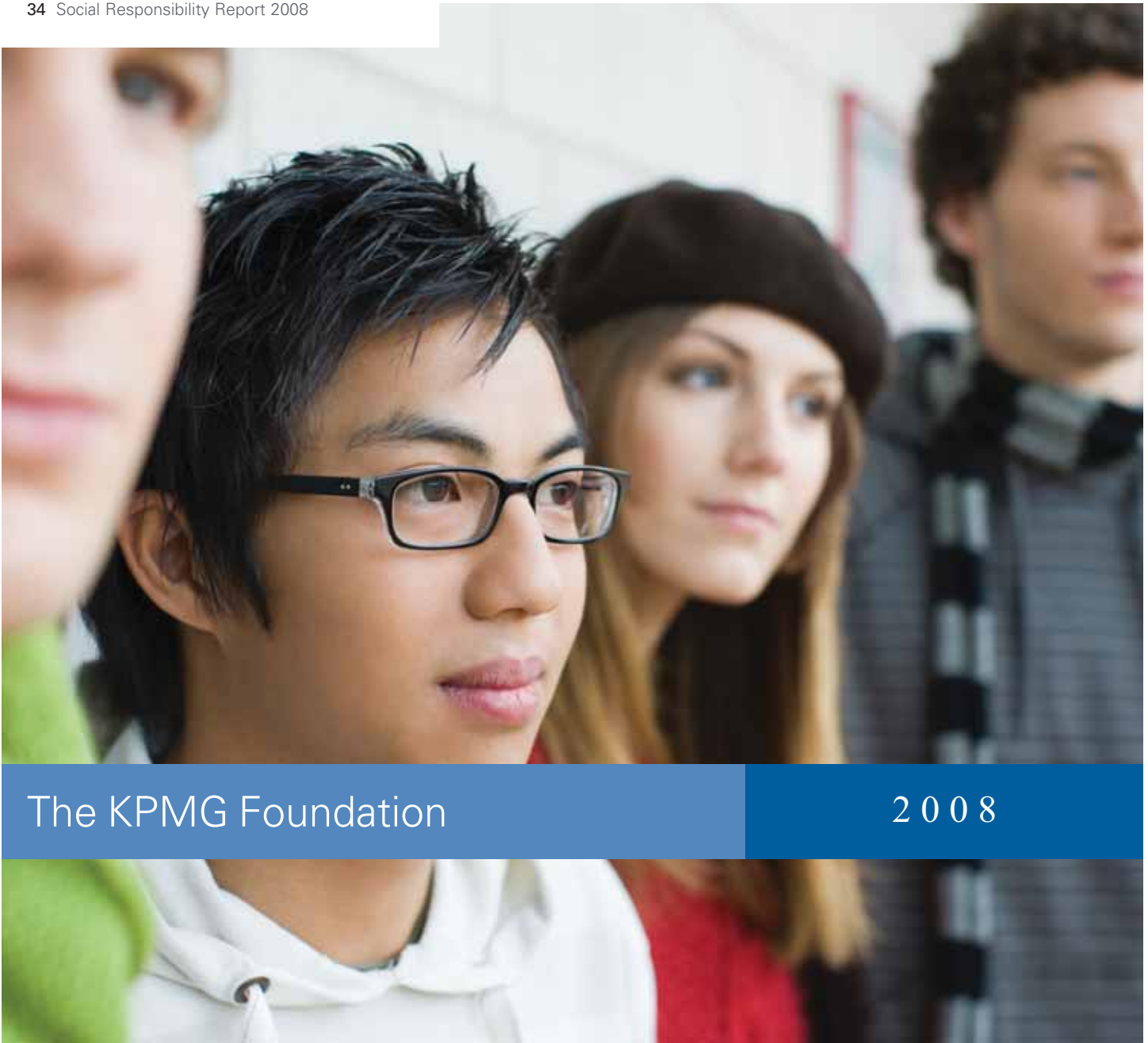


Don Matthew's story

Edmonton Managing Partner Don Matthew recently joined the Board of Directors of the Edmonton Region Immigrant Employment Council (ERIEC), which is modelled after the Toronto Region Immigrant Employment Council (TRIEC). In Edmonton, the council aims to help immigrants integrate successfully into the region's labour market by helping them find jobs that are matched to their skill set.

"When you look at the makeup of our Edmonton office, we have people from around the world here, so it makes sense for us to help other immigrants get the same chance to find meaningful employment."

Don Matthew



The KPMG Foundation

2008

“Giving in fiscal year 2008 amounted to \$3.6 million going to organizations dedicated to helping in key areas, such as education, civic and cultural development, the arts, and social welfare.”

Marilyn De Mara
Chair, The KPMG Foundation

The KPMG Foundation is a catalyst in the social responsibility work of the firm. The Foundation's primary roles are to:

- Provide a framework to support collective giving, of both money and time, among our people by:
 - Acting as a conduit for contributions from KPMG and its people
 - Augmenting local fundraising efforts in certain areas through a matching program
 - Encouraging our people to contribute to their communities through monetary contributions, donated professional services, hours of voluntary services, and other contributions.
- Plan and monitor KPMG's contributions to our communities by:
 - Providing input to KPMG's annual business plan with specific targets and criteria for contributions, both monetary and non-monetary
 - Monitoring our performance.
- Celebrating the collective philanthropic efforts of KPMG and its people by:
 - Communicating and profiling our collective efforts, progress, and successes to all KPMG people, and, as appropriate, to our clients and the public
 - Recognizing KPMG people who have shown leadership in making a difference in our communities.

Distribution of donations

In 2008, The KPMG Foundation gave \$3.6 million in charitable donations to education, health care, children/youth, and communities:

Education: 24 percent
 Health Care: 25 percent
 Children/Youth: 7 percent
 Communities: 44 percent

Employee Matching Program

KPMG fosters high standards in post-secondary education in the preparation of tomorrow's leaders. In support of any donation made by a KPMG person, the Foundation matches dollar for dollar to a maximum contribution of \$1,000 per person, per year.

In 2008, The KPMG Foundation made matching grants to many post-secondary organizations across Canada. The following is a list of just some of the organizations that received matching grants from the Foundation in 2008:

Bishop's University
 École des Hautes Études Commerciales
 Redeemer University College
 St. Francis Xavier University
 University of Lethbridge
 University of Toronto
 University of Waterloo



The KPMG Foundation's Board Members in 2008

Marilyn De Mara, Chair	Toronto
Scott Olsson	Calgary
Carlo De Mello	Vancouver
Mary Jo Fedy	Waterloo
Jean-Pierre Desrosiers	Toronto
Mario Paron	Toronto
Isabelle Morin	Toronto
Deborah Taylor	Toronto
Laurent Giguère	Montréal
Gordon Moore	Halifax
Laurie Bissonette	Sudbury
James Hunter	Toronto

“I speak regularly with my counterparts in client organizations and other Canadian businesses, and, frankly, many of them inspire me with their commitment and generosity. I am pleased that we are able to add our contribution to the substantial resources given by Canada's private sector.”

Marilyn De Mara
 Chair, The KPMG Foundation

Education

Donations to educational institutions in 2008 totalled \$863,807.

The KPMG Foundation

2008

Below are some of the institutions that received donations from KPMG in 2008:

Fondation de l'Université Laval
HEC Montréal
Mount Allison University
Queen's University
University of Calgary
Universite du Québec à Montréal (UQAM)

HEC Montréal

The Foundation has made an overall commitment of \$350,000 over 5 years to fund grants to HEC students in accounting and tax-related programs. The donation will also be used to introduce laptop computers for students, fund professors' research projects, and make improvements to the university's library and infrastructure upgrades, as well as fund scholarships for community involvement.

The Foundation gave a grant of \$75,000 over 4 years to the **Loran Scholar Awards Program**, which recognizes talented students who show promise of leadership and a strong commitment to service in the community. The grant allows the firm to sponsor an opportunity for a KPMG scholar to join Loran's National Program.

The **University of Calgary's School of Business** received a grant of \$250,000. The donation will be used to dedicate a room as a KPMG naming opportunity. A grant was given to **Nippising University** in the amount of \$25,000 over 4 years for its library.

Health care

Donations in support of health care institutions in 2008 totalled \$874,650.

The KPMG Foundation made donations in the health care area to many organizations in 2008, including:

Alzheimer Society
Bridgepoint Health Foundation
La campagne Ensemble
Canadian Breast Cancer Foundation
Canadian Cancer Society
Fondation de l'Hôpital de Memphrémagog
Fondation de l'Hôpital Sacré-Cœur de Montréal
Fondation des maladies du coeur du Québec
Fondation du Centre hospitalier régional de Trois-Rivières
La Fondation Portage
Jewish General Hospital Foundation
Maison de Soins Palliatifs de Laval
Montréal Heart Institute Foundation
Montréal Neurological Institute
MS Society of Canada
Mount Sinai Hospital Foundation
Revivre
The Ride to Conquer Cancer
St. John's Rehab Hospital
St. Mary's Hospital Centre
St. Michael's Hospital Foundation
Southlake Regional Cancer Centre

Sunnybrook Foundation
Toronto East General Hospital Foundation
Toronto General & Western Hospital Foundation (University Health Network)

Ovarian Cancer Canada's Winners Walk of Hope

The KPMG Foundation approved a grant for \$50,000 to Ovarian Cancer Canada to help fund the organization's annual Winners Walk of Hope, which was held in 14 cities across the country. The Foundation also approved a maximum matching amount of \$5,000 to match funds raised by KPMG employees participating in the event.

KPMG has supported Ovarian Cancer Canada since 2005, and this is the second year that the firm has sponsored the annual walk at the National Host Sponsor level. KPMG is the only Big 4 accounting firm to sponsor the event.

Canadian Down Syndrome Society (CDSS)

The KPMG Foundation provided a sponsorship of \$15,000 for the CDSS's 21st Annual Conference in May, "Celebrating the Next 20 years." The event creates opportunities to bring together Canadians with Down syndrome and their families, celebrates the accomplishments that Canadians with Down syndrome have achieved this year, and ensures that CDSS can work toward a Canada in which all are welcome and embraced for their diversity.

Huntington Society of Canada

The KPMG Foundation provided \$25,000 to the Huntington Society of Canada to help fund the Society's Family Day Program. The program provides a full day of educational programs for people living with Huntington's disease, their caregivers, and people at risk of inheriting the disease.

The Foundation's grant enables the society to bring the Family Day Program to 10 sites across Canada using video conferencing to present stimulating, well-known national speakers, along with local presentations, group discussions, refreshments, and social time.

Children/Youth

Total donations in support of children/youth charities in 2008 totalled \$259,938.

The following are some of the organizations focused on programs for children and youth that received donations from The KPMG Foundation in 2008:

Children's Arts Umbrella Association
 Dovercourt Boys and Girls Club
 Fondation Père Marcel de la Sablonnière, s.j.
 Hull Child and Family Services
 The Learning Partnership
 Mullu Children's Family Charitable Foundation
 Shad Valley
 SickKids Foundation
 World Vision Canada
 Yonge Street Mission
 YMCA Calgary



The Foundation provided \$13,000 to fund the Ontario Track 3 Association's transportation requirements for special-needs children aged six and over who require bussing to ski centres throughout Ontario. The funding also provides for the purchase of wheelchairs.

Disaster relief

World Vision Canada received a one-time donation of \$150,000 from The KPMG Foundation for disaster relief in China and Myanmar.

In the wake of Cyclone Nargis in Myanmar, the funding helped World Vision's emergency team to distribute 50,000 blankets, 45,000 clothing packs, 32,000 cooking sets, and 57,000 tarpaulins,

as well as provided more than 100,000 traumatized children with a safe place to play, learn, and access psychosocial support. In all, World Vision directly helped 450,000 people.

In the aftermath of the earthquake in China's Shaanxi province, our contribution to World Vision helped distribute 300,000 kilograms of rice to at-risk families. In Sichuan province, emergency teams supplied 1,440 residential tents, 7,000 quilts, and 3,395 cooking kits to approximately 102,800 survivors. School tents; pre-fabricated classrooms; and thousands of blackboards, desks, chairs, and back-to-school kits were provided so that students could quickly return to class. Emergency teams also set up temporary clinics, giving local health workers a place to treat patients.

Communities

Donations in support of community organizations in 2008 totalled \$1,551,070.

The KPMG Foundation assisted many community organizations through donations in 2008, including:

Art Gallery of Ontario

Calgary Opera Association

Calgary Philharmonic Society

Canada's Royal Winnipeg Ballet

Greater Vancouver Food Bank Society

Habitat for Humanity

Leave Out Violence

The National Ballet of Canada

Opera Atelier

Ronald McDonald House of Southern Alberta

The Salvation Army

Tides Canada Foundation c/o Strachan Hartley Legacy Foundation

Toronto International Film Festival

Toronto Symphony Orchestra



Imagine Canada

KPMG is in the fifth year of a 5-year commitment and is one of 120 Canadian businesses engaged in Imagine Canada's corporate citizenship initiative, the Caring Company program. The three criteria for membership are:

1. Good corporate citizenship
2. Driving social innovation
3. Investing money, ideas, and time in communities across Canada.

In 2008, our commitment to transparency and accountability has been met. KPMG has:

1. Given a pre-determined percentage of pre-tax profits to charitable organizations
2. Developed community support with our leadership
3. Published a brief annual report.

In 2008, Imagine Canada received \$15,000 over 2 years from The KPMG Foundation to support the Helping Hands: Providing the Tools to Succeed program. This program provides Canadian organizations with tools and resources to become effective, accountable, and self-sustaining organizations through the purchase of a 1-year Imagine Canada membership, and access to Imagine Canada's products and services.

World Partnership Walk

The KPMG Foundation provided a sponsorship of \$25,000, and KPMG and the Foundation put up an additional amount of \$25,000 to match funds raised by KPMG employees participating in the World Partnership Walk, organized by the Aga Khan Foundation. The Aga Khan Foundation is a non-denominational organization that works to address the root causes of poverty, finding and sharing "Smart Solutions" that help improve the quality of life for poor communities in Asia and Africa.



Charity Card for Campus Recruiting

KPMG's social responsibility mandate has been extended to the university campus with the launch of a Charity Card. Each card has been charged with points that students can donate to a charity via an online portal. The KPMG Foundation matches contributions with a donation of up to \$12,000.

CIBC Run for the Cure

In October 2008, 176 KPMG people from 13 offices across Canada, along with their families and friends, raised in excess of \$40,000 for the CIBC Run for the Cure. The KPMG Foundation has supported the CIBC Run for the Cure for many years and generously made a donation, bringing KPMG's total donation to over \$63,000.

In 2008, over 2,500 KPMG people donated \$2,305,079 to United Way, nationally, which was a 4.2 percent increase over the previous year's total donation amount.



Habitat for Humanity

Through The KPMG Foundation, the firm is a home sponsor of Habitat for Humanity Toronto. In addition, 153 KPMG employees volunteered 9 days of labour to help build eight town homes in the Peddicord Drive Project in Toronto, which were completed in April 2009. The Foundation donated \$80,000 toward building the town homes; eight families will benefit.



United Way

KPMG is a proud sponsor of United Way. In 2008, KPMG was one of 31 organizations participating in United Way's Sponsored Employee Program.

The United Way Campaign unites almost all of KPMG's offices in a combined effort as employees demonstrate creativity and leadership. In 2008, KPMG offices held barbecues, pancake breakfasts, pizza parties, craft and bake sales, jeans days, prize draws, silent auctions, a tricycle

corporate challenge, a KPMG Idol karaoke contest, poker tournaments, and an "Are You Smarter Than a CA?" contest.

Our Edmonton office decided to donate money in place of a loaned representative to the campaign. Each year, KPMG's Edmonton office participates in the organizing committee of the Four-Corners BBQ, which occurs in September. This event raises money toward the start of the Alberta capital region's United Way Campaign. Various members from the office participate in the hot-lunch program by serving food. The program is currently in its 15th year and provides subsidized meals to students in inner-city schools.

Many KPMG people volunteer with United Way chapters in their communities. Bill MacKinnon was Campaign Chair for the GTA United Way Campaign. Rob Brouwer, as Co-Chair, Leadership Giving Program, 2008 Campaign Cabinet, also assisted in the GTA, while Bruce Willis served on the United Way Committee in Regina. Linda Cruz of Ottawa participated in a "Campaign Basics Panel Discussion" for United Way staff from across Canada who came to Ottawa for a training session.

The GTA office's Inka Bari, Matt Tedford, and Benjie Thomas were honoured with a United Way Spirit Award for Employee Campaign Chair, \$1 million-plus category, for their efforts in running the GTA's 2008 Campaign. Spirit Award nominees demonstrate effective team coordination, successful planning, and improved results over the previous year.

In 2008, over 2,500 KPMG people donated \$2,305,079 to United Way nationally, a 4.2 percent increase over the previous year's total donation amount.



Who We Are

2008

“Our focus on quality, people, and clients, and, most importantly, our communities, helped us maintain our presence as a leading professional services firm in Canada in 2008.”

Bill Thomas
CEO & Senior Partner

Who we are

KPMG LLP, a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm affiliated with KPMG International, a global network of professional firms providing Audit, Tax, and Advisory services. Member firms operate in 144 countries and have more than 137,000 professionals working 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.

Our presence in Canada

KPMG operates in 32 locations across the country. The firm's more than 430 partners and almost 5,000 employees provide crucial services to many of the top businesses in Canada. We work closely with our clients, helping them to manage risks and grasp opportunities.

Office locations

Alberta

Calgary, Edmonton, Lethbridge

British Columbia

Abbotsford, Chilliwack, Kamloops, Kelowna, Prince George, Vancouver, Vancouver – Burnaby, Vernon, Victoria

Manitoba

Winnipeg

New Brunswick

Fredericton, Moncton, Saint John

Nova Scotia

Halifax

Ontario

Hamilton, Kingston, London, North Bay, Ottawa, Sault Ste. Marie, St. Catharines, Sudbury, Toronto, Toronto – North York, Waterloo, Windsor

Québec

Montréal

Saskatchewan

Regina, Saskatoon



Business performance

KPMG's steady growth continued in 2008. Our focus on quality, people, and clients, and, most importantly, our communities, helped us maintain our presence as a leading professional services firm in Canada in 2008. It also helped us to achieve a 4 percent growth and total revenue of \$1,122,022,000 for the year.



Year	Revenue	Percentage Growth
2006	\$984,828,000	11
2007	\$1,074,197,000	9
2008	\$1,122,022,000	4

Major services and practice areas

KPMG, a member firm of KPMG International, is a Canadian leader in delivering Audit, Tax, and Advisory services. With access to a global network of professionals, KPMG International's member firms respond to clients' complex business challenges across Canada and around the world.

Who We Are 2008

Audit

Our audit opinion is the end result of a powerful combination of professional integrity, independence, and ethical behaviour, underpinned by rigorous quality control procedures. This approach is supported by some of the leading methodologies, technologies, and tools that assist our teams to access knowledge, focus on the issues that impact on our audit judgments, and enhance the efficiency of the audit. The overall result is an independent and incisive view attesting to the quality of the information provided.

Tax

KPMG's Tax practice addresses the unique needs and objectives of each client, helping them to balance compliance and value creation. We offer a broad range of international and domestic tax services, as well as private company tax services through KPMG Enterprise™. Our multidisciplinary approach can give clients the right mix of services and professionals who think past the present and look beyond borders to address tax needs and opportunities.

Advisory

Advisory assists companies and public sector bodies to mitigate risk, enhance performance, and create value. Our three key service areas are Performance & Technology, Transaction & Restructuring, and Risk & Compliance.

KPMG Enterprise

KPMG Enterprise is devoted exclusively to delivering value to privately held businesses. Our professionals have many years of personal experience addressing the financial, tax, business, and compliance issues that private companies face.

Key industries served

Industry focus is fundamental to KPMG's business approach. We believe that we can add value for our clients by having a thorough understanding of their industries, and we invest continuously to build our knowledge of the industries we serve: Consumer and Industrial Businesses; Energy and Natural Resources; Financial Services; Information, Communications and Entertainment; Public Sector; and Private Equity.

Governance structure and management systems

Board of Directors

The Board's role is focused on partnership matters, including compensation, partner rights, admissions, and succession. It also has oversight for the firm's strategic and business planning, and quality control processes, and reviews the firm's financial statements.

- Susan H. Glass, Chair
- Marilyn De Mara, Vice Chair
- Austin Abas
- Kathy Cunningham
- Sebastian Distefano
- Bryan D. Duffy
- Bruce J. Guerriero
- Carlene Hornby Allen
- A.S. (Al) Kanji
- T.W. (Tom) King
- Guy Langlois
- P.J. (Phil) Scherman
- Bill Thomas
- Guyle T. Tippe
- R.D. (Dan) Vance
- R.M. (Bob) Wener
- John Williams
- David Zych





Management Committee

The Management Committee is responsible for the strategic and operational leadership of the firm. The Committee is led by the Chief Executive Officer and comprises managing partners from the firm’s Audit, Tax, Advisory, and KPMG Enterprise practices; leaders from KPMG’s major regional offices, and national leaders who are managing partners within the Shared Services division.

Management Committee

Bill Thomas
Chief Executive Officer & Senior Partner

Functional Leaders

Peter Doyle
Canadian Managing Partner, Audit

John Herhalt
Canadian Managing Partner, Advisory

Axel Thesberg
Canadian Managing Partner, Professional Standards and Risk Management

Greg Wiebe
Canadian Managing Partner, Tax

Beth Wilson
Canadian Managing Partner, Regions/KPMG Enterprise

Geographic Leaders

Nathalie Bernier
Managing Partner, Montréal

Rob Brouwer
Managing Partner, Toronto

Elio Luongo
Managing Partner, GVA

Keith Turnbull
Managing Partner, Calgary

Beth Wilson
Canadian Managing Partner, Regions/KPMG Enterprise

National Shared Services Leaders

Jean-Pierre Desrosiers
Managing Partner, Markets

Mary Lou Maher
Chief Financial Officer

Mario Paron
Chief Human Resources Officer

Organizational Structure

Geographic Leaders – Advisory

Alain Drouin – East
Diane Jeffreys and Dave Kennedy – GTA
Stephen Spooner – West

Geographic Leaders – Audit

Lorne Burns & Lee Hodgkinson – GTA
John Desjardins – Vancouver
John Gordon – Calgary
Richard Turcotte – Montréal

Geographic Leaders – Tax

Gabe Hayos & Tom King – GTA/Toronto
Denis Lacroix – Montréal
Grant McDonald – Ottawa
Walter Pela – Vancouver
Rick Whitley – Calgary

Geographic Leaders – KPMG Enterprise

Dan Adams – Calgary
Dennis Fortnum & Ed Bartucci – GTA
Pierre Ste-Marie – Montréal
Guyle Tippe – Vancouver

Regions Leaders

Austin Abas – Winnipeg
Dave Adams – Okanagan/Thompson
Frank Boutzis – Southwestern Ontario
Ron Epp – Prince George
Dean Gallimore – Lethbridge
Don Garrioch – Sudbury
Ray Kolla – Victoria
Don Matthew – Edmonton
Tom Robinson – Regina
Greg Simpson – Halifax
Bob Wener – Ottawa

National Shared Services

Glen Brookman – ITS
Jean-Pierre Desrosiers – Sales & Marketing
Mary Lou Maher – Finance
Mario Paron – Human Resources

KPMG's Social Responsibility Report

2008



For 5 years, KPMG has supported organizations in communities across Canada.



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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