Code of Conduct

Our Promise of Professionalism
Our Promise of Professionalism

KPMG’s Code of Conduct sets forth our values, shared responsibilities, global commitments, and promises. Additionally, the Code provides general guidance about the firm’s expectations, situations that may require particular attention, additional resources, and channels of communication, as well as illustrative questions and answers and examples of actual ethical issues. Our people are required to read and annually confirm that they understand and agree to adhere to the Code.
This document and associated policies are not intended to create an employment contract and do not create any contractual rights. Our Code does not replace or supersede the more technical guidance issued by KPMG in many of the topic areas covered by the Code. If you believe that any provision of the Code may be interpreted as differing from an applicable law, regulation, professional standard, or other firm policy, please consult the appropriate personnel, as set forth more fully herein. In the interim, if immediate action is required, the more restrictive guidance should be applied.

NOTE: This document is effective February 20, 2018. Most URLs listed in this document are internal to KPMG and cannot be accessed from outside the KPMG Network.
Letter from the Chairman

Lynne Doughtie
Chairman and Chief Executive Officer

We are pleased to introduce KPMG’s updated Code of Conduct, which is designed to reflect the firm’s Values and help you fulfill your personal responsibility to execute on our Promise of Professionalism: our unwavering commitment to ethics and integrity and the highest standards of personal and professional behavior. At KPMG, everyone is expected to do the right thing – always.

The Code of Conduct is the cornerstone of the firm’s commitment to ethics and integrity. It articulates the firm’s expectation that every person comply with applicable laws, regulations, professional standards, firm policy, and our Values. Familiarize yourself with the contents of these pages and re-visit them often. You may wish to start with the Ethics Checklist and our Shared Responsibilities, both of which serve as ethical guideposts on how to conduct ourselves every day.

If there is one message that you should take from the Code of Conduct, it is that all of us are expected to make sure things are done right in all aspects of our professional life, be it our work for clients, our internal processes, or our interactions with colleagues. This personal responsibility for ethics and compliance includes raising your hand when you see something that seems inconsistent with our Values and professional responsibilities. We understand, at times, raising concerns can be uncomfortable, but do not rationalize bad decisions or be pressured into taking an action you believe to be wrong. Do not assume someone else will take responsibility for raising an issue. When the circumstances dictate, raise your hand, take advantage of one of the many channels of communication the firm offers, and know that firm leadership supports you and expects you to do the right thing.

Taking personal responsibility also includes going the extra mile to ensure that your concern is considered and raised with the appropriate individuals within the firm. Ask questions and raise concerns until you are satisfied the matter has been addressed. Ultimately, the buck stops with each one of us. Integrity cannot be delegated to someone else, even to those persons in a more senior role than you. We all are primarily responsible for safeguarding our firm’s Values and ensuring that our firm and colleagues remain on an ethical path.

Sometimes doing the right thing is not the easy thing to do. Yet, KPMG’s Promise of Professionalism allows for no exception. If you ever find yourself wondering what you should do in a given situation, your best course of action is to follow the guidance in the Code of Conduct. Doing so will help you avoid the most difficult situation of all – explaining why you failed to do the right thing.

Thank you for the great work you do every day and for your continuing commitment to take personal responsibility for the ethical environment of KPMG.
Colleagues –

At KPMG, we accomplish incredible outcomes every day. We help our clients innovate and excel. We ensure the reliability of global capital markets. We contribute in tangible and impactful ways to our communities. We are able to achieve tremendous results, anchored by more than 120 years of history and our commitment as stewards for KPMG’s future.

At the foundation of it all are our ethics, our integrity, and our professionalism.

None of what we do would be possible without the trust placed in KPMG by our clients, our regulators, our communities, and each other. To maintain and strengthen trust in our firm, it is important to define the standards that inform our behaviors as individual professionals. That is the purpose of our Code of Conduct.

The Code is your guide to the responsibilities each of us has, at all levels of the firm, to stay informed, lead by example, consult with others, and raise our hands when we see something that is inconsistent with our Values or the rules to which we all have agreed to adhere. In addition to practical guidance, the Code also contains helpful resources and examples of what can happen if we fail to take full responsibility for living the Code in our day-to-day work.

Our Code of Conduct reflects the vital role that each person at KPMG plays in fulfilling our commitment to integrity. It also should serve as a reminder that you have the full support of KPMG’s leadership. The firm has multiple channels of communication to ask questions and report concerns, as well as strict rules prohibiting retaliation against anyone who raises a concern in good faith. Anyone availing themselves of these or other channels to surface behaviors not consistent with our Code of Conduct will be supported in the process.

Each of us must do our part to ensure that the firm delivers on Our Promise of Professionalism, and adhering to the Code is the first and most important step in realizing that objective. All of the impressive accomplishments at KPMG start with trust. And trust starts with you.
Our Values

KPMG’s Values lie at the heart of the way we do things and define our culture and our commitment to the highest principles of personal and professional conduct.

**Integrity**
*We do what is right.*
— Consistently leading by example with high standards and morals
— Being honest and truthful in words and actions
— Navigating pressures honestly, in a challenging environment

**Excellence**
*We never stop learning and improving.*
— Setting the standard for and executing with quality
— Continuously building on current performance and culture
— Taking responsibility and accountability for actions

**Courage**
*We think and act boldly.*
— Communicating openly and directly
— Striving for innovation and new thinking
— Relentlessly pursuing differentiation in the market

**Together**
*We respect each other and draw strength from our differences.*
— Showing care and consideration for others
— Embracing diversity and acting inclusively
— Collaborating within and across teams

**For Better**
*We do what matters.*
— Serving and strengthening our markets and communities
— Making the firm better for future generations
— Making a positive impact on society

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**The Global Code of Conduct**

Based on KPMG’s Values, the Global Code of Conduct provides the primary standards of ethical conduct that KPMG requires around the world. It identifies the shared commitments and responsibilities expected of every member firm.

To ensure compliance with local laws, policies, and professional standards, the member firms’ codes align with the Global Code and provide local resources available for consultation and assistance.
Use the Ethics Checklist

When making decisions, ask yourself:

☑ Is my decision the right thing to do?

☑ Is my behavior consistent with KPMG’s Values and ethical and professional standards?

☑ Is my decision being driven by responsible professional judgment?

If the answer to any of these questions is “no,” or if you are not sure, then you need to get help. This includes situations where:

— Potential actions (or inaction) or decisions make you uncomfortable
— You are uncertain about the rules you are required to follow
— Differences of opinion make the course of action unclear

Individual Responsibilities

Every individual at KPMG is personally responsible for ensuring that the Values, Commitments, and Promises in the Code are met.

You are expected to:

— Take ownership. Incorporate the principles of the Code into your daily life. You are responsible for safeguarding KPMG’s integrity. Our reputation impacts everyone and can be damaged by anyone

— Lead by example. Be a role model, talk about ethics, and act in a manner consistent with our Values

— Stay informed. Participate in training, read communications, use KPMG resources, and consult when necessary to stay informed about laws, professional standards, and KPMG policies that apply to you in your work

— Consult with others. You are not expected to know all the answers, but you do have a personal responsibility to ask for help and be aware of professional standards and other situations that require consultation with others

— Stand firm. Never compromise our Values no matter how strong the internal or external pressure may be to perform, meet goals, or fulfill expectations. Do not be afraid to express differences of opinion or unwelcomed messages, knowing that leadership fully supports you

— Raise your hand. Your voice counts. So speak up if something does not seem right, seek advice when needed, and offer suggestions to improve our work environment. Every individual is expected to report all potential violations of law or policy that may impact KPMG or its clients
Management Responsibilities

Whether a partner, a supervisor of a team, or a People Management Leader (PML), those with any type of leadership or management responsibilities are expected to help ensure that our people understand that ethics and integrity are the cornerstone of our business.

You are expected to:

— **Lead by example.** Show what it means to act with integrity and in accordance with the principles in our Code

— **Support your team.** Ensure that those you lead or supervise understand the Code and have access to the resources they need to adhere to KPMG’s Values

— **Develop your team.** Establish clear, measurable, and challenging goals that promote ethical behavior and the highest standards of quality

— **Uphold exemplary standards.** As a leader, you should enforce KPMG’s standards consistently and fairly and promote compliance with the Code among those you lead

— **Exercise good judgment.** Respond thoughtfully and carefully to those who raise questions or concerns, supporting and encouraging those who raise their hands

— **Be accountable.** Be prepared to be held personally accountable for any shortcomings in your own behavior, as well as those of the people you lead
Getting Help
Raising Your Hand

Raise your hand if you believe someone has engaged in conduct that violates the law, regulations, standards, firm policies, or our Values. Your concern will be reviewed and appropriate action will be taken. This includes situations when you know or suspect partners, employees, or others in a business relationship with KPMG are—or are about to be—engaged in illegal or unethical activity.

You are encouraged to ask questions whenever you are unsure about the appropriate legal or ethical course of action, including in situations when:

— Actions, inaction, or decisions make you uncomfortable
— You are not sure how to apply the firm’s policies
— The relevant laws or professional standards are complex or difficult to interpret
— Differences of opinion make the appropriate course of action unclear

Although it is not your role to search proactively for potential misconduct by clients beyond what is required by our professional responsibilities, if behavior comes to your attention or you observe activities at a client that are potentially illegal or may raise ethical concerns, you must raise your concerns so they can be fully addressed.

Compliance with Our Code

Everyone at KPMG is required to comply with the Code of Conduct.

Anyone who violates our Code or the policies it is based on, or laws, regulations, or standards, may be subject to discipline, up to and including separation from the firm. The following actions may subject partners and employees to discipline:

— Violating laws, regulations, standards, or KPMG policies or directing others to do so
— Failure to report known or suspected violations
— Being untruthful during or interfering with an investigation
— Engaging in retaliation

Violations of laws or professional standards also can trigger governmental legal actions against you, your colleagues, the firm, and its affiliates.

The Board of Directors; Legal, Risk and Regulatory Committee; Management Review Panel; and Chief Compliance Officer oversee the firm’s compliance program to help ensure fair and consistent enforcement of our Code.
Channels of Communication

To assist you with seeking advice or reporting concerns, the firm has established “channels of communication.” These channels are designed to help ensure that your question or concern is addressed completely and accurately and in accordance with the firm’s confidentiality policy.

Although you should choose the channel you feel most comfortable with, resources closest to the situation are often in a better position to resolve an issue. This usually means your PML.

Depending on the issue, you may wish to consider other channels of communication.

— For certain client, engagement, or professional practice–related concerns, consultation with others may be required by firm policy. Otherwise, you should seek advice from or report a concern to:
  - Your engagement partner(s)
  - Your practice leader, service line leader, or office managing partner
  - A Professional Practice Partner or Risk Management Partner
  - The Audit Quality and Professional Practice Group
  - Washington National Tax
  - The Chief Compliance Officer
  - Firm leadership, including the Chairman, Deputy Chairman, and Board members

— For Human Resources–related concerns, including harassment, discrimination, and issues involving individual behavior or your work environment, contact your local or area Human Resources representative.

— For questions related to legal matters, including contracts or disputes with external parties, litigation, or a government investigation, the best contact is the Office of General Counsel.

— For questions related to matters involving U.S. Securities and Exchange Commission (SEC) Audit clients and their foreign operations, you may contact KPMG’s Ombudsman, who serves as an additional channel of communication for such matters and oversees their investigation and resolution.

— For questions related to political activities, including campaign contributions, lobbying and gifts and entertainment to government officials, you should contact the Office of Government Affairs (OGA).

— For questions related to U.S. export controls and U.S. economic sanctions, contact the firm’s Export Control Officer.

— For general assistance, questions, or advice related to KPMG’s Code of Conduct, you may contact the firm’s Ethics and Compliance Group.
**Ethics and Compliance Hotline**

www.kpmgethics.com or 1-877-576-4033

The KPMG Ethics and Compliance Hotline is available when:

— You feel uncomfortable using another channel of communication;

— You believe that other channels have not resolved an issue to your satisfaction; or

— You wish to report a concern anonymously.

The Hotline is available 24 hours a day, seven days a week, to KPMG partners and employees, clients, contractors, vendors, and others in a business relationship with KPMG, including other member firms whose partners and employees may be working with the U.S. firm on engagements with U.S.-based clients.

The Hotline is administered by an external third-party provider that does not log or identify callers or generate internal connection logs of computer IP addresses. The Hotline allows anonymous “Web chats” between reporters and the investigation team and enables you to receive notice upon the conclusion of an investigation.

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**Anonymous Reporting**

It is difficult to investigate and substantiate concerns reported anonymously. Providing your name allows us to contact you if we need additional information, allowing for a more robust and comprehensive investigation. Identifying yourself also helps us monitor various metrics to ensure you are not retaliated against. If you decide to report anonymously, it is important to provide detailed information and to check the Hotline regularly for information requests from the investigation team.
Retaliation by a PML

An employee alleged that her PML had retaliated against her for taking part in an investigation regarding the PML's unprofessional behavior. About the same time, another employee alleged that she, too, had been a victim of retaliation by this PML for her role in the investigation. Both employees reported that, after the investigation, the PML had reduced their workload and had pressured them to resign.

An investigation conducted by Human Resources determined that the timing of events and the PML's inappropriate behaviors toward the two employees demonstrated that the PML had retaliated against both for their roles in the prior investigation. Functional leadership determined to separate the PML from the firm.

Preventing Retaliation

You are encouraged to seek advice or report concerns without fear of retaliation. Retaliation in any form is contrary to our Values. KPMG prohibits retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the allegation ultimately is not substantiated.

The firm also has a monitoring process designed to protect individuals who disclose their identities when raising their concerns and witnesses who participate in an investigation. The monitoring process tracks key factors, such as employment status, performance evaluations, promotions, and chargeability for these individuals. When negative indicators are identified, additional information is gathered to assess whether the individual may have been subject to retaliation.

Our policy prohibiting retaliation does not exempt anyone from the consequences of his or her improper conduct or prevent the firm from taking disciplinary action when appropriate. The firm encourages self-reporting and, depending on the circumstances, may treat self-reporting as a mitigating factor when assessing disciplinary measures in response to improper conduct.

If you feel you or others have been subjected to retaliation, report your concern. Partners or employees found to have engaged in retaliatory conduct will be subject to discipline, up to and including separation from the firm.

KPMG Non-Retaliation Policy
Questions & Answers

Q: I submit expense reports for a partner I support and believe there are personal expenses mixed in with business expenses. If I question the expenses, she might be angry and provide bad performance feedback about me. What should I do?

A: You should ask the partner about the expenses that seem personal in nature. This could be a simple mistake that is easily corrected. If you are not comfortable doing so, you can raise your concern through another channel of communication. Fear of retaliation should not stop you from questioning someone who could be violating firm policy.

Q: When working on an engagement, I raised questions to the partner about the quality of the deliverable. The senior manager was furious. Now the client has asked us for a proposal for additional work. The senior manager will not let me help with the proposal and does not want me on the engagement if we win the work. I think she is retaliating against me. What should I do?

A: You should talk to the partner and let her know that you would like to continue to work on engagements for this client. You should also share your concerns about retaliation with the partner or your local or area Human Resources representative so the matter can be investigated. Precluding you from remaining on the engagement team merely because you raised concerns about the quality of the work could be a violation of our non-retaliation policy.
Our Commitments

We are committed to:

— Investing in professional development so that our people can reach their full potential
— Helping our people to be objective, ethical, and professional
— Encouraging our people to raise ethical and professional issues without fear of retaliation
— Championing an inclusive and collaborative culture that is free from discrimination and harassment, where everyone is treated with respect and dignity
— Providing a safe and healthy work environment
— Fostering an environment in which work/life balance can be achieved
— Maintaining a just and fair approach to remuneration
Professional Development

Our Promise

Our success is made possible by high quality individuals, many of whom hold professional licenses and certifications. We are committed to ensuring that you receive the support you need to maintain your professional licenses and certifications, build your skills, and expand your professional qualifications. However, it is your responsibility to maintain any professional license or certification you hold and to meet all relevant continuing education requirements.

It Starts with You

— Attend firm-sponsored training events and external conferences to build your business, leadership, and technical skills, and stay up-to-date with trends in your field of practice
— Timely complete all required firm training and take any required exams independently – based on your knowledge and research – without the assistance of others
— Review firm guidance applicable to you and your work when it is released
— Be aware of new rules and requirements enacted by the firm’s and our clients’ regulators
— Consult with firm specialists—like the Audit Quality and Professional Practice Group, Washington National Tax, and Risk Management—Independence—if you have questions
— Be aware of requirements for any new professional licenses or certifications you may obtain, or changes to existing ones, including changes in Continuing Professional Education (CPE) requirements

See Risk Management Manual Chapter 34 for more information on continuing education and licensing. To identify and track your own CPE requirements, see your CPE Profile, and be mindful that compliance with KPMG’s CPE requirements may not satisfy the CPE requirements for each individual license or certification you hold.

Question & Answer

Q: I have multiple CPA licenses. Do I need to maintain all of them?
A: Firm policy requires CPA professionals to maintain an active license in their principal place of business (or home state). It is also recommended that CPA professionals continue to maintain their original license because it can be the anchor to obtain a license by reciprocity in other jurisdictions.

Q: My manager asked me if I would take a required firm training course for him using his credentials because he is worried about missing the deadline to complete it. This doesn’t seem right to me. What should I do?
A: Do not take any required training courses for another individual. Engaging in such behavior is a violation of the Code of Conduct and the firm’s Value of “We act with integrity.” Using another’s credentials is also a violation of the firm’s information technology security policies. The Code of Conduct requires you to report such behavior to one of the firm’s channels of communication. In addition, the firm’s regulators, including state boards of accountancy, and professional associations place various requirements on our professionals to earn CPE credits, and engaging in conduct that falsifies training records not only violates firm policy, but also could result in violations of regulatory and other externally imposed requirements.

CPA Licensing Mobility

Almost all states have enacted CPA mobility legislation which, in general, permits an out-of-state individual with an out-of-state CPA license to perform work for an in-state client without having to get that state’s CPA license. For information on whether you can practice in any one of 55 U.S. jurisdictions with an out-of-state license, consult the Ethics and Compliance Group, Office of General Counsel, or the AICPA’s CPA Mobility Resources Web Page.
Respect and Dignity

Our Promise
We are committed to fostering an environment of inclusion for all our people. By valuing our similarities and differences, we build upon our strengths and enhance our work environment. You should embrace the diversity of our people, their professional insights, and individual perspectives, and always treat others with respect and dignity.

It Starts with You
— Recruit, hire, train, and promote individuals regardless of: race, color, creed, religion, age, sex, national origin, ancestry, citizenship status, marital status, sexual orientation, gender identity or expression, disability, pregnancy, veteran status, genetic information, or other legally protected status

— Make employment decisions based on an individual’s qualifications, experience, and abilities, evaluating performance and promoting qualified individuals in a manner consistent with the firm’s strategic priorities

— Work together to encourage your colleagues, creating respectful, strong, and successful relationships

— Avoid off-color jokes or otherwise inappropriate comments in the office, through social media, while at client sites, or at any other venue when socializing with your colleagues

— Do not make unwanted, inappropriate, or disrespectful sexual advances

— Support the firm’s Inclusion and Diversity Initiatives and encourage others to do the same

See the Equal Employment Opportunity/Sexual and Other Harassment Policy for more information.

Preventing Human Trafficking
KPMG is committed to a work environment that is free from human trafficking, forced labor, and unlawful child labor, and firm policy prohibits any such conduct by its personnel. We expect our clients, subcontractors, outside consultants, and other third-party vendors to abide by the same ethical principles. We also seek to ensure that the firm does not accept products or services from anyone that employs or utilizes human trafficking, forced labor, or other similar prohibited activities.

KPMG’s Prohibition on Human Trafficking
**Questions & Answers**

**Q:** We won an engagement with a multinational company. The client said it wants all individuals who interact with senior management to be men, but I have a female senior manager whom I would like to have serve as the lead senior manager on the engagement. How can I manage the situation?

**A:** Many situations involve balancing our responsibilities to our people and to our clients. A client may ask us to staff engagements in different regions of the world with individuals who are familiar with local language and customs. However, meeting this request must be balanced with our commitment to our people. In this situation, you should discuss with the client how you intend to ensure that overall engagement staffing meets the client’s needs and explain that you will select the individuals you believe are the most qualified. The firm will work with you to manage such situations consistent with our Values, even if it means losing the engagement.

**Q:** While in the kitchen area, I overheard some employees making fun of another employee’s accent and the food she brings to the office. She tried to laugh it off, but I could tell she was visibly upset. I believe this goes against the firm’s Values. Whom should I inform of this behavior?

**A:** Such behavior is not consistent with the firm’s Values and commitment to respect and dignity. It is unprofessional and may constitute harassment. For concerns related to professionalism, harassment, and discrimination, your local or area Human Resources representative may be the best place to start. The Ethics and Compliance Hotline is also always available.

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**Sexual Harassment**

Human Resources received a report alleging that a senior level client employee inappropriately touched two female engagement team members on separate occasions, at times making comments of a sexual nature.

An investigation confirmed that the client employee had engaged in the alleged misconduct. The firm’s functional leadership brought the matter to the client’s attention, and the client terminated the employee.
Safe and Healthy Work Environment

Our Promise
We are dedicated to providing a safe, secure, and drug-free work environment. You should understand and follow KPMG’s safety and security guidelines, both in the office and while traveling. You should be cautious of the effects of alcohol or improper use of medications and must never work while impaired or under the improper influence of drugs.

It Starts with You
— Do not allow strangers into our workplaces
— Follow local office incident or emergency reporting procedures if you see a safety or security concern
— Be aware of and adhere to domestic and international travel advisories, particularly when traveling in high-risk areas
— Be responsible when consuming alcohol at work-related events
— Reach out for help if you have issues with substance abuse

Helpful Resources
Firmwide Security has resources available regarding safety and security in the workplace.

The firm’s international business traveler policies and processes can be found in Risk Management Manual Chapter 23 and additional information can be found on International Business Travelers on the U.S. Portal. Keep in mind that travel to, and work in, a foreign country must comply with all applicable laws and regulations and that early planning will help make your travel a success.

The firm has an Employee Assistance Program, which is a confidential and independent service that provides counseling and referrals, not only for our partners and employees, but also for their immediate family members. Contact Resources for Living at 1-800-388-2833 or online at www.resourcesforliving.com, enter username: KPMG and password: EAP.
Questions & Answers

Q: A coworker has been acting erratically. Today, he made a remark that he was going to hurt someone. I’d like to think that he is joking, but it didn’t sound that way. What should I do?

A: It may not be clear whether someone truly intends to commit a violent act, but if someone threatens to act violently, you should immediately notify your PML, engagement partner, Human Resources manager, security personnel, or the police.

Q: My office has entrances that require a KPMG badge to gain access. This morning, someone I did not recognize was standing by the door waiting to go inside. She followed me into the building when I swiped my badge and the door opened. What should I do?

A: It is important that we know that the people in our buildings are authorized to be there. If someone attempts to follow you into an office or asks to borrow your badge so he or she may enter a building, you should politely direct the individual to the security desk or reception.

Q: Marijuana was recently legalized in my state. Does that affect the firm’s policy on marijuana use?

A: Although certain states have legalized or decriminalized the use of marijuana for personal use, it remains illegal to use or possess it under federal law. Accordingly, the Drug-Free, Alcohol-Free Policy applies to marijuana regardless of whether it is legal in your state, and our overarching policy that an individual may not work while impaired by any drug (legal or illegal) remains in place.

Inappropriate Behavior While on Business Travel

Human Resources received a report alleging that an employee, who was on travel attending firm-sponsored training, had been intoxicated after hours and had caused a disturbance in the hotel. Initially, the employee received a verbal warning for the misconduct. However, two days later, while still at training, the employee was late to class and smelled of alcohol. Functional leadership determined to separate the individual from the firm.
Our Commitments

We are committed to:

— Driving quality by developing and applying appropriate KPMG methodologies and procedures
— Delivering quality service to clients in line with qualifications, experience, professional commitments, and engagement terms
— Addressing challenging situations in the right way by applying professional ethics and consulting with experienced people within KPMG to reach the right conclusions
— Maintaining independence and objectivity and avoiding undue influence
— Accepting the right clients and only those engagements that we can perform consistent with our high quality standards and without conflicts of interest
— Protecting our clients’ confidentiality; only using their information for proper business purposes and never for personal gain
Work Quality

Our Promise

We are committed to delivering quality services—performing our work competently and objectively, with due care and professional skepticism. Your judgments should be free of undue influence and informed by a solid understanding of the applicable laws and standards and your experience.

It Starts with You

— Confirm that you and your team have the right skills and experience to deliver the promised services to your clients

— Foster a culture within your engagement team that encourages open and honest communication

— Supervise the work of others effectively and provide feedback that will enhance the skills of other professionals

— Understand the scope of work assigned to you, the expected time of completion, and the overall scope of the engagement

— Apply firm-approved methodologies and procedures

— Seek guidance to assist you in making the right decision when faced with difficult situations, disagreements, or general uncertainty

— Maintain an appropriate level of professional skepticism and avoid an inclination to explain away issues or accept unfounded assertions

— Continuously monitor new developments in relevant law and standards

— Have a thorough understanding of the professional standards applicable to the engagement on which you are working

Question & Answer

Q: Our engagement team is behind schedule. To meet a deadline, we decided to skip some procedures we originally agreed to perform. I don’t think skipping the procedures will impact our final recommendations, but is this the right thing to do?

A: It is the engagement partner’s responsibility to determine whether to depart from an established work plan. If the decision could affect our ability to provide quality client service, the engagement partner should consult with appropriate partners, determine a course of action, and discuss the recommendation with the client.
Independence

Our Promise
We are dedicated to following the independence standards and will not engage in any behavior—personal or professional—that would result in a real or perceived impairment of our independence. You have a professional responsibility to ensure you do not have any personal, financial, or business relationships that could impact your independence before providing any type of service to any of our Audit, review, or attestation clients or their affiliated entities (collectively, Restricted Entities). You also must be vigilant in ensuring that the services you provide are not prohibited by the independence standards.

It Starts with You
— Understand whether you are a “Member of the Firm” or a “Covered Person,” and how that affects your compliance with independence requirements
— Discuss your independence obligations with non-KPMG people, such as spouses or domestic partners, who may impact your ability to meet your independence obligations
— Review your investments, loans, other financial transactions, and business relationships regularly and before beginning work on a new engagement
— Audit engagement team members must avoid close, personal relationships with individuals at our Audit clients
— Do not enter into any relationship with or provide any services to a Restricted Entity if doing so is prohibited by the independence standards
— Ensure that any new service you develop has been reviewed by Risk Management – Independence
— Report possible independence violations promptly

Questions & Answers

Q: I am an associate and am buying a new home. Can I take out a mortgage from a public bank on whose audit I’m working?

A: No. Professionals providing any type of service to a Restricted Entity are prohibited by the firm’s policies from obtaining a loan from the Restricted Entity they are serving. Additionally, because you are providing audit services to this client, you are a “Covered Person,” and the SEC’s rules also prohibit you from obtaining a loan with this entity.

Q: One of my Advisory clients is asking me whether the firm can provide a certain service to it. The service is one of the non-audit services that the independence rules prohibit providing to an Audit client, but the firm does not audit this client. Can we enter into an engagement to provide the service?

A: Not necessarily. Do not assume, simply because the service is being provided to an entity that KPMG does not audit, that the firm can provide the service. A service might be prohibited because the entity receiving the service is an affiliate of an Audit client. Entities affiliated with a KPMG Audit client are Restricted Entities and will have similar restrictions as the Audit client with which it is affiliated. Before you invest a lot of time building a proposal, you can determine what restrictions are applicable to an entity using Submit Engagement Query in Sentinel, and always remember that work for any client cannot begin until a Sentinel Approval Number (SAN) has been issued.

Restricted Stock Violates Independence Policies

During an independence audit, it was determined that an employee held several restricted securities in violation of the firm’s policies. When instructed to sell them, the employee requested that the shares be “grandfathered in.” He explained: the restricted securities made up a large portion of his portfolio, he had owned them prior to joining KPMG, and selling them would result in large capital gains.

Because his ownership of the restricted securities had independence implications for the firm, the employee’s request was denied. He was instructed to promptly dispose of his restricted securities and to provide proof of sale. The employee failed to do so. Consequently, functional leadership terminated the employee.

Independence Impaired by Contact with Government Officials

During the course of a consultation with Risk Management – Independence, it became clear that the engagement team had been in contact with government officials to advance a client’s position on policy. During the initial review of the service offering, the engagement team was made aware that this particular aspect of the service could not be provided to an SEC-restricted entity because doing so could violate the SEC’s Independence rules. However, through a series of miscommunications and misunderstandings, the prohibited aspect of the service was provided to the Audit client. Although it ultimately was determined that the provision of the service did not compromise KPMG’s ability to be objective and impartial during the conduct of the audit, the misstep was reported to regulators, and the new service had to be unwound—causing damage to the firm’s relationship with the client.
Client and Engagement Acceptance

Our Promise
We are committed to quality growth by managing the specific opportunities and risks presented by every new client and engagement. We protect the firm, and every individual in it, by conducting business only with those engaged in legitimate business activity and only in a manner that will not damage the firm’s reputation or impair our independence. You should carefully identify potential risks, including risks to our independence and conflicts of interest, posed by prospective clients and engagements by completing our client and engagement acceptance process in a diligent and responsible manner.

It Starts with You
— Know the individuals and entities with whom we do business and the restrictions that apply
— Perform the entire client and engagement acceptance process, including any required background investigations, to assess the risk profile of a new client or engagement
— Only start an engagement after a Sentinel Approval Number (SAN) is received and all required steps of the client and engagement acceptance process have been completed
— Use the firm’s standard client engagement letters, master services agreements, and applicable terms and conditions and consult with functional Risk Management and the Office of General Counsel if modifications are requested
— Consult with the Office of Government Affairs or Risk Management if there is any possibility that an engagement could give rise to political risk to the firm
— Reassess risks when changes are made to an engagement’s scope or to a client’s management
— Be alert to conflicts of interest between the firm and our clients, or among different clients, and resolve conflicts identified by our processes before beginning any work

Questions & Answers

Q: A company just terminated its external auditor. The former audit partner is a friend and told me the company has filed for bankruptcy. This could be a lucrative account, but I am hesitant to pursue this company’s business given what I know. What should I do?

A: As you should in any circumstance, perform the entire engagement acceptance process thoroughly and review background and reference-check results closely. You should get the permission of the potential audit client to have discussions with the former auditor as part of the acceptance process.

Q: A client would like us to start work on an engagement, but we haven’t gotten all the necessary approvals yet. Can we start work?

A: No. Before work on an engagement commences, the CLEAS process must be completed, including both Client Acceptance (e.g., SYNC Entity Management, CEAC) and Engagement Acceptance (e.g., Sentinel, CEAC, signed engagement letter). In certain circumstances, expedited approvals may be provided.

Q: A client asked me to do some work that isn’t covered by our engagement letter. It’s not a lot of work, and it’s somewhat related to our original engagement. What should I do?

A: Additional requested work, often called “scope creep,” can be hard to identify because such a request may relate to the work already being performed. However, if a client requests any additional work, inform your engagement manager or engagement partner. For work not covered by the engagement letter, it is likely that an updated Sentinel and a new CEAC request will need to be submitted, and the engagement team will need to consider whether the engagement letter should be amended. For Restricted Entities, the new work must be permitted by the independence standards and all additional services for SEC Restricted Entities will need to be pre-approved by the audit committee.
Confidentiality

Our Promise
Confidential information is any non-public information that comes to your attention as a result of your association with KPMG. All information obtained concerning our clients and prospective clients that is not public is confidential. Personal information about individuals may also be confidential. Protect the confidentiality of the information entrusted to us; share confidential information with other firm partners and employees on a need-to-know basis, and do not disclose confidential information to anyone outside the firm without authorization.

It Starts with You
— Familiarize yourself with the professional standards and firm policies that address confidentiality
— Be alert to client-imposed terms, conditions, or requirements that prohibit the firm from providing client information to third parties (including other KPMG member firms, vendors, and subcontractors) or using it for purposes other than performance of our services for the client
— Only gather from a client the minimum amount of confidential information necessary for the performance of our services for the client
— If confidential information does not need to be retained, preserved, or it is not being kept for other purposes per client agreement, dispose of it by the secure method approved by the firm

See Risk Management Manual Chapter 11 and Information Management Office on the U.S. Portal for more information on confidentiality.

KPMG’s Confidentiality Obligations as a Licensed Accounting Firm
KPMG is a licensed accounting firm and is obligated by law to maintain all non-public information obtained from a client as confidential and may only disclose such information in response to legal process, such as a valid subpoena, or with the express consent of the client. This obligation covers information obtained in providing any service to a client, whether the service is Audit, Tax, or Advisory and is the obligation of all personnel and not just certified public accountants. Disclosure of client confidential information in the absence of valid legal process or express client consent exposes the firm to legal liability.
Insider Trading and Other Investing

KPMG personnel are prohibited from trading on the material non-public information of our clients or any other company. Confidential information you learn about in the course of your job may qualify as material non-public information (or inside information) if it may affect the value of a security and is not generally available to the public. Trading (i.e., buying or selling) in the securities of a client or other company based on such information is a violation of KPMG policy and may violate insider trading laws. Conveying this information to others—or “tipping”—may also violate the law, regardless of whether the tipper purchases or sells the security.

KPMG policy, more broadly, prohibits personnel from trading in the securities of any client they serve regardless of whether they are in possession of material non-public information, and the firm’s independence policies further restrict professionals’ ability to invest in Restricted Entities.

See Risk Management Manual Section 12.7 for more information about investments and KPMG’s Anti-Insider Trading Policy.

Questions & Answers

Q: I have been conducting due diligence on a company my client intends to acquire. Can I buy the stock of the company being acquired before the acquisition is announced?

A: No. Because you know the acquisition is possible, but it is not yet announced to the investing public, you are in possession of material non-public information that could affect the value of the company’s securities. Trading securities on inside information can result in criminal penalties.

Q: While performing an audit of a 401(k) plan, the client provided us with an extract from its human resources system that contains information we do not need to conduct the audit, including Social Security numbers. Should the team be concerned about keeping this information?

A: Yes. The collection and handling of any confidential client information, including personal information, should be avoided whenever possible. If the information is not required to perform our services, we should politely decline to accept it, or, if possible, return it to the client.

Review Emails for Confidential Information

A former professional contacted a current professional to obtain a client CEO’s email address for future business opportunities. When the current professional sent an email to the former professional providing the client CEO’s email address, confidential client information was contained in an email lower in the email string. The client CEO became aware of this email and brought it to the attention of firm leadership. The current professional was disciplined and removed from the engagement.
Doing Business with Governments

Our Promise

We are committed to helping government clients fulfill their public missions. Specific laws, regulations, and rules apply to doing business with government entities, and you should follow those rules carefully because there are serious penalties for violations. Before entering into a contract with the government, consult with the Federal Practice or other appropriate internal resources. When working on a government engagement, engagement leadership should always read the entire contract and ensure that the engagement team complies with its terms.

It Starts with You

— Understand and adhere to all applicable laws, regulations, rules, and contract requirements that apply to you or the engagement, whether KPMG is the prime contractor or a subcontractor
— If you are uncertain about the specific requirements applicable to your work, consult with the engagement partner or Risk Management prior to beginning work
— Be aware of restrictions placed on proposal activity, including potential prohibitions on communications with government representatives before and after the issuance of a request for proposal; seek pre-approval when required
— Do not disclose government client information to non-citizens (within or outside the firm, including member firms) unless authorized
— Understand that U.S. persons are restricted from representing foreign governments in front of U.S. government officials
— Ensure that all time entries, invoices, submissions, and communications with government clients are accurate and complete and comply with any unique contractual requirements
— Comply with all specialized requirements applicable to any security clearance you may have
— Be mindful of post-government employment restrictions that may be applicable to you or those you intend to recruit
— Use the Political Risk and Compliance System (PRACS) to pre-clear any gifts, including but not limited to, meals, promotional items, travel, lodging, and entertainment, for government officials and employees
— Report any suspicion of fraudulent activity related to government contracts

See the Federal Practice Guide and Federal on the U.S. Portal for more information on doing business with the U.S. Federal Government.
Questions & Answers

Q: A federal government employee is interested in working at KPMG. Can I discuss potential job positions with her?

A: Conflicts of interest may arise in the recruiting and hiring of a government candidate. Before any KPMG personnel may have meaningful employment discussions with a government candidate, they must contact the appropriate Human Resources representative, as noted in the firm’s Recruiting and Hiring Government Candidates section of the Hiring Policy.

Q: I provide Advisory services to a government client who wants to discuss expanding the scope of our project. May I take her to dinner to discuss the scope expansion?

A: Normal client entertainment allowable in the private sector might violate more stringent limitations for government employees, which are designed to eliminate the perception of undue influence. Prior to providing anything of value to a government official or employee, including meals or nominal gifts, contact the Office of Government Affairs and seek pre-clearance via the Political Risk and Compliance System (PRACS).

Q: I am required to travel for my government engagement. There are limited hotel and flight options, and the costs associated with the available options exceed the amounts specified in the contract. May I invoice the government client for the hotel and flight costs?

A: No. Unless formal approval is granted by the “contracting officer” (a designated government official with authority for the specific contract), only expenses that conform to the contractual provisions for the engagement may be invoiced to a government client.
Known or Suspected Illegal Acts by Clients

Our Promise
We are committed to acting lawfully and ethically and to encouraging this behavior in others. If you become aware of activities by a client that are potentially illegal or may raise ethical issues, you should raise your concerns.

It Starts with You

— Promptly advise the engagement partner of any alleged illegal acts committed by clients that you learn of or suspect during an engagement (including acts alleged by third parties such as regulatory agencies or whistleblowers)

— Although it is not your role to search proactively for potential misconduct by clients beyond what is required by our professional responsibilities, be alert to conduct that appears to be designed with the intent to deceive others, explanations that lack substance, or unusual payments or relationships that may indicate bribes, kickbacks, or money laundering

— Be aware of the legal issues that relate to your area of practice and the industry in which you work to enhance your ability to recognize potentially illegal acts

— Maintain professional skepticism and objectivity with respect to both new and long-standing client relationships

See Risk Management Manual Chapter 25 for more information about known or suspected noncompliance with law and regulations, including illegal acts.

Potential Illegal Act Red Flags:

— Any information regarding potentially illegal behavior by a client, including news reports or other external sources

— Requests from a client for advice about the legality of a particular act or decision

— Transactions that appear designed to conceal the source of income or involve locations or entities that lack a connection to the business activities of a client or business partner

— Third-party payments designed to avoid reporting requirements or those made on behalf of a client or business partner by an unknown entity or individual
Questions & Answers

Q: I am the Audit engagement manager for a small non-public company. My client received a grand jury subpoena seeking information about payments to one of its vendors. The client assured me the subpoena is not directed at it, but at the vendor. What should I do?

A: Promptly inform your engagement partner, who will follow the reporting protocols set out in Risk Management Manual Chapter 25. Escalating the concern allows KPMG to adequately evaluate the subpoena and consider whether it suggests the client has engaged in an illegal act.

Q: I am working on an engagement for a multinational client. The client has asked that KPMG pay the invoices of certain third parties who also are providing services to the client. The client said we can put the costs associated with the third-party payments into our bills to it. Is this OK?

A: No. This could indicate that the client is attempting to conceal that it is making payments to these third parties, which raises concerns that the payments are not appropriate. You should inform the engagement partner, who will follow the reporting protocols set out in Risk Management Manual Chapter 25.
Our Commitments

We are committed to:

— Teaming with other businesses and with charitable organizations to create stronger communities

— Enhancing the role of the accounting profession and building trust in the global capital markets

— Acting lawfully and, as a responsible corporate citizen, following high principles of ethical conduct around the world

— Promoting our services honestly and competing fairly

— Working with clients, vendors, and subcontractors that live up to KPMG’s core ethical standards

— Prohibiting bribery and corruption by our people and not tolerating illegal or unethical behavior by clients, vendors, or public officials
Building Strong Communities

Our Promise

We are committed to living our Values by building a culture of corporate citizenship and creating opportunities for our people to impact their communities. Although KPMG values investment, volunteerism, and service in all areas, we are especially committed to education and lifelong learning because they are central to building strong communities and economies. We enable all of our people to take action and fuel their passion for the greater good.

It Starts with You

— Participate in your local office’s volunteer and community activities, contribute to the firm’s Community Giving Campaign, or make a donation to your alma mater
— Seek to reduce your and the firm’s environmental impact wherever possible
— Obtain the appropriate approvals before accepting high-profile community service roles or becoming an officer or director of a charitable or community organization
— Avoid pressuring colleagues, clients, or others to participate in charitable giving programs or volunteer activities

See KPMG’s Corporate Citizenship Report for more information on KPMG’s corporate responsibility activities.

Questions & Answers

Q: I am on the board of directors of a local charitable foundation. Last month, management informed the board that the foundation will retain KPMG to audit its financial statements. Can I maintain my position on the board?

A: No. This organization will become a Restricted Entity once KPMG is retained. Therefore, you may only accept a position if it is clearly honorary. Further, you cannot vote or otherwise participate in board or management functions. You should consult with your Professional Practice Partner or Risk Management – Independence regarding this matter.

Q: I received an email from a campus relationship partner recommending I make a donation of a specified amount to the university I attended. Do I have to make a donation?

A: No. Although we encourage you to make personal donations to your former academic institutions, and even have a program to match specific gifts to certain institutions, you are free to make a donation of whatever amount, or not make a donation, as you so choose.

Q: I want to use Volunteer Time Release Program (VTR) hours to volunteer for an organization I am personally committed to. Is this permissible?

A: All full-time and part-time employees who are benefits eligible, in good standing, and have approval from their PMLs are eligible to use VTR hours. VTR hours are not only for firm-sponsored volunteer activities and may be used for volunteer activities performed for other IRS Code Section 501(c)(3) organizations. If you are unsure if an organization meets this requirement, contact the organization itself, your local Human Resources representative, or your local Involve Coordinator.
Political Activities

Our Promise
We are committed to being engaged in our political process and supporting our people in doing the same. Because KPMG is a government contractor and participates in the political process on its own behalf, the firm’s and our partners’ and employees’ political activities may be restricted. You should understand these restrictions before engaging in any political activity on behalf of the firm or in your personal life.

It Starts with You
— Where required by policy, consult with the Office of Government Affairs before communicating with any government official on behalf of KPMG, a client, or a potential client
— Obtain approval from the Office of Government Affairs before hiring any outside consultants to communicate with government officials on behalf of the firm, a client, or a potential client
— Do not make any political contribution (monetary or in kind) on behalf of the firm without obtaining approval from the Office of Government Affairs
— Ensure that you comply with state and local “pay-to-play” laws, which may restrict your or your family members’ personal political contributions to state and local candidates or officials, by preclearing or reporting political contributions in the Political Risk and Compliance System (PRACS)
— Contact the Office of Government Affairs if you are thinking about running for political office, accepting a political appointment, or taking a similar government role

See Risk Management Manual Chapter 14 for more information on interaction with public officials and candidates and on other political activities.
Questions & Answers

Q: I have been approached by a U.S.-based non-Audit client to draft a response to proposed tax legislation and then arrange and attend meetings with legislators and staff in an effort to have the proposed legislation changed. Can the firm enter into such an engagement?

A: Such work likely is considered legislative lobbying, and you should consult with and seek the approval of Risk Management and the Office of Government Affairs before entering into it. Depending on the specific jurisdiction in which the work would take place, this engagement may require the firm and certain of its personnel to register as lobbyists for this client.

Q: A friend is involved in a political campaign and invited me to a “meet-the-candidate” event. While I was there, I was asked if KPMG could make a donation. Can I make a donation on behalf of the firm?

A: No. You cannot make a political donation on behalf of the firm. When making personal political donations, you should be clear that the donation is being made on a personal level and from personal funds and not suggest that the donation is on behalf of KPMG. If the contribution is being made to a state or local official, you also should use the Political Risk and Compliance System (PRACS) to determine if you must first preclear the contribution or report it to the Office of Government Affairs.

Q: A campaign contacted a partner at my local office to see whether it could use the office telephones over the weekend to contact voters. Is this permissible?

A: No. The use of telephones and our office space constitutes an in-kind political donation made on behalf of the firm. No political donations may be made on KPMG’s behalf without the prior approval of the Office of Government Affairs.

Are Business Development Meetings Lobbying?

A participant in a meeting with state government officials contacted the Office of Government Affairs after recognizing that the meeting may have encompassed lobbying activities. After it was confirmed that engagement team personnel met with state officials for the purpose of discussing potential business opportunities with that state, practice leaders determined the firm should not bid on several contracts with the state government to ensure there would not be even the appearance of a conflict of interest. For their failure to get pre-approval of their interactions as required by Risk Management Manual Section 14.9, sanctions ranging from a written reprimand to financial penalties were imposed on engagement team members, depending on their roles and level of involvement.
Ethical Marketing and Fair Competition

Our Promise
We are committed to promoting services honestly and competing fairly. You should avoid statements that may be misleading or promise results that you are unable to deliver. You also should not engage in behavior that undermines free and fair marketplace competition.

It Starts with You
— Seek information about clients and competitors through fair and honest means
— Differentiate KPMG from its competitors based only on factual and accurate comparisons
— Represent your and your teams’ qualifications or experience accurately
— Adhere to contractual agreements, such as noncompete agreements, you may have with a prior employer
— Refrain from proposing exclusive reciprocal (quid pro quo) business arrangements with clients or vendors without consulting the Office of General Counsel
— Follow our U.S. Brand Governance Policy when preparing proposals

See Risk Management Manual Chapter 35 for more information on advertising, marketing, and external communications.

Antitrust Laws
U.S. antitrust laws are a key tool in promoting business competition and maximizing consumer welfare. They are designed to ensure that competition is fair—between businesses and for the consumer. Be alert to discussions with KPMG competitors regarding:
— Pricing, profitability, or billing terms and conditions
— Sales and marketing plans
— A bid or intent to bid on a contract
— Agreements to divide clients by geography, industry, or type of work
— Vendor terms and conditions
— Recruiting, retention, or compensation plans

Agreements on these and other matters that could affect the marketplace may violate the antitrust laws. Prohibited agreements may be oral or written; formal or informal; and could encompass individual engagements, people, processes, or firmwide initiatives or strategies.
Questions & Answers

Q: I am often asked to help write business proposals to potential clients. A partner asked me to draft a qualifications statement and include several resumes of highly qualified individuals. However, I believe these individuals are not available to work on the engagement if we win it. Should I include these resumes?

A: Not without first discussing your concerns with the partner. The resumes should be added only if it is clear in the proposal that the individuals will not be working directly on the engagement. To include their resumes without an honest description of their roles could be misleading to the potential client. Also, if the individuals are not aware that their resumes are being used in your proposal, you should ensure that they are properly informed.

Q: I had lunch with a competitor. We recognized that, in our market, KPMG has a stronger client base in financial services, while his firm tends to focus on retail companies. He proposed that, in the future, I should only go after banking clients and he would only pursue retailers. This may be beneficial to both our firms. Can we do this?

A: No. This would be an inappropriate agreement to allocate market share and could have the adverse effect of restricting competition. Significant criminal penalties are attached to these types of agreements, which violate the antitrust laws, and you should not be involved in such discussions with a competitor. If a competitor makes such a proposal to you, disengage from the conversation and promptly contact the Office of General Counsel.

Q: I have often heard my manager say to potential clients that our competitors “don’t know what they’re doing,” and that there is a “rumor” their clients are dissatisfied. Is this an acceptable way to win business?

A: No. Practice-building efforts should never be tainted by unsubstantiated rumors and innuendo about KPMG’s competitors. Instead of making disparaging statements, your manager should decline to pass judgment on our competitors and talk instead about the positive attributes of our knowledge and resources.
Guarding Against Bribery and Corruption

Our Promise

We are committed to conducting business fairly and ethically and avoiding even the perception that KPMG would offer a bribe to obtain an advantage. Bribery entails offering anything of value to influence a person in a position of trust. It does not have to involve money and can be a gift or favor. You should never offer anything of value to influence the decision of a person acting on behalf of another organization, and you should never accept anything of value from a person attempting to influence your professional judgment or decision making.

Many countries have anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act in the United States, that prohibit bribes to government officials. You should never offer anything of value to influence the decision of any government representative.

It Starts with You

— Never offer anything of value to anyone for the purpose of influencing the person's judgment or which could be perceived as attempting to influence the person's judgment
— Report any attempt by a client or third party to influence you by offering something of value
— Ensure that due diligence is performed on agents and others who interact with government officials on behalf of KPMG
— Do not give cash or cash equivalents (e.g., gift cards) to clients, vendors, or government officials
— Remember that KPMG prohibits facilitation payments or payments to government officials to expedite routine administrative action (even if they are only simple gratuities)
— Be alert to unusual payments, refunds, or relationships that may represent bribes, kickbacks, or money laundering

See Risk Management Manual Chapter 25 for more information regarding KPMG’s prohibitions against involvement in bribery and facilitation payments.

Remember that a bribe does not have to be successful or accepted to be illegal and a bribe does not have to be cash. Bribery encompasses not only offers of value to influence government and other public officials, but also offers of value, such as vendor gifts and entertainment, intended to influence private sector employees to obtain or retain business. Even the perception by others that something is a bribe is likely to damage KPMG’s reputation. Examples of conduct to be avoided are:

— Attempts to have KPMG work with specific parties with whom someone has a “special relationship”
— Payments from others to obtain a benefit from the firm or its clients
— Attending social events with clients or vendors when such situations reasonably could be perceived as affecting your professional decision making.
Gifts and Entertainment

In many instances, offering or receiving gifts or entertainment is an acceptable way of maintaining good relations with clients, vendors, and other parties with whom KPMG does business. However, depending on their value, frequency, and other factors, gifts and entertainment can create the appearance of bribery or corruption or otherwise violate independence obligations, the recipient’s policies, and applicable laws. The firm’s limit for gifts is $100 and $250 for entertainment (in the presence of the provider). Gifts and entertainment that exceed firm policy limits must be approved in advance by the functional Vice Chair or his/her designee. Gifts and entertainment provided to public officials and employees (federal, state, local, or foreign) are subject to very strict limitations and must be pre-approved by the Office of Government Affairs.

See the Gift and Entertainment Policies for more information.

Questions & Answers

Q: We just finished an engagement for a state agency. I would like to distribute KPMG coffee mugs to the agency staff with whom we worked closely. Is this allowed?

A: It depends. Although giving gifts of nominal value (e.g., pens, coffee mugs, umbrellas) to a state agency staff may be permitted in some circumstances, individual state laws vary widely on this topic. Consult with the Office of Government Affairs before giving a gift of even nominal value to an employee of a government agency by pre-clearing the gift through the Political Risk and Compliance System (PRACS).

Q: A government client approached me with a relative’s resume, asking if there might be a job opportunity at KPMG. Can I accept the resume?

A: Not necessarily. Although there is no absolute prohibition on hiring in this situation, depending on the facts and circumstances, helping the relative obtain employment at KPMG could be considered an illegal gift, bribe, or other unlawful act. You should consult with the Office of Government Affairs. If this is a situation where KPMG can consider the candidate, it will be important to make sure to follow KPMG’s normal hiring protocol.

Q: I received a gift I cannot use. It has no value to me, and I would like to give it to a client. Is it still a gift if I paid nothing for it?

A: Yes. Even if you did not pay anything out of pocket, it still is a gift. It has value or you wouldn’t give it.
Our Commitments

We are committed to:

— Keeping assets and resources safe and using them only for appropriate business purposes

— Being honest, maintaining accurate books and records, and using the firm’s and our clients’ resources responsibly

— Being loyal and avoiding personal pursuits that are in conflict with our duties to the firm and its professionals

— Interacting transparently with our regulators and government officials

— Striving at all times to protect and enhance KPMG’s brand and reputation by avoiding actions that would discredit the firm
Safeguarding Information and Technology Assets

Our Promise
We are committed to safeguarding our information technology resources and the confidentiality of the information that resides in those resources. You are responsible for caring for the resources in your control.

It Starts with You
— Adhere to the Acceptable Use Policy when using information technology assets
— Use only firm-approved devices and technologies to conduct firm business and do not store or process confidential information on unapproved computers or storage devices (e.g., personal computers)
— Do not transmit confidential firm, personnel, or client information to unauthorized recipients and do not use personal email (e.g., GMAIL, YAHOO, or HOTMAIL) to send, receive, or store such information
— Secure your laptop, mobile devices, other data storage devices, and documents
— Protect your login credentials (e.g., user IDs, passwords, tokens) and do not use another person’s login credentials
— Use the Internet responsibly by accessing only those sites that contain content appropriate for the workplace
— Do not download or install unauthorized programs and other content onto firm-issued devices
— Be alert to scams that are designed to manipulate you into divulging sensitive information, such as phishing (malicious emails attempting to trick you into providing information) and similar schemes using phone or text messages
— Immediately report actual or potential losses of information technology resources containing firm or client data, including laptops, mobile devices, and data storage devices, to the National Support Center – 1-800-KPMG-HELP

See Risk Management Manual Chapter 40 and Chapter 41 for more information regarding protecting electronic information, information technology resources, and electronic communications.

Sending Client Confidential Information (CCI) to a Personal Email Account
An investigation determined that an employee transmitted unencrypted CCI between her KPMG and personal email accounts to expedite her work. She claimed that she was not aware that Risk Management Manual Section 41.3.2.3 prohibits the use of a personal email account to transmit client data. Functional leadership determined that the employee receive a written reprimand, training, and a reduction to variable compensation.
Intellectual Property

Our Promise

Our “intellectual capital” (the skills, knowledge, and experience of our partners and employees) and “intellectual assets” (copyrights, patents, and trademarks), collectively known as KPMG’s “intellectual property,” drive our success in the marketplace. We are committed to protecting our intellectual property and respecting the intellectual property rights of others. You should use the firm’s and others’ intellectual property carefully and responsibly.

It Starts with You

— Use KPMG’s intellectual property for work-related purposes only
— Limit access to KPMG’s intellectual property to partners and employees who require it to perform legitimate KPMG-authorized duties and to authorized external parties
— Do not use or share a client’s or third party’s intellectual property (including logos) without permission
— Do not use confidential or proprietary information belonging to a former employer


Respecting the Intellectual Property of Others

Just as it is critical to protect KPMG’s intellectual property, it is equally important to respect the intellectual property of others. Respecting others’ intellectual property means not using copyrighted or proprietary materials (e.g., graphics or literature) outside their terms of use, always citing references appropriately, and verifying at beginning stages of significant product development or other projects that you are not infringing on someone else’s patent or copyright.
Questions & Answers

Q: My client is updating its finance and accounting policies, and I was asked to provide sample policies. I just rolled off a similar engagement and have a copy of my prior client’s policies. If I remove references to the prior client’s name in the document, can I provide the policies to the new client?

A: No. Clients expect us to maintain the confidentiality of the documents we receive from them on engagements. Even though we leverage our personal experience from prior engagements, we have a responsibility to protect KPMG’s intellectual property and the intellectual property of our clients.

Q: While at my former firm, I developed a tool I would like to adapt for use on a client engagement at KPMG. This would be more efficient than “starting from scratch.” May I do this?

A: Probably not. You should consult with the Office of General Counsel because, even though you developed the tool, it most likely belongs to your former employer, and you have no right to use it. Although you may be changing it by adapting it to a new situation, if you don’t have the rights to the underlying work, you probably don’t have the right to make a “derivative work.”

Copyright Violations on a Firm Collaboration Tool

Over a one-year period, the firm’s monitoring of its collaboration tool revealed that a professional had posted a client’s copyrighted images on several occasions, in violation of firm policies regarding intellectual property. After each incident, the employee was notified of the violations and reminded about how to identify copyrighted material. However, when the behavior continued after these warnings, the matter was escalated to the firm’s Chief Compliance Officer. Because the individual had multiple violations, some of which were committed after he had received warnings, the employee’s functional leadership decided to separate him from the firm.
Honest Dealing and Accurate Reporting

Our Promise
We are committed to reflecting our work and our expenses honestly, using our and our clients’ resources responsibly, and ensuring the accurate accounting and reporting of information pertaining to the firm’s business and financial results. You have a personal responsibility to use firm and client resources thoughtfully and conscientiously and to report all time worked and expenses incurred accurately.

It Starts with You
— Be alert to pressure to refrain from charging all of your time worked, to charge your time to an improper code, or to charge time for work not performed
— Be aware that submitting personal expenses to the firm for reimbursement as business expenses is fraud and will result in discipline
— Be prudent when incurring expenses and take personal responsibility for ensuring that they are reasonable and comply with firm policies and guidelines
— Maintain accurate business information, including engagement documents and deliverables, payroll records, and performance evaluations
— Carefully evaluate transactions or business relationships involving the firm that appear to be overly complex, lack substance or business purpose, or result in significant end of cycle financial impacts

For more details, see the firm’s Time Charging (Exempt Employee Policy and Non-Exempt Employee Policy) and Expense Policies.
Questions & Answers

Q: When recording my time, I am required to enter a location code. Should I enter the location of my office or where the work is performed?

A: You should enter the location code of the location where the work is performed. This mandatory field is necessary for the firm to comply with requirements imposed by state and local tax authorities, which base taxation on the jurisdiction in which the work was performed.

Q: We just finished a large engagement, and I would like to have a dinner for the team. Is this appropriate?

A: The decision to have a sign-off or post-engagement party rests with the engagement partner. The cost of the dinner should not be extravagant and the location should always be in good taste.

Q: My engagement manager reviewed my time charging for last week and told me to move some of my hours from the client project number to an administrative code. What should I do?

A: You should code your hours to the proper engagement number. If asked to move hours or undercharge actual hours worked, you should discuss the request with the engagement manager, engagement partner, or another appropriate channel of communication.

Personal Expenses Should Not Be Submitted as Business Expenses

A routine review of expenses identified a professional who had expensed a large number of grocery store charges. An investigation found that, over an approximately 16-month period, the professional had submitted for reimbursement nearly 200 “meals” from grocery stores while traveling, totaling over $15,000. The receipts included numerous items that were unlikely to be consumed during travel, such as unprepared foods, soap, insulated freezer bags, and a coffee maker. The individual was separated from the firm.

Time Must Be Charged Accurately

It was reported that an invoice sent to a client was inconsistent with the related Work in Progress (WIP) report. An investigation found that a professional had repeatedly billed for hours exceeding those recorded on the WIP report.

Although the firm’s clients were not over-billed, the professional’s conduct amounted to a sustained pattern of unacceptable billing practices and engagement contract management that was inconsistent with firm policy. As a consequence, the professional was separated from the firm.
Loyalty to the Firm and Its People

Our Promise
We are committed to acting in furtherance of the best interests of the firm and its professionals. You are expected to avoid personal interests that conflict with those of the firm or negatively impact its people.

It Starts with You
— Consult the firm’s Outside Employment Policy before accepting compensation for employment or providing professional services to outside organizations or individuals
— Report any romantic or familial relationships you have with others at the firm, as required in the Conflicts of Interest Policy, and avoid such relationships with anyone in your reporting line
— Involve the firm in business relationships that meet legitimate business needs, irrespective of whether you have personal relationships with vendors, subcontractors, or others

See the Conflicts of Interest, Nepotism, and Outside Employment Policies for more information.

Outside Employment
KPMG’s Outside Employment Policy prohibits firm personnel from providing professional services to third parties other than on behalf of the firm, whether compensated or uncompensated. Professional services are defined broadly and include all types of Audit, Tax, and Advisory work, even if such services are not currently being provided by the firm to its clients. These outside activities can create conflicts of interest, including opposing work priorities and loyalties, as well as legal risks to the firm. Also, it places the professional in a position of competing with the firm when the same services are offered. Variances may be permitted in limited circumstances, and requests for a variance should be submitted to Human Resources.
Questions & Answers

Q: We need to hire an outside vendor because the firm does not have individuals with the skills to perform certain necessary tasks. My cousin owns an employment agency that has individuals with the exact skills needed. Can we contract with my cousin’s agency?

A: Maybe, but you must not make the decision because that could constitute a conflict of interest. Instead, you must disclose the personal relationship to Human Resources, and if an engagement is impacted, should disclose it to the engagement partner. The decision whether to use your cousin’s agency must be made by responsible decision makers who have no personal interest in the matter.

Q: Prior to joining KPMG, I prepared my parents’ individual income tax return. Can I continue to do that now that I’m employed at the firm?

A: Yes, under certain circumstances. The firm’s Outside Employment Policy contains an exception that permits an individual to prepare the individual income tax returns of five or fewer friends or relatives without compensation so long as none of the individuals involved are current or former clients of the firm. In addition, the returns may not be prepared with the use of firm resources, including firm software.

Running an Accounting Practice Outside the Firm

An investigation confirmed that an individual had been operating a for-profit outside accounting business, which included his own engagement letters and leased office space. The findings were discussed with the individual’s functional leadership, who determined that the individual should be separated from the firm.

Conflicts Arising from a Romantic Relationship

An investigation determined that two individuals—a one of whom was directly reporting to the other—were involved in a romantic relationship that had not been disclosed as required by the firm’s Conflicts of Interest Policy. These individuals were not truthful during the course of the investigation—first denying the relationship and later admitting it, but claiming that it had ended, when in fact it had not. The senior professional was separated from the firm, and the junior professional received a written reprimand and a performance review rating that was negatively impacted.
Responding to Regulatory and Other Legal Proceedings

Our Promise
We are committed to cooperating with governments and agencies in their investigations and complying with valid requests for documents and information in legal proceedings. You should comply fully with document preservation notices (which apply in situations involving actual or potential litigation, regulatory investigations, and other situations in which the firm may have a legal obligation to preserve information) and our document retention policies (which apply in the absence of legal proceedings).

It Starts with You
— Please contact the Office of General Counsel if you learn of potential litigation, an investigation, or other government inquiry relating to services the firm has provided to a client or if you receive an external request for access to documents or information
— Preserve and retain all documents relating to issues in a lawsuit or government investigation in accordance with instructions provided by the Office of General Counsel
— Avoid making changes to or destroying any document that is the subject of a document preservation notice or to making changes to your computer (e.g., reformating the hard drive or having a new operating system installed) when you may be subject to a document preservation notice, without first notifying and consulting the Office of General Counsel
— Cooperate with the firm’s outside legal counsel in any efforts to collect documents and do not discuss testimony to be provided in connection with legal proceedings with anyone other than the Office of General Counsel and outside legal counsel for the firm, unless advised otherwise by counsel
— Provide truthful and honest statements when speaking with the Office of General Counsel or outside legal counsel and when providing testimony or interacting with government investigators

Contact by Governmental Investigators or Law Enforcement Personnel

Usually, governmental investigators or law enforcement personnel seeking information regarding our clients and the services we have provided them will serve legal process upon the firm. It is our policy to cooperate with such investigations. But, it is possible that you may be contacted directly by a governmental investigator or law enforcement personnel, including at your home, regarding your work at KPMG. You have the right to speak to them without involving the Office of General Counsel, but keep in mind the legal obligation of confidentiality to which you and the firm are subject. You may, but are not required to, seek legal guidance from the Office of General Counsel regarding your legal rights and obligations. If you choose not to contact the Office of General Counsel, you may want to consider retaining your own counsel to advise you. In either event, you have the right to be represented by counsel when speaking with or being interviewed by governmental investigators or law enforcement personnel, and you are within your rights to defer any conversation or interview so that you may contact counsel for advice and representation.

Questions & Answers

Q: An attorney from the Office of General Counsel contacted me about a document collection notice for one of my clients. I’ve provided all of the responsive documents on my laptop to the attorney. I may have some hard copy documents or electronic documents saved to mobile devices or in an email account, but I’m almost positive they are copies of documents I have on my laptop. Do I need to do anything?

A: Yes. You need to advise the attorney of all documents that you may have in your possession that could be subject to the collection notice, whether electronically stored on a device or in an email account or kept as hard copy documents, so those documents can be located, collected, and reviewed. The documents may be different versions of documents on your laptop, have handwritten notations on them, or have different time stamps.

Q: My client told me it received an inquiry from the SEC about an Advisory engagement I worked on, but it hasn’t received anything in writing yet and does not think it is going to be a big deal. Do I need to do anything?

A: Yes. You need to advise the Office of General Counsel that your client received an inquiry from the SEC and provide as much detail as possible about the conversation. The disclosure to KPMG that the SEC has made an inquiry to the client may trigger the firm’s preservation protocols and result in issuance of a document preservation notice.

Q: A client and its counsel have asked me to voluntarily appear at an arbitration proceeding and testify as a fact witness, or alternatively to provide a declaration, about work I performed on a client engagement. Since there is no subpoena or legal process served, do I need to involve the Office of General Counsel?

A: Yes. Whether you are subpoenaed or appearing voluntarily as a witness, you need to contact the Office of General Counsel. There may be legal and professional issues associated with providing testimony, depending on the circumstances and subject matter of the testimony sought, including whether it could be seen as offering a professional opinion requiring a license or accreditation. It also may create an independence impairment. The Office of General Counsel will work with you to respond to the client’s counsel and prepare for any necessary testimony.
Media and Public Relations

Our Promise

We are committed to open and honest communications and to protecting the firm’s brand. When speaking publicly or publishing documents externally, you should provide information that is truthful and consistent with our policies, particularly those regarding quality and confidentiality.

It Starts with You

— Do not personally comment on any aspect of KPMG or its clients to the media; if you receive an inquiry from the media, immediately report it to Corporate Communications
— Obtain appropriate approvals prior to publishing articles or giving external presentations
— Refrain from providing testimonials or endorsements for individuals or other organizations
— Follow the U.S. Brand Governance Policy when developing KPMG-branded materials
— Provide truthful and honest statements, based on non-confidential information, when discussing your work in public, and be careful not to represent your own opinion as the firm’s

See Risk Management Manual Chapter 35 for more information on advertising, marketing, and external communications.

Using Social Media

Social media is a useful tool to raise awareness of the broad array of services offered by the firm and enhance our brand. When posting to social media, remember that certain laws, professional standards, and firm policies apply, including those relating to firm and client confidentiality. For more information, visit the Social Media Resource Center on the U.S. Portal.

Questions & Answers

Q: When can I speak to a reporter who is looking for the firm’s point of view on an industry issue or news event?

A: All media contact should be coordinated with Corporate Communications. If you are contacted by any member of the media, politely decline to offer comments until after you have conferred with Corporate Communications. And, if you are attending an event, such as an industry or client conference, where media will likely be present, you should consult with Corporate Communications beforehand to determine appropriate responses to any inquiries.

Q: What information about my job or the firm can I post to my personal social media accounts, such as LinkedIn, Facebook, YouTube, and others?

A: If you identify yourself as a KPMG partner or employee, you should be honest about your relationship with KPMG and conscious of how your posts will be perceived and how they will affect your reputation and the KPMG brand. Always be professional and avoid unsupported opinions or conjecture. It also is important that information you share through social media is not perceived as an official KPMG position, rather than your own.
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Feedback

We welcome comments and suggestions for improving our Code. If you think something is missing or can be improved, please let us know at US-eandc@kpmg.com