

OUR PROMISE OF PROFESSIONALISM

KPMG's Code of Conduct

kpmg.com



KPMG

cutting through complexity

KPMG'S CODE OF CONDUCT sets forth our core values, shared responsibilities, global commitments, and promises. Additionally, the Code provides you with 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. Please review the entire Code. As a part of the annual confirmation process, you will be asked to confirm in writing that you have reviewed the Code, and understand and agree to adhere to our core values, shared responsibilities, global commitments, and promises.

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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 July 9, 2008 (updated July 2015, September 3, 2015). 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



At KPMG, we are proud of our commitment to ethics and integrity, and the way we have embedded our core values and ethical decision making into all aspects of our business.

THANKS TO THE DEDICATION OF OUR PEOPLE, we have built an ethics and compliance program that is a model for the profession.

Our Code of Conduct is the cornerstone of our ethics and compliance program. It helps us to articulate our standards of behavior, as we approach our work with professionalism and integrity. Everyone at KPMG is expected to do the right thing, in the right way. This approach directly contributes to the success of our strategic priorities, as we look to grow our business by working with companies that share our values and by recruiting and retaining employees who take pride in the positive contributions they make to our ethical culture.

Our culture is built on the principle that every individual must take personal responsibility for ethics and compliance. As individuals, we take ownership, stay informed, lead by example, consult with others, stand firm, and raise our hands when we see something that is inconsistent with our values or professional responsibilities.

Those who manage others act as role models, enhance understanding, set appropriate goals, and are responsive, responsible, fair, and accountable.

Guided by our core values and compliance with applicable laws, regulations, and professional standards, we continue to pursue ways to strengthen KPMG's ethical culture. It is important that every one of us feels comfortable raising concerns and identifying potential issues, and we offer many channels of communication to seek guidance and report concerns. At KPMG, we do not tolerate retaliation against anyone who raises a concern in good faith, and we are proud of our proactive efforts to prevent it through our robust retaliation monitoring program.

Both the firm and the profession expect a lot of you, but remember that you have the full support of firm leadership. Thank you for the great work you do every day and for your continuing commitment to acting with integrity.



Our Code and Our Commitment

Sven Erik Holmes

VICE CHAIRMAN – LEGAL, RISK AND REGULATORY

KPMG’s goal is to have an ethics and compliance program that is a model for our profession. To achieve this goal, we must ensure that every individual feels personally responsible for fulfilling the firm’s Promise of Professionalism by doing the right thing in the right way for our people, for our clients, and for the capital markets we serve.

Our Code of Conduct is your first resource for knowing how best to fulfill your personal responsibility to understand and follow our core values. The Code applies to every partner and employee of the firm, regardless of title, stature, or tenure. Every person, upon joining the firm and annually thereafter, must confirm in writing that he or she has reviewed the Code, and understands and agrees to adhere to our core values, shared responsibilities, global commitments, and promises.

Our commitment to integrity also extends to vendors who conduct business with KPMG. They should read and understand our Code, and they are expected to follow our Code when working with us.

Our Code follows KPMG International’s Global Code of Conduct, allowing for the consistent application of high ethical principles around the world. The core values reflected in our Code are the same commitments and principles that all KPMG member firms follow.

To assist you in better understanding how our core values affect your work at KPMG, each topical section of the Code provides you with a general standard (“Our Promise”), examples of the firm’s expectations (“It Starts with You”), situations that may require particular attention (“Be Alert To”), and illustrative questions and answers. We recognize that, at times, you may be faced with difficult decisions that require more detailed guidance than our Code can provide. That is why our Code provides you with information in the “Additional Guidance” and “Channels of Communication” sections to assist you in making determinations based on the particular facts and circumstances that you encounter every day.

Only you can ensure that the firm will continue to deliver on its Promise of Professionalism and achieve its goal of a model ethics and compliance program. It starts with you. Following our Code is the first and most important step in that process.

Our Core Values and Global Code

THE GLOBAL CODE OF CONDUCT

Based on KPMG's Core 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.

KPMG's Core Values define who we are, what we do, and how we do it. They define our culture and our commitment to the highest principles of personal and professional conduct. They also represent how our people relate to each other, what we expect of our clients and vendors, and what others should expect of us.



WE LEAD BY EXAMPLE—at all levels acting in a way that exemplifies what we expect of each other and our member firms' clients.



WE WORK TOGETHER—bringing out the best in each other and creating strong and successful working relationships.



WE RESPECT THE INDIVIDUAL—respecting people for who they are and for their knowledge, skills, and experience as individuals and team members.



WE SEEK THE FACTS AND PROVIDE INSIGHT—challenging assumptions, pursuing facts, and strengthening our reputation as trusted and objective business advisers.



WE ARE OPEN AND HONEST IN OUR COMMUNICATION—sharing information, insight, and advice frequently and constructively, and managing tough situations with courage and candor.



WE ARE COMMITTED TO OUR COMMUNITIES—acting as responsible corporate citizens, and broadening our skills, experience, and perspectives through work in our communities.



WE ACT WITH INTEGRITY—complying with all applicable laws and regulations, upholding the highest professional standards, providing sound advice, and rigorously maintaining our independence.

Integrity underlies all the principles in our Code of Conduct.

Shared Responsibilities

Use the Ethics Checklist

When making decisions or following a directive, ask yourself:

- Does my action comply with the spirit and letter of the law?
- Is my behavior consistent with KPMG's core values and ethical and professional standards?
- Does my decision reflect the right thing to do?
- Is my decision being driven by responsible professional judgment?
- Am I confident that I could explain my decision if it were made public?

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:

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

Individual Responsibilities

Every KPMG person is individually responsible for becoming familiar with and following the legal, professional and ethical standards that apply to your job and level of responsibility. You also are responsible for seeking advice when needed, raising concerns, and reporting to management potential violations of our Code of Conduct.

You are expected to:

- **TAKE OWNERSHIP.** Do the right thing, in the right way, knowing that leadership fully supports you, because KPMG's reputation for integrity impacts everyone and can be damaged by anyone.
- **STAY INFORMED.** Understand and adhere to the policies and professional standards that apply to your job and level of responsibility. Participate in training sessions, including those on ethics and compliance. Seek additional information through resources such as our intranet, or by asking for clarification from your people management leader (PML) or mentor.
- **LEAD BY EXAMPLE.** Be a role model, talk about ethics and act in a manner consistent with our core values.
- **CONSULT WITH OTHERS.** You are not expected to know all the answers, but you 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.
- **RAISE YOUR HAND.** Your voice counts. So speak up if something doesn't seem right, seek advice when needed, offer suggestions to improve our work environment, raise any concerns, and report all potential violations of law or policy that may impact KPMG or its clients.

Management Responsibilities

Whether you are a partner or a supervisor of a small team, those with management responsibilities should help ensure that our people understand that ethics and integrity are the cornerstone of our business conduct by:

- **BEING A POSITIVE ROLE MODEL.** Show what it means to act with integrity and to act in accordance with the principles in our Code.
- **ENHANCING UNDERSTANDING.** Help those you lead or supervise to seek and obtain the knowledge and resources they need.
- **SETTING APPROPRIATE GOALS.** Establish clear, measurable, and challenging goals—but only if they can be achieved in a manner consistent with our values and policies.
- **BEING RESPONSIVE.** Respond appropriately to anyone who asks a question or identifies a concern, supporting and encouraging those who raise their hands.
- **BEING RESPONSIBLE.** Monitor and reinforce compliance by the individuals on your team.
- **BEING FAIR.** Apply KPMG's policies fairly and consistently.
- **BEING ACCOUNTABLE.** Take responsibility for your conduct and the conduct of those on your team, and be prepared to be held accountable for that conduct.

Getting Help

RAISE YOUR HAND WHENEVER:

You see behavior that may be inconsistent with our values, or if you have a question or concern. Any concern you raise will be constructively reviewed and considered, and consistent and appropriate action will be taken.

Raising Your Hand

Ask questions if you are unsure about the appropriate legal or ethical course of action in a given situation, including, for instance, situations when:

- You are not sure how to apply the firm's policies to a specific situation
- The relevant laws or professional practice rules are complex and difficult to interpret
- You have limited experience dealing with the subject matter
- Differences of opinion make the appropriate course of action unclear
- Potential actions or decisions make you uncomfortable

Although firm leadership fully supports you doing the right thing in the right way, you are accountable for your actions. Thus, it is important to consult with others rather than risk the consequences of making a wrong decision.

You also are expected to report potential or suspected violations of law, regulation, or KPMG policy. 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.

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.



Channels of Communication

To assist you with seeking advice or reporting concerns, the firm has established several “channels of communication.” These are formal systems designed to ensure that your question or concern is addressed completely and accurately.

While 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. However, even if consultation is not required, you should feel comfortable seeking advice from or reporting a concern to:
 - Your engagement partner(s)
 - Your PML
 - Your practice leader, service line leader or office managing partner
 - A Professional Practice partner or Risk Management partner
- The Department of Professional Practice
- 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, your local or area Human Resources manager may be an additional resource.
- For questions related to legal matters, including contracts or disputes with external parties, litigation or a government investigation, firm guidance requires you to contact the Office of General Counsel.
- For questions related to matters involving U.S. Securities and Exchange Commission 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. To contact the ombudsman directly, visit the [ombudsman page](#).
- For general assistance, questions, or advice related to KPMG’s Code of Conduct, you may contact the firm’s Ethics and Compliance Group.
- For any question that you feel uncomfortable raising to the resources noted above, you may contact the firm’s Ethics and Compliance hotline, as described on the next page, at www.kpmgethics.com or 1-877-576-4033.



Confidential and Anonymous Reporting

If you would like to ask a question or report a concern anonymously, you may contact the KPMG Ethics and Compliance Hotline.

Each of KPMG's channels of communication are designed to ensure that reports are handled in accordance with the firm's confidentiality policy. The Ethics and Compliance Hotline also 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.

CONFIDENTIALITY POLICY—Whenever you report a concern, your identity will be treated confidentially (though we may need to disclose facts as required by law, or to fully investigate and address your concerns). Providing your name allows us to contact you if we need additional information, allowing for a more robust and comprehensive investigation. This also helps us in our efforts to ensure that there will be no retaliation against you for making a good-faith report.

ANONYMOUS REPORTING—If you contact the Hotline, you have the option of remaining anonymous. 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 if additional information is necessary, and enables you to receive notice upon the conclusion of an investigation.

If you make a report anonymously, it is important to provide detailed information and to check regularly for information requests from the investigation team.

Ethics and Compliance Hotline

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

The Hotline is available 24 hours a day, seven days a week, to KPMG's 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.



Preventing Retaliation

You are encouraged to seek advice or report concerns, without fear of retaliation. Retaliation in any form is contrary to our core 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 program designed to protect known reporters and witnesses who report concerns or otherwise participate in an investigation in good faith. This program monitors employment status, performance evaluations and metrics, and chargeability for identified individuals, and follows up when necessary to determine whether an individual may have been subject to retaliation.

Of course, our policy against retaliation does not exempt you from the consequences of your own improper conduct or prevent the firm from taking disciplinary action against you, when appropriate. However, we encourage self-reporting and, depending on the specific circumstances, may treat self-reporting as a mitigating factor when assessing disciplinary measures in response to improper conduct.

Contact the Hotline if you feel you or others have been subjected to retaliation. Partners or employees found to have engaged in retaliatory conduct will be subject to discipline, up to and including termination and partner separation.

Ensuring Compliance with Our Code

Anyone who violates our Code or the policies it is based on, regardless of title or tenure, 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, or KPMG policies
- Directing or encouraging others to violate laws, regulations, or KPMG policies
- Failing to report known or suspected violations of laws, regulations, or KPMG policies
- Interfering with, or being uncooperative or untruthful during an investigation
- Retaliating against others for raising or reporting a concern

Violations of laws or professional standards also can trigger governmental legal actions against you, your colleagues, the firm, its affiliates, and its clients that could result in:

- Suspension or revocation of licenses
- Debarment
- Fines
- Criminal penalties

To help ensure fair and consistent enforcement of our Code, KPMG's governance incorporates a number of checks and balances. For example, we have separated risk management from business operations. The following committees oversee the firm's compliance program initiatives, and help ensure the fairness and consistency of investigation outcomes and any related disciplinary actions:

- The Board of Directors
- Professional Practice, Ethics and Compliance Committee (comprised of members of the Board of Directors)
- Legal, Risk and Regulatory Committee—the principal management-level structure through which legal, professional practice, regulatory, compliance, ethics, independence and related risk management issues are reported to the Board (through the Professional Practice, Ethics and Compliance Committee of the Board), and through which the firm's related risk management actions are monitored.
- The Management Review Panel (MRP)—monitors discipline and other remedial actions taken in response to substantiated incidents of noncompliance with applicable law, regulation, or firm policy, and helps ensure fairness and consistency of remedial action across the firm. The MRP is comprised of senior leaders from all functions within KPMG and also is charged with determining sanctions for violations of the firm's independence policies.
- Chief Compliance Officer—responsible for the overall day-to-day execution of KPMG's ethics and compliance program, with an independent reporting relationship to the Chair of the Board's Professional Practice, Ethics and Compliance Committee.



Our People

Our Commitments

KPMG IS COMMITTED TO:

- Treating everyone with respect and dignity
- Respecting the privacy of its partners and employees
- Fostering an environment in which partner and employee work/life balance can be achieved
- Providing a workplace that is free from discrimination, harassment, misuse of substances, and unsafe conditions

Respect and Dignity

OUR PROMISE

We are committed to fostering an environment of inclusion for all our people. Our success depends on maintaining a diversity of talents, languages, cultures, and management styles. 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 treat others with respect and dignity.

IT STARTS WITH YOU

- Recruit, hire, train, and promote individuals regardless of: race, color, creed, religion, age, sex/gender, 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 knowledge, 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
- Support our diversity networks and engage others in the KPMG community
- Increase your self-awareness by participating in upward feedback surveys

BE ALERT TO

- Inappropriate email or Internet use
- Behavior that may interfere with work performance or contribute to a hostile work environment
- Off-color jokes or otherwise inappropriate comments
- Unwanted, inappropriate, or disrespectful sexual advances or acts
- Anyone who refuses to work with another professional for inappropriate reasons



QUESTIONS AND ANSWERS

Q We won an engagement with a multinational company. The client wants all individuals who interact with senior management or the board of directors to be men. While we were writing the proposal, I worked very closely with a senior manager who I believe is qualified to serve this client. I would like to ask her to serve as the lead senior manager on the engagement, but believe the client will not allow her to interact with senior management or the board of directors. How can I manage this 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 need flexibility to 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.

Personal Safety and Well-Being

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

- Follow incident reporting procedures if you sustain a work-related injury, or if you see a safety or security concern
- Be aware of and adhere to domestic and international travel advisories
- Consume alcohol responsibly at work-related events, if you choose to drink
- Maintain personal safety and professional decorum with your colleagues and others
- Reach out for help if you have issues with substance abuse

BE ALERT TO

- Engagements that may pose physical safety or security concerns to you or your colleagues
- Traveling in high-risk areas without proper escort
- Possible safety hazards, such as wet floors, building repair sites, and faulty electrical equipment
- The presence of potentially illegal substances on KPMG property
- Possible signs of a colleague's impairment or illness at work



QUESTIONS AND ANSWERS

Q A coworker has been acting erratically lately. 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 toward another person, you should immediately notify your engagement partner, Human Resources manager, or Security personnel.

Employee Assistance Program: contact LifeWorks® (an independent service that provides counseling and referrals, not only for our partners and employees, but also for their immediate family members) at 1-888-267-8126 or online at www.lifeworks.com

Our Firm

Our Commitments

KPMG IS COMMITTED TO:

- Investing in our people's professional development so that they can reach their full potential
- Exercising care in the use of assets and resources
- Accepting the right clients and only those engagements that we can perform consistent with our high quality standards
- Driving quality by developing and applying appropriate KPMG methodologies and procedures
- Remaining vigilant in the application of Risk Management and other applicable policies
- Preserving KPMG's brand and reputation by avoiding actions that would discredit the organization

Professional Licensing and Continuing Education

OUR PROMISE

Our success is made possible not only by the abilities of our professionals, but also by the licenses and certifications they hold. We are committed to ensuring that you receive the support you need to maintain your professional licenses, build your skills, and expand your professional qualifications. However, it is your individual responsibility to maintain the status of your professional license or certification and meet all relevant continuing education requirements.

IT STARTS WITH YOU

- Identify and track the Continuing Professional Education (CPE) requirements using your CPE Profile
- Ensure that the records relating to the status of your professional license or certification are maintained with the Human Resources Service Center
- Be aware of requirements (such as CPE requirements) applicable to any new professional licenses or certifications you may obtain
- Attend firm-sponsored training events and external conferences to build your enabling and technical skills, and stay up-to-date with trends in your field of practice
- Accurately report training attendance and keep accurate completion records

BE ALERT TO

- Performing work in jurisdictions where you do not maintain an active Certified Public Accountant (CPA) license, if one is required for the work being performed
- Requirements for any new professional licenses or certifications you may obtain, or changes to existing ones, including changes in CPE requirements
- Incorrectly assuming that compliance with KPMG's CPE requirements satisfies continuing education requirements for each individual professional license or certification



QUESTIONS AND ANSWERS

Q I am a CPA in the Advisory practice and do not perform audit work. Must I comply with the CPA licensing requirements of other states in which I perform or offer to perform professional services?

A It depends. Before performing professional services in another state, you have an individual responsibility to determine whether that state requires a partner or employee with an active CPA license to perform the services. You can do this by, among other things, accessing the firm's Accounting Licensing Library, or by contacting the Ethics and Compliance Group.

Q I am a manager in the Audit practice and maintain an active CPA license. Must I comply with the licensing requirements of other states in which I perform professional services?

A Yes. In many states, licensing requirements apply to all CPAs, not just partners. Prior to performing professional services in a state where you do not maintain an active CPA license, you must ensure that you are compliant with local CPA licensing requirements, including the possibility of practicing accounting without a local license under that state's CPA mobility law.

Physical and Electronic Security

OUR PROMISE

We are committed to responsible stewardship of our physical property, workplaces, and IT Resources. You should help manage the firm's risk by caring for the assets in your control, and assisting us with protecting our physical/and network environments.

IT STARTS WITH YOU

- Use only firm-approved data transfer and storage devices, and firm-issued software
- Use the Internet responsibly and access only Internet sites containing content appropriate for the workplace
- Secure your computer in the office and at client sites with a cable lock during the workday and out of sight in a locked place after work
- Lock your computer in the trunk of your car before you arrive at your destination and never leave it in your car overnight
- Immediately report potential losses of firm laptops, smartphones, and data storage devices containing firm or client data to the National Support Center

BE ALERT TO

- Connecting a KPMG computer to a client network without approval from the lead engagement partner and the client
- Allowing another person to use your computer, sharing your password, or using another's password
- Sharing electronic storage devices containing confidential information
- Downloading unauthorized programs and other content onto firm-issued computers
- Copying confidential or private information onto a temporary machine, non-firm-issued computer, unauthorized cloud service, or electronic storage device that may not have appropriate security controls or does not meet firm standards, including encryption



QUESTIONS AND ANSWERS

Q I typically leave my laptop at the client site. Can I give my password to my colleagues so they will be able to access my computer while I am not on site?

A No. You should not provide your password to another person. Each individual is responsible for all system activity that occurs with his or her password. Instead, you should plan ahead to provide the appropriate information before leaving the office.

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 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.

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 using and protecting our intellectual property to enhance the confidence of our clients and the competitiveness of our firm. You should use the firm’s intellectual property carefully and responsibly, and take care to respect the intellectual property of clients and others in a business relationship with KPMG.

IT STARTS WITH YOU

- Use KPMG 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
- Ensure global consistency by following brand guidelines

BE ALERT TO

- Sharing one client’s or business partner’s intellectual property with another client or business partner
- Using a client’s or third party’s logo or intellectual property (including logos) without permission
- Making unlicensed copies of software for personal or client use
- Using confidential or proprietary information belonging to a former employer
- Obtaining unauthorized access to the confidential or proprietary information of competitors



QUESTIONS AND ANSWERS

Q My client is updating her accounts payable policy and asked if I have any sample policies I can give her. I just rolled off a similar engagement and have a copy of my prior client's accounts payable policy. If I remove references to the old client's name in the document, can I provide the policy 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."

Accurate Books and Records

OUR PROMISE

We are committed to ensuring the accurate accounting and reporting of information pertaining to the firm's business and financial results. You have a personal responsibility to understand the reporting and documentation requirements needed for your position and to document and report information accurately.

IT STARTS WITH YOU

- Report time worked accurately and completely
- Properly manage the finances of all internal and external projects
- Reconcile Work in Process (WIP) reports to ensure the engagement partner approves all write-offs of time and expenses charged to a project
- Maintain accurate business information, including engagement documents and deliverables, payroll records, performance evaluations, and time and expense reports

BE ALERT TO

- Pressure to refrain from charging all time spent working on client projects, to charge any client-related time to administrative codes, or to charge a client engagement code for work not performed or done for a different client or administrative activity
- Improper engagement charges either due to miscoding or that are outside the terms of the engagement letter
- Accounting methods that appear to favor form over substance
- Transactions that may suggest another party is attempting to use its relationship with KPMG for an unlawful purpose
- Transactions that should be evaluated carefully include:
 - Complex business arrangements not well understood and appearing to serve little practical purpose
 - Transaction structures that are unnecessarily complex, lack a legitimate business purpose, or benefit from unusually favorable payment terms
 - Attempts to make payments in cash, or the use of suspicious financial instruments
 - Large last-minute transactions that result in significant revenues at the close of a financial reporting cycle



QUESTIONS AND 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 Where the work is performed. This mandatory field is necessary for the firm to comply with individual taxing authorities, which base taxation on the jurisdiction where the work was performed.

Q I am entering data into SYNC and identified coding errors related to a prior invoice. Should the errors be corrected?

A Yes. We have a responsibility to maintain accurate books and records. Our first line of defense is accurately entering information. However, if you identify errors in existing data entries, you should inform your engagement manager or supervisor so the proper process for correcting data errors or omissions can be followed, and the potential impact of the error on other accounts can be evaluated.

Clients and the Marketplace

Our Commitments

KPMG IS COMMITTED TO:

- Acting lawfully and ethically, and encouraging this behavior in others
- Delivering quality service to clients in line with qualifications, professional commitments, and engagement terms
- Maintaining independence and objectivity, and avoiding conflicts of interest or undue influence
- Preserving client and business confidentiality and privacy
- Promoting services honestly and competing fairly

Independence and Conflicts of Interest

OUR PROMISE

We are dedicated to following standards of personal and professional independence. You should avoid real or perceived conflicts of interest, which may arise from personal investments, financial or business relationships, employment of family members, or other employment relationships.

IT STARTS WITH YOU

- Understand and comply with your obligations as a “Member of the Firm” or a “Covered Person”
- Discuss your independence obligations with non-KPMG people who may affect your ability to meet your obligations
- Review your investments, loans, and other business relationships regularly to ensure compliance
- Review the Restricted Entity List before entering into a new business or financial relationship
- Report potential independence violations promptly

BE ALERT TO

- Offering prohibited non-audit services to Audit clients
- Considering employment with an Audit client when rendering professional services to that client
- Accepting gifts valued at more than \$100 from clients or vendors
- Sweep accounts that may automatically move your investment funds into restricted entities
- Modifying “grandfathered” loans
- Joint marketing and other joint business venture arrangements with Audit clients



QUESTIONS AND ANSWERS

Q I am an associate and want to obtain a mortgage on a new home. Can I borrow the money from a bank that is my Audit client?

A No. In this situation, you provide audit services to the bank, and therefore, you are a “Member of the Firm” with respect to that client for independence purposes. Accordingly, you may not obtain loans with this restricted entity. However, you may take out a mortgage from KPMG Audit clients for whom you are not a “Member of the Firm.” As an associate, this would be any entity to which you do not provide professional services.

Q I am a manager and my spouse is considering a new job with a KPMG Audit client. Are there any independence requirements I need to consider?

A Yes. Rules applying to the employment of family members could affect the firm’s and your independence. These rules address the employment of a family member and related issues, such as investments held through a spouse’s benefit plan. You should consult with the Risk Management-Independence Group or your Professional Practice Partner to determine whether the employment of your spouse is permissible under applicable Independence rules.

Confidentiality and Privacy

OUR PROMISE

Confidential information is any nonpublic information that comes to your attention as a result of your association with KPMG. All information obtained from our clients and prospective clients that is not public is confidential. Personal information about individuals may also be confidential. We are committed to protecting the confidentiality of the information entrusted to us. You should not disclose any confidential or private information to third parties, and should share confidential or private information only with other KPMG partners and employees on a need-to-know basis.

IT STARTS WITH YOU

- Familiarize yourself with the professional standards and firm policies that address confidentiality
- Maintain the confidentiality of client, firm and individuals' information at all times
- Use **only** firm-approved equipment and technology. Check with a client's lead partner before using the client's name, logo, or information in internal or external content
- Review information you receive to determine if it is confidential or private information, and only gather the minimum amount of confidential or private information necessary to meet legitimate business purposes
- If confidential information does not need to be retained or preserved, dispose of it by the secure method approved by the firm

BE ALERT TO

- "Insider trading," which is the purchase or sale of securities based on any material nonpublic information that may affect the value of the securities and is not generally available to the investing public. "Insider trading" is a separate concept from independence and is prohibited even in situations where you are in full compliance with the firm's independence policies or where such policies are not applicable
- Discussing or handling confidential information in any way that allows unauthorized individuals to gain access to it
- Transmitting confidential or private information to locations outside the firm, including by fax to insecure locations, such as hotels and conference sites, or to email accounts outside the firm or the client, or to consumer-oriented cloud-based file sharing sites
- Leaving information data storage devices or documents in nonsecure locations, even temporarily, such as unlocked cars, restaurant coat check stations, and unattended desks
- Storing or transferring unencrypted files containing confidential or private information
- Sharing data confidential information (e.g., tax records) with external parties without proper consultation (engagement leader, Risk Management, Department of Professional Practice, Office of General Counsel or the Information Management Office)



QUESTIONS AND ANSWERS

Q I am an associate and 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 not yet announced to the investing public, you are in possession of material nonpublic information that could affect the value of a company's securities. Trading securities on inside information can result in serious criminal penalties.

Q I need to work over the weekend on files containing confidential client information. Can I save the information to a public file site, and access it from my home computer?

A No. Our clients trust KPMG to protect their information, and we are required to do so under applicable professional standards, law and our agreements with them. Firm policy prohibits use of public file sharing sites and personal computers because they are not secure and are not appropriate for storing or exchanging client information. Additionally, firm policy prohibits you from using your personal computer for work.

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 for all plan participants. Should the team be concerned about keeping this information?

A Yes. The collection and handling of any confidential 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. Alternatively, if the information does not need to be retained or preserved, you may dispose of it in the firm-approved secure manner.

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.

Illegal acts committed by clients or third parties associated with a client which KPMG personnel learn of or suspect during an engagement (including illegal acts alleged by third parties such as regulatory agencies or whistleblowers), should be promptly brought to the attention of the engagement partner, who will report it to the appropriate firm resources in accordance with firm policies.

IT STARTS WITH YOU

- 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
- Although it is not your role to search proactively for potential misconduct by clients beyond what is required by our professional responsibilities, report all client activity that comes to your attention that is potentially illegal or raises ethical concerns, regardless of whether you think it is substantial
- Maintain professional skepticism and objectivity with respect to both new and long-standing client relationships

BE ALERT TO

- Any information regarding potentially illegal behavior by a client, including news reports or outside information
- Requests from a client for advice about the legality of a particular act or decision
- Statements, conduct, or transactions that appear to be designed with the intent to deceive others
- Explanations or support for transactions that seem suspicious, inappropriate, or lack substance
- Unusual payments, refunds, or relationships that may represent bribes, kickbacks, or money laundering



QUESTIONS AND ANSWERS

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

A Promptly consult your lead Audit engagement partner, who will contact your Engagement Quality Control Review (EQCR) partner and your Professional Practice Partner. Together they will decide whether the matter is clearly inconsequential. In this case, the grand jury subpoena is likely to be a significant concern; thus, it may be appropriate for your engagement partner to escalate the issue by reporting it to the Department of Professional Practice, the Office of General Counsel, and your Professional Practice Partner. Escalating the concern allows KPMG to adequately evaluate the subpoena and consider whether it suggests the client has engaged in an illegal act.

Q Yesterday, I was reviewing a non-audit client's cost expenditures, when an employee of the client told me the costs were related to an environmental cleanup. She confided that the cleanup work was sloppy because the client was in a rush to avoid having it discovered by government authorities. She also thinks that the local community may now be exposed to a health risk. What should I do?

A You should report this issue. You may raise it with your engagement partner, your concurring review partner, your Professional Practice Partner, or others, who should in turn consult with the Department of Professional Practice or the Office of General Counsel on the matter. Your role in raising the concern is critical.

Work Quality

OUR PROMISE

KPMG is committed to delivering quality client service, both internally and externally. You should perform your work with the high levels of care and competence expected by our people, our clients, and the capital markets we serve.

IT STARTS WITH YOU

- Ensure that your team has the right skills and experience to serve your client's needs
- Foster a culture within your engagement team to encourage open and honest communication, and supervise the work of others effectively, providing feedback that will enhance the skills of other professionals
- Understand the scope of work assigned to you and the overall scope of the engagement
- Apply firm-approved methodologies and procedures
- Maintain an appropriate level of professional skepticism by formulating your own judgments and remaining free of undue influence
- Seek professional consultation when advice may assist you in making the right decision
- Document recommendations or conclusions reached in workpapers as required by firm policies or professional standards

BE ALERT TO

- Pressure from a client not to explore fully certain areas or to complete something more quickly than you are comfortable with
- Propensity to "explain away" issues that warrant heightened professional skepticism
- Potential solutions that may be technically within the rules, but do not meet the spirit of the rules
- Feeling there is insufficient time to deliver quality client service due either to the amount of work or complexity of the subject matter
- Use of previous engagement workpapers as templates for a current engagement without ensuring they continue to be appropriate and relevant
- Cutting corners to meet deadlines or budgets
- Individuals managing engagements outside the approved scope of services for their practice area or their personal skills and qualifications



QUESTIONS AND ANSWERS

Q We have a new engagement opportunity and the client wants us to start work immediately. The individuals with the appropriate level of skill and experience are unavailable to begin for two weeks. However, less experienced professionals without sufficient training are available. What should I do?

A It is the engagement partner's responsibility to staff projects with people qualified for the assignment. If qualified resources are not available locally, identify available resources in other geographies. If you are still unable to identify qualified professionals, consider postponing the start date or working on the part of the engagement that the available professionals can perform. Or, if necessary, you may decline the engagement, knowing you will be supported in your decision.

Q Our engagement team is behind schedule. To meet a deadline, we decided to skip some procedures we originally agreed with the client 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.

Q A client asked me to review a process related to the scope of our engagement. This request is in addition to our planned procedures. What should I do?

A Additional requested work, often called "scope creep," can be hard to identify because such a request may relate to work being performed within scope. However, if a client requests any additional work, inform your engagement manager. The engagement team should discuss the request with the client to determine whether the engagement letter needs to be amended and an additional Sentinel approval requested in light of the initial agreed-upon scope.

Doing Business with Governments

OUR PROMISE

We are committed to helping government clients fulfill their public missions. Specific rules apply to doing business with government entities, and you should follow those rules carefully. Prior to entering into a contract with the government, consult with the Federal practice or other appropriate internal resources. When working on a government engagement, always read the entire contract and comply with its terms.

IT STARTS WITH YOU

- Understand and adhere to all applicable laws, regulations, rules and the requirements of the governing contract that apply to you, including those that:
 - Protect proposal, source selection, and classified information
 - Restrict post-government employment
 - Require accurate presentation of pricing information
 - Impose administrative compliance requirements or strict guidelines for daily time reporting
- Ensure that all invoices, submissions, and communications with government officials are accurate and complete, as even minor errors or omissions could result in serious governmental penalties
- Comply with Government Accountability Office *Government Auditing Standards* CPE requirements when providing certain audit/attestation services to U.S. government entities
- Comply with all specialized requirements applicable to any security clearance you may have
- Report any suspicion of fraudulent activity related to government contracts

BE ALERT TO

- Disclosing government client information to third parties or non-citizens
- Discussions with government officials or their family members regarding employment opportunities, either for government officials at KPMG or for our people within the government
- Soliciting information from government procurement officials during the request for proposal and selection process
- Seeking or providing information regarding competitive bids and proposals for government work by other firms
- Unauthorized substitutions for goods and services provided to government entities, including using employees in job categories for which they are not qualified
- Providing gifts or anything of value to a government employee, or a contractor on a government engagement, without contacting the Office of Government Affairs



QUESTIONS AND ANSWERS

Q I recently joined KPMG after working for a government agency for 15 years. Am I permitted to market KPMG's services to my former employer?

A It depends on various factors, including the particular agency you worked for, your level of seniority while there, and the type of work we do for that client. Different agencies have different "cooling off" periods. You may even be permanently prohibited from soliciting work from your former employer. Independence concerns also may arise if KPMG does audit work for that agency. Before soliciting any business, contact the Executive Director, Government Contract Compliance and Risk Management-Independence Group.

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. For that reason, special procedures (outlined in the Policy Center) must be followed when recruiting or hiring these individuals. Specifically, before any KPMG personnel may have meaningful employment discussions with a government candidate, they must contact the designated Human Resources representative.

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, including meals or nominal gifts, contact the Office of Government Affairs and seek pre-clearance via the Political Risk and Compliance System (PRACS).

Ethical Marketing and Fair Competition

OUR PROMISE

We are committed to promoting our services honestly and competing fairly. You should not make statements that may be misleading or promise results that might not be delivered. You also should not engage in behavior that undermines free and fair marketplace competition.

IT STARTS WITH YOU

- Follow our Marketing and Other Content Standards when preparing proposals
- Enter realistic data into KPMG's engagement pricing tools (such as KPET) to estimate the true cost and profitability of a potential engagement
- Seek only public source information about competitors through fair and honest means
- Differentiate KPMG from its competitors based only on factual comparisons
- Represent your qualifications or experience accurately
- Adhere to any binding contractual agreements, such as non-compete agreements, that you may have with a prior employer
- Be sure gifts and entertainment are allowable under KPMG's policies and those of the recipient's organization

BE ALERT TO

- Overstating the competencies and resources available to deliver on a client's needs
- Understating the realistic time or costs involved in meeting the client's objectives
- Proposing exclusive reciprocal (*quid pro quo*) business arrangements with clients or suppliers without consulting the Office of General Counsel (OCG)
- Making false, disparaging, or inappropriate statements about our competitors
- Inappropriate or excessive gifts or entertainment with clients or vendors
- Entering into agreements or discussions with KPMG competitors regarding:
 - Pricing, profitability, or billing terms and conditions of the work you perform
 - Sales and marketing plans
 - A bid or intent to bid on a contract
 - Agreements to divide clients by geography, industry, or type of work
 - Supplier terms and contracts



QUESTIONS AND ANSWERS

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

A Not without first discussing your concerns with the partner. The résumés 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 résumés without an open and honest description of their roles could be misleading to the potential client. Also, if the individuals are not aware that their résumés are being used in your proposal, you should ensure that they are properly informed.

Q I had lunch with a partner at one of our competitors. 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 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. Your manager’s 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.

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, and to conducting business with only those individuals and enterprises engaged in legitimate business activity. You should carefully identify potential risks 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 you do business, and understand their business activities and sources of funds
- Perform the entire client and engagement acceptance process, including background investigations, designed to assess the risk profile of a new client or engagement
- Provide complete responses to client and engagement acceptance and continuance questionnaires to ensure that the appropriate risks are identified
- Use approved standard terms and conditions or seek approval for modifications from your function's risk management group and the Office of General Counsel
- Develop an appropriate budget to allow the engagement team sufficient time and resources to provide quality client service
- Reassess the risks when changes are made to an engagement's scope or complexity

BE ALERT TO

- Starting work before receiving an approved client and/or engagement acceptance or continuance questionnaire, a Sentinel Approval Number (SAN) and a signed engagement letter
- Transactions that may conceal income from potentially illegal sources or make such income appear legitimate, also known as "money laundering"
- Transactions that may involve locations or entities that lack an apparent 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 or suspicious third party
- Changes to the client or engagement that require formal reevaluation of the risk posed by continuing association with the client or engagement



QUESTIONS AND ANSWERS

Q A major company just terminated its outside auditor. The former audit partner is a personal friend and told me the company has unreported going concern issues. This could be a very 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 ensure that the issue is properly discussed with the former auditor as part of the formal process required before accepting a new Audit client. Additionally, you should advise Risk Management – Audit of these allegations and obtain its approval before accepting the company as a new Audit client.

Q A private investment fund engaged me to provide tax advice. The client would like to pay a retainer to incur costs before the end of its fiscal year. The retainer check was from an offshore bank, and shortly after the engagement began, the client decided it no longer needed such extensive support and has requested a refund of the remaining retainer. Should I be concerned?

A Yes. Funds provided by offshore banks or from the accounts of third parties could indicate a desire to conceal the true source of the funds. A refund check from KPMG would provide the client a monetary instrument that makes the funds appear to be legitimate.

Time and Expense Charges

OUR PROMISE

We are committed to accurately recording our time and expenses. You are required to accurately charge all time when worked and reimbursable expenses when incurred to the appropriate engagement or internal charge code—no more and no less. You also should be prudent and exercise good judgment when incurring work-related expenses.

IT STARTS WITH YOU

- Accurately record all time and expenses in the period the work was performed, and ensure that your team members do so as well
- Provide an adequate description for all work performed
- Be prudent when incurring expenses and take personal responsibility for ensuring that they are reasonable
- Ensure that expense reimbursements that are taxable to individuals are not coded as business expenses
- Obtain prior authorization when required or, if you question whether the expense is permissible, before incurring the expense
- Review the client's contract and, as appropriate, consult with your engagement leader or the National Risk Management Partner – Government before incurring any hours or expenses on a government engagement to ensure that you understand the specific rules that apply

BE ALERT TO

- Pressure to refrain from charging all time spent working on client projects, to charge any client-related time to administrative codes, or to charge a client engagement code for work not performed or work done for a different client or administrative activity
- “Banking time” by spreading hours worked between or among periods
- Fraudulent expense claims or personal expenses claimed as business expenses
- Invoicing clients based on untrue accounts of time or expenses, which may constitute criminal fraud



QUESTIONS AND ANSWERS

Q My senior manager told me that I am billing too much time to the client project number. He says that I should not bill more than eight hours a day to the project even though I work at least 10 hours every day. What should I do?

A Accurately record the number of client-related hours you worked in the firm's systems. If your senior manager questions the time it takes to complete the task, seek guidance on how the task may be performed more efficiently. If your senior manager persists, you should raise the issue with your engagement partner or another appropriate channel of communication. You should not, however, "eat" time spent on legitimate activities, charge only estimated equivalent productive hours, or charge your time to a project code that has built-in profit and can be "hit" to absorb additional fees or expenses.

Q We just finished a large engagement, and I would like to have a dinner for the team at a fun venue. 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, the location should always be in good taste, and appropriate conduct related to socializing and alcohol consumption should be openly discussed before the team dinner.

Public and Community

Our Commitments

KPMG IS COMMITTED TO:

- Prohibiting bribery and corruption by our people and not tolerating illegal or unethical behavior by our clients or suppliers or by public officials
- Acting as a responsible corporate citizen and following high principles of ethical conduct around the world
- Teaming with other businesses and with charitable organizations to create stronger communities
- Enhancing the role of the accounting professional and building trust in the global capital markets

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, including favors, to influence a person in a position of trust. 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. Additionally, many countries have anti-bribery and anticorruption 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

- 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
- Maintain complete and accurate documentation of the purpose of interactions with government representatives
- Seek guidance from the Office of Government Affairs before hiring any lobbyist to represent the firm

BE ALERT TO

- Payments to expedite a routine administrative action, even simple gratuities
- 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
- Giving or receiving gifts that may raise the appearance of a conflict of interest
- Attending social events with clients or vendors when such situations could be perceived as affecting your professional decision making



QUESTIONS AND ANSWERS

Q We just finished a large engagement for a state agency. I would like to distribute KPMG coffee mugs to the agency staff that we worked closely with. 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). Even if the gift is legally permitted, the appearance of impropriety or a conflict of interest may exist.

Q I manage a reproduction center at a large KPMG office. We subcontract a significant amount of work to a local business. The owner is very friendly and recently offered to give me two free movie passes. Can I accept the passes?

A Probably. Here, the movie passes are considered a gift because the vendor is not attending the movie with you. In circumstances where it would not create the appearance of impropriety, you may accept reasonable gifts from third parties such as our vendors, provided that the value of the gift is not more than \$100 and that you do not accept gifts from the same vendor more than twice in the same year.

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 and 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

- Contact the Office of General Counsel immediately if you learn of potential litigation or an investigation
- Interpret the term “documents” broadly if you receive a document preservation notice and retain all documents relevant to the notice
- Preserve and retain all documents relating to issues in a lawsuit or government investigation after becoming aware of potential litigation, in accordance with instructions provided by the Office of General Counsel
- Cooperate with the firm’s outside legal counsel in any efforts to collect documents
- Provide truthful and honest statements when speaking with internal or external counsel and when providing testimony or interacting with government investigators

BE ALERT TO

- Making any change to a document that is the subject of a document preservation notice, without prior approval from the Office of General Counsel
- Making changes to your computer (e.g., reformatting the hard drive, having a new operating system installed) when you may be subject to a document preservation notice
- Requests to destroy documents relevant to ongoing or threatened legal proceedings
- Discussing testimony to be provided in connection with legal proceedings with anyone other than counsel for the firm
- Responding to external requests for access to documents or to ask you questions without first consulting with the Office of General Counsel



QUESTIONS AND 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, but I'm almost positive any documents in my office or at home are copies of documents on my laptop. Do I need to do anything?

A Yes. You need to advise the attorney that you may have hard copy documents so those documents may be reviewed. The documents may be different versions of documents on your laptop, have handwritten notations on them, or have different time stamps. Even if you think the documents are identical to those on your computer in all respects, our attorneys need to see them to evaluate whether they need to be produced.

Q My client told me it received an inquiry from the Securities and Exchange Commission's (SEC) Division of Enforcement about a regulatory filing I worked on, but that 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 your client may trigger certain responsibilities on our part, including an obligation to circulate a document preservation notice.

Media and Public Relations

OUR PROMISE

KPMG is 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 regarding quality and confidentiality.

IT STARTS WITH YOU

- Firm personnel 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
- Follow the Marketing and Other Content Standards when developing KPMG-branded materials
- Provide truthful and honest statements when providing information to the media or the public

BE ALERT TO

- Disclosing names of individuals or clients without prior approval
- Providing testimonials or endorsements for individuals or other organizations
- Improperly citing sources when contributing to KPMG publications
- Speaking in public, or writing for a publication, without first reviewing the firm's published positions on the topic
- Publicly representing your own opinion as the firm's opinion



QUESTIONS AND ANSWERS

Q I'm making a presentation at a public hearing at the request of our local government client. We expect the media to be in attendance. Am I free to discuss the issues with reporters who approach me at the hearing or in follow-up calls?

A It depends. Unless the client specifically asks you to clarify certain points for a reporter, you should let your presentation speak for itself or refer any questions directly to the client. If the client requests that you answer in your role as a KPMG representative, you should contact Corporate Communications, which will work with you or directly with the media to provide an appropriate response. If the client also is an audit client of the firm, you also should contact the Risk Management – Independence Group to ensure that your participation in the public hearing is permissible.

Political Contributions

OUR PROMISE

We are committed to being engaged in our political process and supporting our people who choose to make legal political contributions as private citizens. You should understand and follow the complex laws governing political contributions before contributing anything of value to a candidate for elected office.

IT STARTS WITH YOU

- Ensure that the recipient of a personal political contribution clearly understands the contribution is made in a personal capacity and not on behalf of KPMG
- Ensure that you and the firm comply with state and local “pay-to-play” laws, which may restrict your (or your family members’) personal political contributions, by preclearing or reporting political contributions in the Political Risk and Compliance System (PRACS) as required by the firm’s policies
- 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 or a client or a potential client

BE ALERT TO

- Pressure from colleagues, clients, or third parties to make political contributions
- Attribution of a personal political contribution to KPMG, including use of the KPMG name on tent cards or name tags
- Requests for political contributions made on behalf of the firm
- Suggestions by potential clients for KPMG to make a political contribution in exchange for an opportunity to obtain new business
- Making any political contribution on behalf of the firm without obtaining express approval from the Office of Government Affairs
- Requests for reimbursement of political contributions by partners or employees



QUESTIONS AND ANSWERS

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. When making personal political donations, you should be clear that the donation is being made on a personal level and from personal funds, and that the donation is not on behalf of KPMG. If the contribution is being made to a state or local official, you also should check with 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 providing a “thing of value” 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.

Our Commitment to the Community

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. You are encouraged to seek meaningful ways to volunteer for a nonprofit organization, contribute to the growth of your profession, and enhance the environment.

IT STARTS WITH YOU

- Participate in your local *Involve* program to support the firm's community service initiatives
- Volunteer for a charitable organization during work hours by using the Volunteer Time Release program
- Consider contributing to KPMG's annual Community Giving Campaign
- Become a member of a Living Green chapter to help reduce our environmental impact
- Serve as a leader in civic or charitable organizations
- Obtain the appropriate approvals before accepting high-profile community service roles or becoming an officer or director of a charitable or community organization

BE ALERT TO

- Improper pressure by colleagues, clients, or others to participate in charitable giving programs or voluntary activities
- Potential independence concerns that may arise from your involvement in community organizations
- Waivers of liability that may be required by a volunteer organization
- Safety and security concerns that may arise while volunteering
- Compensation for employment or providing professional services to outside organizations or individuals
- Affiliations with groups that could cause harm to the firm's reputation



QUESTIONS AND ANSWERS

Q I am on the board of directors of a local charitable organization. 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 the Risk Management – Independence Group regarding this matter.

Q I received an email from a campus relationship partner recommending I make a donation of a specified amount to the accounting department of 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 no amount, as you so choose.

Additional Resources

Contacts

[Corporate Responsibility](#)

[Ethics & Compliance Hotline](#) (for confidential reporting; managed by a third party)

[Ethics & Compliance Group](#)

[Firmwide Security](#) (workplace and travel safety)

[Human Resources](#)

[Independence](#)

[Information Management Office](#) (data privacy, records management)

[Information Security Group](#)

[Office of General Counsel](#)

[Office of Government Affairs](#) (Federal, state and local governments)

[The Ombudsman](#) (SEC-related issues)

[Risk Management \(U.S.\)](#)

Tools

[Accountancy Licensing Library](#)

[Accounting Research Online](#) (internal "ALex" system)

[Political Risk and Compliance System \(PRACS\)](#)

[SYNC](#) (time, expense, billing, payables and client account management)

Policies

[Federal Practice Guide](#)

[Policy Center](#)

[Risk Management Manual \(U.S.\)](#)

[U.S. Marketing and Other Content Standards \(MCS\) Policy](#)

For additional information on our Code or related policies, please visit the Code of Conduct home page, available through the **Ethics and Compliance Resource Center**.

External Parties

For more information on KPMG's Code of Conduct, please visit <http://www.kpmg.com/US/en/about/Pages/CodeOfConduct.aspx>.

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