



# Code of Conduct

Our Promise  
of Professionalism

October 2022

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[kpmg.com](https://www.kpmg.com)





# Paul Knopp

Chair and CEO

October 2022

At KPMG, doing the right thing is core to who we are, and we have established a rich, proud legacy built on a strong sense of purpose and commitment to ethics and integrity.

For 125 years, we have shaped history through our participation in momentous events across the globe. In the firm's early days, we helped establish the Federal Reserve to provide the nation with a more stable monetary and financial system. During World War II, we administered the \$60 billion Lend-Lease Program to provide vital aid to Allied forces. In 1979 and 1980, at a critical stage in the Iranian Hostage Crisis, we resolved \$24 billion in conflicting claims to help bring the hostages home.

More recently, our people's ingenuity and passion have continued to leave a lasting impact on the capital markets and our communities. In the wake of the 9/11 attacks, our team monitored clean-up efforts around the clock at Ground Zero. After Superstorm Sandy ravaged the Mid-Atlantic and Northeast, KPMG helped speed the recovery and prevent construction fraud. And, in the midst of the COVID-19 pandemic, employees across the firm came together to work overnight for several months, helping small businesses across the country pay their employees and stay afloat.

Building on that history and what we have learned through both the challenges and successes, we continue serving the firm's purpose to inspire confidence and empower change in these complex and transformative times. Guided by our Values – Integrity, Excellence, Courage, Together, For Better – we have an opportunity to write another proud chapter in our firm's history, with Integrity as the foundation.

You can't negotiate integrity. We must have it at the core of everything we do in order to succeed in our business. And the intersection of Courage with vision is very powerful. It means we take bold action, which can come in the form of raising your hand, speaking up, and stepping forward even in the face of uncertainty. This is even more critical when circumstances demand it.

Guiding our actions is our U.S. Code of Conduct, which aligns with KPMG's Global Code of Conduct. The Code is not merely a set of rules to follow. Rather, when you read, internalize, and faithfully live the Code of Conduct, it will help ensure you continue to uphold the highest standards of professionalism and ethical behavior, rooted in our heritage of Integrity and purpose.

The Code sets the expectation that everyone must comply at all times with applicable laws, regulations, professional standards, firm policies, and our Values and requires each of us to speak up if we see inconsistent behavior. If something seems wrong, we want you to speak up. KPMG will support and protect you if you raise your hand in good faith, with a zero tolerance policy against retaliation.

Acting with Integrity in everything we do is fundamentally important to this firm as we move forward. Let this document guide you in reaching out to the right people and using the right resources to help you make the right decisions. Thank you for all you do for our firm, and most of all, for your personal commitment to always doing the right thing.



# Tonya Robinson

**Vice Chair and General Counsel-  
Legal, Regulatory and Compliance**

October 2022

At KPMG, we accomplish extraordinary outcomes every day. We help ensure 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 our 125 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.

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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 October 1, 2022. Most URLs listed in this document are internal to KPMG and cannot be accessed from outside the KPMG Network.





**KPMG's Code of Conduct** sets forth our Values, 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.



Everyone at KPMG is required to comply with the Code of Conduct, complete training, and affirm their commitment through the Annual Compliance Confirmation (ACC).

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
- Failing 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; the Legal, Risk and Regulatory Committee; the Management Review Panel; and the Chief Ethics and Compliance Officer oversee the firm's compliance program to help ensure fair and consistent enforcement of our Code.

The Code is a publicly available document that may be accessed through the KPMG website at [www.kpmg.com](http://www.kpmg.com).



## Global Code of Conduct

The **Global Code of Conduct** connects KPMG's Purpose and Values with detailed policies and procedures to provide 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, including the U.S. Code of Conduct, align with the Global Code and provide local resources available for consultation and assistance.





# Our purpose

**Inspire confidence. Empower change.**

- At KPMG, we protect the capital markets and move people, business, and society forward by:
  - Leading the way in times of change.
  - Earning trust and inspiring new ideas.
  - Empowering the vast possibilities of tomorrow.
  - All while delivering the results that matter today.







# Our values

Our Values lie at the heart of our commitment to do the right thing in the right way, always. They drive our daily behaviors, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenges with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward through our work and the example we set as we inspire confidence and empower change throughout the world.



**Integrity:** We do what is right.

- Has a moral compass that does not waver in any situation, big or small
- Does what they say and takes accountability when they don't
- Is honest and forthright, even when it's difficult
- Is not a bystander; takes action in the moment to do what is right and speak up
- Upholds the letter and spirit of our ethical and professional standards, even under pressure



**Excellence:** We never stop learning and improving.

- Demonstrates a passion for quality
- Pushes individuals and teams to reflect and evolve, learning from both success and failure
- Shares knowledge patiently and generously
- Advocates for and role models life-long personal, technical and professional growth
- Invites feedback and constructive challenge, and promptly acts on it



**Courage:** We think and act boldly.

- Thinks big, pursuing innovative ideas and solutions
- Openly questions actions inconsistent with our values, even when it isn't popular
- Engages in candid conversations, caring personally and challenging directly
- Has a bias for action and makes tough decisions
- Acknowledges mistakes and limitations; asks for help



**Together:** We respect each other and draw strength from our differences.

- Treats everyone with respect and dignity, always
- Fosters an environment of inclusion, safety, and belonging
- Builds and nurtures meaningful relationships with people of all backgrounds
- Embraces our 'One Firm' approach, involving those with different backgrounds, experiences, and capabilities
- Actively listens and acts with empathy to drive better outcomes



**For Better:** We do what matters.

- Puts the work we do every day into context
- Generously helps out and cares for others
- Acts today to strengthen the firm for the future
- Does small things every day that make a difference
- Looks beyond themselves to make a broader impact – from the individual, to local communities, to the world at large



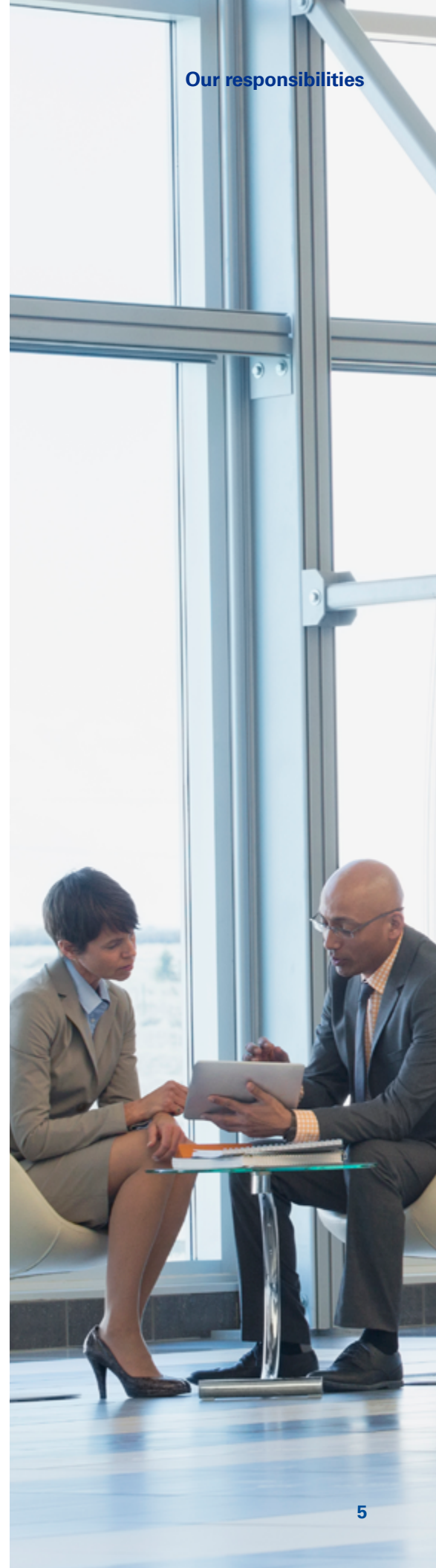
# Our responsibilities

## Individual responsibilities

Everyone at KPMG is responsible for conducting themselves in a manner consistent with the Code and 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.
- **Speak up.** Your voice counts. 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.







## Leadership 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 through your actions what it means to have integrity and to act in accordance with our Values and with the principles in our Code. Always do the right thing.
- **Support your team.** Ensure that those you lead know and understand the Code and have access to the resources they need to adhere to KPMG's Values.
- **Develop your team.** Set clear, measurable, and challenging goals that promote ethical behavior and the highest standards of quality.
- **Uphold exemplary standards.** Enforce our Values and standards consistently and fairly and promote compliance with the Code among those you lead.
- **Exercise your judgment.** Respond thoughtfully and carefully to those who raise questions and concerns in good faith.
- **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.
- **Prevent retaliation.** Support those who raise concerns in good faith so that they do not suffer detriment, regardless of whether the concern is ultimately substantiated. Retaliation is a serious violation of the Code of Conduct, and partners and employees found to have engaged in retaliatory conduct will be subject to disciplinary action.

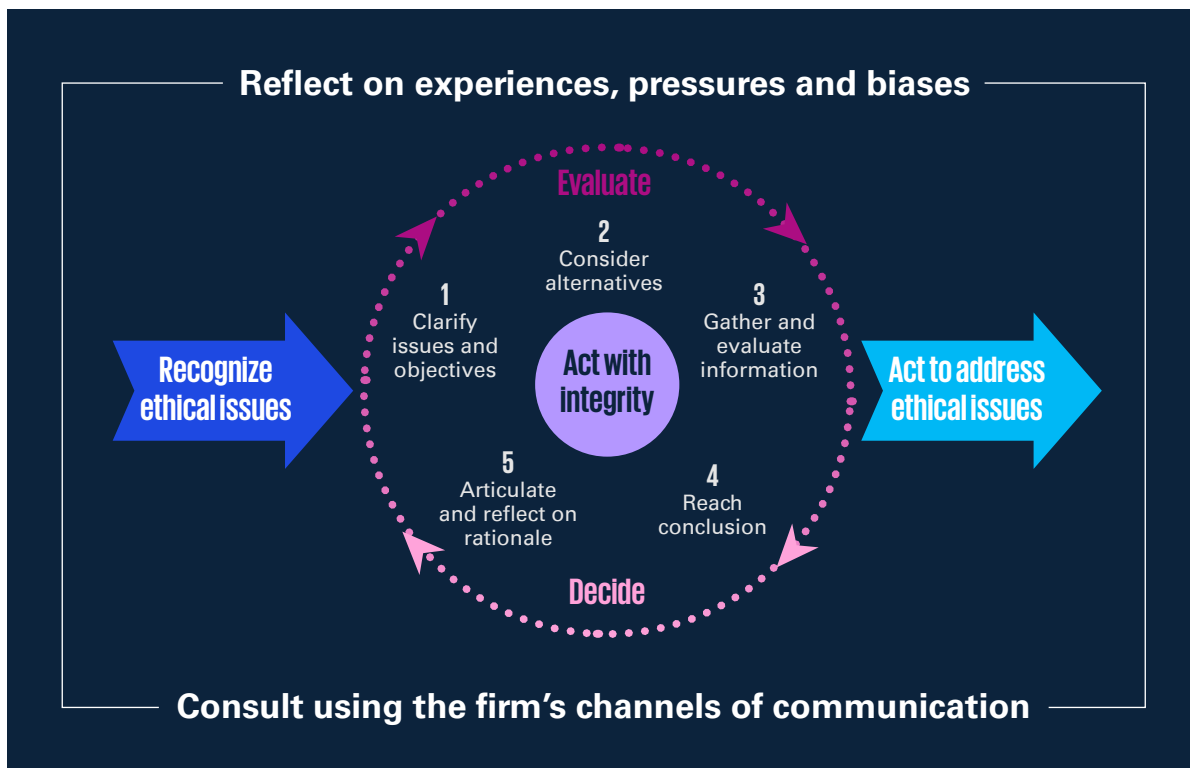


# Resources for ethical decision-making

In the course of your career at KPMG, you may encounter an ethical dilemma. If you do, you must respond by recognizing what's appropriate, what's right, and what best serves the public interest. Our behavior must always reflect applicable laws, regulations, professional standards, and firm policies and be guided by our Values and Commitments.

## Ethical Decision-Making Tool

KPMG's Ethical Decision-Making tool has been developed to help everyone make good decisions in situations that may pose ethical dilemmas. Let the steps in this tool guide you to make decisions that uphold a commitment to the Code of Conduct and our Values:





## Recognize the ethical issue

Recognizing that you have an ethical issue is the first step to using the EDM tool. In some cases, the right course of action is clear and manageable so you do not need to evaluate it further - you can simply act to resolve it. In other cases, you may feel you have an ethical dilemma.

An ethical dilemma is one where there are multiple ways you could act and it is difficult to determine - or to follow through on - the right course of action. With an ethical dilemma, there is potential for an outcome to be contrary to KPMG's Values, policies, laws, regulations, or professional standards. Improving your ability to spot ethical issues and to navigate ethical dilemmas to reach the right outcomes will help you to fulfill your responsibility to act with integrity.

## Evaluate the ethical issue

Once you have recognized that your ethical issue creates a dilemma, the heart of the tool has five steps to help you navigate to an ethical course of action.

1. Clarify issues and objectives. This involves being clear about what the challenge at hand is, as well as what rules may apply to this situation.
2. Consider alternatives by walking through the options that may be available to resolve the issue and evaluate the risks, benefits, and potential impacts of each choice.
3. Gather and evaluate information by referring to firm policies, as well as applicable laws, regulations, and professional standards and by consulting with firm resources.

## Decide how to address the ethical issue

4. Reach a conclusion and come to an initial determination about what to do to resolve the issue.
5. And finally, articulate and reflect on your decision. Pause to consider your decision before you act and ensure you can fully explain your choice and rationale.

## Act to address the ethical issue

Once you are comfortable you have decided on the ethical course of action, it is time to act. Resolving the dilemma is a critical last step. Deciding how to act and acting are not the same thing, so it is important you follow through to address the ethical issue at hand.



## Act with integrity

At the very heart of the EDM tool is your commitment to act with integrity, which means being consistent in making ethical decisions and building a reputation for doing the right thing in our decisions and actions, even in the face of pressure or difficulty. Integrity is the value that underlies all the principles in the firm's Code of Conduct, and it commits you to upholding firm policies, laws, and professional standards.

## Reflect on experiences, pressures, and biases

There are environmental factors that may anchor or alter your decision-making at every step. The EDM tool asks you to take account of experiences, pressures, and biases that may impact, consciously or unconsciously, your decision-making process. Reflecting on the situation through the lens of experiences with similar circumstances or impacts is an important part of recognizing and acting effectively to resolve ethical issues. Additionally, reflecting on situational pressures and potential biases that may impact you as the decision-maker is also important so that your recognition, evaluation, conclusion, and action are not skewed in a way that results in an unethical decision.

## Consult using the firm's channels of communication

The firm offers many channels of communication to support you in acting with integrity to resolve ethical dilemmas. Using these resources when you are unclear or uncertain is an important step in making good decisions. Additionally, the firm does not expect or want partners and employees to investigate issues on their own and instead encourages you to report using these channels when you have a concern. The Ethics and Compliance Hotline is always available for situations when you wish to report a concern anonymously or confidentially.



## Use the Ethics Checklist

The Ethics Checklist is another tool to use to help you decide how to respond appropriately to day-to-day dilemmas, as well as difficult decisions or situations.

### Always ask yourself:

- Is my behavior consistent with KPMG Values and ethical or professional standards?
- Does my action comply with KPMG policy and applicable laws or regulations?
- Does my decision reflect the right thing to do?
- Is my decision being driven by responsible professional judgment?
- Am I capable of making an objective decision or do I need to consult?
- Could a failure to consult on a decision be seen, with hindsight, as a mistake?
- Am I confident that my decision would not cause KPMG reputational and brand damage if it were made public?
- Do the actions taken by a colleague or client comply with applicable laws, regulations, and ethical standards and (if a colleague) with KPMG policy?

**If the answer to any of these questions is 'no,' or if you are not sure, then you should seek guidance.**

### This includes situations in which:

- you are uncertain about the interpretation of applicable policies, laws, regulations, or professional standards - many of these can be complex;
- differences of opinion make the course of action unclear;
- potential actions (or inaction) or decisions make you uncomfortable; or
- the situation you are involved in is complex or high risk.





# Getting help





## Speaking up

If you see something that makes you uncomfortable, you are encouraged to act with courage and speak up. It does not matter how large or small the matter is or who is involved.

This includes situations when you know or suspect that colleagues, clients or parties associated with clients, or suppliers, subcontractors, or associated third parties are engaged—or may be about to engage—in illegal or unethical activity.

KPMG will investigate these reports and will take action where non-compliance with the Code or relevant supporting policies or procedures, or laws, regulations, or professional standards, is identified.

If you are unsure about the appropriate legal or ethical course of action, you are encouraged to ask questions. You are not expected (and should not try) to deal with complex situations on your own. The firm has established “channels of communication” to assist you with seeking advice or reporting concerns.

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 client activities that are potentially illegal or may raise ethical concerns, you must raise your concerns through the channels of communication so they can be fully addressed.



### Confidentiality Policy

Whenever you report a concern, your identity will be treated confidentially, as will the identities of the other participants in the investigation. The firm only discloses the identities of participants in an investigation if required by law or professional standards or if it is necessary to fully investigate a concern.





## 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.

Retaliatory behavior can include termination, demotions, denying overtime or a promotion, disciplinary actions, denying benefits, failing to hire or rehire, intimidation, discrimination or harassment, making threats, reassignments to less desirable positions or locations, actions affecting prospects for a promotion (such as excluding an employee from training that enhances skills and competencies), changing or reducing hours or wages or other actions such as excluding, ostracizing, or mocking a partner or employee or falsely accusing a partner or employee of poor performance. It could also include harm, including to the person's reputation, particularly in social media.

The firm 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](#)

### 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 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.





## 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, he 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, Talent and Culture via Ask HR, or another channel of communication 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.



## Channels of communication

Help and guidance are always available. 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 Ethics and Compliance Officer
  - Firm leadership, including the Chair, Deputy Chair, Vice Chairs, and Board Members
- For Human Resources–related concerns, including harassment, discrimination, and issues involving individual behavior or your work environment, contact Talent and Culture via Ask HR.
- 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 and Public Policy (OGAPP).
- For questions related to U.S. export controls and U.S. economic sanctions, contact the firm's Economic Sanctions and 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](http://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.



### Anonymous reporting

It is sometimes difficult to investigate and substantiate concerns if a matter is reported anonymously.

Providing your name allows us to contact you if we need additional information, which will enable a more robust and comprehensive investigation. Identifying yourself also helps us monitor various metrics to ensure you are not retaliated against and your identity will remain confidential.

If you decide to report anonymously, however, be sure to provide detailed information, such as the identity of the individuals involved, the timeframe of the behavior, and who may be aware of what has transpired. It is also important to check the Hotline regularly for updates and information requests from the investigation team, which can be done by using the report key provided when first reporting the matter while still maintaining your anonymity.



### KPMG International Hotline

In addition to the channels the U.S. firm provides, the KPMG International Hotline is a vehicle for KPMG personnel, clients, and other third parties to confidentially report concerns they have relating to certain areas of activity by any KPMG International entity, activities of KPMG member firms, or KPMG personnel. Similar to the U.S. firm’s Ethics and Compliance Hotline, the KPMG International Hotline is administered by an external third-party provider and is available 24 hours a day, seven days a week.

You can report concerns to the KPMG International Hotline in three ways:

- Call a toll-free number (open 24 hours a day, 7 days a week)
- Access a web-based reporting system at [www.clearviewconnects.com](http://www.clearviewconnects.com) (select KPMG International)
- Send mail to:  
ClearView Connects  
P.O. Box 11017  
Toronto, Ontario M1E 1N0  
Canada



# Our Commitments

KPMG and our people have an overriding obligation to live our Values in everything that we do and to always act lawfully, ethically, and in the public interest. That is why our Values run throughout our Commitments.





# Our people

## 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, in which 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 highly-skilled 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 to stay up-to-date with trends in your field of practice.
- Complete all required firm training in a timely manner and take any required exams independently – based on your own 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 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 Subchapter 13.2 (Professional Development: Training and Professional Education) 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.

### 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 webpage.

## Questions & Answers

- 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 training courses, firm required or otherwise, for another individual. Engaging in such behavior is a violation of the Code of Conduct. 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. 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.



## Respect and dignity

### Our promise

We are committed to fostering an inclusive culture 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. Always treat others with respect and dignity.

### It starts with you

- Recruit, hire, train, and promote individuals regardless of: race/ethnicity, color, creed, religion, age, sex/gender, national origin, ancestry, citizenship status, marital status, sexual orientation, gender identity or expression, disability, pregnancy, childbirth or other related condition, military/veteran status, genetic information, status as a victim of domestic violence or sexual abuse or other legally protected status.
- Make employment decisions (e.g., hiring, promoting, transferring) based on an individual's qualifications, experience, abilities, and performance, as well as the firm's strategic priorities and business needs.
- Work together to encourage your colleagues to create 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 unwelcome sexual advances.
- Support the firm's Diversity, Equity and Inclusion commitment 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 and relevant laws prohibit 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 treat others with respect and dignity. It is unprofessional and may constitute harassment. For concerns related to professionalism, harassment, and discrimination, contact Talent and Culture via Ask HR. The Ethics and Compliance Hotline is also always available.

### Sexual Harassment

Talent and Culture 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 Subchapter 9.9 (Working in Foreign Jurisdictions) 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](http://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 or harm themselves, you should immediately notify your PML, engagement partner, Talent and Culture, 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 One Stop Ops.
- 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

Talent and Culture received a report alleging that an employee 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 employee from the firm.







# Our clients

## 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

- Exercise professional judgment in planning and performing services.
- Confirm that you and your team have the appropriate knowledge, skills and ability, time, and experience to deliver the promised services to your clients.
- Foster a culture within your engagement team that encourages open and honest communication, upholds the letter and spirit of our ethical and professional standards, demonstrates a passion for quality, and fosters an environment of inclusion, safety, and belonging.
- 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.





## Questions & Answers

- Q:** Our engagement team is behind schedule. To meet a deadline, we decided to accelerate procedures that normally take five business days to accomplish and complete them in two business days. The same amount of time will be devoted to the procedures, but is this the right thing to do?
- A:** It is the engagement team's responsibility to determine whether to depart from an established work plan. Deadlines are a great way to make sure work gets done on time. However, when employees are placed under pressure and required to work extreme hours, they may end up trading quality for on-time delivery. If the decision could affect our ability to provide quality client service or perform a quality audit, the engagement team should consult with the engagement partner and other team members to ensure that the accelerated work schedule will not impair quality.
- Q:** An engagement manager assigns responsibilities to various team members and is involved in the review of their work, as well as the review of their performance on the engagement. When assigning additional project responsibilities, is it acceptable for the manager to assign work to one of the team members who is also a family friend?
- A:** Maybe. Effective supervision is critical to successfully delivering quality work. KPMG professionals need to ensure that a form of bias does not negatively impact our perceptions, decisions, and actions, including those related to project assignments, development, promotion, and hiring. Affinity bias, the preference for certain types of people for whom we have an affinity, is one such bias of which we should be mindful and guard against. Self-awareness of biases and identifying when they might be triggered is our shared responsibility. We should all strive to create an inclusive and collaborative culture that will enhance recruitment, retention, performance and job satisfaction.



# Independence

## Our promise

We are dedicated to following 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 and your immediate family members do not have any personal, financial, employment, 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) review these relationships for independence. You also must be vigilant in ensuring that the services you provide are not prohibited by 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 personal independence obligations with people who may impact your ability to meet them, such as your spouse or spousal equivalent.
- Review your and your immediate family members’ investments, loans, other financial transactions and business relationships regularly and before beginning work on a new engagement.
- If you have a requirement to maintain a KICS account, timely report your and your immediate family members’ investments and loans into KICS, and activate investment accounts for the Broker Import Program as required.
- Share with your team helpful tips and resources for maintaining personal independence compliance.
- Firm professionals must avoid close, personal relationships with certain individuals at our Audit clients, especially those on the Audit engagement team.
- Do not enter into any relationship with or provide any services to a Restricted Entity if doing so is prohibited by independence standards.
- Report potential independence violations promptly via the Independence Inquiry Submission Form.



See Risk Management Manual Chapters 6 (Personal Independence: Audit and Attestation), 9 (Engagements: Acceptance and Continuance), 11 (Non-Attest Services for Audit and Attestation Clients), 12 (Firm Independence: Audit and Attestation Engagements), and 16 (Third Party Relationships). Also see Non-Audit Services and Independence on the U.S. Portal for more information regarding independence. Independence is complex. When in doubt, ask. Requests for Risk Management – Independence consultation should be submitted using the Independence Inquiry Submission Form accessible on the U.S. Portal.



## Questions & Answers

- Q:** I am an associate and am buying a new home. Can I take out a mortgage from a bank when I'm working on the audit of the bank?
- A:** No. The bank is a Restricted Entity, and staff professionals (i.e., interns, associates, and senior associates) who provide 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, if you are providing audit services to this client, you are a "Covered Person," and the SEC and AICPA independence rules also prohibit you from obtaining a loan with this entity. Client-facing managers and above, as well as certain Business Enablement Group (BEG) associate directors and above, have more stringent requirements and cannot obtain a loan from any restricted 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 their affiliated Audit client. Before you invest time building a proposal, you can determine what restrictions are applicable to an entity by searching the Sentinel Entity Management Tool for the entity and reviewing the Client Relationships information, such as attributes. The video "How to Check Restricted Entity Status" in Sentinel gives step-by-step instructions for determining whether there are Audit or attestation relationships requiring independence. Always remember that work for a client cannot begin until a Sentinel Approval Number (SAN) has been issued.

### **Restricted Stock Violates Independence Policies**

During an independence compliance audit, it was determined that an employee held several restricted securities that were in violation of the firm's policies. When instructed to sell them, the employee requested that the shares be permitted as they were acquired prior to him becoming a member of the firm. 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 nor 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

- Familiarize yourself with the Know Your Client (KYC) Procedures, including understanding the entity and its ultimate beneficial owners and key management.
- Perform the entire client and engagement acceptance process, including any required background checks and other KYC Procedures, to assess the risk profile of a new client or engagement.
- Only start an engagement after a Sentinel Approval Number (SAN) is received, all comments from the Sentinel Lead Partner (SLP) and Conflicts Resolver are addressed, and all required steps of the client and engagement acceptance process have been completed, including an approved engagement acceptance CEAC and fully executed contract.
- Use the firm's standard client engagement letters with applicable terms and conditions or a master services agreement with accompanying statement of work and consult with functional Risk Management and the Office of General Counsel if client modifications are requested.
- Consult with the Office of Government Affairs and Public Policy and Risk Management if there is any possibility that an engagement could give rise to political risk to the firm.
- Reassess risks when a significant change, such as a triggering event as defined in the Risk Management Manual, is identified that may change the risk profile of a client or when changes are made to an engagement's scope.
- 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.



See Risk Management Manual Chapters 8 (Client Identification: Acceptance and Continuance) and 9 (Engagements: Acceptance and Continuance) and Client Acceptance for Advisory & Tax for more information about client acceptance and engagement performance.



## Questions & Answers

- 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, both Client Acceptance (e.g., SYNC Entity Management (Client CEAC) and Engagement Acceptance (e.g., Sentinel, Engagement CEAC, signed engagement contract) are required. 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, an updated Sentinel request and a new engagement CEAC may need to be submitted, and the engagement team will need to consider whether the engagement letter should be amended. In certain circumstances, a new CEAC may not be required or a different form of contracting may be appropriate, so engagement teams should consult with their respective Risk Management group. For Restricted Entities, the new work must be permitted by 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 because 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 only 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 using a secure method approved by the firm.



See Risk Management Manual Chapter 15 (Confidentiality, Privacy and Information Protection) 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 may expose the firm to legal liability and reputational harm.



## 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 unnecessary confidential client information, including personal information, should be avoided. 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.

### 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 Policy 5.5.5 (Insider Trading) for more information about investments and KPMG's Anti-Insider Trading Policy.

### 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 Government Quality, Contracts, and Compliance Group 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 federal, state, or local laws, regulations, rules, and contract requirements that apply to you or the engagement, whether KPMG is the prime contractor or a subcontractor, and consult with Government Contract Compliance when necessary.
- If you are uncertain about the specific requirements applicable to your work, consult with the engagement partner or Government Quality, Contracts, and Compliance Group 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 unauthorized parties, which may include other KPMG personnel, third parties, or non-citizens (within or outside the firm, including member firms).
- Understand that the Foreign Agents Registration Act (FARA) may apply to certain activities on behalf of foreign governments in the United States (e.g., representing foreign governments and countries in front of U.S. government officials and promoting investment in a foreign country on behalf of a foreign government in the United States).
- Ensure that all time entries, expense reports, invoices, submissions, and communications with government clients are accurate and complete and comply with any unique contractual and regulatory requirements.
- Comply with all specialized requirements applicable to any security clearance you may have and report required information to the KPMG LLP Facility Security Officer (FSO).
- Be mindful of post-government employment restrictions that may be applicable to you or those you intend to recruit and refer to the firm's Hiring Policy, which contains requirements related to recruiting government and regulator candidates to the firm.
- 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 on the Federal U.S. Portal page 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 or a candidate from one of the firm’s regulators. The firm’s Hiring Policy includes a number of steps that must be taken before and during any meaningful employment discussions with a government or regulator candidate and includes a list of entities and persons that are deemed “Regulators” of the firm. Questions about hiring government or regulator candidates should be directed to Government Contract Compliance.
- 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:** Probably not. Normal client entertainment allowable in the private sector might violate more stringent limitations for government officials or employees, which are designed to eliminate the perception of undue influence. Prior to providing anything of value to a government official or employee that the official or employee does not pay for, including but not limited to, meals or nominal gifts, seek pre-clearance from the Office of Government Affairs and Public Policy 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 must 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 Subchapter 14.2 (Engagement and Firm Monitoring: Complaints, Allegations and Claims) for more information about known or suspected noncompliance with laws 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 Subchapter 14.2. 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 Subchapter 14.2.





# Our community and marketplace

## Our commitments

We are committed to:

- Collaborating 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 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 positively impact their communities. While KPMG values investment, volunteerism, and service in all areas, we are especially committed to education and lifelong learning as they are central to building strong communities and unlocking potential. We enable all of our people to take action and fuel their passion for the greater good.

### It starts with you

- Engage in your local office’s volunteer activities, participate in the firm’s Season of Giving, or donate to the KPMG Foundation’s Matching Gifts program. Visit the Community Impact Portal Page to learn more.
- Seek to reduce your environmental impact wherever possible.
- Before accepting a nonprofit board role (e.g., governing boards, advisory boards, young professionals’ boards, and strictly honorary positions), review the independence requirements in Risk Management Manual Policy 5.4.2 (Serving as a Director, Officer, or Trustee of a Non-KPMG Entity) and submit relevant inquiries using the Independence Inquiry Submission Form.
- Upon accepting a nonprofit board role, self-report your nonprofit board relationships in SYNC, using the instructions found here.
- Avoid pressuring colleagues, clients, or others to participate in charitable giving programs or volunteer activities.



See the 2022 KPMG U.S. Impact Plan for details on our commitments to expanding community engagement.





## 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 not serve on the board unless the position is clearly honorary. Further, you cannot vote or otherwise participate in board or management functions. You should consult with 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 Impact Volunteer Hours (IVH) to volunteer for an organization I am personally committed to. Is this permissible?
- A:** All full-time and part-time employees who are eligible for benefits, in good standing, and have approval from their PMLs are eligible to use IVH. IVH is not only for firm-sponsored volunteer activities but may also be used for volunteer activities performed for other IRS Code Section 501(c)(3) organizations.
- Q:** How do I find out about firm-sponsored volunteer activities?
- A:** Every office has a Community Impact Partner Champion, as well as a Community Impact Leader. Together, they have responsibility for the office's volunteer activities and relationships with local nonprofit organizations. You can access the Community Impact Volunteer Portal to see upcoming activities for your office or contact your local Community Impact Leader.
- Q:** How can I request that the firm make a charitable contribution?
- A:** All charitable contributions must be requested and approved through our Corporate Responsibility Request Tool. In advance of requesting a charitable contribution, please discuss the request with the budget owner to ensure support is available. Confirm that the organization is eligible by following the guidance outlined in Vetting for Community Impact.





## 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

- When required by policy, consult with the Office of Government Affairs and Public Policy before communicating with any government official on behalf of KPMG, a client, or a potential client.
- Obtain approval from the Office of Government Affairs and Public Policy before hiring any outside consultants or lobbyists 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 and Public Policy.
- 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, political action committees, political parties, or other political committees, by preclearing or reporting such political contributions in the Political Risk and Compliance System (PRACS).
- Contact the Office of Government Affairs and Public Policy if you are thinking about running for political office, accepting a political appointment, or taking a similar government role (e.g., member of a licensing board or school board or advisor to an elected official).



See Risk Management Manual Subchapter 18.7 (Interacting with Government Entities) for more information on interaction with public officials and candidates and on other political activities.





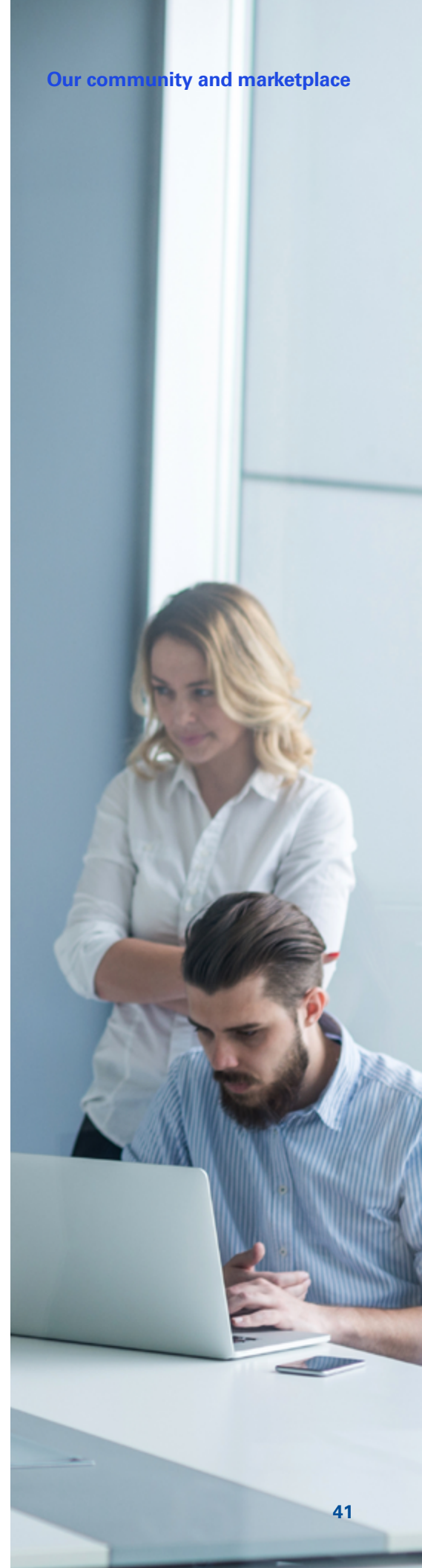
## Questions & Answers

- 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 and Public Policy 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 and Public Policy.
- 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 and Public Policy.

### Are Business Development Meetings Lobbying?

A participant in a meeting with state government officials contacted the Office of Government Affairs and Public Policy 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 without having sought advance approval, practice leaders determined the firm could no longer 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 Subchapter 18.7 (Interacting with Government Entities), 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 only through publicly available sources and approved third-party facilitated surveys.
- Refrain from exchanging confidential and competitively sensitive information with KPMG's competitors.
- Differentiate KPMG from its competitors based only on factual and accurate comparisons.
- Represent your and your teams' qualifications and experience accurately.
- Adhere to non-compete or other contractual agreements you may have with a prior employer.
- Refrain from proposing exclusive reciprocal (quid pro quo) business arrangements with clients or vendors without prior consultation with the Office of General Counsel.
- Follow our U.S. Brand Governance Policy when preparing proposals.



See Risk Management Manual Subchapter 5.7 (Marketing Professional Services) for more information on advertising, marketing, and external communications.

### Antitrust Laws

Antitrust laws are a key tool in promoting business competition and maximizing consumer welfare. Be alert to discussions with KPMG competitors (e.g., other public accounting and professional services firms, KPMG clients and alliance partners, and other parties that offer the same or similar products or services and/or compete with KPMG for labor resources) regarding:

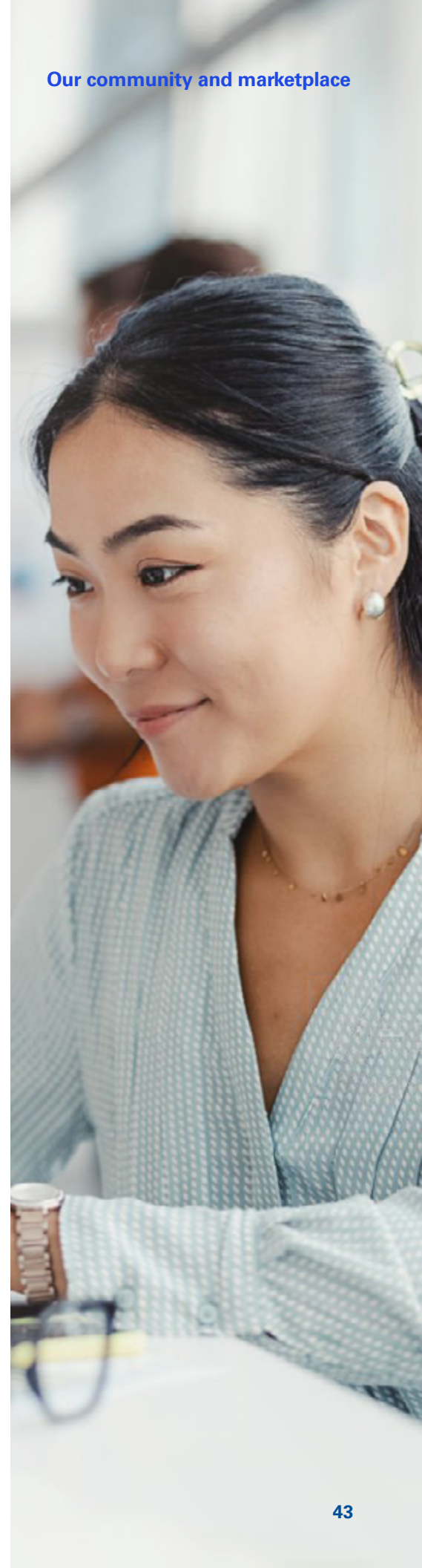
- Pricing, profitability, or billing terms and conditions
- Sales and marketing plans, including intent to bid on a contract
- Agreements to divide clients by geography, industry, or type of work
- Vendor terms and conditions
- Recruiting, retention, or compensation plans, including salaries, bonuses, and fringe benefits, and agreements regarding the hiring of other entities' personnel.

Agreements on these and other matters that could affect the marketplace may violate antitrust laws and result in criminal or civil penalties for individuals and the firm and liability in private civil actions. Prohibited agreements may be oral or written; formal or informal; or expressed or implied; and could encompass individual engagements, people, processes, 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 their resumes?
- A:** Not without first discussing your concerns with the partner. The resumes should be added only if their roles and responsibilities on the engagement are clear, so as not to mislead 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, available, and not subject to a restriction from a prior employer.
- 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 focuses on retail companies. He proposed, 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 and civil penalties may arise from these types of agreements, which may violate 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:** One of my clients has suggested that I not hire their employees without the client's permission. Can I agree to this or simply comply with my client's suggestion?
- A:** No. Except in certain limited circumstances that are pre-approved by the Office of General Counsel, KPMG personnel may not enter into any agreements – expressed or implied, written or verbal – relating to the hiring of another entity's personnel. This precludes even agreements to notify the employer that the candidate is interviewing with KPMG or to ask the candidate to tell their employer they are interviewing with KPMG. The existence of an "agreement" does not require actual direct evidence of an agreement but can be inferred from actions taken by KPMG personnel. If a competitor in the labor markets raises such a proposal with you – even if they are not asking for an "agreement" – disengage from the conversation and immediately contact the Office of General Counsel.





## 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 Subchapter 5.6 (Bribery, Facilitation Payments and Inducements) 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





## 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 and Public Policy 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 or create an organizational conflict of interest. You should consult with Government Contract Compliance. If this is a situation where KPMG can consider the candidate, it will be important to make sure to follow KPMG's requisite 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.

### 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 of any value 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 and Public Policy.

See the Gift and Entertainment Policies for more information.





## Our firm

### 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 technology resources

### 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 the resources that you use and control.

### It starts with you

- Adhere to the Acceptable Use Policy (AUP) when accessing or using information technology resources, including using only firm-approved technology solutions in accordance with firm policies, user guides, and terms and conditions to conduct firm business.
- Do not use KPMG IT Resources for personal activities (e.g., using KPMG email to send or receive personal emails, downloading or using personal software, storing personal files).
- Do not store or process confidential information on devices (e.g., personal computers), third-party cloud hosting environments (e.g., Amazon Web Services, Azure and Google Cloud Platform), or other third-party hosted solutions (e.g., Dropbox, Google Drive) that have not been approved by the firm.
- Do not transmit confidential firm, personnel, or client information to unauthorized recipients and do not use personal email to send, receive, or store such information.
- Do not record meetings without required approvals.
- Secure your laptop, mobile devices, other data storage devices, and hard copy documents.
- Exercise caution when printing or scanning confidential information at non-KPMG offices, including at home.
- Do not share or display login credentials or include credentials in an automated process (e.g., script).
- Use the internet responsibly by accessing only those sites that contain content appropriate for the workplace and do not access websites prohibited by the AUP.
- Do not download, install, or run unauthorized software or code on firm devices.
- Be alert to scams that are designed to manipulate you into divulging confidential information, such as phishing. If you receive a suspicious email, do not open any attachments and use the “Report Suspicious” icon link in your Outlook ribbon.
- Do not take KPMG information technology resources to high-risk countries or jurisdictions subject to comprehensive sanctions or export controls.



See Risk Management Manual Chapter 17 (IT Resources, Information and Physical Security) for more information regarding protecting electronic information, information technology resources, and electronic communications. See also Recording of Audio and Video Communications for more information.





### **KPMG Information Technology Resources**

KPMG Information Technology (IT) Resources are defined as IT equipment, devices, computer systems, appliances, scripts, bots, email, internet, fax, phone, voice mail, infrastructure, and technology solutions. A “technology solution” is defined as software and services, including internet and cloud services, cloud environments, and open source software, whether developed by KPMG or licensed from a third party.

KPMG’s IT Resources are provided to firm personnel for work purposes and remain the property of KPMG. The firm reserves the right to monitor and review the use of KPMG IT Resources, whether owned or managed (e.g., personal phones with mobile device management installed), at any time without prior notice.

### **Reporting Information and Information Technology Cybersecurity Incidents**

KPMG Personnel must promptly report “Information Incidents” and “Cybersecurity Incidents,” as defined in the Acceptable Use Policy (AUP), to the Digital Desk at 1-800-KPMG-HELP. If calling from outside of the United States, please use the direct number to the Digital Desk at 201-505-6600.

Information Incidents include the actual or potential disclosure, loss of, or unauthorized access to confidential information (in hard copy or electronic form) of our clients, the firm, or firm personnel, whether intentional or unintentional. An Information Incident also occurs when KPMG personnel receive certain data if such receipt is unauthorized, including the unintentional transfer, disclosure, use or modification by a client and/or third party, or the information is not reasonably needed for the firm’s provision of services to a client or for other legitimate firm business (i.e., “spill-in”).

Examples of Information Incidents include:

- Misdirected emails
- Unauthorized access to information or technology solutions
- Lost firm equipment and devices such as a laptop or removable media (e.g., USB, hard drive)
- Posting of confidential information to a third party system or service without prior approval
- Usage of unapproved technology solutions
- A data spill-in of a client’s Personally Identifiable Information (PII)

A Cybersecurity Incident is defined as a malicious activity or a violation or imminent threat of violation of firm IT security policies or the AUP with respect to the confidentiality, integrity, or availability of KPMG IT Resources.

Examples of a Cybersecurity Incident include:

- Compromised log-in credentials
- Malware infection
- Unauthorized access to technology solutions
- Attempt to obtain confidential information through social engineering (e.g., deception, phishing)
- Attempt to exploit a vulnerability in the firm’s IT systems





## Economic sanctions and export controls

### Our promise

We are committed to adhering to applicable economic sanctions and export controls. Because the firm serves clients and interacts with member firms across the world, we must be aware of and adhere to applicable economic sanctions and export control laws and regulations. These regulatory regimes are highly complex so the firm has built the consideration of them into our standard business processes. Our efforts in this area help ensure that we do not accept prohibited clients or engagements and that we have visibility as to when previously permissible work may become subject to sanctions or export controls so we can identify and terminate or modify the work as necessary.

### It starts with you

- Be aware that economic sanctions can be targeted to trade in specified goods, technologies, and services with specific organizations (including foreign governments) and persons, or they can be comprehensive, prohibiting trade with any person or entity in a specific country.
- Understand that an “export” is much broader than the movement of goods across the U.S. border and includes release of “controlled technology” to an individual who is not a U.S. citizen, green card holder, or protected individual, regardless of where they are located.
- Be aware that “controlled information” can take many forms, including blueprints, drawings, photographs, plans, and instructions.
- Follow the firm’s processes related to client and engagement acceptance and ensure the information you provide is complete and accurate.
- Adhere to the firm’s processes before entering into a relationship with a third-party vendor or service provider, whether they are serving the firm or our clients.
- Be aware of client requests to change the clause related to the receipt and handling of export-controlled information in the firm’s Standard Terms and Conditions because if a client asks for a change, it could mean we may receive export-controlled information and may need to put extra precautions into place while executing the engagement.
- Follow the firm’s processes related to the development and approval of technology.



See Economic Sanctions & Export Controls on the U.S. Portal for more information.



## Questions & Answers

**Q:** I am a Manager on an R&D Tax Credit team, and I need to formalize my notes from my discussion with the client’s engineer into a memo. Can I send my notes to someone in KPMG Global Services (KGS) so they can draft the memo for me?

**A:** Maybe. The information contained in your notes may be subject to export control regulations, and there may be prohibitions on sharing it with non-U.S. persons. Check with your engagement leader to determine whether the engagement has an Export Control Plan, and if so, follow the protocols in the plan.

**Q:** We are working on a proposal with another member firm to provide the client, a joint venture between a U.S. and foreign entity, with advice for setting up an assembly line to assemble defense articles, and I’m concerned there may be export control implications. What should I do?

**A:** You are right to flag the issue. There are special rules that apply when KPMG may be providing “Defense Services,” which includes assistance to foreign persons, including through training, in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles. Special rules also apply to the brokering of defense articles or services (e.g., soliciting, promoting, negotiating, contracting for, arranging, or otherwise assisting in the purchase, sale, transfer, loan, or lease of a defense article or service). These situations must be escalated to the firm’s Economic Sanctions & Export Control Officer immediately and in all cases prior to agreeing to perform such services.

### The Importance of Following Standard Business Processes

Because the firm’s standard business processes take into account compliance with economic sanctions and export controls, it is imperative that you follow them. With respect to economic sanctions, information captured in our opportunities management, Sentinel, and CEAC systems is screened regularly to, among other things, identify potential relationships and engagements with sanctioned jurisdictions, sanctioned parties (or those owned or controlled by sanctioned parties), and sanctioned services to ensure appropriate review. Similarly, the firm’s processes around entering into relationships with third parties involve screening to determine whether they may be subject to sanctions.

With respect to export controls, the firm’s engagement acceptance processes help teams understand whether they may be providing services subject to export controls and put appropriate protocols into place. Similarly, the technology and software that the firm develops and makes available to clients and other member firms may also be subject to export controls and reporting requirements and therefore firm’s processes related to the development and approval must be followed to ensure any requirements are met.

Potential penalties for violations of economic sanctions and export controls can be severe and can include both civil and criminal penalties. Fault can be assessed on a “strict liability” basis, meaning individuals and organizations do not have to intend to break the law to be found liable.



## 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.
- Do not retain firm or client confidential information when leaving the firm.



See Risk Management Manual Subchapter 15.4 (Intellectual Property) and Intellectual Property Management on the U.S. Portal for more information about using and protecting intellectual property.

### 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 the 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."
- Q:** I am leaving the firm and want to take samples of my work for my own use. May I do so?
- A:** No. When leaving the firm, you may only take personal information and will be advised of the appropriate method to transfer such materials from your computer. The firm actively monitors information technology systems to guard against any taking of firm or client confidential information and will take all appropriate steps to prevent such actions, including pursuing civil or criminal remedies and contacting future employers to ensure that the information is not used by such employers and does not migrate onto their information technology systems.

### 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 Ethics and 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 the firm's 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

- Charge all hours worked to the appropriate client or internal code.
- Do not succumb to pressure to under-report hours worked or charge time for work not performed.
- Be aware that intentionally submitting personal expenses to the firm for reimbursement as business expenses constitutes fraud and will result in discipline.
- Be prudent when incurring expenses and ensure they are reasonable, appropriate, and comply with firm policies and guidelines.
- Maintain accurate business records and documentation, including engagement documents and deliverables, time and expense records, and performance evaluations.
- Carefully review and evaluate transactions or business relationships involving the firm that appear to be overly complex, lack substance or business purpose, or result in significant financial impacts.



For more details, see the firm's Time Charging (Exempt Employee Policy and Non-Exempt Employee Policy) and Expense Reimbursement 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. In addition, the location code must correspond to the worksite reported (e.g., client office, work from home, KPMG office/Lakehouse, other).
- 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 must comply with firm policy and should not be extravagant. In addition, the location should always be in good taste.
- Q:** My engagement manager reviewed my charges for last week and told me to move some of my hours from the client engagement number for my project to an administrative code. What should I do?
- A:** You must always charge your actual 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 many 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 professional was separated from the firm.

### **Time Must Be Charged Accurately**

After receiving a complaint from a client who was upset about costs, an engagement leader instructed a team member to report fewer hours than actually worked. While the employee initially did, she had second thoughts and corrected her time sheet. At that point, the engagement leader suggested that she move time from a client charge code to an administrative charge code. When she ignored this request, the employee was told to charge only a certain number of hours to the engagement no matter the actual time worked. The employee then filed a report with the Ethics and Compliance Hotline.

An investigation substantiated improper time charging by the engagement leader and also found that he had failed to properly understand the time charging policy. Since he had recently joined the firm, practice leadership counseled him about his actions.



## Loyalty to the firm and its people

### Our promise

We are committed to acting in the best interests of the firm and its people. 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/Professional Services Policy before accepting compensation for employment or providing professional services (even if unpaid) 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.
- Only 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/Professional Services Policy for more information.

### Outside Employment

KPMG's Outside Employment/Professional Services 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. A small number of activities are exempt from the policy, and variances also may be permitted in limited circumstances and submitted via the Request for Approval for Outside Employment/Professional Services form.



## 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 skill sets 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 Talent and Culture, and if an engagement is impacted, should disclose it to the engagement partner. Also, you should consult with Strategic Sourcing and Procurement (SSP) to ensure purchases adhere to firm policies and guidelines. 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—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 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 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., reformatting 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.



See Risk Management Manual Policy 15.2.3 (Retention and Disposal of Confidential Information) for firm document retention requirements, Risk Management Manual Subchapter 14.2 (Engagement and Firm Monitoring: Complaints, Allegations and Claims) for reporting requirements related to regulatory and other legal proceedings, and Risk Management Manual Subchapter 18.1 (Matters Requiring Notification to the Office of General Counsel or Consultation with and Approval by the Office of General Counsel) for requirements for consultation with the Office of General Counsel.



## 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 on a matter involving the firm or its clients, 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.

### 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.



## 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 comment on any aspect of KPMG or its clients to the media; if you receive an inquiry from the media, immediately forward it to Corporate Communications.
- Obtain appropriate approvals prior to publishing articles or giving external presentations.
- Before agreeing to participate in a research project with a consultancy, academic institution, or other party that would reference KPMG, please contact Corporate Communications.
- 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 nonconfidential information when discussing your work in public, and be careful not to represent your own opinion as the firm's.



See Risk Management Manual Policy 5.7.1 (Marketing Professional Services) 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, do not respond or comment 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 handling of 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 transparent about your relationship with KPMG. Be 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.





**KPMG**

# 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](mailto:US-eandc@kpmg.com).

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



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

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