



cutting through complexity™

SPEAKING OF ETHICS

Ethics and Compliance Report 2010

A Continuing Conversation on Ethics and Integrity

kpmg.com



Our Core Values

The KPMG Way is our definition of who we are, what we do, and how we do it. Our core values lie at the heart of the KPMG Way.

They define our culture and our commitment to the highest principles of personal and professional conduct. They also represent how our people relate to each other, what we expect of our clients and vendors, and what our clients, vendors, and the marketplace should expect of us.

We Lead by Example at all levels, acting in a way that exemplifies what we expect of each other and our members firms' clients.

We Work Together bringing out the best in each other and creating strong and successful working relationships.

We Respect the Individual respecting people for who they are and for their knowledge, skills, and experience as individuals and team members.

We Seek the Facts and Provide Insight challenging assumptions, pursuing facts, and strengthening our reputation as trusted and objective business advisers.

We Are Open and Honest in Our Communication sharing information, insight, and advice frequently and constructively, and managing tough situations with courage and candor.

We Are Committed to Our Communities acting as responsible corporate citizens, and broadening our skills, experience, and perspectives through work in our communities.

Above All, We Act with Integrity complying with all applicable laws and regulations, upholding the highest professional standards, providing sound advice, and rigorously maintaining our independence.

Integrity underlies all of these principles.

“Our core values represent how our people relate to each other, what we expect of our clients and vendors, and what our clients, vendors, and the marketplace should expect of us.”

Foreword

John Veihmeyer, Chairman and CEO
Henry Keizer, Deputy Chairman and COO

At KPMG, one of our top priorities is to ensure that we have an ethical culture, where everyone understands the firm's values and feels a sense of personal responsibility for doing the right thing, in the right way. Part of having an ethical culture is communicating openly and honestly, and our 2010 *Ethics and Compliance Report* is one of the ways we achieve that goal.

This year's report highlights the firm's ethical culture through "Speaking of Ethics" – a series of stories and conversations about our people's experiences with KPMG's culture.

One article focuses on KPMG's Onboarding team, the group responsible for welcoming and orienting everyone who joins our firm. The Onboarding team is a critical early touchpoint in the firm's ethics and compliance program, reinforcing our expectations for ethical behavior and educating our people on the resources and training available to them. Another article features a conversation between a partner and a manager, showing what two professionals at different points in their careers can learn from each other about business ethics.

This report also focuses on how our ethical culture strengthens our client relationships and the world outside the workplace. Our ethical culture is critical to our long-term success as a business because it helps us attract and retain the best people, and it provides the foundation for all our client relationships. It is a major asset in our relationship-building efforts with clients, enhancing our reputation in the marketplace as it guides the way we deliver services.

At KPMG, acting ethically and with integrity is paramount, and for that reason, we continually look for ways to strengthen our ethics and compliance program. We encourage everyone at KPMG to stay engaged in the effort as well. Talk with each other about ethics and integrity, especially when you need support in doing the right thing, in the right way. We thank you for taking personal responsibility for ethics and compliance at KPMG. Because of you, our firm is a model for others to follow.

John Henry



“Our ethical culture is critical to our long-term success as a business. It helps us attract and retain the best people, and it provides the foundation for all of our client relationships.”

Contents

Foreword 3

John Veihmeyer, Chairman and CEO

Henry Keizer, Deputy Chairman and COO

Leadership Message 5

Sven Erik Holmes, Vice Chair, Legal and Compliance

Speaking of Ethics 6

Stories and Conversations about Ethical Culture at KPMG

Welcome to KPMG: The Onboarding Perspective 6

Brothers Build Careers at KPMG 8

A Partner and a Manager Compare Notes on Ethics 10

Ethical Culture and Our Stakeholder Relationships

Stronger Client Relationships Through Ethics 12

The Ethics and Compliance Program 14

A Focus on Ethics: The Ethics Factor Training Program 14

A Focus on Compliance: CPA Mobility 15

Ethics and Compliance Hotline 16

Raise Your Hand: Personnel Compliance Program Statistics 17

Ethics Cases 18

Compliance Testing 20

New Leaders

A Conversation with Marvin Dozier 24

A Conversation with Jarry Mittleider 25

Leadership Message

Our Continued Commitment to Transparency

Sven Erik Holmes, Vice Chair, Legal and Compliance

Everyone at KPMG has worked together to build an ethics and compliance program that is a model for our profession. Our program is designed to build **awareness** of what is expected of you as you fulfill your day-to-day responsibilities; **trust** that the firm will support you when you raise a question or report a concern; and individual and management **responsibility** for doing the right thing, even under pressure to compromise KPMG's values and standards.

Our program is also driven by a commitment to transparency, and nowhere is this commitment more apparent than in our *Ethics and Compliance Report*. We have published this report annually since 2007 to provide our employees, our clients, and other interested stakeholders with clarity around how our program is structured, the results of our compliance initiatives, and the actions we take to address suspected wrongdoing in our firm. And we are proud to say that it has been recognized as a leading practice.

In this, our fourth edition, we have included more of our partners, principals, and employees speaking out in their own voices and offering individual and collective views about the firm's ethical culture. By including the views of our people, discussing our leading practices and approach to governance, and sharing key metrics, we continue our very important conversation on ethics and integrity at KPMG.

Our work doesn't end here. We will continue to enhance our program in the coming year, in line with our values and leading practices in the field. Look for an enhanced set of resources on the Ethics and Compliance Resource Center on the KPMG Portal and a refresh of the ethics and compliance goals in the performance review process, so they better support living the core values while pursuing our operational and professional goals.

Thank you for your continuing commitment to our ethical culture. Together, we will help to ensure the integrity of our work and the success of our firm.



“In this, our fourth edition, we have included more of our partners, principals, and employees speaking out in their own voices and offering individual and collective views about the firm's ethical culture.”

Speaking of Ethics

“Speaking of Ethics” presents KPMG’s ethical culture through stories told by, and conversations with, our partners, principals, and employees. The series reinforces KPMG’s commitment to ethics and integrity by sharing these perspectives from KPMG people in offices around the country to promote a wider discussion of the importance of ethical culture and leadership in our day-to-day work.

Welcome to KPMG: The Onboarding Perspective

In this first story, the firm’s Onboarding team shares its perspective on the firm’s culture, the importance of communicating about ethics to all new hires, and how KPMG’s ethical culture is reflected within the team.

As Onboarding professionals, we know the importance of first impressions. It’s our job to welcome every new employee to the firm, from campus hires starting their first job out of college to experienced hires who are bringing their skills to KPMG. We spend a lot of time talking about the Code of Conduct, our core values, and what the firm expects of each and every person who works here. We think it’s critical that new hires hear about ethics from day one.

What we say to new hires

We take seriously our role as a critical touchpoint for the firm’s Ethics and Compliance program. At orientation we emphasize our channels of communication, explaining that, at KPMG, individuals are not expected to manage problems on their own. In fact, there are many places that a person can go to seek advice and assistance. We talk about our ethical culture and how we expect our people to raise their hands and surface issues when they see something that’s not right. We spend time discussing the firm’s non-retaliation policy, because it shows our people that the firm

will stand behind them when they raise concerns. We also emphasize that doing the right thing, in the right way, will help them build a successful career at KPMG.

What we hear from new hires

We often ask new hires why they chose to join KPMG, and the answer is almost always the same: the people. We think this feedback speaks volumes about the ethics and integrity of our partners and employees. Whether it’s someone the new hire met during the recruiting process or a friend who works for the

firm, our people are our best connection to recruits who share our core values and will thrive at KPMG.

We know our recruiters do a great job, because new hires are already talking about KPMG’s values and ethical culture when they arrive at the firm. A few months ago, for example, during a large orientation session for campus hires, the first group of new hires called on to share their impressions of KPMG said, “We know this is a place where integrity is stressed.” And when we deliver our new hire training online, we see the



Left to right: Alanna Fung, Mary Jane Sabatini, Luci Wagner, Doneine Crenshaw, and Mike Keating

“hand clapping” icon most often on the slide that talks about our values-based compliance culture. Our message that KPMG is rooted in professionalism and integrity is being heard loud and clear, and we see the proof.

What we do on our own team

We also work hard to ensure that the Onboarding team’s culture reflects the firm’s core values. We try to make a good first impression and provide a welcoming environment to new hires, and we do the same with new staff on our team. Recently, several new people

joined our group. We wanted to get their feedback, but realized that the strong relationships among the long-standing group members made it difficult for the newer members to speak up. So, we provided an opportunity for them to talk among themselves, and then carved out time on the regular meeting agenda for them to bring their ideas, questions, and concerns forward as a group. Allowing them to do so gave our new hires the confidence they needed to express their ideas and contribute to the success of the team.

KPMG’s Onboarding Team

They love what they do and are very proud of the firm and its culture. You can see that in their longevity – collectively, they have more than 112 years of experience with KPMG, with individual service ranging from four to 24 years. They also have a unique perspective on what goes on across the firm since their team is geographically diverse.

Article contributors:

Mike Keating Dallas
Doneine Crenshaw Dallas
Alanna Fung San Francisco
Chantel Harris-Naji Washington, D.C.
Virma Johannsen Chicago
Mary Jane Sabatini New York
Denise Santora Montvale
Cynthia Smith Montvale
Louise Velarde Los Angeles
Luci Wagner New York

Speaking of Ethics

Brothers Build Careers at KPMG

KPMG’s expectations around “doing the right thing, in the right way,” are reinforced as our people build their careers with the firm. Here, two senior associates working in different parts of KPMG’s New York Tax practice – Jeffrey and Elliot Kung, who are fraternal twins – share their personal experiences with KPMG’s ethical culture and discuss their decision to join KPMG, the firm’s “raise your hand” atmosphere, and the importance of being a good role model and respecting others.

Choosing KPMG

Jeffrey: One of the reasons I chose to join KPMG was because it was clear that the firm valued open and honest communication. We went to a recruiting event, and there was one person who really opened up about his experiences at KPMG. His honesty and sincerity in portraying the team dynamics and the collaborative atmosphere really drew us in.

Elliot: I still remember that day – we were catching a cab to go home, and you said, “Wow, this is a great firm.” We really liked the people most of all, and that was the turning point where we made the decision to come to KPMG.

Raising your hand

Jeffrey: One of the things that stands out to me about KPMG’s culture is that you’re encouraged to speak up if you have a question, a concern, or just a different point of view.

Elliot: A partner I work for is always open to discussing issues. He tells me, “There are no stupid questions.” Just a week ago, we were discussing some issues on an engagement, and I was wondering whether the team had considered some of the basic tax questions. It crossed my mind for a second, “Is this a dumb question?”

Should I bother asking it?” But I did, and the partner said, “We’ve actually considered that already, but it’s good that you’re thinking about the basics because people might lose sight of that.” We often assume that somebody was asked a question already, or that an issue already has been addressed, but it’s always better to be safe than sorry.

Jeffrey: One time I was working on an engagement and an entry on a spreadsheet didn’t seem to be correct. Even though it was late in the engagement, and determining whether our data was right was going to take a good amount of time, the manager made sure that we addressed it. That experience taught me to always

raise questions, no matter how late in the game it is or how much more work we have to do to get it right.

Elliot: Sometimes you get everything ready to be packaged and sent to the client, and all of a sudden an idea pops into your head that you hadn’t considered.

I remember last year we were working on our first engagement for a client, and we felt we had addressed everything. The tax filing deadline was September 15, and we found an issue on September 10. The partner called the client and said, “We found this



Elliot Kung and Jeffrey Kung

© 2011 KPMG LLP, a Delaware limited liability partnership and the US member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. Printed in the USA. The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International. 225344N55

“One of the things we do well at KPMG is leading by example and showing your team the right way to handle a challenging situation.” – Jeffrey Kung

issue, and we need to address it now and deliver on a tighter deadline. We can't just walk away from it.” The client understood and was appreciative that we had caught issues they hadn't been aware of previously.

Being a role model

Jeffrey: One of the things we do well at KPMG is leading by example and showing your team the right way to handle a challenging situation.

When I first started with the firm, a person who worked for the client became upset with our senior manager for raising an issue. The partner stepped in to back up the senior manager, and even though this person was very upset, the partner continued to act professionally.

We got a call the next day from the client's CFO, who apologized and expressed appreciation for the partner's

professionalism and for the senior manager raising the issue. It was very impressive to see a partner hold firm to doing the right thing, and then afterward get gratitude from someone at a high level within the client.

Elliot: It's also important to maintain a dialogue with your team. A lot of times during busy season, I will have questions being asked of me about how and why things are done, and I may not have time to give a detailed answer. But, if I can't fully address someone's concern at the time, I try to go back to whoever asked me a question and ask if they understood the resolution. Spending additional time to make sure the person understands why certain decisions were made ensures that we're delivering quality services.

Respecting the individual

Elliot: A good leader respects work/life balance. When we're in busy season and a lot of people are working late, associates and interns are often afraid of not putting in the face time, but I tell them, “If you are done with your work, you should be able to leave.” You shouldn't be penalized for being efficient in what you do.

Jeffrey: This year, an associate needed to tend to some personal issues. When this person needed to leave early, I said, “Tell me when you need to go, and if you're



Jeffrey Kung

falling behind, I'll pick up your slack. It's a team effort.” My managers have told me the same thing. It's important to keep the lines of communication open with your team so that they're not afraid to tell you what they need.

Elliot: The other thing that goes a long way is to recognize and reward someone for doing the right thing by saying thank you. I think everyone wants to be recognized for good work, and one of the best ways to do that is saying, “I know that was a hard engagement, but I hope you learned a lot, and I was glad to have you on my team.”

Jeffrey: Along with that, going in person to say thank you is much better than saying it via e-mail. Even just walking over and saying, “Thanks for staying late,” or “I know you've been here for a long time, why don't you go home?” It's about recognizing that person is there, and working hard for the firm.



Elliot Kung

“The other thing that goes a long way is to recognize and reward someone for doing the right thing by saying thank you.” – Elliot Kung

Speaking of Ethics

A Partner and a Manager Compare Notes on Ethics

At KPMG, we encourage open and honest communication. Here, Audit Partner Ed Cannizzaro and Audit Manager Justine Partti talk candidly about business ethics, what makes an ethical leader, and what professionals at all levels can learn from each other.

Ed: Justine, what were your initial impressions of KPMG as it relates to ethics? Have those impressions changed over time?

Justine: When I decided to go into public accounting, I knew KPMG was highly regarded on campus and that everyone wanted to work here, but I gained a greater appreciation for ethics after joining KPMG. It was as a new hire that I realized the importance of KPMG's ethical culture. We promote ethics at all levels here.

Ed: I've been around a bit longer than you, and it's interesting to think about some of the reasons I started with what was then Peat Marwick Mitchell and Co. – and why I joined the profession in the first place. I probably couldn't have articulated it then, but I think what was important to me was that, as auditors, we help keep the capital markets efficient. People rely on us. We're in a profession where we must act with integrity. That's the first thing – it's at the top of the list. That's what drew me to the profession to begin with and what has kept me in the profession all these years.

New perspectives on ethics

Justine: I don't think I've experienced any big ethical dilemmas in my five years with the firm. Maybe I will later in my career.

Ed: We often think of ethics and integrity and assume it's just the big ethical dilemmas. But I also think elements of ethics and integrity are embedded in our day-to-day work. For example, when we have a new client win, how is credit shared? Are people balanced and fair about the fact that it was a team effort? Or are there individuals trying to garner some recognition they don't deserve? The subtleties are part of an ethical environment as well, and you come to a judgment – is this individual fair? Are they ethical?

Justine: I've never really thought about it like that – what you're saying makes sense. We might overlook a situation like that, thinking it's just how things go in business. But I can see how those things can impact how others view you.

Ed: Right, and I believe that these small things can also impact a person's perception of the firm's culture just as much as, or maybe even more than, big ethical dilemmas.

Ethical leadership

Justine: Ed, in your view what makes a strong ethical leader? I think it's someone who holds herself to the highest standards.

Ed: I agree. These are the people who lead by example. And in our firm everyone has an opportunity to lead by example.

Justine: I also think an ethical leader is somebody who is willing to make a tough decision and live with the consequences, even if some people may not like it.



Justine Partti and Ed Cannizzaro

“Never compromise the quality of your work, and if you ever have a doubt make sure you raise the issue.” – Justine Partti

Ed: I agree with that, too. Ethical leaders make decisions without regard for their personal interests. They focus on what is the right decision for the client, what’s right for investors, and what’s right for the firm.

Justine: That reminds me of something that came up in a recent planning meeting. As the partner on that engagement, you made sure, up front, that everybody understood that the quality of the work was the most important thing. And you told the team that if anyone saw something they weren’t comfortable with, to raise the issue and we’d make sure to resolve it – no matter how much time or budget pressure.

Ed: Yes, we have to start from the position that there is no substitute for doing great work, and we’re not going to risk the quality of our work for anything. I make sure that everybody hears that message directly from me. Even back when I was managing practice areas, whether I was speaking to new hires or at large meetings with experienced

professionals, I’d say that things like time or budget pressure should never compromise quality and doing a thorough job.

Justine: I think that when we’re working with more junior staff people, it’s especially important to be an ethical leader. We have to recognize that raising a concern is difficult, and when issues are brought to our attention, we need to acknowledge the concern, no matter how insignificant. We say: Never compromise the quality of your work, and if you ever have a doubt make sure you raise the issue. So, we need to address those concerns respectfully. Otherwise, people might be reluctant to come forward again.

Creating an ethical environment

Ed: In the spirit of open and honest communication, what advice can you offer to our partners?

Justine: I’d say remember to acknowledge the team, especially staff, for their contributions to our ethical environment. They may not see how they are contributing. They may think they’re working in a low-risk audit area, so how would a serious ethical issue grow out of that? So, emphasize their role and the important contribution they make to the team and the culture.

Ed: That’s a good point. Sometimes it’s hard to remember to take the time to recognize ethical successes. It’s easier to identify and acknowledge market or economic successes. We can always do



Justine Partti

more to recognize contributions to the ethics and integrity of the firm.

Justine: I’d also say make sure the team feels there is an open line of communication. If the team feels comfortable talking with the senior, the manager, even directly to you as the partner, then that encourages them to come forward with issues. If they don’t feel like there is honest communication on the team, it will make them less comfortable raising their hands if there is a problem.

Ed: Thanks, I’ll take that to heart. And my advice to you – and to anyone in the early years of their career – is to trust your instincts. Certainly our business acumen develops over the years, but something I’ve learned is that our instincts are pretty good on day one. To the extent that something doesn’t seem right or it strikes you as a bit odd, dig deeper. And bring the issue to a more senior person. We will work with you to put the pieces together.



Ed Cannizzaro

“People rely on us. We’re in a profession where we must act with integrity.” – Ed Cannizzaro

Speaking of Ethics

Stronger Client Relationships Through Ethics

When Jackie Daylor became lead Audit partner on a Fortune 500 company engagement in 2009, one of the first things she did was meet with members of the management team and others in the company. In a meeting with the Chief Executive Officer, the subject of ethics was discussed. “We were talking about his priorities, and ethics was high on his list,” she says. “I found it striking that the CEO would bring ethics up without any encouragement from me.”

Daylor’s client was aware that KPMG has a strong ethics and compliance program. “This quickly became part of our relationship,” she says. “The client’s leadership team places a premium on ethical conduct, and they know that KPMG does as well.”

Daylor’s participation on the firm’s Legal and Compliance Committee provided her with insight into a wide range of compliance topics and a detailed understanding of the firm’s compliance program. This experience not only helped her to establish a good relationship with this client’s CEO, but also allows her to better respond to the needs of all her Audit clients.

“As an auditor, it is incumbent upon me and my team to gain an understanding of the client’s risk environment,” she says. “We seek to understand all entity-level controls – the mechanisms and controls that flow from the top and touch every aspect of an enterprise – and the ethics and compliance program is part of that process. Because we’ve established a strong program at our own firm, we know what a good program should look like and can work effectively with our clients to ask the right questions and identify the right issues.”

“Yes, we are providing an audit, and that is our focus,” says Daylor. “But it’s also clear that our commitment to ethics and



Jeff VerSteeg, Jeff Olson, and Jackie Daylor

compliance as a firm has improved our ability to serve our clients.”

Enhancing client relationships

“KPMG’s model ethics and compliance program is certainly benefiting our people and our culture,” says Pat Dolan, National Managing Partner, Market Development. “But increasingly, it is also helping to further our market development efforts.” At the simplest level, says Dolan, our ethics and compliance program helps establish our firm’s credentials as a service provider. “For many companies today, a strong ethics and compliance program is a basic requirement if you want to do business with them. Some organizations won’t even allow

you to propose on work unless you can demonstrate your credentials in this area.”

And because KPMG has worked to create a leading program, Dolan believes it impacts our reputation in the marketplace. “We are becoming known for our program and that enhances our brand,” he says.

Dolan also sees how KPMG’s ethics and compliance program is helping the firm to strengthen existing client relationships and build new ones. “Jackie Daylor’s story is a good example of how ethics and compliance can further a client relationship,” he says. “Jackie was new in her role and very aware of the need to build relationships with the management

“I talk with clients a great deal about what has worked for us and what hasn’t, and how we can apply the lessons we’ve learned internally to the development and assessment of their programs. It resonates with them because they see the model program we’ve built. – Tim Hedley

team and staff she would be serving. Ethics became a central theme, and she was able to speak knowledgeably about the firm’s program, adding to our credibility and enhancing the client relationship. I’m happy to say that Jackie is just one of many people at KPMG who are taking this approach to client service.”

Sharing best practices, building a reputation

Numerous partners in the firm are investing time at industry forums and events, and sharing their knowledge of our ethics and compliance program with interested audiences.

In late 2009, partnering with the firm’s Forensic practice, Sven Erik Holmes, KPMG’s Vice Chair, Legal and Compliance, began a series of KPMG General Counsel Forums to discuss emerging issues in the legal and compliance field. The forums bring together general counsels from client and prospective client companies and are customized to address the issues of greatest importance to them.

The first forum, in San Francisco, focused on the Chief Legal Officer as a strategic business person while also delving into several emerging regulatory and legal issues. The Boston and

New York offices held similar events, and forums are being planned for other cities.

“The forums cover a range of topics and, invariably, cover ethics and compliance – it’s extremely relevant to our participants,” says Holmes. “The knowledge-sharing that takes place in these forums is excellent, and they clearly help foster a good business relationship with KPMG.”

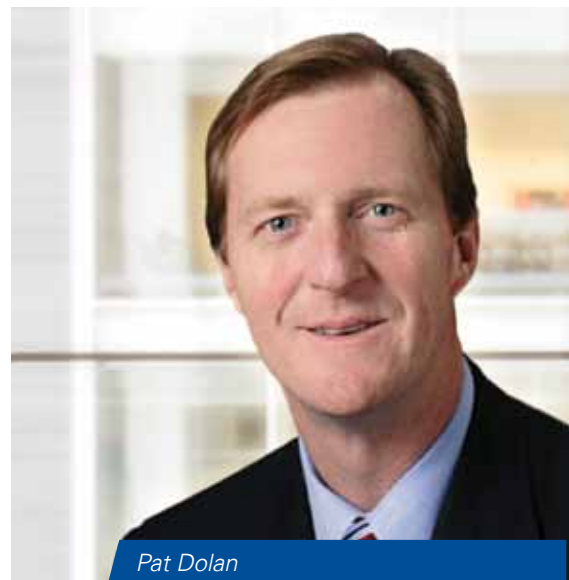
Informing our service offerings

KPMG’s ethics and compliance program also helps to provide a foundation for the services we offer to clients, particularly in the area of Fraud Risk Management. Our national Fraud Risk Management network provides services to help clients establish processes, programs, and controls to detect and respond to fraud and misconduct.

“All of the elements that comprise our internal ethics and compliance program are included within the Fraud Risk Management methodology we employ with clients,” explains Tim Hedley, national Fraud Risk Management network leader. “For example, we may work with a client to help design, implement, and evaluate their code of conduct, and our experience in helping to develop KPMG’s Code is critical to the value we bring to that process.”



Tim Hedley



Pat Dolan

Clients are responding well to the approach, Hedley adds. “I talk with clients a great deal about what has worked for us and what hasn’t, and how we can apply the lessons we’ve learned internally to the development and assessment of their programs. It resonates with them because they see the model program we’ve built. We’re not just reciting something we’ve read in a book – we have practical, hands-on knowledge and insight, and that enables us to build a unique level of trust with the client.”

The Ethics and Compliance Program

A Focus on Ethics: The Ethics Factor Training Program

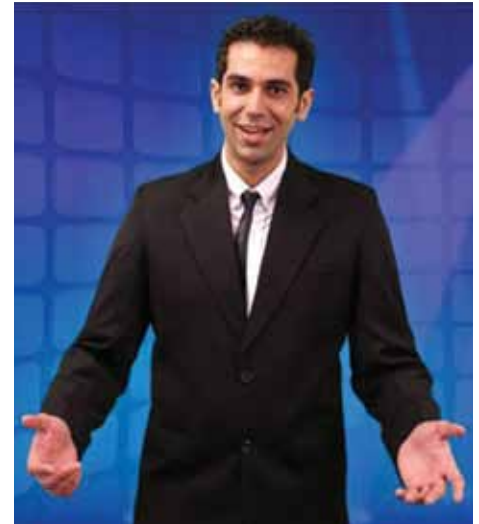
In July 2010, the firm launched a web-based training course called The Ethics Factor for all partners and employees. The course was designed in a reality game show format where the learner plays a judge providing feedback to contestants who are trying to show they know how to do the right thing, in the right way, and positively impact KPMG's ethical culture.

Centered on a series of scenarios, the course was created with the help of the Technology Learning Services Group at the Center for Learning and Development and subject matter experts from the Office of General Counsel, the Office of Government Affairs, and the External Content and Research Team.

Using two main themes – Stay Informed (know the rules and the risks) and Raise Your Hand (recognize and raise issues) – learners used their knowledge of relevant firm policies to judge whether

contestants had that extra “something” that shows they not only know how to do the right thing in the right way but also set a stellar example for everyone around them at KPMG.

Within six weeks, more than 99 percent of the firm had completed the training, and the feedback was positive overall. The goal was to deliver an interactive self-study that reinforced firm policies and standards of behavior set forth in the Code of Conduct in a manner that was fun and informative, and most learners felt the course met that standard.



The Ethics Factor Scenarios

Non-retaliation: This scenario helped learners identify what subtle retaliation (e.g., not inviting a colleague to a team lunch) might look like, as it is not always easy to recognize. The goal of the scenario was to empower individuals to play a role in upholding the firm's non-retaliation policy by preventing possible retaliation from occurring in the first place.

Interacting with public officials:

This scenario underscored the firm's policies related to providing gifts and entertainment to public officials. The scenario reminded our people to be vigilant about their interactions with public officials and to seek pre-approval of their political activities when required by firm policy.

Social media: This scenario explored how the use of websites like Facebook could create risks to an individual's professional reputation and to the firm. To help

our people mitigate these risks, the training emphasized the policies to consider when using social media.

External content and licensing:

This scenario highlighted actions that could violate the terms of the firm's various licensing agreements with vendors, such as sending copyrighted articles to external parties. Compliance with firm policies in this area is important because the misuse of copyrighted or licensed materials could pose legal risks for the firm.

A Focus on Compliance: CPA Mobility

Legislation recently was passed in most states to allow a CPA who is licensed in one state to practice in another state without being required to provide written notice, pay a fee to the local state board of accountancy, or obtain a local CPA license or temporary practice permit. This “mobility” is allowable as long as the current CPA licensing requirements in the licensee’s state are essentially equivalent to those contained in the Uniform Accountancy Act (BA degree with 150 hours of education, at least one year of experience, and passing the Uniform CPA Examination).

Mobility has been a benefit to our CPAs by simplifying the compliance process and helping to ensure that they have the proper licenses to meet the needs of clients across various jurisdictions. The firm’s Office of Government Affairs and our office managing partners have been working with state CPA societies, state boards of accountancy, and the other relevant institutions like the American Institute of CPAs and National Association of State Boards of Accountancy for many years to bring about this welcome change.

CPA Mobility Requirements

Forty-seven states have adopted mobility laws. The only U.S. jurisdictions currently without mobility are California, the District of Columbia, Hawaii, New York, and Puerto Rico. Subject to certain restrictions and the delayed effective date in Massachusetts (7/1/2011), CPAs can practice accountancy and perform audit, tax or advisory services for clients



in any mobility state when the following criteria are satisfied:

- An active CPA license from, and in good standing with, the state board of accountancy for the state in which your principal place of business is located. (For most people, this is the state in which your KPMG office is located.)
- The state in which the CPA is licensed is deemed to have licensing requirements that are “substantially equivalent” to those contained in the Uniform Accountancy Act.
- The CPA must follow the laws and state board of accountancy rules of the state in which she or he is practicing pursuant to the mobility statute.

You may not practice under the mobility rules of the state in which your home KPMG office is located. If you relocate to a new KPMG office in a new state, you should obtain a CPA license in the new state prior to starting work in your new office.

The mobility rules are still evolving and in some instances, because of regulatory requirements outside the accounting statutes, a local CPA license may still be required when issuing an audit or other attest report, even in a state that has adopted mobility.

If you have an active CPA license in a particular state and are considering whether to let the license expire or place the license on inactive status (because you intend to practice in that state under mobility), or have questions regarding these restrictions or mobility in general, please contact the Ethics and Compliance Group at [US-KPMG EC Licensing Compliance](#) via Outlook.

The Ethics and Compliance Program

Ethics and Compliance Hotline

The Ethics and Compliance Hotline is a confidential and anonymous reporting mechanism that facilitates reporting of possible illegal, unethical, or improper conduct as outlined in KPMG’s Code of Conduct. It is available 24 hours a day, seven days a week, to firm partners, principals, and employees, as well as clients, contractors, vendors, and others in a business relationship with KPMG. This includes other member firms whose partners and employees may be working with the U.S. firm on engagements with U.S.- based clients.

KPMG prohibits retaliation against anyone who, in good faith, reports a possible violation or who participates in an investigation, even if sufficient evidence is not found to substantiate the concern. KPMG will take appropriate action against any individual determined to be engaging in retaliatory conduct.



Firm Ombudsman

KPMG’s Ombudsman serves as one of several designated channels of communication through which individuals may raise professional practice issues involving U.S. Securities and Exchange Commission audit clients and their foreign operations.

The Ombudsman operates under the firm’s principles of confidentiality, anonymity, and non-retaliation.

You may contact the Ombudsman directly at 212 909 5100 or us-ombudsman@kpmg.com. You may also file an Ombudsman report using the Ethics and Compliance Hotline.

How The Hotline Works KPMG Ethics & Compliance Hotline: www.kpmgethics.com or 877 576 4033

1

Concern is reported to the hotline via phone or web

2

Report is documented in IEM, a system which tracks case to its conclusion

3

Report is sent to KPMG Chief Compliance Officer

4

Report is assigned an investigation team based on issue

5

Report is investigated

Raise Your Hand: Personnel Compliance Program Statistics at a Glance

Incident Reports

Between January 1, 2010, and December 31, 2010, the firm received 397 reports through its established channels of communication, including the Ethics and Compliance Hotline (both web and phone options), the Ombudsman, the Ethics and Compliance Group, the Office of General Counsel, Chief Compliance Officer, Human Resources, leadership, and others. These reports were investigated by various firm resources, under the auspices of the Chief Compliance Officer.

- 38 percent of the reports were made through the firm's Ethics and Compliance Hotline.
- 66 percent of the reports made through the firm's Ethics and Compliance Hotline were made anonymously.
- 5 percent of the reports made through the firm's Ethics and Compliance Hotline were considered "abandoned," meaning they could not be investigated because the reporter did not provide enough information in the report and did not respond to requests for additional information.

Issues Raised

Between January 1, 2010, and December 31, 2010, the following were the top five issues raised in the reports received through all channels (note that reports can involve more than one issue):

1. Lack of Professionalism (e.g., failure to respect client or firm personnel)
2. Insufficient Action/Other Tone Issues (e.g., failure to adequately address a concern)
3. Other Violation of HR Policy/ Procedure
4. Dishonesty/Other Integrity Issues
5. Improper Reporting of Expenses

Resolutions

Between January 1, 2010, and December 31, 2010, 46 percent of the issues raised through all channels were substantiated. The following are the top resolutions for substantiated issues (issues may have had more than one resolution):

- Counseling;
- Written reprimands;
- Additional training;
- Separation from the firm (terminations and resignations); or
- Impact to salary, incentive compensation, or performance review rating.

Use the Ethics Checklist

When making decisions or following a directive, ask yourself:

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

6

Report is resolved and determined to be substantiated or unsubstantiated

7

Discipline or other action is determined and imposed for substantiated allegation

8

Reporter is notified that investigation has concluded

9

Report is closed in the IEM tracking system

10

Case is reported to firm leadership

The Ethics and Compliance Program

Each year, the firm's ethics and compliance program receives reports of potential misconduct through the firm's channels of communication. These reports are investigated by resources throughout the firm, under the direction of the Chief Compliance Officer. The following cases are examples of the investigations undertaken throughout the past year.

Ethics Cases

Client engagement set-up and approval

A report was filed through the Ethics and Compliance Hotline alleging that fieldwork commenced on an engagement prior to the engagement team obtaining the required approvals and a signed engagement letter.

The Ethics and Compliance Group conducted an investigation, which found that the firm's policies regarding engagement approval and set-up had not been followed. Additionally, it was determined that the engagement's managing director had not been truthful when discussing the status of this engagement with other members of the engagement team and those investigating the matter. The findings of the investigation were provided to the managing director's functional leadership. The managing director was separated from the firm.

It is imperative that firm professionals follow all applicable client engagement and set-up procedures. The client and engagement acceptance process is designed to assess the risk profile of a new client or engagement. Professionals should strive to adhere to the stated protocols and provide complete and accurate responses to ensure appropriate risks are identified. Failure to follow policies in this area puts the firm at risk.

It also is important for all KPMG personnel to be honest and forthright in all of their professional interactions. The firm expects that its partners and employees will be fully cooperative and candid during an investigation.

Work Quality

A reporter raised concerns to Risk Management that a professional indicated that he had reviewed certain client information when he, in fact, had not.

The Ombudsman conducted an investigation into the allegations, and it was concluded that the professional did not review the client information even though he told his Engagement Manager that he had. The findings of the investigation were provided to the individual's Practice Leadership, and the professional was separated from the firm. Additionally, procedures were performed to ensure that the work in question was completed satisfactorily.

Both our professional standards and the firm's Code of Conduct require that professionals perform their work "with the high levels of care and competence expected by our people, our clients, and the capital markets we serve." Each professional is expected to act with integrity and adhere to established firm policies and engagement requirements.

Interaction with government officials and employees

A report was filed through the Ethics and Compliance Hotline alleging that two professionals had taken an individual who worked for a government agency that was a client to dinner without appropriate approvals.

The Ethics and Compliance Group conducted an investigation, which found that the professionals did not seek or receive the required pre-approval of the Office of Government Affairs prior to inviting the government employee to dinner.

The findings of the investigation were provided to functional leadership, who determined the professionals should receive written reprimands, be counseled regarding their behavior, and be required to take the firm's training regarding interaction with government officials and employees. It also was determined that additional training on this subject should be provided to all personnel who were providing services to government clients.

The laws and regulations governing gifts to public officials vary by jurisdiction, and their applicability may depend on a number of factors that all of our professionals may not be aware of (such as whether KPMG is working with, is seeking to work with, or is lobbying the government in question). Accordingly, to assist the firm's professionals with adhering to these laws, firm policy requires, among other things, that gifts to any public official or employee be pre-approved by the Office of Government Affairs. If pre-approved and provided, gifts also must be reported to the Office of Government Affairs to help ensure, among other things, that any required reporting on gifts is accurate.

Expense reporting

An anonymous report was filed through the Ethics and Compliance Hotline alleging that a professional had been violating the firm's Code of Conduct over the course of several years through the submission of improper expenses and a lack of professionalism. The reporter also alleged that the professional's performance manager failed to exercise proper oversight.

The Ethics and Compliance Group conducted an investigation and used the Hotline's web chat feature, which allows for confidential communication with anonymous reporters. The investigation found that the professional had submitted several improper expenses and had displayed a lack of professionalism on several occasions. The investigation also found that the individual responsible for reviewing this professional's expenses was in a position to prevent the improper expenses, but had not done so.

The investigation's findings were provided to the individual's practice leadership, who determined that the professional should be separated from the firm. Additionally, the individual responsible for reviewing the expenses was counseled regarding the lack of oversight and was demoted to a role without responsibility for reviewing expenses.

KPMG's Code of Conduct provides that KPMG partners and employees must accurately charge all time and expenses incurred to the appropriate engagement or internal charge code. Partners and employees should be prudent and exercise good judgment when incurring work-related expenses. The Code's management responsibilities and firm policy stress the importance of oversight by responsible parties, which in this case would have helped to ensure that the firm's financial resources were used appropriately.

Respect and dignity

A report was filed through the Ethics and Compliance Hotline alleging inappropriate behavior by a firm professional. The reporter alleged that a professional became intoxicated at a firm-sponsored social event and engaged in unprofessional conduct toward several female employees.

An investigation was conducted by the Ethics and Compliance Group, which confirmed the reporter's allegations. The investigation's findings were provided to the individual's practice leadership, who determined that the professional should receive a written reprimand and be required to take a training course on respect in the workplace.

The firm policy with regard to alcohol use states that all firm personnel should exercise professionalism, good judgment, and common sense regarding the consumption of alcohol when attending a firm-related event, whether in-office or off-site. If alcohol is available at a firm-related event, individuals who choose to drink are expected to drink moderately, maintain professional decorum, and comply with the firm's policies and procedures.

Additionally, as set forth in the Code of Conduct, KPMG is committed to treating everyone with respect and dignity and to providing a workplace that is free of harassment. Inappropriate comments and unwanted advances are grounds for disciplinary action.

Confidentiality and privacy

A reporter sent an e-mail to the firm's Privacy Group alleging possible non-compliance with firm policy through the improper disposal of documents containing confidential client information.

An investigation was conducted by the Office of General Counsel, which found that, although the confidentiality of client information had not been breached, individuals in the office had been, on occasion, disposing of documents in recycling bins, as opposed to approved shred containers.

Risk Management issued a reminder notice through *KPMG Today* emphasizing that the firm takes very seriously its responsibilities to maintain the confidentiality and security of client information, and training was provided to all partners and employees in the office where the concern was raised.

Firm policy requires that documents and media (including disks, tapes, hard drives, and portable storage devices) containing confidential information be discarded, where permissible, in a way that protects the confidentiality of the information. For example, paper records should be shredded in firm-approved bins. Additionally, all confidential information, including client information, personally identifiable information, and personal health information, must be encrypted before being copied to any portable device.

The Ethics and Compliance Program

Compliance Testing

Complying fully with laws, regulations, and firm policies is critical to maintaining a model ethics and compliance program. One way we demonstrate our commitment to compliance is by performing compliance testing throughout the year. The following article includes highlights from our compliance testing in 2010.

Independence audit testing and compliance

The Ethics and Compliance Group (E&C Group) includes a team responsible for testing our professionals' compliance with Securities and Exchange Commission (SEC) independence rules and related firm policies through audits of the personal financial information of approximately 500 partners and employees each year. Results of the testing program are reviewed with the Independence Group in Risk Management (see pg. 29, "A Conversation with Jarry Mittleider") and presented to the Management Review Panel (MRP).

The MRP meets regularly to review violations of the firm's independence policies and make disciplinary determinations. In 2010, the most common policy violations were investments not entered into the KPMG Independence Compliance System (KICS) within the time required by firm policy (14 days from the purchase or sale of a security), and loans from or investments in restricted entities.

Disciplinary actions include written reprimands, additional training on the firm's independence policies, and monetary sanctions, and they are imposed consistent with the firm's disciplinary protocol for independence violations. Individuals with violations must provide conclusive



documentation indicating that their violations had been corrected.

Firm financial relationship list

The Firm Financial Relationship List, or FFRL, is a comprehensive listing of all entities (and their affiliates) with which KPMG has a current financial relationship, such as loans, alliances, investments, or other business relationships. In general, the FFRL includes those entities with which the firm and its personnel can do business without impairing independence, and it supports our partners, principals,

and employees in complying with the regulations and firm policies related to independence.

To help ensure that the firm remains independent, all new firm financial transactions are reviewed by the E&C Group, in coordination with the Independence Group. Additionally, engagement partners must receive the approval of the Independence Group before accepting an engagement for services that would require the firm to be independent of the companies on

the FFRL. (The firm's Sentinel system automatically notifies engagement teams when this approval is required.) If approval is granted, the firm and its members are required to divest themselves of any investments or loans that would impair independence.

As an additional check on compliance, the E&C Group performs monthly audits of the firm's investments and loans to confirm that there are no investments in, or loans from, restricted entities. Tests for ownership threshold levels are included to ensure that any indirect financial interest in an audit client is not material.

There are currently 156 parent companies with 48,750 affiliates listed on the FFRL.

CPA licensing compliance

The E&C Group monitors partner and employee compliance with the firm's licensing policies, which require relevant professionals to have a CPA license in the state of the office to which they are assigned ("home office") and in any other state where they are performing work that requires them to have an additional license.

The team reviewed 9,176 CPA licenses for 6,464 professionals during the last period under review by, among other things, testing for compliance with requirements to maintain a home state license, and following

up with individuals whose licenses were approaching their expiration dates to help ensure they were renewed.

The E&C Group also tested whether traveling professionals were appropriately credentialed to perform professional services in states other than their home offices. This testing program included comparing charged location codes to a professional's licenses (as reported to the firm) and determining whether the jurisdiction-specific licensing requirements had been met. Exceptions are escalated to the appropriate Risk Management or Professional Practice Partner for resolution. (See pg. 19, "A Focus on Compliance: CPA Mobility.")

Management Review Panel members:

Sven Erik Holmes (Chair)
Vice Chair, Legal and Compliance

David Butler
Firm Ombudsman

Thomas DiLeonardo
Chief Compliance Officer

Lynne Doughtie
National Managing Partner,
Advisory

Tom Duffy
National Managing Partner, Audit

Jeff LeSage
National Managing Partner, Tax

Jarold Mittleider
Partner in Charge, Independence

Bruce Pfau
Vice Chair, Human Resources

Remember that life events may impact independence compliance

Change in marital status:

Your spouse is considered to be an immediate family member under firm policy, so his or her financial affairs (e.g., investments, retirement plans, variable annuities) could impact independence. If you are required to report your investments on KICS, also remember to add your spouse's investments.

Birth or adoption of a child:

When celebrating a new child, remember to consider independence policies when establishing trusts, changing or obtaining insurance policies, and making new investments. A dependent child is an immediate family member, so remember to consider the effect of financial gifts that others may

give to your child on independence and, if required, enter any investments in your child's name into KICS.

Change in employment status:

If you or a close family member considers taking a leadership or financial role with an audit client, check to see whether there is impact to the firm's independence before commencing substantive discussions with the audit client.

Buying a new house or refinancing a home mortgage: New or refinanced home mortgage loans must be originated in accordance with the firm's independence policies. Use the firm's FFRL to help you find a financial institution that will not create independence issues.

The Ethics and Compliance Program



Continuing professional education compliance

The E&C Group also monitors compliance with the firm's continuing professional education (CPE) requirements, which require client service delivery professionals to obtain a minimum of 20 credits per year and 120 credits per triennial period and otherwise comply with PCAOB and AICPA standards. Those who devote at least 25 percent of their time to, or who have partner/manager level responsibilities for, the overall supervision of audit, review, or other attest engagements must obtain eight

CPE credits in accounting and auditing (A&A) subjects per year and 48 CPE credits in A&A for the triennial period.

During the last period under review, the team monitored 13,438 partners and employees for compliance with our CPE requirements. Twenty-four client service professionals failed to achieve CPE compliance and were referred to the Management Review Panel. The individuals were required to make up their deficiencies in a timely manner and received appropriate sanctions and counseling to assist them in avoiding future instances of noncompliance.

Mandatory training and certifications

The firm requires its partners and employees to take various training courses and complete various certifications throughout their careers, based on function and level. These requirements are tracked in the Ethics and Compliance Reporting System (ECRS), where the Mandatory training tab shows an individual's requirements. ECRS provides reminders as deadlines approach and allows instances of non-compliance to be escalated automatically to People Management Leaders (PMLs) and, when appropriate, to leadership of the firm.

In 2010:

- A total of 57 firm requirements were tracked;
- 13 of the requirements had been launched during the year; and
- 93 percent of the requirements were completed prior to the deadline.



Privacy compliance

The firm's Risk Management – Privacy team, in conjunction with the Office of General Counsel, the Chief Compliance Officer, the E&C Group, Firmwide Security, Information Technology Services, Operations, and Internal Audit, assists partners and employees in their efforts to help ensure that the confidentiality of firm and client information is not compromised.

Initiatives include:

- A Data Breach Response process that investigates potential data losses affecting partners and employees, clients, and others;
- Providing guidance related to all aspects of data privacy and the protection of confidential information;

- Privacy risk reviews for KPMG projects and initiatives;
- An annual firmwide privacy review to assess continued compliance with legal, regulatory, professional, contractual, and other privacy obligations to support the firm's annual Safe Harbor re-certification; and
- Firmwide privacy training and awareness activities.

Due diligence reviews

Due Diligence Reviews are conducted for leadership appointments including nominees to the Board of Directors and new partner candidates. The review includes information on an individual's quality performance and compliance process (QPCP) results, upward feedback, compliance with the firm's

expense policies, as well as a background check and a review of compliance with certain firm policies. The E&C Group and the Dallas Accounting Service Center (DASC), Human Resources, Department of Professional Practice (DPP), Risk Management, Washington National Tax, and Firmwide Security, as appropriate, work together to ensure that only those individuals who have demonstrated the highest ethical standards are promoted within the firm.

The E&C Group conducted 1,834 compliance reviews as a part of the Due Diligence Review process in fiscal year 2010.

The E&C Group reviews compliance with firm requirements related to:

- Continuing Professional Education (CPE)
- Mandatory confirmations and training
- CPA licensing
- Independence
- Data security

Additionally, as a part of this review process, leadership is made aware of any improper conduct substantiated by a personnel compliance investigation.

New Leaders

A Conversation with Marvin Dozier

Marvin Dozier is KPMG's new Chief Audit Executive, bringing more than 20 years of client service experience to his new role. Having started his career in KPMG's Audit practice, Dozier most recently was a partner in the firm's Internal Audit, Risk and Compliance Services practice based in Mountain View, California.

What does it mean to be KPMG's Chief Audit Executive (CAE)?

As CAE, I lead KPMG's Internal Audit Group, serve as a member of the Legal and Compliance Committee, and have a direct reporting relationship not only to the Vice Chair of Legal and Compliance but also to the Board of Directors through its Professional Practice, Ethics and Compliance Committee and its Audit, Finance, and Operations Committee.

What is the mission of KPMG's Internal Audit Group?

The mission of Internal Audit is to monitor the firm's risk processes and internal controls, including our ethics and compliance program. Under Ted Senko, who held the CAE position through June 2010 before moving into a global role, the firm enhanced the Internal Audit function at KPMG by institutionalizing the development and execution of a risk-based internal audit plan that focuses on effective review and monitoring. Before becoming CAE, I had performed work for the CAE and as a result gained some valuable insight into how crucial Internal Audit is to ensuring compliance and managing risk across the firm.

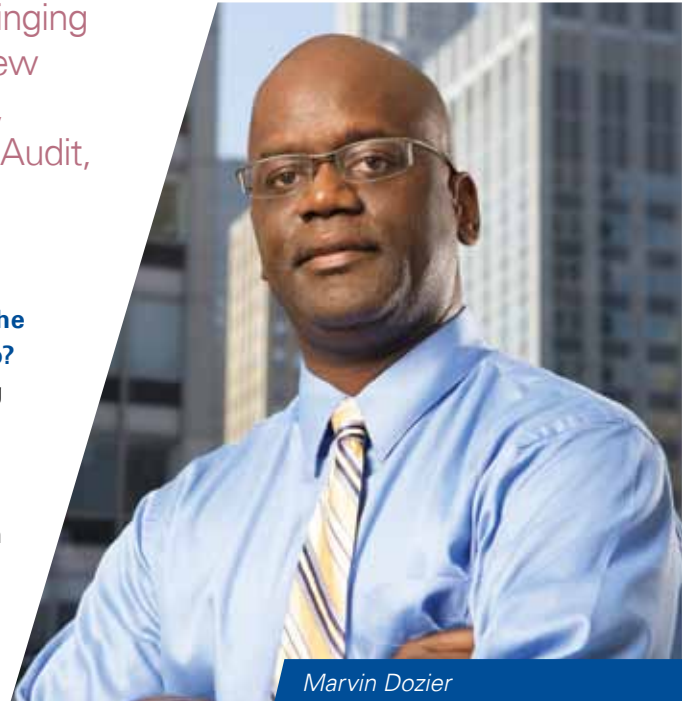
What is your relationship to the Ethics and Compliance Group?

We have a good, strong working relationship with Ethics and Compliance, and we keep the lines of communication open at all times. We don't just see each other at quarterly committee meetings – we are in regular contact throughout the year as issues arise.

Still, we're careful to remember our responsibility to the Board of Directors. We look at KPMG's ethics and compliance program with a healthy skepticism and an independent, objective eye, much as the firm would look at an external client's program. Our firm and our partners deserve the same level of service.

What are your top priorities as CAE?

My first priority is to maintain and build on the work that has been done to establish KPMG's Internal Audit function as best in class. I also want to ensure we're building our technology capabilities and leveraging technology as much and as often as possible. The better we're able to do that, the more



Marvin Dozier

time our people can spend focusing on risk issues rather than administrative duties.

And your long-term vision? In the long run, I want Internal Audit to be seen by those in operations and in our businesses as a partner – a team they can turn to for insight as they consider new strategies and approaches to the marketplace. Coming into this role after years spent providing similar services to clients, I want to see Internal Audit not only serving a monitoring function but adding value to the firm and to our partners and professionals in the field. We are doing that today, but I know that we can take it even further.

A Conversation with Jarry Mittleider

Jarry Mittleider is KPMG's new Partner in Charge, Independence. Mittleider joined the firm in 1984. Before moving to New York in 2009, he was the Professional Practice Partner for KPMG's Dallas Business Unit.

Tell us about KPMG's Independence Group in Risk Management.

Maintaining independence and objectivity is fundamental to what we do at KPMG. The Independence Group works to ensure that all our people and engagement teams understand what is expected of them when it comes to independence – that is, how to comply with SEC, PCAOB, and other professional standards, as well as our own firm policies around independence. We want our people to understand the potential conflicts of interest that may arise from personal investments, financial or business relationships, employment of family members, or other employment relationships. To do so, we develop robust training programs, provide written guidance, and serve as a central resource and point of contact for our people in the field.

We also have a responsibility to demonstrate an appropriate reaction to non-compliance with these standards. Part of doing that includes referring identified compliance failures to the Management Review Panel for review and imposition of appropriate discipline.

Our ultimate goal is not only to ensure individual and firm compliance with independence-related rules and regulations but also to protect the reputation of the firm.

When evaluating individual compliance in this area, what are the most common issues that arise?

The Ethics and Compliance Group conducts about 500 independence audits each year, and when we review the findings, we rarely find violations of SEC rules. The issues we identify more typically are violations of firm policy, where the person has not appropriately entered an investment into the KPMG Independence Compliance System (KICS). This is often because the person doesn't fully understand the investment they're making, or the real or perceived conflict of interest it presents, especially when it comes to sweep accounts and spousal benefit plan investments.

When should someone contact the Independence Group with a question or concern? When an issue arises during an independence audit, people often say, "You know, I wasn't sure if I was entering that investment properly into KICS," or "I had a feeling I should ask someone for help."

One of my goals is to dispel the idea that there is a certain sequence that must be followed when it comes to raising an independence-related question or concern, or that our Independence Group should be contacted only after other channels have been exhausted. I want people to know they can call



Jarry Mittleider

us at any time, with questions big or small, and we'll respond. If something is rumbling around in the pit of your stomach, there's probably a reason for it, and it's better for both the individual and the firm that we come to the right answer up front.

What are your other priorities in your new role? I'm very committed to making sure our Independence Group is responsive to the needs of our client-facing partners and professionals, and that we are making it as simple as possible for them to provide services to our clients that are not going to adversely impact our independence. Beyond that, I simply hope to build on what others in the group have established to ensure that KPMG continues to be seen as a firm with the highest standards of professionalism and integrity.

Ethics and Compliance Leadership

John Veihmeyer

Chairman and Chief Executive Officer

Henry Keizer

Deputy Chairman and Chief Operating Officer

Sven Erik Holmes

Vice Chair, Legal and Compliance

Tom DiLeonardo

Chief Compliance Officer

Vicki Sweeney

Principal in Charge, Ethics and Compliance

David Butler

Ombudsman

Contact Information

Ethics and Compliance Hotline:

877 576 4033 and www.kpmgethics.com

Ombudsman:

212 909 5100 and us-ombudsman@kpmg.com

Ethics and Compliance Information:

800 KPMG HELP, option 3, and us-eandc@kpmg.com