



Code of Conduct

For partners and employees
in China, including Hong
Kong SAR and Macau SAR



kpmg.com/cn

Contents

1	Leadership message
2	Introduction
4	KPMG's Values
6	Commitments
8	Responsibilities — How to apply the Code
10	Where to get help
12	Compliance with the Code



Leadership message

The KPMG China Code of Conduct (the “Code”) is one of our most important documents. It expressly lays out the expectations of ethical behaviour for all our people, built on the foundation of the KPMG Values, our shared set of beliefs and principles. Those Values emphasise that, above all, we act with integrity, uphold the highest professional standards, and provide sound advice while rigorously maintaining our independence.

This Code sets out how we should act as individuals and as leaders. It encourages us all to act as role models, promoting ethical behaviour and ensuring that our own actions serve to reflect and reinforce our KPMG Values. Importantly, our Code gives every KPMG professional clear direction as to what they should do if they see or hear of something which falls short of our Values and the standards we expect.

The Code provides an important framework for our people and our organisation as we navigate an increasingly complex, interconnected and uncertain marketplace. While our fundamental Values remain constant and relevant, the Code evolves to keep pace with developments in the law, regulation

and professional ethics. It has been updated to add specific commitments against bribery and corruption, changes to independence requirements and acting in the public interest while delivering high-quality services.

The Code reflects our commitment to quality and excellence with a long-term mindset. Importantly, our Code does not simply set the standards for our professionals to meet legal and regulatory obligations — it goes beyond compliance and sets a far higher benchmark to help ensure we meet our public interest responsibility and leave KPMG better than we found it for the generations that will follow us.

Every one of us at KPMG China is required to comply with the Code, and we will strive to consistently meet the high standards set by our Code to continue to earn public trust.

Honson To
Chairman

Introduction

Our Vision is to be the Clear Choice for our people, clients and the public, through knowing how to balance global strength and consistency with local relationships.

In order to do this, we strive to demonstrate that:

- our people are extraordinary
- clients see a difference in us
- the public trusts us.

A core component of achieving this is to have a Code of Conduct that sets out clearly what is expected of our people and promotes a consistent KPMG¹ environment and culture.

¹ Throughout this Code, “we,” “KPMG China,” “the firm,” “us” and “our” refer to KPMG in Mainland China, Hong Kong SAR and Macau SAR. “KPMG” refers to the network of independent member firms operated under the KPMG name and affiliated within KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

The Code of Conduct is intended for use:

- by all our people, to understand what is expected of them and the responsibility resting on each of them to make sure we all adhere to the Values, for the benefit of each other, KPMG, clients, and the wider communities in which we operate
- by our leadership and management teams, to help them ensure that the decisions they make, the role models they are and the expectations they have of their colleagues take into account both their responsibilities and the organisation's Values

- by new and prospective employees, subcontractors, consultants and others with whom we work in the provision of professional services
- by regulators, clients, suppliers and the general public, as they seek to understand the values of the organisation with which they are dealing.

The KPMG China Code of Conduct (the "Code") is a publicly available document that may be accessed through the KPMG China website at

<https://home.kpmg.com/cn/en/home.html>.

The Code connects our Vision to be the Clear Choice with the detailed policies and procedures that KPMG China and our people follow.

KPMG's Values

Ethical values are the foundation of business ethics. KPMG Values lie at the heart of the way we do things. They define our diverse and inclusive culture and our commitment to the highest principles of personal and professional conduct.

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

We work together — bringing out the best in each other and creating strong and successful working relationships.

We respect the individual — respecting people for who they are and for their knowledge, skills and experience as individuals and team members.

We seek the facts and provide insight — challenging assumptions, pursuing facts and strengthening our reputation as trusted and objective business advisers.

We are open and honest in our communication — sharing information, insight and advice frequently and constructively and managing tough situations with courage and candour.

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

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

We aim to live the Values, acting as role models and promoting ethical behaviour.



Commitments



KPMG China and our people commit to acting lawfully, ethically and in the public interest.

While compliance with applicable laws, regulations, professional and quality standards is fundamental, our commitments extend beyond compliance to broader obligations to clients, our colleagues and society as a whole.

Our collective commitments:

Complying with laws, regulations and standards

- We fully comply with all laws, regulations and professional standards that apply to us.

Working with the right clients and third parties

- We carefully evaluate prospective clients and third parties with whom we intend to work, including government entities. The factors assessed include assessing their integrity and the environment in which they operate.
- We will not work with clients, or enter into business relationships with third parties, who do not live up to our core ethical standards as exemplified by KPMG's Values.

Focusing on quality

- We are committed to delivering a high-quality service, applying KPMG methodologies and procedures, and following professional standards.
- We only accept engagements that we can perform consistently with our high-quality standards.
- We address challenging situations in the right way by applying professional ethics and consulting with experienced people to reach the right conclusions.
- We strive at all times to protect and enhance KPMG's brand and reputation.

Maintaining our objectivity and independence

- We maintain our objectivity in all the work that we do and do not allow bias, conflicts of interest or undue influence to override our professional or business judgments at any time, including in deciding to accept or continue with clients or engagements.
- We maintain our independence as auditors, following the spirit as well as the letter of the rules, regulations and standards, and understanding how the public may perceive our role.
- We identify and resolve conflicts of interest before accepting an engagement that would present a potential conflict.
- We have strict gift and entertainment policies, which are at least as restrictive as relevant regulations require.

Not tolerating illegal or unethical acts

- We do not tolerate behaviour within KPMG, by clients or suppliers, or public officials with whom we deal, that is illegal, unethical or breaches human rights.
- We do not accept or offer bribes, or participate in corrupt practices, and have a zero tolerance for bribery and corruption in any form by any party.

Protecting information

- We protect clients' confidential information and only use it for proper business purposes.
- We respect an individual's privacy and the confidentiality of their personal data, and do not use personal information other than for the purposes for which it was obtained.
- We prohibit the use of information for insider trading.
- We keep assets and resources safe and use them only for appropriate business purposes.
- We respect the intellectual property of KPMG, clients, our competitors and third parties.

Competing fairly

- We promote KPMG's services honestly and compete fairly.
- We unequivocally support the goal of a free and competitive market.

Helping our people to be extraordinary

- We are committed to providing a work environment free from harassment including sexual harassment.
- We are committed to equality and to a culture that is free from discrimination whether based on race, ethnicity, gender, gender identity, sexual orientation, disability, age, marital status or religious belief.
- We treat everyone with respect and dignity.
- We value, celebrate and create an inclusive environment where everyone can thrive.
- We value work/life balance.
- We maintain a just and fair approach to remuneration.
- We provide a safe and healthy work environment.
- We invest in our people's professional development so that they can reach their full potential.

- We encourage our people to raise ethical and professional issues without fear of retaliation.
- We train our people to be objective, ethical and professional.

Being responsible corporate citizens

- We act as responsible corporate citizens, playing an active role in global initiatives relating to climate change, sustainability and international development.
- We aspire to the ten principles of the UN Global Compact.
- We encourage good corporate citizenship.
- We enhance the role of the accounting profession and build trust in the global capital markets.
- We contribute to a better functioning market economy.
- We manage our environmental impacts so as to limit them.
- We work with other businesses, governments and charitable organisations to create stronger communities.

Building public trust

- We know that the way our professionals work is just as important as the work itself. It requires a relentless focus on quality, keeping public trust responsibilities at the forefront of everything we do, doing the right thing in the right way, every day.
- Setting the right 'tone from the top' is essential. There is importance in continually reinforcing a commitment as leaders and professionals to earn the public's trust every day.
- Public trust is also built through engaging with a broad group of external stakeholders — from regulators, investors and clients, to local communities and other spokespeople for civil society. These discussions are sometimes challenging, but they bring different perspectives and new thinking on how the firm can continue to develop and meet the changing business landscape and societal expectations.

Further details on KPMG's commitment to building public trust can be found in KPMG's latest *Transparency report*, available on www.kpmg.com.

Responsibilities — How to apply the Code



The Code acts as a framework to help make ethical decisions.

Individual responsibilities

Everyone in KPMG should:

- **Stay informed about laws, regulations, professional standards and KPMG policies that apply to you in your work.** Participate in training, read communications, use KPMG resources, consult as necessary.
- **Stand firm against pressure to achieve targets or to act in an inappropriate way.** You should never compromise KPMG Values. Do not be afraid to express differences of opinion or deliver unwelcome messages.
- **Conduct your personal affairs in a manner that is consistent with the Code.**
- **Speak up if something does not seem right.** Our people have a responsibility to speak up when they see behaviour inconsistent with KPMG's Values. See next page for "Where to get help."
- **Consult when in doubt.** You are not expected to know everything. You should also consult if you think you or someone else might have made a mistake.

Leadership responsibilities

If you have a leadership role — whether a partner or the supervisor of a small team — you should also:

- **Lead by example.** Show through your actions what it means to act with integrity and to act in accordance with the principles of the Code. Be prepared to 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 the KPMG Values.

- **Develop your team.** Set clear, measurable and challenging goals that promote ethical behaviour and the highest standards of client service.
- **Uphold exemplary standards.** As a leader, you should enforce KPMG 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.** You should be prepared to be held personally accountable for any shortcomings in your own behaviour as well as those of the people you lead.

Dealing with ethical dilemmas

KPMG's ethical behaviour — that is to say KPMG's personal recognition of what is appropriate, what is right and what is in the wider public interest — should guide KPMG's response to the situations that arise in the course of the work at KPMG. These behaviours must clearly be compliant with applicable laws, regulations, standards and KPMG policies. At the same time, they should reflect wider ethical considerations, including KPMG's Values and Commitments.

This applies to personal actions and to those of the team or a member firm as a whole.

The Ethics Checklist sets out below has been prepared to help you decide how you should respond to day-to-day dilemmas as well as difficult decisions or situations.

Always ask yourself:

- Is my behaviour 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 need to get help. This includes situations where:

- 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
- the situation you are involved in is complex or high risk.

Where to get help

Help and guidance are always available. You are not expected (and should not try) to deal with complex situations on your own.

There are many avenues available to you to get help, and you should select the ones you think are most appropriate to the situation. Examples of where to go for help include:

- your supervisor, line manager or performance manager
- your engagement partner
- Head of Function
- Office Senior Partner
- Regional Senior Partner
- Chairman

The firm's

- Risk Management Partner
- Ethics and Independence Partner
- Human Resources Partner
- Office of General Counsel.

If you do not feel comfortable speaking to someone else, you can use:

- KPMG China's Ethics Hotline (click on this [link](#) for more details)
- the International Hotline (click on this [link](#) for more details)



Compliance with the Code

Everyone at KPMG China is required to comply with the Code of Conduct and to confirm their compliance with the Code.

Noncompliance by our people with the Code or with relevant supporting policies or procedures may have an impact on their performance evaluation and result in disciplinary action by the firm.

KPMG people are required to take regular training covering the Code.

The Code of Conduct reminds each of us how to behave regardless of the challenges we face as professionals in our local business environment.

Speaking up

If you see something you are uncomfortable about, we encourage you to speak up. This includes situations where you believe that colleagues are acting inappropriately or not in compliance with the Code.

Everyone at KPMG is responsible for reporting — and is required to report — any activity that could potentially be illegal or in violation of KPMG's Values, KPMG policy, applicable laws, regulations or professional standards.

KPMG China will take action where non-compliance with the Code or relevant supporting policies or procedures are identified.

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.

It does not matter how large or small the matter is or who is involved.

Individuals that report in good faith will not suffer any detriment, regardless of whether or not the concern is ultimately substantiated. All member firms and KPMG personnel are prohibited from retaliating against individuals who 'raise their hand' and speak up in good faith. Retaliation is a serious violation of the Code and any retaliation by a KPMG person will be subject to disciplinary action.



Contacts and 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 enquiries.hk@kpmg.com.

kpmg.com/cn/socialmedia



For a list of KPMG China offices, please scan the QR code or visit our website: <https://home.kpmg.com/cn/en/home/about/offices.html>.

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 endeavour 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.

© 2018 KPMG Huazhen LLP — a People's Republic of China partnership, KPMG Advisory (China) Limited — a wholly foreign owned enterprise in China, and KPMG — a Hong Kong partnership, are member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

© 2018 KPMG, a Macau partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Publication number: HK-QRM18-0002

Publication date: October 2018