



An Introduction to
Independence for Candidates

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Thank you

Welcome!

We are happy you are here and that you are considering a career at Deloitte¹.

We strive to conduct business honorably, ethically and with the upmost professionalism and integrity. As you consider joining our organization, you will want to understand the concept of personal independence, which is a key component of meeting our professional responsibilities. Your careful attention to these compliance matters will help in our ongoing efforts to protect, preserve, and enhance our reputation—for Deloitte, our clients, and our people.

So, why do you need to know this now when you are still in the process of considering joining Deloitte? The simple explanation is that we want you to be informed. We know that joining a new company is a big decision; and, we want to help you be fully prepared to start working with us.

Introduction to independence

What

Independence can be described as integrity, professional skepticism, intellectual honesty, objectivity, and freedom from conflicts of interest both in fact and appearance. Independence can touch on a wide range of topics from the services provided by Deloitte right down to your own personal finances. For example, did you know that if you own stock in a client, you will need to investigate whether you can keep the stock or may need to divest? Whether you are in Audit, Tax, Consulting, Advisory, or another area of Deloitte, some level of independence requirements will apply to you.

Why

As one of the largest professional services organizations, we must meet certain regulatory requirements. Not only do we, as an organization, have to comply with certain independence requirements, but our professionals do as well. By complying with the independence requirements, we satisfy certain expectations of our regulators while also maintaining the trust of our clients and the public and protecting Deloitte's reputation.

Who

Independence obligations will affect not only you (as a potential Deloitte professional), but also your spouse or spousal equivalent and your dependents. Regulators view you and your spouse or spousal equivalent as the same in many situations. Therefore, it's important to understand your collective responsibilities and independence requirements. We define a spousal equivalent as:

- A civil union in which the applicable law does not define the parties as spouses.
- A domestic partnership registered with a governmental body.

¹ As used herein, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for the legal structure of Deloitte LLP and its subsidiaries.

- A domestic partnership that has been declared by the parties for joint coverage under an employer health and welfare benefit plan; or one in which the parties hold themselves out as married.

All Deloitte professionals have some level of independence obligations, which are determined by the specific role you perform within Deloitte. As your career progresses, additional independence policies will apply to you.

When

As soon as you join Deloitte, you are bound by our independence policies. During your first two weeks, you'll participate in training and gather and report pertinent personal information. You will typically have 10 days in which to resolve any independence matters.

What if I can't resolve a matter within 10 days? If you have unusual circumstances that may require additional time, contact National Office (Independence) to discuss.

What about changes that come up after I start at Deloitte? Certain life events that happen in the future, such as getting married or having children, can bring changes to your personal financial relationships, which you'll be required to report and resolve as appropriate.

How

Deloitte uses a shorthand way of summarizing the parameters of our independence policies that will be applicable to you by assigning each individual a Ruleset and Scope based in part on the type of work you do or the services you provide. One important point for you to take away from all this is that there will be tools and people available to help you navigate through the independence requirements and their application to your own circumstances.

Independence is a personal matter, and as you will see, there are many aspects to it. It's impossible for us to cover all the policies in a matter of just a few minutes. You'll need time to consider what it means for you personally and identify any changes you'll need to make in order to comply with our independence policies. As you continue to explore, think about how independence could impact your personal situation as a professional with Deloitte.

Independence areas

As a Deloitte professional, you need to be able to demonstrate independence both in fact and appearance. The fact aspect is largely covered by the SEC (Securities & Exchange Commission) and AICPA (American Institute of Certified Public Accountants) rules which clearly state which financial relationships and employment relationships are subject to independence considerations. Appearance is essentially the ability to show that you have maintained your objectivity with respect to any given client.

Financial relationships

Several types of financial relationships are covered by our independence policies, such as loans, insurance, brokerage accounts, benefit plans, stocks, and mutual funds. The rules apply by taking into account the facts and circumstances of the situation.

What do I need to do about my financial relationships right now? If you have any stocks or other financial relationships, contact National Office (Independence) prior to starting at Deloitte to discuss whether any of them may have to be divested based on your specific role and level.

Commonly overlooked financial situations to consider:

- **Your spouse's current employer benefit plan:** Your spouse's current employer benefit plan is a financial relationship that will need to be considered when you are reporting your holdings, and you should make sure there are no independence issues with respect to any of the financial holdings within the plan—even if those underlying holdings are diversified mutual funds.
- **Non-U.S. financial holdings:** When considering your financial relationships, remember to include anything you may own overseas. You may have lived or worked abroad and therefore may have a former employer benefit plan, or foreign investments and bank accounts; or you may have a home in another country. All of these need to be evaluated as you report your holdings.
- **Assets under your control or influence:** There may be situations where you have control or influence over the assets of someone else. For example, having an active power of attorney over another person; acting as an executor of an estate; serving as trustee or co-trustee of a trust; owning or having control over a business. If any of these apply to you, you should know that all the assets over which you have control or influence are attributable to you and should be reported as such.
- **Former employer benefit plan:** If you were employed by another company prior to joining Deloitte, chances are you have a former employer Employee Benefit Plan (EBP). There's also a chance that your spouse has a former employer EBP. You might assume that since you have left your old company you don't need to worry about the EBP from your previous employer. This is not the case. The plan and the investments are still attributable to you, even if you don't work for that employer any more. If you are hired or promoted to a manager or above at Deloitte, you are expected to roll over your prior U.S. employer EBPs to either Deloitte's 401(k) plan or a self-directed IRA within 60 days.

Tools for Independence Compliance

At this point, you might be thinking to yourself, "Wow, that seems like a lot of financial relationships to consider." So, how do we help you manage it all? By providing a number of tools, we help make it easier for you to manage your compliance with our independence policies.

- **Listing of audit clients:** All professionals have access to certain tools such as a list of audit clients, so that you can see some of the financial relationships that may be restricted for you.
- **System for monitoring financial relationships:** Managers and above (who have more independence requirements) have access to even more tools. For example, they use a system to record and help them monitor their financial relationships (including, but not limited to loans, insurance, mutual funds and

other investments). Managers and above can also use this tool to research future financial relationships they are considering.

- **Automated tool for reporting and monitoring brokerage accounts:** We have a tool that allows automatic downloads of financial holdings from an authorized brokerage account to an individual's internal portfolio, which significantly decreases the effort required of professionals to timely report and monitor their brokerage account holdings. All managers and above enroll and use only approved, participating brokers. The list of participating brokers continues to grow so there is a good possibility that your broker already participates.

Employment relationships

Another area of independence which impacts many Deloitte professionals is the employment relationships of both their immediate families (spouse or spousal equivalent and dependents) and their close relatives (includes parents, step-parents and siblings).

Does it matter where my family works? It could matter where your family works. It all depends on your role at Deloitte and their role in the company for which they work. If you have a family member who is employed at an audit client or its affiliate, there are additional independence considerations.

What questions do you need to consider?

- What type of position do they hold?
- Do you expect to serve the client or its affiliates?
- For immediate family members only, do they have an employee benefit plan with or investments in the company (such as company stock)?

If you know that your family member is employed by an audit client or an affiliate or if you are unsure, please **reach out to National Office (Independence)** to discuss the facts and circumstances to determine how this will impact you, if at all.

Outside employment and activities

Our approval process for outside employment and activities, including volunteer work at nonprofit organizations, applies only to Deloitte professionals, not their family members.

Does it matter what I do outside Deloitte? Deloitte actively encourages its professionals to participate in activities that give back to the community. Volunteer activities with nonprofit organizations are encouraged. Besides volunteer work, we also recognize that you may be involved with other employment or activities that are separate from your primary job.

Outside employment and activities may include:

- working a part-time job at a retail store
- teaching as an adjunct professor at a college or university
- having your own established business or working for a family business
- providing tax or consulting services as an independent contractor
- having an internship

- serving on the board of a non-profit or other organization
- acting in a management role for another organization (e.g., treasurer, officer, president, etc.)

Each of these activities or other employment positions should be formally reviewed before you start at Deloitte to evaluate whether there are any potential restrictions on continuing them. We, and our regulators, have policies against dual employment or serving in certain roles for our audit clients. So, this helps confirm that independence, in both fact and appearance, is maintained.

Volunteering for an audit client or their affiliates in an unpaid, non-management role such as a hospital volunteer, can be okay under the right circumstances. However, working in an unpaid, management role, such as any type of board position at a college or nonprofit organization, that is also an audit client, is typically not okay.

For most types of paid positions at an audit client, such as a barista at a coffee shop, the same holds true. Meaning that these types of paid positions at an audit client are not okay. In addition, if you have authority over the entity's finances or operations, the financial relationships or transactions of that entity may become attributable to you.

So, it's better to be safe than sorry. If you have any type of outside employment or activity, discuss it with National Office (Independence) and inform your recruiter before you start working at Deloitte so you can start the approval process. Your recruiter can also help you get the approval process started and determine if there is any action you need to take before you start working at Deloitte. For example, you may need to know whether continuing your outside activity is permissible so you can make any changes prior to starting with Deloitte, regardless of whether you expect to provide any services to the client as a Deloitte professional or not.

Other business relationships

Other business relationships can include closely held investments such as investing in a business or going into business with friends/relatives.

Examples:

- Partnership
- Limited Liability Company

If you are in partnership with other people, or have a similar investment in another type of closely held business, you should discuss it with National Office (Independence) so that they can evaluate whether there are any independence considerations and also provide you with guidance on how to manage and report these situations as a Deloitte professional.

Thank you

Thank you for taking the time to learn about independence and what it means to you and your career at Deloitte. As you've learned, independence is a far-reaching topic. Personal independence, as the name suggests, is personal to you. Deloitte recognizes that everyone's situation is different. There are a number of resources available to help guide you through any questions or concerns. Investing a small amount of time now to research and understand independence will be well worth your while before starting your career with Deloitte. By joining Deloitte, you can expect a challenging and rewarding career. We look forward to having you on board.

Please feel free to call or email National Office (Independence) for help with evaluating your personal independence circumstances and to make the transition to Deloitte as easy as possible.

For Questions:

- Email: complianceonboarding@deloitte.com
- Call: Candidate Hotline +1 888 269 1068

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