



McKinsey & Company  
ABN 66 055 131 443  
Level 35, 88 Phillip Street  
Sydney NSW 2000

+61 (2) 8273 1600  
[www.mckinsey.com.au](http://www.mckinsey.com.au)

Mr Sean Turner, Committee Secretary  
Parliamentary Joint Committee on Corporations and Financial Services  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
[Corporations.Joint@aph.gov.au](mailto:Corporations.Joint@aph.gov.au)

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**Submission to the Parliamentary Joint Committee on Corporations and Financial Services – Inquiry into Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry**

Dear Committee Secretary,

We refer to your e-mail dated 18 July 2023 inviting McKinsey Pacific Rim, Inc. ("**McKinsey Australia**") to make a submission to the Parliamentary Joint Committee on Corporations and Financial Services (the "**Committee**") in connection with the inquiry into recent allegations of and responses to misconduct in the Australian operations of the major accounting, audit, and consultancy firms (the "**Inquiry**"). We recognise the importance of maintaining high standards of professional conduct and ethical behaviour in the consulting services industry and thank the Committee for the opportunity to provide our input.

In this submission, we provide an explanation of the model adopted by McKinsey Australia with respect to the issues raised in the Inquiry's Terms of Reference. As McKinsey Australia is a private corporation, we believe that our model may be a useful point of comparison for the Committee, especially given that many other professional services firms operating in Australia are structured as partnerships.

***McKinsey Australia***

McKinsey Australia is a private corporation registered in Australia under Pt 5B.2 Div 2 of the *Corporations Act 2001* (Cth). We have operated in Australia for over 60 years, with a strong history of serving the private and public sector. Our core business is the provision of management consulting services. We do not provide tax advice, accounting, legal, audit or assurance services. McKinsey Australia employs approximately 650 colleagues across five offices in Sydney, Melbourne, Perth, Brisbane and Canberra. We support a diverse range of private, public and social sector clients, including the Australian Government and several states and territories.

As a company registered under the Corporations Act, McKinsey Australia is subject to the reporting obligations, oversight, and supervision of the Australian Securities and Investments

Commission (“**ASIC**”). In accordance with the financial reporting obligations under section 601CK(1)-(6) of the Corporations Act, McKinsey Australia lodges documents and information as required by ASIC in relation to every calendar year, including the audited accounts of McKinsey Australia, which comprise its balance sheet, a profit and loss statement and a cash flow statement for the last financial year.

We are committed to transparency and compliance with all Australian tax laws. The activities of McKinsey Australia are reported to the Australian Taxation Office (“**ATO**”). We committed in 2017 to the ATO’s Voluntary Tax Transparency Code. We also recently completed a combined assurance review under the ATO’s ‘Top 1000 Tax Performance Program’.

McKinsey Australia is a wholly owned subsidiary of McKinsey & Company, Inc. (“**McKinsey & Company**”), a private U.S. corporation. McKinsey & Company is a global management consulting firm that helps clients address their most complex and pressing challenges, from strategy and transformation to innovation and sustainability. McKinsey & Company employs over 45,000 colleagues across 65 countries.

### ***McKinsey & Company’s Structure and Culture***

McKinsey & Company operates as a single, integrated firm across the world, and is led by a Global Managing Partner, an elected board of directors (known as the Shareholders Council), together with a global leadership team, and the leaders of our offices and industry and functional practices. We find that this integrated global structure benefits our clients by allowing us to draw on global expertise and access experts, knowledge, and proprietary solutions not available in the local market, while delivering high-quality and consistent services to our clients around the world.

Central to McKinsey & Company’s integrated global structure is the application of common values, standards, a Code of Professional Conduct and policies. McKinsey & Company’s values include: (a) putting client interests ahead of our own interests; (b) maintaining high standards and conditions for client services; (c) observing high ethical standards; (d) preserving client confidences; (e) maintaining an independent perspective; and (f) managing client and firm resources cost-effectively. An explanation of our values is publicly available and attached as **Annexure A**.

As noted above, we have developed and adopted a Code of Professional Conduct and set of policies that provide a clear guide to our values in action. Our Code of Professional Conduct defines a set of expectations for the behaviour of all colleagues and highlights our personal responsibility for professional conduct. It confirms our obligation to always act in a manner that is consistent with relevant laws, regulations and our policies. Our adherence to relevant laws, regulatory obligations and our policies is monitored and upheld by an Ethics and Compliance team, which is responsible for strengthening our culture of integrity. Our Code of Professional Conduct is publicly available and attached as **Annexure B**.

Our values are also embedded into our hiring and human resources processes globally. McKinsey Australia subjects every prospective colleague to a rigorous interview process and performs background checks in accordance with Australian Standard AS-4811 relating to employment screening, which includes criminal background and work history checks. In

addition, our interview processes and questions are designed to help us obtain an understanding of a potential colleague's alignment with our culture and values.

### ***Monitoring and Accountability***

As our firm grows and the environment in which we and our clients operate increases in complexity, we must continue to evolve and strengthen our approach to governance. In the past five years, McKinsey & Company has spent nearly US\$700 million on strengthening our risk management systems, teams and capabilities, and we have implemented new training and accountability mechanisms to ensure that our colleagues understand and adhere to our policies.

McKinsey Australia only undertakes work that it determines can be conducted in a manner consistent with our values and policies. McKinsey & Company has a global risk review committee called the Client Service Risk Committee ("**CSRC**"), which is comprised of senior leaders and supported by Risk, Legal, and other professionals. The CSRC provides advice and decisions on the most complex risks that we face in our client service, including stipulating appropriate "guardrails" to address risk. Where we determine that the work cannot be conducted in a manner consistent with our values and policies, McKinsey Australia declines the engagement. In addition, we have an Ethics and Compliance team, which monitors adherence to applicable laws and regulatory obligations and ensures that all colleagues act with integrity.

We believe that a strong system of internal self-governance is the first line of defence for any organisation. McKinsey & Company requires all colleagues to understand our policies, attend mandatory annual training on them, and to certify each year that they will uphold them. Our evaluation process for all colleagues includes a compliance component. If we determine that there has been a failure to comply with our policies, disciplinary actions are taken, up to and including termination of employment.

We have several channels for reporting potential policy violations or values breaches and processes for escalation of concerns, including direct reporting to the senior team leader, reporting through numerous internal channels (such as our People, Risk, Legal and Compliance functions), and reporting through our "Got a Concern?" hotline, which is managed by a third-party vendor and offers anonymity. McKinsey Australia expects anyone who observes any conduct or activity that they believe may be inconsistent with laws, our policies or our values to speak up. McKinsey Australia strictly prohibits retaliation against anyone for reporting or inquiring in good faith about what they believe to be wrongful or unlawful activity or for participating in an investigation or proceedings related to such activity. As a registered company under the Corporations Act and a "regulated entity" (as defined in the Corporations Act), McKinsey Australia is required to comply with whistleblower protection laws set out in Part 9.4AAA of the Corporations Act. Under these provisions, whistleblowers are protected if they make a disclosure, on reasonable grounds, concerning misconduct or an improper situation or circumstances.

## ***Policies, Governance, Systems and Resourcing***

We believe consultants that operate across both public and private sectors provide valuable expertise to government. The tools and approaches that we use in the private sector and non-government institutions are often relevant to the public sector. Our public sector clients often explicitly seek such specialised and professional skills as well as diverse experience in their evaluation criteria for tenders. We are transparent to our clients that our client service may extend to companies and institutions that may be competitors or within the same value chain (e.g., suppliers or purchasers). We are transparent to our public sector clients that our client service extends to both public and private sector clients across multiple industries on the same or similar topics. Our internal policies and practices (including governance, systems and resourcing) are designed to mitigate any associated risks.

### Policies

Our internal policies include the following key components:

- our **Code of Professional Conduct**, which limits the sharing of client confidential information to colleagues with a legitimate need to know, who are authorised to access the information, and requires employees to adhere to the firm's cybersecurity standards to protect clients' data from unauthorised external access;
- our **Use of Name Policy**, which provides that the names of McKinsey & Company clients, the topics on which McKinsey & Company consults, and the advice McKinsey & Company provides will not be disclosed by McKinsey & Company unless those confidentiality commitments are superseded by a legal obligation or mutual agreement between McKinsey & Company and our clients; and
- our **Client Conflict and Confidentiality Policy**, which requires colleagues to disclose any potential conflicts of interest before being staffed on a client engagement or taking part in client development, including any situation in which a colleague has served a competitor or acquired confidential information about a competitor and in any situation in which a colleague might have, or be perceived to have, divided loyalties, such as family business activities, personal investments, personal relationships, or outside activities that may present a conflict.

### Governance

As noted above, McKinsey Australia only undertakes work that it determines can be conducted in a manner consistent with our values and policies. For every potential engagement, the partner responsible for the engagement undertakes a risk assessment as part of the initial registration of the engagement on our systems, highlighting areas of work that may require further review. As a matter of course, all public sector engagements are subject to further review by our Risk function, with counsel provided by Legal and other functions as appropriate, to determine whether we can serve the proposed client and whether the proposed work is consistent with our values and policies.

### Systems

McKinsey & Company's Client Service Policy requires partners to register client engagements in our system and to systematically assess client engagements across five interrelated dimensions: Country, Institution, Topic, Individual, and Operational considerations (the "**CITIO Framework**"). The CITIO Framework ensures that we take a consistent and comprehensive approach to evaluating the clients we serve, on which topics we serve, and the effects of our work. We limit or decline potential engagements based on our CITIO Framework evaluation of potential clients and engagements.

### Resourcing

In building each engagement team, we deploy staffing procedures designed to avoid potential conflicts of interest. Under these procedures, colleagues who have acquired confidential information about a client may not serve another client if that confidential information could materially disadvantage the first client.

Our staffing and resourcing process considers prior individual client service to identify any potential conflict and mitigate the associated risk. In addition, each colleague is required to declare any potential conflict prior to being staffed on an engagement. If a potential conflict is identified, a determination is made as to whether to staff the colleague on the engagement or as to the form of disclosure required to the client and any proposed measures for management of the potential conflict. In assessing whether we need to apply internal conflict measures, we consider the industry, the nature of the engagement, the anticipated role of the colleague, and the information gathered over the course of our work. Any internal restriction placed on working for client competitors will last as long as the information has significant competitive value.

### Client Requirements

In certain circumstances, we are bound by additional client requirements in relation to conflicts of interest. Our contracts with the Australian Government obligate McKinsey Australia to disclose any conflicts. For public sector work in Australia, we make personal integrity declarations on conflicts in our tender submissions and in accordance with our contracts.

Where required by our Australian Government clients, we have colleagues separately agree and attest to their individual conflicts with our clients and/or have colleagues enter into confidentiality agreements that impose potential personal liability. Our Australian Government clients determine if conflicts can be appropriately managed or not and we comply with these determinations. When staffing these engagements, colleagues who serve on public and social sector engagements must have completed additional training on managing public and social sector risk within the past 12 months. All colleagues are required to pass an assessment testing their knowledge and understanding of those policies.

### ***Our Obligations to Our Clients***

McKinsey Australia supports a diverse range of engagements across public, private, and not-for-profit clients. Our client contracts include a comprehensive set of terms and conditions (including the requirements of both parties for management of conflicts, use of data, security

clearance and confidentiality) and are tailored to the specific scope, objectives, and deliverables of each engagement.

Our Australian Government work is primarily procured from within existing panel arrangements, with the most commonly utilised being the Management Advisory Services panel managed by the Department of Finance. Panels are developed by an open competitive tender process and comprise vendors which have met the criteria for selection and have agreed to provide their services on panel-specific terms and conditions. Selection for inclusion on a panel is based on a range of criteria determined by the government, including value for money. Once on a panel, no engagements are guaranteed, and McKinsey Australia competes for individual engagements sourced through the panel as they arise.

Furthermore, McKinsey Australia is obliged to provide the services for an individual engagement in compliance with the terms of the relevant Panel Head Agreement, which typically imposes an overarching obligation to act in good faith and to provide services with due skill and care and to the best of our knowledge, expertise, and ability.

McKinsey Australia engagements may also be subject to specific public sector-imposed requirements, which differ on a case-by-case basis, including the resourcing of our teams with Australian citizens and the required level of security clearances. McKinsey Australia has a dedicated security officer to verify that colleagues staffed on Australian Government engagements have the relevant security clearances as and when required, and that they are briefed on their obligations and any heightened security/confidentiality requirements before an engagement commences.

### ***Accountability and Regulation***

We are accountable to our clients under the terms and conditions of our contracts. These contracts set out the rights and obligations of both parties, and typically provide for termination, indemnification, and/or damages in the event of any breach. We actively solicit and incorporate client feedback and evaluation of our work to ensure we are meeting our client objectives.

As a registered company carrying on business in Australia, and as noted above, we report to ASIC and the ATO. In addition, McKinsey Australia is subject to the statutory provisions contained in the Competition and Consumer Act 2010 (Cth) (“**CCA**”), which includes the extensive consumer protection provisions set out in the Australian Consumer Law (contained in schedule 2 of the CCA) (“**ACL**”). The ACL prohibits misleading or deceptive conduct and/or the making of false representations in the promotion or supply of goods or services. Compliance with the CCA/ACL provision is regulated by the Australia Competition and Consumer Commission (the “**ACCC**”). In addition to providing recourse to McKinsey Australia’s clients for breaches, potential breaches of the CCA are also subject to the investigatory and enforcement powers of the ACCC.

McKinsey Australia employees are also subject to the investigatory powers of the recently established National Anti-Corruption Commission (“**NACC**”). McKinsey Australia colleagues involved in providing services for the purposes of a contract between McKinsey Australia and a government agency that is administering a government contract, can be investigated by the NACC if the NACC is of the opinion that the colleague could have engaged in corrupt conduct that is serious or systemic. In addition, all McKinsey Australia employees, regardless of whether they are involved in providing services for the purposes of a government contract, are subject to the NACC’s investigatory powers if it is believed that they could have engaged in systemic conduct that may adversely affect the honest or impartial exercise of a public official’s powers in the performance of their functions/duties as a public official.

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We appreciate and respect the work of the Committee and acknowledge the value and importance of the Inquiry for the consulting industry. We hope that this submission is helpful to the Committee, and we look forward to hearing the Committee’s recommendations following the conclusion of the Inquiry.

Yours faithfully,

McKinsey Pacific Rim, Inc.

## Annexures

No.	Title
A	Explanation of Values
B	Code of Professional Conduct

## **Annexure A: Explanation of Values**



## **Our Purpose**

To help create positive, enduring change in the world.

## **Our Mission**

To help our clients make distinctive, lasting, and substantial improvements in their performance, and to build a great Firm that attracts, develops, excites, and retains exceptional people.

## **Our Values**

### **Adhere to the highest professional standards**

Put client interests ahead of our Firm's

Maintain high standards and conditions for client service

Observe high ethical standards

Preserve client confidences

Maintain an independent perspective

Manage client and Firm resources cost-effectively

### **Improve our clients' performance significantly**

Follow the top-management approach

Pursue holistic impact

Use our global network to deliver the best of our Firm to all clients

Bring innovations in management practice to clients

Build client capabilities to sustain improvement

Build enduring relationships based on trust



**Create an unrivaled environment for exceptional people**

Be nonhierarchical and inclusive

Sustain a caring meritocracy

Develop one another through apprenticeship and mentoring

Uphold the obligations to engage and dissent

Embrace diverse perspectives with curiosity and respect

Govern ourselves as a “one-Firm” partnership

## **Annexure B: Code of Professional Conduct**



# Living Our Values: McKinsey Code of Professional Conduct

Our **values** define who we are as a firm and who we aspire to be.

They provide the guiding principles that shape our actions and are essential to fulfilling our two-part mission to: **help our clients make distinctive, lasting and substantial improvements in their performance and to build a great firm that attracts, develops, excites and retains exceptional people.**

We expect all colleagues to live our values every day. And when faced with a difficult situation we expect everyone to challenge themselves, and to consult with colleagues, to determine what course of action would be most consistent with our values.

While our values guide our behavior and help us to make the right choices, we also have firm **policies**. These policies establish our obligations as members of the firm and define the rules of conduct in a range of very specific, often complex, situations. They apply to all firm members globally, and we expect all colleagues to comply fully with these policies. We hold ourselves to the highest standards of integrity and behavior, and consequently, our policies often go well beyond what is required by law. **Failure to comply with our policies may result in disciplinary action including termination of employment.**

Finally, we have this, our **Code of Professional Conduct**, which defines a set of expectations for the behavior of all firm members. The Code of Professional Conduct does not replace our policies. Rather, it serves as a guide to help colleagues understand the core elements of our policies and how those policies are anchored in our values.

The Code of Professional Conduct highlights our **personal** responsibility for professional conduct. We expect all colleagues to comply with this Code of Professional Conduct and we expect others working on our behalf, such as contractors, advisors and other suppliers, to act in a manner that is consistent with our Code.

# Our code of professional conduct

Our Code of Professional Conduct serves as a guide to our values and policies in action and outlines the expectations we have for all firm members in the areas of:

- 1. Serving our clients with the highest professional standards**
- 2. Creating a working environment that inspires and motivates our people**
- 3. Fulfilling our responsibility to society**
- 4. Managing risk to the firm**
- 5. Seeking advice and raising concerns**

The McKinsey Code of Professional Conduct is supported by the full set of firm policies.

# 1. Serving our clients with the highest professional standards

We are privileged to have the trust of the clients that we serve, and we earn that trust by always acting with the highest integrity; by providing objective and independent advice; by putting our clients' interests ahead of our own; and by protecting our clients' confidential and sensitive information. We expect all colleagues to act at all times in ways that justify and reinforce the trust in which we are held.

## **Client impact**

As a firm, we set a high aspiration for the positive impact we have through our client service. We will only undertake work where we can be confident that the objectives of the work are to bring material, positive and lasting impact; that the impact of our work has the potential to far exceed our professional fees; that we will not be pressured to compromise our values; and that we will be keeping faith with our commitment to do work that attracts, develops, excites and retains exceptional people. We are committed to delivering impact to the best of our abilities to all our clients and we hold our leaders accountable for that impact. We expect our leaders to oversee our work, ensure that the conditions for impact are in place, and to bring our best capabilities to every situation. All colleagues have the obligation to speak up if they feel that our ability to deliver on these aspirations for impact is compromised.

## **Client confidential information**

In the course of our work we are entrusted with client and third-party confidential information and we take exceptional care with the information that has been entrusted to us. Client confidential information is all non-public information (written or oral), including business plans and trade secrets, client names, the nature of our client services, our recommendations or advice, client data, and information we purchase at our clients' expense. We only share client confidential information with colleagues who have a legitimate need to know, or those we know are authorized to access the information. In their use of social media, we expect colleagues to safeguard client confidential information, including anything that could reveal a client's identity or our presence there. Colleagues are also expected to ensure that our clients' data and the firm's data environment is protected from unauthorized external access by adhering to the cyber security standards as described in the firm's cyber policies.

## **Professional independence**

We must avoid engaging in outside activities that could interfere with our responsibilities to our clients and the firm. It is incumbent on each of us to ensure that there is never any confusion about whether we are acting in our capacity as a member of the firm, or in some other role. Therefore, firm members are restricted from undertaking employed work outside the firm, and may not operate or actively manage a business, run for political office, or accept an official role in a political campaign. In addition, firm members are restricted from sitting on the board of directors of any for-profit company, whether privately held, publicly listed, or state owned, and must gain clearance prior to accepting membership on non-profit Boards to ensure no conflicts exist with our clients. Interim roles in client organizations are permitted only under a very limited set of circumstances and only when cleared by the firm's Client Service Risk Committee. All firm members are required to disclose any potential conflicts of interest, whether real or perceived, and to consult with relevant firm leaders and governance bodies on how best to handle the situation.

## **Misuse of client information**

To ensure that there is no risk of insider trading, firm members and members of their households are prohibited from purchasing or selling publicly traded securities (including securities issued by state, local, or municipal government entities in the US) of any firm client and are required to pre-clear purchases and sales of any publicly-traded securities. In addition, firm members are prohibited from holding an investment in a non-public company that they serve or making an investment that creates a conflict of interest for the firm or themselves. Firm members are also prohibited from using client confidential information for any reason other than the service of that client. Such information cannot be used for personal or political ends, or in service of a different client.

## **Client resources and assets**

We expect colleagues to treat client assets, including facilities and equipment, with respect, and to spend only what is necessary to perform our work to the highest standard.

## 2. Creating a working environment that inspires and motivates our people

We attract, develop, and seek to excite and retain, truly exceptional people. We do this through the opportunities for impact, growth, and development we provide; by providing a work environment in which our people feel respected, and can thrive, grow, and be their best; and by maintaining a caring meritocracy.

### **Inclusion, diversity and a safe and respectful work environment**

We value an inclusive culture and celebrate diversity of all types. Diversity in our teams improves the creativity of our thinking, the quality of our work, and the development experience for our people. We expect every colleague to hold themselves and each other accountable to ensure a working environment that celebrates the benefits of diversity and one in which everyone is treated with respect and dignity, feels welcomed and safe, and can grow, develop, and perform their best work. We do not tolerate discrimination, harassment, or bullying in any form. Our expectations of behavior extend to all interactions within and beyond the office environment including team, practice, and office events, and via electronic communications.

### **Our meritocracy**

We require all colleagues to uphold both the reality and the perception of our meritocracy and to do so in a caring way, with respect, dignity, and empathy. Our individual evaluation processes – which are critical to our meritocracy – are holistic and confidential, and all colleagues are expected to contribute to these with candor. Attempts to subvert our evaluation processes runs counter to our values. Any hiring, including for temporary positions or for the provision of external services, must comply with firm processes and be based solely on merit. Favoritism, or the perception of favoritism, represents a risk to our meritocracy and as such, we prohibit personal romantic, physical, or familial relationships between firm members who are in any kind of supervisory relationship or are actively working together. We likewise prohibit the hiring of children of firm Partners. Colleagues are expected to declare where they have a personal relationship that may interfere with our meritocracy or create any other conflict of interest.

### **Our colleagues' personal information**

We handle our colleagues' personal data fairly and with respect and will only collect personal data for specific, explicit, and legitimate purposes, and limit the data collected to only what is necessary for the purpose for which it was collected.

### 3. Fulfilling our responsibility to society

As a firm, we are committed to positive social impact. We help address societal challenges in the way we conduct ourselves in the course of our business; through our engagement in our communities; and in the investments we make to support significant and lasting impact on pressing social issues.

#### **Societal impact of our activities**

In the course of client service, colleagues are expected to think broadly about the impact of our work on our clients' multiple stakeholders, to help our clients to be mindful of their social impact, to actively debate the impact of our recommendations on shareholder, customer, and societal interests, and to always act in a manner that is consistent with relevant laws and regulations. We encourage colleagues who wish to give back to their communities – for example, by participating in volunteering, non-profit board service, and charitable giving. Firm members are, however, not permitted to run for political office or accept an official role in a political campaign.

#### **Human rights**

We are committed to human rights and comply with all human rights laws. Our commitment to human rights informs whom we serve and on what topics, and we will not do work that supports or enables human rights violations. We do not tolerate physical violence, threats, bullying, or verbal abuse of any kind in the workplace, whether in our own or our clients' locations. We require suppliers to comply with McKinsey's Supplier Code of Conduct which prohibits all forms of forced labor, child labor and human trafficking, and requires compliance with all laws regarding discrimination, harassment and retaliation.

#### **Environment**

McKinsey is committed to minimizing the impact our firm has on the environment and we seek to continually strengthen our environmental policies and practices. We are making efforts to manage, and reduce, our global greenhouse-gas emissions and our waste footprint. We expect colleagues to take into consideration the environmental impact when making choices about how they work. This includes reducing emissions from travel, where possible, minimizing waste, and increasing recycling at McKinsey locations and client sites.

#### **Competition and trade**

We are committed to promoting free, fair and competitive markets, and compete on the quality and impact of our work. We abide by international trade regulations that prohibit or restrict trade with certain countries, organizations, or individuals. Further, all colleagues must comply with all relevant laws, regulations, and internal policies relating to anti-trust, fair competition, anti-money laundering, funding terrorist organizations, and trade controls.

## 4. Managing risk to the firm

We have the trust not only of the clients that we serve, but also of the communities in which we operate and of the talented people who join our firm. That trust, and our reputation for integrity and independence, is precious – our ability to have impact for our clients, provide opportunities for our people, and contribute to the economies and societies in which we live and work, depends on it. All colleagues therefore, are expected to act at all times to proactively manage risks to the firm and to build and protect the firm's reputation.

### **Corruption, bribery, gifts, and entertainment**

We will not participate in any form of corruption and we have an obligation to inform our clients if we encounter actual or perceived corruption in their organizations. Firm members, and anyone acting on our behalf, must not offer gifts or favors to gain any form of advantage for ourselves, our colleagues, or any third party. Nor can we accept gifts that are intended to influence us, and we do not give preferential treatment in our merit-based hiring processes. We must avoid both the reality and the perception of improper influence and should therefore also avoid entertainment which could be perceived as inappropriate or excessive.

### **Higher risk client service situations**

The firm has identified a number of client service situations that require colleagues to follow specific additional requirements to manage risks to clients, our firm, and our people. These include analytics, M&A, Public, Social or State-linked Sectors, Pharmaceutical and Medical Product Compliance, Purchaser-Supplier engagements, restructuring and bankruptcy, compensation, software application delivery and support, work requiring interaction with regulators, and work conducted in partnership with third parties. Approval from the Client Service Risk Committee (CSRC) is required before committing to work in these areas, and colleagues undertaking this work are required to be familiar with the specific policies covering these areas, to undertake all required training, and to comply with requirements to engage appropriate experienced practitioners to oversee the work.

### **Social media and the press**

All colleagues are expected to present themselves professionally on social media. Even in the use of private social media accounts, we expect colleagues to be mindful of the perceptions that can be created.

Regardless of whether a colleague is speaking for the firm, or simply using social media for personal use, we expect colleagues to maintain both client and firm confidentiality, and to protect the firm's reputation. Colleagues must not present their personal political views in ways that could compromise the firm's reputation for political neutrality. All external publication and communication with the press requires approval by firm External Communications and colleagues are required to complete media training prior to any interview with journalists or bloggers.

### **Data security and protection**

All colleagues are required to protect the firm's data and its data environment from unauthorized access. All digital deployments by the firm including applications, platforms, technology and third-party products, must conform to approved standards to ensure that confidential information is protected by strong security controls. Any exceptions must be approved by the Cyber Risk team and colleagues who are uncertain about the security of a system or technology should e-mail for help.

### **McKinsey resources and assets**

We expect colleagues to be thoughtful in how they use firm resources and protect the firm's information and assets. McKinsey assets, including proprietary information, software, frameworks, tools and methodologies, must be used only in accordance with firm policies and for firm-related activities. Colleagues may not use McKinsey resources such as e-mail distribution lists for political purposes, for soliciting investments, or for other personal interests. We expect all colleagues to be fiscal stewards of the firm, to fully and consistently comply with our expense policies, and to reflect on how their use of resources would be perceived externally and by their colleagues.

### **Accurate records**

We maintain accurate records for the appropriate length of time to enable us to comply with all relevant laws and regulations. It is explicitly against our policy to maintain firm or client records outside of the firm's systems, or to destroy, falsify or alter records that are required to be maintained (for example, in the context of an investigation). Colleagues are expected to file any required firm records, such as expense reports and timesheets, accurately and in a timely way.

### **Working with third parties**

We partner with other firms and engage individuals, including Senior Advisors, from outside the firm to bring the best to our clients and the firm. These relationships are increasingly important enablers of our impact and innovation. At the same time, working with other organizations and individuals raises potential financial, legal and reputational risks. These situations therefore require additional syndication and expert advice. All colleagues are required to ensure that any third-party partnering with the firm or delivering services to the firm is appropriately vetted, and to comply with our consulting intermediaries, external workers and partnering policies.

## 5. Seeking advice and raising concerns

Not every situation can be neatly captured in a policy or code of conduct, and colleagues should always seek advice when faced with a difficult situation, or whenever they are unsure of the correct course of action.

If a colleague observes something they believe may be inconsistent with our values, our policies, or this Code, could put the firm or an individual colleague at risk, or may be against the law, they have an obligation to speak up.

Colleagues in any kind of supervisory position, for example Partners or Managers, have an additional obligation to report anything that could be a violation of our Ensuring an Environment Free from Harassment or Discrimination Policy.

The firm does not tolerate retaliation against a colleague who in good faith raises a concern about any aspect of professional conduct, or who fulfills their obligation to participate honestly in a firm or external investigation. **Retaliation in any form is a violation of policy and may result in disciplinary action, including termination of employment.**

The following resources are available to all colleagues to seek advice, ask a question or raise a concern.

### Advice from a colleague

Our aspiration is that colleagues feel comfortable seeking advice or raising concerns directly with a firm colleague. Examples of colleagues who may be able to help address your concern include:

- The ED or other leader of your client service team
- Your DGL, Office Managing Partner, cell leader, supervisor, or department manager
- Your Regional People Leader, PD or HR
- The firm's Chief Risk Officer, Chief People Officer, or General Counsel
- The firm's [Global Ethics](#) department
- Any member of the firm Legal department
- For concerns related specifically to the behavior of a Partner or Senior Partner:  
Chair of the Professional Standards Committee, Leader of Legal and Partner Personnel, or Chief People Officer

- For concerns related to client service:  
Any member of the Client Service Risk Committee (CSRC) or our Director of Risk

### Hotlines

We recognize there are times where colleagues may feel the need for an opportunity to raise a concern or ask a question without coming forward directly to a colleague. For those instances, we have established hotlines, as an alternative vehicle for colleagues to use.

You may ask a question or raise a concern through an internal link, which is hosted by an external service provider to keep the information confidential, to the extent permitted by law.

### Ombuds

The Firm Ombuds are available to all Firm members to provide informal, confidential advice and support. Our Ombuds will not direct you on what to do, act on anything you discuss, or (except if they believe there is immediate safety risk) escalate your situation to others inside or outside the firm. Because of this, the Ombud cannot take action to address any questions or concerns you may have. If you are aware of a potential breach of our Values, professional standards, policies, or the law, please raise it through one of the methods listed above so the firm can review it and take appropriate action.

# Conclusion

Our Code of Professional Conduct highlights that each of us has an obligation to maintain the highest professional standards in our client service; create an environment in which our people are respected, inspired and motivated; consider the wider implications of our actions on society; and uphold the firm's reputation.

We are each responsible for applying the standards outlined in this code, and of taking the responsibility to speak up and voice any questions or concerns related to possible violations of this code, of our values, our policies, or the law.

Following this code will allow us to truly live up to our values, fulfill our dual client service and people mission, and continue to earn the trust of the clients we serve and the communities in which we live and work. Our collective aspirations for positive impact in the world depend on that trust and therefore on us living by the behaviors highlighted in this Code of Professional Conduct.

This Code of Professional Conduct is intended to be a living document. The Risk, Audit and Governance Committee of the Shareholders Council is responsible for periodically refining and updating the content of this Code.

To provide input or suggestions to improve this Code of Professional Conduct please see the firm's intranet.

**Adopted: May 11, 2019**

**Updated: January 2021**