



Deloitte Policy Manual – Canada

Policy 2063 – Familial and intimate personal relationships (nepotism)

Introduction

DTTL and its Member Firms expect each and every one of its Partners, Professional Staff and Support Staff to act professionally, demonstrating personal integrity and mutual respect, and are committed to creating a work environment that supports these expectations. Deloitte generally permits individuals in a familial or intimate personal relationship (with another person associated with Deloitte) to join or work for the same or another Member Firm. However certain familial and intimate personal relationships can create, or appear to create, conflicts of interest that impact objectivity, confidentiality, morale and Deloitte's inclusive culture, and may lead to allegations of favoritism (such as assigning work unfairly), or harassment, retaliation, or other unfair treatment, either while an intimate personal relationship is ongoing or after it ends.

Working relationships (a) between Partners, Professional Staff, and Support Staff ("Deloitte Personnel"), and other Deloitte Personnel and (b) between Deloitte Personnel and Clients must be, and must be perceived to be, objective, fair and at arm's length. Conflicts of interest and/or Independence issues (whether actual or perceived) can arise out of certain familial and intimate personal relationships with a colleague or Client.

This Section of the Manual sets forth policies and guidance for Member Firms to develop, implement, and maintain Member Firm familial and intimate personal relationships (nepotism) policies, regarding relationships between Deloitte Personnel, or between Deloitte Personnel and Clients, where the Member Firm individual is serving the Client or on the account team, and including specific provisions to cover "Leaders".

For the purposes of this Section of the Manual, references to "Leaders" refers to:

(a) Member Firm CEO and Board Chair and, if applicable, geography CEO(s) and Board Chair(s); and (b) members of the DTTL Board of Directors, members of the DTTL Executive Committee, and members of the DTTL Operating Committee.

Where requirements in this policy conflict with local laws, local laws take precedence.

The paragraphs below in 'red text' reflect policies and procedures that pertain to the Local Member Firm only.

Policy & Guidance

- 1. Each Member Firm should be responsible for the development, implementation, and ongoing support of a Member Firm familial and intimate personal relationships (nepotism) policy that addresses conflicts of interest (whether actual or perceived) that can arise out of familial or intimate personal relationships (a) between Deloitte Personnel or (b) between a Deloitte Personnel and an employee of a Client organization, where the Member Firm individual is serving the Client or on the account team. The Member Firm familial and intimate personal relationships (nepotism) policy should place restrictions on certain types of working relationships between family members or those in intimate personal relationships. Such policy should include the following components:**

- a. Clear definitions of the following terminology:**
 - "Familial relationship" – includes the following relationships:**
 - Spouse/domestic partner/spousal equivalent
 - Child/grandchild (including step-)
 - Sibling (including step-, half-, or in-law)
 - Parent/grandparent (including step- or in-law)

For the Canadian firm, a familial relationship is defined as being related by blood, marriage, common-law, or adoption and includes the relationships described above, plus relationships such as cousin, niece / nephew, aunt / uncle, etc.



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- **“Intimate personal relationship”** – may include romantic and/or sexual relationship and/or interaction and/or a relationship where there is a close and substantial financial tie.
- **“Same reporting line”** – Member Firm Partners, Professional Staff, and Support Staff in the same reporting chain of command where one individual reports either directly or indirectly to the other, regardless of the degrees of separation

For the Canadian firm, the interpretation of “chain of command” starts with the CEO and Managing Partner. All management and professionals are considered within the reporting line of the CEO and Managing Partner. Members of the Executive Leadership Team and Executive Team are leaders for their specific reporting line.

A separate chain of command is led by the Board Chair over governance activities. However, for all board members who also have a role within management, this policy applies to these individuals’ roles within management.

Same reporting line and chain of command refers to direct reporting relationships only.

- b. **Clear definition of which individuals and types of relationships are covered by the policy. At a minimum this policy should include all Partners, Professional Staff, and Support Staff, and cover any familial and intimate personal relationships they may have with:**
 - Partners;
 - Professional Staff and/or Support Staff; or
 - Clients, where the Member Firm individual is serving the Client or on the account team
- c. **Specific prohibitions on familial or intimate personal relationships where (i) the Deloitte Personnel are within the same reporting line, as defined in 1.a. above; or (ii) the Member Firm individual has a familial or intimate personal relationship with a Client, the Member Firm individual is serving that Client or on the account team, and such a relationship has the potential to create a conflict of interest or is not permitted under DPM 1420, Independence.** There may be other prohibitions on familial or intimate personal relationships beyond the same reporting line or account team.

For the Canadian firm, firm members who have a familial or intimate personal relationship with another member of the firm must not be in a position where they exert real or perceived authority or influence over that person, as this may present a conflict of interest. The firm specifically prohibits individuals in familial or intimate personal relationships from engaging in the following activities which require them to:

- perform work subject to direct review or approval of the other person
- be directly responsible for or have significant influence on the hiring decision, performance evaluation, compensation, development plans, development opportunities, or promotions of the other person
- be in a formal coaching relationship with the other person
- be in a position to directly affect work allocation, work assignments or client assignments of the other person
- be in a position of approving transactions such as timesheets, expense reimbursement or overtime payments for the other person
- serve on a common leadership committee or senior decision-making forum

In general, firm members are encouraged to be especially mindful of conflicts of interest that may emerge as a result of familial or intimate relationship in the workplace, especially if it is supported by activities that could influence either party such as financial transactions (including personal lending of money).



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The above is not an exhaustive list. All familial and intimate personal relationships should be reviewed to determine whether the relationship has potential to create actual or perceived conflict of interest.

Firm members refer to all employees, contractors, and partners of Deloitte.

- d. **An expectation that (i) the more senior individual in any relationship prohibited by this policy or (ii) in the case of a Client relationship, the Member Firm individual, will report the relationship immediately to a designated appropriate person within their Member Firm.** Member firms may designate the specific person but this may include the Ethics Officer, Partner Matters, Talent, OGC or other designated individual(s). Any information disclosed under this policy will be confidential (meaning, only those who have a need to know will be made aware).

For the Canadian firm, familial or intimate personal relationships between Deloitte personnel should be reported through the firm's process on [MySupport \(ServiceNow\)](#) at the onset of a personal relationship within the workplace. In the case of a Client relationship where the Member Firm individual is serving the Client or on the account team, the Member Firm individual should report the familial or personal intimate relationship to their engagement partner.

Although the more senior level individual in the relationship is expected to report the relationship, it is the responsibility of both individuals involved in the relationship to ensure that the relationship is reported. If the senior level individual has not reported the relationship, it is expected that the other individual in the relationship should report it.

- e. **An expectation that if the more senior individual in the relationship is uncertain if that relationship is covered by this policy, the individual should consult with the appropriate designated person within their Member Firm, e.g., Ethics Officer, Partner Matters, Talent, or OGC.**

For the Canadian firm, individuals should report any relationship that meets the criteria set out in this policy through [MySupport \(ServiceNow\)](#), even if the individual is unsure whether the relationship is covered under this policy. Once the report is received, it will be reviewed and assessed by Talent and business leadership to determine whether the relationship creates a perceived or actual conflict of interest.

- f. **An expectation that for any relationships outside the same reporting line, Partners, Professional Staff, and Support Staff should take mitigating actions to manage the impact of any real or perceived conflicts.** This would, for example, include the senior person in the relationship recusing themselves from discussions regarding the work activities of the person with whom they are in a relationship. Member Firms may also require reporting of relationships, which are not prohibited, but where there could be a real or perceived conflict involving leadership, to a designated appropriate person within their Member Firm.

Mitigations are considered and applied to familial and intimate personal relationships within indirect reporting lines. For familial and intimate personal relationships within the Businesses, the Business Managing Partner and Talent will decide on the appropriate mitigations. For relationships involving senior leaders, the Chief Culture and People Officer and the Risk and Reputational Leader will be involved with determining the appropriate mitigations.

- g. **An expectation that all Partners must disclose any familial or intimate personal relationship covered by this policy, regardless of whether the individuals are in the same reporting line.**



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For the Canadian firm, all Partners are required to disclose familial and intimate personal relationships through the firm's process on [MySupport \(ServiceNow\)](#) prior to or at the start of the relationship within the workplace.

- h. Disciplinary action, up to and including termination or severance of association, to be taken against Partner, Professional Staff, or Support Staff found to have failed to:**
 - Disclose their relationship as required; or
 - Co-operate in the mitigating actions proposed by the Member Firm
- 2. The Member Firm Ethics Officer should notify the DTTL Chief Ethics Officer of any familial or intimate personal relationship involving Leaders, as far as local laws allow such cross-border notification.**

For the Canadian firm, Talent will notify the Managing Partner, Ethics of a disclosed familial or intimate personal relationship involving a Leader.

- 3. Each Member Firm should, as part of implementation and ongoing support:**
 - a. Include the full familial and intimate personal relationships (nepotism) policy, or reference the policy, in the Member Firm's code of conduct.**
 - b. Provide and maintain systems or processes facilitating access to the Member Firm's familial and intimate personal relationships (nepotism) policy to all Partners, Professional Staff and Support Staff.**
 - c. Communicate about the familial and intimate personal relationships (nepotism) policy and the various channels through which Partners, Professional Staff, and Support Staff can consult on and report good-faith concerns related to the policy.**
 - d. Address the familial and intimate personal relationships (nepotism) policy in existing ethics education programs for all Partners, Professional Staff, and Support Staff, such as new hire ethics education and biennial ethics training.**

Click here for a link to the [FAQ](#) for the Familial and intimate personal relationships (nepotism) policy.