



Our approach to transparent political engagement in the UK



As a leading professional services firm, policy makers and politicians are important stakeholders for us and we believe the knowledge and insights we obtain through our work with thousands of clients can provide valuable insight for policymaking. Whilst we are willing and active participants in public policy debates through a number of engagement activities and relationships in the UK and beyond, we seek to maintain a position of political neutrality.

As a regulated business, changes to legislation and regulation can have a significant effect on our business. Understanding our regulatory environment, as well as being able to input on discussions on any changes to that regulatory environment are important for us.

Our approach

Building public trust is a key priority for our firm. We are open and honest in our communication. We share information, insight and advice frequently and constructively, and manage tough situations with courage and candour. We are constantly striving to be the market leading firm and seek to continuously improve our policies and procedures.

The approach set out in this document shapes our engagement with stakeholders, including our clients, policymakers, legislators, regulators and the communities in which we live and work.

We are committed to ensuring that political engagement is based on principles of integrity, legitimacy, accountability and oversight, consistency and transparency.

We take an integrated approach to our political engagement through policies and guidance created by our Corporate Affairs team, Office of General Counsel and Quality and Risk Management team. Each of these groups have a stake in maintaining high standards in our political engagement to ensure public trust. Flexibility in our approach means we are

able to respond rapidly to changes in the regulatory environment, and we work to review and continuously improve on these policies. We recognise that political engagement takes a number of forms including (but not limited to): political contributions, lobbying, and recruitment to and from the public sector.

There are a number of frameworks in place to ensure that all of our people are aware of their responsibilities when engaging with policymakers. These include:

- Our [UK Code of Conduct](#) and [Global Code of Conduct](#),
- Our [KPMG values](#),
- Mandatory annual Ethics & Independence for all our staff,
- Guidance on what we mean by 'political activity',
- Guidance on voluntary political activity,
- Training materials to ensure our colleagues comply with lobbying legislation,
- Strict policies around political contributions, gifts and entertaining; and,
- A policy prohibiting political financial donations.

These policies are consistent throughout the UK firm, and take into account applicable local laws and regulations, such as the Scottish Lobbying Act. Our approach is in alignment with our [Global Code of Conduct](#).

KPMG member firms across the globe each have processes in place to monitor and comply with the Global Code of Conduct and local laws and regulation, including to the extent they apply to their political activities.



Oversight and accountability

Our UK Board is responsible for the overall leadership of the firm and we have a number of committees that oversee the day-to-day implementation of these principles. The Executive Committee receives regular updates on our political activity and consults with our Public Interest Committee, Risk Committee and Ethics Committee on political matters when necessary. While all KPMG staff are required to conduct their behaviour in accordance with our KPMG Values and Code of Conduct, the ExCo is responsible for operationalising the firm's Values and ensuring these are widely understood and consistently adhered to.

[Find out more about our Leadership and Governance structure and how these committees work here.](#)



Our political activity

We engage with a different cross-party stakeholders through various different forums across the UK. We support a number of targeted events, host panel discussions, and participate in roundtables. We also attend Party Conferences on an annual basis.

We only enter into business relationships with third parties who meet the same ethical standards and adhere to the same rules and regulations by which we abide, which are set out in our [Code of Conduct](#). From time to time, we provide services on an arm's length basis to public sector and governmental bodies, in the ordinary course of our business and in accordance with public procurement regulations.

We permit KPMG employees to take up public duty appointments, which we usually define as: school governors, advisory boards or board members of non-department government bodies and local authority councillors. All appointments must be cleared of conflicts of interest on a case-by-case basis by our Ethics and Independence team.

We hold a number of memberships of think tanks. We believe our breadth of expertise and client experience gives us an opportunity to provide valuable insights through these memberships, who then work to inform robust policy making.

We are also members of various trade bodies, who work to represent their members and shape collective responses to public policy issues. We are highly engaged with the trade bodies we are associated with, but may not always agree with their perspectives. Therefore, trade bodies with which we are associated do not always fully reflect our policy views.

A selection of our memberships include:

- The CBI
- TheCityUK

- London First
- TechUK
- International Chamber of Commerce
- Reform
- Institute for Public Policy Research (IPPR)
- Chatham House
- Social Market Foundation
- Institute for Fiscal Studies
- Westminster Forum

Every trade body or equivalent has a business owner within the firm, who is the liaison between the firm and the relevant body. Activities, including our annual engagement, key stakeholders, and expenditure are monitored by our Corporate Affairs team. Memberships are reviewed on an annual basis on the basis of these records.



Lobbying and Compliance

Although we are not a lobbying organisation, we may engage with policy-makers where we have legitimate business interests, particularly on certain key areas such as: [Brexit](#), the [Industrial Strategy](#), [Responsible Tax](#), [Building Trust](#) and [Social Mobility and Inclusion](#).

As a leading social mobility employer, collaboration is key. We work alongside government, the third sector and the wider business community to share best practice and discuss policy recommendations to ensure that future generations of young people have the skills, opportunity and support they deserve.

We also sponsor the Hampton-Alexander review and are regularly consulted by government on wider diversity issues e.g. recruitment and progression of BAME colleagues, gender pay gap reporting and on disability as a Disability Confident Leader.

We publish a wide range of public policy thought leadership, which occasionally addresses policy design and implementation. This thought leadership demonstrates our leading expertise, and is intended to stimulate and inform innovative policy conversations with our clients rather than for the purpose of lobbying.

We may also engage with policy-makers on issues on behalf of our clients. These conversations are in-line with our ethical standards and fully compliant with the relevant lobbying legislation. In the UK, this is the UK Lobbying Act and the Scottish Lobbying Act.

All of our people are made aware of Lobbying legislation that may affect them when coming into contact with politicians. All disclosable interactions are published on the [Register of Consultant Lobbyists](#) or [Scottish Lobbying Register](#) where relevant.

KPMG takes compliance with external regulations and internal policies extremely seriously, and action is taken where KPMG personnel are found to have been non-compliant.



Political contributions

KPMG does not make political financial donations and does not allow a political financial donation to be made in the name of KPMG, except in exceptional circumstances where approved by the relevant Leadership and Governance bodies and to support a genuine democratic process and then only in a balanced or proportionate way and not to disproportionately advantage any specific party or political viewpoint.

All our staff are made aware of our political contributions policy through our Quality and Risk training.

Previously we have made donations to political parties in-kind though secondment of personnel. We sought to balance these donations across the main political parties and across the electoral cycle. Since 2017 we ceased providing any such in-kind donations. We do not provide any other political donations.

Any donations are recorded by The Electoral Commission. You can [view our previous donations here](#).

Spending on political activities, e.g. sponsorship of targeted fringe events at party conferences, are designed to support our legitimate business interests in relevant areas.



Personnel policies

Our people are at the heart of everything we do. They are our greatest asset, helping us to stand out from the crowd and become the clear choice for our clients. Some of these people will have worked in the public sector.

We understand that former public sector employees need to seek approval from the relevant advisory boards on business appointments before they can accept an offer of employment from KPMG and accept any restrictions they impose, which may include 'cooling off' periods before taking up employment at KPMG.

Our Ethics Committee may consider placing restrictions on current and retiring Partners from accepting offers of employment from organisations, including government departments, where their role at KPMG may give rise to a future conflict.

We have strict rules in place which prohibit KPMG personnel taking up employment with our audit clients as set out in our Ethics and Independence guidance.

Secondments to the civil service through our Interchange programme were recorded and held centrally by our public sector practice. The purpose of these secondments was to provide our people with valuable experiences in a government setting, and for civil servants to gain experiences in a business environment. In FY18, KPMG hosted four Interchange secondees from the civil service from HMRC, Department for Education, Public Health England and the Ministry of Defence; KPMG sent two secondees to the Ministry of Justice. The Interchange programme is now closed, but on a case by case basis, we may consider secondments to government departments. In that scenario, the right checks are made to determine the appropriateness of the role.

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