



Our approach to transparent political engagement in the UK

December 2020



Policymakers and politicians are important stakeholders for KPMG. The knowledge and insights we obtain through our work with thousands of clients provide valuable insight to Government and policymakers more widely. While 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 changes to that regulatory environment, are important for us.

Our approach

Building public trust is a priority for our firm. We are open and honest in our communication. We share information, insight and advice frequently and constructively, and we 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, Regulatory Affairs, Office of General Counsel, and Quality and Risk Management groups. Each of these groups has a role in maintaining high standards in all of our political engagement to ensure public trust.

We are flexible in our approach meaning we are able to respond quickly and effectively to changes in the regulatory environment. 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. We have a number of frameworks in place to

ensure that all of our people are aware of their responsibilities when engaging with policymakers. These frameworks 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 and reporting processes 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 Lobbying (Scotland) Act 2016. We also feed into relevant Government consultations on the review of such laws and regulations as necessary.

KPMG member firms across the globe will also have their own processes in place to monitor and comply with the Global Code of Conduct and local laws and regulations.

Governance structure and oversight

Consistent with our commitment to build trust, we apply high standards of governance throughout the UK firm and adopt a structure reflective of the nature and extent of our activities. As a result, the firm's governance structures, leadership team and members are subject to formal, rigorous and on-going performance evaluation.

Our senior leaders seek to uphold the highest possible standards when monitoring the firm's political activity and do this through the firm's senior committees.

UK Board

The UK Board is responsible for the overall leadership of the firm and is supported by a committee structure (namely the UK Public Interest Committee, UK Audit Board, UK Risk Committee, UK People Committee and UK Audit Committee) which oversees the day-to-day implementation of our Values and Code of Conduct.

UK Public Interest Committee

The UK Public Interest Committee ('PIC') is responsible for overseeing the public interest aspects of the decision making for KPMG LLP (UK) and its related entities – taking into account the legitimate interests of clients and government, among others. Through the involvement of Independent Non-Executives, the PIC has an oversight role in respect of the firm's policies and processes for promoting audit quality, helping the firm secure its reputation more broadly (including in its non-audit businesses) and reducing the risk of firm failure.

The Executive Leadership Team

The Executive Leadership Team ('ELT'), which reports directly to the UK Board, is made up of an Executive Board and a Clients and Markets Executive. Supported by the Operations, Risk and Audit Executives, the ELT receives regular updates, briefings and advice on political and policy development activity, consulting with other senior committees to discuss these matters when necessary.

While all KPMG personnel are required to conduct their behaviour in accordance with our Values and Code of Conduct, the ELT is responsible for operationalising the firm's values and ensuring these are widely understood and consistently adhered to.

Most issues concerning political transparency are dealt with through the Risk Executive and the Operations Executive.

Risk Executive

The Risk Executive oversees the planning and performance of governance, risk management, legal issues and regulatory compliance.

Operations Executive

The Operations Executive is responsible for the business and operational functions of the firm such as the management and transformation of our support services. Some of our support services may have exposure to political transparency requirements, for example the finance and people functions.

Other internal bodies

A comprehensive overview of the committees that form our leadership and governance structure, their terms of reference, memberships and how they operate on a day-to-day basis can be found in our Transparency Report and on our [Leadership and Governance](#) webpage.

Our political activity

We engage with a diverse cross-section of stakeholders through various different events mostly across the UK, but with some representation in Europe and the rest of the world. We support a number of targeted events such as panel discussions, seminars and roundtables and our support is decided on an individual basis, namely where we feel we can make a valuable addition to the debate. We attend a number of the UK 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. In the ordinary course of business we will provide services on an arm's length basis to public sector and governmental bodies in accordance with public procurement regulations.

KPMG employees are permitted under our Ethics and Independence rules to take up public duty appointments, such as school governors, advisory board members, board members of non-department government bodies or 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 memberships with a number of think tanks and 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 we 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
- International Business and Diplomatic Exchange

Every trade body and membership organisation has a business owner within the firm who is the liaison between the firm and the relevant body. Our annual engagement activity, key stakeholder engagement and expenditure are monitored by our Corporate Affairs team and the Trade Body & Memberships Committee.

Memberships and expenditure are reviewed annually by the Trade Body & Memberships Committee who are accountable to the UK Board.

Lobbying and Compliance

Although we are not a lobbying organisation, we often engage with policymakers where we have legitimate business interests, particularly on national debates such as [Brexit](#), the [Industrial Strategy](#) and [Responsible Tax](#).

We publish a wide range of public policy thought leadership, which occasionally addresses policy design and implementation. This thought leadership demonstrates the scale of our expertise and it most often used in conversations with our clients and not for the purpose of lobbying. On occasions we may also engage with policymakers on issues on behalf of our clients.

All of our employees have access to learning materials where they are made aware of the circumstances in which lobbying legislation may affect them – following the introduction of new laws, relevant training materials are reviewed. Our guidance brings us into full compliance with legislation and is reflective of our high ethical standards. The firm is registered under the provisions of the Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act 2014 and the Lobbying (Scotland) Act 2016. We regularly review our submissions internally and with the relevant registrar.

All disclosable interactions are published on the [Register of Consultant Lobbyists](#) or [Scottish Lobbying Register](#) where relevant. KPMG takes compliance with external laws, regulations and internal policies extremely seriously and action is taken where KPMG personnel are found to have been non-compliant.

Social Mobility and Inclusion

As a leading social mobility employer, collaboration is key. We work alongside government bodies, 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 we are regularly consulted by government on wider diversity issues such as recruitment and progression of BAME colleagues, pay gap reporting and disability issues, for which we are recognised as a Disability Confident Leader.

Political contributions and donations

KPMG does not make political financial donations and does

not allow such donations to be made in the name of KPMG. In exceptional circumstances, and where approved by the relevant leadership and governance bodies, the firm may make donations that support a genuine democratic process if made in a balanced or proportionate way.

All of 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 through 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 also do not provide any other political donations.

Political donations are recorded by The Electoral Commission and our [previous donations can be viewed here](#).

Spending on political activities, for example sponsorship of targeted fringe events at party conferences, is designed to support our legitimate business and/or societal 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 has the authority to place 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 from 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, the 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 the future. In that scenario, the right checks will be made to determine the appropriateness of each role.

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