

## **Terms of Reference**

### **Operations Executive Committee of KPMG LLP**

#### **1 Purpose**

The role of the Operations Executive Committee (“the Operations Executive” or “the Committee”) shall be to provide the Executive Committee (“the ExCo”) with appropriate oversight and outcomes in relation to delivery of the UK Firm’s (“the Firm”) operations and technology strategy in support of the 3 Year Business Plan and KPMG’s vision to be the ‘Fastest Growing, Most Connected, Most Trusted professional services firm’.

#### **2 Authority and Delegation (including working groups)**

- 2.1. The Operations Executive is a subcommittee of the ExCo from which it derives its authority and to which it regularly reports. The ExCo derives its authority from the Board.
- 2.2. The Operations Executive has delegated authority from the ExCo in respect of functions and powers set out in these terms of reference and the specific responsibilities set out above (with further approval required from the ExCo, Board or Board Committee (as relevant).
- 2.3. The Operations Executive has authority to review and investigate any matter within its terms of reference and to obtain such information as it may require from any member, officer, or employee of KPMG in relation to such.
- 2.4. Additional working groups of the Operations Executive may be established by the Operations Executive for specific tasks and activities, including for analysis, consultations, and escalations as appropriate; such working groups may be comprised of representatives of the Operations Executive and other individuals (including KPMG partners, officers, and employees) with relevant expertise.
- 2.5. Only members of the Operations Executive however will be able to make decisions on matters.
- 2.6. Delegations to, and the terms of reference of, the Working Groups will be approved by the Operations Executive and reviewed on an annual basis.

#### **3. Constitution**

##### **3.1 Chairperson**

- 3.1.1 The Chair of the Committee will be the Chief Operating and Financial Officer as appointed by the Chief Executive and ratified by the ExCo.
- 3.1.2 In the absence of the Chair of the Committee or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 3.1.3 In the event that the Chair of the Committee declares a conflict of interest, or the Committee decides that such individual has a conflict of interest, then the Committee shall appoint an alternative member of the Committee to chair the meeting or the relevant section of the meeting.

## **3.2 Membership**

3.2.1 Membership shall be ratified by the ExCo and shall include the following, or delegates acceptable to the Chair:

- Chief Operating and Financial Officer (Chair)
- Chief People Officer
- Chief Accounting Officer
- Chief Digital Officer
- Chief Risk Officer
- Capability COOs
- Head of Corporate Development
- Head of KBS and Transformation
- Corporate Services COOs
- General Counsel, Risk and Legal COO
- Director of Internal Communications

## **3.3 Standing Invites**

3.3.1 The following individuals will have a standing invitation to the Operations Executive and can attend when they wish:

- Chief Executive
- Head of Corporate Affairs (in relation to Reputational Matters)
- Programme Lead – EMpowered
- KGS CEO
- The Board Secretary (or their delegate)
- COFO Operations Representatives

## **3.4 Other attendees**

3.4.1 Other individuals shall be asked to attend meetings as required at the discretion of the Chair.

## **3.5 Duration of appointments**

3.5.1 Unless otherwise determined by the ExCo, the duration of appointments of members of the Committee will be for a continuous term.

## **3.6 Secretary**

3.6.1 A Committee Secretary shall be appointed to support the Committee from the Governance team.

3.6.2 The Secretary shall attend all meetings and will be responsible for recording the proceedings and decisions of the Committee meetings and the minutes shall be made

available to all members and attendees, as appropriate.

#### **4. Proceedings of Meetings**

##### **4.1 Frequency of Meetings**

4.1.1 The Operations Executive shall meet at least monthly (or more, at the discretion of the Chair) and shall provide regular reports and relevant qualitative and quantitative management information to the ExCo, the Board or any Board Committee, as relevant, (such as the People Committee, Audit Committee). It shall also provide specialist reviews, “deep dive” reports as required by these Terms of Reference or as necessary.

##### **4.2 Notice of Meetings**

4.2.1 Unless otherwise agreed, notice of each meeting confirming the location, time and date shall be forwarded to each member of the Operations Executive and any other attendees required to attend by the Chair of the Committee.

##### **4.3 Ad hoc meetings**

4.3.1 Other than those regularly scheduled, the Operations Executive shall be convened by the COFO’s office at the request of any of the Operations Executive members, if they consider it necessary.

##### **4.4 Quorum**

4.4.1 Any four members may form a quorum. A duly convened meeting of the Operations Executive at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Operations Executive.

##### **4.5 Decisions**

4.5.1 While making decisions the Operations Executive will take into consideration the Board approved Strategy and Risk Appetite, any instructions given to it by the ExCo to which it reports and the Decision Matrix as approved from time to time by the ExCo. The Operations Executive shall not have the authority to make any decisions which have a material impact on the Firm’s Audit function without the agreement of the Head of Audit or the Chief Executive, and such agreement to be provided in writing. If it is unclear if the matter has a material impact on Audit the matter shall be referred to the ExCo.

4.5.2 The Operations Executive shall reach decisions by simple majority of those members voting on the matter in question. If the numbers for and against are equal the Chair of the Operations Executive shall have the casting vote or escalate the matter to the Executive Committee.

4.5.3 Any decision evidenced in writing or by electronic or voice recognition means, by such member or members of the Operations Executive as would have been necessary to pass such decision had all members of the Operations Executive been present at a meeting to consider such resolution, shall be valid and effective as if it had been passed at a meeting of the Operations Executive duly convened provided that notice and details of the proposed decision have been given in advance to each member of the Operations Executive.

## **5 Responsibilities**

- 5.1 The Operations Executive responsibilities shall be determined by the ExCo from time to time and, in any event, shall include the following responsibilities:

### **5.2 Strategy**

- 5.2.1 Developing and preparing (for the ExCo's review and recommendation to the Board for approval) the Firm's annual budget and 3 Year Business Plan that seeks to deliver sustainable profitable growth over the next 3 to 4 years.
- 5.2.2 Developing (on behalf of the ExCo and for approval by the ExCo and the Board as appropriate) the strategy for enterprise wide technology and business support services (KBS and EWT) and firmwide location/offshoring strategy.
- 5.2.3 Ensuring that the Operations strategy is appropriately aligned to the relevant UK and Global strategy and ensure effective connection to the corresponding Global teams to ensure a global approach.

### **5.3 Performance and Operations**

- 5.3.1 Actively managing and monitoring the operational and financial performance of the Firm against targets, objectives, and key performance indicators (set by the Board or ExCo where appropriate) including oversight (on behalf of the Chief Executive and the ExCo) of delivery against these targets, objectives and KPIs by individual ExCo members in line with their individual accountabilities. This will include all operational matters (including managing overheads and monitoring performance, within the Board approved budget and 3 Year Business Plan).
- 5.3.2 Supporting the ExCo in its responsibility to ensure the achievement of the approved budgets and UK 3-year Business Plan.
- 5.3.3 Reviewing and challenging organisational finance and group budgets and overseeing the business planning process; making recommendations to the ExCo for approval.
- 5.3.4 Managing the Firm's working capital position through the setting and monitoring of lock up targets.
- 5.3.5 Overseeing the operational effectiveness of offshore services (including reviewing quality and effectiveness) of the relevant delivery centre network.
- 5.3.6 In collaboration with the Investment Committee, overseeing the development and delivery of the investment portfolio associated with the 3 Year Business plan. This will include monitoring risks and mitigation plans through the delivery phase of investments and developing and monitoring key metrics to measure return on investment and lessons learned.
- 5.3.7 Overseeing execution of any divestments approved by the ExCo within the investment framework approved by the Board.

### **5.4 People and Culture**

- 5.4.1 Reviewing the (i) timing of and level of partner pay and (ii) partner business cases (from an affordability perspective).
- 5.4.2 Working with the ExCo and Audit Executive to execute on the people strategy including review and changes to salary and bonus levels for employees based on affordability.
- 5.4.3 Working with the ExCo and Audit Executive to optimise the calibration, allocation, prioritisation, and adequacy of the Firm's resources.
- 5.4.4 Overseeing firmwide HR processes and policies, including recruitment and retention, learning and development and making recommendations to the ExCo (or as the case may be, the Audit Executive) for its approval.
- 5.4.5 Monitoring people policies and processes and regularly reviewing and making changes (or, recommending to the Audit Executive, where relevant) if thought appropriate and necessary.
- 5.4.6 Overseeing the implementation of inclusion and diversity plans and pay gap for employees and making recommendations to the ExCo (or as the case may be, the Audit Executive) for their approval or recommendation to the Board or People Committee.
- 5.4.7 Creating and implementing the GPS, reviewing the outcome, and ensuring the issues that it raises are addressed.

## **5.5 KPMG Business Services (KBS) and Enterprise-wide Technology (EWT)**

- 5.5.1 Oversight of the IT services and business support services and ensuring they operate effectively, allowing high quality delivery through the Firm; escalating matters to the ExCo as required.
- 5.5.2 Managing the Firm's property portfolio and its facilities and overseeing the continued evolution of new ways of working.
- 5.5.3 Managing the Firm's taxes and tax exposure.
- 5.5.4 Challenge the Firm's Budget and Long-Term Plan
- 5.5.5 Working with the Audit Executive and the Risk Executive to execute the technology strategy.
- 5.5.6 Setting policy (within the scope of its delegation from the ExCo) as relates to people, finance, technology, sales and marketing, operations and procurement.
- 5.5.7 Administering Corporate Affairs including internal and external communications.
- 5.5.8 Managing and monitoring compliance with the Firm's health and wellbeing protocols.

## **5.6 Risk**

- 5.6.1 Working closely with the Risk Executive, and specifically the CRO to identify and review operations and technology risks and help put controls in place to monitor and control such exposures.
- 5.6.2 Oversight of the policies and procedures in place to ensure the Firm's systems are compliant with the General Data Protection Regulation.
- 5.6.3 Regular review of compliance statistics against the firm's operational policies.
- 5.6.4 Discuss and receive regular updates from Internal Audit on management actions, and progress against these.
- 5.6.5 Liaising with the Risk Executive in its responsibility to ensure the Firm's insurance policies are appropriate in their terms and coverage.
- 5.6.6 Identifying risk exposure issues arising in operations and acting on early warning and deviations from the business plan and/or budget, reviewing the adequacy of interventions and monitoring the effectiveness of remedial actions.
- 5.6.7 The Operations Executive may form working groups to accomplish the above outcomes and shall escalate appropriate issues and decisions to the ExCo and Audit Executive and, if necessary, the Board/Board Committees (eg, People Committee).

## **5.7 Other Matters**

- 5.7.1 The Operations Executive, as well as dealing with the above responsibilities, will also deal with the items on the annual work plan and anything else delegated to it by the ExCo.

## **6 Reporting**

- 6.1 The Chair of the Operations Executive shall report formally to the ExCo on matters dealt with in the Operations Executive in as much detail as the ExCo would like.
- 6.2 The Operations Executive will decide what information, and in what form, it would like provided to it and make sure this is created and received by the members at regular intervals as agreed by the Operations Executive.
- 6.3 The Operations Executive shall, at the direction of the Chief Executive or another chair of another leadership group, share information and decisions as appropriate with the ExCo, the Risk Executive, the Audit Executive, Board, or the Board committees (as relevant).

## **7 Governance and Resources**

- 7.1 The Committee shall, via the Secretary to the Committee, make available to new members of the Committee a suitable induction process and, for existing members, ongoing training as discussed and agreed by the Committee.
- 7.2 The Committee shall conduct an annual self-assessment of its activities under these Terms of Reference and report any conclusions and recommendations to the Exco and, as part of this assessment, shall consider whether or not it receives adequate and appropriate support in

fulfilment of its role and whether or not its annual plan of work is manageable.

- 7.3 The Operations Executive will have an annual work plan to help it address all of its responsibilities above. This work plan is a live document and will be updated to reflect matters of priority and items that need to be addressed.
- 7.4 The members will receive an agenda and any other appropriate or supporting information 3 days in advance of each meeting. The Secretary will keep minutes of its proceedings in the secure Operations Exec team space and will log actions in the standard Board and Executive Committee Jira-based action tracker. The Secretary will provide links to the minutes, papers, and the actions tracker as appropriate and on a timely basis to all members, record any changes in the membership and maintain appropriate records of decisions etc.
- 7.5 Minutes are submitted for formal approval to the Operations Executive at the next meeting.

## **8 Terms of Reference**

- 8.1 The Operations Executive shall annually review its terms of reference and may recommend to the ExCo any amendments to its terms of reference.