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**BUSINESS APPOINTMENT APPLICATION: Laurence Lee CMG, former Director General at the Foreign and Commonwealth Development Office and previously Second Permanent Secretary at the Ministry of Defence. Paid appointment with Palantir Technologies Limited.**

1. Mr Lee sought advice from the Advisory Committee on Business Appointments (the Committee) under the government's Business Appointment Rules for Former Crown Servants (the Rules) on an appointment he wishes to take up with Palantir Technologies Limited (Palantir).

2. The purpose of the Rules is to protect the integrity of the government. The Committee has considered the risks associated with the actions and decisions made during Mr Lee's time in office, alongside the information and influence he may offer Palantir as a result of his time in office. The material information taken into consideration by the Committee is set out in the annex.

3. The Committee[1] considered whether this appointment was unsuitable given the overlap between Palantir's work in defence and Mr Lee's time as Second Permanent Secretary at the Ministry of Defence (the MOD). The Committee has also considered the information provided by the department about Mr Lee's specific dealings with the company and in the sector.

4. The Committee's advice is not an endorsement of the appointment – it imposes a number of conditions and a waiting period to mitigate the potential risks to the government associated with the appointment under the Rules.

[1] This application for advice was considered by Andrew Cumpsty; Isabel Doverty; Sarah de Gay; The Rt Hon Baroness Jones of Whitchurch; The Rt Hon Lord Eric Pickles; and Mike Weir.

5. The Rules set out that Crown servants must abide by the Committee's advice.[2] It is an applicant's personal responsibility to manage the propriety of any appointment. Former Crown servants are expected to uphold the highest standards of propriety and act in accordance with the 7 Principles of Public Life.

The Committee's consideration of the risks presented

6. Palantir is an American technology company that specialises in big data analytics, with its earliest customers being the US intelligence community. Palantir has a commercial relationship with the UK government providing various software/data tools.

7. There is direct overlap with Mr Lee's time in office, in particular his role as Second Permanent Secretary at the MOD. During this time, Mr Lee was responsible for digital transformation across defence, security and resilience (including cyber security), and strategic relationships with industry. In this role, he held several meetings with Palantir to discuss its work and oversaw the delivery of a new contract with the MOD. The Committee therefore considered whether this role could reasonably be seen as a reward for decisions made in office that benefitted Palantir. The MOD provided the following information to demonstrate why it did not consider there to be a reasonable concern that this role was offered as a result of any commercial or operational decisions by Mr Lee:
    - The MOD has been working with Palantir for over 10 years.
    - The decision to award a contract to Palantir was not a decision to tender for new business. Rather, it was to normalise existing contracts across the MOD and consolidate into an enterprise-wide agreement. This allowed greater access across the MOD to various tools, software and technology, and provided better value for money.
    - The MOD made the decision to take this opportunity with Palantir prior to Mr Lee's secondment from the Foreign, Commonwealth and Development Office (FCDO) to the MOD.
    - Mr Lee's involvement was focused on early delivery of the process and to enable the best value for money for the MOD on the services already provided by Palantir.
    - Mr Lee had no direct involvement in the contract. Rather, Defence Digital and its commercial teams were responsible for the details of the contract.
    - As Second Permanent Secretary, Mr Lee was identified as a possible route for escalation as an accounting officer, but no issues were escalated and this route was never used.

[2] Which apply by virtue of the Civil Service Management Code, The Code of Conduct for Special Advisers, The King's Regulations and the Diplomatic Service Code

- Though Mr Lee met with Palantir, these were not commercial discussions. The only discussion about potential new business related to a request for MOD funding for a particular software tool. Mr Lee passed this request to Defence Digital, which decided not to proceed – so there was no benefit to Palantir from the action taken here.

8. Mr Lee was responsible for technology at the MOD, including AI strategy, but the MOD confirmed he made no decisions specific to Palantir, as set out above. Therefore, the Committee agreed with Mr Lee's former departments that in the circumstances, there is a limited risk this role could reasonably be seen as a reward for decisions or actions taken in office.

9. Mr Lee would have had significant knowledge of privileged material relating to technology, and defence and security, given his former roles in office. The departments said that Mr Lee is not a technologist with a detailed understanding of the technology landscape. This was not part of his role at the FCDO and instead was managed by Defence Digital at the MOD (led from UK Strategic Command). As such, the departments came to the view that Mr Lee would be unable to offer privileged insight that could provide Palantir an unfair advantage over its competitors. The Committee gave weight to the government's view that Mr Lee is not a technologist with access to the detail of intellectual property contracts. Further, Mr Lee has not had access to any information at the MOD since May 2023.

10. The FCDO stated that it has no concerns about his access to information, given that he left his operational role in May 2021 when he was seconded to the MOD, with no access to the rest of the business. Since returning to the FCDO as a director general in May 2023 he has been working on restricted duties, on HR matters alone, and he has been separated from any access to relevant information. However, it is difficult to argue that he did not have access to sensitive information around defence and security as it relates to digital transformation and AI which could offer helpful insights into government capabilities and requirements in the future. This risk is most likely to arise in relation to UK defence and cyber/national security matters.

11. Mr Lee held senior leadership roles within the FCDO and the MOD, and had responsibility for strategic relationships with industry at the MOD. As a result, there is a risk his UK government and industry network gained in office could be used to assist Palantir unfairly.

<u>The Committee's advice</u>

12. The Committee recognised the mitigation that departments had taken regarding his access to information. However, there remains a reasonable concern about this

risk, given his relatively recent time at the MOD with responsibility for digital transformation and AI. The Committee agreed with the department that his decision to work for Palantir outside of the UK helps to mitigate the associated risks. In the circumstances, the Committee has imposed a condition on Mr Lee's role to prevent him from working on UK defence and national security matters; this includes having no direct engagement with the UK government on Palantir's behalf.

13. It is significant that Palantir has confirmed its commitment to adhere to this advice, and will ensure that Mr Lee does not undertake any activity that might breach ACOBA's advice and the limitations imposed.

14. Palantir has a significant commercial relationship with the MOD, and specifically within Mr Lee's area of responsibility. Given this, and his involvement in relevant policy, the Committee considered that it was necessary to limit the role and ensure there is a gap between him having access to information and decision-making within government, and his joining Palantir. The Committee agreed with the departments that a waiting period should run from his last day in his role as Second Permanent Secretary, on 8 May 2023. From this date, Mr Lee has been working on HR matters for the FCDO and has been removed from all other business at the MOD or the FCDO. The Committee determined that a six month gap, which is twice the minimum expected waiting period for the most senior Crown servants, would be appropriate in this case.

15. The remaining conditions below make it clear that he must not make improper use of his access to information, privileged contacts and influence from his time in government service to unfairly advantage Palantir.

16. Taking into account these factors, in accordance with the government's Business Appointment Rules, the Committee's advice is this appointment with **Palantir Technologies Limited** be subject to the following conditions:

- a waiting period of at least six months from his last day in post as Second Permanent Secretary at the MOD, when he was removed from all business except HR and personnel matters at the FCDO;

- for two years after leaving Crown service he must not work or advise on Palantir's work on UK defence and national security matters, and he must not directly engage with the UK government or it's arm's length bodies on Palantir Technology Limited's behalf (including parent companies, subsidiaries, partners and clients);

- he should not draw on (disclose or use for the benefit of himself or the persons or organisations to which this advice refers) any privileged information available to him from his time in Crown service;

- for two years from his last day in Crown service, he should not become personally involved in lobbying the UK government on behalf of Palantir Technologies Limited (including parent companies, subsidiaries, partners and clients); nor should he make use, directly or indirectly, of his contacts in the Government and/or Crown service to influence policy, secure business/funding or otherwise unfairly advantage Palantir Technologies Limited (including parent companies, subsidiaries, partners and clients);

- for two years from his last day in Crown service, he should not become personally involved in lobbying contacts developed during his time in office in other governments and organisations for the purpose of securing business for Palantir Technologies Limited; and

- for two years from his last day in Crown service he should not undertake any work with Palantir Technologies Limited (including parent companies, subsidiaries, partners and clients) that involves providing advice on the terms of, or with regard to the subject matter of a bid with, or contract relating directly to the work of, the UK government.

17. The advice and the conditions under the government's Business Appointment Rules relate to your previous role in government only; there are separate rules administered by other bodies such as the Office of the Registrar of Consultant Lobbyists, the Parliamentary Commissioner for Standards and the Commissioner for Standards.[3] It is an applicant's personal responsibility to understand any other rules and regulations they may be subject to in parallel with this Committee's advice.

18. By 'privileged information' we mean official information to which a Minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Ministerial Code or otherwise.

19. The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/minister '*should not engage in communication with government (ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to*

[3] All Peers and Members of Parliament are prevented from paid lobbying under the Parliamentary Code of Conduct and the Code of Conduct for Members of the House of Lords. Advice on your obligations under the Code can be sought from the commissioners for standards

*influencing a government decision, policy or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office.'*

20. Mr Lee must inform us as soon as he takes up employment with this organisation, or if it is announced that he will do so. He must also inform us if he proposes to extend or otherwise change the nature of his role as, depending on the circumstances, it may be necessary for him to make a fresh application.

21. Once the appointment has been publicly announced or taken up, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

Yours sincerely

Cat Marshall
**Committee Secretariat**

**Annex – Material information**

The role

1. Palantir Technologies Limited (Palantir) is an American company that specialises in big data analytics. It has four main platforms: AIP, Foundry, Gotham and Apollo. Some of these platforms are used by American counterterrorism organisations and the US' defence department, with its early customers being the US intelligence community.

2. The company has had a relationship with the MOD for 10 years – with the use of Palantir's software embedded in many of its delivery organisations. Most recently the MOD agreed a contract with Palantir at the end of last year for its AI platform to analyse its intelligence data.

3. In relation to other departments, Palantir has also done work for the NHS. During the Pandemic, it provided data software, via an emergency, non-compete contract, to mine COVID-19 patient data. In 2020 this was valued at more than £23.5 million and was extended for two more years. The awarding of the initial contract without competition was heavily criticised. This was superseded by a competitive process which Palantir won earlier this year with NHS England, worth over £300million.

4. Mr Lee wishes to join Palantir as a Geostrategic Advisor to the US CEO. In this role he said that he would advise on geostrategic shifts and trends that apply to the company as a software provider. He described the role as internationally-facing. He said that whilst the role is based in London he will have no contact with the UK government or UK clients. He expects to spend a considerable amount of time in the US, Europe and the Middle East, advising on how regional economic and threat vectors (the methods used to attack) affect the company's business.

5. Palantir told the Committee that it was committed to complying with the government's Business Appointment Rules and ACOBA's advice. In particular, it confirmed the steps it would take in order to ensure compliance:
    - There is a comprehensive Palantir Compliance Program in place that will enable Mr Lee to comply with all conditions imposed by ACOBA and all applicable Business Appointment Rules.
    - Palantir will ensure that it does not ask Mr Lee to undertake any activity that might be a breach of any of his restrictions or conditions.
    - As part of his new employee onboarding, Palantir will provide Mr Lee with an individual compliance training session where a lawyer on Palantir's Compliance Team will specifically go over his restrictions and conditions, including that he will be restricted from providing advice to

Palantir on UK defence and national security matters (which includes lobbying or other engagement with the UK government on Palantir's behalf).

- Palantir will ensure that Mr Lee knows these conditions will apply for two years from his last day in paid Crown service.
- During this individual compliance training session, Mr Lee will also be provided with specific information about the Palantir work or activities that he will be recused from based on the ACOBA restrictions and conditions.
- Immediately after the training, Palantir's Compliance Team will also provide him a written summary of his restrictions and conditions.
- Palantir employees who will most regularly work with Mr Lee, including his immediate supervisor, will be informed of his restrictions and conditions.
- Lawyers on Palantir's Compliance Team will also be aware of Mr Lee's restrictions and conditions and will be available to assist Mr Lee with these requirements as needed.

6. Mr Lee was seconded from the FCDO to the MOD for two years until May 2023. He explained that after Christmas 2022, and as he entered the last 6 months of his secondment agreement, he decided he wished to work in technology and how it can aid national security. He said he was keen to continue his career by learning more at the 'cutting edge' and decided to seek out a private sector role. He approached Palantir about the possibility of a role, leading to this offer of a non-UK role.

Dealings in office

7. Mr Lee was the Second Permanent Secretary at the MOD, seconded from the FCDO, between March 2021 to May 2023. He was responsible for: digital transformation across defence, security and resilience (including cyber security), space policy, science and technology, safety, defence strategy, net assessment and challenge (establishing the Secretary of State's Office for Net Assessment and Challenge), trade and economic security, and strategic relationships with industry.

8. As digital champion, Mr Lee had a role in advocating for the rapid adoption of the technology that defence needed to meet its purpose. He was involved in developing digital and data policies including publishing the Defence Artificial Intelligence Strategy. This was published in June 2022 and sets out the plan for delivery up to 2030.[4] He noted that the MOD's approach to digital and data impacts a wide-ranging market place of possible contractors – it is not specific to

[4] https://www.gov.uk/government/publications/defence-artificial-intelligence-strat

Palantir or any other supplier/contractor.

9. Mr Lee said that his role included setting out what defence required from the supply chain in the coming years. This included meetings with Palantir on nine occasions between June 2021 and February 2023. These meetings are set out in the transparency returns published by the government. He confirmed that he had no meetings or dealings with them after leaving the MOD and whilst he was at the FCDO.

10. Mr Lee was also responsible for horizon scanning which included looking for new technology that would benefit defence. He said that he met with a large range of suppliers as a result, and that he gave speeches at Tech UK (a trade body) and the Defence Suppliers' Forum.

11. In November 2022, whilst he was Second Permanent Secretary, the MOD signed an enterprise agreement with Palantir for data and digital services. This was for £25million per year, over three years (from an MOD digital spend of around £4.4billion per annum). Mr Lee said this was sought and put in place to normalise a range of contracts that had been in place for some time and needed to be placed on a more formal footing. He said that his only involvement in this contract was in driving the department to ensure the process took place as quickly as possible, to get the best value for money for the MOD on the relevant services already provided by the company. He said he had no involvement in the awarding or the technical detail of the contract; and no issues were escalated to him as accounting officer at any stage.

12. Mr Lee told the Committee that the MOD's Director General Commercial and his team – which encompasses the whole of commercial across Defence and Defence Equipment & Support – was responsible for this contract. Mr Lee said he had managerial oversight of some of those involved in setting the requirements and agreeing the contract. Strategic Command develops and coordinates joint capabilities for UK Defence such as medical services, intelligence, support and logistics, digital and communication systems, cyber, special forces, training and education, and overseas bases. The Chief Information Officer, who leads Defence Digital within Strategic Command, which is responsible for effective digital and information technology, had a separate reporting line to Mr Lee who was the accounting officer for digital spend.

<u>Department assessment</u>

13. The MOD and the FCDO confirmed the details provided by Mr Lee, including governance arrangements around the commercial contracting with Palantir.

<u>Contracts with the MOD</u>

14. In relation to the contract given to Palantir during his time as Second Permanent Secretary, the MOD provided the following information:
    - It has been contracting with Palantir for a number of years.
    - This had led to a federated commercial relationship with Palantir across various MOD organisations.
    - The MOD's strategy to maximise its buying power in software spend is to consolidate disparate agreements into 'enterprise-wide agreements'. This provides commercial benefit to defence.
    - Palantir was identified by the digital function as an early opportunity to optimise commercial value. This strategy was in place prior to Mr Lee's appointment in the MOD.
    - An enterprise agreement seeks to capture all relevant spend with a software provider and then negotiate the best possible terms based on that maximised leverage. It does not specifically drive for adoption of a specific/standard product, but value for money with an existing provider. The purpose of the contract awarded during his time in office was to bring the various existing contracts under one single agreement.
    - Mr Lee was not involved in the commercial discussions with Palantir, nor commercial escalations during the procurement:
        - his having a role as an escalation point for the approvals aspect of the enterprise agreement was discussed, but never exercised.
        - he received updates on progress of internal approvals of the deal as part of the wider portfolio of defence approvals, though no specific commercial detail was provided to Mr Lee during these updates.
        - Mr Lee at no time made any asks of the MOD commercial team with regard to this contract.
    - Mr Lee did meet with Palantir to discuss the possible applications of Palantir's technology within the MOD, and also to discuss the priorities of existing projects, rather than commercial discussions:
        - Palantir offered to facilitate wider access to a tool that was already provided to other parts of the MOD. Mr Lee was involved in a call arranged by others to understand the technical challenges of the offer and Mr Lee was not involved in any decisions as a result.
        - Palantir pitched a tool it was asking the MOD to part fund in support of Ukraine. Mr Lee took a meeting where the company explained the offer and then he passed it on to Defence Digital, which decided not to proceed.
        - Palantir was involved in Digital Deterrence workshops alongside other tech firms.
        - In January 2023, Palantir briefed on its geostrategic

engagement priorities, indicating the organisation was expanding and actively hiring top talent in the sector. No offer of employment to Mr Lee was made in these engagements. He did not meet with the company after that, and moved later in 2023 out of the MOD to the FCDO.

15. Given some of the criticised procurement practices by Palantir, the MOD was asked about this. The MOD said it could not comment on how the initial approaches by Palantir were placed, given the number of services used across various delivery bodies over the last 10 years. However, it did recognise that providing initial services for none or minimal costs is typical of the company's approach and also described it as 'not unusual' for the software industry. The MOD was clear that the reason for entering into an enterprise agreement was to 'create a more controlled framework to future business engagements to minimise this kind of sales behaviour' and to consolidate existing contractual spend.

Access to information

16. As regards Mr Lee's access to information, the MOD noted that, in relation to digital strategy, he was involved in broad matters that may be seen to overlap with Palantir's work. The MOD also said that Mr Lee was not a technologist and did not have detailed understanding of Palantir, the competitor technologies, nor a detailed understanding of the MOD technology estate. The technology estate and policy setting is managed by Defence Digital, a separate MOD organisation led by UK Strategic Command. Further, the overall digital strategy until 2030 is in the public domain. The MOD is therefore of the view that Mr Lee would not be able to offer detailed insights that might advantage any one company over another.

The FCDO

17. Mr Lee returned to the FCDO in May 2023 as Director General at Large. The FCDO provided the following information:
    - It has a 'small scale' contractual relationship with Palantir to provide software support to operational capabilities. Responsibility for commercial oversight of the contract with Palantir fell to another Director General and Mr Lee had no knowledge of the details or content of this work.
    - It has no concerns about his access to information – he was out of the FCDO at the MOD between 2021 and May 2023. Though he returned in May, he was placed on restricted duties working on HR/people matters with no involvement in the rest of the business.
    - Mr Lee has had no official dealings with Palantir whilst at the FCDO.

Departmental recommendation

18. The departments said that they considered that there are limited risks because the future role he seeks to take up is to help Palantir understand the strategic landscape better than it does now, not to advise on business development, and he will be working outside of the UK market. The departments said they do not judge that the appointment could reasonably be perceived to amount to unfair advantage for Palantir. On this basis, it supports Mr Lee joining Palantir after a period of time without access to information or involvement in decision-making in respect of Palantir's work or the FCDO/MOD's operational and digital/security work more generally. Therefore, Mr Lee has been posted as Director General at Large at the FCDO since his return in May 2023, with only access to HR and personnel matters.