

# EY UK Terms of Reference

November 2022



## Contents

1. EY UK LLP Board - Terms of Reference.....	1
2. Public Interest Board - Terms of Reference .....	4
3. UK Country Committee - Terms of Reference .....	8
4. Audit Board - Terms of Reference.....	11
5. Audit Board Remuneration Committee – Terms of Reference .....	16
6. Accountable Executive Committee - Terms of Reference.....	19
7. Risk Oversight Committee - Terms of Reference.....	23
8. Nomination Committee – Terms of Reference .....	27
9. Audit Committee – Terms of Reference .....	30
10. Appendix B - List of Audit Committee members.....	33

# 1. EY UK LLP Board - Terms of Reference

## 1. Background

1.1 The EY UK LLP Board (the 'LLP Board') is the ultimate governance body of the Firm, as required to be established in accordance with the EY LLP Partners' Agreement (the 'Partners' Agreement'). The LLP Board has the power under the Partners' Agreement to determine its own procedures, and as such has adopted these terms of reference. These terms of reference shall be read in conjunction with the Partners' Agreement and, in the event of any inconsistency, the Partners' Agreement shall prevail.

## 2. Purpose and remit

2.1 The LLP Board is responsible for promoting and protecting the interests of the Firm and the general and operational management of the Firm as a whole, including overseeing compliance with all applicable professional regulatory and legal requirements.

2.2 In respect of its governance and management of the Firm, the LLP Board is supported by, and receives recommendations from, various committees and may delegate its authority for certain matters to those committees. In particular, the LLP Board will take into account the Audit Board's recommendations in relation to audit matters.

2.3 Responsibility for the following matters is reserved to the LLP Board:

2.3.1 Overseeing the strategic direction of the Firm and the management of the Firm's operations in line with the Partners' Agreement.

2.3.2 Approving the annual accounts of the Firm in accordance with the Partners' Agreement.

2.3.3 Approving any corporate transactions outside the ordinary course of business, or

other major investments by the Firm.

2.3.4 Approving the admission of new members to the Firm.

2.3.5 Ensuring an adequate and effective internal control framework exists for the Firm.

2.4 The standing agenda of the LLP Board considers, amongst other matters, the following:

2.4.1 The Firm's commercial and financial interests.

2.4.2 The Firm's reputational interests.

2.4.3 Alignment of the Firm's values and culture with, in particular, the principles of professionalism, openness and risk management.

2.4.4 Risk monitoring and management.

## 3. Membership

3.1 The LLP Board shall comprise the UK Country Managing Partner ('**CMP**'); the FS Managing Partner (or, if this is the same person as the CMP, the UKI Managing Partner); the UK COO; two UKI Partner Forum representatives who are members of the Firm; one FSO Partner Forum representative who is a member of the Firm; the UK General Counsel; the Head of UK Risk; the UK Head of Audit; the Head of UK Regulation & Public Policy; and up to two additional members who are members of the Firm and who have been nominated by the Nomination Committee convened at the request of the Board ('**Nominated Members**').

3.2 The LLP Board shall comprise at least ten members (including the chair).

3.3 The members of the LLP Board are formally appointed by the Europe Operating Executive, having been recommended for appointment by the Nomination Committee (as one of the

three Partner Forum representatives, or Nominated Members), or holding one of the management roles referred to in paragraph 3.1 above. The CMP is appointed by the Europe Managing Partner of EY Europe, who has the right to remove the CMP, having consulted with the Board and appropriate partners and with the consent of the Europe Operating Executive.

3.4 LLP Board members (other than those who are members by virtue of their role) serve for an initial period of up to three years as recommended by the Nomination Committee and confirmed as the term of the appointment by the Europe Operating Executive. That initial period may be extended by a further term of up to three years by the Europe Operating Executive on the recommendation of the Nomination Committee. A member of the LLP Board who has been appointed as a representative of the UKI Partner Forum or FSO Partner Forum shall cease to be a member of the LLP Board if that individual ceases to be a member of the relevant Partner Forum.

3.5 The CMP acts as the chair of the LLP Board ('LLP Board Chair').

#### 4. Secretary

4.1 The Firm's Company Secretary will be appointed as the secretary to the LLP Board.

#### 5. Quorum

5.1 The quorum necessary for the transaction of business shall be at least one member who is deemed by the Institute of Chartered Accountants of England and Wales to be a qualified individual and not less than half the LLP Board membership. Any LLP Board member deemed (in accordance with paragraph 8) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 5.1 for the relevant part of the meeting.

5.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by

telephone, videoconference or other electronic means (provided that they can participate in the meeting).

5.3 A duly convened meeting of the LLP Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the LLP Board.

#### 6. Notice of meetings

6.1 Meetings of the LLP Board shall be called by the secretary of the LLP Board at the request of the LLP Board Chair, and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the LLP Board at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the LLP Board Chair. Supporting papers shall be sent to LLP Board members at the same time but may be forwarded at shorter notice with the approval of the LLP Board Chair.

#### 7. Attendance at meetings

7.1 The LLP Board shall meet at least four times a year.

7.2 The chairs of the Public Interest Board and the Audit Board will normally be in attendance at LLP Board meetings. The Firm's Independent Non-Executives ('INE's) may also attend from time to time. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.

7.3 In the absence of the LLP Board Chair and/or an appointed deputy at an LLP Board meeting, the remaining members present shall elect one of themselves to chair the meeting.

#### 8. Conflicts of interest

8.1 If a proposal considered by the LLP Board is one where an LLP member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion,

or decision-making, on any such proposal. The decision of the LLP Board Chair as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the LLP Board Chair, the decision of the other members (acting by a simple majority) is determinative.

issued by relevant regulatory bodies.

## 9. Meeting minutes

9.1 The LLP Board secretary (or their nominee) shall minute the proceedings of all LLP Board meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by LLP Board members, and shall promptly circulate draft minutes to all LLP Board members following the meeting.

## 10. General matters

10.1 The LLP Board shall:

- 10.1.1 Have access to all relevant people and information to allow it to discharge its duties.
- 10.1.2 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice

10.2 The LLP Board is authorised to:

- 10.2.1 Undertake any activity within its terms of reference.
- 10.2.2 Seek any information it requires from any employee or member of the Firm in order to perform its duties.

## 11. Review and evaluation

11.1 The LLP Board shall annually review these terms of reference and consider any amendments that may be required following its review.

11.2 The LLP Board will carry out periodic reviews of its own performance and the performance of its committees, and will agree and implement a plan to take forward any actions resulting from the evaluations. The chair of the Public Interest Board shall provide feedback as part of the LLP Board's periodic review of its performance. A review will be facilitated by an external adviser in respect of the performance of the LLP Board at least once every three years.

## 2. Public Interest Board - Terms of Reference

### 1. Background

- 1.1 The Revised 2016 Audit Firm Governance Code (the '**AFGC**') provides a benchmark of good governance practice against which audit firms that audit listed companies can report. In March 2021, the FRC published its approach to Audit Firm Management and Supervision ('**AMS**'), which outlines their expectations in terms of effective management to ensure audit quality and firm resilience, and what the firms can expect from the FRC in the course of supervision by reference to the following key supervisory pillars: (i) Financials and KPIs; (ii) Governance and leadership; (iii) Values and culture; (iv) Risk management and resilience; and (v) Operational separation (the '**AMS Pillars**').
- 1.2 The EY UK LLP Board (the '**LLP Board**') has established the Public Interest Board in response to these regulatory developments. The Public Interest Board has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.
- 1.3 Separately, in response to the publication of the FRC's Principles for Operational Separation of Audit Practices on 23 February 2021, the LLP Board has established the Audit Board to provide independent oversight of the Firm's audit practice (the '**Audit Practice**').

### 2. Purpose and remit

- 2.1 The purpose of the AFGC is to promote audit quality, help the firm secure its reputation more broadly, including its non-audit business, and reduce the risk of firm failure (the '**AFGC Purpose**'). The role of the Public Interest Board is to enhance the Firm's performance in meeting the AFGC Purpose.
- 2.2 Certain matters relevant to the AFGC Purpose and AMS Pillars are reserved to the Audit Board including, in particular, matters relating to audit quality. The independent oversight role of the Public

Interest Board is complementary to that of the Audit Board: the main focus of the Audit Board is the Audit Practice; the Public Interest Board has visibility of the Firm more broadly (including its non-audit business).

### 3. Membership

- 3.1 The Public Interest Board shall comprise four independent non-executives ('**INEs**'); the UK Country Managing Partner ('**CMP**'); the FS Managing Partner (or, if this is the same person as the CMP, the UKI Managing Partner); and the Head of UK Risk.
- 3.2 The Public Interest Board shall comprise seven members (including the chair).
- 3.3 A majority of members of the Public Interest Board shall be INEs.
- 3.4 The INE members of the Public Interest Board are appointed by the LLP Board, having been recommended for appointment by the Nomination Committee of the LLP Board. Appointments to the Public Interest Board shall be for a period of up to three years, which may be extended by the LLP Board on the recommendation of the Nomination Committee for a maximum of two further periods of up to three years each. Members of the Public Interest Board may be removed by the LLP Board (whether on the recommendation of the Nomination Committee or otherwise) at any time before the expiry of their term.
- 3.5 The chair of the Public Interest Board must be an INE, who will be nominated by the Nomination Committee and must not chair any other governance body in the Firm (the '**Public Interest Board Chair**').

### 4. Duties

- 4.1 In connection with the AFGC Purpose, the Public Interest Board shall be

responsible for the independent oversight of:

#### **Financial resilience**

- 4.1.1 The Firm's policies and procedures for ensuring financial resilience.

#### **Governance and leadership**

- 4.1.2 The effectiveness of the Firm's policies and procedures with respect to any risks that the Firm's governance and leadership arrangements may pose to audit quality or financial resilience.

#### **Values and culture**

- 4.1.3 The Firm's policies and procedures with respect to cultural factors, including within the non- audit business, which may have a bearing on audit quality, the Firm's reputation, or the Firm's financial resilience, including by reference to policies and processes in respect of:
  - 4.1.4 Conduct, ethics and independence of the Firm, including whistleblowing.
  - 4.1.5 Compliance with laws and regulations.
  - 4.1.6 People management policies and procedures.

#### **Risk management and resilience**

- 4.1.7 The Firm's policies and procedures with respect to the prevention and mitigation of financial, operational, regulatory and network risks that could have an impact on the Firm's financial resilience and reputation.

### **5. Secretary**

- 5.1 The Firm's Company Secretary will be appointed as the secretary to the Public Interest Board.

### **6. Quorum**

- 6.1 The quorum necessary for the transaction of business shall be three members, at least two of whom shall be INEs. Any Public Interest Board member deemed (in accordance with paragraph 9) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 6.1 for the relevant part of the meeting.

- 6.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).

- 6.3 A duly convened meeting of the Public Interest Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Public Interest Board.

### **7. Notice of meetings**

- 7.1 Meetings of the Public Interest Board shall be called by the secretary of the Public Interest Board at the request of the Public Interest Board Chair, and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Public Interest Board at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the Public Interest Board Chair. Supporting papers shall be sent to Public Interest Board members at the same time but may be forwarded at shorter notice with the approval of the Public Interest Board Chair.

### **8. Attendance at meetings**

- 8.1 The Public Interest Board shall meet at least four times a year. The INE members of the Public Interest Board shall also meet as a separate group from time to time at the INE's discretion.
- 8.2 The UK Head of Regulation & Public Policy will normally be in attendance. Other attendees may be invited to attend all or part of any meeting, as and when

appropriate and necessary, but shall have no voting rights.

- 8.3 In the absence of the Public Interest Board Chair and/or an appointed deputy at a Public Interest Board meeting, the remaining members present shall elect one of themselves to chair the meeting.

## 9. Decision making

- 9.1 A decision of the Public Interest Board on which a vote is called by a member of the Public Interest Board shall require a simple majority of the votes of all the members of the Public Interest Board present. Subject to paragraph 10, each member shall have one vote. Votes may be taken in any manner approved by the Public Interest Board chair.

- 9.2 Except where they have a conflict of interest, the Public Interest Board chair shall have a casting vote where the votes for and against any proposal are equal.

## 10. Conflicts of interest

If a proposal considered by the Public Interest Board is one where a Public Interest Board member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the Public Interest Board Chair as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the Public Interest Board Chair, the decision of the other members (acting by a simple majority) is determinative.

## 11. Meeting minutes

The Public Interest Board secretary (or their nominee) shall minute the proceedings of all Public Interest Board meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Public Interest Board members, and shall promptly circulate draft minutes to all Public Interest Board members following the meeting.

## 12. Reporting responsibilities

- 12.1 The Public Interest Board Chair shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Public Interest

Board Chair shall report to the Audit Board on matters relevant to the Audit Board.

- 12.2 Minutes of all Public Interest Board meetings shall be disclosed to the LLP Board following each meeting.
- 12.3 The INEs will report in the firm's annual transparency report on how they have worked to meet the AFGC Purpose.

## 13. General matters

The Public Interest Board shall:

- 13.1 Have access to all relevant people and information to allow it to discharge its duties.
- 13.2 Have access to sufficient resources to carry out its duties including access to the Firm's Company Secretary and UK General Counsel and may seek any information it requires from employees or members of the Firm in order to perform its duties.
- 13.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.
- 13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 13.5 In the event of a disagreement between Public Interest Board members with regard to any recommendations made (or to be made) to the LLP Board, the Public Interest Board Chair, themselves or at the request of any member of the Public Interest Board, shall notify the LLP Board Chair in writing and a meeting to discuss the relevant matter and, where relevant, agree a way forward shall be convened between the Public Interest Board Chair, the LLP Board Chair and another member of the Public Interest Board who is an INE.

## 14. Review and evaluation

- 14.1 The Public Interest Board shall annually review these terms of reference and may suggest to the LLP Board any amendments following its review. These terms of reference may not be

amended, varied or revoked without the approval of the LLP Board.

- 14.2 The Public Interest Board, led by the Public Interest Board Chair, will carry out periodic reviews of its own performance, and will agree and

implement a plan to take forward any actions resulting from the evaluations. The individual performance of the members of the Public Interest Board will be reviewed periodically by the Nomination Committee.

### 3. UK Country Committee - Terms of Reference

#### 1. Background

1.1 The UK Country Committee (the '**UKCC**') has been established as a committee of the EY UK LLP Board (the '**LLP Board**'). The UKCC has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.

#### 2. Purpose and remit

2.1 The purpose of the UKCC is to manage the operations of the Firm with respect to matters that have, or may have, a UK country-specific impact, including legal, regulatory and reputational matters and financial resilience (the '**UKCC Purpose**'). The UKCC is supported by various committees and may delegate its authority for certain matters to those committees. The remit of the UKCC is set out in further detail in paragraph 4.

#### 3. Membership

3.1 The UKCC shall comprise the UK Country Managing Partner ('**CMP**'); the FS Managing Partner (or, if this is the same person as the CMP, the UKI Managing Partner); the UKI Managing Partner of Client Service; the UKI COO; the UK FSO COO; the Head of UK Risk; the UK Head of Talent; the UK FSO Head of Talent; the UK General Counsel; the FSO Head of Markets; and the Scotland Managing Partner.; and

3.2 The CMP acts as the chair of the UKCC (the '**UKCC Chair**').

#### 4. Duties

The UKCC is responsible for the management of the following activities of the Firm to the extent relevant to the UKCC Purpose:

##### 4.1 Financial resilience and acquisitions

4.1.1 Financial resilience.

4.1.2 Acquisitions and investments.

##### 4.2 General operational management

4.2.1 Firmwide policies and procedures that have a

strategic and country-specific impact.

##### 4.2.2 Performance and strategy:

i Understanding the performance of the business in which the members of the LLP participate.

ii Enhancing the Firm's role and contribution to the global EY organisation.

iii Understanding Global and Regional business activities and business performance.

##### 4.2.3 Overseeing support services provided to the Firm at country-level and by the global organisation.

##### 4.2.4 Societal impact, including environmental sustainability and corporate responsibility.

##### 4.2.5 Internal and external communications.

##### 4.2.6 Compliance with laws and regulations.

#### 4.3 People, values and culture

##### 4.3.1 Conduct, ethics and independence matters.

##### 4.3.2 Health and safety.

##### 4.3.3 People policies and culture, particularly with regard to consistent implementation across Regions.

##### 4.3.4 Monitoring D&I strategy development and execution.

##### 4.3.5 Overseeing the partner admission process in the

context of the Firm's financial resilience.

4.3.6 Partner matters.

#### 4.4 Risk management and resilience

4.4.1 Risk Management framework of the Firm:

i Ensuring the effective management of risks relevant to the Firm, including in respect of litigation, investigations and claims, and cross-border contracting.

4.4.2 Internal control and compliance framework of the Firm:

i Managing an effective internal control and compliance framework within the Firm (including in respect of the Code of Conduct, and regulatory and legal requirements).

4.4.3 Regulatory engagement.

4.4.4 Business continuity / Crisis response by the Firm:

i Overseeing the Business Continuity Plan.

ii Managing privacy and security of information.

iii Co-ordinating a response to country-wide (UK) issues, for example, the COVID- 19 pandemic response.

#### 5. Information and consultation

5.1 In carrying out its responsibilities, the UKCC will inform and consult other governance bodies and committees of the Firm as appropriate.

#### 6. Secretary

6.1 The Firm's Company Secretary will be appointed as the secretary to the UKCC.

#### 7. Quorum

7.1 The quorum necessary for the transaction of business shall be six members. Any UKCC member deemed (in accordance with paragraph 10) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 7.1 for the relevant part of the meeting.

7.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).

7.3 A duly convened meeting of the UKCC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the UKCC.

#### 8. Notice of meetings

8.1 Meetings of the UKCC shall be called by the secretary of the UKCC at the request of the UKCC Chair, and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the UKCC at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the UKCC Chair. Supporting papers shall be sent to UKCC members at the same time but may be forwarded at shorter notice with the approval of the UKCC Chair.

#### 9. Attendance at meetings

9.1 The UKCC shall meet at least ten times a year.

9.2 UKCC members have the right to attend all UKCC meetings. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.

9.3 In the absence of the UKCC Chair and/or an appointed deputy at a UKCC meeting, the remaining members present shall elect one of themselves to chair the meeting.

## 10. Conflicts of interest

- 10.1 If a proposal considered by the UKCC is one where a UKCC member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the UKCC Chair as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the UKCC Chair, the decision of the other members (acting by a simple majority) is determinative.

## 11. Meeting minutes

- 11.1 The UKCC secretary (or their nominee) shall minute the proceedings of all UKCC meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by UKCC members, and shall promptly circulate draft minutes to all UKCC members following the meeting.

## 12. Reporting responsibilities

- 12.1 The UKCC Chair shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 Minutes of all UKCC meetings shall be disclosed to the LLP Board following each meeting.

## 13. General matters

The UKCC shall:

- 13.1 Have access to all relevant people and information to allow it to discharge its duties.
- 13.2 Have access to sufficient resources to carry out its duties including access to the Firm's Company Secretary and the UK General Counsel and may seek any

information it requires from employees or members of the Firm in order to perform its duties.

- 13.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.

- 13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.

- 13.5 In the event of a disagreement between UKCC members with regard to any recommendations made (or to be made) to the LLP Board, the LLP Board shall be notified of the matters in dispute.

- 13.6 Unless otherwise expressly stated by the LLP Board, constitute, determine the terms of reference and operation of, and disband such committees of the UKCC as it thinks fit; and may delegate any of its functions and powers to any person or committee.

## 14. Review and evaluation

- 14.1 The UKCC shall annually review these terms of reference and may suggest to the LLP Board any amendments following its review. These terms of reference may not be amended, varied or revoked without the approval of the LLP Board.

- 14.2 The UKCC will carry out periodic reviews of its own performance and the performance of its committees, and will agree and implement a plan to take forward any actions resulting from the evaluations. The performance of the UKCC will also be reviewed by the LLP Board at least once every three years.

## 4. Audit Board - Terms of Reference

### 1. Constitution

- 1.1 The Audit Board has been established by the EY UK LLP Board (the 'LLP Board') in accordance with the EY LLP Partners Agreement. The Audit Board has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.

### 2. Background

- 2.1 The Audit Board has been formed in response to the publication of the FRC's Principles for Operational Separation of Audit Practices on 23 February 2021 (the 'Principles'). The FRC's desired outcomes from these Principles are set out as:

- 2.1.1 Audit practice governance prioritises audit quality and protects auditors from influences from the rest of the firm that could divert their focus away from audit quality.
- 2.1.2 The total amount of profits distributed to the partners in the audit practice should not materially and persistently exceed the contribution to profits of the audit practice.
- 2.1.3 Individual audit partner remuneration is determined above all by contribution to audit quality, taking account of the degree of difficulty and risk of the audits.
- 2.1.4 Audit practice financial reporting is transparent to the regulator and public, allowing effective monitoring of audit practice performance and financial resilience.
- 2.1.5 The culture of the audit practice supports audit quality and the public interest by encouraging ethical behaviour, openness, teamwork, challenge

and professional scepticism/judgement.

- 2.1.6 Auditors should act in the public interest and work for the benefit of shareholders of audited entities and wider society; they are not accountable to audited entities' executive management and are not (nor viewed as or considered to be) consultants.

### 3. Purpose

- 3.1 The role of the Audit Board is to provide independent oversight of the Firm's pursuit of audit quality improvement by ensuring that people in the EY UK Audit Practice<sup>1</sup> (the 'Audit Practice') are focused above all on delivery of high-quality audits in the public interest, having regard to the need to ensure that audit remains an attractive and reputable profession and to increase deserved confidence in audit.

### 4. Membership

- 4.1 The Audit Board shall comprise at least five members (including the chair).
- 4.2 A majority of members of the Audit Board shall be Audit Non-Executives ('ANE') **<Required by Principle 3>** at least one of whom should have experience of audit at an appropriate level of seniority, either as a former auditor or consumer of audit services **<Required by Principle 5>**. In addition, at least one ANE should not be a Firm Independent Non-Executive ('INE'). **<Required by Principle 4>**
- 4.3 The non-ANE members of the Audit Board shall comprise the Head(s) of Audit and Audit Compliance Principal (Non-ANE members).
- 4.4 Appointments to the Audit Board are made by the LLP Board and should be following a formal, rigorous and transparent procedure. **<Required by Principle 9>** Appointments to the Audit

<sup>1</sup> The EY UK Audit Practice is defined in the EY Audit Perimeter Policy

Board (other than the Non-ANE Members) shall be for a period of up to three years, which may be extended by the LLP Board for a maximum of two further periods of up to three years each. Members of the Audit Board may be removed by the LLP Board at any time before the expiry of their term.

- 4.5 The chair of the Audit Board should be an ANE, and may also be a Firm INE, but should not chair any other governance body in the Firm. **<Required by Principle 4>**

## 5. Duties

The Audit Board shall:

Audit quality

- 5.1 Provide independent oversight of the Audit Quality Executive Committee and its sub-committees (the 'AQE'). **<Required by Principle 1>**
- 5.2 Receive updates from the AQE in relation to audit quality indicators used to measure audit quality performance.
- 5.3 Receive regular updates from the AQE on audit quality matters, including:
- i Ambitions for audit quality.
  - ii The Sustainable Audit Quality Programme.
  - iii Monitoring of key audit quality metrics and related actions.
  - iv Reporting on audit quality including to the FRC.
- 5.4 Review and make recommendations to the LLP Board with respect to the outcomes of regulatory reviews (by the FRC, ICAEW, ICAS, PCAOB or any other regulatory body) that relate to audit quality. Monitor trends and lessons learned arising from the outcomes of such regulatory reviews and challenge the Audit Practice in its response to them.
- 5.5 Review the Audit Quality Report and the audit quality section of the annual Transparency Report and suggest any

changes it considers appropriate to the LLP Board for consideration.

- 5.6 Review and make recommendations to the LLP Board with respect to resourcing within the Audit Practice, to ensure that the Audit Practice has sufficient skills and capacity to deliver high quality audit outcomes.
- 5.7 Review and make recommendations to the LLP Board with respect to the AQE's approach to assessing the ongoing quality of audit work delivered by specialists outside the Audit Practice.
- 5.8 Review outcomes from the Firm's root cause analysis (RCA) process.

Public interest **<Required by Principle 2>**

- 5.9 Review the impact that the Audit Practice's activities have on the Audit Practice's public interest responsibilities and refer any public interest concerns to the LLP Board for consideration via the LLP Board chair.
- 5.10 Receive regular updates from the AQE in relation to promoting a culture in the Audit Practice that is supportive of the public interest.
- 5.11 Consider other matters relevant to the public interest for the Audit Practice and suggest changes to the Firm's policies and procedures to the LLP Board for consideration.
- 5.12 Consider matters of reputational concern to the Audit Practice and monitor and refer to the LLP Board via the LLP Board chair, any material strategic and regulatory matters impacting the Audit Practice.

Audit strategy

- 5.13 Review the audit strategy, having regard to the resilience of the Audit Practice, and make recommendations to the LLP Board where the strategy is inconsistent

with the objectives and outcomes of the Principles. <Required by Principle 6>

- 5.14 Review the AQE's execution of the Audit Practice strategy.

#### Audit leadership

- 5.15 Be consulted by the Country Managing Partner with regard to the appointment of the Audit CEO. <Required by Principle 7>
- 5.16 Where appropriate, take part in interviews of candidates for Audit CEO, raise objection to the appointment or seek removal of the Audit CEO by escalating concerns to the LLP Board for consideration via the LLP Board chair. <Required by Principle 7>

#### Audit partner<sup>2</sup> remuneration and promotion

- 5.17 Provide oversight of the Audit Board's Remuneration Committee (the 'Remuneration Committee'). <Required by Principle 8>
- 5.18 On the recommendation of the Remuneration Committee, the Audit Board may:
- i Review and make recommendations to the LLP Board with respect to the results of the annual partner performance assessment process for audit partners with reference to the policies, processes and outcomes related to audit quality.
  - ii Review and make recommendations to the LLP Board with respect to the Firm's policies related to audit partner remuneration, so as to ensure that incentives are aligned to appropriate risk and quality outcomes.
- 5.19 Understand and make recommendations in respect of the process for consideration of audit quality in the context of the selection of candidates for associate partner, the selection of candidates to be admitted to the

partnership to practice as audit partners, and audit partner promotion.

- 5.20 Receive an update on the outcome of the annual process for appointment and promotion of partners and associate partners to the Audit Practice including how audit quality has been considered as part of this. Make recommendations to the LLP Board where the outcomes are found to be inconsistent with the process referred to in 5.5.3.

- 5.21 The Audit Board will not take part in decision making related to the appointment and promotion of partners and associate partners to the Audit Practice. The Principles state this will be retained as a partnership responsibility.

## 6. Secretary

- 6.1 The Firm's Company Secretary shall be appointed as the secretary to the Audit Board.

## 7. Quorum

- 7.1 The quorum necessary for the transaction of business shall be three members, at least two of whom shall be ANEs. Any Audit Board member deemed (in accordance with paragraph 11.1) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 7.1 for the relevant part of the meeting.
- 7.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).
- 7.3 A duly convened meeting of the Audit Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Board.

## 8. Notice of meetings

- 8.1 Meetings of the Audit Board shall be called by the secretary of the Audit Board at the request of the Audit Board

<sup>2</sup> An audit partner is defined as a Responsible individual (RI) who signs audit opinions within the Audit Practice

chair and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Audit Board at least five calendar days before the date of the meeting, or on such shorter notice as may be deemed necessary by the Audit Board chair. Supporting papers shall be sent to Audit Board members at the same time but may be forwarded at shorter notice with the approval of the Audit Board chair.

## 9. Attendance at meetings

- 9.1 The Audit Board shall meet at least four times a year.
- 9.2 Audit Board members have the right to attend all Audit Board meetings. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.
- 9.3 In the absence of the Audit Board chair and/or an appointed deputy at an Audit Board meeting, the remaining independent members present shall elect one of themselves to chair the meeting.

## 10. Decision making

- 10.1 A decision of the Audit Board on which a vote is called by a member of the Audit Board shall require a simple majority of the votes of all the members of the Audit Board present. Subject to paragraph 11, each member shall have one vote. Votes may be taken in any manner approved by the Audit Board chair.
- 10.2 Except where they have a conflict of interest, the Audit Board chair shall have a casting vote where the votes for and against any proposal are equal.

## 11. Conflicts of interest

- 11.1 If a proposal considered by the Audit Board is one where an Audit Board member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the Audit

Board chair as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the Audit Board chair, the decision of the other members (acting by a simple majority) is determinative.

## 12. Meeting minutes

- 12.1 The Audit Board secretary (or their nominee) shall minute the proceedings of all Audit Board meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Audit Board members, and shall promptly circulate draft minutes to all Audit Board members following the meeting.

## 13. Reporting responsibilities

- 13.1 The Audit Board chair shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Audit Board chair shall report to the Public Interest Board on matters relevant to the Public Interest Board.
- 13.2 Finalised minutes of all Audit Board meetings shall be provided by the secretary to the Audit Board to the members of the Audit Board and the LLP Board following their finalisation after each meeting.

## 14. General matters

The Audit Board shall:

- 14.1 Have access to all relevant people and information to allow it to discharge its duties. In particular, the Audit Board is authorised to commission reviews from the Firm's internal audit function **<Required by Principle 10>** to support their oversight role.
- 14.2 Have access to sufficient resources to carry out its duties including access to the Firm's Company Secretary and the UK General Counsel and may seek any information it requires from employees of the Audit Practice in order to perform its duties.
- 14.3 With the approval of the LLP Board, engage independent professional advice

where it is judged necessary to discharge its duties.

- 14.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 14.5 Establish the Remuneration Committee. Members of the Remuneration Committee may be removed by the Audit Board at any time before the expiry of their term. The Audit Board may also establish other committees with the approval of LLP Board (whether temporary or permanent) from time to time, and the Audit Board may delegate any of its functions to such committees.
- 14.6 In the event of a disagreement between Audit Board members with regard to recommendations made (or to be made) to the LLP Board, the Audit Board chair, at their own volition or at the request of any member of the Audit Board, shall notify the LLP Board chair in writing and a meeting to discuss the matter and, where relevant, agree a way forward shall be convened between the Audit Board chair, the LLP Board chair and the members of the Accountable Executive Committee.

## 15. Review and evaluation

- 15.1 The Audit Board shall annually review these terms of reference and may suggest to the LLP Board any amendments following its review. These terms of reference may only be amended, varied or revoked by the LLP Board.
- 15.2 The Audit Board, led by the Audit Board chair, will carry out periodic reviews of its own performance, and will agree and implement a plan to take forward any actions resulting from the evaluations. The individual performance of the members of the Audit Board will be reviewed periodically by the Nomination Committee.

## 5. Audit Board Remuneration Committee (the 'Committee') – Terms of Reference

### 1. Constitution

- 1.1 The Committee has been established as a sub-committee of the Audit Board. The functions and powers of the Committee are set out in these Terms of Reference.

### 2. Background

- 2.1 The Committee has been formed in response to the publication of the FRC's Principles for Operational Separation of Audit Practices on 23 February 2021 (the 'Principles'). The Principles include a requirement for the Audit Board to have a remuneration sub-committee (Principle 8).

### 3. Purpose

- 3.1 The role of the Committee is to oversee the remuneration of audit partners.<sup>3</sup>
- 3.2 The remit of the Committee is to consider the policies and processes in relation to audit partner remuneration and whether those policies and processes have been applied.
- 3.3 The following matters are outside the remit of the Committee:
  - 3.3.1 The selection and admission of audit partners, which will remain a partnership responsibility and subject to the governance procedures of the partnership in accordance with Principle 8.
  - 3.3.2 The preparation or approval of the performance appraisal and/or remuneration of individual audit partners.<sup>4</sup>
  - 3.3.3 Evaluation of the performance of individual audit partners or the recommendation of compensation of individual audit partners.<sup>5</sup>

### 4. Membership

- 4.1 The Committee shall comprise at least two members (including the chair).
- 4.2 All members of the Committee shall be Audit Non-Executives who are also members of the Audit Board.
- 4.3 Appointments to the Committee are made by the Audit Board and shall be for a period of up to three years, which may be extended by the Audit Board for a maximum of two further periods of up to three years each. Members of the Committee may be removed by the Audit Board at any time before the expiry of their term.
- 4.4 The Audit Board shall appoint the Committee chair.
- 4.5 Upon a Committee member ceasing to be a member of the Audit Board, they will automatically and immediately cease to be a member of the Committee.

### 5. Duties

- 5.1 The Committee shall undertake the following duties on behalf of the Audit Board:
  - 5.1.1 Review and advise the Audit Board with respect to the results of the annual audit partner performance assessment process (for partners who form part of the EY UK Audit Practice<sup>6</sup> (the 'Audit Practice')) with reference to the policies, process and outcomes related to audit quality.
  - 5.1.2 Review and advise the Audit Board with respect to the Firm's policies related to audit

<sup>3</sup> An audit partner is defined as a Responsible individual (RI) who signs audit opinions within the Audit Practice.

<sup>4</sup> See FRC definition of "covered person" ([Glossary of Terms \(Auditing and Ethics\), December 2019](#))

<sup>5</sup> See SEC definition of "chain of command" ([SEC Rule 210.2-01 Qualification of accountants](#))

<sup>6</sup> The EY UK Audit Practice is defined in the EY Audit Perimeter Policy

partner remuneration, so as to ensure that:

- i Primary weight for in-year performance relating to a partner's audit portfolio is given to contribution to audit quality (taking account of the degree of difficulty and risk of the audits).
- ii Audit partners are not incentivised for sales passed to other parts of the Firm.
- iii Audit partners can be recognised for sales and delivery of permissible assurance services undertaken within the Audit Practice.

5.2 The Audit Board will consider the advice of the Committee with regard to the Audit Board's responsibilities to advise the LLP Board as detailed at 5.5.2 of the Audit Board Terms of Reference. In the event that the Committee disagrees with the Audit Board's advice to the LLP Board, it shall address its concerns in accordance with paragraph 13.6, below.

## 6. Secretary

The Firm's Company Secretary shall be appointed as the secretary to the Committee.

## 7. Quorum

7.1 The quorum necessary for the transaction of the business shall be [two] members. Any Committee member deemed (in accordance with paragraph 10) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 7.1 for the relevant part of the meeting.

7.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other

electronic means (provided that they can participate in the meeting).

7.3 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 8. Notice of meetings

8.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Committee at least five calendar days before the date of the meeting or on such shorter notice as may be determined by the Committee chair. Supporting papers shall be sent to Committee members at the same time but may be forwarded at shorter notice with the approval of the Committee chair.

## 9. Attendance at meetings

- 9.1 The Committee shall meet at least twice a year.
- 9.2 Committee members have the right to attend all Committee meetings. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.
- 9.3 In the absence of the Committee chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

## 10. Conflicts of interest

10.1 If a proposal considered by the Committee is one where a Committee member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the Committee chair as regards whether a member has a conflict of interest is

determinative. If the question of conflict relates to the Committee chair, the decision of the other members (acting by a simple majority) is determinative.

## 11. Meeting minutes

11.1 The Committee secretary (or their nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Committee members, and shall promptly circulate draft minutes to all Committee members following the meeting.

## 12. Reporting responsibilities

12.1 The Committee chair shall report to the Audit Board on its proceedings after each meeting on all matters within its duties and responsibilities.

12.2 Finalised minutes of all Committee meetings shall be provided by the secretary of the Committee to the members of the Committee and the Audit Board following their finalisation after each meeting.

## 13. General matters

The Committee shall:

13.1 Have access to all relevant people and information to allow it to discharge its duties.

13.2 Have access to sufficient resources to carry out its duties including access to the Firm's Company Secretary and the UK General Counsel and may seek any information it requires from employees of the Audit Practice in order to perform its duties.

13.3 With the approval of the Audit Board, engage independent professional advice

where it is judged necessary to discharge its duties.

13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.

13.5 In the event of a disagreement between Committee members, the LLP Board shall be notified of the matters in dispute.

13.6 In the event it disagrees with the Audit Board's advice to the LLP Board regarding the matters set out at 5.5.2 of the Audit Board Terms of Reference, the Committee shall raise a concern with the Audit Board chair. Following that discussion, in the event that the concern remains unresolved, the Committee chair shall notify the LLP Board chair in writing and a meeting to discuss and agree a way forward shall be convened between the Committee chair, the Audit Board chair, the LLP Board chair and a representative from the Accountable Executive Committee.

## 14. Review and evaluation

14.1 The Committee shall annually review these terms of reference and may suggest to the Audit Board any amendments following its review. These terms of reference may only be amended, varied or revoked by the Audit Board.

14.2 The Committee, led by the Committee's chair, will carry out periodic reviews of its own performance, and will agree and implement a plan to take forward any actions resulting from the evaluations. The individual performance of the members of the Committee will be reviewed periodically by the Nomination Committee.

## 6. Accountable Executive Committee - Terms of Reference

### 1. Constitution

1.1 The Accountable Executive Committee has been established as a committee of the EY UK LLP Board (the 'LLP Board') in accordance with the EY LLP Partners Agreement. The Accountable Executive Committee has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.

Practice performance and financial resilience.

2.1.5 The culture of the audit practice supports audit quality and the public interest by encouraging ethical behaviour, openness, teamwork, challenge and professional scepticism/judgement.

### 2. Background

2.1 The Accountable Executive Committee has been formed in response to the publication of the FRC's Principles for Operational Separation of Audit Practices on 23 February 2021 (the 'Principles') and is responsible for ensuring the Principles and the FRC's desired outcomes for Operational Separation (the 'Outcomes') are delivered, embedded and monitored. The Outcomes are listed below:

2.1.6 Auditors should act in the public interest and work for the benefit of shareholders of audited entities and wider society; they are not accountable to audited entities' executive management and are not (nor viewed as or considered to be) consultants.

2.1.1 Audit practice governance prioritises audit quality and protects auditors from influences from the rest of the firm that could divert their focus away from audit quality.

2.2 In respect of its responsibility and accountability for ensuring the Outcomes are delivered, embedded and monitored, the Accountable Executive Committee shall have regard to the resilience of the EY UK Audit Practice<sup>7</sup> (the 'Audit Practice').

2.1.2 The total amount of profits distributed to the partners in the audit practice should not materially and persistently exceed the contribution to profits of the audit practice.

2.3 An Operational Separation Service Line Lead for each EY Service Line will provide updates and may escalate to the Accountable Executive Committee in line with Section 5.5 of these terms of reference.

2.1.3 Individual audit partner remuneration is determined above all by contribution to audit quality, taking account of the degree of difficulty and risk of the audits.

### 3. Purpose

3.1 The Accountable Executive Committee will be responsible for ensuring the Principles and the Outcomes are delivered, embedded and monitored.

2.1.4 Audit practice financial reporting is transparent to the regulator and public, allowing effective monitoring of Audit

### 4. Membership

4.1 The Accountable Executive Committee shall comprise of at least three members (including the chair).

4.2 The members of the Accountable Executive Committee shall include the LLP Board chair, the UK&I Regional Managing Partner, the UK Financial

<sup>7</sup> The EY UK Audit Practice is defined in the EY Audit Perimeter Policy

Services Managing Partner and the UK Chief Operating Officer.

overheads for separated Audit Practice.

- 4.3 The chair of the Accountable Executive Committee will be the UK&I Regional Managing Partner.

#### 5.4 Reporting

- 5.4.1 Review and approve the publicly reported profit and loss account for the separated Audit Practice.

- 5.4.2 Review the relevant sections of the annual Transparency Report and recommend changes where the content is not in line with the Outcomes.

- 5.4.3 Oversee the Firm's approach to annually assessing that the Outcomes are being delivered in preparation for the FRC's related annual assessment.

### 5. Duties

- 5.1 The Accountable Executive Committee shall:

- 5.1.1 Transitional duties

- 5.1.2 Oversee EY's implementation of the Principles between 1 July 2021 and 30 June 2024.

- 5.1.3 Oversee the approach to ongoing engagement and communications with the FRC in relation to Operational Separation.

- 5.2 Scope of the separated Audit Practice

- 5.2.1 Review and approve changes to the scope of the separated Audit Practice, where required.

- 5.3 Transfer pricing / financial

- 5.3.1 Review and approve changes to the scope of transfer pricing agreements between the separated Audit Practice and those specialists supporting audit (and other permitted services provided by the Audit Practice who are located outside of the scope of the separated Audit Practice, where required).

- 5.3.2 Oversee whether the overall distribution of profits to the partners in the separated Audit Practice and to those in the rest of the Firm is consistent with their respective contributions to Firm profits, with no material, structural cross subsidy persisting in either direction.

- 5.3.3 Oversee the approach to absorption of Firm wide

### 6. Updates from Operational Separation Service Line Leads

- 6.1 Receive updates or escalations from Operational Separation Service Line Leads and resolve issues arising within the remit of the Accountable Executive Committee in relation to the following areas:

- 6.1.1 Compliance with the scope of the separated Audit Practice.

- 6.1.2 Compliance with transfer pricing agreements.

- 6.2 Receive updates or escalations, specifically from the UK&I Audit Chief Operating Officer and the UKFS Audit Chief Operating Officer where there are risks perceived to the achievement of the following Principles:

- 6.2.1 Principle 13: 'Partners and staff in the Audit Practice should spend the majority of their time on work in the Audit Practice. Noting that this does not preclude the secondment of staff to other areas of the business (in either direction) or the appointment of audit

partners to firmwide leadership roles.'

- 6.2.2 Principle 14: 'Revenues from audit work should make up at least 75% of the revenue of the Audit Practice.'

## 7. Secretary

- 7.1 The Firm's Company Secretary shall be appointed as the secretary to the Accountable Executive Committee.

## 8. Quorum

- 8.1 The quorum necessary for the transaction of business shall be two individual members present, inclusive of representation from UKI and UK Financial Services. Any Accountable Executive Committee member deemed (in accordance with paragraph 10) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 7.1 for the relevant part of the meeting.
- 8.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).
- 8.3 A duly convened meeting of the Accountable Executive Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Accountable Executive Committee.

## 9. Notice of meetings

- 9.1 Meetings of the Accountable Executive Committee shall be called by the secretary of the Accountable Executive Committee at the request of the Accountable Executive Committee chair and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Accountable Executive Committee at least five calendar days before the date of the meeting or on such shorter notice as may be deemed

necessary by the Accountable Executive Committee chair. Supporting papers shall be sent to Accountable Executive Committee members at the same time but may be forwarded at shorter notice with the approval of the Accountable Executive Committee chair.

- 9.2 The Accountable Executive Committee chair in consultation with the other members of the Accountable Executive Committee may also act on matters arising or escalations from the Operational Separation Service Line Leads between meetings. Any such action will be reported at the next meeting and recorded in the minutes of that meeting.

## 10. Attendance at meetings

- 10.1 The Accountable Executive Committee shall meet at least two times a year.
- 10.2 Accountable Executive Committee members have the right to attend all Accountable Executive Committee meetings. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.
- 10.3 In the absence of the Accountable Executive Committee chair and/or an appointed deputy at an Accountable Executive Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

## 11. Conflicts of interest

- 11.1 If a proposal considered by the Accountable Executive Committee is one where an Accountable Executive Committee member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the Accountable Executive Committee chair as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the Accountable Executive Committee chair, the decision of the

other members (acting by a simple majority) is determinative.

duties, including access to the Firm's Company Secretary and the UK General Counsel, and may seek any information it requires from employees of the Firm in order to perform its duties.

## 12. Meeting minutes

12.1 The Accountable Executive Committee secretary (or their nominee) shall minute the proceedings of all Accountable Executive Committee meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Accountable Executive Committee members, and shall promptly circulate draft minutes to all Accountable Executive Committee members following the meeting.

14.1.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.

14.1.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.

## 13. Reporting responsibilities

13.1 The Accountable Executive Committee chair shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.

14.2 In the event of a disagreement between Accountable Executive Committee members, the LLP Board shall be notified of the matters in dispute.

13.2 Finalised minutes of all Accountable Executive Committee meetings shall be provided by the secretary to the Accountable Executive Committee to the members of the Accountable Executive Committee, the Audit Board and the LLP Board following their finalisation after each meeting.

## 15. Review and evaluation

15.1 The Accountable Executive Committee shall annually review these terms of reference and may suggest to the LLP Board any amendments following its review. These terms of reference may only be amended, varied or revoked by the LLP Board.

## 14. General matters

14.1 The Accountable Executive Committee shall:

14.1.1 Have access to all relevant people and information to allow it to discharge its duties.

14.1.2 Have access to sufficient resources to carry out its

15.2 The Accountable Executive Committee, led by the Accountable Executive Committee chair, will carry out periodic reviews of its own performance, and will agree and implement a plan to take forward any actions resulting from the evaluations.

## 7. Risk Oversight Committee - Terms of Reference

1. **Background**
  - 1.1 The Risk Oversight Committee ('the ROC') has been established as a committee of the EY UK LLP Board (the 'LLP Board'). The ROC has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.
2. **Purpose and remit**
  - 2.1 The role of the ROC is to support, the LLP Board, in respect of the firm's risk monitoring and management. The remit of the ROC is set out in further detail in paragraph 4.
3. **Membership**
  - 3.1 The ROC shall comprise at least five members (including the Chair of the ROC).
  - 3.2 Membership shall include: the UK Head of Risk Management and the Head of UK Regulation & Public Policy. The Secretary to the ROC will maintain and keep up-to-date a list of the individual members of the ROC. The current and proposed individual members of the ROC at the date of the adoption of these Terms of Reference are listed in the Appendix to these Terms of Reference.
  - 3.3 Members of the ROC, including the Chair of the ROC, shall be appointed by the LLP Board having been recommended for appointment by the Nomination Committee.
  - 3.4 Members of the ROC, other than those that are members by virtue of their role, shall serve for a period of up to three years.
  - 3.5 That initial period may be extended by a further term of up to three years by the Board on the recommendation of the Nomination Committee.
  - 3.6 The members of the ROC shall have appropriate knowledge, skills and expertise to fully understand and
4. **Duties**
  - 4.1 The ROC shall be responsible for:
    - 4.1.1 Supporting the LLP Board in carrying out its responsibilities in respect of setting risk appetite, risk monitoring and management, in line with risk tolerances by performing oversight of supporting Risk Executive Committee ("REC") activity to enable a recommendation to be made to the UK LLP Board.
    - 4.1.2 Providing input to the LLP Board on risk strategy, including oversight of the Firm's current and emerging risk profile and culture.
    - 4.1.3 Supporting the profitable growth of the firm through the effective management of risk.
    - 4.1.4 Providing a forum for discussion of the monitoring and management of risk, including in relation to major programmes, within the Firm and the adequacy of the Firm's control environment for the management of risk.
    - 4.1.5 Supporting the LLP Board in ensuring the Firm complies with all applicable professional
- 3.7 The Chair of the ROC will provide periodic reports to the Chair of the UK LLP Board.
- 3.8 The Secretary to the ROC shall ordinarily attend ROC meetings.

- regulatory and legal regulations.
- 4.1.6 Approving the appointment or termination of appointment of the Head of Internal Audit.
- 4.1.7 Reviewing and approving the role and remit of the internal audit function (“Internal Audit”), including:
- 4.1.8 The annual internal audit plan, ensuring that it is aligned to the risk profile of the Firm.
- 4.1.9 Annually, the internal audit charter to ensure that it is appropriate to the current needs of the Firm.
- 4.2 Provide oversight of the annual budgets for risk management activities within its remit, including Internal Audit activity.
- 4.3 Reviewing, at least annually, the role and effectiveness of Internal Audit, and periodic consideration of whether an independent, third party review is appropriate.
- 4.4 Oversight of REC to ensure the committee performs its duties effectively in line with its Terms of Reference and delegated authorities.
- 5. Information and consultation**
- 5.1 In carrying out its responsibilities, the ROC will inform and consult other governance bodies and committees of the Firm as appropriate, including the Audit Committee.
- 6. Secretary**
- 6.1 The Firm’s Company Secretary shall be appointed as the secretary to the ROC.
- 7. Quorum**
- 7.1 The quorum necessary for the transaction of business shall be three members. Any member of the ROC deemed (in accordance with paragraph 10) to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 7.1 for the relevant part of the meeting.
- 7.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).
- 7.3 A duly convened meeting of the ROC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the ROC.
- 8. Notice of meetings**
- 8.1 Meetings of the ROC shall be called by the Secretary of the ROC at the request of the Chair of the ROC, and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the ROC at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the Chair of the ROC. Supporting papers shall be sent to members of the ROC at the same time but may be forwarded at shorter notice with the approval of the Chair of the ROC.
- 9. Attendance at meetings**
- 9.1 The ROC shall meet at least four times a year.
- 9.2 Members of the ROC have the right to attend all ROC meetings. Other attendees, such as the Country Managing Partner, Business Area Leads and Head of Internal Audit, may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.
- 9.3 In the absence of the Chair of the ROC and/or an appointed deputy at a ROC meeting, the remaining members present shall elect one of themselves to chair the meeting.

## 10. Conflicts of interest

10.1 If a proposal considered by the ROC is one where a member of the ROC, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the Chair of the ROC as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the Chair of the ROC, the decision of the other members (acting by a simple majority) is determinative.

## 11. Meeting minutes

11.1 The ROC secretary (or their nominee) shall minute the proceedings of all ROC meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by members of the ROC, and shall promptly circulate draft minutes to all ROC members following the meeting.

## 12. Reporting responsibilities

12.1 The Chair of the ROC shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.

12.2 Finalised minutes of all ROC meetings shall be provided by the Secretary to the ROC to the members of the LLP Board and Audit Committee following their finalisation after each meeting.

## 13. General matters

13.1 The ROC shall:

13.1.1 Have access to all relevant people and information to allow it to discharge its duties.

13.1.2 Have access to sufficient resources to carry out its

duties, including access to the Firm's Company Secretary and UK General Counsel, and may seek any information it requires from employees of the Firm in order to perform its duties.

13.1.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.

13.1.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.

13.1.5 In the event of a disagreement between members of the ROC with regard to any recommendations made (or to be made) to the LLP Board, the LLP Board shall be notified of the matters in dispute.

## 14. Review and evaluation

14.1 The ROC shall annually review these terms of reference and may suggest to the LLP Board any amendments following its review. These terms of reference may not be amended, varied or revoked without the approval of the LLP Board.

14.2 The ROC will carry out periodic reviews of its own performance and the performance of its committees, and will agree and implement a plan to take forward any actions resulting from the evaluations. The performance of the ROC will also be reviewed by the Chair of the LLP Board at least once every three years.

## Appendix A

### Current list of Risk Oversight Committee Members

(updated as at 01.09.2022)

ROC Members	Title
Jane Goldsmith (Chair)	Managing Partner, Risk Management, UK
Christabel Cowling	UK Head of Regulatory & Public Policy
Chris Bowles	Executive Director, Risk Management
Jenny Clayton	Partner, Regulatory & Risk Management, UK FSO
Stuart Thompson	Partner, Risk Management

## 8. Nomination Committee – Terms of Reference

### 1. Background

- 1.1 The Nomination Committee has been established as a committee of the EY UK LLP Board (the 'LLP Board'). The Nomination Committee has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.

### 2. Purpose and remit

- 2.1 The purpose of the Nomination Committee is to act on behalf of the LLP Board in respect of the consideration for appointment, and extensions to the terms of appointment of: independent non-executives (INEs and ANEs); LLP Board representatives of the UKI and FSO Regional Partner Fora; additional members of the LLP Board pursuant to the LLP Board Terms of Reference (the 'Nominated Members') and members of the Audit Committee and Risk Oversight Committee where convened at the request of the LLP Board.

### 3. Membership

- 3.1 Members of the Nomination Committee are appointed and removed by the LLP Board.
- 3.2 The Nomination Committee shall comprise at least five members (including the Chair of the Nomination Committee).
- 3.3 The Nomination Committee shall comprise at least: the UK Country Managing Partner ('CMP'); the FS Managing Partner (or the UKI Managing Partner if this is the same as the CMP); the UK Head of Regulation & Public Policy; one of the representatives of the UKI Partner Forum or FSO Partner Forum who is a member of the LLP Board; and an independent non-executive ('INE').
- 3.4 The FS Managing Partner (or the UKI Managing Partner if this is the same as the CMP) acts as the Chair of the Nomination Committee.

### 4. Duties

- 4.1 The Nomination Committee shall be responsible for:

- 4.1.1 Considering the candidates proposed to be appointed by the Firm as independent non-executives and making recommendations to the LLP Board in respect of the appointment of those individuals, and any extensions to the terms of such appointments.
- 4.1.2 Considering the representatives proposed to be appointed to the LLP Board by the UKI and FSO Regional Partner Fora and making recommendations to the Europe Operating Executive in respect of its appointment of those individuals, and any extensions to the terms of such appointments.
- 4.1.3 Considering the appointment to the LLP Board of Nominated Members where convened at the request of the LLP Board to do so and making recommendations to the LLP Board in respect of the appointment of those individuals, and any extensions to the terms of such appointments.
- 4.1.4 Considering the appointment and removal of members to the Audit Committee and Risk Oversight Committee where convened at the request of the LLP Board to do so and making recommendations to the LLP Board in respect of the appointment of those individuals, and any extensions to the terms of such appointments.
- 4.1.5 Periodically reviewing the individual performance of the members of the Public Interest Board and Audit Board, save

that the INE member of the Nomination Committee shall not take part in such reviews of individual performance or any discussion or decision-making in that regard.

## 5. Secretary

5.1 The Firm's Company Secretary will be appointed as Secretary to the Nomination Committee.

## 6. Quorum

6.1 The quorum necessary for the transaction of business shall be three. Any Nomination Committee member deemed to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 6.1 for the relevant part of the meeting.

6.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).

6.3 A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

## 7. Notice of meetings

7.1 Meetings of the Nomination Committee shall be called by the Secretary of the Nomination Committee at the request of the Chair of the Nomination Committee and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Nomination Committee at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the Chair of the Nomination Committee. Supporting papers shall be sent to Nomination Committee members at the same time but may be forwarded at

shorter notice with the approval of the Chair of the Nomination Committee.

## 8. Attendance at meetings

8.1 The Nomination Committee shall meet on an ad hoc basis as required.

8.2 Nomination Committee members have the right to attend all Nomination Committee meetings. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.

8.3 In the absence of the Chair of the Nomination Committee and/or an appointed deputy at a Nomination Committee meeting the remaining members present shall elect one of themselves to chair the meeting.

## 9. Decision making

9.1 A decision of the Nomination Committee on which a vote is called by a member of the Nomination Committee shall require a simple majority of the votes of all the members of the Nomination Committee present. Subject to paragraph 10, each member shall have one vote. Votes may be taken in any manner approved by the Nomination Committee Chair.

9.2 Except where they have a conflict of interest, the Nomination Committee Chair shall have a casting vote where the votes for and against any proposal are equal.

## 10. Conflicts of interest

10.1 If a proposal considered by the Nomination Committee is one where a Nomination Committee member, either directly or indirectly has a conflict of interest, that member shall not be permitted to take part in any discussion, or decision-making, on any such proposal. The decision of the Chair of the Nomination Committee as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the Chair of the Nomination Committee, the decision of

the other members (acting by a simple majority) is determinative.

may seek any information as it may require from other employees of the Firm in order to perform its duties.

## 11. Meeting minutes

11.1 The Secretary of the Nomination Committee (or their nominee) shall minute the proceedings of all Nomination Committee meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Nomination Committee members, and shall promptly circulate draft minutes to all Nomination Committee members following the meeting.

13.1.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.

13.1.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.

## 12. Reporting responsibilities

12.1 The Chair of the Nomination Committee shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.

12.2 Finalised minutes of all Nomination Committee meetings shall be provided by the Secretary to the Nomination Committee to the members of the LLP Board following their finalisation after each meeting.

13.1.5 In the event of a disagreement between the Nomination Committee members with regard to any recommendations made (or to be made) to the LLP Board, notify the LLP Board of the matters subject to such disagreement.

## 13. General matters

13.1 The Nomination Committee shall:

13.1.1 Have access to all relevant people and information to allow it to discharge its duties.

13.1.2 Have access to sufficient resources to carry out its duties, including access to the Firm's Company Secretary and the UK General Counsel and

## 14. Review and evaluation

14.1 The Nomination Committee shall review at least annually these terms of reference and may suggest to the LLP Board any amendments following such review. These terms of reference may not be amended, varied or revoked without the approval of the LLP Board.

14.2 The Nomination Committee will carry out periodic reviews of its own performance and the performance of its committees, and will agree and implement a plan to take forward any actions resulting from the evaluations.

## 9. Audit Committee – Terms of Reference

### 1. Background

- 1.1 The Board of Ernst & Young LLP (“the Board”) has established an Audit Committee which covers all parts of the practice which operate under the UK audit licence. The Audit Committee is part of the permanent governance structure of EY.
- 1.2 The goal and objectives of the UK Audit Committee are to monitor the integrity of the financial statements of Ernst & Young LLP, manage the firm’s engagement with the external auditors, review significant financial reporting judgements and recommend the approval of the financial statements to the Board.

### 2. Role of the Audit Committee

- 2.1 The Audit Committee meets twice annually to:
  - 2.1.1 Make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
  - 2.1.2 Review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process taking into consideration relevant UK professional and regulatory requirements.
  - 2.1.3 Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services.
  - 2.1.4 Recommend approval of the financial statements of Ernst & Young LLP to the Board.

### 3. Responsibilities of the Chair

- 3.1 The Audit Committee will have a Chair and their responsibilities are as follows:
  - 3.1.1 Set the agenda for each meeting.
  - 3.1.2 Ensure that agendas and supporting materials are delivered to members in advance of meetings.
  - 3.1.3 Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting.
  - 3.1.4 Clarify and summarise what is happening throughout each meeting.
  - 3.1.5 Keep the meeting moving, by putting time limits on each agenda items.
  - 3.1.6 Encourage broad participation from Audit Committee members in discussion.
  - 3.1.7 End each meeting with a summary of decisions and assignments.
  - 3.1.8 Follow up with consistently absent members to determine if they wish to discontinue membership.
  - 3.1.9 Determine whether any additional meetings of the Audit Committee are required throughout the year.

### 4. Responsibilities of the Audit Committee

- 4.1 Individual Audit Committee members have the following responsibilities:
  - 4.1.1 To review the financial statements of the UK LLP group and, if thought appropriate, recommend that the financial statements are approved by the Board.
  - 4.1.2 Review and monitor the external auditor’s

independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

- 4.1.3 Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents.
- 4.1.4 Support open discussion and debate, and encourage fellow Audit Committee members and attendees to voice their insights.
- 4.1.5 Follow up on agreed actions on a timely basis and be ready to report on them at the following meeting.

## 5. General

### Membership

- 5.1 The members of the Audit Committee are listed in Appendix A.
- 5.2 Audit Committee members are appointed by the Board, and will serve for a period appropriate to their experience and their other roles and responsibilities.

### 5.3 Quorum and Decision-making

#### Quorum

- 5.4 The quorum necessary for the transaction of business shall be a minimum of 3 Audit Committee members, one of whom must be the Chair.
- 5.5 A duly convened meeting of the Audit Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.
- 5.6 In addition to attending in person, Audit Committee members can attend via

video conference, telephone or other electronic means.

- 5.7 Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but will have no voting rights.

### Decision-making Process

- 5.8 A course of action requires support from a majority of the members who attend the meeting, if there is quorum.
- 5.9 If the number of votes for and against a proposal are equal, the Chair to the meeting has a casting vote.

### Frequency of Meetings

- 5.10 Meetings will be held biannually. Additional meetings can be held if required.

### Agenda, Minutes, and Decision Papers

- 5.11 It is the intention that a pre-read pack will be sent to members three to five business days in advance of an Audit Committee meeting. This pre-read pack will include the following:
  - 5.11.1 Agenda for upcoming meeting.
  - 5.11.2 Minutes of previous meeting.
  - 5.11.3 Decision papers.
  - 5.11.4 Any other documents/information to be considered at the meeting.
  - 5.11.5 A member of the UK statutory reporting team shall minute the proceedings and decisions of all meetings of the Audit Committee (including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the

Audit Committee following the meeting.

**Proxies**

5.12 Members of the Audit Committee cannot send proxies to meetings.

**6. Reporting Responsibilities**

6.1 The Chair shall report formally to the Board on its proceedings, as and when the Chair determines it necessary, on matters within the Audit Committee duties and responsibilities.

**7. Other matters**

7.1 The Audit Committee shall:

7.1.1 Have access to sufficient resources in order to carry out its duties.

7.1.2 Give due consideration to applicable regulations as appropriate.

7.2 The Audit Committee is authorised to:

7.2.1 Undertake any activity within its terms of reference.

7.2.2 Seek any information it requires from any employee of the firm in order to perform its duties.

## 10. Appendix B - List of Audit Committee members

Title of Members	Member
Chair	Alison Duncan
Committee Members	Chris Voogd
	Sarah Williams
	Stuart Wilson
	Lloyd Brown
	Jane Goldsmith

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