

**EY UK**  
**Additional**  
**information**

# Section 1 - The Audit Firm Governance Code

The Financial Reporting Council's (FRC's) Audit Firm Governance Code (AFGC) provides a benchmark of good governance practice against which firms that audit listed companies, such as EY, can report. The 2016 revised AFGC, which was published in July 2016 and is applicable to EY from financial period 2018, focusses on the promotion of good governance of audit and better alignment with the UK Corporate Governance Code, enhancement of transparency over and above the requirements in the EU Audit Regulation, and improvement of engagement between firms, investors and Independent Non-Executives.

The [EY UK 2017 Transparency Report](#) is present in two volumes: Volume 1 focuses on EY UK, whereas Volume 2, as well as providing additional information on EY UK, explains in further detail the Global EY network and global policies and procedures. Appendix III of Volume 1 of the Transparency Report confirms how EY has applied the principles and provisions of the 2010 AFGC and Appendix IV of Volume 1 of the Transparency Report explains where to find further information on our work to implement the 2016 AFGC this year.

In addition to an annual Transparency Report, the AFGC requires certain information to be available on a firm's website. For EY this additional information includes:

- ▶ The EY Global Code of Conduct (available [here](#))
- ▶ The EY whistleblowing policy (available [here](#))

Details concerning how EY supports its commitment to the professionalism, openness and risk management principles of the AFGC through recruitment, development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement can be found in the EY UK 2017 Transparency Report and the [EY website](#).

Details concerning the EY UK governance and management bodies, including a description of the work of the UK Audit Committee, can be found in Volume 1, section 4, of the EY UK 2017 Transparency Report; meeting attendance and the biographies of members of the governance and management bodies are included in Appendices I and II of Volume 1 of the Transparency Report and the Terms of Reference are set out in Section 2 of this document.

Details of EY's Independent Non-Executives (INEs) can be found [here](#). Information about the appointment, retirement and resignation of EY's INEs and their remuneration, duties, arrangements by which they discharge these duties and the support provided by EY is set out in Volume 1, section 4, of EY UK 2017 Transparency Report. The Terms of Reference for the Independent Non-Executive (INE) Oversight Committee are available from Section 2 of this document.

In the event that there is a fundamental disagreement between an INE and members of the Board of EY UK and/or governance structures, the INE shall set out the nature and status of the disagreement, in writing, to the Chair of the EY UK LLP Board (copied to the members, including the other party in disagreement), together with any other details such as a need for further information, the respective positions of the parties and any preferred criteria for resolving the disagreement. The Chair shall respond to the INE in writing by setting out any proposed timescale and method for resolving the disagreement. At the conclusion of the proposed time, the INE and the other party in disagreement shall indicate to the Chair whether or not the disagreement has been resolved. In the event that the disagreement has not been resolved, both the INE and the other party in disagreement must indicate whether a further intercession by the Chair is desired. In the event that no such indication is made and the disagreement persists or, if the nature of the disagreement relates directly to the Chair, the INE or the firm may terminate the INE appointment.

Details concerning the firm's engagement with shareholders of listed companies and listed companies are available from our [website](#) and Volume 1 of the EY UK 2017 UK Transparency Report. The contact details for dialogue with listed company shareholders and listed companies about matters covered by the AFGC are:

- ▶ Eamonn McGrath, Partner, Audit & UK Head of Regulatory & Public Policy - [emcgrath@uk.ey.com](mailto:emcgrath@uk.ey.com)
- ▶ David Thorburn, Independent Non-Executive and Chair of the INE Oversight Committee - [david.thorburn@uk.ey.com](mailto:david.thorburn@uk.ey.com)
- ▶ Loree M Gourley, Director, Regulatory & Public Policy - [lgourley@uk.ey.com](mailto:lgourley@uk.ey.com)

# Section 2 - Terms of Reference for Key EY Governance and Management Bodies<sup>1</sup>

## UK LLP Board Terms of Reference

### 1. Remit of the Board of Ernst & Young LLP (“the Board”)

*‘It is the responsibility of the Board of Ernst & Young LLP (“the UK firm”) to protect the commercial, financial and reputational interests of the UK firm as a whole and to enhance the UK firm’s role and contribution to the global organisation. The Board is responsible for overseeing the conduct of the UK firm’s business units and compliance with all applicable professional, regulatory and legal requirements’.*

To assist in ensuring that the purpose of the remit and Audit Firm Governance Code are achieved, the standing agenda of the Board considers, amongst other matters, the following: the UK firm’s commercial interests; the UK firm’s financial interests; the UK firm’s reputational interests; alignment of the UK firm’s values; risks and regulatory matters; audit independence and audit matters more generally.

In respect of its governance and management of the UK firm, the Board is supported by various committees.

### 2. Responsibilities of the Chair

The Chair’s responsibilities are as follows:

- ▶ Set the agenda for each meeting
- ▶ Ensure that agendas and supporting materials are delivered to members in advance of meetings
- ▶ Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting
- ▶ Clarify and summarise what is happening throughout each meeting
- ▶ Keep the meeting moving, by putting time limits on each agenda items and aiming to keep meetings to four hours or less
- ▶ Encourage broad participation from the Board members in discussion, by calling on different members and invited attendees to present and comment
- ▶ End each meeting with a summary of decisions and assignments
- ▶ Follow up with consistently absent members to determine if they wish to discontinue membership

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<sup>1</sup> For further details see EY 2017 UK Transparency Report, Volume 1, Section 4: Governance and Management Bodies

### 3. Responsibilities of the Board members

Individual Board members have the following responsibilities:

- ▶ To review, challenge and propose action on reports presented to the Board
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow Board members and attendees to voice their insights
- ▶ Follow up on agreed actions on a timely basis and be ready to report on them at future meetings

### 4. General

#### 4.1 Membership

The UK Country Managing Partner (“CMP”) (who has full authority to deal with the UK firm’s general and operational management) acts as the Chair of the Board.

The Board is appointed by the Europe Executive and the CMP. Board members serve for a period appropriate to their experience and their other roles and responsibilities and the individual Board members are listed in Appendix A.

#### 4.2 Secretary

The UK firm’s Company Secretary will be appointed as the Secretary to the Board.

#### 4.3 Quorum & decision making process

##### 4.3.1 Quorum

The quorum necessary for the transaction of business at a Board meeting shall be a minimum of 5 Board members. The quorum must include the Chair and a qualified member.

A duly convened meeting of the 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 Board.

In addition to attending in person, Board members can attend via video conference, telephone or other electronic means.

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.

##### 4.3.2 Decision-making process

Voting on decisions is subject to a weighting in favour of qualified members of the Board.

In addition to Board meetings, decisions may also be taken by electronic fora.

#### 4.4 Frequency of Meetings

The Board will meet formally during every quarter.

#### 4.5 Agenda, Minutes, and Decision Papers

It is the intention that a board pack will be sent to Board members five business days in advance of a Board meeting. This board pack will include:

- ▶ Agenda for upcoming meeting
- ▶ Minutes of previous meeting
- ▶ Decision papers
- ▶ Any other documents/information to be considered at the meeting

The Secretary shall minute the proceedings and decisions of all meetings of the Board (including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the Board, following the meeting.

#### 4.6 Proxies

Members of the Board cannot send proxies to meetings.

### 5. Other matters

The Board shall:

- ▶ Have access to sufficient resources in order to carry out its duties
- ▶ Give due consideration to applicable regulations as appropriate

The Board is authorised to:

- ▶ Undertake any activity within its terms of reference
- ▶ Seek any information it requires from any employee of the UK firm in order to perform its duties

#### Appendix A - Current list of Board members & Secretary

[See [EY 2017 UK Transparency Report](#) for details]

## Independent Non-Executive (INE) Oversight Committee (IOC) Terms of Reference

### 1. Background

The Revised 2016 Audit Firm Governance Code (the “AFGC”) provides a benchmark of good governance practice against which audit firms which audit listed companies can report, and has amongst other requirements, created a greater onus on the Firm’s INEs, by substantially expanding their responsibilities.

To address this, the UK Board of Ernst & Young LLP (“UK Board”) has established an INE Oversight Committee (“IOC”) as an efficient and effective way of ensuring the INEs are able to discharge these responsibilities.

### 2. Role and rights of the IOC

#### i) Role of IOC

The IOC should (through its involvement in the Firm) collectively enhance the Firm’s performance in meeting the purpose of the AFGC.

The work of the IOC will focus on (but not be limited to) oversight of the Firm’s policies and processes for meeting the principle AFGC objectives, namely:

- ▶ Promoting audit quality;
- ▶ Helping the Firm secure its reputation more broadly, including in its non-audit business; and
- ▶ Reducing the risk of Firm failure.

The detailed areas of IOC oversight are set out in the “IOC Standing Agenda”.

The IOC will not have oversight of operations, with the INEs’ responsibilities in this area being fulfilled by their attendance and participation at UK Board meetings.

The IOC’s duty of care is to the Firm.

#### ii) Rights of IOC

The IOC:

- ▶ shall have the right of access to relevant information and people, to the extent permitted by law or regulation
- ▶ shall have information supplied in a timely manner and in a form and of a quality appropriate to enable the IOC to discharge its duties
- ▶ shall have access to sufficient resources in order to carry out its duties
- ▶ shall give due consideration to applicable regulations as appropriate
- ▶ may undertake any activity under the AFGC

### 3. Responsibilities of the Chair

The IOC Chair's responsibilities are to:

- ▶ Set the agenda for each meeting, in accordance with the "IOC Standing Agenda"
- ▶ Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting
- ▶ Clarify and summarise what is happening throughout each meeting
- ▶ Ensure the meetings progress, operating under a guidance of two hours for each quarterly meeting
- ▶ Encourage broad participation from IOC members in discussion, by calling on different members and invited attendees to present and comment
- ▶ End each meeting with a summary of decisions and assignments
- ▶ Follow up with consistently absent members, to determine if they wish to discontinue membership
- ▶ Undertake a yearly review of the effectiveness of the IOC

### 4. Responsibilities of IOC Members

Individual IOC members have the following responsibilities:

- ▶ Understand the role of the IOC
- ▶ Review, challenge and propose action on reports presented to the IOC
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow IOC members and attendees to voice their insights including, in particular, dialogue concerning the matters covered by the Audit Firm Governance Code
- ▶ Follow up on agreed actions on a timely basis and be ready to report on them at the following month's meeting

### 5. General

#### 5.1 Membership

Members of the IOC shall comprise three INEs, of which one shall be appointed as Chair by the Chairman the UK Board.

The individual members are listed in Appendix A, which will be automatically updated in the event that there is a change in the appointed INEs.

Other attendees (including relevant executive board members) may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights. To maintain governance separation, the Chairman of the UK Board shall not be required to attend, except in a presenting capacity.

## 5.2 Secretary

The UK Board Company Secretary shall be appointed as the Secretary to the IOC.

## 5.3 Quorum and Decision-making

### 5.3.1 Quorum

The quorum necessary for the transaction of business shall be a minimum of 2 IOC members, one of whom (in the absence of the appointed Chair) shall act as Chair to the meeting.

A duly convened meeting of the IOC, 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 IOC.

In addition to attending in person, IOC members may attend via video conference, telephone or other electronic means.

### 5.3.2 Decision-making Process

A course of action requires support from a majority of the members who attend the meeting, if there is quorum.

If the number of votes for and against a proposal are equal, the Chair of the meeting has a casting vote.

## 5.4 Frequency of Meetings

Meetings will be held quarterly, with additional ad hoc meetings (for example, in respect of the approval of the Transparency Report) being held as necessary.

## 5.5 Agenda, Minutes, and Decision Papers

It is the intention that a board pack will be sent to members at least five business days in advance of an IOC meeting. This board pack will include the following:

- ▶ Agenda for upcoming meeting
- ▶ Minutes of previous meeting
- ▶ Board papers to support agenda items
- ▶ Any other documents/information to be considered at the meeting

The Secretary shall minute the proceedings and decisions of all meetings of the IOC (including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the IOC, following the meeting.

## 5.6 Proxies

Members of the IOC cannot send proxies to meetings.

## 6. Reporting Responsibilities

The Chair shall report on the IOC's proceedings to the UK Board.

## Appendix A - Current list of IOC Members & Secretary

*[See [EY 2017 UK Transparency Report](#) for details]*

## Risk Oversight Committee (ROC) Terms of Reference

### 1. Background

The Risk Oversight Committee ('the Committee' or 'the ROC') is the senior risk management committee for EY LLP ('the firm'). It reports to the EY LLP Board ('the Board') and is a delegate of that Board.

In 2016, in response to the revision of the Audit Firm Governance Code, EY LLP updated, clarified and formalised the role of the ROC. These terms of reference form part of that update.

### 2. Role of the Risk Oversight Committee

#### 2.1 Mandate

The Risk Oversight Committee is mandated by the Board to support it in the assessment and management of risk for EY LLP ('the firm').

#### 2.2 Goals

- ▶ Support the Board in carrying out its responsibilities in respect of the management of risk and the maintenance of an appropriate control environment
- ▶ Support the profitable growth of the firm through the effective management of risk
- ▶ Embed a culture and processes to ensure that risk is managed within the appetite of the Board
- ▶ Provide a forum for discussion of the monitoring and management of risk within EY LLP and the adequacy of the firm's control environment for the management of risk
- ▶ Support the Board in ensuring compliance with the Audit Firm Governance Code (AFGC)
- ▶ Facilitate and support the delivery of the firm's internal audit processes to provide an appropriate and sufficient review of internal controls
- ▶ Maintain oversight of the remediation of identified internal control issues

#### 2.3 Tasks

- ▶ Review on an ongoing basis the risk profile of the firm by scrutiny and discussion of:
  - ▶ The firm's Risk Register
  - ▶ Periodic risk reports
  - ▶ Internal audit findings and action items
  - ▶ Key Risk Indicators
- ▶ Mandate appropriate risk management reports and Key Risk Indicators

- ▶ Oversee the firm's internal audit process and review internal audit reports
- ▶ Oversee the annual preparation and publication of the relevant sections of the firm's Transparency Report
- ▶ Support the firm's Independent Non-Executive Directors with the provision of relevant risk information to enable them to deliver their roles
- ▶ Monitor the remediation of identified internal control issues

## 2.4 Powers

While recognising that the ownership and primary responsibility for the management of risks resides with in the firm's individual businesses;

- ▶ The Committee has the power to recommend to the Board:
  - ▶ Actions in respect of the creation, maintenance and approval of a risk register for EY LLP
  - ▶ Actions in respect of periodic risk reports for internal or external use
  - ▶ Actions in respect of the relevant sections of the annual Transparency Report
  - ▶ Actions in respect of internal audit reports or actions arising from internal audit reports
- ▶ The Committee has the power to approve the internal audit plan for each year, confirm the terms of reference for each internal audit, and review the final internal audit reports
- ▶ The Committee has the power to approve the scope of the firm's risk management activity
- ▶ The Committee has the power to mandate risk management roles
- ▶ The Committee has the power to approve the annual budgets for:
  - ▶ Risk management activities within its own mandate
  - ▶ Internal audit activity
- ▶ Members take collective responsibility for Committee decisions

## 3. Responsibilities of the Chair and Vice-Chair

The Committee will have a Chair and Vice-Chair and their responsibilities are as follows:

- ▶ Set the agenda for each meeting
- ▶ Ensure that agendas and supporting materials are delivered to members in advance of meetings
- ▶ Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting

- ▶ Clarify and summarise what is happening throughout each meeting
- ▶ Keep the meeting moving, by putting time limits on each agenda items
- ▶ Encourage broad participation from Committee members in discussion, by calling on different members and invited attendees to present and comment
- ▶ End each meeting with a summary of decisions and assignments
- ▶ Follow up with consistently absent members to determine if they wish to discontinue membership

#### 4. Responsibilities of Risk Oversight Committee members

Individual ROC members have the following responsibilities:

- ▶ To review, challenge and propose action on reports presented to the committee
- ▶ Understand the goals, objectives, and desired outcomes of the committee
- ▶ Understand and represent the interests of committee's stakeholders both internal and external
- ▶ Take a genuine interest in the committee outcomes and overall success
- ▶ Act on opportunities to communicate positively about risk management and control activities and promote these in their areas of responsibility
- ▶ Check that the committee is making sensible decisions in respect of the firm's regulatory responsibilities and the financial costs of risk management and control activities, especially in responding to issues, risks and proposed project changes
- ▶ Check that the committee is aligned with the strategy of EY as a whole
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow committee members and attendees to voice their insights
- ▶ Follow up on agreed actions on a timely basis and be ready to report on them at the following month's meeting

#### 5. General

##### 5.1 Membership

ROC members are appointed by the Board, and will serve for a period appropriate to their experience and other roles and responsibilities.

The individual members are listed in Appendix A, which will be automatically updated (without the need to reissue the complete Terms of Reference) following a change of appointee.

The Secretary to the Committee and any advisor assisting the Committee in the execution of its duties shall ordinarily attend Committee meetings. At the discretion of the Chair or at the request of any member, the Committee may meet without either or both of these officers.

The Committee may invite such non-voting observers or other contributors as it shall, from time to time, determine.

## 5.2 Secretary

A Secretary shall be appointed by the Committee.

## 5.3 Quorum and decision-making

The quorum necessary for the transaction of business shall be a minimum of 3 members. The quorum must include one of the Chair or Vice-Chair, who will act as Chair to the meeting.

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.

In addition to attending in person, Committee members can attend via video conference, telephone or other electronic means.

A course of action requires support from a majority of the members who attend the meeting, if there is quorum.

If the number of votes for and against a proposal are equal, the Chair to the meeting has a casting vote.

## 5.4 Frequency and duration of meetings

Meetings will be held monthly and, except in special circumstances, be of one and a half hours duration.

## 5.5 Standing reports

The Committee shall receive a quarterly risk report ('the Risk Dashboard') and such other reports as it shall from time to time commission.

## 5.6 Proxies

Members of the committee cannot send proxies to meetings.

## 5.7 Agenda, documentation and deliverables

The agenda shall be circulated at least three days in advance of the meeting by the Secretary together with supporting documentation.

Minutes of the meeting shall be circulated by the Secretary to the members and the standing attendees no more than one week after the date of the meeting.

A summary risk report, approved by the Chair, shall be provided to the Board from time to time as shall be determined by the Committee.

## 5.8 Other matters

The Committee shall:

- ▶ Have access to sufficient resources in order to carry out its duties
- ▶ Give due consideration to applicable regulations as appropriate

The Committee is authorised to:

- ▶ Undertake any activity within its terms of reference
- ▶ Seek any information it requires from any employee of the firm in order to perform its duties

## Appendix A - Current list of Members & Secretary

[See [EY 2017 UK Transparency Report](#) for details]

## Audit Quality Board (AQB) Terms of Reference

### 1. Background

The UK Board (“UK Board”) of Ernst & Young LLP has established an Audit Quality Board (“AQB”) which covers all parts of the practice which operate under the UK audit licence. The AQB is part of the permanent governance structure of EY. The AQB will propose to the UK Board the long term and short term ambitions for Audit Quality for the UK Board to approve. The UK Board has approved a long term Sustainable Audit Quality Programme (the “SAQ Programme”). The AQB has the executive decision-making powers for the SAQ Programme as well as oversight over all matters relating to audit quality.

The goal and objectives of the SAQ Programme are to design and implement actions to improve the quality of work and documentation for audits undertaken by EY UK (to incorporate UK&I, UK audits of FSO and the Channel Islands) (“EY UK”). A key objective is to ensure that future external audit quality reviews are able to report on an improved and consistent audit quality, with at least 90% (by 2018) of all reviewed audits graded by the Financial Reporting Council at either 1 or 2A, which is the most visible external measure of quality.

### 2. Role of the Audit Quality Board

Role summary: Proposing EY UK’s Audit Quality ambition, having responsibility for overseeing all Audit Quality matters including approving and implementing the SAQ Programme.

Role details:

- ▶ Acting as the key executive body of EY UK for Audit Quality across all parts of EY UK (UK&I and the UK parts of FSO)
- ▶ Responsibility for proposing EY UK’s ambition in relation to Audit Quality
- ▶ Responsibility for executive decision making for all matters relating to Audit Quality
- ▶ Responsibility for approving and executing actions within the SAQ Programme including considering and approving financial impacts, such as decisions relating to headcount, utilisation targets and L&D
- ▶ Reviewing and approving final SAQ Programme deliverables and actions
- ▶ Reporting key SAQ Programme decisions to the UK Board
- ▶ Receiving and reviewing key metrics to monitor key audit quality drivers and taking appropriate actions
- ▶ Receiving and reviewing reports relevant to Audit Quality including, but not limited to, reports from the FRC
- ▶ Ensuring the SAQ Programme is aligned with the stated objectives of the UK Board
- ▶ Report on a quarterly basis to the INE Oversight Committee

### 3. Responsibilities of the Chair and Vice-Chair

The AQB will have a Chair and Vice-Chair and their responsibilities are as follows:

- ▶ Set the agenda for each meeting
- ▶ Ensure that agendas and supporting materials are delivered to members in advance of meetings
- ▶ Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting
- ▶ Clarify and summarise what is happening throughout each meeting
- ▶ Keep the meeting moving, by putting time limits on each agenda items and aiming to keep all meetings to two hours or less
- ▶ Encourage broad participation from AQB members in discussion, by calling on different members and invited attendees to present and comment
- ▶ End each meeting with a summary of decisions and assignments
- ▶ Follow up with consistently absent members to determine if they wish to discontinue membership

### 4. Responsibilities of Audit Quality Board Members

Individual AQB members have the following responsibilities:

- ▶ To review, challenge and propose action on reports presented to the AQB
- ▶ Understand the goals, objectives, and desired outcomes of the SAQ Programme
- ▶ Understand and represent the interests of SAQ Programme's stakeholders
- ▶ Take a genuine interest in the SAQ Programme's outcomes and overall success
- ▶ Act on opportunities to communicate positively about the SAQ Programme and promote audit quality in their areas of responsibility
- ▶ Check that the SAQ Programme is making sensible financial decisions, especially in responding to issues, risks and proposed project changes
- ▶ Check that the SAQ Programme is aligned with the strategy of EY as a whole
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow AQB members and attendees to voice their insights

- ▶ Follow up on agreed actions on a timely basis and be ready to report on them at the following month's meeting

## 5. General

### 5.1. Membership

Members of the AQB shall comprise the following:

Title of AQB Members	EY Designation
Chair	Managing Partner, Assurance, UK & Ireland and UK Head of Audit
Vice-Chair	FSO UK Assurance Leader
Board Members	Audit Quality Leader EY UK PPD UK&I Cluster Leaders FSO UK Operations Leaders Head of I&E

The Chair will select other AQB members based on their roles and expertise, with their period of appointment reflecting this. The individual members are listed in Appendix A, which will be automatically updated (without the need to reissue the complete Terms of Reference) following a change of appointee to the above designations.

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.

### 5.2. Secretary

The UK Board Company Secretary will be appointed as the Secretary to the AQB.

### 5.3. Quorum and Decision-making

#### 5.3.1 Quorum

The quorum necessary for the transaction of business shall be a minimum of 5 AQB members. The quorum must include any one of the Chair, Vice-Chair or EY UK PPD (in that order), who will act as Chair to the meeting.

A duly convened meeting of the AQB, 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 AQB.

In addition to attending in person, AQB members can attend via video conference, telephone or other electronic means.

### 5.3.2 Decision-making Process

A course of action requires support from a majority of the members who attend the meeting, if there is quorum.

If the number of votes for and against a proposal are equal, the Chair to the meeting has a casting vote.

## 5.7 Frequency of Meetings

Meetings will be held monthly.

## 5.8 Agenda, Minutes, and Decision Papers

It is the intention that a board pack will be sent to members three to five business days in advance of an AQB meeting. This board pack will include the following:

- ▶ Agenda for upcoming meeting
- ▶ Minutes of previous meeting
- ▶ Decision papers
- ▶ Any other documents/information to be considered at the meeting

The Secretary shall minute the proceedings and decisions of all meetings of the AQB (including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the AQB, following the meeting.

## 5.9 Proxies

Members of the AQB cannot send proxies to meetings.

## 6. Reporting Responsibilities

The Chair shall report formally to the UK Board and INE Oversight Committee on its proceedings.

## 7. Other matters

The AQB shall:

- ▶ Have access to sufficient resources in order to carry out its duties
- ▶ Give due consideration to applicable regulations as appropriate

The AQB is authorised to:

- ▶ Undertake any activity within its terms of reference
- ▶ Seek any information it requires from any employee of the firm in order to perform its duties

### Appendix A - Current list of AQB Members & Secretary

[See [EY 2017 UK Transparency Report](#) for membership details]

## Code of Conduct Committee (CCC) Terms of Reference

### 1. Background

The UK Board ("UK BOARD") of Ernst & Young LLP ("EY LLP") has established a Code of Conduct Committee ("CCC") which covers all partners in EY LLP in all parts and business units of the practice.

The EY Global Code of Conduct provides the ethical framework on which we base our decisions - as individuals and as members of our global organisation. The Code provides a clear set of standards for our business conduct. It presents an ethical and behavioural framework and sets out that where we encounter an ethical issue, we each have the responsibility to respond in a manner that reflects our values in action, and demonstrates the strength of our commitment to ethical behaviour and quality

### 2. Role of the Code of Conduct Committee

The role of the Code of Conduct Committee is to act on behalf of all UK LLP partners in helping to ensure that partners adhere to the Global Code of Conduct.

The ethos of the CCC is to act as representatives of all UK partners to maintain and, where needed, improve the firm's high standards and reputation.

The CCC looks at incidents of a potential breach of the Code of Conduct requirements by a partner, to determine what action, if any, is appropriate.

The initial consideration by the CCC will involve deciding whether a partner has failed to comply with the requirements of the Code of Conduct. The CCC will decide which Sanction, if any, to impose and the level/duration of the Sanction where appropriate. It will report all Sanctions imposed to the UK Board and relevant Service Line Leader.

### 3. Responsibilities of the Chair

The CCC will have a Chair and his or her responsibilities are as follows:

- ▶ Set the agenda for each meeting
- ▶ Ensure that agendas and supporting materials are delivered to members in advance of meetings
- ▶ Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting
- ▶ Clarify and summarise what is happening throughout each meeting
- ▶ Keep the meeting moving, by putting time limits on each agenda items and aiming to keep all meetings to two hours or less
- ▶ Encourage broad participation from CCC members in discussion, by calling on different members and invited attendees to present and comment
- ▶ End each meeting with a summary of decisions and assignments
- ▶ Follow up with consistently absent members to determine their continuing membership

#### 4. Responsibilities of Code of Conduct Committee Members

Individual CCC members have the following responsibilities:

- ▶ To review, challenge and propose action on reports presented to the CCC
- ▶ Understand the goals, objectives, and desired outcomes of the CCC
- ▶ Understand and represent the interests of CCC stakeholders
- ▶ Take a genuine interest in the CCC outcomes and overall success
- ▶ Act on opportunities to communicate positively about the CCC and promote CCC in their areas of responsibilities
- ▶ Check that the CCC is aligned with the strategy of EY as a whole
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow CCC members and attendees to voice their insights
- ▶ Follow up on agreed actions on a timely basis and be ready to report on them at the following month's meeting

#### 5. General

##### 5.1. Membership

Members of the CCC shall comprise the following:

Title of CCC Members	EY Designation
Board Members	UKI Assurance partner FSO Assurance partner UKI Tax partner FSO Tax partner UKI TAS partner FSO TAS partner UKI Advisory partner FSO Advisory partner

The individual members are listed in Appendix A, which will be automatically updated (without the need to reissue the complete Terms of Reference) following a change of appointee to the above

designations.

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.

## 5.10 Secretary

The UK Independence Partner will be appointed as the Secretary to the CCC.

## 5.11 Quorum and Decision-making

### 5.3.1 Quorum

The quorum necessary for the transaction of business shall be a minimum of 3 CCC members. The quorum must include the Chair or their designee (in that order), who will act as Chair to the meeting.

A duly convened meeting of the CCC, 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 CCC.

In addition to attending in person, CCC members can attend via video conference, telephone or other electronic means.

### 5.3.2 Decision-making Process

A course of action requires support from a majority of the members who attend the meeting, if there is quorum.

If the number of votes for and against a proposal are equal, the Chair to the meeting has a casting vote.

## 5.12 Frequency of Meetings

Meetings will be held four times a year.

## 5.13 Agenda, Minutes, and Decision Papers

It is the intention that a board pack will be sent to members three to five business days in advance of a CCC meeting. This board pack will include the following:

- ▶ Agenda for upcoming meeting
- ▶ Minutes of previous meeting
- ▶ Decision papers
- ▶ Any other documents/information to be considered at the meeting

The Secretary shall minute the proceedings and decisions of all meetings of the CCC including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the CCC, following the meeting.

#### 5.14 Proxies

Members of the CCC cannot send proxies to meetings.

### 6. Reporting Responsibilities

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

### 7. Other matters

The CCC shall:

- ▶ Have access to sufficient resources in order to carry out its duties
- ▶ Give due consideration to applicable regulations as appropriate

The CCC is authorised to:

- ▶ Undertake any activity within its terms of reference
- ▶ Seek any information it requires from any employee of the firm in order to perform its duties

### Appendix A - Current list of Code of Conduct Committee Members & Secretary

*[See [EY 2017 UK Transparency Report](#) for membership details]*

## UK Audit Committee (UKAC) Terms of Reference

### 1. Background

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.

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

The Audit Committee meets twice annually to:

- ▶ Make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor
- ▶ 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
- ▶ 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
- ▶ Recommend approval of the financial statements of Ernst & Young LLP to the Board.

### 3. Responsibilities of the Chair

The Audit Committee will have a Chair and their responsibilities are as follows:

- ▶ Set the agenda for each meeting
- ▶ Ensure that agendas and supporting materials are delivered to members in advance of meetings
- ▶ Make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting
- ▶ Clarify and summarise what is happening throughout each meeting
- ▶ Keep the meeting moving, by putting time limits on each agenda items and aiming to keep all meetings to two hours or less
- ▶ Encourage broad participation from Audit Committee members in discussion
- ▶ End each meeting with a summary of decisions and assignments

- ▶ Follow up with consistently absent members to determine if they wish to discontinue membership
- ▶ Determine whether any additional meetings of the Audit Committee are required throughout the year

#### 4. Responsibilities of the Audit Committee

Individual Audit Committee members have the following responsibilities:

- ▶ To review the financial statements of the UK LLP group and, if thought appropriate, recommend that the financial statements are approved by the Board
- ▶ 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
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow Audit Committee members and attendees to voice their insights
- ▶ Follow up on agreed actions on a timely basis and be ready to report on them at the following meeting

#### 5. General

##### 5.1. Membership

The members of the Audit Committee are listed in Appendix A.

Audit Committee members are appointed by the Board, and will serve for a period appropriate to their experience and their other roles and responsibilities.

##### 5.15 Quorum and Decision-making

###### 5.2.1 Quorum

The quorum necessary for the transaction of business shall be a minimum of 3 Audit Committee members, one of whom must be the Chair.

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.

In addition to attending in person, Audit Committee members can attend via video conference, telephone or other electronic means.

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.

###### 5.2.2 Decision-making Process

A course of action requires support from a majority of the members who attend the meeting, if there is quorum.

If the number of votes for and against a proposal are equal, the Chair to the meeting has a casting vote.

#### 5.16 Frequency of Meetings

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

#### 5.17 Agenda, Minutes, and Decision Papers

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:

Agenda for upcoming meeting

- ▶ Minutes of previous meeting
- ▶ Decision papers
- ▶ Any other documents/information to be considered at the meeting

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.

#### 5.18 Proxies

Members of the Audit Committee cannot send proxies to meetings.

### 6. Reporting Responsibilities

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

The Audit Committee shall:

- ▶ Have access to sufficient resources in order to carry out its duties
- ▶ Give due consideration to applicable regulations as appropriate

The Audit Committee is authorised to:

- ▶ Undertake any activity within its terms of reference
- ▶ Seek any information it requires from any employee of the firm in order to perform its duties

#### Appendix A - List of Audit Committee members

[See [EY 2017 UK Transparency Report](#) for membership details]

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