

Terms of Reference for Key EY Governance and Management Bodies

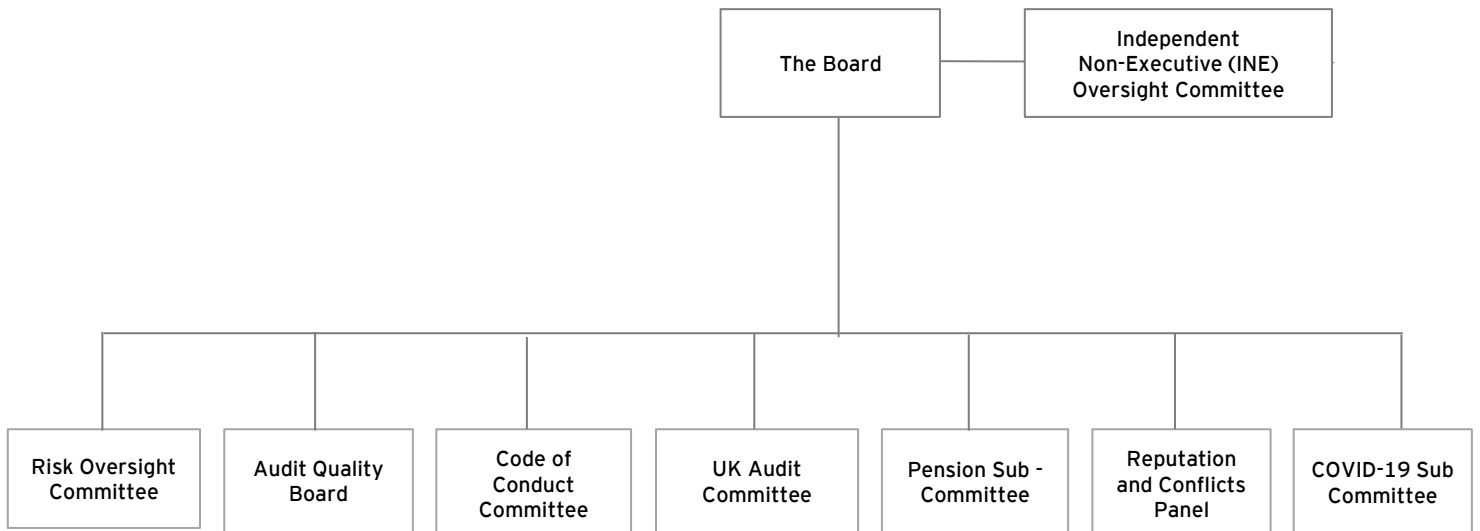
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Contents

1. Background	2
2. UK LLP Board Terms of Reference	3
3. Independent Non-Executive (INE) Oversight Committee (IOC) Terms of Reference	5
4. Risk Oversight Committee (ROC) Terms of Reference	7
5. Linking the Terms of Reference of the ROC to the Audit Firm Governance Code (AFGC).....	10
6. Audit Quality Board (AQB) Terms of Reference	12
7. Code of Conduct Committee (CCC) Terms of Reference.....	14
8. UK Audit Committee (UKAC) Terms of Reference	17
9. Reputation and Conflicts Panel (RCP) Terms of Reference	19
10. Pensions Sub-Committee (PSC) Terms of Reference	21
11. COVID-19 Sub-Committee	24

1. Background

EY UK's governance and management bodies that are relevant to the purpose of the Audit Firm Governance Code (AFGC) include the Board of EY UK (the Board) and a number of supporting committees. All members of the governance structure are provided with information in a timely manner before committee meetings and in a form and of a quality appropriate to enable them to discharge their duties. In respect of the Board, Risk Oversight Committee, Independent Non-Executive Oversight Committee and Audit Quality Board, this function is performed by the Company Secretary.



2. 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 item 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

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.

4.2 Secretary

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

4.3 Quorum and decision-making process

4.3.1 Quorum

The quorum necessary for the transaction of business at a Board meeting shall be a minimum of five 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

3. 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 that audit listed companies can report. It has amongst other requirements, created a greater onus on the firm's INEs, by substantially expanding their responsibilities.

To address this, the 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
- ▶ 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 discussions, 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 AFGC
- ▶ 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

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 B, 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 firm's 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 two 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 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 and B redacted].

4. 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. It reports to 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-Executives 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 within 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 item
- ▶ 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 the 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 three 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 a 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 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 and B redacted]

5. Linking the Terms of Reference of the ROC to the Audit Firm Governance Code (AFGC)

This section is intended to clarify the Committee's role in terms of compliance with the AFGC.

1. Mandate

The Committee is mandated by the Board to support it in the assessment and management of risk for EY LLP (the firm'). This links to the 'Purpose' section of the AFGC, specifically the purpose of the AFGC 'To reduce the risk of firm failure...'

2. Goals

These link to the AFGC section *D.2 Risk Management Principle* i.e., 'A firm should maintain a sound system of internal control and risk management over the operations of the firm as a whole to safeguard the firm and reassure stakeholders.'

Included in the Terms of Reference is a goal to 'Support the Board in ensuring compliance with the Audit Firm Governance Code (AFGC)'. This goal links specifically to the following sections of the AFGC:

D.2.1 The firm should, at least annually, conduct a review of the effectiveness of the firm's system of internal control. Independent non-executives should be involved in the review which should cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm.

D.2.2 The firm should state in its Transparency Report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary.

D.2.3 The firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK.

3. Tasks

The Committee's tasks include a requirement to 'Oversee the annual preparation and publication of the relevant sections of the firm's Transparency Report'. This corresponds to Principles E.2 and E.3 of the AFGC:

E.2 Governance reporting principle

A firm should publicly report how it has applied in practice each of the principles of the AFGC and make a statement on its compliance with the Code's provisions or give a considered explanation for any non-compliance.

Provisions

E.2.1 The firm should publish on its website an annual Transparency Report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1.

E.2.2 In its Transparency Report the firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure.

E.3 Transparency principle performance, position and prospects.

Provisions

E.3.1 The firm should confirm that it has carried out a robust assessment of the principal risks facing the audit firm, including those that would threaten its business model, future performance, solvency or liquidity. The firm should describe those risks and explain how they are being managed or mitigated.

E.3.2 The Transparency Report should be fair, balanced and understandable in its entirety.

Provision E.2.1 identifies a number of further Code Provisions relating to disclosures to be included in the Transparency Report. For completeness we set out below those provisions not already enumerated in this Appendix.

A.1.2 The firm should state in its Transparency Report how its governance structures and management operate, their duties and the types of decisions they take. In doing so the firm should explain how its governance structure provides oversight of both the audit practice and the firm as a whole with a focus on ensuring the Code's purpose, is achieved. If the management and/or governance of the firm rests at an international level it should specifically set out how management and oversight of audit, is undertaken and the Code's purpose achieved in the UK.

A.1.3 The firm should state in its Transparency Report the names and job titles of all members of the firm's governance structures and its management, how they are elected or appointed and their terms, length of

service, meeting attendance in the year, and relevant biographical details.

B.1.2 Firms should introduce KPIs on the performance of their governance system, and report on performance against these in their Transparency Reports.

C.2.1 The firm should state in its Transparency Report its criteria for assessing the impact of independent non-executives on the firm's independence as auditors and their independence from the firm and its owners.

D.1.3 The firm should state in its Transparency Report how it applies policies and procedures for managing potential and actual conflicts of interest.

6. Audit Quality Board (AQB) Terms of Reference

1. Background

The UK Board has established an Audit Quality Board (AQB), which covers all parts of the practice that 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 a consistently high audit 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 learning and development
- ▶ 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 item and aiming to keep all meetings to three 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
Deputy- Chair	UK QEL
Board Members	UKI Deputy Head of Audit UK PPD UK Director Audit Risk UKI Audit COO FSO Audit COO UKI PPD FSO PPD UKI QEL UK FSO QEL

The Chair will select 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 firm's 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 five AQB members. The quorum must include any one of the Chair, Vice-Chair, Deputy Chair or UK PPD. The Chair can deputise responsibilities for chairing a meeting to any one of the Vice-Chair, Deputy-Chair or UK PPD.

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.

5.4 Frequency of meetings

Meetings will be held monthly.

5.5 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.

5.6 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 redacted]

7. Code of Conduct Committee (CCC) Terms of Reference

1. Background

The UK Board 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 (“the Code”) 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 CCC 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. All incidents will be reported anonymously to the CCC; the identity of the relevant partner will not be identified to the Committee.

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.

The CCC will consider instances of breaches of requirements that are subject to the UK & I Partner Sanction Framework, and breaches of regulation that have external exposure. It will obtain reports quarterly:

- ▶ From the Independence Partner on the external regulatory breaches that have occurred
- ▶ From the Independence Partner on Fit and Proper issues regarding a partner that have been identified to him or her
- ▶ From the Managing Partner - Risk Management on whistle-blowing reports that have been made, including those reported through the Ethics Hotline, and those dealt with directly by the UK Board

These will be included in the consideration as to whether a Sanction is required, taking into account other actions or penalties that the partner may have already been subject to.

Additionally, the CCC will review the treatment of other Code of Conduct issues that have been considered within the partner’s Service Line to oversee the application of consistency of approach. This will include a report from the Independence Partner, who will meet with Service Line Quality Partners to obtain a summary of the Service Line partners’ behaviours and issues that have been considered by the Service Line, including in their consideration of partners’ Quality and Operational Excellence ratings. The CCC may request the Service Line Quality Partner to attend a CCC meeting to provide explanation of the Service Line treatment of a situation.

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 item 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
- ▶ Review the performance of the CCC annually to ensure that the role of the CCC is being fulfilled appropriately and report their findings to the CCC
- ▶ Report annually to the UK Partner Forum and the FSO UK Partner Forum on the issues considered by the CCC in partner behaviours and actions taken
- ▶ Report annually to the Independent Non-Executive Oversight Committee
- ▶ Report annually to the UK Board, to take direction from the Board as to the Board’s concerns for the CCC to address

4. Responsibilities of Code of Conduct Committee members

Individual CCC members have the following responsibilities:

- ▶ To maintain the highest level of confidentiality in respect of the matters reported to the CCC
- ▶ 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 meeting

5. General

5.1 Membership

Members of the CCC shall comprise the following:

Title of CCC Members	EY Designation
Chair	Appointed by the UK LLP Board, as in 5.2 below
Committee 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
	PAS UKI or FSO 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.

Each member of the CCC will be appointed to serve for a period of three years, after which they may be reappointed. The maximum length of time that a member can serve without a break is six years.

The members of the CCC will be appointed by the relevant Service Line Quality Leader. Their role will be predominantly a client serving role and will not normally be a member of the Service Line Leadership team

5.2 Appointment of the Chair of the CCC

A member of the CCC will be proposed for the appointment of Chair by the other members, and put to a vote, if required, which will be administered by the Secretary, for approval by Lisa Cameron and Steve Varley on behalf of the UK LLP Board.

The appointment as Chair will be for a period of three years, after which they may be reappointed providing that they are a member of the CCC, per 5.1 above, throughout the period.

5.3 Secretary

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

5.4 Quorum and decision-making

5.4.1 Quorum

The quorum necessary for the transaction of business shall be a minimum of three 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.

5.4.2 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.

5.5 Frequency of meetings

Meetings will be held four times a year.

5.6 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.

5.7 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 redacted]

8. UK Audit Committee (UKAC) Terms of Reference

1. Background

The Board has established an Audit Committee which covers all parts of the practice that operate under the UK audit licence. The Audit Committee is part of the permanent governance structure of EY.

The goal and objectives of the UKAC 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
- ▶ 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.

5.2 Quorum and decision-making

5.2.1 Quorum

The quorum necessary for the transaction of business shall be a minimum of three 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.

5.3 Frequency of meetings

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

5.4 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.

5.5 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's 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 redacted]

9. Reputation and Conflicts Panel (RCP) Terms of Reference

1. Purpose of the RCP

In today's changing regulatory environment in the UK, there is increasing scrutiny on how firms, especially the Big 4, consider conflicts and their relationships with clients. The UK Board recognises the opportunity to enhance and complement our firm's current process for addressing conflicts of interest, as well as high profile matters. The UK Board, therefore, has implemented the RCP consisting of senior leaders to add further challenge to engagement acceptance and provide informed views through the lens of an Objective, Reasonable and Informed Third Party.

The RCP provides an effective and consistent forum to assess reputation risk, public interest and conflicts in order to protect trust in the UK firm, its Partners and its employees.

2. Consulting the RCP

Where a matter has been escalated to the Regional Conflicts Leader, he/she determines whether the RCP should be consulted. The RCP will be consulted on and make decisions on conflict matters affecting Channel 1 and Channel 2 clients of EY UK LLP. The following examples are indicative of situations when one would be expected to consult the RCP:

- Situations where we cannot get informed consent to act such as:
 - ▶ reliance on implied consent;
 - ▶ in potential or actual hostile situations; and
 - ▶ confidential engagements in which counterparties cannot be consulted.
- Where there is no ethical conflict, but careful judgement is required in deciding to act such as:
 - ▶ commercial conflicts and client relationship considerations;
 - ▶ isolated intra-service line disagreements;
 - ▶ high public profile engagements such as those involving government projects/engagements; and
 - ▶ personal appointments to organisations or as board/tribunal members.
- Reputational matters such as:
 - ▶ conflicts concerns raised by clients, including their investors;
 - ▶ conflict concerns raised by other third parties, including regulators and investor groups; and
 - ▶ issues involving media and parliamentary interest.

3. Responsibilities of the RCP Chair

The RCP will have a Chair, whose responsibilities are as follows:

- ▶ Set the agenda for each meeting;
- ▶ Selects the other members of the RCP to attend the 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 RCP 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;
- ▶ Ensure that minutes are taken and are delivered to members on a timely basis; and
- ▶ Follow up with consistently absent members to determine if they wish to discontinue membership.

4. Responsibilities of RCP Members

The RCP is chaired by the Regional Conflicts Leader and includes members drawn from UK LLP leadership, including from:

- ▶ the UK Board;
- ▶ the UK&I Regional Leadership Team (UK members only); and
- ▶ the FSO UK Leadership Team.

These members will be selected by the Regional Conflicts Leader based on their roles and expertise, and on the nature of the matter to be addressed.

Other attendees, including the Client Service Partner Audit Partner, and the Engagement Partner may be invited to attend all or part of any meeting, as and when appropriate and necessary, but will have no voting rights.

The Global Conflicts Leader will also be invited to attend meetings as and when appropriate and necessary.

Individual RCP members have the following responsibilities:

- ▶ To review, challenge and propose action on matters presented to them;
- ▶ Understand the goals, objectives, and desired outcomes of the Global Conflicts Policy;
- ▶ Understand the interests of stakeholders;
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents;
- ▶ Support open discussion and debate, and encourage fellow RCP members and attendees to voice their insights; and
- ▶ Follow up on agreed actions on a timely basis and be ready to report on them as agreed.

5. Secretary

The Company Secretary, or their delegate, will be appointed as the Secretary to the RCP.

6. Quorum and Decision-making

Any five members of the RCP, including the Chair, will form a quorum necessary for the transaction of business.

A duly convened meeting of the RCP, 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 RCP.

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

7. Decision-making Process

The Engagement Partner should provide a memorandum, together with any necessary supporting papers, describing the circumstances, the problem(s), the Engagement Partner's views thereon, and if possible the Service Line Quality Leader/Director of Risk Management's views as well. Where time is of the essence and with the agreement of the Regional Conflicts Leader, written submissions may be dispensed with.

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.

Decisions of the RCP shall not contravene EYG. Any disagreements should be referred to the EY UK LLP Board.

8. Frequency of Meetings

Meetings are at the discretion of the Chair and will be held ad-hoc as topics arise that require RCP decision-making.

9. Agenda, Minutes, and Decision Papers

Subject to 6 above, it is the intention that a pack will be sent to members in advance of a RCP meeting. This pack will include the following:

- ▶ Agenda for upcoming meeting;
- ▶ Decision papers; and
- ▶ Any other documents/information to be considered at the meeting.

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

10. Proxies

Proxies will not be permitted. The Chair will select members for a meeting based on their availability.

11. Reporting Responsibilities

The Chair shall formally report to the EY UK LLP Board on its proceedings.

12. Other Matters

The RCP shall:

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

The RCP is authorised to:

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

10. Pensions Sub-Committee (PSC) Terms of Reference

1. Background

Ernst & Young LLP (the UK firm) provides a number of different pension arrangements to current and alumni UK staff. The largest pension arrangement is the EY Retirement Benefits Plan (the Plan) set up under trust to provide final salary and money purchase pension benefits.

Governance

EY Trustees Limited (the Pension Trustee) is the corporate trustee with overall responsibility for the governance of the Plan.

The Pension Trustee directors include:

- ▶ Four members of the Plan appointed by the Plan membership
- ▶ Four current and retired partners of the UK firm, who are appointed by the UK firm

The Pension Trustee has a robust governance framework, which is supported by a number of appointed advisers (i.e., legal, actuarial, investment) to help with the management of the Plan.

In exercising its duties, the Pension Trustee must:

- ▶ Act in accordance with the Plan's trust deed and rules, and pensions legislation
- ▶ Act in accordance with the best interest of all members (for whom it has a primary fiduciary obligation)
- ▶ Act prudently, responsibly and honestly in the way an ordinary prudent person of business would act in managing their own affairs
- ▶ Be independent of the UK firm, whilst still having a secondary fiduciary obligation to the UK firm, as the sponsoring employer

The UK firm, as sponsoring employer, therefore has a significant interest in the Plan's financial health, and in ensuring that its own legal and regulatory pension obligations are being met.

Given this significant interest, the UK firm's COO and the Head of Pensions act as the Pensions Management Team (the Pensions Management Team). The Pensions Management Team is responsible for the overall management of the UK pension arrangements on behalf of the UK firm, which includes the management of the relationship with the Pension Trustee (e.g., in funding discussions and negotiations).

Risk management

Decisions taken in respect of the Plan have significant financial and reputational implications for the UK firm which include:

- Financial Risk:** The funding obligations of the Plan rest with the UK firm. The current annual deficit recovery contributions are financially significant and are reviewed every three years through a formal valuation process, where the value of the assets are tested against the value of the liabilities under the Plan to assess the funding shortfall. It is therefore important that the UK firm mitigates the risk of significant volatility in the funding requirement (e.g., through the management of the Plan liabilities).
- Reputational Risk:** The pensions landscape is complex and constantly developing, with all Plan decisions having implications for Plan members. It is therefore important that decisions taken by the UK firm:
 - ▶ Are compliant with legislative and regulatory requirements
 - ▶ Consider the impact on members, whilst being appropriately balanced with the commercial imperatives

The significance of a number of the decisions taken by the Pensions Management Team has highlighted the need to introduce an additional layer of governance in the form of a sub-committee of the Board of the UK firm (the Board). This Pension Sub-Committee (PSC) is to:

- ▶ Act as a consultative body for the Pensions Management Team when the Pensions Management Team is taking strategic decisions that may have significant financial or reputational implications for the UK firm
- ▶ Report to the Board, at least annually, a summary of significant matters impacting the Plan

2. Role of the Pensions Sub-Committee

The remit of the Board is as follows:

'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.'

The Board has established the PSC which, in the context of protecting the commercial, financial and reputational interests of the UK firm, will act as the consultative body for the Pensions Management Team on matters of significant interest to the UK firm in

respect of its current and future staff pension obligations.

In fulfilling its consultative role, the PSC should:

- ▶ Consider the potential implications of decisions taken in respect of:
 - i. The funding implications of the legacy pension arrangement during the formal triennial valuation process, including funding agreements reached with the Pension Trustee
 - ii. The long-term investment objectives of the legacy arrangements and the appropriateness and implications of any proposed changes
 - iii. Proposals to implement initiatives to manage any liabilities associated with the legacy pension arrangements

The PSC is not expected to act as a pensions expert, but will challenge the appropriate balance between the UK firm's commercial interest and the impact on pension members, whilst also being cognisant of the reputational implications of any decisions taken.

In addition, the PSC will report to the Board, at least annually, a summary of significant matters impacting the Plan.

3. Responsibilities of the Chair

The PSC 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 item and aiming to keep all meetings to two hours or less
- ▶ Encourage broad participation from PSC 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
- ▶ Act as the representative of the UK firm in engaging with Chair and Chief Executive of the Pension Trustee, E&Y Trustees Limited

4. Responsibilities of PSC members

Individual PSC members have the following responsibilities:

- ▶ To review, challenge and propose action on reports presented to the PSC
- ▶ Understand the goals, objectives, and desired outcomes of the UK Staff pension strategy
- ▶ Understand and represent the conflicting interests of all stakeholders
- ▶ Take a genuine interest in the pension arrangements and overall success of strategies proposed
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow PSC 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 PSC shall comprise the following:

Title of PSC Members	EY Designation
Chair	UK COO
Committee members	UK LLP Board member UK LLP Board member UK Representative from UK&I FSO UK Representative PAS UK Representative UK Head of Pensions

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 Head of Pensions will be appointed as the Secretary to the PSC and may nominate an individual to provide secretariat support.

5.3 Access to advice

From time to time the PSC may require input from specialist pension advisers and will have access to the following if required:

- ▶ The EY Pensions Advisory team or any other pensions specialists within EY

- ▶ Independent and external professionals providing legal, actuarial or investment advice

5.4 Quorum

The quorum necessary for the transaction of business shall be a minimum of four PSC members. The quorum must include the Chair and the Head of Pensions.

A duly convened meeting of the PSC, 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 PSC.

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

5.5 Frequency of meetings

Meetings will be held at least biannually. Additional meetings may be required from time to time.

5.6 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 PSC 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 PSC (including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the PSC, following the meeting.

5.7 Proxies

Subject to the agreement of the Chair, members of the PSC can 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 all matters within the PSC's duties and responsibilities.

7. Other matters

The PSC shall:

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

[Appendix A redacted]

11. COVID-19 Sub-Committee Terms of Reference

1. Background

The COVID-19 pandemic is significantly impacting and creating economic uncertainty in the Global & UK economies, and as such is impacting the professional services sector and our EY UK business. On the 23rd of March 2020, in response to the severity of COVID-19 impact, the UK Prime Minister enforced a strict lockdown banning all non-essential travel; the exit from which remains uncertain at the time of writing these terms of reference.

Governance

The UK Crisis Management Team (UK CMT), Chaired by EY UK's Managing Partner Risk Management, have been and continue to lead our Ernst & Young LLP ("the UK Firm") UK response to the COVID-19 situation. The UK CMT have escalated any significant decisions emerging from the COVID-19 situation to the LLP Board. (e.g. office closures). The terms of reference of the CMT is attached in Appendix A.

In addition to the UK CMT activities, the LLP Board commissioned the UK COO to undertake a detailed financial modelling exercise (Project Elton) the output of which is the provision of a robust set of integrated financial statements, together with a series of modelling scenarios run on these financials. These financial statements and the modelling thereon provide the financial foundation upon which critical business decisions can be made for the duration of the COVID-19 pandemic (e.g. sufficiency of banking facilities, business interventions and workforce capacity etc.).

As the COVID-19 crisis intensifies, and given the significance of the decisions to be made in the near future, there is a need to establish a country level sub-committee of the UK LLP Board which will be a forum to make decisions on key people, financial and operational matters arising from the COVID-19 crisis as recommended by Executive Management. There is also a likelihood the devolved Scottish government in Holyrood will have a different exit strategy from the current lockdown to England and Wales and this potential variation in policy and legislation necessitates cross country representation in this sub-committee. The sub-committee will bring together the various workstreams in one forum to enable better and timely decisions in the face of a fast paced and evolving crisis.

Risk management

Decisions taken in response to the COVID-19 crisis have significant financial and reputational implications for the UK Firm which include:

- i. **Financial Risk:** The size, scale and likely longevity of the COVID-19 pandemic creates significant financial uncertainty and associated risks for the UK Firm. It is therefore important that the UK Firm has a plan in place with a series of appropriate actions to mitigate these financial risks.
- ii. **Reputational Risk:** The professional services industry in the UK has come under intense media scrutiny in recent years on a variety of topics and this scrutiny and interest is further intensified in this COVID-19 period. In particular, significant reputational risk exists in the following areas:
 - a. Our consumption of various UK Government offerings to businesses during the pandemic (e.g. the Bank of England's Covid Corporate Financing Facility ("CCFF"); furlough schemes, HMRC reliefs etc.)
 - b. Implications for and decisions relating to our UK Firm workforce, including EY Executive layer and other entities such as Riverview
 - c. Partner profits, and also Partner headcount
- iii. **People Risk:** The safety and wellbeing of our Partners, people and their families has been our first principle in response to the COVID-19 pandemic. There continues to be a risk to the physical health of our Partners and people as there is a high likelihood of being affected by COVID-19 whilst delivering in their respective roles at EY, esp. if they are travelling to the office and/or to the client site. In addition, there is a mental health risk arising from the prolonged period our Partners and people are working from home, in isolation from their families, friends and colleagues.

The on-going likely economic severity and longevity of the COVID-19 pandemic and the associated significance of business decisions the UK Firm will have to take to maintain our business throughout this COVID-19 situation creates the need to introduce an additional

layer of governance in the form of a C-19 Sub-Committee (“C19SC”) of the Board of the UK Firm.

2. Role of the C-19 Sub-Committee

The remit of the UK LLP Board is as follows:

“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.”

The Board has established the C19SC which, in the context of protecting the commercial, financial and reputational interests of the UK firm, will act on behalf of the LLP Board to review and make business decisions recommended by executive management of the UK Firm arising from the COVID-19 situation.

The following activities will be in the remit of the C19SC and these will be reviewed on a regular basis:

- ▶ Key financial decisions and interventions recommended by the UK COO, arising from Project Elton
- ▶ Key COVID-19 related operational decisions recommended by the CMT, including the Return to Office Strategy and the Extended Work from Home workstreams
- ▶ Key COVID-19 related people decisions as recommended by the UKI and UK FSO talent leaders

In fulfilling its’ obligations, the C19SC will be cognisant of the remit of the LLP Board and the EY regional operating model (specifically the remit and accountability of UK&I and FSO EMEIA region). In addition, it will consider the implications any resultant business decisions might have on the financial and reputational risks of the UK Firm.

The C19SC will report to the UK LLP Board and the INEs a monthly summary of significant matters and decisions ratified by the C19SC.

3. Responsibilities of the Chair

The C19SC 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 C19SC 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
- ▶ Ensure input from members in relation to C19 matters

4. Responsibilities of the C19SC Members

Individual C19SC members have the following responsibilities:

- ▶ To review, challenge and propose action on reports presented to the C19SC
- ▶ Understand the goals, objectives, and desired outcomes of the UK strategy to respond to COVID-19
- ▶ Understand and represent the conflicting interests of all stakeholders
- ▶ Take a genuine interest in the EY UK’s COVID-19 strategy and the overall success of strategies proposed
- ▶ Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- ▶ Support open discussion and debate, and encourage fellow C19SC 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
- ▶ Propose key decisions from the member’s area of responsibility for the committee’s review and ratification

5. General

5.6 Membership

The individual members 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. EY PAS UK and EY Executive members will be invited as needed to the committee.

5.6 Secretary

The LLP Board Secretary will be appointed as the Secretary to the C19SC and may nominate an individual to provide secretariat support.

5.6 Quorum

The quorum necessary for the transaction of business shall be a minimum of 4 C19SC members. The quorum must include the Chair or the Deputy Chair.

A duly convened meeting of the C19SC, 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 C19SC.

In addition to attending in person, C19SC members can attend via video conference, telephone or other electronic means.

5.4 Frequency of Meetings

Meetings will be held weekly and the appropriateness of the frequency of meeting will be reviewed by the Chair every month.

5.5 Agenda, Minutes, and Decision Papers

It is the intention that a board pack will be sent to members two to three business days in advance of an C19SC 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 C19SC (including recording the names of those present and in attendance) and promptly circulate draft minutes to all members of the C-19SC, following the meeting.

5.6 Proxies

Subject to the agreement of the Chair, members of the C19SC can send proxies to meetings.

6. Reporting Responsibilities

The Chair shall report formally to the UK LLP Board (including the INEs), as and when the Chair determines it necessary, on all matters within the C19SC's duties and responsibilities.

7. Other matters

The C19SC shall:

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

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