

## **Annex E - Terms of Reference of the Audit & Risk Committee of the Supervisory Board of Ernst & Young Nederland LLP**

These terms of reference of the Audit & Risk Committee (or ARC) were approved by EY Europe and subsequently adopted on 18 December 2019 by the Supervisory Board (SB EYNL) in accordance with Articles 1.3 and 5.3 of the Charter SB EYNL. Terms used in these terms of reference refer to the meaning given to them in the Charter SB EYNL.

### **1 Composition of the Audit & Risk Committee**

- 1.1 The members of the Audit & Risk Committee of the SB EYNL and the Audit & Risk Committee of the SB EYA form a personal union. The Audit & Risk Committee shall consist of at least two members. If the number of the members of the Audit & Risk Committee falls below the aforesaid minimum for longer than three months, the tasks of the Committee shall be taken over by the SB EYNL as a whole.
- 1.2 The SB EYNL shall appoint the members of the Audit & Risk Committee from among its own members.
- 1.3 Without prejudice to Article 2.7 of the Charter SB EYNL, with regard to the composition of the Audit Quality & Governance Committee it shall need to be taken into account that at least one of its members shall have relevant knowledge and experience in the field of overseeing the administration and the financial reporting of audit firms, listed companies or other large businesses or professional practices.

### **2 Tasks of the Audit & Risk Committee**

- 2.1 Without prejudice to Article 5.1. of the Charter SB EYNL, the Audit & Risk Committee advises the SB EYNL with regard to its task and prepares the decision-making of the SB EYNL with regard to it.
- 2.2 The tasks of the Audit & Risk Committee include:
  - a) preparing the decisions and the supervision by the SB EYNL of, and the rendering of advice to, the Board of Directors with regard to financial matters the financial reporting process including the financial statements and annual budgets, bond issues, acquisitions of participations and investments requiring an amount of EUR 15 million or more as well as the design and operation of the internal risk management and control systems;
  - b) supervision of compliance with relevant laws and rules and regulations with regard to financial reporting;
  - c) discussing with the Board of Directors the risk appetite of EYNL and the professional practices affiliated with it;
  - d) supervising the provision of financial information by EYNL (the impact of the selection of accounting policies, application and assessment of effects of new rules, insight into the treatment of accounting estimates in the financial statements), taking into account EY's Global Accounting policies;
  - e) maintaining regular contact with, and supervising, the relationship with the external auditor;
  - f) supervising compliance with recommendations and follow-up of findings of the external auditor;
  - g) consulting with the Board of Directors, the Chief Financial Officer, the Risk Leader Netherlands, and /or head of Internal Audit (or their deputies);
  - h) preparing reporting by the SB EYNL concerning the tasks of the Audit & Risk Committee.

### **3 Chair**

- 3.1 With due observance of the provision in Article 1 of these terms of reference, the SB EYNL shall appoint one of the committee members as the Chair. The Chair is responsible mainly for the proper performance of the Audit & Risk Committee. The Chair shall act as spokesperson of the Audit & Risk Committee and shall serve as the prime contact for the SB EYNL.
- 3.2 Where reference is made in these terms of reference to the Chair, this refers, unless stated otherwise, to the Chair of the Audit & Risk Committee.

### **4 Audit & Risk Committee meetings**

- 4.1 The Audit & Risk Committee shall meet at least three times a year and, furthermore, as frequently as the majority of its members consider necessary. The meetings will, as a rule, be held at EYNL's office, but may also be held elsewhere.
- 4.2 The Audit & Risk Committee shall decide whether the meetings of the Committee shall be attended by one or more members of the Board of Directors or the Chief Financial Officer of EY in the Netherlands.

The external auditor of EYNL can if necessary request the Chair of the Audit & Risk Committee to be allowed to attend a meeting of the Audit & Risk Committee.

The Audit & Risk Committee shall at least one a year meet with the external auditor of EYNL, without the members of the Board of Directors being present. Without prejudice to the foregoing, the Audit & Risk Committee shall determine if and when the chair or members of the Board of Directors, the officer responsible for financial matters or the external auditor will be present at its meetings.

- 4.3 Meetings will be convened by the Chair. To the extent practically feasible, the announcement and the agenda of items to be discussed will be provided to the members of the Audit & Risk Committee seven days before commencement of the meeting.
- 4.4 Minutes shall be kept of the meeting by the person designated by the Chair of the meeting for that purpose. As a rule, such minutes will be sent as soon as possible to the members of the Audit & Risk Committee and confirmed during the next committee meeting unless all members agree to the contents thereof earlier.

### **5 Corresponding application of the Charter SB EYNL**

The articles of the Charter SB EYNL shall also apply correspondingly to these terms of reference.