

# EY UK – Terms of Reference for key Governance bodies

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# 1. EY UK LLP Board - Terms of Reference

## 1. Background

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

## 2. Purpose and remit

- 2.1 The LLP Board is responsible for promoting and protecting the interests of the Firm and the general and operational management of the Firm as a whole, including overseeing compliance with all applicable professional regulatory and legal requirements.
- 2.2 In respect of its governance and management of the Firm, the LLP Board is supported by, and receives recommendations from, various committees and may delegate its authority for certain matters to those committees. In particular, the LLP Board will take into account the Audit Board's recommendations in relation to audit matters.
- 2.3 Responsibility for the following matters is reserved to the LLP Board:
- 2.3.1 Overseeing the strategic direction of the Firm and the management of the Firm's operations in line with the Partners' Agreement.
- 2.3.2 Approving the annual accounts of the Firm in accordance with the Partners' Agreement.
- 2.3.3 Approving any corporate transactions outside the ordinary course of business, or

other major investments by the Firm.

- 2.3.4 Approving the admission of new members to the Firm.
- 2.3.5 Ensuring an adequate and effective internal control framework exists for the Firm.

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

- 2.4.1 The Firm's commercial and financial interests.
- 2.4.2 The Firm's reputational interests.
- 2.4.3 Alignment of the Firm's values and culture with, in particular, the principles of professionalism, openness and risk management.
- 2.4.4 Risk monitoring and management.

## 3. Membership

- 3.1 The LLP Board shall comprise the UK Country Managing Partner ('**CMP**'); the FS Managing Partner (or, if this is the same person as the CMP, the UKI Managing Partner); the UK CFO; two UKI Partner Forum representatives who are members of the Firm; one FSO Partner Forum representative who is a member of the Firm; the Head of UK Risk; the UK Head of Audit; the Head of UK Regulation & Public Policy; the Head of UK CBS and up to two additional members who are members of the Firm and who have been nominated by the Nomination Committee convened at the request of the Board ('**Nominated Members**').
- 3.2 The LLP Board shall comprise at least ten members (including the chair).
- 3.3 The members of the LLP Board are formally appointed by the Europe Operating Executive, having been recommended for appointment by the

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

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

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

#### 4. Secretary

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

#### 5. Quorum

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

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

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

#### 6. Notice of meetings

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

#### 7. Attendance at meetings

- 7.1 The LLP Board shall meet at least four times a year.
- 7.2 The UK General Counsel, as well as the chairs of the Public Interest Board and the Audit Board will normally be in attendance at LLP Board meetings. The Firm's Independent Non-Executives ('INE's) may also attend from time to time. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.
- 7.3 In the absence of the LLP Board Chair and/or an appointed deputy at an LLP Board meeting, the remaining members present shall elect one of themselves to chair the meeting.

#### 8. Conflicts of interest

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

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

## 9. Meeting minutes

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

## 10. General matters

10.1 The LLP Board shall:

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

issued by relevant regulatory bodies.

10.2 The LLP Board is authorised to:

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

## 11. Review and evaluation

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

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



## 2. Public Interest Board - Terms of Reference

### 1. Background

- 1.1 The 2022 Audit Firm Governance Code (the 'AFGC') provides a framework for good governance practice against which firms that audit PIEs can be assessed and report. The FRC periodically publishes its approach to Audit Supervision ('AS'), which outlines its expectations in terms of effective management to ensure audit quality and firm resilience, and what the firms can expect from the FRC in the course of supervision by reference to the following key supervisory pillars: (i) Financials and KPIs; (ii) Governance and leadership; (iii) Culture and conduct; (iv) Risk management and resilience; and (v) Operational separation (the '**AS Pillars**').
- 1.2 The Public Interest Board has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.
- 1.3 Separately, in response to the publication of the FRC's Principles for Operational Separation of Audit Practices on 23 February 2021, the LLP Board has established the Audit Board to provide independent oversight of the Firm's audit practice (the '**Audit Practice**').

### 2. Purpose and remit

- 2.1 The purpose of the AFGC is to
  - ▶ Promote audit quality,
  - ▶ Ensure firms take account of the public interest in their decision-making particularly in audit, and
  - ▶ Safeguard the sustainability and resilience of audit practices and of firms as a whole (the '**AFGC Purpose**').

The role of the Public Interest Board is to enhance the Firm's performance in meeting the AFGC Purpose.

- 2.2 Certain matters relevant to the AFGC Purpose and AMS Pillars are reserved to the Audit Board including, in particular,

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

### 3. Membership

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

### 4. Duties

In connection with the AFGC Purpose, the Public Interest Board shall be responsible for the independent oversight of

#### 4.1 Sustainability and resilience

The Firm's policies and procedures for

ensuring sustainability and resilience (including its assessment of principal risks in that regard).

#### 4.2 Governance and leadership

The effectiveness of the Firm's approach to (i) any risks that the Firm's governance and leadership arrangements may pose to audit quality or sustainability and resilience; and (ii) its consideration of the public interest.

#### 4.3 Culture and conduct

The Firm's policies and procedures (including reviews of effectiveness) with respect to promoting and embedding an appropriate culture, including within the non-audit business, which may have a bearing on audit quality, the Firm's reputation, or the Firm's sustainability and resilience, including by reference to policies and processes in respect of:

4.3.1 Conduct (including compliance with the EY Global Code of Conduct), ethics and independence of the Firm, including to be satisfied that there is an effective whistleblowing process.

4.3.2 Compliance with laws and regulations.

4.3.3 People management policies and procedures.

#### 4.4 Risk management and resilience

The Firm's risk management and internal controls systems (including reviews of effectiveness).

### 5. Secretary

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

### 6. Quorum

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

paragraph 6.1 for the relevant part of the meeting.

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

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

### 7. Notice of meetings

Meetings of the Public Interest Board shall be called by the secretary of the Public Interest Board at the request of the Public Interest Board Chair. Unless otherwise agreed, notice of each meeting confirming the venue, time, and date, together with an agenda of items to be discussed, shall be sent to each member of the Public Interest Board and any other person required to attend at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the Public Interest Board Chair. Supporting papers shall be sent to Public Interest Board members and, as appropriate, attendees in a timely manner to enable full and proper consideration to be given to issues.

### 8. Attendance at meetings

8.1 The Public Interest Board shall meet at least four times a year. The INE members of the Public Interest Board shall also meet as a separate group from time to time at the INE's discretion. Interest Board shall also meet as a separate group from time to time at the INE's discretion.

8.2 The UK Head of Regulation & Public Policy will normally be in attendance. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.

8.3 In the absence of the Public Interest Board Chair and/or an appointed deputy at a Public Interest Board meeting, the

remaining members present shall elect one of themselves to chair the meeting.

## 9. Decision making

9.1 A decision of the Public Interest Board on which a vote is called by a member of the Public Interest Board shall require a simple majority of the votes of all the members of the Public Interest Board present. Subject to paragraph 10, where the majority of members voting are INEs, each member shall have one vote. In all other cases, subject to paragraph 10, each member who is not an INE shall have one vote, and each member who is an INE shall have the number of votes as is calculated by dividing the sum of one and the number of non-INE members voting by the number of INE members voting. Votes may be taken in any manner approved by the Public Interest Board chair.

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

## 10. Conflicts of interest

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

## 11. Meeting minutes

The Public Interest Board secretary (or their nominee) shall minute the proceedings of all Public Interest Board meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Public Interest Board members. Draft minutes will be circulated to all Public Interest Board members, as appropriate, taking into account any conflicts of interest that may exist.

## 12. Reporting responsibilities

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

12.2 Minutes of all Public Interest Board meetings shall be disclosed to the LLP Board following each meeting.

12.3 The INEs will report in the firm's annual transparency report on how they have worked to meet the AFGC Purpose.

## 13. General matters

The Public Interest Board shall:

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

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

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

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

13.5 In the event of a disagreement between Public Interest Board members with regard to any recommendations made (or to be made) to the LLP Board, the Public Interest Board Chair, themselves or at the request of any member of the Public Interest Board, shall notify the LLP Board Chair in writing and a meeting to discuss the relevant matter and, where relevant, agree a way forward shall be convened between the Public Interest Board Chair, the LLP



Board Chair and another member of the Public Interest Board who is an INE.

varied or revoked without the approval of the LLP Board.

**14. Review and evaluation**

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

14.2 The Public Interest Board, led by the Public Interest Board Chair, will carry out periodic reviews of its own performance and will agree and implement a plan to take forward any actions resulting from the evaluations.

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

1.	<b>Background</b>	strategic and country-specific impact.
1.1	The UK Country Committee (the ' <b>UKCC</b> ') has been established as a committee of the EY UK LLP Board (the ' <b>LLP Board</b> '). The UKCC has the delegated authority of the LLP Board in respect of the functions and powers set out in these terms of reference.	4.2.2
2.	<b>Purpose and remit</b>	Performance and strategy
2.1	The purpose of the UKCC is to manage the operations of the Firm with respect to matters that have, or may have, a UK country-specific impact, including legal, regulatory and reputational matters and financial resilience (the ' <b>UKCC Purpose</b> '). The UKCC is supported by various committees and may delegate its authority for certain matters to those committees. The remit of the UKCC is set out in further detail in paragraph 4.	i Understanding the performance of the business in which the members of the LLP participate.
		ii Enhancing the Firm's role and contribution to the global EY organisation.
		iii Understanding Global and Regional business activities and business performance.
		4.2.3 Overseeing support services provided to the Firm at country-level and by the global organisation.
3.	<b>Membership</b>	4.2.4 Societal impact, including environmental sustainability and corporate responsibility.
3.1	The UKCC shall comprise the UK Country Managing Partner (' <b>CMP</b> '); the FS Managing Partner (or, if this is the same person as the CMP, the UKI Managing Partner); the Managing Partner, UK CBS; the UK FSO COO; the Head of UK Risk; the UK Head of Talent; the UK FSO Head of Talent; the UK General Counsel; and the Scotland Managing Partner; and	4.2.5 Internal and external communications.
		4.2.6 Compliance with laws and regulations.
3.2	The CMP acts as the chair of the UKCC (the ' <b>UKCC Chair</b> ').	4.3 <b>People, values and culture</b>
4.	<b>Duties</b>	4.3.1 Conduct, ethics and independence matters
	The UKCC is responsible for the management of the following activities of the Firm to the extent relevant to the UKCC Purpose:	4.3.2 Health and safety
4.1	<b>Financial resilience and acquisitions</b>	4.3.3 People policies and culture, particularly with regard to consistent implementation across Regions
4.1.1	Financial resilience	4.3.4 Monitoring D&I strategy development and execution.
4.1.2	Acquisitions and investments	4.3.5 Overseeing the partner admission process in the
4.2	<b>General operational management</b>	
4.2.1	Firmwide policies and procedures that have a	

context of the Firm's financial resilience.

4.3.6 Partner matters.

#### 4.4 Risk management and resilience

4.4.1 Risk Management framework of the Firm

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

4.4.2 Internal control and compliance framework of the Firm

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

4.4.3 Regulatory engagement.

4.4.4 Business continuity / Crisis response by the Firm

- i Overseeing the Business Continuity Plan.
- ii Managing privacy and security of information.
- iii Co-ordinating a response to country-wide (UK) issues, for example, the COVID- 19 pandemic response.

#### 5. Information and consultation

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

#### 6. Secretary

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

#### 7. Quorum

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

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

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

#### 8. Notice of meetings

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

#### 9. Attendance at meetings

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

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

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

#### 10. Conflicts of interest

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

#### 11. Meeting minutes

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

#### 12. Reporting responsibilities

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

12.2 Minutes of all UKCC meetings shall be disclosed to the LLP Board following each meeting.

#### 13. General matters

The UKCC shall:

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

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

or members of the Firm in order to perform its duties.

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

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

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

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

#### 14. Review and evaluation

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

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

## 4. Audit Board - Terms of Reference

### 1. Constitution and Background

#### 1.1 Constitution

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

#### 1.2 Background

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

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

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

### 2. Purpose

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

### 3. Membership

#### 3.1 Members

The Audit Board shall comprise at least five members (including the chair).

A majority of members of the Audit Board shall be Audit Non-Executives ('ANE') (Required by Principle 3) at least one of whom should have experience of audit at an appropriate level of seniority, either as a former auditor or consumer of audit services (Required by Principle 5). In addition, at least one ANE should not be a Firm Independent Non-Executive ('INE') (Required by Principle 4).

The non-ANE members of the Audit Board shall comprise the Head(s) of Audit and Audit Compliance Principal ('**Non-ANE Members**').

Appointments to the Audit Board are made by the LLP Board (on the recommendation of the LLP Board Nomination Committee) following a formal, rigorous and transparent procedure (Required by Principle 9).

Appointments to the Audit Board (other than the Non-ANE Members) shall be for a period of up to three years, which may

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



be extended by the LLP Board for a maximum of two further periods of up to three years each. Members of the Audit Board may be removed by the LLP Board at any time before the expiry of their term.

### 3.2 Chair

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

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

### 3.3 Attendees

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

### 3.4 Secretary

The Firm's Company Secretary or their nominee shall be appointed as the secretary to the Audit Board ('Secretary').

## 4. Meetings

### 4.1 Quorum

The quorum necessary for the transaction of business shall be three members, at least two of whom shall be ANEs. Any Audit Board member deemed to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of achieving a quorum for the relevant part of the meeting.

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

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

### 4.2 Decisions

A decision of the Audit Board on which a vote is called by a member of the Audit Board shall require a simple majority of the votes of all the members of the Audit Board present. Subject to any conflicts of interest, where the majority of members voting are ANEs, each member shall have one vote. In all other cases, subject to any conflicts of interest, each member who is not an ANE shall have one vote, and each member who is an ANE shall have the number of votes as is calculated by dividing the sum of one and the number of non-ANE members voting by the number of ANE members voting. Votes may be taken in any manner approved by the Audit Board chair.

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

### 4.3 Conflicts of Interest

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

### 4.4 Frequency

The Audit Board shall meet at least four times a year.

### 4.5 Notice

Meetings of the Audit Board shall be called by the Secretary at the request of the Audit Board chair. Unless otherwise

agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Audit Board and any other person required to attend at least five calendar days before the date of the meeting, or on such shorter notice as may be deemed necessary by the Audit Board chair.

#### 4.6 Papers

Supporting papers shall be sent to Audit Board members and, as appropriate, attendees in a timely manner to enable full and proper consideration to be given to issues.

#### 4.7 Minutes

The Secretary shall minute the proceedings of all Audit Board meetings.

### 5. Reporting Responsibilities

#### 5.1 LLP Board

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

Finalised minutes of all Audit Board meetings shall be made available upon request by the Secretary to the LLP Board.

#### 5.2 Public Interest Board

The Audit Board chair shall report to the Public Interest Board on matters relevant to the Public Interest Board.

### 6. Duties

#### 6.1 Audit Quality

Provide independent oversight of the Audit Quality Executive Committee and its sub-committees (the 'AQE') (Required by Principle 1).

Receive updates from the AQE in relation to audit quality indicators used to measure audit quality performance.

Receive regular updates from the AQE on audit quality matters, including:

- ▶ Ambitions for audit quality;
- ▶ The Audit Quality Strategy;
- ▶ Monitoring of key audit quality metrics and related actions; and
- ▶ Reporting on audit quality including to the FRC.

Review and make recommendations to the LLP Board with respect to the outcomes of regulatory reviews (by the FRC, ICAEW, ICAS, PCAOB or any other regulatory body) that relate to audit quality. Monitor trends and lessons learned arising from the outcomes of such regulatory reviews and challenge the Audit Practice in its response to them.

Review the Audit Quality Report and the audit quality section of the annual Transparency Report and suggest any changes it considers appropriate to the LLP Board for consideration.

Review and make recommendations to the LLP Board with respect to resourcing within the Audit Practice, to ensure that the Audit Practice has sufficient skills and capacity to deliver high quality audit outcomes.

Review and make recommendations to the LLP Board with respect to the AQE's approach to assessing the ongoing quality of audit work delivered by specialists outside the Audit Practice.

Review outcomes from the Firm's root cause analysis ('RCA') process.

#### 6.2 Public Interest (Required by Principle 2)

Review the impact that the Audit Practice's activities have on the Audit Practice's public interest responsibilities and refer any public interest concerns to the LLP Board for consideration.

Receive regular updates from the AQE in relation to promoting a culture in the Audit Practice that is supportive of the public interest.

Consider other matters relevant to the public interest for the Audit Practice and

suggest changes to the Firm's policies and procedures to the LLP Board for consideration.

Consider matters of reputational concern to the Audit Practice and monitor and refer to the LLP Board, any material strategic and regulatory matters impacting the Audit Practice.

### 6.3 Audit Strategy

Review the EY UK audit strategy, having regard to the resilience of the Audit Practice, and make recommendations to the LLP Board where the strategy is inconsistent with the objectives and outcomes of the Principles (Required by Principle 6).

Review the AQE's execution of the Audit Quality Strategy.

### 6.4 Audit Leadership

Be consulted by the Country Managing Partner with regard to the appointment of the UK Head of Audit (Required by Principle 7).

Where appropriate, take part in interviews of candidates for the UK Head of Audit, raise objection to the appointment or seek removal of the UK Head of Audit by escalating concerns to the LLP Board for consideration (Required by Principle 7).

### 6.5 Audit Partner <sup>2</sup> Remuneration and Promotion

Provide oversight of the Audit Board's Remuneration Committee ('**Remuneration Committee**') (Required by Principle 8).

On the recommendation of the Remuneration Committee, the Audit Board may:

- ▶ Review and make recommendations to the LLP Board with respect to the results of the annual partner performance assessment process for Audit Partners with reference to the

policies, processes and outcomes related to audit quality.

- ▶ Review and make recommendations to the LLP Board with respect to the Firm's policies related to Audit Partner remuneration, so as to ensure that incentives are aligned to appropriate risk and quality outcomes.
- ▶ Review and make recommendations to the LLP Board with respect of the process for consideration of audit quality in the context of the selection of candidates for Non-Equity Partner and the selection of candidates to be admitted to the partnership to practice as Audit Partners ('**Audit Partner Promotion**').
- ▶ Review and make recommendations to the LLP Board where the outcomes of the annual Audit Partner Promotion process, including how audit quality has been considered as part of this, are found to be inconsistent with the agreed process.

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

## 7. Other

### 7.1 Access

The Audit Board shall have access to all relevant people and information to allow it to discharge its duties. In particular, the Audit Board is authorised to commission reviews from the Firm's internal audit function (Required by Principle 10) to support their oversight role.

### 7.2 Resources

The Audit Board shall have access to sufficient resources to carry out its duties including access to the Firm's

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

Company Secretary and the UK General Counsel and may seek any information it requires from employees of the Audit Practice in order to perform its duties.

### **7.3 Independent Advice**

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

### **7.4 Regulatory Requirements**

The Audit Board shall give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.

### **7.5 Delegation**

The Audit Board may establish committees with the approval of LLP Board (whether temporary or permanent) from time to time, and the Audit Board may delegate any of its functions to such committees.

### **7.6 Disagreements**

In the event of a disagreement between Audit Board members with regard to recommendations made (or to be made) to the LLP Board, the Audit Board chair, at their own volition or at the request of any member of the Audit Board, shall notify the LLP Board chair in writing and a meeting to discuss the matter and, where relevant, agree a way forward shall be convened between the Audit Board chair, the LLP Board chair and the members of the Accountable Executive Committee.

### **7.7 Review**

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

In accordance with the requirements of the Audit Firm Governance Code, the performance of the Audit Board shall be subject to formal annual evaluation.

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

### 1. Constitution

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

### 2. Background

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

### 3. Purpose

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

### 4. Membership

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

### 5. Duties

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

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

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

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

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



partner remuneration, so as to ensure that:

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

- 5.1.3 Understand and advise the Audit Board in respect of the process for consideration of audit quality in the context of the selection of candidates for non-equity partner and the selection of candidates to be admitted to the partnership to practice as audit partners ('Audit Partner Promotion').
- 5.1.4 Receive an update on the outcome of the annual Audit Partner Promotion process including how audit quality has been considered as part of this. The Committee is to make recommendations to the Audit Board where the outcomes are found to be inconsistent with the process referred to in 5.1.3.

- 5.2 The Members of the Committee shall be provided an opportunity to provide feedback to the Chair of the LLP Board in the context of the annual review of the performance of the UK Head of Audit.
- 5.3 The Audit Board will consider the advice of the Committee with regard to the Audit Board's responsibilities to advise the LLP Board as detailed at 5.5.2 of the

Audit Board Terms of Reference. In the event that the Committee disagrees with the Audit Board's advice to the LLP Board, it shall address its concerns in accordance with paragraph 13.6, below.

## 6. Secretary

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

## 7. Quorum

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

## 8. Notice of meetings

Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Committee at least five calendar days before the date of the meeting or on such shorter notice as may be determined by the Committee chair. *Supporting papers shall be sent to Committee members and, as applicable, attendees in a timely manner to enable full and proper consideration to be given to issues.*

## 9. Attendance at meetings

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

## 10. Conflicts of interest

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

## 11. Meeting minutes

The Committee secretary (or their nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Committee members. Draft minutes will be circulated to all Committee members, as appropriate, taking into account any conflicts of interest that may exist.

## 12. Reporting responsibilities

- 12.1 The Committee chair shall report to the Audit Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 Finalised minutes of all Committee meetings shall be provided by the secretary of the Committee to the members of the Committee and the Audit Board following their finalisation after each meeting.

## 13. General matters

The Committee shall:

- 13.1 Have access to all relevant people and information to allow it to discharge its duties.
- 13.2 Have access to sufficient resources to carry out its duties including access to the Firm's Company Secretary and the UK General Counsel and may seek any information it requires from employees of the Audit Practice in order to perform its duties.
- 13.3 With the approval of the Audit Board, engage independent professional advice where it is judged necessary to discharge its duties.
- 13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 13.5 In the event of a disagreement between Committee members, the LLP Board shall be notified of the matters in dispute.
- 13.6 In the event it disagrees with the Audit Board's advice to the LLP Board regarding the matters set out at 5.5.2 of the Audit Board Terms of Reference, the Committee shall raise a concern with the Audit Board chair. Following that discussion, in the event that the concern remains unresolved, the Committee chair shall notify the LLP Board chair in writing and a meeting to discuss and agree a way forward shall be convened between the Committee chair, the Audit Board chair, the LLP Board chair and a representative from the Accountable Executive Committee.

## 14. Review and evaluation

- 14.1 The Committee shall annually review these terms of reference and may suggest to the Audit Board any amendments following its review. These terms of reference may only be amended, varied or revoked by the Audit Board.
- 14.2 The Committee, led by the Committee's chair, will carry out periodic reviews of

its own performance, and will agree and implement a plan to take forward any actions resulting from the evaluations.

## 6. Accountable Executive Committee - Terms of Reference

### 1. Constitution

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

Practice performance and financial resilience;

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

### 2. Background

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

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

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

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

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

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

- 2.2 Principle 21 requires that firms appoint one individual (or a small number of individuals with clearly defined and non-overlapping responsibilities) from the Senior Management team to be responsible and accountable for ensuring the Outcomes and Principles for Operational Separation are delivered, embedded and monitored. To accord with this Principle, with effect from 28 June 2024, individual members of the Accountable Executive Committee are nominally responsible and accountable for certain Principles, as specified in Appendix 1.

- 2.3 In discharging their duties, the members of the Accountable Executive Committee shall have regard to the resilience of the EY UK Audit Practice<sup>7</sup> (the '**Audit Practice**').

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

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

### 3. Purpose

Subject to individual members of the Accountable Executive Committee being nominally responsible and accountable for certain Principles, as specified in Appendix 1, the Accountable Executive Committee shall be responsible for the matters set out in paragraph 5 ('Duties').

### 4. Membership

- 4.1 The Accountable Executive Committee shall comprise the LLP Board chair, the UK&I Regional Managing Partner, the UK Financial Services Managing Partner and the Chief Financial Officer, UK.
- 4.2 The chair of the Accountable Executive Committee will be the UK&I Regional Managing Partner.

### 5. Duties

Subject to individual members of the Accountable Executive Committee being nominally responsible and accountable for certain Principles, as specified in Appendix 1, the Accountable Executive Committee shall:

- 5.1 Transitional duties
  - 5.1.1 Oversee EY's implementation of the Principles between 1 July 2021 and 30 June 2024.
  - 5.1.2 5.1.2 Oversee the approach to ongoing engagement and communications with the Financial Reporting Council (FRC) in relation to Operational Separation.
- 5.2 Scope of the separated Audit Practice
  - 5.2.1 Review and approve changes to the scope of the separated Audit Practice, where required.
- 5.3 Transfer pricing / financial
  - 5.3.1 Review and approve changes to the scope of transfer pricing agreements between the separated Audit Practice and those specialists supporting audit (and other permitted services provided by the Audit Practice who are located

outside of the scope of the separated Audit Practice, where required).

- 5.3.2 Oversee whether the overall distribution of profits to the partners in the separated Audit Practice and to those in the rest of the Firm is consistent with their respective contributions to Firm profits, with no material, structural cross subsidy persisting in either direction. **<Principle 17>**
- 5.3.3 Oversee the approach to absorption of Firm wide overheads for the separated Audit Practice. **<Principle 16>**

### 5.4 Reporting

- 5.4.1 Review and approve the publicly reported profit and loss account for the separated Audit Practice. **<Principle 16>**
- 5.4.2 Review the relevant sections of the annual Transparency Report and recommend changes where the content is not in line with the Outcomes. **<Principles 19 and 20>**
- 5.4.3 Oversee the Firm's approach to annually assessing that the Outcomes are being delivered in preparation for the FRC's related annual assessment.

### 5.5 Updates from Operational Separation Service Line Leads

- 5.5.1 Receive updates or escalations from Operational Separation Service Line Leads and resolve issues arising within the remit of the Accountable Executive Committee in relation to the following areas:
  - i Compliance with the scope of the separated Audit Practice.



- ii Compliance with transfer pricing agreements.
- 5.5.2 Receive updates or escalations, specifically from the UK&I Audit Chief Operating Officer and the UKFS Audit Chief Operating Officer where there are risks perceived to the achievement of the following Principles:
  - i Principle 13: 'Partners and staff in the Audit Practice should spend the majority of their time on work in the Audit Practice. Noting that this does not preclude the secondment of staff to other areas of the business (in either direction) or the appointment of audit partners to firmwide leadership roles.'
  - ii Principle 14: 'Revenues from audit work should make up at least 75% of the revenue of the Audit Practice.'

## 6. Secretary

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

## 7. Quorum

- 7.1 The quorum necessary for the transaction of business shall be two individual members present, inclusive of representation from UKI and UK Financial Services, save that no decision on a matter may be taken unless the member who is nominally responsible and accountable for the relevant Principle (as specified in Appendix 1) is present. Any Accountable Executive Committee member deemed (in accordance with paragraph 10) to have a conflict of interest with respect to a particular matter shall not be counted for the

purposes of this paragraph 7.1 for the relevant part of the meeting.

- 7.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference or other electronic means (provided that they can participate in the meeting).
- 7.3 A duly convened meeting of the Accountable Executive Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Accountable Executive Committee.

## 8. Notice of meetings

- 8.1 Meetings of the Accountable Executive Committee shall be called by the secretary of the Accountable Executive Committee at the request of the Accountable Executive Committee chair and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Accountable Executive Committee at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the Accountable Executive Committee chair. Supporting papers shall be sent to Accountable Executive Committee members at the same time but may be forwarded at shorter notice with the approval of the Accountable Executive Committee chair.
- 8.2 The Accountable Executive Committee chair in consultation with the other members of the Accountable Executive Committee may also act on matters arising or escalations from the Operational Separation Service Line Leads between meetings. Any such action will be reported at the next meeting and recorded in the minutes of that meeting.

## 9. Attendance at meetings

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

## 10. Conflicts of interest

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

## 11. Meeting minutes

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

## 12. Reporting responsibilities

- 12.1 The Accountable Executive Committee chair shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 Finalised minutes of all Accountable Executive Committee meetings shall be provided by the secretary to the Accountable Executive Committee to

the members of the Accountable Executive Committee, the Audit Board and the LLP Board following their finalisation after each meeting.

## 13. General matters

The Accountable Executive Committee shall:

- 13.1 Have access to all relevant people and information to allow it to discharge its duties.
- 13.2 Have access to sufficient resources to carry out its duties, including access to the Firm's Company Secretary and the UK General Counsel, and may seek any information it requires from employees of the Firm in order to perform its duties.
- 13.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.
- 13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 13.5 In the event of a disagreement between Accountable Executive Committee members, the member who is nominally responsible and accountable for the relevant Principle (as specified in Appendix 1) shall notify the LLP Board of the matters in dispute.

## 14. Review and evaluation

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

## Appendix 1: 5.2 Ongoing Accountability

Principles	LLP Board Chair	UKI regional MP	UKFS regional MP	UK CFO
<b>Governance</b>				
P1- Audit Board focused on high quality audits. LLP Board members focused on resilience		UKI	UKFS	
P2 - Audit Board/Management promote culture supportive of the Public interest				
P6 - Audit Board overseeing firm's strategy in line with OpSep objectives				
P8 - ANEs oversee process for Rem. and partner promotions. Partnership responsibility for partner admissions				
P10 - Audit Board has authority to commission IA reviews				
P3 - Audit Board chaired by an ANE and majority of ANEs	Firm-wide			
P4 - 1 x doubly independent ANE. Chair of Audit Board not to Chair another EY governance body				
P5 - Min, 1 ANE with prior audit experience				
P7 - Consult with Audit Board on changes to the Head of Audit. Get feedback				
P9 - Appointments to the Audit Board subject to a formal, rigorous & transparent process				
<b>Scope of the separate practice</b>				
P11 - Scope of services of Audit practice		UKI	UKFS	
P12 - Location of specialists and arms length transactions				
P13 - Majority of time on audit work. Not to preclude secondments/leadership roles				
P14 - 75% revenues in the audit practice from audit work				
<b>Financials</b>				
P15 - Arms-length transactions across the perimeter		UKI	UKFS	
P16 - Separate Audit P&L, including equitable IDCs				Firm-wide
P17 - Material alignment of distributions to audit partner profits		UKI	UKFS	
<b>Remuneration</b>				
P18 - Rem policies and practices consistent with Op Sep principles			UKI	UKFS
<b>Transparency</b>				
P19 - Disclosures on governance and TP arrangements in the Transparency Report	Firm-wide			
P20 - Publish P&L/submit budget within 4 months of year-end				Firm-wide
<b>Accountability</b>				
P21 - Accountability for OpSep being delivered, embedded and monitored	Firm-wide			

## 7. Risk Oversight Committee - Terms of Reference

### 1. Background

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

### 2. Purpose and remit

The role of the ROC is to support the LLP Board in respect of the Firm's risk monitoring and management and to support the profitable growth of the Firm through the effective management of risk. The ROC also provides a forum for discussion of the monitoring and management of risk including in relation to major programmes within the Firm. The remit of the ROC is set out in further detail in paragraph 4.

### 3. Membership

3.1 The ROC shall comprise at least five members (including the ROC Chair).

3.2 Membership shall include:

- ▶ An external Chair;
- ▶ The UK Head of Risk Management;
- ▶ The Head of UK Regulation & Public Policy;
- ▶ Other individuals with relevant risk management experience.

3.3 Members of the ROC, including the ROC Chair, shall be appointed by the LLP Board having been recommended for appointment by the Nomination Committee.

3.4 Members of the ROC, other than those that are members by virtue of their role, shall serve for a period of up to three years.

3.5 That initial period may be extended by a further term of up to three years by the Board on the recommendation of the Nomination Committee.

3.6 The members of the ROC shall have appropriate knowledge, skills and

expertise to fully understand and monitor the Firm's business model, risk strategy, risk profile and risk appetite.

3.7 The ROC Chair will provide periodic reports to the Chair of the UK LLP Board and to the Public Interest Board.

3.8 The Secretary to the ROC shall ordinarily attend ROC meetings.

### 4. Duties

4.1 Supporting the LLP Board in carrying out its risk management responsibilities:

4.1.1 Overseeing the development of an appropriate Risk Strategy taking account of the Firm's current and emerging risk profile and culture

4.1.2 Assessing the effectiveness of the management of risk across the Three Lines of Defence, including accountability and responsibility for risk management and controls;

4.1.3 Overseeing the processes for determining risk appetite, translating to tolerances, and reporting on out-of-appetite situations.

4.1.4 Ensuring the adequacy of the Firm's control environment for the management of risk;

4.2 Supporting the LLP Board in ensuring the Firm complies with all applicable

	professional regulatory and legal regulations.		management policies and amendments to existing policies
4.3	Overseeing the Risk Framework used for identifying, assessing, monitoring, and reporting risk. For the Board Risk Profile	4.6	Providing oversight of the annual budgets for risk management activities within its remit including Internal Audit activity.
4.3.1	Agreeing appropriate Principal Risks and Risk Drivers;	4.7	Overseeing Internal Audit activities
4.3.2	Determining Risk Appetite and Tolerances per Principal Risk;	4.7.1	Approving the appointment or termination of appointment of the Head of Internal Audit;
4.3.3	Reviewing the Vulnerability and Containability assessments per Principal Risk;	4.7.2	Reviewing and approving the role and remit of Internal Audit and confirming annually the Internal Audit charter is appropriate to the current needs of the Firm;
4.3.4	Overseeing processes for identifying emerging risks;	4.7.3	Approving the annual Internal Audit plan, ensuring that it is aligned to the risk profile of the Firm;
4.3.5	Assessing adequacy of the management of major risks to the UK Firm stemming from the existing change portfolio;	4.7.4	Ensuring that Internal Audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its remit and is equipped to perform in accordance with appropriate professional standards for internal auditors;
4.3.6	Ensuring adequate processes for assessing and monitoring the Firm's Risk and Compliance culture;	4.7.5	Reviewing reports and updates from Internal Audit, including management responses and implementation of recommendations; and
4.3.7	Overseeing the Firm's approach to Resilience; and	4.7.6	Reviewing, at least annually, the role and effectiveness of Internal Audit, and periodic consideration of whether an independent, third-party review is appropriate
4.3.8	Considering the impact of risk events on the Firm and its risk profile.		
4.4	Overseeing Risk Executive Committee (REC) to ensure the committee performs its duties effectively:		
4.4.1	Ensuring REC acts in line with its Terms of Reference and delegated authorities, focusing on the coverage of scope and effectiveness in performing its functions; and		
4.4.2	Reviewing a quarterly risk update from REC to understand its activities and key decisions		
4.5	Reviewing and approving key risk management artefacts. This would include approval of the new risk		
		5.	<b>Information and consultation</b>
			In carrying out its responsibilities, the ROC will seek information from and consult such other governance bodies and committees of the Firm as appropriate to the ROC's duties



## **6. Secretary**

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

## **7. Quorum**

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

## **8. Notice of meetings**

- 8.1 Meetings of the ROC shall be called by the Secretary of the ROC at the request of the ROC Chair and may be called at any time. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the ROC at least five calendar days before the date of the meeting or on such shorter notice as may be deemed necessary by the ROC Chair. Supporting papers shall be sent to ROC members at the same time but may be forwarded at shorter notice with the approval of the ROC Chair.
- 8.2 Approving urgent matters outside of the meeting cadence may be arranged as necessary with the approval of the ROC Chair. The method of approval will be directed by the Chair, e.g., calling an additional meeting or review by e-mail. The subsequent ROC meeting will formally note any decisions made

## **9. Attendance at meetings**

- 9.1 The ROC shall meet as a minimum on a quarterly basis to coincide with Board meetings.
- 9.2 ROC members have the right to attend all ROC meetings. Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but shall have no voting rights.
- 9.3 In the absence of the ROC Chair and/or an appointed deputy at a ROC meeting, the remaining members present shall elect one of themselves to chair the meeting..

## **10. Conflicts of interest**

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

## **11. Meeting minutes**

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

## **12. Reporting responsibilities**

- 12.1 The ROC Chair shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as to the Public Interest Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 Minutes of ROC meetings shall be disclosed to LLP Board members and Public Interest Board members where requested.

## **13. General matters**

The ROC shall:

- 13.1 Have access to all relevant people and information to allow it to discharge its duties.
- 13.2 Have access to sufficient resources to carry out its duties, including access to the Firm's Company Secretary and UK General Counsel, and may seek any information it requires from employees or members of the Firm in order to perform its duties
- 13.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.
- 13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies..
- 13.5 In the event of a disagreement between ROC members with regards to any recommendations made (or to be made)

to the LLP Board, the LLP Board shall be notified of the matters in dispute.

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

#### 14. Review and evaluation

- 14.1 The ROC shall annually review these terms of reference and may suggest to the LLP Board any amendments following its review. These terms of reference may not be amended, varied or revoked without the approval of the LLP Board.
- 14.2 The ROC will carry out periodic reviews of its own performance and the performance of its committees and will agree and implement a plan to take forward any actions resulting from the evaluations. The performance of the ROC will also be reviewed by the LLP Board at least once every three years.

## 8. Appendix A – Current list of Risk Oversight Committee Members

(updated as at 01.07.2023)

ROC Members	Title
Chris Bowles (Chair)	Executive Director, Risk Management
Christabel Cowling	Managing Partner, CBS
Jane Goldsmith	Managing Partner, Risk Management, UK
Jenny Clayton	Partner, Regulatory & Risk Management, UK FSO
Stuart Thompson	Partner, Risk Management
Michael-John Albert	Partner, Financial Services
Jon Hughes	UK&I Partner - Transformation Strategy Leader

## 9. Nomination Committee – Terms of Reference

### 1. Background

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

### 2. Purpose and remit

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

### 3. Membership

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

### 4. Duties

The Nomination Committee shall be responsible for:

- 4.1 Considering the candidates proposed to be appointed by the Firm as independent non- executives and making recommendations to the LLP Board in respect of the appointment of those individuals, and any extensions to the terms of such appointments;
- 4.2 Considering the representatives proposed to be appointed to the LLP Board by the UKI and FSO Regional Partner Fora and making recommendations to the Europe Operating Executive in respect of its appointment of those individuals, and any extensions to the terms of such appointments.
- 4.3 Considering the appointment to the LLP Board of Nominated Members where convened at the request of the LLP Board to do so and making recommendations to the LLP Board in respect of the appointment of those individuals, and any extensions to the terms of such appointments.
- 4.4 Considering the appointment and removal of members to the Audit Committee and Risk Oversight Committee where convened at the request of the LLP Board to do so and making recommendations to the LLP Board in respect of the appointment of those individuals, and any extensions to the terms of such appointments
- 4.5 Periodically reviewing the individual performance of the independent non-executive members of the Public Interest Board and Audit Board, save that the INE member of the Nomination Committee shall not take part in such reviews of individual performance or any discussion or decision-making in that regard.

### 5. Secretary

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

## 6. Quorum

- 6.1 The quorum necessary for the transaction of business shall be three. Any Nomination Committee member deemed to have a conflict of interest with respect to a particular matter shall not be counted for the purposes of this paragraph 6.1 for the relevant part of the meeting.
- 6.2 Members attending a meeting in person will count towards the quorum, as will members attending a meeting by telephone, videoconference, or other electronic means (provided that they can participate in the meeting).
- 6.3 A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

## 7. Notice of meetings

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

## 8. Attendance at meetings

- 8.1 The Nomination Committee shall meet once a year for the purposes of reviewing the individual performance of the independent non-executive members of the Public Interest Board and Audit

Board (paragraph 4.5) and on an ad hoc basis as required.

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

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

## 9. Decision making

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

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

## 10. Conflicts of interest

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

## 11. Meeting minutes

The Secretary of the Nomination Committee (or their nominee) shall minute the proceedings of all

Nomination Committee meetings, including the names of those present and in attendance and the nature and extent of any conflicts of interest declared by Nomination Committee members, and shall promptly circulate draft minutes to all Nomination Committee members following the meeting.

## 12. Reporting responsibilities

- 12.1 The Chair of the Nomination Committee shall report to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 Finalised minutes of all Nomination Committee meetings shall be provided by the Secretary to the Nomination Committee to the members of the LLP Board following their finalisation after each meeting.

## 13. General matters

The Nomination Committee shall:

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

employees of the Firm in order to perform its duties.

- 13.3 With the approval of the LLP Board, engage independent professional advice where it is judged necessary to discharge its duties.
- 13.4 Give due regard to any relevant legal or regulatory requirements, as well as any guidance or best practice issued by relevant regulatory bodies.
- 13.5 In the event of a disagreement between the Nomination Committee members with regard to any recommendations made (or to be made) to the LLP Board, notify the LLP Board of the matters subject to such disagreement.

## 14. Review and evaluation

- 14.1 The Nomination Committee shall review at least annually these terms of reference and may suggest to the LLP Board any amendments following such review. These terms of reference may not be amended, varied, or revoked without the approval of the LLP Board.
- 14.2 The Nomination Committee will carry out periodic reviews of its own performance and the performance of its committees and will agree and implement a plan to take forward any actions resulting from the evaluations.

## 10. Audit Committee – Terms of Reference

### 1. Background

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

### 2. Role of the Audit Committee

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

### 3. Responsibilities of the Chair

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

### 4. Responsibilities of the Audit Committee

- 4.1 Individual Audit Committee members have the following responsibilities:
  - 4.1.1 To review the financial statements of the UK LLP group and, if thought appropriate, recommend that



the financial statements are approved by the Board

- 4.1.2 Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- 4.1.3 Actively participate in meetings through attendance, discussion, and review of minutes, papers and other documents
- 4.1.4 Support open discussion and debate, and encourage fellow Audit Committee members and attendees to voice their insights
- 4.1.5 Follow up on agreed actions on a timely basis and be ready to report on them at the following meeting

## 5. General

### Membership

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

### 5.3 Quorum and Decision-making

#### Quorum

- 5.4 The quorum necessary for the transaction of business shall be a minimum of 3 Audit Committee members, one of whom must be the Chair.
- 5.5 A duly convened meeting of the Audit Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and

discretions vested in or exercisable by the Audit Committee.

- 5.6 In addition to attending in person, Audit Committee members can attend via video conference, telephone or other electronic means.
- 5.7 Other attendees may be invited to attend all or part of any meeting, as and when appropriate and necessary, but will have no voting rights.

### Decision-making Process

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

### Frequency of Meetings

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

### Agenda, Minutes, and Decision Papers

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

Audit Committee following the meeting.

#### **Proxies**

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

### **6. Reporting Responsibilities**

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

### **7. Other matters**

- 7.1 The Audit Committee shall:

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

- 7.2 The Audit Committee is authorised to:

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

11.Appendix B - List of Audit Committee members

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

## 12. Ultimate Responsibility Committee – Terms of Reference

### 1. Constitution and Background

#### 1.1 Constitution

The EY UK ISQM1 Ultimate Responsibility Committee ('URC') was established as a committee of the EY UK LLP Board ('LLP Board') in accordance with the EY LLP Partners' Agreement.

#### 1.2 Background

The URC has been formed in response to the EY Global System of Quality Management ('SQM') Policy ('SQM Policy') as adopted in October 2022.

In accordance with the SQM, the URC has established the ISQM1 Oversight Committee ('OC') and ISQM1 Operational Responsibility Committee to ('ORC') to support in the fulfilment of its duties.

### 2. Purpose

The purpose of the URC is to undertake the responsibilities of the individual(s) assigned to the ultimate responsibility and accountability SQM role as outlined in the SQM Policy and as updated from time to time:

- ▶ Fulfilling the SQM-related responsibilities as outlined in the SQM Policy.
- ▶ Evaluating the effectiveness of the Firm's SQM each year as of 30 June.
- ▶ Concluding that the Firm's SQM provided either:
  - ▶ Reasonable assurance that the objectives of the SQM are being achieved; or
  - ▶ Reasonable assurance that the objectives of the SQM are being achieved except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the SQM; or
  - ▶ No reasonable assurance that the objectives of the SQM are being achieved.

### 3. Membership

#### 3.1 Members

The URC shall comprise of at least four members (including the Chair of the URC).

Membership shall include ('Roles-based Members'):

- ▶ The Country Managing Partner ('CMP')
- ▶ The FS Managing Partner
- ▶ The FS Assurance Managing Partner
- ▶ The Head of Regulatory and Public Policy
- ▶ The UK CFO
- ▶ The UK Head of Audit
- ▶ Another key leadership role as agreed by URC

Appointments to the URC in addition to the Roles-based Members are made by the LLP Board, having regard to ensuring that, taken as a whole, the membership of the URC has the positional authority and influence over the Firm to support a quality-related organisational structure that enables the design, implementation and operation of the Firm's SQM and to promote a culture of quality in accordance with the Firm's Public Interest mandate.

Membership of the URC is dependent on individuals having:

- ▶ An understanding of SQM policies;
- ▶ Experience, knowledge, influence, authority and sufficient time to fulfil assigned SQM-related duties;
- ▶ An understanding of their SQM role, including the SQM-related responsibilities and that they are accountable for fulfilling them; and

- ▶ Demonstrating a commitment to quality through their actions and behaviours, including compliance with all personal independence and ethical requirements and continuing education and licencing requirements.

A Member may appoint a delegate subject to URC Chair approval and the delegate meeting the individual membership requirements as stated above.

### **3.2 URC Chair**

The URC Chair is the CMP. In instances where the CMP is absent when an urgent decision is required, the individual delegated overall CMP responsibility would assume that of the URC Chair.

### **3.3 Attendees**

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

### **3.4 Secretary**

The Firm's Company Secretary or their nominee shall be appointed as the secretary to the URC ('Secretary').

## **4. Meetings**

### **4.1 Quorum**

The quorum necessary for the transaction of business shall be two members, one being the CMP.

### **4.2 Decisions**

A decision of the URC on which a vote is called by a Member shall require a simple majority to pass. Except where conflicted, the URC Chair has a casting vote.

### **4.3 Conflicts of Interest**

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

### **4.4 Frequency**

Meetings shall be held quarterly or as otherwise agreed. The URC Chair may call a meeting at any time.

### **4.5 Notice**

Unless otherwise agreed, notice of meeting shall be sent to Members at least five calendar days ahead of the meeting date.

### **4.6 Papers**

Papers shall be circulated ahead of the meeting in a timely manner.

### **4.7 Minutes**

The Secretary shall minute the proceedings and decisions of all meetings.

## **5. Reporting Responsibilities**

### **5.1 LLP Board**

The URC shall report to the LLP Board after each URC meeting on proceedings on all matters within its duties and responsibilities, including but not limited to:

- ▶ Any matters to escalate with respect to the promotion of a culture of quality; and
- ▶ The conclusion of the SQM Annual Evaluation.

## **5.2 Regional Assurance Managing Partner ('RAMP')**

The outcome and conclusion of the SQM Annual Evaluation shall be communicated to the RAMP.

## **5.3 Regional Managing Partner ('RMP')**

Where the RMP is not also the CMP, the outcome and conclusion of the SQM Annual Evaluation shall be communicated to the RMP.

## **5.4 Engagement Teams and Other Individuals Assigned Activities within the SQM and External Parties**

If the annual evaluation conclusion is other than reasonable assurance that the objectives of the SQM are being achieved, the committee must take appropriate action and communicate on a timely basis information about the annual evaluation conclusion. This information is to be provided to engagement teams and other individuals assigned activities within the SQM including external parties in accordance with the Member Firm's policies or procedures.

# **6. Duties**

## **6.1 SQM Risk Assessment**

Agree or make final amendments to the results of the annual SQM risk assessment process, including the principal risks to SQM effectiveness and accompanying controls which are pre-approved by the ORC/OC.

## **6.2 SQM Monitoring**

Agree or make final amendments to matters regarding the Firm's Management's actions and workstreams to promote a culture of quality (which are pre-approved by the ORC/OC), including;

- ▶ How quality is embedded in strategic decision making, including financial and operational priorities;
- ▶ The sufficiency of quality-related communications to reinforce to all professionals their responsibilities and accountabilities for quality and expected behaviours;
- ▶ The adequacy of Firm communication channels; and
- ▶ Feedback from personnel on their experience of the Firm's culture, values and leadership.

Agree or make final amendments to material approved by ORC/OC with respect to:

- ▶ The ongoing effectiveness of the quality-related organisational design, including lines of communication, and assignment of roles, responsibilities and authorities;
- ▶ The design, implementation and execution of policies and procedures that mitigate the quality risks that address the quality objectives within the client acceptance and continuance of engagements within the scope of ISQM 1;
- ▶ The review and approval process to develop subject matter content of intellectual and technological resources to enable the operation of the SQM and to support the performance of engagements within the scope of ISQM 1;
- ▶ The design, implementation and execution of the policies and procedures that mitigate the quality risks that address quality objectives within engagement performance, including consultations.
- ▶ The SQM Monitoring Approach Plan, including the nature, timing and extent of testing of SQM Key Controls and completed engagements within the scope of ISQM 1.
- ▶ The results of the SQM Monitoring Activities, including the analysis of findings to identify deficiencies and the results of the root cause analysis to evaluate the severity and pervasiveness of deficiencies.

### **6.3 SQM Remediation – Quality Improvement Plans**

Agree or make final amendments to the Quality Improvement Plans, as approved by the ORC/OC.

Review progress against and effectiveness of Quality Improvement Plans.

### **6.4 SQM Annual Evaluation and Other Approvals**

On the recommendation of the ORC and as agreed by the OC, approve the qualified professionals to fulfil the ISQM 1 required roles and Service Line Function SQM responsibilities.

On the recommendation of the ORC and as agreed by the OC, approve the allocation and assignment of investments in sufficient resources to support the SQM.

On the recommendation of the ORC and as agreed by the OC, review, challenge and approve on behalf of the Firm the outcome and conclusion of the SQM Annual Evaluation.

## **7. Other**

### **7.1 Delegation**

The URC may delegate tasks, actions or activities to the other SQM committees to support in the fulfilment of its duties.

### **7.2 Review**

These Terms of Reference shall be subject to annual review.

In accordance with the requirements of the Audit Firm Governance Code, the performance of the URC shall be subject to formal annual evaluation.



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