

Terms of Reference for the UK Oversight Board

1. Constitution

- 1.1. The UK Oversight Board (UKOB) is constituted in accordance with the Deloitte LLP Partnership Agreement.
- 1.2. The expressions used but not defined in these terms of reference shall have the meanings given to them in Schedule 8 (*Definitions*) to the Deloitte LLP Partnership Agreement.

2. Membership

- 2.1. The members of the UKOB shall comprise:
 - a) three UK Partners, appointed by the Firm, in consultation with the UKOB, who are also NSE Board Members (i.e. elected members of the NSE Board), one of whom shall be the Chair of the UKOB;
 - b) the Independent Non-Executives (INEs), each appointed by the Firm, in consultation with the UKOB, excluding any INE who is a 'doubly independent' member of the Audit Governance Board;
 - c) the UK CEO; and
 - d) the UK Managing Partner.

3. Independent Non-Executives

- 3.1. Each INE shall, subject to the terms of his or her appointment, hold office for a period of three (3) years commencing on such date as is determined by the Firm, in consultation with the UKOB. At the end of any period of office an INE may be reappointed by the Firm, in consultation with the UKOB, and shall hold office for such further period or periods as the Firm may determine.
- 3.2. If an INE becomes a UK Partner or employee of the Firm during his or her period of office as an INE, such INE shall retire as a member of the UKOB from such date as the Firm shall determine.
- 3.3. If any situation arises in respect of any INE which amounts to a professional conflict of interest or a breach of the independence requirements of the Firm from time to time, such INE shall cease to be a member of the UKOB with effect from such date as the Firm shall determine.

4. Secretary

- 4.1. The members of the UKOB shall appoint a secretary. The secretary shall be a member of the Firm's staff and shall not also be a member of the UKOB. Whilst holding the office of secretary, the secretary shall be entitled to attend meetings of the UKOB but shall not be entitled to vote.

5. Quorum, voting rights and procedure

5.1. The quorum for any meeting of the UKOB shall be:

- a) the Chair of the UKOB;
- b) at least two of the INEs; and
- c) the UK CEO

present in person or by proxy.

5.2. With the exception of the INEs (none of whom shall have any voting rights) each member of the UKOB shall, subject to the provisions of this paragraph 5.2, have one equal vote. Where the votes held by qualifying Partners on the UKOB are insufficient to ensure compliance with the ICAEW Regulations, such additional number of votes as are required to ensure compliance with the ICAEW Regulations shall, unless the Firm determines otherwise, be conferred on qualifying Partners on the UKOB in the manner approved by the Firm and adopted by the UKOB from time to time. In exercising such additional votes, such qualifying Partners on the UKOB shall take account of the interests of the Firm as a whole.

5.3. All decisions of the UKOB shall be made by a simple majority of the votes of those present (in person or by proxy) who are entitled to vote. In the event of a tie of the votes of those UKOB members present who are entitled to vote, the Chair of the UKOB shall have the casting vote.

5.4. The Chair of the UKOB shall appoint a member of the UKOB to act as Deputy Chair.

5.5. Each UKOB member who attends a meeting of the UKOB by telephone or by any other communication equipment which allows those present to hear and speak to each other shall be deemed to be present in person at such meeting for all purposes and shall be counted in the quorum accordingly.

5.6. Each member of the UKOB shall be entitled to appoint in writing, in a form approved by the UKOB, another member of the UKOB as his or her proxy to represent him or her, and/or to vote on his or her behalf at any meeting of the UKOB at which he or she is not present. For the avoidance of doubt, such proxy voting can only be granted to other voting members of the UKOB, and therefore cannot be granted to any of the INEs.

5.7. Save as set out herein, the UKOB shall determine its own procedures.

6. Attendance at Meetings

6.1. Subject to paragraph 4.1 above and paragraph 6.2 below, only members of the UKOB shall have the right to attend meetings of the UKOB. Other members of the NSE and UK Executives, other members of the NSE Board, members of the Colleague Advisory Forum, other relevant or expert person(s) and representatives of the external auditors may attend meetings at the invitation of the Chair of the UKOB.

6.2. The Managing Partner Quality, Risk & Security and the UK business's Head of Internal Audit shall be permanent attendees at the meetings of the UKOB.

6.3. At least once a year, the UKOB shall meet with the Firm's external auditors.

7. Frequency of Meetings

7.1. Meetings are held not less than five times a year and more frequently as circumstances require.

8. Duties and Responsibilities

In conjunction with those of the Audit Governance Board, the specific duties and responsibilities of the UKOB have been drafted to allow the UK business to comply fully with its legal and regulatory governance responsibilities, and to assist the INEs in discharging their responsibilities.

The UKOB shall oversee matters relevant to its remit, including engaging with the Audit Governance Board and Non-Executive Committee to obtain their input for consideration.

Where appropriate, the UKOB leverages work performed by other governance bodies in the UK and across NSE to avoid unnecessary duplication. The UKOB takes relevant advice and recommendations from the Audit Governance Board into consideration when executing its duties and responsibilities.

In relation to all its duties and responsibilities, the UKOB shall receive a strategy update from the UK CEO on the implementation of the NSE strategy in the UK, as it relates to the objectives of the UKOB, for consideration and information.

8.1. Risk Management

8.1.1. Receive a report from the UK Head of Quality, Risk & Security on:

- the risk management policies and procedures in place in the UK
- the effectiveness of the system of internal control
- the Information Security framework in place across the UK business, and any present material risks, including data privacy
- the UK Enterprise Risk Framework
- the results of the internal practice and portfolio reviews, including client acceptance and take-on procedures
- the status of contentious matters
- regulatory registrations and inspections (FCA, ICAEW)
- compliance with the FCA SMCR regime
- financial risks and compliance from the UK MLRO
- independence and conflicts of interest matters related to the UK that require external reporting

8.2. Resilience and contingency planning

- 8.2.1. Oversee the financial performance of the UK business, impending litigation and other contingent liabilities, UK investment strategy (technology, training, resourcing), and the liquidity and capital position of the UK business.
- 8.2.2. Oversee procedures for ensuring no material, structural cross subsidy persists between the Audit & Assurance business and the rest of the UK business.
- 8.2.3. Oversee the UK business's contingency and business continuity plans.

8.3. Ethics, whistleblowing and culture

- 8.3.1. Receive reports from the UK Ethics Partner on the procedures in place for ensuring ethical conduct.
- 8.3.2. Receive reports from the UK Ethics Partner on whistleblowing matters raised and actions taken, including oversight of the non-financial conduct reporting to the FRC.
- 8.3.3. Oversee the procedures in place for promoting an appropriate culture, including oversight of monitoring activities.

8.4. Partner Matters and People Management

- 8.4.1. Oversee people management policies and procedures for the UK business as a whole, including remuneration and incentive structures, and measures for ensuring the public interest is protected. This does not involve the UKOB having any consideration of, nor input into, the compensation or evaluation of any individuals.

8.5. Reputation, public interest and stakeholder engagement

- 8.5.1. Receive a report from the UK Public Policy Lead on the risks to the reputation of the UK business and how they are being managed.
- 8.5.2. Receive reports from non-audit service line leadership on the procedures in place within the UK for safeguarding quality and reputation in less heavily regulated areas of the business, and for avoiding conflicts of interest.
- 8.5.3. Receive reports from the Chair of the Public Interest Review Group (Tuesday Group) and other relevant forums on matters considered, including public interest guardrails and trends.

8.6. Member firm standards

- 8.6.1. Oversee the UK business's compliance with NSE / DTTL policies and procedures as they relate to the UK and any reports carried out at NSE level that have implications for the UK business.

8.7. Internal audit and reporting

- 8.7.1. Receive a report from the UK Head of Internal Audit on internal audit arrangements as they relate to the UK and any reports carried out at NSE level that have implications for the UK business.

8.8. External audit and reporting:

- 8.8.1. Oversee external audit arrangements in respect of the Deloitte LLP statutory accounts.

8.8.2. Monitor the integrity of the Deloitte LLP financial statements and any formal statements or announcements relating to the UK business's governance and financial performance.

8.8.3. Approve the annual financial statements of Deloitte LLP.

9. Rights

9.1. The UKOB has the following rights to enable it to carry out its duties:

- To report and escalate certain concerns to the NSE Board, after due consultation with, and notification to, the UK Executive and the UK CEO.
- In addition, the INEs have a right to report any fundamental disagreement regarding the UK business (via the UKOB or directly) to the UK Executive and, if that does not bring resolution, to report to and request a meeting with the NSE CEO and NSE Chair.
- The INEs have the opportunity to report and discuss any matter with the Financial Reporting Council, or any other relevant regulator of the Firm, as part of their normal regular engagement.
- The UKOB, and the INEs who are members of the UKOB, are allocated a Chief of Staff to support them in meeting their duties and responsibilities.
- Access to all relevant information and people, including the UK Executive.
- Access to sufficient resources in order to carry out its duties, including access to the Office of the General Counsel for assistance as required.
- Access to other independent professional advice, and relevant internal firm resources, where it is judged necessary to discharge its duties.
- To report matters within the remit of UKOB to the UK Partnership Council, as appropriate.
- One of the INEs shall have a standing invitation to attend the Partnership Council meetings.
- The 'doubly independent' INE member of the Audit Governance Board shall have a standing invitation to attend relevant and appropriate parts of the meetings of the UKOB as an observer, where such attendance does not compromise their 'double independence'.

10. Other matters

10.1. Appointments and removals of INEs by the Firm to/from the UKOB are subject to the terms of their individual service contracts.

10.2. The terms of reference of the UKOB shall be subject to review by the Firm, in consultation with the UKOB, at least every 12 months and may be amended by decision of the Firm, in consultation with the UKOB.

10.3. The performance of the UKOB shall be measured through a series of specified KPIs that shall be reported against in the UK Transparency Report, as appropriate.

10.4. The effectiveness of the UKOB shall be subject to periodic review, using third parties as appropriate.