

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. Objectives

- 2.1. In conjunction with the Audit Governance Board, the UKOB is constituted to support the Firm in complying fully with its legal and regulatory governance responsibilities, and to assist the Independent Non-Executives in discharging their governance responsibilities.
- 2.2. The UKOB shall act in accordance with these terms of reference to promote the long-term sustainability and resilience of the Firm and ensure the public interest is taken into account in decision-making.
- 2.3. The UKOB shall oversee the activities of the Firm that are of relevance to its remit (as set out in Clause 10 below) and provide constructive challenge, advice and recommendations to the UK Executive Group.

3. Membership

- 3.1. The members of the UKOB shall comprise:
 - a) no less than 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 (Elected Partner Members);
 - b) no less than 3 Independent Non-Executives (INEs), each appointed by the Firm, in consultation with the UKOB, excluding any INE who is a 'Doubly Independent' Non-Executive member of the Audit Governance Board; and
 - c) the UK CEO and the UK Managing Partner (Executive Members).
- 3.2. Amongst the Elected Partner Members and Executive Members, there shall be a majority of qualifying Partners (as defined in the Deloitte LLP Partnership Agreement).

4. Independent Non-Executives

- 4.1. Each INE shall, subject to the terms of their 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, not exceeding a maximum tenure of nine (9) years in aggregate.

- 4.2. If an INE becomes a UK Partner or employee of the Firm during their period of office as an INE, such INE shall retire as a member of the UKOB from such date as the Firm shall determine.
- 4.3. If any situation arises in respect of any INE which amounts to a continuing 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.
- 4.4. A Nomination Committee shall lead the process for appointments and re-appointments of INEs and consider gaps in the diversity of their skills and experience.

5. Secretary

- 5.1. 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.

6. Quorum, voting rights and procedure

- 6.1. 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.

- 6.2. With the exception of the INEs (none of whom shall have any voting rights) each member of the UKOB shall have one equal vote.
- 6.3. All decisions of the UKOB on which a vote is called by a voting member of 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.
- 6.4. The Chair of the UKOB shall appoint a member of the UKOB to act as Deputy Chair.
- 6.5. Each UKOB member who attends a meeting of the UKOB by audio or video conference 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.
- 6.6. 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 their proxy to represent them, and/or to vote on their behalf at any meeting of the UKOB at which they are 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.

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

7. Conflicts of interest

7.1. If a proposal considered by the UKOB is one where a UKOB 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.

7.2. The decision of the Chair as regards whether a member has a conflict of interest is determinative. If the question of conflict relates to the Chair, the decision of the other voting UKOB members in attendance (acting by a simple majority) is determinative.

8. Attendance at Meetings

8.1. Subject to paragraph 5.1 above and paragraph 8.2 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, other relevant or expert person(s) and representatives of the external auditors may attend meetings at the invitation of the Chair of the UKOB.

8.2. The UK Chief Risk Officer (UK CRO), UK General Counsel, UK Chief Financial Officer, and the UK business's Head of Internal Audit shall be permanent attendees of UKOB.

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

9. Frequency of Meetings

9.1. Meetings are held not less than six times a year and more frequently as circumstances may require.

10. Duties and Responsibilities

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 respect of all its duties and responsibilities, the UKOB shall receive reports from the NSE Audit & Risk Committee and Transformation Sub-Committee Chairs on matters discussed at their meetings that are of relevance to the UK business and where there has not been an equivalent UK update to UKOB.

The NSE Board Chair shall be invited to attend one UKOB meeting each year to update on NSE Board discussions of relevance to the objectives of UKOB.

The specific duties and responsibilities of UKOB are set out below in this section 10.

10.1. Strategy

10.1.1. At each UKOB meeting, receive a practice update from the UK CEO and the UK Managing Partner to consider:

- the UK strategy, operations and performance, as they relate to the objectives and remit of UKOB;
- Global and NSE strategy and performance as they relate to the UK business and the objectives and remit of UKOB;
- Global, NSE and UK strategic plans and their impact on the UK business;
- the UK annual business plan and long-term plans in the context of their ability to support the long-term sustainability and resilience of the UK business; and
- reports from the individual Non-Audit & Assurance Managing Partners on the strategy, operations and performance of their respective areas of the UK business.

10.2. Risk Management

- Oversee the effectiveness of the risk management policies and procedures in place in the UK.
- Consider the effectiveness of the system of internal control system of quality management and compliance with ISQM 1, QC1000 and other relevant regulations.
- Consider the principal risks facing the UK business, including those that could threaten its business model, future performance, solvency or liquidity and the actions being taken to mitigate the risks.
- Oversee the Information Security framework in place across the UK business, and any present material risks, including cyber security and data privacy.
- Receive regular updates from the UK CRO on the status of significant claims and investigations against the Firm and any involving other firms in the Deloitte Network that could impact the resilience or reputation of the UK business.
- Receive an annual update from the UK MLRO on financial crime risks and compliance.
- Receive an annual update from the UK Director of Independence regarding independence and conflicts of interest matters.

10.2.1. Receive an update from the NSE Audit Risk Committee on any matters of relevance to the Firm.

10.3. Resilience and contingency planning

10.3.1. Oversee the financial performance of the UK business, impending litigation and other contingent liabilities, UK investment strategy (including in respect of

technology, training and resourcing), and the liquidity and capital position of the UK business.

10.3.2. Oversee the procedures for ensuring no material, structural cross subsidy persists between the Audit & Assurance business and the rest of the UK business.

10.3.3. Oversee the UK business's contingency and business continuity plans. The role of the UKOB in the event of an existential crisis shall be as set out in the UK Contingency Plan.

10.4. Ethics, whistleblowing and culture

10.4.1. Oversee the policies and procedures in place for ensuring ethical conduct, including oversight of monitoring activities.

10.4.2. 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.

10.4.3. Oversee the procedures in place for promoting an appropriate culture, including oversight of monitoring activities.

10.5. Partner Matters and People Management

10.5.1. Oversee people management policies and procedures for the UK business as a whole, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure 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.

10.5.2. Establish engagement mechanisms to assist UKOB in understanding the views of the Firm's people.

10.5.3. Designate one INE as having primary responsibility for engaging with the Firm's people

10.6. Reputation, public interest and stakeholder engagement

10.6.1. Receive reports from the individual non-Audit & Assurance Managing Partners and Quality & Risk Leads on the procedures in place within their respective areas of the business for safeguarding quality and reputation, and for avoiding conflicts of interest.

10.6.2. Receive reports from the Chair of the Public Interest Review Group and other relevant forums on matters considered, including public interest guardrails and trends.

10.6.3. Support the UK business as necessary in its engagement with relevant regulators and professional bodies of the Firm.

10.7. Member firm standards

10.7.1. 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.

10.8. Internal audit and reporting

10.8.1. The responsibilities, principles and practices followed when providing internal audit services across NSE, including for reporting to local geography governance bodies, are also set out in the Deloitte NSE LLP Internal Audit Protocol.

10.8.2. UKOB shall monitor and review the effectiveness of the UK Internal Audit function, including to:

- provide input into management decisions regarding the appointment, resignation or dismissal of the UK Head of Internal Audit;
- review and discuss with the UK Head of Internal Audit, the scope of work of the UK Internal Audit function, its plans, the findings identified as a result of its internal audits and how management is addressing these findings;
- review and discuss with the UK Head of Internal Audit to ensure that the UK Internal Audit function is adequately resourced, and has appropriate authority and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- review and discuss with the UK Head of Internal Audit to ensure that the UK Internal Audit function has adequate standing within the UK business and is free from management or other restrictions; and
- review co-ordination between the Global, NSE and UK Internal Audit functions and between the UK Internal Audit function and the UK external auditor

10.8.3. Receive reports on internal audits undertaken at NSE or Global level that have implications for the UK business.

10.8.4. Consider and approve the UK annual Internal Audit Plan for inclusion in the NSE Internal Audit Plan.

10.9. External audit and reporting:

10.9.1. Establish a Sub-Group of the UKOB (Sub-Group) to assist and support the UKOB in discharging its responsibilities regarding, but not limited to, (i) UK financial and non-financial reporting and (ii) UK internal and external audit matters. The Sub-Group shall formally report to the UKOB on its findings and make recommendations for the UKOB's consideration, however any decision-making and/or necessary approvals shall be undertaken by the UKOB.

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

10.9.3. 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.

10.9.4. Oversee UK ESG and other non-financial reporting, including the related assurance arrangements.

10.9.5. Approve the annual financial statements of Deloitte LLP in accordance with the Deloitte LLP Partnership Agreement.

11. Rights

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

- To report and escalate certain concerns for consideration or re-consideration to the UK Executive, NSE Board or NSE No3 Limited, depending on the circumstances.
- 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 Chair and/or CEO of Deloitte NSE LLP.
- 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 and Culture Council meetings.
- The 'Doubly Independent' Audit Non-Executive member of the Audit Governance Board shall have a standing invitation to attend appropriate parts of the meetings of the UKOB of relevance to the resilience of the Audit & Assurance business, as an observer, where such attendance does not compromise their 'double independence'. The rationale for such attendance shall be agreed with the UKOB Chair in advance and recorded in the minutes of the relevant meeting.

12. Other matters

- 12.1.** Appointments and removals of INEs by the Firm to/from the UKOB are subject to the terms of their individual service contracts.
- 12.2.** The terms of reference of the UKOB shall be subject to review by the UKOB at least every 12 months and may be amended from time to time.
- 12.3.** 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.
- 12.4.** The effectiveness of the UKOB shall be subject to periodic review, using third parties as appropriate.