

EY UK – Terms of Reference for the LLP Board

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1. Background

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**') and the Audit Firm Governance Code. 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. Capitalised terms not otherwise defined in these terms of reference shall have the meaning given to them in the Partners' Agreement.

2. Purpose and remit

2.1 The LLP Board is responsible for overseeing the general and operational management of the Firm as a whole, including overseeing the activities of executive management and upholding the Firm's commitment to the public interest. The LLP Board is not responsible for the executive management of the Firm.

2.2 In accordance with the Partners' Agreement, the LLP Board has constituted various committees to provide the LLP Board with support and appropriate recommendations on matters within their remit. The LLP Board may delegate its authority for certain matters to those committees or any other individuals the LLP Board may select.

2.3 The Board's responsibilities include but are not limited to:

2.3.1 determining the matters reserved for the Board's decision in accordance with Appendix 1;

2.3.2 overseeing the strategic direction of the Firm, and the general and operational management of the Firm in line with the Partners' Agreement;

2.3.3 promoting and protecting the interests of the Firm, including overseeing compliance with all applicable professional regulatory and legal requirements and applicable standards of corporate governance, in relation to the activities of the Members on behalf of the Firm both in the UK and globally;

2.3.4 setting and monitoring high standards for the commercial, financial and reputational interests of the Firm;

2.3.5 providing supportive and constructive challenge to the executive leadership of the Firm and oversight of decision making in the best interests of the Firm as a whole, whilst upholding the Firm's commitment to the public interest;

2.3.6 overseeing the risk management of the Firm, understanding risk management principles and protecting the Firm's resilience;

2.3.7 overseeing the internal control framework for the Firm;

2.3.8 overseeing the culture of the Firm and its ethical framework;

2.3.9 (notwithstanding the reporting lines within the business) understanding the performance of the business in which the Members participate to enable the successful operation of all business activities conducted by the Members on behalf of the Firm;

2.3.10 enhancing the Firm's role and contribution to the global EY organisation;

2.3.11 ensuring appropriate plans for the succession of senior

executives or other key officers of the Firm are in place;

- 2.3.12 providing feedback on the performance of the CMP in accordance with the Firm's performance management procedures including any considerations that the LLP Board considers should be taken into account in determining the remuneration of the CMP for the appropriate period;
- 2.3.13 maintaining oversight of and reviewing the remuneration of the Chair and the CMP;
- 2.3.14 maintaining oversight of and reviewing the remuneration of the members of the LLP Board (as well as, where appropriate, former members of the LLP Board during the period immediately following expiry of their term) to the extent deemed appropriate and proportionate by the LLP Board from time to time;¹ and
- 2.3.15 such other matters or powers as are reserved to or delegated to the Board, in accordance with the Partners' Agreement.

3. Chair

- 3.1 The UK Chair acts as the chair of the LLP Board (the '**LLP Board Chair**').
- 3.2 The UK Chair shall be appointed in accordance with processes determined by the Nomination Committee and may serve for a maximum term as may be determined by the LLP Board from time to time having regard to established principles of good corporate and audit firm governance.
- 3.3 The appointment of the Chair may be subject to a vote of Members, at the determination of the Nomination

Committee (or any such other committee as the LLP Board may determine).

4. Membership

- 4.1 The LLP Board shall comprise the UK Chair; the UK CMP; the UK Chief Financial Officer (the '**CFO**'); one Partner Forum representative (who also serves on the Global Governance Council); and up to seven additional members who are members of the Firm and who have been appointed following a recommendation by the Nomination Committee to the Board and pursuant to a process determined by the Nomination Committee in accordance with the Partners' Agreement, which may include a vote of Members. All members of the LLP Board are formally appointed by the LLP Board.
- 4.2 The LLP Board shall comprise at least ten members (including the Chair).
- 4.3 In exercising its functions, the Nomination Committee and the LLP Board will ensure where practicable that at least half of the firm's Board is selected from among partners who do not have significant management responsibilities within the Firm.
- 4.4 The CMP is appointed by the LLP Board in accordance with the Partners' Agreement.
- 4.5 LLP Board members and the Chair (other than the CMP, CFO and Partner Forum Member) serve for an initial period of up to three years as recommended by the Nomination Committee.
- 4.6 That initial period may be extended by a further term of up to three years by the LLP Board on the recommendation of the Nomination Committee and re-appointment may be subject to a Partner vote.

¹ For clarity, in exercising this function, members of the Board may also maintain oversight of and review career progression of the members of the LLP Board.

5. Secretary

The Firm's Company Secretary will be appointed as the secretary to the LLP Board and shall ensure that the LLP Board receives information and papers in a timely manner to enable full and proper consideration of all issues.

6. Quorum

6.1 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 hold the appropriate qualification and not less than half the LLP Board membership. Any LLP Board 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 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 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.

7. Notice of meetings

7.1 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 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.

7.2 Supporting papers together with an agenda of items to be discussed, shall be sent to LLP Board members not less than five calendar days before the date of the meeting but may be forwarded at

shorter notice with the approval of the LLP Board Chair.

8. Attendance at meetings

8.1 The LLP Board shall meet at least four times a year.

8.2 The Firm's Independent Non-Executives may attend, but shall have no voting rights. 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 LLP Board Chair and/or an appointed deputy at an LLP Board meeting (or where the LLP Board Chair has a conflict of interest on any relevant matter to be decided), the remaining members present (other than the LLP Board Chair) shall elect one of themselves to chair the meeting. The ex-officio members (CMP, CFO and Partner Forum member) shall not chair the meeting.

8.4 The frequency of meetings shall be spaced out across the year to assist the LLP Board in discharging its duties effectively. In the event that a decision is required outside of the meeting cycle, an additional meeting may be convened, subject to sufficient notice to the LLP Board unless waived by the LLP Board, or made by written decision (including via email) and shall be effective if approved by members of the LLP Board together holding a simple majority of the total number of voting rights of all members of the LLP Board as if it were approved at a physical meeting.

9. Decisions in writing

9.1 The LLP Board may make a decision in writing (including via email) and such a decision shall be effective as if it was made at a meeting of the LLP Board, if approved by the LLP Board members in accordance with the Partners' Agreement.

10. Conflicts of interest and confidentiality

10.1 If a proposal considered by the LLP Board is one where an LLP 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 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.

10.2 LLP Board members shall treat all information and documentation obtained with the necessary discretion. Confidential information shall not be disclosed outside the LLP Board, made public or otherwise made available to third parties, even after resignation from the LLP Board, unless it has been made public by the Firm or it has been established that the information is already in the public domain.

10.3 Each LLP Board member shall immediately disclose any potential conflict of interest to the LLP Board. These conflicts of interest shall be recorded by the Company Secretary.

11. 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.

12. General matters

12.1 The LLP Board shall:

12.1.1 have access to all relevant people and information to allow it to discharge its duties, which, in so far as is possible, shall include access to the same information as is

available to the executive; and

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

12.2 The LLP Board is authorised to:

12.2.1 undertake any activity within its terms of reference; and

12.2.2 seek any information it requires from any employee or member of the Firm in order to perform its duties.

13. Review and evaluation

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

13.2 The LLP Board will carry out annual reviews of its own performance, performance of its members, 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.

13.3 The Board will consider instructing an external adviser to facilitate a review of the effectiveness of the LLP Board at least once every three years.

Appendix I

Schedule of Matters reserved for the Board

This schedule sets out the matters specifically reserved for the Board's decision as required in Provision 4 of the Audit Firm Governance Code, 2022.

There are a number of matters which are required to be or, in the interests of the Firm, should only be decided by the LLP Board as a whole. These matters are:

- (i) approving the statutory accounts of the Firm in accordance with the Partners' Agreement;
- (ii) approving the business plan and the budget of the Firm;
- (iii) approving the appointment, and removal, of Designated Members;
- (iv) appointing Independent Non-Executives and Audit Non-Executives on the recommendation of the Nomination Committee, in accordance with the Partners' Agreement;
- (v) appointing a person to deputise as the CMP or the Chair in the event of the CMP or the Chair's temporary incapacity;
- (vi) removal of a member of the LLP Board from their office as member of the LLP Board prior to the expiry of their term by a Supermajority Board Decision;
- (vii) removing the Chair from office as a member of the LLP Board and as Chair of the Firm prior to the expiry of their term by a Supermajority Board Decision;
- (viii) appointing an interim chair in the event the Chair is removed or resigns from office prior to the expiry of their term;
- (ix) appointing and removing the CMP of the Firm by a Supermajority Board Decision and in accordance with the Partners' Agreement;
- (x) extension of the membership of a Partner beyond retirement age;
- (xi) waiver of clause 13.2.12 of the Partners' Agreement;
- (xii) removal of a member of the Firm pursuant to the Partners' Agreement;
- (xiii) approval of additional profit share to a Partner on whom notice is served under clause 11.5 of the Partners' Agreement;
- (xiv) approving any matters required to be approved by the Board due to applicable law or regulation;
- (xv) approving any combination, sale, transfer or other disposal (in one transaction or in a series of related transactions) of any part of the business, assets or rights of the Firm;
- (xvi) approving any acquisition by the Firm of any business, assets or rights;
- (xvii) approving any investment in or by reference to the Firm, including any change to the capital and funding structure of the Firm; and
- (xviii) calling a vote of Members where required and permitted to do so in accordance with the Partners' Agreement.
- (xix) approving a change of registered office address pursuant to the Partners' Agreement.
- (xx) approving the decision to make a claim against any member or former member of the firm pursuant to the Partners' Agreement.
- (xxi) Approval for a member to draw against the sum standing to the credit of their Capital Account pursuant to the Partners' Agreement.

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