

Terms of Reference for the UK Oversight Board

1. Constitution

1.1 The UK Oversight Board (“the UKOB”) is a committee constituted in accordance with the Deloitte LLP Partnership Agreement.

2. Membership

2.1 The members of the UKOB shall comprise:

- a) The UK CEO and UK Head of Audit;
- b) Three UK partners who are also elected members of the NWE Board, one of whom shall be the Chairman of the UKOB; and
- c) Three Independent Non-Executives.

3. Secretary

3.1 The members of the UKOB shall appoint a secretary.

4. Quorum and voting rights

4.1 The quorum for any meeting of the UKOB shall be:

- a) The CEO;
- b) The Chairman of the UKOB and at least one other of the three UK partner members of the UKOB; and
- c) At least two of the Independent Non-Executives,

4.2 With the exception of the Independent Non-Executives (none of whom shall have any voting rights) each member of the UKOB shall have one equal vote.

4.3 The majority of voting rights on the UKOB will be held by partners with the relevant audit qualification.

5. Attendance at Meetings

5.1. Only members of the UKOB shall have the right to attend meetings of the UKOB. Other members of the NWE and UK Executive, other relevant or expert person(s), representatives of the external auditors and the firm’s Internal Audit and Quality, Risk and Security functions may attend meetings at the invitation of the Chairman of the UKOB.

6. Frequency of Meetings

6.1 Meetings are held not less than four times a year and more frequently as circumstances require. The external auditors, the head of the Internal Audit function, and the UK Managing Partner, Quality Risk and Security, may request a meeting with the UKOB or its Chairman if they consider that one is necessary. At least once a year, the UKOB meets respectively with the external auditors and with the head of the Internal Audit function.

7. Proxies

- 7.1 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 to vote on his or her behalf at any meeting of the UKOB at which he or she is not present.

8. Duties and Responsibilities

The specific duties and responsibilities of the UKOB have been drafted to allow the UK Firm to meet best practice and comply fully with its legal and regulatory responsibilities and to allow the INEs to discharge their responsibilities. At the same time the UKOB will leverage work performed elsewhere across NWE where appropriate to avoid unnecessary duplication.

The responsibilities fall into two broad categories: oversight of management and oversight of risk.

8.1 Management oversight

8.1.1 Audit quality:

- Receive a report from the UK Head of Audit on the impact of NWE initiatives on UK audit quality.
- Oversee the firm's procedures for ensuring the delivery of high quality and robust audits.
- Oversight of the results and responses to any FRC and ICAEW audit inspections.

8.1.2 Public interest:

- Engage with audit regulators, investors, listed companies and their audit committees on matters covered by the AFGC to enhance stakeholder confidence in public interest aspects of the firm.
- Receive reports on the UK firm's management of reputational risks.
- Review and approve the UK Audit Transparency Report.

8.1.3 Ethics and culture (including Whistleblowing and Fraud):

- Receive reports from the UK Head Quality and Risk on the procedures in place for ensuring ethical conduct and promoting an appropriate culture and the results of such procedures as they relate to the UK.

8.1.4 People Management:

- Receive a report from the UK Head of Talent on the impact of NWE initiatives on the procedures within the UK for ensuring appropriate training, including on ethical standards, and for ensuring that remuneration policies for partners and staff do not incentivise inappropriate behaviour.

8.1.5 Unregulated businesses:

- Receive a report from the UK Head Quality and Risk on the impact of NWE initiatives 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.

8.1.6 Strategy:

- Receive a quarterly report from the UK CEO on the implementation of the NWE strategy in the UK or any specific UK strategic matters.

8.2 Risk

8.2.1 Risk management and internal control:

- To receive a report from the UK Head of Quality and Risk on:
 - the impact of NWE initiatives on the procedures in place for the risk oversight of the UK business
 - the effectiveness of the system of internal control in place within the UK, including financial, operational and compliance controls and risk management systems, including a review of the Enterprise Risk Framework in the UK
 - FCA registration and ICAEW inspection
 - oversight UK MLRO report
 - any annual independence and conflicts of interest matters related to the UK that require external reporting

8.2.2 Internal audit:

- Receive a report from the UK Head of Quality and Risk on internal audit arrangements as they relate to the UK and any reports carried out at NW E level that have implications for the UK Firm.

8.2.3 Member standards:

- Review the results of any Member Firm standards assessment for NW E that have an impact on the UK Firm.

8.2.4 External audit:

- Responsibility for managing UK external audit arrangements for local UK statutory accounts

8.2.5 External reporting:

- Monitor the integrity of the financial statements of the UK firm and any formal statements or announcements relating to the UK firm's governance and financial performance.
- Approve the annual financial statements of the UK firm.

9. Reporting Responsibilities

- 9.1 The UKOB shall report regularly to the Chair of the NWE Board and to the NWE Audit & Risk Committee (A&RC) as requested. The NWE Board and A&RC will have the right to call any member of the UKOB to a meeting of the NWE Board/A&RC as and when required.

10. Other Matters

The UKOB shall:

10.1 have the following rights to enable it to carry out its duties:

- Access to all relevant information and people, including the UK firm's Executive members, and all employees and partners are directed to co-operate with any request made by the UKOB.
- Access to independent professional advice, and relevant internal firm resources, where it is judged necessary to discharge its duties, at the UK firm's expense.
- To report a fundamental disagreement regarding the firm to its owners.
- To communicate directly with firm's regulators, where appropriate.
- One of the INEs will have a standing invitation to attend the quarterly partnership council meetings.

10.2 have access to sufficient resources in order to carry out its duties, including access to the Office of the General Counsel for assistance as required.