



Grant Thornton UK LLP

Remuneration and Profit Share Committee ('the Committee' or 'RemCo')

Terms of Reference

Membership

The Committee shall consist of all independent non-executive (INE) members of the Partnership Governance Board (PGB) and at least two Elected members of the PGB.

The Chair of the Committee should be an INE (who is not the Chair of the PGB) and appointed by the PGB. In the absence of the Chair and/ or an appointed deputy, the remaining members present shall elect one of themselves to chair the relevant meeting.

The PGB Secretary shall be the Secretary of this Committee and provide appropriate support as required.

Meetings and attendance

To take place at least four times a year. Additional meetings may be called by Committee members, or the CEO as required.

The CEO should attend all meetings unless otherwise agreed by the Chair. Other member/s of the Strategic Leadership Team (SLT) or management may be invited to attend meetings as required. The Committee is further authorised to seek any information it requires from any employee or partner in order to perform its duties.

The Committee should have access to sufficient resources and be provided with information of sufficient depth and quality in advance if, during, and in between meetings to enable it to carry out its duties.

Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the Committee and any other person required to attend in advance of the meeting (in sufficient time to enable consideration of the issues). Supporting papers will be made available in electronic form to Committee members and to other attendees as appropriate in advance.

The quorum for meetings will be two thirds of voting members.

Role and responsibilities

Meetings of this Committee will cover core matters that include (but are not limited to) the following;

Profit share process

The Committee shall:

- conduct a review of the profit share process, to witness the output of that process, and to consider outliers;
- have a quality control role to ensure that the principles and processes agreed with the Committee at the outset are followed;
- not determine individual partner profit shares, nor will it be responsible for changing any individual profit share;
- hear any profit share appeal that is not resolved by an initial appeal to the CEO, insofar as such appeal relates to an allegation of manifest error, material failure of process or material failure to apply the criteria in

respect of the discretionary aspects of the profit sharing arrangements set out in Schedule 2. The SLT will make any final decision as to the quantum of any adjustment if an appeal is upheld;

- receive a report on an annual basis detailing any profit share appeals that have been resolved by the SLT. As such, significant themes which have arisen from those appeals should be considered;
- agree with leadership as appropriate the information required by the Committee to carry out the duties described above;
- have a role to play in the monitoring of gender gap figures amongst the partner group, and other diversity indicators as appropriate.

Management Reward

On behalf of the PGB, the Committee will be responsible for the following as set out in Schedule 2 of the Membership Agreement (“Bases for Rewarding the CEO, Partners who are members of the Strategic Leadership Team and any Partner who is determined by the CEO to have a Senior Management Role”)

The CEO, Partners who are members of the Strategic Leadership Team and Partners having a Senior Management Role (to the extent of that Senior Management Role) shall be allocated Units on the following bases:

- the remuneration framework of the CEO shall be determined by the Partnership Governance Board. In the event that the remuneration framework incorporates Incentive Units, the basis and criteria against which the CEO's performance is to be measured shall be determined by the Remuneration Committee. The setting of targets to be achieved by the CEO, the assessment of their actual achievement of those targets and the allocation of any Incentive Units shall be the responsibility of the Remuneration Committee.
- the remuneration framework for Partners who are members of the Strategic Leadership Team, or who carry out a Senior Management Role shall be determined by the CEO in respect of that role, subject to approval by the Partnership Governance Board. Where such a remuneration package incorporates Incentive Units, the assessment of the Partner's performance in the Senior Management Role and the allocation of any Incentive Units shall be the responsibility of the CEO subject to oversight by the Remuneration Committee.
- for the avoidance of doubt, the CEO and members of the Strategic Leadership Team shall not receive any allocation from the EPA for their management role. To the extent they retain significant client facing responsibilities they will be eligible for EPA based on the proportion of time spent on those client activities. Other Partners who carry out a Senior Management Role will be eligible to receive allocations from the EPA.

Partner exits

At least annually, the Committee shall review a sample of partner exits (including compensation payments made) to consider if the process to exit partners is fair and reasonable.

The sample size and information required shall be agreed with leadership as appropriate to ensure due process has been followed. As a minimum, the population included in the sample should consist of; those retiring at Normal retirement date; retiring of their own volition and those who have been exited by leadership, in order to ensure their final year's profit share has been fairly assessed.

The Committee shall hear any 'exit' appeal that is not resolved by an initial appeal to the CEO. If any member of the Committee is conflicted, they must declare this and not take part in the appeal process.

The Committee shall review the partner performance management process periodically to ensure it is fair and objective.

On an annual basis, the Committee shall receive a report on any significant themes which have arisen from partner exit interviews.

For the avoidance of doubt, it is not the Committee's role to question or overturn any final decisions to exit a partner made by the SLT, but to review the process undertaken in both reaching the decision and the treatment of the partner thereafter.

Reporting

The Chair of the Committee will report to the PGB as required on the work it has conducted.

The Chair shall also confirm the Committee's assessment of the profit share process to all partners in whatever way is deemed to be most appropriate.

Draft minutes of Committee meetings shall be made available promptly to all members of the Committee and, once approved, these will be made available to the PGB.

Committee members shall conduct an annual review of these terms of reference and make recommendations to the PGB as appropriate.

Other matters

The PGB has discharged its responsibility of these matters being considered on its behalf by this Committee. As such, the Committee is not required to revert to the PGB unless they consider it necessary.

The Committee shall consider all such other matters as are expressly reserved by the Membership Agreement (as amended from time to time) as being powers, duties or responsibilities of this Committee.

The Committee will consider any other topics deemed as relevant to the work of this Committee by the PGB or the CEO

The Committee should have access to business running costs and pay ratios (such as CEO: Employee) as part of their monitoring responsibilities

The Committee may also from time to time engage in external benchmarking in reaching conclusions as to allocation of Incentive Units for the setting of individual reward levels

The Committee may call on any partner or employee to attend meetings should they deem it necessary during the course of their work

Review date- January 2023