

Fundamental Disagreement Procedure

In the event of a fundamental disagreement that cannot be resolved between INEs and the firm's Management and governance bodies, the following procedure should be followed:

- 1.1 The INE will first consult with other INEs to confirm the existence of a fundamental disagreement. At least two INEs need to agree that there is a fundamental disagreement.
- 1.2 The INE or INEs shall then set out the nature and status of the disagreement, in writing, to the Senior Partner copied to the Chair of the PIC, (including the other party in disagreement), together with any other details such as a need for further information, the respective positions of the parties and any preferred criteria for resolving the disagreement.
- 1.3 The Senior Partner shall respond to the INE in writing within 15 working days by setting out the method for resolving the disagreement. The Senior Partner may take any reasonable steps deemed necessary in their opinion to resolve the fundamental disagreement.
- 1.4 At the conclusion of the proposed method, the INE and the other party in disagreement shall indicate whether or not the disagreement has been resolved.
- 1.5 In the event that a disagreement has not been resolved following steps 1.1 - 1.4, both the INE and the other party in disagreement must indicate whether a further escalation to the CEO (or the Chair of the Board if the CEO is one of the parties in disagreement) is desired. The CEO or Chair of the Board (as applicable) shall respond to the INE in writing within 15 working days by setting out the method for resolving the disagreement. The CEO or Chair of the Board may take any reasonable steps deemed necessary in their opinion to resolve the fundamental disagreement. If the fundamental disagreement is so escalated under this paragraph, then upon conclusion of the steps taken by the CEO or Chair of the Board, the INE and the other party in disagreement shall indicate in writing whether or not the disagreement has been resolved.
- 1.6 In the event that the disagreement has not been resolved following escalation under paragraph 1.5 above, the INE and the other party in disagreement may, within 15 working days of the conclusion of the process outlined in paragraph 1.5 above, propose in writing that the matter be referred to mediation ("Mediation Notice"). If such proposal is made, it must be accepted by the other party in disagreement. The mediation will be conducted in good faith with the object of seeking to resolve the fundamental disagreement. Unless otherwise agreed between the INE and the other party in disagreement, the mediator will be nominated by CEDR. The procedure for the mediation will be determined by the mediator. The mediation will take place within 28 days of the Mediation Notice. The firm will pay the mediator's fees and expenses in relation to the mediation.
- 1.7 In the event that the fundamental disagreement is not resolved following external mediation and the disagreement persists, the INE or the firm may terminate the INE appointment. The termination or resignation of an INE will then be reported publicly.