

## Grant Thornton UK LLP ('GTUK LLP')

# Remuneration Committee (the 'Committee' or 'RemCo')

## Terms of Reference

### Purpose

The Committee is established as a sub-committee of the Audit Oversight Board (AOB) to oversee specific obligations related to the Membership Agreement (MA) of GTUK LLP. The Committee oversees the partner remuneration allocation process and provides challenge to satisfy itself that the process is fair and transparent and that quality considerations are appropriately reflected in partner reward. The Committee also supports the AOB in overseeing partner appointments and removals.

### Membership

The Committee shall comprise a minimum of two partner non-executive members of the AOB and the Head of Audit (Committee members').

The Chair of the Committee will be a voting member of the AOB and appointed by the AOB.

Independent Non Executive (INE) members of the AOB may attend meetings of the Committee by invitation in agreement with the Committee Chair.

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

### Meetings

#### Quorum

The quorum necessary for the transaction of business shall be two thirds of voting members.

#### Frequency of meetings

The Committee shall meet at least three times a year. Additional meetings may be called by Committee members or the Head of Audit as required.

#### Attendees

Only members of the Committee have the right to attend meetings. However, members of the Audit Leadership Team (ALT) or management may be invited to attend meetings as required.

#### Notice and minutes

Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.

The Secretary to the Committee shall document the proceedings and decisions of Committee meetings.

#### Observers

GT Partner Representatives and Investor representatives are entitled to attend meetings of the Committee as non-voting observers and will receive the same notices and information in connection with meetings as are received by Committee members.

## Roles and Responsibilities

The Committee shall exercise all such powers, duties and responsibilities as are expressly provided for in the GTUK LLP MA as follows:

### Distribution of Profits to Partners

The Committee is responsible for approving the allocation of the Audit Partners' Profit Pool (excluding the Head of Audit) as determined by the Head of Audit at their discretion.

This approval will be sought by way of:

- The Board's Remuneration Committee shall meet to agree the allocated proportion of profits to be made to the Audit partners. The Head of Audit and one INE member of the AOB will attend this meeting.
- Following the above-mentioned meeting, the Head of Audit shall meet with the GTUK LLP Remuneration Committee and present how they have allocated the Audit Partners' profit allocation amongst the Audit Partners.

The Committee should review the proposed profit allocation to ensure that the agreed-upon process has been consistently adhered to; that adequate emphasis is placed on recognising high-quality audit work in addition to other positive partner behaviours; and that contributions to the Firm's success are recognised. The Committee should ensure that reward is appropriately reduced in the cases of poor-quality work and that audit partners are not rewarded for sales of non-audit services to audit clients of GTUK LLP.

The allocation of profits to the Head of Audit is not within the remit of this Committee and shall be proposed by the Board's Remuneration Committee and approved by the AOB.

### Admission of new Partners

This Committee should satisfy itself that the criteria, process and procedure relating to the appointment of Partners has been appropriately applied, ensuring sufficient consideration is given to audit quality.

### Removal of Partners

If the Head of Audit has determined that a partner should be removed (in accordance with the procedures set out in the MA), the Head of Audit must notify the Committee of their intention to remove the partner(s) as soon as practicable.

The notice should briefly state the decision and confirm that partner removal procedures were followed.

The Head of Audit may remove the partner once a majority of Committee members have confirmed receipt of the notice and raised no issues.

### Remuneration of AOB INEs

The remuneration of the Chair of the AOB and any other INE members of the AOB shall be reviewed by this Committee on an annual basis.

## Decision making and Reporting responsibilities

Decisions by the Committee shall require the approval of a simple majority of the Partner Non-Executives and, in the event of a deadlock, the Head of Audit shall have a casting vote.

The Chair may refer any matter back to the full AOB for determination.

The Head of Audit may require any matter to be referred back to the full AOB for determination and shall have the right to address the AOB before such matter is discussed and/or determined.

The Chair will report to the AOB as required on the work it has conducted.

Minutes of Committee meetings shall be kept by the Secretary, and a draft will be made available to all members for review.

## Other matters

The Committee will consider any other topic(s) deemed relevant to the work of this Committee by the AOB or the Head of Audit.

The Committee is authorised to seek any information it requires from any employee or partner in order to perform its duties and may call on any partner or employee to attend meetings should they deem it necessary during the course of its work.

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

Review annually these terms of reference and its performance against these and recommend any amendments to these terms of reference it deems necessary to the AOB.