



KPMG LLP

UK Audit Executive – Terms of Reference

These Terms of Reference of this UK Audit Executive are those referred to in the Limited Liability Partnership Agreement of KPMG LLP (“the LLPA”). In these Terms of Reference, capitalised words and expressions shall, unless the context otherwise requires, have the meanings assigned to them in the LLPA, the Operating Provisions and the Terms of Reference of the UK Executive Committee.

In these Terms of Reference, the “Group” shall have the same meaning assigned to it as outlined in the LLPA as follows: “Group” means Holding LLP and its subsidiaries from time to time.

1. Purpose

- 1.1 The purpose of the UK Audit Executive is to manage the day-to-day activities of the Audit practice of the Firm through:
 - Developing and implementing strategy, operational plans, policies, procedures and budgets;
 - Driving and monitoring operating and financial performance;
 - Promoting and role-modelling a strong culture that supports audit quality;
 - Assessing and controlling risk;
 - Prioritising and allocating resources.
- 1.2 In fulfilling its purpose, the UK Audit Executive shall give due consideration to:
 - The Firm’s obligations and commitments as a member firm of the KPMG global network;
 - Balancing the interests of various stakeholders (employees, partners, audited entities, regulators and the public at large);
 - Upholding the integrity, brand and reputation of KPMG; and
 - Planning the Audit Practice’s future development.
- 1.3 In fulfilling its responsibilities (set out in section 5) the UK Audit Executive ensures that the Firm discharges its public interest responsibilities in relation to Audit, in particular, prioritising Audit Quality and the application of Ethical Standards and the ICAEW’s Code of Ethics, and compliance with regulation (including the FRC’s Principles of Operational Separation).

2. Authority and Delegation (including Working Groups)

- 2.1 The UK Audit Executive is a subcommittee of the UK Executive Committee from which it derives its authority and to which it regularly reports. The UK Executive Committee derives its authority from the UK Oversight Board.
- 2.2 The UK Audit Executive also reports to the UK Audit Board, which derives its authority from the UK Oversight Board to oversee the KPMG Audit practice.

Approved by the UK Executive Committee on 3 February 2026



- 2.3 The UK Audit Executive shall at all times act in accordance with Group policies and any decision matrix as approved from time to time by the board of KPMG Holding LLP (the “**Group Board**”).
- 2.4 The UK Audit Executive has delegated authority from the UK Executive Committee in respect of functions and powers set out in these Terms of Reference and the responsibilities set out above.
- 2.5 The UK Audit Executive has authority to review and investigate any matter within its Terms of Reference and to obtain such information as it may require from any member, officer or employee of KPMG in relation to such.
- 2.6 Working groups of the UK Audit Executive may be established by the UK Audit Executive for specific tasks and activities, including for analysis, consultations and escalations as appropriate; such working groups may be comprised of representatives of the UK Audit Executive and other individuals (including KPMG partners, officers and employees) with relevant expertise. Only members of the UK Audit Executive however will be able to make decisions on matters.
- 2.7 Delegations to, and the terms of reference of, the Working Groups will be approved by the UK Audit Executive and reviewed on an annual basis.

3. Constitution

3.1 Chair

- 3.1.1 The UK Audit Executive will be chaired by the Head of Audit. In the absence of the Chair, or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 3.1.2 In the event that the Chair, or the Chair of the meeting of the UK Audit Executive, declares a conflict of interest, or the UK Audit Executive decides that such individual has a conflict of interest, then an appointed deputy shall chair the meeting or the relevant part of the meeting. If the appointed deputy is also not available to chair the meeting or the relevant part of the meeting, then the members of the UK Audit Executive shall nominate a Chair from amongst themselves.
- 3.1.3 Each member of the committee shall satisfy all Independence checks before their membership is confirmed on the committee.

3.2 Membership¹

- 3.2.1 Membership shall be ratified by the UK Executive Committee and shall include the following, or delegates acceptable to the Chair subject to independence clearance:
 - Head of Audit (Chair);
 - Chief Risk Officer;
 - COO for Audit;
 - CRO for Audit;
 - Head of People for Audit;
 - Head of Audit Quality;

¹ All members of the committee are country representatives of the United Kingdom



- PGL of KPE Audit (including PS);
- PGL of FS Audit;
- PGL of CLR Audit;
- PGL of AAA; and
- Chief Technology Officer for Audit.

3.2.2 Any other members may be appointed by the Chair and ratified by the UK Executive Committee.

3.3 Standing attendees

3.3.1 The following individuals will have a standing invitation to the UK Audit Executive and can attend when they wish:

- Group Chief Executive Officer & UK Senior Partner; and
- Group Head of Governance or their delegate

3.4 Other attendees

3.4.1 Other individuals shall be asked to attend meetings as required at the discretion of the Chair.

3.5 Duration of appointments

3.5.1 Unless otherwise determined by the UK Executive Committee, the duration of appointments will be for a continuous term.

3.6 Secretary

3.6.1 A Committee Secretary shall be appointed to the UK Audit Executive by the Group Head of Governance.

3.6.2 The Secretary shall attend all meetings and will be responsible for circulating documents in advance of the meetings and actions and documenting decisions.

4. Proceedings of the Meetings

4.1 Frequency

4.1.1 The Audit Executive shall meet at least monthly (or less, at the discretion of the Chair) and shall provide regular reports and relevant qualitative and quantitative management information to the UK Oversight Board, UK Executive Committee, and the UK Audit Board (as relevant).

4.1.2 Additional ad hoc meetings (including by conference call) can be set up where required by any member of the UK Audit Executive, with approval from the Chair, to consider particular circumstances.

4.2 Notice of meetings



- 4.2.1 Unless otherwise agreed, notice of each meeting confirming the location, time and date shall be forwarded to each member of the UK Audit Executive and any other attendees required to attend.

4.3 Ad hoc Meetings

- 4.3.1 Ad hoc meetings, other than those regularly scheduled, shall be summoned by the Secretary at the request of any of its members, if they consider it necessary.

4.4 Quorum

- 4.4.1 Any six members may form a quorum. A duly convened meeting of the UK Audit Executive at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the UK Audit Executive.

4.5 Participation

- 4.5.1 Participation shall usually be in person but, as agreed with the Chair of the UK Audit Executive, a member/ attendee may participate in a meeting of the UK Audit Executive from separate locations by means of conference technology or other communications equipment enabling those present to hear and speak to each other and shall be deemed to be present in person at such meeting for all purposes and shall be counted towards a quorum accordingly.

4.6 Conflict of Interest

- 4.6.1 If a member of the UK Audit Executive finds themselves with a conflict of interest in relation to a particular subject matter, they shall immediately disclose this to the Chair, and where appropriate, recuse themselves from any deliberation or vote of the UK Audit Executive on the matter in question.

4.7 Decisions

- 4.7.1 The UK Audit Executive shall make decisions, oversee implementation and report to the UK Oversight Board (through the UK Executive Committee) and to the UK Audit Board, providing assurance that the UK Firm is acting within its agreed risk appetite and is achieving its strategic outcomes in relation to Audit.
- 4.7.2 The UK Audit Executive will only make decisions which involve the Audit practice of the UK Firm.
- 4.7.3 While making decisions the UK Audit Executive will take into consideration the strategy for both the Group Board and UK Oversight Board and the Firm's Risk Appetite, along with any instructions given to it by the UK Executive Committee to which it reports. The UK Audit Executive shall reach decisions by simple majority of those members voting on the matter in question. If the numbers for and against are equal the Chair of the UK Audit Executive shall have the casting vote or may escalate the matter to the UK Executive Committee.
- 4.7.4 Any decision evidenced in writing or by electronic or voice recognition means, by such member or members of the UK Audit Executive as would have been necessary to pass such decision had all members of the UK Audit Executive been present at a meeting to consider such resolution, shall be valid and effective as if it had been passed at a meeting



of the UK Audit Executive duly convened provided that notice and details of the proposed decision have been given in advance to each member of the UK Audit Executive.

5 Responsibilities

5.1 The UK Audit Executive's responsibilities shall be determined by the UK Executive Committee and from time to time and, in any event, shall include the following responsibilities:

5.2 Strategy

5.2.1. Developing the Audit strategy, which shall take into account the recommendations and challenge of the UK Audit Board, and which shall be subject to review by the UK Executive Committee and approval by the UK Oversight Board;

5.2.2 Ensuring the Audit strategy is aligned to the Firm's Group strategy and the Global strategy;

5.2.3. Developing the Audit pricing strategy and ensuring it is effective in supporting the commercial business plan;

5.2.4 Developing an Audit communications strategy;

5.2.5 Evaluating and deciding, in appropriate liaison with other capabilities which opportunities or key targets to pursue; and

5.2.6 Reviewing the pipeline of confirmed and prospective audit appointments.

5.3 Audit Quality

5.3.1 Developing the strategy for Audit, which shall take into account recommendations from the UK Audit Board, so that it prioritises the delivery of high quality audits;

5.3.2 Maintaining audit quality in audit service delivery across coverage areas and regionally and together with the CRO & Ethics Partner deal with matters that arise in relation to Audit Quality;

5.3.3 Developing a culture to drive a focus on Audit Quality, and ensuring Audit Quality is a key consideration in all aspects of recruitment, promotion and reward matters;

5.3.4 Embedding the Single Quality Plan and periodically reviewing the need for further changes;

5.3.5 Continuing to refine the materials, training and guidance for the Audit Practice in order to respond proactively to changes in regulations and in response to internal and external review findings;

5.3.6 Adhering to the FRC's Principles of Operational Separation, as well as implementing the changes in operational procedures driven by the Global Audit Quality initiatives and any other changes required by the Global organisation; and



5.3.7 Achieving the targets set by our external regulatory reviewers (i.e. AQR, QAD, and PCAOB) and the Firm's internal Quality Performance Reviews.

5.4 Performance

5.4.1 Developing and ensuring delivery of the 3-years business plan and budget for the Audit Practice, consistent with the UK Oversight Board approved Audit strategy;

5.4.2 Using technology to develop new processes to support and improve the delivery of audits;

5.4.3 Together with the UK Executive Committee discuss and agree operational matters for Audit (within budget and consistent with the 3-years Business Plan) including recruitment, promotions, salary and bonuses for Audit staff;

5.4.4 Working with the UK Executive Committee to evaluate and approve investment proposals in Audit (within Investment Framework and including technology) seeking approval from the UK Oversight Board, within the Group Firm's investment framework, subject to oversight from the UK Audit Board; and

5.4.5 Monitoring stakeholder feedback, win rates and revenue targets;

5.5 People & Culture

5.5.3 Oversee the delivery of the Firm's People strategy insofar as it relates to the Audit Practice;

5.5.4 Manage overall Audit partner numbers consistent with the Group Board and UK Oversight Board approved 3-years Business Plan and budget, as developed and proposed by the Group Executive subject to oversight from the UK Audit Board and its Remuneration Committee;

5.5.5 Manage, support and empower Audit staff;

5.5.6 Ensuring all lateral hires are integrated well into the business and become effective as quickly as possible;

5.5.7 Implement and monitor delivery of Inclusion, Diversity and Equity (IDE) plans and gender and ethnicity pay gap targets in the Audit Practice;

5.5.8 Deliver on the Firm's desired cultural, ethical and behavioural objectives in relation to supporting Audit quality; and

5.5.9 Consider the Future of the Audit profession.

5.6 Risk

5.6.3 Together with the UK Risk Executive develop the Firm's Audit quality and risk frameworks and comply with the Group, Global and UK Audit quality and risk framework;

5.6.4 Oversee the implementation of the Enterprise-Wide Risk Management Framework in the UK Audit Practice, approved by the Group Board and adopted



by the UK Oversight Board to adopt an appropriate quality, risk and controls framework and embed proper process and disciplines into all aspects of operations and service delivery to achieve Audit Quality targets;

- 5.6.5 Monitoring and assessment of Audit risks;
- 5.6.6 Oversee the quality in Audit delivery across coverage areas and regionally including appropriate capability and capacity to provide the audit services; and
- 5.6.7 Ensure everyone across Audit is trained in and adheres to the Firm's quality and risk management frameworks, escalate issues and impose sanctions for non-compliance.
- 5.6.8 The UK Audit Executive, as well as dealing with the above responsibilities, the items on the annual work plan and anything else delegated to it by the UK Executive Committee or the UK Audit Board

6 Responsibilities

- 6.1.1 The Chair of the UK Audit Executive shall report formally to the UK Executive Committee and UK Audit Board on matters dealt with in the UK Audit Executive in as much detail as the UK Executive Committee and UK Audit Board requires.
- 6.1.2 The UK Audit Executive will decide what information, and in what form, it would like provided to it and make sure this is created and received by the members at regular intervals as agreed by the UK Audit Executive.
- 6.1.3 The UK Audit Executive shall, at the direction of the Chair or another Chair of another leadership group, share information and decisions as appropriate with the UK Executive Committee, the UK Audit Board, Executive groups, the UK Oversight Board or the UK Oversight Board's committees (as relevant).

7 Governance

- 7.1.1. The UK Audit Executive shall conduct an annual assessment of its activities under these terms of reference and report any conclusions or recommendations to the UK Executive Committee and UK Audit Board, as part of that assessment, shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its annual work plan is manageable.
- 7.1.2 The UK Audit Executive will have an annual work plan to help it address all of its responsibilities above. This work plan is a live document and will constantly be updated to reflect matters of priority and items that need to be addressed.
- 7.1.3 Ordinarily, the members will receive an agenda and any other appropriate or supporting information one week in advance of each meeting and the Secretary will keep minutes of its proceedings and an action list, circulate those minutes/action list as appropriate, record any changes in the membership and maintain appropriate records of decisions etc.



7.1.4 Minutes of meetings and the action list shall be circulated promptly to all members and those that need them to undertake any action by the UK Audit Executive. Minutes are submitted for formal approval to the UK Audit Executive at the next meeting.

8 Terms of reference

The UK Audit Executive shall annually review its Terms of Reference and may recommend to the UK Executive Committee any amendments to its terms of reference.