

Finance, Audit & Sustainability Committee (FASC)

Terms of Reference

Section 1: General

1. Role of the Committee	The broad remit of the Finance Audit & Sustainability Committee is to assist the Governance Board (Board) in the effective discharge of its powers, duties, functions and responsibilities under the Partnership Agreement (PA) in relation to oversight of the financial performance and conduct of the Firm.
2. Committee members	As determined by the Board from time to time but including at least two Appointed Board members.
3. Key executive alignment	Chief Financial Officer Chief Sustainability Officer The individuals holding the above role from time to time shall have a standing invitation to attend Committee meetings for those agenda items relevant to their remit, except where their attendance may present a conflict of interest.
4. Delegation of Board's powers, duties, functions and responsibilities	≠ By approval of these terms of reference and in accordance with the Partnership Agreement, the Board delegates to the Committee the powers, duties, functions and responsibilities specified in section 2 below. ≠ The Committee shall exercise the powers delegated in accordance with any directions of the Board and a power exercised by the Committee shall be deemed to have been exercised by the Board. ≠ The Board is responsible for the supervision of the exercise of powers, duties, functions or responsibilities delegated by the Board to the Committee.
5. Reporting to the Board	≠ The Committee will report to the Board the decisions made in exercise of the Board's powers delegated to it, and where appropriate, provide recommendations to the Board on other matters within its remit. ≠ Minutes of the Committee's meetings will be prepared and circulated to Board members. The minutes will clearly identify any exercise of power by the Committee under delegation.
6. Structure of the Committee	The composition, Chair and terms of reference of the Committee will be determined by the Board.
7. Proceedings of the Committee	≠ The proceedings of the Committee will be conducted in accordance with the applicable requirements of the Partnership Agreement. Accordingly: – the Committee will meet whenever the Committee determines it is appropriate. For practical purposes it is expected the Committee Chair will control the Committee's operating rhythm; – the quorum for a meeting is 2/3rds Committee members. A member present by way of proxy is included in quorum; – the Committee may invite any person (including any external adviser) to attend its meeting/s and/or to provide written advice;

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	– minutes of the Committee's meetings are prepared and circulated to the Chair of the meeting and then to other Committee members for review, before being approved by Committee members at the next meeting. ≠ The Committee has unrestricted access to all staff and relevant records of the Firm it considers necessary to fulfil its obligations and has the right to seek explanations and additional information from Management.
8. Decisions of the Committee	A resolution is passed if 2/3rds of members participating in the vote approve the resolution. Each Committee member is entitled to one vote.
9. Review	As part of the Board's annual performance assessment process, the Committee's performance and its terms of reference will be reviewed to assess whether it is operating effectively. The Committee will recommend any changes to its terms of reference to the Board, for approval.

Section 2: Scope of delegated powers, duties, functions and responsibilities

By approval of these terms of reference and in accordance with the Partnership Agreement, the Board delegates to the Committee, to exercise on its behalf, the following duties, functions and responsibilities, and to report to the Board. If specified below or where the Committee considers it appropriate, the Committee may make recommendations to the Board.

10. Business plans and budgets	≠ Review, challenge and recommend for Board approval the Firm's business plans and budgets recommended by the CSP, including review of the financial implications of Firm's strategy and strategic plans. ≠ Review, challenge and recommend for Board approval any material changes, recommended by the CSP, to the Firm's business plans and budgets previously approved. ≠ Oversee and review the implementation and achievement of the Firm's business plan and performance against budget.
11. Performance and conduct of Firm	≠ Oversee the financial performance of the Firm, including but not limited to: – the financial leverage of the Firm (including long term lease commitments, banking facilities) – capital management, including approval of the Treasury policy – Firm tax management including the implications for the management by partners of their tax affairs – investment strategy – return on investments – insurances – considering post transaction learnings from a financial perspective.
12. Major investments, financial commitments, mergers, acquisitions, divestments	≠ Determine the financial threshold for the purposes of the definition of "Major" in the Partnership Agreement in respect of financial commitments, investments, divestments, acquisitions, mergers. ≠ Determine whether a financial commitment, investment, merger, acquisition or divestment is Major within the definition in the Partnership Agreement. ≠ In the case of a Major financial commitment or investment, review and challenge (including from an intergenerational fairness perspective) and recommend the financial commitment or investment for Board approval.

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	€ In the case of a Major merger, acquisition or divestment, review and challenge (including from an intergenerational fairness perspective) and recommend to the Board whether the Board should determine to proceed with the transaction or refer the transaction to a Partner Vote.
13. Amount of profit available for distribution	Review, challenge and recommend for Board approval or determination the amount of profit available for distribution and capital management/debt retirement.
14. Approval of financial reports	€ Review, challenge and recommend for Board approval the Firm's Financial Report, including a review of key accounting policies and treatments and subjective items. € In relation to any financial report and other information: – approve a request for preparation of a financial report and other information, including the period covered and the basis of preparation of the financial report and other information as determined by the CSP; – determine whether a financial report and other information are to be audited by an independent external auditor; – determine whether a financial report and other information have been prepared on the basis as determined by the CSP and approved by the Board and included in the financial report; and – review, challenge and recommend for Board approval, a financial report and other information, following consideration of the outcomes from any external audit.
15. External auditor	€ Recommend for Board approval the appointment of an external auditor and the material terms of their engagement including the proposed audit fees. € Review the audit plans of the external auditors and the scope and adequacy of the external audit. € Periodically meeting separately with the external auditor to discuss any matters that the Committee or the auditors believe should be discussed privately and ensuring the external auditor has full access to meet with or otherwise liaise with the Chair of the Committee. € Review the external auditor's reports and assess the findings and recommendations and seek confirmation that Management has addressed significant findings and recommendations. € If required, recommend for Board approval the removal of an external auditor. € Review and assess the performance, independence and objectivity of the external auditor and the effectiveness of the audit process.
16. Partner capital contributions	The approvals, determinations and permissions required of or available to the Board under the Partnership Agreement, except those which have been delegated to the Partnership, People & Culture Committee.
17. Drawings policy and cash draws	€ Review and approve Partners drawings policies. € Approve Management's determination of cash draws for partners, having regard to cash flow and business needs of the Firm. Management is empowered via separate delegation to approve a surge draw in July with agreed defined parameters.
18. PTP discount rate	Amend the Partnership Agreement to change the PTP Discount Factor, having regard to actuarial advice received by the Committee and other relevant matters, once in each accounting period.
19. Master Retirement Trust	€ Review and approve amendments to or replacement of documents establishing the Master Retirement Trust.

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	€ Nominate partner for the Master Retirement Trust upon recommendation from the CSP. € Approve the discount rate to be used in the calculation of the Net Present Value of the Reduced PTP Entitlement. € Review the outcomes of the annual capital adequacy review of the Master Retirement Trust by Management. € Review the outcomes of a triennial strategic review of the Master Retirement Trust (including investment strategy, portfolio allocation and the expected rate of return) by Management.
20. Incomes and service periods for PTP purposes	Set incomes and service periods for PTP purposes.
21. PTP cap breach	Determine the manner of deductions from PTP payments to recover overpayments due to a cap breach.
22. Sustainability	€ Review, challenge and recommend for Board approval sustainability-related external and Network reporting.
23. Structure of business	€ Oversee the structure of the Firm's business interests. € Approve the establishment/winding up of entities (other than those specified in the Partnership Agreement).
24. Other	€ Determine or approve other minor financial and operational matters as required under the Partnership Agreement. € Recommend for Board approval any determinations or approvals required on other financial and operational matters not otherwise specified elsewhere in these terms of reference.

Section 3: Delegated to Chair of Finance, Audit & Sustainability Committee

25. Delegations to the Committee Chair	Any other approvals or determinations of a minor nature required of the Board on finance related matters (for example, approval required for the purposes of the Payment Times Reporting Scheme).
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Section 4: Interaction with Board and work of other Committees

26. Interaction with Board	The Committee will: € assist the Board in developing its understanding of key issues falling within the Committee's remit. € identify information/issues/matters falling within its remit that should be the subject of detailed consideration by the Board. The Committee Chair will discuss those matters with the Board Chair and play a key role in curating Board sessions on those matters. € report any exercise of power by the Committee under delegation to the Board which will be noted by the Board in the minutes of its next meeting.
27. Interaction with other Board Committees	The Committee will liaise with other Board Committees regarding matters that have implications for matters within the remit of the other Committees.

Approved by the Governance Board.