

Partnership Council - Terms of Reference

Purpose and objectives of the body

Overview

- To be the ultimate governing authority for the firm, ensuring the firm's governance and activities align to the firm's purpose, values and strategic framework
- To supervise and protect the equity interests of partners, recognising the interests both of individuals and of the collective body of equity partners
- To agree any matters which affect the composition of the body of equity partners, including but not exhaustively salaried and equity partner admissions and retirements, mergers and acquisitions and future changes to leadership and governance frameworks, and in addition any other major issues which impact equity
- To provide oversight of processes affecting individual partners and to ensure that governance processes have been applied equitably, including profit sharing, capital account matters, disciplinary matters/disputes and partner resignations and retirements for any reason including through ill health
- To administer the firm's governance framework including but not exhaustively the election of the Senior Partner, the election of the Managing Partner, approval of the Managing Partner's Slate and approval of changes to the Leadership Team
- Through the Business Interest Oversight Board, to receive assurance on the effective delivery of the firm's strategy and business plans, the effectiveness of risk management arrangements and the adequacy of the system of internal controls
- To act as a sounding board for the Leadership Team/firm's management as required (including through the request of Partnership Council).

Accountability

Partnership Council is accountable to the equity partners as a body. Other stakeholders include salaried partners (as equity partners of the future), employees and regulators.

Chairing the body

- The Chair of Partnership Council will be the Senior Partner
- A formal Deputy will be appointed by the Senior Partner to step in when the Senior Partner is away or indisposed and will be a point of escalation if concerns arise about the Senior Partner
- The Senior Partner's tenure as Chair of Partnership Council will start on their election as Senior Partner and continue until their term as Senior Partner comes to an end. There is no requirement for a gap period between an individual stepping down from an elected Partnership Council role and becoming Senior Partner

- Responsibilities of the Chair will include ensuring Partnership Council is involved in all matters within its remit, setting the agenda of Partnership Council meetings including closed sessions, leading Partnership Council meetings and ensuring appropriate recording and communication with partners.

Membership

- Partnership Council will comprise the Senior Partner and up to a maximum of 12 elected partners. There may be an ad hoc reduction in the number due to casual vacancies - see below
- Transitional arrangements may apply to appoint additional Partnership Council members on a major change in the composition of the partnership (eg a merger) with the number then reducing to 12 in subsequent elections
- The process for election to Partnership Council, including by-elections for casual vacancies, will be enshrined in the Members' Agreement
- Any equity partner can stand for election except for those set out below:
 - Anyone who has resigned from the partnership
 - Anyone who has ceased to be eligible through breach of the required standards as set out in the Partner Behaviours and Retirement Protocol.
 - SBU Lead Partners
 - Stream Leaders
 - Members of the Stream Executives
 - Members of the Leadership Team
- Prospective Partnership Council members will be required to prepare a case for appointment, stating their skills and experience mapped against the requirements of the role (taken from the Members' Agreement, these Terms of Reference and other illustrative information) and demonstrating how they model the firm's values
- This will be preceded by an initial informal discussion with Partnership Council members so that prospective candidates can gain a greater understanding of the role including the time commitment and interaction with other roles, plus gain assistance in mapping their current experience and skillset with the requirements of the Partnership Council role.
- The candidates will be presented to the equity partnership for their vote.
- An individual's single term of office on Partnership Council will be no more than 4 years
- The maximum consecutive length of time an individual can serve on Partnership Council will be 8 years, being 2 terms of 4 years. If the first period of service on Partnership Council arises through a casual vacancy, this period will not count towards the 8 year limit, if the period of the casual vacancy is less than 2 years
- Individuals can then apply for re-election for a term starting no earlier than 2 years from their last date in office and can serve for 2 further terms of 4 years before a further gap period of 2 years
- Provisions for the removal of a Partnership Council member before their tenure is complete will be enshrined in the Members' Agreement.
- Casual vacancies which arise, whether caused by death, disqualification, resignation or otherwise, shall be filled in accordance with the provisions of the Members' Agreement, on the same basis as the election of new members
- Partnership Council will have the right to invite other partners or senior leaders to attend Partnership Council or form part of a sub-committee where additional expertise and experience is needed

- There will be flexibility in the process to appoint specific individuals to Partnership Council if regulation requires this
- Partnership Council members will be required to undertake post appointment training (induction into Partnership Council, strategic thinking, how to be an effective Board member). It will be the responsibility of the Senior Partner (delegable) to ensure that they are brought up to date on any matters that may affect them as Partnership Council members.

Meetings

Cadence

- Partnership Council will meet, using any agreed media including remote participation, at least every two months
- The Chair or Deputy Chair can call meetings outside of normal cycle

Logistics

- The requirement for a Partnership Council member to declare a conflict of interest will be stated at the outset of each meeting or in the papers convening the meeting.
- If a conflict of interest has been declared by a Partnership Council member (see above) or otherwise identified, the Chair has the discretion to request a Partnership Council member to leave the meeting for that agenda point
- Minutes and supporting notes will be agreed post meeting by Partnership Council
- Decision making will be based on clear flows of information and an appropriate timetable. Papers will be provided well in advance of a Partnership Council meeting, with full analysis and the ability to raise queries or request additional information in advance
- Decisions will be reported to the business as agreed in Partnership Council. The timing and content of such communications will be at the discretion of Partnership Council and will depend on the sensitivity or complexity of the matter being considered. The Partnership Council summary minutes will be published on the Equity Partner portal

Attendance

- A Partnership Council meeting will be quorate when the Chair or Deputy Chair is present plus 75% of the elected Partnership Council members, each through any agreed media including remote participation
- Any individual whether within or outside firm, can be invited to attend a Partnership Council meeting as an attendee but not as a member

Decision making

Designated powers

- To administer/supervise any matters relating to the equity interests of the partners
- To delegate to the Business Interest Oversight Board matters relating to strategy, financing, quality and risk as set out in the Business Interest Oversight Board terms of reference as may be amended from time to time.
- To receive regular updates from the Business Interest Oversight Board and assess the process that has been followed in challenge and decision-making to ensure thoroughness and fairness
- To review the profit-sharing process for fairness and formally agree that this is the case
- To review any matters relating to partners' disciplinary procedures for fairness and formally agree that this is the case

- To support partners in any way that appears appropriate in the context of their specific needs and the needs of the business.
- Partnership Council will have responsibility for agreeing the membership of the Audit Board and the Business Interest Oversight Board, plus other boards or subcommittees as required
- Decision making authority can be delegated in exceptional circumstances, with clear terms of reference and limits to the authority which has been delegated. This will be agreed on an ad hoc basis and if necessary, will be subject to a vote by Partnership Council members. Accountability will be to Partnership Council as a body. However, it is expected that most subcommittees will reach a decision and make recommendations which are then ratified by Partnership Council as a body
- Sub-groups/committees will continue to be used regularly. They will be selected from Partnership Council members who have an interest, experience or expertise in the relevant area and will report to Partnership Council as a body

Voting

- Each Partnership Council agenda will clearly set out the purpose of each agenda point including whether a formal Partnership Council decision is required and the voting process
- Voting process will be “one member one vote” with a Senior Partner vote being cast only when required to break deadlock
- Decisions will generally be passed on a simple majority basis. The Senior Partner will use his/her discretion as to whether a higher majority is required on a specific matter depending on the sensitivity or complexity of the matter being considered

Connectivity with other bodies

- Partnership Council will be linked to Business Interest Oversight Board through agreed periodic reporting, to the Leadership Team through the Managing Partner and one other member of the Leadership Team being “in attendance” at Partnership Council and to other bodies as needed.
- Partnership Council will receive regular reports and assurance from, and will work closely with, the Business Interest Oversight Board. It will engage with the Leadership Team through Partnership Council meetings and on an ad hoc basis as needed. It will engage with other governance groups of the firm including the Public Interest Committee and the Quality & Risk Management Committee as required.
- Summary minutes of Partnership Council meetings will be available to the equity partnership
- Other information will be available to the partnership as needed, depending on subject matter (see above).

Disagreements or disputes

If disagreements arise, the mechanism for resolving these will be agreed by Partnership Council in closed session if required, led by the Senior Partner or Deputy and utilising the Independent Non Executives as appropriate.

Assessing effectiveness of the Chair and the body

- Feedback on Chair effectiveness will be provided by 2 Partnership Council members to the Chair as part of his/her performance appraisal
- Partnership Council will undertake a self-assessment of its effectiveness annually with a formal Board effectiveness review undertaken every 3 years using an individual or team independent of Partnership Council, utilising BDO in-house expertise and experience



- The Senior Partner or Deputy will feed back on each Partnership Council member's contribution and effectiveness annually.

Schedule for reviewing Terms of Reference

The Terms of Reference of Partnership Council will be reviewed annually as part of its self-assessment of effectiveness noted above.