

Public Interest Committee - Terms of Reference

Note - these Terms of Reference also include general disclosures relating to the INEs as required under the Revised 2016 Audit Firm Governance Code (AFGC)

Purpose and objectives of the body

Overview

The AFGC provides a benchmark of good governance practice against which audit firms that audit listed companies can report. It has among other requirements, created a greater onus on the firm's Independent Non Executives (INEs).

The Public Interest Committee (PIC) has been established to enable the INEs to perform their duties under the AFGC. Its purpose is to consider public interest matters that affect the firm, and to enhance stakeholder confidence in the public interest aspects of the firm's activities. In particular:

- To promote audit quality
- To help the firm secure its reputation more broadly, including its non-audit businesses
- To reduce the risk of firm failure

The detailed areas of PIC oversight are set out in the PIC Standing Agenda.

As part of this overall objective, the PIC provides a forum for considering the impact of public interest matters arising from within the profession and wider society through direct engagement with, or a review of information originating from: the firm, the profession and the firm's wider stakeholder base, including inter alia: investors, clients, staff and providers of finance.

The PIC:

- Shall have the right of access to relevant information and people, to the extent permitted by law or regulation
- Shall have information supplied in a timely manner and in a form and of a quality appropriate to enable the PIC to discharge its duties
- Shall have access to sufficient resources in order to carry out its duties
- Shall give due consideration to applicable regulations as appropriate
- May undertake any activity under the AFGC



Appointment, Membership, Remuneration and Resignation

The INEs will be appointed for a period of three years which may be extended once by a further three years. Any further extensions to their contract with the firm will be by exception for periods of one year. The maximum tenure for any INE is nine years.

The INEs will be the only members of PIC. As a result and as directed by the Audit Firm Governance Code, the firm's INEs will naturally form the majority of the PIC.

Observers and contributors are invited to meetings, as appropriate to the agenda. The firm's Senior Partner, Managing Partner and Ethics Partner ordinarily attend in this capacity.

The INEs will be remunerated for their membership of PIC (and their wider contribution to the firm) in accordance with the terms of their individual contracts.

An individual INE or the firm can terminate the INE's contract in accordance with the terms set out in that contract and then membership of PIC will cease following completion of any relevant notice period. The firm also reserves the right to terminate without notice the INE's contract in some circumstances, in which case membership of PIC will cease with immediate effect.

Chairing the body

The Chair is selected by the Senior Partner on behalf of the Partnership Council (PC). There is no set tenure for the Chair, other than the referenced maximum tenure noted under membership.

The Chair's responsibilities with respect to PIC are to:

- Set the agenda for each meeting, in accordance with the PIC Standing Agenda
- Make the purpose of each meeting clear to the members and explain the agenda at the beginning of each meeting
- Clarify and summarise what is happening throughout each meeting
- Ensure the meetings progress, operating under the timetable for each meeting so that the agenda is appropriately dealt with
- Encourage participation from all members of the PIC
- End each meeting with a summary of decisions and actions

Meetings

The PIC has regular scheduled meetings with the option for further meetings if required. It meets at least four times a year. A meeting will be quorate if two members are in attendance.

The Audit Firm Governance Code requires the firm's Independent Non-Executives to meet alone to discuss matters relating to their own remit. Each meeting provides such an opportunity.



Individual INEs have the following responsibilities:

- Understand the role of PIC
- Review, challenge and propose action on reports presented to PIC
- Actively participate in meetings through attendance, discussion and review of minutes and papers
- Support open discussion and debate and encourage fellow PIC members and attendees to participate in the dialogue
- Follow up on agreed actions on a timely basis and be ready to report on them at the following meeting

Decision making

Decisions and actions are by consensus. If a vote is necessary, then support is required by a majority of members who attend if there is a quorum. If the number of votes for and against a certain proposal are equal, the Chair has the casting vote.

The Public Interest Committee reports publicly by way of the firm's annual Transparency Report and engages internally with the firm's Partnership Council, Leadership Team and wider business, as appropriate.

The firm recognises its duty to support its INEs. It encourages an open dialogue between its INEs and also between the INEs and the firm's senior stakeholders, particularly the Senior Partner and the Managing Partner, who are always available to discuss any issue. Further, if occasions arise when the INEs consider that they need professional advice from independent advisors, the firm will reimburse the full cost of expenditure incurred in obtaining that advice (in accordance with the terms set out in the INE contract with the firm).

In the event a dispute arises between a INE and the firm, it will be resolved in accordance with the dispute resolution procedures set out in the INE contract with the firm.

Connectivity with other bodies

The INEs individually and collectively are also members of:

- The Business Interest Oversight Board
- Audit Committee
- Audit Board
- Quality and Risk Management Committee;

ensuring effective connectivity across the Firm.

Assessing effectiveness of the Chair and the body

An effectiveness review will be undertaken annually utilising our in-house expertise and experience.

PIC Secretariat

The PIC Secretariat will support the PIC Chair by helping the PIC to run effectively. This includes ensuring effective arrangements for presentation of high quality information with papers available at least a week in advance of the meetings, comprehensive minutes and a process to follow up on agreed actions.



Schedule for reviewing Terms of Reference

- As deemed appropriate and at least annually prior to issuance of the Firm's transparency report
- In reaction to regulatory feedback and changes to standards, eg FRC's Audit Firm Governance Code