

Terms of reference – Public Interest Committee

1. Role

The Public Interest Committee (“PIC”) has been established as one of the formal governing bodies of PKF Littlejohn LLP (“the LLP”) so as to meet the requirements of the Revised Audit Firm Governance Code 2022 (“AFGC”). In particular the PIC has following principal objectives:

- (a) To promote audit quality within the LLP;
- (b) To ensure the LLP takes account of the public interest in its decision-making, particularly in audit; and
- (c) To ensure that the LLP is safeguarding the sustainability and resilience of the audit practice and of the firm as a whole.

2. Composition

PIC members, including the Chairman of the PIC, who will be an INE and a specialist in auditing and accounting, are appointed (and may be removed) by the Board based on the respective experience and knowledge of risk management, finance, audit and governance matters of those individuals. There will be a minimum of three members of the PIC and a majority of members must be Independent Non-Executive members of the Board (“INEs”).

The INEs will be members of the PIC during their Board tenure as INEs in addition to being members of the Audit and Risk Committee. The Board tenure of an INE cannot exceed three terms of three years each or nine years in total. The Board may terminate the membership of any other individual with immediate effect as may a member terminate their own membership.

The PIC will be chaired by an INE.

3. Authority

Members of the PIC are authorised by the Board to obtain any required information from Partners and staff to perform its duties within these Terms of Reference. The PIC may raise any matters of concern with the Board.

The PIC may invite key individuals to observe or contribute to meetings as and when required. It is anticipated that the Managing Partner and Chair of the Audit Quality Oversight Team will be invited to attend each meeting.

The PIC shall have direct access to the Ethics Partner (and vis versa) as well as any other personnel within the Firm, including the Chair of the Professional Standards Committee, Head of Technical & Compliance, and other Heads of Department, that it believes it needs access to in order to be able to fulfil its duties.

The PIC shall have access to relevant information on the activities of the PKF global network if requested so that they can monitor the impact of the network on the operation and resilience of the LLP.

All partners and staff shall be given unfettered access to discuss any matters they consider appropriate with the PIC. The PIC will reserve the right decline a meeting or report if it considers the matter to be outside of its remit or trivial in nature.

4. Meetings

All members of the PIC are entitled to attend all PIC meetings. The agenda for each meeting will be set by the Chairman.

A minimum of two-week's notice is required for all formal PIC meetings. Informal meetings may be held with less notice to approve resolutions where necessary provided no member objects to receiving less than two-week's notice.

A meeting shall be quorate if all INEs are in attendance.

The PIC will meet at appropriate times in the risk management, financial reporting and audit cycle. There will be a minimum of four meetings per year.

The PIC shall appoint a member of the PIC or another individual to act as Secretary at each meeting, who will record the proceedings and decisions made and these minutes shall be circulated to PIC members (and other attendees as the PIC consider appropriate). The PIC will be provided with appropriate secretarial assistance if requested.

Following each meeting minutes of the meeting will be circulated for approval by PIC members. Once approved the minutes will be shared with the Board.

Any necessary resolutions of the PIC shall be by simple majority of those voting, with the Chair of the meeting having a casting vote in the event of no simple majority. Voting on a resolution outside of a formal meeting is permitted provided that notice of the resolution was provided to all members in advance of the required date for the resolution and voting on such resolution may be evidenced in writing or electronically including email, text or voice recognition.

5. Duties

The PIC will work closely with the Board to ensure that the governance structure of the LLP supports audit quality, the public interest in so far as it applies to audit firms, and covers the requirements of the AFGC. The PIC's principal duties are set out below:

Audit Quality & Culture

- Oversight to ensure that the LLP is promoting:
 - i) a culture that supports the consistent performance of high-quality audit, serving the public interest, and ensuring long term sustainability of the LLP.
 - ii) a culture that fosters and maintains a spirit of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work which takes the public interest into consideration.

- Overseeing the LLP's compliance with ISQM 1
- Overseeing the status of external regulatory findings, internal file review findings, as well as any other compliance or regulatory findings and provide comment or advice to ensure appropriate corrective action is being taken by the LLP
- Supporting the Firm's commitment to independence and ethical requirements
- Oversight of the key priorities of the LLP's Audit Quality Oversight Team including progress on the LLP's Audit Quality Plan

Compliance with the AFGC

To ensure that the requirements of the AFGC are met by the LLP the PIC shall have responsibility for:

- Overseeing compliance with the LLP's Code of Conduct, in conjunction with the Board (Provision 11 of the AFGC);
- Involvement in the regular review by the LLP of the effectiveness of its systems for the promotion and embedding of appropriate cultures underpinned by sound values (Provision 15 of the Code);
- Review of the LLP's whistleblowing policy and procedures to ensure that they are comfortable that it is effective, and monitoring issues raised under that process (Provision 16 of the AFGC);
- Review of people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, with a view to ensuring that the public interest is protected. The INEs should also monitor the LLP's success at attracting and managing talent, particularly in audit (Provision 17 of the AFGC);

The INE members of the PIC shall be responsible for the element of the above where it pertains to Partner Remuneration.

- Engaging with colleagues throughout the LLP, using a range of data and engagement mechanisms, to understand their views, and to communicate the role of the INE and purpose of the AFGC (Provision 18 of the AFGC);
- Obtaining confirmation via the ARC on the satisfactory monitoring and annual review of the effectiveness of the Firm's systems of internal control and risk management which covers all significant controls (Provision 24 of the AFGC)
- Involvement in the LLP's assessment of the principal risks facing it, including those risks that would threaten its business model, future performance, solvency or liquidity, with specific reference to the sustainability of the audit practice (Provision 25 of the AFGC);
- Assessment of impact of the LLP's strategy, culture, senior appointments, financial performance and position, operational policies and procedures, including client management processes and global network initiatives on the firm and audit practice in particular. There should be particular regard to (and reporting in the Transparency Report on) how the LLP has worked to address risks to audit quality, public interest in the LLP's activities and how the public interest is taken into account, and risks to operational and financial resilience of the LLP (Provision 31 of the AFGC);

- Dialogue with audit committees and investors in order to build understanding of the user experience of audit, and in order to develop an overview of the way in which the LLP operates in practice (Provision 35 of the AFGC).
- The INEs are entitled to and are required to maintain engagement with the Financial Reporting Council (FRC) and have the opportunity to report and discuss any matter with the FRC as part of their normal regular engagement. In particular the INEs shall alert the regulator as soon as possible should they become concerned that the LLP is acting contrary to the public interest, endangering the objectives of the AFGC, or they have initiated the procedure for fundamental disagreements that cannot otherwise be resolved with the Leadership Team or Board (provision 39 of the AFGC).

Reporting of the PIC to the Board

- Minutes of the PIC shall be made available to the Board,
- The Chair of the PIC shall report to the Board following each PIC meeting;
- The PIC will formally report to the Board at least annually on how it has discharged its responsibilities (the Board may make this report available to the Partners provided it has notified this to the PIC in advance); and
- Providing to the Board an annual report to be published on the firm's website or elsewhere as appropriate describing the work of the PIC and how it has discharged its duties.