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# ***Terms of Reference for the Public Interest Board***

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## ***Preface***

The Terms of Reference of the Public Interest Board have been drafted having regard to the requirements of the Irish Audit Firm Governance Code (“the Code”) and other items that the Board might reasonably consider. The Terms of Reference will evolve as the Public Interest Board better understands the Firm’s business and becomes more established in its role and as the term ‘public interest’ becomes better understood.

## ***Purpose***

The purpose of the Public Interest Board is to enhance stakeholder confidence in the public interest aspects of the Firm’s activities, through the involvement of Independent Non-Executives.

## ***Duties***

The Public Interest Board enables the Firm to carry out certain duties set out in the Audit Firm Governance Code as described in [Annex 1](#) to these Terms.

## ***Other responsibilities***

In carrying out its duties set out in the Code, the Public Interest Board will take into account, insofar as they impact on the public interest aspects of the Firm’s activities, the following:

- the Firm’s strategy;
- the Firm’s policies and procedures for operational risk management and internal control;
- the Firm’s policies and procedures relating to quality and compliance with regulation;
- the Firm’s external public-interest reporting; and
- any other matters that may affect the public interest.

## ***Reporting***

The Public Interest Board’s principal point of contact with the Firm shall be the Senior Partner.

## ***Membership***

The Public Interest Board comprises up to four Independent Non-Executives, the Firm’s Senior Partner and the Chairman of the Committee of the Board. The Chairman is an Independent Non-Executive.

The Independent Non-Executives have the majority on the Public Interest Board.

## ***Meetings***

The Public Interest Board meets at least four times during the year. The Independent Non-Executives also meet as a separate group to discuss matters relating to their remit.

## ***Procedure for Dealing with any Fundamental Disagreement***

The procedure for dealing with any fundamental disagreement that cannot otherwise be resolved between the independent non-executives and members of the Firm’s management team and/or governance structures is attached as [Annex 2](#).

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# ***ANNEX 1***

## ***Duties set out in the Irish Audit Firm Governance Code***

The Independent Non-Executives through their involvement collectively enhance shareholder confidence in the public interest aspects of the Firm's decision making, stakeholder dialogue, and management of reputational risks including those in the Firm's businesses that are not otherwise effectively addressed by regulation.

The Independent Non-Executives have a duty of care to the Firm. The Independent Non-Executives should command the respect of the Firm's partners and collectively enhance shareholder confidence by virtue of their independence, number, stature, experience and expertise.

The Independent Non-Executives should be involved in reviewing people management policies and procedures.

The Firm should report to Independent Non-Executives on issues raised under its whistleblowing policies and procedures.

The Independent Non-Executives should be involved in the Firm's responsibility for dialogue with public interest entity shareholders, as well as public interest entities and their audit committees, about matters covered by the Code to enhance mutual communication and understanding and ensure that it keeps in touch with shareholder opinion.

## **ANNEX 2**

### ***Procedure for Dealing with any Fundamental Disagreement***

**1.1** The Independent Non-Executives shall have the right to report to the partners a fundamental disagreement (“Fundamental Disagreement”) between them and:

- 1.1** the Senior Partner; or
- 1.2** the Territory Leadership Team; or
- 1.3** the Committee of the Board

that cannot otherwise be resolved in accordance with the following provisions of this paragraph.

**1.2** The majority of the Independent Non-Executives must first agree that there is a Fundamental Disagreement.

**1.3** The Independent Non-Executives shall raise the Fundamental Disagreement with the person or board with whom they fundamentally disagree.

**1.4** The Independent Non-Executives and the person or body with whom they disagree shall meet as soon as reasonably practical and in any event within 15 Working Days of a written request from the Independent Non-Executives to them and shall discuss the disagreement and seek to resolve the same.

**1.5** If the Fundamental Disagreement is not resolved as a result of such meeting, the Independent Non-Executives and the other relevant person or board (unless it is the Senior Partner) shall, within five Working Days following such meeting, notify the Senior Partner of the Fundamental Disagreement and of their views on such disagreement. The Independent Non-Executives and the Senior Partner shall reasonably co-operate to seek a resolution of the Fundamental Disagreement. The Senior Partner may take such action as in his opinion is reasonably necessary to seek to resolve the Fundamental Disagreement. Any Member shall take such steps as the Senior Partner shall require to give effect to such action.

**1.6.1** If the Fundamental Disagreement is not resolved pursuant to paragraph 1.5 within 15 working days of the Senior Partner’s receipt of the notification of the Fundamental Disagreement, the Independent Non-Executives and the other relevant person or body (unless it is the Committee of the Board) shall, within five Working Days, notify the Committee of the Board of the Fundamental Disagreement and of their views on such disagreement. The Committee of the Board shall meet as soon as reasonably practical, and in any event within 15 Working Days of receipt of the notification, with the parties to the Fundamental Disagreement either separately or together or both or by itself in accordance with arrangements which the Territory Leadership Team shall determine, including if required by the Committee of the Board, the involvement of the Senior Partner.

**1.6.2** If the Fundamental Disagreement is not resolved pursuant to paragraph 1.5 within 15 working days of the Senior Partner’s receipt of the notification of the Fundamental Disagreement, the INEs and the other relevant person or body (unless it is the Territory Leadership Team) shall, within five Working Days, notify the Territory Leadership Team of the Fundamental Disagreement and of their views on such disagreement. The Territory Leadership Team shall meet as soon as reasonably practical, and in any event within 15 Working Days of receipt of the notification, with the parties to the Fundamental Disagreement either separately or together or both or by itself in accordance with arrangements which the Territory Leadership Team shall determine, including if required by the Territory Leadership Team, the involvement of the Senior Partner.

- 1.7** If the Fundamental Disagreement is not resolved as a result of such meeting or the Fundamental Disagreement is with the Committee of the Board, the Non-Executives or the other relevant person or board may, within 15 Working Days following such meeting, propose to the others in writing that the matter be referred to non-binding mediation and, if such proposal is accepted, the mediator (if not appointed by agreement between the parties) shall be nominated by CEDR (or any body that may succeed to, or replace, CEDR from time to time). The fees and expenses of the mediator shall be borne by the LLP.
- 1.8** If the Fundamental Disagreement is not resolved as a result of such discussion or mediation, the Non-Executives, or those of them who have the Fundamental Disagreement, may, within five Working Days, report the same to the partners together with such recommendations or advice as they reasonably consider appropriate.
- 1.9** Where the Senior Partner, Territory Leadership Team, Territory Leadership Team or partners do not within 20 Working Days after the report referred to in paragraph 1.8 take action which is reasonably likely to resolve the Fundamental Disagreement, or the Fundamental Disagreement is not otherwise resolved within such period, the relevant Independent Non-Executives may resign and may report their resignation publicly in such form as such Independent Non-Executives and the Firm may agree or, in default of agreement within a reasonable time after the expiry of such period of 20 Working Days, not exceeding five Working Days, in such form as such Independent Non-Executives reasonably consider appropriate.
- 2** Once a majority of the Independent Non-Executives has agreed that there is a Fundamental Disagreement in accordance with paragraph 1.2 above:
- 2.1** The Firm shall not remove any Independent Non-Executive pursuant to the agreement between them and the Firm before the end of their term of office save for gross misconduct or other grounds for summary dismissal; and
- 2.2** Where the term of office of a Independent Non-Executive expires by effluxion of time (and the Independent Non-Executive is not reappointed as an Independent Non-Executive) in the course of the process set out above, such process shall nevertheless continue as if, solely for these purposes, the Independent Non-Executive had continued as an Independent Non-Executive.

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