Public Interest Committee

Terms of Reference

KPMG in Ireland
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Public Interest Committee

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1. Composition and membership of the Public Interest Committee

1.1 The Public Interest Committee shall comprise at least three independent Non-Executives who shall be appointed by the Managing Partner in consultation with the Policy Committee and the Risk Management Partner.

1.2 One of the independent Non-Executives will be appointed Chair of the Public Interest Committee by the Managing Partner in consultation with the Policy Committee.

1.3 The members of the Public Interest Committee shall be appointed for a fixed term of three years which may be renewed once, i.e. a total term of six years.

1.4 A member of the Public Interest Committee may be removed at any time by a simple majority vote of the partners on the recommendation of the Policy Committee. Such Public Interest Committee member will be entitled to make representations in writing to the Policy Committee in connection with the voting on any such resolution.

1.5 A quorum for the Public Interest Committee is two independent Non-Executive members and either the Managing Partner or Risk Management Partner. Members who participate via telephone or video conference are deemed to be present.

1.6 Although normally decisions are reached on a consensus, in the event of a disagreement decisions on any matter are made by the majority, with the Chair of the meeting having a second casting vote in the event of a tie. A Public Interest Committee member who remains opposed to a proposal after vote can ask for his or her dissent to be noted in the minutes.

1.7 The Secretary (who will normally be the secretary to the Policy Committee) is appointed by the Managing Partner with the approval of the members of the Public Interest Committee.

2. Responsibilities

The Public Interest Committee shall be responsible for overseeing the public interest aspects of the decision making of KPMG Ireland including the management of reputational risks. Acting in the public interest in this context involves having regard to the legitimate interests of clients, government, financial institutions, employers, employees, investors, regulators, the business and financial community and other who rely upon the objectivity and integrity of the accounting profession.

The Public Interest Committee may also participate, together with Audit Leadership, in dialogue with external stakeholders, in particular representatives of shareholders in public interest entities audited by the firm.

In carrying out its remit the Public Interest Committee shall, inter alia:

2.1 receive presentations from the Managing Partner and the Executive Team on the firm's strategy and Business Plan in order to understand and, as appropriate, provide comment on the firm's commercial objectives;

2.2 receive presentations from the Risk Management Partner addressing the firm's system of quality control and its policies and procedures for managing the firm's professional risk (as defined in Appendix I), including an assessment of their robustness, appropriateness and effectiveness;

2.3 consider, and where appropriate, provide comment/ recommendations on reports and presentations covering:

i. the outcome of the various risk and independence compliance programmes operating within the firm (including the annual KPMG International QPR, Risk Compliance Programme and Global Compliance Programme) and the proposed remedial actions;

ii. any significant risk management judgement calls made with the firm, including an overview of matters considered by the firm's Risk Panel;

iii. the status of, and significant findings from, any regulatory inspections or regulatory violations that have occurred in the period;

iv. an annual summary of the ODCE, fraud and money laundering reports submitted;

v. he position on any significant claims and circumstances and how the associated lessons learned have been fed back into the business;

vi. a summary of matters reported to the firm's whistle-blowing hotline and conduct of investigations into any significant matters reported to the hotline;

vii. the status of the firm's own Risk Assessment Process and how the outcomes are reflected in the firm's strategy:

2.4 consider, and where appropriate, provide comment/ recommendations on the firm's people management policies and procedures. This will include periodically meeting with the HR Partner;

2.5 receive an annual report detailing how the firm has met its various obligations under the Audit Firm Governance Code and review the firm's public report of how it has applied in practice each of the principles of the Code;

2.6 review a final draft of the firm's Transparency Report, commenting in particular on whether it appropriately reflects the Committee's understanding of the system of quality control and provide a Chairman's report for insertion into the Transparency Report;

2.7 meet with the firm's Policy Committee annually to discuss the areas of common concern and to provide feedback on matters which, in the opinion of the Public Interest Committee, require consideration by Policy Committee;

3. Procedures

3.1 The meetings of the Public Interest Committee are convened by its Chair

3.2 Meetings shall be held not less than 4 times in each business year. Any member of the Public Interest Committee may request an additional meeting if they consider this necessary and the Independent Non Executive members of the Committee shall meet by themselves at lease once a year to consider matters related to their remit.

3.3 The Chair of the Public Interest Committee can request any papers relevant to its remit subject to professional confidentiality requirements as might apply to specific client matters. Similarly, the Chair can require other Partners to attend its meetings; members of staff may also be required to attend.

3.4 On appointment and annually thereafter, members of the Committee will supply the Managing Partner with a note of any external business interests that might give rise to threats to the member's independence or to a conflict of interest. Should there be any discussions relating to such matters with the Public Interest Committee then the relevant member will excuse themselves.

3.5 Any Public Interest Committee member may commission external legal advice at the expense of the firm if necessary to fulfil his remit. If a member is contemplating requesting such advice, then they should in the first instance discuss it with the Chair of the Public Interest Committee and the Managing Partner.

3.6 If an individual member of the Public Interest Committee has a fundamental disagreement regarding the firm's position on matters concerned with the Committee's remit, then he/she will raise it with the Committee. If the issue is not resolved, the Managing Partner will report the matter to the Policy Committee.

3.7 The Secretary of the Public Interest Committee shall attend to take the minutes of the meeting and provide appropriate support to the Chair and the Committee members.

3.8 The Chairman will report on the activities of the Public Interest Committee at a Partners Meeting at least annually.

4. Confidentiality

Various client confidentiality and data protection provisions apply to the operating entities within the firm. It is not envisaged that the various reports and other matters to be considered by the Committee will generally involve specific client situations. If however a specific issue does arise that merits the Committee's attention then appropriate measures will be taken to ensure that these provisions are compiled with which restrict information flowing to Committee members whilst allowing them to assess whether a situation has been appropriately managed.

Appendix 1

Professional Risk Management – Maintaining Quality & Integrity

Professional risk management is aimed at protecting the quality and integrity of KPMG's services and brand. KPMG International defines professional risks as falling into three different categories. These are:

Reputation Risk

The risk of damage to KPMG's reputation arising from the public perception that KPMG member firms or personnel have failed to:

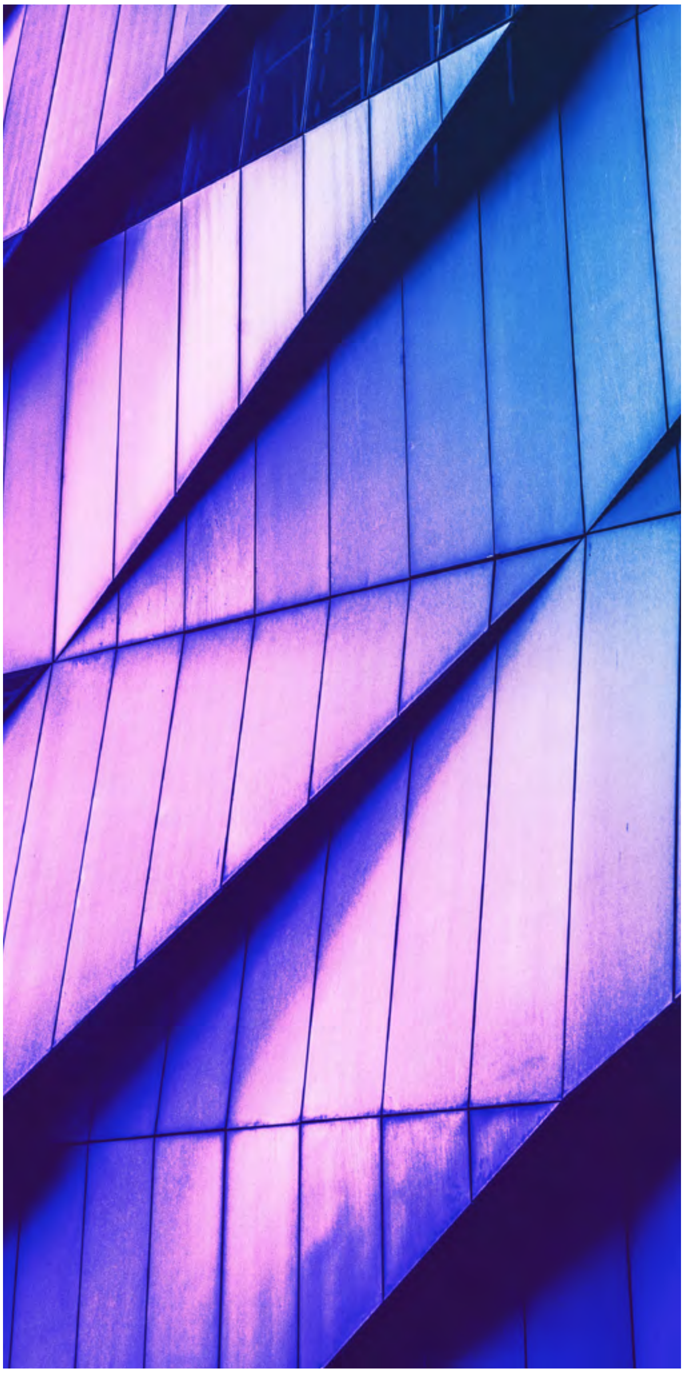
- Conduct themselves professionally (including complying with the regulatory requirements);
- Maintain confidentiality (including maintaining appropriate levels of data security);
  - (i) Act with honesty and integrity;
  - (ii) Behave morally and responsibly
  - (iii) Comply with the firm's Code of Conduct.

Commercial Risk

The risk of failing to grow profitably arising from engaging in or avoiding activities that impair a KPMG member firm's ability to pursue client or marketing opportunities or compete effectively (i.e. managing the balance between taking specified commercial risks and maintain the overall risk profile of the firm in line with predetermined risk appetite).

Claims Risk

The risk of incurring costs from claims or litigation arising from alleged or real violations of laws, regulation, or professional standards; breach of contract; or unacceptable quality of work.



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