

Public Interest Committee

Terms of reference

For the year ended
30 September 2025



KPMG. Make the Difference.

1 Background and Purpose

- 1.1 The Revised 2022 Audit Firm Governance Code ("the AFGC") provides a benchmark of good governance practice against which firms which audit listed companies can report and sets out responsibilities for Independent Non-Executives.
- 1.2 The Financial Reporting Council's 2020 Principles for Operational Separation of the Audit Business in large audit firms, such as KPMG LLP, set out arrangements to be implemented by such firms in pursuit of two public interest objectives, namely the improvement of audit quality and audit market resilience.
- 1.3 The Public Interest Committee ("the PIC") is KPMG LLP's public interest body as contemplated by the AFGC and also aims to provide an effective and efficient mechanism for the discharge of some of the responsibilities of the Independent Non-Executives ("the INEs") set out in the AFGC and a forum for oversight of the UK Firm's appropriate implementation of the Principles for Operational Separation in the public interest.
- 1.4 The PIC, including through the involvement of the INEs, has an oversight role in respect of the UK Firm's policies and processes for:
 - Fulfilling the multi-disciplinary UK Firm's public interest responsibilities;
 - Promoting audit quality (in liaison with the Audit Board)¹;
 - Helping the UK Firm secure its reputation more broadly, including in its non-audit businesses; and
 - Reducing the risk of UK Firm failure and ensuring its resilience and sustainability.
- 1.5 The INEs provide constructive challenge and specialist advice with a focus on the public interest in firm-wide operations and activities, forming their own views on where the public interest lies.
- 1.6 The INEs are kept appropriately informed concerning decisions impacting the UK Firm which are made at the level of the Board and Executive Committee of KPMG Holding LLP, a member of whose group ("the Group"), KPMG LLP has been since 1st October 2024.

2 Authority

- 2.1 The PIC is a Committee established by KPMG LLP.
- 2.2 The PIC has delegated authority from the LLP in respect of the functions and powers set out in these Terms of Reference.
- 2.3 The Terms of Reference are approved by the Board of KPMG LLP ("the UK Board").
- 2.4 The PIC has authority to investigate any matter within these Terms of Reference and to obtain such information as it may require from any Partner, officer or employee.

3 Constitution

- 3.1 Chairperson
 - 3.1.1 The Chair of the PIC will be an Independent Non-Executive appointed by the Chair of the UK Board and approved by the UK Board.
 - 3.1.2 In the absence of the Chair of the PIC, the remaining Independent Non-Executive members present shall elect one of themselves to chair the meeting.
 - 3.1.3 In the event that the chair of the Committee declares a conflict of interest, or the Committee decides that such individual has a conflict of interest, then the remaining members of the Committee shall appoint an individual from amongst themselves to chair the meeting or the relevant section of the meeting.
- 3.2 Membership
 - 3.2.1 The PIC comprises at least three Independent Non-Executives ("INES").
 - 3.2.2 Any or all members of the PIC may be removed at any time by the vote of at least seventy five percent of the UK Board. The relevant member will be entitled to make representations in writing in connection with the voting on such resolution.
- 3.3 Duration of appointments
 - 3.3.1 The Independent Non-Executives of the PIC shall be appointed for a term of up to three years, with the option for this to be renewed by the UK Board for an additional two terms of three years each, subject to a maximum of nine years in aggregate. Appointments and renewals shall

¹ Until such time as any future revisions to the AFGC are published by the FRC, in the context of its Principles for Operational Separation, the PIC will continue to have an oversight role in respect of the firm's policies and processes for promoting audit quality; the PIC will undertake this role in close liaison with the Audit Board.

be recommended to the UK Board by the Chair of the UK Board, following consultation with the UK CEO, the Chair of the PIC and the Non-Executive Members of the UK Board and, where the appointment concerns the Chair of the PIC, the Group Chair.

3.4 Secretary

- 3.4.1 The Head of Governance or their nominee shall act as Secretary to the PIC and attend all meetings.
- 3.4.2 The Secretary shall record the proceedings and decisions of PIC meetings and the minutes shall be circulated to all members and attendees, as appropriate, taking into account any conflicts of interest that may exist.

4 Proceedings of Meetings

4.1 Frequency of Meetings

- 4.1.1 The PIC shall meet at least four times a year and otherwise as required.
- 4.1.2 Meetings of the PIC may be called by the Chair of the PIC at any time to consider any matters falling within these Terms of Reference.

4.2 Quorum

- 4.2.1 Any two Independent Non-Executive members of the PIC may form a quorum.
- 4.2.2 A duly convened meeting of the PIC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the PIC.
- 4.2.3 The members of the PIC may participate in a meeting of the PIC from separate locations by means of conference telephone or other communication equipment which allows those participating to hear each other and be heard, and shall be entitled to vote or be counted in the quorum accordingly.

4.3 Attendees

- 4.3.1 Only PIC members have the right to attend PIC meetings.
- 4.3.2 The following are anticipated to attend PIC meetings on a regular basis:
 - a) Chair of the UK Board
 - b) UK Chief Risk Officer
 - c) Head of Regulatory Affairs
 - d) Chair of Audit Board
 - e) Ethics Partner
 - f) UK General Counsel
 - g) Board Secretary or nominee.
- 4.3.3 The following attend the PIC on a periodic basis in liaison with the Chair of the PIC:
 - a) UK CEO
 - b) UK Chief Operating and Financial Officer
 - c) UK Chief People Officer
 - d) UK Head of Audit

Where such officers hold the equivalent position at Group level, they shall attend in both capacities. Where they do not, their Group level counterparts shall attend the PIC on a periodic basis as well.

4.3.4 Any Partner, officer or employee of the LLP may attend at the invitation of the Chair of the PIC and they may collectively or individually be requested to withdraw from meetings of the PIC if required to do so by the Chair of the PIC.

4.4 Conflicts of interest of individual PIC members

If a member of the PIC finds themselves with a conflict of interest, they shall immediately disclose this to the Chair of the PIC and the Chair of the UK Board.

5 Resolutions

- 5.1 The PIC shall reach decisions by a simple majority of those voting on the issue in question. If the numbers of votes for and against a certain proposal are equal, the PIC Chair shall have a casting vote.
- 5.2 Any resolution evidenced in writing or by electronic or voice recognition means, by such member or members of the PIC as would have been necessary to pass such resolution had all members of the PIC been present at a meeting to consider such resolution, shall be valid and effective as if it had been passed at a meeting of the PIC duly convened and held, provided that notice and details of the proposed resolution have been given in advance to each member of the PIC.

6 Oversight Responsibilities

- 6.1 The PIC is responsible for ensuring that the INEs deliver the requirements stated of their role in the Audit Firm Governance Code.²
- 6.2 The PIC will review the impact of the UK Firm's activities on its public interest responsibilities through consideration of:
 - the UK Firm's strategy;
 - the UK Firm's risk management and internal controls frameworks and compliance with regulations;
 - the UK Firm's assessment of principal risks including those that would threaten the business model, future performance, solvency or liquidity, and insofar as they relate to the sustainability of the Audit Practice, liaise with the Audit Board accordingly;
 - the UK Firm's financial performance, investments, capital and insurance arrangements;
 - the UK Firm's operational policies and procedures including client management processes and global network initiatives;
 - the UK Firm's firmwide and cross-business operations insofar as they impact compliance with the FRC Principles for Operational Separation;
 - the UK Firm's people policies and the impact of initiatives and procedures for training and development, remuneration, promotion processes, diversity and inclusion and ensuring appropriate ethical standards and behaviour;
 - the UK Firm's culture – overseeing initiatives taken by the UK Firm and progress against key performance indicators to ensure that the appropriate culture exists throughout the organisation;
 - compliance with the UK Firm's Code of Conduct; and
 - any other matters relevant to public interest with respect to the multi-disciplinary services provided by the UK Firm, as well as the impact of wider network issues beyond the UK Firm, including information provided under paragraph 1.6 above.
- 6.3 The PIC will be consulted during the development and modification of the UK Firm's strategy and may make recommendations prior to their approval by the UK Board.

² See Appendix – relevant sections from Audit Firm Governance Code.

- 6.4 With respect to changes in regulation and any regulatory matters which may significantly impact the UK Firm, the PIC will be consulted so as to provide input to any deliberations or decisions of the Board related to them.
- 6.5 The PIC will independently and in conjunction with the UK Firm's leadership and the independent Audit Non- Executives (members of the Audit Board) engage with regulators, investors and other stakeholders to enhance stakeholder confidence in the public interest aspect of the UK Firm. In this context, the INEs will meet at least once a year with representatives of the FRC.
- 6.6 The PIC shall make recommendations to the UK Board with respect to material communications to regulators and KPMG's responses to relevant consultations.
- 6.7 As part of the PIC's wider oversight role, individual INEs frequently attend the UK Board and its Committees, and the Chair of the PIC attends the Group Board, so as to support their role as contemplated by the AFGC to: (1) monitor the activities of the wider UK Firm, the Group and global network for their potential to affect audit quality and the resilience of the audit practice (liaising with the Audit Board as necessary); and (2) ensure the UK Firm takes account of the public interest in its wider decision making.
- 6.8 In relation to each of the matters set out in paragraph 6, the PIC will liaise with the Audit Board which has public interest oversight responsibilities with respect to the Audit Practice (and on which the PIC may reasonably rely). In this context, the Chair of the PIC will liaise with the Chair of the Audit Board regarding the Audit Practice, Audit Quality, reputational risks in Audit, the impact of the non-Audit businesses of the UK Firm upon Audit Quality, and the resilience of the Audit Practice.

7 Reporting

- 7.1 The INEs' principal points of contacts are the Chair of the UK Board, the UK CEO and the UK Chief Risk Officer, together with their Group level counterparts (if different appointees).
- 7.2 The INEs shall also have regular contact with the Ethics Partner.
- 7.3 The Chair of the PIC will provide a report to the UK Board on the PIC's activities after each quarterly meeting.
- 7.4 The Chair of the PIC shall compile a report of the work of the PIC in discharging its responsibilities for inclusion in the Transparency Report, including a description of significant issues dealt with by the PIC. The PIC will agree a statement of how the UK Board, the Audit Board and INEs have worked during the year detailing specific PIC activities and stakeholder engagement to fulfil the AFGC's purpose, for inclusion in the Transparency Report.
- 7.5 The PIC shall work and liaise as necessary with the Audit Board and the committees of the UK Board to which the INEs shall have a standing invitation.
- 7.6 The INEs shall alert the Regulator as soon as possible if they have concerns (which have not been addressed following consultation with relevant officers and/or governance bodies within the UK Firm and/or the Group) in the following circumstances:
 - 7.6.1 the INE believes the UK Firm is acting contrary to the public interest; or
 - 7.6.2 the INE believes the UK Firm is endangering the objectives of the AFGC; or
 - 7.6.3 the INE initiates the procedure for fundamental disagreements.

8 Governance and Resources

- 8.1 The UK Firm shall, through the Secretary to the PIC, make available to new members of the PIC a suitable induction process and, for existing members, ongoing training as discussed and agreed by the PIC.
- 8.2 The PIC shall conduct an annual self-assessment of its activities under these Terms of Reference and shall conduct an externally facilitated evaluation every three years. The PIC shall report any conclusions and recommendations to the UK Board and, as part of this assessment, shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its annual plan of work is manageable. The Chair of the PIC, supported by the Secretary to the PIC, shall be responsible for acting on the results of the self-assessment and embedding the recommendations from the externally facilitated evaluation.
- 8.3 The PIC shall in its decision making, give due regard to any relevant legal or regulatory requirements, and associated best practice guidance, as well as to the risk and reputation implications of its decisions (liaising where relevant with other Committees).
- 8.4 The UK Firm shall provide access to sufficient resources to the PIC and INEs in order for them to carry out their duties and they shall have the power to engage independent counsel and other professional advisers and to invite them to attend meetings.
- 8.5 The PIC shall be consulted with regard to any dispute between the Audit Board and the UK Board concerning a decision to include any report in the UK Firm's Transparency Report relating to a disagreement between the Audit Board and the UK Board. Any INE who sits on the Audit Board may recuse themselves from such consultation (but shall not be obliged so to do). This mechanism shall not limit the ability of the INEs or the Audit Non- Executives to disclose such disagreements to the FRC or, in the event of resignation by an INE, to disclose such disagreements in a public statement as contemplated by the AFGC.

9 Terms of Reference

- 9.1 The PIC shall annually review its Terms of Reference and may recommend to the UK Board any amendments to its Terms of Reference.

Appendix

INE/PIC Role – Extracts from 2022 Audit Firm Governance Code

A Leadership

Principles

- A. A firm's Management³ and governance structures should promote the long-term sustainability of the firm. To this end, the Management of a firm should be accountable to the firm's owners.
- B. A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management. There should be a clear division of responsibilities between a firm's governance structures and its Management. No one individual or small group of individuals should have unfettered powers of decision.
- C. A firm's Management should demonstrate its commitment to the public interest through their pursuit of the purpose of this Code and regular dialogue with the INEs. Management should embrace the input and challenge from the INEs (and ANEs).
- D. The members of a firm's Management and governance structures should have appropriate experience, knowledge, influence and authority within the firm, and sufficient time, to fulfil their assigned responsibilities.

Provisions

- 6. The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.
- 7. There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body.⁴ A firm should consider having a regular externally-facilitated board evaluation at least every three years.
- 8. Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.

B People, Values and Behaviour

Principles

- F. A firm is responsible for its purpose and values and for establishing and promoting an appropriate culture,⁵ that supports the consistent performance of high-quality audit, the firm's role in serving the public interest and the long-term sustainability of the firm.
- G. A firm should foster and maintain a culture of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work in a way that takes the public interest into consideration.
- H. A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the purpose and Principles of this Code.

Provisions

- 11. A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards⁶ and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.
- 12. A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.
- 15. A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.
- 16. INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.
- 17. INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.

³ A firm's most senior executives, responsible for running the business.

⁴ See Provision 29.

⁵ Consistent with the requirements of Provision A.1.1 of the 2019 Revised Ethical Standard for Auditors.

⁶ Including ethical and technical standards, and the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

18. A firm should disclose in its annual transparency report a description of how:
 - a) it engages with its people and how the interests of its people have been taken into account in decision-making; and
 - b) opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code.

C Operations and resilience

Principles

- I. A firm should promote a commitment to consistent high-quality audits and firm resilience in the way it operates. To these ends, a firm should collect and assess management information to evaluate the effectiveness of its policies and procedures and to enhance its operational decision-making.
- J. A firm should establish policies and procedures to identify, assess and manage risk, embed the internal control framework and determine the nature and extent of the principal risks the firm is willing to take while working to meet the purpose of this Code.
- K. A firm should communicate with its regulators in an open, co-operative and transparent manner.
- L. A firm should establish policies and procedures to ensure the independence and effectiveness of internal and external audit activities and to monitor the quality of external reporting

Provisions

21. A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information.
22. A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.
23. A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.
24. A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.

D INEs and ANEs

Principles

- M. A firm should appoint INEs to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of this Code. INEs should be positioned so that they can observe, challenge and influence decision-making in the firm.
- N. INEs (and ANEs) should provide constructive challenge and specialist advice with a focus on the public interest. They should assess and promote the public interest in firm operations and activities as they relate to the purpose of this Code, forming their own views on where the public interest lies.
- O. INEs (and ANEs) should maintain and demonstrate objectivity and an independent mindset throughout their tenure. Collectively they should enhance public confidence by virtue of their independence, number, stature, diverse skillsets, backgrounds, experience and expertise. They should have a combination of relevant skills, knowledge and experience, including of audit and a regulated sector. They owe a duty of care to the firm and should command the respect of the firm's owners.
- P. INEs (and ANEs) should have sufficient time to meet their responsibilities. INEs (and ANEs) should have rights consistent with discharging their responsibilities effectively, including a right of access to relevant information and people to the extent permitted by law or regulation, and a right, individually or collectively, to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.

Provisions

29. INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function or at an audit firm.
30. INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.
31. INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm's activities and how it is taken into account; and risks to the operational and financial resilience of the firm.

32. A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs' (and ANEs') time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.
33. A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.
34. INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.⁷
35. INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.
36. Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.
37. The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.
38. The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and/or ANEs) and members of the firm's Management and/or governance structures.
39. An INE (and / or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances:
 - the INE or ANE believes the firm is acting contrary to the public interest; or
 - the INE or ANE believes the firm is endangering the objectives of this Code; or
 - the INE or ANE initiates the procedure for fundamental disagreements.
40. A firm should disclose in its annual transparency report:
 - a) information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it has; and
 - b) its criteria for assessing whether INEs (and ANEs) are:
 - i) independent from the firm and its owners; and
 - ii) independent from its audited entities.

⁷ Paragraph 1.14 of the FRC's 2019 Ethical Standard for Auditors.