

## **CHARTER**

### **OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD** **INVESTOR ADVISORY GROUP**

October 22, 2018

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#### I. Mission Statement

The PCAOB Investor Advisory Group ("IAG") will provide a forum in which the Public Company Accounting Oversight Board ("Board" or "PCAOB") may obtain the views and advice of experts who have a demonstrated history of commitment to investor protection.

#### II. Formation Authority

Pursuant to Section 101 of the Sarbanes-Oxley Act of 2002, (the "Act"), the Board is empowered generally to perform such duties or functions as it determines necessary or appropriate to carry out its mission under the Act. Pursuant to Section 103 of the Act, the Board is empowered to convene such expert advisory groups as may be appropriate to make recommendations concerning the content of professional standards. The Board has determined to exercise its authority under Sections 101 and 103 to create this IAG.

The IAG will be an advisory group within the meaning of Section 103(a)(4) of the Act and PCAOB Rule 3700. In accordance with Section 103(d) of the Act, the Board will include in its annual report a discussion of the work of the Board with the IAG.

#### III. Purpose

The purpose of the IAG is to provide its views and advice to the Board on broad policy issues, and other matters that affect investors and are related to the work of the Board.

The Board will look to the IAG to provide high-level advice and insight on matters the Board and its staff may face in fulfilling its mission to protect investors under the Act.

IV. Selection of Members

Original and successive Members of the IAG will be selected by the Board, at its sole discretion, based on nominations, including self-nominations, received from any person or organization.

V. Number and Qualifications of Members

The Board, at its discretion, will set the number of Members of the IAG from time to time. The initial number of Members of the IAG shall be approximately 15. The IAG will be composed of individuals of the highest integrity with the expertise and experience in relevant areas, including investing in public companies, to enable the IAG to assist the PCAOB to carry out its mission, which is to oversee the auditors of public companies in order to "protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports."

Although IAG Members may be employed or otherwise affiliated with other organizations, IAG Members will serve in their personal capacities and not as representatives of particular employers.

VI. Terms of Members

Except for the original Members, whose date of appointment shall be individually determined, all terms will commence on October 1 of the calendar year in which the Member is appointed. All terms will end on September 30 of the calendar year in which the Member's term is to expire, except for terms expiring in 2018, which shall extend until the end of that calendar year. Unless the appointment is revoked for cause, as determined by the Board, or unless the IAG Member voluntarily resigns from the IAG, membership in the IAG will be for a term of three years, except for terms expiring in 2018, which shall extend until the end of that calendar year.

Members may be nominated to serve consecutive terms, such terms being for three years. No person may serve as a Member of the IAG for more than nine consecutive years, except for terms expiring in 2018, which shall extend until the end of that calendar year.

VII. Ethical Standards

Membership in the IAG will be personal to the individuals selected to serve; a Member's duties and responsibilities, including attendance at meetings, may not be delegated to others. Membership in the IAG will be of an advisory nature only. In addition, each Member of the IAG will be expected to –

- (a) assist the Board and staff in avoiding any actual or perceived conflicts of interest by refraining from improperly using his or her position in the IAG to influence Board Members or Board staff on matters directly affecting that IAG Member or his or her employer, business partners or clients, provided that this does not preclude IAG Members from appearing or practicing before the Board on particular matters affecting their employer;
- (b) recuse himself or herself, or otherwise withdraw from, consideration of any matter before the IAG directly affecting such IAG Member, his or her employer, business partners or clients, provided that if recusal or withdrawal is not practical in either the Member's or the Board's opinions, such IAG Member shall resign from the IAG;<sup>1</sup>
- (c) keep confidential any information obtained during the term and scope of his or her IAG membership and that has not been released, announced, or otherwise made available publicly; and,
- (d) in the event that a Member issues a private publication or public statement concerning the work of the PCAOB or the IAG, he or she shall include a disclaimer indicating that the views expressed are his or her own and do not necessarily reflect the views of the PCAOB, Board members, staff, or the IAG or other Members of the IAG.

#### VIII. Meetings and Board Relations

The Board has determined that the Chairman of the Board will designate one of the Board members to serve as the Chair of the IAG. The Chair of the IAG will not be considered one of the Members. The Chair will approve the agenda for all IAG meetings. The Chair will be responsible for preparing the meeting agenda, organizing and overseeing meetings, conference calls and related activities, and acting as the general liaison to his colleagues on the Board.

The IAG shall hold one- or two-day semi-annual meetings. Other meetings may be held at the discretion of the Chair. At the discretion of the Chair, the IAG's meetings or portions thereof may be open to the public.

The IAG shall continue until dissolved by the Board for any reason.

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<sup>1</sup> For purposes of this section, consideration of a matter before the IAG that affects an IAG member's employer, business partners, or clients to the same degree as similarly situated people or business organizations, does not constitute a "direct effect."