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## CHARTER

### THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

#### STANDARDS AND EMERGING ISSUES ADVISORY GROUP

As Adopted by the Board on March 29, 2022

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### I. General Function and Purpose

This Charter shall govern the operations of the Standards and Emerging Issues Advisory Group (SEIAG), which has been established by the Public Company Accounting Oversight Board (PCAOB)<sup>1</sup> to advise on existing standards, proposed standards, potential new standards, and on matters other than standards, such as emerging issues, that are of significance to the PCAOB in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports.<sup>2</sup>

### II. Formation Authority

The SEIAG is established pursuant to Section 103 of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 3700, which empowers the Board to convene such expert advisory groups as may be appropriate to make recommendations concerning the content of professional standards; and pursuant to Section 101 of the Act, which empowers the Board generally to perform such duties or functions as it determines necessary or appropriate to carry out its mission under the Act.

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<sup>1</sup> In this Charter, the five-member Board described in Section 101(e)(1) of the Sarbanes-Oxley Act of 2002, as amended, is referred to as the "Board."

<sup>2</sup> The role of the SEIAG shall not ordinarily include technical drafting. Instead, the Board shall look to the SEIAG to provide advice and insight as to the need to formulate new standards or amend existing standards, and for opinions on the impact of proposed new or amended standards, among other things.

### **III. Description of Duties**

The SEIAG shall function as an advisory body according to the procedures set forth herein and consistent with the Act. Its duties shall be solely advisory and shall extend only to the submission of advice or recommendations to the Board. Determinations of actions to be taken, and policy to be expressed with respect to matters within the Board's authority upon which the SEIAG provides advice, shall be made solely by the Board. The SEIAG need not reach consensus on every issue, and may choose to provide the Board with differing, or a range of, opinions. The SEIAG should conduct its work with a view to furthering the PCAOB's mission.

### **IV. Duration and Termination of the SEIAG and Subcommittees and Task Forces of the SEIAG**

The SEIAG shall operate until such time that the Board, in its sole and absolute discretion, determines that its continuance is no longer in the public interest.

A subcommittee or task force of the SEIAG shall operate until such time that the Board, in its sole and absolute discretion, dissolves the subcommittee or task force.

### **V. Selection of SEIAG Members**

The Board shall announce, via press release or other public notice, its solicitation of nominations from the public. The Board shall select SEIAG Members, in its sole and absolute discretion, based on nominations (including self-nominations) received from any person or organization; provided, however, that no person shall be a SEIAG Member who currently is, or is closely related to, an employee (or Board Member or Commissioner, as the case may be) of the PCAOB or the U.S. Securities and Exchange Commission (SEC). Concurrent service on the SEIAG and one or more SEC advisory committees is permitted.

### **VI. Number and Qualifications of SEIAG Members**

The SEIAG shall be composed of not more than 24 Members with requisite expertise.

SEIAG Members shall be individuals with expertise in one or more of the following areas:

- accounting (including financial reporting);
- auditing;
- corporate finance;
- corporate governance (including audit committees or boards of directors);
- investing in public companies; and
- other areas that the Board deems relevant.

To ensure diversity of thought and perspectives, the Board shall strive to comprise the SEIAG with individuals from each of these areas of expertise. Further, to enhance communication between the SEIAG and the Investor Advisory Group (IAG), the Board shall seek to have at least one IAG Member also serve on the SEIAG.

SEIAG Members shall be individuals of the highest integrity. Membership in the SEIAG shall be personal to the individuals selected to serve. While SEIAG Members may be employed or otherwise affiliated with other organizations, SEIAG Members shall serve in their personal capacities and not as representatives of particular employers. A SEIAG Member's duties and responsibilities, including attendance at meetings, may not be delegated to others.

## VII. Terms of SEIAG Members

Of the SEIAG Members appointed in 2022: (i) fifty percent shall be appointed for a term expiring on December 31, 2023 ("Cohort 1"); and (ii) fifty percent shall be appointed for a term expiring on December 31, 2024 ("Cohort 2"). Should the Board appoint an odd number of SEIAG Members in 2022, the Board may, in its sole and absolute discretion, adjust this allocation. In each case, the term of a SEIAG Member selected in 2022 shall begin on the date of the public announcement of the SEIAG Member's selection by the Board.

Thereafter, each SEIAG Member shall be appointed for a two-year term to either Cohort 1 or Cohort 2. Terms of SEIAG Members in Cohort 1 shall begin on January 1 of even-numbered years and end on December 31 of the subsequent year. Terms of SEIAG Members in Cohort 2 shall begin on January 1 of odd-numbered years and end on December 31 of the subsequent year.

The Board shall have the authority, in its sole and absolute discretion, to remove any SEIAG Member at any time, for any reason, with cause or without cause. Following removal, resignation, or incapacity of any SEIAG Member, the Board may, in its sole and absolute discretion: (i) appoint a replacement to fill the vacancy for the remainder of the term of the cohort of the SEIAG Member who was removed, resigned, or incapacitated; or (ii) refrain from filling the vacancy, such that the vacancy shall remain open until the Board determines, in its sole and absolute discretion, to fill it – in which case, regardless of when such appointment may occur, the end of such appointee's term shall be concurrent with the end of the term of the cohort associated with the vacancy.

SEIAG Members, including those who are appointed to fill a vacancy left by the departure of another SEIAG Member before the end of their term, shall be limited to six consecutive years of SEIAG membership (other than those appointed in Cohort 2 in 2022, who shall be limited to seven consecutive years of SEIAG membership).

## VIII. Ethical Standards

Each SEIAG Member is expected to:

- (a) act in the public interest in connection with their participation in the SEIAG;
- (b) assist the Board and staff in avoiding any actual or perceived conflicts of interest by refraining from improperly using their position on the SEIAG to influence Board Members or Board staff on matters directly affecting that SEIAG Member or their employer, business partners or clients; *provided that* this does not preclude a SEIAG Member from appearing or practicing before the Board on particular matters affecting their employer;
- (c) recuse himself, herself, or themselves, or otherwise withdraw from, consideration of any matter before the SEIAG directly affecting such SEIAG Member, their employer, business partners or clients; *provided that* if recusal or withdrawal is not practical in either the SEIAG Member's or the Board's opinion, such SEIAG Member shall resign from the SEIAG;<sup>3</sup>
- (d) keep confidential any information obtained during the term and scope of their SEIAG membership that has not been released, announced, or otherwise made available publicly by the PCAOB;
- (e) include a disclaimer, in the event that a SEIAG Member issues a private publication or public statement concerning the work of the PCAOB or the SEIAG, indicating that the views expressed are their own and do not necessarily reflect the views of the PCAOB, Board Members, PCAOB staff, the SEIAG, or other SEIAG Members; and
- (f) devote an adequate amount of time to the consideration of matters before the SEIAG, including reading distributed pre-meeting materials before meetings, regular attendance and active participation at meetings and, as applicable, active participation in SEIAG subcommittees and task forces.

In furtherance of these expectations, SEIAG Members shall comply with EC3, EC8(a), and EC9 — and, with respect to any private publication or public statement regarding the Board or the SEIAG or any of their activities, EC10 — of the PCAOB's Code of Ethics (or equivalent applicable

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<sup>3</sup> For purposes of this section, consideration of a matter before the SEIAG that affects a SEIAG Member's employer, business partners, or clients to the same degree as similarly situated people or business organizations, does not constitute a "direct effect."

provisions in the event that the PCAOB's Code of Ethics is amended). SEIAG Members must execute an Ethics Agreement indicating their consent to be bound by those provisions and to certify compliance therewith on an annual basis. SEIAG Members shall continue to be bound by the relevant Ethics rules and Ethics Agreements once their terms have ended.

After executing an Ethics Agreement, SEIAG Members may be permitted to receive nonpublic PCAOB information relevant to a matter under consideration by the SEIAG or a subcommittee or task force thereof; *provided, however*, that (i) whether to provide SEIAG Members with nonpublic PCAOB information is in the sole and absolute discretion of, and must be authorized by, the Board; and (ii) all SEIAG Members involved in the particular deliberations to which the information relates are provided with substantially the same information as concurrently as practicable.

## **IX. Compensation and Reimbursement**

SEIAG Members shall receive no compensation for their service. SEIAG Members incurring expenses in connection with their service may have related travel expenses reimbursed by the PCAOB, subject to the PCAOB's travel and business expense reimbursement policy.

## **X. SEIAG Co-Chairs**

The Chief Auditor of the PCAOB shall serve as the SEIAG Chair. The Board may appoint a Co-Chair (removable at the sole and absolute discretion of the Board) from among the SEIAG Members. The Chief Auditor of the PCAOB shall not be a SEIAG Member.

The SEIAG Chair (or Co-Chairs, as the case may be) shall be responsible for the SEIAG's carrying out of its meeting agendas.

## **XI. SEIAG Meeting Agendas**

Meeting agendas shall be developed by the SEIAG Chair (or Co-Chairs, as the case may be), based on input from the Board, PCAOB staff, and SEIAG Members, and shall be subject to approval by the Board.

## **XII. SEIAG Meetings**

Nature of Meetings. The activities and meetings of the SEIAG shall generally be public. The SEIAG shall hold at least two public meetings per calendar year, as called by the SEIAG Chair (or Co-Chairs, as the case may be) in consultation with the Board.

The Board or the SEIAG Chair (or Co-Chairs, as the case may be) in consultation with the Board may hold additional ad hoc public or nonpublic SEIAG meetings (including nonpublic breakout sessions or executive sessions at otherwise public meetings), as necessary or appropriate. Unless otherwise directed by the SEIAG Chair (or Co-Chairs, as the case may be) in consultation with the Board, nonpublic meetings (including breakout or executive sessions) shall be closed to the public, but open to SEIAG Members, observers, invited experts, Board Members, and PCAOB staff.

A majority of SEIAG Members shall constitute a quorum. Meetings of the SEIAG may be held at any location (or telephonically or by video conference), as determined by the SEIAG Chair (or Co-Chairs, as the case may be) in consultation with the Board. A PCAOB staff person designated by the SEIAG Chair (or Co-Chairs, as the case may be) shall serve as secretary of each meeting and shall prepare minutes thereof, subject to review and approval by the SEIAG Chair (or Co-Chairs, as the case may be). Following their approval, such minutes shall be distributed to all SEIAG Members and to all Board Members.

Nonpublic information, as defined in EC9 of the PCAOB Ethics Code (or equivalent applicable provisions in the event that the PCAOB's Code of Ethics is amended), may not be discussed at any such public meeting of the SEIAG absent advance Board approval.

Experts. The SEIAG Chair (or Co-Chairs, as the case may be) may, in consultation with the Office of the PCAOB Chair, invite PCAOB staff (for purposes of making presentations) or one or more external experts, to participate in any meeting of the SEIAG; *provided that*, any such external expert agrees to maintain the confidentiality of any nonpublic information they may receive (which shall not be provided to such expert absent Board authorization), pursuant to EC9 of the PCAOB Ethics Code (or equivalent applicable provisions in the event that the PCAOB's Code of Ethics is amended).

Observers. A representative of each of the SEC, the Financial Accounting Standards Board (FASB), the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA), the National Association of State Boards of Accountancy (NASBA), and the International Auditing and Assurance Standards Board (IAASB) shall be, to the extent available, observers at SEIAG meetings. The Board may designate additional observers, per meeting, as necessary or appropriate.

### **XIII. Subcommittees and Task Forces**

Formation. A subcommittee of the SEIAG may be formed when consideration of a particular matter would benefit from focused attention by a subset of the SEIAG's membership. A task force of the SEIAG may be formed when consideration of a particular matter would benefit

from the regular participation of individuals who are not SEIAG Members. A subcommittee or task force of the SEIAG may be established at the direction of the Board. The SEIAG Chair (or Co-Chairs, as the case may be), in consultation with the Board and SEIAG Members, shall specify the topic to be investigated and, with respect to a task force, the nature of any non-SEIAG Member perspective(s) that the SEIAG desires to include in the task force. With respect to a task force, the SEIAG may recommend to the Board participants to serve on the task force who are non-SEIAG Members; appointments to a task force of non-SEIAG Member participants, if any, shall be subject to approval of the Board in its sole and absolute discretion.

Participation. Unless otherwise specified, any subcommittee of the SEIAG shall comprise those SEIAG Members selected by the SEIAG and any task force shall comprise all SEIAG Members who wish to be involved in carrying out a task. No person shall be appointed to a task force who currently is, or is closely related to, an employee or Board Member of the PCAOB, or the SEC; *provided, however, that* concurrent service on one or more SEC advisory committees and one or more task forces is permitted. All non-SEIAG Member task force participants shall be subject to the provisions of Sections VIII and IX of this Charter.

Leadership. The SEIAG Chair (or Co-Chairs, as the case may be) shall appoint, in consultation with the Board, a leader of the subcommittee or task force of the SEIAG from among the subcommittee or task force members who shall carry out the SEIAG Chair's (or Co-Chairs', as the case may be) responsibilities for scheduling meetings, arranging resources, etc., to carry out a task, and who shall preside at subcommittee or task force meetings. In the event of a joint SEIAG-IAG task force, the PCAOB Chair, in consultation with the Board, shall designate a single leader from either the SEIAG or the IAG, who shall carry out the responsibilities of the (Co-)Chairs of both advisory groups.

#### **XIV. Subcommittee and Task Force Meetings**

Subcommittees and task forces may hold ad hoc public or nonpublic meetings (including nonpublic sessions at otherwise public meetings), as necessary or appropriate, as called by the SEIAG Chair (or Co-Chairs, as the case may be) or the subcommittee or task force leader in consultation with the Board. A majority of the subcommittee or task force members shall constitute a quorum. Subcommittee and task force meetings may be held at any location (or telephonically or by video conference), as determined by the SEIAG Chair (or Co-Chairs, as the case may be), or the subcommittee or task force leader in consultation with the SEIAG Chair (or Co-Chairs, as the case may be). A PCAOB staff person designated by the subcommittee or task force leader, in consultation with the SEIAG Chair (or Co-Chairs, as the case may be) shall serve as secretary of each meeting and shall prepare minutes thereof, subject to approval by the subcommittee or task force leader. Following their approval, such minutes shall be distributed to all SEIAG Members and to all Board Members. Nonpublic information may not be discussed

at any public subcommittee or task force meeting absent advance authorization from the Board. Unless otherwise directed by the SEIAG Chair (or Co-Chairs, as the case may be) in consultation with the Board, nonpublic subcommittee or task force meetings (including nonpublic sessions at otherwise public meetings) shall be closed to the public, but open to SEIAG Members, observers, invited experts, Board Members, and PCAOB staff.

Experts. A subcommittee or task force leader may, in consultation with the SEIAG Chair (or Co-Chairs, as the case may be) and with the Office of the PCAOB Chair, invite PCAOB staff (for purposes of making presentations) or one or more external experts, to participate in any subcommittee or task force meeting; *provided that*, any such expert agrees to maintain the confidentiality of any nonpublic information they may receive (which shall not be provided to such expert absent Board authorization), pursuant to EC9 of the PCAOB Ethics Code.

Observers. The Board may designate observers at any meeting of a subcommittee or task force of the SEIAG, as necessary or appropriate.

## **XV. Notice of Meetings**

The SEIAG Chair (or Co-Chairs, as the case may be), through PCAOB staff, shall give each SEIAG Member, subcommittee member, or task force member, as the case may be, written notice of each meeting not later than two weeks before the date of the meeting.

## **XVI. Voting**

SEIAG Meetings: A SEIAG Member must be participating in a meeting, in person or by telephone or similar mode of communication, to cast a vote. When a decision or recommendation of the SEIAG is required, the SEIAG Chair (or one of the Co-Chairs, as the case may be) shall request a motion for a vote. Any SEIAG Member may move for a vote. SEIAG action based on a vote requires a simple majority of the votes cast at a meeting at which there is a quorum.

Subcommittee and Task Force: Only subcommittee or task force members shall have the right to move for a vote or cast a vote. A subcommittee or task force member must be participating in a meeting, in person or by telephone or similar mode of communication, to cast a vote. When a decision or recommendation of the subcommittee or task force is required, the subcommittee or task force leader shall request a motion for a vote. Any subcommittee or task force member may move for a vote. Subcommittee or task force action based on a vote requires a simple majority of the votes cast at a meeting at which there is a quorum.

Any subcommittee or taskforce shall report to the SEIAG on any action taken.



## **XVII. Robert's Rules of Order**

Robert's Rules of Order shall apply to SEIAG, subcommittee and task force meetings, except as otherwise provided in this Charter.

## **XVIII. Amendments**

This Charter may be amended from time to time at the sole and absolute discretion of the Board.