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CHARTER

STANDARDS ADVISORY GROUP OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Adopted by the Board – March 29, 2021

I. General Function and Purpose

The Standards Advisory Group (SAG) is hereby established to advise the members of the Public Company Accounting Oversight Board (Board)¹ on (i) existing auditing and related attestation standards, quality control standards, ethics standards, and independence standards; (ii) proposed standards; and (iii) potential new or amended standards.² The SAG may also, if requested, advise the Board on matters other than standards that are of significance to the Board. The SAG operates exclusively in an advisory capacity.

II. Formation Authority

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

III. Selection of Members

The Board will select SAG Members based on nominations (including self-nominations) received from any person or organization. The Board will announce, via press release or other public notice, its solicitation of nominations from the public.

IV. Number and Qualifications of Members

The SAG shall consist of eighteen (18) Members, comprising the following:

- (a) Investors. Five SAG Members shall have substantive experience in investing in securities or analyzing equities or bonds for investors, and shall be actively and principally engaged in selecting securities, managing portfolios, or allocating assets for retail or institutional investors in the U.S. public capital markets.
- (b) Audit committee members or directors. Three SAG Members shall be either members of the audit committee (or its equivalent) or members of the board of directors (or its equivalent) of an entity whose financial statements must be audited by a public accounting firm registered with the PCAOB.
- (c) Financial reporting oversight personnel. Three SAG Members shall be persons (other than members of an audit committee or board of directors or their equivalents) who have direct or indirect responsibility for the preparation of financial statements of public companies, brokers, or dealers. Such individuals could include a chief executive officer, president, chief financial officer, chief accounting officer, controller, director of financial reporting, or any equivalent position.
- (d) Academics and others with specialized knowledge. Three SAG Members shall be members of the academic community, corporate governance or corporate finance experts, or persons who otherwise have specialized knowledge with respect to investing, financial reporting, accounting, or auditing.
- (e) Audit professionals. Four SAG Members shall be individuals from registered audit firms. The Board shall select audit professionals based on nominations from the Center for Audit Quality; provided, however, that the nominees shall be drawn from audit firms of differing sizes and shall collectively have experience or expertise that includes audits of emerging growth companies and broker-dealers.

SAG Members will be individuals of the highest integrity. Although SAG Members may be employed by or otherwise affiliated with other organizations, SAG Members will serve in their personal capacities and not as representatives of particular organizations. Because membership in the SAG will be personal to the individuals selected to serve, that membership may not be delegated to others.

No person shall be a SAG Member who currently is, or is an immediate family member of, an employee, contractor, or Board member of the PCAOB, or an employee, contractor, or Commissioner of the U.S. Securities and Exchange Commission.

Concurrent service on one or more SEC advisory committees and the SAG is permitted.

V. Terms of Members

Of the SAG Members selected in 2021, nine SAG Members shall be selected for a term ending on December 31, 2023; and nine shall be selected for a term ending on December 31, 2024. In each case, the term of a SAG Member selected in 2021 shall begin on the date of the public announcement of the SAG Member's selection by the Board.

Thereafter, each SAG Member will be selected for a two-year term. Terms begin on January 1 of the first year and end on December 31 of the second year. SAG Members whose terms have ended may continue to serve until their successors are selected.

The Board shall have the authority, in its sole and absolute discretion, to remove any SAG Member at any time, for any reason, with cause or without cause. Following the removal, resignation, or incapacity of any SAG Member, a replacement shall be selected by the Board to fill the vacancy for the remainder of the term.

SAG Members, including those selected to fill a vacancy left by the departure of another SAG Member before the end of his or her term, may be selected by the Board for two additional two-year terms.

VI. Ethical Standards

Each SAG Member is expected to:

- (a) act in the public interest in connection with their participation in the SAG;
- (b) assist the Board and staff in avoiding any actual or perceived conflicts of interest by refraining from improperly using his or her position on the SAG to influence Board Members or Board staff on matters directly affecting that SAG Member or his or her employer, business partners or clients, provided that this does not preclude a SAG Member from appearing or practicing before the Board on particular matters affecting his or her employer;
- (c) recuse himself or herself, or otherwise withdraw from, consideration of any matter before the SAG directly affecting such SAG Member, his or her employer, business partners or clients, provided that if recusal or withdrawal is not practical in either the SAG Member's or the Board's opinions, such SAG Member shall resign from the SAG;³
- (d) keep confidential any information obtained during the term and scope of his or her SAG membership that has not been released, announced, or otherwise made available publicly by the PCAOB;

- (e) include a disclaimer, in the event that a SAG Member issues a private publication or public statement concerning the work of the PCAOB or the SAG, 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 SAG or other SAG Members; and
- (f) devote an adequate amount of time to the consideration of matters before the SAG, including regular attendance at meetings and active participation in SAG Task Forces.

In furtherance of these expectations, SAG Members shall comply with EC3, EC8(a), and EC9—and, with respect to any private publication or public statement regarding the Board or the SAG or any of their activities, EC10—of the PCAOB’s Code of Ethics “(or equivalent provisions in the event that the PCAOB’s Code of Ethics is amended). SAG Members must execute an Ethics Agreement indicating their consent to be bound by those provisions and to certify their compliance therewith on an annual basis. SAG members will continue to be bound by the relevant Ethics rules and Ethics Agreements once their terms have ended.

After executing an Ethics Agreement, SAG Members may receive non-public PCAOB information relevant to the SAG’s tasks so long as: (i) provision of such information is authorized by the Office of the PCAOB Chairperson; and (ii) all SAG Members involved in the particular tasks and/or deliberations to which the information relates are provided with substantially the same information as concurrently as practicable.

VII. Compensation and Reimbursement

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

VIII. SAG Chair

The PCAOB Chairperson, or a PCAOB staff person designated by the PCAOB Chairperson (removable at the sole discretion of the PCAOB Chairperson), will serve as the SAG Chair. The SAG Chair is not a SAG Member.

The SAG Chair will receive tasking instructions from the Board in accordance with Article X hereof, select Task Force Leaders in consultation with the Board in accordance with Article XI, and be responsible for arranging for the SAG’s execution of the assigned tasks.

IX. SAG Meetings

The Board or the SAG Chair, in consultation with the Board, may call a meeting of the SAG. A majority of the Members of the SAG shall constitute a quorum. Meetings of the SAG shall be ad hoc, in the discretion of the Board or the SAG Chair, as needed in light of the tasks assigned to the SAG under Article X. Meetings of the SAG may take place at any location (or telephonically or by video conference).

The SAG Chair shall preside over meetings of the SAG and, in consultation with the Board, shall set the agenda for the meeting. The SAG Chair shall allow all Members to voice their opinions in an orderly manner so that everyone in the meeting can hear and be heard, and may use the current edition of *Robert's Rules of Order* as a guide.

To promote candor, the activities and meetings of the SAG shall generally be non-public, but the Board may call public meetings of the SAG for any purpose, including for reporting on the progress of a Task Force, presentation of a deliverable, and promotion of public awareness or discussion of a specified issue.

Non-public information may not be discussed at any public SAG meeting absent advance authorization from the Board.

The Board may designate official observers for public SAG meetings. The SAG Chair may invite PCAOB staff or, in consultation with the Board, external experts to any SAG meeting, non-public or public, provided that such external experts agree to maintain the confidentiality of any non-public information they may receive, pursuant to EC9 of the Board's Ethics Code.

The SAG Chair shall designate a PCAOB staff person to take minutes of all SAG meetings, non-public or public. The SAG Chair shall review and approve the minutes of all SAG meetings.

X. Tasking

The SAG shall primarily conduct its business by carrying out specific tasks assigned by the Board. The Board shall have sole and complete discretion to assign tasks to the SAG, including with respect to the topics to be studied, the scope of the work to be undertaken, and the deliverable (whether information, findings, recommendations, or any combination thereof) to be provided. As indicated in Article XI below, each task will be carried out by a SAG Task Force.

XI. Task Forces

A Task Force shall comprise all SAG Members who wish to be involved in carrying out the task, and the Board encourages maximum participation by SAG investor Members. The Board may expand a Task Force to include specially-qualified persons who are not SAG Members; provided, however, that any non-members must agree to comply with the Ethics Standards for SAG Members set out in Article VI hereof, including the execution of Ethics Agreements.

The SAG Chair, in consultation with the Board, shall select a Task Force Leader from among the members of the Task Force. The Task Force Leader is responsible for scheduling Task Force meetings in consultation with the SAG Chair, arranging resources, presiding over Task Force meetings, providing status updates to the SAG Chair, and otherwise directing the activities of the Task Force.

XII. Task Force Meetings

The Board, the SAG Chair, or the Task Force Leader may call a meeting of a Task Force. A majority of the members of the Task Force shall constitute a quorum. Meetings of the Task Force shall be ad hoc, in the discretion of the Board, the SAG Chair, or the Task Force Leader, as needed in light of the tasks assigned to the Task Force. Meetings of the Task Force may take place at any location (or telephonically or by video conference). The SAG Chair shall timely notify the Board of Task Force meetings.

The Task Force Leader shall preside over meetings of the Task Force. The Task Force Leader shall allow all members of the Task Force to voice their opinions in an orderly manner so that everyone in the meeting can hear and be heard, and may use the current edition of *Robert's Rules of Order* as a guide.

To promote candor, the activities and meetings of the Task Force shall generally be non-public, but the Board may call public meetings of the Task Force for any purpose, including for reporting on the progress of a Task Force, presentation of a Task Force's deliverables, and promotion of public awareness or discussion of a specified issue.

Non-public information may not be discussed at any public Task Force meeting absent advance authorization from the Board.

The Board may designate official observers for public Task Force meetings. The SAG Chair, in consultation with the Task Force Leader and, for public meetings, with the Board, may invite PCAOB staff or external experts to any Task Force meeting, non-public or public, provided that such external experts agree to maintain the confidentiality of any non-public information they may receive, pursuant to EC9 of the Board's Ethics Code.

The SAG Chair shall designate a PCAOB staff person to take minutes of all public Task Force meetings. The SAG Chair shall review and approve the minutes of all public Task Force meetings. The Task Force Leader may direct that minutes of any non-public Task Force meeting be taken. If minutes are to be prepared for a non-public meeting, the Task Force Leader may request that the SAG Chair designate a PCAOB staff person to serve as the secretary and prepare minutes. Minutes of a Task Force meeting, if prepared, shall be reviewed and approved by the Task Force Leader.

XIII. Deliverables

Task Forces are responsible for preparing deliverables specified in tasks assigned by the Board. A majority vote of a Task Force is required to approve a deliverable for submission to the Board.

The Board or the SAG Chair, in consultation with the Board, may direct that a Task Force's deliverable be exposed to the SAG for comment.

XIV. Amendments; Duration and Dissolution

This Charter may be amended from time to time at the discretion of the Board. The SAG shall continue until dissolved by the Board. Any such dissolution is at the discretion of the Board.

Notes

- ¹ In this Charter, the five-member Board described in Section 101(e)(1) of the Sarbanes-Oxley Act of 2002 is referred to as the “Board.”
- ² The role of the SAG will not include technical drafting. Instead, the Board will look to the SAG 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.
- ³ For purposes of this section, consideration of a matter before the SAG that affects a SAG Member’s employer, business partners, or clients to the same degree as similarly situated people or business organizations does not constitute a “direct effect.”