

JPMorgan Claverhouse Investment Trust plc

Audit Committee – Terms of Reference
(Committee established 9th November 1992)
(Terms of Reference revised 23rd November 1998, 6th April 2000,
9th March 2004 and 25th February 2015)

Audit Committee

The Audit Committee (the ‘Committee’) is a committee of the Board of JPMorgan Claverhouse Investment Trust plc (the ‘Company’), established to review the principles, policies and practices adopted in the preparation of the financial statements of the Company and with the aim of ensuring that the half year and annual reports of the Company and any other announcement relating to the Company’s financial performance comply with all statutory requirements.

The Committee shall also review the work of the Company’s external Auditors and of the internal controls of JPMorgan Asset Management ¹ (JPMAM), in so far as they impact on the Company to receive comfort on the adequacy and effectiveness of their financial, operating, compliance and risk management controls.

The Committee shall also review the management of corporate governance, risk and regulatory compliance as it relates to the Company and report its findings to the Board.

¹ JPMAM is a division of JPMorgan Chase & Co. The Company has a management agreement with JPMorgan Funds Limited (JPMF). JPMF is the Company’s Manager and Company Secretary and has delegated portfolio management to JPMorgan Asset Management (UK) Limited, an affiliate company.

Membership

The Committee shall be appointed by the Board from amongst the independent Directors of the Company and shall consist of not less than 2 members. At least one member of the Committee shall have recent and relevant financial experience, ideally with a professional qualification from one of the accounting bodies. A quorum for meetings shall be 2 members, preferably at least one of whom has the relevant experience. Membership shall be identified in the Annual Report.

The Chairman of the Committee shall be appointed by the Board and should not be the Chairman of the Board. The Chairman of the Board may be a member of the Audit Committee if deemed independent on appointment. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Attendance at Audit Committee Meetings

Only members of the Committee have the right to attend Committee meetings. Any other Board members shall attend if invited by the Committee.

Any of the Head of JPMAM Investment Trusts, the Company’s external Auditors, the Head of JPMAM internal audit, JPMAM’s Compliance Officer, or any of their representatives shall attend at the invitation of the Committee. The Committee shall meet with the external Auditors at least once a year (without management present, if required). That meeting shall take place around the time of finalisation of the Annual Report but the frequency of Board meetings may dictate the date.

The Company Secretary or their nominee shall be the Secretary of the Committee and shall be responsible for preparing the agenda and producing and circulating the Committee papers to all

Directors before the meeting to enable full and proper consideration to be given to the issues and for producing and circulating the minutes to all Committee members in a timely manner.

Frequency of Meetings

The Committee shall meet not less than twice per year to coincide with the half year and year ends and meetings may be held immediately before or after a Board meeting. The Company's Auditors may request a meeting with the Committee at any time if they consider that one is necessary. Any member may request the convening of a meeting by the Secretary. Sufficient time should be allowed to enable the Committee to undertake as full a discussion as may be required.

Authority

The Committee is authorised by the Board:

- to investigate any activity within its terms of reference;
- to seek any information it requires. JPMAM and its employees shall co-operate with any request made by the Committee;
- to obtain outside legal or other independent professional advice at the Company's expense and such advisers may attend meetings as necessary.

Responsibilities

The responsibilities of the Committee shall be:

- to review the Company's compliance with the UK Corporate Governance Code, the Listing Rules, the Disclosure and Transparency Rules, the AIC Code of Corporate Governance and any other applicable rules as appropriate for the purposes of financial reporting and reviewing the financial statements;
- to review regular reports from JPMAM's Compliance Officer and keep under review the adequacy and effectiveness of that function;
- to review half year and year end reports from the Company's depository, providing information on the custodian's safe keeping of the Company's assets, its cash flows, net asset value calculations, the liquidity of the Company's investments and management of the Company's portfolio in accordance with its investment restrictions, guidelines and borrowing limits;
- to oversee the process for selecting the external Auditors their appointment, reappointment and removal, including an external tender process to be undertaken at least every ten years or at intervals in accordance with applicable regulations and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- to approve the external Auditors' engagement letter and authorise any one Director to sign it on behalf of the Committee;
- to recommend the audit fee to the Board, having satisfied itself that the level of fee payable in respect of the audit services provided is appropriate and that an effective, high quality audit can be conducted for such a fee;
- to approve any fees in respect of non audit services provided by the external Auditors and to ensure that the provision of non audit services does not impair the external Auditors' independence or objectivity;

- to discuss with the external Auditors the nature and scope of the audit and to review, in so far as is practical, their quality control procedures and steps taken by the external Auditors to respond to changes in regulatory and other requirements;
- to review the external Auditors' audit report;
- to review the findings of the audit with the external Auditors including, but not limited to: a discussion of any major issues which arose during the audit; key accounting and audit judgments; levels of errors identified during the audit; and the effectiveness of the audit process;
- to review and approve the letter of representation to the external Auditors and JPMAM's associated letter of comfort and authorise any one Director to sign the letter of representation on behalf of the Committee;
- to review management's and the independent Auditors' reports on the effectiveness of systems of risk management and internal control of JPMAM, the depositary and the registrar;
- to assess annually the Auditors' effectiveness, objectivity and independence, taking into account relevant professional and regulatory requirements, ensuring that key partners are rotated at appropriate intervals;
- to monitor the integrity of the Company's financial statements and to review and challenge where necessary the actions and judgments of JPMAM in relation to the half year and annual financial statements before submission to the Board, paying particular attention to:
 - critical accounting policies and practices, and any changes to them;
 - decisions requiring a major element of judgment;
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - the clarity and completeness of disclosures in the Company's financial reports and context in which the disclosures are made;
 - significant adjustments or unadjusted differences resulting from the audit;
 - the going concern assumption;
 - compliance with accounting standards whether these are appropriate and whether the Company has made appropriate estimates and judgments, taking into account the views of the external Auditors;
 - compliance with stock exchange and other legal requirements; and
 - reviewing the Company's statement on risk management and internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company.
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- other topics, as defined by the Board.

Reporting procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, and the Chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.

The Committee members shall conduct an annual review of their work and of these terms of reference and make recommendations to the Board.

The Committee's duties and activities during the year shall be disclosed in the annual report, including an explanation of how the Committee has assessed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external Auditors; and all other information requirements set out by applicable regulations, including at least those matters that have informed the Board's assessment of whether the Company is a going concern..

The Audit Committee Chairman shall report formally to the Board on its proceedings after each Committee meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- the significant issues that it considered in relation to the financial statements and how these were addressed;
- its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external Auditors;
- any other issues on which the Board has requested the Committee's opinion; and
- any recommendations to the Board deemed appropriate by the Committee on any area within its remit where action or improvement is needed.

The Chairman of the Committee shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Committee's activities and their responsibilities.

Training

The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.