

# **JPMORGAN OVERSEAS INVESTMENT TRUST PLC**

## **Audit and Management Engagement Committee – Terms of Reference**

### **Audit and Management Engagement Committee**

It was resolved that a Committee of the Board to be known as the Audit and Management Engagement Committee (the 'Committee') be hereby constituted. The Committee shall be governed as follows. The following terms of reference were adopted at a meeting of the Committee held on 2nd March 2004.

### **Membership**

The Committee shall be appointed by the Board from amongst the independent Directors of the Company and shall consist of not less than two members. At least one member of the Committee shall have recent and relevant financial experience. A quorum for meetings shall be two members. Membership shall be identified in the Annual Report. The Chairman of the Company may not be a member of the Committee but can attend Committee meetings by invitation.

The Chairman of the Committee shall be appointed by the Board.

### **Attendance at Committee Meetings**

Any other Board members shall attend if invited by the Committee.

Any of the Head of JPMAM Investment Trusts Department, 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 and Accounts but frequency of Board meetings may dictate the date.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for preparing the agenda and producing and circulating the minutes to all Directors.

### **Frequency of Meetings**

The Committee shall meet not less than twice per year to coincide with the interim 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.

### **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 contract with the Manager;
- to review the Company's compliance with the Combined Code;
- to consider the appointment of the external Auditors and assess their independence, ensuring that key partners are rotated at appropriate intervals;
- to recommend the audit fee to the Board and 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 their quality control procedures and steps taken by the external Auditors to respond to changes in regulatory and other requirements;
- to oversee the process for selecting the external Auditors and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- to review the external Auditors' management letter and JPMAM's response;
- to review management's and the independent Auditors' reports on the effectiveness of systems of internal control;
- to review and challenge where necessary the actions and judgments of management in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
  - critical accounting policies and practices, and any changes in 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 of disclosures
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accounting standards
  - compliance with stock exchange and other legal requirements
  - reviewing the Company's statement on 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; 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 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 & Accounts.

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.