

# **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE OF BLUE PLANET INVESTMENT TRUST PLC**

Date: 2<sup>nd</sup> February 2016

## ***1. Constitution & membership***

The Committee shall be appointed by the Board from the Non-Executive Directors of the Company and shall consist of not less than 2 independent members. In considering its appointments, the Board shall have regard to the independence requirements of the UK Combined Code and the AIC Code of Corporate Governance.

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

If any member of the Committee shall, during the term of his appointment, have any action occur or engage in any action or transaction, which impacts his independence, he shall so inform the Committee at the earliest practicable date. If such member shall be determined no longer to be independent, he may be required to resign from the Committee.

## ***2. Composition and frequency***

The external auditors or any member of the Committee may request a meeting if they consider that one is necessary.

At least once a year the Committee shall meet with the external auditors.

The external auditors and the committee will be offered the opportunity to hold the meeting without any executive board member or representative of the Manager present.

The Company Secretary shall be the Secretary of the Committee.

## ***3. Authority***

The Committee is authorised by the Board to investigate any activity within its terms of reference.

It is authorised to seek any information it requires from any employee of the Manager and all employees of the Manager are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

**4. Duties**

The duties of the Committee shall be:

(a) to be responsible for the appointment, compensation and oversight of the external auditor;

(b) to review the half-year and annual financial statements before submission to the Board, focusing particularly on:

- (i) any changes in accounting policies and practices
- (ii) major judgmental areas
- (iii) significant adjustments resulting from the audit
- (iv) the going concern assumption
- (v) compliance with accounting standards
- (vi) compliance with stock exchange and legal requirements;
- (vii) providing advice to the Board on whether the annual report and accounts taken as a whole is fair balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

(c) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);

(d) to review the external auditor's management letters and management's response;

(e) to review the Company's statement on internal control systems prior to endorsement by the Board;

(f) to consider the major findings of internal investigations and the Manager's response; (g)

to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

(h) to review, approve and consider the effect upon the independence of the external auditors of the provision to the Company or its affiliates of all non-audit services allowed to be performed by the external auditors under applicable law and the Committee shall review and approve all non-audit fees associated therewith; the Committee may delegate the authority to grant approvals of such non-audit services, which approvals shall be presented to the Committee at the next of the Committee's scheduled meetings;

## AUDIT COMMITTEE TERMS OF REFERENCE

- (i) to be responsible for ensuring that the external auditor report in a timely manner to the Committee:
- (i) all accounting policies and practices used or to be used;
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
  - (iii) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences.
- (j) to ensure that procedures are in place for
- (i) the receipt, retention and treatment of complaints received by the Manager regarding accounting, internal accounting controls, or auditing matters, and
  - (ii) the confidential, anonymous submission by employees of the manager and its subsidiaries of concerns regarding questionable accounting or auditing matters;
- (k) to make or cause to be made, from time to time, such other examinations or reviews as the Committee may deem advisable with respect to the adequacy of the systems of internal controls and accounting practices of the Company and the manager and with respect to current accounting trends and developments, and the Committee shall take such action with respect thereto as may be deemed appropriate.
- (l) to review:
- (i) the status of compliance with laws, regulations, and internal procedures;
  - (ii) contingent liabilities and risks that may be material to the Company and the scope and status of systems for managing such risks;
  - (iii) the scope and status of systems designed to assure Company compliance with laws, regulations and internal procedures;
- through receiving reports from the Manager, legal counsel and other third parties as determined by the Committee on such matters, as well as major legislative and regulatory developments which could materially impact the Company's contingent liabilities and risks;
- (m) to consider other topics, as defined by the board.

### ***5. Reporting procedures***

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.