

THE BRUNNER INVESTMENT TRUST PLC

Audit Committee

Terms of Reference

October 2019

1. Role

1.1 The Audit Committee shall consider how the Company applies corporate reporting and risk management and internal control principles and make recommendations to the Board.

1.2 The Audit Committee maintains an appropriate relationship with the Company's Auditor.

2. Membership

2.1. The Committee shall be appointed by the Board from amongst those directors considered to be independent by the Board and shall consist of no fewer than three members. When appointing Members, the Board shall make reference to any recommendations of the Nominations Committee.

2.2. The Board shall satisfy itself that at least one member of the Committee has recent and relevant financial experience.

2.3. A quorum shall be two members.

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

2.5. The Committee may appoint a sub-committee.

3. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Attendance at Meetings

4.1. Other Board members may attend meetings at the invitation of the Committee. The Committee will meet with the external auditors without the Manager or Secretary present at least once annually.

4.2. A representative of the external auditors will be invited to attend meetings as appropriate.

5. Frequency of Meetings

Meetings shall be held not less than twice a year. Any member of the Committee may request additional meetings if necessary.

6. Notice of Meetings

- 6.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any committee member.
- 6.2. Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend.

7. Reporting Procedures

7.1. Minutes of Meetings

- 7.1.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.1.2. Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board.

7.2. Chairman's Report

- 7.2.1. The Chairman of the Committee shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2.2. The Chairman of the Committee shall attend each annual meeting of the Company to deal with questions from shareholders on matters within the scope of the Committee's responsibilities.

7.3. Website

These terms of reference are to be made available on the Company's website.

7.4. Annual Financial Report

The Committee shall compile a report to shareholders on its activities to be included in the Annual Financial Report.

8. Authority

- 8.1. The Committee shall consider any matters relating to the financial affairs of the Company and to the Company's audit that it deems desirable and is authorised by the Board to investigate any matters within its terms of reference. It is authorised to seek any information it requires from the Manager.
- 8.2. The Committee is authorised to obtain, at the Company's expense, external legal or other independent professional advice on any matters within its terms of reference.

8.3. The Committee is authorised to make recommendations to the Board on any matter within its terms of reference.

9. Duties and Responsibilities

The Committee will at all times comply with the Listing Rules published by the Financial Conduct Authority (“the Listing Rules”), the recommendations of the UK Corporate Governance Code (“the Code”) and guidance from The Association of Investment Companies. The Committee will consider and monitor compliance with s1158 of the Corporation Tax Act 2010 to ensure continued investment trust status.

In particular, the duties of the Committee are:

9.1. Financial Reporting

9.1.1. To discuss with the auditors the nature, scope and planning of the audit, and, taking into account the auditors’ views, to consider whether the Company has adopted appropriate policies and made appropriate estimates and judgments and to consider any need for an internal audit function;

9.1.2. To review annual and interim financial statements and associated formal announcements before submission to the Board, focusing particularly on:

- 9.1.2.1. the valuation and ownership of investments and valuation of any unquoted investments;
- 9.1.2.2. the rationale, where relevant, for the ownership of shares in the management company; or investment in any enterprise managed by the Manager;
- 9.1.2.3. any major judgemental areas;
- 9.1.2.4. significant adjustments resulting from the audit;
- 9.1.2.5. to consider the recognition of investment income and the reconciliation of such to the accounting records in line with accounting policies;
- 9.1.2.6. the going concern assumption;
- 9.1.2.7. compliance with accounting standards;
- 9.1.2.8. statement concerning internal controls and risk management;
- 9.1.2.9. the longer term viability statement; and
- 9.1.2.10. compliance with legal and regulatory requirements;

9.1.3. To receive an annual report from the Company's auditors and have the opportunity to question the auditors;

9.1.4. To discuss any matters they wish to raise without the Manager or Secretary present.

9.2. Internal Controls and Risk Management

9.2.1. To review and monitor the effectiveness of the systems of accounting and internal control and risk management systems;

9.2.2.any changes in accounting policies and practices;

9.2.3.To review related information to be presented with the financial statements, including but not limited to, the Chairman’s Statement, the Investment Manager’s Review, the risk management and corporate governance statements, insofar as they relate to matters within the scope of the Committee’s responsibilities;

9.2.4.To receive reports from the Manager and other third party service suppliers on the effectiveness of the systems they have established.

9.3. Advising the Board Opinion on the Annual Financial Statements

To provide advice, where requested by the Board, on whether the annual financial statements, taken as a whole, are fair balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

9.4. External Audit Process

9.4.1.The Committee shall have the primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors including consideration of the independence of the audit firm and the rotation requirements in respect of the audit partner;

9.4.2.The Committee shall assess annually the qualification, expertise and resources and independence of the external auditors and the effectiveness of the audit process including the auditors’ compliance with the relevant ethical and professional guidance;

9.4.3.The Committee shall approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services and any non-audit services provided;

9.4.4.The Committee shall review the audit management letter and the manager’s response to the auditors’ findings and recommendations;

9.4.5.The Committee shall review any representation letter(s) requested by the auditors before they are signed by the Board.