

MURRAY INTERNATIONAL TRUST PLC

AUDIT COMMITTEE TERMS OF REFERENCE

(Revised November 2018)

ROLE	The Role of the Committee is to assist the Board by overseeing all material aspects of the Company's financial reporting, control and audit functions (internal and external) and by considering the Company's compliance with all applicable legal and regulatory requirements.
MEMBERSHIP	<p>1 The Committee and the Chairman thereof shall be appointed by the Board of Directors of the Company.</p> <p>2 The Committee shall consist of not less than three members, each of whom must be independent non-executive Directors of the Company. The Chairman of the Company may not be a member of the Audit Committee but shall attend meetings if requested by the Committee.</p> <p>3 At least one member should have recent and relevant financial experience.</p> <p>4 The Committee as a whole shall have competence relevant to the investment trust sector</p>
LENGTH OF SERVICE	There is no maximum period of tenure so long as members continue to be independent. Tenure is reviewed at the same time as re-election to the Board is considered.
ATTENDANCE	<p>1 The Committee may request a representative of the external auditors and the head of internal audit of the Manager to attend any meeting of the Committee. At least once a year, the Committee will meet with the external and internal auditors without representatives of the Manager being present.</p> <p>2 The Committee may invite representatives of the Manager, advisers and other third parties to attend meetings as appropriate.</p>
SECRETARY	The Company Secretary shall act as the Secretary of the Committee.
QUORUM	<p>1 The quorum necessary for the transaction of business shall be not less than three members.</p> <p>2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.</p>
FREQUENCY	The Committee shall meet at least three times a year at appropriate times in the reporting cycle, normally February, August and December and otherwise as required.
MINUTES	The minutes of meetings of the Committee shall be included with the agenda of the next Committee Meeting. Once approved, minutes should be circulated to all other members of the Board (unless it would be inappropriate to do so).
ANNUAL GENERAL MEETING	The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any Shareholder questions on the Committee's activities.

AUTHORITY	<p>The Committee is authorised by the Board to:</p> <ol style="list-style-type: none"> 1 investigate any activity within its terms of reference; 2 seek any information that it requires from any employee of the Manager and all employees of the Manager are directed to cooperate with any request made by the Committee; and 3 obtain outside legal or independent professional advice as may be necessary to discharge its duties effectively.
DUTIES	Financial Reporting
	<ol style="list-style-type: none"> 1. Monitor the integrity of the financial statements of the Company, including its Annual and Interim Reports, preliminary results' announcements and of any other formal announcement relating to the Company's financial performance including reviewing significant financial reporting judgements which they contain. The Committee shall also review any financial information contained in certain other documents, such as announcements of a price sensitive nature. 2. Review and challenge where necessary: <ol style="list-style-type: none"> 2.1 the consistency of, and any changes to, accounting policies on a year on year basis; 2.2 the methods used to account for significant or unusual transactions where different approaches are possible; 2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; 2.4 the clarity and disclosure in the Company's financial reports and the context in which statements are made; and 2.5 all material information presented with the financial statements, such as the corporate governance statement (insofar as it relates to audit and risk management). 3. Provide advice 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 performance, business model and strategy. 4. Compile a report to shareholders on its activities to be included in the Company's annual report. The report should include: <ol style="list-style-type: none"> 4.1 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 auditor; and 4.2 an explanation of how the Committee has addressed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
	Internal Controls and Risk Management Systems
	The Committee shall:

	<ol style="list-style-type: none"> 1. Keep under review the Company's internal financial controls and the Company's internal control and risk management systems; 2. Review and approve the statements to be included in the Annual Report concerning internal controls and risk management; and 3. Undertake, at least annually, a robust assessment of the risks facing the Company.
	Compliance, Whistleblowing and Fraud
	The Committee shall:
	<ol style="list-style-type: none"> 1. Review the effectiveness of the Manager's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; 2. Review the Manager's procedures for detecting fraud; 3. Review the Manager's controls for the prevention of bribery; and 4. Review the Manager's anti-financial crime policies.
	Internal Audit
	The Committee shall:
	<ol style="list-style-type: none"> 1. Monitor and review the effectiveness of the Manager's internal audit function; 2. Review the twice yearly internal audit monitoring and compliance report, which encompasses the risk profiles, the internal controls of the Manager and the Company and compliance issues; 3. Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and 4. Meet the head of internal audit/compliance at least once a year without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition the heads of internal audit and compliance shall be given the right of direct access to the Chairman of the Board and to the Committee.
	External Audit
	The Committee shall:
	<ol style="list-style-type: none"> 1. Consider and make recommendations to the Board to be put to the Shareholders for approval at the AGM, in relation to the appointment re-appointment and removal of the Company's external auditor. 2. Oversee the relationship with the external auditor including (but not limited to): <ol style="list-style-type: none"> 2.1 approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted; 2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit; 2.3 assessing annually their independence and objectivity taking into account relevant professional and regulatory

	<p>requirements and the relationship with the auditor as a whole, including the provision of any non audit services;</p> <p>2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);</p> <p>2.5 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners;</p> <p>2.6 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and</p> <p>2.7 overseeing any audit tender process for the appointment of the external auditor.</p> <p>3 Meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;</p>
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	<p>4 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;</p> <p>5 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:</p> <p>5.1 discussion of any major issues which arose during the audit, 5.2 any accounting and audit judgements, and 5.3 levels of errors identified during the audit.</p> <p>6 Review the effectiveness of the audit, and in particular, it shall:</p> <p>6.1 review any representation letter(s) requested by the external auditor before they are signed by management;</p> <p>6.2 review the management letter and management's response to the auditor's findings and recommendations; and</p> <p>6.3 develop and implement a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter.</p>
REPORTING	<ol style="list-style-type: none"> 1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. 2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. 3. The Committee's duties and activities during the year shall be disclosed in the Annual Report and Financial Statements. 4. The minutes of meetings of the Committee shall be included with the agenda of the next Committee Meeting.
OTHER MATTERS	<p>The Committee shall:</p> <ol style="list-style-type: none"> 1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required. 2 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. 3 Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing Rules as appropriate. 4 Be responsible for co-ordination of the internal and external auditors. 5 Oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; 6 At least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.