

# **JPMorgan American Investment Trust plc**

## **Audit Committee – Revised Terms of Reference** (Revised Terms of Reference adopted on 31st July 2009)

### **Audit Committee**

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

The Audit Committee shall also review the work of the Company's external auditors and of the internal controls of J.P. Morgan Asset Management ('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 Audit 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.

### **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. A quorum for meetings shall be 2 members. 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 shall not be a member of the Committee, but shall attend at the invitation of the Committee.

### **Attendance at Audit 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 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 half year and year ends and meetings may be held immediately before a Board meeting. The Company's Auditors may request a meeting with the Committee at any time if they consider that one is necessary.

The notice of each meeting together with an agenda of items to be discussed, shall be forwarded to each member, and any other person required to attend, no later than five working days before the date of the meeting.

### **Authority**

The Committee is authorised by the Board:

- to investigate any activity within its terms of reference;
- to seek any information it requires in order to perform its duties. JPMAM and its employees shall co-operate with any request made by the Committee; and
- 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 Combined Code, the Listing Rules and the AIC Code for the purpose of financial reporting and reviewing the financial statements.
- 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 and approve the external Auditor's management letter and JPMAM's response;
- to review the external Auditor's audit report;
- to review JPMAM's and the external Auditors' reports on the effectiveness of systems of internal control and risk management;
- to assess annually the external Auditor's independence and objectivity;
- to review and challenge where necessary the actions and judgments of JPMAM in relation to the half year and annual financial statements, the interim management statements and any other formal announcements relating to its financial performance before submission to the Board, paying particular attention to:
  - critical accounting policies and practices, and any changes in them
  - significant financial reporting judgments and estimates contained 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 in the company's financial reports
- 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
- to review JPMAM's procedures, to the extent that they may impact on the Company, for handling allegations from whistleblowers to ensure that there is a proportionate and independent investigation of such matters and appropriate follow-up action.

### **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.

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 financial statements.

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.