

**Jupiter Fund Management plc**  
**(the Company)**

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

**1 Introduction**

The Audit Committee (hereinafter the **Committee**) of the Company is established by the board of directors of the Company (the **Board**) as a committee of the Board with the authority, powers and duties set out in these Terms of Reference. Amendment to these Terms of Reference requires the approval of the Board.

**2 Membership and Attendance**

- 2.1 The chairman and members of the Committee shall be appointed by the Board (on the recommendation of the Company's Nomination Committee) from amongst the directors of the Company (the **Directors** and each a **Director**) and the Committee shall be made up of at least three members, each of whom is an independent non-executive Director and at least one of whom has recent and relevant financial experience.
- 2.2 In establishing the composition of the Committee, the Board will have regard to the UK Corporate Governance Code and the objective of achieving best practice in corporate governance.
- 2.3 In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair any meeting of the Committee.
- 2.4 Only members of the Committee shall have the right to attend Committee meetings. At the discretion of the chairman of the Committee, other individuals such as the chairman of the Board, the Chief Executive Officer of the Company, the Chief Operating Officer of the Company, the Company's Chief Financial Officer, other Directors, the heads of risk management, compliance, operational risk and internal audit, trading and representatives from the finance function of the Company may be invited to attend for all or part of any meeting as and when appropriate.
- 2.5 The Committee shall invite the Company's external auditors (the **Auditors**) to attend meetings of the Committee on a regular basis.
- 2.6 Appointments to the Committee shall be for a period of up to 3 years although this may be extended for further 3 year periods provided the Director remains independent.

### **3 Secretary**

- 3.1 The Company Secretary or his or her nominee shall act as the secretary of the Committee (**Secretary**).
- 3.2 The Secretary shall also act as a co-ordinating intermediary between the Board and the Committee.

### **4 Quorum**

The quorum necessary for the transaction of business shall be two members. 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.

### **5 Frequency of Meetings**

The Committee shall meet at least three times a year and at such other times as the chairman of the Committee shall require.

### **6 Notice of Meetings and Proceedings at Meetings**

- 6.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members or at the request of the Auditors and/ or the head of internal audit if they consider it necessary.
- 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, any other person required to attend and all other non-executive Directors, no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 6.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences, provided that all members participating in the meeting are able to speak to and hear each other.

### **7 Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised.
- 7.2 The chairman of the Committee should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 7.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## **8 Annual General Meeting**

The chairman of the Committee (or in his absence another member of the Committee) shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee's area of responsibility.

## **9 Duties**

### **9.1 General**

- 9.1.1 The Committee shall, in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith would be most likely to promote the success of the Company and the other members of the Group (as defined below) for the benefit of the Company's members as a whole.

- 9.1.2 The boards of Jupiter Asset Management Limited, Jupiter Unit Trust Managers Limited, Jupiter Asset Management (Bermuda) Ltd and Jupiter Asset Managers (Jersey) Limited (the **regulated entities**) have agreed with the Committee that it will have responsibility for overseeing at group level on behalf of those boards (with whom ultimate responsibility remains) the financial reporting and internal control of the regulated entities.

### **9.2 Internal Control and Risk Management Systems**

The Committee shall:

- 9.2.1 keep under review the effectiveness of the framework that is used to monitor the internal controls and risk management systems of the Company and its subsidiaries (the **Group**), including monitoring whether internal control recommendations made by the external auditors, internal auditors, compliance or operational risk departments have been implemented. The Committee is not responsible for the design, implementation and effectiveness of such systems (which are the responsibility of management);
- 9.2.2 evaluate whether or not management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring employees within the Group have an understanding of their respective roles and responsibilities;
- 9.2.3 review and monitor the adequacy and effectiveness of the process for the identification, assessment, mitigation, monitoring and management of all significant risks including liquidity, market, regulatory, credit, legal operational and strategic risks with particular emphasis on key risks identified by the Board;

- 9.2.4 review and recommend to the Board for approval, the Group's Internal Capital Adequacy Assessment Process (ICAAP) to fulfil its regulatory obligations under the Capital Requirements Directive and assess whether the Pillar assessments remain appropriate;
- 9.2.5 review periodically and monitor the Group's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities;
- 9.2.6 review the Group's arrangements for the deterrence, detection, prevention and investigation of fraud and to receive and consider special investigation reports relating to fraud or major breakdowns in internal controls or major errors and omissions including remedial action by management;
- 9.2.7 review on a regular basis pending and threatened litigation affecting the Company or any of its subsidiaries;
- 9.2.8 review periodically the Group's tax strategy and associated internal controls; and
- 9.2.9 review the statements to be included in the Company's annual report concerning internal controls and risk management and, provided they are approved, recommend them to the Board for approval.

### **9.3 Internal Audit**

The Committee shall:

- 9.3.1 monitor and review the effectiveness of the Company's internal audit function (the **Internal Audit Function**) in the context of the Company's overall risk management system;
- 9.3.2 approve the appointment and removal of the outsourced provider of the Internal Audit Function;
- 9.3.3 consider and approve the remit of the Internal Audit Function including the basis of provision of any internal audit services by a third party;
- 9.3.4 ensure that the Internal Audit Function has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards and ensure that the Internal Audit Function has adequate standing and is free from management or other restrictions;
- 9.3.5 review and assess the annual internal audit plan including any changes or delays to the plan as the programme progresses;
- 9.3.6 review promptly all reports on the Group provided to it by the internal auditors;

- 9.3.7 review and monitor management's responsiveness to the findings and recommendations of the internal auditors;
- 9.3.8 ensure that the head of the Internal Audit Function has direct access to the chairman of the Board as well as to the Committee; and
- 9.3.9 meet the head of the Internal Audit Function at least once a year, without management being present, to discuss the remit of the Internal Audit Function and any issues arising from the internal audits carried out.

#### **9.4 Compliance and operational risk**

The Committee shall:

- 9.4.1 review the activities and organisational structure of the Company's compliance and operational risk function (the **Compliance and Operational Risk Function**) and the qualifications of personnel;
- 9.4.2 approve the monitoring programme of the Compliance and Operational Risk Function on an annual basis and review the effectiveness of their activities;
- 9.4.3 receive reports from the Compliance Director on the findings from the monitoring programme;
- 9.4.4 review the annual reports issued to the Financial Services Authority (**FSA**) by the Auditors regarding client assets;
- 9.4.5 receive, at least annually, a report from the Group Money Laundering Officer;
- 9.4.6 review the findings of any examinations by the FSA; and
- 9.4.7 receive regular updates regarding compliance matters concerning the Group.

#### **9.5 External Audit**

The Committee shall:

- 9.5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment and re-appointment of the Auditors, as well as any questions relating to their resignation or removal. The Committee shall oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- 9.5.2 oversee the relationship with the Auditors including (but not limited to):

- (a) approval of their remuneration, whether fees for audit or non-audit services, and ensure that the level of fees is appropriate to enable an adequate audit to be conducted;
- (b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (c) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;
- (d) monitoring the Auditors' compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- (e) agreeing with the Board a policy on the employment of former employees of the Auditors and monitoring the implementation of that policy;
- (f) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the Auditors and the Company (other than in the ordinary course of business);
- (g) assessing annually the Auditors' qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the Auditors on their own internal quality procedures;
- (h) seeking to ensure co-ordination with the activities of the Internal Audit Function; and
- (i) considering the risk of the withdrawal of the Auditor from the market;

9.5.3 meet the Auditors regularly, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the Auditors at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

9.5.4 review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement;

9.5.5 review the findings of the audit with the Auditors. This shall include but not be limited to discussing any major issues resulting from the audit, accounting and audit judgments and levels of errors identified during the audit. The Committee shall also review the effectiveness of the audit and the performance of the Auditors;

9.5.6 review any representation letter(s) request by the Auditors before they are signed by management, review the management letter and management's response to the Auditors'

findings and recommendations and take responsibility for the resolution of disagreements between management and the Auditors; and

- 9.5.7 develop and implement a policy on the supply of non-audit services by the Auditors, taking into account any relevant ethical guidance on the matter and report to the Board, identifying any matters in respect of which the Committee considers that action or improvement is needed and making recommendations as to the steps to be taken.

## **9.6 Financial Reporting**

The Committee shall:

- 9.6.1 monitor the integrity of the consolidated financial statements of the Company, including its annual and half-yearly reports, interim management statements (other than where dealt with by the Board), preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain, significant financial returns to regulators and, at the request of the Board, any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- 9.6.2 review and challenge where necessary:
- (a) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group;
  - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (c) whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the Auditors;
  - (d) the support for adopting the going concern basis in accordance with FRC guidance;
  - (e) the clarity of disclosure in the Group's financial reports and the context in which statements are made;
  - (f) any legal matters which could have a significant impact on financial reporting; and
  - (g) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

## **9.7 Whistleblowing and fraud**

- 9.7.1 The Committee shall review the Group's arrangements for its employees to raise in confidence concerns about possible wrongdoing in financial reporting or other matters and the procedures for handling such allegations. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

## **10 Reporting Responsibilities**

- 10.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 Where relevant, the Committee will report through the management to the boards of the regulated entities on areas of business risk or exposure highlighted by the Committee's work together with recommendations if appropriate of actions that should be taken.
- 10.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.4 The Committee shall compile a formal report to shareholders on its activities to be included in the company's annual report. Such a report shall comply with the recommendations of the UK Corporate Governance Code (as applicable) and shall include an explanation of how, if the Auditors provide non-audit services to the Group, auditor objectivity and independence is safeguarded, as well as a description of the work of Committee in discharging its responsibilities under these Terms of Reference.
- 10.5 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website and/or providing a copy to shareholders on request.

## **11 Other Matters**

- 11.1 Management shall provide the necessary resources and assistance to the Committee including adequate information on a proactive basis as it needs or may request to enable it to carry out its responsibilities.
- 11.2 The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of the last resort.
- 11.3 The Committee should, at least once a year, review its own performance, constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 11.4 The Committee should consider such other matters as the Board may from time-to-time refer to it.

11.5 The Committee shall 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.

11.6 The Committee shall give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code and requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as appropriate.

## **12 Authority**

12.1 The Committee is authorised to:

12.1.1 seek any information it requires from any employee of the Group in order to perform its duties;

12.1.2 call any employee of the Group to be questioned at a meeting of the Committee as and when required;

12.1.3 obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary; and

12.1.4 have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

## **13 Materiality and limitation on scope**

13.1 The Committee shall undertake its duties in the context of its judgement as to the materiality and significance to the Group of the matters within these Terms of Reference.

13.2 For the avoidance of doubt in relation to its responsibility for overseeing at Group level the financial reporting and internal control of regulated entities, the following fall outside its scope:

13.2.1 being a director of a regulated entity or taking any action which would result in being a shadow director of a regulated entity;

13.2.2 receiving any board papers or board minutes of a regulated entity;

13.2.3 attending any meetings of the board of committee of a regulated entity;

13.2.4 receiving routinely any information in relation to a regulated entity other than that receivable in the context of being a non-executive Director;

13.2.5 having any executive or management responsibility for or over part of the business of the regulated entity or line management of their employees;

13.2.6 having any responsibility for reporting matters to the FSA in relation to regulated entities;

- 13.2.7 having any responsibility for the implementation of systems of control to comply with regulatory requirements, monitoring compliance with regulatory requirements or investigating any system failures or regulatory breaches within the regulated entities other than in the context of monitoring the effectiveness of the Group's systems and controls in a non-executive capacity; and
- 13.2.8 putting in place systems of control in respect of any regulated entity's business and ensuring the employees of any regulated entity are aware of the need for regulatory compliance.

## **14 Procedure**

Subject to the constitutional documents of the Company, the Committee shall determine its own procedures.

15 December 2011