

ARTEMIS ALPHA TRUST PLC

Audit Committee: Terms of Reference

Membership and attendance

- The Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, and shall comprise of a Chairman and at least two other members. At least one member of the Committee should hold a professional qualification from one of the professional accountancy bodies.
- All members of the Committee shall be independent non-executive directors. At least one member of the Committee should have recent relevant financial knowledge.
- The Chairman of the Board should not chair the Committee but can be a member if deemed independent on appointment.
- The Committee as a whole shall have competence relevant to the sector.
- Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- The Board, on the recommendation of the Nomination Committee, shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- The Committee may ask representatives of the Investment Manager and any relevant personnel to attend meetings either regularly or by invitation, but the invitees have no right of attendance.
- The Committee shall ask a representative of the external auditor to attend at least the year end Audit Committee meeting and any other meetings as required. The Committee should have at least one meeting, or part thereof, with the external auditor without management being present.

Secretary

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

Quorum

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

Frequency of Meetings

- The Committee shall meet at least twice each year and at such other times as the Chairman of the Committee shall require.
- Meetings will be arranged to tie in with the publication of the Company's financial statements, prior to a Board meeting where accounts or financial statements are to be approved.
- Meetings can be requested by the external auditor.

Notice of Meetings

- Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.

- 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.

Minutes of Meetings

- The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to all members of the Board.

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.

Duties

Internal Control and Risk Assessment

- The Committee shall, at least annually, review the effectiveness of the Company's financial reporting and internal control policies and procedures and risk management systems for the identification, assessment and reporting of emerging and principal risks.
- The Committee shall review the adequacy and security of the Company's service provider arrangements to raise concerns, in confidence, about possible wrongdoing in financial reporting and other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

Internal Audit

- The Committee shall review the need for an internal audit function annually.

External Audit

- The Committee shall lead the process for audit tender and make recommendations to the Board as regards the appointment and re-appointment of the Company's external auditor, and shall ensure that key partners within the appointed firm are rotated from time to time.
- The Committee shall meet with the external auditor at least once each year.
- The Committee shall keep under review the relationship with the external auditor including (but not limited to):
 - the independence and objectivity of the external auditor;
 - the effectiveness of the annual external audit;
 - the consideration of audit fees which should be paid as well as any other fees which are payable to the auditor in respect of non-audit activities in accordance with agreed policy;
 - discussions with the external auditor concerning such issues as compliance with accounting standards and any proposals which the external auditor has made; and

- the policy on engagement of the external auditor in the supply of non-audit services and report to the Board any matters in relation to the engagement which it considers require action or improvement and making recommendations as to the steps to be taken to remedy the situation.

Financial Statements

- The Committee shall keep under review the consistency of accounting policies both on a year to year basis and across the Company.
- The Committee shall monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, including any significant financial reporting judgments contained therein.
- The Committee shall review and challenge where necessary the Company's financial statements taking into account:
 - decisions requiring a major element of judgement;
 - the extent to which the financial statements are affected by any unusual transactions;
 - the clarity of disclosures;
 - significant adjustments resulting from the audit;
 - the going concern assumption and the viability statement;
 - compliance with accounting standards;
 - the evaluation of any risks to the quality and effectiveness of the financial reporting process;
 - 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 processes for identifying and assessing business risks and the management of those risks by the Company; and
 - provide advice (where requested by the Board) on whether the financial statements, 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.

Reporting Responsibilities

- The Committee or its Chairman shall report to the Board of Directors following each meeting and shall make whatever recommendations or concerns to the Board it deems appropriate.
- The Committee will also compile a report to shareholders to be included in the Company's Annual Financial Report, which will include:
 - how the Committee has discharged its duties and what the material risks arising from the audit were;
 - an explanation of any significant issues considered relating to the financial statements and how these issues were addressed, having regard to matters communicated to the Committee by the auditor and any other information requirements set out in the AIC Code of Corporate Governance, and applicable law and regulations;
 - an explanation of how the Committee has assessed the independence and effectiveness of the external audit process, including information on the length of tenure of the external auditor and advance notice of audit tender; and

- If the Chairman of the Board serves as a member of the Committee, an explanation as to why the Committee considers this to be appropriate.
- The Committee will provide advice to the Board of Directors on whether the Annual Financial Report, 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.

Other Matters

- The Committee shall give due consideration to laws and regulations, including the requirements of the UK Listing Authority's Listing Rules, Disclosure Guidance and Transparency Rules and the AIC Code of Corporate Governance.
- The Committee shall be responsible for co-ordination of the external auditor.
- The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of the last resort.
- The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

Authority

The Committee is authorised:

- to seek any information it requires from any employee of the Company's service providers in order to perform its duties;
- to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- publish in the Company's financial statements details of any issues that cannot be resolved between the Committee and Board.