

THE BANKERS INVESTMENT TRUST PLC

Terms of Reference for the Audit Committee

1. Membership

- 1.1.** Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least three members.
- 1.2.** All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.
- 1.3.** Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, other directors, and representatives from Henderson Global Investors and BNP Paribas Securities Services may be invited to attend all or part of any meeting as and when appropriate.
- 1.4.** The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.5.** The Board 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 themselves to chair the meeting.

2. Secretary

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

3. Quorum

- 3.1.** 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.

4. Frequency of Meetings

- 4.1.** The Committee shall meet at least twice a year and otherwise as required

5. Annual General Meeting

- 5.1.** The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

6. Duties

6.1. Financial Reporting

- 6.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half year reports, and any formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.
- 6.1.2. The Committee shall review the significant financial reporting issues and judgements made in connection with the preparation of the company's financial statements, half year reports and related formal statements and challenge where necessary:
- 6.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
 - 6.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 6.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 6.1.2.4 the clarity and completeness of disclosures in the Company's financial statements and the context in which statements are made; and
 - 6.1.2.5 all material information presented with the financial statements, such as the Chairman's statement, the Portfolio Review the Directors' Remuneration Report and the corporate governance statement (insofar as it relates to the audit and risk management);

6.1.3. Internal Controls and Risk Management Systems

The Committee shall:

- 6.1.4. keep under review the effectiveness of the Company's internal controls and risk management systems;
- 6.1.5. review and approve the statements to be included in the Annual Report concerning internal controls and risk management;
- 6.1.6. monitor and review the remit and effectiveness of Henderson Global Investors' Internal Audit, Compliance and Business Risk functions in the context of its overall risk management system; and
- 6.1.7. meet representatives of Henderson Global Investors' Compliance, Business Risk and Internal Audit, on a regular basis, without the fund manager being present, to discuss their remit and any issues arising.

6.2. External Audit

The Committee shall:

- 6.2.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. 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;
- 6.2.2. oversee the relationship with the external auditor including (but not limited to):
 - 6.2.2.1. 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;
 - 6.2.2.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 6.2.2.3. assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
 - 6.2.2.4. satisfying itself that there are no inappropriate relationships on an annual basis (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - 6.2.2.5. monitoring the auditor's 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; and
 - 6.2.2.6. assessing annually the qualifications, expertise, resources and independence of the external auditors and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures and consideration of the audit firm's annual transparency reports, where available;
 - 6.2.2.7. investigating the issues giving rise to any resignation and consider what action is required;
 - 6.2.2.8. considering the need to include the risk of the withdrawal of their auditor from the market in their risk evaluation and planning.
- 6.2.3. review the annual audit plan and ensure that it is consistent with the scope of the audit engagement (after prior review by the Committee Chairman);
- 6.2.4. review the findings of the audit with the external auditor. This shall include but not be limited to the following:
 - 6.2.4.1. a discussion of any major issues which arose during the audit;
 - 6.2.4.2. any accounting and audit judgements; and
 - 6.2.4.3. levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit.

- 6.2.5. review any representation letter(s) requested by the external auditor before they are signed by the Board;
- 6.2.6. review the management letter and management's response to the auditor's findings and recommendations;
- 6.2.7. implement the Board's policy on the engagement of the auditors to supply non-audit services, taking into account any relevant ethical guidance on the matter; and

6.3 at the end of the annual audit cycle, the Audit Committee should assess the effectiveness of the audit process. In the course of doing so, the Audit Committee should:

- 6.3.1 review whether the auditor has met the agreed audit plan and understand the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
- 6.3.2 consider the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements identified and in responding to questions from the Audit Committees, and in their commentary where appropriate on the systems of internal control;
- 6.3.3 obtain feedback about the conduct of the audit from key people involved, eg the finance director and the head of internal audit; and
- 6.3.4 review and monitor the content of the external auditor's management letter, in order to assess whether it is based on a good understanding of the Company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon.

6.4 Reporting Responsibilities

- 6.4.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.4.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

6.5 Communication with Shareholders

- 6.5.1 The terms of reference of the Audit Committee, including its role and the authority delegated to it by the Board, should be made available. A separate section in the annual report should describe the work of the Committee in discharging those responsibilities.
- 6.5.2 The Audit Committee section should include, inter alia:
 - 6.5.2.1 a summary of the role of the Audit Committee;
 - 6.5.2.2 the names and qualifications of all members of the Audit Committee during the period;
 - 6.5.2.3 the number of Audit Committee meetings;

6.5.2.4 a report on the way the Audit Committee has discharged its responsibilities; and

6.5.2.5 the explanations provided for in paragraphs 4.22 and 4.34 above.

6.5.3 The Chairman of the Audit Committee should be present at the AGM to answer questions, through the Chairman of the Board, on the report on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.

6.6 Other Matters

The Committee shall:

6.6.1 have access to sufficient resources in order to carry out its duties,

6.6.2 be provided with appropriate and timely training, in the form of ongoing training at the Company's expense;

6.6.3 give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;

6.6.4 oversee any investigation of activities which are within its terms of reference; and

6.6.5 at least once a year, review its own constitution and terms of reference.

7. Authority

The Committee is authorised:

7.1 to seek information it requires from employees of Henderson Global Investors or BNP Paribas Securities Services, as appropriate in order to perform its duties;

7.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.

8. Whistleblowing

The Committee:

8.1 should review arrangements by which Henderson staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

8.2 should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action.