

RATHBONE BROTHERS PLC
TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1. CONSTITUTION

1.1 At a meeting held in London on 24 January 2007, the Board of directors of Rathbone Brothers Plc resolved to revise the terms of reference for the standing committee of the Board without executive responsibilities, known as the Audit Committee (“the Committee”) to the following. The terms of reference were approved by the Audit Committee on 17 January 2007.

2. MEMBERSHIP

2.1 The membership of the Committee shall be appointed by the Board from amongst the independent non-executive directors of the company and shall consist of a minimum of three members. A quorum shall be two members. At least one member of the Committee shall have recent and relevant financial experience.

2.2 The duties and responsibilities of a member of the Committee are in addition to those set out for a member of the Board of directors.

2.3 The Chairman of the Committee shall be appointed by the Board.

3. ATTENDANCE AT MEETINGS

3.1 The group compliance manager and the group internal audit manager shall normally attend meetings. Board members not on the Committee may be asked to attend at the request of the Committee and may seek approval to attend from the chairman. However the Committee shall have the right to meet without other directors present if they so decide.

3.2 The Committee may instruct any officer or employee of the company and its subsidiaries to attend any meeting and provide pertinent information as necessary.

3.3 At least once a year, the Committee shall meet with the group compliance manager, the group internal audit manager and the external auditors respectively without the presence of executive management to discuss any matters that either the Committee or these three believe should be discussed privately.

3.4 The company secretary shall be the secretary of the Committee.

4. **FREQUENCY OF MEETINGS**

- 4.1 Meetings shall be held at least three times yearly or more frequently as circumstances require.
- 4.2 The Committee chairman shall convene a meeting upon request of any Committee member who considers it necessary. The external auditors may also request a meeting if they consider that one is necessary.
- 4.3 Whenever possible Committee meetings shall be scheduled to allow for adequate time for Committee business, and so that they can be reported promptly and effectively to the Board.

5. **AUTHORITY**

- 5.1 The Committee is authorised by the Board to investigate any activity it deems appropriate within its terms of reference. It is authorised to seek any information from any officer or employee of the company and its subsidiaries all of whom are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised to engage any firm of accountants, lawyers or other professionals as the Committee sees fit to provide independent advice and to assist in any review or investigation on such matters as the Committee deems appropriate.

6. **DUTIES**

The duties of the Committee shall be to: -

General

- 6.1 Ensure that there is an open avenue of communication between compliance, the internal auditors, the external auditors and the Board of directors.
- 6.2 Review annually and, if necessary propose for formal Board adoption, amendments to the Committee's terms of reference.
- 6.3 Consider, in consultation with the external auditors and the group internal audit manager, the audit plans and scope of the external auditors and internal auditors, ensuring that co-ordination of audit effort is maximised.

Financial Statements

- 6.4 Review with management and the external auditors at the completion of the annual examination and before submission to the Board for approval:
 - 6.4.1 The annual financial statements and related footnotes of the company and its subsidiaries.
 - 6.4.2 Any changes in accounting policies and practices.

- 6.4.3 Decisions requiring a significant element of judgment.
 - 6.4.4 The going concern assumption.
 - 6.4.5 Compliance with accounting standards.
 - 6.4.6 Compliance with the requirements of the law and appropriate regulatory bodies.
 - 6.4.7 Any losses which are exceptional in size or character.
 - 6.4.8 The External Auditor's audit of the annual financial statements and report thereon, including significant adjustments resulting from the audit.
 - 6.4.9 Any significant changes which have been required in the external auditors' audit plan.
 - 6.4.10 Any significant difficulties or disputes with management encountered during the course of the audit.
 - 6.4.11 Other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards.
 - 6.4.12 To review the external auditors' reports to the regulator of the industry.
- 6.5 Review the company's half year financial statements before publication.

Internal Control

- 6.6 Enquire of management, the group internal audit manager, the head of compliance (where appropriate) and the external auditors about significant risks or exposures and evaluate the steps taken to minimise such risk to the company.
- 6.7 Consider and review with management and the group internal audit manager significant findings during the year and management's responses thereto.
- 6.8 Consider and review with the external auditors and the group internal audit manager and head of compliance (where appropriate):
 - 6.8.1 The adequacy of the group's systems of internal control including computerised information systems controls and security, financial, operation and compliance controls and risk management.
 - 6.8.2 Any related significant findings and recommendations of the external auditors and of the internal auditors, together with management's responses thereto.

- 6.8.3 The contents of the external auditor's management letter, together with management's responses thereto.
- 6.8.4 The company's statements on risk and on internal control systems prior to endorsement by the Board.

Regulation

- 6.9 Enquire of management, the group compliance manager and the external auditors about significant regulatory risks and evaluate the steps taken to minimise such risks.
- 6.10 Consider and review the minutes of compliance meetings and other reports and the actions arising from them.
- 6.11 Consider and review with the group compliance manager the contents of regulators reports, together with management responses thereto:

External Audit

- 6.12 Make recommendations to the Board of directors regarding the appointment, reappointment and removal of the external auditors
- 6.13 Approve the terms of engagement and the remuneration of the external auditors for audit services.
- 6.14 Review on an annual basis the audit service provided by the external auditors including their resources, expertise, independence and objectivity.
- 6.15 Set and apply a formal policy regarding the use of the external auditors for non-audit work, considering the nature of permissible non-audit services, pre-approval required by the Committee and the fee levels relative to the audit fee.

Internal Audit

- 6.16 Review and approve, where possible in advance of the event, the appointment, replacement, reassignment, or dismissal of the group internal audit manager and any other Internal Audit staff in a controlled function.
- 6.17 Consider and review annually with management, the group internal audit manager:
 - 6.17.1 The quality and effectiveness of the internal audit function; and report their findings to the Board.
 - 6.17.2 Any difficulties encountered in the course of internal audits, and any restrictions placed on internal audit scope of work or access to required information or personnel.
 - 6.17.3 The audit plan of future audits to be conducted.

- 6.17.4 The internal auditing department's resources.
- 6.17.5 Any changes which have been required in the previous approved audit plan.
- 6.17.6 The internal audit department's charter.

Compliance Department

- 6.18 Review and approve, where possible in advance of the event, the appointment, replacement, reassignment or dismissal of the group compliance manager and any other compliance staff in a controlled function
- 6.19 Consider and review annually with management and the group compliance manager:
 - 6.19.1 The quality and effectiveness of the compliance function and report their findings to the Board
 - 6.19.2 Compliance department's resources
 - 6.19.3 Relationship with the regulators
 - 6.19.4 Plans for compliance monitoring

7. REPORTING

- 7.1 The chairman of the Committee shall report on Committee business to the Board of Directors with such recommendations as the Committee may deem appropriate. The chairman or another member of the Committee shall attend the AGM and shall be available to answer questions on the Committee's activities and responsibilities.
- 7.2 The Committee shall recommend approval of the annual report and accounts to the Boards of directors.
- 7.3 The secretary shall distribute copies of the minutes of meetings of the Committee to all members of the Board of directors; and the minutes shall be an agenda paper at the next following Board meeting. The minutes shall also be made available to the external auditors following formal approval by the Audit Committee or consideration by the Board of directors, whichever is the sooner.

8. REVIEW OF TERMS OF REFERENCE

- 8.1 The Audit Committee shall annually review its terms of reference and its own effectiveness. The terms of reference shall be approved by the Board on an annual basis.