

## Terms of Reference for the Audit Committee

### 1. Constitution

The Board of Directors (the "Board") of Scottish Oriental Smaller Companies Trust PLC (the "Company") has resolved to establish a Committee of the Board to be known as the Audit Committee (the "Committee").

### 2. Membership

The Committee shall consist of the Board from time to time, or such sub-committee of them as they shall decide. The Chairman of the Committee shall be appointed by the Board. A quorum shall be three members.

### 3. Attendance

Each of the Directors of the Company shall normally attend meetings of the Committee. At least once a year the Committee shall meet with the external auditors. Telephone meetings are permissible.

### 4. Secretary

A representative of the Company Secretary shall act as secretary to the Committee.

### 5. Frequency of meetings

Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

### 6. Authority and information

The Committee is authorised by the Board to investigate any matter within its terms of reference.

### 7. Advice

The Committee is authorised by the Board at the expense of the Company to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### 8. Duties

The duties of the Committee shall be:

- 8.7 to review the internal audit programme provided by the Company's investment manager, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced;
- 8.8 where relevant, to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm. In the event that auditors are engaged for non-audit services, the audit committee would first consider any potential impairment on the auditor's independence;
- 8.9 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 8.10 to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and
- 8.11 to carry out such other tasks as may from time to time be delegated to it by the Board.

9. Reporting to the Board

The Committee shall report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

10. Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting to answer any questions relating to the matters for which the Committee is responsible.

11. Minutes

The secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board.