

Terms of Reference of the Audit Committee

1. Function

- 1.1 The Audit Committee ("the Committee") is appointed by the Board to ensure that the Company maintains the highest standards of integrity, financial reporting and internal control.

2. Membership

- 2.1 The Committee shall consist of a Chairman and not fewer than two other members.
- 2.2 Committee members shall be appointed by the Nomination Committee following consultation with the Chairman of the Committee.
- 2.3 All Committee members shall be independent non-executive Directors and at least one should have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.
- 2.4 Committee members' appointments should be for the same term as their directorship. All Directors are subject to annual re-election.
- 2.5 New Committee members shall undertake an induction programme. Regular updates will be provided to Committee members regarding any proposed developments or changes in laws or regulations which affect the Company and/or the Directors and/or the Committee members.
- 2.6 No person other than Committee members has the right to attend Committee meetings. Representatives of the external auditors and a representative from the Manager's internal audit department shall be invited to attend meetings. Other individuals may be invited to attend.
- 2.7 The Company Secretary shall be the Secretary of the Committee and shall, unless and to the extent from time to time determined by the Committee, attend all meetings of the Committee. Minutes of the Committee meetings shall be circulated to all members of the Board unless a conflict of interest exists.
- 2.8 Committee meeting agendas and accompanying papers should be circulated to the Committee in a timely manner.

3. Quorum

- 3.1 The quorum required for the transaction of business shall be two members.

4. Meetings

- 4.1 The Committee shall meet at least three times a year and at such other times as the Chairman of the Committee, the external auditors, the Manager's internal audit department or any Committee member shall require.
- 4.2 The Committee meetings should coincide with the availability of the external audit plans and immediately prior to the scheduled approval of the half-yearly reports, annual report and financial statements and related announcements and at other times as deemed necessary.
- 4.3 The Committee Chairman should meet the external auditors and a representative from the Manager's internal audit department at least annually without representatives of the Manager being present to discuss the remit of the audit and issues arising therefrom.
- 4.4 The Company's external auditors shall be advised of the timing of Committee meetings and shall be invited to attend such meetings as required. The Committee shall have access to the external auditors if it so requires.
- 4.5 The Committee shall have direct access to the Manager's compliance officer, internal audit department and other key business heads of the Manager as deemed necessary.

Fidelity Special Values Plc
(the "Company")

4.6 The Manager's internal audit department shall have direct access to the Chairman of the Board and the Committee Chairman.

5. Authority

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

5.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other independent professional advice on any matters within its terms of reference and to secure the attendance of external parties with relevant experience and expertise if it considers this necessary.

5.3 The Committee is authorised to seek any information it requires from the Manager in order to perform its duties and to call on the Manager to be questioned by the Committee as and when required.

5.4 The Committee has the right to publish in the Company's annual report and financial statements the details of any issues that cannot be resolved between the Committee and the Board.

6. Duties

The Committee's duties shall be to:-

6.1 review and challenge where necessary, the actions and judgements of management, in relation to the company's financial statements, interim reports, preliminary announcements and related formal statements before submission to, and approval by, the board. The Committee shall focus particularly on:

- (i) accounting policies and practices and any changes in them;
- (ii) major judgemental areas;
- (iii) significant adjustments resulting from an audit;
- (iv) the going concern assumptions and any qualifications;
- (v) compliance with accounting standards;
- (vi) compliance with relevant listing rules and other legal requirements;
- (vii) the valuation of unquoted or other unusual investments and the methods used to account for significant or unusual transactions where different approaches are possible.

6.2 liaise with the Board, the Manager and the external auditors to consider any significant or unusual items that are, or may need to be, reflected in the annual report and financial statements and give due consideration to any matters that have been raised.

6.3 receive a report from the Manager confirming that it has conducted the Company's affairs in compliance with the regulations applying to it, together with information regarding any unusual transactions or complaints relating to saving schemes or other similar products.

6.4 review the effectiveness of the Company's financial controls, internal control systems and risk management systems, including reviewing the risks contained in the Risk & Internal Control Report plus the review and amendment to the risks ratings. Top risks are reviewed at each meeting and a full review is conducted once a year.

6.5 discuss with the Manager any matters in relation to the Company's internal controls systems and ensure that the Manager has discharged its duties in establishing and maintaining an effective internal control system.

6.6 review the Company's statement on its Principal Risks as set out in the Strategic Report in the Company's annual report and financial statements prior to endorsement of that statement by the Board, review and assess the Managers internal audit plan and internal audit report and any communications received from the Manager's internal audit department and the results of any matters escalated by either the Manager's internal audit department or the Audit Committee.

Fidelity Special Values Plc
(the "Company")

- 6.7 review the Manager's procedures for compliance, detecting fraud, whistleblowing and the prevention of bribery, receiving reports from the Manager as appropriate;
- 6.8 monitor and review processes, assurance and reporting protocols of all matters in relation to compliance with the Bribery Act 2010.
- 6.9 review the external auditor's management letter, any material queries raised by the auditor to the Manager in respect of the accounting records, financial accounts or systems of control and the response of the Manager.
- 6.10 make recommendations to the Board for it to put to Shareholder approval in general meeting in relation to the appointment, reappointment or removal of the external auditors and to approve the remuneration and terms of engagement of the external auditor and any questions of resignation or dismissal of that auditor.
- 6.11 review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration the FRC's annual quality report on the audit firm and relevant UK professional and regulatory requirements, and to approve the terms and remuneration of the external auditor's appointment, including reviewing the engagement letter at the start of each audit and the scope of said audit.
- 6.12 review the proposed audit plan, ensuring consistency with the scope of the audit and subsequently, review findings of the audit with the external auditor including the discussion of major issues arising, the making of appropriate estimates and accounting or audit judgements in relation thereto, the level of errors identified during the audit and the effectiveness of the audit, taking into account the views of the external auditor.
- 6.13 monitor the external auditor's compliance with relevant ethical and professional guidance on rotation of the audit partner.
- 6.14 consider the risks associated with audit firms withdrawing from the market and, in the case of the resignation of the external auditor, to investigate any issues that may have led to this resignation and decide if any action should be taken.
- 6.15 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 the external audit firm.
- 6.16 report to the Board, identifying any matters in respect of which it considers that action or improvement is required and making recommendations as to the steps to be taken.
- 6.17 consider any other topic, as defined by the Board.

7. Disagreement as to external auditors

In the event the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors the Committee shall provide statements explaining its recommendations to the Company and also reasons why the Board has taken a different view for inclusion in the Corporate Governance report.

8. Assessment

- 8.1 On an annual basis the Board should review the Committee's performance and constitution to ensure it is operating at maximum effectiveness.
- 8.2 On an annual basis the Committee should review its terms of reference and any changes should be recommended to the Board.

9. Remuneration

Fidelity Special Values Plc
(the "Company")

Additional remuneration should be considered for members of the Committee. The Committee Chairman should be paid more than other Members as he/she will spend more time on Committee matters. Remuneration will be considered at Board level.

10. Communication with Shareholders

10.1 Terms of reference should be available to Shareholders on the Company's pages of the Manager's website.

10.2 The annual report and financial statements shall contain a description of the work of the Committee in discharging its responsibilities.

10.3 The Committee Chairman should be present at the AGM to answer questions on the annual report and financial statements and any other matter within the Committee's remit.

Approved at the Board Meeting on 5 July 2018