



**Manning & Napier, Inc.**

**AUDIT COMMITTEE CHARTER**

**Adopted November 18, 2011**



## **I. PURPOSE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Manning & Napier, Inc. (the “Company”) is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries.

The Committee’s primary focus will be: (a) to assist the Board in monitoring (i) the integrity of the financial statements of the Company and its subsidiaries, (ii) the compliance by the Company and its subsidiaries with legal and regulatory requirements, (iii) the independent auditors’ qualifications and independence and (iv) the performance of the Company’s internal audit function and independent auditors; and (b) to prepare the audit committee report that the United States Securities and Exchange Commission (the “SEC”) rules require be included in the Company’s annual proxy statement.

## **II. ORGANIZATION AND MEMBERSHIP**

The Company’s Amended and Restated Bylaws (the “Bylaws”) and this charter (the “Charter”) govern the operation of the Committee; in the event of a conflict, the terms of the Bylaws shall govern. The Committee shall provide a medium within the Company for consideration of matters relating to any audit issues. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered accounting firm engaged for the purpose of performing any audit, review or attest services and shall deal directly with such accounting firm. At its sole discretion, the Committee has the power to retain outside legal, accounting and financial consultants or other advisors or to delegate to subcommittees to assist it in its activities to the extent permitted by the SEC and the New York Stock Exchange (the “NYSE”). The fees and expenses of such consultants and advisors shall be borne by the Company. The members of the Committee shall be appointed by the Board and shall serve until their successors are duly elected and qualified or until their earlier resignation or removal by the Board. The Board shall designate the chairperson of the Committee.

## **III. NUMBER AND QUALIFICATION**

The Committee shall consist of three (3) or more directors, as the Board may determine from time to time. All Committee members shall be independent as such term is defined under NYSE Rule 303A and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); provided, however, that the Company be entitled to rely on the independence phase-in rules set forth under Rule 10A-3 under the Exchange Act. Each Committee member may receive his or her director fee in cash and/or Company stock or options or other in-kind consideration.



#### **IV. COMPOSITION**

All members of the Committee shall be financially literate, or must become financially literate within a reasonable period of time after his or her appointment to the Committee, as required by the NYSE. “Financial literacy” shall be determined by the Board in the exercise of its business judgment, and shall include a working knowledge of skills and competencies that the Board will need for the Company to be successful in the future.

At least one member of the Committee must have accounting or related financial management expertise as determined by the Board in the exercise of its business judgment. The Board has determined that a person who qualifies as an “audit committee financial expert” as set forth by the SEC has such accounting or related financial management expertise.

#### **V. MINUTES**

The Committee shall maintain and submit to the Board copies of minutes of each meeting of the Committee, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee since the preceding meeting of the Board. A copy of the minutes of each meeting shall be placed in the Company’s minute book.

#### **VI. CHARTER AMENDMENT**

Any member of the Committee may submit proposed charter amendments to the Board. The Board shall circulate any proposed charter amendment(s) to members of the Committee immediately upon receipt. By a majority vote, the Board may approve the amendments to the Charter.

#### **VII. MEETINGS**

The Committee shall hold such regular meetings as may be necessary or advisable, but no less frequently than quarterly, and special meetings as may be called by the Committee’s chairperson. The Committee chairperson should consult with management in the process of establishing agendas for Committee meetings.



## VIII. DUTIES AND RESPONSIBILITIES

The Committee's policies and procedures shall remain flexible in order to best react to changing conditions and to help ensure that the Company's accounting and reporting practices are consistent with applicable legal requirements and are of the highest quality. In furtherance of the foregoing, the Committee shall:

1. select, appoint, retain, dismiss, as applicable (and subject to stockholder approval or ratification, if deemed advisable by the Board), and oversee the work of the Company's independent auditors;
2. pre-approve the retention of the Company's independent auditors for any non-audit services;
3. pre-approve appropriate funding for payment of (a) compensation to the Company's independent auditors for the purpose of rendering audit and non-audit services, (b) compensation to any consultants or advisors retained by the Committee and (c) ordinary administrative expenses necessary to carry out its duties. The Committee may delegate the duty to pre-approve any such payment to any member of the Committee provided that the decisions of such member to grant pre-approvals shall be presented to the full Committee for ratification. If the Committee does not delegate such authority to a member, the full Committee shall reconvene in response to any requests or applications to provide services that have not been previously approved or have been approved but exceed the pre-approved fee range for such services. The Committee may designate a member of management to monitor the performance of all services provided by the independent auditors and to report his or her findings to the Committee;
4. pre-approve related party transactions entered into by the Company with any of the Company's directors or executive officers in accordance with the Company's *Transactions with Related Persons Policies and Procedures*;
5. ensure audit partner rotation if the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has performed audit services for the Company in each of the Company's five previous fiscal years;
6. periodically review and reassess the adequacy of the Charter and recommend any proposed changes to the Nominating and Corporate Governance Committee for review;



7. review, evaluate and reassess the performance of the Committee annually and discuss such annual performance evaluation with the Board;
8. review and approve the Company's annual audited financial statements and review the Company's quarterly unaudited financial statements with the Company's management and independent auditors;
9. review the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's periodic reports and registration statements filed with the SEC;
10. review the internal audit function including the independence and authority of its reporting obligations, the audit plans proposed for the coming year, and the coordination of such plans with the work of the independent auditors;
11. review, approve, and discuss with the Company's management and independent auditors the Company's quarterly earnings press releases (paying particular attention to any use of "Pro Forma," or "Adjusted" non-GAAP, information) and earnings guidance, provided that the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance;
12. review and discuss generally with the Company's management and independent auditors the type of other financial information provided to analysts and rating agencies, provided that the Committee need not discuss such other financial information before it is provided to analysts and rating agencies;
13. review any major changes to the Company's auditing and accounting principles and practices as suggested by the Company's management or independent auditors;
14. at least annually, obtain and review a report by the Company's independent auditors describing:
  - (a) the auditors' internal quality-control procedures;
  - (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and



- (c) all relationships between the independent auditors and the Company (to assess the auditors' independence);
- 15. review and receive periodic reports (as well as the written disclosures and the letter from the independent auditors required by Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence as it may be modified, supplemented or replaced) from the Company's independent auditors, including the lead partner, regarding the auditors' qualifications, performance, independence and their registration with the SEC; discuss such materials with the auditor; after receipt of the annual report provided by the independent auditors discussed above in Section 14, and taking into account the opinions of management and the internal auditors, present its conclusions with respect to the independent auditors to the full Board; and, if so determined by the Committee, recommend that the Board take appropriate action to insure the independence of the auditors and continued registration with the SEC;
- 16. meet regularly with the Board and review with the Company's management any legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies;
- 17. review with the Company's independent auditors any problems or difficulties the auditor may have encountered and any management letter provided (or intended to be provided) by the auditor and the Company's response, including:
  - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of the activities or access to required information;
  - (b) any changes required in the planned scope of the external audit;
  - (c) any disagreements with management;
  - (d) any material written communications between the independent auditors and the Company's management, such as any management letter or schedule of unadjusted differences; and



- (e) any accounting adjustments that were proposed by the Company's independent auditors but were "passed" (as immaterial or otherwise), any material communications between the audit team and the independent auditors' national office respecting auditing or accounting issues presented by the engagement;
- 18. review and discuss the succession planning and performance of senior finance management;
- 19. review and discuss the responsibilities, budget, staffing, and succession planning of the Company's internal audit function, as well as approve the internal audit function's charter;
- 20. review and discuss with the Board any issues that arise with respect to the quality or integrity of the performance of the Company's internal audit function;
- 21. review annually with the Company's management and independent auditors:
  - (a) analyses prepared by the Company's management and/or independent auditors setting forth significant financial reporting issues, estimates, and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting period methods on financial statements; and
  - (b) the effect of regulatory and accounting initiatives, as well as review and approve any off-balance sheet structures on the Company's financial statements;
- 22. receive before each meeting a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan;
- 23. review, as needed, major issues or errors regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and material misstatements, along with the review of management's root cause investigation and resolution;
- 24. review the audit report provided by the Company's management and independent auditors, which should include:



- (a) all critical accounting policies and practices used; and
  - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and the independent auditors, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by management and the independent auditors;
- 25. review with the Company's management, independent auditors, and internal audit function any significant issues related to the Company's internal control over financial reporting, as well as remediation efforts performed;
- 26. meet periodically with the Company's management, independent auditors, and internal audit function in separate sessions to review the Company's policies with respect to major risk exposures and the steps management has taken to monitor and control such exposures;
- 27. meet periodically with the Company's management, independent auditors, and internal audit function in separate sessions to encourage entirely frank discussions with the Committee, including without limitation, discussions regarding the Company's financial reporting control procedures, the quality of the Company's financial reporting and the adequacy and competency of the Company's financial management;
- 28. meet and discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by Statement on Audit Standards No. 90, relating to the conduct of the audit of the Company's annual financial statements and the matters required to be discussed relating to the conduct of the review of the Company's quarterly financial statements;
- 29. meet and discuss with the Company's management and internal audit function the Company's risk assessment and risk management policies and processes and systems of internal control;
- 30. establish procedures for:
  - (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and





- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- 31. obtain assurance from the Company's management, independent auditors, and internal audit function that they have notified the Committee of any failure of which they are aware of the Company to comply with applicable legal and regulatory requirements;
- 32. set clear hiring policies for employees or former employees of the independent auditors so as to avoid any conflict of interest under the rules and regulations set forth by the SEC and the NYSE;
- 33. review the Company's cybersecurity program and any significant incidents as they may arise;
- 34. approve the Committee's report within the Company's annual proxy statement;
- 35. meet regularly with the Board to effect the Committee's purpose noted above; and
- 36. do every other act incidental to, arising out of or in connection with, or otherwise related to, the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.

#### **IX. LIMITATION OF COMMITTEE'S ROLE**

While the Committee has the authority, powers, and responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable legal, accounting, and other requirements. These are the responsibilities of the Company's management and the independent auditors.

This Charter supersedes any and all prior Charters of the Company and its subsidiaries.