



Templeton Emerging Markets Investment Trust (TEMIT) TERMS OF REFERENCE OF AUDIT COMMITTEE

REFERENCE TO “THE COMMITTEE” SHALL MEAN THE AUDIT COMMITTEE OF TEMIT.
REFERENCE TO “THE BOARD” SHALL MEAN THE BOARD OF DIRECTORS OF TEMIT.

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Remuneration Committee of the Company in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least 3 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 At least one member of the Committee should have proven and relevant expertise concerning the application of accounting principles or concerning financial statutory audit, proved through supporting qualifications in such fields. The members of the Committee must have the qualifications required by law in the area in which TEMIT, as the audited entity, operates.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, other directors, the Manager’s Compliance officer, Head of Internal Audit, representatives of the Legal function, the finance reporting function or any other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.5 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
- 1.7 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 2 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 as frequently as the Chairman of the Committee decides is appropriate, but no fewer than three meetings each year.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non- executive directors, no later than 3 working days before the date of the meeting or such other timeframe as may be agreed by the Committee. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the name of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities and matters within the scope of the Committee's responsibilities.

8. Duties

The Committee should carry out the duties below, as appropriate.

8.1 Financial Reporting

8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

8.1.2 The Committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company, taking into account the external auditor's view;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity of disclosures in the Company's financial reports and the context in which

statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

8.2. Internal Controls and Risk Management

Systems The Committee shall:

8.2.1 keep under review the effectiveness of the Company's internal financial controls and the Company's internal control and risk management systems; and

8.2.2 review and approve the statements to be included in the Annual Report concerning internal financial controls and the Company's internal control and risk management.

8.3 Whistleblowing

The Committee shall review the Company's arrangements for the Manager's employees to raise concerns, in confidence, about possible improprieties or wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

8.4 Internal Audit

The Company does not have an internal audit function of its own because it has no employees and all operations are outsourced. The Company relies on the internal audit department of Franklin Templeton to report any material failings or weaknesses. The Audit Committee shall monitor the risk management and system of internal controls on an ongoing basis and the engage the Manager's internal audit function to carry out a review of specific areas that the Audit Committee deems necessary. The Committee shall:

8.4.1 monitor and review the effectiveness of the Manager's internal audit function in the context of the Company's overall risk management system;

8.4.2 consider and approve the remit of the Manager's internal audit function and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions;

8.4.3 review and assess the Manager's annual internal audit plan insofar as it relates to the Company's activities;

8.4.4 review promptly all reports on the Company from the internal auditors;

8.4.5 review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and

8.4.6 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board to the Committee.

8.5 External Audit

The Committee shall:

8.5.1 When it is proposed to change the auditor, lead a tender process under which alternative auditors are considered 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. Unless it concerns the renewal of an audit engagement, the recommendation shall be justified and contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them. The Committee shall advise the Board that the external audit contract should be put out to

tender at least every ten years.

- 8.5.2 If an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.5.3 oversee the relationship with the external auditor including (but not limited to):
- 8.5.3.1 approval of their remuneration, whether fees for audit or not audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.5.3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.5.3.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;
 - 8.5.3.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - 8.5.3.5 agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - 8.5.3.6 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
 - 8.5.3.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
 - 8.5.3.8 assessing audit quality;
- 8.5.4 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.6 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 8.5.6.1 a discussion of any major issues which arose during the audit and how these issues were addressed,
 - 8.5.6.2 any accounting and audit judgements, and
 - 8.5.6.3 levels of errors identified during the audit.
- 8.5.7 The Committee shall also review the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- 8.5.8 review any representation letter(s) requested by the external auditor before they are signed by management, taking into account relevant UK professional and regulatory requirements;
- 8.5.9 review the management letter and management's response to the auditor's findings and recommendations, taking into account relevant UK professional and regulatory requirements;
- 8.5.10 review the audit report and the additional report for the Committee prepared by external auditor; and
- 8.5.11 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter and to 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.

8.6 Reporting Responsibilities

- 8.6.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and how it has discharged its responsibilities.

8.6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

8.6.3 The Committee shall make available through the Company's website the terms of reference of the Committee, including its role and authority delegated to it by the Board.

8.6.4 The Committee shall compile a report to shareholders on the external auditors' services and how auditor objectivity and independence is safeguarded.

8.6.5 Where requested by the Board, the audit committee shall provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

8.6.6 The Committee shall compile a report to shareholders, to be included in the Company's Annual Report, on the work of the Committee in discharging its responsibilities. The report shall include:

8.6.6.1 the significant issues that the Committee considered in relation to the financial statements, and how these issues were addressed;

8.6.6.2 an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; and

8.6.6.3 if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.

8.7 Other Matters

The Committee shall:

8.7.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;

8.7.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

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

8.7.4 be responsible for co-ordination of the internal and external auditors;

8.7.5 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and

8.7.6 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9. Authority

The Committee is authorised:

9.1 to seek any information, it requires from any employee of the Manager in order to perform its duties;

9.2 to obtain, at the Company's expense, outside, independent legal or other professional advice on any matter within its terms of reference; and

9.3 to call any employee of Manager to be questioned at a meeting of the Committee as and when required.

Dated 4 June 2019