

Compliance with the Association of Investment Companies Code of Corporate Governance (the “AIC Code”)

Throughout the year ended 31 March 2019, the Company complied with the provisions of the 2016 AIC Code. The Company will publish a statement of compliance with the provisions of the 2019 AIC Code for the year to be ended on 31 March 2020.

Below is a statement explaining TEMIT’s compliance with the 2016 AIC Code principles.

The 2016 AIC Code is made up of twenty-one principles split into three sections covering:

- The Board
- Board meetings and relations with the Manager
- Shareholder Communications

AIC Code Principle	Compliance Statement
The Board	
1. The Chairman should be independent.	<p>The Chairman is non-executive and independent of the Alternative Investment Fund Manager (the “AIFM”) and Investment Manager. The Chairman leads and ensures the effectiveness of the Board in all matters relating to the Company, including receiving accurate and timely information. There is a clear separation of roles and responsibilities between the Chairman, the Audit Committee Chairman, the Directors, the AIFM and the Investment Manager, and the Company’s other third party service providers.</p> <p>The Chairman has no connections with any other Franklin Templeton entity.</p> <p>An annual evaluation of the Chairman by his fellow Directors is led by the Senior Independent Director, who then meets the Chairman to discuss the results of the evaluation.</p>
2. A majority of the Board should be independent of the manager.	<p>As at the date of the 2019 Annual Report, the Board comprises six Non-Executive Directors, five of whom are independent from Franklin Templeton, the group of companies associated with the Company’s AIFM and Investment Managers.</p> <p>Gregory Johnson is Chairman and CEO of Franklin Resources, Inc., the parent company of the AIFM. He is therefore not an independent Director. There are no Executive Directors on the Board.</p>
3. Directors should be submitted for re-election at regular intervals. Nomination for re- election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	<p>All Directors retire annually and may offer themselves for re-election at the AGM.</p> <p>The Nomination Committee considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Committee keeps under review the balance of skills, independence, and knowledge of the Company, experience and length of service of the Directors.</p>
4. The Board should have a policy on tenure, which is disclosed in the Annual Report.	<p>Each of the Directors has an appointment letter with the Company and such letters are available for inspection at the Company’s registered office and at the AGM. The terms of appointment provide that a Director will be subject to re-election at each AGM. A Director may be removed from office following three months’</p>

notice.
The Board has adopted a formal policy requiring Directors to stand down after nine years from their election other than in exceptional circumstances. The Board has a Nomination Committee which regularly reviews the Board structure, size, gender balance and composition and makes recommendations to the Board with regard to any adjustment that it considers appropriate.

5. There should be full disclosure of information about the Board.

The Directors' biographies are set out in the Annual Report and provide information on the wide range of skills and experience that they bring to the Board. The Directors' biographies are also published on the website of TEMIT. These biographies also detail when the Board member was appointed, the individual remuneration of that Director and any beneficial interest that they may have in the Company.

Details of the Board Committees and their composition are detailed in the Directors' Report. Gregory Johnson does not participate in meetings of the Audit Committee, the Nomination Committee or the Management Engagement Committee.

The Annual Report describes the arrangements made for Audit Committee, Nomination Committee and Management Engagement Committee meetings, the chairmen and members of those committees, as well as the number of meetings of those committees and individual attendance by directors.

The Directors' responsibility statement is included in Annual Report.

6. The Board should aim to have a balance of skills, experience, and length of service and knowledge of the Company.

The Nomination Committee performs an annual review of the Directors' skills, experience, length of service and knowledge of the Company, and maintains a matrix summarising the key skills and experience of each of the directors..

The skills, experience and length of service of each Director are detailed in the Annual Report.

The selection policy of the Board is to appoint the best qualified person for the role, by considering factors such as diversity of thought, experience and qualification.

The Board is satisfied that the current blend of skills and experience prompts informed decision making and does not deem it necessary to alter this mix at present. When the composition of the Board requires review, female candidates will be encouraged to apply and progress in relation to diversity will be actively monitored.

7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director.

In 2019, the Board performed a self-evaluation of its performance .

Formal Board performance evaluations will continue to take place at least annually.

8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.

The Nomination Committee periodically reviews the level of Directors' fees relative to other comparable companies and in the light of the Directors' responsibilities. In doing so, the Committee has access to independent research and advice

from external sources.

The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, the experience of the Board as a whole, and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. Details of the Directors' remuneration can be found in the Directors' Remuneration Policy in the Directors' Remuneration Report in the Annual Report and in the notes to the Financial Statements.

Directors' interests (including family interests) can be found within the Directors' Remuneration Report of the Annual Report.

9. The independent Directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.

The Nomination Committee, which is entirely comprised of independent Directors, regularly reviews the Board structure, size and composition and makes recommendations to the Board with regard to any adjustments that it believes to be appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short-listed, and to nominate candidates for consideration by the full Board, whose responsibility it is formally to make appointments.

An external independent search consultancy will be used to facilitate the selection process for new directors.

Independence is maintained as five of the six Non-Executive Directors on the Board, as at the date of the latest Annual Report, are independent of the AIFM.

10. Directors should be offered relevant training and induction.

New Directors are provided with an induction session which is tailored to the particular circumstances of the appointee. Annually, the Chairman reviews and agrees with Directors their training and development needs covering specific company matters as well as industry issues.

The Board is supplied, via the AIFM, with information to enable the Directors to discharge their duties. The AIFM provides the Board with regular updates on regulatory issues, on the latest corporate governance rules and guidelines and real-life examples related to regulatory issues, including Market Abuse Regulation implementation.

11. The Chairman and the Board should be brought into the process of structuring a new launch at an early stage.

Principle 11 is not applicable to the Company as it applies to the launch of new investment companies.

Board Meetings and the Relationship with the Manager

12. Boards and managers should operate in a supportive, co-operative and open environment.

The Board meets at least quarterly. Each meeting is attended by representatives from the AIFM and Investment Manager. Representatives from the AIFM are also in attendance for relevant committee meetings. Open, constructive debate and discussion are encouraged by the Chairman to ensure that the best interests of the Company are maintained.

<p>13. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/ investor relations, peer group information and industry issues.</p>	<p>The Board has standing agenda items at quarterly scheduled Board meetings and periodic Management Engagement Committee meetings to review the AIFM and Investment Manager’s performance, risk management and other matters relating to the operations and regulation of the Company. This includes reviewing the investment objectives, strategy, benchmark and performance attribution, risk limits and analysis, contributors and detractors to/from performance, major overweights and underweights relative to benchmark and portfolio information including purchases and sales.</p> <p>The Board also performs a review of share price performance, discount and buyback activity, gearing policy, as well as actual and forecast income and expenses.</p> <p>In addition, the Directors, on an annual basis, receive a comprehensive risk and control analysis identifying the areas of risk and mitigating controls which are in place. As part of this review, the Directors also ensure that the Company’s primary service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate these risks. The risk and control analysis is reviewed on a quarterly basis.</p>
<p>14. Boards should give sufficient attention to overall strategy.</p>	<p>The Board sets the overall Company strategy and frequently reviews progress to ensure that its goals and objectives are being met. The Strategic Report in the Annual Report details this further. The Board holds an in depth review of investment strategy in February each year.</p>
<p>15. The Board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).</p>	<p>The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis, and a formal review is conducted regularly by the Management Engagement Committee, which consists solely of Directors independent of the AIFM and Investment Manager. The review may consider items such as fees, investment strategy, investment process, performance and risk and is carried out through meetings between the Management Engagement Committee and members of the senior management, investment and risk management teams of the AIFM and Investment Manager.</p> <p>When assessing the investment management performance, the Board believes that it is appropriate to make this assessment over a medium to long-term timeframe which is in accordance with the long-term approach taken to investment. In the opinion of the Directors, the continuing appointment of FTIS as the AIFM with delegation of investment management to TAML as the Investment Manager is in the best interests of the shareholders as a whole.</p> <p>Gregory Johnson is not present when the AIFM’s and Investment Manager’s performance is reviewed.</p>
<p>16. The Board should agree policies with the Investment Manager covering key operational issues.</p>	<p>Both the Board and the AIFM have formalised agreements and have a clear understanding of the operational policies laid out between the two parties.</p> <p>These rules are detailed in a number of ways: within the</p>

Investment Management Agreement, within the investment guideline documentation or through other policies such as those governing discount management.

The agreement which has been put in place between the Company and FTIS includes an Operating Memorandum which outlines the services to be provided, including details of reports and deliverables to be supplied.

The Board is ultimately responsible for ensuring that a sound system of internal controls of the Company is maintained to safeguard shareholders' investment and the Company's assets.

The Audit Committee undertakes an annual review of the effectiveness of the Company's system of internal controls, and the Directors believe that an appropriate framework is in place to meet the requirement of ensuring that a sound system of internal controls is in place for the Company.

Furthermore, the Board has an on-going process for identifying, evaluating and managing risks to which the Company is exposed including those contained within the performance of the investment management activities. This process is conducted throughout the year. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review and, if relevant, necessary actions have been or are being taken to remedy any failings or weaknesses identified. It has to be understood that systems of internal control, however carefully designed, operated and supervised, can provide only reasonable and not absolute assurance against misstatement or loss.

The Company does not have its own internal audit function but places reliance on the internal audit, compliance and other control functions of its service providers, who report to the Board annually and as material matters arise.

17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.

The Board monitors the share price discount to net asset value daily and exercises its right to buy back shares when the Board considers that it is in shareholders' interests to do so. Further details of the Company's policy on buy back of shares can be found in the Annual Report.

The matter is reviewed at each quarterly Board meeting with the Directors receiving updates from the AIFM and the Company's Financial Adviser and Stockbroker.

18. The Board should monitor and evaluate other service providers.

The Audit Committee considers the performance of the Company's third-party service providers at least annually as part of its review of risks and controls including an evaluation of the duration of service, as well as the level and structure of fees. Fees are benchmarked against competitor companies to ensure that they are competitive. Service providers' anti-bribery practices are certified every two years to ensure that they address the provisions of the Bribery Act 2010.

The Audit Committee reviews additional detailed reports from the compliance officer of principal service providers

concerning the internal processes and financial control systems in operation. Separately, detailed operational risk reports are presented annually by the administrator and the Audit Committee has access to internal and external audit and control reports of the administrator and custodian.

Additionally, the Board engages in a periodic detailed review of selected principal service providers such as the custodian.

Shareholder Communications

19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.

The Board receives quarterly analysis of the substantial shareholders of the Company. The Chairman periodically meets major shareholders to share views. Furthermore, the members of the Board are available during the year for any significant matters arising and are usually present in person at the AGM. At each AGM of the Company, the Investment Manager briefs shareholders on the investment outlook of the Company.

In addition, on behalf of the Board, the Investment Manager has periodic meetings with the Company's major shareholders to discuss aspects of the Company's performance.

Shareholders may contact the members of the Board via Client Dealer Services at Franklin Templeton using the contact details provided on the inside back cover of the annual report.

20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.

The Board actively leads or participates in discussions on, and approves the content of, all significant external communications. During this process, relevant stakeholders such as the AIFM, the Investment Manager, auditor, legal advisers and stockbroker are engaged as and when required.

21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.

The Board aims to keep shareholders informed and up to date with information about the Company. This includes information contained within the Annual and Half-Yearly Report, as well as notices of any significant Company events which are to registered shareholders.

The Company also releases information through the London and New Zealand stock exchanges, such as the Daily and Monthly NAV statements and the quarterly Portfolio Update. The Company website (www.temit.co.uk) displays the latest news, price and performance information, portfolio details, quarterly web updates from the Investment Manager and a blog dealing with topical issues in emerging markets. The Company also communicates via Twitter @TEMIT.