

Ashmore Group plc (the "Company")

Audit and Risk Committee - Terms of Reference

The Board of the Company (the "Board") resolved to appoint a committee known as the Audit and Risk Committee (the "Committee") and approved the following terms of reference for the Committee at a meeting held on 3 July 2006 (as amended at meetings held on 11 October 2006, 21 August 2008, 10 September 2009, 30 June 2010 and, 8 September 2011, 6 September 2012, 5 September 2013, 1 July 2015 and 30 June 2016).

Membership

The Committee shall consist exclusively of not less than three independent non-executive directors appointed by the Board. Each member of the Committee shall be free from any relationship that may interfere with the exercise of his or her judgment as a member of the Committee. At least one member shall have recent and relevant financial experience and preferably a professional accountancy qualification. The Committee as a whole shall have competence relevant to the financial services sector. The chairman of the Board shall not be a member of the Committee.

The chairman of the Committee shall be appointed by the Board but in the absence of the chairman and/or a director appointed as his or her deputy the remaining members present shall elect one of themselves to chair the meeting. The members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chairman of the Committee.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chairman of the Board, Chief Executive Officer, Group Finance Director, other directors, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate. The Company Secretary or his nominee shall act as the secretary of the Committee and shall normally attend meetings.

The external auditors, internal auditor, the Group Finance Director and the Head of Risk will be invited to attend meetings of the Committee on a regular basis.

Appointments shall be for a period of up to three years, extendable by no more than two additional three year periods, provided the directors remain independent.

Procedure

Quorum

The quorum for meetings of the Committee shall be two members present in person or by telephone.

Operation

The Committee shall meet as necessary and at least three times a year at appropriate intervals in the financial reporting and audit cycle, as decided by the chairman in consultation with the Company Secretary.

Outside of the formal meeting programme, the Committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the

Chief Executive Officer, the Group Finance Director, the external audit lead partner, the Head of Risk and the Head of internal audit.

Notice

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. 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 or invited to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Interests

Each member of the Committee shall disclose to it:

- any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
- any potential conflict arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in discussions concerning such resolutions.

Reporting

The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Unless a conflict of interest exists, minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

The Committee chairman shall report formally to the Board after each meeting, on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include: the significant issues that it considered in relation to the financial statements and how these were addressed; its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; the report of the internal auditor, and any other issues on which the Board has requested the Committee's opinion. 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.

The terms of reference of the Committee shall be made available on request and displayed on the Company's website and a separate section of the annual report shall list the members of the Committee.

The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the committee has addressed the effectiveness of the external audit process and should give advance notice of any external auditor retendering plans; an explanation of the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; an explanation of the Company's risk management and strategy; and all other information requirements set out in the Code.

In compiling the reports above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

The directors' report in the annual report and accounts should set out risk management objectives and policies including in relation to financial instruments.

The chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions relating to the duties of the Committee.

Duties

Financial reporting

The Committee shall:

- monitor and challenge where necessary the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor. 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;
- review and challenge Narrative reporting where necessary, including :
 - (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (iv) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
 - (v) 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); and
 - (vi) where the committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.
- The Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal controls and risk management systems

The Committee shall:

- review the effectiveness of the Company's internal controls and risk management systems;
- review and approve the statements to be included in the annual report concerning internal controls and risk management, unless this is done by the Board as a whole;
- provide advice to the Board on risk strategy, including the oversight of current risk exposures of the group, with particular, but not exclusive, emphasis on prudential risks;
- as appropriate, develop proposals for consideration by the Board in respect of overall risk appetite and tolerance, as well as the metrics to be used to monitor the group's risk management performance, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;
- oversee and challenge the design and execution of stress and scenario testing;
- oversee and challenge the day-to-day risk management and oversight arrangements of the executive;
- provide advice to the remuneration committee on risk weightings to be applied to performance objectives incorporated in the incentive structure for the executive;
- provide advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the group; and
- consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from management or other restrictions.

In carrying out their risk governance responsibilities, the Committee should have regard to any relevant advice from the internal audit function concerning the effectiveness of its current control framework. In addition, the Committee should remain alert to the possible need for expert advice and support on any risk issue, taking action to ensure that they receive such advice and support as may be necessary to meet their responsibilities effectively.

Whistleblowing and fraud

The Committee shall:

- review the Company's arrangements for its employees to raise concerns, in confidence, about possible 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;

- review the Company's procedures for detecting fraud; [and](#)
- review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

Internal audit

The Committee shall:

- monitor and review the scope, extent and effectiveness of the activities of the internal audit function in the context of the Company's overall risk management system;
- approve the appointment and removal of the head of the internal audit function;
- consider and approve the remit of the internal audit function;
- review and assess the annual internal audit plan;
- ensure that the internal audit function has adequate resources and appropriate access to information to perform its role effectively and in accordance with relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions and that there is support for , and acceptance of, internal audit at all levels of the Company;
- review reports addressed to the Committee from the internal auditor on a periodic basis; and
- 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 and to the Committee.

External audit

The Committee shall:

- consider and make recommendations to the Board to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- when the the audit services contract is put out to tender, initiate and supervise a competitive tender process, oversee the selection process (including by comparing the quality and effectiveness of the services offered by the relevant audit firms) and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering;
- oversee the relationship with the external auditor including (but not limited to):

- (i) negotiating and approving their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including the engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - (iv) approval of the appointment of the lead audit engagement partner;
 - (v) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company which could jeopardise the external auditors independence;
 - (vi) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - (vii) 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;
 - (viii) 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;
 - (ix) seeking to ensure co-ordination with the activities of the internal audit function; and
 - (x) considering the risk of the withdrawal of the Company's present auditor from the market;
- 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;
 - review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
 - review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) any accounting and audit judgements; and
 - (iii) levels of errors identified during the audit.
 - The Committee shall also :
 - (i) review the effectiveness of the audit;

- (ii) review any representation letter(s) requested by the external auditor before they are signed by management;
- (iii) review the management letter and management's response to the auditor's findings and recommendations; and
- (iv) develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

Other matters

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, and the general duties of directors set out in the UK Companies Act 2006 as appropriate;
- be responsible for co-ordination of the internal and external auditors;
- oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort; and
- 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.

Authority

The Committee is authorised:

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- to call any employee to be questioned at a meeting of the Committee as and when required.

