



KAIZEN GLOBAL
I n v e s t m e n t s

AUDIT COMMITTEE CHARTER

Date: 28 November 2014
Version: 1
Approved: December 2014

AUDIT COMMITTEE CHARTER

The Board of Directors (**the Board**) of Kaizen Global Investments ACN 602 033 670 (**the Company**) resolved to establish an Audit Committee of the Board (**the Committee**) on 28 November 2014. It approved this Charter for the Committee in December 2014.

The role and responsibilities, composition, structure and membership requirements of the Committee are prescribed by this Charter.

1. OBJECTIVES

- 1.1. The principal role of the Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Company.
- 1.2. The Committee will also:
 - (a) serve as an independent and objective party to review the financial information presented by Management to Shareholders and Regulators;
 - (b) consider the adequacy and effectiveness of the Company's administrative, operating and accounting controls as a means of ensuring that the Company's affairs are being conducted by Management in compliance with legal, regulatory and policy requirements;
 - (c) oversee and assess the quality of audits conducted by the external Auditor;
 - (d) review the Company's corporate standards of behaviour; and
 - (e) maintain (by scheduling regular meetings) open lines of communication among the Board and the external Auditor to exchange views and information, as well as confirm their respective authority and responsibilities.

The Committee has no management role.

2. COMPOSITION

- 2.1 The Board will consider the composition of the Committee on an annual basis and determine whether it remains of sufficient size and independence and has the necessary technical expertise to discharge its mandate effectively.
- 2.2 The Committee will have at least two (2) members. At least one member must be financially literate and competent. Ideally (although it may not always be possible given the size and nature of the Company), one or all of the Committee members will be "independent" non-executive directors. This is not a mandatory requirement, although preferable if the Company's Board allows for it.
- 2.3 A Director who is not the Chair of the Board will chair the Committee.
- 2.4 The Secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board.

3. TERM OF MEMBERSHIP

- 3.1 Members will be appointed by the Board for a term as considered appropriate by the Board.
- 3.2 A member of the Committee who ceases to be a Director of the Board will automatically cease to be a member of the Committee.

3.3 Where a member ceases to be “independent”, the Committee will consult with the Board as to composition of the Committee going forward.

4. MEETINGS

4.1 The Committee will meet at least three (3) times a year. Dates will be set so that the Committee can:

- (a) review and agree the annual letter of appointment and audit plan of the external Auditor;
- (b) review the half-yearly accounts and half-yearly reports; and
- (c) review the annual accounts and annual report.

4.2 Special meetings may be convened as required or requested by the Chair of the Committee, a Director or the Board.

4.3 Attendance by members at Committee meetings will be disclosed in the Company's Annual Report.

4.4 A quorum is two (2) Committee members.

4.5 Decisions will be determined by majority vote, but the Chair of the Committee will report the fact of a dissenting vote to the Board when reporting the decision to the Board. The Chair of the Committee will not have a casting vote.

4.6 External Auditors will be invited to attend meetings as determined by the Committee and will be given the opportunity to meet with the Committee in the absence of Management.

4.7 The Committee may require any other member of staff to attend from time to time. This will be organised by the Secretary of the Committee.

4.8 The Chair of the Board and the other Board members may attend meetings at any time.

4.9 The Secretary of the Committee, in conjunction with the Chair of the Committee, is responsible for:

- (a) drawing up the agenda and circulating it and supporting papers to Committee members prior to each meeting;
- (b) keeping minutes of meetings of the Committee, and circulating them to Committee members and other members of the Board; and
- (c) presenting the Committee's report to the Board following each meeting of the Committee.

5. ACCESS AND AUTHORITY

5.1 The Committee is authorised by the Board to investigate any activity within its Charter.

5.2 The Committee has authority (within the scope of its responsibilities) to seek any information it requires from any Company employee or external party.

5.3 The Committee is authorised by the Board to consult independent experts (at the Company's expense) where the Committee considers it necessary to carry out its duties. The Committee will notify the Chair of the Board prior to exercising its rights under this clause.

5.4 The Committee may meet with the external Auditor and staff without Management present.

6. DUTIES AND RESPONSIBILITIES

- 6.1 The duties and responsibilities of the Committee are as set out in this section. However, the Board may delegate other responsibilities and functions to the Committee from time to time.
- 6.2 Review the integrity of the half-year and annual financial statements with the Company Secretary and external Auditor and make recommendations to the Board having regard to:
- (a) any changes in accounting policies and practices;
 - (b) major judgemental areas;
 - (c) significant adjustments resulting from the audit;
 - (d) the going concern assumption;
 - (e) compliance with Accounting Standards;
 - (f) compliance with the NSX Listing Rules and *Corporations Act 2001 (Cth)* requirements; and
 - (g) compliance with Legal Counsel's recommendations (if any).
- 6.3 Require reports from the Company Secretary on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process.
- 6.4 Review any recommendations from the Company Secretary on accounting policy changes.
- 6.5 Review reports from the Company Secretary in respect of a qualified audit report issued to Company or its subsidiaries.

7. RISK MANAGEMENT

- 7.1 Ensure a risk management framework is in place to ensure (as far as reasonably practicable) significant risks to the Company are identified, evaluated, treated, monitored and reported.
- 7.2 Consider the adequacy and effectiveness of the Company's administrative, operating and accounting policies as a means of ensuring the Company's affairs are being conducted by Management in compliance with legal, regulatory and policy requirements.

8. COMPLIANCE

- 8.1 Review any significant compliance issues affecting the Company and monitor actions taken by Management.
- 8.2 Review any regulatory reports submitted to the Company concerning matters within the Committee's Charter and monitor Management's response to them.
- 8.3 Review reports from the Company Secretary in relation to compliance with any conditions of regulatory licences and approvals (of the Company and its subsidiaries (if any)).
- 8.4 Review practices and policies within the Company against established ethical guidelines.
- 8.5 Monitor the standard of corporate conduct in areas such as arm's length dealings and potential conflicts of interests.
- 8.6 Review and monitor the proprietary of all related party transactions.

9. REVIEW OF REPORTS AND COMMUNICATIONS

- 9.1 Review recommendations from the Company Secretary on key financial and accounting principles to be adopted by the Company in the preparation of its statutory financial reports and statements.
- 9.2 Review reports from the Company Secretary dealing with:
 - (a) the Company's risk management and compliance frameworks; and
 - (b) significant risk exposures and risk events including any major failures in the operation of key internal control systems.
- 9.3 Review reports from Management on key risk issues, as requested by the Committee from time to time.
- 9.4 Review reports from Company employees or Shareholders on accounting or auditing matters. Ensure that such queries from Shareholders are dealt with expeditiously.

10. EXTERNAL AUDITOR

- 10.1 Recommend to the Board the appointment of the external Auditor.
- 10.2 Review the external Auditor's Audit Plan and audit fees.
- 10.3 Liaise with the external Auditor as necessary.
- 10.4 Review to ensure that the external Auditor remains competent and independent.
- 10.5 Review to ensure that the external Auditor has full access to information and that no unacceptable Management or other restrictions are placed on him/her.
- 10.6 Ensure the rotation of audit engagement partners every five years.
- 10.7 Review written reports from the external Auditor in respect of internal controls and monitor Management's response and action.
- 10.8 Monitor the extent of non-audit services provided by the external audit company and reports arising from those services.
- 10.9 Annually review the performance of the external Auditor.

11. COMMITTEE REPORTING

- 11.1 Following each meeting, the Committee will report fully to the Board.
- 11.2 The Committee's report will contain **all** matters relevant to the Committee's role and responsibilities, including:
 - (a) an assessment of whether external reporting is consistent with the Committee members' information and knowledge is adequate for Shareholder needs;
 - (b) assessment of the management processes supporting external reporting;
 - (c) procedures for the selection and appointment of the external Auditor and for the rotation of audit partners;
 - (d) recommendation for the appointment or removal of an Auditor;
 - (e) assessment of the performance and independence of the external Auditor - where the external Auditor provides non-audit services, the report should state whether the

- Committee is satisfied that the provision of those services has not compromised the Auditor's independence; and
- (f) the results of the Committee's review of risk management and internal control systems.

12. ANNUAL PERFORMANCE REVIEW

- 12.1 On an annual basis the Committee will consider its performance and confirm whether it has fulfilled its responsibilities to the Company, as outlined in this Charter. In its review, the Committee will obtain feedback from the Board on the Committee's performance and implement any agreed actions.
- 12.2 The Board conducts an annual formal review of the performance of the Committee. The Committee will provide any information that the Board may request to facilitate its review of the performance.

Approved: December 2014

Amended: -