

Templeton Global Growth Fund Ltd

Audit Committee Charter

1 General scope and authority

1.1 Establishment of the Audit Committee

The Audit Committee is a committee of each non- executive director of Templeton Global Growth Fund Ltd (the “**Company**”), who is not an employee of a Franklin Templeton Investments Group entity. The Audit Committee is established under article 11.6 of the Company’s constitution.

1.2 What are the functions of the Audit Committee?

The primary functions of the Audit Committee are to:

- (a) **(accounting policies and financial reporting)** assist the Company’s Board (the “**Board**”) in its oversight of the reliability and integrity of accounting policies and financial reporting and disclosure practices;
- (b) **(fiduciary and stewardship obligations)** provide advice to the Board on the matters of financial statements, due diligence, financial systems integrity and business risks to enable the Board to fulfil its fiduciary and stewardship obligations;
- (c) **(review processes)** establish and maintain processes to ensure that:
 - (i) the Company’s regulatory registers, including registers maintained for the Company’s Australian Financial Services Licence, are reviewed on a regular basis;
 - (ii) the Company’s policies are appropriate having regard to the nature of the Company’s business;
 - (iii) the Company complies with all other applicable laws, regulations and company policies; and
 - (iv) the Company has in place an adequate system of internal control, management of business risks and safeguard of assets.

1.3 How are the functions of the Audit Committee carried out?

These functions are carried out by:

- (a) **(reviewing accounting principles)** reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports;
- (b) **(financial reports and audits)** in consultation with the Board, overseeing the financial reports and the results of the external audit of the financial reports;

- (c) **(audit and risk management)** reviewing the external audit and risk management program and monitoring those results;
- (d) **(internal compliance and control)** reviewing the effectiveness of internal compliance and control systems.
- (e) **(code of conduct)** monitoring compliance with a code of conduct covering individual and company ethics that recognises the Company's business and statutory responsibilities;
- (f) **(related party transactions)** reviewing, monitoring and assessing the propriety of related party transactions;
- (g) **(auditor qualifications and independence)** reviewing the external auditor's qualifications and independence; and
- (h) **(auditor performance)** reviewing the performance of the external auditor.

1.4 The Audit Committee's role in relation to the external auditor

The Company's Audit Committee, in consultation with the Company's Board, and not management, is responsible for retaining and recommending to shareholders the termination of the appointment of the external auditor, and for approving all audit engagement fees and terms.

1.5 Division of responsibility

In all areas, the function of the Audit Committee is oversight.

The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements.

Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

The external auditor is responsible for planning and carrying out a proper audit of the Company's annual financial reports including reviews of the Company's six monthly financial reports and other procedures.

1.6 Reliance on information

Each member of the Audit Committee is entitled to rely on information, or professional or expert advice, given or prepared by:

- (a) **(employees)** an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) **(professional advisers)** a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence;
- (c) **(officers)** another director or officer of the Company in relation to matters within the director's or officer's authority; or

- (d) (**committees**) a committee of directors on which the member did not serve in relation to matters within the committee's authority.

2 Membership of the Audit Committee

2.1 Number of members

The Audit Committee will consist of at least 3 members.

2.2 Member's qualifications

All Audit Committee members will be non-executive directors who:

- (a) are not employees of a Franklin Templeton Investments Group entity;
- (b) are independent of the management of the Company and free from any relationship that, in the business judgement of the Board, would interfere with the exercise of their independent judgement as a member of the committee; and
- (c) are financially literate and have a working familiarity with basic finance and accounting practices.

At least one member of the Audit Committee will have accounting or related financial management expertise, (ie having been a professional with significant experience of financial and accounting matters), as deemed appropriate by the Board in its business judgement. The Audit Committee must consist of a majority of independent Non-Executive Directors at all times.

2.3 Simultaneous service

No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other listed public entities unless the Board determines that such simultaneous service would not impair the ability of the director to effectively serve on the Audit Committee, and discloses this determination in the Company's annual report.

2.4 Compensation

A member of the Audit Committee may only receive the following compensation from the Company:

- (a) director's fees, which may be received in cash, shares, superannuation contributions or other in-kind consideration ordinarily available to directors; and
- (b) any other benefits that other directors of the Company receive.

2.5 Chairing

The Board will elect both the Chairman of the Audit Committee (who will not be the chairman of the Company) and the members of the Audit Committee and review such membership at times considered appropriate by the Board. The chief executive officer or general manager of the Company ("CEO") is not a member of the Audit Committee but will attend these meetings in his executive capacity, and will arrange for other executives of the Company to

attend Audit Committee meetings when requested to do so by the Audit Committee members.

3 Meetings and processes

3.1 Application of constitution to meetings and proceedings

Meetings and proceedings of the Audit Committee will be governed by the provisions of the Company's constitution for regulating meetings and proceedings of the Board in so far as they are applicable and not inconsistent with this Charter.

3.2 Frequency of meetings

The Audit Committee will meet at least quarterly.

3.3 Quorum

The quorum for such meetings is two members of the Audit Committee.

3.4 Attendees

Any Board member may attend Audit Committee meetings as he or she wishes. The CEO may attend by invitation of the Audit Committee. The external auditor will attend meetings when requested by the Audit Committee. The Audit Committee may ask the CEO, other management and/or others to attend these meetings and provide such input and advice as required.

3.5 Separate meetings

The Audit Committee may meet separately periodically with the CEO, management and other executives, and the external auditor to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately.

3.6 Information and agenda

Information to the Audit Committee is to be sent on a continuous basis to Audit Committee members as it becomes available. The Chairman of the Audit Committee will determine, in consultation with management, the external auditor and Audit Committee members, the Audit Committee meeting agenda, after a review of the material issued and in consideration of other significant events or issues arising. Any Board member may require that the Audit Committee put a matter on the agenda for consideration.

3.7 Minutes

The Audit Committee will keep minute books in which it records the proceedings and resolutions of its meetings. The minutes of an Audit Committee meeting will be circulated to Board members.

3.8 Resolutions

Resolutions of the Audit Committee may be made at an Audit Committee meeting; or by all Audit Committee members approving a resolution in writing (including by electronic means) sent to all Audit Committee

members.

4 Relationship with the external auditor

4.1 Duties of external auditor

The external auditor owes duties to the Company and its shareholders as a whole.

The external auditor will be authorised to do all work necessary for the performance of the audit function required by law.

4.2 Non-audit services

The external auditor appointed will not be permitted to perform any non-audit services without the prior approval of the Chairman of the Audit Committee.

The external auditor must not be asked or permitted to undertake non-audit work for the Company that involves:

- assuming the role of management;
- becoming an advocate for the Company; or
- auditing the external auditors own professional expertise.

Further the external auditor ordinarily will not be asked or permitted to undertake the following kinds of services for the Company:

- book keeping or other services relating to the accounting records or financial statements of the Company;
- appraisal or valuation and fairness opinions;
- taxation, planning and consulting services, other than tax compliance work;
- financial information or financial technology systems design and implementation;
- internal audit outsourcing services;
- management functions, including temporary staff assignments;
- legal or litigation support services; or
- actuarial services.

Provision of permitted non audit services by the external auditor must be approved by the Board where the fees are expected to exceed \$50,000 (excluding GST).

4.3 Consideration of the external auditor and audit services

The Audit Committee will:

- (a) **(recommendations to shareholders)** in consultation with the Company's Board, recommend whether to retain, or to recommend

to shareholders, the termination of the appointment of the external auditor;

- (b) **(evaluation of lead partner and review partner)** review and evaluate the qualifications, performance and independence of the lead partner and review partner of the external auditor;
- (c) **(rotation)** discuss with management and the Board, the timing and process for implementing a five-yearly rotation of the lead audit partner and the review partner, and consider whether there should be a regular rotation of the audit firm itself; and
- (d) **(management views)** take into account the opinions of management in assessing the external auditor's qualifications, performance and independence.

5 Financial statements

The Audit Committee will meet with management and the external auditor to discuss:

- (a) **(financial statements)** the annual audited financial statements and half-yearly financial statements;
- (b) **(audit difficulties)** any difficulties the external auditor encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
- (c) **(accounting adjustments)** any accounting adjustments that were noted or proposed by the external auditor but were "passed" (as immaterial or otherwise);
- (d) **(communications)** any communications between the audit team and their national office with respect to auditing or accounting issues presented by the engagement and any "management" or "internal control" letter issued, or proposed to be issued, by the external auditor to the Company;
- (e) **(accounting principles and financial statement presentation)** any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
- (f) **(financial reporting issues and judgements)** any analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
- (g) **(regulatory and accounting initiatives)** the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- (h) **(information and presentations)** the types of financial information provided, and the types of presentations made to analysts and rating

agencies;

- (i) **(hiring policies)** the establishment of hiring policies for employees or former employees of the external auditor; and
- (j) **(complaints)** establish Audit Committee procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by the Company employees of concerns regarding questionable accounting or auditing practices.

6 Reporting

On no less than an annual basis, the Audit Committee must submit a report to the Board, dealing with, amongst other things:

- (a) **(adequacy of external reporting)** assessment of whether external reporting is consistent with Audit Committee members' information and knowledge and is adequate for shareholder needs;
- (b) **(management processes)** assessment of the management processes supporting external reporting;
- (c) **(selection of external auditor)** procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (d) **(auditor appointment and removal)** recommendations for the appointment or removal of an external auditor;
- (e) **(auditor performance and independence)** assessment of the performance and independence of the external auditors and whether the Audit Committee is satisfied that the independence function has been maintained (having regard to the provision of non-audit services); and
- (f) **(risk management and internal compliance)** the results of its review of risk management and internal compliance and control systems.

7 Recurring processes

The Audit Committee will, on an annual basis:

- (a) **(charter review)** review this Charter to determine its adequacy for current circumstances and recommend to the Board the formal adoption of the revised charter for future operations of the Audit Committee;
- (b) **(audit results)** meet separately with the external auditor, with and without management, to discuss the results of their audits;
- (c) **(financial report)** review with management and the external auditor, the financial report to be included in the annual report including:
 - (i) the external auditor's responsibilities under generally accepted auditing standards;

- (ii) significant accounting policies;
- (iii) management judgements and accounting estimates;
- (iv) adjustments arising from the audit;
- (d) **(accounting principles)** obtain and consider the external auditor's judgements about the quality, not just the acceptability, of accounting principles as applied in the financial report; and
- (e) **(disclosures)** prepare or consider any report or other disclosures to be included in the Company's annual report or other communications to shareholders on the relationships between the external auditor and the Company.

8 Resources and authority of the Audit Committee

The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. This includes the authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, accountants or other experts, as it deems appropriate, without seeking prior approval of the Board or management.