

CUI Global, Inc.  
Charter of the Audit  
Committee of the Board of  
Directors

This charter ("Charter") of the audit committee ("Audit Committee") of the Board of Directors ("Board") of CUI Global, Inc. ("Company") sets forth the rules of governance of the Audit Committee and has been duly adopted by the Board.

**I. Audit Committee Purpose**

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Company's process for monitoring compliance with laws, regulations, and the Code of Conduct.

**II. Audit Committee Authority**

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the independent auditors, as well as anyone in the organization. The Audit Committee has the authority to:

1. Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Company.
2. Resolve any disagreements between Management and external auditor regarding financial reporting.
3. Pre-approve all auditing and non-auditing services with fees more than \$25,000.
4. Retain, at the Company's expense independent legal counsel, accountants, consultants, or subject matter experts deemed necessary to effectively perform in the capacity of Audit Committee.
5. Meet with Company officers, external auditors, or outside counsel, as necessary.

**III. Audit Committee Composition and Meetings**

Members of the Audit Committee shall meet the applicable requirements of the National Association of Securities Dealers Automated Quotations (Nasdaq).

1. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom must:
  - i. Be independent, as defined under Nasdaq Rule 5605(a)(2).
  - ii. Meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Act (subject to the exemptions provided in Rule 10A-3(c) under the Act).
  - iii. Not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.
  - iv. Be able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement.
2. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Audit Committee members must not accept any consulting, advisory, or other compensatory fee from the Company other than for board service.

3. Audit Committee members shall be appointed by the Board on recommendation of the Board's nominating committee or, if no such committee exists, then the Audit Committee Members shall be appointed by the Board. If an Audit Committee Chair is not designated or not present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee membership.

4. The Audit Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Audit Committee Chair should prepare and/or approve an agenda in advance of each meeting. The Audit Committee should meet privately in executive session at least annually with the Company's management, the director of the internal auditing department, the independent external auditors, and as an Audit Committee to discuss any matters that the Audit Committee or each of these groups believe should be discussed. In addition, the Audit Committee, or at least its Chair, should communicate with Management and the internal and external auditors quarterly to review the Company's financial statements and significant findings based upon the auditors' limited review procedures.

#### **IV. Audit Committee Responsibilities and Duties**

The Audit Committee shall have the responsibilities set forth in Rule 10A-3(b)(2), (3), (4) and under the Act and to perform the following:

##### **Financial Statement Responsibilities:**

1. At least annually, review the Company's principal policies for accounting and financial reporting and, as applicable, review with Management and the independent external auditors any significant changes in the Company's accounting policies, and review the effect on the Company's accounting policies of important pronouncements of the accounting profession and other regulatory bodies.
2. Review with Management and the independent external auditors the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles and any items required to be communicated to the independent external auditors in accordance with SAS 61. The Chair may represent the entire Audit Committee for purpose of this review.
3. Consider the independent external auditors' judgment with respect to the quality and propriety of the Company's accounting principles regarding financial reporting.
4. Provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:
  - a. Transactions and dispositions of Company assets are maintained accurately and fairly.
  - b. Transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only with authorizations of

Management and directors of the Company.

- c. Prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Internal Control Responsibilities:**

5. Consider the effectiveness of the Company's internal control environment, including information technology security and control.
6. Understand the scope of internal and external auditors' review of internal control over financial reporting, and review reports on significant findings and recommendations, along with Management responses to such findings.
7. In all respects, have the obligation to adhere to and to compel compliance by CUI Global, Inc. to the Sarbanes-Oxley Act of 2002 and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework.

#### **Internal Audit Responsibilities:**

8. Approve the Internal Audit Charter.
9. Oversee independence of Internal Audit by:
  - a. Formally confirming with the Director of Internal Audit that relationship(s) between the Director of Internal Audit and Management are consistent with International Standards for the Professional Practice of Internal Auditing, Standard 1100, Independence and Objectivity.
  - b. Reviewing and actively discussing with the Board, if necessary, and the Director of Internal Audit any disclosed relationships or services between the Director of Internal Audit and the Company, as well as any other disclosed relationships or services that may impact the objectivity and independence of the Director of Internal Audit.
  - c. If appropriate, making recommendations to the Board on how to maintain the independence of the Internal Audit function.
10. Review with Management and the Director of Internal Audit the adequacy of the Company's internal control environment, the scope and results of the internal audit program, and the cooperation or limitations imposed by Management with regard to Internal Controls at least annually.
11. Review the budget, resource plan, activities, and organizational structure of the internal audit department. with the Director of Internal Audit annually.
12. Approve the annual audit plan and major changes to the annual audit plan.
13. Review the appointment and replacement of the Director of Internal Audit.
14. Review the performance of the Director of Internal Audit, and concur with annual compensation and salary adjustments.
15. Review the effectiveness of the internal audit function, including conformance with

The Institute of Internal Auditors' definition of Internal Auditing, Code of Ethics, and the *International Standards for Professional Practice of Internal Auditing*.

16. Meet with the Director of Internal Audit on a regular basis to discuss ongoing internal audit status and findings.

### **External Audit Responsibilities:**

17. Oversee independence of the independent external auditors by:
  - a. Receiving from the independent external auditors, on a periodic basis, a formal written statement delineating all relationships, including non-audit services, between the independent external auditors and the Company consistent with Independence Standards Board Standard No. 1.
  - b. Reviewing, and actively discussing with the Board, if necessary, and the independent external auditors, on a periodic basis, any disclosed relationships or services between the independent external auditors and the Company or any other disclosed relationships or services that may impact the objectivity and independence of the auditors.
  - c. Recommending, if necessary, that the Board take certain action to satisfy itself of the external auditor's independence.
18. On an annual basis, review Management's recommendation and evaluation of the independence of the Company's independent external auditors and, based upon such review, recommend the appointment or discharge of such auditors.
19. On an annual basis, review with the independent external auditors the proposed scope and approach of the audit plan, as well as coordination with Internal Audit and Management, and timing of deliverables. The Audit Committee must approve all external audit fees and other significant compensation (above \$25,000) to be paid to the independent external auditors.
20. After completion of the audit of the Company's annual financial statements by the independent external auditors, the Audit Committee will review the audit report the Management letter relating to the audit report, any significant questions (resolved or unresolved) between Management and the independent external auditors that arose during the audit in connection with the preparation of the Company's annual financial statements, and the cooperation afforded or limitations, if any, imposed by Management on the conduct of the audit.
21. Ensure that the lead audit or coordinating partner and the reviewing partner for the external audit is rotated off the engagement every five years.
22. The independent external auditor must report to the Audit Committee all "critical accounting policies and practices to be used...all alternative treatments of financial information within GAAP that have been discussed with Management ramifications of the use of such alternative disclosures and treatments, and the treatment preferred" by the independent external auditor.
23. On a regular basis, meet separately with the independent external auditors to discuss any matters the Audit Committee or the independent external auditors believe should be discussed privately.

### **Compliance Responsibilities:**

24. On an annual basis (or more frequently as necessary or appropriate), review with the Company's counsel any legal matters which may have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received.
25. The Audit Committee shall oversee and enforce prohibition by the independent external auditor from providing any non-audit service to the Company contemporaneously with the audit, including:
  - a. Bookkeeping or other services related to the accounting records or financial statements of the Company.
  - b. Financial information systems design and implementation.
  - c. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports.
  - d. Actuarial services.
  - e. Internal audit cosourcing/outsourcing services.
  - f. Management functions or human resources.
  - g. Broker or dealer, investment adviser, or investment banking services.
  - h. Legal services and expert services unrelated to the audit.
  - i. Any other service that the Board of Directors determines, by regulation, is impermissible. The Board of Directors may, on a case-by-case basis, exempt from these prohibitions any person, company, public accounting firm, or transaction, subject to review by the SEC.
26. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including any disciplinary action) of any instances of noncompliance.
27. Review the findings of any examinations by regulatory agencies, and any auditor observations.
28. Review the process for communicating the Code of Conduct to company personnel, and for monitoring compliance of Company policy regarding the Code of Conduct.
29. Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.

### **Reporting Responsibilities:**

30. Review the annual financial statements prior to publication of the Company's annual report. This includes footnotes and disclosures with Management and the independent external auditors. Any significant changes to the Company's accounting principles and or other disclosures will be communicated to the independent external auditors in accordance with SAS 61.
31. The Audit Committee shall oversee that the annual report of the Company shall include an "internal control report", which shall: (1) state the responsibility of Management for establishing and maintaining an adequate internal control structure and procedures for financial reporting and (2) document an assessment, as of the end of the Company's fiscal year, of the design and operating effectiveness of the internal control over financial reporting (ICFR).

32. The Audit Committee shall oversee that the CEO and CFO of the Company shall prepare a statement to accompany the audit report to certify the "appropriateness of the financial statements and disclosures contained in the periodic report, and that those financial statements and disclosures fairly present, in all material respects, the operations and financial condition of the Company."
33. On an annual basis, prepare a report to stockholders as required by the SEC. The report should be included in the Company's annual proxy statement.
34. Regularly report to the Board of Directors about Committee activities, issues, and related recommendations.

**Other Responsibilities:**

35. On an annual basis (or more frequently as necessary or appropriate), review and reassess the adequacy of the Audit Committee Charter. If updates are made, submit the amended Audit Committee Charter to the Board for approval. This document will be published at least every three years, in accordance with the regulations of the Securities and Exchange Commission ("SEC").
36. The Audit Committee has sole and exclusive discretion to modify, amend, and change this Charter.
37. On an annual basis (or more frequently as necessary or appropriate), review Management's plans to engage the independent external audit firm to perform management advisory services.
38. May review summarized reports of expenses of the officers and directors.
39. On a periodic basis, review the adequacy of the Company's accounting and financial control resources.
40. Establish and maintain a Whistleblower program.
41. On an annual basis, review the design and operating effectiveness of Company policies on business integrity, ethics, and conflicts of interest with Management, the Company's counsel, and the Director of Internal Audit.
42. At least annually, review the Company's financial planning policies, practices, and financial objectives. Monitor the Company's financial condition and requirements for funds. Review periodically the Company's short-term and long-term capital expenditure plans and working capital position.
43. Review recommendations by Management regarding the amount, timing, type and terms of public and private stock, debt issues, and credit facilities.
44. Confirm on an annual basis that the responsibilities outlined in this charter have been carried out.

As adopted/ratified by the Board of Directors November 29, 2016.