

OPPORTUNITY INTERNATIONAL AUSTRALIA AUDIT AND RISK COMMITTEE CHARTER

July 2015

This Charter outlines the purpose, powers, composition and reporting requirements of the Audit and Risk Committee (Committee) as delegated by the Board of Opportunity International Australia (Board).

1. PURPOSE

The primary function of the Committee is to assist the Board fulfil their responsibilities in relation to:

- verifying and safeguarding the integrity of Opportunity International Australia's (Opportunity's or the Company's) financial accounts and reporting
- reviewing and overseeing financial performance, risk management systems, internal controls and legal compliance
- overseeing implementation of appropriate and adequate policies, controls, monitoring and reporting mechanisms, and
- liaising with and monitoring the independence and performance of the external auditor.

2. AUTHORITY

The Board is responsible for determining the extent of powers delegated to the Committee and the Committee's existence does not reduce the obligations of the Board. The Committee will operate in alignment with the Mission Statement of the organisation and provide recommendations to the Board for consideration. The Board as a whole is responsible for accepting, modifying, or rejecting the Committee's recommendations.

3. MEMBERSHIP

Members of the Committee, including the Chair of the Committee, will be appointed by the Board on the basis of their business and financial skills.

The Committee will be comprised of:

- at least three Directors
- only non-executive directors
- a majority of independent Directors, and
- at least one member with expertise in finance and accounting.

The Committee may also have external members with relevant expertise, experience and/or contacts.

The Chairman of the Committee can not be the Chairman of Opportunity and must be an independent director.

The Chair of the Board, if not a member of the Committee, will be an ex-officio member of the Committee and will receive copies of the agenda and all reports.

Committee members are appointed for a term of three years, or such other period as determined by the Board, and are eligible for re-appointment subject to the composition and skill requirements for the Committee.

The Committee will perform a self-evaluation of their performance annually.

4. MEETINGS

The Committee will meet at least four times per year, with authority to convene additional meetings as circumstances require. It is expected that one meeting will be held before the financial year end external audit commences coinciding with the approval of the budget and one after the financial year end external audit has been completed coinciding with the approval of the annual financial accounts.

A quorum will be two members, present in person, by teleconference or by electronic means.

A standing invitation is in place for the CEO and CFO to attend meetings. The Committee will invite members of management, external auditors and others to attend meetings and provide information as necessary.

Any Board member that is not a member of the Audit & Risk Committee is entitled to attend meetings of the Committee as an observer.

The agenda and supporting papers will be circulated to Committee members in advance of meetings. At the discretion of the Chair, additional papers may be tabled for discussion at the meeting.

The Company Secretary is the co-ordinator and minute secretary for the Committee. Minutes are reviewed by the Chair of the Committee and circulated to Committee within 30 days of a meeting. Once approved by the Committee, the minutes of Committee meetings are tabled at the next Board meeting.

5. DUTIES AND RESPONSIBILITIES

External Audit

The Committee assists the Board to fulfil its responsibilities and will:

- recommend to the Board the appointment of the Company's external auditors guided by the following principles:
 - the external auditor will be a registered company auditor and a member of an accredited professional body will be engaged
 - the audit partner and any audit team members must not be a Director or officer charged with the governance of the Company, or have a business relationship with the Company or any officer of the Company

- the audit team cannot include a person who has been a former officer of the Company during that year
 - the auditors must have actual and perceived independence from the Company and are required to confirm their independence to the Board
 - the work is to be undertaken by people with an appropriate level of seniority, skills, knowledge and experience to ensure the truthful and factual representation of the Company's financial position
 - the auditor is not to provide paid non-audit services under which the auditor assumes the role of management, becomes an advocate for Opportunity or audits its own work
 - the audit partner and the independent review partner are required to rotate at least every five years with a minimum three year 'cooling off' period before being reappointed to the audit team, and
 - the auditor must attend the Annual General Meeting or provide a suitable representative to answer questions about the audit and the preparations and content of the auditor's report.
- review the scope of work, reports and performance of the external auditors
 - review and agree on the terms of engagement and the audit fees for the external auditors
 - seek to resolve any disagreements between management and the external auditors regarding audit matters and fees for audit and non-audit services
 - understand material alternative treatment of financial information that has been discussed with management, including their ramifications, together with the treatment preferred by the auditor
 - review the auditors' summary management report detailing the results and significant findings from the audit and management responses, and
 - evaluate the performance of the auditors annually.

Financial Assessment

The Committee assists the Board to fulfil its responsibilities and will:

- review financial statements for compliance with accounting standards and policies and other requirements relating to the preparation of financial reports
- review the appropriateness of the accounting policies adopted by management
- analyse on an ongoing basis the financial reports and statements and external audit reports
- assess whether the financial accounts present a true and fair view of the financial position and performance of the Company and whether the Company can pay its debts as and when they fall due,
- recommend to the Board, whether the financial statements should be signed, based on the committee's assessment and
- review and make recommendations to the Board regarding significant financial, accounting and reporting issues.

Risk Management and Internal Controls

The Committee assists the Board to fulfil its responsibilities and will:

- review and oversee the Company's risk management framework for identifying, monitoring and managing significant business risks and consider whether the risk framework and internal controls effectively identify areas of potential, material risk

- regularly review management's performance in identifying, monitoring, and taking action to mitigate risks identified in the risk management program
- determine the need for an independent internal audit function, based on the Committee's assessment of the internal controls and the size and complexity of the business
- refer material risks to the Board for review on a regular basis with preventative or remedial action taken, control mechanisms and mitigation strategies
- review corporate internal controls to determine the effectiveness and adequacy of the Company's administrative, operating and accounting controls
- monitor the Company's compliance with relevant legislative and statutory requirements and other obligations to ensure they are being managed, and
- monitor management's response to reviews and recommendations of the Committee and external auditors regarding internal control systems and procedures.

Other Responsibilities

The Committee assists the Board to fulfil their responsibilities through:

- ensuring that there is a process in place for the Board Chair and Committee Chair to be immediately informed of any issue of significant non-compliance or litigation
- overseeing the process for the receipt, retention and treatment of information received from the internal whistleblower policy and procedures and also from external complainants regarding matters relating to audit, financial statements, internal controls, misbehaviour or possible fraud
- reviewing the adequacy of the Company's insurances including the Directors' and Officers' Liability insurance at least annually
- reviewing and overseeing major acquisitions and projects, and
- performing any other duty or undertaking that the Board may request from time to time.