

OPPORTUNITY INTERNATIONAL AUSTRALIA AUDIT AND RISK COMMITTEE CHARTER

November 2019

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 in fulfilling its corporate governance and oversight responsibilities to Opportunity International Australia (Opportunity or the Company) in relation to corporate reporting including financial reporting processes, risk management, internal controls, external audit and compliance.

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 Opportunity's mission 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 and other relevant experience.

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 and experience.

The Chair of the Committee cannot be the Chair 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 and report this to the Board.

4. MEETINGS

The Committee will meet at least four times per year, with authority to convene additional meetings as circumstances require. The timing of meetings should correspond with the Company's financial reporting cycle.

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 other members of management, the external auditor and others to attend meetings and provide information as necessary.

Any Board member that is not a member of the 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 Committee will meet with the Company's external auditor at least once a year without management present.

The Company Secretary is the co-ordinator and minute secretary for the Committee. Minutes are reviewed by the Chair of the Committee and, once approved, circulated to Committee members and posted on the Directors' portal within 21 days of a meeting.

All Board members will be notified when Committee papers or minutes are posted on the Directors' portal.

5. DUTIES AND RESPONSIBILITIES

The Committee's primary duties and responsibilities are set out in this section of the Charter. However, nothing in this Charter prevents the Board from requesting the Committee to consider any other matter it deems appropriate.

External Audit

The Committee will:

- make recommendations to the Board on the appointment, reappointment and removal of the Company's independent external auditor
- consider the independence of the external auditor and any potential conflicts of interests
- review, on an annual basis, the performance of the external auditor
- review the external auditor's proposed audit scope and approach for the current year in light of the Company's circumstances and changes in regulatory or other requirements

- review and approve the terms of the audit engagement and the annual audit fee
- discuss with the external auditor any audit problems encountered in the normal course of the audit process, including any restriction on audit scope or access to information
- discuss with the external auditor the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered aggressive, balanced or conservative.
- ensure that significant findings and recommendations made by the external auditor and management's proposed response are received, discussed and acted on appropriately
- review policies for the provision of non-audit services by the external auditor and, where applicable, the framework for pre-approval of any audit or non-audit services.

Financial Reporting

The Committee will:

- gain an understanding of significant accounting and financial reporting issues, including recent professional and regulatory pronouncements, to assess the potential impact on the Company's financial reports
- meet with management and the external auditor to review the draft financial statements, key accounting policies, significant areas of estimation and judgement and the report of the external auditors arising from their work
- ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor
- review proposed changes in significant accounting policies with management and the external auditor and make recommendations to the Board for their approval
- recommend the draft financial statements to the Board for their approval.

Risk Management and Internal Controls

The Committee will:

- oversee the Company's risk management framework for identifying, monitoring and responding to risks in a manner that is in accordance with the Company's risk appetite
- review, on an annual basis, key components of the Company's risk management framework, including the risk appetite matrix, risk consequences matrix, risk universe, key risk heat map and related action plans to mitigate those risks; make recommendations to the Board on proposed changes to these documents or related processes and procedures
- ensure that management has appropriate processes for identifying and responding to changes in the risk environment and that those processes are operating effectively
- review the annual fraud report prepared by management and consider whether processes and procedures implemented (or proposed to be implemented) by management appropriately mitigate the identified fraud risks
- review, on an annual basis, management's assessment of the corporate internal control environment and consider whether the internal controls that have been implemented adequately mitigate the identified risks
- monitor whether management has implemented internal control recommendations made by the external auditor

- review, on an annual basis, the adequacy of the Company's insurances, including the Directors' and Officers' Liability insurance
- periodically determine the need for an independent internal audit function, based on the Committee's assessment of the internal control environment and the size and complexity of the Company's operations.

Compliance with laws, regulations and internal policies

The Committee will:

- review the effectiveness of systems for monitoring compliance with laws, regulations, and internal policies, including the results of management's investigation and follow up of identified instances of non-compliance
- review management's proposed annual reporting under the ACFID Code of Conduct and recommend this to the Board for approval
- obtain updates from management and, where applicable, external parties on regulatory and other changes that impact on the compliance obligations of the Company
- periodically review and recommend to the Board for approval, internal Company policies that fall within the Committee's remit. This will, inter alia, include the Company's Whistleblowing policy.

Other

The Chair of the Committee will report to the Board on the Committee's activities at a Board meeting following each Committee meeting.

The Company's controlled entity in India, Dia Vikas Capital Pvt Ltd, has a separately constituted Audit & Risk Committee (DV ARC) which is accountable to the Board of Dia Vikas. The Committee will:

- gain an understanding of the terms of reference of the DV ARC
- obtain regular updates from the Company's representatives on the Board of Dia Vikas (and/or the DV ARC) of the scope of activities of the DV ARC, including significant areas of concern identified and remedial actions taken (or proposed) to address those concerns.