

## Governance Statement

As a steward of donated money, Opportunity International Australia (**Opportunity Australia** or **the Company**) is serious about good governance. Opportunity Australia believes it should at least meet the standards of good governance expected of listed Australian companies.

Australian Securities Exchange (**ASX**) Listing Rules require a listed company to include a statement in its annual report that discloses the extent to which the ASX Guidelines have been followed in the reporting period. The ASX Guidelines are the "ASX Principles of Good Corporate Governance and Best Practice Recommendations" (refer [www.asx.com.au](http://www.asx.com.au)).

Some areas of the ASX Guidelines do not apply to companies that are not listed and these include consideration of directors' shareholdings in the assessment of independence, continuous disclosure and the employee securities trading policy.

Opportunity Australia is a signatory to the Australian Council for International Development (**ACFID**) Code of Conduct for non-government development organisations (**NGDOs**). This Code of Conduct defines standards of governance, management, financial control and reporting with which NGDOs should comply.

Although not required to do so, Opportunity Australia here discloses its Governance Statement which has taken into account the best interests of all its stakeholders including members, donors, volunteers, employees and implementing partners.

### Code of Conduct

The ACFID Code of Conduct identifies mechanisms to ensure accountability in NGDO use of public monies and aims to maintain and enhance standards throughout the NGDO community.

In accordance with this Code and consistent with principles of basic human rights, Opportunity places a high importance on the dignity, values, history, religion, and culture of the people with whom it works. We are a not-for-profit organisation – we are here to serve poor people.

Opportunity Australia opposes, and will not be a knowing party to, wrongdoing, corruption, bribery or other financial impropriety in any of its activities.

Opportunity Australia is motivated by Jesus Christ's call to serve the poor. We assist people in poverty without regard to ethnicity, gender or religious affiliation. Funds are not used to promote a particular religious adherence.

Funds and other resources designated for specific purposes will be used only for those purposes.

In embracing the ACFID Code of Conduct, we aim to build creative and trusting relationships with people of developing countries and meet program standards which:

- Give priority to the needs and interests of the people they serve.
- Encourage self help and self-reliance among beneficiaries and thus avoid creating dependency.
- Involve beneficiary groups to the maximum extent possible in the design, implementation and evaluation of projects and programs.
- Respect and foster internationally recognised human rights, both socio-economic and civil-political.
- Seek to enhance gender equity.
- Are based on an understanding of the history and culture of the people served.



### Functions of the Board

The Board of Opportunity Australia is responsible for the oversight of the Company, including input into, and approval of, policies, strategic planning and assessment of management capacity. The Board has delegated the responsibility of the management, operation and administration of the Company to management.

The Board operates in accordance with Opportunity Australia's Constitution. It is accountable to the Company's members and its donors for protecting and enhancing the interests the Company. The functions of the Board include the following:

- Input into and approval of corporate strategy.
- Approving and monitoring financial and other reporting, including budgets and financial objectives.
- Input into and review of Company performance objectives.
- Approving and monitoring major capital expenditure, investments, loans and grants.
- Appointing and removing directors, the Chief Executive Officer and the Company Secretary.
- Reviewing and monitoring internal control and accountability systems.
- Reviewing codes of conduct and legal compliance.
- Monitoring management's performance.

The Board has open access to the management team to discuss current and future business issues, risks and strategies.

### Structure of the Board

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's management.

The Chief Executive Officer, who is a director, is responsible for implementing Company strategies and policies.

The structure of the Board is determined in accordance with the following principles:

- The Board is comprised of directors who possess the requisite skills and expertise to fulfil the duties and responsibilities of the position of director.
- A review of Board membership occurs annually having regard to the ability of the incumbent directors to continue to provide the requisite expertise.
- The number of directors may not be less than seven.
- The Chairman of the Board should be a non-executive director.
- At least half of the directors should be independent directors.

The Company's criteria for determining the independence of a director is that a director will be considered independent if he or she is not a member of management and:

- Has not, within the last three years, been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment.
- Has not, within the last three years, been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provider.
- Is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has no material contractual relationship with the Company other than as a director.
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- Has no other interest or other relationship that could, or be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Company.

All non-executive directors are considered by the Board to be independent.

### **Term of Office**

The positions of one quarter of the directors (excluding the Chief Executive Officer) will be declared vacant each year at the Annual General Meeting. Apart from a director serving as Chairman, directors cannot serve more than three consecutive terms of three years as a director. No director can hold the position of Chairman for more than two consecutive terms of two years.

### **Commitment**

The number of Board meetings and Committee meetings and number of meetings attended by each director is disclosed in the Company's Directors Report.

The names and further information regarding the skills, experience, qualifications and relevant expertise of the directors are set out in the Directors' Report.

### **Directors seeking Independent Advice**

The Company will pay the reasonable legal and other professional fees of any Director ("the Notifying Director") who advises the Company by notice in writing addressed to the Secretary (who shall immediately cause such notice to be circulated to all other Directors ("the Other Directors")) of an intention to seek independent professional advice and containing details of the matter in respect of which the advice is sought, provided that the Company shall not be obliged to pay for any such advice where, within two business days of receipt of the notice referred to above, a majority of the Other Directors has advised the Secretary that it is not considered to be in the interest of the Company or its members for the Company to pay for such advice and the Secretary has notified the Notifying Director accordingly.

### **Performance Review**

The Board regularly reviews its overall performance, as well as the performance of its committees, individual directors and key executives.

The performance of the Chief Executive Officer is reviewed annually by the Chairman and the performance of other key executives is reviewed

semi-annually by their managers against predetermined goals and competencies. The performance of the Board, its Committees and non-executive directors is determined through self-assessment and peer assessment under the leadership of the Chairman.

Directors and key executives have access to continuing education to update and enhance their skills and knowledge.

### **Board Committees**

The Board has established an Audit and Risk Committee and an Appointments and Compensation Committee as an efficient mechanism for the detailed examination of practices in these areas. Ultimate responsibility rests with the Board and the responsibilities of the Board and its members are not diminished through the existence of these committees.

### **Audit and Risk Committee**

The function of the Audit and Risk Committee is to independently verify and safeguard the integrity of Opportunity Australia's financial reporting. The Audit and Risk Committee is comprised of at least three directors, including a majority of directors independent of management.

The Audit and Risk Committee reviews financial information and corporate internal controls and risk assessment practices, to determine the adequacy of Opportunity Australia's administrative, operating and accounting controls.

The Audit and Risk Committee makes recommendations to the Board on the effectiveness and appointment of the Company's external auditors, being guided by the following principles:

- The person engaged will be a registered company auditor and a member of an accredited professional body.
- 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, skill and knowledge.
- The external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the Company 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.

### **Appointments and Compensation Committee**

The Board Appointments and Compensation Committee is responsible for nominating candidates for the Board to consider as Board members in accordance with Opportunity Australia’s Constitution and reviews the remuneration arrangements and policies applicable to the Chief Executive Officer and senior executives. A majority of Opportunity Australia’s Appointments and Compensation Committee are to be independent directors.

### **Nomination**

Prior to Board approval, the availability, expertise and possible conflicts of interest of a new director are fully explored. Following Board approval and relevant probity checks, a new director who fills a casual vacancy will stand for election by Opportunity Australia’s members at the next Annual General Meeting.

Notices of meeting for the election of directors comply with the ASX Corporate Governance Council’s best practice recommendations.

New directors are provided with a letter of appointment setting out the Company’s expectations, their responsibilities, rights and the

terms and conditions of their employment. All new directors participate in an induction program which covers the operation of the Board and its committees and financial, strategic, operations and risk management issues.

### **Remuneration**

The Board Appointments and Compensation Committee reviews the remuneration arrangements and policies applicable to the Chief Executive Officer and senior executives. All non-executive directors provide their services free of charge and are not provided with retirement benefits.

### **Risk Management**

The Board is responsible for reviewing and overseeing Opportunity Australia’s systems of internal control and risk management. In identifying areas of significant business risk and putting in place arrangements to manage those risks, the Board relies on the advice and expertise of the Audit and Risk Committee and management.

The Opportunity Australia Risk Management Policy provides a procedure to help identify and manage risks within the Company, and is designed to ensure efficient operations and compliance with legal and other obligations. Risks are identified by examination of Company operations and activities by the Board and management. Risk exposure and control mechanisms are presented to the Board, together with mitigation and improvement strategies.

Regular monitoring of risks and risk management is conducted by the Audit and Risk Committee and management, and material risks are reviewed by the Board. Major areas of risk are also reviewed by the Board on a regular basis and any preventative or remedial action taken where necessary.

The Chief Executive Officer and Chief Financial Officer have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

These declarations are provided in accordance with the ASX Guidelines which recognise that the management declaration is aimed to provide reasonable, but not an absolute, level of assurance.

### **Stakeholder Interests and Communication**

Opportunity Australia recognises its legal and other obligations to stakeholders, including members and potential members, donors, volunteers, employees and implementing partners. The Company's Code of Conduct for directors and employees requires that the directors and employees must act ethically and lawfully, and assist Opportunity Australia in meeting its legal obligations.

The Board seeks to ensure that members and other stakeholders are informed of sufficient information necessary to assess the performance of the directors and the Company.

In addition to the distribution to members of the Annual Report, Opportunity Australia utilises print and electronic communication facilities to provide more effective communication.

At the Annual General Meeting, members have the opportunity to direct any questions to the Board, and the external auditor is available to answer shareholder questions about the audit and auditor's report.