

Audit and Risk Committee Charter

The main responsibilities of the Audit and Risk Committee are to:

- review and report to the Board on the annual reports, the half-yearly financial report and all other financial information published by the Company.
- establish a sound risk framework of the Company's internal control environment including risk assessment and risk management.
- recommend to the Board the appointment, removal and remuneration of the external auditors, review the terms of the engagement, and the scope and quality of the audit.

Composition

The Audit and Risk Committee should be of sufficient size and independence with members of appropriate expertise to discharge its mandate effectively.

The Company will endeavour to ensure the Audit and Risk Committee is comprised of at least three members, who are non-executive directors and the majority being independent directors.

The Audit and Risk Committee should be Chaired by an independent Director, who is not also the Chair of the Board.

Powers

The Audit and Risk Committee has the authority within the scope of its responsibilities to seek any information it requires from any employee or external party. It may direct any special investigations deemed necessary and to consult independent experts in order to carry out its duties. Costs of such investigations are borne by IDT.

Duties

The following duties are structured in accordance with the Audit and Risk Committee purposes:

- (a) To review and recommend to the Board on financial reporting that covers:
 - (i) the adequacy of corporate reporting processes.
 - (ii) review of annual and half year financial report and all other financial information published by the Company to ensure a true and fair view is presented.
 - (iii) review of accounting policies with management and external auditors.
 - (iv) the assessment of any significant matters arising from the audit, appropriateness of management judgements, accounting estimates or accounting policy changes.
 - (v) review of opinion that the external auditors propose to render.
- (b) Oversee the effective operation of the risk management framework, at least annually, to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board. This includes discussion and review of the Company's risk management, governance and internal control environment with management and external auditors.
- (c) To make recommendations to the Board in respect of external auditors:
 - (i) select, evaluate and replace as necessary.
 - (ii) consider the independence and competence of the external auditor on an ongoing basis, including rotation of the audit engagement partner if required.
 - (iii) review scope and adequacy of the external audit and agree auditor remuneration.

- (iv) review and approve non-audit services undertaken to ensure auditors' independence is not compromised.
- (v) resolve any disagreements between external auditor and management.

(d) Management is responsible to ensure appropriate controls are in place to manage identified risks. A structured approach is taken with importance placed on maintaining a strong control environment within the framework of the Company's Quality Policy and that the organisation has clear lines of accountability within the formal delegation of authority matrix. Adherence to the control environment is required at all times and a culture of quality and integrity is actively promoted.

Through the Audit and Risk Committee, the Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management, compliance and internal control. The Risk Register is presented to each meeting of the Audit and Risk Committee and to the Board on a half yearly basis. More frequent updates are provided where items have been identified which materially impact the risk environment.

(e) Before it approves the Company's financial statements the Audit and Risk Committee should receive from the Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and Corporations Act 2001 provisions to give a true and fair view of the financial position and performance of the Company and that opinion has been formed on the basis of a sound and effectively operating system of risk management.

(f) Review and monitor related party transactions and assess their propriety.

(g) Report to the Board on matters relevant to the Committee's role and responsibilities.

(h) Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to financial reporting or internal controls of the Company.

All matters determined by the Committee are submitted to the next meeting of the full Board as recommendations for a Board decision. Minutes of Committee Meetings are also tabled.

Internal Audit

The Board is of the view that it is unusual for companies the size of IDT to have an internal audit function. Instead it relies on its internal control environment to protect against fraud and error.

Meetings

The IDT Audit and Risk Committee will meet at least twice annually, and more frequently if it deems necessary.

Review of Charter

This Charter is reviewed on a periodic basis. However the Board will review this Policy as often as the Board determines appropriate and make any changes it determines necessary or desirable.

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