

Audit and Risk Management Committee Policy

**Ecosave Holdings Limited
ACN 160 875 016**

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Audit and Risk Management Committee Policy

1. Introduction

The primary objective of risk management is to ensure that Ecosave appropriately manages its business and operating risks. This promotes stakeholder confidence in dealing with or investing in Ecosave.

The Board:

- (a) recognises that effective management of risk is an integral part of good management and vital to the continued growth and success of Ecosave;
- (b) is responsible for the oversight of the risk management and control framework of Ecosave including the development of risk profiles as a part of the overall business and strategic planning process;
- (c) has implemented a policy framework to ensure that the risks of Ecosave and its related bodies corporate are identified, analysed, evaluated, monitored and communicated within the organisation on an on-going basis, and that adequate controls are in place and functioning effectively.

2. Definitions

General terms and abbreviations used in this Policy are defined as follows.

ASX means ASX Limited or the securities market operated by the ASX, as the case may be

Board means the board of Directors of Ecosave

CEO means the Chief Executive Office

CFO means the Chief Financial Officer (as appropriate)

Chairman means the chairman of the Committee

Committee means the Audit and Risk Management Committee

Corporations Act means *Corporations Act 2001* (Cth)

Corporations Regulations means *Corporations Regulations 2001* (Cth)

Director means a director of Ecosave

Ecosave means Ecosave Holdings Limited ACN 160 875 016

Listing Rules means the listing rules of the ASX

Policy means this Audit and Risk Management Committee Policy

Secretary means the company secretary of Ecosave

3. Scope

This Policy is applicable to Ecosave's related bodies corporate and all levels within the organisation.

4. Role and objectives

The primary role of the Committee is to monitor and review, on behalf of the Board, the effectiveness of the controlled environment of Ecosave in the areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting.

The overriding objective of the Committee is to provide an independent and objective review of financial and other information prepared by Ecosave, in particular that to be provided to members and/or filed with regulators, including:

- (a) overseeing Ecosave's discharge of its responsibilities with respect to:
 - (i) the financial statements, financial report and annual report;
 - (ii) legal/regulatory compliance;
 - (iii) protection of capital; and
 - (iv) risk management systems,
- (b) overseeing Ecosave's relationship with external auditors; and
- (c) determining the independence of the external auditors and the policy for audit partner rotation.

The Committee is also responsible for the review of Ecosave's risk management program and ensure that areas of risk have been identified and that the appropriate internal controls have been implemented and are operating efficiently in all material respects.

The Committee will meet and receive regular reports from its external auditors concerning matters that arise in connection with their audit. The Committee is also responsible for review of performance and nomination of the external auditors.

5. Accountability of Board

The Board has ultimate responsibility for overseeing the performance of Ecosave, including monitoring of risk management and internal control systems.

6. Membership

6.1 Composition

- (a) The Committee will comprise the full Board. However if Ecosave is included in the S&P/ASX 300 Index at the beginning of its financial year in any year, the Committee will consist of:
 - (i) only non-executive Directors;
 - (ii) a majority of independent directors; and
 - (iii) at least three members,for the duration of the financial year.
- (b) If Ecosave is included in the S&P/ASX 300 Index, membership of the Committee will be reviewed periodically and re-appointment to the Committee will not be automatic. Appointments and resignations will be decided by the Board.
- (c) All members of the Committee must be able to read and understand financial statements and reports.

- (d) The Chairman may not be the chairman of the Board and must be independent.
- (e) The Chairman must have leadership experience and a strong finance, accounting or business background.
- (f) The external auditors, Secretary and CFO and other senior executives, may be invited to Committee meetings at the discretion of the Committee.

6.2 Chairman

- (a) The Chairman is appointed by the Board. If for a particular Committee meeting, the Chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairman for that meeting.
- (b) If Ecosave is included in the S&P/ASX 300 Index at the beginning of its financial year in any year, the Chairman will be an independent non-executive director who is not the chairman of the Board.

6.3 Secretary

The Secretary is the secretary of the Committee.

7. Appointment of external auditor

An external audit partner is to be permanently engaged by Ecosave to provide shareholder and investor confidence in the integrity of Ecosave's financial reports. Ecosave requires the external audit partner to maintain independence from Ecosave in accordance with the Corporations Act and this Policy.

Each year, Ecosave and the auditors should document the terms of engagement and present them to the Committee for approval. Terms of engagement must include:

- (a) confirmation of the audit firm's continuing independence and the continuing independence of the senior audit partner;
- (b) a requirement for the audit partner to be present at the AGM for the purpose of answering shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The agenda for the AGM must include a note informing shareholders of their right to put questions to the auditor;
- (c) ready access of the audit partner to the Committee via the Chairman;
- (d) a requirement for the auditor to provide the Committee with a full and complete report on the audit, with a copy to be presented to management.

On the completion of the year end audit, the Committee is to receive a copy of the audit closing report which clearly documents any potential issues in the financial statements.

8. Responsibilities

To fulfil its responsibilities and duties, the Committee will:

- (a) **Financial reporting processes**
 - (i) review and discuss with management and the external auditors the half-yearly and annual financial reports including notes to the financial accounts and other disclosures and whether the financial reports should be approved;
 - (ii) review Ecosave's accounting and financial reporting practices, including the effect of changes in accounting standards and practices, the effect of significant judgements or estimates made by management, the

appropriateness of assumptions used to support carrying values of assets, ASX listing requirements and corporate legislation. This includes discussing with management and the external auditor the application of those practices and standards to Ecosave's financial reports;

- (iii) review and discuss with the external auditors their report regarding significant findings in the conduct of their audit and management's response to those findings;
- (iv) discuss with management and the external auditors any major issues relating to the system of internal controls over financial information; and
- (v) satisfy itself that the declarations provided by the CEO and the CFO in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks;

(b) Oversight of External Auditor

- (i) review the appointment and, if necessary and subject to shareholder approval, the removal of the external auditors;
- (ii) review and approve the terms of engagement of, and the fees payable to, the external auditor;
- (iii) review the annual audit plan with the external auditors and approve the plan and the quantum of audit fees;
- (iv) review and discuss with the external auditor any matters relating to the conduct of the audit including responses from management, and the appropriateness of Ecosave's accounting policies, and the reasonableness of management estimates and judgements;
- (v) receive and review quarterly reports on non-audit services to determine compliance with the Board's policy on maintaining the independence of the external auditors;
- (vi) review annually the Board's policy on maintaining independence of the external auditors and recommend any changes if necessary; and
- (vii) review the performance of the external auditor having regard to the skills and capabilities of the lead external audit staff;

(c) Risk Management

- (i) review Ecosave's risk management policy and framework for identifying, assessing, monitoring and managing risk;
- (ii) regularly review and update Ecosave's risk profile;
- (iii) monitor the effectiveness of the risk management framework and the system of internal control. As part of monitoring and assessing the effectiveness of the system of internal control, regularly receive and review reports on material risk and the operation of internal controls in place to mitigate those risks;
- (iv) monitor the effectiveness of Ecosave's business continuity policies and procedures;
- (v) undertake a strategic risk assessment workshop with senior managers to reassess the Company's material risks and determine whether the current controls are adequate and effective;

- (vi) review at least annually Ecosave's implementation of the risk management policy and framework; and
 - (vii) review the adequacy of Ecosave's insurance policies, including the terms of annual policy renewals and the creditworthiness and claims payment histories of Ecosave's principal insurers; and
- (d) **Legislative Compliance**
- (i) monitor the development and ongoing review of appropriate legislative compliance policies and programmes where applicable;
 - (ii) receive, review and discuss with management regular reports on legislative compliance; and
 - (iii) monitor progress in responding to enquiries from regulatory authorities.

9. Meetings and procedures

It is intended that the Committee will meet at least three times each year, or as often as the Committee members deem necessary in order to fulfil their role and objectives set out in this Policy.

At each of the Board meetings, the CEO, CFO and Secretary are required to provide assurance to the Board as to the effectiveness of the systems in place for the management of the material risks.

Except as set out in this Policy, the Committee is subject to the Board's general policy for engaging or seeking advice from financial and legal advisers.

The Secretary will attend all Committee meetings and minute the meetings. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director. The Secretary will distribute supporting papers for each meeting of the Committee as far in advance as possible.

Ecosave will disclose in the corporate governance section of each Annual Report the frequency of the Committee meetings, the names of members of the Committee and their attendance at meetings of the Committee.

10. Reporting

It is intended that a report of the actions of the Committee will be included in the Board papers for the Board meeting.

11. Compliance with disclosure obligations

The Committee will review all reporting by Ecosave of its audit and risk policies and practices to ensure that Ecosave meets its disclosure obligations as required under the Listing Rules and the Corporations Act.

12. Committee's performance evaluation

The Committee will review its performance from time to time and whenever there are major changes to the management structure of Ecosave. The performance evaluation will have regard to the extent to which Ecosave has met its responsibilities in terms of this Policy.

13. Approval

This Policy was approved by the board on 19th November 2012. The Board may change this Policy by resolution.

14. Disclosure of Policy

This Policy will be made available, and updated as required, on Ecosave's website in a clearly marked "Corporate Governance" section.