



## ECT adopts Task Force on Climate-related Financial Disclosures for FY22

### Key points:

- ECT Board approves voluntary adoption of TCFD for FY22
- Further evidence of ECT's pro-active and transparent progress in ESG disclosures
- Best-of-peer leadership in ESG
- Strengthening of ECT's investment credentials

**25 May 2022:** Environmental Clean Technologies Limited (ASX: ECT) ("**ECT**" or "**Company**") is pleased to announce the formal adoption of the Task Force on Climate-related Financial Disclosures ("**TCFD**") framework, joining a growing number of organisations worldwide in seeking to demonstrate a commitment to building a more resilient future and safeguarding against current and future climate risks and opening up key opportunities in the transition to net-zero.

While the TCFD framework is currently voluntary in Australia, there is an increasing expectation from investors, governments, customers, and the community that businesses assess and disclose physical and transition climate-related risks in a consistent and widely adoptable format.

The Company believes this key step further reinforces its position as a 'best-of-peer' Environmental, Social and Governance ("**ESG**") company.

### ECT's ESG journey during FY22

#### Background:

- ECT began the voluntary transparent ESG disclosure journey in July 2021, against the World Economic Forum (WEF) ESG metrics of 'stakeholder capitalism'<sup>1</sup>.
- In November 2021, ECT engaged a dedicated ESG advisor to lead ECT's ESG public disclosure to ECT's stakeholders based on the WEF metrics.
- In December 2021, the ECT Board set a net-zero target Scope 1 & 2 Greenhouse Gas ["GHG"] emissions for ECT's corporate offices (plus limited Scope 3 emissions to include staff, air travel and waste), with target implementation before the end of the current financial year (i.e., FY22).
- In the March 2022 quarter, ECT's enterprise risk management ("**ERM**") process formally integrated ESG risks and opportunities that focus on climate change risks over the short, medium and long-term time horizons.
- In the March 2022 quarter, ECT disclosed in an ESG update that it was investigating early disclosure of climate risks in accordance with the recommendations of the TCFD framework, as they relate to both physical and transition risks (and climate-related opportunities) in the transition to net-zero.

ESG Advisor Ben Tovell commented:

*"At ECT, we believe we should take a leading role in climate change mitigation and demonstrate these values to all of our stakeholders. The ambitious decision by the ECT Board to adopt TCFD in FY22 was*

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<sup>1</sup> Refer to the Company website: <https://ectltd.com.au/esg/>

*made as ECT intends to play a leading role in the transition to net-zero. The Company expects current and potential Tier-1 customers to adopt TCFD in advance of any mandatory TCFD reporting requirement, (potentially from 2024 for some ASX companies). We expect they would likewise expect us to do the same.”*

ECT Managing Director Glenn Fozard commented:

*“Overall, this key step of early voluntary formal adoption of TCFD further positions ECT as a ‘best-of-peer’ ESG company. Our company’s purpose has always been inherently practical, focusing on technology that solves the industry transition challenge through immediate applications that are both commercial and environmental. This is the definition of impact. Taking the lead in adopting TCFD now, and not waiting for when it becomes mandated, gives our shareholders a good idea of where our corporate values stand. ”*

Through early TCFD reporting of stakeholder disclosures covering governance, strategy, risk management, metrics and targets relating to climate change, the following benefits are now possible, stemming from an increased attractiveness of ECT to its stakeholders:

- Broader pool of available capital following the adoption of TCFD, which may also include new capital providers. This stems from higher confidence that climate-related risks are appropriately assessed and managed.
- Expected improvement in corporate governance, strategy, risk mitigation and stakeholder engagement.
- Increased awareness and understanding of climate-related opportunities, leading to more informed strategic planning around deploying ECT’s climate-related Research and Development (“R&D”) technology solutions.
- Improvement in ECT’s reputation amongst current (and potential) stakeholders.
- The ability to influence ECT’s supply chain, and likewise mitigate concerns that ECT’s supply chain have about ECT (as they relate to GHG emissions and climate-related risks) is a positive development for all parties along the supply chain”.

The Company will seek to adopt key recommendations uncovered during the work on TCFD within three years per the WEF guidance and looks forward to providing its inaugural TCFD Report, to be released with its FY22 Annual Report in September 2022.

### **About TCFD**

The Task Force on Climate Related Financial Disclosures (TCFD) relates to the disclosure of climate risks and opportunities organisations face as the world transitions to ‘net-zero.’ It is, in other words, the impact of (physical and transition) climate risks and opportunities on ECT’s business, not the impact ECT might have on the environment. The TCFD recommendations are intended to be widely adoptable, consistent and comparable disclosures across all sectors and jurisdictions and designed to solicit decision-useful, forward-looking information that can be included in annual reporting to demonstrate climate change resilience to their capital providers, who can assess whether unavoidable climate risks are priced into company’s valuations. At present, TCFD is not mandatory in Australia, and there is no auditing requirement. ASIC has endorsed TCFD as the framework for reporting on material climate risks.

For more information about TCFD, please visit [www.fsb-tcdf.org](http://www.fsb-tcdf.org).

This announcement was approved for release to the ASX by the Board of the Company.

**For further information, please contact:**

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#### **About ECT**

ECT has been developing net-zero emission and hydrogen technologies for over 15 years.

Our solutions aim to transition today's use of resources to tomorrow's zero-emission future, delivering immediate financial and environmental benefits.

We are focused on advancing a portfolio of technologies, which have significant market potential globally.

ECT's business plan is currently focusing on two major projects:

- 1) Zero-Net Emission Coldry Commercial Demonstration at Bacchus Marsh, Victoria, Australia
- 2) Zero-Net Emission Hydrogen Refinery Project at the Latrobe Valley, Victoria, Australia

#### **About our Technology Suite**

##### **Coldry**

Coldry is the gateway enabler of higher-value applications for waste biomass and lignite.

These streams are a rich source of valuable hydrocarbons. However, they suffer from high moisture content that must be reduced to enable higher-value upgrading and conversion to solid fuels, liquid or gaseous hydrocarbons.

Drying is easy. However, drying efficiently, cost-effectively and with a low emissions footprint has been the challenge. Coldry meets this challenge through a combination of 'substrate densification' and waste heat utilisation, delivering the world's first low temperature, low pressure, low cost, zero CO<sub>2</sub> emissions drying process.

##### **HydroMOR**

The HydroMOR process has the potential to revolutionise primary iron making.

HydroMOR is a simple, low cost, low emission, hydrogen-driven technology that enables 'low value' feedstocks to produce primary iron. HydroMOR is the transition solution to a "green steel" future.

##### **COHgen**

The COHgen process has the potential to deliver a lower cost, lower emission method for hydrogen production from lignite and other waste biomass streams.

COHgen is currently advancing through fundamental laboratory development intended to form the basis for a patent application ahead of scale-up and commercialisation.

COHgen aims to decouple hydrogen production from CCS, accelerating the race towards <\$2kg production costs, with little to no emissions.

##### **CDP-WTE**

The catalytic depolymerisation-based waste-to-energy process converts' low-value resources into higher-value diesel and other valuable by-products.

CDP-WTE can be deployed as a standalone solution or integrated with the Coldry process to deliver higher-value, lower-emission energy solutions to lignite resource owners.

**Forward-Looking Statements**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of ECT, are or may be, forward-looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Therefore, actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.