

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Environmental Clean Technologies Limited
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ABN/ARBN

28 009 120 405
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Financial year ended:

30 June 2023
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Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: <http://www.ectltd.com.au/about-us/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as of 25th October 2023 and has been approved by the Board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 25th October 2023

Name of authorised officer authorising lodgement: Kian Tan

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a Board Charter setting out: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (e.g., “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (e.g., “www.entityname.com.au/corporate-governance/charters/”).

<sup>5</sup> If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a Diversity Policy;</p> <p>(b) through its Board or a committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its Board should be to have not less than 30% of its directors of each gender within a specified period.</p>		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>		<input checked="" type="checkbox"/> evaluation process referred to in paragraph (a) has been disclosed: in our Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process: in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>		<p><input checked="" type="checkbox"/></p> <p>valuation process referred to in paragraph (a) disclosed: in our Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process: in our Corporate Governance Statement</p>

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>		
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively.</p>	
2.2	A listed entity should have and disclose a Board Skills Matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.	<input checked="" type="checkbox"/> Board Skills Matrix disclosed: in our Corporate Governance Statement and on our website: <a href="https://ectltd.com.au/esg/">https://ectltd.com.au/esg/</a>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<input checked="" type="checkbox"/> names of the directors considered by the Board to be independent directors (a) have been disclosed: in our Corporate Governance Statement and, where applicable, the information referred to in paragraph (b): in our Corporate Governance Statement and the length of service of each director (c): in our Corporate Governance Statement
		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement

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2.4	Most of the Board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
2.5	The chair of the Board of a listed entity should be an independent director and should not be the same person as the CEO of the entity.		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> our values are disclosed at: <a href="http://www.ectltd.com.au/about-us/corporate-governance/">http://www.ectltd.com.au/about-us/corporate-governance/</a>	
3.2	A listed entity should: (a) have and disclose a Code of Conduct for its directors, senior executives and employees; and (b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> Code of Conduct disclosed at: <a href="http://www.ectltd.com.au/about-us/corporate-governance/">http://www.ectltd.com.au/about-us/corporate-governance/</a>	
3.3	A listed entity should: (a) have and disclose a Whistleblower Policy; and (b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> Whistleblower Policy disclosed at: <a href="http://www.ectltd.com.au/about-us/corporate-governance/">http://www.ectltd.com.au/about-us/corporate-governance/</a>	
3.4	A listed entity should: (a) have and disclose an Anti-bribery and Corruption Policy; and (b) ensure that the Board or committee of the Board is informed of any material breaches of that/those policies.	<input checked="" type="checkbox"/> anti-bribery and corruption policies disclosed at: <a href="http://www.ectltd.com.au/about-us/corporate-governance/">http://www.ectltd.com.au/about-us/corporate-governance/</a>	

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<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
4.2	<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO (Chief Financial Officer) a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> continuous disclosure compliance policy disclosed: in our Corporate Governance Statement	
5.2	A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> governance disclosed on our website at: <a href="https://www.ecltld.com.au/about-us/corporate-governance/">https://www.ecltld.com.au/about-us/corporate-governance/</a> and <a href="https://www.ecltld.com.au/investors/">https://www.ecltld.com.au/investors/</a>	
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.		<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement	



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
7.1	<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the Charter of the Committee;</p> <p>(4) the members of the Committee; and</p> <p>(5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a Risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's Risk Management Framework.</p>	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
7.2	<p>The Board or a committee of the Board should:</p> <p>(a) review the entity's 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; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks in our public ESG disclosures via the ASX, in our Annual Report, and on our website: <a href="https://ectltd.com.au/esg/">https://ectltd.com.au/esg/</a>	

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the Charter of the Committee;</p> <p>(4) the members of the Committee; and</p> <p>(5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<input checked="" type="checkbox"/> Set out in our Corporate Governance Statement
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter transactions (whether using derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	A listed entity with a director who does not speak the language in which Board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.		<input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.		<input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		<input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the Board of the responsible entity for overseeing those arrangements.	N/a	N/a
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	N/a	N/a

This Corporate Governance Statement of Environmental Clean Technologies Limited (the 'company') has been prepared in accordance with the 4th Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

This statement has been approved by the company's Board of Directors ('Board') and is current as of 30th June 2023 and has been posted to the corporate governance section of the company's website at <http://ectltd.com.au/about-us/corporate-governance/>.

The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, the company's website, or Annual Report, has been filed with the ASX on 25<sup>th</sup> October 2023.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

### **Principle 1: Lay solid foundations for management and oversight**

**A listed entity should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.**

***Recommendation 1.1 - A listed entity should have and disclose a Board Charter setting out:***

- (a) the respective roles and responsibilities of its Board and management; and***
- (b) those matters expressly reserved to the Board and those delegated to management***

Responsibilities of the ECT Board:

The Board is accountable to shareholders for the company's performance and governance. The Board provides strategic direction, guidance and oversight of executive management, and facilitates accountability to the company's shareholders through defined roles and responsibilities for the Board and executive management. The Board is responsible for ensuring that there is a risk management framework in place for both financial and non-financial risks, reporting of key strategic and performance issues from management to the Board, and enabling the Board to challenge management and hold it to account whenever required. The Board ensures that there is a balance of power and appropriate authorisations to avoid any individual entity having sole authority.

The Board also oversees and approves accounting, audit and other corporate reporting systems, stakeholder communications, and approves the entity's values and Code of Conduct, to underpin the culture of the business.

The specific responsibilities of the Board are as follows:

- appointment of the Senior Executive Manager, be that Managing Director, Chief Executive or equivalent;
- assessment of ECT's executive management performance, measured against clearly identified objectives;
- preservation of the integrity and credibility of ECT's businesses, including approval of the company's Code of Conduct and related Policies;
- prudent management of shareholders' funds;
- evaluation of opportunities for value-creating growth;
- involvement in the planning and review of the company's strategic direction;
- approval of short and long-term business plans and the corporate Purpose;
- ensuring that there are effective environmental, health and safety procedures in place; and
- approval of half-year and annual reports.

The Board delegates many of its responsibilities to the Senior Executive Manager and/or the Executive Committee who are responsible to the Board for the day-to-day management of the company. The relationship between the Board and executive management is a partnership that is crucial to the company's long-term success. The separation of responsibilities between the Board and executive management is clearly understood and respected. Importantly for ensuring the integrity of the financial statements the Senior Executive Manager provides a management representation letter to the Board that certifies that the company's financial statements present a true and fair view of the results and the financial position of the company and are in accordance with relevant accounting standards.

In addition, the Board has received a statement from the Managing Director and Chief Financial Officer (CFO) as part of

the Executive Committee that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently in all material aspects in relation to financial reporting risks.

Further information on ECT's Corporate Governance is held at: <http://ectltd.com.au/about-us/corporate-governance/>.

***Recommendation 1.2 - A listed entity should:***

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and***
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

The company fully complies with this recommendation.

The company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Election or re-election information provided to security holders includes the candidates biography detailing their experience, skills and qualifications, other material directorships held, any material information from background checks arising, details of any interest, position or relationship that may influence (actual or perceived) their capacity to bring independent judgement to bear on Board issues or act in the best interests of the company, whether the Board would consider the candidate an independent director, and where relevant, the term of office currently served.

***Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

The company fully complies with this recommendation.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

For written agreements, it is expected that the terms of appointment include the requirement to comply with the company's key policies including policies dealing with anti-bribery, corruption, trading policies, confidentiality obligations and access to corporate information. Terms also include provision of indemnity and insurance arrangements, a requirement to notify the company of matters which could affect the director's independence, and a requirement to seek the company's approval before accepting any new role that could impact upon the time commitment expected of the director or give rise to a conflict of interest.

***Recommendation 1.4 - The Company Secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.***

The company fully complies with this recommendation.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The role of the Company Secretary includes advising the Board and committees on governance matters and monitoring that Board and committee policy and procedures are followed.

**Recommendation 1.5 - A listed entity should:**

- (a) have and disclose a Diversity Policy;**
- (b) through its Board or committee of the Board, set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and**
- (c) disclose in relation to each reporting period:**
  - (1) the measurable objectives set for that period to achieve gender diversity;**
  - (2) the entity's progress towards achieving those objectives; and**
  - (3) either:**
    - (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or**
    - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The company does not yet comply with this recommendation.

The directors note the ASX Corporate Governance Council Recommendation for companies to establish a policy concerning diversity and setting measurable objectives for gender diversity in the composition of its Board, senior executives and workforce generally.

Whilst the ECT Board does not have a standalone Diversity Policy, the board believes in an independent, inclusive and diverse Board, and reflects these principles in our Code of Conduct. The Company's Code of Conduct reflects a commitment to workplace diversity, improving demographic, experiential and cognitive diversity, with expected future appointments to actively consider these aspects at the appropriate time.

Empowering and promoting social and economic inclusion, irrespective of diversity is an important aspect of good people management and ECT's guiding principle is that "all staff are paid market rates based upon their skillset, regardless of sex, age, disability, race, ethnicity, origin, or other status".

**Recommendation 1.6 - A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and**
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The company did not comply with this recommendation during the reporting period.

The Board's policy is to review its performance annually, as well as the performance of individual committees and individual directors (including the performance of the Chairman as Chairman of the Board). The use of an external facilitator may be utilised periodically to assist in the review process. The process includes collective Board discussions and individual interviews conducted by the directors. The review of the Chairman's role is conducted by the non-executive directors.

A performance review did not occur during the period.

**Recommendation 1.7 - A listed entity should:**

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and**
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The company did not comply with this recommendation during the reporting period.

The Board conducts an annual performance assessment of the executive management against agreed performance measures determined at the start of the year. In assessing the performance of each senior executive, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the company.

A performance review did not occur during the period.

**Principle 2: Structure the Board to be effective and add value**

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

***Recommendation 2.1 - The Board of a listed entity should:***

- (a) ***have a Nomination Committee which:***
- (1) has at least three members, a majority of whom are independent directors; and***
  - (2) is chaired by an independent director, and disclose:***
  - (3) the Charter of the Committee;***
  - (4) the members of the committee; and***
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or***
- (b) ***if it does not have a Nomination Committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.***

The company does not yet comply with this recommendation.

ECT has three directors on the Board, which are not considered to be independent. The Board does not maintain a formal Nomination Committee as it is considered that the current size does not warrant the formal establishment of a separate committee. The Board deals with matters that would be performed by such a committee, such as the identification of skills and competencies required for the Board and related committees, as well as nomination, selection and performance evaluation of non-executive directors. The Board does not actively manage succession planning but leverages existing networks to identify appropriate candidates when a Board vacancy occurs, or when a vacancy is forecast. Attributes of candidates put forward will be considered for 'best-fit' to the needs of the Board, which are assessed at the time of the vacancy, regardless of sex, age, disability, race, ethnicity, origin, or other status.

***Recommendation 2.2 - A listed entity should have and disclose a Board Skills Matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.***

The company fully complies with this recommendation.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, HR, policy development, engineering, project development, intellectual property development and protection, capital markets, international business and customer relationship management.

It is also noted that external consultants may also be brought in with specialist knowledge to address areas where there is an attribute deficiency in the Board.



**ECT Board Skills Matrix**

Legend: F = Familiar | C = Competent | E = Expert

<b>Name</b>	<b>Sam Rizzo</b>	<b>Jason Marinko</b>	<b>James Blackburn</b>
<b>Title</b>	<b>Managing Director</b>	<b>Non-Executive Chairman</b>	<b>Non-Executive Director</b>
Independent	N	N	N
Gender	M	M	M
<b>Experience</b>			
Corporate leadership	E	E	E
International business experience	E	C	C
Industry & sector experience	E	C	C
Board experience	C	E	E
Capital Markets experience	E	C	C
<b>Knowledge &amp; Skills</b>			
Strategy Development	E	E	E
Finance & Accounting	E	C	C
Legal & Regulatory	C	F	F
Digital & Information Technology	C	F	F
Human Resources & People	C	C	C
Public Relations, Marketing & Communications	C	C	F
Risk & Compliance	C	C	C
Stakeholder engagement	E	E	C
Engineering	E	F	F
Capital projects / development	E	C	C
Intellectual Property Development and Protection	C	F	C
Environmental & Climate	E	C	C
Social & Sustainability	E	C	C
Governance & Policy	E	C	C

**ECT Board Skills Matrix (cont.).**

<b>Director</b>	<b>Sam Rizzo</b>	<b>Jason Marinko</b>	<b>James Blackburn</b>
<b>Title</b>	<b>Managing Director</b>	<b>Non-Executive Chairman</b>	<b>Non-Executive Director</b>
<b>Governance Competencies</b>			
Director (medium organisation 10 - 99 employees)	E	E	E
Financial literacy	E	E	E
Strategic thinking	E	E	E
Executive performance management	C	C	C
Risk management and mitigation	C	C	C
Compliance focus	C	C	C
Profile / reputation	E	C	C
<b>Behavioural Competencies</b>			
Team player / collaborative	E	E	E
Ability and willingness to challenge and probe	E	E	E
Common sense and sound judgement	E	E	E
Integrity and high ethical standards	E	E	E
Mentoring abilities	E	E	C
Interpersonal relations – internal	C	C	C
Customer relationship management – external	E	E	E
Listening skills	C	E	C
Verbal communication skills	E	E	E
Understanding of effective decision-making process	E	E	E
Willingness and ability to devote time and energy to the role	E	E	E

***Recommendation 2.3 - A listed entity should disclose:***

- (a) the names of the directors considered by the Board to be independent directors;***
- (b) if a director has an interest, position or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and***
- (c) the length of service of each director.***

The company fully complies with this recommendation.

Details of the Board of Directors, their appointment date, length of service and independence status as at reporting date is as follows:

<b>Director's name</b>	<b>Appointment date</b>	<b>Resignation date</b>	<b>Length of service</b>	<b>Independence status</b>
Sam Rizzo	18 August 2023		2 months	Not independent
James Blackburn	11 September 2019		4 years, 1 months	Not independent
Jason Marinko	3 September 2021		2 years, 1 months	Not independent

An independent director is one who is not aligned with the interests of management or a substantial holder and can, and will, bring an independent judgment to bear on issues before the Board. They shall be free of any interest, position or relationship that might influence or reasonably be perceived to influence in a material respect their capacity to bring an independent judgment to issues before the Board and will act in the best interests of the company as a whole rather than in the interest of any individual security holder or other party.

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

***Recommendation 2.4 - A majority of the Board of a listed entity should be independent directors.***

The company does not yet comply with this recommendation.

There are currently three members on the company's Board. Having regard to the company's response to Recommendation 2.3 above, the makeup of the Board is not independent. The Board considers that the company is reliant upon the business relationships and interests that it has with the non-independent directors, and their expertise, in order to achieve its objectives at this time. Until such time as the company is of a size that warrants the appointment of additional non-executive and independent directors, the Board is of the view that the absence of a majority of independent directors is not an impediment to its operations, shareholders or other stakeholders.

***Recommendation 2.5 - The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.***

The company does not fully comply with this recommendation.

During the period, Jason Marinko was Chairman (non-executive), Jason was not considered to be independent. Glenn Fozzard was Managing Director of the company for the majority of the period until Sam Rizzo was appointed 18 August 2023.

The Board recognises the importance that the Chair should be independent, however, the Company is not of a relevant scale or size to appoint further independent directors and executives to meet the requirements of ASX Recommendation 2.5 at this time.

***Recommendation 2.6 - A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.***

The company does not yet fully comply with this recommendation.

The company does not have in place a formal induction program or professional development program for directors. New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the company's operations and background.

**Principle 3: Instill a culture of acting lawfully, ethically and responsibly**

**A listed entity should instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.**

***Recommendation 3.1 - A listed entity should articulate and disclose its values.***

The company fully complies with this recommendation.

As a listed entity, the company instills and continually reinforces a culture across the organisation of acting lawfully, ethically and responsibly. The company's values represent the guiding principles and norms which define the type of company it aspires to be and what it requires from its directors, senior executives and employees to achieve that aspiration. In formulating its values, the entity considers the behaviours that are needed to build long term sustainable value for security holders and the need to preserve and protect its reputation with key stakeholders such as customers, employees, suppliers, creditors and regulators.

The company's values are included as part of its Code of Conduct, which is available on the company's website. They are approved by the Board and the senior executive team are charged with the responsibility of embedding them across the organisation.

***Recommendation 3.2 - A listed entity should:***

- (a) have and disclose a Code of Conduct for its directors, senior executives and employees; and***
- (b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.***

The company fully complies with this recommendation

The company maintains a Code of Conduct for its directors, senior executives and employees. It requires that each person act honestly, in good faith and in the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain; declare any conflict of interest; safeguard company's assets and information; and not undertake any action that may jeopardise the reputation of the company.

The Board is required to be informed of any material breaches of its Code of Conduct as it is closely related, and cross referenced to the company's corporate culture.

Employees are made aware of their obligations under the Code of Conduct, with training made available.

The company's Code of Conduct can be found on ECT's website: <http://ectltd.com.au/about-us/corporate-governance>.

***Recommendation 3.3 - A listed entity should:***

- (a) have and disclose a Whistleblower Policy; and***
- (b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that Policy.***

The company fully complies with this recommendation.

The company maintains its Whistleblower Policy in accordance with the Corporations Act. The Board acknowledges that a transparent Whistleblower Policy is essential to good risk management and corporate governance, and that it is an important tool for facilitating the safe and secure reporting of any wrongdoing. The Policy promotes compliance with law, deters wrongdoing, protects the discloser, and promotes an ethical culture.

The Policy requires that the Managing Director, other Board member, the Chair, or the Company Secretary be notified of any incidents reported under this Policy (depending on the level of potential breach); how the Board will investigate disclosures made; how the Board will support and protect the whistleblower; instructions for how a disclosure may be made confidentially and, where applicable, anonymously; the process for keeping a discloser informed; how the Board will ensure fair treatment of all parties involved; and the timeframes for handling and investigating disclosures.

All employees are encouraged to speak up about any unlawful, unethical or irresponsible behaviour noted under the Policy. The Policy is linked to the company's statement of values and culture and provides examples of the types of concerns that may be reported and how, and to whom, reports should be made.

Employees are expected to have an understanding as to the operation of the Policy, with training made available.

The Whistleblower Policy is periodically reviewed, and a copy is available on the company website: <http://ectltd.com.au/about-us/corporate-governance>.

**Recommendation 3.4 - A listed entity should:**

- (a) have and disclose an Anti-bribery and Corruption policy; and**
- (b) ensure that the Board or a committee of the Board is informed of any material breaches of that policy.**

The company fully complies with this recommendation.

The company has adopted the following policies to improve the broader operating environment and culture, in order to combat corruption and consider actual and perceived internal and external risks to the organisation, applicable regulatory frameworks, and how the policies can be embedded and conveyed across the organisation and its Directors, Officers, staff and contractors:

- Code of Conduct;
- Gifts, Benefits, Bribery and Hospitality Policy;
- Offer of Gifts, Benefits and Hospitality Declaration Form;
- Gifts, Benefits and Hospitality Register;
- Disciplinary Action Procedure.

The Gifts, Benefits and Hospitality Policy details that the giving of bribes, other improper payments such as secret commissions, benefits to public officials, and offering or accepting of gifts, entertainment or hospitality can be illegal or otherwise damage the reputation of the company. The Gifts, Benefits and Hospitality Register documents corruption over the Financial Year. The Company Secretary maintains a Gifts, Benefits and Hospitality Register, ensuring records are subject to regular scrutiny including annual review by the Audit and Risk Committee.

ECT's Disciplinary Action Procedure provides a structured corrective action process to improve and prevent a recurrence of undesirable employee behaviour and performance issues.

These policies can be found on ECT's website at: <http://ectltd.com.au/about-us/corporate-governance/>.

**Principle 4: Safeguard the integrity of corporate reports**

**A listed entity should have appropriate processes to verify the integrity of its corporate reports.**

**Recommendation 4.1 - The Board of a listed entity should:**

- (a) have an Audit Committee<sup>1</sup> which:**
  - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
  - (2) is chaired by an independent director, who is not the Chair of the Board, and disclose:**
    - (3) the Charter of the Committee;**
    - (4) the relevant qualifications and experience of the members of the Committee; and**
    - (5) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The company does not yet comply in full with this recommendation.

<sup>1</sup> (LR12.7) A listed entity included in the S&P All Ordinaries Index at the beginning of its financial year is required under listing rule 12.7 to have an audit committee for the duration of that financial year.

The Board maintains a combined Audit and Risk Committee, the members of which are:

<b>Name</b>	<b>Director</b>	<b>Executive Status</b>	<b>Independence Status</b>
James Blackburn	Director	Committee Chair	Not independent
Sam Rizzo	Managing Director	Committee Member	Not independent
Martin Hill	N/a (CFO)	Committee Member	Not independent
Kian Tan	N/a (Company Secretary)	Invitee (non-member)	N/a

At the date of this statement, all of the Committee Members were non-independent, the Company is not of a relevant scale or size to appoint further independent directors and executives to meet the requirements of ASX Recommendation 4.1 a) (1) and (2).

The Board is of the opinion that the members of the committee have the accounting and financial expertise and sufficient understanding of the industry in which the company operates to be able to discharge the committee's mandate effectively.

The Audit and Risk committee meet the external auditor before the annual audit and prior to the release of the half year and annual report, and assess the adequacy of the external audit process, the outcome and the auditors' continued independence.

The CFO and Managing Director meet with external auditors to discuss the adequacy of the company's internal controls and systems used to provide assurance over the integrity of corporate reporting and, where applicable, implement recommendations for improvement deemed necessary. External accounting, compliance and tax specialists may also be engaged to advise on the company's reporting processes, internal controls and compliance obligations.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report. The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' Report.

The number of Audit and Risk Committee meetings held during FY23 was four (4).

The Charter of the Committee is available at the company's website:  
<http://www.ectltd.com.au/about-us/corporate-governance/>.

***Recommendation 4.2 - The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.***

The company fully complies with this recommendation.

For the financial year ended 30 June 2023 and the half-year ended 31 December 2022, the company's Managing Director and CFO provided the Board with the required declarations.

***Recommendation 4.3 - A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.***

The company fully complies with this recommendation.

The ECT Board is responsible for all corporate reports released to the market. The ECT Board is required to satisfy itself that a report is materially accurate, balanced and provides investors with appropriate information to make informed decisions before it is released to the market.

**Principle 5: Make timely and balanced disclosure**

**A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

**Recommendation 5.1**

**A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.**

The company fully complies with this recommendation.

The company maintains a Continuous Disclosure Policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The Company Secretary is required to consult with the Non-Executive Chairman in relation to matters brought to their attention for potential release to the ASX. Generally, the full Board is ultimately responsible for decisions relating to the making of market announcements. The Board is required to authorise announcements of significance to the company. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

**Recommendation 5.2 - A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.**

The company fully complies with this recommendation.

Proposed ASX announcements are circulated to the Board prior to market release. The Board is then required to authorise the release to the ASX. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

**Recommendation 5.3 - A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.**

The company fully complies with this recommendation.

**Principle 6: Respect the rights of security holders**

**A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.**

**Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.**

The company fully complies with this recommendation.

The company maintains information in relation to governance documents, directors and executive management, Board and committee charters, Annual Reports, ASX announcements and contact details on the company's website.

Refer <https://www.ectltd.com.au/about-us/corporate-governance/> and <https://www.ectltd.com.au/investors/>

**Recommendation 6.2 - A listed entity should have an investor relations program that facilitates effective two-way communication with investors.**

The company does not yet comply in full with this recommendation.

The company does not have a formal investor relations program. The Board and Company Secretary engage with investors at the AGM and respond to shareholder enquiry on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.

***Recommendation 6.3 - A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.***

The company fully complies with this recommendation.

The Company sends out (electronically, via the ASX or via surface mail) instructions on how to participate at meetings of security holders in the Notices of Meeting.

The company encourages shareholders to attend its AGM (in person or via webinar), and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to.

***Recommendation 6.4 - A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.***

The company fully complies with this recommendation.

ECT's constitution (12.2) provides for a show of hands during the meeting to decide a resolution, but allows for a poll (12.14) when requested by the Chair.

All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.

***Recommendation 6.5 - A listed entity should give security holders the option to receive communications from, and send communications to, the company and its security registry electronically.***

The company fully complies with this recommendation.

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Automic Registry Services at [www.automic.com.au](http://www.automic.com.au).

## **Principle 7: Recognise and manage risk**

**A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.**

### ***Recommendation 7.1***

***The Board of a listed entity should:***

- (a) have a committee or committees to oversee risk, each of which:***
- (1) has at least three members, a majority of whom are independent directors; and***
  - (2) is chaired by an independent director;***
- and disclose:***
- (3) the Charter of the Committee;***
  - (4) the members of the Committee; and***
  - (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or***
- (b) if it does not have a Risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's Risk Management Framework.***

The company does not currently comply with this recommendation.

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed in



Recommendation 4.1 above. None of the current members Committee members are independent, and the current Chair is not independent, the Company is not of a relevant scale or size to appoint further independent directors and executives to meet the requirements of ASX Recommendation 7.1 a) (1) and (2).

Details of the number of times the Committee met and the individual attendances of the members at those meetings are disclosed within the Directors' Report of the company, in addition to Recommendation 4.1.

The Audit and Risk Committee Charter and Risk Appetite Statement can be found on the company's website- <http://www.ectltd.com.au/about-us/corporate-governance/>.

**Recommendation 7.2 - The Board or a committee of the Board should:**

- (a) review the entity's 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; and**  
**(b) disclose, in relation to each reporting period, whether such a review has taken place.**

The company fully complies with this recommendation.

The Audit and Risk Committee reviews the company's Enterprise Risk Management (ERM) Framework periodically, and at least annually, to ensure that it remains suitable to the company's operations and objectives and that the company is operating within the risk parameters set by the Board. The committee ensures that the framework takes into account emerging risks, that recently include environmental, social and governance (ESG) risks – especially those risks related to climate-change, and emerging threats of cyber-security risks, privacy and data breaches.

**Recommendation 7.3 - A listed entity should disclose:**

- (a) if it has an internal audit function, how the function is structured and what role it performs; or**  
**(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.**

The company does not fully comply with this recommendation.

The company does not have a dedicated internal audit function.

The management of risk is important in the creation of shareholder value and is a priority for the Board and management. The company has a framework in place to safeguard the company's assets and interests and ensure that business risks are identified and properly managed. This includes procedures and limits to manage financial risk associated with exposures to foreign currencies and financial instruments. To assist in discharging this responsibility the Board has in place a control framework, which includes the following:

- an annual budget, approved by the directors;
- regular reporting to the Board on a number of key areas including safety, health, insurance and legal matters;
- adoption of clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested; and
- a comprehensive insurance program, including risk assessment analysis and plans to mitigate identifiable or foreseeable risks.

This function is operated completely independently of the external audit.

**Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.**

The company fully complies with this recommendation.

The Board acknowledges that stakeholders have expectations of greater transparency relating to environmental and social risks faced, as these factors can impact the long-term value of the company.

The Board constantly monitors, via the Audit and Risk Committee, any emerging risks that may have impact on the performance or reputation of the company. Stakeholder perceptions are vitally important to the success of the ECT Group, and the company actively engages with various stakeholder, such as those representing consumers, suppliers, government, shareholders, community leaders, and media to gauge where the company could have risk exposures, could improve communications, pivot certain strategies, and how the company compares to its peers.

In early FY21, ECT's Board resolved to adopt the World Economic Forum's (WEF) Environmental, Social and Governance (ESG) Framework and Core Metrics and instructed management to set up an impact measurement plan relating to public disclosure against the four WEF pillars of *Governance, Planet, People* and *Prosperity*. ECT's disclosures against the core WEF metrics are released on the ASX, and on the company website. The disclosures also help the company formulate ESG strategies for long-term resilience, in the face of emerging ESG risks.

Additionally, the company resolved to adopt the Taskforce on Climate-Related Financial Disclosure (TCFD) towards the end of the FY22 year. ECT's inaugural TCFD report will be released on the ASX alongside the FY22 Annual Report and will recommend risk mitigants as they relate to climate-related risks.

Refer also to the company's Annual Report for disclosures relating to the company's material business risks (including those that could adversely affect the company's prospects for future financial years) and how these risks are managed. Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's Enterprise Risk Management (ERM) Framework.

ECT will continue to ensure the market is informed with respect to material risks that may arise, in accordance with the requirements of ASX Listing Rules.

Together, these public disclosures outline how ECT will inform stakeholders of emerging material ESG risks the company might face.

Refer to our dedicated ESG page on our website for more information: <https://ectltd.com.au/esg/>

### **Principle 8: Remunerate fairly and responsibly**

**A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.**

#### ***Recommendation 8.1 - The Board of a listed entity should:***

- (a) have a remuneration committee<sup>2</sup> which:**
- (1) has at least three members, a majority of whom are independent directors; and**
  - (2) is chaired by an independent director, and disclose:**
  - (3) the Charter of the Committee;**
  - (4) the members of the Committee; and**
  - (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

The company does not yet fully comply with this recommendation.

The company does not maintain a Remuneration Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board therefore performs the function of such a committee which includes setting the company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board, Managing Director and Company Secretary. The Board may obtain external advice from independent consultants in determining the company's remuneration practices, including remuneration levels, where considered appropriate.

<sup>2</sup> (LR12.8) An entity included in the S&P/ASX 300 Index at the beginning of the financial year must have a remuneration committee comprised solely of non-executive directors for the entire year.

The members of the Board and the skills they bring to the company are detailed in Recommendations 2.2 and 2.3. Details of the qualifications and experience of the members of the Board are also contained in the Directors' Report.

The full Board monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees regardless of sex, age, disability, race, ethnicity, origin, or other status.

***Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.***

The company fully complies with this recommendation.

Non-executive directors are remunerated by way of cash fees and superannuation contributions and shares in lieu of fees, which aligns the long-term interests of the company's shareholders and its non-executive directors. The level of remuneration reflects the anticipated time commitments and responsibilities of the position.

Executive directors and other executive management are remunerated using fixed remuneration if they are an employee, or an hourly rate if they are a contractor, plus shares in lieu of fees. All purchases of shares in the company are subject to the company's share trading policy and legal prohibitions.

Fees, salaries and hourly rates are set at levels reflecting market rates. ECT's guiding principle is that all staff are paid market rates based upon their skillset, regardless of sex, age, disability, race, ethnicity, origin, or other status. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' Report.

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that Policy or a summary of it.***

The company does not have an equity-based remuneration scheme.

***Recommendation 9.1 - A listed entity with a director who does not speak the language in which Board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.***

This is not relevant to ECT.

***Recommendation 9.2 - A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.***

This is not relevant to ECT.

***Recommendation 9.3 - A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.***

This is not relevant to ECT.