

Corporate Governance Statement

The Company's corporate governance practices are discussed below. The Company and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance and aim to comply with the Corporate Governance Principles and Recommendations 4th Edition set by the ASX Corporate Governance Council.

The Board of Directors guides and monitors the business and affairs of Energy Technologies Limited and its subsidiaries ("the Group") on behalf of the shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for the overall corporate governance of the Group. To assist the Board in discharging its responsibilities the Board has adopted principles of corporate governance that are considered appropriate for the present size of the Group. Where it is not appropriate, cost effective or practical to comply fully with the Corporate Governance Principles and Recommendations, this fact has been disclosed together with reasons for the departure.

Consistent with the ASX recommendations, the Company's corporate governance practices are regularly reviewed. This statement has been approved by the Board and the information in this statement is current as at 30 September 2021.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: Board and Management Responsibilities

A listed entity should disclose:

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

The Board is responsible for, and has the authority to determine, all matters relating to the running of the Company including the policies, operational practices, management and objectives of the Company. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders diligently and fairly. It is the role of management to manage the Company in accordance with the directives of the Board.

Accordingly, certain functions and roles are reserved to the Board under the Board Charter, and certain others are delegated to the senior executives of the Group.

The responsibilities of the Board include:

- Appointment of senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

A schedule of directors' meetings and attendances is detailed in the directors' report.

Delegation to the CEO

The Board has delegated responsibility for implementing EGY strategic direction and for the operation and day to day administration of the company to the CEO and executive management.

Corporate Governance Statement (Cont'd)

Recommendation 1.2 : Appointment of Directors and election

A listed entity should disclose:

- a) *undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;*
- 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 experience, qualification and background of each Director is thoroughly assessed before appointment. This information is provided to shareholders through announcement to the market.

Information on each Director's background and qualification can be found on pages 5 to 7 of the Annual Report. The Company issues written notice of appointment for new Directors or senior executives setting out the terms and conditions relevant to that appointment and the expectations of the role of the director. The Company also provides an induction process which provides key information on the nature of the business and its operations.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist in identifying suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

Recommendation 1.3:

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

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

Recommendation 1.4: Company Secretary

The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.

EGY's Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the CEO. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

The responsibilities of the Company Secretary include:

- advising the board and committee on governance issues;
- monitoring adherence to company policies;
- communicating with the ASX as required;
- co-ordinating and timing despatching of Board and committee papers; and.
- ensuring that the business at Board and committee meetings are accurately captured in the minutes.

Recommendation 1.5: Diversity

A listed entity should:

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 2. *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.*

Corporate Governance Statement (Cont'd)

Recommendation 1.5: Diversity (Cont'd)

The Company has adopted policies in relation to employment and recruitment which require the introduction of new staff and management of the Group's employees on a non-discriminatory basis. Hiring policies are backed by policies in relation to Sexual Harassment and Grievance and Dispute Handling. However the Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives.

The Board continues to monitor diversity across the organisation. Due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity. The Company's policies are intended to ensure that equal opportunity is given to all potential employees, and that increasing gender diversity at all levels will be encouraged. The Board will keep the gender composition of its workforce under review.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report:

Fourteen per cent (14%) of all the Group's employees are women. There is currently one female on the Board as Alternate Director to Yulin Hu.

Recommendations 1.6: Board Review

A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board of EGY conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors throughout the year. Board members meet amongst themselves both formally and informally. The Chairman in his role speaks with each director individually regarding board performance. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

Recommendations 1.7: Senior Executive Reviews

A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Remuneration Committee and the Board undertake a performance review of the CEO and senior executive performance on an ongoing basis throughout the year, including setting targets. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

Principle 2: Structure the board to add value

The composition of the Board is structured to efficiently discharge its responsibilities and duties. EGY's Constitution provides for a minimum of three directors and a maximum of twenty.

Recommendation 2.1: Nomination Committee

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 to discharge its duties and responsibilities effectively.*

Corporate Governance Statement (Cont'd)

Recommendation 2.1: Nomination Committee (Cont'd)

EGY does not currently have a nomination committee in place. Due to the small number of directors and the hands on management style of the board, the board as a whole fulfils this function. Board members meet both formally and informally and maintain a strong interaction between directors and senior management, enabling the board to assess that the appropriate balance of skills, knowledge, experience, independence and diversity is in place to enable the board to discharge its duties and responsibilities effectively.

For Directors retiring by rotation, the Board assesses that director in his/her absence before recommending re-election.

Recommendation 2.2: Board skills matrix

The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board of Directors is comprised of a Chairman, together with four non-executive Directors and an Alternate Director. The Board considers that a diversity of skills, knowledge, experience, backgrounds and gender is in place to effectively govern the business. The current Board profile addresses this with the following experience, skills and qualifications represented on the Board:

- an extensive range of business and senior executive experience;
- experience on listed and unlisted company and boards as executive and non-executives and committee members;
- understanding the sectors in which the Company operates in including the energy sector, resources industry, infrastructure, construction;
- relevant operational experience in strategic planning, executive management; mergers and acquisitions, risk management, financial markets, contract negotiation and people management;
- financial and corporate governance acumen with finance sector and audit committee roles experience;
- an understanding of the health and safety challenges of the business.

Recommendations 2.3, 2.4, 2.5: Board Composition, Independence of Directors and Chairman

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, association 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, association 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 composition of the Board is determined in compliance with the Company's constitution. The names of the directors of the company in office at the date of this report, their term of office and their skills, experience and relevant expertise are detailed in the directors' report. The position and term in office of each Director at the date of this report is as follows:

Name of Director	Position	Term in Office	
		Years	Months
Brian Jamieson	Chairman/Non-Executive	-	6
Anthony Lloyd Smith	Non-Executive	-	6
Ian Alistair Campbell	Non-Executive	-	6
Yulin Hu	Non-Executive	5	9
Meiping Hu	Alternate to Yulin Hu	5	9
Matthew Driscoll	Non-Executive	4	8

The Company has a majority of independent directors on the board. Non-executive director Anthony Lloyd Smith is not independent.

Corporate Governance Statement (Cont'd)

Recommendation 2.3 (Cont'd):

The other non-executive directors are materially independent in complying as a director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group.

During the 2021 financial year, Directors Mr Alfred John Chown, Mr Gary Allan Ferguson and Mr Philip Wellesley Dulhunty (deceased) left the EGY Board. Mr Chown remains as CEO of the business and a substantial shareholder in EGY.

Recommendation 2.4:

The majority of the Board of a listed entity should be independent Directors.

In accordance with the definition of independence above, four directors and an alternate director are considered independent. There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense.

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.

Under EGY's Constitution, the Board elects a Chairman from amongst the non-executive Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director. EGY's Chairman, Brian Jamieson, is considered an independent director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

Recommendation 2.6: Professional Development

The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the Chairman; and
- EGY's financial, strategic, and operational risk management position.

Each Director has the right of access to all relevant Company information and to the Company's executives. The Directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of this resource is coordinated through the Chairman of the Board.

The Company has processes in place to review the performance of the Board and its committees and individual Directors, give consideration to corporate governance matters, including the relevance of existing committees and to review its own and individual Directors' performance. The Chairman is responsible for monitoring the contribution of individual Directors and consulting with them in any areas of improvement.

Corporate Governance Statement (Cont'd)

Principle 3: Instil a culture of Acting lawfully, ethically and responsibly

Recommendations 3.1 and 3.2: Code of Conduct

A listed entity should articulate and disclose its values and:

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practices and ethical conduct by all Directors and employees of the Group.

The Company has developed a Code of Conduct, an Employee Handbook and a comprehensive suite of policies which have been approved by the Board and apply to all employees, officers and Directors. This set of policies is reviewed and may be amended as necessary to ensure it continues to reflect the best practices necessary to consider legal obligations, maintain the Company's integrity and comply with the reasonable expectations of the Company's shareholders.

The Code of Conduct, Employee Handbook and Policy Statements set out a number of overarching principles of ethical behaviour which include:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new EGY employees.

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's Whistleblower Policy is disclosed in the Company's Corporate Governance documents and on the EGY website. The policy identifies the types of concerns that may be reported under the policy and how and to whom reports should be made. It also explains how the confidentiality of the whistleblower is safeguarded and outlines the processes for follow up investigation.

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's Anti-bribery Policy is disclosed in the Company's Corporate Governance documents and on the EGY website. The policy acknowledges the criminal and civil penalties that may be incurred if the company is involved in bribery or corruption and prohibits the giving of bribes or other improper payments or commissions. The policy identifies the types of concerns that may be reported under the policy and how and to whom reports should be made.

Corporate Governance Statement (Cont'd)

Principle 4: Safeguard the integrity of corporate reports

The following structure is set up to independently verify and safeguard the integrity of financial reporting.

Recommendation 4.1: Audit Committee

A board of a listed entity should:

- a) *have an audit committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; 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 that 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 Board has established an Audit and Risk Committee. The names and qualifications of those appointed to the audit committee for the year ended 30 June 2021 and their attendance at meetings of the committee are included in the directors' report. The audit committee consists of a majority of independent directors, refer 2.3 Board Composition. Following the appointment of independent non-executive Directors in FY2021 the re-constituted audit committee includes three members. Independent director Mr Matthew Driscoll remains as Chairman of the audit committee. The Chief Financial Officer is invited to audit committee meetings at the discretion of the committee. The external auditor meets with members of the committee at least twice during the year.

It is the audit and risk Committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the committee's responsibility for the establishment and maintenance of a framework of internal control of the Group.

The responsibilities of the audit committee include:

- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review.
- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

The Company does not have an internal audit function due to the size and lack of complexity of the Company. The Company's Board and Management oversee the key areas of the business including the risk management and internal control processes of the Company and evaluate and look for opportunities to continually improve the effectiveness of these processes.

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.

To assist the Board in approving the Company's financial statements, the CEO and the CFO are required to present a declaration with regard to the integrity of the financial statements to confirm to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that operational results are in accordance with applicable accounting standards and the Corporations Act.

Corporate Governance Statement (Cont'd)

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.

As outlined in Recommendation 4.1 above, the audit and risk committee responsibilities include ensuring the reliability of financial and non- financial information. In addition all market releases are reviewed by the board of EGY and require a resolution from the board approving release.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Disclosure

A listed entity should:

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

The Company has a Continuous Disclosure policy to ensure compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of any information which may have material effect on the price or value of its securities. The policy is reviewed regularly and disclosed in the Company's Corporate Governance documents on its web site.

Recommendation 5.2:

A listed entity should ensure that its board receives copies of all material announcements promptly after they have been made

The Company Secretary in consultation with the CEO and Directors is responsible for communications with the ASX. The Company Secretary reports to the Board on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available on the EGY website.

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 Board of Directors approves all substantive presentations prior to release, including those required to be disclosed under listing Rule 3.1. Presentations in this category including those to be released at the Annual General Meetings are released on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the rights of shareholders

Recommendation 6.1: Information on website

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

EGY's website at www.energytechnologies.com.au provides detailed information about its business and operations. Details of EGY's Board Members can be found here.

The Company's, and subsidiary Bambach Wires and Cables Pty Ltd, website contains extensive information about the board and management and provides helpful information to shareholders. It allows shareholders to view ASX and media releases; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting.

Shareholders can find information about EGY's corporate governance on its website. This includes EGY's Constitution, Board and Board Charters, and an extensive list of other Policies that support corporate governance.

Documents published on the EGY website include:

- Constitution
- Corporate Governance Statement
- Board Charter
- Audit Committee Charter
- Whistle-Blower Policy
- Securities Trading Policy
- Anti-Bribery Policy

Corporate Governance Statement (Cont'd)

Recommendation 6.2: Investor relations

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

EGY is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

EGY promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.
- Informal meetings and factory site visits with shareholders are also held from time to time. A regular newsletter is produced which is available on request.

Recommendation 6.3: Participation at meetings

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Notices of meeting sent to EGY's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages full participation of attending shareholders at the Annual General Meeting to maintain a high level of accountability and allow shareholders to identify the Company's strategies and goals. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director or senior management.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

Recommendation 6.4:

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

EGY recognises the principle of "one security one vote" in deciding the votes of shareholders at general meeting. Proxy results are calculated prior to the meeting and are reported to all shareholders present by the Chairman. A show of hands by shareholders present is supported by a poll based on the proxy vote and shareholders present on all substantive resolutions.

Recommendation 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.

The Company encourages electronic communication directly via email with shareholders at all times. Shareholders have the option of electing to receive all shareholder communications by e-mail. EGY provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy.

Corporate Governance Statement (Cont'd)

Principle 7: Recognise and manage risk

Recommendation 7.1: Risk Committee

A board of a listed entity should:

- a) *have a committee or committees to oversee risk, each of which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; 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 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 Audit and Risk Committee meets at least 2 times a year and completes a Risk and Compliance checklist to recognise and manage risk. Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

The Group also takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Recommendation 7.2: Risk Review

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*
- b) *disclose, in relation to each reporting period, whether such a review has taken place*

The Audit and Risk Committee is responsible for reviewing risk management policies and for satisfying itself that EGY has a sound system of risk management and internal control that is operating effectively. The Audit and Risk Committee also reviews and approves EGY's main identified risk exposures and the actions being taken to mitigate those risks and reports to the board on material matters.

The Board identifies potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment. It regularly assesses the Company performance in light of risks identified.

The Board has several mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic business plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of Board-approved operating plans and budgets and board monitoring of progress against these, including the establishment and monitoring of key performance indicators (KPI's) of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, such matters as occupational health and safety.
- Regular management meetings involving executive directors, specified executives, and staff during which reports are given on production, sales, financial, compliance and strategic issues and decisions taken on operating matters, or referred to the Board.
- Regular report from the CFO which assist in discharging the Board's responsibility to manage the Group's financial risks.
- The Board holds discussion of issues raised in the shareholder open days, in addition to the AGM, as well as other shareholder communications, to ensure that the Board is cognizant of the diverse needs of various stakeholders and assist in identifying the risks the business may face if those needs are not met, as well as specifically review and update the corporate strategy as necessary.

Corporate Governance Statement (Cont'd)

Recommendation 7.3: Internal Audit

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 risk management and internal control processes.*

The Board does not have an established internal audit function, given the size of its operation, although as part of the Company's strategy to implement an integrated framework of control, the Board requests the external auditors review internal control procedures. Recommendations once presented are considered by the Board through that Audit and Risk Committee.

The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

Recommendation 7.4: Sustainability Risks

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 Audit and Risk Committee informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 : Remuneration Committee

A board of a listed entity should:

- a) *have a remuneration committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; 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 Board has established a remuneration committee. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for executive directors and key management personnel and reporting its recommendations to the Board of EGY. It is also responsible for share option schemes, incentive performance packages, and compliance with superannuation requirements, termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies as applicable.

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report. The remuneration committee in place for the year ended 30 June 2021 consists of three directors and has a majority of independent directors. The CEO and CFO are invited to remuneration committee meetings, as required, to discuss senior executives and staff performance and remuneration packages.

The charter in relation to the remuneration committee is disclosed in the Company's Corporate Governance documents.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Corporate Governance Statement (Cont'd)

Recommendation 8.2: Executive and Directors Remuneration Policies

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.

A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report which forms part of the Annual Report.

Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the consolidated entity. The board considers that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long-term shareholder value.

The remuneration committee obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. The remuneration committee reviews executive packages by reference to company performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against criteria agreed which includes the forecast growth of the Company's turnover and production targets and shareholders' value.

The Company's non-executive directors are paid directors' fees for their normal performance of duties as a director.

The amount of remuneration for all directors and the highest paid executives, including all monetary and non-monetary components, are detailed in the Directors' Report.

Recommendation 8.3: Equity based Remuneration Scheme

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.*

A revised Directors Equity Plan was established in 2017 and approved by shareholders at the 2020 Annual General Meeting.

Executives and employees are also entitled to participate in the EGY Share Option Plan also approved by shareholders at the 2020 Annual General Meeting. The Employee Share Option Plan is part of the remuneration package of the Group's directors, senior management and sales personnel. Options under this plan will vest if the participant remains employed for the agreed vesting period.

The decision on whether to exercise the options is up to the participant has thereby limiting the economic risk of participating in the 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.

EGY has one director, Mr Yulin Hu, who is based overseas and is not fully fluent in English. To facilitate participation at board level and in meetings the board has appointed an alternate director to Mr Hu with required language skills. Other measures taken include ensuring corporate documents are received with adequate notice to permit translation as required.