

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

THE ENVIRONMENTAL GROUP LIMITED
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ABN/ARBN

89 000 013 427
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Financial year ended:

30 June 2020
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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: <https://www.environmental.com.au/about-egl/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at *30 June 2020* 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: 28 August 2020

Name of authorised officer authorising lodgement: Stephen Strubel, Company Secretary

<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 <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> 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"/> and we have disclosed a copy of our board charter at: <a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a> ..... ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<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 (eg “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 (eg “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>
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(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</li> <li>(c) disclose in relation to each reporting period:               <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either:                   <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> </li> </ul> </li> </ul> <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>	<p><input type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at:            .....  <i>[insert location]</i></p> <p>and we have disclosed the information referred to in paragraph (c) at:            .....  <i>[insert location]</i></p> <p>and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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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>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:  <a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a>            .....  <i>[insert location]</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:  <a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a>            .....  <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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>and we have disclosed the evaluation process referred to in paragraph (a) at:  <a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a>            .....  <i>[insert location]</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:  <a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a>            .....  <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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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>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a nomination committee and the processes we employ 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 at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed our board skills matrix at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## 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 <b>in full</b> for the <b>whole</b> 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>
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>	<p><input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at:  <a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a>.....            [insert location]</p> <p>and, where applicable, the information referred to in paragraph (b) at:            .....            [insert location]</p> <p><a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a> <input type="checkbox"/> and the length of service of each director at:            .....            [insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<input type="checkbox"/>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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.	<input type="checkbox"/>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 type="checkbox"/>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<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 type="checkbox"/> and we have disclosed our values at: ..... [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
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"/> and we have disclosed our code of conduct at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement
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"/> and we have disclosed our whistleblower policy at: <a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a> ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement
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 policy.	<input type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: ..... [insert location]	<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 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>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
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 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>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
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>	<p><input type="checkbox"/></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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"/> and we have disclosed our continuous disclosure compliance policy at: <a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a> ..... ..... [insert location]	<input type="checkbox"/> set out 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"/>	<input 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"/>	<input 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"/> and we have disclosed information about us and our governance on our website at: <a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a> ..... ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input type="checkbox"/>	<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"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a> ..... ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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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"/>	<input 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"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<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>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at:</p> <p>.....</p> <p><i>[insert location]</i></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>	<p><input type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:</p> <p>.....</p> <p><i>[insert location]</i></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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7.3	<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>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i>                      and we have disclosed how our internal audit function is structured and what role it performs at:                      .....  <i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i>                      and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:  <a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a>.....                      .....  <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
7.4	<p>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.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:                      .....  <i>[insert location]</i></p> <p>and, if we do, how we manage or intend to manage those risks at:  <a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a>.....                      .....  <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## 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 <b>in full</b> for the <b>whole</b> 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 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>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p><a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a>.....</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 into transactions (whether through the use of 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>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it at:</p> <p><a href="https://www.environmental.com.au/about-eql/corporate-governance">https://www.environmental.com.au/about-eql/corporate-governance</a>.....</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## 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>
<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 type="checkbox"/> and we have disclosed information about the processes in place at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity 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 type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity 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 type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM 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.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: ..... [insert location]	<input type="checkbox"/> set out 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>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Corporate Governance Statement 30 June 2020

The Board of Directors of The Environmental Group Limited (“EGL”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council’s Corporate Governance Principles and Recommendations 4th Edition (“the ASX Principles”) where considered appropriate for a company of EGL’s size, nature and stage of development. This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles as adopted by the Company.

Further details in respect to the Company’s corporate governance practises are summarised below and copies of Company’s corporate governance policies are available of the Company’s web site at [www.environmental.com.au](http://www.environmental.com.au).

### 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 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.*

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals, monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The responsibility for the operation and administration of the Company is delegated by the Board to the CFO and Senior Management Team. The Board ensures that both the CFO and Senior management team are appropriately qualified and experienced to discharge their responsibilities and have procedures in place to monitor and assess their performance. The Management Team are responsible for conducting the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.

#### **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 responsibility for the selection of potential directors lies with the Nomination and Remuneration Committee of the Company. The Committee conducts an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Nomination and Remuneration committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and/or background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company provides shareholders all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found.

**Recommendation 1.3:**

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

Appointment terms of the Company's Directors and senior executives are summarised in written agreements.

**Recommendation 1.4:**

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

The Company's Secretary is accountable to the Company's Board through the chair, ensuring the Company's Board receives adequate support to function properly.

**Recommendation 1.5:**

*A listed entity should:*

*(a) Have and disclose a diversity policy;*

*(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*

*(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 recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. The Board does not consider that at this stage it is appropriate to adopt a policy specifically addressing diversity but will consider adopting a policy in future periods. The board currently comprises of 33 % female Directors.

Ms Lynn Richardson holds the position of Non-Executive Chairman position of the Company.

The Company is not a relevant employer under the Workplace Gender Equality Act.

**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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.

The Board as a whole has responsibility to review its own performance, the performance of individual Directors and the performance of the Board Committees. The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive Directors may also meet to discuss the performance of the Chair. Directors whose performance is consistently unsatisfactory may be asked to retire.

Formal performance evaluations for the non-Executive Directors of the Board and the Board Committees were not undertaken during the reporting period with the intention to conduct such evaluations on an annual basis moving forward.

**Recommendation 1.7:**

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.

Performance of senior management is reviewed by the Remuneration Committee annually or more frequently if required. The Board as a whole may then hold a facilitated discussion during which each

Board member has the opportunity to raise any matter, suggestion for improvement or criticism with senior executives.

A review of senior management performance has taken place during the reporting period.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO 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 and Remuneration 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 and 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 has a Nomination and Remuneration Committee, although it is not comprised of a majority of independent Directors. The Committee functions to oversee the appointment and induction process for Directors and the selection, appointment and succession planning process of the Company's Senior Management, where relevant. When a vacancy exists or there is a need for a particular skill, the Nomination and Remuneration Committee, determines the selection criteria that will be applied. The Nomination and Remuneration Committee will then identify suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates. Directors are initially appointed by the Board and must stand for re-election at the Company's next Annual General Meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years.

### **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 Board has not yet established a formal board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for directorships having regard to the desired skills and experience required by the Company as well as

the proposed candidates' diversity of background. The Board intends to develop and disclose a Board skills matrix for future reporting periods.

**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 current Board composition includes 2 Non-executive Directors and 1 Executive Director.

The current Chairman, Ms Lynn Richardson, is a Non-executive Director appointed to the board in May 2015 and was elected Chairman in November 2017 and is a substantial shareholder by association of EGL. Accordingly, the Chairman does not satisfy the independence criteria of the Recommendations.

Mr Dean Dowie was appointed as a Non-Executive Director on the 25 May 2017. Dean Dowie is not classified as an Independent Director of the Company due to his recent tenure as Managing Director.

Mr Ellis Richardson is currently the Managing Director of EGL and was elected to the board in November 2013. Ellis has a substantial shareholding in EGL, he is not considered as independent.

Details of each Director's backgrounds including experience, knowledge and skills are set out in the Directors Report of this Annual Report.

**Recommendation 2.4:**

*A majority of the board of a listed entity should be Independent Directors.*

See above, at 2.3.

**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 Chairman, Ms Lynn Richardson is not considered independent, for the reasons set out above. However, Ms Lynn Richardson provides significant governance and entrepreneurial expertise. The balance of the Board is collectively satisfied that Ms Lynn Richardson exercises independent judgement in carrying out her duties as Chairman of the Company. To the extent that the Board views any Director to have a conflict or perceived conflict of interest in matters that come before the Board then such Directors will be required to excuse themselves from the relevant decision-making process.

**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 Board is responsible for conducting new Director inductions. The process for this is outlined in 2.1 above. Professional development opportunities are considered on an individual basis, with opportunities provided to Directors where appropriate.

**PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

*A listed entity should instil 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 has not disclosed a statement of values, though does expect to be able to comply with this recommendation in future reporting periods.

**Recommendation 3.2**

*A listed entity should:*

- (a) have a 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 has established a Corporate Ethical Policy (a copy of which is available on our website) that recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board is committed to keeping abreast of developments with regard to compliance with the policy and receiving notifications of material incidents reported under that policy

**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 has established a whistleblower policy which has been disseminated both internally and externally to key stakeholders.

The Board is committed to keeping abreast of developments with regard to compliance with the policy and receiving notifications of material incidents reported under that policy.

#### **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 has not established a formal anti bribery and corruption policy. The Company is well aware of its obligations under law to not engage in bribery or corruption. The Company believes it has the required management teams and processes to ensure it is informed of any breaches under law.

The Company expects to be able to comply with this recommendation in future reporting periods.

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

*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 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 has an Audit and Risk Committee although it is not comprised of a majority of independent Directors.

The principal function of the Audit and Risk Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and external audit functions.

The Audit and Risk Committee is chaired by who is not the Chair of the Company. The Committee currently has two other permanent non-executive director members being Mr Ms Lynn Richardson and Mr Dean Dowie.

The Board considers that these members have the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Chief Financial Officer and the Company's external auditors are invited to meetings of the Audit and Risk Committee at the Committee's discretion.

Meetings of the Audit & Risk Committee and member's attendance is disclosed in full in the Directors Report.

**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 has received a signed declaration from the CFO and the Managing Director / CEO that 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 .

**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 has not adopted a formal process to verify the integrity of periodic reports that are not audited or reviewed by an external auditor. It has therefore not complied with this recommendation.

**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:*

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

The Board has adopted a formal written policy on continuous disclosure. It recognises the importance of timely and balanced disclosure of all material matters concerning EGL and is committed to achieving the highest standards of market disclosure. The Board is responsible for compliance with EGL's continuous disclosure obligations. The Board focuses on timely disclosure of any information

concerning EGL and its controlled entities that a reasonable person would expect to have a material effect on the price of EGL's securities.

**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 Secretary who is the designated ASX communications officer is tasked with providing copies of all ASX market announcements to the board promptly after they have been made.

**Recommendation 5.3**

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

The Company does release new and substantive investor or analyst presentations on the ASX Market Announcements Platform ahead of any presentation of the material.

**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.*

In line with adherence to the continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Half Yearly Report, the Company website and the distributions of specific releases covering major transactions and events or other price sensitive information.

The Company values its relationship with shareholders and understands the importance of communication with them in accordance with the requirements of the ASX. To keep shareholders informed, the Company releases announcements on its activities via the ASX website.

Comprehensive information regarding the Company's activities, is also available on the Company's website.

**Recommendation 6.2:**

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

Investor Relations has been considered the role of the Board, given the size of the Company and the number of shareholders. During the reporting period the Company engaged Sequoia Financial Group to facilitate two-way investor relations which will be in place for subsequent reporting periods.

**Recommendation 6.3:**

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

The Company acknowledges that respecting shareholders rights is of fundamental importance and that communication with shareholders is a key element of this. The Company's Shareholder Communication processes are via the ASX, the Company's website and holder attendance at shareholder Meetings.

**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 will ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by 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 entity and its security registry electronically.*

The Company encourages the use of electronic communication and offers Security Holders the option to receive and send electronic communication to the Company and its share registry where possible.

**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 has an Audit and Risk Committee, although it is not comprised of a majority of independent Directors, it is Chaired by the Managing Director Mr Ellis Richardson.



The principal function of the Audit and Risk Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and external audit functions.

The Committee currently has two other permanent non-executive director members being Ms Lynn Richardson and Mr Dean Dowie.

The Board considers that these members have the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Chief Financial Officer and the Company's external auditors are invited to meetings of the Audit and Risk Committee at the Committee's discretion.

The Audit and Risk Committee Charter sets out its specific responsibilities, and processes for safeguarding the integrity of its corporate reporting.

**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*

*(b) Disclose, in relation to each reporting period, whether such a review has taken place.*

The Audit and Risk Committee is responsible for reviewing the Company's risk management framework. Risk framework reviews may occur more or less frequently than annually as necessitated by changes in the Company and its operating environment.

A formal risk framework review has not taken place during the financial year ended 30 June 2020.

**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 risk and internal control processes.*

Given the Company's size it does not have an internal audit function.

The Audit and Risk Committee is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.

**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 Audit and Risk Committee and the Board assists management to determine whether the Company has any material exposure to economic, environmental, and social risks, and, if it does, how it manages or intends to manage those risks. The Company discloses this information in its Annual Report.

## **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 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.*

Remuneration of Directors and executive staff is set at a market related level, to ensure that the Company is able to attract the highest calibre skills and expertise. The Nomination and Remuneration Committee comprises two Non- executive Directors who determine the appropriate remuneration for each Executive.

**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's policies and practices regarding the remuneration of executive and Non-executive Directors and other senior executives are disclosed in the Company's Annual Report.

**Recommendation 8.3:** *A listed entity which has an equity-based compensation 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 has a securities trading policy which prohibits participants from entering into any arrangement which limits economic risks. The policy is disclosed on the company's website.

An equity-based compensation scheme for employees was approved by shareholders at the 2017 Annual General Meeting.

Recommendations 9.1 9.2 and 9.3 are not applicable to the Company.