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## BOARD CHARTER

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In carrying out the responsibilities and powers set out in this Charter, the Board of Directors ('the Board') of The Environmental Group Limited ('the Company'):

- (a) recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- (b) recognises its duties and responsibilities to its employees, customers and the community.

This Charter is to be reviewed by the Board as required and at least biennially.

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### 1. THE ROLE OF THE BOARD

The Board's role is to:

- (a) represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- (b) protect and optimise Company performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- (c) demonstrate leadership and set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- (d) ensure Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

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### 2. THE SPECIFIC RESPONSIBILITIES OF THE BOARD

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- (a) selecting, appointing and evaluating the performance of, the remuneration of, and planning succession of, the Chief Executive Officer ('CEO') and Senior Executives;
- (b) contributing to, approving and overseeing development of and Management's implementation of the Company's strategic objectives, including instilling the Company's values and performance generally;
- (c) approving, reviewing and monitoring systems of risk management and internal compliance and control, statement of values, codes of conduct and legal compliance to underpin the desired culture within the Company. This includes setting the risk appetite within which the Board expects Management to operate, reviewing procedures to identify the main risks associated with the Company's businesses (for both financial and non-financial risks) and the implementation of appropriate systems to manage these risks;



- (d) approving and monitoring operating budgets;
- (e) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures, including approving dividend payments;
- (f) overseeing the adequacy and integrity of the Company's financial and corporate reporting systems, including the external audit;
- (g) approving financial reports including the annual and half yearly accounts, profit forecast and other reports required by law or under the ASX Listing Rules;
- (h) approving significant changes to the organisational structure;
- (i) approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules);
- (j) approving the Company's remuneration framework and satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (k) developing and reviewing corporate governance policies, and monitoring the effectiveness of the Company's governance practices, ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- (l) receiving information regarding material breaches and incidents of the Corporate Ethical Policy, Whistleblower Policy and Fraud Policy;
- (m) 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 law and ASX Listing Rules); and
- (n) meeting with the external auditor, at their request, without Management being present;
- (o) ensuring an appropriate framework exists for relevant information to be reported by Management to the Board and whenever required, challenge Management and holding them to account; and
- (p) performing such other functions as are prescribed by law or assigned to the Board.

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### **3. DIRECTOR RESPONSIBILITIES**

- (a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- (b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- (c) Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.



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#### 4. COMPOSITION OF THE BOARD

- (a) The Board is appointed by the Shareholders. Non-Executive Directors are engaged through a Letter of Appointment.
- (b) The Board, together with the Nomination and Remuneration Committee (if any), determines the size and composition of the Board, subject to the terms of the Company's Constitution.
- (c) The composition of the Board is to be reviewed regularly by the Board, together with the Nomination and Remuneration Committee (if any), against the Company's Board skills matrix to ensure the appropriate mix of skills, expertise, experience and diversity is present to facilitate successful strategic direction.
- (d) In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- (e) Where practical, the majority of the Board should be comprised of Non-Executive Directors. Where practical, at least 50% of the Board should be independent. The Board must disclose the independence of each Director as determined by the Board.
- (f) An independent Director is a director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.
- (g) In considering whether a Director is independent, the Board has adopted the definition of independence as detailed in Box 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) as set out in Annexure A (**Independence Tests**).
- (h) Where a Director has an interest, position, association or relationship of the type described in the Independence Tests, but the Board is of the opinion that it does not compromise the independence of the Director, the Company must disclose the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.
- (i) Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- (j) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- (k) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.



- (l) No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- (m) The Board must disclose the length of service of each Director in its Annual Report.
- (n) The Board does not believe that it should establish an arbitrary limit on tenure, but will conduct annual reviews of the independence of any long serving Board Members. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.
- (o) Prior to the Board proposing re-election of Non-Executive Directors, their performance will be evaluated to ensure that they continue to contribute effectively to the Board.
- (p) The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to Shareholders.
- (q) The Board must disclose the relevant qualifications and experience of each Board Member.

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## 5. THE ROLE OF THE CHAIR

- (a) The Board will appoint one of its Directors to be Chair.
- (b) Where practical, the Chair should be an independent Non-Executive Director.
- (c) The Chair must be able to commit the time to discharge the role effectively.
- (d) The Chair is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.
- (e) The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board Members and Management.
- (f) In the event that the Chair is absent from a meeting of the Board then the Board shall appoint a Chair for that meeting.
- (g) The Chair represents the Board to the Shareholders and communicates the Board's position.

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## 6. BOARD COMMITTEES

- (a) The Board may establish Committees to streamline the discharge of its responsibilities and to assist the Board in fulfilling its duties. The Board will adopt a formal Charter for each Committee, setting out the matters relevant to the composition, responsibilities and administration of the Committee.



- (b) The permanent standing Committee of the Board is the:
  - (i) Audit and Risk Committee
- (c) The Charter of each Committee must be approved by the Board and reviewed at least biennially and following any applicable regulatory changes.
- (d) Members of Committees are appointed by the Board. The Board may appoint additional members or remove and replace members of Committees by resolution.
- (e) The Board must disclose the members and Chair of each Committee.
- (f) The minutes of each Committee meeting shall be provided to the Board at the next Board meeting, following approval of the minutes of such Committee meeting.
- (g) The Board must disclose, in relation to each reporting period relevant to a Committee, the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings.
- (h) Where the Board does not consider that the Company will benefit from a particular separate committee:
  - (i) the Board must carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee; and
  - (ii) the Company must disclose:
    - A. the fact a Committee has not been established;
    - B. if a Nomination and Remuneration Committee has not been established, the processes to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively;
    - C. if an Audit and Risk Committee has not been established, the processes the Board employs to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework.

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## 7. BOARD MEETINGS

- (a) The Directors may determine the quorum necessary for the transaction of business at a meeting, however, until otherwise determined, there must be two Directors present at a meeting to constitute a quorum.
- (b) The Board will schedule formal Board meetings on a monthly basis and hold additional meetings, including by telephone, as may be required.
- (c) Non-Executive Directors may confer at scheduled times without management being present.



- (d) The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chair and circulated to Directors after each meeting.
- (e) The Company Secretary shall ensure that the business at Board and committee meetings is accurately captured in the minutes.
- (f) The Company Secretary or nominee shall co-ordinate the timely completion and distribution of Board and committee papers for each meeting of the Board and any committee.
- (g) Minutes of meetings must be approved at the next Board meeting.

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## **8. THE COMPANY SECRETARY**

- (a) The Board will appoint at least one Company Secretary, who is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Board has the responsibility for the appointment and removal, by resolution, of the Company Secretary.
- (b) The Company Secretary is responsible for coordination of all Board business and documentation, including arranging Board meetings, agendas, Board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- (c) The Company Secretary is to facilitate the induction and professional development of Directors.
- (d) The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.
- (e) The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.
- (f) All Directors have access to the advice and services provided by the Company Secretary.

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## **9. ACCESS TO ADVICE**

- (a) All Directors have unrestricted access to Company records and information except where the Board determines that such access would be adverse to the Company's interests.
- (b) All Directors may consult Management and employees as required to enable them to discharge their duties as Directors.
- (c) The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chair. A copy of any such advice received will be made available to all members of the Board.



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## 10. THE BOARD'S RELATIONSHIP WITH MANAGEMENT

- (a) While the Board retains ultimate responsibility for the strategy and performance of the Company, the day-to-day operation of the Company is conducted by, or under the supervision of, the CEO as directed by the Board.
- (b) The role of the CEO and Executive Management is to implement the Company's strategic objectives and instilling and reinforcing the Company's values, all while operating within the values, code of conduct, budget, delegated authority and risk appetite set by the Board.
- (c) The Board shall delegate responsibility to the CEO and the Executive Management team. Any delegated authority is reviewed annually by the Board.
- (d) The Executive Management team will be responsible for providing the Board with accurate, timely and clear information on the Company's operations to enable the Board to perform its responsibilities and discharge its duties effectively. The Board are entitled to request additional information at any time when they consider it appropriate in order to challenge the CEO and Executive Management and hold them to account.
- (e) In addition to formal reporting structures, members of the Board are encouraged to have direct communications with Executive Management and other employees within the Group to facilitate the carrying out of their duties as Directors.

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## 11. PERFORMANCE REVIEW

The Board shall conduct an annual performance review of the Board, its Committees and individual Directors in accordance with the process set out in Annexure B that:

- (a) compares the performance of the Board with the requirements of its Charter;
- (b) critically reviews the mix of the Board; and
- (c) suggests any amendments to the Charter as are deemed necessary or appropriate.

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## 12. DISCLOSURE POLICY

The Board should ensure that the Company has in place effective disclosure policies and procedures so that Shareholders and the financial market are fully informed, to the extent required by the applicable disclosure rules and legislation, on material matters concerning the Company that a reasonable person would expect to have a material effect on the price or value of the entity's securities such as the Company's performance and major developments affecting the Company's state of affairs.



## Annexure A

### Guidelines of the Board of Directors – Independence of Directors

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors will be considered to be 'independent' if they:

- are, or have been, employed in an executive capacity by the Company or a subsidiary and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receive performance-based remuneration (including options or performance rights) from, or participate in an employee incentive scheme of, the Company;
- are, or have been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or a subsidiary, or are an officer of, or otherwise associated with, someone with such a relationship;
- are, represent, or are or have been within the last three years an officer or employee of, or professional adviser to, a substantial Shareholder;
- have close personal ties with any person who falls within any of the categories described above; or
- have been a Director of the Company for such a period that their independence from management and substantial Shareholders may have been compromised.

### Materiality

The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.

Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.





## Attachment B

### Performance evaluation process in relation to the Board and its Committees

- On an annual basis, Directors will provide feedback in relation to the performance of the Board, its Committees and individual Directors against a set of agreed criteria.
- Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance.
- Feedback will be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- In the case of the Chair of the Board's performance, feedback may be collected by the Chair of the Audit and Risk Committee or an external facilitator.
- The Chief Executive Officer will also provide feedback from Executive Management in connection with any issues that may be relevant in the context of the Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.