



Document Title	Risk Appetite Statement
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1. Application

This document applies to ECT Ltd and its subsidiaries (together referred to as **ECT**).

It states ECT's appetite for risk, in relation to the key categories of risk that ECT faces.

It is not possible or necessarily desirable to eliminate all of the risks inherent in ECT's activities. Acceptance of some risk is often necessary to foster innovation and efficiencies within business practices.

2. Risk appetite

ECT's attitude towards its key categories of risk is described below.

Strategic risks

ECT's mission involves commercialising innovative technologies. ECT's proprietary technologies have not yet achieved significant market penetration and are still the subject of extensive research and development work. While ECT has clearly stated its strategy, there are numerous risks associated with the strategy and the strategy requires regular review. On that basis ECT has a moderate appetite for strategic risks.

Financial risks

ECT has been, and in the short term is likely to remain, largely dependent on debt and equity to fund its activities. As such, ECT must manage its cash very carefully and plan diligently to ensure that it will remain solvent. ECT has no appetite for the risk of becoming insolvent.

In proving the commercial value of its technologies and establishing revenue streams, ECT will need to enter into significant commercial ventures with third parties. ECT's appetite for financial risk in these transactions is moderate.

ECT has a low appetite for credit risk. ECT manages this risk carefully by confining its dealings to third parties of high creditworthiness and ensuring that significant exposures to third parties are appropriately secured, wherever feasible.

Risks of dishonesty, corruption and breach of laws

ECT has no appetite for any dishonesty (such as theft, fraud or improper use of confidential information) or corruption by its staff including employees, contractors and directors. ECT will not participate in bribery or corruption, even if that is an "accepted" way of doing business in certain foreign markets. We have no appetite for conduct that is unethical or breaches a law.

Workplace health and safety risks

ECT is committed to creating a safe working environment for all of its staff including employees, contractors and directors, where people are protected from physical and psychological harm. It has no appetite for practices or behaviours that might lead to staff being harmed while at work.

Risk of unplanned loss of key staff

ECT's ability to run its business may be significantly affected by the unplanned departure of key staff, who may hold important knowledge and relationships. This risk is heightened by the relatively small number of ECT's staff. ECT aims to actively manage this risk but cannot eliminate it. ECT's appetite for the risk of unplanned loss of key staff is low to moderate.

Reputation risk

ECT aims to build a strong reputation in the marketplace as a leader in the commercialisation of innovative technologies, providing increased economic and environmental benefits from the use of low grade, low rank and waste resources.

Many things contribute to building this reputation, including ensuring that we deliver on our commitments.

As a business that is still establishing itself in the marketplace, ECT has a low to moderate appetite for risks to its reputation (except where otherwise stated in this document).

3. Related documents

Code of Conduct (see <http://www.ectltd.com.au/about-us/corporate-governance/>) - Risk Management Policy.