



**ENVIRONMENT  
SOCIAL  
GOVERNANCE**



**ENVIRONMENTAL CLEAN  
TECHNOLOGIES LIMITED**

# **ESG Highlights**

**Q3FY22**

# Environmental, Social, and Governance (ESG)

Environmental Clean Technologies Limited (“ECT” or the “Company”) is committed to the principles of ESG as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations’ Sustainable Development Goals. In July 2021, we made a commitment to commence reporting on the Environmental, Social, and Governance (ESG) disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF)<sup>1</sup>.

We are in the process of making ESG disclosures in the form of a set of universal, comparable ESG metrics focused on people, planet, prosperity, and principles of governance that organisations can report on regardless of industry or region. This table represents our reporting against the 21 core metrics<sup>2</sup>, being reviewed quarterly and updated periodically.

We use this universal ESG framework to align our mainstream reporting on performance against ESG indicators. By integrating ESG metrics into our governance, business strategy, and performance management process, we diligently consider all pertinent risks and opportunities in running our business. We continue to look for opportunities for further transparency on the topics which are material to our business.

To track our disclosure progress and demonstrate our sustainability performance against the WEF SCM framework we utilise Socialsuite’s ESG Go disclosure platform<sup>3</sup>. ESG Go enables us to demonstrate our ongoing commitment to ESG by providing a dedicated solution to track, report, and share our ESG disclosures. With ESG Go we have started the journey of building robust ESG credentials.

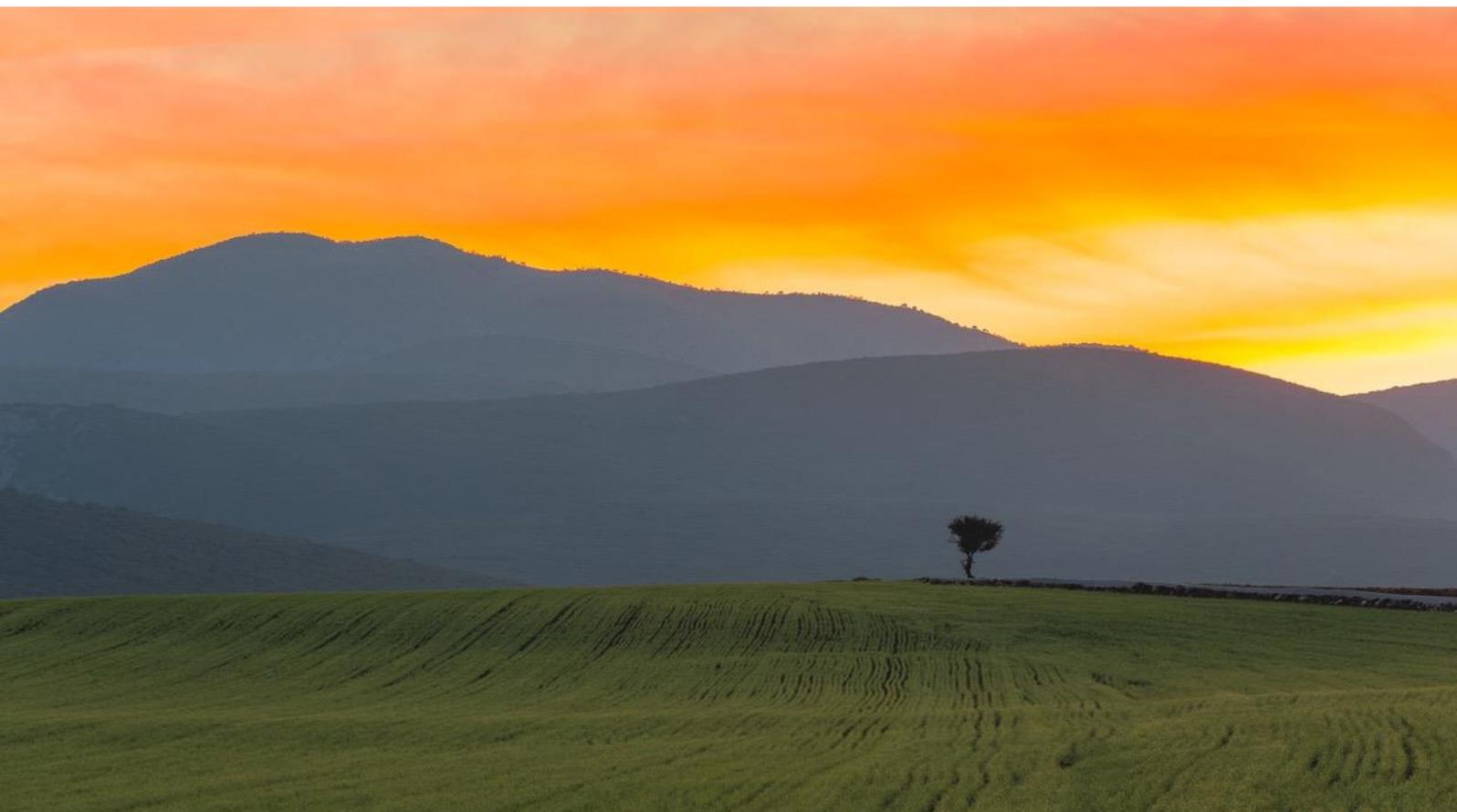
Last Updated: 29/03/22

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1 <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

2 <https://www.weforum.org/stakeholdercapitalism/our-metrics>

3 <https://www.socialsuitehq.com/esg>



# Governance

Governing purpose	FULL DISCLOSURE
Setting purpose	<p>ECT'S Purpose Statement was re-affirmed in FY22 by the ECT Board and is "We bridge the gap between today's use of resources and tomorrow's zero-emissions future".</p> <p>As we pursue our purpose, we are guided by our corporate values:</p> <ul style="list-style-type: none"><li>• We are focused on technology as an enabler to a zero-emissions future.</li><li>• We strive to deliver innovative outcomes, through reducing complexity, cost conscious execution, and fit-for-purpose engineering.</li><li>• We work collaboratively to yield the best possible outcomes.</li><li>• When we say we will do something, we do it – and we do it responsibly.</li><li>• We consider the safety, quality, and environmental outcomes of our decisions.</li></ul> <p>Please refer to the ECT website for further information: <a href="https://ectltd.com.au/about-us/commercial-overview/">https://ectltd.com.au/about-us/commercial-overview/</a></p>
Quality of governing body	PARTIAL DISCLOSURE
Governance body composition	<p>The capabilities and perspectives of board members are important for making robust decisions on an ongoing basis. This disclosure captures a variety of important dimensions to composition, going beyond a single metric, and emphasises competencies relating to economic, environmental and social topics.</p> <p>A description of the skills and experience of the ECT Directors is outlined in the front section of Company's Annual Financial Report, and in the Appendix 4G, both released on the ASX [ASX: ECT]. These documents can also be found on the Company's website: <a href="https://ectltd.com.au/category/reports/">https://ectltd.com.au/category/reports/</a></p> <p>Whilst the ECT Board believes in an independent, socially inclusive and diverse Board, we acknowledge that we have not made reportable strides in these areas. The Company is committed to improving gender equality, independence, and social inclusion, with expected future appointments to reflect this in the near-term.</p> <p>The process of formally integrating ESG competencies into the Board Skills Matrix is underway.</p>

Stakeholder engagement	FULL DISCLOSURE
Material issues impacting stakeholders	<p>This disclosure highlights the importance of the relationship between what is material to ECT, and to its stakeholders. It captures the output of a process to understand the impact of the Company on Its stakeholders, and the implications for the Company.</p> <p>To date, ECT's stakeholder engagement has been informal in nature, though the Company has two-way conversations with key stakeholders on an ongoing basis.</p> <p>During the March 2022 Quarter, ECT created a formal Stakeholder Engagement Plan that includes a stakeholder engagement register that formally identifies stakeholders, records dates of stakeholder meetings, records key issues discussed, and analyses the materiality (impact/influence) of each stakeholder and stakeholder issue on ECT's operations. The Stakeholder Engagement Plan also includes provision for further recommended action by ECT's Audit and Risk Committee to nurture reciprocal relationships between ECT and Its key stakeholder on an ongoing basis.</p> <p>During the March 2022 Quarter the Company began recording stakeholder meetings and material issues within the new format, for future review by the Audit and Risk Committee, which is expected to provide feedback back to ECT staff to help further mitigate actual and potential issues faced by Its stakeholders.</p> <p>The Company will continue to engage with key stakeholders on an ongoing basis.</p>
Anti-corruption	FULL DISCLOSURE
Anti-corruption practices	<p>Corruption undermines stakeholder legitimacy, trust and reputation.</p> <p>ECT has several policies and procedures in place to improve the broader operating environment and culture, in order to combat corruption. This includes ECT's Code of Conduct and policies that specifically deal with bribery and corruption. Further information on these policies and other relevant information can be found in ECT's Corporate Governance section on the website:</p> <p><a href="https://ectltd.com.au/about-us/corporate-governance/">https://ectltd.com.au/about-us/corporate-governance/</a></p> <p>ECT does not yet formally train staff on anti-corruption, though Its staff and contractors must follow the Company's Code of Conduct.</p> <p>ECT is currently considering fit-for-purpose ways to train employees and contractors on anti-corruption in the future. ECT has created an</p>

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anti-corruption training register in anticipation of this, to capture expected progress.

During the current quarter, and current financial year to date, there have been no reported incidents of corruption.

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## Ethical behaviour

FULL DISCLOSURE

### Mechanisms to protect ethical behaviour

ECT is committed to the highest standards of ethical conduct in all business activities through several mechanisms outlined below.

Directors and management of ECT are committed to conducting the Company's business ethically and in accordance with high standards of corporate governance in compliance with the ASX Corporate Governance Principles and Recommendations (2019).

ECT's Whistleblower Policy supports commitment to the highest standards of ethical conduct, and to provide everyone working at ECT with the means to raise concerns, without the fear of retaliation.

The Whistleblower Policy (and other ECT policies) was created internally by benchmarking standard policies for companies of ECT's size and operating environment. The draft policy created was then checked by the ECT Board, with any recommended changes implemented before being formally approved by the Board.

Given ECT's size, the Company does not have a formal external mechanism (consulting firm, legal), to provide advice to ECT employees or contractors on ethical or lawful behaviour. The Company encourages two-way dialogue with its employees and contractors, and this also includes the ability to seek confidential advice with the Company Secretary or any of ECT's Directors.

ECT is also externally audited, currently by BDO, who conduct both a Half-year review and a Full-year Audit (EOFY) of ECT's business, which enables BDO to express an opinion as to whether the ECT's reports are prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

ECT's Corporate Governance Statement – which is aligned to these principles – can be found on ECT's website at:

<https://ectltd.com.au/about-us/corporate-governance/>

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## Risk and opportunity oversight

FULL DISCLOSURE

### Risk framework and processes

The ECT Board understand that sound corporate governance is key to driving long-term sustainable outcomes for all ECT stakeholders. The

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Board also understand that emerging financial and non-financial risks evolve over time.

The Company's Audit and Risk Committee constantly monitors all emerging stakeholders risks and opportunities and reviews them at regular intervals as part of the ECT's Enterprise Risk Management (ERM) framework. Risks that are captured during this ongoing process are included in a risk register. The Audit and Risk Committee currently meets monthly to considers key risks and mitigants.

During the March 2022 Quarter, ECT integrated both climate-related risks (aligned to TCFD measurement), and other key ESG risks into the Company's existing ERM process.

From January 2022, ECT's Audit and Risk Committee also included ongoing attendance by ECT's ESG Advisor, which added specific focus in this area.

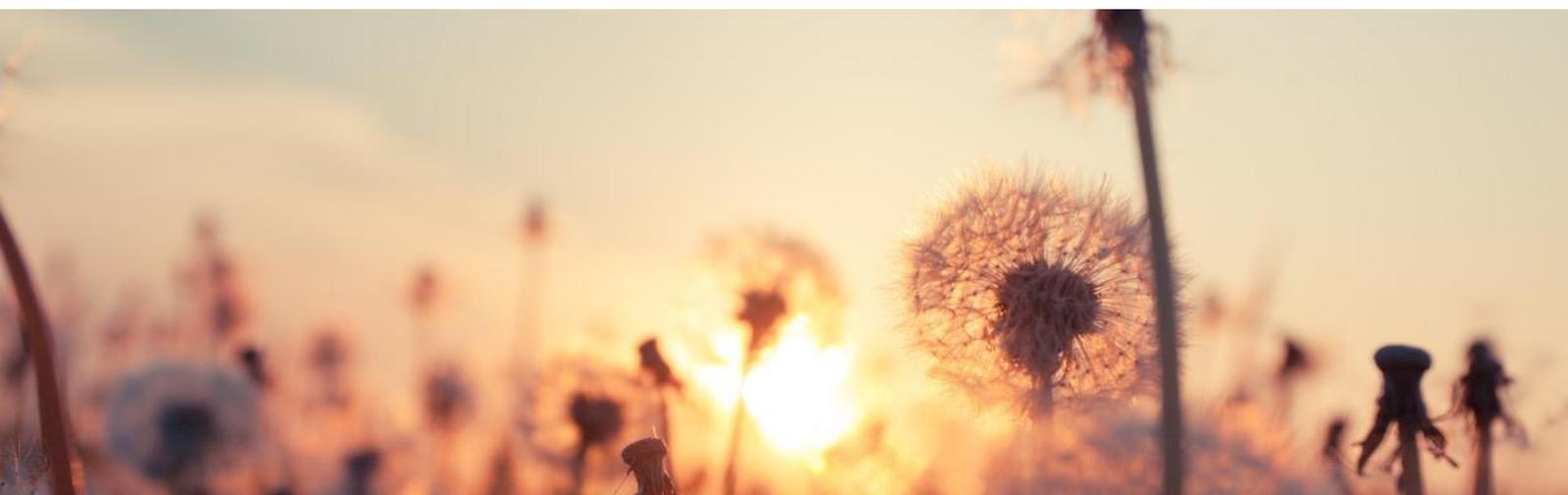
Regular review and analysis by senior management and ECT's Audit and Risk Committee, combined with Board oversight and management of material emerging ESG risks and opportunities (especially relating to climate-change), is a key priority for ECT.

ECT intends to transparently disclose Its strategy and specific actions It will take to demonstrate stewardship of emerging ESG risks and opportunities to stakeholders, on an ongoing basis.



# Planet

Climate change	FULL DISCLOSURE
Greenhouse gas (GHG) emissions	<p>The Company has reviewed the Greenhouse Gas [GHG] Protocol and its implications as it relates to ECT’s ongoing operations.</p> <p>Recognising the leading role ECT can play in the growing opportunities surrounding Australia’s energy transition, the Company begun engagement with a leading Australian climate change certification partner in the December quarter, to discuss assessment of the Company’s corporate carbon footprint.</p> <p>In the December quarter, the ECT Board also set a Net-Zero target (Scope 1 and 2 Greenhouse Gas [GHG] emissions) for ECT’s corporate offices (plus limited Scope 3 emissions to include staff land and air travel, and waste), with a target completion date of the end of the current financial year (i.e., FY22).</p> <p>During the March 2022 Quarter, the Company began collating the necessary information to facilitate the measurement of ECT’s carbon emissions for ECT’s chosen base year, (being FY19). This year was chosen as it was ‘pre-COVID’, and better reflects ECT’s ongoing GHG footprint. ECT formally engaged the Carbon Reduction Institute (CRI) to undertake this important task for the Company. Established in 2006, CRI (<a href="https://noco2.com.au/">https://noco2.com.au/</a>) is Australia’s most experienced carbon consulting company.</p> <p>ECT looks forward to providing further updates in this key area.</p>
TCFD implementation	<p>While use of the TCFD framework is currently voluntary in Australia, there is an increasing expectation from investors, governments, customers, and the community that businesses assess and disclose climate-related risks.</p> <p>As a result of ongoing and growing expectations of key stakeholders, ECT is investigating early disclosure of climate risk in accordance with the recommendations of the TCFD framework as they relate to both physical risks, and transition risks (and climate-related opportunities).</p>



<b>Nature loss</b>	<i>FULL DISCLOSURE</i>
Land use and ecological sensitivity	All of ECT's current and future planned projects are located, or likely to be located, in brownfield, special zoned industrial areas. As such, ECT does not currently measure impact on land use, and key biodiversity areas (KBA's), though is expected to do so where potential impact on biodiversity is possible on land owned, leased, or managed by ECT, on or adjacent to protected areas and/or KBAs.
<b>Freshwater availability</b>	<i>EXPLANATION</i>
Water consumption	Water consumption (including full value chain) is considered immaterial at the current time. This may change as ECT progresses key projects. Initial assessments will be conducted where ECT's future operational plans dictate they are relevant.



# People

<b>Dignity and equality</b>	<i>EXPLANATION</i>
Diversity and inclusion	The Company has identified the breakdown indicators relating economic inclusion and diversity, though has not yet begun reporting this indicator.
Pay equality	<p>ECT recognises that pay equality reflect an organisation’s culture and helps bridge diversity gaps, attract talent, and drive long-term competitiveness.</p> <p>The Company reports remuneration of Directors and Key Management Personnel in the Full Year Statutory Accounts, which can be found at: <a href="https://ectltd.com.au/category/reports/">https://ectltd.com.au/category/reports/</a></p> <p>The Company has not begun reporting key indicators in this category.</p>
Wage level	<p>ECT recognise that fair compensation and benefits contribute to the economic well-being of employees, since the distribution of income is crucial for eliminating inequality and poverty.</p> <p>At this time, the Company has not yet begun reporting this indicator.</p>
<b>Human rights</b>	<i>PARTIAL DISCLOSURE</i>
Risk for incidents of child, forced or compulsory labour	<p>ECT uphold the highest moral, ethical, and legal standards in all we do, especially surrounding human rights. ECT’s Modern Slavery Policy was approved by the ECT Board during the March 2022 Board meeting, however, the Company has not begun reporting this indicator.</p> <p>ECT’s Modern Slavery Policy is on the Company website <a href="https://ectltd.com.au/about-us/corporate-governance/#modern-slavery-policy">https://ectltd.com.au/about-us/corporate-governance/#modern-slavery-policy</a></p>



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**Health and well-being***PARTIAL DISCLOSURE*

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**Health and safety**

Maintaining strong standards of health, safety and labour rights can improve employee productivity and operational efficiency and enhance employee well-being.

During the March 2022 Quarter, ECT was engaged in completing construction at the Bacchus Marsh plant, as well as five full inductions onto the site.

ECT reports monthly on Lost Time to Injury and the Continuous Safe Working Days and during the March 2022 Quarter, the Company recorded zero (0) Lost Time to Injury and 239 Continuous Safe Working Days (as at the Board Meeting, held 21<sup>st</sup> March 2022).

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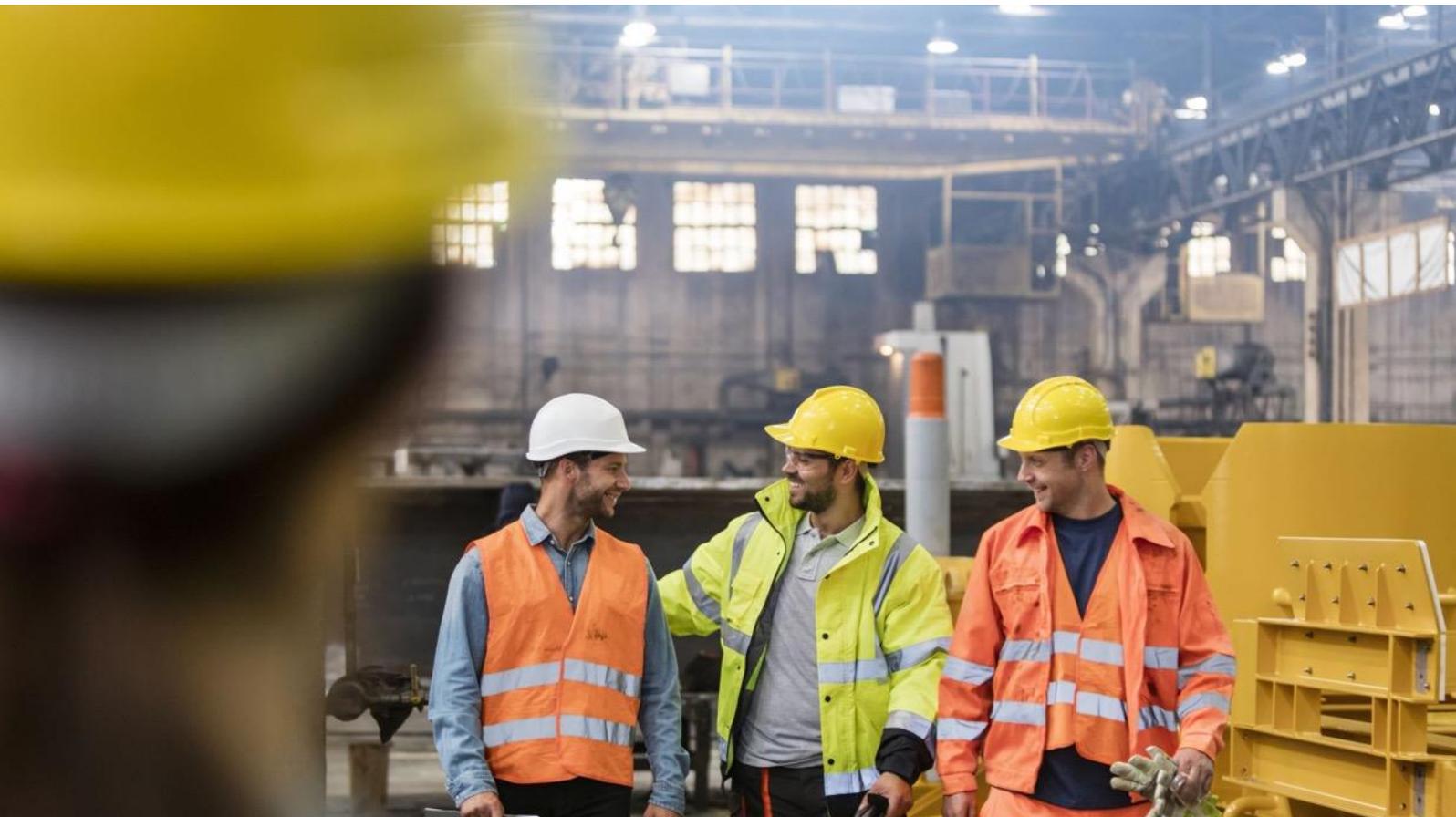
**Skills for the future***PARTIAL DISCLOSURE*

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**Training provided**

Although ECT provide staff training, the Company has not previously recorded and reporting this indicator. In March 2022, ECT began recording staff training, and will report on this metric in the June 2022 quarter.

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# Prosperity

<b>Employment and wealth generation</b>	<i>PARTIAL DISCLOSURE</i>
<b>Absolute number and rate of employment</b>	<p>Employment and job creation are key drivers of economic growth, dignity, and prosperity, and provide a basic indication of a company’s capacity to attract diverse talent, which is key to innovate new products and services.</p> <p>During the March 2022 Quarter, ECT undertook a full review of full-time equivalent (FTE) staff and converted three contractors to salaried FTE staff.</p> <p>At the end of the current quarter, ECT is expected to have 7 FTE, 1 part-time employee (PTE), 6 full-time contractors (FTC) and 8 part-time contractors (PTC).</p> <p>Since this was the first period in which ECT measured this metric, the Company did not report changes, but will do so in future periods.</p>
<b>Economic contribution</b>	<p>ECT’s Economic Contribution during the Reporting Period correlates to the long-term financial performance of the Company, and wealth creation for stakeholders.</p> <p>Disclosures relating to revenues, operating costs, wages and benefits, payments to providers of capital, payments to government, and monetary support from government appear in ECT’s Full Year Statutory Accounts, as well as in the Quarterly Activity Report &amp; Appendix 4C. Information on these disclosures can also be found on ECT’s website:</p> <p><a href="https://ectltd.com.au/category/reports/">https://ectltd.com.au/category/reports/</a></p> <p>Additionally, during the reporting period, ECT sponsored local community sporting organisations.</p> <p>ECT will continue to review Its level of contribution, commensurate with Its activities.</p>
<b>Financial investment contribution</b>	<p>Investment is a key driver of economic growth and a company’s capacity to expand its operations and create additional employment.</p> <p>ECT discloses total capital expenditures (less depreciation) and how it supports the Company’s investment strategy in the Full Year Statutory Accounts, as well as in the Quarterly Activity Report &amp; Appendix 4C. ECT does not currently pay dividends.</p> <p>Information on these disclosures can be found on ECT’s website: <a href="https://ectltd.com.au/category/reports/">https://ectltd.com.au/category/reports/</a> or on the ASX [ASX: ECT].</p>

**Innovation of better products and services**

FULL DISCLOSURE

Total R&D expenses

Total costs relating to Research and Development (R&D) can be regarded as a basic universal indicator of a company's efforts to innovate, be fit for the future, and to provide prosperity. R&D can also provide insights into the capacity of a company to create new offerings and generate social or environmental benefits, especially, as measured against Sustainable Development Goals (SDG's).

As a R&D technology company, ECT's principal purpose is the investment, research, development, and commercialisation of technologies which bridge the gap between today's use of resources and tomorrow's zero-emissions future.

ECT's Full Year Statutory Annual Report, Quarterly Activity Report & Appendix 4C disclose the total level of R&D costs during relevant reporting periods, and the use of funds as it relates to the Company's R&D Plan and purpose. Further information on R&D can be found on ECT's website, or on the ASX, as above.

**Community and social vitality**

FULL DISCLOSURE

Total tax paid

Global tax contribution supports governmental functions and societal benefits. Please refer to the Full Year Statutory Accounts and, Quarterly Activity Report & Appendix 4C for disclosure of the total level of tax paid during relevant reporting period.

