



# 2021 CORPORATE GOVERNANCE STATEMENT

23 SEPTEMBER 2021

E2 METALS LIMITED  
ABN 34 116 865 546

# 2021 Corporate Governance Statement

The Board of E2 Metals Limited (the **Company**) is responsible for the overall corporate governance of the Company. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on the Company's website on <https://e2metals.com.au/corporate-governance/>, including the 2021 Annual Report.

This Statement is current as at 23 September 2021 and has been approved by the Board of Directors of E2 Metals Limited.

## PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Recommendation 1.1: Role of the Board and Management

The role of the Board is to approve the strategic direction of the Company, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Company's affairs. The Board aims to protect and enhance the interests of its shareholders, while considering the interests of other stakeholders, including employees, customers, suppliers, and the wider community.

The Board has a formal Board Charter which is available on the Company's website at <https://e2metals.com.au/corporate-governance/>. The Charter clearly sets out those matters expressly reserved for the Board's determination and those matters delegated to management.

The day-to-day operations and administration of the Company has been delegated to the Managing Director (**MD**), who then has the authority to sub-delegate to the Executive Team. However, the Board of Directors maintains ultimate responsibility for the day-to-day management of the Company and its business, including strategy, control and risk profile of the Company.

### Recommendation 1.2: Appointment of Directors

The Company has guidelines for the appointment and selection of the Board which require the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director. The Company confirms having conducted appropriate checks prior to Mr Bradley Evans and Mr Peter Mullens' appointment as Non-Executive Directors.

We provide our shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director and they are provided to security holders through a number of channels, including via the Notice of Meeting and other information contained in the 2021 Annual Report.

### Recommendation 1.3: Appointment Terms

Each director and senior executive are party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment, including the remuneration entitlement and performance requirements. Directors also receive a deed of indemnity, insurance, and access.

Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2021 Annual Report.

### Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, are set out in the Directors' Report in our 2021 Annual Report.

### Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. The Company has implemented a Diversity Policy which can be viewed at <https://e2metals.com.au/corporate-governance/>.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2021 was as follows:

- Women on the Board – 33%
- Women in senior executive positions – 0%
- Women across the entire organisation – 33%

Due to the current size and composition of the organisation the Board does not consider it appropriate to provide measurable objectives. However, the Board has set the following diversity objectives:

- To cultivate an inclusive workplace of fairness and equality which fosters the unique skills and talents of a diverse range of people; and
- To encourage diversity in skill set, experience, qualifications, and age of our workforce. With a diverse mix of professionals, we will continue to encourage diversity in hiring and sourcing of candidates.

### Recommendation 1.6: Board and Individual Directors Performance Assessment

The Nomination Committee function is undertaken by the full Board. The Board is committed to formally evaluate its performance and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The Board's performance is assessed through the completion of a questionnaire / survey, the process of which is facilitated by the Company Secretary. The Company Secretary prepares a report to the Board, outlining the survey results. Based on this report, the Board considers and discusses any areas and actions for improvement.

Further to changes to the Board composition in 2021, with Mr Bradley Evans' appointment on 22 April 2021, Mr Alastair Morrison's resignation on 4 May 2021 and Mr Peter Mullens' appointment on 13 July 2021, the Board decided not to proceed with a board performance for 2021.

Individual Directors' performance is assessed through open and frank discussions, with each Board member given the opportunity to assess and comment on the performance of fellow Board members. Actions for improvement are then taken on-board for the Director's self-development. Mr Todd and Ms Melanie's performance assessment as Directors of the Company were completed in July 2021.

The Board remains committed to its role and each Board member is committed to proactively support the Company and its stakeholders.

### **Recommendation 1.7: Senior Executive Performance Assessment**

The Company's full Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act 2001) other than a non-executive Director.

During the year, the performance and remuneration of the Managing Director was evaluated by Ms Melanie Leydin under the authority of the Board. Actions for improvement are then taken on-board for the Director's self-development. Details on the Managing Director's remuneration can be found in the 2021 Annual Report.

## **PRINCIPLE 2 – BOARD STRUCTURE**

### **Recommendation 2.1: Nomination Committee**

The Company's Nomination and Remuneration Committee Charter provides for the establishment of a committee with at least three members, a majority of whom shall be independent Directors, and which must be chaired by an independent Director who is not the Chair of the Board. The Nomination and Remuneration Committee Charter, which outlines the responsibilities of the Committee, is available on the Company's website at <https://e2metals.com.au/corporate-governance/>.

Due to the size of the existing Board and the magnitude of the Company's operations, the Company has not established a Nomination Committee. Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee in accordance with the Charter of the Committee.

In order 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 Board continuously monitors and assesses its requirements and determines whether, and when, any action is required.

### **Recommendation 2.2: Board Skills Matrix**

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process.

The skills and experience represented in the Board and relevant to the Company's business at this stage are set out in the matrix below and following the Company's annual performance and skills review, it is satisfied that it meets expectations in all these categories:

Skills & Experience	Description	Board representation
<b>Executive Leadership</b>	Sustainable success in business at a senior executive level, including experience in multiple global locations.	High
<b>Legal, Governance &amp; Compliance</b>	Experience in managing the rigorous legal, governance and compliance standards required in a listed environment, and in complex, regulated operating environments.	High
<b>Financial Expertise</b>	Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls, particularly in an international environment.	High
<b>Strategic and Commercial Expertise</b>	Ability to identify and critically assess strategic opportunities and threats and to develop appropriate strategies in the context of the Company's policies, business objectives, capital management and changing market conditions.	High
<b>Risk Management</b>	Track record of developing, implementing and monitoring risk management processes, to ensure long term resilience to systemic risk, including in cybersecurity.	High
<b>Health, Safety and Environment</b>	Health, safety and environmental experience, and expertise in policies supporting corporate social responsibility.	High
<b>Sales and Marketing</b>	Track record in the development of sales and marketing strategy, relationships and agreements.	Adequate
<b>Business Development</b>	Expertise in strategic acquisitions and major global public markets.	High
<b>Mining and Resources</b>	Experience in the mining and resource sector with a focus on creating long-term shareholder value in the areas of discovery, development or operations.	High
<b>Processing, Technology and Supply Chain</b>	Experience in large scale processing of industrial minerals or similar products, energy storage technology, the renewable energy sector or downstream supply chain, including original equipment manufacturing (OEM).	Adequate
<b>Capital Raising</b>	Experience in raising money / funds for a business' projects / working capital needs. This involves having knowledge about the market and various skills (e.g., analytical skills, communication skills, etc) to successfully raise capital.	High

Full details of each Director's relevant skills and experience are set out in the Company's 2021 Annual Report.

### Recommendation 2.3: Independent Directors

An independent director is a Non-Executive Director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the Director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board has two independent directors, Mr Bradley Evans and Mr Peter Mullens.

Mr Todd Williams is currently considered by the Board to not be independent on the basis that he is engaged in an executive capacity within the Company. Ms Melanie Leydin is also not considered as an independent Director as she provides corporate financial services to the Company through Leydin Freyer Corp Pty Ltd.

The Board has considered the holdings of shares in the Company by the independent Non-Executive Directors and is of the opinion that their interests in shares would not materially interfere with, nor could they be reasonably perceived to interfere with, the independent exercise of their judgement in their position as Directors. The Board also considers that both Mr Evans and Mr Mullens are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that as Directors, Mr Evans and Mr Mullens are able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

The Board's assessment of each current Director is set out below:

Name	Position	Appointment date	Status
Bradley Evans	Non-Executive Chair	22/04/2021	Independent
Todd Williams	Managing Director	20/12/2018	Non-Independent
Peter Mullens	Non-Executive Director	13/07/2021	Independent
Melanie Leydin	Non-Executive Director & Company Secretary	28/03/2017 09/11/2006	Non-Independent

#### Recommendation 2.4: Majority Independence

As at the date of this Statement, two out of four Directors are deemed independent and the Board does not have a majority of independent Directors. Although the composition of our Board does not comply with Recommendation 2.4, the current Board composition reflects an appropriate balance of skills, expertise, and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

The Board recognises that it is desirable for a majority of the Board to be Independent Directors but the Company's current size dictates that this is the most efficient mode of operations at the current time. The Board will review the appointment of further Independent Directors should the Company's size and growth warrant this.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report of the Company's 2021 Annual Report.

#### Recommendation 2.5: Board Chair

Mr Bradley Evans is an independent Non-Executive Director and he has been appointed as Chair on 22 April 2021. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

The role of the Chair and Managing Director are exercised by different individuals, being Mr Bradley Evans and Mr Todd Williams, respectively.

### Recommendation 2.6: Induction, Education and Training

In accordance with the Company's Board Charter, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations, and management, at the time of joining the Board. All Directors are provided, as and when required, with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

## PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

### Recommendation 3.1: Statement of Values

The Company's values are the guiding principles and norms that define what type of organisation E2 Metals Limited aspires to be and what it requires from its Directors, employees, and related parties. The Company's core values are outlined below:

- **Courage** – to embrace wild ideas and progressive concepts that challenge conventional wisdom. These ideas are uncomfortable and attract scepticism until they do not.
- **Good judgement** – to make considered technical and commercial decisions based on imperfect and incomplete information that carries inherent uncertainty and risk.
- **Curiosity** – in the scientific process; sharing bold, interesting & experimental ideas and engaging in thoughtful debate.
- **Bias towards action** – where every day is an opportunity to action exceptional outcomes, for the organisation and its stakeholders.
- **Accountability** – to the workplace culture and the integrity of the Company; where no objective is worth compromising our employees, our reputation or the environment in which we work.

The Managing Director and his executive team are responsible for instilling these values across the organisation.

### Recommendation 3.2: Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct.

Accordingly, the Board has adopted a Code of Conduct designed to:

- provide a framework for decisions and actions in relation to ethical conduct in employment;
- support the Company's business reputation and corporate image; and
- make Directors and employees aware of the consequences if they breach the Code of Conduct.

The Code of Conduct can be found on the Company's website at <https://e2metals.com.au/corporate-governance/>.

The key aspects of this code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices;
- act in an appropriate business-like manner when representing the Company in public forums; and
- use the Company's resources and property properly.

The Code of Conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy, and security of information.

### Recommendation 3.3: Whistleblower Policy

The Whistleblower Policy demonstrates that the Company is committed to the highest standards of conduct and ethical behaviour in all its business activities. The Company supports a culture of honest and ethical behaviour in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers.

Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised at each Board Meeting.

The Whistleblower Policy is available on the Company's website at <https://e2metals.com.au/corporate-governance/>.

### Recommendation 3.4: Anti-bribery and Corruption Policy

The Anti-bribery and Corruption Policy demonstrates that the Company is committed to maintain high standards of integrity and accountability in conducting its business. The policy provides a framework of guidelines and principles to encourage ethical behaviour in the conduct of business.

Any material breach of the Company's policies, including any breach of the Anti-bribery and Corruption Policy, is raised, and reviewed at each Board Meeting.

The Anti-bribery and Corruption Policy is available on the Company's website at <https://e2metals.com.au/corporate-governance/>.

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### Recommendation 4.1: Audit Committee

The Company's Audit and Risk Committee Charter provides for the establishment of an Audit and Risk Committee (if it is considered that it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair of the Board.

The Audit and Risk Committee Charter can be found on the Company's website at <https://e2metals.com.au/corporate-governance/>.

The Company does not intend to have an Audit and Risk Committee as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter, including the following processes 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:

- the Board devoting time at Board meetings to fulfil the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and
- all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

### Recommendation 4.2: Assurances

The Managing Director and Company Secretary provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the 2021 full year financial results, where the Managing Director and Company Secretary provided a declaration to the Board that, in their opinion, the financial records have been properly maintained and that the financial statements complied with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Group, and their opinion had been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2021 full year financial results were approved by the Board.

### Recommendation 4.3: Verification of integrity of periodic corporate reports

The Company's external auditor, William Buck attends the Company's AGM and a representative is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

William Buck's independence declaration is contained in the Directors' Report in the Company's 2021 Annual Report. The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

Any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor is reviewed and approved by the Board so that it is satisfied the report in question is materially correct, balanced and provides investors with appropriate information to make an informed investment decision. Following review by the Board of Directors the report is formally approved prior to release.

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

### Recommendation 5.1: Continuous Disclosure Policy

We are committed to provide information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Company has adopted a Continuous Disclosure Policy found on the Company's website <https://e2metals.com.au/corporate-governance/>. This Continuous Disclosure Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations. Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the Managing Director or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with the Company's Securities Trading Policy. In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company's website includes a link to all information disclosed to the ASX.

### Recommendation 5.2: Provide Board with copies of all material market announcements

The Company ensures that its Board receives copies of all material market announcements prior to release to the market, followed by immediate notification of their release on the ASX Market Announcements Platform.

### Recommendation 5.3: Investor Presentations

In accordance with the recommendation, the Company ensures that all substantive presentations are released to the market to enable security holders the opportunity to participate in the presentation.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations, and other key information.

## PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

### Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on the Company's website, [www.e2metals.com.au](http://www.e2metals.com.au).

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations, and other key information.

### Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular, and timely manner so that the market has sufficient information to make informed investment decisions. The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors and outlines a range of ways in which information is communicated to shareholders.

Through its shareholder communications, the Company aims to provide information that will allow existing shareholders, potential shareholders, and financial analysts to make informed decisions about the Company's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

The Company's investor relations program includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on the Company's website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Company.

The Company's Shareholder Communication Policy regarding which information is communicated to shareholders can be found on the Company's website at <https://e2metals.com.au/corporate-governance/>.

### Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory statement and a proxy form, and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company provides an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable the Company's external auditor.

### Recommendation 6.4: All substantive resolutions at a security holder meeting are decided by poll

In order to ascertain the true will of E2 Metals Limited's security holders attending and voting at its security holder meetings, whether they attend in person, electronically or by proxy or other representative, the Company will conduct the voting procedure by a poll.

### Recommendation 6.5: Electronic Communication with Shareholders

Shareholders are encouraged to take advantage of the benefits of electronic communications by electing to receive communication from the Company and its share registry electronically. Shareholders can also send their communications to the Company on its website <https://e2metals.com.au/contact/>. Shareholders may also send their communications to the share registry electronically through one of its means of communication available on <https://www.linkmarketservices.com.au/corporate/contact-us.html>.

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

### Recommendation 7.1: Risk Committee

The Company's Audit and Risk Committee Charter provides for the establishment of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair of the Board.

The Audit and Risk Committee Charter can be found on our website at <https://e2metals.com.au/corporate-governance/>.

The Company does not intend to have an Audit and Risk Committee as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter, including the Board devoting time at Board meetings to fulfil the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.

### Recommendation 7.2: Risk Management Framework

The Company's risk management framework is supported by the Board of Directors and by Management. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. The Managing Director is responsible for monitoring and ensuring that appropriate processes and controls are in place to manage risk effectively and efficiently. The Managing Director is also responsible for monitoring compliance with and the effectiveness of risk management systems and controls at a divisional level including financial and non-financial risks. The Managing Director regularly reports to the Board on the adequacy of the risk management systems, processes, and key matters for consideration.

The Board has adopted a risk management summary which sets out the Company's system of risk oversight, management of material business risks and internal control. The Company's risk management framework including risk profile and risk registers are reviewed on a periodic basis, and a review was undertaken by the Board during this past financial year.

### Recommendation 7.3: Internal Audit

The Company did not have an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

The Company employs the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Board monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations;
- the Board periodically undertakes an internal review of financial systems and processes where systems are considered to require improvement these are developed; and
- the Board reviews risk management and internal compliance procedures at each Board meeting and will monitor the quality of the accounting function.

### Recommendation 7.4: Economic, Environmental and Social Risk

The Company is not subject to any particular or significant single economic, environmental and social risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy, general business conditions and many other factors.

The Board does not consider the Company to have any material exposure to economic, environmental, and social risks. However, the Board acknowledges that due to the nature of the Company's operations, the Company faces moderate environmental risks. To mitigate these risks, reputable environmental consultant(s) with local knowledge are engaged to complete all statutory environmental permits and reporting. Environmental protocols are also communicated to employees and contractors.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### Recommendation 8.1: Remuneration Committee

The Company's Nomination and Remuneration Committee Charter provides for the establishment of a committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Nomination and Remuneration Committee Charter is available on the Company's website at <https://e2metals.com.au/corporate-governance/>.

Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Remuneration Committee. Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee under the Committee's Charter, including reviewing the level and composition of remuneration for directors and senior executives. The Board reviews the remuneration process on an annual basis to ensure that the remuneration of Directors and senior executives are appropriate to the Company's size and level of operations.

### Recommendation 8.2: Remuneration Policies and Practices

The Board is currently responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it can obtain independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's 2021 Annual Report, as lodged with the ASX, and issued to shareholders.

### Recommendation 8.3: Equity Based Remuneration Scheme

The Company does not have an equity-based remuneration scheme. The Company prohibits Key Management Personnel from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Further information is included in the Company's Securities Trading Policy and is available on the Company's website on <https://e2metals.com.au/corporate-governance/>.