

2022 Corporate Governance Statement

The Board and management of Clean TeQ Water Limited (**Clean TeQ Water** or **Company**) recognise their duties and obligations to shareholders and other stakeholders to implement and maintain a proper system of corporate governance. Clean TeQ Water believes that good corporate governance helps ensure the future sustainability 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 (**ASX Recommendations**) in the reporting period. The Recommendations are guidelines designed to improve the efficiency, quality, and integrity of the Company. They are not prescriptive, so 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 give reasons for not following them.

This Corporate Governance Statement (**Statement**) sets out a description of the Company's main corporate practices and provides details of the Company's compliance with the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation.

This Statement is current as at 31 August 2022 and has been approved by the Board of Directors of Clean TeQ Water Limited.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

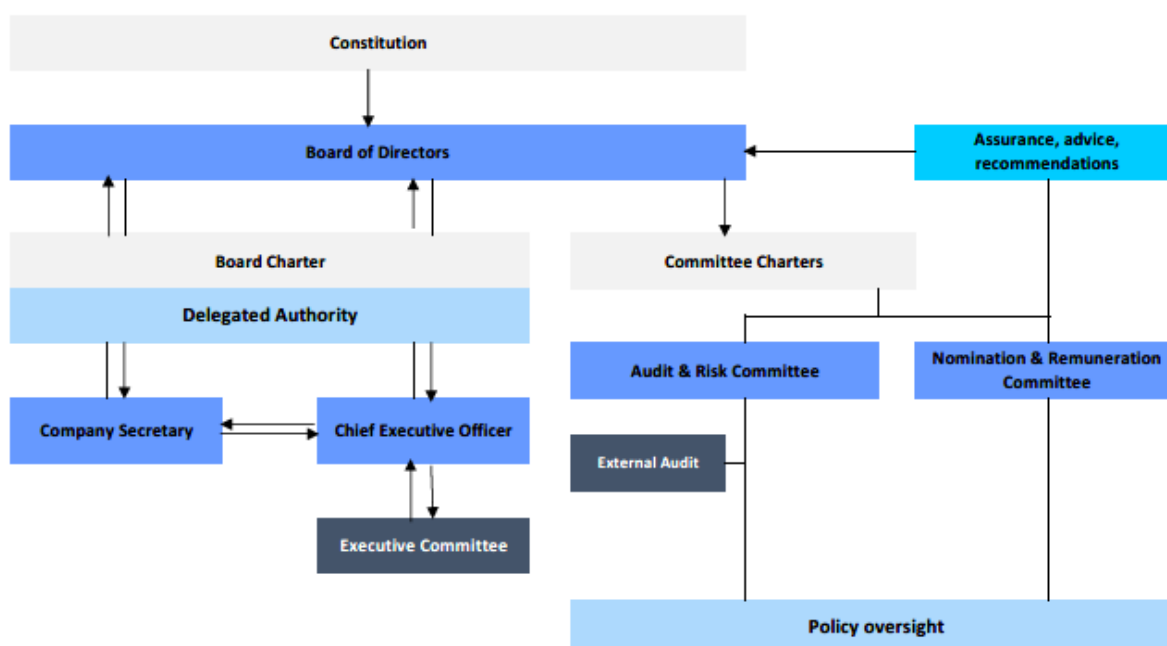
RECOMMENDATION 1.1 - ROLE OF THE BOARD AND MANAGEMENT

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 and the wider community.

The Board has a formal Board Charter which is available on the Company's website at <https://www.cleantegwater.com/company/corporate-governance/>. The Charter clearly sets out those matters expressly reserved for the Board's determination and those matters delegated to management. The Board acts in the best interests of the Company as a whole and its responsibilities are also set out in the Board Charter.

The Board has delegated to the Chief Executive Officer ("CEO") the responsibility for the day-to-day management of the Company, including the overall operational and business management and profit performance of Clean TeQ Water, whilst also managing the Company in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals. The scope of, and limitations to these delegations are clearly documented and balance oversight with appropriate empowerment and accountability of senior executives. The CEO has authority to sub-delegate to the executive team some of his responsibilities where he deems fit.

The high-level structure chart outlined below provides an overview of the Company's current corporate governance structure.



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.

All selected candidates for Board positions undergo appropriate background checks before being appointed to the Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the existing Directors must stand for election at the next Annual General Meeting (“AGM”).

A regular assessment is made of the current qualifications, skills, and experience of the directors, as well as the skills, experience and expertise needed to deal with current and emerging issues of the business and to effectively review and challenge the performance of management and exercise independent judgement.

Board support for Directors retiring and seeking re-election is not automatic and is reviewed against criteria based on the Board’s current skills and qualities and the current and future needs of the Company. The Company provides its 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.

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 2022 Annual Report.

RECOMMENDATION 1.4 - COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, though the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary’s role includes advising the Board and its Committees on governance matters, monitoring that Board and Committee policies and procedures are followed, coordinating the timely completion and despatch of Board and Committee papers, ensuring that the business at Board and Committee meetings is accurately captured in the minutes, and helping to organise and facilitate the induction and professional development of directors.

All Directors have unfettered access to the Company Secretary and the appointment and removal of the Company Secretary must be made or approved by the Board.

Details regarding our Company Secretary, including experience and qualifications, are set out in the Directors’ Report in our 2022 Annual Report.

RECOMMENDATION 1.5 - DIVERSITY

Clean TeQ Water recognises the benefits of diversity of gender, age, experience, relationships, and background and is proud to have a strong representation of both genders in its workforce. The Company's Diversity and Inclusion Policy is available on the Clean TeQ Water website (<https://www.cleanteqwater.com/company/corporate-governance/>).

In accordance with its Diversity and Inclusion Policy the Board has established the following diversity and inclusion objectives up to the financial year ending 30 June 2024:

Goals	Objectives	Status at 30 June 2022
Workplace Diversity	Commitment to creating a diverse and inclusive workforce, with initiatives including: 1. Obtaining and maintaining one third (33%) of a gender balance over levels 3 to 5 by end of FY24 (including gender fluidity), with metrics to exclude China subsidiaries. 2. Obtaining and maintaining a ratio of 50% of workforce who identify as having cultural and immediate family connections with a country other than Australia by end of FY24, with metrics to exclude China subsidiaries.	1. 29.03% (9 Female, 22 Male) 2. 54.8% (17 from 31 employees)
Workplace Inclusion	Fostering a culture that encourages collaboration, flexibility, and fairness to enable all employees to contribute to their potential and increase retention.	On-going
Sustainability and Accountability	Identify and breakdown systematic barriers to full inclusion by embedding diversity and inclusion in policies and equipping leaders with the ability to manage diversity and be accountable for the results.	On-going

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2022 was as follows:

- Women on the Board – 25%
- Women in senior executive positions – 33%
- Women across the entire organisation – 29.41%

RECOMMENDATION 1.6 – BOARD, COMMITTEES, AND INDIVIDUAL DIRECTORS' PERFORMANCE ASSESSMENT

The evaluation of the performance of the Board, its Committees and individual directors is undertaken in accordance with the performance evaluation process set out in the Nomination & Remuneration Committee Charter available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

The Board's and Committees' performance review was conducted through the completion of a questionnaire. This annual assessment process was facilitated by the Company Secretary who prepared a report to the Nomination & Remuneration Committee. Based on this report, the Nomination & Remuneration Committee considers and discusses any areas and actions for improvement and recommends them to the Board (if necessary).

The Individual Directors' performance review was conducted during April and May 2022 and by the Lead Independent Non-Executive Director, Mr Ian Knight, through one-on-one discussion with each Director. The performance of the Lead Independent Non-Executive Director was, in turn, reviewed by the Executive Chair, Mr Peter Voigt. The Lead Independent Non-Executive Director and Executive Chair's findings were then presented to the Nomination & Remuneration Committee and the Board for further discussion and to identify any actions for improvement.

The Board and Committees are committed to their roles and each Board member is dedicated to proactively support the Company and its stakeholders.

RECOMMENDATION 1.7 - SENIOR EXECUTIVE PERFORMANCE ASSESSMENT

Senior Executives are appointed by the CEO and their key performance indicators ("KPIs") contain specific financial and non-financial objectives. These KPIs are reviewed annually by the CEO and their performance reviewed against those KPIs. Performance evaluations were undertaken during the reporting period in accordance with the Company's internal review process.

The performance of the CEO was evaluated in February 2022 and August 2022 in accordance with the performance evaluation process set out by the Nomination & Remuneration Committee. Results of the CEO's performance review are reported to the Board.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 – NOMINATION COMMITTEE

The Company's Nomination & 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 & Remuneration Committee Charter is available on the Company's website (<https://www.cleantegwater.com/company/corporate-governance/>).

The Nomination & Remuneration Committee consists of three members, of whom two are independent Non-Executive Directors, being Mr Ian Knight and Ms Robyn McLeod, and one non-independent Non-Executive Director, being Mr Sam Riggall. Prior to 18 November 2021, Ms Stefanie Loader, who resigned on 10 March 2022, was a member of the Committee in lieu of Ms Robyn McLeod. All directors have relevant experience as shown in their biographies in the Directors' Report.

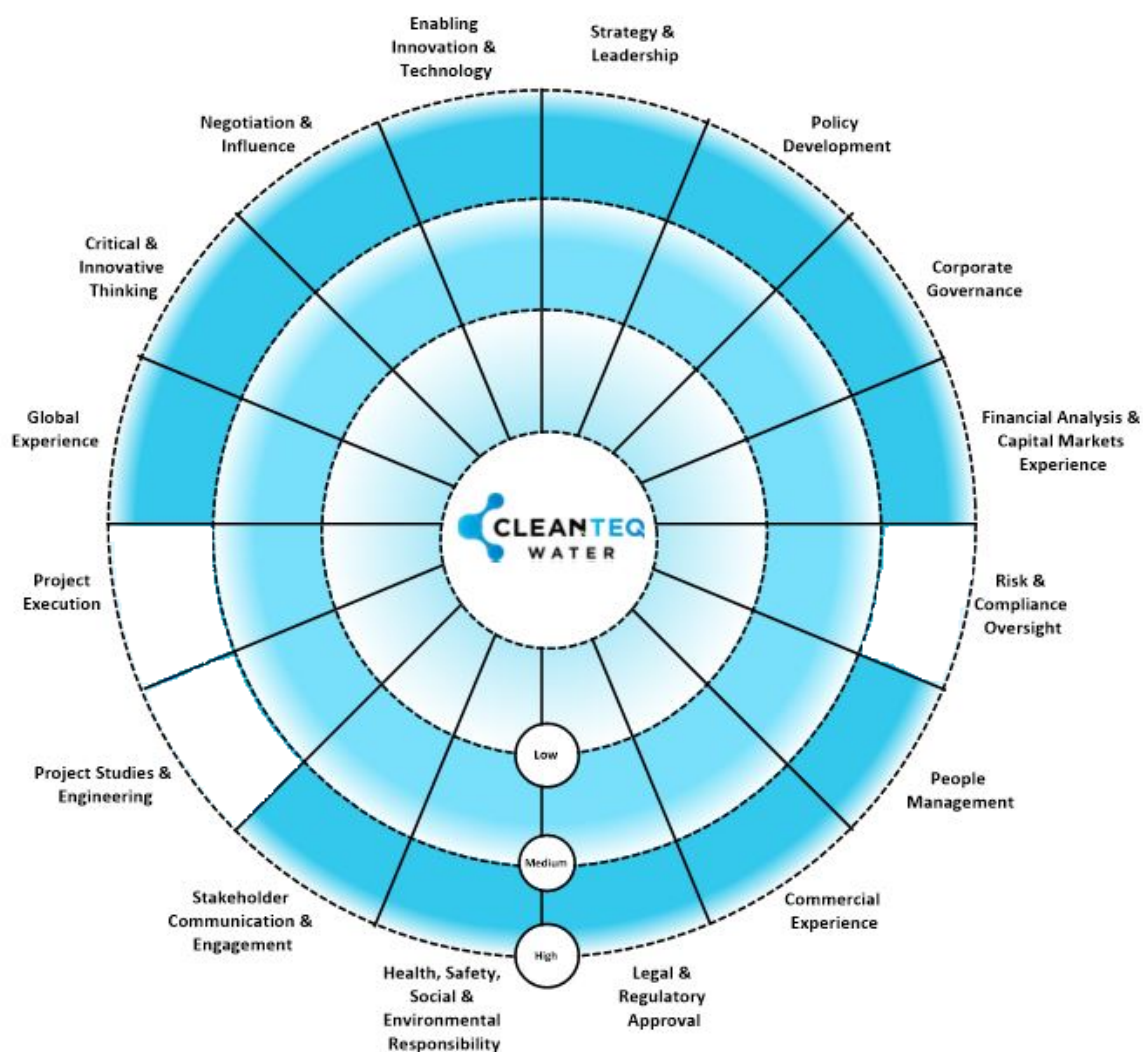
Details of meetings held by the Committee during the year and member attendances are set out in the 2022 Directors' Report.

The primary function of the Nomination & Remuneration Committee, in regard to its nomination function, is to assist the Board to carry out, *inter alia*, the following:

- making recommendations for the appointment of nominees for membership to the Board;
- making recommendations to the Board on recruitment, retention and termination policies for senior management;
- thorough background checks prior to nominating a person for election as director;
- setting objectives for achieving gender diversity within the Company and ensuring these objectives are being met; and
- reviewing succession plans and maintaining the appropriate balance of skills on the Board.

RECOMMENDATION 2.2 – BOARD SKILLS MATRIX

The Company’s objective is to have an appropriate mix of expertise and experience at Board level so that it can effectively discharge its corporate governance and oversight responsibilities. This mix is subject to review on a regular basis as part of the Board’s performance review process. 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. The diagram below shows the level of representation of the skills mix on the Board.



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 (Cth)* ("Corporations Act"), and the Board Charter.

In assessing independence, the Board had regard to the "Factors relevant to assessing the independence of a director" in Box 2.3 of the ASX Recommendations. Having individually reviewed the position and associations of each of the four Non-Executive Directors, the Board has concluded that three of them are independent. The Board's assessment of each current Director is set out below.

Name	Position	Appointment Date	Status	Reason for Non-Independence
Peter Voigt	Executive Chair	15 February 2021	Non-Independent	<i>Executive Officer</i>
Sam Riggall	Non-Exec Director	15 February 2021	Non-Independent	<i>Executive Officer within the past two years</i>
Ian Knight	Non-Exec Director	28 April 2021	Independent	<i>Not applicable</i>
Stefanie Loader*	Non-Exec Director	28 April 2021	Independent	<i>Not applicable</i>
Robyn McLeod	Non-Exec Director	8 October 2021	Independent	<i>Not applicable</i>

*Stefanie Loader resigned as a Director of the Company, effective 10 March 2022.

Ms Robyn McLeod and Mr Ian Knight are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement and are able to fulfil their role of independent director for the purpose of the ASX Recommendations. Prior to her resignation on 10 March 2022, Ms Stefanie Loader was also deemed to be independent.

RECOMMENDATION 2.4 – MAJORITY INDEPENDENCE

The Board comprises of two independent directors being Mr Ian Knight and Ms Robyn McLeod. Acknowledging the current deviation from Recommendation 2.4 of the ASX Principles, the Board has carefully considered and documented the roles and responsibilities of the Executive Chair, Lead Independent Non-Executive Director and nominated independent Committee Chairs to ensure strong governance. 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 operation at the current time.

Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or a material personal interest. Any Director who considers that there may be a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately.

RECOMMENDATION 2.5 – INDEPENDENT CHAIR

The Chair, Mr Peter Voigt, is not an independent Director. 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, which is available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

Since the Chair is not considered to be independent, the Board also created the role of Lead Independent Non-Executive Director. The appointment of Mr Ian Knight as the Lead Independent Non-Executive Director seeks to ensure that the views of independent directors are effectively raised and considered by the Board. The Lead Independent Non-Executive Director provides leadership and support to the other Independent Director in relation to matters that uniquely concern them as Independent Directors. The Lead Independent Non-Executive Director also, together with the Co-Chairs, ensures that conflicts of interest on the Board (whether actual or potential) are identified and managed appropriately. The role of the Lead Independent Non-Executive Director is set out in the Board Charter, available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

The roles of Chair and CEO are exercised by different individuals, being Mr Peter Voigt and Mr Willem Vriesendorp.

RECOMMENDATION 2.6 – INDUCTION, EDUCATION AND TRAINING

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. The Company can provide appropriate professional development opportunities for directors to assist in their roles. Directors are also encouraged to personally undertake appropriate training and refresher courses conducted by the Australian Institute of Company Directors.

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 Clean TeQ Water aspires to be and what it requires from its Directors, employees, and related parties. The Company's core values are outlined below and will be made available on the Company's website on <https://www.cleanteqwater.com/>.

- **Innovate:** We always look for a better way and recognize the power of innovation to achieve superior outcomes
- **Own:** We take ownership and focus on what we can do ourselves to ensure a successful outcome
- **Collaborate:** Collaboration is the essence of our success, and we thrive and grow via feedback from our customers, colleagues and suppliers

The CEO 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. The Company has adopted a Code of Conduct designed to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image; and
- make Directors, officers, employees, consultants, and contractors of the Company aware of the consequences if they breach the Code of Conduct.

The Code of Conduct is available on the Company's website (<https://www.cleanteqwater.com/company/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; 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 Whistleblower 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 Board level.

The Whistleblower Policy is available on the Company's website (<https://www.cleanteqwater.com/company/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 Board level.

The Anti-Bribery and Corruption Policy is available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

RECOMMENDATION 4.1 – AUDIT COMMITTEE

The Company's Audit & Risk Committee Charter provides for the establishment of an Audit & Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit & Risk Committee Charter is available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

The Audit & Risk Committee consists of three members, of whom two are independent Non-Executive Directors, being Mr Ian Knight and Ms Robyn McLeod, and one non-independent Non-Executive Director, being Mr Sam Riggall. Prior to 18 November 2021, Ms Stefanie Loader, who resigned on 10 March 2022, was a member of the Committee in lieu of Ms Robyn McLeod. All directors have relevant experience as shown in their biographies in the Directors' Report.

Details of meetings held by the Committee during the year and member attendances are set out in the 2022 Directors' Report.

In accordance with the Company's Audit & Risk Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review and monitor the integrity of the Company's financial reports and statements;
- maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- promote a culture of compliance and ensure effective compliance systems and supporting policies and procedures;
- ensure effective communication between the Board and the senior compliance manager; and
- ensure effective internal and external audit functions and communication between the Board and external and (if applicable) internal auditors.

It also has risk management and internal control functions as set out under Recommendation 6.1.

The number of meetings held and the individual attendances of Committee members at those meetings are disclosed in the 2022 Directors' Report.

RECOMMENDATION 4.2 - ASSURANCES

The CEO and Chief Financial Officer ("CFO") 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 2022 full year financial results, where the CEO and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2022 full year financial results were approved by the Board.

RECOMMENDATION 4.3 – VERIFICATION OF INTEGRITY OF PERIODIC CORPORATE REPORTS

The Company's external auditor attends every AGM as required by the Corporations Act, and members are allowed a reasonable opportunity at the meeting to ask the auditor questions relevant to the audit, their report and independence, and the accounting policies adopted by the Company. The external auditor's independence declaration is contained in the Directors' Report in the 2022 Annual Report.

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

The Company is committed to providing 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 in place a Continuous Disclosure Policy and it is available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

The Continuous Disclosure Policy sets out the key obligations of directors and employees in relation to continuous disclosure as well as the Company's obligations under the ASX Listing Rules and the Corporations Act. The policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements.

The Board has overarching responsibility for compliance with Clean TeQ Water's continuous disclosure obligations and Board approval is required for certain key matters (as set out in the policy) and matters may be referred to the Board for approval by the CEO, the CFO, 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. In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management, and disclosed to the ASX in a timely manner. The Company 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 including announcement following each release to the market.

RECOMMENDATION 5.3 – INVESTOR PRESENTATION

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 its website to provide shareholders with links to ASX announcements, presentations, and other key information.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

RECOMMENDATION 6.1 – INFORMATION AND GOVERNANCE

The Company's website (<https://www.cleanteqwater.com>) contains key information about the Company and its corporate governance practices and policies, as well as biographies of the Board members and Company Secretary.

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

RECOMMENDATION 6.2 – INVESTOR RELATIONS PROGRAM

The Company endeavours 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 Policy 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 Shareholder Communication Policy is available on its website (<https://www.cleanteqwater.com/company/corporate-governance/>).

Shareholders are actively encouraged to take advantage of the benefits of electronic communications. Shareholders and investors can raise any issues or concerns at any time by contacting the Company by visiting <https://www.cleanteqwater.com/contact/general-enquiry/>, or by writing to the CEO or Company Secretary at Unit 12, 21 Howleys Road, Notting Hill, VIC 3168. Where possible, bearing in mind the Company's obligations under the Corporations Act, the ASX Listing Rules and the Continuous Disclosure Policy, responses will be provided.

RECOMMENDATION 6.3 – SHAREHOLDER MEETING PARTICIPATION

Shareholders will be sent the Company's Annual Report, if requested (it is otherwise made available on the Clean TeQ Water website (www.cleanteqwater.com)), and documents relating to each General Meeting, being the Notice of Meeting, any Explanatory Memorandum and a Proxy Form, and shareholders are invited to attend these meetings. Shareholders may elect to receive communications electronically.

The Board regards the AGM 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 will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, and management, and where applicable, from the external auditor of the Company.

RECOMMENDATION 6.4 – ALL SUBSTANTIVE RESOLUTIONS AT A SECURITY HOLDER MEETING ARE DECIDED BY POLL

In order to ascertain the true will of Clean TeQ Water’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 actively encouraged to take advantage of the benefits of electing to receive communication from the Company and its share registry electronically.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

RECOMMENDATION 7.1 – RISK COMMITTEE

The Company’s Audit & Risk Committee Charter provides for the establishment of an Audit & Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit & Risk Committee Charter is available on our website at <https://www.cleanteqwater.com/company/corporate-governance/>.

The Audit & Risk Committee consists of three members, of whom two are independent Non-Executive Directors, being Mr Ian Knight and Ms Robyn McLeod, and one non-independent Non-Executive Director, being Mr Sam Riggall. Prior to 18 November 2021, Ms Stefanie Loader, who resigned on 10 March 2022, was a member of the Committee in lieu of Ms Robyn McLeod. All directors have relevant experience as shown in their biographies in the Directors’ Report.

In accordance with the Company’s Audit & Risk Committee Charter the Committee also has delegated responsibilities in relation to risk management which include assisting the Board to:

- review and make recommendations regarding the adequacy and integrity of the Company’s risk management framework and system of internal controls;
- reviewing compliance with relevant laws and regulations; and
- reviewing and maintaining the effectiveness of the Company’s Crisis Management system

Details of meetings held by the Committee during the year and member attendance are set out in the 2022 Directors’ Report.

RECOMMENDATION 7.2 – RISK MANAGEMENT FRAMEWORK

Clean TeQ Water’s risk management framework is supported by the Board of directors, management, and the Audit & Risk Committee. The Board is responsible for approving and reviewing the Company’s risk management strategy and policy.

Management is responsible for ensuring that appropriate processes and controls are in place to manage risk effectively and efficiently. Management 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. Senior management regularly reports to the Board and Audit & Risk Committee on the adequacy of its risk management systems, processes, and key matters for consideration.

The Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control. The Risk Management Policy is available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>). The Company's risk management framework is reviewed on a periodic basis, and a review was undertaken during FY22.

RECOMMENDATION 7.3 – INTERNAL AUDIT

The Board acknowledges that an internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Company's systems for risk management, internal controls, and governance, along with recommendations to improve the efficiency and effectiveness of these systems and processes. However, in light of cost-benefit considerations, the size and scope of the Company's operations, the Board does not consider it necessary to have an internal audit function and will continue to monitor whether the Company requires an internal audit function.

The Audit & Risk Committee oversees relevant financial and non-financial risks. During FY22, the Company has employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Audit & Risk Committee monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations;
- the Audit & Risk Committee periodically undertakes an internal review of financial systems and processes, and where systems are considered to require improvement these are developed; and
- the Audit & Risk Committee 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 RISKS

The Company is not subject to any particular or significant single economic, environmental or 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. The Company's key risks are disclosed in the Company's 2022 Annual Report. To mitigate those risks, the Company utilises risk mitigation strategies, including employing qualified and specialised consultants and advisors, as and when required, and holding a comprehensive insurance program.

Further material on the Company's approach to Risk Management and certain risks mentioned above are available on our website <https://www.cleanteqwater.com/company/corporate-governance/>.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1 – REMUNERATION COMMITTEE

The Company's Nomination & 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 & Remuneration Committee Charter is available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).

The Nomination & Remuneration Committee consists of three members, of whom two are independent Non-Executive Directors, being Mr Ian Knight and Ms Robyn McLeod, and one non-independent Non-Executive Director, being Mr Sam Riggall. Prior to 18 November 2021, Ms Stefanie Loader, who resigned on 10 March 2022, was a member of the Committee in lieu of Ms Robyn McLeod. All directors have relevant experience as shown in their biographies in the Directors' Report.

Clean TeQ Water's Nomination & Remuneration Committee has been delegated responsibilities in relation to remuneration matters as set out in the Nomination & Remuneration Committee Charter. Its role includes, *inter alia*, making recommendations to the Board on:

- the adoption the executive remuneration;
- any changes to the remuneration of Non-Executive Directors;
- gender equality in the recruitment, retention and remuneration policies and practices for Directors and employees including executives; and
- recruitment, retention and termination policies and practices for the Board and executives and including preparing for approval by the Board any report on executive remuneration that may be required under relevant regulator standards.

Details of meetings held by the Committee during the year and member attendances are set out in the 2022 Directors' Report.

RECOMMENDATION 8.2 – REMUNERATION POLICIES AND PRACTICES

The Nomination & Remuneration Committee is responsible for determining and reviewing remuneration policies for the Directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of Clean TeQ Water's remuneration practices for its directors and senior executives are disclosed in the Remuneration Report in the Company's 2022 Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

RECOMMENDATION 8.3 – EQUITY BASED REMUNERATION SCHEME

The Company's Share Trading Policy and Employee Incentive Plan prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

The Share Trading Policy and Employee Incentive Plan Rules are available on the Company's website (<https://www.cleanteqwater.com/company/corporate-governance/>).