



## **Energy Technologies Limited**

### **The Audit Committee Charter**

#### **Role and responsibilities**

The Audit Committee assists the Board in fulfilling its responsibilities relating to the accounting and reporting practices of the Company and advises on any matters of financial or regulatory significance which may be referred to it by the Board from time to time. In addition, the Committee assists the Board in fulfilling its responsibilities relating to compliance by the Company with legal and contractual obligations.

The Committee is responsible for:

- establishing a policy and Code of Conduct for Directors to ensure compliance with statutory responsibilities and codes of conduct adopted by the Board
- monitoring developments in codes of conduct and community standards as they relate to the company's activities.
- monitoring legislative changes relating to directors and other statutory responsibilities.
- reviewing compliance with directors' statutory responsibilities and community standards
- receiving regular reports on the status of any compliance program and on potential breaches of compliance relating to director's statutory responsibility, Code of Conduct, relevant legislation and community standards including but not limited to trade practices, risk management and financial derivatives.
- reviewing the effective management of financial business risk
- updating the Board on changing community standards and recommend changes to company policy.
- performing an independent review of the company's financial information prepared by management for external parties
- overseeing and appraising the quality of audits conducted within the company by internal and external auditors

- assessing the adequacy and effectiveness of internal control systems to ensure integrity of the company's records to safeguard its assets and to ensure compliance with:
  - laws and regulations which affect the company's operations including financial reporting.
  - prudential supervision requirements.
  - codes of conduct to which the company has adopted to ensure that the statement of corporate governance is accepted and adhered to by all Directors and employees.
- reviewing compliance with continuous disclosure obligations in accordance with the Corporations Law and the Australian Stock Exchange Listing Rules directing any due diligence procedures required by the Corporations Law, Australian Stock Exchange, or other such comparable body.
- reviewing and recommending approval of any prospectus prepared on behalf of the company,
- investigating any potential breach of the company's policy, code or obligation and to recommend any action as a result of its investigation.
- maintaining open lines of communication between the Board, company Auditor and management.

## **Composition**

- At least three members, a majority of whom are independent Non-Executive directors
- All members to be financially literate. Some members have an understanding of the Electrical and Manufacturing industry. At least one, and preferably two, member(s) to have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication.
- The Board to make appointments to the Committee and set remuneration
- The initial term to be three years, but members to be eligible for reappointment.
- Where practicable, the terms of members shall be staggered so that no more than one half of the number of members shall stand for reappointment annually.
- The Chairperson of the Committee (who may not be the Chairman of the Board) to be appointed by the Board for a specified term of office and to be eligible for re-appointment by the Board.
- The Company Secretary to be appointed as Secretary of the Committee.

- The Managing Director and the Chief Financial Officer to be given notice of all meetings and have the right to attend and speak at such meetings other than matters relating to their own performance.

### **Relationship with the Board**

- The Committee's scope includes EGY and its subsidiaries.
- The Committee may, within the scope of its responsibilities:
  - seek any information it requires from any employee (all employees are directed to co-operate with any request made by the Committee) and external parties
  - obtain external independent legal or professional advice at the expense of the company
  - ensure the attendance of company officers at meetings as appropriate.
- The Committee has unlimited access to both the internal and external auditors and to senior management of the company.
- The Committee is to operate within the framework of this Charter, however Committee members may raise any other matters considered desirable.
- The Committee is a committee of the Board and has no authority independent of the functions delegated to it and is to report its findings and recommendations directly to Board.
- The functions of the Committee do not relieve the Board from any of its responsibilities.
- There is to be no delegation of executive power to the Committee.
- The Committee shall have the ability to direct any special investigation and to consult independent experts where necessary to carry out its duties.