



Energy Technologies Limited

Risk Management Policy

The Board is responsible for ensuring there are adequate policies in relation to the company's risk management and internal compliance systems. These systems require management to be responsible for identifying and managing risks to the company's business and to report promptly and comprehensively to the Board.

The Board has endorsed a Risk Management Policy that is applicable to EGY's business and requires regular reporting of constant improvements to the system as part of an ongoing response to new business activities and situations.

In particular it requires that:

- Significant decisions affecting the business are subject to risk assessment.
- All acquisitions and divestments of assets be subject to risk assessment
- Incidents be analysed in order to learn from them
- Risk management plans be maintained and regularly reviewed
- Performance against risk management plans be monitored and reported upon to the Board

The Board accepts that effective management of risk is needed to achieve growth with greater certainty. Shareholder growth will necessitate the setting of objectives which will have a certain amount of inherent risk.

The Board adopts a conservative view of which risks are considered material and aims to ensure a high level of management control is in place and is reported on.

Responsibility for risk assessment rests with all managers who are involved in the management of activities or resources and reporting of risk identification and mitigation form part of the Divisional Manager's regular reports. The assessment process is based on AS/NZS 4360:2004 as the relevant standard.

Information arising from the risk assessment process is considered by the Executive Risk Management Committee which reports to the Board on a monthly basis. Members of this committee are the Managing Director, the Company Secretary and the Chief Executives of subsidiaries.

As part of the risk management system, the Managing Director and the CFO are required to advise the Board annually in writing whether:

- The Consolidated Financial Report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board
- The company's risk management and internal control systems, relating to financial reporting, are operating efficiently and effectively in all material respects.