CORPORATE GOVERNANCE

Carnegie Clean Energy Limited is a wave energy technology development company. The Company has established procedures to encourage and maintain a culture of good corporate governance. The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this report. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations in relation to the year ended 30 June 2026.

The corporate governance statement set out in this report discloses the extent to which the Company is following the recommendations as at the date of this report. The Company follows each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation. Unless otherwise stated, the practices detailed in this statement have been in place for the entire reporting period ended 30 June 2026.

Governance-related documents can be found on the Company's website at www.carnegiece.com, under the menu "About Us - Corporate Information" and within the section marked "Corporate Governance".

Compliance with Corporate Governance Principles and Recommendations

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The listing entity should disclose:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

The Company complies with this recommendation. A policy on matters reserved for the Board is outlined in the "Matters Reserved for Board Approval" document and is available on the Company's website. The Company has established clear details of the roles and responsibilities of each of its board management members.

Recommendation 1.2

A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company complies with this recommendation. The Company has a policy for the evaluation of the Board and Senior Executives in accordance with the Board and Senior Executives Evaluation Policy. The appointment of any director is subject to subsequent approval by shareholders at the next Annual General Meeting of the Company. Meeting materials for such meeting incorporates all relevant details to assist shareholders in deciding whether or not to elect or re-elect that director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company complies with this recommendation. Prior to the formal appointment of any director, a written agreement is entered into between the Company and the director setting out the terms and conditions of their appointment.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company complies with this recommendation.

As Mr Grant Mooney performs the role of Non-Executive Director and Company Secretary, his role is actively monitored by the Board at regular intervals. The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and where required assists the CEO with the circulation of meeting agendas and papers.

Recommendation 1.5

A listed entity should:

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and

(c) disclose in relation to each reporting period:

(1) the measurable objectives set for that period to achieve gender diversity;

(2) the entity's progress towards achieving those objectives; and

(3) either:

(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company does not comply with this recommendation. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time to formally set objectives for gender diversity. The Company currently employs (including on a consulting basis) 23 staff (7 females and 16 males). The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. The Company's policy on diversity is to employ the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability.

Recommendation 1.6

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that reporting period.

The Company complies with this recommendation. A review of the Directors was undertaken during the year.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company complies with this recommendation. On an annual basis, the Company undertakes a review of the senior executives which is confirmed in the Annual Report. A Chief Executive performance evaluation was not conducted for the current reporting period. The Board is anticipating such a review in Q2 of this financial year.

Principle 2: Structure the board to add value

Recommendation 2.1

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director; and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs 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 Company complies with this recommendation.

The Board considers that, given the current size and scope of Carnegie's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee.

The full Board considers the matters and issues that would otherwise be addressed by a nomination committee in accordance with Carnegie's Nomination and Remuneration Policy.

Under the Board Charter, candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience. As a matter of practice, candidates for the office of Director are individually assessed by the Chairman and the Chief Executive Officer before appointment or nomination to ensure that they possess the relevant skills, experience or other qualities considered appropriate and necessary to provide value and assist in advancement of Carnegie's operations.

The Board will reconsider the requirement for, and benefits of, a separate nomination committee as Carnegie's operations grow and evolve.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company complies with this recommendation. The Board has undertaken an assessment of its mix of skills using a skills matrix to assess strengths and identify weaknesses. A summary of the blend of skills is set out below:

Expertise	Industry	Qualifications
▪ Renewable energy ▪ Infrastructure ▪ Industrial & manufacturing ▪ Engineering ▪ Minerals & Mining ▪ Capital Markets ▪ Research & Development	▪ Renewable energy ▪ Power & electricity ▪ Capital markets ▪ Mineral exploration and mining ▪ Technology and R&D ▪ Construction ▪ Infrastructure	▪ Business & accounting ▪ Engineering ▪ Management

The skills, experience and expertise of each of the Company's directors are set out in this report.

Recommendation 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Company complies with this recommendation. All directors meet the requirements set out in the Best Practice Recommendations of qualifying as Independent Directors. The length of service of each Director is set out in this report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Company complies with this recommendation as all directors are considered to be independent directors.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company complies with this recommendation.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company complies with this recommendation. The Company has established a process for induction of new directors and where possible, provides each director with opportunities for professional development such that they can improve their effectiveness as directors of the Company.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

A listed entity should articulate and disclose its values.

The Company complies with this recommendation. The Company has established a code of conduct and a code of ethics which are available on the Company's website.

Recommendation 3.2

A listed entity should:

(a) have and disclose a code of conduct for its directors, senior executives and employees; and

(b) ensure that the board or a committee of the board is informed of any material breaches of that that code.

The Company complies with this recommendation. The Company has established a code of conduct for all directors, senior executives and employees which is actively monitored by the Board for performance against it and which is available on the Company's website.

Recommendation 3.3

A listed entity should:

(a) have and disclose whistleblower policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company complies with this recommendation. A copy of the policy can be found on the Company's website.

Recommendation 3.4

A listed entity should:

(a) have and disclose an anti-bribery and corruption policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company complies with this recommendation. A copy of the policy can be found on the Company's website.

Principle 4: Safeguard integrity in corporate reports

Recommendation 4.1

The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) *the charter of the committee;*

(4) *the relevant qualifications and experience of the members of the committee; and*

(5) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

(b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Company does not comply with this recommendation.

The Board undertakes the function of an Audit & Risk Committee directly at Board Level. The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being Company risk, controls and general and specific financial matters, as detailed in Risk Management and Compliance and Control on the Company's website. As the Company grows, the Board will consider the re-implementation of an Audit and Risk Committee.

Recommendation 4.2

The board of the listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation. The Board receives assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Company also has a separate policy in relation to Risk Management which is available on the Company's website.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company complies with this recommendation. Any such periodic corporate report that is not audited shall disclose details of whether or not and to what extent any independent audit has taken place.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1.

The Company complies with this recommendation. The Company has a Continuous Disclosure policy which is set out on the Company's website.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company complies with this recommendation.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Announcements Platform ahead of the presentation.

The Company complies with this recommendation.

Principle 6: Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company complies with this recommendation. A summary of the Company's Corporate Governance policies is set on the Company's website.

Recommendation 6.2

> *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Company complies with this recommendation. The Company has established an investor relations program to ensure effective communications between the Company and shareholders and investors. The Company has a Shareholder Communication Policy which is set out on the Company website.

Recommendation 6.3

> *A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.*

The Company complies with this recommendation. The Company has a Shareholder Communication Policy which is set out on the Company website. The Company provides an opportunity for Shareholders unable to attend a general meeting to ask questions via email which will be dealt with at question time at the meeting and a written response to the question provided to the shareholder after the meeting. Any presentations to be provided at a general meeting including a Chairman's Address are lodged on the ASX platform prior to the meeting in accordance with ASX Listing Rules.

Recommendation 6.4

> *A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.*

The Company complies with this recommendation.

Recommendation 6.5

> *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company complies with this recommendation. The Company provides the option to shareholders to receive communications electronically, notification of this option is provided by the Company registry.

Principle 7: Recognise and manage risk

Recommendation 7.1

> *The board of a listed entity should:*
>
> *(a) have a committee or committees to oversee risk, each of which:*
>
> *(1) has at least three members, a majority of whom are independent directors; and*
>
> *(2) is chaired by an independent director;*
>
> *And disclose:*
>
> *(3) the charter of the committee;*
>
> *(4) the members of the committee; and*
>
> *(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
>
> *(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company complies with this recommendation.

It is noted that given the Company's size, the Company has chosen to undertake the role and function of the Audit and Risk Committee at Board level until such time as the Company is of a size to justify a separate Audit and Risk Committee.

The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed in accordance with the Company's Risk Management Policy. Risks are considered at regular board meetings.

The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.

As Carnegie's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.

However, Carnegie has adopted a Risk Management Policy which includes the following:

The purpose of the policy is to:

1. provide a framework for identifying, assessing, monitoring and managing risk;
2. communicate the roles and accountabilities of participants in the risk management system; and
3. highlight the status of risks to which Carnegie is exposed, including any material changes to Carnegie's risk profile.

The Board is responsible for the following under the policy:

1. risk management and oversight of internal controls;
2. establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and
3. for the overseeing of such procedures.

The Risk Management Policy is available on the Company's website.

Recommendation 7.2

The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company complies with this recommendation. A specific review of the Company's risks was subject to a review at a Board Meeting during the year and immediately following the end of the financial year. In addition, any perceived risks are addressed at Board Meetings convened at regular intervals throughout the year.

Recommendation 7.3

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.

The Company complies with this recommendation. The Directors are of the view that given the size of the Company, it is not practical to have an internal audit function and that risk management is undertaken by the Board and senior management.

Carnegie has adopted internal control procedures including the following:

- authorisation limits in place for expenditure and payments. All payments over certain thresholds are required to receive director(s) approval and in certain cases of larger payments, full Board resolution;
- a Director or senior manager must not approve a payment to themselves or a related party, other than standard salary/Directors fees in accordance with their Board approved remuneration;
- The Company prepares cash flow forecasts which include materiality thresholds and which are regularly reviewed; and
- The Board and senior management are charged with evaluating and considering improvements to Carnegie's risk management and internal control processes on an ongoing basis.

The Board also considers and adopts any recommendations made by the Company's external auditors as outlined in their end of year Closing Report to improve the Company's internal control processes.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company complies with this recommendation. Risks to which the Company is exposed are set out in the Directors Report within the 2026 Financial Report. These risks are considered at regular meetings of Directors.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company complies with this recommendation. Given the Company's size, the Company has chosen during the year to undertake the role and function of the Remuneration Committee at Board level until such time as the Company is of a size to justify a separate Remuneration Committee and undertakes its role under the guidance of the adopted Remuneration and Nomination Committee Charter.

The Company sets out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within the Company's annual report to Shareholders. The full Board is also responsible for setting performance criteria, performance indicators, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and any professional indemnity and liability insurance cover. Items that are usually required to be discussed by a separate remuneration committee are marked as separate agenda items at Board meetings when required and considered within the framework of the Remuneration and Nomination Committee Charter.

Where the Board considers it necessary and appropriate to obtain external advice regarding remuneration, it does so by engagement of external consultants. Remuneration which is provided in the form of incentives to directors is undertaken in accordance with the ASX Listing Rules and as such, Shareholder Approval obtained at a general meeting of the Company.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company complies with this recommendation. The Company has separate policies relating to the remuneration of non-executive directors as opposed to senior executives. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

The Company complies with this recommendation. The Company has a Securities Trading Policy which, among other things, sets out the Company's policy on trading the Company's securities. A copy of this policy is on the Company's website.