

MinterEllison

Felix Group Holdings Ltd

Compliance with requirements of ASX Corporate Governance Principles and Recommendations (4th edition)

8 January 2021

Under ASX Listing Rule 4.10.3, ASX listed entities are required to benchmark their corporate governance practices against the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th edition) (**ASX Recommendations**) and, where they do not conform, to disclose that fact and the reasons why. The ASX Recommendations are not prescriptions, but guidelines, and listed entities are entitled to not adopt a particular recommendation if it considers it inappropriate in the context of the business.

On listing, Felix Group Holdings Ltd's (**Felix** or **Company**) will comply with the ASX Recommendations other than as set out in the table below. However, Felix may depart from the ASX Recommendations in the future if it considers such a departure would be reasonable or necessary.

Rec. no. / topic	ASX Recommendation	Compliance / intent to comply	Reason for non-compliance
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1 / Board Charter	A listed entity should have and disclose a board charter setting out: (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.	Yes	N/A
1.2 / Appointment of directors and senior managers	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.	Yes	N/A
1.3 / Letters of Appointment	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	N/A
1.4 / Company Secretary	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.	Yes	N/A
1.5 / Diversity	A listed entity should: (a) have and disclose a diversity policy;	Yes	N/A

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	<p>(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</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(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</p> <p>(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.</p> <p>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.</p>		
1.6 / Evaluation of Board	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Yes	N/A
1.7 / Evaluation of Senior Executives	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Yes	N/A

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PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1 / Nomination Committee	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>Partial compliance. The majority of committee members of the Nomination and Remuneration Committee are not independent directors.</p> <p>Currently, Michael Bushby, George Rolleston and Michael Trusler are members of the Nomination and Remuneration Committee. Michael Bushby will act as chair of the committee and is an independent director.</p>	<p>The Company's intention is to eventually have a majority of independent non-executive directors on the Nomination and Remuneration Committee. However, given the current size of the board of the Company (Board) and circumstances of the Company, this is not currently possible.</p>
2.2 / Board skills matrix	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Yes	N/A
2.3 / Independence of directors	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 of the ASX Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	N/A
2.4 / Board composition	A majority of the board of a listed entity should be independent directors.	No. The Board comprises four directors, being Michael Bushby (Non-Executive Chairman), George Rolleston (Non-Executive Director), Mike Davis	The Board has determined at this time not to follow the ASX Recommendation that a majority of the board of a listed entity be independent directors. The Company

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		(Executive Director and Chief Executive Officer) and Michael Trusler (Non-Executive Director). Presently Michael Bushby is the only independent director.	believes it is appropriate for Mike Davis, Michael Trusler and George Rolleston to be directors of the Company given their significant understanding of the environment in which the Company operates and knowledge of the Company. The Company's intention is to eventually have a majority of independent non-executive directors on the Board. However, given the current size of the Board and circumstances of the Company, this is not currently possible.
2.5 / Chair	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.	Yes	N/A
2.6 / Induction and professional development	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	N/A
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1 / Disclosure of values	A listed entity should articulate and disclose its values.	Yes	N/A
3.2 / Code of Conduct	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 code.	Yes	N/A
3.3 / Whistleblower Policy	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes	N/A

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3.4 / Anti-Bribery and Corruption Policy	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	Yes	N/A

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

4.1 / Audit Committee	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> (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, <p>and disclose:</p> <ol style="list-style-type: none"> (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 <p>(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.</p>	<p>Partial compliance. The majority of committee members of the Audit, Risk and Compliance Committee are not independent directors and the Audit, Risk and Compliance Committee is chaired by a director who is not considered to be an independent director who is not the chair of the Board.</p> <p>Currently, George Rolleston, Michael Bushby and Mike Davis are members of the Audit, Risk and Compliance Committee. George Rolleston will act as chair of the committee.</p>	<p>The Board has determined at this time not to follow the ASX Recommendations that all members of the Audit, Risk and Compliance Committee be non-executive directors, a majority of whom are independent directors and that the chair of the committee be an independent director who is not the chair of the Board.</p> <p>The Company believes it is appropriate for Mike Davis, an executive director, to be a part of this committee given his significant understanding of the environment in which the Company operates and knowledge of the Company and risks associated with its operation. Additionally, given the size and composition of the Board it is not currently possible for there to be a majority of independent directors or an independent chair of the Audit, Risk and Compliance Committee.</p> <p>It is the Company's intent to find a suitably experienced candidate to assume the position of chair of the Audit, Risk and Compliance Committee as soon as reasonably practicable after listing.</p>
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4.2 / Financial Statements	The board of a 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.	Yes	N/A
4.3 / Financial Statements	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.	Yes	N/A
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1 / Continuous disclosure policy	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Yes	N/A
5.2 / Continuous disclosure practices	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes	N/A
5.3 / Continuous disclosure practices	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Yes	N/A
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1 / Information on website	A listed entity should provide information about itself and its governance to investors via its website.	Yes	N/A
6.2 / Investor relations program	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	N/A
6.3 / Participation at meetings of securityholders	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	N/A
6.4 / Resolutions decided on a poll	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.	Yes	N/A

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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.	Yes	N/A
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1 / Risk management framework	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (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 <p>(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.</p>	<p>Partial compliance. The majority of committee members of the Audit, Risk and Compliance Committee are not independent directors and the Audit, Risk and Compliance Committee is chaired by a director who is not considered independent.</p> <p>Currently, George Rolleston, Michael Bushby and Mike Davis are members of the Audit, Risk and Compliance Committee. George Rolleston will act as chair of the committee.</p>	<p>The Board has determined at this time not to follow the ASX Recommendations that a majority of members of the Audit, Risk and Compliance Committee be independent directors and that the chair of the committee be an independent director.</p> <p>Given the size and composition of the Board it is not currently possible for there to be a majority of independent directors or an independent chair of the Audit, Risk and Compliance Committee.</p> <p>It is the Company's intent to find a suitably experienced candidate to assume the position of chair of the Audit, Risk and Compliance Committee as soon as reasonably practicable after listing.</p>
7.2 / Annual risk review	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	N/A
7.3 / Internal audit	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	Yes	N/A

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7.4 / Environmental and social risks	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Yes	N/A
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1 / Remuneration of directors and management	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (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 <p>(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.</p>	<p>Partial compliance. The majority of committee members of the Nomination and Remuneration Committee are not independent directors.</p> <p>Currently, Michael Bushby, George Rolleston and Michael Trusler are members of the Nomination and Remuneration Committee. Michael Bushby will act as chair of the committee and is an independent director.</p>	The Company's intention is to eventually have a majority of independent non-executive directors on the Nomination and Remuneration Committee. However, given the current size of the Board and circumstances of the Company, this is not currently possible.
8.2 / Remuneration of directors and management	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.	Yes	N/A
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	N/A

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ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	N/A	N/A
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	N/A	N/A
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	N/A	N/A
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements. 	N/A	N/A
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	N/A	N/A