# CORPORATE GOVERNANCE STATEMENT

## October 2021

FBR LIMITED ACN 090 000 276

The information contained in this report is strictly the property of FBR Group of Companies and is not to be disclosed verbally, copied, stored in a retrieval system, or transmitted in any form by any means electronic, mechanical, photocopying, recording or otherwise without prior written approval of FBR. This information is not to be acted upon in any manner without prior written approval of FBR other than for the purpose supplied. Copyright© FBR Ltd.

| *Printed documents are **Not Controlled*** | | Printed: | |
|---|---|---|---|
| Policy number: | N/A | Version: | 4.1 |
| Drafted by: | Company Secretary | Approved by Board on: | October 2021 |
| Responsible person: | Company Secretary | Scheduled review date: | August 2022 |

# Corporate Governance Statement

As at the date of this report, the Directors of the Company are:

| NAME | POSITION |
|---|---|
| Richard Grellman | Chairman Non-Executive, Chair of Remuneration and People Committee (Independent Director) – Appointed 15 July 2018 |
| Michael Pivac | Managing Director & Chief Executive Officer (not independent) - Appointed 18 November 2015 |
| Mark Pivac | Chief Technical Officer, Executive Director (not independent) – Appointed 18 November 2015 |
| Grant Anderson | Non-Executive, Chair of Audit & Risk Committee (Independent Director) – Appointed 17 October 2019 |
| Greg Smith | Non-Executive, (Independent Director) – Appointed 5 August 2020 |

FBR is committed to maintaining and promoting high standards of corporate governance. By corporate governance we mean our structures for accountability and the framework of rules, relationships, systems and processes within and by which authority is exercised and managed within our Company.

This report outlines our principal governance arrangements and practices for effective decision-making and accountability. It is current as at the date of this report and has been approved by the Board. FBR's governance arrangements have been consistent with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations throughout the reporting period and this statement reports compliance with the fourth edition.

The FBR Board and its committees regularly review FBR's governance arrangements and practices to ensure they are in line with regulatory requirements and developments in industry expectations, and that they continue to support FBR's business objectives.

## 1. Role of the Board

The Board is ultimately responsible for all matters relating to the running of the Company and accountable to the shareholders for the performance of the Company. The Board's role is to govern the company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole.

The Board's responsibilities are detailed in the Board charter. The Board's conduct is also governed by FBR's constitution. The Board charter and FBR's constitution are available on FBR's website.

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

## 2. Responsibilities of the Board

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

To provide leadership to the company by:

- guiding the development of an appropriate culture and values for the Company through the establishment and review of rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods; and
- always acting in a manner consistent with the company's culture and rules and procedures.

Oversee the development and implementation of an appropriate strategy by:

- working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
- regularly reviewing and amending or updating the Company's strategic direction and goals;
- ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
- overseeing planning activities including the development and approval of strategic plans and operating budgets; and
- reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including the outcome of such reviews on at least an annual basis.

Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

Overseeing the control and accountability systems that ensure the company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations.

Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively.

Ensuring appropriate human resource systems (including OH & S systems) are in place to ensure the well-being and effective contribution of all employees.

Delegating appropriate powers to the Executive Directors to ensure the effective day-to-day management of the business and monitoring the exercise of these powers.

## 3. Specific Matters Reserved for the Board

- Acquiring or selling shares of the Company
- Acquiring, selling or otherwise disposing of property
- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the company's participation in other companies
- Acquiring or selling patent rights, rights in registered trade marks, licences or other intellectual property rights of the company
- Founding, dissolving or relocating branch offices or other offices, plants and facilities
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the company's business activities
- Approving and/or altering the annual business plan (including financial planning) for the Company or any part of the company
- Taking or granting of loans including, without limitation, issuing of promissory notes or loans
- Granting securities of any type
- Granting loans to company officers or employees and taking guarantees from the company's officers and employees
- Determining the balance sheet strategy for the company or any part of the company
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases
- Determining the total amount of bonuses and gratuities for Company officers and employees
- Appointing and, where appropriate, removal of Executive Directors
- Ratifying the appointment and, where appropriate, the removal of the Group General Manager, Chief Financial Officer and Company Secretary
- Determining the appointment, termination, prolongation or employment or amendment to conditions of employment of members of the Board of Directors
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company

# Corporate Governance Statement

## 4. Board Composition

The composition of the Board is reviewed and considered at least annually at a meeting of all Directors. Shareholder approval is required on the composition of the Board. Directors are elected by shareholders and remain accountable to them. The Board will meet formally on a regular basis.

The Board presently comprises three non-executive Directors and two executive directors.

The Company policy regarding the written terms and conditions for remuneration relating to the appointment and retirement of Board members are approved at a meeting of all Directors following professional advice. The Directors of the Company, meeting as a Board, determine the fees of Directors within the aggregate limit established by shareholders in a general meeting.

The remuneration and written terms and conditions of executive officers are reviewed and approved by the Directors after seeking professional advice.

The non-executive members of the Board have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. The Chairman's approval of such expenditure is required.

Where any Director has an interest of any kind in relation to any matter dealt with at a Board or committee meeting that Director abstains from participation in the decision process.

Directors and officers must inform the Chairman, in advance, of any proposed dealing in the company's securities, refrain from buying or selling in the period of one day before, the day of, and the day after announcements and observe all legal requirements relating to dealing in securities. Directors and officers are prohibited from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

## 5. Director Appointment and Renewal

Before appointing a director, FBR undertakes comprehensive reference checks including education, employment, and character checks, and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Board regularly reviews its composition and succession plans and the process for nominating and selecting FBR directors. Directors are generally elected for three years.

Once elected FBR undertakes an informal induction program for new Directors.

## 6. Director skills and experience

The Board reviews the skills represented by Directors and considers whether the composition, mix of those skills and succession plans remain appropriate for FBR's strategy. It makes recommendations based on its reviews. The Board also periodically reviews the skills represented by Directors and considers whether there is a need for existing Directors to undertake training or professional development to maintain the skills and knowledge needed to perform their roles as Directors effectively.

The Board also considers and makes recommendations about the process for selection and appointment of Directors for the Board and Board committees, and about the performance of Directors.

## Corporate Governance Statement

To guide its assessment of the skills and experience of non-executive directors and to identify any gaps in the collective skills of the Board, the Board uses a skills matrix.

The skills matrix chart below shows the Board's current assessment of its skills coverage.

| Competency Area | Specific skills and experience |
|---|---|
| | |
| **Leadership** | Successful history in business at a senior executive level. Public listed company experience. Understanding/influencing organisation culture |
| **Strategic Thinking** | Experience in developing and implementing successful strategy. Ability to provide oversight of management for the delivery of strategic objectives. |
| **International Experience** | Experience in and exposure to multiple cultural, regulatory, and business environments. Experiences with doing business in Europe, US, and the Asia region. |
| **Governance** | Experience in governance with complex organisations. Commitment to ensuring effective governance structure. Maintaining effective risk management and internal control. |
| **Financial Acumen** | Experience in financial accounting and reporting, corporate finance and internal financial controls. Experience in business analysis and financial forecasting. |
| **Health, Safety and Environment** | Experience related to workplace health and safety. Experience with environmental and community issues in a large organisation. |
| **Stakeholder Management** | Experience with community relations and government affairs. Executive experience with industrial relations. |
| **Capital Projects** | Experience in the delivery of large-scale capital projects. Experience in project governance and risk management. |
| **Sales and Marketing** | Senior executive experience in sales and marking. Building long-term, sustainable customer relations across a diverse customer base. Detailed knowledge of the Company's strategy, markets, and competitors. |
| **Public Policy and Regulation** | Experience in managing how organisations adapt and respond to changing public policy settings. Oversight and management of regulatory frameworks and processes designed to ensure that all regulatory obligations are met. |
| **Information Technology and Innovation** | Knowledge and experience in use and governance of critical information technology infrastructure and applications. Understanding of potential exposure of organisations to cyber risk and leveraging digital technology to support growth and drive competitive advantage. |

| | |
|---|---|
| **Robotics and Technology** | Knowledge and experience in robotic research and application, including mechanical engineering, electrical engineering and computer science that deals with the design, construction, operation, and application of robots. |
| **Operations and Manufacturing** | Senior executive experience in operations and manufacturing field, including experience in successful product development and manufacture and the implementation of operating models and systems. |
| **Construction** | Senior executive experience in a construction environment, including a strong background in developing and implementing the controls to comply with National and International construction standards and ensuring compliance with construction standards. |

The Board considers that individually and collectively, the directors have an appropriate mix of skills, experience and expertise to understand FBR and its operating environment, to navigate current and emerging issues, and to oversee the performance of management in executing the Board-approved strategy.

The Board keeps up-to-date with market and industry developments through regular briefings at Board meetings and through site visits.

## 7. Delegation to Management

Michael Pivac, as Managing Director and CEO, is responsible for managing the Company in accordance with the strategy and policies approved by the Board.

Executives support and report to the CEO. Executives' biographies are available on FBR's website.

Executives attend and regularly report at Board meetings.

## 8. Company Secretaries

The Board is responsible for the appointment of company secretaries. The company secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Company Secretary is responsible for the communication of administrative matters to the ASX. Significant announcements are posted on the Company's website as soon as possible after receiving ASX clearance of the release.

## 9. Evaluation of the performance of senior executives, the Board, its committees and individual Directors

The Board reviews the performance of the senior executives annually by way of formal and informal discussions as appropriate throughout the year. This process was completed for the year ended 30 June 2021.

A review of the performance of the Board and its Committees during the financial year is conducted by the Chairman through formal and informal discussions. Significant issues that are identified or

changes recommended are actioned by the Board. The Board takes these evaluations into consideration when recommending directors for election. This process was completed for the year ended 30 June 2021.

The Company will be undertaking regular skills assessment and formal performance reviews and evaluations of individual Directors and senior executives. The company does have a Remuneration and People Committee who are responsible for establishing a framework for executive remuneration, performance, and assessment.

The process for evaluating individual Directors and senior executives' performance and remuneration is set out in the Remuneration Report on pages 34 to 48 of the Annual Report.

## 10. Conflict of Interest

Directors are required to disclose all interests that may conflict with their duties. If a director has a material personal interest in a matter being considered by the Board, they must not be present for the consideration of that matter or vote on the matter (unless approved by other directors who do not have a material personal interest in the matter).

## 11. Keeping the market informed

The Company has documented policies for communications and continuous disclosure procedures and practices. The management group is required to bring any matters which may be of a price sensitive nature to the Board's attention. The Board also specifically addresses the issue of process sensitive information at each of its Board meetings. When the Company gives a new and substantive investor or analyst presentation the Company releases a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. All ASX announcements are sent directly to the Director's immediately after they are released, to ensure Directors are full aware and have timely visibility of the nature and quality of the information being disclosed to the market.

## 12. Communications to Shareholders

The Board of Directors is committed to communicating promptly, accurately and in plain language with shareholders and aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to shareholders through:

- All market announcements are published on FBR's website following release on the ASX Market Announcements Platform. FBR also publishes media releases and other relevant information on its website (including its corporate governance arrangements).
- The annual report which is distributed to all shareholders;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate;
- The appointment of a staff member and an investor relations program for shareholder liaison to respond to telephone and written shareholder inquiries; and
- FBR uses a number of platforms and technologies, including social media, to communicate promptly, transparently. The Company's interactive website at http://www.fbr.com.au/ provides shareholders with information on the company, its services and products. This provides shareholders the ability to communicate electronically.

# Corporate Governance Statement

The Company Secretary ensures that the Company's share registry provides shareholders the option to communicate and receive notices electronically.

## 13. Annual General Meetings

The AGM is an opportunity for shareholders to hear from and put questions to the Board, external auditor and executives. We encourage shareholders to attend and participate.

All substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

## 14. Audit & Risk Committee

At the date of this report the Company had an Audit and Risk Committee consisting of the following Directors:

a) Grant Anderson (Committee Chairman);

b) Richard Grellman (Committee member); and

c) Greg Smith (Committee member).

The Audit & Risk Committee has a formal charter and its objectives to assist the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control include:

- assessing the risk and control environment – review accounting policies, internal controls, practices and disclosures to assist the board in making informed decisions;
- monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments. Overseeing the financial reporting to ensure it is appropriate and of a high quality prior to recommending adoption of the financial statements by the board for release to the ASX and shareholders;
- review the Company's internal financial control system and risk management systems including the Company's Risk Management and Internal Compliance and Control policy;
- monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- monitor and review compliance with the Company's Code of Conduct; and
- perform such other functions as assigned by law or the Company's Constitution.

Committee members are financially literate, that is, have the ability to read and understand financial reports including the statements of financial performance, financial position and cash flow. The Committee members have accounting and financial experience, are knowledgeable about financial and auditing processes and are responsible for the planning and conduct of meetings and overseeing the reporting to the Board.

The Audit & Risk Committee meets at least each half year to coincide with the production of published financial statements and the assessment of external audit reports. The external auditor, and Chief Financial Officer are invited to attend Audit and Risk Committee meetings. The Committee members

consult directly with the external auditor as required. This consultation may be independent of management in order to provide an opportunity for the auditor to discuss any contentious issue or raise concerns. The external auditor is also invited to the Annual General Meeting.

In addition to the responsibilities listed above, the Audit and Risk Committee has a role in safeguarding the integrity of FBR's corporate reporting.

Before it approves the financial statements for the half-year and full-year, the Board receives a statement from the CEO and Chief Financial Officer (CFO) consistent with the requirements of the Corporations Act 2001, confirming that to the best of their knowledge the financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is made at half yearly intervals. The Audit and Risk Committee charter is available on FBR's website.

## 15. Risk Management

The Board as a whole considers the major risks affecting the business. The Company has developed a risk management system to evaluate and control risks effectively to ensure opportunities are not lost. Competitive advantage is enhanced, and management time is not spent reacting to issues or events. It is not intended to eliminate risk.

This risk management system encompasses all financial operational and compliance controls and risk management and is subject to regular review.

Financial controls and procedures are clearly defined with the operating and capital budgets used as key controls for business operations. Management regularly report monthly actual results against budgets approved by the board.

The Company does not have internal audit function and due to its size and lack of complexity relies on financial, procedural and managerial controls to mitigate risk.

The Chief Financial Officer provided a written statement to the Board, that in his opinion:

- the statement given in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- the Company's risk management and internal compliance and control framework is operating effectively in all material respects in relation to financial reporting risks.

## 16. Whistleblower Policy

The Company has implemented a Whistleblower Policy.

A number of options are available to employees who have questions or who wish to report suspected violations of the law, the Code of Conduct or related policies and standards. In addition to reporting any concerns to their line manager, officers, employees (as well as contractors) have the ability to raise concerns with FBR's Company Secretary or, alternatively, to FBR's independent Whistleblower representatives.

FBR's Whistleblower representatives are independent non-executive directors who are available for reporting any breaches of Company policy or breaches of the law by FBR.

All material breaches are reported to the executive team and the Board. Depending on the nature of the disclosure, investigative reports may include recommendations for remedial or disciplinary action. Persons providing information to FBR's Whistleblower representatives have the option to remain anonymous, ensuring the protection of the individual as well as the integrity of the Whistleblower service.

## 17. Anti-Bribery and Anti-Corruption Policy

The Company has implemented an Anti-Bribery and Anti-Corruption Policy.

FBR acts with integrity and honesty wherever it does business and is committed to a zero tolerance approach to bribery and corruption.

FBR is committed to conducting its business ethically and in compliance with all applicable laws and regulations.

FBR prohibits bribery and corruption, in any form, whether direct or indirect, whether in the private or public sector, anywhere in the world, and FBR employees must comply with all relevant laws and regulations in Australia and other jurisdictions

Any material breach of the Anti-bribery and Corruption Policy is reported to the Board.

## 18. Verification of periodic reports

The Company is committed to providing clear, concise and effective disclosure in its corporate reports. Activities reports contained with annual, interim and quarterly reports are prepared by Executives and Directors and circulated to the full Board for review and comment to ensure accuracy with each individual Directors' knowledge and understanding of operations during the period. Financial data is prepared and sent to the Board for review against Directors' knowledge and understanding of operations for each period before approval for release to the market in the reports.

## 19. ASX Corporate Governance Council Guidelines

ASX Corporate Governance Council Guidelines

This Corporate Governance Statement of the Company has been prepared in accordance with the Fourth Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and a link to it is included in the company's Annual Report pursuant to ASX Listing Rule 4.10.3. The Corporate Governance Report is available at https://www.fbr.com.au/view/corporate-governance. The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

The Board has not adopted the following ASX recommendations:

**Recommendation 1.5: Diversity Policy**

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organization.

## Corporate Governance Statement

The Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them.

Given the size of the Company, the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

For the 2021 financial year the Company had a total of 10 women employees out of a total of 70 contractors, employees and Directors, with one woman in a senior management position.

**Recommendation 2.1: The Board should establish a nomination committee**

The Board considers that the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process. As the Board consists of five Directors this is considered best practice at this stage in the Company's development.

**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**

As detailed on the Company website, the Directors are all professionals with experience in different areas relevant to FBR's business. FBR is committed to ensuring the Board is comprised of Directors who possess the appropriate mix of skills, expertise and diversity to adequately discharge its responsibilities and duties.

The mix of skills comprised in the current Board, and that the Board would look to maintain and to build on, includes:

- Technology sector experience;
- technical expertise (including accounting, legal and investor relations);
- governance and risk management;
- debt and equity fundraising experience;
- high level of business acumen; and
- appropriate team orientated behavioural characteristics.

In saying that, the Board structure and composition will be reviewed as and when the Company's strategic direction and activities change. The Company will only recommend the appointment of additional Directors to the Board where it believes the expertise and value added outweighs the additional cost.

# Corporate Governance Statement

**Recommendation 2.4: A majority of the Board of a listed entity should be independent directors**

From 5 August 2020 to 30 June 2021 the Board comprised of 60% of independent Directors and 40% of Non-independent Directors. From 1 July 2020 to 4 August 2020 the Board comprised of 50% of independent Directors and 50% of Non-independent Directors. During the reporting period, due to the size of the Company and the resources available to it at the time, the Board did not consider that it was necessary to have a majority of independent directors, rather it focused on finding the most suitable directors. The Board has an independent Chairman. The three current independent Directors are Richard Grellman, Grant Anderson and Greg Smith. There are two Executive Directors being Mike Pivac and Mark Pivac.

The Company considers an independent Director to be a Non-Executive Director who:

- is not a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001 (Cth);
- within the last 3 years has not been employed in an Executive capacity by the Company;
- within the last 3 years has not been a partner, Director or senior employee of a provider of material professional services or material consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has no close family ties with any person who falls within any of the categories above; and
- has not been a Director of the Company for such a period that his or her independence may have been compromised.

The assessment of whether a Director is considered independent (both from the perspective of the Company and the Director) is based on the following materiality thresholds:

- payments made by the Company to the Director or any of his associated entities for the provision of goods and/or services does not exceed 2% of the annual gross expenditure of the Company; or
- payments received by the Director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the Director or his associated entities.

To assist the Directors of the Board with their independent decision making, the Board collectively, and each Director, has, subject to prior consultation with the Chairman, the right to seek independent professional advice at the Company's expense. A copy of such advice is required to be made available to all members of the Board.

**Recommendation 3.1: A listed entity should articulate and disclose its values.**

During the reporting period, due to the size of the Company and the resources available to it at the time, the Board did not consider that it was necessary to articulate and disclose its values externally.

## Corporate Governance Statement

Rather it was agreed that all officers of the Company would act ethically and in the best interests of the Company.

**Recommendation 4.1: Structure the Audit & Risk Committee has at least three members and only non-executive Directors, a majority of independent Directors, an independent Chairman, who is not Chairman of the Board**

From 5 August 2020 the Audit & Risk Committee is comprised of three independent Non-Executive Directors, all of whom have considerable commercial qualifications and experience to fulfil the roles. The Chairman of the Audit & Risk Committee is not the Chairman of the Company.

From 1 July 2020 to 4 August 2020 the Audit & Risk Committee was comprised of two independent directors, the Chairman and one Non-Executive Director, both of whom had considerable commercial qualifications and experience to fulfil the role. During the reporting period, due to the size of the Company and the resources available to it at the time, the Board did not consider that it was necessary to have a majority of independent directors, rather it focused on finding the most suitable directors.

The Chairman of the Audit & Risk Committee at their discretion is able to invite the Chief Executive Officer and Chief Financial Officer to attend the Audit & Risk Committee meetings and liaise with the Committee and external auditor.

**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.**

From 5 August 2020 the Audit & Risk Committee is comprised of three independent Non-Executive Directors, all of whom have considerable commercial qualifications and experience to fulfil the roles. The Chairman of the Audit & Risk Committee is not the Chairman of the Company.

**Recommendation 7.1: The Board of a listed entity should:**

a) have a committee or committees to oversee risk, each of which:

   i. has at least three members, a majority of whom are independent directors; and

   ii. is chaired by an independent director, and disclose:

   iii. the charter of the committee;

   iv. the members of the committee; and

   v. 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

## Corporate Governance Statement

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.

During the reporting period the Company did not have a separate Risk Management Committee. Given the current size of the company and Board, the Directors believed there were no efficiencies in forming a separate committee and the Audit & Risk Committee, together with the Board as a whole, performed this role.

From 5 August 2020 to 30 June 2021 the Audit and Risk committee comprised 3 independent Directors. From 1 July 2020 to 4 August 2020 the Audit and Risk committee comprised 2 independent Directors. During the reporting period, due to the size of the Company and the resources available to it at the time, the Board did not consider that it was necessary to have 3 independent directors, rather it focused on finding the most suitable directors.

**Recommendation 7.2: The board or a committee of the board should 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 disclose, in relation to each reporting period, whether such a review has taken place..**

The Company does not have a single specific risk management policy.

The company also engages an insurance broking firm as part of the Company's annual assessment of the coverage for insured assets and risks.

The integrity of FBR's financial reporting relies upon a sound system of risk management and control. Accordingly, the Chief Executive Officer and Chief Financial Officer, to ensure management accountability, are required to provide a statement in writing to the Board that the financial reports of FBR are based upon a sound risk management policy.

The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

**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 does not comply with this recommendation. The Directors are of the view that given the Company's size, risks are addressed directly by the Board, senior management and Audit and Risk Committee and are not disclosed externally.

**Recommendation 8.1: The Board should have a Remuneration Committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.**

FBR aims to attract and retain high quality Directors and senior executives.

The Board oversees executive and non-executive director remuneration arrangements and has established a Remuneration Committee to assist it in this regard, which helps bring the focus and independent judgement needed for remuneration decisions.

At the date of this report the Company had a Remuneration Committee consisting of the following independent Directors:

a) Richard Grellman (Committee Chairman);

## Corporate Governance Statement

b) Grant Anderson (Committee member); and

c) Greg Smith (Committee member).

From 1 July 2020 to 5th August 2020 the Remuneration Committee consisted of two independent directors. During the reporting period, due to the size of the Company and the resources available to it at the time, the Board did not consider that it was necessary to have a majority of independent directors, rather it focused on finding the most suitable directors.

The Remuneration Committees objective is to manage remuneration related issues including but not limited to:

- remuneration policy & packages (including superannuation arrangements) of Executive Directors, Non-Executive Directors and senior executives;
- employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed; and
- whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

The Non-Executive Directors of the Board currently carry out the function of the Remuneration Committee, dealing with remuneration related issues on an 'as required' basis during the year. During the reporting period the Committee had two members, therefore did not satisfy the requirements of Recommendation 8.1 to have at least three members.

FBR distinguishes the structure of Non-Executive Directors' remuneration from Executive Directors and Executives. The Remuneration Committee ensures the fees are within the cap approved by shareholders.

The Company has a Remuneration Committee Charter which is available on FBR's website.

The number of times the Committee met in FY21 and the individual attendance of its members at those meetings are detailed on page 33 of the Annual Report.

For further information on executive and Director remuneration and FBR's remuneration polices, please refer to the Remuneration Report within the Annual Report on pages 34 to 48.