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Felix Group Holdings Ltd (ACN: 159 858 509)

2022 Corporate Governance Statement

The Board of Felix Group Holdings Ltd ("Felix" or "the Company") is responsible for the governance of the Group and its controlled entities (collectively, "the Group").

The Board has adopted a suite of charters and key corporate governance documents which define the policies and procedures followed by the Group. These documents can be found in the Corporate Governance section of the Group's website.

The policies and procedures were adopted in November 2020 and were effective from the date the Company listed on the ASX, 12 January 2021. The corporate governance policies and practices are reviewed periodically and developed to meet the needs of Felix.

The Group's Corporate Governance Statement references the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th Edition) (the "ASX CGPR").

The ASX CGPR are outlined on the following pages with the corresponding section of this Corporate Governance Statement addressing the Group's practices.

This statement provides an outline of the main corporate governance policies and practices the Group had in place during the 2022 financial year and how the Group's frameworks aligns with the ASX CGPR (unless otherwise noted).

This statement has been approved by the Board of Directors of the Group and the information contained herein is correct as of 22 August 2022.

Website Links:

Company Information
www.felix.net/about

Investors
www.felix.net/investors

Corporate Governance
www.felix.net/investors/corporate-governance

Recommendations	Compliance with Recommendations
Principle 1 – Lay solid foundations for management and oversight	
1.1 Roles and responsibilities of Board and management	The Board adopted and approved a Board Charter on 18 November 2020. A copy of the Charter is available at https://www.felix.net/investors/corporate-governance. The Board is committed to acting in the best interests of the Company, and has established the functions and responsibilities for the Board and those delegated to management in the Charter.
1.2 Appointment and re-election of Directors	The Nomination and Remuneration Committee is responsible for recommending candidates for appointment to the Board. This includes background checks on

	nominated candidates to ensure they have the required competence, experience and skill levels required by the business and that candidates are legally eligible to act as Directors. Full background checks, including criminal record and bankruptcy checks were performed on all Directors. Comprehensive biographical information is provided to shareholders in the notice of meetings to enable them to make an informed decision whether to elect or re-elect a Director.
1.3 Written agreement with Directors	All directors and senior executives have a written agreement which formalises the terms of their appointment. Each Director executes a letter of appointment which details the terms of their appointment, and expectation of duties relating to the position.
1.4 Company Secretary	The Group Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary. Their biographical details and qualifications are included in the 2022 Annual Report.
1.5 Diversity	The Group has a diversity policy under which the Board is responsible for setting of measurable objectives for achieving gender diversity and monitoring the Group's process. The Nomination and Remuneration Committee is responsible for the implementation and ongoing management of the policy. A copy of the diversity policy is available at www.felix.net/investors/coporate-governance. Gender diversity statistics as at 22 August 2022 are outlined in the table below: **Male / Female** Number of total employees: 47 / 9 Percentage of total employees: 84% / 16% Number of senior executives*: 4 / 0 Percentage of senior executives: 100% / 0% Number of total Board members: 5 / 1 Percentage of total Board members: 83% / 17% *Direct reports to the CEO The Group is committed to ensuring equal employment opportunity for all its employees and senior management, based on merit, ability, performance and potential, in a way that contributes to the achievement of its corporate objectives, including diversity.
1.6 Board performance evaluation	A review of Board performance is conducted by the Chairperson and Directors on an ongoing basis and through an annual self-assessment process. A Board evaluation process was not conducted during the financial year, given the addition of many Directors part way through the previous financial year. All Directors have access to continuing education and are provided with the information they need to discharge their responsibilities effectively. The

	Company Secretary plays an integral role in supporting the Board by monitoring Board policy and procedures and co-ordinating meeting documentation.
1.7 Management performance evaluation	The Board has a process in place for the evaluation of senior executives, which is implemented through the Nomination and Remuneration Committee. Key performance indicators for each executive are monitored on regular basis. A formal assessment of senior executives was not performed during the current financial year as a result of the addition of many Directors part way through the previous financial year.

Principle 2 – Structure the Board to be effective and add value

2.1 Nomination Committee

A Nomination & Remuneration Committee has been established with its own charter, available at www.felix.net/investors/coporate-governance.

The committee make up through the entire period was:

- Chairman of the Board, who is independent, one independent Director and two non-independent Directors.

The qualifications of all members are set out in the FY22 Annual Report (Directors' Report).

2.2 Board skills matrix

The skills, knowledge and experience set out in the table below have been identified as those that are required for the effective management of the Group.

Skill	No of Directors (6)
CEO & Executive Leadership	5
Audit, Finance, Risk	4
Contracting Industry	3
Software/ SaaS	3
Customer/ Marketing	2
M&A	3
International	4
Listed	3
Growth/ Innovation	4

2.3 Board independence and length of service

The Group currently has six Directors, of which three are independent Non-executive Directors. The Board is chaired by Michael Bushby, an independent Non-executive Director.

Details of the skills and length of service of each Director are set out in the FY2022 Annual Report (Directors' Report).

2.4 Board composition

The Board is not currently compliant as it has equal independent and non-independent Directors.

The three non-independent Directors are, founders - Michael Trusler and Mike Davis due to being current or recent executives of the business, and George Rolleston, a significant shareholder and long term Director.

The decision as to whether a Director is independent is made by the Board.

2.5 Chair independence

The Chair, Michael Bushby, is an independent Non-executive Director.

2.6 Induction and professional development.	Each new Board member has been afforded the opportunity to meet with existing Board members, relevant senior executives and managers. All Board members are expected to maintain the skills required to discharge their respective roles. Where appropriate, specific updates to changes in regulations and standards will be communicated to the Directors as part of formal meetings of the Board or sub-committees.
Principle 3 – Instil a culture of acting lawfully, ethically and responsibly	
3.1 Values	1. Build a better way 2. Roll the sleeves 3. Be the team 4. Make your mark 5. Drive the standard 6. Bring the joy
3.2 Code of conduct	The Group has a Code of Conduct for Directors, senior executives and employees, which set out the fundamental principles of business conduct expected by the Group. The Code of Conduct, as it relates to Directors, is contained within the Charter, available at www.felix.net/corporate-governance.
3.3 Whistleblower policy	The Board has adopted a Whistleblower policy to ensure concerns regarding unacceptable conduct including breaches of the Group's code of conduct can be raised on a confidential basis, without fear of reprisal, or discriminatory treatment. Under the Group's policy, any material breaches are to be reported to the Chairman and the Company Secretary of the Board. A copy of the Whistleblower Policy is available at www.felix.net/investors/corporate-governance.
3.4 Anti-bribery and corruption policy	The Board has a zero-tolerance approach to any acts of bribery and corruption and is committed to ensuring Directors and employees are acting professionally, fairly and with integrity in all business dealings. Under the Group's policy, any material breaches are to be reported to the Chairman and the Company Secretary of the Board. A copy of the Anti-Bribery and Anti-Corruption Policy is available at www.felix.net/investors/corporate-governance.
Principle 4 – Safeguard the integrity of corporate reports	
4.1 Audit committee	An Audit & Risk Committee has been established with its own charter, available at www.felix.net/investors/coporate-governance. The committee make up through the period was: • 1 July 2021 to 14 July 2021 the Board committee was made up of two independent Directors and two non-independent Directors. • 14 July 2021 to 22 August 2022 the Board committee was chaired by an independent, Director and made up of a further independent Director and non-independent Director.

	The qualifications of all members are set out in the FY22 Annual Report (Directors' Report).
4.2 CEO & CFO declaration of financial statements	The Board has received the declaration from the CEO and CFO required under section 295A of the Corporations Act 2001 in respect of the 2022 financial report.
4.3 Integrity of corporate reports	To verify the integrity of periodic corporate reports to the market which are not audited or reviewed by an external auditor, all corporate reports are, at a minimum, reviewed prior to release by the CEO, CFO and a Director, usually the Chairman. In addition, the review of all market sensitive releases is a permanent Board meeting agenda item.
Principle 5 – Make timely and balanced disclosure	
5.1 Disclosure policy	The Group has adopted a formal Market Disclosure policy, a copy of which is available to view at www.felix.net/investors/corporate-governance. The policy describes the key obligations of the Board and senior management to ensure the Group's compliance with its disclosure requirements as well as guidelines for the determination of what information and events trigger reporting requirements. The Board has overall responsibility for the establishment, implementation and supervision of the Company's continuous disclosure process, it has delegated this authority to the Company Secretary.
5.2 Material market announcements	Under the Group's Market Disclosure policy, all members of the Board will receive material market announcements prior to being released.
5.3 Investor presentation disclosures	Under the Group's Market Disclosure policy, all substantive investor analyst presentations will be released on the ASX Market Announcements Platform ahead of such presentations.
Principle 6 – Respect the rights of security holders	
6.1 Publicly available governance information	The Group's website contains extensive information on the Group, its history and business activities and information relevant to investors are set out in the guidelines. Investors may access copies of ASX announcements, investor presentations, annual reports and the Shareholder Communication Policy at www.felix.net/investors.
6.2 Investor relations programs	The Group has implemented an investor relations program and includes the contact details for investor relations on its market releases.
6.3 Facilitate participation at meetings of security holders	To facilitate participating at meetings, all security holders are provided advance notice of meetings which contain information on how investors could participate in the meeting.
6.4 Resolutions by poll at meetings of security holders	The Group conducted its first AGM as a listed entity in November 2021. The Group's resolution at the AGM was conducted by poll and plans to have all substantive resolutions at meetings of security holders decided by poll, rather than a show of hands.
6.5 Electronic communication to and from security holders	Security holders are afforded the option of being able to receive communications electronically, which is managed through our security registry. The Group also provides email address to enable investors to contact investor relations contacts.

Principle 7 – Recognise and manage risk

7.1 Risk committee	An Audit & Risk Committee has been established with its own charter, available at www.felix.net/investors/coporate-governance. The committee make up through the period was: • 1 July 2021 to 14 July 2021 the Board committee was made up of two independent Directors and two non-independent Directors. • 14 July 2021 to 22 August 2022 the Board committee was chaired by an independent, Director and made up of a further independent Director and non-independent Director. The qualifications of all members are set out in the FY22 Annual Report (Directors' Report).
7.2 Annual risk review	Risks affecting the Group have been regularly monitored and mitigated as part of the ordinary Board review processes as well as through the due diligence process prior to listing. A formal risk management framework will be implemented by the Audit & Risk committee.
7.3 Internal audit	The Group, due to its size, does not currently have an internal audit function. It has employed its Chief Financial Officer who has been formally tasked with implementing and improving the current system of controls with regular feedback to the Board. This has been monitored and reviewed throughout the year.
7.4 Environmental and social risk management	Material risks associated with the operations of the Group have been identified and a Risk Register is maintained by the Group. The Board does not currently consider the Group to be materially exposed to environmental or social risks.

Principle 8 – Remunerate fairly and responsibly

8.1 Remuneration committee	A Nomination & Remuneration Committee has been established with its own charter, available at www.felix.net/investors/coporate-governance. The committee make up through the entire period was: • Chairman of the Board, who is independent, one independent Director and two non-independent Directors. The qualifications of all members are set out in the FY22 Annual Report (Directors' Report).
8.2 Disclosure of Executive and Non-Executive Director remuneration policy	The Group seeks to attract and retain high performing Directors and Executives with appropriate skills, qualifications and experience to add value to the Group and fulfil the roles and responsibilities required. Additional details of the Group's remuneration methodologies are displayed in the FY22 Annual Report. Executive remuneration is to reflect performance and accordingly, remuneration is structured with a fixed component and performance-based component. Non-Executive Directors are paid fixed fees for their services in accordance with the Group's Constitution.

	The Group provides long term incentives to executives and Directors via its Senior Management Option Plan and Director Option Plan. The Plans are designed to focus on long-term shareholder returns. Under the Plans, participants will be able to exercise their securities subject to vesting conditions being satisfied. Further details regarding remuneration and share retention policies and the remuneration of Executive and Non-Executive Directors, are set out in the 2022 Annual Report and detailed in the Securities Trading Policy available at www.felix.net/investors/corporate-governance.
8.3 Policy on hedging equity incentive schemes	Details of the Group's Senior Management Option Plan and Director Option Plan are set out in the Remuneration Report and included in the FY22 Annual Report. The Group's Plan agreements prohibit transactions which conflict with the Group's Securities Trading Policy (which prohibits Directors and executives entering into margin lending arrangements or short-term dealings trading in relation to company securities). A copy of the Securities Trading policy is available at www.felix.net/investors/corporate-governance.