



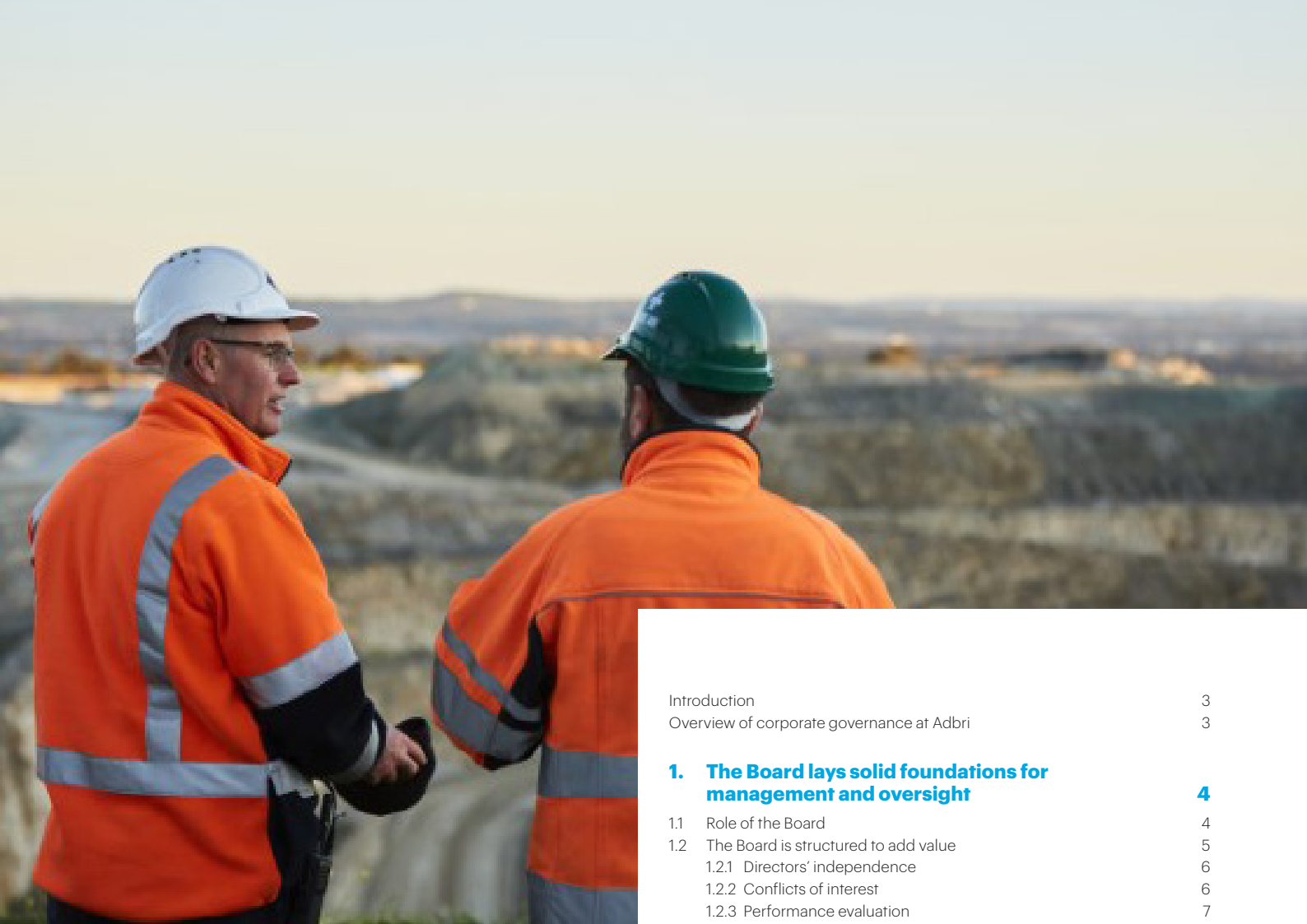
ADBRI

Building Australia since 1882



Corporate Governance Statement

24 February 2022



This Corporate Governance Statement provides an outline of the main corporate governance practices that the Company had in place during the financial year ending 31 December 2021.

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Overview of Corporate Governance

Introduction

This Corporate Governance Statement is made by Adbri Limited ABN 15 007 596 018 in accordance with ASX Listing Rule 4.10.3.

At Adbri, our purpose is to *Build a Better Australia*. It is how we contribute and create value for our investors and our communities.

We recognise that acting with integrity and having effective governance is key to our ability to continue to deliver on our purpose, to *Build a Better Australia*, and our promise of being Always Ready.

Adbri is committed to continuously improving our governance practices and ensuring that they are aligned with our purpose, our promise, our pillars and our strategy.

Overview of corporate governance at Adbri

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. To this end, the Board (together with the Company's management) regularly reviews the Company's policies, practices and other arrangements governing and guiding the conduct of the Company and those acting on its behalf.

The Board believes that our corporate governance framework fosters these values and contributes to the long term success of the Company. These values underpin our purpose of *Building a Better Australia*.



The Company's corporate governance arrangements give life to our key values:

- we act with fairness, honesty and integrity;
- we provide a safe and healthy work environment for all employees;
- we are aware of and abide by laws and regulations;
- we maintain the highest standards of professional behaviour;
- we identify and manage conflicts of interest responsibly; and
- we strive to be a good corporate citizen and to achieve community respect (by individually and collectively contributing to the well-being of shareholders, customers, the economy and the community).

This Corporate Governance Statement provides an outline of the main corporate governance practices that the Company had in place during the past financial year.

The Board believes that the Company's policies and practices are consistent with good corporate governance practice in Australia appropriate for the circumstances of the Company, including the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles). Throughout the 2021 financial year, the Company has followed all of the recommendations contained in the ASX Principles, except where otherwise explained below.

The Board continually reviews the Company's governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments, including as reflected in the 4th Edition of the ASX Principles.

This Corporate Governance Statement is current as at 31 December 2021 and has been approved by the Board of Directors.



1. The Board lays solid foundations for management and oversight

1.1 Role of the Board

The role of the Board of Directors is to protect and optimise the performance of the Company and its subsidiaries (Group) and, accordingly, the Board takes accountability for reviewing and approving strategic direction, establishing policy, overseeing the financial position, assessing approach to risk and monitoring the business and affairs of the Group on behalf of shareholders. The Board's role also includes setting the Company's values and standards, including monitoring compliance with ethical standards and regulatory requirements, and monitoring and influencing the Company's culture.

The Board operates in accordance with the general principles set out in its charter, which is available from the governance section of the Company's website at www.adbri.com.au.

In accordance with the provisions of the Company's constitution, the Board has delegated a number of powers to Board Committees (see section 2), and responsibility for the day-to-day management of the Company's business affairs and development and implementation of the Company's strategy to the Managing Director and Chief Executive Officer (CEO). The Board and CEO are supported by senior management who report to the CEO. The respective roles and responsibilities of the Board and management are outlined further in the Board charter.

The Board has also reserved for itself the following specific responsibilities:

Strategy and monitoring	Monitoring the business and affairs/relations with management	Risk management, compliance and internal controls
<ul style="list-style-type: none"> - Defining Adbri's purpose and setting its strategic objectives, including providing input into and final approval of management's development of corporate strategy, including setting performance and sustainability objectives, and approving operating budgets. - Monitoring management's implementation of strategy and performance against objectives and budgets. 	<ul style="list-style-type: none"> - Selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the CEO. - Reviewing procedures for appointment of senior management, monitoring performance and reviewing executive development activities. This includes ratifying the appointment and the removal of the Chief Financial Officer, the Company Secretary and all the Company's senior executives who report to the CEO. - Approval of the Company's capital structure and gearing targets. - Approval of specified matters exceeding delegated authority levels, including major capital expenditure and major acquisitions and divestitures. 	<ul style="list-style-type: none"> - Reviewing, guiding and monitoring systems of risk management and internal control and ethical and legal compliance. - Monitoring and reviewing processes aimed at ensuring integrity of financial and other reporting, and providing assurance to approve the Group's financial reports. - Monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards. - Input into and approval of the Company's policy in relation to, and monitoring implementation of, sustainable resource use and the impact of the Company's operations on the environment, community and stakeholders.

1. The Board lays solid foundations for management and oversight continued

1.2 The Board is structured to add value

The Board ensures that its members have the time and commitment to devote to the role

- Prior to appointment, Directors provide details of other commitments and acknowledge that they will have adequate time to meet expectations.
- Directors to consult with the Chairman before accepting outside appointments.
- Letter of appointment sets out Director's term of appointment, powers, expectations and rights and obligations.

Board keeps informed of regulatory and industry developments to challenge status quo and strengthen knowledge base

- Directors expected to participate in ongoing education/development.
- Board and individual Directors attend at operational sites (where practicable), meet staff in operations and receive presentations from management across the Group's operations.
- Program in place for regular director education sessions covering a broad range of relevant topics.
- Directors keep themselves informed and up to date, of their own initiative, with general developments relevant to the role of a Non-executive Director in a significant ASX listed company.

Board and Director performance is regularly evaluated to facilitate continuous improvement

- Board, Committee and individual Director performance reviewed annually.
- Directors to undergo a performance appraisal before standing for re-election.
- One third of the Non-executive Directors retire (and are eligible for re-election) at each AGM.

The Board is committed to a majority of independent views being brought to bear in decision-making

- Directors expected to bring independent views and judgment to discussions.
- The Board is committed to a majority of directors being independent.
- Board has adopted a definition of director independence that is consistent with the ASX Principles.

The Board is structured to add value and Board decision-making is enhanced through education and support

- Broad mix of skills, diversity and experience reflecting the character of the Group's business to best guide, review and challenge management.
- Chairman leads the Board, facilitates constructive decision-making, and manages Board/management relationship.
- To maintain independence from management, the roles of Chairman and CEO are undertaken by different individuals.
- Deputy Chairman/Lead Independent Director is in place.

Board members have access to management and independent advice to assist in discharge of their duties

- Access to senior executives and to any further information required to make informed decisions.
- The Company Secretary is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- Right to seek independent professional advice at the Company's expense to assist in effective discharge of duties.

[View section 1.2.1](#)

[View section 1.2.4](#)

[View section 1.2.3](#)

Comprehensive induction processes equip Directors to perform in their role

- Comprehensive induction process upon appointment.
- Obligation on new Directors to familiarise themselves with Company's practices through induction process or by making enquiries of the Chairman, the Company Secretary or management.

Conflicts are managed

- Actual and perceived conflicts considered and managed on an ongoing basis.
- Protocols around disclosure, and procedures around management of potential conflicts have been adopted.

[View section 1.2.2](#)

1. The Board lays solid foundations for management and oversight continued

1.2.1 Directors' independence

The Board reviews, at least annually, the independence of Directors. In general, Directors are considered independent where they are free of any interest, position or relationship which might influence, or could reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. An assessment will be made on a case-by-case basis of whether the Director's ability to act in the best interests of the Company has been materially impaired.

In ensuring that the Board comprises Directors with a broad range of skills and experience reflecting the character of the Group's business, the Board may from time to time appoint Directors who are not considered to be independent. It is, however, the Board's policy that it should comprise a majority of independent Directors to ensure that independent oversight is maintained. While there were periods of the year when this majority was not maintained (as described below), the Board is well advanced with the recruitment of a further experienced independent Non-executive Director, to restore the majority independent composition. The Company's Board Protocol – Potential Conflicts & Interests will continue to be applied to ensure effective oversight by the independent Directors for the benefit of all shareholders.

Having regard to the guidelines of independence adopted by the Board (which were updated in 2020 in line with changes to the ASX Principles), the Directors are of the view that three of the seven Non-executive Directors, Mr RD Barro, Ms RR Barro and Mr GR Tarrant, are not considered 'independent'.

Mr Barro is the Managing Director and a shareholder of Barro Group Pty Ltd (which has a 50% interest in the joint venture, Independent Cement & Lime Pty Ltd (ICL), and is a substantial shareholder in the Company). ICL has an ongoing trading relationship with the Barro Group of companies. Ms Barro is an Executive Director and a shareholder of Barro Group Pty Ltd and a director of ICL. Mr Tarrant was nominated as a Director of the Company by Barro Properties Pty Ltd and has a financial interest in Vue Australia Pty Ltd, a Barro Group Pty Ltd controlled company that operates the East Coast Cement import facility in Newcastle, New South Wales.

The four other Non-executive Directors, Dr VA Guthrie AO, Mr KB Scott-Mackenzie, Ms ER Stein and Mr MJM Wright, are considered by the Board to be independent.

The Board acknowledges that, during the year, there were periods when there was not a majority of independent Directors on the Board. From 1 January 2021 to 24 June 2021, there was an even number of independent and non-independent Directors while the Board recruited a new Director. A majority of independent Directors was restored on 25 June 2021 with the appointment of Mr MJM Wright. From 5 October 2021, the Board again had an even number of independent and non-independent Directors following Mr ND Miller's appointment as Managing Director. However, the Board is committed to returning to a majority of independent Directors as soon as possible once suitable candidates with the right skills and experience are identified, consistent with Board policy and Recommendation 2.4 of the ASX Principles.

The Board does not consider that it should establish a limit on tenure. The length of service of each Director is one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director. Consistent with the ASX Principles, the Board considers that the interests of shareholders are served by having a mix of Directors on the Board, some with shorter and some with longer tenures. The Board acknowledges that Mr KB Scott-Mackenzie has been on the Board for 12 years, but the Board does not consider that his independence has been compromised by his tenure. Mr Scott-Mackenzie continues to bring an independent judgment to bear on issues before the Board. As part of the Company's Board renewal process, Mr Scott-Mackenzie will be stepping down from the Board at the end of the Company's 2022 Annual General Meeting.

Mr RD Barro is Chairman of the Board. While the ASX Principles recommend that the Chairman should be independent, Mr Barro was appointed as part of an agreed Board Governance Framework designed to be appropriate to recognise both the cornerstone shareholding of the Barro Group in the Company and the importance of effective oversight by independent Directors for the benefit of all shareholders.

As part of the agreed Board Governance Framework, the Board created the role of Lead Independent Director (consistent with commentary in the ASX Principles), and adopted a revised Board Protocol – Potential Conflicts and Interests (discussed further in section 1.2.2 below). The role and responsibilities of the Lead Independent Director include:

- the responsibilities set out in the Board Protocol – Potential Conflicts and Interests;
- communicating the views expressed by the independent Directors in relation to the Board's business and/or responsibilities to the Board;
- being available as required for discussions with shareholders or other stakeholders;
- approvals and actions required to be performed by the Chair, if the Chair is the subject of the approval or action; and
- if the Lead Independent Director is also appointed as Deputy Chairman, performing the role and functions of the Chair in the absence of the Chair.

Dr VA Guthrie AO has been appointed Deputy Chair and Lead Independent Director.

1.2.2 Conflicts of interest

Determinations regarding independence do not change any Director's obligations in managing any conflict of interest. Directors have a continuing obligation to avoid any action, position or interest which conflicts (or may be perceived to conflict) with their position as a Director of the Company. In particular, the Board is cognisant of potential conflicts involving the Barro Group of companies, and has established a Board protocol to address any such conflicts and assist the Directors to observe good governance practice.

As noted above, with the agreement of both the independent and nominee Directors, this protocol was revised and enhanced in March 2019. The revised protocol was announced to the ASX and is available on the Company's website.

1. The Board lays solid foundations for management and oversight continued

1.2.3 Performance evaluation

The Board reviews its performance annually, as well as the performance of individual Committees and individual Directors (including the performance of the Chairman as Chairman of the Board).

For the 2021 financial year, a performance evaluation was conducted internally by the Chairman to assess the performance of individual Directors, the Board as a whole, and the Board's and Directors' interaction with management. The Chairs of the Board's Committees conducted a performance evaluation of the Committees.

The Chairman and Committee Chairs report to the Board concerning the performance evaluation process and the findings of these reviews. As a result of recommendations arising from these reviews, initiatives are introduced to ensure the continued effectiveness of the Board's performance and to enable its sustained focus on key issues for the Company. The implementation of these initiatives is overseen by the Chairman and the Deputy Chairman/Lead Independent Director.

Executives and managers are also subject to an annual performance review in which performance is measured against agreed business objectives. The performance of the CEO is assessed by the Board against objectives related to the Company's strategy, business plans and the financial and other performance of the business.

For the 2021 financial year, the performance of the CEO and the CEO's achievement of the agreed objectives was reviewed by the Chairman, the Deputy Chairman/Lead Independent Director, the People and Culture Committee and the Board. The performance of the Company's senior executives during 2021 was reviewed by the CEO, the People and Culture Committee and the Board.

1.2.4 Director induction, training and ongoing education

The Company conducts appropriate background checks before appointing a Director. This includes checks of the person's character, experience, education, criminal record and bankruptcy history. Background checks are also conducted before new senior executives are appointed.

Prior to Directors seeking election or re-election at the Company's AGM, shareholders are provided with all material information in the Company's possession relevant to a decision whether or not to elect or re-elect that person.

All newly appointed Directors are provided with an induction, which includes information relevant to their new role, attendances at key sites (where practicable) and introductions to key staff, which is provided or coordinated by the CEO, the Chief Financial Officer and the Company Secretary. This induction includes briefings on the Company's business, strategy, financial, operational and risk management matters and factors relevant to the sectors and environments in which the Company operates.

The Company Secretary and the Nomination and Governance Committee have established a program for periodically reviewing whether there is a need for Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively. The Nomination and Governance Committee oversees the program and will have regard to any insights gained from the Committee's regular review of the Board skills matrix when exercising that oversight. Ongoing Director education is provided throughout the year in accordance with that program. The Board and its Committees are provided with updates and information from both management and external experts on various topics relevant to the Company's circumstances, including emerging business and governance issues relevant to the Company (such as greenhouse gas emissions, sustainability, and cyber-security risk) and material developments in laws and regulations. The Board and individual Directors attend at operational sites where practicable, meet staff in operations and receive presentations from management across the Group's operations. The Board is informed by expertise from within the Company on matters such as energy supply arrangements and business and product development.

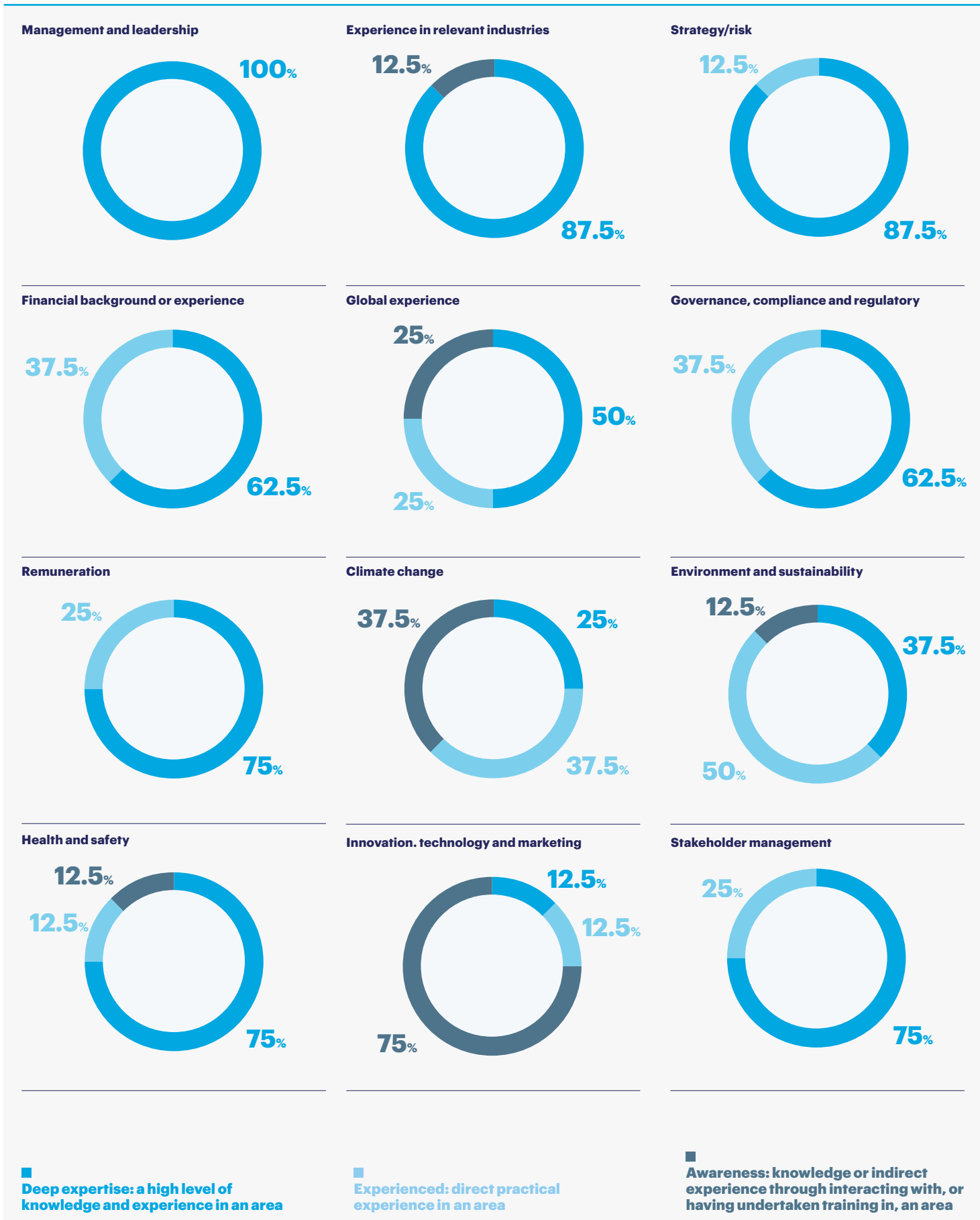
1.2.5 Board succession planning

The Board regularly reviews the size and composition of the Board to ensure the appropriate skills, perspective and expertise are being represented. During 2021:

- one independent Non-executive Director was appointed, as announced to the market in June 2021; and
- one executive Director was appointed, as announced to the market in October 2021.

In 2021, the Directors were provided with a questionnaire and requested to undertake a self-assessment to indicate the level of knowledge and competence that they have in respect of the skill areas that the Board considered to be of significant importance to the Company. The skills matrix set out below is current as at the date of this Corporate Governance Statement and demonstrates the skills and experience of the Directors in office as at the date of this Statement.

1. The Board lays solid foundations for management and oversight continued



1. The Board lays solid foundations for management and oversight continued

The Board reviews this skills matrix regularly to ensure it covers the skills and experience needed to address existing and emerging business and governance issues.

The Board is satisfied that its present composition provides an appropriate mix of skills, experience and diversity for the circumstances of the Company. It recognises that consideration of Board renewal is an ongoing process, and accordingly the Board's composition will continue to be monitored and reviewed during 2022. The Board will also utilise the Board skills matrix review process to identify areas where Directors would benefit from further professional development opportunities.

The People and Culture Committee and the Board also reviewed the succession plans for the senior management team during the year to ensure that appropriate plans have been implemented for the mid to long term.

1.2.6 Diversity

The Board recognises the importance of inclusion in encouraging diversity of thought and delivering better value to our shareholders, customers and the communities we serve. In accordance with the Diversity and Inclusion Policy, the Board has established measurable objectives to enhance gender and other diversity across the organisation. Further information about the Group's diversity objectives and progress achieved (which are reviewed and assessed annually in accordance with the ASX Principles) is set out on the next page.



2. Diversity Report

Adbri is committed to creating an inclusive workplace that values and promotes diversity of skills, experience and backgrounds. We know that diversity is unique to each individual and recognise that an inclusive culture enables us to attract and retain the best people with the appropriate skills to contribute to the ongoing success of our business.

Adbri understands that diversity starts at the top and to that end, Adbri is committed to 40% of Directors of each gender on the Board to demonstrate an environment that respects and values differences that lead to innovation and the development of new ideas. Our current Board composition falls just short of this target and we are actively pursuing ways to achieve this measure.

In 2020, as part of our rebranding to Adbri, we released our Strategic Pillars: Safety, Customer Focus, Inclusivity and Sustainable Growth and have spent 2021 embedding these pillars. We aim for a workplace that integrates inclusivity into everything we do. The Inclusivity pillar recognises that at Adbri:

- We work together
- We embrace differences
- We respect and listen to each other
- We empower our people

Inclusivity is a core component of what we stand for and underscores that we strive to be a leading, inclusive and welcoming employer. Our Diversity and Inclusion Strategy and Policy outlines five core objectives which form the foundations of our approach and upon which we measure our performance in this area. An overview of these objectives, and our progress during the 2021 financial year are set out on the next page.



2. Diversity Report continued

Our vision is that our inclusive workplace culture thrives on diversity and attracts the very best talent as a result. Our 2020–25 Diversity and Inclusion Strategy was designed with feedback from our people on what is working well and where we can improve our road map to creating a culture that embraces difference and is inclusive of everyone.



The People and Culture Committee reviewed diversity and inclusion progress on a quarterly basis in 2021 in line with the five-year Diversity and Inclusion Strategy. Progress against actions is outlined in the following table:

Key Area of Focus	Objective	Progress
Culture		
Drive actions that enable our vision and five-year strategy to progress a culture that embraces inclusivity	An inclusive culture thrives across our industry.	As a continuing active member and contributor of Cement Concrete & Aggregates Australia (CCAA) and their Diversity Working Group, Adbri contributed to the development of the CCAA Diversity and Inclusion Plan to foster an environment that builds a stronger level of diversity and inclusion in our industry.
	All sites have consistent expectations on our approach to Diversity and Inclusion.	New Learning Management System introduced to deliver an effective and accessible way for all employees and contractors to complete online training offerings. Training on policies around bullying and harassment provided to all new employees in 2021. As part of Adbri's commitment to reconciliation, cultural awareness training was provided to 400 leaders nationally.
	Equal pay for equal work.	Adbri has a policy to provide equal pay for equal work and will continue to maintain pay parity on a six-month cycle review.
	Female representation.	In 2021, Adbri made modest gains in its female representation from a baseline of 15.8% to 16.1%. Adbri is positively positioned compared with the industry average (Australian Cement and Concrete industry) of 12% and remains committed to its 2025 target of 20% female representation.
	We have a Reflect Reconciliation Action Plan (RAP) in place and are on our journey towards Innovate RAP.	In December 2021, Adbri completed its commitments under the inaugural Reconciliation Action Plan having built relationships and partnerships, mapped traditional landowners for all operational sites, established an internal communication hub, celebrated NAIDOC and National Reconciliation weeks, conducted cultural awareness training and onboarded and encouraged spend with 15 First Nations suppliers. To continue to build on our RAP investment, the ELT and working group have created a reconciliation vision for an Innovate RAP which the business will work to formalise in 2022.
Communication		
Our people are connected by a consistent communication plan, connecting our whole community and reinforcing our inclusion values and culture	Adbri Purpose, Strategic Pillars and aligned behaviours are clearly defined and accessible across the business.	Our Inclusivity Strategic Pillar and aligned behaviours have been integrated into the way we work, reinforced through regular formal and informal communications, from CEO messages to toolbox meetings. Together this is driving clarity of purpose, expectation and alignment.
	Technology is embraced to enhance communication to and from all employees. We share success stories to inspire others.	In 2021 we did more work to understand how our people like to be communicated with and have invested heavily in a collaboration tool that connects and engages across the company, sharing stories, achievements and celebrating successes. We created a hub on our Intranet to house reconciliation materials and invested in an iLearn system to better propagate inclusive learning material through the company.

2. Diversity Report continued

Key Area of Focus	Objective	Progress
Capability		
Everyone is Diversity and Inclusion capable. Diversity and Inclusion embedded in the 'way we work' at Adbri	<p>Diversity and Inclusion is led, and role modelled from the top.</p> <p>We all 'walk the talk' on Diversity and Inclusion across the whole business.</p>	<p>The "Fastlead" emerging leader program reached 20% of our female population, supporting the building of skills including inclusive leadership brand, effective conflict resolution and effective communication.</p> <p>Leadership talent priorities include building understanding and accountability to demonstrate inclusiveness and adapting leadership style to obtain maximum contribution from all employees and in 2021, six high potential female leaders were promoted to senior leader roles.</p> <p>The annual Talent and Succession assessment and actions proactively challenged and promoted gender representation and pipelining and in 2021, Adbri identified 10 females with high leadership potential. These females will be supported with individualised career conversations and development plans through 2022.</p>
Connection		
Our connection with diverse talent pools and talent partners	<p>Our recruitment practices are targeted to deliver on our diversity targets.</p>	<p>We have actively supported female and Aboriginal or Torres Straight candidates in 2021.</p> <p>2.44% of candidates self-identified as Aboriginal or Torres Straight and were prioritised for shortlist consideration. In addition, 85 female candidates were successful with roles at Adbri through gender-balanced shortlists.</p> <p>Historically Adbri did not record First Nations self-identification in the workforce, this is now a priority for 2022 to enable collective action and engagement in partnership with our Aboriginal and Torres Straight employees.</p>
	<p>The next generation of talent will aspire to work at Adbri.</p>	<p>Adbri actively supports a diverse range of students through our graduate program and scholarships: Four new engineering graduates joined Adbri in 2021 (50% female). Both second year graduates (one female) have secured permanent roles in the business commencing in 2022.</p> <p>In recognition of the low numbers of females entering into engineering and manufacturing vocations and to increase the diversity of our workforce Adbri welcomed two female engineering graduates in 2021 and placed a female graduate into a permanent role after successful completion of our graduate program.</p> <p>Adbri offered scholarship opportunities and sponsored vacation work programs in all states, engaging with diverse students who are considering engineering as a career option. Examples include five Female Electrical Engineering scholarships from the University of Wollongong, Curtin University, and the University of Adelaide. In addition, Adbri sponsored an Indigenous Law Student and an indigenous high school student at St Peter's College in Adelaide and supported the Aurora Foundation Aspiration Initiative designed to enhance academic achievement for Aboriginal and Torres Strait Islander secondary school students.</p> <p>Representation on Kwinana Industries Council involved support for the iWomen, iMen and iScience projects and participation in the South Australian Chamber of Mines and Energy's "Resources but not as you know it" campaign encouraged young people into our growing industry.</p>
Community		
Adbri has a community engagement plan to attract talent and better reflect the local communities in which we operate	<p>Adbri provides flexible working options that enable a work-life balance for its employees.</p>	<p>Adbri provides 12 weeks' paid parental leave for the primary carer and flexibility is encouraged for employees returning from parental leave including reduced hours to assist the transition back to the workplace. In 2021, 2,212 days of parental leave was taken by men and women. Flexible roles are supported to meet personal and business requirements with 5.6% of the workforce engaged in part time or casual work arrangements in 2021. Flexible working arrangements are available to all employees under our flexible work policy, to recognise that employees may have different domestic responsibilities throughout their career.</p>
	<p>We are meaningfully connected to our local communities.</p>	<p>Adbri is committed to being a socially responsible member of the community in the areas in which we operate. We strive to make genuine investments within local communities that contribute to making a sustainable and positive difference. In 2021 we were actively involved in community events and programs, community cultural and arts initiatives, community sporting events, education and environmental events. Each had a tangible benefit to the community and/or residents from the involvement, sponsorship or donation.</p>

2. Diversity Report continued

Adbri is committed to the regular review of its objectives to ensure that these continue to be appropriate and relevant. This commitment includes the completion of the workplace profile report as required by the *Workplace Gender Equality Act 2012* (Cth).

A copy of the workplace profile report is available in the sustainability section of our website at www.adbri.com.au/sustainability/people/ and on the Workplace Gender Equality Agency's website at www.wgea.gov.au/public-reports. The Board is committed to build upon the achievements to date and reinforce the continued efforts in promoting and cultivating a culture of diversity and inclusiveness.

In an effort to make Adbri and our industry more attractive to women, we have focused on measures designed to increase the proportion of female candidates and graduates and to support the development of all our female employees. We believe that, over time, our diversity objectives and measures will achieve an improvement in the level of female representation and inclusiveness in the composition of the board, senior executives and across the organisation. At Adbri, not only do we want to say we are inclusive, we want to be recognised and known as leaders in our industry for being an inclusive employer.

The following table shows the proportional representation of women employees at various levels within the Adbri Group (as at 31 December 2021):

		Male	Female
Board	37.50%	5	3
Senior executives	28.57%	5	2
Senior managers (direct reports to senior executives)	23.7%	31	10
Total Workforce	16.1%	1,259	241

A copy of Adbri's Diversity and Inclusion Policy is available in the corporate governance section of Adbri's website: (www.adbri.com.au/wp-content/uploads/2020/09/Diversity-and-Inclusion-Policy-16-Sep-2020-Rev-2.pdf)



3. Composition and responsibilities of Board Committees

To assist the Board in fulfilling its responsibilities, the Board has established a number of Committees with responsibility for particular areas:

- Audit, Risk and Compliance Committee;
- People and Culture Committee;
- Safety, Health, Environment and Sustainability Committee; and
- Nomination and Governance Committee.

Each Committee has a specific charter, which are each available on the governance section of the Company's website at www.adbri.com.au. The Board periodically reviews each Board Committee's charter, role and responsibilities.

Directors have access to all Committee papers (subject to any conflicts of interest), even when they are not members of the Committee. It is the practice of the Committees, on occasions when relevant, to invite other Directors to attend Committee meetings. All Committees report matters to the Board or to other Committees where the matter is relevant to their responsibilities.

Details on the number of meetings held by the Board and its Committees during 2021, and attendance by Board members, can be found on page 78 of the Company's 2021 Annual Report. Information on the relevant skills, experience and expertise of each Director and their period in office can also be found on pages 64 to 65 of the Annual Report.

The composition and responsibilities of the Committees are set out in the following tables:

Table 1: Audit, Risk and Compliance Committee and People and Culture Committee

	Audit, Risk and Compliance Committee	People and Culture Committee
Roles and responsibilities	<p>The Audit, Risk and Compliance Committee:</p> <ul style="list-style-type: none"> – assists the Board in relation to the reporting of financial information, the appropriate application and amendment of accounting policies, the appointment, independence and remuneration of the external auditor, and performance of the internal audit function (including independence, effectiveness and appropriate coordination with external auditors). – provides a forum for communication between the Board, management and both the internal and external auditors. – reviews and reports to the Board on the effectiveness of the Company's ongoing risk management program and policies and procedures and whether management is operating with due regard to risk appetite. – reviews and reports to the Board regarding the appropriateness of the Company's compliance procedures. – provides a conduit to the Board for external advice on audit, risk management and compliance matters. – oversees that there are appropriate processes in place for assembling, aggregating and reporting relevant information regarding financial and non-financial risk across the Group's activities. 	<p>The People and Culture Committee assists the Board in relation to remuneration, people and culture matters. It:</p> <ul style="list-style-type: none"> – assists and advises the Board on matters relating to the appointment, succession and remuneration of the CEO and other senior executives. – oversees the implementation of the Company's short term and long term incentive arrangements, including reviewing performance targets for senior executives, and assessing the extent to which performance conditions are satisfied. – reviews and makes recommendations to the Board on Non-executive Director remuneration. – annually reviews and makes recommendations to the Board in relation to the measurable objectives for achieving diversity set by the Board and the progress made towards achieving them. – monitors, reviews and makes recommendations to the Board in relation to people and culture strategies and initiatives. – reviews the Group's remuneration framework to ensure that it is aligned to the Group's values, strategic objectives and risk appetite. – reviews the Company's annual remuneration report.
Composition	<p>Composition requirements include:</p> <ul style="list-style-type: none"> – there must be a minimum of three members who may only be Non-executive Directors, a majority of whom must be independent. – the Chair must be an independent Non-executive Director who is not Chairman of the Board. <p>It is intended that all members of the committee must have familiarity with financial management and at least one committee member must have expertise in financial accounting and reporting.</p>	<p>Composition requirements include:</p> <ul style="list-style-type: none"> – there must be a minimum of three members, all of whom are Non-executive Directors, and a majority of whom must be independent. – the Chair must be an independent Non-executive Director.
Membership as at 31 December 2021	<p>Emma Stein (Chairman) GR Tarrant KB Scott-Mackenzie</p> <p>Committee composition satisfied the requirements described above during the past financial year.</p>	<p>VA Guthrie AO (Chairman) ER Stein RR Barro MJM Wright</p> <p>Committee composition satisfied the requirements described above during the past financial year.</p>
Consultation	<p>Members of management may attend meetings of the Committee at the invitation of the Committee Chairman. It is the practice of the Committee that the CEO, the Chief Financial Officer, the Group Risk Manager, the General Manager Finance, and the Company Secretary attend all Committee meetings.</p> <p>In fulfilling its responsibilities, the Committee has rights of access to management and to internal and external auditors in the absence of management and may seek explanations and additional information.</p> <p>It is the practice of the Committee to meet with the Company's external auditors, without any member of management present. The Company's external and internal auditors are in attendance throughout meetings of the Committee.</p>	<p>Members of management, particularly the CEO, the Chief Sustainability and People Officer, the Chief Financial Officer or the Company Secretary, may also attend meetings of the Committee at the invitation of the Committee Chairman, whenever particular matters arise that require management participation, such as reviewing senior executive performance, succession planning or the CEO's recommendations to the Committee.</p> <p>The Committee obtains external advice from independent remuneration consultants in determining the Company's remuneration practices and executive service agreements where considered appropriate.</p>

3. Composition and responsibilities of Board Committees continued

Table 2: Safety, Health, Environment and Sustainability Committee and Nomination and Governance Committee

	Safety, Health, Environment and Sustainability Committee	Nomination and Governance Committee
Roles and responsibilities	<p>The Safety, Health, Environment and Sustainability Committee:</p> <ul style="list-style-type: none"> – monitors and oversees, on behalf of the Board, the effectiveness of the practices of the Group concerning work health and safety and the Group's impact on the environment. – assists and advises the Board on matters relating to community engagement, corporate social responsibility and sustainability as applicable to the circumstances of the Group. – reviews significant changes to health, safety and environment policies which form part of the Group's health and safety framework. – oversees the Group's policies, practices, procedures and systems to ensure that, to the extent appropriate, they promote ethical behaviour, consider the impact of Group operations on the environment and communities, and promote sustainability in the Company's business. 	<p>The Nomination and Governance Committee assists the Board in relation to nomination and governance matters. It:</p> <ul style="list-style-type: none"> – assists and advises the Board on matters relating to Board composition and the nomination, appointment, and succession of the Non-executive Directors. – assesses the appropriate mix of skills, experience, expertise, independence and diversity required on the Board. – establishes processes for the review of the performance of individual Non-executive Directors, the Board as a whole and the operation of Board Committees. – oversees the induction and ongoing training and education programs for the Board; – oversees the periodic review of the Company's corporate governance framework, systems, charters and policies. – assists and advises the Board in relation to best practice corporate governance appropriate to the circumstances of the Company.
Composition	<p>Composition requirements include:</p> <ul style="list-style-type: none"> – that there must be a minimum of three members, a majority of whom must be independent; and – the Chair must be an independent Director. 	<p>Composition requirements include:</p> <ul style="list-style-type: none"> – there must be a minimum of three members who must be independent Directors; and – the Chair is the Lead Independent Director.
Membership as at 31 December 2021	<p>KB Scott-Mackenzie (Chairman) RD Barro VA Guthrie AO MJM Wright ND Miller</p> <p>Committee composition satisfied the requirements described above during the past financial year.</p>	<p>VA Guthrie AO (Chairman) KB Scott-Mackenzie ER Stein MJM Wright</p> <p>Committee composition satisfied the requirements described above since the Committee's establishment.</p>
Consultation	<p>Members of management may attend meetings of the Committee at the invitation of the Committee Chairman.</p> <p>Committee meetings are usually attended by the CEO, the Chief Sustainability and People Officer, the Group Manager – Health, Safety and Environment, the Company's Chief Operating Officers, the Chief Financial Officer, and its Company Secretary.</p>	<p>Members of management may attend meetings of the Committee at the invitation of the Committee Chairman.</p>

4. The Board recognises and manages risk and safeguards the integrity of financial and other reporting

4.1 Framework

The Board has approved the following framework within which the Company discharges its risk management function:

Leading culture of compliance and ensuring that risk management practices are appropriate and effective in the context of the Company's business objectives.

Oversight: The Board, through the Audit, Risk and Compliance Committee, is responsible for reviewing and guiding the Company's risk management policies and compliance and control systems. These policies and systems provide for management to identify and manage both financial and non-financial risks to the Company's businesses, including new and emerging risks. The Board, through the Committee, regularly reviews the effectiveness of the Company's risk management system and management of identified business risks.

Purpose: The Company's risk management framework is designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Internal controls framework

- A robust control environment is fundamental to the effectiveness of the Company's risk management framework. Delegations of authority and Board and management accountability is clearly demarcated.
- All Directors, executives and employees are required to adhere to the Code of Conduct (described below) and the Board actively promotes a culture of quality and integrity.
- Accounting, financial reporting and internal control policies and procedures designed to manage business risks (both financial and non-financial) have been established at the Board and executive management levels. These are designed to safeguard the assets and interests of the Company, and ensure the integrity of financial reporting. The Board nonetheless acknowledges that it has ultimate responsibility for the accuracy and approval of the Group's financial reports. The Board acknowledges that it is also responsible for the overall internal control framework, and to assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

Financial and non-financial risk: Before the Board approved the Company's half year and full year financial statements, it received a declaration from the CEO and Chief Financial Officer that, in their opinion:

- the financial records of the entity have been properly maintained; and
- the financial statements comply with the accounting standards and give a true and fair view of the financial position and performance of the entity, and that this opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively.

Management regularly reports to the Board, including through reports to the Audit, Risk and Compliance Committee, on strategic and operational issues, including an assessment of the material business risks facing the Company and the effectiveness of the system and policies in place to manage those risks.

Financial reporting

- Comprehensive budgeting system with an annual budget reviewed and approved by the Board.
- Procedures to ensure that price sensitive information is reported to the ASX in a timely manner (see section 5 below).

Operating unit controls

- Financial controls and procedures including information systems controls are in operation throughout the consolidated entity.
- Operating units confirm compliance with these procedures to the Board annually.

Functional speciality reporting

- The Group has identified a number of key areas which are subject to regular reporting to the Board, such as safety and environment, risk management, taxation, finance and administration.

Investment appraisal

- Clearly defined guidelines for capital expenditure e.g. annual budgets, detailed appraisal and review procedures, and levels of delegated authority where businesses are being acquired or divested.

Internal audit

- Assists the Board in ensuring compliance with internal controls.
- The Audit, Risk and Compliance Committee reviews and approves the selection and engagement of internal auditors, the internal audit program to be conducted, and the scope of the work to be performed.
- KPMG are the Company's internal auditors.
- Internal auditors provide the Committee with comments and recommendations about the identification of areas perceived to be of a greater level of risk than others, and any areas requiring particular scrutiny.
- The Committee receives and reviews the reports of the internal auditors.

Delegated authorities and restrictions

- Comprehensive procedure which provides a framework that enables employees to operate and act within clearly defined and communicated parameters.
- The CEO and management (as the delegates of the CEO) are accountable to the Board for the authority delegated to the CEO and for complying with any limits on that authority (including complying with the law and Company policy).

4. The Board recognises and manages risk and safeguards the integrity of financial and other reporting continued

The Board, in consultation with the Audit, Risk and Compliance Committee, reviews the Company's risk management framework at least annually. This review was conducted in 2021 and the Board satisfied itself that the Company's risk management framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.

4.2 Environmental and social risks

The Company's commitment to sustainability is built on sound business strategy that supports continuous improvement in the social, environmental and economic performance of the Company. Adbri continually analyses its activities and considers the needs of all stakeholders to identify key opportunities for improvement and sustainable development. Details about the Company's environmental and social risks and how it manages them are set out in the Directors' Report on pages 68 to 80, and further details are outlined in the 'Sustainability Report' on pages 26 to 57 of the Company's 2021 Annual Report.

4.3 Audit Services

The Company's and the Audit, Risk and Compliance Committee's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is considered annually. PricewaterhouseCoopers remains the external auditor of the Company for the Group's financial report for the year ended 31 December 2021.

The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor. It is based on the principle that work that may detract from the external auditor's independence and impartiality (or that may be perceived as doing so) should not be carried out by the external auditor. Details and the break down of fees for non-audit services and an analysis of fees paid or payable to external auditors are provided in Note 31 to the Financial Statements in the Company's 2021 Annual Report.

KPMG have been appointed as the Company's internal auditor. The Audit, Risk and Compliance Committee is responsible for assessing the performance and objectivity of the internal audit function.

4.4 Verification of unaudited periodic reports

The Audit, Risk and Compliance Committee assists the Board in discharging its responsibilities in relation to the external reporting of financial information for the Company. The Company has a comprehensive process for preparing, verifying and approving the full and half year financial statements, and the external auditor provides a report in accordance with auditing standards ahead of release to the market.

The Company publishes additional unaudited information in the half year and annual reports (including the sustainability report that is published as part of the annual report). Although this information is not externally audited, the Company has in place policies to seek to ensure that such information is not inaccurate, false, misleading or deceptive, does not have material omissions, and complies with any applicable laws, regulations, governance standards and the Company's policies.

Adbri has adopted the following process to verify material statements in these documents before they are released to the market:

- content is prepared by, or under the oversight of, the relevant subject matter expert for the area being reported on;
- a verification schedule is set up to allocate the material statements within those documents to persons who are responsible for verifying their accuracy and completeness;
- material statements of fact are reviewed by relevant group executives against source data for accuracy, and statements of opinion are separately identified and reviewed by relevant group executives for reasonableness to determine if there is a sound basis for the statement being made; and
- the verification process for the full-year and half-year reports (including information about the relevant information owner(s), information source(s) and evidence used to support statements made in the relevant report) is formally documented and reviewed by the Audit, Risk and Compliance Committee before approval by the Board. In addition, the Board receives a written declaration in relation to the financial statements of the Company from the CEO and Chief Financial Officer (see section 3.1).

The Board approves the half year and annual reports, including the sustainability report.

5. The Board is committed to promoting ethical and responsible decision-making

5.1 Code of conduct and whistleblower program

The Company is committed to upholding the highest ethical standards of corporate behaviour. A Code of Conduct has been adopted, which requires that all Directors, senior management, employees and contractors act with the utmost integrity and honesty. It aims to further strengthen the Company's ethical climate by promoting practices that foster the Company's key values.

The Code of Conduct is publicly available on the Company's website at www.adbri.com.au.

The Code of Conduct is reviewed regularly to ensure that it remains relevant to the Company's values and practices. The Board's approach is that the Company's Code of Conduct should continue to be updated as circumstances, standards and expectations continue to evolve.

The Company has also adopted and continually reviews policies requiring compliance with (among others) occupational health and safety, environmental, privacy, diversity, equal employment opportunity, harassment, fair treatment, modern slavery, and competition and consumer law. The Company monitors the effectiveness of these policies. Further, the Company has adopted a whistleblower or 'Speak Up' policy and anti-bribery and corruption policy, which have been communicated to all Company personnel and published on the Company's website.

Adbri has a strong culture of doing the right thing. The Code of Conduct requires all officers, employees, contractors, agents or people associated with the Company to report any potential breaches of the Code under the whistleblower program. This may be done anonymously. The Board of Adbri, and management across the Group, takes compliance with the Code of Conduct seriously. Compliance with the Code of Conduct is monitored by senior management and the Audit, Risk and Compliance Committee receives and reviews reports of material whistleblower complaints and any other material reported breaches of the Company's policies (including the Code of Conduct and anti-bribery and corruption policy). The People and Culture Committee also receives reports about whistleblower complaints to identify any trends, hot spots, or indicators of cultural behaviours for particular attention.

The Company has established an anonymous, 24-hour whistleblower hotline (operated by an independent external provider) and relevant personnel received training in relation to their obligations under the whistleblower policy.

5.2 Shareholdings of Directors and employees

The Board has a policy that Directors and Officers may not buy or sell Adbri Ltd shares except where prior approval is obtained. Approval is only likely to be granted during specified periods known as 'Trading Windows' (unless there are exceptional circumstances), which cover the period of one month following the annual and half year results announcements and the annual general meeting. The policy also defines certain circumstances where trading is not permitted under any circumstances, including during 'Blackout Periods' (which cover the two months preceding lodgement of half year and annual results announcements), and any instance when a Director is trading for short-term gain. In all cases, Directors and Officers are prohibited from trading in securities when they are in possession of 'inside information'.

The Company's Share Trading Policy is available on the governance section of the Company's website at www.adbri.com.au.

To enhance Board alignment with shareholder interests, the Board introduced a Non-executive Director Minimum Shareholding Policy in 2018. The Minimum Shareholding Policy was adopted in order to encourage Non-executive Directors to accumulate and maintain a meaningful level of ownership in Adbri.

The Board continues to consider that Executives' interests are sufficiently aligned to those of our shareholders through their Long Term Incentive (LTI) and deferral of a portion of their Short Term Incentive (STI Deferral) (as the LTI and STI Deferral are subject to share price fluctuation).

5.3 Remuneration of Directors and employees

Non-executive Directors receive a base fee in relation to their service as a Director of the Board, and an additional fee for membership of, or for chairing a Committee (except in the case of the Nomination and Governance Committee where no additional fees are paid to its Chairman or members). These fees are not linked to the performance of the Group, in order to maintain the impartiality of the Non-executive Directors.

Executives (including the CEO) can receive a mix of fixed annual remuneration and 'at-risk' remuneration (comprised of short term and long term incentives). The remuneration and other terms of employment for executives are set out in formal employment contracts referred to as Service Agreements.

Further information about the Company's policies and practices regarding the remuneration of Directors and executives is contained in the Company's 2021 Remuneration Report contained at pages 81 to 101 of the 2021 Annual Report.

6. The Board is committed to timely and balanced disclosure and respects the rights of shareholders

6.1 Continuous disclosure

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the *Corporations Act 2001* and the ASX continuous disclosure regime.

The Company's Continuous Disclosure Policy is available on the Company's website at www.adbri.com.au. It sets out guidelines and processes to be followed in order to ensure that the Company's continuous disclosure obligations are met. Material information must not be selectively disclosed prior to being announced to the ASX. Directors are provided with copies of all announcements made in compliance with the Company's continuous disclosure obligation promptly after they have been made, if not beforehand.

These policies and procedures are supplemented by the Shareholder Communications Policy (also published on the Company's website at www.adbri.com.au) which includes arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communicating with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements and overseeing and coordinating (with the General Manager Corporate Finance and Investor Relations) information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. The Company Secretary ensures that any new and substantive investor or analyst presentation is released on the ASX before the presentation is given.

6.2 Communication with shareholders

The Company's website contains copies of key corporate governance documents, its Constitution, annual reports, financial accounts, ASX releases, the names, photographs and biographical details of the Directors, an overview of the Company's current business, an events calendar and other investor relations publications. All relevant announcements made to the market via the ASX, and any related information, are also posted on the Company's website.

The Company has an investor relations program to facilitate effective two-way communication with investors. Shareholders can communicate with the share registry and the Company by electronic means. The Company's website provides the contact details for the Company's share registry and for shareholder enquiries. The website contains a facility for shareholders to contact the Company and to ask questions electronically, and sets out the other services available to shareholders online.

The Board encourages full participation of shareholders at the Annual General Meeting in order to promote a high level of accountability and discussion of the Group's strategy and goals. For example, the Company allows shareholders to submit written questions to the Company ahead of the Annual General Meeting. The Company also ensures that notices of Annual General Meetings are accessible on its website. All substantive resolutions at shareholder meetings are decided by a poll rather than by a show of hands.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

