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Market Announcements  
Office ASX Limited

### Corporate Governance Statement for 2022

Eagers Automotive Limited (ASX: APE) attaches our Corporate Governance Statement for 2022.

This document is given to the ASX under listing rule 4.7.4.

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Authorised for release by the Company Secretary.



# Corporate Governance Statement 2022

**Eagers Automotive Limited**

ABN 87 009 680 013

## Introduction

This statement summarises our key corporate governance practices. It is current as at 22 February 2023 and has been approved by the board. We followed all recommendations of the ASX Corporate Governance Council throughout 2022 ("year under review") except as referred to below.

## Principle 1 - Lay solid foundations for management and oversight

### Roles of Board and Management

We have a dynamic board which has developed and implemented policies and practices, over many years, designed to promote a culture of good corporate governance.

The board's role and responsibilities are detailed in our board charter, which is available on the Corporate Governance page of our website located at <http://www.eagersautomotive.com.au/shareholders/corporate-governance/>.

The board has primary responsibility to shareholders for the welfare of the Company by guiding and monitoring its business and affairs. The board must at all times act honestly, fairly and diligently in accordance with applicable laws and policies. Each Director must act in the best interests of the Company as a whole.

Under the charter, the board's key responsibilities include to:

- approve the Company's statement of values.
- define the Company's strategic objectives.
- set the risk appetite within which management is expected to operate.
- satisfy itself that an appropriate risk management framework is in place, including effective audit, risk management and compliance systems.
- oversee management's implementation of the Company's strategic objectives and performance generally.
- appoint (and, if appropriate, remove), appraise and determine the remuneration of the Chief Executive Officer.
- oversee the integrity of the Company's accounting and corporate reporting systems.
- approve the Company's financial statements and monitor the financial results.
- approve:
  - the operating budget and major capital expenditure.
  - the acquisition or disposal of significant assets.
  - the payment of any dividends and the issue of any securities.
  - the Company's remuneration framework.
- oversee the Company's process for making timely and balanced disclosures.
- delegate powers to the Chief Executive Officer for day-to-day business.

The charter also provides that the Chief Executive Officer is responsible for:

- implementing the strategic objectives and carrying on day-to-day business.
- in consultation with the board, reviewing the performance and reward framework of other senior management.
- providing the board with accurate, timely and clear information.

### Agreements with Directors and Senior Executives

A letter of appointment sets out the terms of appointment for each non-executive Director appointed since 2007. It was not standard practice to issue letters of appointment for Directors prior to 2007. A written employment agreement is also in place with the Chief Executive Officer and other senior executives setting out their employment terms. This ensures a clear understanding of their respective roles and responsibilities and of the Company's expectations.

## Board Evaluation

Under the board charter, the Chairman is responsible for ensuring that board meetings are conducted competently and ethically and that Directors individually and as a group have opportunities to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the board and Company. In this context, the Chairman undertakes a continuous review of the performance and contribution of individual Directors, whilst the board, as a whole, conducts an ongoing self-assessment of its collective performance and assessment of its committees and of the Chairman. This process was followed during the year under review and has assisted the board to operate efficiently and effectively over many years.

## Executive Evaluation

The board is responsible for approving and reviewing the remuneration arrangements for the Chief Executive Officer and equity plans for all executive key management personnel, based on recommendations of the Remuneration & Nomination Committee. The Remuneration & Nomination Committee reviews and makes recommendations to the board on these matters. These reviews take place at least annually, taking into account relevant market conditions. The Chief Executive Officer, in consultation with the Chair of the Remuneration & Nomination Committee, reviews the performance of the other executives on an ongoing basis and ensures the appropriateness of their reward framework. This process was followed during the reporting period.

## Company Secretary

The Company Secretary is accountable to the board, through the Chairman, on all matters to do with the proper functioning of the board. Each director is able to communicate directly with the Company Secretary and vice versa.

## Diversity

We recognise the inherent benefits in having a diverse workforce and value the differences between people and the contribution these differences can make to our business. To encourage and foster the move towards a more diverse work force is not only the right thing to do, it also makes good business sense. It provides opportunity to attract and retain the most talented and engaged people whose diversity reflects the communities in which we operate. We believe this helps to encourage greater innovation within our business.

In order to achieve optimum diversity in our workforce, it is essential that recruitment, selection, training, promotion and career management decisions are based on merit and are non-discriminatory. Our managers are charged with responsibility for ensuring employees are treated fairly and with respect and dignity.

Within our policy of appointing or promoting the best person for the job on a non-discriminatory basis, we endorse the objectives of equal opportunity so that all candidates are given equal consideration.

These principles are reflected in our Diversity Policy which is available on our website.

In accordance with our diversity policy, the board has set the following measurable objectives for achieving diversity in the composition of our board, senior executives and workforce generally, and these are assessed annually:

- **Board Composition** – The measurable objective for achieving gender diversity in the composition of the board is to have not less than 30% of Directors of each gender by February 2025. Since setting this objective, the proportion of our Directors who are women has risen from 20% to 25%.
- **Diversity & Inclusion Training** – Inclusiveness' is one of the key values of our Company. This recognises the unique contribution that each person brings to our business and the strength and innovation that can come through a diverse and inclusive workforce. To help embed this value across the group, our objective is to develop and deliver diversity and inclusion training for

all managers over a four-year period, focussing on increasing awareness of unconscious biases and understanding how differences can contribute to the development of a high-performance culture. For further details and information please refer to our Sustainability Report which is available on our website.

- **Workforce Gender Composition** - We are committed to improving the gender balance of our workforce. Our objective is to recognise and better understand relevant gender issues in our workforce. Our annual employee engagement survey assists in achieving this, with the survey results utilised to improve our understanding of gender issues and to develop appropriate education and training programs to address them.

We engaged an independent organisation that specialises in facilitating workplace engagement surveys to conduct our employee engagement survey across Australia and New Zealand during the year. By utilizing an independent external provider, employees can be confident that the survey is both anonymous and confidential, as well as allowing the survey feedback to be benchmarked against a portfolio of other large employers. Survey results are reviewed, relayed back to employees and action plans developed to act on the feedback. Employees will again be invited to participate in an engagement survey in the coming year, and it is the intention of the Company to continue the engagement survey each year. We value feedback from our employees and we understand that their engagement and satisfaction leads to better organisational performance.

We also continue with our gender pay gap analysis each year to ensure all remuneration throughout the group is based on role and performance, regardless of gender.

- **Cultural Diversity Recognition** - To better understand the diverse demographic of our workforce and ensure that it is representative of our customers, our objective is to better understand the cultural heritage and diversity of our employees. Our annual employee engagement survey assists with achieving this objective, with the survey results utilised to recognise the cultural diversity of our workforce and to develop appropriate programs to address any relevant issues.

Our most recent "Gender Equality Indicators" are available on our website in accordance with the Workplace Gender Equality Act.

## **Principle 2 – Structure the board to be effective and add value**

### **Independence**

Our board consists of eight Directors, including seven non-executive Directors. The Chief Financial Officer, Ms Sophie Moore, is the only executive Director.

50% of the board is regarded as being independent, ie. four Directors, being Mr Crommelin (Chairman), Mr Birrell, Mr Duncan and Mr Blackhall. The board believes they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and act in the best interests of the Company and its shareholders generally.

Mr Crommelin is Chairman of Morgans Holdings (Australia) Limited and brings extensive knowledge and expertise to our board in areas such as corporate finance, risk management and acquisitions. It is considered that the relationship between the Company and Morgans is not material to Mr Crommelin's independence and that his role with Morgans does not interfere with his capacity to bring independent judgement to bear on issues affecting the Company. We have not paid any fees to Morgans for corporate advisory services during the last three years.

Mr Birrell has led a distinguished career in the automotive industry, including 38 years at manufacturer, financier and retail level and 21 years as Executive Chairman of Birrell Motors Group in Victoria and Tasmania.

Mr Duncan has significant experience in the automotive and investment sectors, including leading the Trivett Automotive Group to become the largest prestige automotive retailer in Australia and as chairman of Cox Automotive Australia Board of Management.

Mr Blackhall adds more than fifty years of automotive industry experience to our board. He has a strong background in finance, corporate strategy and marketing. He has worked for automotive manufacturers at Managing Director level, as dealer principal and as franchise owner. He is currently the Chairman of the Australian Automotive Dealer Association, having previously been their Chief Executive for three years until 2019.

In addition to our independent Directors, the board derives significant benefit from the expertise and experience of Mr Politis, Mr Ryan and Ms Prater. Mr Politis has vast automotive retail industry experience and is a Director and controlling shareholder of the Company's largest shareholder, WFM Motors Pty Ltd. Mr Ryan has significant management experience in the automotive retail and other industries and is a Director and Chief Executive Officer of WFM Motors Pty Ltd. Ms Prater has experience in the automotive and investment sectors, including as a Director and in executive roles (both at corporate and operational levels) with Automotive Holdings Group prior to its merger with the Company.

This combination of Directors provides appropriate balance on the board given the Company's size and operational requirements.

Details of each Director's term in office, qualifications, professional skills, experience, expertise and responsibilities are set out in our Directors' Report.

### **Remuneration & Nomination Committee**

Our Remuneration & Nomination Committee consists of Mr Duncan (Committee Chairman), Mr Crommelin and Mr Ryan. Their qualifications, experience and attendance at committee meetings are detailed in our Directors' Report.

The Committee Chairman may invite any member of management, any auditor or any other person to attend committee meetings. The committee may also meet with any person without management in attendance.

The committee charter can be found on our website and, in accordance with the charter, the committee reviews and makes recommendations to the board in relation to the following matters:

- remuneration structures and arrangements for Directors and senior management, taking into account market conditions and other relevant matters.
- nomination and appointment of Directors.
- succession planning.

This provides an efficient mechanism for bringing focus and independent judgement in overseeing these matters, whilst the full board retains ultimate responsibility for them.

When board vacancies arise, the committee identifies potential candidates with a view to ensuring an appropriate balance of qualities on the board so it may continue to discharge its duties and responsibilities effectively for the benefit of all shareholders. These qualities are described in the Skills Matrix referred to below.

Potential candidates require a disposition enabling them to offer and resolve differing views and ask discerning questions of management and Directors. They are made aware of the time commitments on board members and appropriate due diligence checks are undertaken before any new member is appointed. Appointments are made on a non-discriminatory basis.

## Skills Matrix

It is important that the board has a diverse range of qualities enabling Directors individually and collectively to effectively challenge management, provide strategic input and discharge their obligations and responsibilities.

The board is satisfied its current members have an appropriate mix of skills, knowledge, expertise, experience and other qualities, as described in this Skills Matrix:

- industry and operational (including automotive retail, finance and insurance, real estate, capital markets, mergers and acquisitions).
- executive management, public company directorships and chairmanship.
- commercial acumen (including business management, business development, innovation and strategy).
- professional skills (including accounting, audit, finance, risk management and regulatory compliance).
- interpersonal qualities (including integrity, standing in the market, ability to identify and communicate ideas and issues, and the degree to which one's skill set complements the skill sets of other board members).
- diversity including geographic diversity (including the main regions in which we operate).
- independence.

Importantly, these qualities enable us to pursue the pillars of our corporate strategy (ie. business optimisation, organic growth and by selective acquisition, strategic property ownership, and development of proprietary brands via innovation and complementary services).

To complement the Skills Matrix, Directors are also entitled to obtain independent professional advice to assist in the proper discharge of their duties, at the Company's expense with the Chairman's prior approval.

## Inductions and Professional Development

New Directors are offered an induction program aimed at broadening their understanding of the Company, as appropriate, including site visits and meeting key management. This allows them to participate fully and effectively in board decision-making at the earliest opportunity.

Through the Remuneration & Nomination Committee, the board considers annually the need for professional development of Directors. Directors are given professional development opportunities to maintain and develop the skills and knowledge needed to perform their roles effectively, and site visits are available periodically to maintain familiarity with our operating environment.

### **Principle 3 – Instil a culture of acting lawfully, ethically and responsibly**

As a company, we have adopted the following values, which express the standards and behaviours we expect of all our team members. They guide our interactions with all stakeholders and provide a platform for bringing together our teams under one banner. They are intended to create a link between our purpose and our strategic goals.



#### ***Integrity – Doing what we say we will do***

Our reputation is the foundation on which our Company is built. It is shaped by the way each of us behaves and acts every day. Others need to be able to rely on us while we constantly strive to be better than ever before. Regardless of success, we value humility and authenticity as these are necessary for creating high levels of trust and transparency across all parts of our business. Our success is directly linked to us doing what we say we will do and optimising outcomes for all stakeholders.

#### ***Inclusiveness – Embracing the value and contribution of all individuals in our team***

Respect runs deep in our Company. Everyone matters. No one is more or less important as an individual than anyone else, however we all have different roles to play. Success is never achieved in isolation and we strive to be a connected team, supporting each other and encouraging each individual contribution to group goals. Everyone has safe passage to offer their own view based on their unique experiences and background. We learn together and we succeed as one.

#### ***Owner's Mindset – Taking pride in our work and owning our contribution***

We are a team focussed on continuous improvement in our behaviour, our skills, our standards and our results. Each individual is empowered to take ownership of their contribution to the team. We support pragmatic thinking, authentic people who respectfully challenge themselves and each other to do better every day.

#### ***Agility – Being flexible in our thinking and open to change***

We constantly look for new and better ways to optimise outcomes for our stakeholders. We encourage innovative thought to build better processes, enhance efficiencies and improve results. While we strive to grow our Company, we know that size can reduce agility, so we drive nimble action. New ideas and shared learnings are important to help us maintain the speed and agility of a market leader in our ever-changing industry.

Our Code of Conduct includes our Whistleblower, Ethics, Bribery and Corruption Policies. It is promoted within the Company as a meaningful statement of our core values and is supported by a range of other policies and procedures, including our Compliance, Behaviour Management, Discrimination, Sexual Harassment & Workplace Bullying, Diversity, Affirmative Action, Grievance & Complaint, and Disciplinary Policies. These are all incorporated into a suite of policies which govern the conduct of all employees and Directors, and is available on our intranet.



This policy framework clearly articulates acceptable business practices. It helps to foster a culture of compliance and maintain investor and employee confidence in the integrity of the Company. It expresses our commitment to a culture of honesty and integrity, recognises the need to observe the highest standards of behaviour and ethics, and promotes and encourages:

- ethical and responsible decision-making.
- compliance with legal obligations.
- putting the interests of the Company ahead of personal gain.
- reporting of suspected violations of laws and unethical business practices.
- the fair, prompt and confidential consideration of any complaints.

## **Principle 4 – Safeguard the integrity of corporate reports**

### **Audit & Risk Committee**

Our Audit & Risk Committee is comprised of Mr Blackhall (Committee Chairman), Mr Birrell and Mr Duncan. Committee members' qualifications, experience and attendance at committee meetings are detailed in our Directors' Report.

The Chairman may invite any member of management, the external or internal auditor or any other person to attend committee meetings. The committee may also meet with any person without management in attendance.

The committee charter is available on our website. In accordance with the charter, the committee reviews and makes recommendations to the board in relation to:

- Accounting Practices and Tax – annual and half yearly financial reports, significant accounting policy changes, the adequacy and effectiveness of reporting and accounting controls and practices and material taxation matters.
- External Audit – the external auditor's appointment, fees, audit plan, performance, independence and management letters.
- Internal Audit – the internal audit charter, plan, reports and independence, and any restrictions on the auditor.
- Risk Management – the adequacy and effectiveness of risk management and internal control systems and the standard of corporate conduct in arms-length dealings and likely conflicts of interest.

The committee provides an efficient mechanism for bringing focus and independent judgement in overseeing these matters, whilst the full board retains ultimate responsibility for them.

A process is also undertaken to verify the integrity of periodic corporate reports which are released to the market but not subject to external audit. The process aims to ensure the reports are materially accurate and balanced. This includes review by senior executives, members of our corporate finance and legal team and, where appropriate, external professional advisers.

### **CEO & CFO Declaration**

Before the board approves the half yearly and annual financial statements, the Chief Executive Officer and Chief Financial Officer provide a declaration that in their opinion:

- our financial records were properly maintained.
- our financial statements comply with the accounting standards and give a true and fair view of our financial position and performance.

### **Auditor Attends AGM**

Our external auditor attends our annual general meetings to answer shareholder questions. This is an important safeguard for the integrity of our corporate reporting process.

## **Principle 5 – Make timely and balanced disclosure**

We understand and respect that prompt disclosure of price-sensitive information is central to the efficient operation of the ASX securities market.

Our policy for complying with continuous disclosure obligations under the ASX listing rules is available on our website. The Company Secretary oversees disclosure to the ASX.

To further reinforce the importance of our disclosure obligations, the board considers continuous disclosure obligations and share transactions by Directors as standing agenda items at scheduled board meetings. Directors have also entered into agreements with the Company requiring that they provide all information necessary to enable the Company to comply with its disclosure obligations.

## **Principle 6 – Respect the rights of security holders**

We are committed to effective communication with investors as a means of providing a greater understanding of our business, governance, financial performance and prospects.

Detailed information about our Company and governance is included on our website, including our Investor Relations Policy. This policy details arrangements designed to facilitate effective two-way communications with investors and encourage participation at shareholder meetings and confirms that shareholders may communicate with us and our share registry electronically. Details on how shareholders may elect to receive certain documents electronically can also be found in the Investor Relations Policy.

## **Principle 7 – Recognise and manage risk**

### **Risk Management Framework**

We place a high priority on the identification of material risks and opportunities. By understanding and managing risk, greater certainty and confidence can be provided to shareholders, employees, customers, business partners and other stakeholders.

Our Risk Management Policy is available on our website. In accordance with the policy, the board is responsible for:

- overseeing our risk management framework.
- ensuring a sound system of risk oversight, management and internal control is in place.
- ensuring material business risks are effectively managed.
- monitoring and reporting on any material changes to our risk profile.

Within this framework, the Chief Financial Officer (assisted by internal audit and risk) is responsible for the establishment, implementation and maintenance of our risk management system. The system includes a group risk register methodology within which material business risks are identified and prioritised so they can be managed appropriately.

Management reports to the Audit & Risk Committee on the effectiveness of our risk management system and is satisfied that it enables material risks to be appropriately identified, prioritised, monitored and managed.

The committee monitors and reports to the board on the effectiveness of the risk management system, reviewing it at least annually to check that it remains sound. Such a review has taken place during the year under review.

Our risk management system through different controls and check points, is intended to assist in managing risk at acceptable levels taking into account our objectives, business model, industry, market environment, ownership structure and risk appetite set by the board.

### **Internal Audit**

The board has established our internal audit function as a key component of our governance framework. The internal audit function includes a team of internal auditors who operate independently of, but in consultation with, the external auditor.

Internal audit brings a systematic, disciplined approach to evaluating and continually improving the effectiveness of our risk management and internal control processes. It is an objective review which provides assurance to the board that our controls are designed and working effectively to manage key risks. This also helps management to improve business performance.

Our internal audit and risk team has a direct reporting line to the Audit & Risk Committee and direct access to the board Chairman, Committee Chairman and Chief Executive Officer to assist to maintain the team's independence and objectivity as far as reasonably practicable.

In conducting its activities, internal audit plays an active role in:

- developing and maintaining a culture of accountability and integrity.
- facilitating the integration of risk management into day-to-day business activities.
- promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards.

### **Environmental and Social Risks**

Risks are monitored, assessed and prioritised through our risk management framework, as described above. Information regarding any material exposure to environmental or social risks, and how those risks are managed, is contained in our Sustainability Report which can be found on our website.

### **Principle 8 – Remunerate fairly and responsibly**

As referred to above, whilst the board retains ultimate responsibility for approving our remuneration framework, the Remuneration & Nomination Committee provides an efficient mechanism for bringing focus and independent judgement to remuneration matters.

Full details of the remuneration arrangements of our Directors and senior executives are set out in our Remuneration Report. This shows a clear distinction between the remuneration structure of non-executive Directors' and that of executive Directors and other senior executives.

Our Securities Trading Policy also sets out restrictions on participants in our equity-based remuneration schemes and can be found on our website.