

MotorCycle Holdings Limited

ACN 150 386 995



Corporate Governance Statement | 29 August 2023

The governance measures adopted by the board of directors (the **Board**) of MotorCycle Holdings Limited (the **Company, we, or our**) reflect the Board's endorsement of the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) (the **Recommendations**).

This Corporate Governance Statement discloses the extent to which the Company complies with the Recommendations and if it does not, why not. The following legend has been used to indicate the status of the Company's compliance with each of the Recommendations:

The Company has followed the Recommendation in full for the whole of the period	✓
The Company has not followed the Recommendation in full for the whole of the period and is either working towards complying with the Recommendation or has alternative governance arrangements in place	✗

Principle 1 – Lay solid foundations for management and oversight

1.1	The Board has outlined the Board's roles and responsibilities and has established a clear distinction between its functions and those delegated to management in the board charter. A copy of the board charter is available on the Company's website.	✓
1.2	Appropriate checks have been carried out on all directors and senior executives prior to their appointment. The Company will provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director at future general meetings.	✓
1.3	All directors and senior executives have a written agreement with the Company setting out the terms of their appointment.	✓
1.4	The company secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	✓

Principle 1 – Lay solid foundations for management and oversight

1.5 The Board has adopted a diversity policy that includes measurable objectives for obtaining gender diversity in the composition of its Board, its senior executives, and its workforce. A copy of the diversity policy is available on the Company’s website. The objectives, and the progress towards achieving those objectives are: ✓

Objective 1: Ensure that a female is included in the interview short list when the Company next seeks to fill a vacancy on its Board.

Progress: Ms. Katie McNamara was appointed as a non-executive director by the Company on 1 November 2022.

Objective 2: Attempt to include a female applicant in any short-list for interviews for management and senior management roles.

Progress: All females with relevant qualifications and/or experience were included in short-lists for interviews for management roles during the year. There were no vacancies for senior management roles.

Objective 3: Increase the number of females in management roles by 5% per year over 3 years commencing 1 July 2021.

Progress: The number of females in management roles decreased by 25% during 2023, the total number of employees in management roles decreased by 4%.

The Company is a relevant employer under the *Workplace Gender Equality Act 2012* (Cth) (**WGEA Act**), and the most recent Gender Equality Indicators, as defined in and published under the WGEA Act are found in our WGEA Report, a copy of which is on our website.

1.6 The Board, with the advice and assistance of the nomination and remuneration committee (**NRC**), reviews and evaluates the performance of the Board, each committee of the Board, and each individual director against the relevant charters, corporate governance policies, and agreed goals and objectives. The requirement for these evaluations is set out in the board charter. ✓

These reviews were not undertaken during this reporting period. The Board underwent a renewal process during November and December 2022. Three of its directors are currently filling casual vacancies and will stand for election at the Company’s 2023 annual general meeting (**AGM**). Following the AGM, the NRC will evaluate the performance of the Board, each committee of the Board, and individual directors.

1.7 Performance reviews for senior executives take place at least annually. The NRC has accountability in its charter to oversee these reviews and report to the Board on their outcomes. Disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed. ✓

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

- 2.1** The Board has established a combined nomination and remuneration committee (**NRC**) whose charter is available on the Company's website. ✓
 Membership of the NRC is comprised of three independent directors:
- Peter Henley (committee chair, independent, non-executive director)
 - Rick Dennis (independent, non-executive director)
 - Martin Ward (independent, non-executive director)
- 2.2** The Board underwent a renewal process during November and December 2023 with consideration given at that time to the appropriate mix of skills required for the Board moving forward. ✗
- Three directors are currently filling casual vacancies and will stand for election at the Company's 2023 annual general meeting.
- As noted at 1.6 above, following the AGM, the NRC will undertake a review of each of the individual directors, and, during this process will again consider the mix of skills the Board possesses and requires, and revise the board skills matrix.
- 2.3** The board charter (available on the Company's website) sets out the criteria adopted by the Board for considering if a director is independent. The directors considered by the Board to be independent directors are: ✓
- Rick Dennis (Board chair, independent, non-executive director);
 - Peter Henley (independent, non-executive director);
 - Katie McNamara (independent, non-executive director); and
 - Martin Ward (independent, non-executive director).
- 2.4** The Board is comprised of 7 members, 4 of whom are independent and named above at 2.3. The Company recognises the importance of having a majority of the Board as independent directors. ✓
- 2.5** Rick Dennis, an independent, non-executive director chairs the Board of the Company. The Chair facilitates the effective contribution of all directors at Board meetings. The roles of chair and chief executive officer (**CEO**) are exercised by different individuals. ✓
- 2.6** All non-executive directors have had an induction into the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. The induction process has included site visits and presentations by management. ✓
- Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.

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

- 3.1** The Company's values are the guiding principles that define the type of organisation we aspire to be and link our purpose to our strategic goals by expressing the behaviours we expect from our directors, senior executives, and employees. Our values are: ✓
- *Customer Service Excellence*: Our customers are the lifeblood of our business, and we work hard to satisfy their needs and exceed expectations. We strive to make their motorcycling dreams come true.
 - *Respect*: Our company is successful because we respect people with different strengths, ideas, interests, and backgrounds. We cooperate and openly share knowledge and information with colleagues, customers, and suppliers.
 - *Teamwork*: Effective teamwork demands strong relationships, respect, communication, and trust. We support each other to achieve customer, personal, and company goals.
 - *Passion*: We inspire others with our passion for motorcycles and our drive to be the best in the business. Sharing our industry knowledge and motorcycling experiences with customers and colleagues is who we are, it's our lifestyle.
 - *Integrity*: We are open, honest, ethical, and fair, and deliver on our promises. Acting with integrity is vital to building and maintaining trust and good relationships.

These values are communicated to all directors, senior executives, management, and employees upon commencement of employment through written human resource manuals and employment inductions. Employees are required to recomplete the employment induction annually.

- 3.2** The Board has adopted a code of conduct applicable to all directors, senior executives and employees, a copy of which is disclosed on the Company's website. ✓
- 3.3** The Board has adopted a whistleblower policy, a copy of which is disclosed on the Company's website. ✓
- 3.4** The Board has adopted an anti-bribery and corruption policy, a copy of which is disclosed on the Company's website. ✓

Principle 4 – Safeguard the integrity of corporate reports

4.1 The Board has established a combined audit and risk committee (**ARC**). The ARC's charter is available on the Company's website. Membership of the ARC is comprised of a majority of independent directors: ✘

- Rick Dennis (ARC chair, independent, non-executive director);
- Peter Henley (independent, non-executive director);
- Rob Cassen (non-independent, non-executive director);
- Katie McNamara (independent, non-executive director); and
- Martin Ward (independent, non-executive director).

Rick Dennis has chaired both the Board and the ARC since 23 December 2022.

Following the board renewal process referred to above, it was considered that, due to his knowledge and understanding of the Company and his skills in finance and risk management, the Board chair was the most appropriate person to continue chairing that ARC for a sufficient period to enable new directors to become fully acquainted with the financial position and operations of the Company.

It is proposed that Mr. Dennis will retire from his role of chair of the ARC after the Company announces its full year results for the financial year ended 30 June 2023, and will be replaced with a successor who is an independent, non-executive director.

4.2 The Board requires declarations from the CEO and chief financial officer (**CFO**) for both the interim and full-year results confirming their opinions in respect of: ✔

- the Company maintaining proper financial records;
- the preparation of financial statements and notes being in accordance with the relevant accounting standards;
- that those financial statements and notes give a true and fair view of the financial position and performance of the company;
- that those opinions have been formed on the basis of a sound system of risk management and internal control which is operating effectively and apply to the financial statements for any financial reporting period; and
- any other matters prescribed by the regulations for the purposes of s 295A the *Corporation Act 2001* (Cth).

4.3 Periodic corporate reports that are released to the market and not audited or reviewed by an external auditor are prepared by the CFO and reviewed by the Board. The CFO is required to present detailed assumptions and calculations to substantiate the integrity of the report to the Board, and Board approval is required before the report is released to ASX. ✔

Principle 5 – Make timely and balanced disclosure

- 5.1 The Board has established a written disclosure and communication policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the course of the meeting. The disclosure and communication policy is available on the Company's website. ✓
- 5.2 The company secretary is responsible for releasing market announcements to the ASX through the market announcements platform. The company secretary is required to forward to the Board the email confirmation received from ASX for the release of **all** market announcements immediately upon receipt. ✓
- 5.3 All substantive investor presentations that contain new information are released to the ASX on the market announcements platform prior to their presentation or prior to their provision to investors or analysts. ✓

Principle 6 – Respect the rights of security holders

- 6.1 The Company has a website which provides information about the Company, its directors and senior executives, key corporate governance policies, and other information relevant to its investors. The website is a key communication tool between the Company and its security holders. The URL is mcholdings.com.au. ✓
- 6.2 The Company has an investor relations program to facilitate effective two-way communication with investors which includes: ✓
- the ability to ask direct questions of the company via an online enquiry form on the Company's website;
 - investor teleconferences to present the interim and full year results during which security holders ask questions; and
 - in-person investor roadshows after the release of the interim and full year results.
- 6.3 The Board has adopted the disclosure and communication policy and will provide security holders with opportunities to have questions addressed at shareholder meetings, irrespective of whether the shareholder is able to attend. ✓
- 6.4 All substantive resolutions at a meeting of security holders are decided by poll. ✓
- 6.5 All security holders of the Company are able to communicate with the Company and its share registry electronically and in fact this method of communication is encouraged. ✓

Principle 7 – Recognise and manage risk

- 7.1** The Board has established a combined audit and risk committee (**ARC**). The ARC's charter is available on the Company's website. Membership of the ARC is comprised of a majority of independent directors: ✓
- Rick Dennis (ARC chair, independent, non-executive director);
 - Peter Henley (independent, non-executive director);
 - Rob Cassen (non-independent, non-executive director);
 - Katie McNamara (independent, non-executive director); and
 - Martin Ward (independent, non-executive director).
- 7.2** The Company has adopted a risk management framework and has established an enterprise risk register which details strategic, operational, financial, and regulatory risks impacting the Company. The Board has appointed the ARC to assist it with discharging its oversight function in respect of enterprise risks and to determine if the system of risk management is sound, including a review of this framework at least annually. During the reporting period the framework was reviewed once each quarter. ✓
- 7.3** The Company does not have an internal audit function but has adopted a risk management framework including a quarterly comprehensive risk monitoring and reporting back to the ARC to evaluate and improve upon the effectiveness of our corporate governance, risk management, and internal control systems. ✓
- 7.4** The Company does not have any material exposure to environmental or social risks; however, we have engaged external consultants to conduct a strategic assessment in this regard. The assessment is ongoing with engagement sought from key stakeholders regarding relevant metrics and is expected to be completed by early 2024. ✓

Principle 8 – Remunerate fairly and responsibly

- 8.1** The Board has established a combined nomination and remuneration committee (**NRC**) whose charter is available on the Company's website. Membership of the NRC is comprised of three independent directors: ✓
- Peter Henley (NRC chair, independent, non-executive director);
 - Rick Dennis (independent, non-executive director); and
 - Martin Ward (independent, non-executive director).
- 8.2** The Board has adopted remuneration policies for non-executive directors, and for executive directors, other senior executives, and all other employees. A copy of each of these policies appear on the Company's website. ✓
- 8.3** The Company's securities trading policy sets out the requirement that participants will be prohibited from entering into transactions which limit the economic risk of their participation in that scheme. The securities trading policy is available on the Company's website. ✓