

MotorCycle Holdings Limited (ACN 150 386 995) (“MTO”) Corporate Governance Statement | 30 August 2021

The governance measures adopted by the board of directors of MTO (“**Board**”) reflect the Board’s endorsement of the recommendations contained in the ASX Corporate Governance Council’s Principles and Recommendations, 4th edition, 2019 (the “**Principles**”). This Corporate Governance Statement discloses the extent to which MTO complies with the Principles and if it does not, why not. The commentary addresses the reasons for any departure from the requirements and the following legend has been used to summarise the status of MTO’s compliance with the Principles:

MTO complies with the Principle	✓
MTO does not comply with the Principle and is either working towards complying with the Principle or has alternative governance arrangements in place	✘

Corporate Governance Principle and Supporting Information		
Principle 1 - Lay solid foundations for management and oversight		
1.1	The Board has outlined in the Board Charter (a copy of which is on MTO’s website), the Board’s roles and responsibilities and has established a clear distinction between its functions and those delegated to management.	✓
1.2	Appropriate checks including criminal record checks have been carried out on all Board members prior to their appointment. MTO will provide shareholders 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 MTO setting out the terms of their appointment.	✓
1.4	MTO’s Company Secretary is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board.	✓
1.5	<p>The Board has adopted a Diversity Policy (a copy of which is on MTO’s website), and set measurable objectives in May 2020 for obtaining gender diversity for the period commencing 1 July 2021:</p> <ol style="list-style-type: none"> 1. Attempt to include a female applicant in any short-list for interviews for management and senior management roles <p>Progress: all females with any 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</p> <ol style="list-style-type: none"> 2. Increase the number of females in management roles by 5% per year over three years commencing 1 July 2021 <p>Progress: objective was set to commence 1 July 2021</p>	✓

Corporate Governance Principle and Supporting Information		
	<p>3. Ensure that a female is included in the interview short list when the Group next seeks to fill a vacancy on its board of directors</p> <p>Progress: there was no vacancy that became available during the year ended 30 June 2021</p> <p>MTO is a “relevant employer” under the Workplace Gender Equality Act, and the most recent “Gender Equality Indicators”, as defined in and published under that Act are found in our WEGA Report, a copy of which is on MTO’s website.</p>	
1.6	The Board will, with the advice and assistance of the Nomination and Remuneration Committee, review and evaluate the performance of the Board, each Board committee 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. A review of the Board, Committees and each director was not undertaken during this reporting period.	✓
1.7	Performance reviews for the Managing Director and senior management take place at least annually. The Nomination and Remuneration Committee 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	<p>The Board has formed a Nomination and Remuneration Committee. The charter for the Nomination and Remuneration Committee is available on MTO’s website. Membership of the Nomination and Remuneration Committee is:</p> <ul style="list-style-type: none"> - Warren Bee (Chair, independent, non-executive director) - Rick Dennis (independent, non-executive director) - Peter Henley (independent, non-executive director) - Rob Cassen (non-independent, non-executive director) 	✓

Corporate Governance Principle and Supporting Information

The Board has undertaken a skills analysis aligned to desired skills to drive MTO strategy. The outcomes of that analysis are set out below and assists in guiding future appointments.

MTO Board Skills Matrix

Skills and Experience	No of Directors		
	Foundational	Competent	Expert
Strategy	-	2	4
Analysis of Financial Statements	-	2	4
Risk Management	-	4	2
Corporate Governance	1	5	-
Senior Executive Leadership	-	-	6
Information Technology and Governance	1	5	-
Organisational Growth and Change	-	2	4
Strategic Human Resource Management	-	4	2
Commercial and Business Experience	-	1	5
Legal Experience	1	4	1
Automotive and/or Engineering	2	-	4
Capital Raising & M&A	2	3	1
Developing and commercialising New Products	-	5	1
Retail Consumer & Customer Experience	-	2	4
Wholesale Experience	1	4	1
Networks in Automotive and Motorcycle Industry	2	1	3

2.2

✓

2.3

✓

The Board Charter sets out the criteria adopted by the Board for considering if a director is independent. A majority of the Board consists of independent directors. The Board is comprised of six members, four of whom are independent (Peter Henley, Rick Dennis, David Foster and Warren Bee). MTO recognises the importance of having a majority of the Board as independent directors and this was instrumental in determining the membership of the Board. David Ahmet and Warren Bee were appointed to the Board on 30 June 2011, David Foster was appointed to the Board on 8 March 2016, Rick Dennis was appointed to the Board on 1 September 2016, Peter Henley was appointed to the Board on 1 March 2017 and Rob Cassen was appointed to the Board on 31 October 2017.

Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of MTO. David Foster, Rick Dennis, Peter Henley and Warren Bee are considered independent as none of them has a material shareholding in MTO or is an advisor or supplier to MTO or has any other material contractual relationship with MTO other than their position as a director.

2.4

✓

The Board is comprised of six members, four of whom are independent (David Foster, Rick Dennis, Peter Henley and Warren Bee).

Corporate Governance Principle and Supporting Information		
2.5	The Chair is an independent director and facilitates the effective contribution of all directors at Board meetings. The roles of Chair and Managing Director are exercised by different individuals.	✓
2.6	All non-executive directors have had an induction into the business of MTO prior to accepting their appointment and have received continuing information on MTO 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 MTO 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	<p>MTO'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 Managers and employees. Our values are:</p> <ul style="list-style-type: none"> - 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. <p>These values are communicated to all Directors, Senior Managers and employees upon commencement of employment through written human resource manuals and employment inductions. Employees are periodically encouraged to recomplete the employment induction from time to time.</p>	✓
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 MTO's website.	✓
3.3	The Board has adopted a whistleblower policy, a copy of which is disclosed on MTO's website.	✓
3.4	The Board has adopted an anti-bribery and corruption policy, contained within our code of conduct, a copy of which is disclosed on MTO's website.	✓

Principle 4 - Safeguard the integrity of corporate reports		
4.1	<p>The Board has established a combined Audit and Risk Committee. The charter for the Audit and Risk Committee is available on MTO's website. The Audit and Risk Committee is comprised of a majority of Independent Non-executive Directors. Its composition being:</p> <ul style="list-style-type: none"> - Rick Dennis (Chair, independent, non-executive director) - Peter Henley (independent, non-executive director) - Warren Bee (independent, non-executive director) - Rob Cassen (non-independent, non-executive director) 	✓
4.2	The Board of MTO requires declarations and management representations in respect of the financial records and information of the business from the CEO and CFO for both the half-year and full-year results.	✓
4.3	Periodic corporate reports that are released to the marked 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 formal 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 on MTO's website.	✓
5.2	The Company Secretary is responsible for releasing market announcements to the ASX on the market announcements platform. The Company Secretary and is required to on-forward to all Directors the email confirmation of the release of all announcements 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	MTO has a website which provides information about it, the directors and executives, key governance policies and other information relevant to its investors. The website will be a key communication tool between MTO and the shareholders. The URL is www.mcholdings.com.au	✓
6.2	MTO has an investor relations program to facilitate effective two-way communication with investors which includes roadshows after the release of the half and full year results.	✓
6.3	The Board has adopted the Disclosure and Communication policy and will provide shareholders 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 shareholders of MTO are able to communicate with MTO and its share registry electronically and in fact this method of communication is encouraged.	✓

Principle 7 - Recognise and manage risk		
7.1	<p>The Board has established a combined Audit and Risk Committee. The charter for the Audit and Risk Committee is available on MTO's website. The Audit and Risk Committee is comprised of a majority of Independent Non-executive Directors. Its composition being:</p> <ul style="list-style-type: none"> - Rick Dennis (Chair, independent, non-executive director) - Peter Henley (independent, non-executive director) - Warren Bee (independent, non-executive director) - Rob Cassen (non-independent, non-executive director) 	✓
7.2	<p>MTO has adopted a risk management framework and has established an Enterprise Risk Register which details strategic, operational, financial and regulatory risks impacting the Group. The Board has appointed the Audit and Risk Committee 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 year the framework was reviewed once each quarter.</p>	✓
7.3	<p>MTO does not have an internal audit function but has adopted a risk management framework including a quarterly comprehensive risk reporting back to the audit and risk committee in accordance with AS/NZS ISO 31000:2009. MTO is in the process of developing a compliance management framework that also incorporates comprehensive quarterly compliance reporting.</p>	✓
7.4	<p>MTO does not have any material exposure to environmental or social risks. The exposure to these risks is monitored closely through comprehensive quarterly risk reporting, and more recently an in-depth third party review of modern slavery (social) risks through its operations and supply chains.</p>	✓

Principle 8 - Remunerate fairly and responsibly

8.1	<p>The Board has established a combined Nomination and Remuneration Committee. The charter for the Nomination and Remuneration Committee is available on MTO's website. The Nomination and Remuneration Committee is comprised of a majority of Independent Non-executive Directors. Its composition being:</p> <ul style="list-style-type: none">- Warren Bee (Chair, independent, non-executive director)- Rick Dennis (independent, non-executive director)- Peter Henley (independent, non-executive director)- Rob Cassen (non-independent, non-executive director)	✓
8.2	<p>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.</p>	✓
8.3	<p>The Share 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.</p>	✓