

PWR Holding Limited (ACN 105 326 850) (“PWH”)
   
Corporate Governance Statement | 23 August 2018



The governance measures adopted by the board of directors of PWH (“Board”) reflect the Board’s endorsement of the recommendations contained in the ASX Corporate Governance Council’s Principles and Recommendations, 3rd edition, 2014 (the “Principles”). This Corporate Governance Statement discloses the extent to which PWH 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 PWH’s compliance with the Principles:

Principle 1 - Lay solid foundations for management and oversight				
1.1	The Board has outlined in the Board Charter, 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. PWH 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 PWH setting out the terms of their appointment.			✓
1.4	PWH Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.			✓
1.5	The Board has adopted a Diversity Policy (a copy of which is on PWR’s website) and the following measurable objectives:			
	<b>Measurable Objectives</b>	<b>FY17 Actual</b>	<b>FY18 Actual</b>	<b>FY20 Target</b>
	Increase the percentage of women in Executive Management over the next 3 years	0	1	1 or more
	Measure the percentage of women across the PWR Group and determine appropriate 3 year targets to increase female representation at PWR	11%	14%	20%
	Focus on developing and implementing policies and procedures that promote gender diversity within the PWR Group, including:	(a) Achieved and implemented	(a) Achieved and implemented	(a) Achieved and implemented
	(a) a remuneration framework and policy around reward and recognition	(b) Policy in place	(b) Policy in place	(b) Policy Effective
	(b) development of recruitment and selection processes that promotes diversity and maximises the pool of potential candidates for particular roles (implemented in theory now to transition to practice)	(c) 15% applicant pool females	(c) 26% applicant pool females	(c) 30% applicant pool females
	(c) provide training and development opportunities, flexible work, and salary	(d) Achieved through EEO training and code of	(d) Achieved through EEO training and code	(d) no incidents of discrimination,

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PWH complies with the Principle or if it doesn’t provides an explanation as to why it doesn’t	✓
PWH intends to comply with the Principle and is working towards full compliance	⊗

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

	arrangements (d) leading a no-tolerance approach to discrimination, victimisation and harassment in the workplace (implemented and continuously monitored)	of conduct	victimisation and harassment in the workplace	
1.6	At least once per year 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. The Board has undertaken a review of its performance and an assessment of the effectiveness of the Committees.			✓
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. Appropriate 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 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 PWH's website. Membership of the Nomination and Remuneration Committee is:</p> <ul style="list-style-type: none"> <li>- Teresa Handicott (Nomination and Remuneration Committee Chairman, Board Chairman and independent, non-executive director);</li> <li>- Jeffrey Forbes (Independent, non-executive director); and</li> <li>- Roland Dane (Independent non-executive director).</li> </ul> <p>The Board considers it is appropriate for Ms Handicott to Chair the Board and the Nomination and Remuneration Committee given Ms Handicott's experience in senior executive remuneration policy and the small number of independent directors on the Board of PWR.</p>			✓																															
2.2	<p>In establishing the Board of PWH, regard was had to the skills and expertise required of the directors relevant to PWH's business. Directors with the desired skills and expertise were carefully selected for appointment to the Board. The Board's skills assessment has determined it has a complementary mix of skills to oversee the business.</p> <table border="1" data-bbox="465 970 1550 1375"> <thead> <tr> <th rowspan="2">Skills and Experience</th> <th colspan="3">No of Directors</th> </tr> <tr> <th>Foundational</th> <th>Competent</th> <th>Expert</th> </tr> </thead> <tbody> <tr> <td>Strategy</td> <td>-</td> <td>2</td> <td>2</td> </tr> <tr> <td>Analysis of Financial Statements</td> <td>1</td> <td>1</td> <td>2</td> </tr> <tr> <td>Risk Management</td> <td>1</td> <td>1</td> <td>2</td> </tr> <tr> <td>Corporate Governance</td> <td>-</td> <td>4</td> <td>-</td> </tr> <tr> <td>Executive Leadership</td> <td>1</td> <td>2</td> <td>1</td> </tr> <tr> <td>Information Technology and Governance</td> <td>2</td> <td>1</td> <td>1</td> </tr> </tbody> </table>			Skills and Experience	No of Directors			Foundational	Competent	Expert	Strategy	-	2	2	Analysis of Financial Statements	1	1	2	Risk Management	1	1	2	Corporate Governance	-	4	-	Executive Leadership	1	2	1	Information Technology and Governance	2	1	1	✓
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## Principle 2 - Structure the board to add value

	<i>Organisational Change</i>	-	3	1	
	<i>Strategic Human Resource Management</i>	2	1	1	
	<i>Commercial and Business Experience</i>		1	3	
	<i>Legal Experience</i>	1	2	1	
	<i>Automotive and/or Engineering</i>	1	1	2	
	<i>Car Racing</i>	2	-	2	
	<i>Developing and commercialising New Technologies</i>	2	-	2	
	<i>Retail Experience</i>	1	-	3	
2.3	<p>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 four members, three of whom are independent (Teresa Handicott, Jeffrey Forbes and Roland Dane). PWH recognises the importance of having a majority of the Board as independent directors and this was instrumental in determining the membership of the Board.</p> <p>Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of PWH. Jeffrey Forbes, Teresa Handicott and Roland Dane are considered independent as none of them has a material shareholding in PWH or is an advisor or supplier to PWH or has any other material contractual relationship with PWH other than their position as a director.</p>				✓
2.4	The Board is comprised of four members, three of whom are independent, namely Jeffrey Forbes, Teresa Handicott and Roland Dane.				✓
2.5	The Chairman 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	<p>All non-executive directors have had an extensive induction into the business of PWH prior to accepting their appointment and have received continuing information on PWH and its operations since being appointed. The induction process has included site visits and presentations by management.</p> <p>Directors are also given access to continuing education in relation to PWH extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.</p>				✓

## Principle 3 - Act ethically and responsibly

3.1	The Board has adopted a code of conduct applicable to all Directors, senior executives and employees, a copy of which is disclosed on PWH's website.	✓
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## Principle 4 - Safeguard integrity in corporate reporting

4.1	The Board has established an Audit and Risk Committee. The charter for the Audit and Risk Committee is available on PWH's website. The Audit and Risk Committee is comprised only of independent non-executive directors. Its composition being:	✓
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<b>Principle 4 - Safeguard integrity in corporate reporting</b>		
	<ul style="list-style-type: none"> <li>- Jeffrey Forbes (Chairman, independent, non-executive director);</li> <li>- Roland Dane (Independent non-executive director); and</li> <li>- Teresa Handicott (independent non-executive director)</li> </ul> <p>The relevant qualifications and experience of the members of the Audit and Risk Committee are set out in the Director's biographies under the Board tab on PWH's website and will be updated in each reporting period.</p>	
4.2	The Board of PWH requires and has received 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	PWH's external auditor will be requested to attend the AGM and make themselves available to answer questions from shareholders relevant to the audit.	✓

<b>Principle 5 - Make timely and balanced disclosure</b>		
5.1	The Board has established a written Continuous Disclosure 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 PWH's website.	✓

<b>Principle 6 - Respect the rights of Shareholders</b>		
6.1	PWH 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 PWH and the shareholders. <a href="https://www.pwr.com.au/">https://www.pwr.com.au/</a>	✓
6.2	PWH has an investor relations program to facilitate effective two-way communication with investors and has regular one on ones with investors, undertakes roadshows after release of the half and full year results and maintains an up to date website that contain information about PWR and its business	✓
6.3	The Board has adopted the Shareholder 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 shareholders of PWH will be able to communicate with PWH and its share registry electronically and in fact this method of communication is encouraged.	✓

<b>Principle 7 - Recognise and manage risk</b>		
7.1	The Board has established an Audit and Risk Committee. The charter for the Audit and Risk Committee is available on PWH's website. The Audit and Risk Committee is comprised only of Independent Non-executive Directors. Its composition being: <ul style="list-style-type: none"> <li>- Jeffrey Forbes (Chairman, independent, non-executive director);</li> <li>- Roland Dane (Independent non-executive director); and</li> </ul>	✓

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<b>Principle 7 - Recognise and manage risk</b>		
	- Teresa Handicott (independent non-executive director)	
7.2	The risk management framework for PWH been reviewed by the Board. The Board has appointed the Audit and Risk Committee to assist it with discharging its oversight function in respect of material business risks and to determine if the system of risk management is sound.	✓
7.3	PWH does not have an internal audit function. The Board is of the view that it is not cost effective to have an internal audit function at this point in time given the size of the business and the fact that PWH is not a complex operation. This decision will however be kept under review. The Board works with management to review the management assurance function, to provide assurance to the Board on the effectiveness of internal controls and to recommend improvements to those controls. Where necessary independent third parties are requested to undertake audits of specific parts of the business.	✓
7.4	The material risks that PWH is exposed to are disclosed in the Directors' Report include disclosure of any economic, environmental and social sustainability risks it faces. Management of the risks forms part of the risk management framework established by the Board which includes reports to the Audit and Risk Committee and the Board on risk mitigation plans and actions.	✓

<b>Principle 8 - Remunerate fairly and responsibly</b>		
8.1	<p>The Board has formed a combined Nomination and Remuneration Committee. Membership of the Nomination and Remuneration Committee is:</p> <ul style="list-style-type: none"> <li>- Teresa Handicott (Chairman, independent, non-executive director);</li> <li>- Roland Dane (Independent non-executive director); and</li> <li>- Jeffrey Forbes (Independent, non-executive director).</li> </ul> <p>A copy of the charter for the Nomination and Remuneration Committee is provided on PWH's website.</p>	✓
8.2	The Board has adopted a remuneration policy for non-executive directors, a copy of which is on PWH's website.	✓
8.3	PWH requires participants in the performance rights plan to not enter into transactions which limit the economic risk of their participation in that scheme.	✓

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