

CORPORATE GOVERNANCE STATEMENT



Wagners Holding Company Limited
ACN 622 632 848

Wagners Holding Company Limited is committed to achieving and demonstrating the effective and high standards of corporate governance. Wagners Holding Company Limited has reviewed its corporate governance practices against the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council. A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at <https://investors.wagner.com.au/corporate-governance>.

The 2020 Corporate Governance Statement was approved by the board and is current as at 24 September 2020. It reflects the corporate governance practices in place throughout the 2020 financial year. The Company will update its corporate governance practices as required and measure against the *Corporate Governance Principles and Recommendations (4th edition)* during the 2021 financial year.

The following statement explains how Wagners Holding Company Limited complies with the Recommendations and any reasons where there may be non-compliance. The Board is of the opinion that except as otherwise detailed in this statement, it complies with the Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

PRINCIPLES AND RECOMMENDATIONS	WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION
1.1 Establish the functions expressly reserved to the board and those delegated to management, and disclose those functions.	<p>The Board is responsible for the overall corporate governance of Wagners.</p> <p>The role of the Board and delegation to management have been formalised in the corporate governance charter which outlines the main corporate governance practices in place for Wagners.</p> <p>The Board and each Director are committed to the charter. The conduct of the Board is also governed by Wagners' constitution, and where there is inconsistency with that document, the constitution prevails to the extent of the inconsistency. The charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company.</p>
1.2 Undertake appropriate checks before appointing a person as a director, and provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a director.	<p>Wagners has completed police checks, insolvency and banned Director searches in relation to the existing Directors.</p> <p>The Nomination Committee is responsible for providing recommendations to the Board regarding the appointment of a new Director. The Nomination Committee is responsible for ensuring appropriate checks are conducted for future appointments as part of that process prior to any recommendation being made.</p> <p>Information relating to Directors who are seeking election or re-election is contained in the Notice of Meeting for Wagners Annual General Meeting.</p>
1.3 Have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>Wagners has entered into written agreements with each Director and senior executive setting out the terms of their appointment.</p>
1.4 The company secretary should be accountable directly to the board on all matters to do with the proper functioning of the board.	<p>This is consistent with the charter and corporate structure of Wagners. Wagners' company secretary has a direct relationship with the Board, through the Chairman, on all matters to do with the proper function of the board and operates independently of the executive.</p>
1.5 Establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	<p>Wagners Board has adopted a Diversity Policy (a copy of which is on Wagners website). The Diversity Policy requires the Board to set measurable objectives for obtaining diversity goals. The Board reviews and measures the diversity statistics obtained through its gender reporting requirements and will use that information to improve diversity. The objectives are implemented by internal review and regular reporting to the Board of the engagement of staff with difference divisions of the Company.</p>

PRINCIPLES AND RECOMMENDATIONS

1.6 Have a process for periodically evaluating the performance of the board, its committees and individual directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

At least once per year, performance of the Board, committees and individual directors is to be reviewed and assessed. The requirement for these reviews is set out in the Corporate Governance Charter. The Chairman, with assistance from the Nomination Committee, annually assesses the performance of Directors. The Chairman's performance is assessed by the other Directors.

1.7 Have a process for periodically evaluating the performance of the company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.

The Board's broad function is to formulate strategy and set financial targets for Wagners, monitor the implementation and execution of strategy and performance against financial targets, appoint and oversee the performance of executive management, and generally take an effective leadership role in relation to Wagners. The Chairman, with assistance from the Nomination Committee, annually assesses the performance of senior executives.

The Board evaluated the performance of senior executives during 2020 and any relevant disclosure around this process is set out in the Remuneration Report.

This process will continue for future reporting periods and Wagners will ensure that appropriate disclosures in the remuneration report are made in relation to each reporting period as to the reviews that were undertaken and the processes followed.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

PRINCIPLES AND RECOMMENDATIONS

2.1 The company should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

The Board has established a Nomination Committee which is responsible for assisting the Board to fulfil its corporate governance responsibilities in regard to nomination matters.

The committee has at least three members, a majority of whom are independent Directors. The committee is currently chaired by Denis Wagner, who is not an independent Director. Having regard to Denis Wagner's background and history with the Company, the Board consider it appropriate that he act as Chairman of the Nomination Committee.

The Nomination Committee Charter outlines the committee's authority, duties, responsibility and relationship with the Board and is available on Wagners' Corporate Website.

The Annual Report provides details on the members of the committee, the number of times the committee met throughout the relevant period and the individual attendances of the members at those meetings.

2.2 Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.

Wagners has established charter rules for the Nomination Committee as a guide for Board deliberations. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to Wagners and its business and intend to formalise and disclose its skills matrix.

2.3 Disclose the names of the directors that the board considers to be independent directors, and an explanation of why the board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director.

The Corporate Governance Charter sets out the criteria adopted by the Board for considering if a director is independent. Ross Walker (appointed 2 November 2017) and Lynda O'Grady (appointed 8 November 2017) are considered independent Directors. Peter Crowley, who resigned on 24 September 2019, was also considered an independent Director.

The Board notes the following Directors are deemed not independent for the purposes of the guidelines:

- » Denis Wagner (appointed 2 November 2017) – Denis is a major Shareholder in the Company.
- » John Wagner (appointed 2 November 2017) – John is a major Shareholder in the Company.

PRINCIPLES AND RECOMMENDATIONS

2.4 A majority of the board should be independent directors.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

The Company currently has a four member Board, of whom two (Ross Walker and Lynda O'Grady) are independent Non-Executive Directors. The Company did have a majority of the Board as independent Directors prior to the resignation of Peter Crowley on 24 September 2019. Having regard to the size and nature of the Company, the Board has determined that it is sufficient to have four Directors at this time. The Board is currently considering the appointment of an additional independent non-executive Director to the Board.

2.5 The chair of the board should be an independent director and should not be the CEO.

The Chairman, Denis Wagner is not the CEO. While Denis Wagner is not an independent Director, having regard to his background and history with the Company, the Board considers it appropriate that he acts as Chairman.

2.6 There should be a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.

The Company has an induction program in place for new Directors. Directors are also given access to continuing education in relation to Wagners' business, its industry and any other information required by them to discharge the responsibilities of their office. This is consistent with the Corporate Governance Charter and process implemented by Wagners.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

PRINCIPLES AND RECOMMENDATIONS

3.1 Have a code of conduct for the board, senior executives and employees, and disclose that code or a summary of that code.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

Wagners has adopted a code of conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

PRINCIPLES AND RECOMMENDATIONS

4.1 The company should have an audit committee, which consists of only non-executive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the board, and has at least three members.

The functions and operations of the audit committee should be disclosed.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

Wagners has established an Audit and Risk Management Committee.

The Audit and Risk Management Committee comprises of three Non-Executive Directors, two of whom are independent directors. The chair of the Audit and Risk Management Committee is an independent Non-Executive Director. Wagners has an Audit and Risk Management Committee Charter which is available on Wagners' Investor Website.

The primary objective of the committee is to ensure:

- » Effective management of financial and other material business risks;
- » Reliable management and financial reporting, including half and full year accounts;
- » Compliance with laws and regulations; and
- » Maintenance of an independent, effective and efficient audit.

The Annual Report provides:

- » The members of the committee;
- » The relevant qualifications and experience of the members of the committee;
- » The number of times the committee met throughout the relevant period; and
- » The individual attendances of the members at those meetings.

PRINCIPLES AND RECOMMENDATIONS

4.2 The board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company, formed on the basis of a sound system of risk management and internal controls, operating effectively.

4.3 The company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

This is consistent with the approach adopted by the Audit and Risk Management Committee and Board. The Board requires and receives 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.

Wagners' external auditor attends the AGM and shareholders are entitled to ask questions of the auditor in accordance with the Corporations Act and these Guidelines.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

PRINCIPLES AND RECOMMENDATIONS

5.1 Have a written policy for complying with continuous disclosure obligations under the ASX Listing Rules, and disclose that policy or a summary of it.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

Wagners has a written Continuous Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules. The policy is available on Wagners Investor Website. Each board meeting considers whether any continuous disclosure issues arose during the course of the meeting.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

PRINCIPLES AND RECOMMENDATIONS

6.1 Provide information about the company and its governance to investors via its corporate website.

6.2 Design and implement an investor relations program to facilitate effective two-way communication with investors.

6.3 Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.

6.4 Give security holders the option to receive communications from, and send communications to, the company and its share registry electronically.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

Wagners has a website (www.wagner.com.au) which provides information about the company, the Directors, executives, the corporate governance charter, other applicable policies and any other information relevant to its investors.

Wagners aims to ensure that all Shareholders are well informed of all major developments affecting Wagners and is committed to facilitating effective communication with investors as a means of providing a better understanding of the Wagners business, governance and its financial performance. Key aspects of Wagners investor relations framework includes:

- » Facilitation of full participation by Shareholders at the Company's AGM;
- » Two-way investor teleconferences held on reporting half-year and full-year financial results;
- » Periodic investor relations road-shows for institutional investors; and
- » Contact details provided on market announcements where investors can seek further information.

Wagners facilitates effective participation in the AGM and encourages shareholders to attend and actively participate in the meeting including providing the ability to submit written questions ahead of the AGM. Wagners adopts appropriate technologies to facilitate the effective communication and conduct of general meetings.

Wagners has instructed its Share Registry to facilitate this option for investors, as well as future Shareholders at appropriate times.

Shareholders may contact Computershare on 1300 850 505 (Australia) or +61 3 9415 4000 should they wish to elect to receive communications by email.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

PRINCIPLES AND RECOMMENDATIONS	WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION
7.1 The board should have a risk committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the risk committee should be disclosed.	<p>Wagners has an Audit and Risk Committee and a dedicated Risk Management Committee, which is a subcommittee of the Audit and Risk Management Committee. The role of the Risk Management Committee is to review and make recommendations to the board in relation to:</p> <ul style="list-style-type: none">» the adequacy of the entity's policies and processes for managing risk;» any incident involving fraud or other break down of the entity's internal controls; and» the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business.
7.2 The board or a committee of the board should review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.	<p>The Board with the assistance of the Risk Management Committee is responsible for the Company's risk management framework. The Risk Management Committee has endorsed the risk management framework and has reviewed the framework with management and will continue to undertake this review at least annually to satisfy itself that the framework continues to be sound.</p>
7.3 Disclose if the company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>Wagners does not have a formal internal audit function, however it employs appropriate processes for evaluating and continually improving the effectiveness of its risk management and internal control processes as set out in the Audit and Risk Management Committee Charter.</p> <p>The Board believes it, and the Audit and Risk Committee, have appropriate oversight of the Company's existing operations and risks.</p>
7.4 Disclose whether the company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	<p>The Audit and Risk Management Committee evaluates, reports and provides assurance to the board in respect of any identified material exposure to economic, environmental and social sustainability risks. In particular, the Audit and Risk Management Committee:</p> <ul style="list-style-type: none">» Identifies and manages relevant risks that are material to Wagners;» Complies with legal and regulatory requirements;» Reports to the Board on the effectiveness of any response to incidents, risks and hazards; and» Reports to the Board regarding the independent assurance and audit process and the outcomes of that process. <p>Wagners Annual Report provides all information that shareholders would reasonably require to assess any material exposure to economic, environmental and social sustainability risks that could adversely affect Wagners.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

PRINCIPLES AND RECOMMENDATIONS

8.1 The board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the remuneration committee should be disclosed.

WAGNERS PRACTICE WITH REFERENCE TO RECOMMENDATION

Wagners has established a Remuneration Committee. The committee currently only had two members for the period 24 September 2019 until 30 June 2020, following the resignation of Peter Crowley. Ross Walker, an independent Director, has since been formally appointed to the Remuneration Committee, meaning the committee now consists of a majority of independent Directors, and the Committee is chaired by an independent Director.

The Remuneration Committee is responsible for assisting the Board to fulfil its corporate governance responsibilities in regard to remuneration matters.

The Remuneration Committee Charter outlines the committee's authority, duties, responsibility and relationship with the Board and is available on Wagners' Investor Website.

The Annual Report provides details on the members of the committee, the number of times the committee met throughout the relevant period and the individual attendances of the members at those meetings.

8.2 The policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives, should be separately disclosed.

Wagners has adopted remuneration policies which comply with the Guidelines including separately disclosing the remuneration of Non-Executive Directors, and the remuneration of executive Directors and other senior executives in the Annual Report. No Director or senior executive is involved directly in deciding their own remuneration.

8.3 If the company has an equity-based remuneration scheme, it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.

Wagners operates an LTI Plan, Exempt Plan and STI Plan. In accordance with Wagners' Securities Trading Policy participants are not permitted to enter into transactions which limit economic risk without written clearance. The Securities Trading Policy is available on the Wagners Investor Website.