



Corporate Governance Statement 30 June 2021

Viva Leisure Limited ACN 607 079 792

CORPORATE GOVERNANCE STATEMENT 30 JUNE 2021

The corporate governance statement of Viva Leisure Limited (Company) is for the financial year ended 30 June 2021 and is accurate and up to date as at 1 July 2021 being the date it was approved by the Board.

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to and reports against the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations (**Recommendations**).

The corporate governance statement discloses the extent to which the Company followed the recommendations. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices did not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.vivaleisure.com.au:

- (a) Anti-bribery and Corruption Policy;
- (b) Audit and Risk Management Committee Charter;
- (c) Board Charter;
- (d) Code of Conduct;
- (e) Continuous Disclosure Policy;
- (f) Diversity Policy;
- (g) Occupational Health and Safety Policy
- (h) People and Culture Committee Charter;
- (i) Securities Trading Policy; and
- (j) Whistleblower Policy.

1. Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented these roles and responsibilities in its Board Charter.

The responsibilities of the Board include (without limitation) to:

- (a) represent and serve the interests of shareholders by overseeing and assessing the Company's performance, strategic direction and policies;
- (b) optimise the Company's performance to build sustainable values for shareholders;
- (c) review the Company's compliance with the Company's values and its governance framework; and

(d) ensure that shareholders are kept informed of the Company's performance.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, the government and the community.

The Board has delegated responsibility for the day-to-day business operations of the Company to the Chief Executive Officer and Managing Director and the management team. The management team, led by the Chief Executive Officer and Managing Director, is accountable to the Board.

Matters expressly reserved for the Board are set out in the Board Charter.

Recommendation 1.2

The Company undertakes appropriate checks including checks as to the person's character, experience, and criminal record before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Recommendation 1.3

The Company has a written agreement with each of the Directors setting out the terms of his or her appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer and Managing Director, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer and Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule). The Company also has written employment agreements with all other Senior Executives setting out the terms of their appointment.

Recommendation 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. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.

Recommendation 1.5

The Company recognises the importance of diversity and inclusion in the business and recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and all employees are treated equally. In this regard, the Company has adopted a Diversity Policy in order to ensure that the Company's commitment to diversity and inclusion is clearly documented.

The policy recognises that diversity not only includes gender diversity, but also includes other matters such as, age, ethnicity, religious, cultural background, sexual orientation and gender identity.

The policy includes a commitment to diversifying recruitment and merit-based appointments, as well as recognition that the Company will not tolerate workplace discrimination, harassment, vilification or victimisation.

The policy also includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess the Company's annual achievement of those objectives. The Board reviews at least annually the relative proportion of women and men appointed or employed within the Company group.

Due to the current size and stage of the development of the Company, the Board is currently operating on a policy to actively encourage gender diversity at all levels in the organisation and a culture that supports workplace diversity rather than setting formal measurable objectives. Notwithstanding this, the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value, and which reflects the values, principles and spirit of the Diversity Policy and expects to set measurable objectives for the financial year ended 30 June 2022.

As at 30 June 2021, the gender distribution within the Company (compared to 30 June 2020) was as follows:

Gender representation	Female % (30 June 2021)	Female % (30 June 2020)	Male % (30 June 2021)	Male % (30 June 2020)
Board	0%	25%	100%	75%
Senior Management Team	31%	31%	69%	69%
Head Office & Management Team	48%	57%	52%	43%
Company-wide	70%	67%	30%	33%

Note: Senior Management representation includes the CEO and all direct reports.

Recommendation 1.6

The Board is responsible for evaluating, at least annually, the performance of the Board, its committees and individual directors in accordance with the process set out in the Performance Evaluation Policy outlined in our Board Charter.

This policy ensures that individual Directors and the Board as a whole work efficiently and effectively in achieving their functions.

To achieve this, the Board undertakes the following activities:

- (a) the Chairperson meets with each non-executive director separately to discuss individual performance and ideas for improvement;
- (b) each individual Directors performance is appraised in a meeting that is led by the Chairman that is held with another Director. In a meeting led by the Managing Director and held with another Directors, the Chairman's performance is assessed; and
- (c) the Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

This policy is reviewed annually.

In the 2021 financial year, a performance evaluation of the Board was undertaken in line with the procedures outlined in our Board Charter.

Recommendation 1.7

The Board is responsible for evaluating the performance of the CEO in accordance with the process disclosed in the Performance Evaluation Policy outlined in our Board Charter.

The CEO oversees the performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

In the 2021 financial year, a performance evaluation of the CEO and his direct reports was undertaken in line with the procedures outlined in our Board Charter.

2. Principle 2: Structure the board to be effective and add value

Recommendation 2.1

The Company's People and Culture Committee is responsible for developing criteria for Board membership and identifying specific individuals for nomination.

In the 2021 financial year, the People and Culture Committee comprised of all of the Directors and from the date of the 2020 Annual General Meeting contained a majority of independent Directors. The Company considers that the current composition of the committee is suitable for the Company given its resources, size and operations.

The duties of the People and Culture Committee in relation to nominations are set out in the Company's People and Culture Charter.

The members, their relevant qualifications and experience and the number of times they have met during the year are set out in the Directors Report included in the Annual Report.

Recommendation 2.2

The Company, through its People and Culture Committee, has developed a Board skills matrix to assist in identifying the mix of skills, experience, knowledge and diversity required in the Board's membership.

A matrix of skills and diversity that the Board currently has or is looking to achieve in its membership is as shown in the table below. The Board is satisfied with the breadth of applicable skills held collectively by the directors.

The rating scale used for level of importance and recruitment priority is High (3), Medium (2), and Low (1).

Skills and Experience	Level of Importance	Current Board Representation	Recruitment Priority
Corporate Governance, Compliance and Risk	3	3	1
Strategic Planning and Implementation	3	3	2
Financial Management	2	3	1
Industry Experience	2	2	1
Franchise experience	2	2	2
International experience	2	1	2
Legal Experience	2	3	2
People and Culture	3	3	1
Listed Company Experience	2	3	1
Technology, disruption and innovation	2	3	1

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

- (a) Bruce Glanville (Independent Non-executive Chairman) appointed on 18 October 2018;
- (b) Harry Konstantinou (Chief Executive Officer and Managing Director) appointed on 15 July 2015; and
- (c) Rhys Holleran (Independent Non-executive Director) appointed 30 September 2020.

Director Harry Konstantinou has substantial holdings in the Company. In this regard, for the purposes of the ASX Recommendations, any Directors with substantial holdings will have an interest that may affect their characterisation as an independent Director. Notwithstanding, the Board considers that the interests of those Directors with Shares work to align their interests with those of other Shareholders and does not impede their ability to bring an independent judgement to bear on issue before the Board and act in the best interests of the Company.

Recommendation 2.4

In the 2021 financial year, the Board comprised of a majority of independent Directors from the date of the 2020 Annual General Meeting. The Company considers that the current composition of the Board is suitable for the Company given its resources, size and operations. In particular, the current size and composition of the Board has been determined having regard to the operations and skill set of the Directors both individually and collectively, and the best interest of Shareholders.

Recommendation 2.5

Bruce Glanville, the Chair of the Board, is an independent director and is not the same person as the Chief Executive Officer and Managing Director.

Recommendation 2.6

The People and Culture Committee Charter requires that committee to be responsible for ensuring that processes are in place to support Director induction programs and provide continuing professional development opportunities for Directors and regularly review the effectiveness of these processes.

3. Principle 3: Instil a Culture of Acting Ethically and Responsibly

Recommendation 3.1

The Company has a statement of values and they are available on the website. These are the Company's guiding principles and norms that define what type of organisation we aspire to be and what is required from our people.

Recommendation 3.2

The Company has a formal Code of Conduct which outlines the manner in which the Company expects its Directors and employees to behave and conduct business in the workplace. It includes legal compliance and guidelines on appropriate ethical standards. The Code of Conduct applies to Directors and all employees of the Company.

The objectives of the Code of Conduct are to:

- (a) provide a benchmark for ethical and professional behaviour throughout the Company;
- (b) support the Company's business reputation and corporate image within the community;
- (c) promote healthy, respectful and positive working environments for all employees and Directors;
- (d) ensure that there is compliance with laws, regulations, policies and procedures relevant to the Company;
- (e) ensure there are appropriate mechanisms and procedures in place for employees and Directors to report breaches of the Code of Conduct; and
- (f) ensure that employees and Directors are aware of the consequences for breaching the Code of Conduct.

The Code of Conduct is available on the Company's website and reinforces the Company's values. Any material breaches of the code of conduct are reported to the Board.

Recommendation 3.3

The Company implemented a Whistleblower policy in the 2021 financial year. This policy is available on the Company's website and includes processes for ensuring the Board is informed of any material incidents reported under the policy.

Recommendation 3.4

The Company implemented an Anti-bribery and corruption policy in the 2021 financial year. This policy is available on the Company's website and includes processes for ensuring the Board is informed of any material incidents reported under the policy.

4. Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1

The Company has an Audit and Risk Committee. However, the Company has not complied with Recommendation 4.1 for the whole year as the committee comprised of only two members, both being independent Directors, for part of the year. The Company considers that the current composition of the committee is suitable for the Company given its resources, size and operations.

The Audit and Risk Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's financial and corporate reporting, risk management and compliance structures and external functions.

As announced to the ASX on 22 October 2020, the Company appointed an external member as the Chair of the Audit and Risk Committee. The members, their relevant qualifications and experience and the number of times they have met during the year are set out in the Directors Report included in the Annual Report.

The Audit and Risk Committee Charter sets out:

- (a) the composition of the Committee, including that it is intended that the Committee consist of:
 - i. a majority of Non-Executive Directors;
 - ii. one, or a minority of external member(s), who is/are not a Director(s) of the Company;
 - iii. a majority of independent Directors of the Company;
 - iv. an independent Chair, who is not Chair of the Board; and
 - v. a minimum of three members.
- (b) the Committee's ability to have access to Company records and employees and the external auditor for the purposes of carrying out its responsibilities;
- (c) that the Committee may seek the advice of independent advisors on any matter relating to the responsibilities and duties of the Committee; and
- (d) the specific responsibilities of the Committee in relation to audit responsibilities including:
 - i. overseeing the Company's relationship with its external and internal auditors and audit functions generally;
 - ii. overseeing the preparation of financial statements and reports; and
 - iii. managing the process of identification of risk and the management of risk strategies.

Recommendation 4.2

Before the Board approved the Company's financial statements for the 2021 financial period it received from the Chief Executive Officer and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

The Company has an extensive process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. The process by which the Company uses to verify the content of any periodic corporate report issued that is not audited or reviewed by an independent auditor (such as the Directors' Report, this Corporate Governance Statement and investor presentations) that is released to the market, varies depending on the nature of the report, but typically includes:

- non-financial components of the report are initially prepared by the CEO or CFO, based on matters as known to the CEO, CFO;
- financial components of the report are initially prepared by the CFO, based on first-hand information as to the Company's financial position;
- the initial drafts are prepared with assistance from legal, governance, finance and other expert advisers (as appropriate to the subject matter);
- the whole of each report (or group of reports released together) is subject to a preliminary review by each of the CEO, CFO and Company Secretary, as appropriate;
- final management review by CEO and CFO;
- where formal approval is required, consideration by the appropriate Board Committee (in general, the ARC) for recommendation to Board; and
- the report is then considered and approved by all members of Board,

5. Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company has adopted a Continuous Disclosure Policy, which:

- (a) provides reporting protocols and processes for determining whether information should be disclosed to the market; and
- (b) designates responsibility for managing and monitoring the Company's compliance with its continuous disclosure obligations.

All relevant information provided to the ASX has been posted on the Company's website after the ASX confirms the appropriate announcement has been made.

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing an equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

Recommendation 5.2

The Company's Continuous Disclosure Policy specifies that the Board will be provided with copies of all information to be disclosed to the ASX for approval prior to lodging with the ASX.

Recommendation 5.3

The Company has adopted a Continuous Disclosure Policy which specifies the procedures for investor and analyst presentations. This includes advising the market in advance of open briefings via the ASX announcements platform and the Company's website, lodging all presentation materials with ASX prior to the presentation commencing and placing such information on the Company's website promptly following completion of the briefing.

6. Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.vivaleisure.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following is posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company's Continuous Disclosure policy also incorporates a shareholder communication policy which is aimed at providing and promoting an effective framework for the Company for communication with Shareholders to ensure that the Shareholders have sufficient information to assess the performance of the Company and are informed of all major developments affecting the Company.

The policy sets out:

- (a) the manner in which Company announcements are to be made (including that they must be made in a timely manner, easily accessible and readable);
- (b) the regular communications to be received by Shareholders from the Company;
- (c) the manner in which the Company's website is to be used to communicate with Shareholders; and
- (d) the manner meetings of Shareholders are to be conducted.

In addition, the Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with ASX and, in some instances, mailing information to Shareholders.

The Company also enables investors to contact the company in a two way relationship by maintaining an investor relations program with whom investors are able to engage and contact the company. Where significant concerns are raised by investors or their representatives, they are conveyed to the Company's Board and senior executive where appropriate.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. For every AGM, the Company, despite its size, ensures that all shareholders are able to exercise their rights to ask questions about, or make comments on, the management of the entity. However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

All substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. The procedure and process for the meeting is fully explained in the Notice of Meeting released prior to a meeting of security holders.

Recommendation 6.5

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

7. Principle 7: Recognise and manage risk

Recommendation 7.1

The Company has an Audit and Risk Committee. However, the Company has not complied with Recommendation 7.1 for the whole year as the committee comprised of only two members, both being independent Directors, for part of the year. The Company considers that the current composition of the committee is appropriate for the Company given its resources, size and operations.

The Audit and Risk Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's risk management framework and setting an appropriate risk appetite for the Board.

As announced to the ASX on 22 October 2020, the Company appointed an external member as the Chair of the Audit and Risk Committee. The members, their relevant qualifications and experience and the number of times they have met during the year are set out in the Directors Report included in the Annual Report.

The Audit and Risk Committee Charter sets out:

- (a) the composition of the Committee, including that the Committee must comprise of:
 - i. only Non-Executive Directors;
 - ii. a majority of independent Directors of the Company;
 - iii. an independent Chair, who is not Chair of the Board; and
 - iv. a minimum of three members.
- (b) the Committee's ability to have access to all Company records and employees and the external auditor for the purposes of carrying out its responsibilities;
- (c) that the Committee may seek the advice of independent advisors on any matter relating to the responsibilities and duties of the Committee; and
- (d) the specific responsibilities of the Committee in relation to risk including:
 - i. managing the process of identification of risk and the management of risk strategies;
 - ii. evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of risks;
 - iii. reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies and the risk appetite that is appropriate for the Company;
 - iv. reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards and compliance with laws and regulations.

Recommendation 7.2

The Board has reviewed the Company's risk management framework in the reporting period to satisfy itself that it is sound, and it has continued to review the framework to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Recommendation 7.3

The Company does not have an internal audit function. However, the Company has achieved ISO-9001 quality management system certification. As part of its ISO-9001 certification, the Company is required to implement appropriate controls and processes to ensure transparency and accountability at all business levels. Further, as part of ongoing compliance with ISO-9001, an annual audit is conducted by a registered ISO-9001 auditor. The Company monitors, evaluates and improves its risk management and internal control processes in line with the processes set out in its Audit and Risk Committee Charter for the purpose of remaining compliant with ISO-9001. The Chief Operating Officer is responsible for ensuring compliance with ISO-9001 and has a direct reporting line to the Chief Executive Officer and therefore to the Board. The Company does not otherwise have a formal internal audit function.

The Company continues to monitor whether it is appropriate to establish an internal audit function given its resources, size and operations.

Recommendation 7.4

The Company is subject to general risks and certain specific risks as outlined in the Company's Prospectus available on the Company's website. The risks specific to the Company include:

- Reliance on membership;
- Changes to regulatory frameworks;
- Reputational damage;
- Increased competition;
- Technology failure or interruptions;
- Renewals of lease agreements;
- Loss of key management personnel;
- Future acquisitions and integrations
- Potential litigation; and
- Concentration of revenue.

In addition, where the Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks, the Audit and Risk Committee is responsible with respect to risk management as disclosed in the Audit and Risk Committee Charter and includes (amongst other things) an annual review of the risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk.

8. Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

In the 2021 financial year, the People and Culture Committee comprised all of the Directors and contained a majority of independent Directors for part of the year (from the date of the 2020 Annual General Meeting contained a majority of independent directors). The Company considers that the current composition of the committee is suitable for the Company given its resources, size and operations.

The role of the People and Culture Committee is to make recommendations to the Board on remuneration packages and policies in respect of Directors and senior executives of the Company and to ensure that the remuneration packages and policies adopted by the Board are consistent with the strategic objectives of the Board.

All Directors are members of the People and Culture Committee.

The People and Culture Charter sets out the composition of the Committee, including that the Committee must comprise of:

- (a) a minimum of three members, a majority of whom are independent; and
- (b) an independent Member of the Committee as Chair.

The Company's People and Culture Committee is responsible for:

- (a) reviewing and making recommendations to the Board on the Company's remuneration framework, remuneration packages;
- (b) remuneration policies which apply to senior executives and Directors;
- (c) reviewing and making recommendations to the Board on the equity based remuneration plans available to the executive team and employees;
- (d) ensuring that the Company's remuneration packages and policies attract, retain and motivate high calibre executives and employees; and
- (e) establishing review processes for the performance of Directors, Board committees and the Board as a whole and the implementation of those processes.

Recommendation 8.2

Details of the Company's policies on remuneration is set out in the Company's "Remuneration Report" in the Annual Report published by the Company.

Recommendation 8.3

The Company's Securities Trading Policy includes a statement on the Company's policy on prohibiting restricted persons under that policy (ie directors, senior executives and specified employees) from entering into transactions (whether through the use of derivatives or otherwise) designed to hedge their exposure to the Company's securities.

9. Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

- (a) closed periods in which restricted persons must not deal in the Company's securities;
- (b) restrictions on trading that apply to the entity's key management personnel (amongst other personnel that are deemed to be "restricted persons");
- (c) trading in the Company's securities which is not subject to the Company's trading policy; and
- (d) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.