



Corporate Governance Statement 30 June 2019

Viva Leisure Limited

CORPORATE GOVERNANCE STATEMENT 30 JUNE 2019

The corporate governance statement of Viva Leisure Limited (Company) is for the financial year ended 30 June 2019 and is accurate and up to date as at 23 September 2019 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 the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and 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) Board Charter;
- (b) Code of Conduct;
- (c) Audit and Risk Management Committee Charter;
- (d) People and Culture Committee Charter;
- (e) Security Trading Policy;
- (f) Continuous Disclosure Policy;
- (g) Occupational Health and Safety Policy; and
- (h) Diversity 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 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 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).

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. 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 and sexual orientation.

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 has not currently set the measurable objectives for the Policy. Due to the recent listing, 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.

The Board intends to set measurable objectives for FY2020.

As at 30 June 2019, the gender distribution within the Company was as follows:

Gender representation	Female %	Male %
Board	25%	75%
Senior Management Team	47%	53%
Head Office & Management Team	49%	51%
Company-wide	65%	35%

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

Recommendation 1.6

The Company has not followed this recommendation in the 2019 financial year.

The Chair is responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board Performance Evaluation Policy, which is currently being developed by the Board, following the Company's very recent listing on the ASX.

This policy will ensure:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually.

Given the recent listing of the Company on the ASX in June 2019 a performance evaluation did not take place but is scheduled for the next reporting period.

Recommendation 1.7

The Company has not followed this recommendation in the 2019 financial year.

The Board is responsible for evaluating the performance of the senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board, following the Company's very recent listing on the ASX.

The Chair will be responsible for evaluating the performance of the Company's Chief Executive Officer and Managing Director in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

Given the recent listing of the Company on the ASX in June 2019 a performance evaluation did not take place but is scheduled for the next reporting period. Details of the remuneration of the senior executives who are considered by the Company to be Key Management Personnel are set out in the Remuneration Report.

2. Principle 2: Structure the board to 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 2019 financial year, the People and Culture Committee comprised of all of the Directors, but did not contain a majority of independent Directors. However, 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.

Recommendation 2.2

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

The Board has commenced the process of developing the skills matrix which it expects to be completed by the next reporting period.

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;
- (c) Susan Forrester AM (Independent Non-executive Director) appointed on 18 October 2018; and
- (d) Mark McConnell (Non-executive Director) appointed on 18 October 2018.

Directors Harry Konstantinou and Mark McConnell have substantial holdings in the Company. In this regard, for the purposes of the ASX Recommendations, those Directors will have an interest that may affect their characterisation as an independent Director. Notwithstanding, the Board considers that the interests of those Directors in the 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 2019 financial year, the Board did not comprise of a majority of independent Directors. However, 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: Act ethically and responsibly

Recommendation 3.1

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. 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;
- (b) promote healthy, respectful and positive working environments for all employees and Directors;
- (c) ensure that there is compliance with laws, regulations, policies and procedures relevant to the Company;
- (d) ensure there are appropriate mechanisms and procedures in place for employees and Directors to report breaches of the Code of Conduct; and
- (e) 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.

4. Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The Company has an Audit and Risk Committee. However, the Company does not comply with Recommendation 4.1 as the committee comprises of two members, both being independent

Directors. However, the Company considers that the current composition of the committee are 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.

The Committee comprises of:

- (a) Susan Forrester AM (Chair); and
- (b) Bruce Glanville.

The relevant qualifications and experience of the members of the committee 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 two 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:
 - 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 2019 financial period it received from the Chief Executive Officer, the Managing Director 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 will comply with this recommendation at the 2019 AGM.

5. Principle 5: Make timely and balanced disclosure

Recommendation 5.1

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.

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.

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 has an investor relations contact with whom investors will be able to contact.

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. 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

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 does not comply with Recommendation 7.1 as the committee comprises of two members, both being independent Directors. However, 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.

The Committee comprises of:

- (a) Susan Forrester AM (Chair); and
- (b) Bruce Glanville.

The relevant qualifications and experience of the members of the committee are set out in section 6.1 of the Company's prospectus dated 14 May 2019.

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 two 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:
 - 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 7.2

As the Company was listed in the 2019 financial year, 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.

In addition to 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.

8. Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

For the 2019 financial year the Company did not comply with Recommendation 8.1 as the People and Culture Committee did not contain a majority of independent Directors. However, 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; and
- (b) an independent Director of the Company 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) 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 a review processes for the performance of Directors, Board committees and the Board as a whole and the implementation of those processes.

Recommendation 8.2

In addition to the disclosure of remuneration of the Board and senior executives in the Prospectus, details of the Company's policies on remuneration is set out in the Company's "Remuneration Report" in the 2019 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.