

2019 Corporate Governance Statement

This Corporate Governance Statement of Yellow Brick Road Holdings Limited (the 'Company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles') that were in effect during the Company's most recent reporting period. It takes note of the 4th Edition Principles released in February 2019 and where relevant has stated the Company's adoption of these. This statement has been approved by the Company's Board of Directors ('Board'). The ASX Principles and the Company's response as to how and whether it follows those recommendations are set out below.

ASX Principles and Board Responses	
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1 – Board and senior executive roles and responsibilities	<p>ADOPTED:</p> <p>The Board is responsible for the overall strategic guidance and corporate governance of the Company. It has distinguished which functions and responsibilities are reserved for the Board and those which are delegated to management. This is set out in the Board Charter, which also sets out the role of the Chairman, Directors and management. The Board Charter is available on the Company's website (www.ybr.com.au).</p>
Recommendation 1.2 – Appointment of Directors	<p>ADOPTED:</p> <p>The Company conducts appropriate checks to verify the suitability of candidates considered for nomination to the Board, having regard to each candidate's character, experience, education and skills, in addition to any interests and associations of the candidate.</p> <p>The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election, to enable them to decide on whether or not to appoint or re-elect a Director.</p>
Recommendation 1.3 – Agreements with Directors and Senior Executives	<p>NOT ADOPTED:</p> <p>The appointment of Non-Executive Directors is subject to and governed by the Company's Constitution, the Corporations Act and the ASX Listing Rules. Other than for Deeds of Access, Indemnity and Insurance entered into with Directors, there are no additional contracts of appointment.</p> <p>Each member of the Leadership Team enters into a contract which describes their role and duties, remuneration and termination rights and entitlements.</p>

Recommendation 1.4 – Company Secretary to be accountable to Board	<p>ADOPTED:</p> <p>The Company Secretary is accountable to the Board for facilitating the Company’s corporate governance processes and the functioning of the Board. The Board is responsible for the appointment and removal of the Company Secretary, and all Directors are able to access the advice and services of the Company Secretary. Details of the Company Secretary’s qualifications and experience are available on the Company’s website and are set out in the Annual Report.</p>												
Recommendation 1.5 – Diversity policy	<p>ADOPTED:</p> <p>The Company has a Diversity Policy including matters relating to gender, age, language, ethnicity, cultural background, disability, religion, sexual orientation and caring responsibilities. This Policy is available in the Corporate Governance section of the Company’s website.</p> <p>As regards to gender diversity, the Board has set measurable objectives across its Board, management and workforce generally, and reports as follows against those objectives as at 30 June 2019:</p> <table><tr><th>Female Representation</th><th>Objective</th><th>Actual</th></tr><tr><td>Board</td><td>33%</td><td>0%</td></tr><tr><td>Executive / Leadership Positions</td><td>10%</td><td>30%</td></tr><tr><td>Overall</td><td>50%</td><td>39%</td></tr></table> <p>The Company has also established various internal policies designed to promote flexible work practices, including:</p> <ul style="list-style-type: none">• A separate Discrimination, Harassment & Bullying Policy;• An internal grievance resolution process which is designed to establish a consistent approach in dealing with conflicts in the workplace, internal complaints about the work environment, as well as issues of misconduct or poor performance;• A Human Resources Program which includes policies designed to let parents balance their work, life and family responsibilities through the provision of flexible work hours.	Female Representation	Objective	Actual	Board	33%	0%	Executive / Leadership Positions	10%	30%	Overall	50%	39%
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Recommendation 1.6 – Board evaluation	<p>ADOPTED:</p> <p>The Company has a process for periodically evaluating the performance of the Board, its Committees and individual Directors, and such a process was undertaken during the financial year. The most recent reviews were conducted by interview with the Executive Chairman, and via a round table consideration with all Directors, due to the Board size.</p> <p>The performance of the Executive Chairman is subject to evaluation by the other Directors with reference to the services contract that is in place.</p>												

Recommendation 1.7 – Senior Executive performance evaluation	<p>ADOPTED:</p> <p>The Company has a process for periodically evaluating the performance of its Senior Executives at least once every reporting period, and such a process was undertaken during the financial year. The reviews were conducted by regular meetings and interviews with the Executive Chairman, and discussed as necessary with the Board.</p>															
Principle 2: Structure of the Board to add value																
Recommendation 2.1 – Nomination Committee	<p>ADOPTED:</p> <p>Given the size, make-up and experience of the Board, a separate Nomination Committee is not considered as necessary and has not been formed.</p> <p>Instead, the Board as a whole considers the composition of the Board, the appointment of new Directors and identifies and considers suitable candidates to fill vacancies as they arise. The Board manages succession planning by relying upon the Board’s extensive networking capabilities and, if necessary, the use of executive recruitment firms to identify appropriate candidates when a Board vacancy occurs or when a vacancy is otherwise envisaged. Attributes of candidates put forward will be considered for ‘best-fit’ to the needs of the Board which are assessed at the time of the vacancy.</p>															
Recommendation 2.2 – Board skills matrix	<p>ADOPTED:</p> <p>The Board’s skills matrix contained in the Board Charter sets out the mix of skills, experience and expertise that are considered necessary at the Board level for optimal performance of the Board.</p>															
Recommendation 2.3 – Disclosure of independent Directors	<p>ADOPTED:</p> <p>As a result of the resignation of Owen Williams in May 2019, as at the date of this statement, the Board only has one independent Director as defined by the ASX Principles, being John George.</p> <table><tr><td>Director's Name</td><td>Appointed</td><td>Independence Status</td></tr><tr><td>Mark Bouris (Chair)</td><td>February 2011</td><td>Non-Independent</td></tr><tr><td>John George</td><td>June 2016</td><td>Independent</td></tr><tr><td>Adrian Bouris</td><td>February 2011</td><td>Non-Independent</td></tr><tr><td>Owen Williams</td><td>Resigned May 2019</td><td>Independent</td></tr></table>	Director's Name	Appointed	Independence Status	Mark Bouris (Chair)	February 2011	Non-Independent	John George	June 2016	Independent	Adrian Bouris	February 2011	Non-Independent	Owen Williams	Resigned May 2019	Independent
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Recommendation 2.4 – Majority of the Board should be independent Directors	<p>NOT ADOPTED:</p> <p>As at the date of this statement, the Company has not adopted the recommendation that a majority of the Board should be independent. Due to the size of the Company, this was not considered necessary.</p>															

Recommendation 2.5 – Independent chair	<p>NOT ADOPTED:</p> <p>The founder of the Company, Mark Bouris, does not meet the independence criteria set out in the ASX Principles for the Chairman of the Board. His role as Executive Chairman is governed by a services contract with Golden Wealth Holdings Pty Ltd. This role includes acting as Managing Director of the Company.</p> <p>The other Directors consider that the substantial shareholding interest of Mark Bouris appropriately aligns his interests with those of the Company.</p> <p>Each Director has the right to access all relevant information and may seek independent professional advice from a suitably qualified advisor at the Company's expense to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.</p>
Recommendation 2.6 – Inducting and development of Directors	<p>ADOPTED:</p> <p>New Directors undertake an induction program coordinated by the Company Secretary that briefs and informs the Director on relevant aspects of the Company's operations and background. Directors are encouraged to undertake continuing professional development activities and to join appropriate professional associations in order to maintain and enhance their respective levels of industry and technical knowledge and other skills.</p>
Principle 3: Act ethically and responsibly	
Recommendation 3.1 – Values	<p>ADOPTED:</p> <p>The Company outlines its goals on the Company's website and has an established Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside of the Company.</p>
Recommendation 3.2 – Code of conduct	<p>ADOPTED:</p> <p>The Code of Conduct is available on the Company's website.</p> <p>Any material breach of the Code of Conduct is to be reported directly to the Chief Risk Officer and/or the Executive Chairman. Anyone breaching the Code of Conduct may be subject to disciplinary action, including termination.</p>
Recommendation 3.3 – Whistle Blower Policy	<p>ADOPTED:</p> <p>The Company has a Whistle Blower Policy available on the Company's website. Any material incidents reported under that Policy are reported to the Board.</p>

Recommendation 3.4 – Bribery & Corruption Policy	<p>ADOPTED:</p> <p>Given the size and nature of the Company, anti-bribery and corruption is captured in the Code of Conduct and the Conflicts of Interest Policy. Any material breaches of that Policy are reported to the Board.</p>
Principle 4: Safeguard integrity in corporate reporting	
Recommendation 4.1 – Audit Committee	<p>NOT ADOPTED:</p> <p>The Company has an established Audit & Risk Committee of three members. Due to the resignation of Owen Williams as a Director of the Company in May 2019, but who remained a member of the Audit & Risk Committee, the Committee is still comprised of three members, two of which are Non-Executive Directors, and one of whom is independent.</p> <p>Further details about the membership of the Audit & Risk Committee, including the names and qualifications of its members, are set out in the Annual Report. The Charter of the Audit & Risk Committee is available on the Company's website, along with information about its members, the number of meetings held by the Committee, and the Directors' attendance at meetings, are disclosed each year in the Annual Report.</p> <p>All Audit & Risk Committee members consider themselves to be financially literate and have industry knowledge. The skills, experience and expertise relevant to the position of each member of the Audit & Risk Committee as at the date of the Annual Report and details of their attendance at committee meetings are detailed in the 'Information of Directors' section in the Directors' Report. The Audit & Risk Committee formally reports to the Board after each of its meetings.</p>
Recommendation 4.2 – CEO and CFO representation on financial records and financial statements	<p>ADOPTED:</p> <p>For the financial year ended 30 June 2019, the Executive Chairman and Chief Financial Officer of the Company provided a declaration to the Board and the Audit & Risk Committee, before any approval of the financial statements for that financial year, that, in their opinion, the financial records of the Company 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, and that their opinion has been formed on the basis of a sound system of risk management and internal control that is operating effectively.</p>
Recommendation 4.3 – Disclosure of non audited reports	<p>ADOPTED:</p> <p>The Board and relevant Senior Management review any periodic corporate report that is released to the market that has not been audited or reviewed by an external auditor.</p>

Principle 5: Make timely and balanced disclosure	
Recommendation 5.1 – Continuous disclosure policy	<p>ADOPTED:</p> <p>The Company has a Continuous Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in accordance with the requirements of the ASX Listing Rules. The Continuous Disclosure Policy is published on the Company's website.</p>
Recommendation 5.2 – Board receives copies of all material market announcements	<p>ADOPTED:</p> <p>The Board receives copies of all material market announcements for review and comment prior to release to the market.</p>
Recommendation 5.3 – Release of substantive presentations on the ASX Market Announcements Platform	<p>ADOPTED:</p> <p>The Company submits to the ASX Market Announcements Platform a copy of any Chairman's Address at any General Meeting and investor or analyst presentations prior to the time they are made.</p>

Principle 6: Respect the rights of security holders	
Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website	<p>ADOPTED:</p> <p>The Company's website contains extensive information about the Company, its history and business activities and information relevant to investors as set out in the ASX Principles. Investors may access copies of ASX announcements, notices of meeting and annual reports on the Company's website.</p>
Recommendation 6.2 – Investor relations program	<p>ADOPTED:</p> <p>The Company aims to ensure that all shareholders are well-informed of all major developments affecting the Company. It regularly uploads information onto the ASX Market Announcements Platform and its website.</p> <p>The Company actively engages with major shareholders and responds to enquiries made by all investors.</p> <p>The Company has regular wider stakeholder interaction with politicians, regulators, industry bodies, funders, franchisees, broker networks and employees.</p>
Recommendation 6.3 – Participation at meetings of security holders	<p>ADOPTED:</p> <p>Shareholders are encouraged to attend the Company's Annual General Meeting and to ask questions of Directors, Senior Management and the Auditors.</p>
Recommendation 6.4 – Decisions by poll	<p>ADOPTED:</p> <p>The Company decides substantive resolutions by poll.</p>
Recommendation 6.5 – Electronic communication	<p>ADOPTED:</p> <p>The Company gives shareholders the ability to receive communications from and send communications to it electronically via its website or otherwise by email. The Company's share registry (Computershare) has an electronic communications facility.</p>

Principle 7: Recognise and manage risk	
Recommendation 7.1 – Establish Risk Committee	<p>ADOPTED:</p> <p>The functions of a risk committee are comprised within the Audit & Risk Committee of the Company, details of which are explained above.</p>
Recommendation 7.2 – Review of risk management framework	<p>ADOPTED:</p> <p>The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and is assisted by the Audit & Risk Committee where required. A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective.</p>
Recommendation 7.3 – Establish Internal audit function	<p>ADOPTED:</p> <p>Due to the Company's scale, it does not have a formal Internal Audit function. However, responsibility for risk management and maintenance of internal controls lies with several executives including the Chief Risk Officer, Chief Financial Officer and Chief Operating Officer, who monitor and report on compliance with the Company's policies and procedures and its legal and regulatory obligations and oversee any required remedial activities.</p>
Recommendation 7.4 – Material exposure to environmental and social risks	<p>ADOPTED:</p> <p>The Directors do not believe that the Company has any material exposure to environmental or social risks.</p>
Principle 8: Remunerate fairly and responsibly	
Recommendation 8.1 – Remuneration committee	<p>ADOPTED:</p> <p>Given the size of the Board, the Company does not have a formal Remuneration Committee.</p> <p>The task of ensuring that the level and composition of Director and Senior Executive remuneration is appropriate and reasonable is dealt with by the full Board, excluding any conflicted persons. In 2019, the Company engaged an independent remuneration expert to review the Executive Chairman's, Non-Executive Directors' and Leadership Team's individual remuneration.</p>

<p>Recommendation 8.2 – Disclosure of remuneration policies</p>	<p>ADOPTED:</p> <p>Information regarding Directors' and Senior Executives' remuneration is disclosed each year in the Remuneration Report within the Annual Report.</p>
<p>Recommendation 8.3 – Establish policy on risk reduction by participants in equity-based remuneration schemes</p>	<p>ADOPTED:</p> <p>The Company does not have an equity-based remuneration scheme for Directors, Senior Executives or other employees, other than discretionary bonus schemes which are not material.</p>