

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').

This statement has been approved by the company's Board of Directors ('Board') and is current as at 31 August 2016.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

ASX Principles and Recommendations	
<i>Principle 1: Lay solid foundations for management and oversight</i>	
Recommendation 1.1 – Board and senior executive roles and responsibilities	Adopted
Recommendation 1.2 – Appointment of directors	Adopted
Recommendation 1.3 – Agreements with directors	Not adopted: Explanation provided
Recommendation 1.4 - Company secretary to be accountable to board	Adopted
Recommendation 1.5 - Diversity policy	Adopted
Recommendation 1.6 – Board evaluation	Adopted
Recommendation 1.7 – Performance evaluation	Adopted
<i>Principle 2: Structure the board to add value</i>	
Recommendation 2.1 – Nomination Committee	Not adopted: Explanation provided
Recommendation 2.2 – Board skills matrix	Adopted
Recommendation 2.3 – Disclosure of independent Directors	Adopted
Recommendation 2.4 - Majority of the board should be independent directors	Not adopted: Explanation provided
Recommendation 2.5 – Independent chair	Not adopted: Explanation provided

Recommendation 2.6 - Inducting and development of directors	Adopted
<i>Principle 3: Act ethically and responsibly</i>	
Recommendation 3.1 – Code of conduct	Adopted
<i>Principle 4: Safeguard integrity in corporate reporting</i>	
Recommendation 4.1 – Establish Audit committee	Adopted
Recommendation 4.1 – Majority of Audit committee to be independent	Adopted
Recommendation 4.2 – CEO and CFO representation on financial records and financial statements	Adopted
Recommendation 4.3 – Auditor attendance at AGM	Adopted
<i>Principle 5: Make timely and balanced disclosure</i>	
Recommendation 5.1 – Continuous disclosure policy	Adopted
<i>Principle 6: Respect the rights of security holders</i>	
Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website	Adopted
Recommendation 6.2 – Investor relations program	Adopted
Recommendation 6.3 – Participation at meetings of security holders	Adopted
Recommendation 6.4 – Electronic communication with registry	Adopted
<i>Principle 7: Recognise and manage risk</i>	
Recommendation 7.1 – Establish Risk Committee	Adopted

Recommendation 7.1 – Majority of Risk Committee to be independent	Not adopted: Explanation provided
Recommendation 7.2 – Review of risk management framework	Adopted
Recommendation 7.3 – Establish Internal audit function	Not adopted: Explanation provided
Recommendation 7.4 - Material exposure to economic, environmental and social sustainability risks	Not adopted: Explanation provided
<i>Principle 8: Remunerate fairly and responsibly</i>	
Recommendation 8.1 – Remuneration committee	Not adopted: Explanation provided
Recommendation 8.2 – Disclosure of remuneration policies	Adopted
Recommendation 8.3 – Establish policy on risk reduction by participants in equity-based remuneration schemes	Adopted

Principle 1: Lay solid foundations for management and oversight

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

The company has formalised the respective roles and responsibilities of the board and management in a Board Charter, which also includes the company's criteria for independence of directors. A copy of the Board Charter is available in the Corporate Governance section of the company's website at www.ybr.com.au.

A board performance evaluation program has been designed to evaluate the performance of the board as a whole, individual directors and board committees. The program aims to evaluate performance at least once every two years and is scheduled to be conducted during the 2016 - 17 year. All evaluations have regard to the collective nature of board work, the operation of governance processes established in the company's charters and policies and the attainment of any goals set by the board.

The company has a formal established process for evaluating the performance of senior executives which involves a performance and development review cycle where responsibilities and performance objectives are defined and performance measured against these defined responsibilities and objectives and regular feedback is provided through structured performance review meetings. The performance of senior executives will be reviewed in the next financial period in accordance with this process. While a formal performance evaluation was not conducted during the period under review, informal meetings were held with senior executives and feedback on their performance was given to them during the period under review. The Company intends to conduct formal performance reviews during the 2016-17 year.

The company requires reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. Candidates for the role of non-executive directors are also required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that they will have adequate time to fulfil his or her responsibilities as a non-executive director of the company.

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 in order to enable them to make a decision on whether or not to appoint or re-elect a director.

The Company enters into employment contracts with each newly employed senior executives, setting out in detail their terms of appointment and the responsibilities specifically delegated to them. The role, responsibilities and term of Director's appointment are set out in the Board Charter. No separate written agreement is executed by directors.

The Company Secretary is accountable directly to the Board through the Chairman on all governance matters and is accessible to all directors.

Diversity includes gender, age, ethnicity and cultural background. The company has an established a diversity policy which is available in the 'Corporate Governance' section of the company's website. The diversity policy includes a requirement that the board establish measurable objectives for achieving gender diversity, with progress in achieving these objectives assessed annually.

The company reports its measurable objectives set for the reporting period and its progress for achieving them as at 30 June 2016:

	Objective		Actual	
	Number	%	Number	%
Number of women employees in the whole organisation	77	52	75.5*	53
Number of women in Senior Executive positions	6	30	4	25
Number of women on the Board	1	25	0**	0

*This includes one part time employee.

**The company's female director resigned the Board on 30 April 2016 and the company is currently undertaking a search for an appropriate replacement.

The company has set the following measurable objectives for 30 June 2017:

	Objective	
	Number	%
Number of women employees in the whole organisation	77	53
Number of women in Senior Executive positions	6	30
Number of women on the Board	1	20

The table below outlines the proportions of women and men employed by the Company as at 30 June 2016:

	Women		Men	
	Number	%	Number	%
Senior Managers ¹	4	25	12	75
Employees	75.5	53	68	47
Board	0	0	4	100

The company has established objectives for achieving gender diversity and its reported progress towards achieving these objectives is as follows:

The company has also established various internal policies designed to promote flexible work practices, including:

- A separate Equal Employment Opportunity and Harassment policy.
- An Internal Grievance Resolution Procedure 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.

Principle 2: Structure the board to add value

Given the size of the board, a Nomination Committee has not been formed as required by recommendation 2.1. The board as a whole considers the composition of the board and appointment of new directors and identifies and considers suitable candidates to fill vacancies as they arise.

¹ Senior Executives includes all executives reporting directly to a member of Chief Executive steering committee

The Board does not actively manage succession planning and instead relies upon the Board's extensive networking capabilities and/or 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. The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at the Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, international business and customer relationship. External consultants with specialist knowledge may be brought in to address areas where this is an attribute deficiency in the Board.

The Board's skills matrix is used when recruiting new directors and assessing which skills need to be outsourced based on the attributes of the current Board members. The Board continuously monitors its collective skills and attributes to ensure it maintains the following skills and attributes in its membership:

Skills and Attributes
Other past and present executive or non-executive director roles on ASX listed companies
Other past and present executive or non-executive director roles on non-ASX listed companies
Governance – Committee member/Chair of Audit/Risk/Remuneration/Nomination Committees (past and present)
Senior management positions (past and present)
Experience and knowledge in the Financial services' industry
Risk Management
Health and Safety
Information technology
Marketing/Brand
Strategy - Management and growth of business, diversification, mergers and acquisitions
HR and Diversity

As at 30 June 2016, the Board believes that its membership adequately represents the required skills as set out in the matrix, however, due to the departure of the female director and in an effort to achieve greater gender diversity the company is currently undertaking a search for an appropriate female replacement for the Board.

Details of the Board of directors, their appointment date, length of service, executive and independence status is as follows:

Director's name	Appointment date	Length of service	Executive Status	Independence status
Mark Bouris	11 February 2011	5 years	Executive	Not-independent
Adrian Bouris	11 February 2011	5 years	Non-Executive	Not-independent
Owen Williams	11 February 2011	5 years	Non-Executive	Independent
Melanie Kansil	23 September 2013 – resigned 30 April 2016	3 years	Non-Executive	Not-Independent
John George	3 June 2016	3 months	Non-Executive	Independent

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report are detailed in the 'Information of directors' section in the Directors' Report released in conjunction with the company's annual reports and available on the company's website.

The board has two independent directors (as defined by the ASX Principles) and two non-independent directors. As such, the company does not comply with the requirement that a majority of the board should be independent. The board believes that, given the size of the Company, the nature of its operations and the ability of all incumbent directors to bring an independent judgement to bear in Board deliberations, the current Board composition is appropriate for the Company in its present stage of development.

The company's Chairman Mark Bouris, does not meet the independence criteria set out in the ASX Corporate Governance Principles and Recommendations, however the roles of Chair and Chief Executive Officer have been separated in accordance with these Principles and Recommendations. Each director has the right to access all relevant information and subject to informing the Chairman, 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.

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the company's operations and background.

Principle 3: Act ethically and responsibly

Code of Conduct

The company 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. The Code of Conduct outlines the company's commitments, key values, responsibilities and compliance with the law. The board monitors implementation of the Code of Conduct. Any breach of compliance with the Code of Conduct is to be reported directly to the Company Secretary, the Chief Executive Officer, or the Chairman. Anyone breaching the Code of Conduct may be subject to disciplinary action, including termination.

Securities Trading Policy

The Securities Trading Policy ('policy') applies to all employees of the company. Employees may deal in the Company's securities when they are not in possession of inside information (as defined by the policy) only outside of the closed periods (as defined in policy). In addition, Restricted Persons (as defined in the policy), may deal in the Company's securities outside of closed periods only after complying with approval requirements as outlined in the Policy.

Principle 4: Safeguard integrity in corporate reporting

The company has an established Audit and Risk Committee. As at 30 June 2016 it comprised of three non-executive directors of whom two are independent as defined by the ASX Principles. However, for the majority of the financial year ended 30 June 2016, the Audit and Risk Committee comprised of three non-executive directors of whom one was independent as defined by ASX Principles due to the resignation of Melanie Kansil on 30 April 2016. The members of the Audit and Risk Committee are:

Director's Name	Executive Status	Independence Status
Owen Williams - Chair	Non-Executive Director	Independent
Adrian Bouris	Non-Executive Director	Not-independent
Melanie Kansil (resigned 30 April 2016)	Non-Executive Director	Not-independent
John George	Non-Executive Director	Independent

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 director who is a member of the Audit and 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 and Risk Committee formally reports to the board after each of its meetings. Details of the number of meetings of the Audit and Risk Committee during the financial year ended 30 June 2016 are set out below.

Audit & Risk Committee Meetings	Attended	Held
Owen Williams	7	7
Adrian Bouris	7	7
Melanie Kansil*	6	7 (*resigned on 30 April 2016 prior to meeting number 7)
John George**	0	0 (**his appointment was on 3 June 2016 and there were no meetings between this date and 30 June 2016)

The Audit and Risk Committee Charter, which includes information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, is available in the Corporate Governance section of the company's website.

The external auditor responsible for the company audit attends meetings of the board and the Audit and Risk Committee by invitation.

The external auditor also attends the Annual General Meeting ('AGM') of the company and is available to answer shareholder questions from shareholders relevant to the audit. The Company believes this is important in both promoting and encouraging shareholder participation at the AGM and providing balanced and understandable information. The Company also considers that this reflects and underlines the role of the auditor and the auditor's accountability to shareholders.

For the financial year ended 30 June 2016, the Chief Executive Officer and Chief Financial Officer have provided the board with declarations that, in their opinion, the financial records of 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 the opinion has been formed on the basis of a sound system of risk management and internal control which was operating effectively.

An equivalent declaration will be given by the Chief Executive Officer and Chief Financial Officer for the -year ended 31 December 2016

Principle 5: Make timely and balanced disclosure

The company has established continuous disclosure and periodic reporting policies that ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the Corporations Act, outline the procedures that apply to the central collection, control, assessment and if required, release to ASX, of material information and ensure all investors have equal and timely access to material information concerning the company and that the company announcements are factual and presented in a clear and balanced way.

Principle 6: Respect the rights of security holders

The board is committed to ensuring that the shareholders are informed of all major developments affecting the company's state of affairs.

Information is communicated to shareholders through the:

- ASX company announcements platform;
- Company website
- Annual Report; and
- Other correspondence regarding matters impacting on shareholders as required.

The company's website contains an overview of the company's profile and business. The following company and governance information is available on the website:

- Company profile;
- Board and Management profiles;
- ASX announcements;
- Annual Reports;
- Board and Committee Charters; and
- Share price information.

The Company will hold its AGM before the 25 October 2016 and the Chairman, Chief Executive Officer and Company Secretary will engage with shareholders in advance of the AGM, as appropriate.

The Company recognises the importance of its relationships with investors and analysts. The Chief Executive Officer is the primary contact for communicating with the investment community.

The board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the company's strategy and goals. The Shareholder Communications Policy, designed to promote effective communication with shareholders, is available in the Corporate Governance section of the company's website. Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the Notice of Meeting. Shareholders have the opportunity to submit written questions to the Company and external auditor, or make comments on the management of the Company. The Company will publish results of the meeting to the ASX and on its website following the conclusion of the AGM.

The company engages its share registry (Computershare) to manage communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders.

Should shareholders wish to contact the company, the contact details of the company and its share registry are available on the company's website.

Principle 7: Recognise and manage risk

In addition to the established Audit and Risk Committee (details of which are explained above), the company has implemented a governance, risk and compliance software system which allows material business risks to be linked to mitigating controls so that the performance of the company's enterprise risk and compliance programs can be monitored continuously. During the reporting period, the Board, through the Audit & Risk Committee, conducted an annual review of the Company's risk management framework and is satisfied that it continues to be sound

The company does not have a dedicated internal audit function. The responsibility for risk management and maintenance of internal controls lies with both the Group Executive and Chief Risk Officer, the National Manager of Quality Advice and Professionalism and the CFO who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguarding of company assets.

The company is exposed to a variety of economic and commercial risks. Detailed risk assessments are prepared annually and managed by the Board as part of its periodic risk management review, on an as required basis upon advices from Audit and Risk Management Committee and/or Senior Management. In the year ended 30 June 2016 risks were classified as high, medium or low depending on the likelihood of their occurrence and potential financial impact. The company intends to carry out a periodic re-assessment of its risks in terms of materiality given the nature of the industry the business operates in.

Principle 8: Remunerate fairly and responsibly

Given the size of the board, the company does not have a formal Remuneration Committee. The task of ensuring that the level of director and executive remuneration is sufficient and reasonable and that its relationship to performance is dealt with by the full board.

The company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders. There are no termination or retirement benefits for non-executive directors other than for superannuation entitlements.

Executive remuneration consists of a base salary and performance incentives. Long term performance incentives may include options, performance rights, share appreciation rights or other equity-based products granted at the discretion of the Board and subject to obtaining the relevant approvals.

The grant of equity-based products is designed to recognise and reward efforts as well as to provide additional incentive to continue those efforts for the benefit of the company, and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies), which are reviewed at least annually to ensure market competitiveness.

Details of remuneration, including the company's policy on remuneration, are contained in the Remuneration Report which forms part of the Directors' Report.

Senior executives and directors are prohibited from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration packages, such as options.