

Corporate Governance Statement 2019

Our purpose

Helping people reach their destination.

Who we are

Viva Energy is one of Australia's leading energy companies with more than 110 years of operations in Australia. We refine, store and market specialty petroleum products across the country and we are the sole supplier of Shell fuels and lubricants in Australia. In 2019, we supplied approximately a quarter of Australia's liquid fuel requirements to a national network of retail sites and directly to our commercial customers. We also operate a nationwide fuel supply chain, including the strategically located Geelong Refinery, an extensive import, storage and distribution infrastructure network, including a presence at over 50 airports and airfields.

Our values

Integrity

The right thing always

Responsibility

Safety, Environment, Our Communities

Curiosity

Be open, learn, shape our future

Commitment

Accountable and results focused

Respect

Inclusiveness, diversity, people

Contents

Overview	01
Act ethically and responsibly	02
Lay solid foundations for management and oversight	03
Structure the Board to add value	06
Safeguard integrity in corporate reporting	08
Make timely and balanced disclosure	09
Respect the rights of shareholders	09
Recognise and manage risk	10
Remunerate fairly and responsibly	10

See the rest of our 2019 annual reporting suite at www.vivaenergy.com.au.



- Annual Report 2019
- Taxes Paid Report 2019
- Corporate Governance Statement 2019

Overview

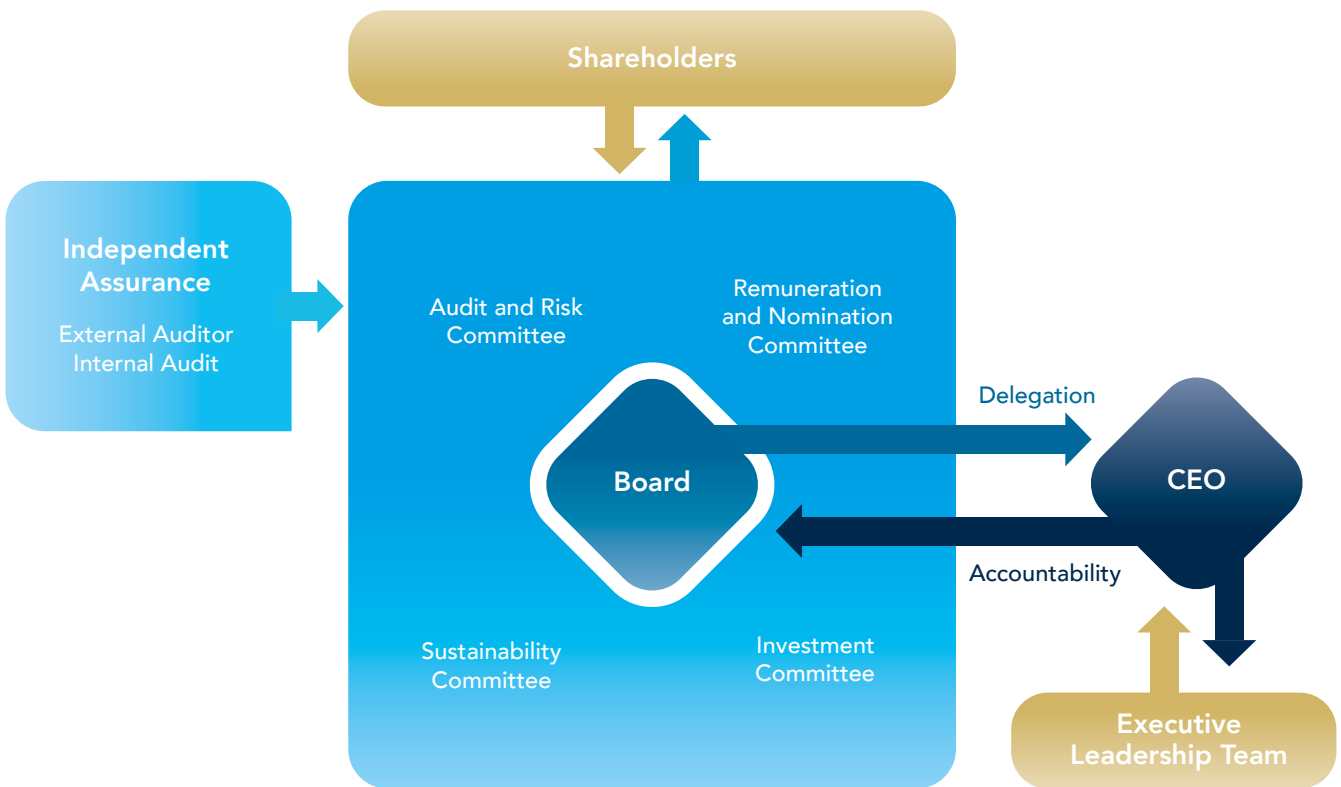
The Board of Viva Energy Group Limited (**Viva Energy** or **Company**) is committed to maintaining an appropriate environment of corporate governance that promotes responsible management and conduct by our officers and employees and by the Company itself.

This statement outlines our principal governance arrangements and practices. During the year ended 31 December 2019 (**reporting period**), Viva Energy's corporate governance arrangements and practices complied with the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

This statement is current as at 17 March 2020 and has been approved by the Board.

The governance documents referred to in this statement are available on our website at www.vivaenergy.com.au.

Governance structure



Act ethically and responsibly

Viva Energy is committed to observing the highest standard of corporate practice. During the reporting period, the Board approved a refreshed statement of Company values. The values: Integrity, Responsibility, Curiosity, Commitment, and Respect, reflect what Viva Energy stands for today and underpin our business principles and behaviours.

The governance policies summarised below are available on our website at www.vivaenergy.com.au.

Business Principles and Code of Conduct

Viva Energy has long-standing Business Principles that reflect our core values and guide the conduct and operations of our Company. We also have a Code of Conduct, which outlines how we expect our employees, officers and directors to behave and conduct themselves in the workplace. The Code of Conduct is designed to:

- foster ethical and professional behaviour throughout Viva Energy;
- promote a fair, safe and productive environment, and equal opportunity for all employees;
- ensure that the Company makes all reasonable efforts to comply with laws and regulations that apply to it;
- ensure that there is an appropriate mechanism for employees to report conduct which breaches the Code of Conduct; and
- ensure that employees are aware of the consequences they face should they breach the Code of Conduct.

Anti-Bribery and Corruption Policy

The Board has adopted an Anti-Bribery and Corruption Policy, which sets out the responsibilities of Viva Energy and its employees or other personnel or representatives in observing and upholding the prohibition on bribery and related improper conduct. We also provide training on how to recognise and deal with instances of bribery and corruption.

The Board will be informed of any material breaches of the Anti-Bribery and Corruption Policy.

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Whistleblower Policy

The Board has adopted a Whistleblower Policy to encourage the Company's employees, suppliers, contractors and other eligible persons to raise and report instances of alleged misconduct where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisal.

During the reporting period, the Board reviewed and updated the Whistleblower Policy to take into account the new legislation, which strengthened and consolidated whistleblower protections for the corporate and financial sector.

The Board will be informed of any material concerns raised under the Whistleblower Policy that call into question the culture of the Company.

Securities Trading Policy

The Board has adopted a Securities Trading Policy. The policy outlines the restrictions in relation to dealing in securities while in possession of inside information. The policy sets out the process for obtaining clearance to deal by persons classified as designated persons (directors, senior management and other persons classified as designated persons) under the policy and imposes the following additional restrictions:

- subject to limited exceptions, designated persons are prohibited from trading the Company's securities during closed periods;
- short term or speculative trading in the Company's securities by designated persons is prohibited;
- derivative and hedging arrangements by designated persons in relation to any unvested securities in the Company or securities subject to a holding lock are prohibited; and
- entering into margin lending arrangements in connection with the Company's securities by designated persons is prohibited.

Lay solid foundations for management and oversight

Role of the Board

The Board is accountable to shareholders for the Company's performance.

The Board has adopted the Board Charter to provide a framework for the effective operation of the Board. The Board Charter sets out the composition, role and responsibilities of the Board and the authority delegated by the Board to the Company's Chief Executive Officer (CEO) and Board Committees.

The Board's role is to provide strategic guidance and effective oversight of management performance in implementing the Company's strategies, business plans and values. The Board has reserved for itself certain matters as set out in the Board Charter. These include:

- defining the Company's purpose and approving the Company's strategies, budgets, major capital expenditure and business plans;
- appointing the CEO and other members of senior management, and evaluating their performance; and
- overseeing management in its implementation of the Company's business model, achievement of the Company's strategic objectives and instilling the Company's values generally.

A copy of the Board Charter is available on our website at www.vivaenergy.com.au.

Role and composition of the Board Committees

To assist in the discharge of its responsibilities, the Board has established the following Board Committees:

- Audit and Risk Committee
- Remuneration and Nomination Committee
- Sustainability Committee
- Investment Committee

Board Committees have responsibility over matters as set out in their respective charters, which are available on our website at www.vivaenergy.com.au. Each Committee is accountable to the Board for its performance and regularly reports to the Board on all matters relevant to the Committee's role and responsibilities.

The Board and Committee Charters were reviewed during the reporting period, including against the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

A summary of the responsibilities and membership of each Board Committee during the reporting period is set out below.

Members	Key Responsibilities
Audit and Risk Committee	
Sarah Ryan (Chair) Dat Duong Jane McAloon	Assisting the Board in overseeing the: <ul style="list-style-type: none"> • integrity of financial reporting; • effectiveness of the internal control structure and risk management framework; • systems for compliance with legal and regulatory requirements; and • internal and external audit functions.
Remuneration and Nomination Committee	
Robert Hill (Chair) Arnoud De Meyer Hui Meng Kho	Assisting the Board in: <ul style="list-style-type: none"> • determining remuneration policy and its application to the CEO, senior executives and directors; • performance evaluation of the CEO; • overseeing the succession planning process for the Board and the CEO; • developing and overseeing Board and director performance evaluation; and • reviewing size, composition and skills of the Board.
Sustainability Committee	
Jane McAloon (Chair) Robert Hill Sarah Ryan	Assisting the Board in receiving information and undertaking reasonable steps to oversee the: <ul style="list-style-type: none"> • integrity, effectiveness and performance of the Company's health, safety, security, environment (HSSE), community, product quality and sustainability (together, HSSEC) functions; and • systems for compliance with legal and regulatory HSSEC requirements.
Investment Committee	
Arnoud De Meyer (Chair) Each other director	Assisting the Board in reviewing key investment decisions and reviewing the performance of key investments.

The Board periodically reviews membership of its standing Board Committees to ensure the composition of each Committee remains appropriate. The Board undertook such a review in early 2020 and determined that the current composition of each of the Committees is appropriate and no change is required at this stage.

Lay solid foundations for management and oversight

continued

Attendance at meetings

Details of attendance by our directors at Board and Board Committee meetings held during the reporting period are included in the Directors' Report (at page 74), which forms part our 2019 Annual Report.

Directors have a standing invitation to attend meetings of Board Committees of which they are not members.

All directors receive copies of the agenda, minutes and papers of each Board Committee.

Delegation to management

The CEO is responsible for managing the Company and its business within levels of authority specified by the Board. The scope of the delegated authority to the CEO is documented in our delegations of authority register.

The CEO may delegate aspects of his authority and power to the management team, but remains accountable to the Board for the Company's performance.

The CEO reports to the Board at regular Board meetings.

Appointment, election and induction of new directors

We undertake appropriate background checks before appointing a new director.

We held our first Annual General Meeting (AGM) as a listed company on 23 May 2019. At the AGM, two directors retired and were re-elected in accordance with the Company's constitution. The Notice of AGM included information on each director standing for re-election, including information on the director's background and experience and any other information relevant to the decision to re-elect them.

We have a written agreement with each director setting out the terms of their appointment.

Our induction program for new directors focuses on ensuring that directors gain an understanding of the Company's business, risks, operational issues, corporate structure and values, and that directors are able to participate actively in the Board process soon after joining the Board. New directors joining the Board will receive all documents and materials necessary to enable them to understand the Company's business and its financial position. They will also meet with senior management and visit the Company's assets.

Professional development

As part of regular scheduled Board and Committee meetings, directors are provided with papers and briefings on the business and issues that may impact the business, including updates on relevant laws, accounting standards and governance developments. Briefings are provided by management as well as by external experts. These sessions are designed to provide directors with knowledge and ongoing development to support them in performing their role.

In addition to this, directors regularly undertake site visits as a group or individually. During the reporting period, directors visited the Geelong Refinery, Gore Bay Terminal, Newport Terminal as well as a non-Company owned terminal.

Role of the company secretary

The company secretary is responsible for the day-to-day operations of the company secretary's office, including the administration of Board and Board Committee meetings and supporting the effectiveness of the Board through the oversight of Board-related processes.

The company secretary is accountable to the Board (through the Board Chair) on all matters to do with the proper functioning of the Board.

Lay solid foundations for management and oversight

continued

Diversity

We are committed to creating and fostering a workplace culture that promotes diversity and respectful and inclusive behaviours. The Board has adopted a diversity policy to support the achievement of the Company's objectives with respect to diversity and inclusion in the workplace.

The Board is committed to continue improving the representation of women at Viva Energy. The gender diversity targets adopted by the Company and the progress made towards achieving these targets in 2019 are set out in the Sustainability section of our 2019 Annual Report at page 45.

The group was proud to be awarded Employer of Choice for Gender Equality by the Workplace Gender Equity Agency in 2020.

Our Diversity Policy and the Company's most recent report to the Workplace Gender Equality Agency, which sets out our performance against gender equality indicators, are available on our website at www.vivaenergy.com.au.

Performance evaluation

Board

The Board recognises the value in evaluating the effectiveness of its own performance and that of its Committees, as well as the contribution of individual directors to the effective functioning of the Board.

On the recommendation of the Remuneration and Nomination Committee, the Board carried out an internally facilitated inaugural performance evaluation during the reporting period.

The evaluation considered the balance of skills, experience and diversity of perspectives on the Board and how well the Board works together as a group. Other matters considered were:

- quality of meeting agendas and whether the Board uses its time effectively with focus on the right issues;
- effectiveness of the engagement between Board and management; and
- effectiveness of the Board process and quality of company secretariat support.

In addition, we undertook an assessment of Board Committees, which involved each Committee considering compliance with its responsibilities as set out in the respective Committee Charters.

The evaluation identified opportunities for improvement, which have been implemented. The key area of agreed action was to enhance agenda planning to bring greater focus on strategic discussions.

Senior executives

Under the Board Charter, the Board is required to review the performance of senior management for each reporting period.

We have a written agreement with the CEO and with each other member of the Executive Leadership team (ELT) setting out the terms of their employment.

The CEO and each other member of the ELT is subject to performance evaluation annually. The Board sets the Key Performance Indicators (KPIs) for the CEO and each member of the ELT and reviews performance against these KPIs after the end of each financial year.

Performance evaluation of the CEO and other members of the ELT, in accordance with the above process, took place during the reporting period.

We are committed to creating and fostering a workplace culture that promotes diversity and respectful and inclusive behaviours. The Board has adopted a diversity policy to support the achievement of the Company's objectives with respect to diversity and inclusion in the workplace.

Structure the Board to add value

Board composition, skills and diversity

As at the date of this report, the Board comprises six non-executive directors and the CEO. The qualifications, skills and experience of each director are set out on pages 8 to 9 of our 2019 Annual Report.

The Board aims to have directors with the appropriate mix of skills, experience, expertise and diversity that are relevant to the Company's businesses and the Board's responsibility. The Board considers that the following skills and experience, as shown in the skills and experience matrix, are appropriately represented among its membership.

Skills and experience matrix

Category	Description	Representation on the Board
Industry	Energy industry executive experience or understanding of refining, marketing or distribution of petroleum products.	5/7
Customer	Commercial experience in product/service development, innovation and retail or commercial customer management strategy.	4/7
HSSE	Experience with workplace health, safety, security and environment risks and management framework.	5/7
Strategy	Experience defining strategic objectives, constructively questioning business plans and executing or overseeing strategy implementation.	7/7
Capital management	Relevant experience in capital allocation, funding and project delivery.	6/7
Risk	Experience identifying key existing and emerging risks that could impact an organisation and monitoring effectiveness of risk management frameworks.	7/7
Stakeholders	Relevant experience, or understanding, of managing relationships with stakeholders, including on issues of communities, sustainability, government relations and regulatory or public policy.	7/7
Environment	Relevant experience and understanding of environmental policies, impacts and evolving trends and technologies (such as renewables) which contribute to reductions in emissions and improvements in environmental outcomes.	6/7
Technology	Understanding of use and governance of critical technology, adopting new technologies, cyber security, innovation and responding to disruption.	5/7
Legal	Relevant qualifications or demonstrated experience in law and legal interpretation.	2/7
Financial	Relevant qualifications or a sound understanding of financial statements, including ability to probe the adequacies of financial and related risk controls.	7/7
Leadership	Leadership experience as a CEO, senior executive or a senior leader in a relevant field.	7/7
Governance	Relevant qualifications or experience as a board member or senior executive with commitment to the highest standards of governance.	7/7
People, culture and conduct	Experience in leading people and cultures, managing performance, selection and assessment of people, remuneration design and implementation, industrial relations, inclusion and diversity.	7/7

Structure the Board to add value continued

Director independence

The Board requires a majority of its directors to be independent. We recognise that having a majority of independent directors helps to ensure that the decisions of the Board reflect the best interests of the Company and its shareholders generally and that those decisions are not biased towards the interests of management or any other group.

The Board considers an independent director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or could reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board or to act in the best interests of the Company and its shareholders generally.

The Board has adopted in the Board Charter the factors that will be taken into consideration in determining if a director is independent.

The materiality of any relevant interest, position, association or relationship is determined on a case-by-case basis. The Board reviews the independence of each director in light of information disclosed to the Board.

The Board considers Robert Hill, Chairman, and Arnoud De Meyer, Jane McAloon and Sarah Ryan, each a non-executive director, to be independent.

The Board does not consider the following directors to be independent:

- Scott Wyatt, given his role as CEO; and

- Dat Duong and Hui Meng Kho, given they were nominated as directors by Vitol Investment Partnership Limited (VIPL). VIPL maintains a substantial interest in the Company of 44.8% as at 31 December 2019 held through VIP Energy Australia B.V. While the Board does not consider Dat Duong and Hui Meng Kho to be independent, the Board does consider that they each bring objective and unbiased judgement to the Board's deliberations and extensive experience, and they make an invaluable contribution to Viva Energy through their understanding of its business and the industries in which it operates.

Given VIPL's substantial shareholding in the Company and the commercial relationship between Vitol and the Company, being the supply agreements currently in place, the Board has put in place a Related Party Protocol which sets out a framework for managing any actual or potential conflicts that may arise.

Access to independent advice

The Board collectively, and each director individually, has the right to seek independent professional advice, provided such advice is necessary for the director to discharge his or her responsibilities as a director of the Company, and subject to the approval of the Chairman (or where the director seeking such advice is the Chairman, subject to the approval of the Chair of the Company's Audit and Risk Committee).

Minimum shareholding policy

The Board has adopted a policy requiring each independent director to accumulate a minimum shareholding equivalent to 100% of their fixed annual fee within five years of the date of their appointment as a director of the Company and to maintain such minimum shareholding for so long as they remain a director.

Safeguard integrity in corporate reporting

Audit and Risk Committee

The Audit and Risk Committee assists the Board in overseeing the integrity of the Company's financial reporting. In this regard, the Committee's responsibilities include:

- reviewing the Company's financial statements and reports, and recommending such financial reports for consideration (and approval) by the Board;
- overseeing the Company's financial controls, systems and corporate reporting processes;
- overseeing the Company's engagement of, and the performance of, the external auditor and the external audit function, including managing the independence of the external auditor; and
- overseeing the Company's internal audit function.

The Audit and Risk Committee's Charter is available on our website at www.vivaenergy.com.au.

The Audit and Risk Committee is chaired by Dr Sarah Ryan. Dr Ryan has over a decade of experience as a member of board audit and risk committees, especially in ASX20 and ASX50 companies active in energy and high-risk operational environments. Sarah also has extensive experience in financial analysis, having spent 10 years as a financial analyst, looking at companies in the energy and natural resources sector worldwide. She was an investment director and portfolio manager at Earnest Partners, a US-based investment management firm. Sarah also has several decades of management and executive experience in the energy industry, spending most of her career with Schlumberger in a variety of roles around the world, mostly line management, and then as Chief Operating Officer of an oilfield services company based out of the UK. Sarah brings significant experience in understanding and managing financial and operational risks to her role as Chair of the Audit and Risk Committee.

The membership of the Audit and Risk Committee collectively has the necessary technical, accounting and financial expertise, and all Committee members are financially literate and have a sufficient understanding of the Company's businesses and the industries in which it operates, for the purpose of discharging the role of the Committee effectively.

CEO and CFO assurance

Before considering half year and full year reports for approval, the Board receives a written statement signed by the CEO and CFO, affirming that the Company's financial reports give a true and fair view of the Company's financial position and its performance, and comply with relevant accounting standards. The statement also confirms that the statement is formed on the basis of a sound system of risk management and internal control and that the system is operating effectively.

External auditor

The Company has appointed PwC as its external auditor. In accordance with requirements in the *Corporations Act 2001* (Cth), PwC ceased to be the Company's auditor at the Company's 2019 AGM and was re-appointed by shareholders at that AGM.

PwC's lead audit partner was available at the AGM to answer questions relevant to the external audit of the Company's 2018 financial statements.

PwC attends each Audit and Risk Committee meeting and regularly meets with the Committee without management present.

Make timely and balanced disclosure

The Board has appointed a Disclosure Committee and adopted a Disclosure Policy, which sets out the process and responsibilities that support the Company's compliance with its continuous disclosure obligations.

The Disclosure Policy covers, among other things, the following:

- the responsibilities of the Disclosure Committee and the internal reporting obligations to support the disclosure process;
- the responsibilities of the company secretary in relation to the disclosure process;

- the process in relation to seeking to trading halts; and
- the process for external communications to ensure, among other things, that information that requires disclosure is first disclosed to the ASX before being communicated to external parties.

All announcements released to the ASX are published on our website www.vivaenergy.com.au.

The Disclosure Policy is available on our website at www.vivaenergy.com.au.

Respect the rights of shareholders

Shareholder engagement

We place high importance on engagement with shareholders through transparent and timely communication about the Company's business and performance. We hold a teleconference after the release of our half year and full year results, which allows all shareholders to participate and provides a forum for investors to ask questions of management. All announcements provided to ASX, including financial reports, presentations, notices of meetings and other releases, are published on our website. We also use other communication channels, such as webcasting and social media, to communicate to investors.

We encourage shareholders to participate in the AGM. Shareholders who cannot attend the AGM are encouraged to exercise their vote through proxy and to submit questions ahead of the meeting.

We have an investor relations program that involves briefings, presentations at forums, site visit events as well as meetings with investors and analysts as a way to facilitate two-way communication. Shareholders can contact us at any time through the investor relations team. The Board receives regular updates on the investor relations program and feedback received from investors.

The Board has adopted a Shareholder Communication Policy to promote effective communication with shareholders and other stakeholders, to encourage and facilitate participation at the Company's general meetings and to deal promptly with the enquiries of shareholders and other stakeholders.

The Shareholder Communications Policy is available on our website at www.vivaenergy.com.au.

Electronic communications

We provide our shareholders with the option of receiving communications from the Company electronically. Shareholders who receive communications by post can log in at www.linkmarketservices.com.au to elect to receive communications electronically.

We encourage shareholders to participate in the AGM. Shareholders who cannot attend the AGM are encouraged to exercise their vote through proxy and to submit questions ahead of the meeting.

Recognise and manage risk

The Board considers risk management fundamental to the success of the Company and takes ultimate responsibility for its oversight and stewardship. The Board is committed to the establishment of a sound system of risk oversight, management and internal control and during the year, the Board reviewed and approved amendments to the Company's risk appetite statement to make sure this remains appropriate to the current needs of the Company.

We have adopted an Enterprise Risk Management (ERM) Framework, supported by appropriate risk management policies and procedures, designed to identify, assess, monitor and manage risk and, where appropriate, keep relevant stakeholders informed of material changes to the Company's risk profile.

The overriding purpose of the ERM Framework is to ensure that:

- (a) appropriate systems are in place to identify material risks that may impact on the Company's business;
- (b) the financial impact of risks is understood, and appropriate internal control systems are in place to limit the Company's exposure to such risks; and
- (c) appropriate responsibility is delegated to control the identified risks effectively.

Our ERM Framework adopts the risk management process described in the Australian/New Zealand Standard (AS/NZS ISO 31000:2009 Risk management – Principles and guidelines) and applies in addition to the Company's other policies.

The Board is satisfied that the ERM Framework and associated policies remain relevant to the current needs of the Company and the Board.

The Board considers risk management fundamental to the success of the Company and takes ultimate responsibility for its oversight and stewardship.

Risk management framework

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective risk management framework. Detailed work on this task is delegated to the Audit and Risk Committee and reviewed by the Board. This review took place in 2019. The Audit and Risk Committee assists the Board in overseeing the Company's risk profile and is responsible for overseeing management's action in the identification, management and reporting of material business risks.

Internal audit

The role of the internal audit function is to support the Company to accomplish its objectives, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation.

The internal audit function reports to the Audit and Risk Committee and to the EGM Legal and External Affairs. The Company's internal audit function is independent of the external audit, has access to the Audit and Risk Committee and also has access to the Company's executives and employees.

Exposure to economic, environmental and social sustainability risks

We monitor exposure to all risks to the business including economic, social, governance and environmental sustainability risks. The Directors' Report – Operating and Financial Review, which forms part of our 2019 Annual Report, sets out the Company's exposure to material regulatory, economic, competitive and other operational risks and a summary of how these risks are being managed.

Remunerate fairly and responsibly

The Remuneration and Nomination Committee is responsible for assisting the Board in determining the Company's remuneration policy and its application to the CEO, senior executives and directors.

Our approach to remuneration, including the quantum of the director fees and the 2019 remuneration outcomes for the CEO and ELT, is set out in our Remuneration Report, which forms part of our 2019 Annual Report.

