

2019 Corporate Governance Statement

This corporate governance statement sets out Prospa Group Limited (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 25 September 2019 and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		
1.1. A listed entity should disclose:	Yes	The Board is responsible for the corporate governance of the Company. The Board has adopted a Board Charter which outlines the manner in which its powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws. The Board Charter reflects the newly listed state of the Company. Pursuant to the Board Charter, the Board assumes responsibilities including, but not limited to the following: (a) selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the CEOs and the CEOs' direct reports; (b) contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets; (c) reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks; (d) monitoring corporate performance and implementation of strategy and policy; (e) developing and reviewing the Company's values and corporate governance policies (including in respect of diversity and the measurable objectives for achieving diversity) and monitoring corporate culture, setting the tone from the top; (f) approving major capital expenditure, acquisitions and divestitures, and overseeing capital management, including determining if a dividend payment is appropriate and if so, to what extent; (g) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; (h) approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
(a) the respective roles and responsibilities of its board and management; and		
(b) those matters expressly reserved to the board and those delegated to management.		

	(i) ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs; (j) evaluating, at least annually, the performance of the Board, its Committees and individual Directors; (k) developing and monitoring the Board's Risk Appetite Statement and the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk; and (l) performing such other functions as are prescribed by law or nominated by the Board from time to time. Pursuant to the Board Charter, matters which are specifically reserved for the Board or its committees include: (a) appointment of a Chair; (b) appointment and removal of the CEOs; (c) appointment of directors to fill a vacancy or as an additional Director; (d) establishment of Board committees, their membership and delegated authorities; (e) approval of dividends; (f) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management; (g) calling of meetings of shareholders; and (h) any other specific matters nominated by the Board from time to time. A copy of the Board Charter is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance. While the Board retains ultimate responsibility for the strategy and performance of the Company, the day-to-day operation of the Company is conducted by, or under the supervision of, the CEOs as directed by the Board. The Board approves corporate objectives for the CEOs to work towards and, jointly with the CEOs, develops the duties and responsibilities of the CEOs. The management team (being the CEOs and other officers to whom the management function is properly delegated by the CEOs): • is responsible for implementing strategic objectives, plans and budgets approved by the Board; and • is accountable to the Board for matters within its delegated authority. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
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1.2. A listed entity should:	Yes	The Company undertakes background checks with regards to the person's character, experience, education, criminal record and bankruptcy history prior to nomination for election as a director. Any material adverse information revealed by these checks is released to security holders prior to the general meeting at which they can be elected. When an individual is nominated to be a director, details of their relevant professional history and qualifications will be made accessible to the security holders in the Company.
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and		
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Directors and senior executives of the Company are given letters of appointment and/or service agreements prior to their engagement with the Company.
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary was appointed by and is accountable to the Board on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for coordination of all Board and Board Committee business, including agendas, papers, minutes, communication with regulatory bodies, and all statutory and other filings.
1.5 A listed entity should:		At a Board and senior management level, gender diversity has been identified as a key area of focus for the Company. Accordingly, the Company has adopted a Diversity and Inclusion Policy which will aim to achieve adequate representation of women in senior management and leadership roles (including on the Board). The Company aims to achieve greater gender diversity by: (a) setting measurable objectives to achieve gender diversity; (b) broadening the field of potential candidates for senior management and Board appointments; (c) ensuring appropriate transparency with respect to the Board appointment process; and (d) embedding the extent to which the Board has achieved the objective of the Diversity and Inclusion Policy in the evaluation criteria for the annual Board performance evaluation. A copy of the Diversity and Inclusion Policy is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance. Our gender targets for FY19 were: • 40% women and 60% men (All employees); and • 33% women and 67% men (The Leadership Team). As at the end of FY19, we achieved our gender targets in relation to all employees, and almost achieved our gender targets for the Leadership Team (31% women and 69% men). At the end of FY19, the Board and Senior Executives comprised 27% women and 73% men. Senior Executives are the most senior executive managers who report to a CEO and are responsible for a functional business unit.
(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Yes	
(b) disclose that policy or a summary of it; and	Yes	
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:	Yes	
(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or		
(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	N/A	

		The 6 gender equality indicators (GEI) as per the Workplace Gender Equality Act are as follows. GEI Gender equality area 1. Gender composition of your workforce 2. Gender composition of your governing bodies 3. Equal remuneration between women and men 4. Availability and utility of employment terms, conditions and practices relating to: a. flexible working arrangements for employees b. working arrangements supporting employees with family or caring responsibilities 5. Consultation with employees on workplace gender equality issues 6. Any other matters specified by the Minister in a legislative instrument: sex-based harassment and discrimination The Company was compliant with the <i>Workplace Gender Equality Act 2012</i> in FY19.
1.6 A listed entity should:		On an annual basis, Directors will provide performance feedback in relation to the Board, its Committees and individual Directors.
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance.
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.
		The CEOs will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review. Having only completed the restructure and listing of the business in June 2019 the Company did not undertake formal performance evaluations during the reporting period but will do so during FY20.
1.7 A listed entity should:		Executive performance is reviewed every 12 months in September, when the audited financial results are available.
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and		This last occurred in September 2018 and will occur again in September 2019. The process reviews each executive's Key Performance Indicators against performance and targets set in the previous period and sets new targets. The outcome of this review process determines the executives' combined remuneration.
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		

2. Structure the board to add value

2.1 A listed entity should:		The Board of the Company has established a Remuneration, People and Nomination Committee. The Remuneration, People and Nomination Committee is comprised of the following members: (a) Greg Ruddock (Chair) (b) Gail Pemberton (c) Fiona Trafford-Walker (d) Avi Eyal Of its 4 members, the Company considers Greg Ruddock, Gail Pemberton and Fiona Trafford-Walker to be independent. Greg Ruddock is chairperson of the Remuneration, People and Nomination Committee. A copy of the Remuneration, People and Nomination Committee Charter is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance. The number of Remuneration, People and Nomination Committee meetings held during the period is disclosed in the Company's Annual Report.
(a) have a nomination committee which:		
(1) has at least three members, a majority of whom are independent directors; and	Yes	
(2) is chaired by an independent director,	Yes	
and disclose:		
(3) the charter of the committee;	Yes	
(4) the members of the committee; and	Yes	
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	
(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	The Board members have each completed a board skills matrix, a summary of which is available on our website.
2.3 A listed entity should disclose:	Yes	The Board has reviewed the position and associations of each of the six Directors in office and has determined that Ms Gail Pemberton, Mr Greg Ruddock and Ms Fiona Trafford-Walker are independent. In making this determination, the Board has had regard to the independence criteria in the ASX Principles and Recommendations as well as its own Materiality Guidelines for Director Independence, a copy of which are available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance. The Board notes that Mr Greg Ruddock is a substantial security holder of the Company however the Board has determined that given Mr Ruddock's role as a Non-Executive Director and other considerations this holding in the Company is not sufficient to compromise his independence. The Board will assess the independence of new Directors upon appointment and review
(a) the names of the directors considered by the board to be independent directors;		
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and		
(c) the length of service of each director.		

		their independence, and the independence of the other directors as appropriate. The Company has disclosed the details of each Director (including their length of service) in documents lodged with the ASX and in the Company's Annual Report.
2.4 A majority of the board of a listed entity should be independent directors.	No	The Board is comprised of six Directors, of whom three Directors are considered independent Non-Executive Directors (see recommendation 2.3) and a further Director considered to be a (non-independent) Non-Executive Director (Avi Eyal). The Board considers that its composition is appropriate in light of the Company's operations and size. All the Directors believe that they will be able to, individually and collectively, analyse the issues before them objectively and in the best interests of shareholders and in accordance with their duties as Directors.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Company's Non-Executive Chairman, Ms Gail Pemberton, satisfies the ASX Principles and Recommendations definition of an independent director. The joint CEOs of the Company are Mr Beau Bertoli and Mr Greg Moshal.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	The Company has an induction programme for each new Director upon appointment. This includes meeting with members of the existing Board, Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures. On an ongoing basis, and subject to approval of the Chairman, Directors may request and undertake training and professional development, as appropriate, at the Company's expense.
3. Promote ethical and responsible decision-making		
3.1 A listed entity should:	Yes	The Company has adopted a formal Code of Conduct which is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance.
(a) have a code of conduct for its directors, senior executives and employees; and		
(b) disclose that code or a summary of it.		
4. Safeguard integrity in financial reporting		
4.1 The board of a listed entity should:		The Board of the Company has established an Audit and Risk Committee to assist the Board in ensuring the integrity of the Company's financial reporting, the effectiveness of the Company's systems of financial risk management and internal control and monitoring the Company's external audit functions. The Audit and Risk Committee is comprised of the following members: (a) Fiona Trafford-Walker (Chair) (b) Greg Ruddock (c) Gail Pemberton (d) Avi Eyal Of its 4 members, the Company considers Fiona Trafford-Walker, Greg Ruddock and Gail Pemberton to be independent. Fiona Trafford-Walker is chairperson of the Audit and Risk Committee.
(a) have an audit committee which:		
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Yes	
(2) is chaired by an independent director, who is not the chair of the board,	Yes	
and disclose:		
(3) the charter of the committee;	Yes	
(4) the relevant qualifications and experience of the	Yes	

members of the committee; and		A copy of the Audit and Risk Committee Charter is available on the Company's website at the following URL:
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	https://investor.prospa.com/investor-centre/?page=corporate-governance . The qualifications and experience of all Board members are set out in the Annual Report.
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		The number of Audit and Risk Committee meetings held during the period is disclosed in the Company's Annual Report.
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 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.	Yes	The Company has received a declaration from the CEOs and CFO that, in their opinion, the financial records have been properly maintained and comply with the proper standards.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	An external auditor has been appointed and will be present at the Company's annual general meeting to answer questions from security holders relevant to audit.
5. Make timely and balanced disclosure		
5.1 A listed entity should:	Yes	The Company is committed to providing timely, complete and accurate disclosure of information to keep the market fully informed of information which may have a material effect in the price or value of the Company's securities in accordance with its obligations under the <i>Corporations Act 2001</i> (Cth) and the ASX Listing Rules.
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and		A copy of the Company's Disclosure Policy is available at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance .
(b) disclose that policy or a summary of it.		

6. Respect the rights of shareholders			
6.1.	A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company provides information about itself and its governance to its investors on the Company's website via the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance. The Company will regularly update the website and contents therein as deemed necessary.
6.2.	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has in place an investor relations program which is used as a measurement for communicating important aspects of the Company's affairs under the wider ranging and Board adopted Communications Strategy. A copy of the Company's Communications Strategy is available at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance.
6.3.	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Company has adopted a formal Communications Strategy whereby information will be communicated to shareholders through a range of forums and publications including: (a) notice of meetings and explanatory material; (b) the AGM and other general meetings; (c) periodic disclosure through the Annual Report and the half year financial report; (d) announcements lodged with the ASX; and (e) investor presentations. All of the above information will be made available on the Company's website at https://investor.prospa.com/investor-centre/. A copy of the Communication Strategy is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance.
6.4.	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company encourages shareholders to register for receipt of announcements and updates electronically.
7. Recognise and manage risk			
7.1.	The Board of a listed entity should:		The Board of the Company has established an Audit and Risk Committee to assist the Board in overseeing risk.
	(a) have a committee or committees to oversee risk, each of which:		The Audit and Risk Committee is comprised of the following members:
	(1) has at least three members, a majority of whom are independent directors; and	Yes	(a) Fiona Trafford-Walker (Chair) (b) Greg Ruddock (c) Gail Pemberton (d) Avi Eyal
	(2) is chaired by an independent director,	Yes	
	and disclose:		Of its 4 members, the Company considers Fiona Trafford-Walker, Greg Ruddock and Gail Pemberton to be independent.
	(3) the charter of the committee;	Yes	

(4) the members of the committee; and	Yes	Fiona Trafford-Walker is chairperson of the Audit and Risk Committee.
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	A copy of the Audit and Risk Committee Charter is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance . The number of Audit and Risk Committee meetings held during the period is disclosed in the Company's Annual Report.
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		
7.2 The board or a committee of the board should:		In accordance with the Company's Board Charter it is the Board's responsibility to review, ratify and monitor the Company's systems of risk management, internal controls and legal compliance. The review of the Company's risk management framework has been delegated to and is therefore the responsibility of, the Audit and Risk Committee. The Company has undertaken extensive reviews of its risk management framework including with external assistance. These reviews will continue into FY20.
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes	
(b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	
7.3 A listed entity should disclose:		The Company did not have an internal audit function in place for FY19 having only completed the restructure of the business and listing on the ASX in June 2019. However, the Company has identified an external agency to assist with the implementation of an internal audit function for FY20. Prospa has an enterprise risk management function to provide the policies, frameworks, tools, techniques and relevant risk advice to allow the business to effectively own and manage risks through the course of achieving business outcomes. This function oversees and monitors the management of risk across the business to also provide risk insights and ensure compliance with key internal and external obligations. Recently, Prospa engaged an external party to conduct an independent review of the controls and test the operating effectiveness of these controls. The controls testing exercise was completed for key risks and a comprehensive audit & assurance framework has been developed which will be utilised on an on-going basis.
(a) if it has an internal audit function, how the function is structured and what role it performs; or	No	
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	All material risks to economic, environmental and social sustainability risks will be announced to the market, in accordance with the requirements of the ASX Listing Rules and otherwise.

8. Remunerate fairly and responsibly

8.1 The Board of a listed entity should:		The Board of the Company has established a Remuneration, People and Nomination Committee. The Remuneration, People and Nomination Committee is comprised of the following members: (a) Greg Ruddock (Chair) (b) Gail Pemberton (c) Fiona Trafford-Walker (d) Avi Eyal Of its 4 members, the Company considers Greg Ruddock, Gail Pemberton and Fiona Trafford-Walker to be independent. Greg Ruddock is chairperson of the Remuneration, People and Nomination Committee. A copy of the Remuneration, People and Nomination Committee Charter is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance. The number of Remuneration, People and Nomination Committee meetings held during the period is disclosed in the Company's Annual Report.
(a) have a remuneration committee which:		
(1) has at least three members, a majority of whom are independent directors; and	Yes	
(2) is chaired by an independent director, and disclose:	Yes	
(3) the charter of the committee;	Yes	
(4) the members of the committee; and	Yes	
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The Company disclosed its remuneration policy in the 2019 Annual Report.
8.3 A listed entity which has an equity-based remuneration scheme should:	Yes	The Company has a Securities Dealing Policy that prohibits directors, officers and employees from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme. A copy of the Securities Dealing Policy is available on the Company's website at the following URL: https://investor.prospa.com/investor-centre/?page=corporate-governance.
(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and		
(b) disclose that policy or a summary of it.		