



Corporate Governance Statement

July 2017

PIONEER CREDIT LIMITED ACN 103 003 505

The Board of Directors (the Board) of Pioneer Credit Limited (Pioneer, the Company) is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this Corporate Governance Statement.

The Company's corporate governance practices are consistent with the 3rd edition of the ASX Corporate Governance Council Principles and Recommendations (ASX Principles) released on 27 March 2014 and this Corporate Governance Statement discloses the extent to which the Company has followed them. Where the Company's corporate governance practices follow the ASX Principles, the Board has made appropriate statements reporting on the adoption of the ASX Principles. Where the Company's corporate governance practices have not followed the ASX Principles, the Board will provide its reasons for not following the ASX Principles and disclose what, if any, alternative practices the Company has or will adopt instead of those in the ASX Principles.

This Corporate Governance Statement is current as at 30 June 2017 and was approved by the Board on 26 July 2017. This and the following corporate governance-related documents are available on the Company's website at <http://corporate.pioneercredit.com.au/investor-centre/corporate-governance/>

Charters

- Board
- Audit and Risk Management Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

- Code of Conduct
- Continuous Disclosure and Shareholder Communications Policy
- Diversity Policy
- Risk Management Policy
- Securities Trading Policy
- Whistleblower Policy
- Policy and Procedure for Selection and (Re)Appointment of Directors
- Procedure for Selection, Appointment and Rotation of External Auditor
- Process for Performance Evaluations
- Conflict of Interest Policy

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Board of Directors of the Company (Board) has established the functions of the Board and Senior Executives which are set out in the Board Charter.

The key functions of the Board are:

- Overseeing Company management;
- Appointing or removing the Managing Director and Chief Executive Officer (MD), Chief Financial Officer (CFO) and Company Secretary;
- approving and monitoring the corporate governance framework;
- approving the annual budget and monitoring the financial performance;
- approving and monitoring significant capital expenditure, acquisitions and divestitures;
- approving and monitoring the risk management framework and Code of Conduct
- monitoring compliance with all legal and regulatory obligations, and
- ensuring the Board is appropriately skilled.

The MD is responsible for the day-to-day activities of the Company and is supported by the Senior Executives to execute on the strategic goals of the Company approved by the Board.

Recommendation 1.2

In determining candidates for the Board, the Nomination Committee (NC) evaluates the mix of skills, experience and diversity of Directors to identify the attributes that will best increase its effectiveness.

Through the selection process, thorough checks of candidates' suitability are undertaken. Interviews are conducted with short listed candidates with each member of the NC. A recommended candidate is required to provide the Chair with details of all other commitments and to acknowledge that they are capable of fulfilling their responsibilities to the Company. A successful candidate will be endorsed by the NC and recommended to the Board for appointment. Any appointment will be subject to approval by shareholders at the next General Meeting of the Company.

Directors available for re-election at a General Meeting will be reviewed by the NC and recommended to the Board. Shareholders will be provided with all material information for a Director's election in the Notice of Meeting that is relevant for shareholders to elect or re-elect, or not, a Director, including their skills and experience and where applicable, contribution to the Board.

Recommendation 1.3

At appointment, Non-Executive Directors and Senior Executives enter a written agreement setting out the key terms, conditions and responsibilities of their role.

Recommendation 1.4

The Company Secretary is accountable to the Board, through the Chair, on all governance matters for the proper functioning of it.

Recommendation 1.5

The Company has a Diversity Policy, which provides that the Board sets measurable objectives for achieving gender diversity and for it to assess annually the objectives and progress towards achieving them.

The Company's objectives remain appropriate and are tabled below with Australian employee actuals:

	Objective		Actual	
	Number	%	Number	%
Number of women employees in the whole organisation	172	50	230	62
Number of women in Senior Executive positions	1	50	2	50
Number of women on the Board	1	30	1	25

The proportion of Australian employees between women and men are:

	Women		Men	
	Number	%	Number	%
Board	1	25	3	75
Key Management Personnel ¹	2	50	2	50
Whole organisation	230	63	137	37

The Company's Diversity Policy is available on its website.

Recommendation 1.6

The Chair has responsibility for evaluating the performance of the Board, Board Committees and individual Directors. The Chair evaluates performance by:

- meeting with and interviewing each Director;
- facilitating roundtable discussions of the Board;
- ongoing observation and discussion of the Board and its Directors separately;
- circulation and review of questionnaires by Directors; and
- outsourcing of reviews to independent specialists.

The performance of the Board, Board Committees and each Director is measured for:

- the performance of the Board as a whole and of its various Committees;
- the assessment of the skills, contribution and performance of each Director;
- awareness of each Director of their responsibilities and contribution to their duty to the Company;
- awareness and contribution of each Director of their responsibilities for corporate governance; and
- continuing improvement of Board functions and further development of Director skill base.

The Chair undertakes a performance evaluation of the Board and its Board Committees at least annually and occasionally with the assistance of an independent specialist. A Non Executive Director will be appointed to discuss the Chairman's performance with him during this process.

The FY16 performance review was conducted by an independent specialist through August and September 2016 who interviewed each Director. The Directors' feedback, and the recommendations of the independent specialist were provided to the Chair who then facilitated meetings with each Director.

Recommendation 1.7

The NC completes a performance evaluation of the MD at least annually against a number of objectives including strategy, leadership and management and financial performance.

The MD reviews the performance of the Senior Executives by meeting individually with each person at least quarterly.

During the reporting period, performance evaluations were conducted for the Senior Executives. The outcomes were reported to the Remuneration Committee to consider remuneration changes based on the persons' performance and external benchmarking recommendations. Where changes to remuneration are recommended by the RC they are then recommended to the Board for approval.

Principle 2: Structure the board to add value

Recommendation: 2.1

The Board has a Nomination Committee (NC) comprising;

Mr Michael Smith (Chair);
Mr Keith John;
Mr Mark Dutton; and
Ms Andrea Hall;

The majority of the members of the Committee are Independent Non-Executive Directors and the Committee is chaired by an Independent Non-Executive Director.

The NC Charter describes the role, composition, functions and responsibilities of the NC and is available on the Company's website.

A profile of each NC member and their attendance at NC meetings during the reporting period is set out in the Directors' Report.

Recommendation: 2.2

The NC assists the Board in developing a skills matrix to identify necessary and desirable Director skills and competencies and to provide advice to the Board to enhance the Board composition.

The following table summarises the key skills and experience of the Directors:

Skill Area	Description	No. of Directors
Strategy	Ability to think strategically, identify and critically assess opportunities and threats and develop effective strategies in the context of the Company's objectives	4
Financial Performance	Accounting and/or financial expertise and the ability to:- <ul style="list-style-type: none"> - Oversee budgets and the efficient use of resources; - Analyse key financial statements; - Critically assess financial viability and performance; - Contribute to strategic financial planning; and - Oversee funding arrangements and accountability 	4
Commercial / Industry experience	A broad range of commercial experience at least across financial services, marketing and customer growth.	4
Risk and compliance oversight	Ability to identify key risks in a wide range of areas including legal and regulatory compliance and direct experience in risk and compliance management frameworks and systems.	4
Policy Development	Ability to identify key issues and opportunities and develop appropriate policies to define the parameters within which the Company should operate.	4

The Board considers these skills and experience are appropriate for the Company.

Recommendation: 2.3

During the reporting period, the independence of Directors was measured having regard to the Company's Policy on Assessing the Independence of Directors which is in accordance with the relationships listed in Box 2.3 of the ASX Principles and incorporated into the Board Charter.

The Board has one Executive Director and three Non-Executive Directors who are Independent. The members of the Board are:

- Mr Michael Smith – Independent Non-Executive Chair
- Mr Keith John – Managing Director
- Mr Mark Dutton – Independent¹ Non-Executive Director
- Ms Andrea Hall – Independent Non-Executive Director

The Directors length of service, Non-Executive and Independence status is:

Name	Appointment Date	Length of Service	Non-Executive?	Independent?
Mr Michael Smith	7 February 2014	3 yrs, 6 mths	✓	✓
Mr Keith John	2 March 2009	8 yrs, 5 mths		
Mr Mark Dutton	3 May 2010	7 yrs, 3 mths	✓	✓
Ms Andrea Hall	7 November 2016	7 mths	✓	✓

¹ from 14 October 2016

Recommendation 2.4

The Board has a majority of Directors who are Independent.

The non-independent Director is the Company's Managing Director, Mr Keith John. Prior to 10 April 2017 Mr Mark Dutton was non-independent as he was a director of a substantial shareholder of the Company. The substantial shareholder ceased to be a shareholder on 10 April 2017.

Recommendation 2.5

The Chair of the Board, Mr Michael Smith is an Independent Non-Executive Director, and is not the same person as the Managing Director of the Company.

Recommendation: 2.6

New Directors complete a formal induction during which they are provided a full briefing on the Company. The induction includes meeting other members of the Board, Senior Executives and other employees of the Company. The NC is responsible for maintaining and reviewing the induction program.

To continually improve the Board's performance and to enhance the skills of its members, all have access to ongoing professional development. On a regular basis, executives of the business present to the Board key developments in the Company and in the industry in which it operates.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1

Code of Conduct

The Company has a Code of Conduct (CoC) that establishes the standards of behaviour expected of the Board, Senior Executives, employees, contractors and consultants of the Company when dealing with each other, shareholders, other stakeholders and the broader community.

The CoC prescribes the practices necessary to maintain confidence in the Company's integrity, the practices necessary to meet its legal obligations, the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating any unethical practices.

The Board monitors implementation of the CoC. Any breach of compliance is required to be reported directly to the MD, Chair of the Audit & Risk Management Committee or the Report and Investigation Officer. Anyone breaching the CoC may be subject to disciplinary action, including termination.

Whistleblower Policy

The Company has a Whistleblower Policy. The aim of the policy is to ensure that all personnel comply with the obligations set out in the CoC and to encourage reporting of contraventions (or suspected contraventions) and to provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

Securities Trading Policy

The Securities Trading Policy applies to all personnel of the Company as defined in that policy. The policy prohibits personnel from dealing in the Company's securities while in possession of price-sensitive or inside information.

In addition, restricted persons (as defined in the policy), may deal in the Company's securities during trading windows, but are prohibited from dealing in Company's securities (subject to exceptional circumstances) at any other time.

Restricted persons are prohibited from entering into hedging arrangements or otherwise permitting a grant of a charge over the Company's Securities.

Senior Executives and Non-Executive Directors are not permitted to enter into transactions which limit the economic risk of any unvested entitlements awarded under the Pioneer Credit Limited Equity Incentive Plan, currently in operation, or any plan which may be offered in the future.

The COC, Whistleblower Policy and Securities Trading Policy are available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1

The Board has an Audit and Risk Management Committee (ARMC) comprising;

Ms Andrea Hall (Chair);
Mr Michael Smith; and
Mr Mark Dutton.

All members of the Committee are Independent Non-Executive Directors and the Committee is chaired by an Independent Non-Executive Director who is not the Chair of the Board.

The ARMC Charter describes the role, composition, functions and responsibilities of the Committee. All ARMC members are considered financially literate and have industry knowledge. Ms Andrea Hall and Mr Mark Dutton are members of the Institute of Chartered Accountants. A profile of each of the ARMC members and their attendance at Committee meetings during the reporting period is set out in the Directors' Report.

The ARMC Charter is available on the Company's website.

Recommendation 4.2

Prior to Board approval of the Company's financial statements, the MD and the CFO provide a declaration to it in accordance with Section 295A of the Corporations Act 2001 (Cth) and a Statement under Recommendation 4.2 of the ASX Principles.

For the financial year ended 30 June 2017, the MD and CFO will provide the Board with declarations that, in their opinion, the financial records of the Company have been properly maintained, that they complied with the appropriate accounting standards, that they give a true and fair view of the financial

position and performance of the Company and that their opinion had been formed on the basis of a sound system of risk management and internal controls which was operating effectively.

An equivalent declaration will be given by the MD and CFO for the half-year ended 31 December 2017.

Recommendation 4.3

The Company's external auditor attends each Annual General Meeting (AGM) and is available to answer shareholder questions about the conduct of the audit, the preparation and content of the Independent Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

Principle 5: Make timely and balanced disclosures

Recommendation 5.1

The Company has a Continuous Disclosure and Shareholder Communication Policy that sets out:-

- the Company's disclosure obligations under the ASX Listing Rules and Corporations Act;
- how personnel are required to deal with potentially price sensitive information;
- how personnel are required to deal with communications with external stakeholders such as media, shareholders and the community to ensure that the Company meets its disclosure obligations; and
- the Company's shareholder communication policy generally.

The Continuous Disclosure and Shareholder Communication Policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1

The Board is committed to providing shareholders with appropriate information to enable them to properly assess the performance of the Company. Such information is communicated to shareholders by lodging it with the ASX and by publishing it on the Company's website.

The following governance information is also available on the Company's website:

- Company profile;
- Board and Management profiles;
- community profile;
- ASX announcements;
- financial reports;
- presentations;
- corporate directory;
- Board and Committee Charters and Policies;
- equity incentive plan;
- broker research;

- key dates; and
- share price and shareholder information.

Recommendation 6.2

The Company will hold its AGM by 30 November each year and recognises the importance of its relationships with the investment community. Each Senior Executive has delegated authority to communicate with them. Following the release of its financial statements, Seniors Executives conduct investor roadshows, generally facilitated by its corporate advisors who are familiar with the Company's share register and other interested investors.

Recommendation 6.3

To encourage shareholder engagement, shareholders have the opportunity to attend the AGM, ask questions on the floor, participate in voting and meet the Board and Senior Management in person.

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 and access AGM presentations and speeches made by the Chair and MD prior to the commencement of the meeting. The Company will publish results of the meeting to the ASX and on its website following the conclusion of the AGM.

Recommendation 6.4

Shareholders have the option of receiving all shareholder communications by email.

Contact details for the Company's Share Registry are available on the its website.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Company's risk function and responsibilities have been delegated to the ARMC. Refer to Recommendation 4 for the composition of the ARMC.

All members of the Committee are Independent Non-Executive Directors and the Committee is chaired by an Independent Non-Executive Director.

The ARMC Charter describes its role, composition, functions and responsibilities and is available on the Company's website.

Recommendation 7.2

During the reporting period, the Board conducted an annual review of the Company's risk management framework and is satisfied that it continues to be sound.

Recommendation 7.3

The Company has an accredited internal audit function reporting to the MD.

The function is carried out by a team of up to 12 people selected from across different parts of the Company. Each person has completed accredited internal auditor training with PricewaterhouseCoopers.

An annual internal audit plan has been developed for the Company's risks identified in its Risk Matrix. During the year the controls in place for these risks are audited on a rotation basis with the results and any subsequent recommendations presented to the ARMC.

Recommendation 7.4

The Board recognises that material risks facing the Company are the more significant areas of uncertainty or exposure that could adversely affect the achievement of the Company's objectives and successful implementation of its business strategies.

The material risks facing the Company are as follows:

- increased competition
- data theft
- business continuity
- disaster recovery risk
- adverse media exposure
- reliance on key personnel

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Board has a Remuneration Committee comprising;

Mr Michael Smith (Chair);
Mr Mark Dutton; and
Ms Andrea Hall.

The majority of the members of the Committee are Independent Non-Executive Directors and the Committee is chaired by an Independent Non-Executive Director.

The Company has a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Committee.

A profile of each of the Remuneration Committee members and their attendance at Remuneration Committee meetings during the reporting period is set out in the Directors' Report.

The Remuneration Committee Charter is available on the Company's website.

Recommendation 8.2

The Company's policy is to remunerate Non-Executive Directors at a fixed fee which 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 shareholder approval. There are no termination or retirement benefits for Non-Executive Directors other than for superannuation entitlements.

Senior Executive remuneration consists of a base salary and performance incentives. Executives are offered a competitive level of base salary at market rates (for comparable companies), which are reviewed at least annually to ensure market competitiveness.

Details of the Company's remuneration strategy and the amount paid to Non-Executive Directors and Senior Executives are contained in the Remuneration Report which forms part of the Directors' Report.

Recommendation 8.3

Under the Company's Security Trading Policy, Restricted Persons are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration plan.