

August 2018

Corporate Governance Statement



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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.

The Company acknowledges the proposed 4th edition of the ASX Principles and has made amendments to a number of its policies to reflect the general intent of the amendments ahead of the proposed release in early 2019.

This Corporate Governance Statement is current as at 30 June 2018 and was approved by the Board on 21 August 2018. 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 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.

The Company's Board Charter is available on the website at [insert link].

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. The selection process is set out in the Policy and Procedure for the Selection and (Re) Appointment of Directors, which is available on the Company's website at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Policy-and-Procedure-for-Selection-and-ReAppointment-of-Directors-Aug-18-FINAL.pdf>.

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.

These objectives remain appropriate and are tabled below with Australian employee actuals:

	Objective		Actual	
	Number	%	Number	%
Number of women employees in the whole organisation	231	50	276	60%
Number of women in Senior Executive positions	2	50	2	50
Number of women on the Board	1	30	2	40

The proportion of Australian employees between women and men are:

	Women		Men	
	Number	%	Number	%
Board	2	40	3	60
Key Management Personnel ¹	2	50	2	50
Whole organisation	276	60	186	40

The Company is compliant with the *Workplace Gender Equality Act 2012* and has lodged its report with the Workplace Gender Equality Agency. A copy of this report is available on the Company's website at http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/2017_18-Gender-Equality-Report.pdf.

The Company's Diversity Policy is available on its website <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Diversity-Policy-Aug-18-FINAL.pdf>.

Recommendation 1.6

The Chair has responsibility for evaluating the performance of the Board, Board Committees and individual Directors. An individual director is nominated by the Board to obtain feedback on the performance of the Chair from other directors and discusses that feedback with him.

This process is further explained in the Company's Process for Performance Evaluations, which is available on the Company's website at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Process-for-Performance-Evaluations-Aug-18-FINAL.pdf>.

The FY18 performance review was conducted by the completion of a Company specific Board evaluation to each Director. It was also provided to Senior Executives in order to gain a 360° feedback. The evaluation was comprehensive and covered areas including Board skills, Board effectiveness, Board strategy, Chair, Managing Director (MD), Company Secretary, governance/compliance and shareholders. The responses were collated and presented to the Board with recommendations for further discussion. Actions were agreed as a result of this discussion and are currently being implemented.

Recommendation 1.7

The Chair meets regularly with the MD to discuss a number of objectives including individual performance, strategy, leadership and management and financial performance. The Chair also obtains feedback from other directors on the performance of the MD twice each year and discusses that feedback with him. The NC also completes a formal performance evaluation of the MD at least annually against the stated objectives.

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

This process is further explained in the Company's Process for Performance Evaluations, which is available on the Company's website at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Process-for-Performance-Evaluations-Aug-18-FINAL.pdf>.

During the reporting period, performance evaluations were conducted for the Senior Executives. The Remuneration Committee is yet to consider remuneration changes. Where changes to remuneration are recommended by the committee they will be 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;
Ms Andrea Hall; and
Ms Ann Robinson

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 at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Nomination-Committee-Charter-Aug-18-FINAL.pdf>.

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 Board has identified the top 3 skills and experience (grouped) that is required from a director as follows:-

1. Strategy / Innovation / Growth / Mergers and Acquisitions
2. Financial
3. Operations / Commercial / Broad Business Focus

The following table summarises the experience of the Directors against these key skills:

Skill Area	Description	No. of Directors
Strategy / Innovation / Growth / M&A	Ability to think strategically, identify and consider new and better solutions, identify and critically assess growth opportunities and threats, develop effective strategies in the context of the Company's objectives and embedding new businesses.	5
Financial Performance	Accounting and/or financial expertise and the ability to:- - Oversee budgets and the efficient use of resources; - Analyse key financial statements; - Critically assess financial viability and performance; - Contribute to strategic financial planning; and	5

	- Oversee funding arrangements and accountability	
Operations / Commercial / Broad Business Focus	A broad range of commercial experience at least across financial services, marketing and customer growth.	5

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 four 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 – Independent Non-Executive Director
- Ms Andrea Hall – Independent Non-Executive Director
- Ms Ann Robinson – 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	4 yrs, 5 mths	✓	✓
Mr Keith John	2 March 2009	9 yrs, 4 mths		
Mr Mark Dutton	3 May 2010	8 yrs, 2 mths	✓	✓
Ms Andrea Hall	7 November 2016	1 yr, 7 mths	✓	✓
Ms Ann Robinson	27 February 2018	5 mths	✓	✓

Recommendation 2.4

The Board has 5 Directors, 4 of whom are Independent.

The non-independent Director is the Company's MD, Mr Keith John.

Recommendation 2.5

The Chair, Mr Michael Smith is an Independent Non-Executive Director, and is not the same person as the MD 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. This includes education through the Australian Institute of Company Directors, attending industry conferences, receiving informed commentary on the company, its competitors and the industry sector such as analyst reports, press clippings and ASX Announcements.

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 CoC also prohibits the offering or acceptance of a financial and other inducement. The Company does not permit or condone the making of payments (including payments in kind such as gifts, favours, etc) to influence individuals to award business opportunities to the Company or to make business decisions in the Company’s favour.

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

In addition to the CoC, the Company has well established and well defined values which form the core of what it expects from its people. These Leadership Principles, explained below, are well embedded throughout the organisation, enacted in every interaction and they represent the behaviours and qualities used to recruit, recognise and retain its team.



To measure our employee engagement and alignment to our Leadership Principles, the Company conducts a regular and anonymous survey. The most recent survey, conducted in March 2018 had an overall participation rate of 93% with >95% of team members saying they would recommend Pioneer as a place to work.

Whistleblower Policy

The aim of the Company's Whistleblower Policy is to ensure that all personnel comply with the obligations set out in the CoC (which requires, amongst other things, compliance with legislation and company policies and procedures and alignment to our Leadership Principles), encourage reporting of contraventions (or suspected contraventions) and provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

The process for reporting contraventions (or suspected contraventions) is as set out in the policy. The Board are informed of any material concerns raised under that policy.

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 at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Whistleblower-Policy-Aug-18-FINAL.pdf>.

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;
Mr Mark Dutton; and
Ms Ann Robinson.

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.

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 at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Audit-Risk-Management-Committee-Charter-Aug-2018-FINAL.pdf>.

Recommendation 4.2

Prior to Board approval of the Company's financial statements, the MD and the Chief Financial Officer 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 2018, 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 2018.

The Company's annual report and other corporate reports are prepared by the Finance Team, validated by the CFO and approved by the MD and the Board to ensure the reports are accurate, balanced and understandable and provide investors with appropriate information to make informed investment decisions.

Recommendation 4.3

The Company's external auditor attends each Annual General Meeting 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 Company has an established procedure when releasing corporate documentation to the ASX. Administrative type ASX Announcements are approved by the MD prior to lodgement on the ASX. All other ASX Announcements are, subject to the requirement to disclose immediately under ASX Listing

Rule 3.1, approved by the Chair, as delegated by the Board, prior to lodgement. All directors receive a copy of all ASX Announcements promptly after confirmation has been received from the ASX and copies of new investor or analyst presentations are released to the market ahead of that presentation. A transcript of any telephone analyst briefing is lodged with the ASX promptly after that briefing has been held.

The Continuous Disclosure and Shareholder Communication Policy is available on the Company's website at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Continuous-Disclosure-and-Shareholder-Communications-Policy-Aug-18-FINAL.pdf>.

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;
- 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. The MD, CFO and Chief Operating Officer and Company Secretary have delegated authority to communicate with them. Following the release of the Company's financial statements, the MD and CFO 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 Company's website at <http://corporate.pioneercredit.com.au/contact-us/>.

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 at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Audit-Risk-Management-Committee-Charter-Aug-2018-FINAL.pdf>.

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. The Company Secretary oversees the internal audit activities and reports to the Chair of ARMC on these matters.

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 Pricewaterhouse Coopers.

An annual internal audit plan has been developed for the Company's risks identified in its Risk Matrix and is approved by the ARMC. 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 ensures that risk management remains front of mind for the Company. The Company has identified that the following key risks could materially impact its ability to deliver on its strategy and has developed actions to mitigate such risks.

Accurate pricing, management and valuation of Purchased Debt Portfolios
Growth in personal lending
Defaults in personal loans
Business continuity
Capital management
Data management
Regulatory and policy

Refer to the Company's Business Risks Statement in its annual report for further detail.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Board has a Remuneration Committee comprising;

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

All 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 at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Remuneration-Committee-Charter-Aug-18-FINAL.pdf>.

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. Senior 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.

The Company has a Conflicts of Interest Policy and a Work Procedure that requires it to consider obtaining independent advice when entering into an agreement for the provision of consultancy or similar services by a director or senior executive or by a related party of a director or senior executive.

The Conflicts of Interest Policy is available on the Company's website at <http://corporate.pioneercredit.com.au/wp-content/uploads/2018/08/Conflicts-of-Interest-FINAL.pdf>.