

August 2020

Corporate Governance Statement



pioneer
credit

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 provides this Corporate Governance Statement against the 4th edition of the ASX Corporate Governance Principles and Recommendations (ASX Principles), which were released in February 2019.

This Corporate Governance Statement is current as at 30 June 2020 (except where specifically stated otherwise) and was approved by the Board on 19 August 2020. This and the following corporate governance-related documents are available on the Company's [website](#).

Charters

- [Board](#)
- [Audit & Risk Management Committee](#)
- [Nomination Committee](#)
- [Remuneration Committee](#)

Policies and Procedures

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

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

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

The Managing Director (**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 Company's [website](#).

Recommendation 1.2

Before appointing Directors or Senior Executives, appropriate checks are undertaken. Such checks usually include enquiries as to the person's character, experience, education, criminal record and bankruptcy history.

For Directors specifically, 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 for Directors is set out in the Policy and Procedure for the Selection and (Re) Appointment of Directors, which is available on the Company's [website](#).

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 amongst other things, 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 | 146 | 40 | 216 | 59 |
| Number of women in Senior Executive positions | 4 | 40 | 3 | 25 |
| Number of women on the Board | 1 | 30 | 2 | 50 |

The proportion of Australian employees between women and men are:

| | Women | | Men | |
|--------------------|--------|----|--------|----|
| | Number | % | Number | % |
| Board | 2 | 50 | 2 | 50 |
| Senior Executives | 3 | 25 | 9 | 75 |
| Whole organisation | 216 | 59 | 149 | 41 |

The Company is a relevant employer of and 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](#).

The Company's Diversity Policy is available on the Company's [website](#).

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](#).

Given the significant corporate activity the Company was involved with during FY20, including the scheme of arrangement and the operational impact of COVID-19, a performance review of the Board has yet to be completed. The Chair will complete an evaluation of the performance of the Board, Board Committees and individual Directors by 31 December 2020.

Recommendation 1.7

The Chair meets regularly with the MD to discuss a number of objectives including his individual performance, strategy, executive leadership and management, and financial performance. The Chair also obtains feedback from other Directors on the performance of the MD at least twice each year and discusses that feedback with him.

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](#).

During the reporting period, performance evaluations were conducted for the Senior Executives. The NC will complete a formal performance evaluation of the MD by 31 December 2020.

Principle 2: Structure the Board to be effective and add value

Recommendation: 2.1

The Board has a Nomination Committee (NC) comprising;

Mr Michael Smith (Chair);
Mr Keith John;
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](#).

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's composition. The skills matrix is regularly reviewed to ensure it covers the skills needed to address existing and emerging business and governance issues.

The Board has identified the top three skills and experience (grouped) that are required from a Director as follows:

Capital Management and Financial Performance

Strategy, Innovation and Growth

Operations, Commercial and Broad Business Focus

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

| Skill Area | Description | No. of Directors |
|--|--|------------------|
| Strategy, Innovation and Growth | 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. | 4 |
| 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 Oversee funding arrangements and accountability. | 4 |
| Operations, Commercial, and Broad Business Focus | A broad range of commercial experience at least across financial services industry, marketing and customer growth. | 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

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 | 6 yrs, 5 mths | ✓ | ✓ |
| Mr Keith John | 2 March 2009 | 11 yrs, 4 mths | No | No |
| | | | | |
| Ms Andrea Hall | 7 November 2016 | 3 yrs, 7 mths | ✓ | ✓ |
| Ms Ann Robinson | 27 February 2018 | 2 yrs, 5 mths | ✓ | ✓ |

The NC continues to review the independence of each Director on an annual basis. The NC last met on 19 August 2020 and confirmed that it is satisfied that no independent Directors' independence has been compromised.

Recommendation 2.4

The Board has 4 Directors, 3 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.

The NC periodically reviews existing Directors' professional development ensuring that they maintain the skills and knowledge needed to perform their role as Directors effectively. The NC last considered this at their meeting on 19 August 2020 and the Chairman will meet with individual Directors to discuss and agree their ongoing professional development with them.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company has well established and well defined values which form the core of what it expects from its people. The Pioneer 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 the Pioneer Principles, the Company conducts a regular and anonymous survey. The most recent survey was conducted in August 2020.

In the most recent survey, the engagement rate of our employees continued to be very high, and is comparable to previous years. The Company has an eNPS (Employee Net Promoter Score) of +1, which is above industry benchmarks, though is below the desired and expected score for the Company. This result is largely reflective of the challenges experienced in the past year which has had an impact on morale. However, the Company is pleased to retain a positive eNPS and very strong engagement which reflects the very strong culture of Pioneer.

The Company has always been, and remains, an organisation that puts its culture and our employees wellbeing first, and will continue to work to improve all aspects and measures over the coming year.

Recommendation 3.2

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 (**Personnel**) 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 and is kept informed of any material breaches. 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.

The Code of Conduct is available on the Company's [website](#).

Recommendation 3.3

The aim of the Company's Whistleblower Policy is to create awareness, inform the process and encourage the reporting of contraventions (or suspected contraventions) of the Group's CoC 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 incidents reported under that policy.

The Whistleblower Policy is available on the Company's [website](#).

Recommendation 3.4

The CoC contains the Company's anti-bribery and corruption policy. The CoC specifically forbids the making of payments (including payments in kind such as gifts, favours etc.) to influence individuals to award business opportunities to the Group or to make business decisions in the Group's favour. Employees must not give or offer to anyone a gift, bribe, inducement, favour or payment of any kind in expectation of preferred treatment of the Group, its employees or anyone associated with the Group.

The Board monitors implementation of the CoC and is kept informed of any material breaches. 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.

Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1

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

Ms Andrea Hall (Chair);
Mr Michael Smith; 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. The Chair, Ms Andrea Hall is a member 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 Chief Financial Officer (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 2020, 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 2020.

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

Any periodic corporate report released to the market and not audited or reviewed by its external auditor is considered by the ARMC who in turn will recommend its adoption by the full Board to ensure that the report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions.

Principle 5: Make timely and balanced disclosure

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.

The Continuous Disclosure and Shareholder Communication Policy is available on the Company's [website](#).

Recommendation 5.2

All Directors receive a copy of all ASX Announcements promptly after confirmation has been received from the ASX.

Recommendation 5.3

Copies of new investor or analyst presentations are released to the market ahead of that presentation. At the release of Pioneer's half yearly and annual results Pioneer generally offers stakeholders the opportunity to participate in an investor briefing. Whenever an open investor briefing is held, transcripts of these briefings are lodged with the ASX promptly after that briefing has been held.

Principle 6: Respect the rights of security holders

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](#);
- [Pioneer Principles](#);
- [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](#).

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, Chief Operating Officer, Chief Development 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. An investor briefing is generally held at the release of annual and half yearly results or for other Company matters as the Board see fit and shareholders are invited to attend. A transcript of any open briefing is lodged with the ASX promptly after that briefing has been held.

Recommendation 6.3

During the COVID-19 period the Company may be required to conduct virtual shareholder meetings for the safety of its shareholders and employees. However, under normal circumstances, to encourage shareholder engagement, shareholders will have the opportunity to attend general meetings, ask questions on the floor, participate in voting and meet the Board and Senior Executives in person.

Shareholders who are unable to attend face to face general meetings are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the Notice of Meeting. Shareholders also have the opportunity to submit written questions to the Company and external auditor, or make comments on the management of the Company and access general meeting 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 general meeting.

Recommendation 6.4

All substantive resolutions at a meeting of security holders will be decided by a poll rather than a show of hands.

Recommendation 6.5

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](#).

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

The Board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound. During the reporting period, such a review was undertaken and the Board is satisfied that it continues to be sound. The Board has communicated its risk appetite to management and management are in the process of formalising this into a risk appetite statement.

Recommendation 7.3

The Company has an internal audit function to assist the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. On a day to day basis, this position reports to the Company Secretary and has a direct reporting line to the ARMC, who oversee the risk framework process. The Company may also outsource the internal audit of certain functions where additional resources or differing expertise are required.

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.

- Capital management
- Business continuity
- Regulatory and policy
- Data management
- Accurate pricing, management and valuation of Purchased Debt Portfolios

While the Company's customers may be exposed to environmental and social impacts, the operations of the Company do not generate social or environmental impacts of a material nature.

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;

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

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](#).

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

The Company has an equity-based incentive scheme. The Securities Trading Policy prohibits all Personnel from dealing in the Company's securities while in possession of price-sensitive or inside information.

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 Securities Trading Policy is available on the Company's [website](#).

Additional Recommendations

Additional recommendation 9 does not apply to Pioneer.