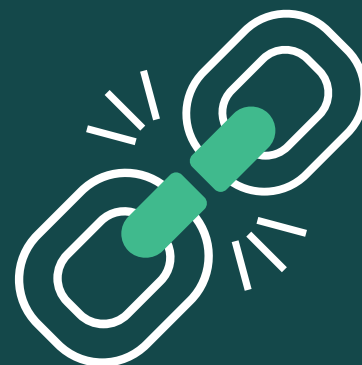


Modern Slavery Statement 2021

This Modern Slavery Act statement is made on behalf of Prospa Group Limited ACN 625 648 722 (Prospa) and its subsidiaries (Prospa, we, us, our). This is our second Modern Slavery statement and we welcome the opportunity to report the progress from the actions taken in order to better address and identify modern slavery risks in our operations and supply chain during this financial year ended 30 June 2021 (“Reporting Period”).



Introduction

Prospa's second Modern Slavery Statement ("Statement") is published in accordance with the Commonwealth Modern Slavery Act 2018 (the "Act") for the Reporting Period.

This Statement comprises Prospa Group Limited (ACN 625 648 722) and its controlled entities. Prospa holds itself and each of its service providers to the highest of ethical and compliance standards, including basic human rights, encouraging fair and equal treatment for all persons, the provision of safe and healthy working conditions, respect for the environment, the adoption of appropriate management systems and the conduct of business in an ethical manner ("Ethical Standards").

At Prospa, we acknowledge that modern slavery encompasses a range of situations where a person's freedom has been taken away or exploited, such as human trafficking, forced marriage, slavery and slavery-like practices such as forced labour, child labour, debt bondage and deceptive recruiting for labour or services.

This report may reference significant events occurring after 30 June 2021. Where the Statement contains forward looking statements, these are not statements of fact and there can be no certainty of outcome.



About Prospa

Prospa Group Limited (ACN 625 648 722) is an Australian company registered in New South Wales and listed on the Australian Stock Exchange (ASX:PGL). We are a financial technology business that provides financial products and services to help small businesses grow and prosper.

Prospa was founded in 2012 to offer innovative lending products and services to small business owners who have traditionally been underserved by major banks. Since its inception, Prospa has grown to become Australia and New Zealand's #1 online lender to small business in the Non-Bank Financial Services category¹.

For current information on our business operations, please refer to our [2021 Annual Report](#).

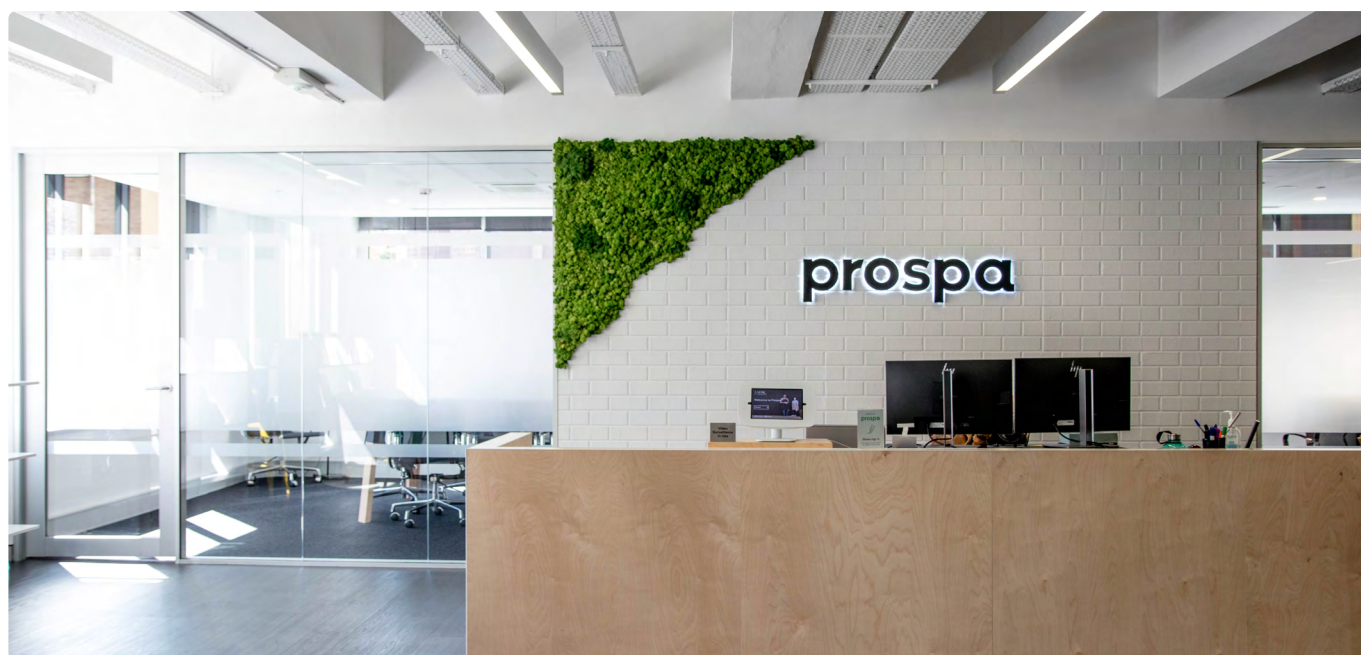
More general information is available at prospa.com/about-us.

Our Approach

Prospa continues its commitments to eliminating modern slavery and understanding that preventing our own involvement in modern slavery practices is essential to this. We retain a strong focus on ensuring the right processes are in place to identify and prevent, to the best of our ability, the existence of modern slavery practices in our operations and supply chain.

Strong corporate governance is at the core of how we conduct business with integrity and meet the expectations of stakeholders. Our [Corporate Governance Statement](#) details our approach to achieving high standards of corporate governance and accountability for our actions. Our [Code Of Conduct](#) outlines how we expect our employees to behave and conduct business with high standards of integrity and fairness being one of the key values.

Throughout this Reporting Period, Prospa focused on further education, risk awareness and training to enhance the knowledge of our own employees and managers to better understanding the risks associated with modern slavery. Together, we saw improvement in understanding our obligations as a whole. In addition, we've started working closely with our smaller suppliers that may not be aware of modern slavery risks and require support.



¹#1 ranked in Australia and New Zealand based on independent review site TrustPilot with a TrustScore of 4.9 and over 6,200 reviews in Australia and a TrustScore of 4.9 and over 800 reviews as at 30 June 2021

Structure of our Business

Prospa Group Limited was listed on the Australian Securities Exchange in June 2019 (ASX:PGL) and currently employs a team of over 250+ employees with offices in Australia and New Zealand. We are headquartered in Sydney, Australia with an office in Auckland, New Zealand and business process outsourcing service providers based in Manila, Philippines.

Prospa trades through two wholly owned subsidiary companies: Prospa Advance Pty Limited (ACN 154 775 667), registered in NSW which operates the Australian business, and Prospa NZ Limited (NZCN 6811592), registered in New Zealand which operates the New Zealand business.

Consultation with Controlled Entities

In respect of modern slavery risk identification and management, our 1st line of defence sits across our Procurement, Compliance and Risk functions. Together, these functions work cohesively to apply coverage and oversight across our Australian and New Zealand businesses. We consult regularly with stakeholders to ensure they are duly informed and aware of processes established to eliminate modern slavery. Controls such as a company-wide supplier due diligence program, incident reporting framework and quarterly management reporting reporting have been established.



Our **#oneteam** approach to respecting and protecting human rights to enable individuals, societies and businesses to flourish extends across our entire company.

Reporting and Governance Structure

The Audit and Risk Committee ('ARC')

The Committee's key responsibilities and functions include oversight of Prospa's;

- processes for monitoring compliance, processes for identifying and managing risk;
- relationship with the internal auditor, with the function having a direct reporting line to the ARC; and
- corporate reporting obligations (including Prospa's annual commitments to publish a statement under the Modern Slavery Act).

Senior Leadership Team (SLT)

The SLT is appointed to take a leadership role in observing and promoting the behaviour and Ethical Standards in the Code of Conduct and related policies and take immediate action where employees report a potential breach of our policies, or when the manager has observed a potential breach committed. This includes reporting of modern slavery risks via the incident reporting framework.

Modern Slavery Taskforce

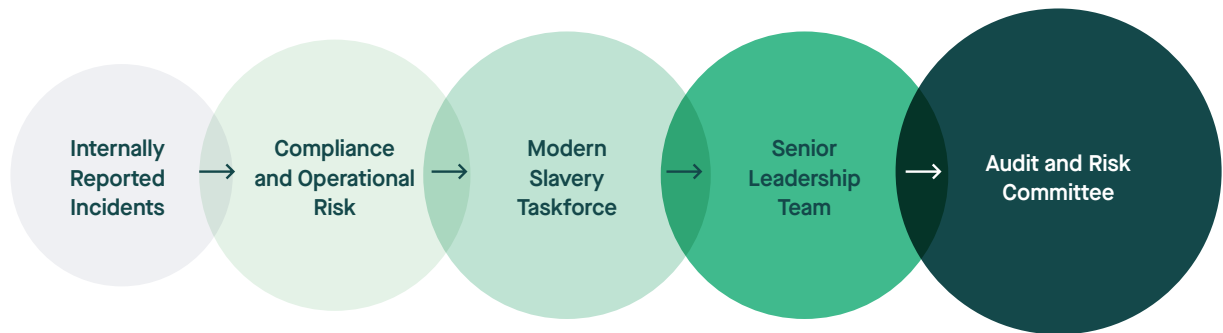
The Modern Slavery Taskforce was established to review and identify our obligations under the Act and implement processes and ongoing compliance checks. This group has continued to meet regularly to oversee the processes we've established, review external guidance and test the effectiveness of the actions taken with regards to Prospa's obligations under the Act.

Compliance and Operational Risk

These two functions oversee Prospa's incident reporting and policy management framework, including all relevant training and awareness programs related to modern slavery and reporting to SLT and the ARC. Both the Senior Compliance Manager and Risk Transformation Manager are key members of the Modern Slavery Taskforce.

Incident reporting (all employees)

All employees of Prospa are obligated to report a set of defined 'reportable' incidents (including modern slavery risk incidents). The management, investigation and resolution of incidents is a collaborative #oneteam effort. All incidents are recorded and reported on by the Compliance and Operational Risk functions.



Policy-mandated Approach

Guiding our approach to modern slavery is our Supplier Code of Conduct. This details our commitment to responsible procurement by ensuring sustainability in all business activities and compliance with the highest standards of corporate conduct, ethics and governance - specifically to human rights and labour.

Our corporate responsibility approach is to act as good citizens and secure and enhance the wellbeing of the communities in which we operate. Our expectation is simple - that our suppliers and their supply chains operate in a manner consistent with Prospa's values and relevant legislation.

Other key supporting policies and guidelines that inform what we do include (but are not limited to):

- Speak Up (Whistleblower) Policy
- Compliance Policy
- Anti-Bribery and Anti-Corruption Policy
- Procurement Policy
- Code of Conduct

Our Supply Chain

Prospa's [Code of Conduct](#) sets out our commitment to maintaining the highest Ethical Standards when conducting business. We are committed to sustainability in all our business activities and to complying with high standards of corporate conduct, ethics and governance.

We consider our Supply Chain to be both:

1. **Funders and Partners** - our 'Direct' Supply Chain i.e. they are the source and distribution channel of Prospa's main 'goods' – being the money that we lend to our customers.
2. **Suppliers** – our 'Indirect' Supply Chain i.e. the vendors and service providers who provide the goods and services Prospa requires to operate our day to day business.

Funders and Partners

Prospa is funded from a diverse range of domestic and international senior and junior funders. Prospa has a network of distribution partners that support customer acquisition. These partners include finance brokers, aggregator networks, online affiliates, accountants, and other advisers who can refer small business owners in need of financing solutions to Prospa.

Suppliers²

Prospa engages various Suppliers to provide goods and services to our business units. Primary spend categories are software services & licenses and professional services. Our Agreements with our Suppliers depend on the nature of the goods and services being purchased and include fixed term contracts, flexible services agreements and other arrangements.

Our Supplier Code of Conduct addresses our commitments to human rights and labour and we expect all suppliers (and other third-party companies we work with) to adopt a consistent approach and have a basic understanding of these universal and fundamental rights that preserve the inherent freedom, dignity and equality of all human beings.

Our Procurement function supports the business in managing its Supplier relationships and we have dedicated teams that manage and support our funder and capital management strategy and partner/broker channel relationships. Existing controls enable potential third-party risks to be identified and addressed while delivering on key strategic objectives of growth, diversification and scale across FY21. Our Procurement policy ensures all suppliers we work with are appropriately risk-assessed and we have included relevant clauses regarding human rights in our service agreements and contracts.



² "Supplier" Is defined as any organisation that provides goods or services to Prospa

Our FY21 key actions



Risk Assessment

Thorough review of our direct and indirect supply chain via an online questionnaire.



Due Diligence

Improved processes to better assess feedback from supply chain questionnaires and putting key learnings into action



Collaborative efforts

Discussions with several key suppliers to help develop good practice building material assessments, training and support tools.



Onboarding strengthened

Additional checks performed at the onboarding stage



Stronger reporting and staff education

Modern slavery risk reporting embedded into our internal incident reporting framework and frontline training



External sources and guidance

Continued research efforts to apply external guidance and advice to better inform our own processes

Risk Assessment

Our risk assessment approach of new onboarded suppliers throughout FY21 has not changed, and we apply the same risk-based methodology which consists of:

- whether they operate in a traditionally high-risk industry;
- whether the service supplied is/was 'core' to Prospa's service offerings; and
- how regularly we use their services.

Suppliers that meet our risk-assessment criteria are sent a modern slavery self-assessment questionnaire to complete as well as an onboarding checklist which assesses both the commercial viability and modern slavery risks.

Due Diligence

During this Reporting Period, we've reviewed existing processes to improve on. For example, our self-assessment questionnaire has had several iterations based on learnings gained from supplier responses so that we are asking more relevant questions moving forward. We apply a collective risk-based approach to determine the actions³ to take.

³ Such actions may include (but are not limited to) the offer of training, guidance and further support to work closely with the equivalent persons/teams within their company on how to establish their own tools, documents and processes in order to better manage their own modern slavery risks in their supply chains and how to report them.

Collaborative efforts

Prospa continues to explore opportunities to work with our main suppliers to help them better understand modern slavery risks. Currently, our key focus has been on smaller suppliers assessed as requiring additional support and guidance.

Stronger onboarding, reporting and employee education

Along with a now mandatory supplier onboarding program applied to high-risk or core suppliers, our modern slavery risk assessment is firmly embedded operationally - including a pre-qualification and assessment procurement process and employee training.

External sources and guidance

Prospa's maturity plan was to gain better insights on how to improve our modern slavery processes by attending webinars, leveraging off external guidance information, reports and papers then using any key learnings attained to better inform our own due diligence benchmarks.

Testing and assessing the effectiveness of our actions

The Modern Slavery Taskforce meet periodically to:

1. review and improve our modern slavery approach, process and controls;
2. review our risk-assessment criteria based on new supplier risks identified quarterly and make adjustments where needed;
3. monitoring of frequency and trends in our whistleblowing and other compliance-related policy reporting channels⁴; and
4. review all reports submitted to the SLT and the ARC.

We assess the effectiveness of our processes by managing supplier and periodical check-ins with certain suppliers.

Our commercial contracts are reviewed at least twice annually with scheduled cyclical reviews of our supplier code of conduct and other related policies. A future audit of our modern slavery processes will be considered in our 3 year strategic internal audit plan.

Prospa will continue to apply an ethical and pragmatic response if modern slavery incidents are uncovered in its supply chain and seek opportunities to enhance our framework by considering the benefits of digitized, automated solutions, tools and platforms to help us integrate speed and efficiency in our onboarding as we scale. This journey helps Prospa understand its supply chain better and assists in applying an agile approach to setting our risk appetite for different suppliers based on size, complexity and industry as is required.

This is an **ongoing process**. We acknowledge our responsibility for the continuous improvement of our processes and actions taken to address modern slavery risks within our supply chain.

⁴ Note: In FY21, Prospa did not identify any potential reported modern slavery or human rights abuse risks from the incidents reported via our internal reporting framework and data collected from our compliance oversight registers

The Road Ahead

Prospa's future commitments for FY22 under the Act will involve:

- Continued annual assessment of our direct and indirect supply chain;
- Strengthening our modern slavery-related processes for frontline employees including continued training and education of internal grievance mechanisms;
- Further internal training, education and eventual employee knowledge tests and certifications;
- Review and consideration of future-proofing projects (eg exploring an automated modern slavery due diligence software solution and including an external review of our modern slavery processes in our strategic internal audit plan);
- Continued engagement and attendance to webinars and workshops run by industry experts to develop more robust, collective strategy towards remediating modern slavery risks within our supply chains.

This Statement was approved by the Board of Prospa Group Limited on 9th December 2021.

Signed by:



Gail Pemberton
Chair – PGL Board



Greg Moshal
CEO – Prospa Group Limited



Fiona Trafford-Walker
Chair – Audit and Risk committee