

# Modern slavery statement FY2023

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 fourth 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 the financial year ended 30 June 2023 (“Reporting Period”).

## Introduction

Prospa's fourth 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 including forced labour, child labour, debt bondage and deceptive recruiting for labour or services.

This report may reference significant events occurring after 30 June 2023. Where the Statement contains forward looking statements, these are not statements of fact and there can be no certainty of outcome.

# About Prospa



For current information on our business operations, please refer to our [2023 Annual Report](#).

More general information is available at [prospa.com/about-us](https://prospa.com/about-us).

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) since June 2019. 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. Prospa is currently Australia's #1<sup>1</sup> Online Small Business Lender. Since inception in 2012, Prospa has proudly supported small businesses with funding of more than \$4 billion and currently employes over 300 people in Australia. We are headquartered in Sydney, Australia with an office in Auckland, New Zealand and business process outsourcing service providers based in the Philippines, Vietnam and South Africa.

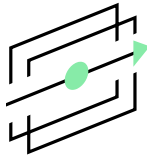
Prospa offers Small Business Loans between \$5,000 to \$500,000 and a Line of Credit for up to \$150,000. All customers of Prospa are small business. Access to Prospa funding of up to \$150,000 does not require upfront security. All applications are processed using Prospa's bespoke secure online and phone application process.

## What we value

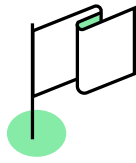
Our values give us common purpose, influencing how we work with each other, our partners and our customers.



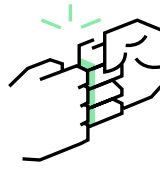
Customer obsessed



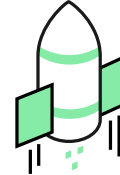
Simplify



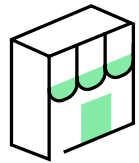
Be bold, open & real



One team



Deliver value fast



Think like an owner



<sup>1</sup>In the Non-Bank Financial Services category, Prospa is the most trusted small business lending specialist on Independent review site TrustPilot, with over 7,300 reviews and a TrustScore of 4.9 In Australia, and over 1,000 reviews and Trust Score of 4.9 In New Zealand as at 8 August 2023.

## Our approach

Eliminating modern slavery and understanding how we prevent any involvement in modern slavery practices is essential to us. We have 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. Our [Supplier Code of Conduct](#) sets out how we expect our third party suppliers to conduct their business. It requires an understanding of modern slavery risks, compliance with ethical business practices and ensuring fair, safe and respectful engagement in every aspect of a supplier's business.

Our education and awareness programs enhance our internal knowledge to better understand our modern slavery risks. Together, we saw further improvement and greater understanding of our obligations as a whole.

## Internal consultation

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. Each of these subsidiaries was consulted in the development of this statement.

## 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, and for identifying and managing risk;
- relationship with the internal auditor, with that 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). The Statement itself is approved by the Board on recommendation from the ARC.

### **Executive and Senior Leadership Teams**

The Executive and Senior Leaders are 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. This includes reporting of modern slavery risks via the incident reporting framework.

### **Compliance and Operational Risk**

This framework provides the structure for our internal incident reporting and governance framework. This forms part of Prospa's wider governance framework. All employees are informed to report any identified or suspected modern slavery incidents through the reportable incidents process.

Incidents reported are internally raised and reviewed by Head of Operational Risk & Compliance and then referred and reported up the chain as required. No incidents concerning modern slavery were raised in this Reporting Period.

# Supply chain

We consider our Supply Chain to include both:



## 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.



## Suppliers<sup>2</sup>

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.

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.

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.

Prospa has contracted with external labour hire providers in the Philippines, Vietnam and South Africa to provide business processing services and technology function. We maintain a close relationship with these suppliers and have a high level of employee oversight including onboarding, training and remuneration.



# Risks of modern slavery practices

Prospa considers that the risk of modern slavery practices can arise in its supply chain and operations. Overall Prospa considers the risk of modern slavery practices to be low given its products and services, geographical location and supply chain requirements.

## Supply chain

### Funders and Partners

Prospa considers the risk of modern slavery practices with funders and partners to be low. Our funders and partners are either based in Australia or New Zealand. Funders are large financial institutions and are required to comply with the Act (or similar obligations in NZ). Whilst our Partners vary in size, given the nature of their work in financial services are unlikely to be involved in modern slavery practices.

### Suppliers<sup>2</sup>

Prospa may engage a variety of suppliers to assist in its operations, or supply goods or merchandise. In accordance with Prospa's risk appetite, we have assessed some industries to be high risk under the Act. Suppliers that meet our risk-assessment criteria are sent a modern slavery self-assessment questionnaire to complete to assess modern slavery risks. If a supplier has their own modern slavery statement, then Prospa reviews that statement instead of the questionnaire.

## Modern slavery risks associated with Prospa's operations

As a small business lender, Prospa recognises that its products may be connected to modern slavery through the activities of its customers and Prospa does not have complete visibility over these risks. The following mitigants are adopted to manage these risks:

**01**

Prospa has developed a policy not to lend to certain industries which amongst others may have higher modern slavery risks.

These include adult entertainment related industries, gambling related industries, residential property development and taxi and ridesharing services.

**02**

Where deemed necessary, Prospa completes an adverse media search as part of its customer onboarding process to identify news or other information which may indicate red flags concerning modern slavery.

Nevertheless, Prospa recognises that a large percentage of its customers are in the hospitality and construction industries which have higher inherent modern slavery risks and Prospa cannot obtain complete visibility of these risks. If it is identified that a Prospa customer is involved in modern slavery, then Prospa will consider ending the business relationship with that customer.

# Actions to assess & address modern slavery risks

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 identify, address and eliminate modern slavery.

Controls such as policy mandated approach, a company-wide supplier due diligence program and risk assessment, incident reporting framework and quarterly updates to the Audit & Risk Committee are established and ongoing. We continue to learn and improve our frameworks by exploring interplay with financial crime and ESG and seeking external guidance from experts.

## Policy-mandated approach

Our Supplier Code of Conduct sets out our commitment to responsible procurement by ensuring sustainability in all business activities and compliance with the highest standards of corporate conduct, ethics and governance – especially with regard to human rights and labour. Other key supporting policies and guidelines that inform what we do include (but are not limited to):

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

## Supplier due diligence program and risk assessment

As noted above, our risk assessment approach of newly onboarded suppliers throughout FY23 apply the same risk-based methodology as previous years, 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 to assess modern slavery risks. If a supplier has their own modern slavery statement, then Prospa reviews that statement instead of the questionnaire.

## Strong reporting

Modern slavery risk reporting is embedded into our internal incident reporting framework. Quarterly risk reports are provided to the ARC which include incident reporting. No incidents relating to modern slavery were identified in this Reporting Period.

## External sources and guidance

Our key stakeholders continue to attend seminars and online webinars, and leverage off external guidance information, reports and papers to gain better insight into how we could further improve our modern slavery processes. We then use any key learnings attained to better inform our own due diligence benchmarks.

## Testing and assessing the effectiveness of our actions

The Risk & Compliance team continues to:

1. review and improve our modern slavery approach, process and controls;
2. seek ways to adjust and improve our risk-assessment criteria;
3. monitor frequency and trends both through the internal data of reported incidents, and external, macro trends; and
4. regularly provide updates to the ARC including the incident register

We continue to seek ways to learn and improve our processes in contributing to identifying and eliminating modern slavery risk. **This is an ongoing process.**

This Statement was approved by the Board of Prospa Group Limited on 16 November 2023.



Gail Pemberton  
Chair – PGL Board



Greg Moshal  
CEO – Prospa Group  
Limited



Fiona Trafford-Walker  
Chair – Audit and Risk  
Committee