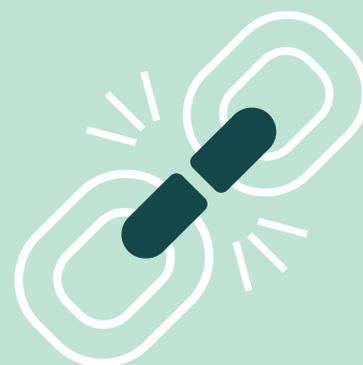




Modern Slavery Statement 2022

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 third 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 2022 (“Reporting Period”).

Prospa Group Limited
ACN 625 648 722
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SYDNEY, NSW 2000



Introduction

Prospa's third 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 2022. 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 [2022 Annual Report](#).

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

Throughout FY22 Prospa conducted a review of its values and a new set of values were launched in September 2022. We strive to honour and represent these values in everything that we do.

Prospa's key values are:



¹In the Non-Bank Financial Services category. Prospa is the #1 ranked online small business lender in Australia and New Zealand on independent review site TrustPilot with a TrustScore of 4.9 and over 6,900 reviews in Australia and a TrustScore of 4.9 and over 800 reviews in New Zealand as of 30 June 2022.

Our Approach

We **#ThinkLikeAnOwner**, so 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.

We **#Simplify** our education and awareness to enhance our internal knowledge as well as our suppliers to better understanding modern slavery risks. Together, across FY22 we saw further improvement and greater understanding of our obligations as a whole.

Structure of our Business and Internal Consultation

Prospra Group Limited was listed on the Australian Securities Exchange in June 2019 (ASX:PGL) and currently employs a team of over 300+ 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.

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

Business Operations

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 a company-wide supplier due diligence program, incident reporting framework and quarterly updates to the Audit & Risk Committee are established and ongoing.



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).

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.

Modern Slavery Taskforce

The Modern Slavery Taskforce remains intact and meets as required to discuss and implement ongoing improvements to the supplier onboarding and due diligence frameworks it has successfully established.

Compliance and Operational Risk

This framework provides the structure for our internal incident reporting and grievance framework. This forms part of Prospa's wider governance framework. In line with our value to **#Simplify**, 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 the Taskforce and then referred and reported up the chain as required. The Senior Manager who oversees this function is a key member of the Modern Slavery Taskforce.



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):

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

Specifically, our Supplier Code of Conduct addresses our commitments to human rights and labour and that 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.

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.

Existing controls enabled potential third-party risks to be identified and addressed while delivering on key strategic objectives of growth, diversification and scale across FY22. Our due diligence onboarding checks ensure new suppliers are appropriately risk-assessed before any engagement is finalised.

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

Our FY22 key actions



Risk Assessment

Simplifying our onboarding reviews between key governance areas across Prospa.



Due Diligence

Reviewing supply chain questionnaires to improve our understanding of different categories of risk and indicators based on industry, shape and size.



Onboarding strengthened

Cross-collaborative governance checks performed at onboarding stage.



Stronger reporting and staff education

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

Risk Assessment

Our risk assessment approach to newly onboarded suppliers throughout FY22 applied 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 as well as an onboarding checklist which assesses both the commercial viability and modern slavery risks.

Due Diligence

Throughout the Reporting Period we continued to review existing processes to ensure ongoing improvement. We've replaced several questions in our self-assessment questionnaire to drive clearer insights for suppliers to identify any potential risks sitting in their own extended supply chains. However, as we have a small group of core/high-risk suppliers, the learnings have been limited. Nevertheless, we continue to work closely with our suppliers as a joint collaborative, ongoing effort.

Interplay with financial crime and ESG

We continue to gain further insights on how an ongoing review of modern slavery regulation and enforcement seeks to improve how companies can better define and improve their processes. There is a strong correlation with financial crime associated with ESG (Economic, Social and Governance), which can contain elements of modern slavery risk. Understanding this is part of our ongoing journey.

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 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 meets periodically 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. continually provide updates to the ARC.

We acknowledge that our approach to modern slavery will continue to evolve and be refined. Given most of our focus to date has been on the onboarding process, we have considered what additional steps we can implement to ensure suppliers are monitored beyond their initial onboarding. To that end, we are implementing an annual media search for key suppliers to check for any adverse media coverage that may raise concerns in the modern slavery space.

Prospa will continue to apply an ethical and pragmatic response if modern slavery incidents are uncovered in its supply chain. In the spirit of **#Simplify**, we continue to 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.

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**.

Our Ongoing Journey

Prospa's future commitments for FY23 under the Act will involve:

- Continued annual assessment of our direct and indirect supply chain;
- Strengthening our modern slavery-related processes;
- Further understanding of the ESG landscape, and its strong correlation with modern slavery risk indicators;
- Building simplified knowledge tools through our learning development system and our RegTech platform to conduct our enterprise risk assessments; and
- Continued learnings from external modern slavery experts.

This Statement was approved by the Board of Prospa Group Limited on 8th December 2022.

Signed by:



Gail Pemberton
Chair – PGL Board



Greg Moshal
CEO – Prospa Group Limited



Fiona Trafford-Walker
Chair – Audit and Risk committee