

Modern Slavery Statement 2020

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 disclosure is to voluntarily address the key activities carried out in accordance with the reporting requirements in section 16 of the Australian Modern Slavery Act 2018 (Cth) for the financial year ended 30 June 2020 (“Reporting Period”).

Introduction

This is Prospa's first Modern Slavery Statement ('Statement') under the Commonwealth Modern Slavery Act 2018 (the "Act") to voluntarily address the reporting requirements in section 16 for the financial year ended 30 June 2020 ("Reporting Period").

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.

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").

This report may reference significant events occurring after 30 June 2020. 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 [2020 Annual Report](#).

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

Our Approach

Prospa is committed to eliminating modern slavery. We believe respecting and protecting human rights enables individuals, societies and businesses to flourish. Preventing our own involvement in modern slavery practices is essential to this. Included in this is a strong focus on ensuring we have the right processes in place to identify and prevent, to the best of our ability, the existence of modern slavery practices in our operations and supply chain.

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 200+ employees with offices in Australia and New Zealand. We are headquartered in Sydney, Australia with an office in Auckland, New Zealand and a business process outsourcing service provider 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.

Aside from direct customer acquisition, Prospa works with a range of partners, from large corporations through to independent finance brokers, including Australia's leading aggregators.

¹ #1 ranked in Australia based on independent review site TrustPilot with a TrustScore of 4.9 and over 6,091 reviews, and ranked # 1 in New Zealand with a TrustScore of 4.9 and over 747 reviews as at 15 January 2021

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; and
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 exists to support the business with managing our Supplier relationships. Controls and checks exist to enable potential third-party risks to be identified and addressed while delivering on key strategic objectives of growth, diversification and scale. Our Procurement policy ensures all suppliers we work with are appropriately risk-assessed.

Potential risks in our supply chains:

— Approach

Whilst we acknowledge that modern slavery practices exist in many forms, forced labour, debt bondage and/or deceptive recruiting for labour or services are likely the most relevant and applicable 'risks' that may be present in our supply chain. With a focus on this, we reviewed our suppliers, vendors, funding and broker partnerships.

Overall, we consider the risks of modern slavery practices in our supply chains to be very low. Nevertheless, we've established criteria to assess our supply chain which involves due consideration 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.

We applied the above risk-assessment criteria rules to shortlist our suppliers that required additional review

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

— Actions and Assessment

Modern Slavery Taskforce

The Modern Slavery Taskforce Includes representatives from Risk, Legal, Compliance, Product and Procurement. The Taskforce reviewed our reporting requirements and established a criteria based off the resources provided by the Australian Government's Dept. of Home Affairs guidance [document](#) and our own commercial risk-appetite.

Modern Slavery Taskforce

- Cross-functional internal working group responsible for reviewing and identifying our obligations under the Act and implementing processes and ongoing compliance checks.
- The Taskforce is chaired by the Compliance Manager and led together with the Procurement Manager and includes stakeholder representatives from Legal, Risk, Product and Governance.



Audit & Risk Committee ('ARC')

The Committee's key responsibilities and functions are to oversee Prospa's;

- processes for monitoring compliance, processes for identifying and managing risk; and
- corporate reporting obligations (including Prospa's annual commitments to publish a statement under the Modern Slavery Act



Prospa's Board

Identify the risks applicable to Prospa

A review of our Supply Chain was carried out to categorise and shortlist Suppliers requiring additional due diligence. The review of Suppliers will be refreshed at least once during a reporting period to ensure our awareness of potential risks in our supply chain are kept up to date.

Review of our supplier documents

Our Supplier Code of Conduct have been reviewed and amended to clearly reflect our approach to modern slavery.

Training

Internal training has been prepared and will be rolled out in 2021 to further increase awareness.

Engagement of Suppliers directly to assess modern slavery risks

We introduced a self-assessment questionnaire for Suppliers to attest as to any potential risks of modern slavery in their own practices. All new Suppliers (subject to a review post-onboarding) will be required to complete this questionnaire. The Taskforce assesses returned answers on a risk-rating and scoring system to determine whether any corrective action or improvements are required.

Internal Modern Slavery knowledge base

To proactively engage and increase awareness across Prospa, employees can access information and resources on modern slavery on our intranet.

Incident reporting

We recognise that every employee can contribute to combatting modern slavery and consequently reporting of such risks are included in our existing internal reporting. The handling of any modern slavery risks reported will be carried out in accordance with our Compliance Management framework.

Addressing the effectiveness of our actions

By embedding the handling of modern slavery risks and reporting into the Compliance Management Framework, Prospa will monitor and report on incidents of modern slavery to management and the Audit and Risk Committee. Prospa will have an ethical and pragmatic response if modern slavery incidents are uncovered in its supply chain, in accordance with its stated approach to modern slavery. Prospa will improve its processes for continued identification and reporting of modern slavery incidences to further drive corrective action and continuous improvement.

The Road Ahead

Prospa's future commitments under the Act will involve:

- developing a Modern Slavery maturity plan with clear actions, assigned accountabilities and timeframes;
- embedding staff-wide basic training on modern slavery;
- formalising a periodic review of our key supply chain and our procurement and risk management practices (as it relates to modern slavery risk);
- continuing to strengthen our internal compliance assurance processes; and
- a sustained, continued commitment to developing further measures to assess the effectiveness of the steps we've taken, specifically with the self-assessment results obtained and onboarding of new suppliers.

This Statement was approved by the Board of Prospa Group Limited on 24th February 2021.

Signed by:



Gail Pemberton
Chair – PGL Board



Greg Moshal
CEO – Prospa Group Limited



Fiona Trafford-Walker
Chair – Audit and Risk committee