

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (**Statement**) outlines the main corporate governance practices currently in place for Wisr Limited (**Company** or **Wisr**) and also addresses the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). The Board believes the Company has applied the principles and recommendations of the ASX Corporate Governance Council in a manner that is appropriate for a Company in its early stages of operations in a new industry.

The corporate governance policies and practices described below are those that have been in place for the Company for the full financial year ended 30 June 2018 or as at the date of this report where indicated. The Board continues to review the governance framework and practices of the Company on an ongoing basis to ensure they meet the interests of stakeholders.

All references to the Company's website are to: [www.wisr.com.au](http://www.wisr.com.au).

### Principle 1: Lay solid foundations for management and oversight

#### (a) Role of the Board

The Board is committed to effectively representing and promoting the Company, and thereby adding long-term value to all shareholders. The board is accountable to shareholders for the management of the Company's business and affairs and as such is responsible for the overall strategy, governance and performance of the Company. The Board operates under a formal charter, which can be found on the Company's website. The charter formally sets out the roles and responsibilities of the Board. This enables the Board to perform its role more effectively and creates a system of checks and balances to provide a balance of authority.

#### (b) Board committees

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may discharge any of its responsibilities through committees of the Board in accordance with the Constitution and the Corporations Act.

Given that early stage of the Company's operations in a new industry and the heavy reliance on the experience of the members of the Board, the Board has only recently established one committee, a Remuneration and Nomination Committee, formed in August 2016. Functions normally reserved for other committees (such as an Audit and Risk Committee) are performed by the full Board.

Board Committee	Composition Requirements	Membership
Remuneration and Nomination Committee	At least three members, the majority of whom are non-executive and independent. The Chairman should be an independent nonexecutive director.	Mr Chris Whitehead (Chairman); and Mr Craig Swanger.

The number of Board meetings held during the year ended 30 June 2018 and the number of meetings attended by each of the directors is set out in the table below:

	Directors' Meetings		Directors' Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Craig Swanger	12	12	2	2
Chris Whitehead	12	12	2	2
John Nantes	12	12	-	-

**(c) Senior Executives**

The Board Charter details the Board's relationship with Management, by delegating the responsibility for the day-to-day management of the Company to the Chief Executive Officer (**CEO**), who is assisted by the senior executives who report to him.

Descriptions of the management team and their qualifications and experience can be found on the Company's Website under the About and Our Team tabs.

All senior executives are appointed to their positions after an appropriate recruitment process. Each member of the senior executive team is employed pursuant to employment contracts, covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. Each contract refers to a specific formal job description. Each contract sets out the remuneration of the executive, including their entitlements to any rights under incentive plans.

**(d) Performance of Senior Executives**

The evaluation for all executives will be based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved, and the development of management and personnel.

An annual assessment of the performance of the CEO will be undertaken by the Remuneration and Nomination Committee (**Committee**) that make recommendations to the Board. All other senior executives will undergo an annual performance assessment by the CEO, with the Committee having oversight of this process and outcomes.

An annual performance assessment has been undertaken for the year ended 30 June 2018 in accordance with the process described above.

**(e) The Company Secretary**

The Company Secretary acts as secretary of the Board, attending all meetings of the Board and the Committee. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters.

**Principle 2: Structure the board to add value**

**(a) Board size and composition**

The Constitution of the Company provides that there will be a minimum of three directors and not more than twelve directors.

At the date of this report, the Board comprises two non-executive directors and one executive director.

The current members of the Board are:

- Mr John Nantes (Executive Chair / Director), (appointed 7 June 2016);
- Mr Craig Swanger (Non-Executive Director), (appointed 3 July 2015); and
- Mr Christopher Whitehead (Non-Executive Director), (appointed 18 September 2015).

The Board considers that the existing Board composition and structure is appropriate for the Company's current operations and stage of development.

Directors' details are listed in the Annual Report in the Directors Report, including details of their other listed entity directorships and experience.

**(b) Board skills and diversity**

The board considers that its directors and senior management have the combined skills and experience to discharge their respective responsibilities.

The full biographies of all directors are included in the Director's Report in the Annual Report.

The table below sets out the skills and experience considered by the board to be important for its directors to collectively possess.

In addition to the skills and experience set out below, the board considers that each director has the following attributes:

- Honesty / integrity;
- Strategic thinking;
- Sufficient time to devote to Wisr's business;
- Willingness to question and challenge; and
- Commitment to the highest standards of governance.

All directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

SKILL	DESCRIPTION
Strategy	Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.
Finance	The ability to analyse financial statements and reporting, critically assess the financial performance of the group, contribute to budget planning and efficient use of capital and resources.
Operations	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, technology and human resources.

Sales and marketing	Clear understanding of developing and implementing sales and marketing teams and strategies, recruiting, running and incentivising sales teams, and setting sales budgets and targets.
Capital markets	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets.
Industry experience	Experience and broad understanding of the market place based lending industry in Australia, including market drivers, risks and trends including policies, competitors, end users, regulatory policy and framework.
Mergers and acquisitions	Experience in all aspects of the negotiation, structuring, risk management and assessment of both acquisitions and divestments.
People and performance	Appreciation for the best practices in HR planning and management with familiarity in employment legislation and labour relations, recruitment, compensation, performance reviews and conflict management.
Legal and compliance	Ability to identify key risks to the group in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
ASX governance	Knowledge and experience in best practice ASX and Corporations Act, governance structures, policies and processes.
Technology	Expertise in the area of technology that the Group should be aware of and utilising, including keeping abreast of new and emerging technology.
Corporate history	The board has a good understanding of recent corporate background including organisational structure, litigation, key contracts and relationships, performance and capital structures.

### **(c) Director Appointments**

The full Board will determine who is invited to fill a casual vacancy after extensive one-on-one and collective interviews with candidates and thorough due diligence and reference checking. The Board considers the appropriate mix of competencies, skills, experience and expertise required to carry out the role of the Board.

### **(d) Terms of appointment**

Non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out the key terms and conditions of the appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential

conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

Non-executive director remuneration is reviewed on an annual basis.

A director induction program has been designed and directors are expected to participate in this induction and orientation program on their appointment.

**(e) Directors' independence**

The Board considers that it is able to exercise its judgement in an independent and unfettered manner and provide independent and effective oversight of management.

All members of the Board, whether independent directors or not, exercise independent judgement in making decisions in the best interests of the Company as a whole.

In determining the independent status of each director, the Board has adopted the approach contained in ASX Principle 2, and specifically assesses the independence of all directors against the criteria outlined in Box 2.3 of the ASX Recommendations.

The Company does not use prescribed or pre-determined materiality thresholds for the purposes of assessing director independence but instead assesses independence on a case by case basis, having regard to the extent to which any relevant relationship or connection may materially interfere with the director's ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

As at the date of this report, Mr Swanger and Mr Whitehead are considered by the Board to be independent. Given the executive position held by Mr John Nantes, he is considered to be non-independent based on the criteria in Principle 2 of the ASX Recommendations.

The Board is therefore comprised of a majority of independent directors, and the Board believes this is an appropriate structure given the early stage of the Company's operations in a new industry. It is important to draw heavily on the industry experience of the members of the Board while the Company seeks to establish itself and consolidate its operations in a new industry.

**(f) Directors' interests**

Directors are required to keep the Board advised of any interest that may be in conflict with those of the Company, and restrictions are applied to directors' rights to participate in discussion and to vote, as circumstances dictate when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

The Company has also entered into a deed of disclosure with each director, which is designed to facilitate the Company's compliance with its obligations under the ASX Listing Rules relating to disclosure of changes in directors' interests in Wisr securities. Directors and their nominated related party shareholdings, are also monitored to identify changes that may require urgent disclosure.

Standing items at each Board meeting include:

- Director's Securityholding Register; and
- Director's Standing Notice Register.

**(g) Chairman**

The Board Charter provides that where practical, the Chairman of the Board should be an independent Director.

Currently, the Chairman of the Board is not independent as he occupies an executive position with the Company. The Board has agreed that Mr John Nantes is the most appropriate director to hold the position of Chairman in light of his relevant experience, irrespective of his executive position.

**(h) Board meetings**

The Board typically schedules meetings on a monthly basis, with additional meetings convened as required. Agenda's for each meeting are prepared by the Company Secretary together with the input from the CEO and Chairman, and are distributed prior to the meeting together with supporting papers.

Standing items include the CEO report and the financial report, as well as reports addressing matters of strategy, governance and compliance. Senior executives are directly involved in Board discussions, and directors have a number of further opportunities to contact a wider Company of employees, including visits to business operations.

**(i) Independent advice**

The Board has a policy of enabling directors to seek independent professional advice for Company related matters at the Company's expense, subject to the prior notification of the Chairman and where the estimated costs are considered to be reasonable.

**(j) Board and director performance**

The Board is committed to enhancing its effectiveness through performance management and review. The Board is in the process of designing a review process to help enhance performance by providing a mechanism to raise and resolve issues and to provide recommendations to enhance its effectiveness, at the appropriate time. A performance review has not been undertaken in the current financial year.

**Principle 3: Act Ethically and Responsibly**

**(a) Code of conduct**

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

The Board has endorsed a Code of Conduct which outlines acceptable behaviour and attitudes expected from all staff to promote and maintain the confidence and trust of all those dealing with the Company.

The Company's Code of Conduct, which may be viewed on the Company's website, is the subject of periodic review to ensure that it covers all relevant issues and sets standards consistent with the Company's commitment to ethical and responsible behaviours.

Various measures have been established to ensure that a high standard of ethical business behaviour is observed by all staff members, including policies and procedures for:

- managing conflicts of interests;
- public and media comment;
- use of company resources;
- intellectual property/copyright
- discrimination and harassment; and
- handling confidential information.

In addition to their obligations under the Corporations Act in relation to inside information, all directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

**(b) Employee and director trading in Wisr securities**

In accordance with ASX Listing Rule 12.9, the Company has in place a Security Trading Policy that governs the ability of directors, employees and contractors to trade in the Company's securities. Subject to necessary prior written consents being obtained, the Company's directors, executives and employees may trade in the Company's securities at any time in the Trading Windows, which cover the following:

- (a) From the business day after the release of Wisr's half year results to the ASX for six weeks;
- (b) From the business day after the release of Wisr's annual preliminary financial results to the ASX for six weeks;
- (c) From the business day after Wisr's AGM for a period of 30 days; and
- (d) Any other period designated by the Board.

Directors, employees and contractors may, in exceptional circumstances as defined in the policy, trade outside a trading window but only with the prior written consent of the Chairman for directors, another non-executive director for the Chairman and the Notification Officer for employees and contractors. Notwithstanding the trading windows and approval requirements, a person is prohibited from trading at any time if they possess material, price-sensitive information about the Company that is not generally available to the public.

The policy also prohibits short term trading, margin lending, short selling and hedging of the Company's securities.

The Company's Security Trading Policy may be viewed on the Company's website.

**(c) Diversity**

A formal diversity policy has been adopted by the Board which provides a framework for the Company to achieve amongst other things, a diverse and skilled workforce, an inclusive workplace culture and improved opportunities for women. It provides a framework for the Board to establish gender diversity targets and monitoring of performance against those targets.

As at the date of this report, the Board has not yet established gender diversity targets early stage of the Company's operations but regularly reviews its position on this and other governance issues.

However the Company is committed to making all employee selection decisions on the basis of merit.

The female representation in the company is as follows:

- The proportion of female directors: 0%
- The proportion of female employees in senior positions: 38.5%
- The proportion of female employees in organisation: 32.4%.

**Principle 4: Safeguard integrity in corporate reporting**

The Board will discharge its responsibilities to safeguard the integrity of the Company's financial reporting and the system of internal control. The Board will devote time at its meetings to fulfilling

the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board will be involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the CEO and Chief Financial Officer (or equivalents) are required to make the following certifications to the Board in relation to the Financial Statements for the financial period:

- The financial statements and associated notes comply in all material respects with the Accounting Standards as required by Section 296 of the Corporations Act 2001, Corporations Regulations, International Reporting Standards and other mandatory professional reporting requirements;
- The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 30 June 2015 and performance of the Company for the period ended as required by Section 297 of the Corporations Act 2001;
- The financial records of the company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- The integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the board of directors;
- The risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating effectively, in all material respects; and
- Subsequent to the end of the financial period, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company

The auditor of the Company will be present at the Annual General Meeting to address any shareholder questions in relation to the audit and the auditors report.

### **Principle 5: Make timely and balanced disclosure**

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act and to ensuring that its shareholders are kept well informed of all major developments affecting the Company's state of affairs, in order to promote transparency and investor confidence.

The Company has a Continuous Disclosure Policy and it incorporates the continuous disclosure framework as set out in the ASX Listing Rules Chapter 3, as well as the revised ASX Listing Rules Guidance Note 8. This policy is available on the Company's website.

The Policy creates a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. More specifically, the Policy:

- Explains the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act 2001;
- Establishes internal processes for reporting of information considered to be potentially price-sensitive and for consideration of information reported by the Board;

- Establishes processes for the disclosure of price sensitive information, taking into account the clarification provided by ASX Guidance Note 8;
- Establishes internal processes for briefing of analysts, investor and media Company's, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market;
- Outlines authorisation procedures for ASX announcements; and
- Delegates to the Company Secretary the authority to release information or make disclosures to the ASX and responsibility for decisions regarding price sensitive information, coordinating disclosures, establishing and monitoring procedures under this Policy and making recommendations to the Board on any necessary updates to the Policy.

## **Principle 6: Respect the rights of securityholders**

The Board aims to ensure that its shareholders are kept well-informed of all major developments and business events that are likely to materially affect the Company's operations and financial standing, and the market price of its securities. Information is communicated to securityholders through:

- The Company's website under the Company tab;
- Annual report, half year financial reports and quarterly cashflow reports (in the form of Appendix 4C's) lodged with the ASX and made available to all shareholders;
- Announcement of market-sensitive and other information, including financial results announcements and analyst presentations released to the ASX; and
- The Chairman and CEO's addresses to, and the results of, the Annual General Meeting.

The Company has not yet designed a formal investor relations policy, however they meet with investors, analysts and brokers as appropriate.

The Company's website contains a large amount of information for shareholders and it is all contained in the Company tab.

The Company tab contains the following information:

- General Information about the Company and its activities
- Details on the Board of Directors and the management team
- Corporate Governance information – including Charters and Policies
- Share Price details;
- ASX releases;
- Contact details; and
- Share registry information.

The Company has a Continuous Disclosure Policy that includes a formal procedure for dealing with potentially price-sensitive information. The policy sets out how the Company meets its disclosure obligations under ASX Listing Rule 3.1. The Company's policy is to lodge with the ASX and place on its website all market-sensitive information, including annual and half year result announcements and analyst presentations, as soon as practically possible.

The Company produces two sets of financial information each financial year: the half year financial report for the six months ended 31 December and the annual financial report for the year ended 30 June. In addition, quarterly cashflow reports in the form of Appendix 4Cs are

released the month following the end of each quarter. All are made available to shareholders and other interested parties via the Company website and the ASX.

Shareholders have the right, and are encouraged, to attend the Company's Annual General Meeting, held in November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting will also be posted on the Company website and lodged with the ASX.

In addition, a document is enclosed with the notice of meeting to invite shareholders to submit questions of the board, auditors or management, which are addressed at the Annual General Meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all securityholders are eligible to vote on all resolutions. Shareholders who cannot attend the annual general meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically.

Transcripts of the Chairman and CEO reports to shareholders will also be released to the ASX upon the commencement of the Annual General Meeting. These transcripts, together with the results of the meeting are also posted on the Company's website and the ASX.

All shareholders are provided the option to receive communications from the Company and the share registry electronically (and are encouraged to do so, with election documentation included in regular mail outs to securityholders).

## **Principle 7: Recognise and manage risk**

The Board is responsible for ensuring that sound risk management framework and polices are in place. A formal risk Board sub-committee has not been established due to the relatively small size of the board. As a result the Board will devote time at its meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.

To assist the Board fulfil its role, an executive **Risk and Compliance Committee** has been established. This committee meets monthly and reports to the Responsible Managers and the full Board.

The Company's risk management framework is integrated with its day-to-day business processes and functional responsibilities, and is supported by the COO and a dedicated compliance officer.

The compliance officer has been appointed under the rules of the AFSL Compliance Plan. The compliance officer is responsible for ensuring adequate internal systems and controls have been implemented to ensure compliance with the Corporations Act, the Group' AFSL, and internal and industry standards. These duties include promoting a strong compliance culture within the organisation and to external service providers.

The compliance officer is primarily responsible for reviewing compliance on an ongoing basis; reporting on compliance matters, including breaches, to the COO and to the CEO and separately to the Board; and acting on recommendations of the Board. Matters are escalated to the Board or ASIC or other external parties when necessary.

The compliance officer has direct access to the Chairman of Board to ensure the compliance officer is well placed to adequately deal with compliance issues. Management, via the compliance officer, are required to assess risk management and associated internal compliance and control procedures, and are required to present a risk matrix to the Board quarterly. A compliance report is prepared by the compliance officer for review and consideration by the Board at each Board meeting.

The Company has established a Compliance Program that documents the processes in place to ensure compliance with the range of activities the company is engaged. This includes:

- AFS Licence
- Australian Credit Licence
- Austrac
- Privacy
- Other workplace related laws, rules and regulations

Details of these are provided as follows:

**(a) AFSL Compliance Plan**

Wisr has a formal AFSL Compliance Plan that has been adopted by the Board and lodged with ASIC. The purpose of this AFSL Compliance Plan is to set out key processes, systems and measures the Company will apply to ensure compliance with:

- The Corporations Act;
- It's Constitution;
- Industry practice standards relevant to the particular scheme; and
- Internal policies and procedures.

The AFSL Compliance Plan is a 'how to' document and has been prepared following a structured and systematic process to consider the Company's key obligations under the Corporations Act, and its Constitution; the risk of non-compliance; and measures required to meet the risks of non-compliance as it relates to AFSL.

The AFSL Compliance Plan describes the key obligations that must be met by the Company, and how compliance with these measures will be monitored. In addition, the compliance plans detail the risk of not complying with these obligations, and how breaches are to be reported and addressed.

**(b) Mandatory External Reporting**

The company is required to complete an annual ACL compliance statement with ASIC and an annual AUSTRAC compliance report. The AFSL audit (see below) is also lodged with ASIC.

**(c) Internal Audit**

The Company does not have an internal audit function but does have a Compliance Officer whose responsibilities are outlined above.

**(d) External Audit / Reviews**

The Company requires the following additional external audits:

**I. ACL Compliance review**

The Company engages an external party to review annually the companies lending policies and activities and report to management on compliance with internal policies and the requirements of the ACL, relevant laws and regulations.

**II. Australian Financial Services Licence audit**

The AFSL audit is conducted annually by an ASIC-approved external auditor. The auditor reports on the following:

- Whether the Company has complied with the specified provisions of Part 7.8 of the Corporations Act;
- Whether the Company has complied with sections 981B and 982B of the Act (relating to the control and operation of trust accounts);
- Whether the Company has complied with specific AFSL conditions relating to financial requirements, including internal procedures used by the Licensee to comply with the financial requirements under the licence; and
- Whether the cash projections meet the cash need requirement conditions of the AFSL.

### **III. Reporting to the Independent RE**

The Company provides quarterly compliance reports to the RE of the Wisr personal Loan Fund, which the company manages. In addition the RE has access to a variety of the ACL review and the AFSL audit.

### **IV. ASIC and other bodies**

ASIC and other government bodies (e.g OAIC) may undertake a review of the Company's risk and compliance processes and systems at any time.

#### **(e) Economic, environmental and social sustainability risks**

The executive Risk and Compliance Committee has assessed and determined that the Company does not have any material exposure to economic, environmental and social sustainability risks.

### **Principle 8: Remunerate fairly and responsibly**

The Board established a Remuneration and Nomination Committee which under its Charter (available on the Company's website), is responsible to review and make recommendations to the Board in respect of:

- Executive remuneration;
- Executive incentive plans;
- Remuneration of the Company's key management personnel;
- Equity based incentive plans;
- Recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the CEO and any other executive director and all senior executives reporting directly to the CEO; and
- The disclosure of remuneration in the Group's Annual Report.

The current membership of the Remuneration and Nomination Committee and the independence of the members are set out earlier in this Corporate Governance Statement. It has two non-executive director members, including the Chairman. The Board considers that the existing Nomination Committee composition and structure is appropriate for the Company's current operations and stage of development.

Details of Remuneration and Nomination Committee meetings and attendance by each Committee member are outlined in this Statement and in the Directors' Report contained in the Annual Report.

The Company distinguishes between the structure of non-executive directors' remuneration and that of executive directors and senior executives.

The Group's Remuneration Policy aims to ensure that remuneration packages properly reflect the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of suitable quality.

The structure of remuneration is designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of long-term value creation for securityholders. The remuneration structures take into account a range of factors, including the following:

- Capability, skills and experience;
- Ability to impact achievement of the strategic objectives of the Group;
- Performance of the KMP in their roles;
- The Group's overall performance;
- Remuneration levels being paid by competitors for similar positions; and
- The need to ensure continuity of executive talent.

Refer to the Remuneration Report, contained in the Annual Report, for detail of the mechanisms in place, which link the remuneration outcomes to individual and the Group's performance.

For details of the Company's remuneration structure, please refer to the Remuneration Report in the Group's Annual Report.

**Approved by a resolution of the Board on 28 September 2018.**