

## STATEMENT

This initial<sup>1</sup> Corporate Governance Statement (the “Statement”) summarises the Latitude Financial Group Limited (“Latitude” or the “Company”) corporate governance framework, policies and practices at the date of admission to the official list with reference to the fourth edition of the Corporate Governance Principles and Recommendations (the “ASX Principles”) published by the ASX Corporate Governance Council.

Where the Company does not follow a recommendation, this Statement will identify the recommendation that has not been followed and give reasons for not following it.

The Company **intends to comply** with all of the fourth edition ASX Principles from the time of Listing, with the **exception of** the following recommendations:

- ASX Recommendation 2.1 regarding the existence of a Nomination Committee;
- ASX Recommendation 2.4 regarding a majority of independent directors on the Board;
- ASX Recommendation 7.1 regarding a majority of independent directors on the Risk Committee; and
- ASX Recommendation 8.1 regarding a majority of independent directors on the Remuneration & People Committee.

This Statement will include<sup>2</sup> the reasons for not following these recommendation and what alternative governance practices Latitude has or intends to adopt in lieu of the recommendation.

This statement has been approved by the Board and is current as at 29 March 2021.

## OVERVIEW OF THE CORPORATE GOVERNANCE FRAMEWORK

Latitude is committed to ensuring that its corporate governance framework, policies and practices reflect a high standard of corporate governance.

Delivering on this commitment requires Latitude to have a sound understanding of current best practice governance requirements and practices, as well as being attuned to emerging governance trends and shifting shareholder and key stakeholder expectations.

The Latitude Board of Directors (the “Board”) believes that the fit-for-purpose corporate governance structure, policies and practices employed by the Company at the date of admission to the official list support the Latitude Constitution, Company Strategy and will enable sustainable performance, ethical conduct and investor confidence in Latitude over time.

## THE BOARD

The Board is comprised of six Non-Executive Directors (three of whom are independent, including the Chairman), and one executive Director, being the Managing Director & Chief Executive Officer<sup>3</sup>.

The Board is responsible for the overall corporate governance of the Company, including providing leadership and strategic guidance.

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<sup>1</sup> Subsequent Corporate Governance Statements will be prepared and published in accordance with Listing Rule 4.10.3 as part of the Latitude’s Annual Reporting process supported by the annual Appendix 4G indicating the extent of conformance with the ASX Principles. The next Corporate Governance Statement will be prepared as part of the FY2021 Annual Report which will be published in the first quarter of 2022.

<sup>2</sup> Consistent with Condition 16 of Listing Rule 1.1

<sup>3</sup> Detailed biographies of the Directors and length of service are provided on the website and in the Offer Document.

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The Board monitors the operational and financial position and performance of Latitude and oversees the implementation of Latitude's strategic objectives, including approving operating budgets and significant expenditure.

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of Latitude.

The Board seeks to ensure that Latitude is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an environment of appropriate corporate governance.

The Board has created a governance framework for managing Latitude, including adopting relevant internal controls, risk management processes and corporate policies and practices which it believes are appropriate for Latitude's business and which are designed to promote the responsible management and conduct of Latitude.

The Board has adopted a written charter to provide a framework for the effective operation of the Board<sup>4</sup> including the matters that are specifically reserved to the Board.

## BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established four standing committees to facilitate and assist the Board in fulfilling its responsibilities:

- Audit Committee;
- Risk Committee;
- Remuneration & People Committee; and
- Technology Committee.

Each committee has the roles responsibilities described in the relevant committee charter<sup>5</sup> adopted by the Company (each of which has been prepared having regard to the ASX Recommendations).

The initial composition of each committee includes:

Committee	Initial Composition
<b>Audit Committee</b>	<ul style="list-style-type: none"><li>• Mark Joiner (Chair, independent Non-Executive Director)</li><li>• Alison Ledger (independent Non-Executive Director)</li><li>• James Corcoran (Non-Executive Director, Shareholder Representative Director)</li></ul>
<b>Risk Committee</b>	<ul style="list-style-type: none"><li>• Mark Joiner (Chair, independent Non-Executive Director)</li><li>• Beaux Pontak (Non-Executive Director, Shareholder Representative Director)</li><li>• James Corcoran (Non-Executive Director, Shareholder Representative Director)</li></ul>
<b>Remuneration &amp; People Committee</b>	<ul style="list-style-type: none"><li>• Alison Ledger (Chair, independent Non-Executive Director)</li><li>• Scott Bookmyer (Non-Executive Director, Shareholder Representative Director)</li><li>• Beaux Pontak (Non-Executive Director, Shareholder Representative Director)</li></ul>
<b>Technology Committee</b>	<ul style="list-style-type: none"><li>• Alison Ledger (Chair, independent Non-Executive Director)</li><li>• Beaux Pontak (Non-Executive Director, Shareholder Representative Director)</li><li>• Scott Bookmyer (Non-Executive Director, Shareholder Representative Director)</li></ul>

The Board may also establish other committees from time to time to assist in the discharge of its responsibilities.

<sup>4</sup> A copy of the Board Charter is provided on the website.

<sup>5</sup> Copies of the respective Committee Charters are provided on the website.

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In accordance with the ASX Principles and ASX Listing Rules, the Latitude Audit Committee comprises at least three Non-Executive Directors, a majority of whom are independent, and an independent chair who is not the Chairman of the Board.

The Risk Committee, Remuneration & People Committee and Technology Committee will each comprise at least three Non-Executive Directors and an independent chair who is not the Chairman of the Board. However, each of these Committees will not initially be made up of a majority of independent Directors, particularly as required by Recommendations 7.1 (with respect to the Risk Committee) and 8.1 (with respect to the Remuneration & People Committee). There is no specific recommendation that the Technology Committee have a majority of independent directors.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board and its Committees reflects an appropriate range of, skills, diversity, corporate knowledge and experience for the Company after Listing to enable it to discharge its duties and responsibilities effectively.

The Company acknowledges the ASX Recommendation 2.1 that the Company have a Nomination Committee, and notes that the Board will not initially establish a separate Nomination Committee. The Board will itself be responsible for nomination responsibilities, including succession and ensuring that the Board has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to perform its role effectively. Executive succession planning will also be addressed by the Remuneration & People Committee.

The Board believes that it will be able to discharge these responsibilities and deal effectively with Board composition and succession issues, without a separate committee undertaking this function. The Board will review these arrangements periodically, having regard to the Board's renewal program and workload.

## INDEPENDENCE OF THE BOARD AND BOARD COMMITTEES

The Board considers an independent Director to be a Non-Executive Director who is not a member of Management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of their judgement. The Board has adopted a Board Independence Policy<sup>6</sup> and a definition of independence that is based on the definition set out in the fourth edition of the ASX Principles. The Board will consider the materiality of any given relationship on a case-by-case basis.

The Board considers that each of Michael Tilley, Mark Joiner and Alison Ledger is free from any interest, position, association or relationship that might influence or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Principles.

Ahmed Fahour is considered by the Board not to be independent on the basis that he is the Managing Director & CEO of the Company. In addition, Scott Bookmyer, James Corcoran and Beau Pontax (each a Shareholder Representative Director) are not currently considered by the Board to fulfil the role of independent Director.

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<sup>6</sup> A copy of the Board Independence Policy is provided on the website.

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Accordingly, upon Listing, the Board will not consist of a majority of independent Directors as recommended in Recommendation 2.4 of the ASX Principles. Despite this, the Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of corporate memory, independence, skills and experience for the Company after Listing.

The Board has formally considered the independence of each of Scott Bookmyer, James Corcoran and Beaux Pontak. It has concluded for each of these directors that their relationships as Shareholder Representatives does not compromise their ability to bring an independent judgment to bear on matters before the Board and, additionally, that each of the Shareholder Representative Directors will make invaluable contributions to Latitude through their deep understanding of its business and the industry in which it operates.

The Board will regularly review the independence of each Director, and any subsequent Directors appointed, in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules.

Each Director must bring an independent view and unbiased and unfettered judgement to the Board and Board Committees and must declare all actual or potential conflicts of interest on an ongoing basis (all conflicts will be managed in accordance with the Board Conflict of Interest Policy<sup>7</sup>). Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable.

## BOARD SKILLS MATRIX

Latitude recognises the importance of a diverse Board including diversity in skills, experiences, gender and behavioural styles and characteristics.

The Board regularly undertakes a Skills Matrix assessment<sup>8</sup> of the Board's composition to assess the skills and experience of each director and the combined capabilities of the Board. The assessment is made in reference to the governance required to support Latitude's strategic direction and skills and experience to support the Board and committee operations.

The Directors of the Company bring to the Board the relevant skills and experience across a range of commercial industries including banking, private equity, insurance, consumer finance, brand management, corporate governance and consulting. At the date of listing the collective skills and experience of the Board of Directors includes:

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<sup>7</sup> A copy of the Board Conflict of Interest Policy is provided on the website.

<sup>8</sup> With reference to categories of skills and experience further described in the Board Skills Matrix document provided on the website.

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Latitude Skills Matrix - Collective Assessment	Board	Committees			
		Audit	Risk	Remuneration and People	Technology
1 Executive and commercial leadership	7	3	3	3	3
2 Board and governance experience	6	2	2	3	3
3 Listed company experience	4	3	2	1	1
4 Consumer finance experience	6	3	3	2	2
5 Digital and technology	4	3	2	1	1
6 People and culture	6	3	2	2	2
7 Financial acumen	7	3	3	3	3
8 Strategy and risk	7	3	3	3	3
9 Compliance, regulatory and legal	5	3	2	1	1
10 Capital management and investment	6	2	3	2	2
11 Remuneration	5	3	2	1	1
12 Health, safety, environment and sustainability	3	2	1	1	1

Key: Skills relevant to Committee responsibilities

## COMPANY SECRETARY

The Company Secretary provides advice and support to the Board, and is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board and its Committees. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board Committee Charters and procedures.

The Company Secretary (and assistant Company Secretaries) are appointed and removed by the Board.

## CORPORATE GOVERNANCE POLICIES

The Company has also adopted the following policies, each of which has been prepared having regard to specific ASX Recommendations (4<sup>th</sup> edition). The Company's corporate governance policies will continue to be reviewed regularly and will continue to be developed and refined as required to meet the needs of the Company.

- **Disclosure and Communication Policy:**

Once listed, Latitude will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately disclose to the ASX any information concerning Latitude which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Board has adopted a Disclosure and Communication Policy<sup>9</sup>, to take effect from Listing, which establishes procedures aimed at ensuring that Directors, Management and staff are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information. Under the Disclosure and Communication Policy, the Company has established a Disclosure Committee, comprised of the Company Secretary, the CEO, the CFO and the Head of Investor Relations.

The responsibilities and delegations of the Disclosure Committee include ensuring that the Company complies with its disclosure obligations and has the relevant procedures in place, making decisions on information to be disclosed to the market, seeking to ensure that announcements are made in a timely manner and are not misleading, and monitoring disclosure processes and reporting.

<sup>9</sup> A copy of the Disclosure and Communication Policy is provided on the website.

- **Trading Policy**

The Board has adopted a Trading Policy<sup>10</sup>, to take effect from Listing, which explains the prohibited type of conduct in relation to dealings in securities under the Corporations Act and is intended to establish a best-practice procedure in relation to Directors', officers', key management personnel's, employees', contractors' and their families and associates' dealings in Shares.

The Trading Policy sets out the restrictions that apply to dealing with Company securities (as defined in the Policy) including 'prohibited periods', during which certain designated persons are generally not permitted to deal with securities, along with a procedure under which designated persons are required to submit a request and obtain written confirmation prior to dealing in securities outside the prohibited periods.

The policy further provides that Directors, certain restricted employees and their connected persons must not deal in the Company's securities on a short-term or speculative trading basis, or enter into transactions which limit the economic risk related to a person's remuneration. The policy also sets out a process for maintaining the confidentiality of relevant information.

- **Risk management**

The Board is responsible for overseeing and approving the Company's enterprise risk management framework and risk appetite. The Company has also established a Risk Management Committee which will assist the Board's Risk Committee and Board in overseeing the implementation of an effective system of risk management.

The Chief Risk Officer reports to the Board Risk Committee on the implementation of the Risk Management Policy<sup>11</sup> and strategies to mitigate and manage material risks.

- **Remuneration Policy**

The Remuneration & People Committee is responsible, amongst other things, for assisting the Board to determine the appropriate remuneration for Directors and senior management.

The remuneration framework for the Managing Director & CEO and senior executives (and other KMPs) may incorporate fixed and variable pay performance elements with both a short term and long term focus. Remuneration may contain any or all of the following:

- Annual fixed remuneration;
- Performance based remuneration;
- Equity based remuneration;
- Other leave and superannuation benefits;
- Expense reimbursement; and
- Termination payments.

Short Term and Long Term Incentive arrangements (STIs & LTIs) have been designed foremost to support the Latitude business strategy and provide a market-competitive executive remuneration structure. However, the incentive arrangements also reflect appropriate investor expectations including but not limited to:

- Deferral of a material portion of STI into equity;

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<sup>10</sup> A copy of the Trading Policy is provided on the website.

<sup>11</sup> A copy of the Summary Risk Management Policy is provided on the website. Further details regarding the Risk Management Framework can be found in the Prospectus.

- LTI vesting over a three-year period with further holding locks;
- Restrictions on entering into any transactions designed to limit the economic risk of participating in the equity based remuneration scheme; and
- Introduction of malus / clawback provisions.

Remuneration for non-executive directors (“NED”) is provided within the context of the maximum aggregate annual sum of NED fees (“NED fee cap”) approved from time-to-time by Members at the AGM. The remuneration includes annual fixed fees and superannuation payments.

Further detail is provided in the Summary Remuneration Policy<sup>12</sup>. Full details of the remuneration arrangements including equity based remuneration framework are included in Section 6 of the Latitude Prospectus.

Latitude’s annual Remuneration Report and Corporate Governance Statement (for the FY2021) will further detail the status of incentive arrangements compared to performance and targets.

## • **Diversity & Inclusion Policy**

The Board has formally approved a Diversity & Inclusion Policy<sup>13</sup> in order to, among other matters, provide a framework by which the Company will support and facilitate an environment of diversity and inclusion across the organisation.

The Board will establish measurable objectives for diversity and inclusion, including gender, at all levels of the Company and will include in the annual report a summary of the Company’s progress towards achieving the measurable objectives set under the Diversity & Inclusion Policy for the year to which the annual report relates and details of the measurable objectives set under the Diversity & Inclusion Policy for the subsequent financial year.

## • **Conduct policies**

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a number of policies which, together, set standards of conduct in relation to the operation of the Company.

These policies are to be followed by the Board along with all employees, officers, contractors, consultants and other persons that act on behalf of the Company and associates of the Company.

The framework of policies includes the Latitude Code of Conduct<sup>14</sup>, amongst others, including the following policies:

- Environment, Health and Safety Policy;
- Drug & Alcohol Policy;
- Workplace Behaviour Policy;
- Managing Performance & Conduct Policy;
- Whistleblower Policy<sup>15</sup>;
- External Privacy and Credit Reporting Policy;
- Financial Crime Compliance Policy (incorporating Anti-Bribery & Corruption)<sup>16</sup>;
- Fraud Management Policy;

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<sup>12</sup> A copy of the Summary Remuneration Policy is provided on the website.

<sup>13</sup> A copy of the Diversity & Inclusion Policy is provided on the website.

<sup>14</sup> A copy of the Code of Conduct is provided on the website.

<sup>15</sup> A copy of the Whistleblower Policy is provided on the website.

<sup>16</sup> A copy of the Financial Crime Compliance Policy is provided on the website.

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- Gift and Entertainment Policy; and
- Records and Information Management Policy,

These and other associated policies set out the Company's approach to various matters including:

- obligations to act honestly, fairly, professionally and respectfully;
- appropriate use of the Company's property;
- anti-bribery, corruption and giving or acceptance of gifts;
- dealings with politicians and government officials in the context of the giving or acceptance of gifts;
- confidentiality
- privacy;
- discrimination, bullying, harassment and vilification;
- health and safety of employees; insider trading;
- whistleblower protections; and
- compliance with laws and regulations in respect of these matters.