



Resimac Group Ltd

(ACN 095 034 003)

Corporate Governance Statement
as at 15 October 2019

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The Board of Directors of Resimac Group Ltd is responsible for the governance of the Resimac group. The Board of Directors and management recognises their duties and obligations to stakeholders to implement and maintain a robust system of corporate governance.

The Corporate Governance Statement has been approved by the Board and is current as at October 2019.

Principle 1 – Lay Solid Foundations for Management & Oversight

The Role of the Board and Delegations

The Board has the responsibility and is accountable to shareholders for the management and control of the Company's business and day-to-day activities. The Board has identified the key functions, which it has reserved for itself.

These duties are summarised below and set out in the Board Charter, which are reviewed annually, and is available on the Company's website, www.resimac.com.au:

- Oversee the conduct of the Company's business to evaluate whether the business is being properly managed and to ensure that it is conducted in an honest and ethical manner;
- Ensure that adequate procedures and controls are in place to identify the principal risks of the Company's business and delegate the implementation of appropriate systems to manage these risks by the Board Committees and management;
- Select, appoint and evaluate the performance of, determine the remuneration of, plan for the succession of, and removal of the Chief Executive Officer;
- Ensure that adequate plans and procedures are in place for succession planning of both the Board and management, including appointing, training and monitoring the performance of senior management;
- Approve the annual operating budget and any significant capital expenditure;
- Oversee the integrity of the accounting and corporate reporting systems including external audit;
- Ensuring the Company's values and ethical standards drives the Company's culture;
- Oversee the process for making timely and balanced disclosure of all material information to the Australian Securities Exchange (ASX);
- Approve the strategic plan and review the Company's financial objectives and major corporate initiatives and actions; and
- Perform other functions as prescribed by law, or assigned to the Board to maximise shareholder value.

The Board may establish Committees to assist in carrying out its responsibilities and to oversee the management of the Company. The Board Committees are discussed in Principle 2. The Board will also consider management recommendations with respect to various financial and operational matters.

Management Responsibility

The Board may delegate some of its responsibilities to its committee and/or a director or any other person of authority to perform any of its functions and exercise any of its powers. Ultimate responsibility for the management and control of the Company is vested in the directors, who may then delegate their power to management. The Board has a Delegation of Authority Policy in place, which is reviewed at least annually.

The Board has delegated to the Chief Executive Officer the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of the Company within the policies and delegation limits specified by the Board. The Chief Executive Officer may further delegate to senior management but remains accountable for all such delegated authority.

Appointment of Directors

The Board is responsible for the review of the Board's composition. Appointments of non-executive directors are based on recommendations of the Remuneration and Nomination Committee. Prior to the appointment of a non-executive director to the Board, the Committee will conduct interviews and determine on what pre-appointment checks and reference checks will be conducted.

All newly appointed directors will be provided with an induction pack and will meet with key management personnel as part of the induction process. One element of induction is to assist the director/s with familiarising themselves with the Company's policies and procedures and the workings of the Board.

Directors are expected to develop and maintain their knowledge and skills relevant to the company. Subject to notification to the Chair and on obtaining the approval of the Board, directors can undertake professional development at the expense of the Company.

All material information in respect of each director standing for election or re-election at the Annual General Meeting are contained in the Explanatory Memorandum which accompanies the Notice of Annual General Meeting. Shareholders are required to approve any such election or re-election.

Performance of the Board

As set out in the Board Charter, the directors undertake assessments every two years of their individual performances and also the performance of the Board as a whole. These assessments are conducted in-house however the Board may, if a director requests have this process undertaken by an external independent party. An assessment of Board performance was undertaken during the year in line with this process.

Executive Performance Assessment

Senior executives participate in an annual performance review process, which involves the establishment of predetermined key performance indicators and relevant measures. Senior management may be awarded with a short term incentive payment (in cash) for superior performance. For a full overview of the performance evaluation process for senior management, refer to the Remuneration Report, which is contained within the Annual Report. A review of executive performance was undertaken during the year.

The Company has a written agreement with each of the directors and also members of the Senior Executive team, which sets out the terms and conditions of their appointment.

The Board has undertaken an evaluation of the performance of the Chief Executive Officer during the year.

There is further commentary on the performance and relevant objectives set out in the Remuneration Report.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and management of the company secretariat function. The appointment or removal of the Company Secretary is determined by the Board.

Diversity Policy

The Company believes that embracing diversity in its workforce contributes to the achievement of its corporate objectives as discussed in Principle 3.

The directors recognise that having a diverse board (with at least one female member) will assist in effectively carrying out its role. Currently the Board includes one female director.

The Group is committed to promoting a diverse and inclusive culture. The Board believes having an appropriate blend of diversity on the Board and in the Group's senior executive positions assists with the company's performance. The Board has established a Diversity Policy and has a set of diversity objectives. The objectives include flexibility, inclusion, recruitment, talent management, promotion and succession planning. The details of the policy are available on the Company's website.

The key elements of the Diversity Policy are as follows:

- Increased gender diversity on the Board and senior executive positions and throughout the Group.
- Annual assessment of Board gender diversity objectives and performance against objectives set by the Board and Remuneration and Nomination committee.

Principle 2 – Structure the Board to Add Value

Membership of the Board

The Board consists of directors with an appropriate mix of skill and experience, from different backgrounds, whom together provide the necessary breadth and depth of experience to meet the Board's roles and responsibilities.

The size of the Board is determined by the Company's Constitution, which specifies a minimum of 3 and maximum of 7 directors. The table below summarises the current composition of the Board and the term in office held by each director at the date of this report. Background details of each director are set out in the Director's Report which forms part of the Annual Report.

Name	Position	Term in Office
C. Darvall AM	Independent Non-Executive Chairman	2 years, 6 months
M.L. Jefferies	Independent Non-Executive Director	2 years, 11 months
S. Hansen	Independent Non-Executive Director	2 years, 11 months
W.J. McLeland	Non-Executive Director	2 years, 11 months
D.P. Saville	Non-Executive Director	1 year, 7 months

Nomination & Appointment of New Directors

The Board's Remuneration and Nomination Committee has the responsibility for reviewing the membership of the Board on an annual basis to ensure the appropriate skill mix of the Board as a whole.

Procedure for the selection and appointment of new directors:

- The Remuneration and Nomination Committee identifies the required skills, experience, and other qualities required of new directors;
- Assess to ensure there is no conflict and the director meetings the requirements of fit and proper pursuant to AFSL and ACL obligations;
- Potential candidates are then interviewed by members of the Remuneration and Nomination Committee and a short list prepared;
- The Board meets to consider the potential candidates, which is followed by Board members having the opportunity to interview any prospective candidate; and
- An appointment is then made by the Board.
- Shareholders are then responsible for the appointment of directors at the next subsequent Annual General Meeting.

The Board is committed to ensuring that new directors are familiar with the Company's businesses. New directors are provided with an induction program. Directors may undertake continuing education courses at the Company's expense, with the prior approval of the Chairman or the Board.

Retirement & Re-election of Directors

The Company's Constitution specifies that one third of the Board, excluding the Managing Director (if applicable), must retire from the office and stand for re-election at each Annual General Meeting. Further, each director, excluding the Managing Director, must stand for re-election every 3 years.

During the year Mr D Saville was elected as a director and Mr W McLeland and Ms S Hansen retired from the Board and were re-elected at the 2018 Annual General Meeting.

Mr Darvall and Ms Hansen will stand for re-election at the upcoming Annual General Meeting to be held on 26 November 2019.

Succession Planning

The Board plans succession of its own members in conjunction with the Board Remuneration and Nomination Committee, taking into account the skill and experience of current Board members and the company's future strategic direction and needs.

The Board retains overall responsibility for succession planning of the Chief Executive Officer, via the Remuneration and Nomination Committee. The Remuneration and Nomination Committee and the Chief Executive Officer are responsible for the succession planning of other senior executives.

Director Independence

An independent director is not an executive or member of management or:

- Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with;
- Within the last three years has not been employed in an executive capacity by the Company or another consolidated member;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another Group member, or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Company or other consolidated member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or another consolidated member other than as a Chairman or director of the Company; and
- Is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Board assesses the independence of the directors periodically. It is the Board's view that all directors except for Mr W McLeland and Mr D Saville are independent directors. Mr C Darvall AM, the Chairman is an independent Non-Executive Chairman.

The Board consists of a majority of independent directors.

Conflict of Interest

Directors are required to disclose private or other business interests and any other matters, which may lead to potential or actual conflict of interest to the Board. At each Board meeting each director is required to disclose any conflict. Any standing conflict is registered in the conflicts register.

Director's dealings with the Company will always be at arm's length to avoid the possibility of actual and perceived conflict of interest.

Any director who has a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter. A 'material' interest would depend on the individual matter being considered, and whether it would be deemed to be material.

A copy of the Company's Conflicts of Interest Policy is available on the Company's website resimac.com.au.

Board Access to Information & Advice

All directors have access to any employees, company advisers, records and information they may require to carry out their duties. The Board also receives regular financial and operational reports from executive management.

Directors have the right to seek independent professional advice in connection with their duties and responsibilities at the company's expense, to help them carry out their responsibilities. Prior notification to the Chairman, and the Board's approval is required.

Board Committees

There are currently three Board Committees whose powers and procedures are governed by the Company's Constitution and the relevant Committees' charter. These are the Audit Committee, the Remuneration and Nomination Committee and the Risk & Compliance Committee. Other Committees may be established from time-to-time to consider matters of special importance.

The Board uses its committees to support it in matters, which require more intensive review. Each committee has a formal charter, approved by the Board defining its duties, reporting procedures and authority. Minutes from all Committee meetings are made available to all directors and are required to be included in the next set of Board papers for noting.

Copies of the Board Committee charters are available on the Company's website.

Details of Directors' membership of each Committee and their attendance at meetings throughout the period are set out in the Directors' Report.

Board Skills Matrix

The following are the current skills, knowledge, experience and capabilities of the Board of Directors. The last review was completed on 26 April 2018:

Category	Competence
Governance	<ul style="list-style-type: none"> ▪ ASX Listed ▪ Regulatory ▪ Policy Development ▪ Strategy ▪ Financial Performance ▪ Risk and Compliance Oversight ▪ Information Technology ▪ Commercial
Industry	<ul style="list-style-type: none"> ▪ Non-Bank Lending ▪ Securitisation ▪ Funding ▪ Mergers & acquisitions ▪ Business Disruption ▪ Operations
Technical	<ul style="list-style-type: none"> ▪ Accounting ▪ Business Management ▪ Taxation / Corporate Structuring ▪ Human Resources ▪ Stakeholder Engagement ▪ Securitisation
Behavioural	<ul style="list-style-type: none"> ▪ Leadership ▪ Ethics and Integrity ▪ Contribution / Commitment ▪ Influencer ▪ Negotiator ▪ Crisis Management ▪ Workplace Health & Safety

Principle 3 – Promote Ethical & Responsible Decision-Making

Code of Conduct

The Company has adopted a Code of Conduct, which applies to all directors, officers, employees and contractors working within the Resimac Group. The Code sets out the values and behaviours expected within the Group and is designed to ensure a standard of honest, ethical and law-abiding behaviour expected by the Company. The Code is required to be read and acknowledged on commencement of employment and then annually thereafter. A copy of the Code can be found at the Company's website.

Principle 4 – Safeguard Integrity in Financial Reporting

Safeguard Integrity in Financial Reporting

The Board has the responsibility to ensure true and fair presentation of the Company's financial position and financial performance. The Board has established an Audit Committee to assist the Board to focus on issues relevant to the integrity of the Company's financial reporting. The establishment of the Audit Committee and the function of the Committee are governed by a formal charter.

In accordance with its Charter, the Audit Committee must have at least three members and is chaired by an independent non-executive Director.

Details of the background of the Audit Committee members together with details of the number of meetings of the Audit Committee held during the year and their attendance at those meetings are set out in the Directors' Report.

The primary functions of the Audit Committee are to:

- Evaluate the adequacy and effectiveness of the internal control system;
- Appoint, monitor and review the activities of the Company's external auditors;
- Monitor the effectiveness and independence of the auditors both external auditors and internal auditors;
- Review and report to the Board on the integrity of the Company's annual and half-year financial statements, and its accounting policies and principles adopted;
- Ensure adequate risk and compliance controls with respect to financial reporting; and
- Recommend dividends payable to shareholders.

A copy of the Audit Committee Charter is available on the Company's website.

Declaration by the Chief Executive Officer & the Chief Financial Officer (or equivalent)

The CEO and CFO periodically provide formal assurance statements to the Board that:

- The Company's financial statements and notes for both the half year and full year present a true and fair view of the Company's financial condition and operational results; and
- The risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

Independent External Audit

The Company requires its external audit to:

- Provide stakeholders with assurance over the true and fair view of the financial reports; and
- Ensure accounting practices comply with applicable accounting rules and policies.

The Company's independent external auditor is Deloitte. External auditors are required to rotate the engagement partner assigned to the Company on a five-year basis. The Board has requested that Deloitte attend the Company's Annual General Meeting on 26 November 2019, and that they be available to answer questions in relation to the conduct of their audit.

Internal Audit

The internal audit function is carried out in-house. The Head of Internal Audit has a dotted line to the Chair of the Audit Committee. This function is governed by a charter that is reviewed annually by the Audit Committee. Annually the Audit Committee establishes an Internal Audit plan for approval by the Board. Where required, the Head of Internal Audit may engage external independent consultants to assist with an audit.

Principle 5 – Make Timely & Balanced Disclosure

Continuous Disclosure Policy

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and objective manner.

The Company's Continuous Disclosure Policy, which is available on the Company's website, is designed to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules Continuous Disclosure Requirements.

Principle 6 – Respect the Rights of Shareholders

The Company recognises the importance of enhancing its relationship with investors by: communicating effectively; providing ready access to clear and balanced information about the Company; and encouraging participation at Annual General Meetings. The Company publishes annual and half yearly reports, announcements, media releases and other relevant information on its website at www.resimac.com.au. When distributing notices of Annual General Meetings to shareholders, the Company encourages shareholders to send in any questions they may wish to have answered prior to the meeting and are also encouraged to ask questions and make comments at the meeting.

The directors, company secretary and other key management personnel make themselves available to communicate with shareholders throughout the year so that they feel engaged with the Company.

Shareholders' meetings are held at central locations in the city in which most shareholders reside in order to encourage them to attend the meetings.

The Notice of Meeting and Explanatory Statement documents sent out to shareholders contain all relevant information relating to the meetings.

Shareholders are encouraged to ask questions of the directors and management at meetings and if they are unable to attend the meeting they are encouraged to send in questions on the Company's website which will be answered at the meeting.

The results of a meeting are released to the market as soon as practicable after the conclusion of the meeting.

Shareholders of Resimac Group Limited have the option of receiving and sending information to the Share Registry. Shareholders are encouraged to provide their email addresses to facilitate electronic communication with the Share Registry. The Company's website has a direct link to the Share Registry website to facilitate shareholder communication with the Share Registry.

The Company Secretary has been nominated as the person responsible for all communications to the ASX.

Principle 7 – Recognise & Manage Risk

Assurance

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

The fundamental aim of the Company's risk management strategy is to balance risk against reward, and to optimise returns to all stakeholders. The Company recognises three main types of risk:

- **Market Risk:** the risk of change in earnings from changes in market factors such as interest rates, housing market and economic conditions;
- **Operational Risk:** the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events; and
- **Liquidity Risk:** the risk of failure to adequately fund cash demand in the short term.

In addition to this and in consideration to achieving and maintaining a healthy Risk Management Strategy, the Company's strategy also includes the need to establish a balance between risk versus reward (as described above) and risk mitigation, particularly against those core strategic risks that, should they eventuate, have the ability to significantly impact the Group's ability to operate, optimise returns and meet strategic objectives.

The Company ensures it identifies, applies controls and monitors all risks including but not limited to financial, cyber, and reputational risk.

Resimac Group Limited has a dedicated internal audit function. In addition, an enterprise risk team and a compliance team.

The Company has adopted the 3 lines of defence model.

The business executives have accountability for the risks within their divisions with oversight, analysis, monitoring and reporting of these risks by Enterprise Risk. The risk management framework and policies are developed and approved by management and reviewed by the Risk and Compliance Committee and approved by the Board. Senior management provides reporting to the Audit Committee and the Risk and Compliance Committee on the effectiveness of management controls for material business risks.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPI's of both a financial and non-financial nature.
- Establishment of a Risk and Compliance Committee and recruitment of skilled personnel to ensure there is identification of all compliance obligations relevant to the company, monitoring of the obligations and relevant reporting back to the Board.

Continuity of Business Controls

Crisis Management Plan – the business has implemented a formalised Crisis Management Plan for escalation of all incidents dependent on severity. An agreed incident trigger for Risk, Compliance and Cyber Incidents is in place. Crisis management simulation sessions facilitated by external parties are held with management annually.

Business Continuity Plan (BCP) – individual business unit BCP's and BIA's (Business Impact Analysis) programme is being refreshed to ensure accurate, fit for purpose plans are in place to enable continuity of our business.

Business & Sustainability Risks

This Company does not consider that it has a material exposure to economic, environmental and social sustainability risks.

Principle 8 – Remunerate Fairly & Responsibly

The Board Remuneration & Nomination Committee

The Board has established a Remuneration and Nomination Committee. This Committee has a formal charter, which is available on the Company's Website.

The Remuneration and Nomination Committee responsibilities include:

- Ensuring the CEO and KMP's remuneration is in line with market, includes a performance based element and has alignment to shareholders' interests.
- Ensuring the Board skills matrix is assessed and conducted every two years and that the Board has adequate skills to discharge its duties effectively.

In accordance with its Charter, the Committee must have at least three members. The Committee currently has 5 members with the Chair being independent.

ASX Corporate Governance Council Best Practice Recommendations

Resimac Group Limited complies with the 3rd edition of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" which became effective from 1 July 2014 (except where noted). Resimac Group Limited corporate governance practices for the year ended 30 June 2019 and at the date of this report are outlined in the Corporate Governance Statement.

A gap analysis of the 4th edition's recommendation has been conducted ready for implementation in 2020.

The following summary tables lists each of the ASX Principles and the Resimac Group Limited assessment of compliance with the principles.

	ASX Principle	Compliance
Principle 1:	Lay solid foundations for management and oversight: Companies should establish and disclose the respective roles and responsibilities of board and management.	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Comply
1.2	Companies should undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a director; and provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Comply
1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Comply
1.4	Company secretary should be accountable to the Board.	Comply
1.5	Companies should have a diversity policy which includes requirements for the Board to set measurable objectives for achieving gender diversity. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Comply
1.6	Companies should disclose the process for evaluating the performance of the Board.	Comply
1.7	Companies should disclose the process for evaluating the performance of senior executives.	Comply
Principle 2:	Structure the board to add value: Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.	
2.1	A majority of the board should be independent directors.	Comply
2.2	The chair should be an independent director.	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Comply
2.4	The board should establish a nomination committee.	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Comply

	ASX Principle	Compliance
Principle 3:	Promote ethical and responsible decision-making: Companies should actively promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> ▪ the practices necessary to maintain confidence in the Company's integrity ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Comply Comply Comply
Principle 4:	Safeguard integrity in financial reporting: Companies should have a structure to independently verify and safeguard the integrity of their financial reporting	
4.1	The board should establish an audit committee.	Comply
4.2	The audit committee should be structure so that it: <ul style="list-style-type: none"> ▪ consists only of non-executive directors ▪ consist of a majority of independent directors ▪ is chaired by an independent chair, who is not chair of the board ▪ has at least three members 	Comply Comply Comply Comply
4.3	The audit committee should have a formal charter.	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Comply
Principle 5:	Make timely and balanced disclosure: Companies should promote timely and balanced disclosure of all material matters concerning the company	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Comply
Principle 6:	Respect the rights of shareholders: Companies should respect the rights of shareholders and facilitate the effective exercise of those rights	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Comply
Principle 7:	Recognise and manage risk: Companies should establish a sound system of risk oversight and management and internal control	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Comply
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Comply

	ASX Principle	Compliance
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Comply
Principle 8:	Remunerate fairly and responsibly: Companies should ensure that the level and composition of remuneration is sufficient and responsible and that its relationship to performance is clear	
8.1	The board should establish a remuneration committee	Comply
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> ▪ consists of a majority of independent directors ▪ is chaired by an independent chair ▪ has at least three members 	Comply Comply Comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Comply