



Latitude Corporate Governance Statement

Statement

This Corporate Governance Statement (the “**Statement**”) sets out details of Latitude Group Holdings Limited (“**Latitude**” or the “**Company**”) corporate governance practices for the year ended 31 December 2021 (“**Reporting Period**”) including the Company’s position in respect of each of the Australian Securities Exchange (“**ASX**”) Corporate Governance Councils Corporate Governance Principles and Recommendations 4th Edition (“**Recommendations**”).

As recommended by the ASX Principles, information in relation to corporate governance practices is publicly available on the Company’s website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

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.

This statement has been approved by the Board and is current as at 21 February 2022.

Principle 1 Lay solid foundations for management and oversight

Recommendation 1.1 Have and disclose a Board Charter

A listed entity should have and disclose a Board Charter setting out:

- (a) The respective roles and responsibilities of its Board and management; and
- (b) Those matters expressly reserved to the Board and those delegated to management.

The Board has overall responsibility for the overall corporate governance of the Company, including providing leadership and strategic guidance. 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’s role and responsibilities are formalised in the Board Charter, which defines the matters reserved for the Board and its Committees and those responsibilities delegated to the Chief Executive Officer (Managing Director and CEO) and management. To facilitate the execution of its responsibilities, the Board has established different Committees to oversee and report to the Board on areas of responsibility.

The Board Committees are:

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

A copy of the Board Charter and all Board Committee Charters is available on the Company’s website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Within the scope of the governance framework established by the Board, management of the business and operations of the Company is delegated to the Managing Director and CEO, subject to the oversight and supervision of the Board. The Board has also adopted a Reserved Powers Policy that sets out matters specifically reserved for determination by the Board. The exclusive duties reserved for the Board include:

- Appointing the Managing Director and CEO and external auditor;
- Approving the Company's strategic plan and annual budget;
- Setting the remuneration structure of the Managing Director and CEO and Executive Committee, including performance hurdles for long-term and short-term incentive schemes;
- Approving significant Company policies;
- Approving borrowing limits and sale of non-performing loans;
- Approving significant capital expenditure;
- Approving the half-year and year-end financial statements, dividend and reporting documents; and
- Setting the Company's risk appetite and monitoring the effectiveness of the Company's risk management policies and procedures and the adequacy of its internal control mechanisms.

Recommendation 1.2 Undertake checks before appointment and provide shareholders with information

A listed entity should:

- (a) Undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and
- (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Board actively and regularly considers the composition of the Board, considering the duration of each Director's tenure and the competencies required for the effective oversight of the Company.

The full Board manages the process for the selection and appointment of new Directors. The Board identifies candidates with appropriate skills, knowledge, experience, independence and expertise. The written letter of appointment of each Director outlines the Company's expectations in relation to the time commitment.

The Company undertakes appropriate background and screening checks prior to nominating a Director for appointments to fill a casual vacancy or being proposed for election by the shareholders.

Apart from the role of Managing Director and CEO, all Directors are subject to re-election by rotation at least every three years. Shareholders are provided with all material information in the Company's possession concerning the Director standing for election or re-election in the explanatory notes accompanying the notice of general meeting, including a statement by the Board as to whether it supports the election or re-election of the Director and a summary of the reasons why.

Further details of Board members' qualifications and experience is set-out under Recommendation 4.1 and is also available on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=board-management>.

Recommendation 1.3 Have written agreements with Directors

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All Directors and Executive Committee members have written agreements with the Company.

Directors execute letters of engagement with the Company which include the following terms:

- The term of the appointment;
- Board role and responsibility;
- The Company's expectations of Directors including their expected time commitment, duties to the Company, meeting attendance and preparation;
- Committee membership;
- Remuneration, including superannuation entitlements;
- The Director's obligations to disclose details of their interests in the Company's securities and any matter which may impact their independence;
- Education and training;
- Details of significant Company documents including key policies; and
- Indemnity and insurance arrangements.

Those Directors filling a causal vacancy are required to stand for election by the shareholders at the next Annual General Meeting following their appointment.

Executive Committee members, including the Managing Director and CEO, execute employment contracts with the Company which include the following terms:

- The position and term of employment;
- Executive duties and obligations;
- Remuneration, including incentive benefits and superannuation entitlements;
- Termination rights of the Company and employee including notice periods;
- Confidentiality obligations; and
- Requirement to comply with Company documents including key policies.

Recommendation 1.4 Company Secretary is accountable to the Board

The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

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 decision to appoint or remove a Company Secretary is made by the Board.

Recommendation 1.5 Have and disclose a diversity policy

A listed entity should:

- (a) Have and disclose a diversity policy;
- (b) Through its Board or a Committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and
- (c) Disclose in relation to each reporting period:
 - (1) the measurable objectives set for that period to achieve gender diversity;
 - (2) the entity's progress towards achieving those objectives; and
 - (3) either:
 - (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its Board should be to have not less than 30 percent of its Directors of each gender within a specified period.

The Company is comprised of men and women of varying ages, ethnicities and cultural backgrounds. The Board has formally approved a Diversity Policy to provide a framework by which the Company will support and facilitate an environment of diversity and inclusion across the organisation.

The Board receives detailed data on the Company's progress on gender diversity, including gender diversity statistics. Furthermore, an internal Committee (Latitude Women) was formed prior to listing and is actively involved in promoting and implementing actions to achieve gender diversity.

However, given the Company was listed in April 2021, it has been agreed that a Gender Action Plan will be established in Q1 of FY22, which will include establishing measurable objectives to achieve gender diversity.

The Board comprises of one woman of eight Directors (13 percent). The Board is committed to a target of at least 30 percent women on the Board and this will be a key consideration as the Board executes its succession plan of Board members.

The Executive Committee comprises of one women of seven members (14 percent).

The Company's report, to the Workplace Gender Equality Agency, which was lodged on 31 July 2021, can be found on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

A copy of the Diversity and Inclusion Policy is available on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 1.6 Periodically evaluate Board, Committee and Director performance

A listed entity should:

- (a) Have and disclose a process for periodically evaluating the performance of the Board, its Committees and individual Directors; and
- (b) Disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.



The Company has a process for periodically evaluating the performance of the Board, its Committees and individual Directors.

During the year the Board appointed an external facilitator to conduct the Board performance review, whereby he interviewed all Directors as well as the Executive Committee. The review covered the performance of the Board, Board operations and also identified improvement opportunities and provided an action plan. The Board is now working through implementing the various suggested improvements identified.

Given the Company was listed in April 2021, it has been agreed that the review of the Committees will occur in 2022 and are planned to be conducted internally.

Recommendation 1.7 Annually evaluate Senior Executive performance

A listed entity should:

- (a) Have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- (b) Disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Each reporting period the performance of the Managing Director and CEO and each Executive Committee member is measured against key performance indicators and other performance criteria set by the Board via the Enterprise Scorecard. The performance indicators set out in the Enterprise Scorecard relate to value/growth, customer, strategy and people performance targets.

The Remuneration Committee considers the performance of the Managing Director and CEO and members of the Executive Committee when formulating remuneration arrangements. During FY21 eligible members of the Executive Committee (including the Managing Director and CEO) participated in the short-term and long-term incentive plans.

The short-term incentive plan contains measurable key performance indicators with respect to the financial year budget that are approved by the Board, along with targets set out in the Enterprise Scorecard.

The long-term incentive plan contains incentive targets for the financial years to which each offer made under the plan applies. The performance rights granted in FY21 will each vest where the Company's Earnings Per Share (EPS) and Return on Equity (ROE) vesting conditions are met. These incentive targets were adopted by the Board following engagement of external remuneration advisors to develop an appropriate remuneration program for the Managing Director and CEO and broader Executive Team upon listing.

Principle 2 Structure the board to be effective and add value

Board and Committees

The Board is comprised of eight Directors: seven Non-Executive Directors and the Managing Director and CEO.

As stated at 1.1, the Board has formed the following Committees:

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

Latitude Corporate Governance Statement Continued

The composition of each Committee includes:

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

Meetings

The number of meetings of the Board and Committees held during FY21 and the number of meetings attended by each Director is set out below:

	Board				Committees							
	Scheduled Meetings		Unscheduled Meetings ¹		Risk		Audit		Remuneration & People		Technology	
	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded	Held	Atte-nded
Director												
Mike Tilley	7	7	21	21	4	4	4	4	6	6	4	3
Ahmed Fahour	7	7	21	21	4	4	4	4	6	6	4	4
Scott Bookmyer	7	7	18	18	–	–	–	–	6	6	–	–
James Corcoran	7	7	18	18	4	4	4	4	1	1	–	–
Andrew Hoshino ²	4	4	8	8	–	–	–	–	–	–	2	2
Mark Joiner	7	7	20	20	4	4	4	4	–	–	–	–
Alison Ledger	7	7	19	19	–	–	4	4	6	6	4	4
Beaux Pontak	7	7	18	18	4	4	–	–	6	6	4	4

¹ The number of meetings unscheduled in the Board's approved annual calendar. This number includes Board meetings and sub-committee meetings in respect of acquisitions, listing requirements and other out-of-cycle matters.

² Andrew Hoshino was appointed as a Non-Executive Director on 18 June 2021.



Recommendation 2.1 Have a Nomination Committee and disclose its Charter

The Board of a listed entity should:

- (a) Have a nomination Committee which:
 - (1) has at least three members, a majority of whom are independent Directors; and
 - (2) is chaired by an independent Director, and disclose:
 - (3) the charter of the Committee;
 - (4) the members of the Committee; and
 - (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a nomination Committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Latitude acknowledges the ASX Recommendation 2.1 that the Company have a Nomination Committee, and notes that the Board has not initially established a separate Nomination Committee. The Board itself is 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.

Recommendation 2.2 Have and disclose a Board skills matrix

A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.

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 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. The collective skills and experience of the Board of Directors includes:

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

Recommendation 2.3 Disclose independence of Directors

A listed entity should disclose:

- (a) The names of the Directors considered by the Board to be independent Directors;
- (b) If a director has an interest, position or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and
- (c) The length of service of each Director.

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 an Independence Policy 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 and CEO of the Company. In addition, Scott Bookmyer, James Corcoran, Beaux Pontak and Andrew Hoshino (each a Shareholder Representative Director) are not currently considered by the Board to fulfil the role of independent Director.

The length of service of each director is outlined in the annual report.

A copy of the Independence Policy is provided on the website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 2.4 Have a majority of independent Directors

A majority of the Board of a listed entity should be independent Directors.

Given the independence positions of each Director outlined at 2.3 above, the Board does 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 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, Beaux Pontak and Andrew Hoshino. 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. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable.

A copy of the Board Conflict of Interest Policy can be found on the website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 2.5 Board chair should be independent

The chair of the Board of a listed entity should be an Independent Director and in particular, should not be the same person as the Managing Director and CEO of the entity.

The Board has a practice of separating the role of Chairman and the Managing Director and CEO, with Mike Tilley in the role of Chairman (an Independent Non-Executive Director for the reasons stated under Recommendation 2.3) and Ahmed Fahour in the role of Managing Director and CEO.

Recommendation 2.6 Have a Director induction program and review Director professional development

A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their roles as directors effectively.

Newly appointed Directors of the Company receive an extensive induction pack which includes all relevant corporate governance documents, policies, annual reports and previous Board and Committee papers. The Company has a program that provides professional development opportunities via training provided by external parties, updates on developments in accounting standards and changes in law. The Board also receives regular updates from the Senior Executives on risk and compliance issues, relevant changes in the regulatory environment affecting Directors and the Company and governance.

Principle 3 Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1 Articulate and disclose the values

A listed entity should articulate and disclose its values.

The Company is committed to being a socially responsible corporate citizen and is guided by a set of core values which provide the basis for appropriate standards of behaviour for all Company employees, executives and Directors.

These values are:

- Act Right;
- Be Curious; and
- Show Care.

A list of the Company's values is available on the Company's website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 3.2 Have and disclose a code of conduct

A listed entity should:

- (a) Have and disclose a code of conduct for its Directors, senior executives and employees; and
- (b) Ensure that the Board or a Committee of the Board is informed of any material breaches of that code.

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 policy is the Code of Conduct. Furthermore, there are the following additional policies:

- Environment, Health and Safety Policy;
- Drug & Alcohol Policy;
- Workplace Behaviour Policy;
- Managing Performance & Conduct Policy;
- Concern Raising & Whistleblower Policy;
- External Privacy and Credit Reporting Policy;
- Financial Crime Compliance Policy;
- Fraud Management Policy;
- 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 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.

The Board has ultimate responsibility for resolving all matters concerning ethical and responsible decision-making, with policies and practices designed to ensure the integrity of the Company is maintained and investor confidence enhanced. The Board and the Executive Committee, through their own actions, promote and foster an ethical corporate culture for the entire Company.

Additionally, the Directors must keep the Board advised, on an on-going basis, of any interest that could potentially conflict with that of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and does not participate when the relevant item is considered or voted on.

The Code of Conduct can be found on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 3.3 Have and disclose a whistle blower policy

A listed entity should:

- (a) Have and disclose a whistleblower policy; and
- (b) Ensure that the board or a Committee of the board is informed of any material incidents reported under that policy.

Latitude believes in and is committed to having a corporate culture where ethical and good behaviour is promoted and recognised and employees are encouraged to report unethical, unlawful or undesirable conduct without fear of disadvantage, intimidation, reprisals or retaliatory action.

At Latitude we want to provide our people with a safe environment, where we all feel comfortable about raising concerns about actual, suspected or anticipated wrongdoing with Latitude and have in place a Concern Raising and Whistleblower Policy which can be found on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

The Risk Committee also receives updates on any material matters reported under the policy.

Recommendation 3.4 Have and disclose an anti-bribery and corruption policy

A listed entity should:

- (a) Have and disclose an anti-bribery and corruption policy; and
- (b) Ensure that the Board or a Committee of the board is informed of any material breaches of that policy.

Latitude recognises the importance of having oversight of risks associated with conflicts of interest and at the extreme, issues associated with bribery and corruption, as each may be indicative of issues associated with the Company's culture.

As such, a Financial Crime Policy is in place, which contains details on the anti-bribery and corruption, and can be found on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

The Risk Committee has oversight of this area and receives reporting of any material incidents of bribery or corruption and consequent actions taken.

Principle 4 Safeguard the integrity of corporate reports

Recommendation 4.1 Have an Audit Committee and disclose its Charter

The board of a listed entity should:

- (a) Have an audit Committee which:
 - (1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and
 - (2) is chaired by an independent Director, who is not the chair of the Board, and disclose:
 - (3) the charter of the Committee;
 - (4) the relevant qualifications and experience of the members of the Committee; and
 - (5) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have an audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Audit Committee has three members being, Mark Joiner (Chair, independent Non-Executive Director), Alison Ledger (independent Non-Executive Director) and James Corcoran (Shareholder Representative Director). The majority of the members are independent and the Chair of the Audit Committee is not chair of the Board.

The qualification and experience of the members of the Audit Committee are set out in the Annual Report along with the number of times the Audit Committee met through the Reporting Period and the attendance of its members. The Audit Committee Charter is disclosed on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

The Audit Committee provides support to the Board in overseeing the financial reporting framework of the Company and its related entities (together the "Group").

In particular, the Committee is responsible for the oversight of:

- The adequacy of the Group's corporate reporting processes, internal control framework and integrity of the Company's accounting and financial statements;
- The Group's external audit processes, including the appointment, independence, management and removal of the Company's external auditor;
- The Group's internal audit processes, including appointment of the head of internal audit and audit planning; and
- The Group's tax risk and tax governance arrangements.

External Auditors

The Audit Committee is responsible for recommending to the Board the appointment and remuneration of the external auditors. The Company currently engages KPMG as its external auditor and has a policy on the procedure for the selection and appointment of external auditor and rotation of the external audit engagement partner. KPMG will attend the Company's Annual General Meeting (AGM) each year at which the audit partner is available to answer questions of shareholders relevant to the audit.

The Audit Committee Charter can be found on the Company's website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 4.2 Board to receive a declaration from the Managing Director and CEO and CFO in advance of approving the financial statements

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Managing Director and CEO and CFO a declaration that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Section 295A of the Corporations Act requires each person who performs the CEO or CFO function in a listed entity established in Australia to provide a declaration that, in their opinion, the financial records of the entity for a financial year have been properly maintained in accordance with the Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the entity. The declaration must be given before the directors approve the financial statements for the financial year.

The section 295A declaration to the Board includes that:

- The financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act;
- The financial statements and the notes to the financial statements comply with Australian Accounting Standards, the Corporations Regulation 2001 and other mandatory professional reporting requirements;
- The financial statements and the notes to the financial statements give a true and fair view of the financial position and performance of the Company and consolidated entity;
- The Company's financial report is founded on sound systems of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

Whilst section 295A applies to annual financial statements, the Company has adopted this declaration process for both interim financial statement and annual financial statements.

Recommendation 4.3 Disclose the process to verify unaudited periodic reporting

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Any periodic corporate report that the Company releases which has not been subject to audit or review by an external auditor is subject to an internal verification process that enables the responsible executive to confirm to either the Board or the Continuous Disclosure Committee that the report has been verified.

Principle 5 Make timely and balanced disclosure

Recommendation 5.1 Have and disclose a continuous disclosure policy

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company is committed to providing timely and accurate disclosure to the market of all material matters concerning the Company. The Company's Disclosure and Communication Policy seeks to ensure that its shareholders and the market have equal access to information issued by the Company.

Under the Disclosure and Communication Policy, the Company has established a Disclosure Committee, comprised of the Company Secretary, the Managing Director and 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. The Board considers potential disclosure issues at each meeting.

Copies of all of the Company's ASX announcements can be found on the Company's website at <https://investors.latitudedefinancial.com.au/investor-centre/> along with the Disclosure and Communication Policy, which is located at <https://investors.latitudedefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 5.2 Promptly provide the Board with all material market announcements

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Board receives copies of all market announcements promptly after they have been made.

Recommendation 5.3 Release a copy of investor or analyst presentations to the market

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Latitude believes in keeping its security holders appropriately and equally informed and has a process in place to first submit to the ASX Market Announcements Platform any new and substantive investor or analyst presentations before they are given to the investors or analysts.

In addition, a webcast from management is arranged for the full year and half year results announcements, at which the Managing Director and CEO and CFO will give a presentation and provide investors and analysts with the opportunity to submit questions on that presentation. These are available for download after the presentation at <https://investors.latitudedefinancial.com.au/investor-centre/>.

Principle 6 Respect the rights of security holders

Recommendation 6.1 Provide company and governance information on the website

A listed entity should provide information about itself and its governance to investors via its website.

It's the Board's aim that the Company maintains effective communications with its shareholders and keeps them fully informed of significant developments and activities of the Company, as well as provide them with the facilities to allow them to effectively exercise their rights as security holders.

This commitment is achieved by:

- Complying with the ASX Listing Rules and the Corporation Act continuous disclosure and reporting requirements;
- Distribution of the Annual Report to all shareholders either electronically or in hard copy depending on the shareholder preferences;
- Holding an accessible and informative AGM. The Board requires the external auditor attend the AGM and be available to answer shareholder questions in relation to the audit of the Company's financial statements, preparation and content of the auditor's report, the accounting policies adopted by the Company and auditor independence;
- Regularly updating the Company's website to include annual and interim reports, market announcements, corporate governance policies and shareholder information to ensure transparency and a high level of communication of the Company's operations and financial situation, to the extent that this information is not commercially sensitive or confidential; and
- Responding to questions and comments at the AGM submitted by shareholders to the Company in advance of the meeting.

Latitude encourages direct contact from shareholders. Contact details of our Investor Relations team are provided in all ASX announcements and contact details, including phone number, website and email of the Company's share registry, Computershare are provided on the Company's website at <https://investors.latitudefinancial.com.au/investor-centre/>.

Recommendation 6.2 Have an investor relations program to facilitate two-way communication with investors

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

Latitude is committed to providing its shareholders with the appropriate information and facilities to allow them to exercise their rights as shareholders effectively. Latitude's Disclosure and Communications Policy, available on its investor website, provides the framework for how the Company meets its commitment to deliver timely disclosures and clear communications, underpinned by strong governance to promote investor confidence. Other methods which are used to facilitate effective two-way communication are:

- Annual Reports which are made available to shareholders;
- Disclosures made to the ASX;
- Notices of Meeting and Explanatory Memorandums in relation to resolutions to be put to a vote of shareholders;
- AGMs at which shareholders are given an opportunity to ask questions about and comment on the performance and operations of the Company and its subsidiaries and to vote on other items of business including Director appointments. Furthermore, shareholders can ask questions ahead of the meeting via email. Where appropriate, these questions will be answered at the meeting;

- Responding to communications from shareholders in a timely and responsive manner;
- Periodic investor presentations and briefings; and
- Investor roadshows following Half and Full year results.

All shareholders have the option to receive communications from and send communications to, the Company and its share registrar Computershare, electronically.

The Disclosure and Communications Policy is disclosed on the Company's website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 6.3 Disclose how security holder participation at meetings is encouraged

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Allowing the opportunity for security holders to engage with the Company and Board at AGMs is a key element of the agenda for each meeting, with the Company providing security holders with the opportunity to submit questions in advance of or at the meeting, to be addressed at the meeting.

Latitude is planning for the 2022 AGM to be a hybrid meeting to further facilitate interaction with its security holders.

Recommendation 6.4 Substantive security holder resolutions to be determined by poll

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Latitude will conduct all material security holder resolutions by poll, the results of which are disclosed to the market.

Recommendation 6.5 Provide option to security holders to receive electronic communications

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Latitude supports and encourages its security holders to receive communications from Latitude and its registry by electronic means. Security holders are also encouraged to use electronic means to contact the Company and our investor relations team.

Principle 7 Recognise and manage risk

Risk management

The Board recognises that risk management and internal controls are fundamental to sound management and that oversight of such matters is a key responsibility of the Board. The Company has a risk management policy framework and governance structure designed to ensure that the risks of conducting business are properly managed. Management is responsible to the Board for identifying, managing, reporting upon, and implementing measures to address the risk.



Recommendation 7.1 Have a Risk Committee and disclose its Charter

The board of a listed entity should:

- (a) Have a Committee or Committees to oversee risk, each of which:
 - (1) has at least three members, a majority of whom are independent Directors; and
 - (2) is chaired by an independent Director, and disclose:
 - (3) the charter of the Committee;
 - (4) the members of the Committee; and
 - (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board is responsible for overseeing and approving the Company's Enterprise Risk Management Framework and Risk Appetite.

Risk Committee

The Company has also established a Risk Committee which assists the Board in overseeing the implementation of an effective system of risk management.

The Chief Risk Officer reports to the Risk Committee on the implementation of the Enterprise Risk Management Framework and strategies to mitigate and manage material risks.

The Risk Committee is chaired by an independent Director (Mark Joiner) and has two other members (Beaux Pontak and James Corcoran). Whilst the majority of the members of the Risk Committee are not independent, the Board is satisfied that the composition 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.

Further details on the qualifications and experience of the Risk Committee are available in the Director's Report in the Company's Annual Report. Information concerning the attendance of the Risk Committee members at the Risk Committee meetings is available under ASX Principle 2.

Recommendation 7.2 Annually review the risk management framework

The Board or a Committee of the board should:

- (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and
- (b) Disclose, in relation to each reporting period, whether such a review has taken place.

The Company manages a range of business risks which have the potential to have a material impact on the performance and operation of the Company. The Risk Committee and the Board recognises that they have ultimate responsibility for ensuring that the risk mitigation actions and internal control environment of the Company, is fit for purpose and adequate in terms of safeguarding shareholder value.

The Board has put in place a comprehensive Enterprise Risk Management Framework that is reviewed annually and has been developed in line with the principles contained within the AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines. The Enterprise Risk Management Framework establishes the various processes and internal controls designed to safeguard the Company's assets, minimise its liabilities and to ensure the integrity of its reporting. The Company's Enterprise Risk Management Framework, Risk Appetite Statement and supporting policies and processes are designed to ensure that relevant risks in business activities are identified, measured, monitored and managed.

The Company's operating model for risk management is designed to:

- Maintain an effective system of internal controls commensurate with the scale and complexity of the Latitude business and consistent with the three lines of defence principles. This incorporates front line management and staff leading and taking primary responsibility for managing risk; and
- Support the business in enabling sustainable growth and productivity whilst supporting operational reliability and resilience.

Enterprise Risk Management Framework

The Board has adopted an Enterprise Risk Management Framework and associated policies, which contain the risk management assessment program, being:

- Identifying and analysing the main risks facing Latitude;
- Evaluating those risks and making judgements about whether they are acceptable or not;
- Implementing appropriately designed control systems to manage these risks in a way which is consistent with Latitude's Board Approved Risk Appetite Statement;
- Treating risks out of appetite by formulating responses following the identification of unacceptable risks, including actions to reduce the probability or consequences of an event and formulation of contingency plans for certain scenarios;
- Documenting these processes, with risk registers and risk reporting, supplemented by risk manuals or related documents as appropriate; and
- Ongoing monitoring, communication and review.

The Enterprise Risk Management Framework, along with related Board approved risk management policies specify the overall principles and practices to be applied to managing business risks within the organisation and provide guidance to management on key risk management issues.

The Board has established the following functions and Committees to monitor business risks:

- A risk management function that provides specialist support to all areas of risk management;
- An Internal Audit function to assist the Board, management and employees in the effective discharge of their responsibilities by providing analysis, testing, opinion and recommendations concerning the adequacy and effectiveness of the Company's internal controls;
- An internal legal function that provides specialist support in the areas of legal, regulatory and governance compliance;
- Board Risk Management Committee (refer section 7.1);

- The following Management Committees:
 - Executive Committee; and
 - Latitude Enterprise Risk Management Committee, inclusive of the following subordinate committees:
 - › New Zealand Enterprise Risk Management Committee
 - › Line 1 Risk and Compliance Committee
 - › Credit Committee
 - › Remediation Committee
 - › Reserves Committee
 - › Asset and Liability Committee.

The Board identified Company material risks are outlined each year in the Company's Annual Report.

Recommendation 7.3 Make disclosures regarding the internal audit function

A listed entity should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs; or
- (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

Latitude has an internal audit function which consists of six staff members with additional resources sourced as required. Internal Audit has unfettered access to Management and the Board. The General Manager, Internal Audit reports directly to the Audit Committee which is responsible for reviewing and assessing the Internal Auditor's performance.

In accordance with the Audit Committee approved Internal Audit Charter, the role of Internal Audit is to provide independent, objective assurance to the Audit Committee and Board that financial and non-financial controls are operating in a compliant, efficient, effective, economical and ethical manner. This is done by bringing a systematic and disciplined approach to evaluate the effectiveness of Latitude's risk management, controls and governance processes. An annual plan is developed (refreshed mid-year) in conjunction with Management and approved by the Audit Committee, with regular reporting provided to the Committee. Private sessions with the Audit Committee and General Manager, Internal Audit, excluding management, are conducted four times a year.

Recommendation 7.4 Disclose if the Company has any material environmental or social risks, and their mitigants

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

Latitude is dedicated to effectively managing all material risk faced by the Company including its exposure to environmental or social risks.

Further information regarding Latitude's approach to environmental and social sustainability matters can be found in the Sustainability section of the Annual Report.

Principle 8 Remunerate fairly and responsibility

Recommendation 8.1 Have a Remuneration Committee and disclose its Charter

The board of a listed entity should:

- (a) Have a remuneration Committee which:
 - (1) Has at least three members, a majority of whom are independent Directors; and
 - (2) Is chaired by an independent Director, and disclose:
 - (3) The charter of the Committee;
 - (4) The members of the Committee; and
 - (5) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has established a Remuneration Committee. The Remuneration Committee's role is to assist the Board with its governance responsibilities with respect to remuneration matters involving the Company including:

- Performance review of the Managing Director and CEO and the Executive Committee members and the succession planning of these roles; and
- Remuneration strategies for the Non-Executive Directors, Managing Director and CEO and Executive Committee members.

The Remuneration Committee is chaired by an Independent Non-Executive Director (Alison Ledger). The other two members are Non-Independent Non-Executive Directors (Scott Bookmyer and Beaux Pontak). The chairman of the Remuneration Committee, Alison Ledger, is not the chairman of the Board. Whilst the majority of the members of the Remuneration Committee are not Independent, the Board 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.

Further details on the qualifications and experience of the Remuneration Committee is available in the Directors' Report in the Company's Annual Report. Information concerning the attendance of the Remuneration Committee members at the Remuneration Committee meetings is available under ASX Principle 2.

The Charter of the Remuneration Committee is available on the Company's website at <https://investors.latituedeinancial.com.au/investor-centre/?page=corporate-governance>.

The remuneration framework for the Managing Director and CEO and senior executives (and other KMPs) incorporates 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:

- Delivery of a material portion of STI into equity restricted for 12 and 24 months;
- LTI vesting over a three-year period with a further 12 month restricted period;
- 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 inclusive of superannuation payments.

Further detail is provided in the Summary Remuneration Policy which can be found on our website at <https://investors.latitudefinancial.com.au/investor-centre/?page=corporate-governance>.

Recommendation 8.2 Disclose policies and practices for Non-Executive Directors, Executive Directors, and for executive management

A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior executives.

Remuneration Report

In accordance with section 300A of the Corporations Act, disclosures in relation to Director and executive remuneration are included in a separate component of the Directors' Report in the Annual Report, entitled Remuneration Report. The Remuneration Report contains details of the Company's remuneration philosophy and structure, including fixed and variable remuneration.

Board Remuneration

Remuneration of the Non-Executive Directors is fixed and designed to ensure that Board membership of an appropriate mix and calibre is maintained and aligned with remuneration trends in the marketplace. Remuneration levels and trends are reviewed with the assistance of independent external remuneration consultants where appropriate.

Managing Director and CEO and Executive Remuneration

The underlying principles of risk and reward for performance are set out in the Remuneration Report. These principles recognise the different levels of contribution of management to the short-term and long-term success of the Company. A key element is the principle of reward for performance that is dependent upon both personal and Company performance. Every employee undergoes a formal appraisal each financial year, which is used, in part, to determine that employee's remuneration in the financial year ahead.

The Managing Director and CEO's performance is continually monitored and annually assessed.

Recommendation 8.3 Have and disclose a policy on limiting economic risk of participating in equity based remuneration programs

A listed entity which has an equity-based remuneration scheme should:

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) Disclose that policy or a summary of it.

The Board has adopted a Trading Policy 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.

A copy of the Trading Policy can be found on our website at <https://investors.latitudafinancial.com.au/investor-centre/?page=corporate-governance>.