

2019 CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out Zip Co Limited's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 27 September 2019 and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		<p>The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:</p> <ul style="list-style-type: none"> (a) maintain and increase Shareholder value; (b) ensure a prudential and ethical basis for the Company's conduct and activities; and (c) ensure compliance with the Company's legal and regulatory objectives. <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> (a) developing initiatives for profit and asset growth; (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis; (c) acting on behalf of, and being accountable to, the Shareholders; and (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. <p>The Company is committed to the circulation of relevant materials to directors in a timely manner to facilitate directors' participation in Board discussions on a fully-informed basis.</p> <p>The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate to the needs of the Company.</p> <p>The Board Charter is contained in the Corporate Governance and Policies Manual available on the Company's website: www.zipmoneylimited.com.au</p>
<p>1.1. A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) <i>the respective roles and responsibilities of its board and management; and</i> (b) <i>those matters expressly reserved to the board and those delegated to management.</i> 	<p>Yes</p>	

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<p>1.2. <i>A listed entity should:</i></p> <p>(a) <i>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</i></p> <p>(b) <i>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.</i></p>	Yes	<p>The Company undertakes background checks through an external service provider with regards to the person's character, experience, education, criminal record and bankruptcy history prior to nomination for election as a director. Any material adverse information revealed by these checks is released to securityholders prior to Company's meeting of shareholders at which they are able to be elected.</p> <p>All material information that the Company has in its possession has been disclosed.</p>
<p>1.3. <i>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</i></p>	Yes	<p>Directors are given letters of appointment and/or service agreements, and senior executives are given employment contracts setting out the terms of their appointment. These set out the relevant terms by which they will be involved in the Company.</p>
<p>1.4. <i>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.</i></p>	Yes	<p>The company secretary position is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>

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<p>1.5. <i>A listed entity should:</i></p> <p>(a) <i>have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</i></p> <p>(b) <i>disclose that policy or a summary of it; and</i></p> <p>(c) <i>disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</i></p> <p>(1) <i>the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</i></p> <p>(2) <i>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.</i></p>	No	<p>The Company has adopted a diversity policy and it recognises that a commitment to achieving greater gender and multicultural diversity is essential for enabling the Company to attract and retain employees with the best skills and abilities. The Diversity Policy is available at www.zipmoneylimited.com.au</p> <p>The Board, however, has not developed any measurable objectives for achieving gender diversity. The following is the respective proportions of men and women on the board, in senior executive positions and across the whole organisation</p> <p>FY19 Board – 80% Men, 20% Women; Senior Executives – 71% Men; 20% Women; Whole Organisation – 68% Men, 32% Women</p> <p>FY18 Board – 80% Men, 20% Women; Senior Executives – 83% Men; 17% Women; Whole Organisation – 65% Men, 35% Women</p>
<p>1.6. <i>A listed entity should:</i></p> <p>(a) <i>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</i></p> <p>(b) <i>disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i></p>	Yes	<p>The Company undertakes a formal performance appraisal of the Executive Directors during the reporting period. However, the formal performance appraisal of the Non-Executive Directors was not undertaken during the reporting period.</p>
<p>1.7. <i>A listed entity should:</i></p> <p>(a) <i>have and disclose a process for periodically evaluating the performance of its senior executives; and</i></p> <p>(b) <i>disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i></p>	Yes	<p>The Board and senior management team regularly review the performance of its senior executives and address any issues that may emerge.</p> <p>The Company had undertaken a formal performance appraisal during the reporting period.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
2. Structure the board to add value		
<p>2.1. <i>The board of a listed entity should:</i></p> <p>(a) <i>have a nomination committee which:</i></p> <p>(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director, and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the members of the committee; and</i></p> <p>(5) <i>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</i></p> <p>(b) <i>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.</i></p>	Yes	<p>From 1 July 2018 to 30 June 2019, the board had not established a nomination committee as the role of the committee was undertaken by the full board, which consists of 5 members.</p> <p>From 30 June 2019, a Remuneration and Nomination Committee has been established with its own Charter. The Committee comprises of three Board members (John Batistich, Philip Crutchfield and Dianne Challenor), 2 of whom (John Batistich and Philip Crutchfield), are considered independent Directors.</p> <p>The Remuneration and Nomination Committee is chaired by John Batistich whom is considered an Independent Director.</p> <p>Copy of the Remuneration and Nomination Committee Charter is available from the company's website http://zipmoneylimited.com.au.</p> <p>Details of Board committee meetings held and meeting attendance of each member is set out in the Directors Report.</p>
<p>2.2. <i>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</i></p>	Yes	<p>The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principle criterion for the appointment of new directors is their ability to add value to the Company and its business. The Board skills matrix is available at http://zipmoneylimited.com.au</p>
<p>2.3. <i>A listed entity should disclose:</i></p> <p>(a) <i>the names of the directors considered by the board to be independent directors;</i></p> <p>(b) <i>if a director has an interest, position, association 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, association or relationship in question and an explanation of why the board is of that opinion; and</i></p> <p>(c) <i>the length of service of each director.</i></p>	Yes	<p>The Board has reviewed the position and associations of each of the directors and has determined that the following Directors are considered Independent Directors during the reporting period:</p> <ul style="list-style-type: none"> - Philip Crutchfield - John Batistich <p>The interests of the Directors are disclosed in the Annual Report. The Company will continually evaluate whether it will be appropriate to consider additional independent directors as the business evolves and expands.</p> <p>The appointment date of each director is disclosed in the Company's Annual Report available at http://zipmoneylimited.com.au.</p>

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2.4. <i>A majority of the board of a listed entity should be independent directors.</i>	No	For the reporting period, a majority of the Board was not independent. The Company will continually evaluate whether it will be appropriate to consider additional Independent directors as the business evolves and expands. The Board currently consists of 2 independent directors from a Board comprising 5 members.
2.5. <i>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 CEO of the entity.</i>	Yes	The Board's Chairman during the reporting period is Mr Philip Crutchfield who is an independent director. The Board's Chairman is not the same person as the CEO of the Company.
2.6. <i>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</i>	Yes	The Company takes care in ensuring that Directors will be able to effectively manage and govern the Company before their nomination as potential Directors.
3. Promote ethical and responsible decision-making		
3.1. <i>A listed entity should:</i> <i>(a) have a code of conduct for its directors, senior executives and employees; and</i> <i>(b) disclose that code or a summary of it.</i>	Yes	The Company adopted a formal code of conduct for its directors, senior executives and employees. The code of conduct is available in the Corporate Governance and Policies Manual at http://zipmoneylimited.com.au .
4. Safeguard integrity in financial reporting		
4.1. <i>The board of a listed entity should:</i> <i>(a) have an audit committee which:</i> <i>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</i> <i>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</i> <i>(3) the charter of the committee;</i> <i>(4) the relevant qualifications and experience of the members of the committee; and</i> <i>(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</i> <i>(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</i>	Yes	From 1 July 2018 to 30 June 2019, the board has not yet established an audit committee. The role of the committee was undertaken by the full board, which consists of 5 members. From 30 June 2019, an Audit and Risk Committee has been established with its own Charter. The Committee comprises of three Board members (John Batistich, Philip Crutchfield and Dianne Challenor), 2 of whom (John Batistich and Philip Crutchfield) are considered independent Directors. The Audit and Risk Committee is chaired by John Batistich whom is considered an Independent Director. Copy of the Audit and Risk Committee Charter is available from the company's website http://zipmoneylimited.com.au . Details of Board committee meetings held and meeting attendance of each member is set out in the Directors Report.

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<i>for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</i>		
4.2. <i>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its 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.</i>	Yes	The Board received a declaration from its CEO and CFO before it approved the Company's financial statements for all financial periods in the reporting period.
4.3. <i>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</i>	Yes	The external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.
5. Make timely and balanced disclosure		
5.1. <i>A listed entity should:</i> <i>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</i> <i>(b) disclose that policy or a summary of it.</i>	Yes	The Company adopted a Continuous Disclosure Policy. It is available at http://zipmoneylimited.com.au .
6. Respect the rights of shareholders		
6.1. <i>A listed entity should provide information about itself and its governance to investors via its website.</i>	Yes	The Company provides information about itself and its governance to investors via its corporate website, http://zipmoneylimited.com.au .
6.2. <i>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</i>	Yes	The Company has adopted a Shareholder Communication Policy which is available at http://zipmoneylimited.com.au .
6.3. <i>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</i>	Yes	The Shareholder Communication Policy is available at http://zipmoneylimited.com.au .
6.4. <i>A listed entity should give security holders the option to receive communications from, and send</i>	Yes	The Company encourages security holders to register for receipt of communications from the Company electronically. The process is managed by the Company's Registry.

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<i>communications to, the entity and its security registry electronically.</i>		
7. Recognise and manage risk		
7.1. The Board of a listed entity should: <i>(a) have a committee or committees to oversee risk, each of which:</i> <i>(1) has at least three members, a majority of whom are independent directors; and</i> <i>(2) is chaired by an independent director, and disclose:</i> <i>(3) the charter of the committee;</i> <i>(4) the members of the committee; and</i> <i>(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</i> <i>(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.</i>	Yes	<p>From 1 July 2018 to 30 June 2019, the board has not yet established a risk committee. The role of the committee was undertaken by the full board, which consists of 5 members.</p> <p>From 30 June 2019, an Audit and Risk Committee has been established with its own Charter. The Committee comprises of three Board members (John Batistich, Philip Crutchfield and Dianne Challenor), 2 of whom (John Batistich and Philip Crutchfield) are considered independent Directors.</p> <p>Copy of the Audit and Risk Committee Charter is available from the company's website http://zipmoneylimited.com.au.</p> <p>Details of Board committee meetings held and meeting attendance of each member is set out in the Directors Report.</p>
7.2. The board or a committee of the board should: <i>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</i> <i>(b) disclose in relation to each reporting period, whether such a review has taken place.</i>	Yes	<p>From 1 July 2018 to 30 June 2019, although the Company does have a separately constituted Audit and Risk committee, the entire Board conducts a review of the Company's risk management framework as a part of the annual audit process.</p> <p>From 30 June 2019, this was undertaken by the separate committee.</p>
7.3. A listed entity should disclose: <i>(a) if it has an internal audit function, how the function is structured and what role it performs; or</i> <i>(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 risk management and internal control processes.</i>	Yes	<p>The Company did not have an internal audit function during the reporting period.</p> <p>The Company has set up internal processes for evaluating and continually improving the effectiveness of its risk management and internal control framework.</p>
7.4. A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	<p>The Company does not have material exposure to environmental and social sustainability risks.</p> <p>The Company does have material exposure to economic risks through the provision of its financial products. Those risks and their management is disclosed annually in the Company's Annual Report.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
8. Remunerate fairly and responsibly		
8.1. The Board of a listed entity should: (a) <i>have a remuneration committee which:</i> (1) <i>has at least three members, a majority of whom are independent directors; and</i> (2) <i>is chaired by an independent director, and disclose:</i> (3) <i>the charter of the committee;</i> (4) <i>the members of the committee; and</i> (5) <i>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</i> (b) <i>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.</i>	Yes	<p>From 1 July 2018 to 30 June 2019, the board had not established a remuneration committee as the role of the committee was undertaken by the full board, which consists of 5 members.</p> <p>From 30 June 2019, a Remuneration and Nomination Committee has been established with its own Charter. The Committee comprises of three Board members (John Batistich, Philip Crutchfield and Dianne Challenor), 2 of whom (John Batistich and Philip Crutchfield), are considered independent Directors.</p> <p>The Remuneration and Nomination Committee is chaired by John Batistich whom is considered an Independent Director.</p> <p>Copy of the Remuneration and Nomination Committee Charter is available from the company's website http://zipmoneylimited.com.au.</p> <p>Details of Board committee meetings held and meeting attendance of each member is set out in the Directors Report.</p>
8.2. 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.	Yes	The structure of Directors' remuneration is disclosed in the Annual Report.
8.3. A listed entity which has an equity-based remuneration scheme should: (a) <i>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</i> (b) <i>disclose that policy or a summary of it.</i>	Yes	<p>The Company has an equity-based remuneration scheme for employees that has been approved by the shareholders.</p> <p>The Company has adopted a Code for dealing in Securities and is available at http://zipmoneylimited.com.au.</p>