



<b>Company</b>	Credit Corp Group
<b>Code</b>	CCP
<b>Meeting</b>	AGM
<b>Date</b>	1 November 2018
<b>Venue</b>	225 George Street, Sydney
<b>Monitor</b>	Sue Erbag assisted by Patricia Beal and Allan Goldin

<b>Number attendees at meeting</b>	33 shareholders plus 35 visitors
<b>Number of holdings represented by ASA</b>	89
<b>Value of proxies</b>	\$6,258,000
<b>Number of shares represented by ASA</b>	314,000 (equivalent to 13 <sup>th</sup> largest shareholder)
<b>Market capitalisation</b>	\$951m
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with Chair Don McLay, and CFO Michael Eadie

## An industry under a governance microscope

This was the first year Credit Corp Group (CCP) was on ASA's list of monitored companies, and the board and its directors have been very communicative during the process. CCP held a poll for the first year and also a webcast.

Many members of the senior and middle management team were in attendance at the meeting and it is noteworthy the only female executive present was head of HR, there is only one female director on the board. A female manager has been appointed for the USA team.

Our questions were focussed on transparency. Whilst the annual reports contained a good level of information, they still lacked transparency regards key management personnel (KMP) remuneration and we pointed out that an actual remuneration table showing actual take home pay would be useful. The chairman had answered that shareholders could look at these companies' reports themselves and make their own assumptions, however we pointed out that many shareholders may find it difficult to work through the numbers.

Additionally, we commented that by using fair value rather than market value to calculate performance rights, there was a lack of transparency regards KMP incentives and actual take home pay. Which is why we joined the 12.65% vote against it. The percentages were not displayed on the screen and we will make a request for this moving forward.

2018 has seen a heightened sensitivity towards matters concerning transparency, particularly in the financial sector, with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry now looking at being extended to include credit companies such as CCP. Consequently we inquired if CCP had any concerns about how this may affect their business. Their response to this question was that they believed they were well placed regards their policies and practices to weather any storms such a commission may create.

We noted Richard Thomas, who was up for re-election, had been a board member for 12 years and asked if CCP had any plans to change the mix of its board members moving forward. The Chair advised there would be changes to the board moving forward to add more expertise in the US market.

CCPs directors currently have no requirement to hold a minimum number of shares in CCP and have developed a pattern of selling their shares shortly after receiving them. We brought this to CCPs attention and asked if they had any plans to introduce a minimum level of shareholdings for directors, relevant to the level of their pay. Other shareholders in attendance also picked up on this pattern and CCP noted that this was something they were willing to look at moving forward.

CCP indicated they were very positive regarding the outlook for their US operations and were already looking for additional US premises to support their expansion. They added that they had just secured their first debt ledger purchase from a major seller in the US.

Eric Dodd was up for re-election, which we voted for, along with 99.74% of votes cast.

Richard Thomas was also up for re-election which we voted against along with 1.52% of votes cast.

Rob Shaw, the member of the board with experience and responsibility for advising on corporate governance, requested we make further contact to discuss corporate governance.