

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

**Emerchants Limited**

ABN/ARBN

93 104 757 904

Financial year ended

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

these pages of our annual report: \_\_\_\_\_

this URL on our website:


<http://investor.emerchants.com.au/investors/?page=Corporate-Governance>

The Corporate Governance Statement is accurate and up to date as at 24 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 24 August 2015

Sign here:

  
~~Director~~/company secretary

Print name: Louise Bolger

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>page 1 of our Corporate Governance Statement</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.4 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.5 A listed entity should:</p> <p>(a) 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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) 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:</p> <p>(1) 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</p> <p>(2) 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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://investor.emerchants.com.au/investors/?page=Corporate-Governance">http://investor.emerchants.com.au/investors/?page=Corporate-Governance</a></p> <p><i>Insert location here</i></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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; <b>OR</b></p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>2.2 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.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) 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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2015 Annual Report at pages 7 to 9</p> <p><i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.5	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.	<p>... the fact that we follow this recommendation:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b><u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u></b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	<p>... our code of conduct or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b><u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u></b>			
4.1	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	<p>[If the entity complies with paragraph (a):]  ... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i> <p>... and a copy of the charter of the committee:</p> <input checked="" type="checkbox"/> at this location: <a href="http://investor.emerchants.com.au/investors/?page=Corporate-Governance">http://investor.emerchants.com.au/investors/?page=Corporate-Governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(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.</p>	<p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2015 Annual Report at pages 7 to 9 <i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
<p>4.2 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>4.3 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at this location: <a href="http://investor.emerchants.com.au/investors/?page=Corporate-Governance">http://investor.emerchants.com.au/investors/?page=Corporate-Governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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; <b>OR</b></p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://investor.emerchants.com.au/investors/?page=Corporate-Governance">http://investor.emerchants.com.au/investors/?page=Corporate-Governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2015 Annual Report at pages 7 to 9</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.2	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 (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b> (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.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>  [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should:	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies	<input checked="" type="checkbox"/> an explanation why that is so in our

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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; <b>OR</b></li> </ul> <p>(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.</p>	<p>with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2015 Annual Report at pages 14 to 17</p> <p><i>Insert location here</i></p>	<p>Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

# Emerchants Limited Corporate Governance Statement 2014-2015

Emerchants Limited and the entities it controls (**Emerchants, Company or Group**) is committed to implementing standards of corporate governance consistent with the ASX Corporate Governance Council's '*Corporate Governance Principles and Recommendations – 3<sup>rd</sup> Edition*' (**ASX Principles or Recommendations**), which were published on 27 March 2014.

The Board has adopted various charters and key corporate governance documents which set out the policies and procedures followed by the Company. These documents are available on the Investors page under Corporate Governance tab on the Company's website, [www.emerchants.com.au](http://www.emerchants.com.au). These documents are reviewed regularly to address in changes in governance practices and the law.

This Corporate Governance Statement outlines Emerchants main corporate governance practices and policies in place for the twelve month period ending 30 June 2015, and also explains how Emerchants complies with the Recommendations. Where the Company's corporate governance practices do not correlate with the Recommendations, it is most often the case that the Company does not currently regard it as appropriate to meet that specific Recommendation due to the nature and size of the Company's operations.

## Principle 1: Lay solid foundations for management and oversight

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
<b>1.1 Role of Board and management</b>	<p>The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in Emerchants Board Charter.</p> <p>Matters reserved for the Board includes, for example, responsibility for:</p> <ul style="list-style-type: none"> <li>• approving the Group's strategy, business plans and Group level policies;</li> <li>• approving and monitoring budgets, major capital commitments, capital management and capital raising initiatives, acquisitions and divestitures;</li> <li>• reviewing and approving the Group's financial statements and other periodic reports;</li> <li>• appointing, and, when necessary, replacing the CEO;</li> <li>• approving the overall remuneration policy, including non-executive director and executive director remuneration and senior executive remuneration;</li> <li>• identifying and reviewing risks that may face the Group and ensuring that it has systems in place for risk management and internal control;</li> <li>• overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price of value of the Company's securities; and</li> <li>• monitoring the effectiveness of the Group's governance practices.</li> </ul> <p>The Board Charter also provides an overview of the roles of the Chair, Managing Director, Non-executive Directors and the Company Secretary.</p> <p>The Board regularly reviews the divisions and functions between the Board and management to ensure that it continues to be appropriate to the needs of the Company.</p> <p>A copy of the Board Charter can be found on the Investors page under the Corporate Governance tab on the Company's website, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a>.</p>	Yes
<b>1.2 Information regarding election and re-election of</b>	<p>Emerchants has appropriate procedures in place to ensure any potential candidates for appointment to the Board are carefully reviewed in terms of their character, experience, education and skillset, as well as interests and associations. Emerchants conducts appropriate checks to verify the</p>	Yes

<p><b>director candidates</b></p>	<p>suitability of a candidate prior to their election.</p> <p>Material information relevant to a decision to elect or re-elect a director, including biographical details and relevant qualifications and skills brought to the Board, is disclosed in the notice of meeting provided to shareholders for each AGM.</p>													
<p><b>1.3 Written contracts of appointment</b></p>	<p>The roles and responsibilities of Directors, as set out in the Board Charter, are also included in the letter of appointment which each Director receives and commits to on their appointment. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, insurance and indemnity entitlements and details of the Company's key governance policies, such as the Securities Trading Policy.</p> <p>A copy of the Company's key governance policies can be found on the Investors page under the Corporate Governance tab on the Company's website, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a>.</p> <p>Each senior executive enters into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.</p> <p>Contract details of senior executives who are Key Management Personnel are summarised in the Remuneration Report on page 17 of the Company's 2015 Annual Report.</p>	<p>Yes</p>												
<p><b>1.4 Company Secretary</b></p>	<p>The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.</p> <p>In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out on page 9 of the 2015 Annual Report.</p>	<p>Yes</p>												
<p><b>1.5 Diversity</b></p>	<p>Emerchants has adopted a Diversity Policy, which is available on the Investors page under the Corporate Governance tab on the Company's website, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a>.</p> <p>The Board has not as yet set any measurable objectives for achieving gender diversity within the Group. Whilst the Board continues to monitor diversity across the Group, it is satisfied with the current level of gender diversity within the Group as set out below. Due to the size of the Group and its small number of employees in both Australia and the United Kingdom, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.</p> <p>The respective proportions of men and women on the Board, in senior executive positions (ie. a position which reports directly to a CEO within the Group) and across the whole organisation are as follows:</p> <table border="1" data-bbox="475 1738 1267 1912"> <thead> <tr> <th></th> <th>Number</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Number of women employees in the Group</td> <td>23.15</td> <td>44.4%</td> </tr> <tr> <td>Number of women in senior executive positions</td> <td>1</td> <td>14.29%</td> </tr> <tr> <td>Number of women on the Board</td> <td>0</td> <td>0%</td> </tr> </tbody> </table>		Number	Percentage	Number of women employees in the Group	23.15	44.4%	Number of women in senior executive positions	1	14.29%	Number of women on the Board	0	0%	<p>No</p>
	Number	Percentage												
Number of women employees in the Group	23.15	44.4%												
Number of women in senior executive positions	1	14.29%												
Number of women on the Board	0	0%												
<p><b>1.6 Board reviews</b></p>	<p>A performance review is undertaken annually in relation to the Board, its Committee(s) and individual Directors. In addition to review discussions amongst the Board, a formal self-evaluation questionnaire is used to</p>	<p>Yes</p>												

	<p>facilitate the annual performance review process.</p> <p>Further detail on the process followed for evaluating the performance of the Board, Committee(s) and individual Directors is set out in the Company's Performance Evaluation Process which is available via the Investors page under the Corporate Governance tab on the Company's website, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a>.</p> <p>The Board conducted its annual performance review in February 2015 in accordance with the Company's Performance Evaluation Process.</p>	
<b>1.7 Management reviews</b>	<p>Each year the Board sets financial, operational, management and individual targets for the Managing Director (MD) &amp; CEO. The MD &amp; CEO in turn sets targets for his direct reports. Performance against these targets is assessed periodically throughout the year and a formal performance evaluation for management is completed for the year end. Details of the process followed are set out at pages 14 to 16 of the Remuneration Report within the 2015 Annual Report.</p>	Yes

## Principle 2: Structure the Board to add value

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
<b>2.1 Nomination Committee</b>	<p>The Company does not have a separate nomination committee. The full Board considers all nomination committee matters. On an annual basis the Board reviews its and individual Directors' performance and also its 'skills matrix' 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.</p>	No
<b>2.2 Board skills matrix</b>	<p>The skills and diversity attributes set out below have been identified as essential skills and diversity attributes Emerchants seeks to achieve across its Board membership. The Emerchants Board currently possesses an effective blend of these skills and diversity attributes.</p> <p><b>General</b></p> <ul style="list-style-type: none"> <li>• Other Board experience</li> <li>• Management expertise</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Risk and compliance oversight</li> <li>• Understanding of legal, ethical and fiduciary duties</li> </ul> <p><b>Technical</b></p> <ul style="list-style-type: none"> <li>• Financial literacy</li> <li>• IT strategy and governance</li> <li>• Commercial and contractual experience</li> <li>• Strategy</li> </ul> <p><b>Industry Skills</b></p> <ul style="list-style-type: none"> <li>• International payments industry</li> <li>• Mergers and acquisitions</li> </ul> <p><b>Behavioural</b></p> <ul style="list-style-type: none"> <li>• Integrity</li> <li>• Effective listener and communicator; and constructive questioner</li> <li>• Analytical</li> </ul> <p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>• Gender</li> <li>• Geographic and cultural</li> <li>• Age</li> </ul>	Yes



<p><b>2.3 Disclose independence and length of service</b></p>	<table border="1"> <thead> <tr> <th data-bbox="470 230 687 255">Name</th> <th data-bbox="687 230 1098 255">Position</th> <th data-bbox="1098 230 1267 255">Independent</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 255 687 315">Peter Martin</td> <td data-bbox="687 255 1098 315">Non-executive Chairman (appointed 19 April 2012)</td> <td data-bbox="1098 255 1267 315">No</td> </tr> <tr> <td data-bbox="470 315 687 376">Thomas Cregan</td> <td data-bbox="687 315 1098 376">Managing Director &amp; CEO (appointed 27 August 2012)</td> <td data-bbox="1098 315 1267 376">No</td> </tr> <tr> <td data-bbox="470 376 687 436">Tony Adcock</td> <td data-bbox="687 376 1098 436">Non-executive Director (appointed 21 November 2011)</td> <td data-bbox="1098 376 1267 436">Yes</td> </tr> <tr> <td data-bbox="470 436 687 497">Robert Browning</td> <td data-bbox="687 436 1098 497">Non-executive Director (appointed 27 August 2012)</td> <td data-bbox="1098 436 1267 497">Yes</td> </tr> <tr> <td data-bbox="470 497 687 557">David Liddy</td> <td data-bbox="687 497 1098 557">Non-executive Director (appointed 27 April 2012)</td> <td data-bbox="1098 497 1267 557">Yes</td> </tr> <tr> <td data-bbox="470 557 687 618">John Toms</td> <td data-bbox="687 557 1098 618">Non-executive Director (appointed 2 July 2011)</td> <td data-bbox="1098 557 1267 618">Yes</td> </tr> </tbody> </table> <p data-bbox="470 629 1267 734">As noted above, four of the six Directors of Emerchants are independent. The MD &amp; CEO is not considered independent, by virtue of him being an executive of the Company. The Chair is also not considered independent due to being a substantial holder (over 5%) of Emerchants securities.</p> <p data-bbox="470 763 1267 927">Notwithstanding the Chair's classification under the ASX Principles as not independent, the remaining Directors do not consider that this impacts the Chair's ability to fulfil his duties and bring independent judgment to bear while acting in the best interests of the Company. These Directors further consider that the Chair's interests as a shareholder are directly aligned to those of the Company's other shareholders.</p>	Name	Position	Independent	Peter Martin	Non-executive Chairman (appointed 19 April 2012)	No	Thomas Cregan	Managing Director & CEO (appointed 27 August 2012)	No	Tony Adcock	Non-executive Director (appointed 21 November 2011)	Yes	Robert Browning	Non-executive Director (appointed 27 August 2012)	Yes	David Liddy	Non-executive Director (appointed 27 April 2012)	Yes	John Toms	Non-executive Director (appointed 2 July 2011)	Yes	<p>Yes</p>
Name	Position	Independent																					
Peter Martin	Non-executive Chairman (appointed 19 April 2012)	No																					
Thomas Cregan	Managing Director & CEO (appointed 27 August 2012)	No																					
Tony Adcock	Non-executive Director (appointed 21 November 2011)	Yes																					
Robert Browning	Non-executive Director (appointed 27 August 2012)	Yes																					
David Liddy	Non-executive Director (appointed 27 April 2012)	Yes																					
John Toms	Non-executive Director (appointed 2 July 2011)	Yes																					
<p><b>2.4 Majority of directors independent</b></p>	<p data-bbox="470 958 1267 1064">The majority of Directors of Emerchants are independent. The MD &amp; CEO is not considered independent, by virtue of him being an executive of the Company. The Chair is also not considered independent due to being a substantial holder (over 5%) of Emerchants securities.</p> <p data-bbox="470 1093 1267 1153">Further details regarding the independence of the Directors are set out on pages 6 to 9 of the Directors' Report within the 2015 Annual Report.</p>	<p>Yes</p>																					
<p><b>2.5 Chair independent</b></p>	<p data-bbox="470 1182 1267 1243">According to the ASX Principles the Chairman, Mr Martin, is not independent. The role of the MD &amp; CEO is performed by another Director.</p> <p data-bbox="470 1272 1267 1422">Notwithstanding the Chair's classification under the ASX Principles as not independent, the remaining Directors do not consider that this impacts the Chair's ability to fulfil his duties and bring independent judgment to bear while acting in the best interests of the Company. These Directors further consider that the Chair's interests as a shareholder are directly aligned to those of the Company's other shareholders.</p>	<p>No</p>																					
<p><b>2.6 Induction and professional development</b></p>	<p data-bbox="470 1458 1267 1541">An induction process, including appointment letters and ongoing education, exists to promote early, active and relevant involvement of new members of the Board.</p> <p data-bbox="470 1570 1267 1630">All Directors are expected to maintain the skills required to discharge their obligations to the Company.</p> <p data-bbox="470 1659 1267 1854">On an ongoing basis, directors are provided with papers, presentations and briefings on matters which may affect the business or operations of Emerchants. Directors are also encouraged to undertake continuing education and training relevant to the discharge of their obligations as directors of the Company. Subject to consultation with the Company Secretary, the reasonable cost of continuing education and training is met by Emerchants.</p>	<p>Yes</p>																					

### Principle 3: Act ethically and responsibly

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
3.1 Code of conduct	The Board has established a Code of Conduct for its Directors, senior executives and employees, a copy of which is available in the Corporate Governance section of the Company's website, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a> .	Yes

### Principle 4: Safeguard integrity in corporate reporting

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
4.1 Audit committee	<p>The Audit &amp; Risk Committee comprises three members (including the Chairman), all of whom are Independent, Non-executive Directors. Details of the membership of the Committee, including the names and qualifications of its members, are set out on pages 7 to 9 of the 2015 Annual Report.</p> <p>The number of meetings held and attended by each member of the Audit &amp; Risk Committee during the financial year are set out on page 10 of the Directors' Report within the 2015 Annual Report.</p> <p>The Audit &amp; Risk Committee Charter is reviewed annually and is available in the Corporate Governance section of the Company's website, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a>.</p>	Yes
4.2 CEO and CFO certification of financial statements	The Board has obtained a written assurance from the MD & CEO and CFO that the declaration provided under section 295A of the <i>Corporations Act</i> (and for the purposes of Recommendation 4.2) 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 and material business risks.	Yes
4.3 External auditor at AGM	Emerchants' external audit function is performed by Deloitte Touche Tohmatsu ( <b>Deloitte</b> ). Representatives of Deloitte will attend the AGM and be available to answer shareholder questions regarding the audit.	Yes

### Principle 5: Make timely and balanced disclosure

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
5.1 Disclosure and Communications Policy	<p>Emerchants has adopted a Continuous Disclosure Policy which sets out the processes and practices that ensure its compliance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Act.</p> <p>The Continuous Disclosure Policy addresses:</p> <ul style="list-style-type: none"> <li>• the roles and responsibilities of Directors, officers and employees in comply with the Policy;</li> <li>• safeguarding confidentiality of corporate information to avoid premature disclosure;</li> <li>• media contact and comment;</li> <li>• external communications such as analyst briefings and responses to security holder questions; and</li> <li>• measures for responding to or avoiding the emergence of a false market in Emerchants' securities.</li> </ul> <p>A copy of the Policy is available in the Corporate Governance section of the Company's, <a href="http://www.emerchants.com.au">www.emerchants.com.au</a>.</p>	Yes

## Principle 6: Respect the rights of security holders

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
<b>6.1 Information on website</b>	Emerchants keeps investors informed of its corporate governance, financial performance and prospects via its website. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statements. Investor presentations and a key events calendar is accessible via the 'About Us – Investors' tab, and general information regarding the Company and its business is available under the 'What we Do' tab on the Company's website.	Yes
<b>6.2 Investor relations programs</b>	Emerchants conducts regular briefings, including interim and full year results announcements and attends industry specific conferences in order to facilitate effective two way communication with investors and other financial markets participants.  The presentation material provided at these events is lodged with the ASX announcements platform and on the Company's website.	Yes
<b>6.3 Facilitate participation at meetings of security holders</b>	Shareholders are encouraged to participate in general meetings and given an opportunity to ask questions of the Company and its auditor at the AGM. A copy of the Company's Communications Strategy is available in the Corporate Governance section of the Company's website.	Yes
<b>6.4 Facilitate electronic communications</b>	Emerchants provides its investors the option to receive communications from and send communications to, the Company and share registry electronically.	Yes

## Principle 7: Recognise and manage risk

RECOMMENDATION	EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS	COMPLY
<b>7.1 Committee to oversee risk</b>	Emerchants Audit & Risk Committee oversees the process for identifying and managing material risks in the Company in accordance the Risk Management Policy and its Charter. Copies of both documents are available on the Investor page under the Corporate Governance tab on the Company's website.  Further details regarding the Committee, its membership and the number of meetings held during the financial year are set out in response to Recommendation 4.1.	Yes
<b>7.2 Annual risk review</b>	The Audit & Risk Committee is responsible for reviewing the Company's risk management framework at least annually and reporting its findings to the Board. The purpose of the review is to confirm the Company's governance processes and practices continue to be sound and that the Company manages risk within the Board approved risk appetite.  The Audit & Risk Committee conducted its review during the financial year and concluded that controls over risk management processes were considered adequate and effective.	Yes
<b>7.3 Internal audit</b>	The Company has an internal audit function that is overseen by the Audit & Risk Committee. In accordance with the Committee Charter the appointment or removal of the internal auditor is a matter for this committee.  The internal auditor provides ongoing reports to the Audit & Risk Committee, as well as an annual assessment of the adequacy and effectiveness of the Company's control processes and risk management procedures.  The external audit function is performed by Deloitte.	Yes

<b>7.4 Sustainability risks</b>	Emerchants does not consider that it has any material exposure to economic, environmental and social sustainability risks.	Yes
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## Principle 8: Remunerate fairly and responsibly

<b>RECOMMENDATION</b>	<b>EMERCHANTS' COMPLIANCE WITH RECOMMENDATIONS</b>	<b>COMPLY</b>
<b>8.1 Remuneration committee</b>	<p>Emerchants does not have a separate remuneration committee. Due to the relatively small size of the Company, it was determined that the full Board should considers all remuneration committee matters.</p> <p>The processes used by the Board for setting the level and composition of remuneration of remuneration for Directors and senior executives is more fully described in the Remuneration Report in the 2015 Annual Report at pages 14 to 16.</p>	No
<b>8.2 Disclosure of Executive and Non-Executive Director remuneration policy</b>	<p>Remuneration of Emerchants' executives is to reflect performance. As such, remuneration is structured with a fixed component and performance-based remuneration component.</p> <p>Non-executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. Fees paid are a composite fee covering all Board and Committee responsibilities and contributions to Directors' nominated superannuation funds. No other retirement benefit schemes are in place in respect of Non-executive Directors.</p>	Yes
<b>8.3 Policy on hedging equity incentive schemes</b>	<p>The Company's Securities Trading Policy provides that 'no employee of Emerchants is permitted to enter into security transactions (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme, or otherwise awarded, or which will be offered by Emerchants in the future.'</p> <p>The Securities Trading Policy is available on the Investor page under the Corporate Governance tab on the Company's website.</p>	Yes

24 August 2015