



E M L
empowering your payments

Audit and Risk Committee Charter

1. INTRODUCTION

The Audit and Risk Committee (**Committee**) appointed by the Board of Directors (**Board**) of EML Payments Limited (**EML** or the **Company** and, together with its controlled entities, the **Group**) performs the functions outlined in this Charter.

2. POWERS

- 2.1 The Committee will not have the power to make determinations on behalf of the Board.
- 2.2 The Committee will have the power to request any information or documentation from senior management or staff of EML in order to carry out its function.
- 2.3 The Committee will have the power to remove or appoint an internal or external auditor without Board endorsement in extenuating circumstances.

3. COMPOSITION

- 3.1 The Committee must have at least three members. All members of the Committee must be non-executive directors of the Company, the majority of whom are independent. A quorum will be a majority of members. In the event of a quorum not being available, the meeting will be adjourned to a time and place to be confirmed by the Committee Chair.
- 3.2 The Committee Chair will be appointed by the Board and cannot be the Chair of the Board.
- 3.3 The Chair of the Committee should report formally to the Board with a summary of the Committee's work and results. This should include the outcome of Committee meetings, any formal recommendations of the Committee, and other major issues of which the Committee believes the Board should be informed.
- 3.4 The Board will decide appointments and rotations within the Committee having regard to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and the general law applicable to such matters.
- 3.5 Members will be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with legislative, accounting or other relevant issues.
- 3.6 New members should be provided with a copy of the Committee's Charter and other specific information about the Company.

4. OBJECTIVES

4.1 The objectives of the Committee are to:

- (a) assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal control and risk management systems.
- (b) provide a formal forum for communication between the Board and senior financial management;
- (c) improve the efficiency of the Board by delegating tasks to the Committee where such tasks should be discussed in sufficient depth;
- (d) improve the effectiveness of the external audit function and the communication between the Board and the external auditors;
- (e) facilitate the independence of the external auditor;
- (f) if relevant, provide a structured reporting line for internal audit; and
- (g) review and comment on management's plans for managing the material risks faced by the Group.

5. FINANCIAL REPORTING

The Committee is responsible for:

- (a) reviewing all Annual and Half-Year Financial Reports with management, advisers and the external auditors (as appropriate) and recommending the applicable accounts' adoption by the Board;
- (b) reviewing and approving as required, documents and reports to regulators;
- (c) assessing the reasonableness of significant estimates and judgments in the financial reports;
- (d) assessing the appropriateness of the accounting principles and policies used and the clarity of the Company's financial disclosures in conjunction with the external auditor;
- (e) receiving from Group management confirmation that the integrity of financial reports is founded on a sound system of risk management and internal control which is operating effectively;
- (f) reviewing any responses to complaints regarding accounting and auditing matters;
- (g) reviewing internal audit reports and making appropriate inquiries of the internal auditor if applicable; and

- (h) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
 - (j) the clarity of current or proposed financial disclosure practices as put forward by management.

6. INTERNAL AUDIT

6.1 If there is an internal audit function approved by the Board on recommendation of the Committee, the Committee will review and report to the Board on:

- (a) the appointment of the internal auditor;
- (b) the internal audit's mission, charter, qualifications and resources;
- (c) the reporting lines and independence of the internal auditor;
- (d) the scope of the internal audit plan and work program, including whether it covers all material risks and financial reporting requirements (and integration with the external audit plan);
- (e) the progress of the internal audit program and the implications of internal audit findings on the control environment;
- (f) management's adequacy, appropriateness and responsiveness to internal audit's findings and the timeliness in which action plans are completed;
- (g) whether the internal audit function is adequately resourced; and
- (h) the process the Company has in place for monitoring and assessing the effectiveness of the internal audit department.

6.2 If applicable, the Committee will monitor and assess the performance of the internal auditor and make recommendations to the Board regarding the appointment, reappointment or dismissal of the internal auditor.

6.3 A formal review of the internal auditor function will be undertaken at least annually.

7. EXTERNAL AUDIT

7.1 The Committee is responsible for:

- (a) recommending to the Board for approval the appointment (and terms of engagement) or removal of the external auditor for consideration by shareholders;
- (b) reviewing the external auditor's fee and whether an effective, comprehensive and complete audit can be conducted for the proposed fee;
- (c) reviewing the independence, quality and performance of the external auditor periodically and as required by law;
- (d) assessing the scope of the external audit particularly the identified risk areas and whether, in conjunction with the internal audit program, all material risks and

financial reporting requirements are covered and any additional agreed-upon procedures on a regular and timely basis;

- (e) regularly reviewing with the external auditor the external audit plan, including discussion of audit results and consideration of the implications of the external audit findings for the control environment;
- (f) reviewing all representation letters signed by management and ensure that the information provided is consistent with the Committee's knowledge;
- (g) reviewing the provisions of non-audit services by the Company's auditor, in terms of type and quantity of services provided while ensuring that the independence of the audit is not compromised;
- (h) making inquiries of the auditor if there have been any significant disagreements with management irrespective of whether or not they have been resolved; and
- (i) monitoring of management's adequacy, appropriateness and responsiveness to the external auditor's findings and recommendations.

8. RISK MANAGEMENT AND INTERNAL CONTROL

8.1 The Committee is responsible for:

- (a) monitoring the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- (b) reviewing and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (i) identifying, assessing, monitoring and managing risk (including economic, environmental and social sustainability risks); and
 - (ii) disclosing any material change to the Group's risk profile.
- (c) receiving reports from management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group;
- (d) overseeing business continuity planning and risk mitigation arrangements;
- (e) reviewing any report of adequacy of insurance coverage;
- (f) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements; and
- (g) any other responsibilities as determined by the Committee or Board from time to time.

9. COMPLAINTS PROCEDURES

9.1 The Committee will respond to complaints and grievances regarding accounting and auditing, including complaints from those who wish to remain anonymous.

9.2 The complaints procedure will operate as follows:

- (a) all complaints will be referred to the Chief Financial Officer, or the equivalent position, for assessment within 24 hours of being received;
- (b) the complaint must be acknowledged within 7 days of being received;
- (c) the Chief Financial Officer is responsible for determining whether the complaint is a complaint or a grievance;
- (d) the Chief Financial Officer may attempt to resolve complaints, but must refer grievances to the Committee;
- (e) complaints are classified as grievances if they are unable to be resolved by the Chief Financial Officer;
- (f) grievances must be recorded on the grievances register and referred to the Committee;
- (g) the grievances will be discussed by the Committee and if directed by the Committee, the Chief Financial Officer will conduct an investigation and report back to the Committee on the outcome of the investigation;
- (h) the scope of any investigation will be set by the Committee;
- (i) where appropriate, the Committee may request the external auditor to assist in any investigation;
- (j) the Chief Financial Officer will respond to any complaint at the direction of the Committee; and
- (k) the Chief Financial Officer will maintain a register of complaints and grievances and report to each Committee meeting, the details of any complaints and grievances received and the status of any outstanding complaints and grievances.

10. MEETINGS

10.1 The Committee will meet at least four times per annum and otherwise as required. Two of the meetings must be prior to Board meetings at which the Company's consolidated Half-Year and Annual Financial Reports are adopted.

10.2 The Chair of the Committee or the Chair of the Board may call a meeting of the Committee at any time, or if so requested by any member of the Committee.

10.3 The Chief Executive Officer, Chief Operations Officer, Chief Risk Officer, Chief Financial Officer, Financial Controller, Company Secretary, external and internal auditors, or their equivalent positions and/or other management personnel will be invited to attend meetings as required.

- 10.4 The members of the Committee should meet with the external auditor and the internal auditor (if any) without management personnel being present at least twice per annum. These meetings should address, amongst other things, whether the external auditor has received co-operation from management and whether there have been any impediments to carrying out their respective audits.
- 10.5 The Chair of the Committee should meet regularly and separately with the internal auditor (if any) and with the external audit partner.
- 10.6 The Committee will approve each year, a meeting planner for the next year which identifies and allocates to a planned meeting on a set date in that year items of Committee business considered essential to the due performance of its role and discharge of its duties.

11. SECRETARY

- 11.1 The Company Secretary of the Company, or his/her designated representative, shall be appointed Secretary to the Committee. The Secretary, in conjunction with the Committee Chair, shall draw up an agenda, which shall be circulated to each member of the Committee, the Chief Executive Officer and others requested to attend any meeting, together with any papers, in a timely manner.
- 11.2 The Secretary will prepare the minutes of the Committee meetings.

12. AUTHORITY

- 12.1 The Committee has the authority to seek any information it requires from executive management or employees of any entity in the Group, or any other matter the Committee deems necessary to investigate. The Committee may, if it deems appropriate, hold private meetings with advisers or management personnel as the Committee may require.
- 12.2 The Committee is authorised to take such independent professional advice as it considers necessary.

13. CHARTER REVIEW

The Committee shall review this Charter annually or as often as it considers necessary.

Approved by the Board of EML Payments Limited on 11 June 2015