

Board Charter

1. Purpose

This Board Charter (**Charter**) sets out the role, composition and responsibilities of the Board of Directors of EML Payments Limited (**EML** or **Company**) within the governance structure of EML and its wholly owned subsidiaries (**Group**).

2. Composition, Term and Independence

Composition

- The Board will comprise at least five directors.
- The Board will include a majority of independent non-executive directors with an appropriate balance of skills, perspectives, experience and expertise.

Appointment, election and re-election

- The Board is assisted by the Remuneration and Nomination Committee in selecting candidates for appointment as a director. New directors, after passing appropriate background checks, are provided with a letter setting out the terms of their appointment and are invited to participate in an induction program and in any continuing education organised for the Board.
- A director (other than the Managing Director) may not retain office for more than three years without submitting for re-election.
- At the Company's annual general meeting each year, effectively one third of the directors in office (other than the Managing Director) retire by rotation and must seek re-election.

Independence

- The Board will regularly assess the independence of its non-executive directors having regard to the definition of independence set out in the ASX Corporate Governance Principles. Each director must provide the Board with all relevant information for this to occur.

3. Meetings

- The Board will meet at least six times a year, with additional meetings as required to fulfil its responsibilities. In addition, the Company Secretary will call a meeting of the Board if requested to do so by any director.
- A quorum at any meeting of the Board consists of two directors.
- Matters will be decided by a majority of votes made by directors present at meetings. The Chairman has a second or casting vote unless only two directors are entitled to vote, or the Chairman is not entitled to vote.
- The Board may invite other persons to attend its meetings as it deems necessary.

4. Responsibilities of the Board

The key responsibilities of the Board together with its Committees include:

- **Strategy** – reviewing the Group’s strategic direction and approving strategic initiatives and business plans developed by management and monitoring management’s implementation of strategy;
- **Financial performance** – reviewing and approving the Group’s budget, and monitoring management and financial performance;
- **Major expenditure and capital initiatives** – approving, major capital commitments, capital management and capital raising initiatives, acquisitions and divestitures, and monitoring capital management;
- **Financial and other reporting** - reviewing and approving the Company’s financial statements and other published reporting, and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- **External auditor** – selecting and recommending to shareholders the appointment or removal of the external auditor and approving the auditor’s remuneration;
- **CEO selection** – appointing or removing the CEO and approving remuneration, evaluating the performance of the CEO;
- **Leadership selection** – ratifying the appointment or removal of the Chief Financial Officer, Company Secretary and, where appropriate, other senior management;
- **Board performance and composition** – evaluating the performance of the Board on at least an annual basis and reviewing its size and composition;
- **Succession and remuneration planning** – planning for Board, CEO and senior management succession and remuneration, and setting non-executive remuneration within shareholder approved limits;
- **Risk management** – overseeing the effectiveness of the risk management framework, internal control and compliance in the Group;

- **Corporate governance** – reviewing and monitoring the Group’s corporate governance policies and practices;
- **Continuous disclosure** – overseeing the Group’s compliance with its continuous disclosure obligations;
- **Diversity** – reviewing and overseeing the objectives, strategies, programs and initiatives to foster diversity within the Group and monitoring the measurable objectives it sets for achieving diversity;
- **Leadership** – taking an effective leadership role to help establish a culture within the Group which strives for and rewards best practice in all areas of the business; and
- Any other matter specified by the Board from time to time.

5. Chairman

The directors will vote among themselves to elect the Chairman. The Chairman must be an independent non-executive director.

The Chairman leads the Board, fostering an open and collegiate culture to ensure the Board operates effectively. The Chairman is responsible for:

- leading the Board and facilitating, encouraging and providing constructive discussion and debate during Board meetings;
- the efficient organisation and conduct of the Board’s functioning, including establishing the agenda for Board meetings in consultation with the Company Secretary CEO, chairing Board meetings and ensuring that the Board behaves in accordance with the Code of Conduct for Directors and executives;
- ensuring that the views of shareholders are communicated to the Board as a whole, and that governance and strategy issues are discussed with major shareholders;
- overseeing regular and effective evaluations of the Board’s performance;
- ensuring that the directors continually update their skills, knowledge and familiarity with the Company required to fulfill their role both on the Board and on Board committees; and
- promoting a constructive and respectful relationship between directors, and between the Board and management.

6. CEO

The Board has delegated to the CEO all powers and authorities required to manage and control the day to day operation of the Group, except those powers and authorities reserved to the Board as described in this Charter or delegated to one of the Board’s Committees.

The key responsibilities of the CEO include:

- developing and implementing corporate strategies for the Group and making recommendations to the Board on significant strategic initiatives;
- developing the Group's annual budget and managing day to day operations within the budget approved by the Board;
- appointing and determining the terms of appointment of senior management, developing and maintaining succession plans, and evaluating the performance of key executives;
- keeping the Board and market fully informed about material continuous disclosure;
- ensuring that the Group has effective risk and compliance management practices and policies in place;
- ensuring the efficient and effective operation of the Group;
- acting as the contact for media and comment, including analyst briefings and responses to shareholder questions;
- assessing business opportunities which are of potential benefit to the Group; and
- bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.

7. Separation of functions between the Chairman and the CEO

- The roles of the Chairman (section 5) and CEO (section 6) are strictly separated.
- The CEO of the Company should not go on to be Chairman of the Company. If, exceptionally, the Board decides that the CEO should become Chairman, the Board shall consult major shareholders in advance.
- The balance of responsibilities between the Chairman and the CEO will be regularly reviewed to ensure the division of functions remains appropriate to the needs of the Company.

8. Non-executive directors

All non-executive directors are encouraged to:

- regularly update and refresh their skills, knowledge and familiarity with the Group;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice; and
- where they have concerns about the running of the Group or a proposed action, ensure that these are addressed by the Board, to the extent that they are not resolved, ensure that they are recorded in the Board minutes. On resignation, a non-executive director should provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

It is up to each non-executive director to reach a view as to what is necessary in particular circumstances to comply with the duty of care, skill and diligence they owe as a director to the Company.

Non-executive directors are invited to attend meetings with major shareholders when requested.

9. Board committees

To assist it in carrying out its responsibilities, and in accordance with its Constitution, the Board has established the following committees:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

The responsibilities of the Committees are laid out in their respective charters. .

The Board may from time to time establish and delegate authority to other committees when appropriate.

10. Independent advice

Directors have the right to seek independent professional advice in the furtherance of their service as directors, at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

11. Secretary

- The Company Secretary will be the Secretary of the Board. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters relating to the proper functioning of the Board.
- Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between members of the Board and the Board Committees, and between senior management and non-executive directors, as well as facilitating the induction of new directors and assisting with each director's professional development, as required.
- All directors have access to the advice and services of the Company Secretary.
- The Company Secretary is responsible for monitoring Board policy, ensuring procedures are followed, and co-ordinating the timely completion and despatch of the Board agenda and briefing materials.
- The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

12. Reporting

- Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.
- Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

13. Review of Charter

The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

Reviewed and approved by the Board of EML Payments Limited on 15 November 2016