

## Appendix 4G

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

Introduced 01/07/14 Amended 02/11/15

Name of entity

**EML PAYMENTS LIMITED**

ABN / ARBN

93 104 757 904

Financial year ended:

30 June 2019

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

This URL on our website: <http://investor.emlpayments.com/investors/?page=Corporate-Governance>

The Corporate Governance Statement is accurate and up to date as at 20 August 2019 and has been approved by the board.

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

Date: **20 August 2019**

Name of Director or Secretary authorising lodgement: **Paul Wenk, Company Secretary**

<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. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## 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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... 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): <input type="checkbox"/> at <i>[insert location]</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
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</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
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</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
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</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

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://investor.empayments.com/investors/?page=Corporate-Governance">http://investor.empayments.com/investors/?page=Corporate-Governance</a></p> <p>... and 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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>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; or</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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investor.empayments.com/investors/?page=Corporate-Governance">http://investor.empayments.com/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 2019 Annual Report at pages 3 – 5, and 20</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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</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>
2.2	<p>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 <i>[insert location]</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>

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2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <u>n/a</u> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</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.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://investor.empayments.com/investors/?page=Corporate-Governance">http://investor.empayments.com/investors/?page=Corporate-Governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies 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 <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investor.emppayments.com/investors/?page=Corporate-Governance">http://investor.emppayments.com/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 2019 Annual Report at pages 3 – 5, and 20</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 <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>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 <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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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>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://investor.empayments.com/investors/?page=Corporate-Governance">http://investor.empayments.com/investors/?page=Corporate-Governance</a>	<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.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://investor.empayments.com/investors/?page=Corporate-Governance">http://investor.empayments.com/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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://investor.empayments.com/investors/?page=Corporate-Governance">http://investor.empayments.com/investors/?page=Corporate-Governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



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<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; or</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investor.emppayments.com/investors/?page=Corporate-Governance">http://investor.emppayments.com/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 <u>OR</u></p> <p><input checked="" type="checkbox"/> at 2019 Annual Report at pages 3 – 5, and 20</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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<p>7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.4</p> <p>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.</p>	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration 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; or</p> <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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies 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 <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investor.emlpayments.com/investors/?page=Corporate-Governance">http://investor.emlpayments.com/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 2019 Annual Report at pages 3 – 5, and 20</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 type="checkbox"/> at <i>[insert location]</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>
8.2	<p>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>	<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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at 2019 Annual Report at pages 24 to 46</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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 <i>[insert location]</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 <i>[insert location]</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 <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## EML Payments Limited Corporate Governance Statement 2019

The Directors and Management of EML Payments Limited (EML, Company or Group) are committed to high corporate governance standards and adopting the ASX Corporate Governance Council's '*Corporate Governance Principles and Recommendations – 3<sup>rd</sup> Edition*' (ASX Principles or Recommendations).

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, together with this Corporate Governance Statement, ASX Appendix 4G and the 2019 Annual Report, on the Investors page under Corporate Governance tab on the Company's website, [www.emlpayments.com](http://www.emlpayments.com). These documents are reviewed regularly to address in changes in governance practices and the law.

This Corporate Governance Statement outlines the Company's corporate governance practices and policies in place for the 2019 financial year. The Company's policies referred to in this statement can be found on the EML Payment's website <http://investor.emlpayments.com/investors/?page=Corporate-Governance>

This statement was approved by the Board on 20 August 2019.

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

#### ***Roles and responsibilities of Board and management***

##### ***The Board***

The Company has established a Board Charter which sets out a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management. The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Group in achieving its strategic plans and oversee overall good governance practice.

In particular, as set out in the Board Charter, the functions and responsibilities of the Board include:

- approving the Group's strategy, business plans and Group level policies;
- approving and monitoring budgets, major capital commitments, capital management and capital raising initiatives, acquisitions and divestitures;
- reviewing and approving the Group's financial statements and other periodic reports;
- appointing, and, when necessary, replacing the Group Chief Executive Officer (CEO);
- approving the overall remuneration policy, including Non-executive Director and Executive Director remuneration and Senior Executive remuneration;
- identifying and reviewing risks that may face the Group and ensuring that it has systems in place for risk management and internal control;
- 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 or value of the Company's securities; and
- monitoring the effectiveness of the Group's governance practices.

The Board delegates authority, within parameters and in accordance with formal delegations, to the Managing Director and Group CEO for the executive management of EML and the day to day operations of the Group. 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.

The qualifications and experience of the Directors of the Board, the number of Board meetings and committee meetings held and the number of meetings attended by each Director in the Reporting Period are set out in the 2019 Annual Report.

The Board has established the following standing committees to assist with carrying out its responsibilities:

- Audit & Risk Committee
- Remuneration & Nomination Committee
- Investment Committee

Each committee has its own charter, which describes its delegated roles and responsibilities.

### ***The Chairman***

The Chairman of EML is responsible for:

- the leadership of the Board and ensuring its effectiveness on all aspects of its role and setting its agenda;
- the efficient organisation and conduct of the Board's functioning, including establishing the agenda for Board meetings in consultation with the Company Secretary and Managing Director and chairing Board meetings;
- ensuring that the Directors receive accurate, timely and clear information in a form and of a quality appropriate to enable it to discharge their duties;
- 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;
- ensuring that the Directors continually update their skills, knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board committees;
- facilitating the effective contribution of all Directors at Board meetings;
- overseeing the role of the Managing Director and Group CEO, including regular discussions between Board meetings; and
- overseeing the role of Company Secretary, including reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board.

### ***The Group Managing Director and CEO***

Whilst retaining ultimate responsibility for the affairs of the Company, the Board has delegated responsibility for day to day operations of the Group to the Group CEO. The Group CEO is supported in this function by the Senior Executives of the Group, which comprise the direct reports to the Group CEO, including the Group Chief Commercial Officer (Group CCO); Group Chief Financial Officer (Group CFO); Group Chief Risk Officer (Group CRO); Group Chief People Officer (Group CPO) and Group General Counsel.

The Group CEO manages the Company in accordance with the strategy, business plans, delegations and policies as approved by the Board and is accountable to the Board for the exercise of the delegated authority and, with the support of Senior Executives, must report to the Board through reports and presentations to the Board and its committees.

The Group CEO's responsibilities include:

- developing strategies for the Group, its businesses and management, and make recommendations to the Board on such strategies;
- implementing business plans in accordance with approved strategies, budgets and policies;
- reporting to the Board on the Group's performance and key operational issues;
- ensuring the financial performance of the Group meets or exceeds Board approved budgets;
- managing the Group's relationships with capital markets, including but not limited to shareholders, institutional brokers and research firms; and
- managing the Group's strategy with respect to mergers and acquisitions.

### ***Company Secretary***

The Company Secretary is accountable to the Board, through the Chairman, 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.

In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole.

During the 2019 Financial Year, the Board appointed Paul Wenk as the Company Secretary, with Winton Willesee and Eryln Dale ending their period as Joint Company Secretaries on the same date, being 14 November 2018. The relevant skills, qualifications and experience of the Company Secretary is set out in the 2019 Annual Report.

### ***Board Evaluation***

Each year consideration is given to the form of the Board performance evaluation, including whether an external facilitator should be used in the process. In the reporting period, a formal, confidential self-evaluation questionnaire was used to facilitate the annual performance review process. The questionnaire included questions on those areas identified for improvement in previous cycles as well as areas appropriate for examination during this Reporting Period. The questionnaire responses and insights from discussions are collated and the Board meets to discuss and consider the results and any actions arising from the review.

Matters covered by the review include the role, structure, processes, behaviours, performance, Directors' understanding of the strategy, objectives and key risks to the business and achievement of those objectives, succession planning and the effectiveness of the Chairman.

To ensure that Directors are well placed to discharge their duties effectively, they are provided with Board reports in advance of Board meetings which contain sufficient information to enable informed discussion of all agenda items.

### ***Evaluation of Senior Executives' Performance***

The Group defines its Senior Executives as the Managing Director and Group CEO and its executive leadership group, some of whom are also Key Management Personnel as defined in the Remuneration Report, which forms part of the 2019 Annual Report.

Each year the Board sets financial, operational, management and individual targets for the Group CEO. The Group CEO's performance evaluation is completed by the Chairman in consultation with the Board.

The Group CEO sets key performance criteria for his direct reports. Performance against these criteria is reviewed formally every six months with a final formal appraisal completed at the end of the financial year. Performance is also reviewed informally throughout the year.

This performance evaluation process was in place and was followed for the reporting period.

### ***Candidates for Election or Re-election as a Director***

EML 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. EML conducts appropriate checks to verify the suitability of a candidate prior to their election.

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 Annual General Meeting (AGM).

### ***Written Agreements with Directors and Senior Executives***

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.

Each Senior Executive enters into a written agreement with the Company which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.



## Diversity Policy

EML recognises the value of a diverse Board and employee base and is committed to creating and maintaining an environment where the diverse backgrounds, experiences and perspectives of our people can be leveraged to drive the overall performance of the Group in meeting its stated objectives. The Group rewards and promotes team members based on assessments of individual performance, capability and potential and recognises that team members will assume changing domestic responsibilities during their careers.

Diversity at EML includes respecting and valuing differences based on a wide range of personal characteristics including, gender, age and ethnicity, as well as diversity of thought and background.

EML believes the promotion of greater gender diversity broadens the pool for recruitment of high-quality Directors and employees, is likely to support employee retention and encourages greater innovation. It also allows the Group to connect with its diverse client base providing it with a balanced perspective and is a socially and economically responsible governance practice. EML is committed to creating and maintaining an environment where the diverse backgrounds, experiences and perspectives of our people can be leveraged to drive the overall performance of the Group in meeting its stated objectives.

The Board has adopted a Diversity Policy, which is available on the Company's website. The Board have set the following measurable objectives for achieving gender diversity within the Group. The objectives include:

Objective	Target	Initiative
Inclusive and collaborative work practices	Ensure both male and female employees are similarly engaged	<ul style="list-style-type: none"><li>Measured through annual employee survey</li></ul>
Diversity in hiring and promotion in senior positions	Maintain a gender diverse workforce	<ul style="list-style-type: none"><li>Education of managers on the importance of a diverse workforce</li><li>Mentoring and coaching programs</li></ul>

During the year, the Company designed a program for measuring its performance against the above objectives which includes an Internal Engagement Survey which was launched in 2018. The Company intends to disclose the outcome of these initiatives and its progress towards meeting its diversity objectives in its 2019 Annual Report onwards.

The respective proportions of women on the Board, in Senior Executive positions (ie. a position which reports directly to the Group CEO or Group COO) in EML and its wholly-owned subsidiaries operating in the United Kingdom and North America as at 30 June 2019 are as follows:

<b>EML (Global)</b>	Number	Percentage out of total
• Women on the Board	2	33%
• Women in Senior Executive positions	3	30%
<b>EML (Australia)</b>		
• Women in management positions	1	17%
• Women in the Australia office	11	26%
<b>United Kingdom</b>		
• Women in management positions	3	37.5%
• Women in UK office	31	53%
<b>North America</b>		
• Women in management positions	12	30%
• Women in US office	48	46%

## Principle 2: Structure the Board to add value

### **Composition of the EML Board**

The role of the Chairman and the role of Managing Director and Group CEO are exercised by different individuals, being Peter Martin and Tom Cregan respectively.

For the 2019 financial year the Board was comprised of the following directors:

<b>Name</b>	<b>Position</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>
Peter Martin	Non-executive Chairman	19/04/2012	Current
Tom Cregan	Group Managing Director and CEO	27/08/2012	Current
Tony Adcock	Non-executive Director	21/11/2011	Current
David Liddy AM	Non-executive Director	27/04/2012	Current
Dr Kirstin Ferguson	Non-executive Director	14/02/2018	Current
Melanie Wilson	Non-executive Director	14/02/2018	Current

The Board considers that it has an appropriate number of non-executive Directors who can challenge management and hold them to account, whilst also representing the best interests of EML and its shareholders as a whole, rather than those of individual shareholders or interest groups.

The current size of the Board, with six Directors, ensures it is not so large as to be unwieldy and the Board is of the view that it is of sufficient size so that the requirements of the

business can be met and changes to the composition of the Board and committees can be managed without undue disruption.

### **Remuneration and Nomination Committee**

The Remuneration and Nomination Committee is made up of three independent, Non-executive Directors. The Committee is chaired by an independent Director.

The Committee operates in accordance with its charter which is available on the Company's website.

The core responsibilities of the Committee with respect to nomination matters include:

- to conduct an annual review of the membership of the Board having regard to present and future needs of the Company;
- to make recommendations on Board composition and appointment;
- to conduct an annual review and conclude on the independence of each Director;
- to propose candidates for Board vacancies and complete proper checks before appointing a person or putting forward a candidate for election to shareholders, as a Director;
- to oversee the Annual Performance Assessment Program; and
- to oversee Board succession, including the succession of the Chairman and reviewing whether succession plans are in place that will maintain a suitably balanced mix of skills, experience and diversity on the Board.

The qualifications and experience of the members of the Nomination Committee, the number of meetings held, and the number of meetings attended by each Nomination Committee member in the reporting period are set out in the 2019 Annual Report.

The Group CEO, Group CPO and Company Secretary attend Committee meetings at the invitation of the Committee.

### **Board Skills Matrix**

To maximise the effectiveness with which it discharges its responsibilities, the Board ensures that it has an appropriate mix of skills, experience, diversity and expertise. At a minimum annually, the Remuneration & Nomination Committee reviews the structure of the Board and makes recommendations to the Board in respect to the suitability of the skills mix of Directors, giving due consideration to the business's strategy and operations. Diversity is also considered; and in this context, is not limited solely to gender diversity only.

The skills and diversity attributes set out below have been identified as essential skills and diversity attributes EML seeks to achieve across its Board membership. Each of these skills and diversity attributes are currently represented within the Board, recognising that each Director may not necessarily have experience in, or fit within all of these areas. However, the Board benefits from the totality of the Directors' individual skills, experience, knowledge and diversity.

### *General*

- Board, including listed Board, experience
- Management expertise

### *Governance*

- Risk and compliance expertise
- Knowledge of legal, ethical and fiduciary duties
- Corporate governance experience

### *Technical*

- Financial literacy
- IT strategy and governance
- Commercial and contractual experience
- Strategy
- Remuneration / HR experience
- Workplace health and safety experience
- Marketing / social media experience

### *Industry Skills*

- International payments industry
- Mergers and acquisitions
- Capital markets

### *Behavioural*

- Integrity
- Effective listener, communicator and constructive questioner
- Analytical

### *Diversity*

- Gender
- Geographic and cultural
- Age

### ***Independence***

As at 30 June 2019, the Board comprised six Directors, five of whom the Board considered to be Independent. The EML Directors, as at 30 June 2019, were:

<b>Name</b>	<b>Position</b>	<b>Appointed</b>	<b>Independence</b>
Peter Martin	Non-executive Chairman	2012	Independent
Tom Cregan	Managing Director and Group CEO	2012	Non-independent
Tony Adcock	Non-executive Director	2011	Independent
David Liddy AM	Non-executive Director	2012	Independent
Dr Kirstin Ferguson	Non-executive Director	2018	Independent
Melanie Wilson	Non-executive Director	2018	Independent

The Board considers a Director independent if they:

1. Are not a substantial shareholder of the Company (ie. is not a person who in conjunction with an associate holds a relevant interest in 5% or more of the shares of the Company);
2. Within the last three years have not been employed in an executive capacity in the Group or been a Director after ceasing to hold any such employment;
3. Within the last three years have not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided. A material professional adviser is EML's auditor (regardless of the fees paid to the auditor) and any other advisor to whom fees in excess of \$100,000 have been paid in any financial year in the relevant three year period; or
4. Have no material contractual relationship with the Company or another Group member other than as a Director of the Company, including as a supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.

The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

The qualifications and experience of the members of the Directors are set out in 2019 Annual Report.

The Chairman should be an Independent Director and not the CEO.

The roles of the Chairman of the Board and the CEO are held by separate Directors.

The Board has elected Peter Martin as Chairman of the Board. The Board is satisfied he was for the entire Reporting Period, an Independent Director. Peter Martin's details are provided in EML's 2019 Annual Report.

Tom Cregan was appointed as CEO with effect from 2 April 2012. Details of his experience are included in the 2019 Annual Report.

### **Induction and Professional Development**

EML has an induction process, including appointment letters and ongoing education, in order to promote early, active and relevant involvement of new members of the Board.

All Directors are expected to maintain the skills required to discharge their obligations to the Company.

On an ongoing basis, directors are provided with papers, presentations and briefings on matters which may affect the business or operations of EML. 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 Chairman and Company Secretary, the reasonable cost of continuing education and training is met by EML.

### **Principle 3: Act ethically and responsibly**

#### **Code of Conduct**

The Company has developed a Code of Conduct which has been adopted by the Board and applies to all Directors, officers, employees, contractors and certain other individuals. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to consider legal obligations and reasonable expectations of the Company's stakeholders.

Staff members are provided with regular training in the Code of Conduct, and those policies and procedures referred to in the Code of Conduct. On joining, staff members are required to confirm that they have read and understood the Code of Conduct.

The Code of Conduct is available on the Company's website.

#### **Trading in Company Securities**

The purchase and sale of EML shares by Directors and employees is only permitted in accordance with the Company's Securities Trading Policy, which is available on the Company's website.

During the 2019 financial year, the Board reviewed its Securities Trading Policy which included refinements around the process in which Directors are permitted to trade in the securities of the Company.

In summary, the Company's Securities Trading Policy provides:

- Directors and other Nominated Persons will not engage in short term trading of the Company's shares;
- Directors and other Nominated Persons will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares.
- Directors and other Nominated Persons will not buy or sell shares during Blackout Periods, being:
  - from the end of 31 December until the end of the trading day on which the Company's half-year financial results are released to the ASX;
  - from the end of 30 June until the end of the trading day on which the Company's full year financial results are released to the ASX; and
  - four weeks prior to the Company's AGM and ending at the end of the day on which the AGM is held.

The Directors are satisfied that the Directors and employees have complied with its policies on ethical standards, including trading in securities, during the reporting year.

## Principle 4: Safeguard integrity in corporate reporting

### **Audit and Risk Committee**

The Board has established an Audit and Risk Committee (ARC). During the Reporting Period, the ARC was comprised of at least three Non-executive Directors, all of whom were Independent. The Chairman of the ARC was an Independent Director who was not the Chairman of the Board. The responsibilities of the ARC are set out in the Board-approved ARC Charter, and the responsibilities include:

- seek to ensure the integrity of external financial reporting;
- safeguard the independence of the external auditor;
- oversee the performance of the external audit functions and review of their audits;
- seek to ensure that Directors are provided with financial and non-financial information that is of high quality and relevance;
- seek to ensure that controls are established and maintained in order to safeguard EML financial and physical resources;
- seek to ensure that systems or procedures are in place so that EML complies with relevant statutory and regulatory requirements;
- assess financial and other risks arising from EML operations and consider the adequacy of measures taken to moderate those risks; and
- seek to ensure that EML has adequate risk management processes in place.

The members of the ARC, between them, have expertise in the areas of accounting and finance. The qualifications and experience of the members of the ARC, the number of meetings held and the number of meetings attended by each ARC member are set out in the 2019 Annual Report.

The Group CEO, Group CFO, Group CRO and Company Secretary attend Committee meetings at the invitation of the Committee. The external auditors also attend meetings at the invitation of the Committee. The Non-executive Directors periodically meet the external auditors without the Managing Director or other management being present.

The Audit and Risk Committee Charter is available on the Company's website.

### **External Audit**

The Audit and Risk Committee:

- recommends to the Board the appointment, re-appointment and termination of the external auditor;
- recommends to the Board the scope and proposed fee for the audit and audit related services;
- reviews the independence, quality and performance of the external auditor;
- monitors the interactions between management and the external auditor and monitors that no management restrictions are placed upon access by the external auditor to relevant information or personnel.

The external auditor is required to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### **Internal Audit**

The CRO provides ongoing reports to the Audit and Risk Committee, as well as bi-annual assessments of the adequacy and effectiveness of the Company's control processes and risk management procedures. Any internal audit reviews that are undertaken are done so in coordination with the ARC, with external audit assistance provided if needed.

### **Financial Reporting**

For this reporting period the Board has obtained a written assurance from the MD and Group CEO and Group CFO that the declaration provided under section 295A of the *Corporations Act* (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.

In respect of both the half-year Financial Statements and the full-year Financial Statements, the CEO and the CFO confirm in writing to the Board that in their opinion:

- The Financial Statements and associated notes comply in all material respects with the applicable Accounting Standards as required by the Corporations Act;
- The Financial Statements and associated notes give a true and fair view of the financial position, as at the relevant balance date, and the performance of the Group for the relevant financial period;
- With regard to the financial records and systems of risk management and internal compliance and control of the Group for the relevant period:
  - The financial records of the Group have been properly maintained in accordance with the Corporations Act;
  - The statements made regarding the integrity of the Financial Statements are founded on a sound system of risk management and internal compliance and control;
  - The risk management and internal compliance and control systems of the Group relating to financial reporting objectives are operating effectively, in all material respects; and
  - Subsequent to the balance date, and up to the date of the relevant financial report, no changes or other matters have arisen that would have a material effect on the operation of the risk management and internal compliance and control systems of the Group, and
- With regard to solvency, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.



## Principle 5: Make timely and balanced disclosure

### **Continuous Disclosure**

EML is committed to maintaining the highest standards of disclosure, providing shareholders and the investment community with the same access to full and accurate information about its activities in an accessible and timely manner. The Company acknowledges that providing information in this way enables investors to trade in EML shares in an informed, efficient and competitive market.

EML has established a Disclosure and Communication 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.

All staff members are trained in the Group's Continuous Disclosure Policy to ensure all market-sensitive information is provided to senior management, enabling prompt disclosure. Discussion of events relevant to the Group that may require disclosure to the market is a standing agenda item at all Board meetings.

The Disclosure and Communication Policy addresses:

- the roles and responsibilities of Directors, officers and employees in complying with the Policy;
- safeguarding confidentiality of corporate information to avoid premature disclosure;
- media contact and comment;
- external communications such as analyst briefings and responses to security holder questions; and
- measures for responding to or avoiding the emergence of a false market in EML securities.

The Board has ultimate responsibility for the Company's compliance with its continuous disclosure obligations and ensuring adequate processes and controls are in place for the identification, reporting and disclosure of price sensitive information in a timely manner. The Company Secretary is responsible for administration of the policy by, amongst other things, educating employees on the Company's continuous disclosure obligations and regularly discussing continuous disclosure matters with Senior Executives.

The Disclosure and Communication Policy is available on the Company's website.

## Principle 6: Respect the rights of security holders

### **Shareholder Communication**

EML is committed to dealing fairly and openly with shareholders and the investment community.

An overview of the Company's business, financial performance and prospects is available on the Company's website. Investor presentations and a key events calendar is accessible on the Company's website via the 'About Us – Investors' tab.

The Company's Disclosure and Communication Policy outlines the Company's approach to effective communication to and from shareholders and other stakeholders through a range of forums. This includes:

- investor roadshows conducted by the Group CEO and other senior executives after the release of the Company's half and full year results, the presentations of which are lodged on the ASX announcement's platform;
- presentations by the Chairman and Group CEO regarding the Company's activities and state of affairs at the AGM with the transcript of these presentations lodged on the ASX announcement's platform and Company's website;
- attendance of Directors and the external auditor at the AGM to answer questions of shareholders as required;
- all recent Company announcements, media briefings, press releases, analyst presentations and Annual Reports and information on corporate governance practices are placed on the Company website.

EML and its share registry facilitate electronic, postal and facsimile communications.

The Company's Disclosure and Communication Policy is available on the Company's website.

## **Principle 7: Recognise and manage risk**

### ***Risk Management Framework***

EML has established a risk management framework and regularly reviews the soundness and effectiveness of that framework. The framework is designed to identify and manage risk on an ongoing basis. The Board sets the risk appetite for the Group, oversees the risk management framework and satisfies itself that the framework is sound by reviewing reports received and asking questions when necessary to satisfy itself as questions arise. It is the responsibility of management to design and implement that framework and to ensure that the Group operates within the risk appetite set by the Board.

The ARC is responsible for advising the Board on the adequacy of the Group's risk management system. In the Reporting Period, the ARC reviewed the Group's Risk Management Framework (Framework) and advised the Board that the Framework was consistent with AS/NZS ISO 31000:2009: Risk Management – Principles and Guidelines and that the Group continued to have an approach to risk oversight, management and internal control that was appropriate for the Group's business.

The Board has adopted a Risk Management Policy which sets out its approach to the oversight and management of risks. The policy is available on the Company's website.

## **Audit and Risk Committee**

The Board has established an Audit and Risk Committee (ARC). During the Reporting Period, the ARC was comprised of at least three Non-Executive Directors, all of whom were Independent. The Chairman of the ARC was an Independent Director who was not the Chairman of the Board. The responsibilities of the ARC are set out in the Board-approved ARC Charter, and the responsibilities include:

- seek to ensure the integrity of external financial reporting;
- safeguard the independence of the external auditor;
- oversee the performance of the external audit functions and review of their audits;
- seek to ensure that Directors are provided with financial and non-financial information that is of high quality and relevance;
- seek to ensure that controls are established and maintained in order to safeguard EML financial and physical resources;
- seek to ensure that systems or procedures are in place so that EML complies with relevant statutory and regulatory requirements;
- assess financial and other risks arising from EML operations and consider the adequacy of measures taken to moderate those risks; and
- seek to ensure that EML has adequate risk management processes in place.

The members of the ARC, between them, have expertise in the areas of accounting and finance. The qualifications and experience of the members of the ARC, the number of meetings held and the number of meetings attended by each ARC member are set out in the EML 2019 Annual Report.

The Group CEO, Group CFO, Group CRO and Company Secretary attend Committee meetings at the invitation of the Committee. The external auditors also attend meetings at the invitation of the Committee. The Non-executive Directors periodically meet the external auditors without the Managing Director or other management being present.

The Audit and Risk Committee Charter is available on the Company's website.

## **Internal Audit**

The Chief Risk Officer (CRO) provides ongoing reports to the Audit and Risk Committee, as well as bi-annual assessments of the adequacy and effectiveness of the Company's control processes and risk management procedures. Any internal audit reviews that are undertaken are done so in coordination with the ARC, with external audit assistance provided if needed.

The role of the CRO is to:

- coordinate the implementation of risk management frameworks, risk profile and mitigation strategies;
- facilitate, challenge and drive risk management and risk mitigation strategies in the Group;
- review the sufficiency and effectiveness of the internal control framework;
- review systems and operations and the adequacy of controls; and

- report to senior management and the Audit and Risk Committee at regular intervals on the risk management process, risk mitigation strategies, material business risks and internal control framework.

### **Sustainability Risks**

EML continues to review if it has any material exposure to economic, environmental and social sustainability risks. The Company does recognise however that it has some economic exposure through the fact that it earns revenues in numerous currencies and in turn has exposure to exchange rate variations across those currencies.

### **Principle 8: Remunerate fairly and responsibly**

#### **Remuneration and Nomination Committee**

The Board has established a Remuneration and Nomination Committee.

In the Reporting Period, the Remuneration Committee was comprised of at least three Non-Executive Directors, all of whom were independent Directors. The Remuneration Committee was chaired by an Independent Director.

The responsibilities of the Remuneration Committee are set out in a Board-approved Remuneration Committee Charter and include:

- provide advice in relation to remuneration packages for Senior Executives, Non-executive Directors and Executive Directors, equity-based incentive plans and other employee benefit programs;
- review the Company's recruitment, retention and termination policies;
- review the succession plans of the Group CEO and Senior Executives;
- recommend individuals for nomination as members of the Board and its committees;
- ensure the performance of the Group CEO and Senior Executives and members of the Board are reviewed at least annually; and
- review the Company's Diversity Policy and monitor diversity within the Company.

The qualifications and experience of the members of the Remuneration and Nomination Committee, the number of meetings held and the number of meetings attended by each Remuneration and Nomination Committee members in the Reporting Period are set out in the EML 2019 Annual Report.

The Remuneration Committee's Charter can be found on EML's website.

#### **Remuneration Policies and Practices**

In accordance with the terms of the Remuneration and Nomination Committee Charter, in the Reporting Period the Remuneration Committee reviewed and approved the Group's overall remuneration policy in order to assess whether remuneration was market competitive and designed to attract, align and retain valuable members of staff.

While details of the Group's remuneration policies and practices are set out in the Remuneration Report, broadly:

- Independent (Non-Executive) Directors receive their fees in cash. They receive a fixed amount and do not receive options, bonus payments or other performance incentives. They are not entitled to retirement benefits (other than superannuation).
- The Group Managing Director and CEO and other Executive Key Management Personnel (KMP) receive both fixed and incentive-based remuneration. Details of remuneration and the policies and practices adopted by the Group in setting the remuneration of the Group Managing Director and CEO and of other Executive KMPs are outlined in the Remuneration Report in the EML 2019 Annual Report.

### ***Securities Trading Policy***

The Company's Securities Trading Policy prohibits any employee of EML 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 EML in the future.

The Securities Trading Policy is available on the Company's website.