



**EML.**

# **Audit and Risk Committee Charter.**

Money in Motion



# Audit and Risk Committee Charter

## 1. Purpose

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

## 2. Authority

- The Committee is established by, and reports to the Board of Directors (**the Board**).
- The Committee is appointed to assist the Board to fulfill the Board's statutory, fiduciary, governance and regulatory responsibilities.
- The Committee is authorised to perform activities within the scope of responsibilities set out in this Charter and to make appropriate recommendations to the Board.
- 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.
- The Committee is authorised to take such independent professional advice as it considers necessary.
- The Committee is authorised to obtain any independent legal or other professional advice that it considers necessary.
- The Committee will not have the authority to make determinations on behalf of the Board.
- The Committee will have the authority to remove or appoint an internal or external auditor without Board endorsement in extenuating circumstances.

## 3. Composition

- The Committee will comprise a minimum of three non-executive directors, the majority of whom are independent.
- Appointments and revocations of appointments to the Committee will be determined by the Board. No executive directors will be appointed to the Committee.
- The Chair of the Committee will be an independent non-executive director, appointed by the Board from the Committee's members and cannot be the Chair of the Board.
- The composition of the Committee will be reviewed annually by the Board to ensure there is an appropriate balance of expertise, skills and experience with regard to the ASX Listing Rules, the Corporations Act 2001 (Cth) and the general law applicable to such matters.
- The Company Secretary of the Board will be the Secretary of the Committee.
- 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.
- New members should be provided with a copy of the Committee's Charter and other specific information about the Company.

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## 4. Meetings

- The Committee will meet at least four times annually or 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.
- A quorum of any meeting will be at least 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.
- 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.
- The Group Chief Executive Officer, Group Chief Risk and Regulatory Officer, Group Chief Financial Officer, Group Finance Director, Company Secretary, external and internal auditors, or their equivalent positions and/or other management personnel will be invited to attend meetings as required.
- 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.
- The Chair of the Committee should meet regularly and separately with the internal auditor (if any) and with the external audit partner.
- 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.
- Copies of Committee papers and reports, together with minutes of each Committee meeting, will be circulated to all directors.

## 5. Conflicts of Interest

All Directors must have the ability to recognize and disclose actual, perceived and potential conflicts and ensure they are appropriately managed or avoided so as to ensure that priority is given to the interests of shareholders.

- Conflict procedures are included as a standard Committee agenda item for every meeting. The Committee Chair invites members to disclose conflicts of interest with regard to any agenda item at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have an actual or perceived conflict of interest they will be excused from Committee discussions on the issue where a conflict exists.

## 6. Role & Responsibilities

The overall role of the Committee is to assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to:

- a. financial reporting;
  - b. the application of accounting policies;
  - c. business policies and practices;
  - d. legal and regulatory compliance; and
  - e. internal control and risk management systems.
- provide a formal forum for communication between the Board and senior financial management;
  - improve the efficiency of the Board by delegating tasks to the Committee where such tasks should be discussed in sufficient depth;
  - improve the effectiveness of the external audit function and the communication between the Board and the external auditors;
  - facilitate the independence of the external auditor;
  - if relevant, provide a structured reporting line for internal audit; and
  - review and comment on management's plans for managing the material risks faced by the Group.

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## 7. Financial Reporting

The Committee is responsible for:

- 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;
- reviewing and approving as required, documents and reports to regulators;
- assessing the reasonableness of significant estimates and judgments in the financial reports;
- 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;
- 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;
- reviewing any responses to complaints regarding accounting and auditing matters;
- reviewing internal audit reports and making appropriate inquiries of the internal auditor if applicable; and
- obtaining an independent judgment from the external auditor about:
  1. 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.

## 8. Internal Audit

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:

- the appointment of the internal auditor;
- the internal audit's mission, charter, qualifications and resources;
- the reporting lines and independence of the internal auditor;
- 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);
- the progress of the internal audit program and the implications of internal audit findings on the control environment;
- management's adequacy, appropriateness and responsiveness to internal audit's findings and the timeliness in which action plans are completed;
- whether the internal audit function is adequately resourced; and
- the process the Company has in place for monitoring and assessing the effectiveness of the internal audit department.
- 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.
- A formal review of the internal auditor function will be undertaken at least annually.

## 9. External Audit

The Committee is responsible for:

- recommending to the Board for approval the appointment (and terms of engagement) or removal of the external auditor for consideration by shareholders;
- reviewing the external auditor's fee and whether an effective, comprehensive and complete audit can be conducted for the proposed fee;
- reviewing the independence, quality and performance of the external auditor periodically and as required by law;
- 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;
- 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;
- reviewing all representation letters signed by management and ensure that the information provided is consistent with the Committee's knowledge;
- 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;
- making inquiries of the auditor if there have been any significant disagreements with management irrespective of whether or not they have been resolved; and
- monitoring of management's adequacy, appropriateness and responsiveness to the external auditor's findings and recommendations.

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## 10. Risk Management and Internal Control

The Committee is responsible for:

- 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;
- 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, cyber, culture & conduct and social sustainability risks); and
  - (ii) disclosing any material change to the Group's risk profile.
- 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;
- overseeing business continuity planning and risk mitigation arrangements;
- reviewing any report of adequacy of insurance coverage;
- monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements; and
- monitoring management's performance against the risk management framework, including whether it is operating within the risk appetite set by the board.
- Reviewing any material incident involving fraud or a break down of EML's risk controls and the "lessons learned".
- Receiving reports from internal audit on its reviews of the adequacy of EML's processes for managing risk.
- Receiving reports from management on new and emerging sources of risks and the risk controls and mitigation measures that management has put in place to deal with those risks
- Making recommendations to the board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the Board.
- any other responsibilities as determined by the Committee or Board from time to time.

## 11. Complaints Procedures

The Committee will oversee the information received and the action taken by the company in relation to matters affecting the Company's audit, financial statements or internal controls and any instances of possible fraud raised by an internal whistleblower or in relation to a complaint made by a third party

The complaints procedure will operate as follows:

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

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## 12. Reviews

The Committee will:

- Review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the Chair.
- The Committee will review this Charter annually or as often as it considers necessary to ensure it remains consistent with the Committee's objectives and responsibilities, current law and best practice. Amendments to the Charter, other than miscellaneous updates are to be approved by the Board.