

Statement of compliance with ASX Corporate Governance Principles and Recommendations

This Statement reflects Smartpay Holdings Limited's (**Smartpay**) corporate governance practices as at the date of admission.

The Board of Directors of Smartpay (the **Board**) is responsible for the corporate governance of Smartpay.

As a company which is listed on the Australian Securities Exchange (**ASX**), Smartpay must provide a statement disclosing the extent to which it will follow, as at the date of its admission to the official list of ASX, the recommendations set by the ASX Corporate Governance Council. These recommendations are set out in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd Edition)* (**Recommendations**). If Smartpay does not intend to follow all the Recommendations on its admission to the official list of ASX, it must identify the Recommendations that will not be followed and give reasons for not following them. In addition, in each of its future annual reports, Smartpay is required to provide a statement disclosing the extent to which it complies with the Recommendations.

The Board has included in its corporate governance policies those matters contained in the Recommendations where applicable. However, the Board also recognises that full adoption of the Recommendations may not be practical or provide the optimal result given the particular circumstances of Smartpay.

In addition to the policies set out in this statement, Smartpay has in place its own stringent corporate governance practices in respect of its quotation on the New Zealand Stock Exchange (**NZX**).

Smartpay's position in relation to each of the Recommendations is as follows:

Recommendation	Compliance (Yes/No)	Explanation
Principle 1 - Lay solid foundations for management and oversight Companies should establish and disclose the respective roles and responsibilities of board and management.		
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	<p>Smartpay's Constitution provides that:</p> <ul style="list-style-type: none"> the business and affairs of Smartpay shall be managed by, or under the direction or supervision of, the Board; the Board may exercise all the powers of Smartpay which are not required, either by law or the constitution, to be exercised by shareholders; and the Board may delegate to a committee of Directors, a Director, an employee, or to any other person, any one or more of its powers, other than a power set out in the second schedule of the <i>Companies Act 1993 (NZ)</i>. <p>The Board operates under a Board Charter (a copy of which is available on Smartpay's website at http://www.smartpayltd.com). The key responsibilities of the Board are set out in the Board Charter. The Board has ultimate responsibility to shareholders for the proper direction and control of Smartpay's activities. This includes strategic direction, capital expenditure, policy determination, and stewardship of Smartpay's assets, risk management, legal compliance and monitoring management performance. The Board also has various statutory responsibilities under both Australian and New Zealand law, and various responsibilities under the ASX and NZX Listing Rules. The Board generally meets six times a year (or more often as required) to review its operations and performance.</p> <p>Smartpay's Board Charter provides:</p> <ul style="list-style-type: none"> that the Board is required to set the framework within which Smartpay operates and to an appropriate degree, oversee and supervise Smartpay's operations; and that the management of the business must be delegated to management

		<p>(specifically, the Managing Director or as otherwise designated by the Board).</p> <p>Accordingly, the Board has delegated day to day responsibility for the leadership and management of Smartpay to Bradley Gerdis as Managing Director, who is required to do so in accordance with Board direction and within the guidelines agreed in Smartpay's annual budget, strategic plan and Delegation of Authorities. The key responsibilities of Smartpay's managing director and management team are set out in Smartpay's Board Charter. Individual Board members work directly with management on major initiatives.</p> <p>Given this separation of responsibility of the Board and management, Smartpay's Board Charter clearly distinguishes and sets out those matters that require Board action (and thus cannot be delegated to management) from those matters that require the authority of the Board. Smartpay's Delegation of Authorities Manual sets out the levels of authority delegated to its key management team reporting to the Managing Director.</p> <p>To assist in the execution of the Board's responsibilities, the Board also has in place the following Board committees:</p> <p>(1) the Audit and Finance Committee; and</p> <p>(2) the Remuneration and Appointments Committee.</p> <p>The key responsibilities of each committee are set out in Smartpay's Board Charter, containing the terms of reference of each committee. The terms of reference for each committee are reviewed and approved by the Board annually. The committees have no decision making powers and unless otherwise instructed by the Board may only make recommendations to the Board.</p> <p>It is expected that the division of responsibility of the Board and senior executives will vary with the continued development of Smartpay. Smartpay's Delegation of Authority Manual and the balance of responsibilities are reviewed annually at the time of the preparation of budgets to ensure that the division of functions remains appropriate to the needs of Smartpay.</p>
<p>Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.</p>	Yes	<p>Smartpay's Board Charter provides that the Directors are responsible for reviewing the Board's own performance and the performance of individual directors. The overview of this process is the responsibility of the Chairman. To assist in the execution of this responsibility of the Board, the Remuneration and</p>

		Appointments Committee is responsible for the review of key executive performance and the review of performance management and remuneration structures in place for the whole business (as set out in the terms of reference of the Remuneration and Appointments Committee in Smartpay’s Board Charter).																				
Principle 2 - Structure the board to add value																						
Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.																						
Recommendation 2.1: A majority of the board should be independent directors.	Yes	<p>The current structure of Smartpay’s Board complies with Recommendation 2.1. The Board of Smartpay currently comprises four directors, three of which are independent non-executive directors (including the Chairman).</p> <p>The members of the Board and their positions as at the date of admission are:</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Position</th><th>Independence (Yes/No)</th></tr><tr><td>Ivan Hammerschlag</td><td>01/07/12</td><td>Non-Executive Chairman</td><td>Yes</td></tr><tr><td>Bradley Gerdis</td><td>01/07/12</td><td>Executive Director and Managing Director</td><td>No</td></tr><tr><td>Greg Barclay</td><td>01/04/2010</td><td>Non-Executive Director</td><td>Yes</td></tr><tr><td>Matthew Turnbull</td><td>01/04/13</td><td>Non-Executive Director</td><td>Yes</td></tr></table> <p>Details of the respective Directors’ qualifications, skills, directorships and experience are set out in the Information Memorandum dated 19 July 2013. The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to Smartpay.</p> <p>Smartpay’s Constitution provides that the minimum number of directors is three, and the maximum number of directors is six (unless shareholders determine otherwise).</p> <p>Smartpay’s Board Charter provides that:</p>	Name	Date Appointed	Position	Independence (Yes/No)	Ivan Hammerschlag	01/07/12	Non-Executive Chairman	Yes	Bradley Gerdis	01/07/12	Executive Director and Managing Director	No	Greg Barclay	01/04/2010	Non-Executive Director	Yes	Matthew Turnbull	01/04/13	Non-Executive Director	Yes
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		<ul style="list-style-type: none"> the Board will comprise at least four directors of which will consist of a minimum of three non-executive directors (including the Chairman); and the Board's membership will include two independent directors. <p>Smartpay's Board Charter adopts the definition of independence set out in the NZX Listing Rules. This definition is similar to the definition of independence set out in the commentary to Recommendation 2.1. The Board regularly assesses whether each non-executive director of Smartpay is independent.</p> <p>In respect of the general commentary to Recommendation 2.1:</p> <ul style="list-style-type: none"> Share policy: Smartpay's Board Charter encourages directors to hold shares in Smartpay, subject to adherence to strict observance with the provisions of Smartpay's Constitution, internal rules and all relevant legislative and regulatory procedures relating to the buying and selling of Smartpay shares. Smartpay also has in place a formal securities trading policy and guidelines which was last updated and approved by the Board on 21 June 2013. Conflicts of Interest: Smartpay's Constitution and Board Charter provide that all directors must declare actual or potential conflicts of interest and excuse themselves from discussions on issues whether they have an actual or potential conflict. In certain circumstances, Smartpay's Board Charter provides that a director may be required to consider their resignation from office. Meetings of Non-Executive Directors: Smartpay's Board Charter provides that non-executive directors should meet separately from the executive directors from time to time, and at least once a year. External Advice: Smartpay's Board Charter provides that each director has the right, with the prior approval of the Chairman or a resolution of the Board, to seek legal or financial advice on any matter, which is either put forward for decision for the Board, or relevant to their position as director, at the expense of Smartpay. Continuing Education: Smartpay's Board Charter encourages directors to further their knowledge and education to meet the continuing needs of Smartpay.
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Recommendation 2.2: The Chair should be an independent director.	Yes	Smartpay’s Chairman, Ivan Hammerschlag, is an independent director.																				
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Smartpay does not have a Chief Executive Officer but rather a Managing Director. Smartpay has appointed Bradley Gerdis as Managing Director and Ivan Hammerschlag as Chairman.																				
Recommendation 2.4: The board should establish a nomination committee.	Yes	<p>In accordance with the NZX Listing Rules, Smartpay already has an established and functioning nomination committee, referred to as the Remuneration and Appointments Committee.</p> <p>The current composition of Smartpay’s Remuneration and Appointments Committee complies with the commentary to Recommendation 2.4. The Remuneration and Appointments Committee currently comprises 3 members, each of whom is an independent director.</p> <p>The members of the Remuneration and Appointments Committee as at the date of admission are:</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Position in Committee</th><th>Independence (Yes/No)</th></tr><tr><td>Ivan Hammerschlag</td><td>24/7/12</td><td>Chair</td><td>Yes</td></tr><tr><td>Bradley Gerdis</td><td>24/7/13</td><td>Member</td><td>No</td></tr><tr><td>Greg Barclay</td><td>24/5/10</td><td>Member</td><td>Yes</td></tr><tr><td>Matt Turnbull</td><td>5/6/13</td><td>Member</td><td>Yes</td></tr></table> <p>Smartpay’s Board Charter sets out the terms of reference of the Remuneration and Appointments Committee. The terms of reference:</p> <ul style="list-style-type: none">• set out the key responsibilities and procedures of the Remuneration and Appointments Committee;• require that the Remuneration and Appointments Committee consist of three non-executive directors and be chaired by a non-executive director appointed by the Board;	Name	Date Appointed	Position in Committee	Independence (Yes/No)	Ivan Hammerschlag	24/7/12	Chair	Yes	Bradley Gerdis	24/7/13	Member	No	Greg Barclay	24/5/10	Member	Yes	Matt Turnbull	5/6/13	Member	Yes
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		<ul style="list-style-type: none"> • provide that appointments to the Remuneration and Appointments Committee are made by the Board and are reviewed every three years; and • are reviewed and approved by the Board annually. <p>The Remuneration and Appointments Committee:</p> <ul style="list-style-type: none"> • has decision making authority for responsibilities delegated by the Board as set out in the Board Charter; and • is empowered to seek any information it requires from employees and to obtain any independent legal or other professional advice it may deem necessary.
<p>Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p>	Yes	<p>As outlined above in Recommendation 1.2, Smartpay has various processes in place for regularly evaluating the performance of the Board, its committees and individual directors</p> <p>In respect of the general commentary to Recommendation 2.5:</p> <ul style="list-style-type: none"> • Induction: Smartpay's Board Charter sets out the procedure for orientation and education of directors. • Circulation of materials: Smartpay is committed to the circulation of relevant materials to directors in a timely manner to facilitate director participation in Board discussions on a fully-informed basis. Smartpay's Board Charter provides that the Managing Director is required at each meeting to inform the Board of all matters of relevance to their roles. • Company Secretary: There is no requirement under NZ law for the company to have a company secretary however the company has appointed a company secretary who manages all matters of corporate governance and who is accountable to the Board through the Managing Director. The Board Charter identifies that the Company Secretary will be the secretary to the board and that all directors shall have access to the Company Secretary.

Principle 3 - Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

<p>Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none">• the practices necessary to maintain confidence in the company's integrity• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	<p>Smartpay's Board Charter contains Smartpay's Ethics Policy and Code of Conduct (in Appendix B). This policy articulates acceptable practices for Smartpay's directors, senior executives and employees, and guides such persons in compliance with their ethical, legal and statutory obligations.</p> <p>Smartpay's Board Charter also provides:</p> <ul style="list-style-type: none">• a list of general obligations and responsibilities expected of Directors (at page 6); and• a list of Smartpay's Corporate Values (in Appendix A). <p>In accordance with Smartpay's Board Charter, the Board is responsible for determining, endorsing and communicating Smartpay's corporate values and culture to management (which is required to include high standards of ethics, behaviour and integrity), who are then responsible for developing the culture.</p> <p>If anyone is aware of a breach of Smartpay's Ethics Policy and Code of Conduct they are required to report the same to Smartpay's Company Secretary.</p>
<p>Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.</p>	No	<p>The NZX Listing rules have, until recently, not required companies to have diversity policies and Smartpay has not adopted a formal policy concerning diversity. However, the Board is committed to the establishment and maintenance of appropriate ethical standards and in its recruitment practices is committed to recruiting individuals with the appropriate skills and qualifications required for the role. Specifically, Smartpay's Ethics Policy and Code of Conduct (as set out in Appendix B of Smartpay's Board Charter) includes policies against discrimination. Smartpay is committed to ensuring that the rights of all people to obtain and hold employment without unlawful discrimination are upheld and that all employees are treated fairly and with dignity and respect; its Staff Handbook details its policy and implementation procedures in this regard.</p>
<p>Recommendation 3.3: Companies should</p>	No	<p>As outlined above in Recommendation 3.2, Smartpay has not established a formal</p>

disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.		policy concerning diversity. As at the date of this statement, no annual reports have been published that require the inclusion of such information.																
Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	As now required under the NZX listing rules (LR 10.5.5) Smartpay discloses a breakdown of the gender composition of its Board of Directors and its Officers in its Annual Report.																
Principle 4 - Safeguard integrity in financial reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.																		
Recommendation 4.1: The board should establish an audit committee.	Yes	<p>In accordance with the NZX Listing Rules, Smartpay already has an established and functioning audit committee, referred to as the Audit and Finance Committee.</p> <p>The members of the Audit and Finance Committee as at the date of this report are:</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Position in Committee</th><th>Independence (Yes/No)</th></tr><tr><td>Matthew Turnbull</td><td>01/04/13</td><td>Chair</td><td>Yes</td></tr><tr><td>Greg Barclay</td><td>24/5/10</td><td>Member</td><td>Yes</td></tr><tr><td>Bradley Gerdis</td><td>24/7/13</td><td>Member</td><td>No</td></tr></table> <p>Smartpay's Board Charter reflects that ultimate responsibility for the integrity of Smartpay's financial reporting rests with the Board, providing that the following (among others) are matters requiring Board action (and thus cannot be delegated to management):</p> <ul style="list-style-type: none">the approval of all financial statements, reports and accounts; andthe oversight of the audit and compliance functions, and the approval of the framework of control and compliance and their operation. <p>As at the date of this statement, the external audit function in respect of Smartpay is</p>	Name	Date Appointed	Position in Committee	Independence (Yes/No)	Matthew Turnbull	01/04/13	Chair	Yes	Greg Barclay	24/5/10	Member	Yes	Bradley Gerdis	24/7/13	Member	No
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		performed by KPMG, Auckland.
<p>Recommendation 4.2: The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	No	<p>The current composition of Smartpay's Audit and Finance Committee does not strictly comply with Recommendation 4.2. Specifically, the role of Bradley Gerdis on the committee means that the Audit and Finance Committee does not only consist of non-executive directors. However, the Board believes that the current composition of the Audit and Finance Committee is the most appropriate means for discharging its responsibilities and duties. Other than the inclusion of a non-executive director, Smartpay complies with the other structural requirements of Recommendation 4.2.</p> <p>The terms of reference of the Audit and Finance Committee (as set out in Smartpay's Board Charter):</p> <ul style="list-style-type: none"> • require that the Audit and Finance Committee consist of a minimum of three directors, two of which are independent, and be chaired by an independent director appointed by the board; and • provide that appointments to the Audit and Finance Committee are made by the Board on the recommendation of the Remuneration and Appointments Committee and are reviewed every three years.
<p>Recommendation 4.3: The audit committee should have a formal charter.</p>	Yes	<p>Smartpay's Board Charter sets out the terms of reference of the Audit and Finance Committee. The terms of reference</p> <ul style="list-style-type: none"> • set out the key responsibilities and procedures of the Audit and Finance Committee; • are reviewed and approved by the Board annually. <p>The Audit and Finance Committee:</p> <ul style="list-style-type: none"> • has no decision making authority, being empowered only to make recommendations to the Board; • is empowered to seek any information it requires from employees and to obtain any independent legal or other professional advice it may deem necessary; and • is provided with direct communication with and unrestricted access to the independent and any internal auditors or accountants.

Principle 5 - Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Yes

Smartpay's Board Charter contains Smartpay's Disclosure and Communications Policy (in Appendix F). This policy, together with Smartpay's procedures relating to disclosure, are designed to ensure compliance with Smartpay's disclosure obligations under the ASX and NZX Listing Rules and Australian and New Zealand law.

The Board has designated the Company Secretary as the person responsible for overseeing Smartpay's disclosure of information to the market and shareholders, as well as providing guidance to directors and employees on disclosure requirements and procedures. When necessary, the Company Secretary consults with Smartpay's professional legal advisers.

In addition, a key role of the Audit and Finance Committee is to require and monitor legislative and regulatory compliance.

Smartpay's disclosure policies ensure accountability at a senior executive level by:

- providing that the monitoring of systems for keeping the market informed and the approval of announcements, prospectuses and reports to shareholders are matters requiring Board action (and thus cannot be delegated to management) (as per Smartpay's Board Charter); and
- appointing Smartpay's Managing Director as Smartpay's Market Disclosure Officer (as per Smartpay's Disclosure and Communications Policy).

A copy of Smartpay's disclosure policy is also available on its website at <http://www.smartpayltd.com>.

Principle 6 - Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participating at general meetings and disclose their policy or a summary of that policy.

Yes

As outlined above in Recommendation 5.1, Smartpay has adopted various policies and procedures in relation to the timely, full and accurate disclosure of information to its shareholders.

In addition, Smartpay's Board Charter includes Smartpay's Shareholder Relations Policy and Practices (in Appendix G). This policy enforces the Board's commitment to using its best endeavours to familiarise itself with issues of concern to shareholders and significant stakeholders.

Smartpay's website assists in the commitment of the Board to adhering to its disclosure obligations by delivering financial and shareholder information that is regularly updated to ensure transparency.

Smartpay intends to use its annual general meetings to effectively communicate with shareholders and allow reasonable opportunity for informed shareholder participation.

Principle 7 - Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Yes

Smartpay takes a proactive approach to risk management and reviews major decisions and deals with a view to potential risks that Smartpay may be exposed to as a result. The Board is responsible for ensuring that risks are identified on a timely basis and that Smartpay's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Audit and Finance Committee oversees the process for identification and management of risk in Smartpay. However, Smartpay's Board Charter provides that the oversight and review of risk management is a matter requiring Board action, reflecting that ultimate responsibility for risk oversight and risk management rests with the Board.

Smartpay's Board Charter sets out the terms of reference of the Audit and Finance

		<p>Committee with respect to risk and compliance matters.</p> <p>Smartpay's risk mitigation strategies are updated on an ongoing commercial basis. The Board intends to continue to regularly review and approve the risk management and oversight policies of Smartpay. The risk profile of Smartpay can be expected to change and procedures adapted as Smartpay continues to develop.</p>
<p>Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	Yes	<p>Under the terms of reference of the Audit and Finance Committee, Smartpay's management is delegated responsibility to design, implement and review Smartpay's risk management and internal control systems, with the Audit and Finance Committee serving an oversight and monitoring role.</p> <p>Smartpay's risk management and internal control systems are required to involve processes to enable:</p> <ul style="list-style-type: none"> • the identification, quantification and monitoring of significant risks; • the development of risk mitigation strategies; • the monitoring of compliance; and • the review of systems and records.
<p>Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 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 risks.</p>	N/A	<p>Being a New Zealand company, Recommendation 7.3 is not applicable to Smartpay.</p>

Principle 8 - Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1: The board should establish a remuneration committee.

Yes

As outlined above in Recommendation 2.4, Smartpay has an established and functioning Remuneration and Appointments Committee.

The Board Charter sets out the terms of reference of the Remuneration and Appointments Committee. The terms of reference:

- set out the key responsibilities and procedures of the Remuneration and Appointments Committee;
- provide that appointments to the Remuneration and Appointments Committee are made by the Board and are reviewed every three years;
- are reviewed and approved by the Board annually.

In accordance with Smartpay's Director and Key Executives Remuneration Policy (as set out in Appendix E of Smartpay's Board Charter), the Remuneration and Appointments Committee is responsible for:

- advising the Board of the implementation of Smartpay's remuneration policy; and
- annually reviewing the level of remuneration of directors, and in respect thereof, making appropriate recommendations to the Board for shareholder approval.

The Remuneration and Appointments Committee:

- has decision making authority for responsibilities delegated by the Board;
- is empowered to seek any information it requires from employees and to obtain any independent legal or other professional advice it may deem necessary; and
- is authorised to obtain independent advice on market conditions in respect of its annual review of the level of remuneration of directors

However, Smartpay's Board Charter reflects that ultimate responsibility for Smartpay's remuneration policy rests with the Board. In this regard Smartpay's Board Charter provides that:

		<ul style="list-style-type: none">the proposed appointment and remuneration of directors requires Board action;the oversight and review of Smartpay’s remuneration policy requires Board action; andthe remuneration of executives requires the prior approval by the Board. <p>Smartpay’s Constitution provides that the Board may not exercise the power conferred by section 161 of the <i>Companies Act 1993 (NZ)</i> to authorise any payment of remuneration to Directors in their capacity as directors without the prior approval of shareholders.</p>																				
<p>Recommendation 8.2: The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none">consists of a majority of independent directorsis chaired by an independent chairhas at least three members.	Yes	<p>The current composition of Smartpay’s Remuneration and Appointments Committee complies with Recommendation 8.2. The Remuneration and Appointments Committee currently comprises 4 members, three of which are independent directors including the Chair.</p> <p>The members of the Remuneration and Appointments Committee as at the date of this report are:</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Position in Committee</th><th>Independence (Yes/No)</th></tr><tr><td>Ivan Hammerschlag</td><td>24/7/12</td><td>Chair</td><td>Yes</td></tr><tr><td>Bradley Gerdis</td><td>24/7/2013</td><td>Member</td><td>No</td></tr><tr><td>Greg Barclay</td><td>24/5/10</td><td>Member</td><td>Yes</td></tr><tr><td>Matt Turnbull</td><td>5/6/13</td><td>Member</td><td>Yes</td></tr></table> <p>The terms of reference of the Remuneration and Appointments Committee:</p> <ul style="list-style-type: none">require that the Remuneration and Appointments Committee consist of two non-executive directors and be chaired by a non-executive director appointed by the Board; andprovide that appointments to the Remuneration and Appointments Committee are made by the Board and are reviewed every three years.	Name	Date Appointed	Position in Committee	Independence (Yes/No)	Ivan Hammerschlag	24/7/12	Chair	Yes	Bradley Gerdis	24/7/2013	Member	No	Greg Barclay	24/5/10	Member	Yes	Matt Turnbull	5/6/13	Member	Yes
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<p>Recommendation 8.3: Companies should clearly distinguish the structure of non-executive</p>	Yes	<p>Appendix E of the Board Charter sets out the Smartpay’s policy on director remuneration. Non-executive Directors will be paid a basic fee as ordinary remuneration for their appointment as a Director of Smartpay, in addition they may</p>																				

<p>directors' remuneration from that of executive directors and senior executives.</p>		<p>be paid extra remuneration for their membership of board appointed committees and or in consideration for their appointment as Chairman or Deputy Chairman. The level of remuneration to be paid will be reviewed annually by the Remuneration and Appointments Committee who will consider the skills, performance, experience and level of responsibility of the Directors in undertaking the review and is authorised to obtain independent advice on market conditions. The Committee then makes appropriate recommendations to the Board. In the event that the total remuneration of the directors exceeds the current limit approved by shareholders no changes can be made until shareholder approval is obtained.</p> <p>Executive Directors will receive no fees but will be paid as employees of the company in accordance with their contracts of employment with the company.</p> <p>Senior Executives are paid as employees of the company in accordance with their contracts of employment with the company.</p> <p>Smartpay may from time to time engage its non-executive directors to provide professional services to Smartpay. In these circumstances the terms of engagement will be competitive, established on an arms' length basis, clearly recorded and all legal requirements for disclosure of the engagement will be observed.</p> <p>Smartpay does not have a formal share participation scheme available to staff or directors. In some circumstances individual directors or senior executives may be awarded share options as an incentive plan conditional on certain key performance indicators as identified at the time. Any such options are disclosed in accordance with the Directors and Officers disclosure requirements of the NZX and are disclosed in Smartpay's Annual Report.</p>
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