

## Appendix 4G

### Key to Disclosures

### Corporate Governance Council Principles and Recommendations

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

**Name of entity**

<b>EML PAYMENTS LIMITED</b>
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**ABN / ARBN**

93 104 757 904
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**Financial year ended:**

30 June 2017
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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://  
http://investor.emlpayments.com/investors/?page=Corporate-Governance](http://investor.emlpayments.com/investors/?page=Corporate-Governance)

The Corporate Governance Statement is accurate and up to date as at 23 August 2017 and has been approved by the board.

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

Date: 23 August 2017

Name of Director or Secretary authorising lodgement: Louise Bolger, Company Secretary

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<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 <b>OR</b></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 <b>OR</b></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 <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>
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 <b>OR</b></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 <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>

## 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>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; 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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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 2017 Annual Report at pages 21 to 25</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 <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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
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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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
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 <b>OR</b> <input type="checkbox"/> at [insert location]	<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
<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 <b>OR</b> <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>		
<p>4.1 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 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 2017 Annual Report at pages 21 to 25</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>
<p>4.2 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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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 <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 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: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <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 <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
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <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>OR</b> <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 <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



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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 <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 2017 Annual Report at pages 21 to 25</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 <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>
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 <b>OR</b></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 <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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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7.3	<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):] ... 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):] ... 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 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>
7.4	<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>

## 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>	
<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.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 2017 Annual Report at pages 21 to 25</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 2017 Annual Report at pages 28 to 43</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 2017

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 2017 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 2017 financial year. This Corporate Governance Statement is dated 23 August 2017.

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

### **Role of 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 of 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 Board is supported by an Audit and Risk Committee and a Remuneration and Nomination Committee.

### **Role of 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 performance assessments and reporting on those discussions and assessments to the Board; and
- overseeing the role of Company Secretary, including reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board.

### ***Role of the Group Managing Director and Group 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 CEO, including the Chief Executive Officers of the Company's subsidiaries in Australia, North America and the United Kingdom and Europe; Chief Financial Officer (CFO); Chief Risk Officer (CRO); and 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.

The Board has appointed Louise Bolger as Company Secretary. Ms Bolger is a qualified solicitor with more than 15 years' experience across a variety of industry sectors, including financial services, media and telecommunications. Prior to joining EML in April 2014, Louise was General Counsel and Company Secretary at ASX listed companies Southern Cross Media Group Limited and PIPE Networks Limited.

### ***Board Evaluation***

A performance review is undertaken annually in relation to the Board, its committees and individual Directors. In addition to review discussions amongst the Board, a formal self-evaluation questionnaire is used to facilitate the annual performance review process. 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.

The Board conducted its annual performance review in February 2017 in accordance with the Company's Performance Evaluation Process, which is available on the Company's website.

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 2017 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***

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.

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

<b>Objective</b>	<b>Target</b>	<b>Initiative</b>
Inclusive and collaborative work practices	Ensure both male and female employees are similarly engaged	Measured through annual employee survey
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>

The progress towards meeting these objectives will be measured after the first half of this financial year.

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

<b>EML (Australia)</b>	Number	Percentage out of total
<ul style="list-style-type: none"> <li>• Women on the Board</li> </ul>	0	0%
<ul style="list-style-type: none"> <li>• Women in Senior Executive positions</li> </ul>	2	50%
<ul style="list-style-type: none"> <li>• Women in the corporate office</li> </ul>	15	37%
<b>United Kingdom</b>		
<ul style="list-style-type: none"> <li>• Women in management positions</li> </ul>	1	25%
<ul style="list-style-type: none"> <li>• Women in UK office</li> </ul>	13	48%
<b>North America</b>		
<ul style="list-style-type: none"> <li>• Women in management positions</li> </ul>	14	31%
<ul style="list-style-type: none"> <li>• Women in US office</li> </ul>	45	42%

The Board recognises that there is a need for greater diversity on the Board, whether that be with a suitably qualified female Non-executive Director or a Non-executive Director from another geographic region. The Chair of the Board has responsibility for addressing this issue over the coming financial year.

## 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 2017 financial year the Board was comprised of six Directors, the majority of whom are independent Directors. With the unexpected passing of Director John Toms on 4 August 2017, the Board at the date of this statement is now five in number.

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

The size of the Board, with five Directors, ensures it is not so large as to be unwieldy. Whilst 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, the Board will seek to appoint an independent non-executive Director to bring its number back to at least six. The Board through its Remuneration and Nomination Committee intends to commence its recruitment process within the coming months.

### **Remuneration and Nomination Committee**



EML reconvened its Remuneration and Nomination Committee in November 2016. The Remuneration and Nomination Committee is comprised of three Non-executive Directors, all of whom are independent. The Committee is chaired by Peter Martin. The other Directors who serve on the Committee are Bob Browning and David Liddy. Details of these Directors' attendance at Committee meetings are set out in the 2017 Annual Report.

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

The main 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 appropriate checks before appointing a person or putting forward to shareholders a candidate for election, 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 to maintain an appropriately balanced mix of skills, experience and diversity on the Board.

### **Board Skills Matrix**

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 on the EML Board, recognising that each Director may not necessarily have or experience in or fit within all of these areas. However, the Board benefits from the combination of the Directors' individual skills, experience, knowledge and diversity.

#### *General*

- Other Board experience
- Management expertise

#### *Governance*

- Risk and compliance oversight
- Understanding of legal, ethical and fiduciary duties

#### *Technical*

- Financial literacy
- IT strategy and governance
- Commercial and contractual experience
- Strategy

#### *Industry Skills*

- International payments industry
- Mergers and acquisitions

#### *Behavioural*

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

#### *Diversity*

- Gender
- Geographic and cultural
- Age

### **Independence**

Principles applied by the Board in relation to Directors' independence is as follows.

An independent Director is a Non-executive Director and:

1. is 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 has 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 has 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. has 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 majority of Directors of EML are independent. The Managing Director and Group CEO is not considered independent, by virtue of being an executive of the Company.

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

The following table provides specific information regarding the Directors:

Name	Position	Joined Board / years of experience	Independence
Peter Martin	Non-executive Chairman	2012 / 5	Independent
Tom Cregan	Managing Director and Group CEO	2012 / 5	Non-independent
Tony Adcock	Non-executive Director	2011 / 6	Independent
Bob Browning	Non-executive Director	2010 / 6	Independent
David Liddy	Non-executive Director	2012 / 5	Independent
John Toms*	Non-executive Director	2011 / 7	Independent

\* Mr Toms passed away unexpectedly on 4 August 2017.

Further details of the Directors are disclosed in the 2017 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 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 take into account legal obligations and reasonable expectations of the Company's stakeholders.

Shortly, the Board will be reviewing proposed Whistleblower and Anti-bribery and Corruption Policies which will complement the Company's 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.

The Board notes its view that Directors are entitled to treat their shareholdings in EML like any other shareholder and in turn have the ability to sell-down their holdings should they so choose, provided always that the Company's Securities Trading Policy and Insider Trading provisions of the Corporations Act are complied with.

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.

## **Principle 4: Safeguard integrity in corporate reporting**

### ***Audit and Risk Committee***

The Board of EML has established an Audit and Risk Committee to:

- 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.

For 2017 financial year the Audit and Risk Committee was comprised of three Non-executive Directors, all of whom were independent. The Committee was chaired by John Toms until 4 August 2017. The other Directors who serve on the Committee are David Liddy and Tony Adcock. Their qualifications are set out in the 2017 Annual Report. The Committee was constituted for the entire financial year and met four times during the 2017 financial year with all members attending every meeting.

On 9 August 2017 the Board appointed Tony Adcock as Chairman and Bob Browning as a member of the Committee.

All members of the Audit and Risk Committee are financially literate and have an appropriate understanding of the industry in which the Company operates.

The Group CEO, CFO, CRO and Company Secretary attend Committee meetings. The external auditors 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 reviewed annually and 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 Company has an internal audit function that is managed by the CRO and overseen by the Audit and Risk Committee.

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.

### **Financial Reporting**

For this reporting period the Board has obtained a written assurance from the MD and Group CEO and 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.

## **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.

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.

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:

- submitting quarterly operating cash flow statements with the ASX, which outline the key performance metrics of the business;
- investor roadshows conducted by the Group CEO 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 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 Audit and Risk Committee oversees the process for identifying and managing material risks in the Company in accordance the Risk Management Policy and the Committee's Charter.

The Committee's responsibilities in relation to risk management include:

- reviewing management's approach to the management of risks;
- reviewing and approving policies and procedures on risk oversight and management;
- assessing the internal processes for determining, monitoring and managing material risks;
- overseeing business continuity planning and risk mitigation arrangements;
- monitoring compliance with relevant legislative and regulatory requirements; and
- assessing with the Group has any material exposure to environmental and social sustainability risks.

A review of the Company's risk management framework was conducted during the reporting period by the Audit and Risk Committee. The Committee concluded that controls over risk management processes were adequate and effective.

### ***Internal Audit***

The Company has an informal internal audit function that is managed by the CRO and overseen by the Audit and Risk Committee. This function has been conducted in conjunction with the Company's external auditors over the past 4 years, focussing particularly on the Group's financial controls.

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 does not consider that 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 five currencies (AUD, CAD, USD, EUR and GBP) and in turn has exposure to exchange rate variations across those currencies.

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

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

EML reconvened its Remuneration and Nomination Committee in November 2016. The Remuneration and Nomination Committee is comprised of three Non-executive Directors, all of whom are independent. The Committee is chaired by Peter Martin. The other Directors who serve on the Committee are Bob Browning and David Liddy. Details of these Directors' attendance at Committee meetings are set out in the 2017 Annual Report.

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

The Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-executive Directors.

The main responsibilities of the Committee are to:

- 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.

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

Remuneration of EML executives is to reflect performance. As such, remuneration is structured with a fixed component and performance-based remuneration component.

Non-executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. Fees paid are a composite fee covering all Board and Committee responsibilities and contributions to Directors' nominated superannuation funds. No other retirement benefit schemes are in place in respect of Non-executive Directors.

Further information on Directors' and Senior Executives' remuneration, including the principles used to determine remuneration, is set out in the 2017 Annual Report under the heading 'Remuneration Report'.

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

The Company's Securities Trading Policy provides that 'no employee of EML is permitted 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.