



Southern Cross Payments Ltd

Corporate Governance Policies

Board Charter

1. Board Charter

1.1 Role of the Board

The Board of Directors is responsible for guiding and monitoring Southern Cross Payments Ltd (the **Company**) on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, governance, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities, governance and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- (a) demonstrating leadership;
- (b) approving the entity's statement of values and code of conduct to underpin the desired culture within the entity;
- (c) appointing the chair of the Board;
- (d) appointment, evaluation, rewarding and if necessary the removal of the Managing Director, Executive Chair (or equivalent), the Company Secretary and senior management personnel;
- (e) ratifying the appointment, and where appropriate, the removal, of senior executives;
- (f) in conjunction with members of the senior management team, develop corporate objectives, strategies and operations plans and approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- (g) overseeing management in its implementation of the entity's strategic objectives, instilling of the entity's values and performance generally;
- (h) establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- (i) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets;
- (j) monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- (k) satisfying itself that the entity has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects management to operate;

- (l) identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks;
- (m) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board;
- (n) whenever required, challenging management and holding it to account;
- (o) satisfying itself that the entity's remuneration policies are aligned with the entity's purpose, values, strategic objectives and risk appetite; and
- (p) monitoring the effectiveness of the entity's governance practices;
- (q) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- (r) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- (s) ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- (t) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- (u) overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.
- (v) Carry out the duties of the nominations committee, until such time as a separate committee is established, including :
 - (i) board succession planning;
 - (ii) induction and where required or needed, continuing professional development programs for directors;
 - (iii) the development and implementation of a process for evaluating the performance of the board, its committees and directors;
 - (iv) the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
 - (v) the appointment and re-election of directors; and
 - (vi) ensuring there are plans in place to manage the succession of the Managing Director, Executive Chair or equivalent, as well as other senior executives

While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may make use of committees. The Board has established the following committees;

- (a) Audit Committee;
- (b) Risk Committee; and
- (c) Remuneration Committee,

Until such time as the Board determines that it is appropriate to establish a separate committee, the function of the

- (d) Nomination Committee

as set out in this Charter will be performed by the Board.

Each Director has the right to seek independent professional advice on matters relating to his position as a Director of the Company at the Company's expense, subject to the prior approval of the Chair, which shall not be unreasonably withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

In accordance with the constitution of the Company, directors (other than the Managing Director, Executive Chair or equivalent) must offer themselves for re-election by shareholders at least every 3 years. The constitution does not specify a maximum term for which a Director may hold office.

The Board may not delegate its overall responsibility for the matters listed above. However, the responsibility for the day-to-day operation and administration of the Company may be delegated by the Board to the Managing Director, Executive Chair or equivalent. The Board will ensure that the Managing Director, Executive Chair or equivalent and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director, Executive Chair or equivalent and executive Directors.

While there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- (c) procedures are in place to incorporate presentations at each Board meeting by financial, operations and marketing management, as appropriate.

1.2 Independent Directors

A director of the Company should only be characterised and described as an independent director if he or she is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party. The Board has accepted the following definition of an Independent Director:

An Independent Director is a Director who is not a member of management, is a non-executive Director and who;

- (a) is not, and has not within the last three years, been employed in an executive capacity by the Company or another group member, and there has been a period of at least three years between ceasing such employment and serving on the Board;
- (b) is not, and has not within the last three years 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;
- (c) is not, and has not within the last three years, a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (d) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (e) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- (f) has no close family ties with any person who fall within any of the categories described above; or
- (g) has been a Director of the entity for such a period that his or her independence may have been compromised.

If a Director's independent status changes, this should be disclosed to the market in a timely manner.

1.3 Role of the Chair

The Chair or Executive Chair is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's functioning and for the briefing of all Directors in relation to issues arising at Board meetings. The Chair is also responsible for overall shareholder communication, chairing shareholder meetings, arranging Board performance evaluation, and presides over meetings of the Board. The Chair is responsible for leading and managing the Board in the discharge of its duties.

The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between directors and between the Board and management.

Any other position which the Chair may hold either within, or outside, the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

1.4 Role of the Managing Director, Executive Chair or equivalent

The roles of the Chair and Managing Director should not be combined except in particular circumstances, in particular where the size of the company necessitates the combining of the roles and is approved by the Board and the role of Executive Chair is created.

The Managing Directors, Executive Chair or equivalent roles duties are to:

- (a) have the overall responsibility for running the affairs of the Company under delegated authority from the Board including undertaking and assessing risk

management and internal control effectiveness and to implement the policies and strategies set by the Board. In carrying out his/her responsibilities, the Managing Director, Executive Chair or equivalent role must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results;

- (b) devote the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;
- (c) be accountable for planning, coordinating and directing the operations of the company;
- (d) promote the interests of the Company; and
- (e) faithfully and diligently perform the duties and exercise the powers consistent with the position of a Managing Director Executive Chair or equivalent role of the Company and assigned by the Board.

In fulfilling his or her duties, the Managing Director, Executive Chair or equivalent role:

- (a) reports directly to the Board;
- (b) provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- (c) complies with reasonable directions given by the Board.

1.5 Role of the Company Secretary

The Company Secretary supports the effectiveness of the Board by monitoring that board policy and procedures are being followed, and by coordinating the timely completion and despatch of board agenda and briefing papers. The Company Secretary is accountable directly to the Board, through the Chair or Executive Chair, on all matters to do with the proper functioning of the Board.

1.6 Roles of Directors and Officers

Individual Directors should devote the necessary time to the tasks entrusted to them. All Directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers should be aware of their legal obligations.

This policy is reviewed annually.