

AUSTRALIAN PAYMENTS PLUS LTD BOARD CHARTER



The purpose of Australian Payments Plus Limited (**AP+**) is to provide globally competitive payment services which are resilient, safe, efficient, fair, accessible and cost effective. These services should meet the present and future requirements of the users of the Australian payments system, including financial institutions and payment services providers while facilitating the provision of low cost solutions for retailers, other businesses and their customers.

The role of the AP+ Board is to represent the shareholders and to promote and protect the interests of AP+. It does so by governing the Group having regard to the interests of the Group's shareholders as a whole and, where appropriate, the interests of other relevant stakeholders.

This Board Charter (**Charter**) sets out the role, functions, structure and processes of the Board of Australian Payments Plus Limited (**AP+**). This Charter applies equally to all boards of organisations within the AP+ Group. It is to be read in conjunction with the Constitution of AP+ will prevail in the event, and to the extent, of any inconsistency with this Charter.

ROLE AND FUNCTIONS

1. The role of the Board is to conduct and manage the business of AP+ as contemplated by the Constitution.

The Board will ensure that it regularly receives and understands information regarding the issues and concerns of shareholders and stakeholders.

The key responsibilities of the Board are as follows:

- a) Developing and approving the business plan for AP+, and to carry on the business of AP+ in accordance with it;
- b) Issuing and redeeming preference shares to shareholders in accordance with the Constitution;
- c) Identifying the chief executive officer (**CEO**) for the Company from time to time, determining the goals of the CEO, and undertaking performance evaluation against those goals; and
- d) Providing oversight of the Company's compliance with all regulatory requirements.

DELEGATIONS

2. The Board may delegate to the CEO who is responsible for the day-to-day conduct of the business of the Company subject to the directions and specified delegations of authority approved by the Board.
3. The Board may delegate any powers to a Committee or Committees consisting of one or more directors as they think fit.

BOARD COMPOSITION

4. The qualifications for AP+ Directors are: unquestioned honesty and integrity; time available to undertake the responsibilities; an ability to apply strategic thought to matters in issue; a preparedness to question, challenge and critique; and a willingness to understand and commit to the highest standards of governance of the Company.
5. The Constitution establishes the right of shareholders to elect 4 Independent Directors and 9 Representative Directors. The Chair must be an Independent Director. The Independent Directors will be elected by a Shareholder resolution. The Representative Directors are to be nominated and

elected in accordance with the Banding Rules under the Constitution and the Talent and Reward Committee Charter.

6. The 9 Representative Directors will be nominated as follows:
- a. 4 Directors nominated by shareholders who each hold greater than 15% of the total number of AP+ shares;
 - b. 2 Directors nominated by shareholders who are ADI's and who hold 15% or less of AP+'s shares; and
 - c. 3 Directors nominated by shareholders who are not ADI's and who hold 15% or less of AP+'s shares.

7. The following guidance applies to the selection of directors/director-candidates from time to time and the extent of their commitment to the role.

- a) **Commitment of Directors** - The Board of AP+ will be required to make long-term strategic decisions for the Company and ensure that input and strategic guidance is provided which is commensurate with the significant organisational and industry-wide investment in the AP+. Where the nominating shareholder is also the employer of a Representative Director it will be assumed that these decisions are sponsored and accepted within each shareholder organisation.

Given that AP+'s strategic environment is complex and requires longer term initiatives, the Board values an appropriate mix of directors with significant experience on the Board as well as new directors with fresh perspectives.

- b) **Skills and competencies of Directors** - The Board is responsible for the strategic oversight of AP+ to achieve optimal performance and business outcomes. It is expected that all Directors will be of sufficient standing to meet these responsibilities.

A Talent and Reward Committee (established and operated in accordance with a separate charter) will oversee the nominations process for Representative Directors.

In addition, for the Directors, it is expected that they will each be accomplished leaders with notable executive achievement and reputation per the criteria below:

Skills

- Leadership and influencing skills and a demonstrated ability to build, maintain and manage key relationships with participants, industry, government and regulators;
- Commitment to regulatory, compliance and governance disciplines in regulated environments;
- Ability to contribute positively and actively to development of an inclusive, diverse and accountable Board and operational culture.
- At least 1 of the 4 Independent Directors must have substantial small business experience.
- Knowledge and experience relevant to AP+ and complementary to the other Directors as determined from time to time by the Talent and Reward Committee.

Personal attributes

- Integrity, personal values and skills appropriate to an industry-based and regulated Board;
- Strong strategic and commercial acumen; and
- Can develop and articulate own thoughts in a collegiate manner and receptive to the views of others and complementing the collective strengths of the Board.

Independence

- Each Independent Director must be independent in accordance with the criteria set out in the Constitution.
- Independent Directors must not currently or within the last 2 years, been employed by¹, or acted in a material way, as a professional adviser, consultant, supplier or customer to, nor had a substantial holding in, an existing shareholder of one of the three operating companies which were consolidated to form AP+, or a Related Body Corporate of a Shareholder of AP+ within the meaning of the Corporations Act.

CHAIR

8. The Board will appoint an Independent Chair in accordance with the Constitution. The Chair represents the Board to the shareholders and communicates the Board's position.

COMPANY SECRETARY

9. The Company Secretary has responsibility for scheduling Board meetings (in consultation with the Chair), the preparation and distribution of all Board meeting agendas and papers, minutes, advising the Chair and the Board on matters of governance practice and procedure, communication with regulatory bodies in relation to matters of day-to-day corporate compliance, and all statutory and regulatory filings.
10. AP+ must have at least one Company Secretary which is appointed by the Board. The Board may appoint more than one Company Secretary.

BOARD COMMITTEES

11. The Board may establish such standing or ad hoc Board committees as it sees fit, determine their terms of reference and establish such reporting and oversight arrangements as it deems appropriate from time to time.
12. The Board may appoint Directors to Board Committees on the basis of skills, expertise and workload.
13. Each Committee will be chaired by an Independent Director.

BOARD MEETINGS AND ACCESS TO PAPERS

14. The Chair is responsible for the conduct of all Board meetings and for the approval of all agendas for, and minutes of, such meetings.
15. At each meeting, each director will have one vote, with the Chair to have a casting vote.
16. In rare circumstances, Directors may be unable to fulfil their duties and may request that an alternate be appointed who may exercise all their powers and, subject to the Corporations Act, perform the duties of the directors to the extent that the director has not already exercised or performed them. Such a request must be submitted to the Chair for approval and any such approval may only be for a defined period of time. Any alternate director proposed for approval must be of at least equivalent seniority as the appointing director. While acting as a director, alternate directors are officers of the Company, not agents of the appointing director. Alternate directors are bound by this Charter.
17. It is recognised that Representative Directors may require input from subject matters experts and others within their organisations from time to time to enable them to make an effective contribution at Board and Committee meetings. Representative Directors may authorise other staff in their organisation to have access to Board and Committee papers, following a request for access to the Company Secretary who will maintain a record of all such persons and arrange access. It is the

¹ Excluding Independent Directors of eftpos Payments Australia or NPP Australia.

responsibility of each Director to ensure that any person receiving access to Board or Committee papers is made aware of the confidentiality of board materials, and their duty to maintain confidentiality of these documents and the information contained in them.

18. A summary of Board discussions and resolutions at meetings will be provided to the authorised representatives of all shareholders for information purposes following the meeting.
19. Representative Directors owe a duty of confidentiality to AP+, and when it comes to AP+'s Confidential Information this is greater than any duty they may owe to a single shareholder or group of shareholders.
20. A Director must keep all Confidential Information strictly confidential and not disclose or use any such Confidential Information except as required by law or permitted by this Charter.

SHAREHOLDER RATIFICATION

21. Any two Directors can call for a Board decision to be ratified by an extraordinary resolution (75%) of the Shareholders who are classified as participants in a Payment Service under its Governing Rules, if a decision which has been made by the Board results in a fundamental change in:
 - a. the nature, scale or operation of that Payment Service, or a proposal to cease providing it; or
 - b. the manner of funding the operating costs of providing that Payment Service (including any requirement for particular members of AP+ to fund new investment) or the manner in which funds generated by that Payment Service are utilised (including the use of funds generated by that Payment Service for investment in another payment service); or
 - c. in the roadmap agreed for the development of the Prescribed Services set out in clause 7 of the Transition Plan.

BOARD PERFORMANCE

22. The Board is to assess its performance, and the performance of Committees and individual directors annually. The assessment should be performed by an independent external review at least triennially.

DIRECTORS DUTIES, CONFLICTS OF INTEREST AND COMPETITION PROTOCOLS

23. Although Representative Directors have been nominated to the Board by specific shareholders, this does not permit them to act in disregard of the best interests of AP+ as a whole. Representative Directors may only act in the interests of their nominating or electing organisations if they have a bona fide belief that they are also acting in the best interests of AP+, and doing so complies with this Charter. If the interests of any Director and AP+ conflict, the Director must act preferentially in the best interests of AP+. That is, all Directors (including alternate directors) are subject to statutory duties to act in good faith, in the best interests of the Company and for a proper purpose (section 181, *Corporations Act 2001*).

Directors are also expected to adhere to the following principles for optimal board performance:

- a) be both prepared for and present at all Board meetings;
- b) contribute positively to quality debate and challenge;
- c) support and leverage the skills and experience of each other;
- d) recognise and celebrate progress and achievements;
- e) provide each other with feedback; and
- f) actively participate in Board performance reviews and apply recommendations to enhance Board performance.

24. The Company Secretary will maintain registers and records of declarations and notifications of conflicts made by Directors from time to time.

REVIEW OF CHARTER

25. The Board will review this Charter, and the protocols to which reference is made in this Charter, at least annually or otherwise as necessary or desirable.