

Board Charter

1. Purpose

- 1.1 This Board Charter (**Charter**) sets out the role, responsibilities, structure and processes of the Board of eftpos Payments Australia Limited (**eftpos**).

2. Responsibilities

- 2.1 The role of the Board is to provide strategic guidance for eftpos and effective oversight of management.

- 2.2 The key responsibilities of the Board are:

- (a) setting the ethical tone for eftpos and reviewing and making enquiries about the ethical conduct to ensure an exemplary standard of behaviour on the part of both Management and the Board;
- (b) setting eftpos' strategic direction and monitoring management's implementation of that strategy;
- (c) monitoring financial outcomes and the integrity of reporting. In particular, approving annual budgets, longer-term strategic and business plans and approving the remuneration framework;
- (d) appointing the Chief Executive Officer (**CEO**) and Company Secretary, determining the terms and conditions of employment (including remuneration) and, where necessary, replacing the CEO and Company Secretary;
- (e) reviewing the performance of the CEO at least annually;
- (f) ensuring that the delegations of authority from the Board to the CEO are clearly defined;
- (g) ensuring effective and timely reporting to the Members;
- (h) approving and monitoring the progress of major capital expenditure projects and the capital budget;
- (i) setting eftpos' risk appetite and ensuring that effective audit, risk management and compliance systems are in place to protect eftpos' assets and to minimise the possibility of eftpos operating beyond its legal requirements or acceptable risk parameters;
- (j) reviewing the performance of the Board and its Committees at least annually; and
- (k) overseeing aspects of the employment of senior executives including remuneration, performance and succession planning.

- 2.3 In performing the responsibilities set out above the Board acts at all times:

- (a) in a manner designed to create and maximise sustainable value for, and benefit to, its Members;
- (b) in accordance with the eftpos Board Code of Conduct; and
- (c) in accordance with the duties and obligations imposed upon them by the *eftpos Constitution* and by law.

3. Board Committees

- 3.1 The Board from time to time establishes committees to assist in carrying out its responsibilities and adopts terms of reference setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

- 3.2 The Board has established the following Committees:

- (a) Finance and Financial Audit Committee
- (b) Risk and Internal Audit Committee
- (c) Rebate Committee
- (d) Remuneration and Nominations Committee

- 3.3 These Committees assist in the good governance of eftpos by allowing for detailed consideration of major issues, and providing advice to the Board on sensitive matters.
- 3.4 The Board is provided with verbal updates from the Committee Chairs after each meeting. Any Director may attend any Committee meeting.

4. Composition and tenure

- 4.1 The Board currently comprises of the CEO, three (3) Independent Directors and Directors appointed under Articles 5.3(b), 5.3(c) and 5.3 (d) of the *eftpos Constitution*.
- 4.2 Directors terms are in accordance with clauses 5.3 (i) and 5.3 (j) of the *eftpos Constitution*.
- 4.3 Currently the Chair is an Independent non-executive Director.
- 4.4 A Director must not be a Director or Officer of another card payment scheme.
- 4.5 An Independent Director is a non-executive Director (i.e. is not a member of management or employee of a Member organisation)
- 4.6 The *eftpos Constitution* currently allows for the Board to be constituted of a minimum number of three (3) Directors with no maximum.

5. Quorum

- 5.1 Under the terms of the *eftpos Constitution* a quorum is:
- (a) more than 60% of the total number of Directors of eftpos, including at least one Independent Director; or
 - (b) such greater number as determined by the Directors from time to time, but including at least one Independent Director.

6. Chair

- 6.1 The Board will appoint one of its Members to be the Chair in accordance with the *eftpos Constitution*.
- 6.2 The Chair presides over the Board and General Meetings of eftpos.
- 6.3 He or she has the task of making sure the Board is well informed and effective and that the Members, individually and as a group have the opportunity to:
- (a) air differences;
 - (b) explore ideas; and
 - (c) generate the collective views and wisdom necessary for the proper operation of the Board and eftpos.
- 6.4 The specific roles of the Board Chair include:
- (a) ensuring the Board provides leadership and vision for eftpos;
 - (b) setting the agenda for Board meetings in conjunction with the CEO and the Company Secretary;
 - (c) leading the Board, including presiding over Board meetings and directing Board discussions to effectively use the time available to address the critical issues facing eftpos;
 - (d) ensuring Board minutes properly reflect Board decisions;
 - (e) developing an ongoing relationship with the CEO, such that the Chair is kept fully informed of matters which may be of interest to the Board;
 - (f) Acting as a mentor for the CEO;
 - (g) commencing and chairing the annual process of Board and Director performance reviews;
 - (h) promoting constructive and respectful relations between Board members and between the Board and senior management;
 - (i) facilitating the annual assessment of the CEO's performance; and
 - (j) guiding the ongoing effectiveness and development of the Board and individual Directors.
- 5.4 The Board Chair is also subject to the same duties as all other Directors, including complying with the eftpos Board Code of Conduct.

7. Responsibilities of the Chief Executive Officer (CEO)

- 7.1 The CEO is responsible to the Board for the overall management and performance of eftpos. The CEO should manage eftpos in accordance with the strategy, plans, practices and policies approved by the Board to achieve the agreed objectives. In addition the CEO's responsibilities include:

- (a) ensuring that the ethical standards established by the Board are complied with;
- (b) ensuring that the authorities delegated from the Board of Directors are exercised in a competent manner and within the intent of such delegation;
- (c) being the conduit through which the Board is provided sufficient and relevant information to act effectively;
- (d) providing leadership to eftpos and acting as eftpos' interface with its operating environment and the general business community;
- (e) keeping the Board Chair apprised of all matters of significance that occur between the Board meetings;
- (f) achieving the performance targets set by the Board;
- (g) ensuring eftpos' risk management and internal control frameworks are developed, implemented and managed;
- (h) ensuring that eftpos' policies and compliance framework are complied with;
- (i) referring all matters outside his/her delegation to the Board for approval; and
- (j) other responsibilities as designated by the Board from time to time.

8. Board meetings

- 8.1 Board meetings will normally be held up to 6 times per year at venues, dates and times that are agreed in advance. Additional meetings may be scheduled as required.
- 8.2 Urgent matters requiring the approval of the Board or a Board Committee that arise between scheduled meetings can be dealt with by way of circulating resolution. In exceptional circumstances, and where it is not possible for sufficient Directors necessary for a quorum to attend the same location, the Board may hold a meeting via teleconference.
- 8.3 An agenda for each Board meeting and briefing materials will be distributed to each Director approximately five business days prior to each meeting.
- 8.4 The Chair will normally set the agenda for Board meetings although any Director may request the inclusion of specific items.
- 8.5 It is expected that each Director will make every effort to attend each Board meeting and each meeting of any Board Committee on which he/she sits. Attendance in person is preferred but attendance by teleconference is permitted if necessary.
- 8.6 Each Director should be familiar with the agenda for each meeting, have carefully reviewed all materials distributed in advance of the meeting, and be prepared to participate meaningfully in the meeting and to discuss all scheduled items of business.
- 8.7 Each Director is free to raise subjects that are not on the agenda for that meeting, at any Board meeting.
- 8.8 The proceedings and deliberations of the Board and its Committees are confidential. Each Director will maintain the confidentiality of information received in connection with his/her service as a Director.
- 8.9 The minutes of Board and Board Committee meetings will be circulated prior to the next meeting and will be confirmed at the next meeting and signed by the relevant Chair.
- 8.10 Senior members of management may be invited to attend Board meetings to present reports on, or seek approvals within, their areas of responsibility.
- 8.11 The external auditor will meet with the Finance, Risk and Audit Committee at least once per year as part of annual financial accounts preparation and reporting.
- 8.12 The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and co-ordinating the completion and despatch of Board agendas, briefing papers and minutes of proceedings.
- 8.13 The Company Secretary is responsible to the Board, through the Chair, on all governance matters and for meeting statutory reporting requirements in accordance with relevant legislation.

9. Conflicts of interest

- 9.1 In order to ensure their independent status, all Directors of eftpos are subject to the statutory duties and prohibitions regarding conflicts of interest. eftpos relies on the integrity of the Board of Directors to identify and disclose any issues which may give rise to a conflict of interest.

9.2 The Company Secretary will maintain a Register of Disclosures. Each Director is required to complete a Director's Disclosure of Interest form on appointment to the Board and to review that form, as a minimum, every six months to ensure that the information held by eftpos is up to date. The complete register is provided to the full Board every six months for review.

9.3 In addition to the declarations contained in the Register of Disclosures, Directors are required to declare any real or perceived conflicts of interest in relation to the matters before the Board. Any such matters declared will be added to the Register.

9.4 Non-executive Directors are entitled to accept positions with other companies. However, Directors must observe their duties as set out in the eftpos Board Code of Conduct and general law, in accepting any position with another company and in particular, those duties relating to conflicts of interest.

10. Auditor

10.1 The Auditor is appointed in accordance with the section 327A of the *Corporations Act 2001* (Cth).

10.2 The Board will evaluate the Auditor's performance and ongoing independence annually.

11. Director access to professional advice

11.1 In the discharge of their duties, Directors have the right to seek independent professional advice at the expense of eftpos, subject to the prior approval of the Chair.

12. Board performance and evaluation

12.1 The Board shall review its performance annually, with particular attention being paid to the extent to which it has met its responsibilities in terms of this Charter. The Board will approve a framework and process to assess the effectiveness of the Board, its Committees and Directors, with a view to ensuring that performance accords with best practice.

12.2 The findings of the review of performance will be discussed at a nominated Board meeting or at a scheduled Board workshop.

13. Chief Executive Officer (CEO) performance and evaluation

13.1 The CEO and the Chair shall negotiate and sign a Performance Agreement within four (4) months of the commencement of the Contract of Employment for the remainder of the year and annually thereafter. If the parties so agree, the Performance Agreement can be varied at any time, in writing. The performance of the CEO will be reviewed every twelve months (or at such other times as the Chairperson in his absolute discretion determines) throughout the period of the term of employment.

The performance of the Chief Executive Officer is a matter for full Board deliberation and is a separate agenda item at the relevant Board meeting.

14. Review of the Board Charter

14.1 The Board will review this Charter on a 24 monthly basis or such other time as deemed necessary.

15. Policy owner and administrator

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|----------------------|-------------------|
| Policy owner | Company Secretary |
| Policy administrator | Company Secretary |
| Reviewed on | 13 March 2019 |

16. Approval

This Charter was:

- approved by the Board 7 December 2010
- updated and approved 22 March 2017 Resolution No **EB2017-11**
- updated and approved 28 March 2018 Resolution No **EB2018-09**
- updated and approved on 29 March 2019 Resolution No **EB2019-05**