

10 October 2018

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

2018 Annual General Meeting

EML PAYMENTS LIMITED (“EML”) advises that its 2018 Annual General Meeting will be held at 10:00am (AEDT) on Wednesday, 14 November 2018 at the Offices of McCullough Robertson Lawyers, Level 32, MLC Centre, 19 Martin Place, Sydney, New South Wales, 2000.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are attached to this announcement and will be despatched to shareholders on Friday, 12 October 2018.

For further information please contact:

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ABOUT EML PAYMENTS LIMITED

With payment solutions from EML, you will be empowered with more control, transparency and flexibility over your payment processes. Whether you serve businesses or consumers, EML makes your payment process more efficient and secure from start to finish, while helping you improve customer service and increase brand loyalty. Our portfolio offers innovative payment technology solutions for payouts, gifts, incentives and rewards, and supplier payments. We issue mobile, virtual and physical card solutions to some of the largest corporate brands around the world, process billions of dollars in payments each year, and manage more than 1,100 programs across 19 countries in North America, Europe and Australia. Learn more at www.EMLpayments.com



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Notice of Annual General Meeting

Notice is given that the Annual General Meeting of EML Payments Limited ACN 104 757 904 (Company or EML) will be held on:

Date Wednesday, 14 November 2018

Time 10.00am (Sydney time)

Place Offices of McCullough Robertson Lawyers
Level 32, MLC Centre, 19 Martin Place, Sydney NSW 2000

Notice of Annual General Meeting

Ordinary business

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the reports of the Directors and the Company's auditor for the financial year ended 30 June 2018.

DIRECTORS' REMUNERATION REPORT

To consider and, if in favour, to pass the following resolution under section 250R(2) of the Corporations Act 2001 (Cth) (Corporations Act):

1 'That the Remuneration Report for the financial year ended 30 June 2018 be adopted.'

Note: This resolution will be decided as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Company or the Directors. Key Management Personnel (KMP) whose remuneration details are contained in the Remuneration Report (and their closely related parties) are restricted from voting on this resolution under section 250R(4) of the Corporations Act.

Voting Exclusion: For the purposes of the Corporations Act, the Company will disregard votes cast by or on behalf of a member of the Key Management Personnel or a closely related party of a member of the Key Management Personnel. However, Key Management Personnel and their closely related parties may cast a vote on resolution 1 as a proxy if the vote is not cast on their behalf and either:

- (a) the proxy appointment is in writing and specifies the way the proxy is to vote (e.g. for, against, abstain) on resolution 1; or
- (b) the vote is cast by the chairman of the Meeting and the appointment of the chairman as proxy:
 - (i) does not specify the way the proxy is to vote on resolution 1; and
 - (ii) expressly authorises the chairman to exercise the proxy even if resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you are a member of the Key Management Personnel or a closely related relative of a member of Key Management Personnel (or acting on behalf of such a person) and purport to cast a vote that will be disregarded by the Company, you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

ELECTION OF DIRECTOR - MRS MELANIE WILSON

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

2 'That, Mrs Melanie Wilson, who retires from office under rule 3.3 of the Constitution, and being eligible, be elected as a Director.'

Note: Information about the candidate appears in the Explanatory Memorandum.

ELECTION OF DIRECTOR - DR KIRSTIN FERGUSON

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

3 'That, Dr Kirstin Ferguson, who retires from office under rule 3.3 of the Constitution, and being eligible, be elected as a Director.'

Note: Information about the candidate appears in the Explanatory Memorandum.

RE-ELECTION OF DIRECTOR - MR DAVID LIDDY

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

4 'That, Mr David Liddy, who retires from office under rule 3.6(a) of the Constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director.'

Note: Information about the candidate appears in the Explanatory Memorandum.

RE-ELECTION OF DIRECTOR - MR TONY ADCOCK

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

5 'That, Mr Tony Adcock, who retires from office under rule 3.6(a) of the Constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director.'

Note: Information about the candidate appears in the Explanatory Memorandum.

Notice of Annual General Meeting

APPROVAL OF ISSUES UNDER NEW EQUITY INCENTIVE PLAN (UNDER WHICH LTI AND DEFERRED STI WILL BE GRANTED)

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

- 6 'That, for the purposes of Listing Rule 7.2 Exception 9(b) and for all other purposes, approval is given for the issue of securities under the Company's Equity Incentive Plan, on the terms and conditions set out in the Explanatory Statement, as an exception to Listing Rule 7.1.'

Note: Information about the Equity Incentive Plan appears in the Explanatory Memorandum.

Voting Exclusion: In accordance with the Listing Rules, the Company will disregard any votes cast on in favour of this resolution 6 by, or on behalf of, any Director (except one who is ineligible to participate in the Equity Incentive Plan in relation to the Company) and any of their Associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

In addition, in accordance with the Corporations Act, a vote must not be cast in favour of this resolution 6 by any member of the Key Management Personnel or a closely related party of any such member of the Key Management Personnel that is appointed as proxy if the appointment does not specify the way in which the proxy is to vote unless:

- (c) the proxy is the Chairman of the meeting at which resolution 6 is voted on; and
- (d) the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

GRANT OF RIGHTS TO CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

- 7 'That, for the purposes of Listing Rule 10.14 and all other purposes, Shareholders approve the grant of 391,566 Rights to Mr Tom Cregan, the Chief Executive Officer and Managing Director of the Company, as the long-term incentive component of his remuneration for financial year ending 30 June 2019 under the Company's Equity Incentive Plan on the terms set out in the Explanatory Memorandum.'

Note: Information about the grant of Rights to Mr Cregan appears in the Explanatory Memorandum.

Voting Exclusion: In accordance with the Listing Rules, the Company will disregard any votes cast in favour of this resolution 7 by, or on behalf of, Mr Cregan (being the only Director of the Company who is currently eligible to participate in the Company's Equity Incentive Plan) and any of his associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

In addition, in accordance with the Corporations Act, a vote must not be cast in favour of this resolution 7 by any member of the Key Management Personnel or a closely related party of any such member of the Key Management Personnel that is appointed as proxy if the appointment does not specify the way in which the proxy is to vote unless:

- (c) the proxy is the Chairman of the meeting at which resolution 7 is voted on; and
- (d) the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

Dated 10 October 2018

By order of the Board



Winton Willesee
Joint Company Secretary

Notice of Annual General Meeting

NOTES

- (a) A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form.
- (b) The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If the proxy form specifies the way the proxy is to vote on a particular resolution the proxy need not vote on a show of hands but if the proxy does so, it must vote as specified in the proxy form.
- (d) If the proxy has two or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands.
- (e) If the proxy is the chair of the Meeting, the proxy must vote on a poll or must vote the way specified in the proxy form.
- (f) If the proxy is not the chair of the Meeting the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as specified in the proxy form.
- (g) If the proxy form specifies the way the proxy is to vote on a particular resolution and the proxy is not the chair of the Meeting and a poll is demanded and either:
 - (i) the proxy is not recorded as attending; or
 - (ii) the proxy does not vote,the chair of the Meeting is deemed the proxy for that resolution.
- (h) A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the Meeting.
- (i) The Company has determined under regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that for the purpose of voting at the Meeting or an adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7:00pm (Sydney time) on Monday, 12 November 2018.
- (j) If you have any queries on how to cast your votes, please call EML's Joint Company Secretary, Winton Willesee, on 0410 667 844 during business hours.

Explanatory Memorandum

This Explanatory Memorandum accompanies the notice of Annual General Meeting of the Company to be held at the offices of McCullough Robertson Lawyers, Level 32, MLC Centre, 19 Martin Place, Sydney, New South Wales, 2000 at 10:00am (Sydney time) on 14 November 2018.

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Ordinary business

FINANCIAL STATEMENTS AND REPORTS

- 1 The Corporations Act requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting.
- 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- 3 Shareholders will be given reasonable opportunity at the Meeting to raise questions and make comments on these reports.
- 4 In addition to asking questions at the Meeting, Shareholders may address written questions to the chairman about the management of the Company or to the Company's auditor, Deloitte Touche Tohmatsu, if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the Meeting.
- 5 Under section 250PA(1) of the Corporations Act a Shareholder must submit written questions for the auditor to the Company by 5:00pm (Sydney time) on Wednesday, 7 November 2018 to the following address:

Winton Willesee
Joint Company Secretary
EML Payments Limited
Level 12, 333 Ann Street
BRISBANE QLD 4000

RESOLUTION 1: DIRECTORS' REMUNERATION REPORT

- 6 The Corporations Act requires that the section of the Directors' report dealing with the remuneration of each member of the KMP of the Company (**Remuneration Report**) be put to a vote of Shareholders for adoption.
- 7 This resolution of Shareholders is advisory only and is not binding on the Company.
- 8 The Remuneration Report is in the Annual Report. It is also available on EML's website (<http://investor.emlpayments.com/investors/>). It:
 - (a) explains the Board's policies on the nature and level of remuneration paid to Directors and senior executives within the EML group;
 - (b) discusses the link between the Board's policies and EML's performance;
 - (c) sets out the remuneration details for each Director and for each member of EML's senior executive management team; and
 - (d) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.
- 9 At the Meeting, the chairman will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.

Directors' recommendation

- 10 As resolution 1 relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, makes no recommendation regarding this resolution.

RESOLUTION 2: ELECTION OF DIRECTOR – MRS MELANIE WILSON

- 11 Rule 3.3 of the Constitution allows the Board to appoint a person to be a Director at any time except during a general meeting. Mrs Melanie Wilson was appointed as a Director by the Board in reliance on rule 3.3 of the Constitution, her appointment being effective on and from 14 February 2018. In accordance with rule 3.3 of the Constitution, any Director so elected must retire at the next annual general meeting of the Company, but is eligible for election by that annual general meeting. As such, being eligible, Mrs Wilson will stand for election as a Director of the Company at the Annual General Meeting.

Explanatory Memorandum

12 Mrs Wilson has over 12 years' experience in senior management roles across global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks (New York)), Starwood Hotels (New York), Woolworths, Big W, Diva and Lovisa. Mrs Wilson's experience extends across all facets of retail including store operations, merchandise systems, online/e-commerce, marketing, brand development, and logistics and fulfilment. Mrs Wilson also held corporate finance and strategy roles with leading investment banks and management consulting firms including Goldman Sachs and Bain & Company. Since 2016, Mrs Wilson has served as a non-executive director of Baby Bunting Group Ltd (ASX: BBN), ISELECT (ASX: ISU) and Shaver Shop Group Limited (ASX: SSG). Mrs Wilson holds a Master in Business Administration (MBA) from the Harvard Business School and Bachelor of Commerce degree (with Honours) from the University of Queensland. In addition to her role as a non-executive Director of the Company, Mrs Wilson is also a member of the Company's Audit and Risk Committee.

Directors' recommendation

13 The Directors (with Mrs Wilson abstaining) recommend the election of Mrs Wilson to the Board.

RESOLUTION 3: ELECTION OF DIRECTOR – DR KIRSTIN FERGUSON

14 Rule 3.3 of the Constitution allows the Board to appoint a person to be a Director at any time except during a general meeting. Dr Kirstin Ferguson was appointed as a Director by the Board in reliance on rule 3.3 of the Constitution, her appointment being effective on and from 14 February 2018. In accordance with rule 3.3 of the Constitution, any Director so elected must retire at the next annual general meeting of the Company, but is eligible for election by that annual general meeting. As such, being eligible, Dr Ferguson will stand for election as a Director of the Company at the Annual General Meeting.

15 Dr Ferguson is an independent non-executive Director with 10 years' experience across a range of company boards including ASX100, ASX200, government, not-for-profit and significant private companies. Dr Ferguson has considerable expertise as a Remuneration Committee Chair in a range of listed and unlisted contexts. Dr Ferguson has had a successful executive career as a CEO of an international consulting organisation, as well as senior executive experience in a professional services environment. The earlier part of Dr Ferguson's career was spent as an Officer in the Royal Australian Air Force. Dr Ferguson has been a non-executive director of SCA Property Group Ltd (ASX: SCP) since 1 January 2015. In the last three years, Dr Ferguson previously served as a non-executive director of CIMIC Ltd (ASX: CIM). Dr Ferguson has a PhD in corporate culture and governance, as well as degrees in both Law (with Honours) and History (with Honours). Dr Ferguson is a Fellow of the Australian Institute of Directors and a Member of Chief Executive Women. In addition to her role as a non-executive Director of the Company, Dr Ferguson is also the Chairman of the Company's Remuneration and Nomination Committee.

Directors' recommendation

16 The Directors (with Dr Ferguson abstaining) recommend the election of Dr Ferguson to the Board.

RESOLUTION 4: RE-ELECTION OF DIRECTOR – MR DAVID LIDDY

17 Listing Rule 14.5 states that a public company must hold an election of directors each year. In accordance with Rule 3.6(a) of the Constitution, a Director must retire from office at the third annual general meeting after the Director was elected or last re-elected. In addition, as per Listing Rule 14.4, no director of a publicly listed company may hold office, without re-election, past:

- (a) the third annual general meeting following that director's appointment; or
- (b) three years,

whichever is longer.

18 Mr David Liddy is required to retire from office under the Listing Rules and rule 3.6(a) of the Constitution as he was last re-elected at the Company's 2015 annual general meeting. Being eligible, Mr Liddy will stand for re-election as a Director of the Company at the Annual General Meeting.

19 Mr Liddy was appointed as a director on 27 April 2012. Mr Liddy has over 43 years' experience in banking, including international postings in London and Hong Kong. Mr Liddy was Managing Director and Chief Executive Officer of Bank of Queensland from April 2001 to August 2011. Mr Liddy is currently a Director of Steadfast Group Limited, a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors. Mr Liddy also holds a Master in Business Administration (MBA) from Macquarie University. In addition to his role as a non-executive Director of the Company, Mr Liddy is also a member of the Company's Audit and Risk Committee and Remuneration and Nomination Committee.

Directors' recommendation

20 The Directors (with Mr Liddy abstaining) recommend the re-election of Mr Liddy to the Board.

Explanatory Memorandum

RESOLUTION 5: RE-ELECTION OF DIRECTOR – MR TONY ADCOCK

- 21** Listing Rule 14.5 states that a public company must hold an election of directors each year. In accordance with Rule 3.6(a) of the Constitution, a Director must retire from office at the third annual general meeting after the Director was elected or last re-elected. In addition, as per Listing Rule 14.4, no director of a publicly listed company may hold office, without re-election, past:
- (a) the third annual general meeting following that director's appointment; or
 - (b) three years,
- whichever is longer.
- 22** Mr Tony Adcock is required to retire from office under the Listing Rules and rule 3.6(a) of the Constitution as he was last re-elected at the Company's 2015 annual general meeting. Being eligible, Mr Adcock will stand for re-election as a Director of the Company at the Annual General Meeting.
- 23** Mr Adcock was appointed as a director on 21 November 2011. Mr Adcock has more than 30 years' experience in banking, capital markets and financial services at board, operational and consulting levels across Australia, the Asia Pacific, Europe and the United States of America. Mr Adcock has more than 20 years' experience as a company director and chairman of companies in the financial services, oil and gas, mining and infrastructure industries and now also in FinTech, risk, and financial exchange start-ups. Mr Adcock is a former Partner in PricewaterhouseCoopers consulting, running an AsiaPac business and Treasurer and General Manager in Banking. Mr Adcock is a Fellow of the Institute of Company Directors, and also holds a Master in Business Administration (MBA) from the University of Hull and a Bachelor of Science degree (with Honours) from Keele University. Mr Adcock was previously a director of Discovery Resources Ltd. In addition to his role as a non-executive Director of the Company, Mr Adcock is also Chairman of the Company's Audit and Risk Committee.

Directors' recommendation

- 24** The Directors (with Mr Adcock abstaining) recommend the re-election of Mr Adcock to the Board.

RESOLUTION 6: APPROVAL OF ISSUES UNDER NEW EQUITY INCENTIVE PLAN (UNDER WHICH LTI AND DEFERRED STI WILL BE GRANTED)

- 25** Following a review of the Company's variable remuneration and incentive framework, the Board has implemented the EML Payments Limited Equity Incentive Plan (**Plan**) under which eligible employees and Directors of the Company and its subsidiaries (**Eligible Employees**) may be granted equity Awards from time to time.
- 26** The purpose of the Plan is to assist in the motivation, retention and reward of Eligible Employees essential for the continued growth and development of the Company and to align the interests of Eligible Employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the Company and to share in any future growth in the value of the Company.
- 27** It is intended that the Plan will be used to deliver equity Awards under the Company's short-term and long-term incentive programs commencing from FY2019.

Why is shareholder approval being sought?

- 28** Resolution 6 seeks approval from Shareholders for the Company to adopt the Plan for the purposes of Listing Rule 7.2 Exception 9(b). Such approval will have the effect of excluding securities issued pursuant to the Plan (including the grant of any equity Awards under the Plan, and any issue of shares under the Plan upon the exercise of Awards) in the 3 year period after approval from being counted toward the 15% placement capacity limit under Listing Rule 7.1.
- 29** Listing Rule 7.1 provides that, subject to any approvals or exceptions provided in the Listing Rules, in any 12 month period a company must not issue new securities of more than 15% (in number) of the securities already on issue during that 12 month period, unless the Company obtains shareholder approval for the issue.
- 30** The new Plan was approved by the Board on 24 September 2018. The Company has an existing Employee Share Option Plan (**ESOP**) which was approved by Shareholders at the Company's Annual General Meeting held on 12 November 2015. The terms of the ESOP will continue to apply to Options granted under the ESOP prior 24 September 2018. The terms of the new Plan will apply to equity Awards granted on and after 24 September 2018, unless the Board determines otherwise. The Plan has not previously been approved by Shareholders for the purposes of Listing Rule 7.2, Exception 9(b).
- 31** Subject to there being no material amendments to the terms of the Plan, approval of the Plan at the meeting will be effective for 3 years from the date of the approval. In the absence of such an approval, issues of securities under the Plan may still be made, but must be counted towards the Company's capacity to issue equity securities under Listing Rule 7.1 at the time of issue.
- 32** The terms and conditions of the Plan are summarised below.

Explanatory Memorandum

Eligibility

- 33 Eligibility to participate in the Plan will be determined by the Board.
- 34 Consistent with the Listing Rules and Corporations Act, equity Awards may not be granted to a Director or any of their Associates under the Plan unless approval of the grant is given by Shareholders in general meeting in accordance with the requirements of the Listing Rules.

Board discretion

- 35 The Board has broad discretions under the Plan, including as to:
- (a) the timing of making of an offer to participate in the Plan;
 - (b) identifying persons eligible to participate in the Plan;
 - (c) the terms of any offer of Awards (including any vesting conditions which must be satisfied or waived before Awards may be exercised, forfeiture conditions, disposal restrictions, any acquisition price payable for the grant of Awards and any exercise price payable for the exercise of Awards).
- 36 The Board may, at its discretion, amend or waive any vesting conditions, forfeiture conditions or disposal restrictions attaching to Awards at any time, subject to applicable law.

Awards

- 37 Under the Plan, the Board will have the discretion to offer Awards in the form of:
- (a) rights to acquire shares in the Company for nil consideration (Rights); and/or
 - (b) rights to acquire shares in the Company for an exercise price (Options).
- 38 Subject to the terms of the Plan and the relevant offer, each Right or Option will entitle the holder to receive a share in the Company, or to receive a cash amount equivalent to the value of a share.

Vesting and exercise

- 39 Rights and Options which have not lapsed under the Plan will vest and become exercisable if and when any applicable vesting conditions have been satisfied or waived by the Board.
- 40 Subject to applicable law, following the valid exercise of a Right or Option, the Company will issue or arrange the transfer of such number of shares to the Eligible Employee that relate to the Right or Option being exercised or make a cash payment equivalent to the value of such shares in lieu of such shares (at the discretion of the Board).

Rights attaching to Rights and Options

- 41 Rights and Options awarded under the Plan will not carry any voting or dividend rights.
- 42 Rights and Options do not confer the right to participate in new issues of shares or other securities in the Company. However, the Plan provides for adjustments to be made to the number of shares to which a participant would be entitled on the exercise of Rights or Options or the exercise price (if any) of the Rights or Options in the event of a bonus issue or pro-rata issue to existing holders of shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) or a reorganisation of capital.
- 43 Rights and Options awarded under the Plan will not be quoted on the ASX.

Lapse of Awards

- 44 Unless the Board in its absolute discretion determines otherwise, a Right or Option will lapse on the earliest of:
- (a) the expiry date applicable to the Right or Option;
 - (b) in certain circumstances, if the participant's employment is terminated (see Cessation of employment below);
 - (c) the forfeiture of the Right or Option for reasons determined by the Board, including where the participant acts fraudulently, dishonestly or has wilfully breached their duties to the Company or related bodies corporate;
 - (d) where the participant purports to dispose of the Right or Option, or enter into any arrangement in respect of the Right or Option in breach of any disposal or hedging restrictions;
 - (e) if the Board determines that the Right or Option will lapse in the event of a change of control of the Company (see Change of control below); and
 - (f) the Board determining in its reasonable opinion that the vesting conditions (if any) have not been satisfied or cannot be satisfied.

Explanatory Memorandum

Shares received on the exercise of Awards

- 45 Shares acquired on the exercise of Rights or Options will rank equally in all respects, and carry the same rights and entitlements, as existing shares from the date of acquisition, including in respect of dividends and distributions, rights issues, bonus issues and voting.
- 46 The Company will apply for official quotation of any shares issued under the Plan in accordance with the Listing Rules.
- 47 Subject to the terms of the relevant offer, shares acquired under the Plan may be subject to disposal restrictions which may restrict the shares from being disposed of or dealt with for a period of time and/or forfeiture conditions which may result in the shares being forfeited if such conditions are not satisfied or waived.

Cessation of employment

- 48 Where a participant ceases employment with the Group, the treatment of their Awards on cessation will depend on the circumstances of cessation.
- 49 Where the participant ceases employment due to resignation (other than due to death, terminal illness, total and permanent disablement, mental illness or redundancy or retirement) or dismissal for cause or poor performance, unless the Board determines otherwise, all their unvested Awards will lapse at cessation of employment.
- 50 Where a participant ceases employment for any other reason, the treatment of unvested Awards will be at the discretion of the Board.

Clawback

- 51 If the Board becomes aware of a material misstatement in, or omission from, the Company's financial statements, a material misstatement of vesting condition, serious misconduct (including fraud, dishonesty, gross negligence), a participant acting in a way that has contributed to reputational damage to the Group or some other event, which in the opinion of the Board means that all or part of the grant or vesting of an Award is no longer justified, the Board may elect to claw back the benefit of that Award.

Change of control

- 52 Where a transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to control the Company, the Board may (at any time and in its absolute discretion) determine that a particular treatment will apply to Awards. Where the Board does not exercise this discretion and a change of control event occurs, any unvested Awards will remain on foot to be vested (as applicable) and vest in the ordinary course, unless the Board determines otherwise.

Employee share trust

- 53 A trust may be utilised in connection with the operation and administration of the Plan. The trust, if utilised, may be used to acquire shares that are then used to satisfy the Company's obligations to deliver shares to participants upon the exercise of Rights and Options under the Plan.

Amending the Plan

- 54 The Board may, in its discretion, amend the terms of the Plan or Awards under the Plan, provided that (except in specified circumstances) if such amendment would materially reduce the rights of a participant in respect of Awards granted to that participant prior to the date of the amendment, other than with the consent of the participant.

Directors' recommendation

- 55 The Directors recommend that shareholders vote in favour of resolution 6.

Explanatory Memorandum

RESOLUTION 7: GRANT OF RIGHTS TO CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

56 Resolution 7 seeks approval from Shareholders under Listing Rule 10.14 for the Board to grant up to 391,566 Rights to Mr Tom Cregan, the Chief Executive Officer and Managing Director of the Company, as the long-term incentive component of his remuneration for the financial year ending 30 June 2019 under the Company's Equity Incentive Plan (**Plan**). The key terms of Plan are summarised in the explanatory notes to resolution 6 above.

Why is shareholder approval being sought?

57 The acquisition of securities by a Director under an employee incentive scheme (in this case Rights under the Plan) requires Shareholder approval under Listing Rule 10.14. Accordingly, Shareholder approval is sought for the proposed grant of Rights under the Plan to Mr Cregan.

58 Once approval is obtained under Listing Rule 10.14, approval will not be required under Listing Rule 7.1, and the issue of Options to Mr Cregan will not count towards the Company's capacity to issue equity securities under Listing Rule 7.1.

Details of the proposed grant

59 The Company proposes to issue up to 391,566 of Rights under the Plan to Mr Cregan shortly after the meeting as the long-term incentive component of his remuneration for the financial year ending 30 June 2019. It is the view of the Board that the grant of such Rights under the Plan to Mr Cregan is important to ensure that an appropriate part of his remuneration is linked to generating satisfactory long-term returns for shareholders and such grant will constitute the giving of reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

60 If Shareholders do not approve the proposed grant of Rights to Mr Cregan, the proposed grant of Rights will not proceed. In that circumstance, issues may arise with the competitiveness of Mr Cregan's total remuneration package and alignment of rewards with other senior executives in the Group. The Board would then need to consider alternative remuneration arrangements for Mr Cregan which are consistent with the Company's remuneration principles, including providing an equivalent cash long-term incentive subject to the same risk of forfeiture, vesting conditions and performance period as described below for the grant of the Rights.

Key terms of grant

61 The key terms of the proposed grant are as follows:

- (a) the maximum number of Rights to be issued to Mr Cregan has been calculated by dividing the dollar value of his long-term incentive opportunity for FY2019 (which equates to 100% of fixed annual remuneration) by the volume weighted average price of the Company's share price represented by the 10 day VWAP up to and including 21 September 2018 (which has been calculated to be \$1.66), rounded down to the nearest whole number;
- (b) the Rights will be granted for no consideration. Mr Cregan will not be required to pay any amount to exercise the Rights on vesting;
- (c) if Shareholder approval for the grant is obtained, the Rights will be granted to Mr Cregan as soon as practicable after the meeting, but in any event within 12 months after the date of the meeting;
- (d) the Rights will expire on 30 October 2021;
- (e) the Rights are not transferrable;
- (f) subject to the terms of the Plan and the grant, each Right proposed to be granted to Mr Cregan will give him the right to acquire one share in the Company (or a cash payment equivalent to the value of one share) subject to the Right vesting after a three year performance period beginning on 1 July 2018 and ending on 30 June 2021. Half of the Rights will be subject to a vesting condition based upon achieving a compound annual growth rate (**CAGR**) in respect of the Company's earnings before taxation, depreciation and amortisation (**EBTDA**) per share over the performance period (**EBTDA Rights**), while the other half will be subject to an average return on capital employed (**ROCE**) vesting condition measured over the performance period (**ROCE Rights**);
- (g) for any EBTDA Rights to vest, the CAGR EBTDA per share targets must be met. The percentage of EBTDA Rights that will vest, if any, will be determined at the end of the performance period by reference to the following vesting schedule:

Level of performance	Percentage vesting (%)	CAGR in EBTDA per share
Threshold	0%	15%
Target	50%	20%
Maximum	100%	25%

Vesting will occur on a straight line pro rata basis for performance between threshold, target and maximum performance levels.

Explanatory Memorandum

- (h) for any ROCE Rights to vest, the ROCE target must be met. The percentage of ROCE Rights that will vest, if any, will be determined over the performance period by reference to the following vesting schedule:

Level of performance	Percentage vesting (%)	Average ROCE (target)
Threshold	0%	11%
Target	50%	12.5%
Maximum	100%	14%

Vesting will occur on a straight line pro rata basis for performance between threshold, target and maximum performance levels.

- (i) subject to the Company's securities trading policy and any applicable laws (such as the insider trading provisions), shares acquired on the vesting and exercise of the Rights proposed to be granted to Mr Cregan will not be subject to disposal restrictions.

62 Further information that must be provided to Shareholders in accordance with Listing Rule 10.15 is set out below:

- (a) Mr Cregan is the only person referred to in Listing Rule 10.14 presently entitled to participate in the Plan;
- (b) No persons referred to in Listing Rule 10.14 have previously been issued securities under the Plan;
- (c) No loan will be made available to Mr Cregan in relation to the acquisition or exercise of the Rights proposed to be granted to him if this resolution is approved.

Directors' recommendation

63 The Directors (with Mr Cregan abstaining) recommend that shareholders vote in favour of resolution 7.

Definitions

64 Capitalised terms in this Notice of Meeting and Explanatory Memorandum have the meaning set out below:

Term	Definition
Annual General Meeting or Meeting	means the Company's annual general meeting the subject of this Notice of Meeting.
Annual Report	means the 2018 annual report of the Company.
ASX	means ASX Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
Company or EML	means EML Payments Limited ACN 104 757 904.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company.
Explanatory Memorandum	means the explanatory statement accompanying the resolutions contained in this Notice of Meeting.
Key Management Personnel or KMP	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Notice of Meeting	means this notice of meeting and includes the Explanatory Memorandum.
Remuneration Report	means the section of the Directors' report for the 2018 financial year that is included under section 300A(1) of the Corporations Act.
Shareholders	means a person who is a registered holder of Shares.
Shares	means fully paid ordinary shares in the capital of the Company.



EML

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EML Payments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of EML Payments Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Sydney time) on Wednesday, 14 November 2018 at McCullough Robertson Lawyers, Level 32, 19 Martin Place, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 6 and 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6 and 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Re-election of Director - Tony Adcock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of New Director - Melanie Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of issues under new Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of New Director - Kirstin Ferguson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Grant of Rights to Chief Executive Officer and Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Director - David Liddy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



For personal use only

STEP 1

STEP 2

STEP 3

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Sydney time) on Monday, 12 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Emerchants Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**