



Risk Management Policy.

Money in Motion



Risk Management Policy

1. Introduction

EML Payments Limited (“EML, or the Company”) aims to understand and manage the material risks arising from its activities on an enterprise-wide basis.

EML is a global payments provider and is exposed to operational, compliance, financial and strategic risks. The effective management of these risks is a competitive advantage for EML, and an active process that involves regular review and adjustment. Accordingly, and as an ASX listed company, risk management is a central discipline for the Group. EML aims to satisfy the risk management requirements of the “Corporate Governance Principles and Recommendations” issued by the ASX Corporate Governance Council.

This Policy applies to all Directors, senior executives, employees, advisors, contractors and consultants (collectively, Personnel) of the Group. All Personnel must be aware of, and comply with, this Policy and other applicable Company policies.

EML faces a range of risks in its business activities which cannot be eliminated, or whose elimination may not be in the best interests of the Group or its stakeholders. This policy acknowledges that not all risks will be eliminated; EML balances risk and return in conducting its business activities by:

- identifying, assessing, treating, monitoring and reporting risk
- establishing a risk appetite which is consistent with the group’s corporate objectives
- maintaining clear governance and accountability for risk management

This is designed to help achieve sustainable returns, enable EML to confidently act on opportunities, deliver real growth and both protect and create shareholder value.

2. Objective

This objective of this Policy is to:

- set out Board and Senior Management responsibilities for risk and its management
- outline the key components of EML’s risk management framework
- define high-level risk governance for EML

3. Responsibilities

The Board is responsible for:

- regular review and approve EML’s risk management framework, including the Group’s stated risk appetite
- monitoring management’s performance against EML’s risk management framework, including whether the Group is operating within the risk appetite set by the Board
- reviewing reports of material incidents
- considering reports from internal audit on its reviews of the adequacy of EML’s risk management framework and system of internal controls
- reviewing reports from management on new and emerging sources of risk and the risk treatment decisions and actions that management is executing to deal with those risks
- overseeing EML’s risk transfer insurance programme in the context of insurable risks related to EML’s business model and operations
- approving the appointment and removal of EML’s Chief Risk & Compliance Officer
- appointment and removal of the internal and external auditors, assessment of the performance of the internal audit function (where applicable), and the safeguarding of assets from a risk perspective
- driving EML’s Senior Executive Management to develop and improve the Group’s risk culture

Whilst remaining **accountable** for the above, EML’s Board may delegate certain tasks to the Group’s Audit & Risk Committee. A detailed breakdown of this delegation, the role and purpose of the Audit & Risk Committee, is provided in the Audit & Risk Committee Charter .

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EML's Chief Executive Officer and Executive Leadership Team are responsible for:

- managing risk in line with the Group risk management framework, including EML's risk appetite
- leading by example in setting a strong risk culture across the Group
- reporting objectively to the Board on performance against the Group's risk management framework and risk appetite
- providing such further reporting to the Board as is needed for the Board to execute its responsibilities in this policy
- arranging and managing EML's risk transfer insurance programme.

4. Risk Management Framework

EML believes that risk should be managed on a continual basis. EML has designed a risk management framework to allow it to achieve its business objectives whilst assisting management and providing early warnings of any material change to the Group's risk profile. The risk management framework comprises the policies, guidelines, and tools to provide the information and guidance needed to integrate risk management into the Group's operations, systems, and individual decision-making processes. The risk management framework is reviewed at least annually by the Board, and adjusted as the profile of the Group changes.

The key elements of the risk management framework are as follows:

1. Risk governance and the three lines of defence

EML aims to follow a three lines of defence model, within which the business – the first line of defence – owns risk and is responsible for its management across the group. The second line of defence comprises EML's Risk & Compliance Function which oversees and challenges first line of defence risk management and reports independently on risk topics to EML's managing bodies. Both the first and second lines of defence are subject to the oversight of EML's internal audit function. Where exceptions to the three lines of defence exist, they are to be documented and approved by the Group Chief Risk & Compliance Officer, Chief Executive Officer and reported to the Audit & Risk Committee.

2. Risk identification

EML manages risk through the risk management lifecycle, where risk is identified using EML's risk management processes such as incident management, risk and control self assessments, horizon scanning and change risk management. Risk identification ensures that new and emerging risks are known to the group and can be managed appropriately, including risks which may have existed within EML's risk profile for some time but had not been recognised as such.

3. Risk analysis and assessment

Once identified, risks are analysed and assessed to fully understand the nature of a risk and EML's exposure to it. Risks are assessed consistently across the Group on the basis of impact and probability and are classified by type according to EML's groupwide risk taxonomy.

4. Risk treatment

A risk treatment decision to mitigate, avoid, accept or transfer a risk is made and executed once the risk is understood and EML's exposure to it has been established. The treatment option chosen should support EML's business objectives whilst supporting that the Group remains within risk appetite. To support the long-term sustainability of EML's business, the Group's general preference is for risks to be mitigated or avoided, rather than transferred or accepted.

5. Risk monitoring

Risks are continually monitored by their owners within the first line of defence. This takes place through processes such as quality assurance, management oversight and the collation/reporting of management information. Key risks are required to be monitored with key risk indicators. Risks may further be monitored on a risk based approach by EML's second line of defence Risk & Compliance function.

6. Risk reporting

Risk reporting takes place at both a Group and legal entity or business unit level. Group risk reporting consists of regular updates to the Group Board Audit & Risk Committee, which in addition to risk relevant information related to EML Payments Ltd, contains aggregated risk information from EML's business units and subsidiaries.

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7. Risk governance documentation and training

Risk governance documentation, meaning EML's internal rules that apply to risk and its management, are regularly reviewed and continuously maintained. Training is delivered to all staff on risk management, and the requirements imposed on them by EML's risk governance documentation.

8. Internal control framework, issues & actions

EML employs a system of internal controls to mitigate risk across the Group. Where control gaps or weaknesses are identified, these are recorded as issues and actions are required to address them to achieve the target risk level. Controls, issues & actions each have a named owner, and are recorded centrally within EML's Governance Risk & Compliance management system.

5. Contact

If you have any questions regarding this Policy, you should contact the Group Chief Risk & Compliance Officer or Chair of the ARC.

6. Review of this Policy

This Policy can only be amended with the approval of the Board. The Board will review this Policy at least annually to ensure its effectiveness and will communicate any amendments to Personnel as appropriate.

Owner Governance, Risk & Compliance

Version 2

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