

# **ISX001 - Board Charter**

**ISX Financial EU Plc**

**Corporate Governance Policies**

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**Version 4.1, Issued May 2022**

This Board Charter shall apply to the boards of

-ISX Financial EU Plc (“ISX, the “Company” or “ISXPLC”)

## **1. Board Charter**

### **1.1 Role of the Board**

The Board of Directors is responsible for guiding and monitoring ISX (**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) overseeing the Company, including its control and accountability systems;
- b) appointment, evaluation, rewarding and if necessary the removal of the Managing Director (or equivalent), the Company Secretary and senior management personnel;
- c) ratifying the appointment, and where appropriate, the removal, of senior executives;
- d) establishing policies for ensuring regulatory compliance, and in particular with regards to anti money laundering, whistleblowing, and anti bribery activities;
- e) establishing the risk culture and appetite of the Company, and ensuring that policies are set to monitor, manage and enhance risk and reward activities;
- f) in conjunction with members of the senior management team, developing corporate objectives, strategies and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- g) establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- h) 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;
- i) monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;

- j) identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks;
- k) overseeing the management of safety, occupational health and environmental matters;
- l) 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;
- m) 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;
- n) ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- o) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct;
- p) reporting accurately to shareholders, on a timely basis; and
- q) Making itself available to regulators for meetings as required upon request

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, each of which shall be chaired by an independent non executive director;

- a) Audit Committee (to be chaired by a NED other than the Chairman of the Board)
- b) Risk Committee (to be chaired by a NED other than the Chairman of the Board),
- c) Remuneration Committee (to be chaired by a NED other than the Chairman of the Board where possible), and
- d) Nomination Committee (to be chaired by a NED other than the Chairman of the Board where possible).

Until such time as the Board determines that it is appropriate to establish a separate committee, the function of the **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) 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. The Board will ensure that the Managing Director 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 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.
- d) Establishing a risk culture, consistent with the values on Appendix 2, whereby board and executive remuneration and bonuses are not linked solely to financial performance, but also to achieving compliance, transparency and reliable reporting mechanics, including through our use of advanced 'RegTech' technologies to ensure consistency across our processes and/or measured variables.
- e) Personnel in compliance and audit roles will not be offered individual bonuses at any time, but may be granted a cash bonus based upon Company wide performance.

## **1.2 Independent Directors**

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 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**

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.

The Managing Director's 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 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 of the Company and assigned by the Board.

In fulfilling his or her duties, the Managing Director:

- 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 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 dispatch of board agenda and briefing papers. The Company Secretary is accountable directly to the Board, through the 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.

## 1.7 Board Skills

The board and its senior executives shall have sufficient skills to satisfy each of the skills nominated in **Appendix 1**.

With the exception of any listing Rules and Corporate Governance which shall be satisfied with at least 2 years experience at a public company or banking board level, the satisfaction of the skills shall include either formal qualifications and/or direct experience as an executive reporting to the CEO or Board (or as a senior staff member in a large organisation) in the nominated skills area in a regulated entity.

Key Senior Executives (directly reports to the CEO), shall also be considered in the Skills Matrix. Each board member and senior executive is assessed against the Company's 'fit and proper' requirements, and is deemed to have no conflict of interest in serving the Company.

A summary of each persons expertise, qualifications and background shall be noted in **Appendix 1**.

Detailed resumes and verified qualifications shall be retained by the Company.

**Appendix 1** shall be updated with each change to a board member, senior executive or upon board performance review.

## **1.8 Board Renewal**

Non Executive Directors shall serve for no longer than a ten year period, and shall be re-elected every three years.

Prior to re-election of any non-executive director, the Board shall be satisfied that the non-executive director remains 'fit and proper', and that their experience satisfies several categories of the Board Skills Matrix, or complements skills of other board members.

## **1.9 Succession Planning**

The Boards of the Company (ie the parent company and its operating subsidiaries) are responsible for ensuring that there is a balance of skills and experience on those Boards that is commensurate with the growing complexity of the Group's business.

The Company's preferred approach is to actively manage Board succession in accordance with this the Board and Director Fit and Proper Policy, relevant procedures and standards and to satisfy the needs of the Company's and its Boards from time to time.

Succession planning will be reviewed annually and is a corollary to the annual Board and Director performance assessment process (found in Part 7.2 of the Board and Director Fit and Proper Policy). The Boards of the Companies are responsible for making recommendations as to who membership of the Board ought to comprise of.

The Chair of each respective Board will submit to the relevant and parent company Board, after discussion with each non-executive director, the current expectation for a retirement date for the director in question, in accordance with this Policy. It is expected that the Board and individual non-executive directors will confirm 6 months ahead of the retirement date for an individual.

The parent Company Board as a whole is responsible for instituting any and all actions necessary to replace a retiring director in accordance with the current needs of the Companies and the Fit and Proper Criteria outlined in the Board and Director Fit and Proper Policy (whilst also considering the Target Board Skills, as relevant).

## 1.10 Board Performance Appraisal

The Chairman and Secretary shall complete a review of the performance of the Board, its directors and its committees.

Requirement	Frequency
<p><b>The board as a whole</b> – The review shall be tasked to assesses how well the board is functioning – including in its key relationship with management – to deliver its governance role and functions, considered against the expectations of directors (for example, usually set out in the board’s own charter/role statement, etc.)</p>	Every year
<p><b>The board’s committees</b> – The review shall tasked to assess the adequacy of the board’s committee structure and how well they respectively function to support the board in its role, considered against the expectations of the committees (for example, the terms of reference/charters of committees, etc.)</p>	Every year
<p>The chair of the board and chairs of committees – The review shall tasked to assess specifically how well the chair/s fulfil their role/s, considered against the expectations of those roles (for example, chair’s role statement and board/committee charters)</p>	Every Year
<p><b>Individual directors</b> – The review shall tasked to assess how well directors perceive themselves and each other to be contributing positively to the work of the board and the ways in which their contributions could be improved, considered against the expectations of directors (for example, the board’s composition matrix, code of conduct for the board, etc.)</p>	Every Year

### Approach of the Review

External surveys be utilised as a preference, based upon an agreed methodology between the Chair and a consultant, if engaged. When engaged the Consultant shall review complex board/management dynamic and interpersonal relationships issues in depth, and shall include senior staff (ie direct reports to the CEO) in the process.

## **Review Outcome**

A draft report will be provided to the Chairman, who shall evaluate it, and either **a)** accept it or **b)** request further work be conducted. The report shall include improvement recommendations for consideration by the Chairman.

Upon acceptance of the, the Chairman and Company Secretary shall prepare recommended improvement actions for the Board's consideration.

The resulting improvement actions as agreed by the board shall then form a board improvement action plan.

The board improvement action plan, like all performance appraisal approaches, shall include specific and measurable KPIs and the chair of the board, or a relevant committee of the board, with support from the company secretary, shall be responsible to oversee its implementation over the ensuing year.

Where the process has included appraisal of individual directors, personal director development plans may also result. Underperforming directors that are identified through the board evaluation process shall be counselled by the chair

In cases where there are issues of concern about the chair's performance, by one of the appropriate directors or the Consultant, the Secretary shall request the Chair of the Risk or Audit committee (or both) to review the concerns and discuss with the Chair of the board.

### **1.11 Board Governance**

#### **Agenda**

The Chairman should distribute an agenda in advance of any meeting. Any board member may elect to request an item to be placed on the agenda.

Committees of the board shall have an agenda published and circulated to all members of the committee, at least one week in advance of the committee meeting. Inclusion of an agenda item shall require the subcommittee to report to the board on the item.

#### **Meetings**

Board meeting shall usually be scheduled in advance, however, the Chairman may elect to call a 'short notice' board meeting with 24-48 hours notice, upon request of any other board member. Such meeting shall usually be to deal with a specific matter, and the request to meet shall be accompanied by sufficient information to inform the board as to the nature of the discussion. Any member may object to a short notice meeting and may request the meeting be held with at least 5 days notice, to provide sufficient time for preparations and attendance.

For scheduled board meetings, the Company secretary shall distribute the

- i. The Agenda
- ii. previous minutes,
- iii. management (or audited) accounts,
- iv. correspondence with regulators,
- v. public announcements and
- vi. key external communications.

### **Quorum**

The board shall meet at least quarterly, with quorum for scheduled meetings being at least three directors, inclusive of the managing director. (ie two non executive directors (where possible) and the managing director).

For unscheduled board meetings, at least four directors shall be present, inclusive of the Managing Director.

### **Alternates**

The appointment of alternates shall only be subject to unanimous board approval, with the candidate required to comply with all of the Company's policies.

### **Right to be Heard**

The anti-money laundering responsible officer (AMLCO), Chief Operating Officer, Chief Financial Officer, Chief Engineer and the Chief Risk Officer have a right to be heard at any risk committee or board meeting, where the executive's position diverges significantly from the position adopted by the executive team in executing the Company's strategy. The Company Secretary shall ensure that board meeting dates are made available in advance to these personnel, who may elect to put a written submission to the board and attend to address their submission.

### **Regulator Interaction**

The board and the Company's senior executives must make themselves reasonably available to meet with relevant regulators, including but not limited to the Central Bank of Cyprus, the European Banking Authority, MOKAS, the Financial Conduct Authority, National Crime Agency, Central Bank of Lithuania and Financial Crime Investigation Service, upon request.

## Appendix 1 – Board and Senior Executive Skills

### Board and Senior Executive Skills Matrix

Requirement	Directors Expertise	Snr Executive Expertise
Public Company Rules (> 2 years)	TH, JK, PB, EW	JC
Corporate Governance	TH, TT, JK, EW, PB, EW	JC, PS
CEO Experience	TH, TT, JK, PB	
Industry/Sector Experience	TT, JK, TT, PB, PP AP, EW	JC, AE, DM, PS
Independence	TH, TT, PB, PP, AP	
Accounting / Economics/ Financial Literacy	JK, TT, TH, PB, AP, EW	DM, JC, AE, PS
AntiMoney Laundering	TT, JK, DM, EW	JC, PS, AI
Information Technology	JK, TH, DM	AE, AK
CyberSecurity	JK, DM	AE, AK
Compliance / Regulatory	JK, TT, DM, EW, PB, PP	JC, AI, PS
Legal / Privacy	JK	Inhouse counsel plus external counsel
HR Management	TT, TH, JK, EW, PB	
Banking Executive Experience	TT, TH, JK, PB, EW, PP, AP, DM	JC, AE
Strategy Development & Execution	TH, JK, TT, EW, PB, DM	JC, AE, PS
Risk Evaluation and Mitigation	TT, JK, PB, PP, AP, EW, DM	JC, AE, PS
Marketing / Sales	TH, JK	AK
Capital Raising & Markets	JK, TH	

## Key :

### Directors

- TT = Christakis Taoushanis, Independent, NED and Chairman of the Company and Risk Committee, 30 years banking experience, including CEO and Chair of banks, board director of public companies, and degree qualified in economics and MBA. Fit and proper assessed by Central Bank of Cyprus as Chairman for EEA MFI licensee
- JK= Nikogiannis Karantzis, Managing Director, degrees in engineering, law and business, with 5 years specific payments / banking experience. Fellow of the IEAust for IT and Electrical Engineering, qualified trans Tasman Attorney, and registered Dept of Justice Adjudicator. Multiple ASX board experience since 2004, and board member and/or CEO of two other ASX listed entities previously. Fit and proper assessed by Central Bank of Cyprus as CEO for EEA MFI licensee. Author of peer reviewed expert papers on AML, Privacy and Payments regulation.
- DM = Dominic Melo, Chief Product Officer, previously on 2 x EEA Authorised MFI boards and 1 x PI board of directors, 20 years experience in payments industry
- EW = Elizabeth Warrell, Company Secretary and CFO, CA Qualified with over 20 years banking experience. Holds a Bachelor of Accounting from Monash University and is a member of the Institute of Chartered Accountants since 1998.
- PP = Panikos Poulos, proposed Independent, NED, holds a B.Sc and M.Sc in Economics from the London School of Economics and the University of Aberdeen. He has previously been director of number of European Credit Institutions, and has worked held governmental roles, as the Cypriot Permanent Secretary at the Economic Planning Bureau, at the Ministry of External Affairs (DG European Union).

### Proposed Directors

- TH = Timothy J Hart, proposed Independent, NED, former CEO of ASX : RID, with degrees in science, marketing, technology, education, and strategy. Fellow of Australian Institute of Company Directors and the Australian Institute of Management. Director of Enactus, Chairman of Agribusiness Council 2012-2017, Deputy Chairman Australian Food and Grocery Council (AFGC) 2007 – 2012

PB = Paul Barnes, proposed Independent, NED, Fellow of the Association of Chartered Certified Accountants, and a member of the Chartered Institute for Securities and Investment. Has served on a number of FCA regulated entities over the past 40 years, and is a non-executive of the ASX listed Etherstack Plc, and is assessed as fit and proper by the FCA.

- AP = Adonis Pegasiou, proposed Independent, NED, holds a BSc degree in Economics from the London School of Economics, Masters from the University of Bristol in European Studies. Further he holds a Ph.D from the University of Manchester in Politics. Mr Pegasiou has over 10 years of experience in Academia lecturing at both the University of Cyprus and European Institute of Management and Finance, along with being a previous board member of a European Credit Institution.

### **Senior Executives**

- EW = Elizabeth Warrell, Company Secretary and CFO, CA Qualified with over 10 years banking experience.
- JC = James L Cameron, Chief Risk Officer, over 15 years banking experience, with specific risk, deposit management and banking training.
- AE = Andrew Evers, Chief Technology Officer – degree qualified engineer and MBA, with 15 years plus banking and payments technology experience.
- DM = Dominic Melo, Chief Product Officer, previously on 2 x EEA Authorised MFI boards and 1 x PI board of directors, 15 years experience in payments industry
- AI = Anna Ilina, 8 years AMLCO experience, including Fit and proper assessed by Central Bank of Cyprus as CEO for EEA MFI licensee
- PS = Paul Singh, 20+ years in banking and financial regulation, with the FCA, PRA, and regulated financial entities in the City of London. has been assessed as Fit and Proper by the Financial Conduct Authority.

For each person nominated above, ISX has concluded that the person possesses the competence, character, diligence, honesty, integrity and judgement to perform properly the duties of the responsible person position and that the person is not disqualified under an applicable Prudential Act from holding the position and that the person has no conflict of interest in performing the duties of the responsible person position;

## Appendix 2 - Risk Culture & Corporate Governance

The Company has adopted the following definition of Risk Culture, being *'the norms and traditions of behaviour of individuals and of groups within an organisation that determine the way in which they identify, understand, discuss, and act on the risks the organisation confronts and the risks it takes'*<sup>1</sup>

The Company also adopts the following as its definition of Corporate Governance *'a set of relationships between a company's management, its board, its shareholders and other stakeholders which provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibility are allocated and how corporate decisions are made'*.<sup>2</sup>

The Company does not deal in cash activities, and at all times only provides mechanisms for account to account eMoney transfers.

The Company is focussed on providing business to business services, including card acquiring, deposit taking and payments, and shall continuously review and appropriately adapt its systems to reflect its core focus.

As part of our risk culture, the Company has adopted a right to be heard by the board for senior executives.

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<sup>1</sup> This definition is contained within the International Institute of Finance report 2009, *Reform in the Financial Services Industry: Strengthening Practices for a More Stable System*; and is also referenced in the Financial Stability Board's 2014 *Guidance on Supervisory Interaction with Financial Institutions on Risk Culture: A Framework for Assessing Risk Culture*. For other views on risk culture refer to Power M., S. Ashby and T. Palermo, London School of Economics and Political Science 2013, *Risk Culture in Financial Organisations* and Group of Thirty 2015, *Banking Conduct and Culture – a Call for Sustained and Comprehensive Reform*

<sup>2</sup> Basel Committee on Banking Supervision Guidelines 2015, *Corporate Governance Principles for Banks* <<http://www.bis.org/bcbs/publ/d328.pdf>>