

# **CORPORATE GOVERNANCE STATEMENT YEAR ENDED 30 JUNE 2023**

## Corporate Governance at Cash Converters

The Board of Cash Converters International Limited (the Company) is responsible for establishing the Company's corporate governance standards and ensuring that they comply not only with regulatory guidelines, but that they also reflect the expectations of the Company's stakeholders taking into consideration the Company's size, activities, and geographical operations. The Board is continually monitoring all aspects of its corporate governance and new or improved policies and procedures are adopted as appropriate to ensure the highest possible standards can be attained and maintained.

The key components of the Company's corporate governance model are illustrated below.



The Company, as a listed entity, must comply with the Corporations Act 2001 (Cth), the ASX Listing Rules, and other Australian and relevant international laws. The ASX Listing Rules require the Company to report to shareholders on the extent to which its corporate governance practices comply with the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("ASXCGC Recommendations") and to provide an "if not, why not" statement in those circumstances where it has not implemented an ASXCGC recommendation during the Reporting Period.

This Corporate Governance Statement ("Statement") is dated 30 August 2023 and reports on the key governance principles and practices that were in place during the year ended 30 June 2023 ("Reporting Period") and any changes to their status as at the date of this Statement. Subject to any exceptions outlined in this Statement, the Company has complied with the ASXCGC Recommendations throughout the Reporting Period.

The following governance documents are available on the Company's website under the "Corporate Governance" tab (<https://www.cashconverters.com/governance>):

- Corporate Governance Statement
- Board Charter
- Board Investment Committee Charter
- Audit and Risk Committee Charter
- Governance, Remuneration and Nomination Committee Charter
- Constitution
- Code of Conduct
- Market Communications Policy
- Securities Trading Policy
- Directors' Conflict of Interests Policy
- Whistleblower Policy
- Rules of Dividend Reinvestment Plan
- Modern Slavery Statement
- Anti-bribery & Corruption Policy.
- Diversity and Inclusion Policy
- Values Statement
- Workplace Gender Quality Compliance Report and Compliance Letter
- Equity Incentive Plan Rules
- Engaging External Remuneration Consultants Policy
- Senior Executive Remuneration Policy

## **Principle 1: Lay solid foundations for management and oversight**

### **Recommendation 1.1 - Roles of Board and Management**

The Board has approved and implemented a Board Charter that formalises the functions and responsibilities of the Board, a copy of which is published on the Company's website. This charter clearly articulates the division of responsibilities between the Board and management.

The Board is responsible for determining the Company's vision to be a trusted consumer retail and financial services provider in its sector and ensures that strategic priorities are set and actioned to achieve this vision over the long term. In doing so, directors are involved not only in determining, approving and monitoring initiatives aligned to strategic priorities, but also in ensuring robust processes and controls are established and operational to promote effective decision making across all aspects of the business.

As well as its role in setting the strategic direction, the Board is also, among its other functions, responsible for:

- the appointment and evaluation of the performance of the Managing Director and other key executives;
- approving financial budgets and monitoring performance against them;
- delegating authority to management;
- reviewing business operations and the progress of major capital expenditure projects;
- approving the Company's remuneration framework;
- approving and reviewing Board and executive succession plans;
- establishing corporate governance standards and monitoring their effectiveness;
- ensuring that the Company has in place an appropriate and effective risk management framework and internal controls and compliance systems;
- approving Company policies and monitoring compliance with them;
- oversight of the Company's disclosure processes to ensure disclosure is timely and balanced;
- protecting and enhancing the Company's reputation; and
- ensuring that the Company operates with high ethical standards, and in a legal and responsible manner.

The Board is supported in its role by three committees, the charters of which are available on our website:

- Audit and Risk Committee;
- Governance, Remuneration and Nomination Committee; and
- Board Investment Committee.

Subject to prior approval of the Chairman, the Board Charter provides that directors may obtain independent professional advice at the expense of the Company.

### **Recommendation 1.2 - Pre-appointment checks for new directors**

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director. These include checks as to the person's character, experience, education, criminal record, and bankruptcy history, and may be conducted by external consultants assisting in the appointment process.

There were no directors appointed during the Reporting Period

The Company provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a director. For those directors standing for election or re-election at an Annual General Meeting (AGM), this information is provided in the Notice of Meeting.

Information on all directors' qualifications and experience can be found under the Directors' Profiles section in the 2023 Annual Report.

### **Recommendation 1.3 - Appointment documentation**

New directors are provided with a letter of appointment setting out their roles and responsibilities and the Company's expectations of them. Senior executives are subject to written contracts setting out the terms of their appointment. A director's induction manual is provided to new directors for background information.

### **Recommendation 1.4 - Company Secretary**

The Company Secretary is accountable to the Board, through the Chairman, on all matters relating to the proper functioning of the Board. Each director always has a right of access to the Company Secretary. The decision to appoint or remove the Company Secretary is made or approved by the Board.

The Company Secretary details are reported in the Directors' Report in the 2023 Annual Report.

### **Recommendation 1.5 – Diversity**

At Cash Converters we exist to unlock possibilities for our customers, and we do this by understanding our customer's needs and continually striving to improve on products and services that enable them, to get on with their lives. We understand that this level of connection to our customers, product innovation and business growth and performance can only be achieved through a workplace that attracts, encourages, and prioritises diversity and inclusion.

We strive for a workplace that is made up of many different skills, values, experiences, backgrounds, and attributes. We acknowledge that this can only come about when we achieve diversity in ethnicity, gender, sexual orientation, age, ability, family status, religious beliefs, language, or other ideologies. Our people are our biggest asset and so we seek to engage them through an environment where they can belong, challenge our way of thinking, contribute to their full capacity, develop, and unlock their true potential.

At Cash Converters, our commitment to diversity and inclusion is captured in our workplace policies which include Equal Employment Opportunity and Discrimination, Recruitment, Training and Development, Remuneration, Flexible Work Practices, Leave and Domestic violence with programs that support, a key focus of our business. The Cash Converters Diversity and Inclusion Policy is published on the website (<https://www.cashconverters.com/governance>) and whilst we value and embrace diversity at all levels, gender diversity has been, and continues to be a priority for our organisation.

## Cash Converters diversity profile and objectives

Category	Target % of Female Representation	Reporting Period <sup>1</sup>		Purpose	Status
		Y2022	Y2023 Trend <sup>2</sup>		
Board	33%-50%	25% <sup>3</sup>	25%		To increase female representation on the Board. <b>In Progress:</b> Steady trend maintained in Board representation vs. prior reporting period.
Senior Executive <sup>4</sup>	30%-50%	25%	25%		To increase the number of females in senior executive roles with appropriate skills and attributes. <b>In Progress:</b> Steady trend maintained in Senior Executive representation vs. prior reporting period.
Senior Management <sup>5</sup>	30%-50%	27%	30%		To increase the number of females representation in managerial and leadership positions with appropriate skills and attributes. <b>Achieved &amp; In Progress:</b> Efforts are continued to increase female representation in managerial and leadership positions across all functions.
Customer Facing Management	25%-50%	32%	35%		To increase the number of females in customer facing management positions and leverage off the successes of exemplar areas of the business. <b>Achieved &amp; In Progress:</b> Efforts are continued to concentrate on attraction, recruitment, rewarding, upskilling and development of female representation in leadership customer facing positions.
Whole of Organisation	45%-55%	47%	45%		Achieving at least 45% of female representation across the company <b>Maintained:</b> Successfully achieving the female representation target in current reporting period.

**Reporting Period<sup>1</sup>:** This reporting period covers year-on-year movements from 1 July 2022 to 30 June 2023.

**Trend<sup>2</sup>:** Figures are rounded up for consistency of application.

**Board FY22 reporting measure<sup>3</sup>:** amended from 29% in FY22, to 25% FY23 due to a minor correction to the FY22 calculation.

**Senior Executive<sup>4</sup>:** includes WGEA category CEO and KMP. *Excludes WGEA category GM (General Managers/Other Executives).*

**Senior Management<sup>5</sup>:** includes WGEA category GM and includes Managerial (Senior Managers and Other Managers) roles and excludes professionals and other positions within the organisation (non-leadership roles).

**Customer Facing Management<sup>5</sup>:** Customer Facing Management defined as those positions which have whole of store accountability; defined decision-making authority; will always have direct reports on the organisation structure; key deliverables to the Corporate Operations Manager.

### **Cash Converters diversity initiatives, delivered as of 30 June 2023.**

- 1 Annual gender remuneration gap analysis delivered over and above the WGEA statutory reporting requirements to enable actions to address any pay gaps. Organisation-wide gender pay gap for total remuneration was 12% in favour of males. This is significantly below the national average 22.8% as of January 2023.
- 2 Paid Parental leave policy approved and launched in July 2023 for both primary and secondary care givers.
- 3 Remuneration benchmarking approach consistently applied across all existing and new positions, promotions, transfers to ensure employees are remunerated fairly, regardless of gender.
- 4 Annual remuneration review process applied consistently and scientifically promoting principles of merit and fairness when considering remuneration, development, and career progression.
- 5 Recruitment shortlisting practices enhanced to include balanced gender shortlists for open positions. Attraction strategies and employer branding promoting diversity, equity, inclusion, and equal opportunity are consistently reinforced and demonstrated in every advertisement internally or externally.
- 6 Focused developmental plans for females in domains with underrepresentation such as IT and leadership positions for frontline role.

### **Cash Converters diversity initiatives, in progress as of 30 June 2023.**

- 1 Talent identification process enhanced to proactively support and develop diversity in succession planning and development opportunities across the organisation.
- 2 Analysis of key aspects of employee life cycle with reference to retention and understanding initiatives that can encourage females to remain in the workplace.
- 3 Leadership development program across the board aiming to upskill and prepare females for future leadership roles within the organisation.
- 4 Supporting WGEA reforms and employer actions to contribute to driving diversity, equity and inclusion and closing the pay-gap. This can include but not limited to having a policy or a strategy which support each of the six-gender equality indicators<sup>6</sup>.
- 5 Cultural awareness initiatives that educate, celebrate diversity, drive inclusion, and enrich our Employee Value Proposition (EVP).

**Equality Indicators<sup>6</sup>:** 1. Gender composition of the workforce 2. Gender composition of governing bodies of relevant employers 3. Equal remuneration between women and men 4. Availability and utility of employment terms, conditions and practices relating to flexible working arrangements for employees and to working arrangements supporting employees with family or caring responsibilities. 5. Consultation with employees on issues concerning gender equality in the workplace 6. Sexual harassment, harassment on the ground of sex or discrimination.

### **Recommendation 1.6 - Board performance**

A Board performance review is usually held every two to three years. A review was not conducted during the Reporting Period.

The last external performance review was conducted in 2020, the recommendations of which were implemented during 2021. The Board performance review scheduled for the previous Reporting Period was deferred to allow time for the three new Board appointments to settle into their roles.



The Board has engaged an external facilitator to conduct the performance review of the Board and its Committee's in early FY2024. As of the date of this report, this performance review has commenced and includes comparison of the Board's performance to standards of accepted and leading practice for corporate governance.

### **Recommendation 1.7 - Executive performance measurement**

The performance of senior executives is measured against prescribed criteria (Key Performance Indicators) as set by the Managing Director and approved by the Governance, Remuneration and Nomination Committee and Board. In the case of the Managing Director, Key Performance Indicators are set and measured by the Governance, Remuneration and Nomination Committee and the Board. These criteria are set annually, and individual performance is assessed annually. Performance assessments were undertaken during the Reporting Period.

## **Principle 2: Structure the Board to add value**

### **Recommendation 2.1 - Nomination Committee**

Under Recommendation 2.1, the board of a listed entity should have a nomination committee with at least three members, a majority of whom are independent directors, and the committee should be chaired by an independent director. Nomination committee responsibilities are carried out by the Governance, Remuneration and Nomination Committee.

The following were members of the Governance, Remuneration and Nomination Committee during the Reporting Period:

- Julie Elliott (Independent Chair)
- Robert Hines (Independent non-executive director)
- Henry Shiner (Independent non-executive director)
- Susan Thomas (Independent non-executive director)

It is normal practice for all Board members to attend meetings of the Governance, Remuneration and Nomination Committee. The Committee's membership met the minimum membership requirements of Recommendation 2.1 for the Reporting Period and continue to do so as at the date of this Statement.

The charter for the Governance, Remuneration and Nomination Committee is available on the Company's website (<https://www.cashconverters.com/governance>).

The role of this Committee as it relates to nomination responsibilities is to assist the Board by:

- developing and implementing policy and procedures for nomination, selection, appointment and re-appointment, retention and termination of directors;
- reviewing Board and executive succession plans;
- monitoring and appraising the size and composition of the Board and Board renewal matters;
- determining an appropriate mix of skills, knowledge, experience, expertise and diversity on the Board;
- developing a Board skills matrix and ensuring it is utilised in the director recruitment process;
- identifying and evaluating individuals qualified to become a director on the Board, determining the terms and conditions for appointment and ensuring appropriate candidate checks are performed prior to appointment to the Board; and
- ensuring an effective induction and orientation program is available to new directors.



The experience and qualifications of each committee member is set out under Directors' Profiles in the 2023 Annual Report. Details of the number of meetings held during the Reporting Period by the Committee are provided in the Directors' Report in the 2023 Annual Report.

## Recommendation 2.2 - Board skills matrix

The Board maintains a detailed skills matrix identifying the skills, experience and other attributes considered important for the Board to discharge its responsibilities.

The Board remains of the view that the traditional financial services skills such as risk management, finance, strategy, and mergers and acquisitions ("M&A") are fundamental skills for the board of a company operating in the industry in which Cash Converters operates. Skills in the areas of governance, stakeholder management, government relations and issues management are also viewed as critical if a company is to remain successful in this highly regulated industry sector. Data management and information technology are also considered to be important skills for dealing with digital disruption.

Below is the combination of skills, experience, and other attributes against which the Company's directors have been assessed.

Technical skills	Risk Management	Risk management frameworks, setting risk appetite, building and adapting organisational risk culture, regulatory relationships, assessing the effectiveness of senior leadership. Credit skills with detailed understanding of retail lending parameters and ability to assess fundamental inherent risks of the business.
	Marketing/Distribution/CRM	Professional experience of creating, communicating and delivering offerings that have value to customers and partners. Experience of managing and operating through a range of different distribution channels.
	Corporate Finance/Asset Management/M&A	Implementation of financial, capital and asset management strategies, treasury and funding, corporate finance restructuring, capital raisings within risk appetite, M&A experience, analytic.
	Corporate Strategy	Reviewing and setting organisational strategy, organic growth opportunities, merger and acquisition opportunities (including joint ventures). Strong intellectual strategic capability with the ability to solve complex business problems in a highly competitive and dynamic market.
	Government Relations /Policy	Interaction with Government, Regulators and consumer advocates and at all levels, influencing public policy decisions and outcomes and in particular depth of skill in dealing with regulators/litigation (class actions)/politicians (Senate inquiries/Royal Commissions).
	Governance and Compliance	Implementing organisation-wide governance and compliance systems, processes and frameworks, regulatory compliance, assessing the effectiveness of senior leadership. Understanding of regulations that apply to retail lending and franchising.
	Health and Safety	Implementing health, safety and wellbeing strategies, proactive identification and prevention of health and safety risks.
	Remuneration	Detailed executive remuneration matters, incentive arrangements, staff superannuation. Understanding of the relevant legislative/contractual framework for remuneration. Experience in human resource management: culture, diversity and talent.
Experience	Financial Services	Extensive experience in, and knowledge of, financial services sector; ideally direct management (i.e., P&L implications) with potential to impact customers and operations across multiple geographies; retail merchandising and franchise

		experience including current landscape and underlying issues impacting the industry; risk management experience.
	Corporate Finance and Banking	Domestic and/or international experience in corporate finance, capital management, banking and funds management.
	Consumer Credit	Domestic and/or international experience in consumer credit businesses (especially unsecured lending) including the regulatory landscape and underlying issues impacting the industry.
	Finance/Accounting	Financial experience with strong technical skills (accounting/audit).
	CRM/Customer Data	Experience in driving strategic insights from the collection and analysis of customer data. Experience in customer relationship management.
	Information Technology and Digital	Domestic and/or international experience in IT strategies, IT networks, Internet disruptive applications, and the latest innovative technologies/ offerings. Understanding the current drivers of innovation in the information technology market and specifically in the software delivery and licensing and cloud computing sectors and online distribution platforms.
	Issues/Event Management	Exposure to commercial issues. For example, Enforceable Undertaking, Credit Rating downgrade, media/social media events and other reputational events/catastrophes.
	Regulatory Compliance	Experience relating to ASX compliance regime, ASIC and other applicable regulatory bodies.
Capabilities	Leadership	Driving engagement and enablement, evaluating employee and executive performance, strategic workforce planning, leading organisation change and talent development.
	Financial Acumen	Demonstrated ability in understanding and dealing with business opportunities in a manner that is likely to lead to good results in the short-term and long-term bringing risk appetite focus to all decision-making.
	Collegiate	An ability to work with other members of the Board, respecting different views, approaches and styles. Demonstrating focus on the collective good as more important than individual view.
	Stakeholder Management	Ability to understand the power, influence and interest of various stakeholders. Understanding of key stakeholders (i.e., shareholders, analysts, fund managers, ASX).
	Corporate Emotional Intelligence (EQ)	Personal attributes/characteristics relevant to the Board environment including communication skills, the ability to constructively challenge, championing an environment that effectively deals with complex issues and seeking/engendering continuous improvement. Be able to balance appropriate levels of governance with the need to keep the business progressing.
Diversity	Age, Gender, Term in office, Ethnicity, Overseas experience	

Overall, the skills base of the Board is broad and deep with a good geographical reach of experience. The Board, through the Governance, Remuneration and Nomination Committee, continues to consider appropriate geographic, ethnic and gender diversity in its composition.

### Recommendation 2.3 - Independence of directors

A listed entity should disclose the names of the directors considered to be independent directors and if any director has an interest, position, association or relationship of the type described under Box 2.3 of Recommendation 2.3 of the ASXCGC Recommendations. If a director has an interest of the nature described in Box 2.3, but the Board is of the opinion that this interest does not compromise the independence of the director, then the Board is required to describe in this Statement the nature of that interest and the reason why it has formed that opinion.

Details of directors on the Board during the Reporting Period and as at the date of this Statement are provided below, along with their independence status and terms in office.

Name of Director	Non-executive	Independent	Term in office
Timothy Jugmans (Chairman)	Yes	No	Director and Chairman since 1 April 2022
Peter Cumins (Deputy chairman)	No	No	Director since 26 April 1995
Sam Budiselik	No	No	Appointed Managing Director from 18 December 2020 (CEO from February 2020)
Lachlan Given	Yes	No	Director since 22 August 2014
Julie Elliott	Yes	Yes	Director since 14 April 2020
Robert Hines	Yes	Yes	Director since 14 April 2020
Henry Shiner	Yes	Yes	Director since 1 July 2021
Susan Thomas	Yes	Yes	Director since 1 April 2022

The Board Charter sets out the procedures and the disclosure principles applied by the Board when assessing the independence of directors.

In accordance with the Charter, the Board considers whether a director is non-executive, not a member of management and is free of any other business relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. In making this assessment, the Board considers all relevant factors and circumstances, including the relevant factors for assessing independence of directors as listed under Recommendation 2.3 of the ASXCGC Recommendations.

The Board has reviewed the independence of each of the directors in office. Sam Budiselik and Peter Cumins are executive directors and members of management and are therefore not considered independent. Lachlan Given is the Chief Executive Officer of EZCORP Inc. ("EZCORP"). Chairman Timothy Jugmans is the Chief Financial Officer of EZCORP. EZCORP is a substantial shareholder in the Company. As officers of a substantial shareholder, both Lachlan Given and Timothy Jugmans are not considered by the Board to be independent.

## Recommendation 2.4 - Independent majority

Recommendation 2.4 requires that a majority of the board of a listed entity should be independent directors.

Four of the eight Board members are considered to be independent non-executive directors. Accordingly, the Board did not have a majority of independent directors either at the date of this Statement or during the Reporting Period.

## Recommendation 2.5 - Independent Chairman

For the reasons outlined below, the Company does not comply with the recommendation that the Chairman should be an independent director.

Timothy Jugmans was Chairman of the Board from 1 April 2022. Mr Jugmans is also the Chief Financial Officer of EZCORP. EZCORP is a major shareholder of the Company with rights to appoint nominee directors to the Company's Board under a 2009 Subscription Agreement between the Company and EZCORP. Under the terms of the agreement, while EZCORP holds at least 20 per cent of the issued capital of the Company, it can appoint two nominee directors to the Board and the position of Chairman is also required to be offered to one of the nominee directors who may accept that position in his or her sole discretion. Timothy Jugmans was appointed a nominee director by EZCORP and he was offered the position of Chairman of the Board of the Company in accordance with the terms of the Subscription Agreement. He accepted this offer and took up the position of Chairman on 1 April 2022. Due to his position as nominee director of a major shareholder, Timothy Jugmans is not considered to be an independent Chairman.

A copy of the Subscription Agreement between EZCORP and the Company was released to ASX on 9 November 2009. Links to the Subscription Agreement and related documents have been provided in the Board Charter contained on the Company's website.

Under the Directors' Conflict of Interests Policy, the Board has protocols and processes in place for dealing with conflicts or potential conflicts of interest. If the Board considers that a matter for consideration by the Board might place the Chairman in a position of conflict, the directors appoint a lead independent director, who considers the matter in consultation with the Managing Director and decides as to whether the Chairman may receive papers, vote, or be in attendance during the discussion of that matter. The Chairman may also give the Board prior notice of those matters in which he intends to withdraw from the meeting and not receive papers relating to those matters.

The positions of Chairman of the Board and Managing Director of the Company are not held by the same person.

## **Recommendation 2.6 - Director inductions**

The Company has a program for inducting new directors and providing appropriate professional development opportunities for directors. There were no new directors appointed during the Reporting Period.

The Board continually reviews whether there is a need for directors to undertake professional development to maintain the skills and knowledge required to perform their role effectively. During the Reporting Period, the Board benefitted from continuous engagement with senior management across the business on topics specific to the senior management's respective business function. On an ongoing basis, directors are provided with papers, presentations and briefings on specific matters which may affect the business or operations. To assist the directors in maintaining an appropriate level of knowledge of the operations of the company, directors undertake site visits each year to some of its corporate and franchised businesses. In addition, directors have personally engaged in professional development activities to develop and maintain their skills and knowledge needed to perform their roles as directors.

In August 2023, the Governance, Remuneration and Nominations Committee conducted a formal review of the group and individual professional development activities completed during the Reporting Period. Directors considered that the development/briefing sessions conducted during FY23 had been appropriate and adequate. There were no material new or emerging business or governance issues that had arisen that would have necessitated additional development imperatives for the period.

All directors are expected and encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their roles as directors.

Oversight of this induction and development program is the responsibility of the Governance, Remuneration and Nomination Committee.

## **Principle 3: Act ethically and responsibly**

### **Recommendation 3.1 - Core Values**

The Company recognises the importance of its reputation and standing within the community and with its key stakeholders, such as customers, employees, suppliers, creditors, law makers and regulators.

The Board reconfirmed the Company's Value Statement during the Reporting Period. All team members are encouraged to embrace these values. Performance in accordance with these values is acknowledged and rewarded through Annual Performance Awards and includes an award for a Values and Brand Champion.

The Values Statement is encapsulated as follows:

#### **We're real people who are passionate and proud**

- We're genuine, friendly and from your neighbourhood. We're passionate and proud to be here helping our customers.

#### **We're caring and respectful**

- We're here to listen and find ways to help makes things possible, supportive of our customers and our colleagues. There's no judgement here. We treat everyone as an individual

#### **We're tenacious problem solvers**

- We don't back down. We always try our best to help others, no matter how hard the task seems.

The performance of all team members including members of executive key management personnel is formally assessed each year across key behavioural competencies as disclosed in the performance measures in the Remuneration Report.

The Values Statement is available on the company's website under the Corporate Governance tab (<https://www.cashconverters.com/governance>).

## **Recommendations 3.2, 3.3 and 3.4 - Code of Conduct, Anti-bribery and Corruption Policy and Whistleblower Policy**

The Company has a Code of Conduct and Anti-bribery and Corruption Policy which outline the Company's commitment to appropriate and ethical corporate practices. All directors, officers and employees are expected to comply with the Code and this Policy. The Audit and Risk Committee is informed of material breaches of the Code or incidents under the Anti-bribery and Corruption Policy.

The Company is committed to an open working environment in which its personnel and other stakeholders can report instances of unethical, unlawful or undesirable conduct without fear or intimidation or reprisal. For this purpose, the Company has a Whistleblower Policy. Subject to the confidentiality provisions of the Policy, material incidents under the Whistleblower Policy are reported to the Audit and Risk Committee.

The Code of Conduct, Anti-bribery and Corruption Policy, Whistleblower Policy and Modern Slavery Statement are published on the Company's website (<https://www.cashconverters.com/governance>).

## **Principle 4: Safeguard integrity in corporate reporting**

### **Recommendation 4.1 - Audit Committee**

Under Recommendation 4.1, a board of a listed entity should have an audit committee with at least three members, all of whom are non-executive directors and a majority of whom are independent. The committee should be chaired by an independent director.

The Audit and Risk Committee had the following members during the Reporting Period:

- Robert Hines (Independent Chair)
- Julie Elliott (Independent non-executive director)
- Henry Shiner (Independent non-executive director)
- Susan Thomas (Independent non-executive director)

Currently, it is normal practice for all Board members to attend meetings of the Audit and Risk Committee. The Committee complied with the minimum membership requirements of Recommendation 4.1 for the Reporting Period and continues to do so as at the date of this Statement.

The Audit and Risk Committee operates under a formal charter approved by the Board. A copy of the charter is published on the Company's website (<https://www.cashconverters.com/governance>).

As set out in the charter, the role of the Audit and Risk Committee as it relates to audit matters is to assist the Board to fulfil its oversight responsibilities relating to:

- the preparation and integrity of all corporate and financial reporting prior to being published;
- the adequacy of the control environment;
- the internal and external audit function;
- treasury and taxation and other key financial processes and practices;
- appropriateness of accounting policies, estimates and judgements;
- review of any significant accounting and reporting issues, including professional and regulatory announcements and impact on the Company's financial statements;



- compliance with all regulatory obligations including the Corporations Act, ASX Listing Rules and the ASXCGC Corporate Governance Principles and Recommendations; and
- any other matters referred to the Committee by the Board.

The experience and qualifications of each committee member are set out in the Directors' Profiles section of the 2023 Annual Report. The external and internal auditors, other non-member directors including the Managing Director are invited to Audit and Risk Committee meetings. Details of the number of meetings held by the Audit and Risk Committee during the year are set out in the Directors' Report in the 2023 Annual Report.

### **Recommendation 4.2 – Managing Director and CFO Declaration**

The Board received signed written statements from the Managing Director/CEO and the Chief Financial Officer in relation to the financial statements for the half year to 31 December 2022 and for the year ended 30 June 2023, declaring that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and that the opinion has been founded on the basis of a sound system of risk management and internal control which implements policies adopted by the Board, and the Company's risk management and internal compliance systems are operating efficiently and effectively in all material respects in relation to financial reporting.

### **Recommendation 4.3 - Corporate report verification**

The Company's key periodic corporate reporting comprises the half year report and full year annual financial statements which are subject to formal review and approval by the Audit and Risk Committee and Board and on which an external review or audit is conducted by audit firm Deloitte Touche Tohmatsu (Deloitte). The scope of the audit includes the expression of an audit opinion as to whether the Remuneration Report included within the Directors' Report and reviewed and recommended to the Board for approval by the Governance, Remuneration and Nomination Committee complies with Section 300A of the Corporations Act.

The additional periodic corporate report issued by the Company that is not audited or reviewed by an external auditor is the remainder of the Directors' Report contained in the half year and Annual Report including the operating and financial review commentary.

The content of the Directors' Report is prepared by the Chief Financial Officer/Company Secretary and checked against appropriate internal and external source records to ensure it is materially accurate. Narrative reports including the operating and financial review are prepared by the Chief Financial Officer and reviewed by the Managing Director.

The entire contents of the half year report and Annual Report are reviewed by the Audit and Risk Committee and formally recommended for approval by the Board. To ensure the material presented is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions, any material statements must be verified and supported by evidence and/or references to credible sources including metrics obtained from the financial records of the Company.



While the Directors' Report, except for the Remuneration Report, is not subject to audit by the Company's auditors it is provided to them for review in the context of their audit of the annual financial statements and review of the half year report. Any comments with respect to inconsistencies to the reported financial information are responded to prior to approval by the Board.

## **Principle 5: Make timely and balanced disclosure**

### **Recommendation 5.1 - Continuous Disclosure**

The Company has procedures in place to ensure that it complies with the continuous disclosure requirements of the ASX Listing Rules. These are described in the Company's Market Communications Policy, published on its website (<https://www.cashconverters.com/governance>). These procedures set out who is responsible for determining whether information is of a type or nature that requires disclosure, the Board's role in reviewing the information disclosed to ASX and the procedures for ensuring that the information is released to ASX in a timely manner.

All significant information disclosed to ASX by the Company is published on the Company's website as soon as practicable.

### **Recommendation 5.2 - Announcements copied to directors**

A listed entity is required to ensure that its board receives copies of all material announcements promptly after they have been released.

All material, price-sensitive announcements issued during the Reporting Period were provided to all Board members as drafts for approval prior to release. Once released and published on the website and the ASX platform, all announcements are immediately accessible to all directors. The Company Secretary has, during the Reporting Period ensured that all material, price-sensitive announcements are promptly distributed to Board members upon release to the market.

### **Recommendation 5.3 - Presentation materials**

All new or substantive investor or analyst presentation materials are released to the ASX Market Announcements Platform ahead of the presentation as standard practice. Generally, the Company's presentations are delivered in conjunction with full and half year results releases.

## **Principle 6: Respect the rights of security holders**

### **Recommendation 6.1 - Information on website**

The Company provides information about itself and its governance to investors via its website at [www.cashconverters.com](http://www.cashconverters.com). The following information is available on the website:

- the names, photographs, and brief biographical information for each of the directors;
- copies of Annual Reports and ASX announcements;
- Company overview.

The website also has a corporate governance page where this Statement and copies of corporate governance policies and other corporate governance materials referred to in this Statement can be found.

### **Recommendation 6.2 - Investor communications**

The Board aims to ensure that shareholders are informed in a timely manner of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the Annual Report which is made available to all shareholders either electronically or as paper copy. The Board ensures that the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future plans.

In addition to the other disclosures required by the Corporations Act 2001, a half-yearly report containing the financial information required to comply with the applicable Accounting Standards and a review of the operations of the Company during the period, is prepared and made available to shareholders.

Following the release of half-year and full year results, the Company holds briefings for investors and analysts. In addition, business and trading updates have been released to the ASX during the financial year to keep shareholders informed.

The Company encourages two-way communication with investors, both at the Company's Annual General Meeting and throughout the year.

The Company can be contacted by emailing [info@cashconverters.com](mailto:info@cashconverters.com).

### **Recommendation 6.3 - Shareholder participation at meetings**

The Board encourages full participation by shareholders at its Annual General Meetings ('AGM'). Adequate opportunities are provided during meetings for shareholders to raise questions concerning all matters before them for their approval.

The 2022 Annual General Meeting was held as a virtual meeting. Shareholders were able to participate in the meeting in real time through the online meeting platform that allows shareholders to view, listen, submit questions and vote while the meeting is in progress.

The Company also considers communications and queries received during the year from shareholders, investors and relevant interest groups to determine if the Chairman or Managing Director Addresses should be expanded to provide additional explanations for the benefit of all shareholders.

Important AGM approval items are presented to shareholders as single resolutions and complex matters are accompanied by clear explanations in the explanatory notes. Shareholders are responsible for voting on the election of newly appointed directors and the re-election of existing non-executive directors.

### **Recommendation 6.4 - Polls at AGMs**

All substantive resolutions at meetings of the Company's shareholders are decided by a poll rather than a show of hands as it is considered this best ensures the "one security one vote" principle enshrined in the listing rules.

## **Recommendation 6.5 - Shareholder access to electronic communications**

Shareholders can register with the Company's share registry, Computershare Investor Services, to receive electronic notifications of the release of annual and half-yearly reports, notices of Annual General Meeting and distributions of dividends. The share registry also provides contact information on its website and the ability to receive documents by email from the share registry.

The Company also provides information through its website, enabling shareholders access to Company announcements and the ability to email the Company with enquiries.

## **Principle 7: Recognise and manage risk**

### **Recommendation 7.1 - Risk Committee**

Under Recommendation 7.1, the board of a listed entity should have a committee to oversee risk. That committee should have at least three members, a majority of whom are independent directors, and it should be chaired by an independent director.

Risk and risk management within the Company is overseen by the Audit and Risk Committee, the membership details of which are provided under Recommendation 4.1 above. The membership of this Committee met the requirements of Recommendation 7.1 for the Reporting Period and continues to do so as at the date of this Statement. Currently, the meetings of this Committee are attended by all members of the Board.

As set out in the charter, the role of the Audit and Risk Committee as it relates to risk management is to assist the Board to fulfil its oversight responsibilities relating to:

- the adequacy of the control environment and the processes for identifying and managing risk;
- reviewing the Company's risk management framework, strategy and risk appetite development and overseeing the risk management system, including the risk management function and its resourcing;
- reviewing and monitoring the Company's risk profile;
- reviewing the operational effectiveness of the policies and procedures relating to risk and the Company's internal control environment;
- reviewing management's evaluation of the effectiveness of internal controls;
- reviewing the effectiveness of the Company's insurance activities;
- ensuring compliance with all regulatory obligations including the Corporations Act, ASX Listing Rules and the Corporate Governance Principles;
- reviewing the effectiveness of the Company's approach to achieving compliance with laws, regulations and Company policies;
- reviewing and making recommendations in relation to the Company's Compliance Framework;
- ensuring compliance processes are sound, appropriate and operating effectively throughout the Company; and
- obtaining regular reports regarding compliance matters that may have a material impact on the Company's activities, including reviewing any correspondence from regulatory bodies regarding significant issues.

From July 2022, the Board Investment Committee was endorsed as a standing committee. This committee assists the Board by reviewing opportunities of a corporate transactional nature including acquisitions, divestments and investments. This role includes evaluation of risks associated with material transactions and the adequacy of related due diligence processes. Its membership comprises all four of the independent non-executive directors: Robert Hines (Committee Chairman), Julie Elliott, Henry Shiner and Sue Thomas.

### **Recommendation 7.2 - Risk reviews**

The Audit and Risk Committee reviews the Company's Risk Management Framework ("RMF") on an annual basis. A review was undertaken during the Reporting Period and the Committee satisfied itself that all material risks have been properly identified and assessed, the RMF continues to be sound and that the entity is operating with due regard within an appropriate risk appetite, consistent with Board and committee oversight.

### **Recommendation 7.3 - Internal audit**

The Company has an independent internal audit function that operates under a charter approved by the Audit and Risk Committee. This function reports to the Audit and Risk Committee, and among other duties, evaluates the effectiveness of, and contributes to the improvement of, the Company's risk management processes.

The Audit and Risk Committee's responsibilities as they relate to internal audit include:

- approving the appointment, remuneration and removal of the head of internal audit;
- reviewing the internal audit charter and resourcing of the internal audit function;
- approving the annual internal audit plan and monitoring progress against the plan;
- reviewing significant internal audit findings and action taken by management to address these;
- discussing issues with internal audit in the absence of management; and
- reviewing the objectivity and performance of the Internal Auditor.

### **Recommendation 7.4 - Environmental and social sustainability risks**

The Board is responsible for ensuring that the Company's risk management systems are adequate and operating effectively.

Environmental and social risks where the Board considers that Cash Converters' exposure is potentially material include:

- working with legislators and regulators to continue to deliver improvements and initiatives to support a trustworthy and reliable financial service to our valued customers;
- Cyber-criminal activity and its continued escalation including as a result of COVID-19; and
- evolving legislation and the advent of new and often unregulated online credit products and services.

In relation to COVID-19 impacts during the Reporting Period, the sustainability contribution of the second-hand goods retail offer continued to appeal to value and environmentally conscious customers and to date, has stood the Company in good stead throughout the pandemic.

The operational response to the COVID-19 pandemic continues to be effective. All the Group's locations have successfully maintained productivity while transitioning to a combination of work-from-home and store or office-based activity. Focus remained on customer service with emphasis on safe work practices. Customer service has been able to continue at a high standard using on-line service delivery to reduce the risk of contact during lock-down stage protocols. Commentary in the operating and financial review in the Directors' Report illustrates the financial impacts from lockdowns across the different state jurisdictions in which the Company operates.

There has been a marked increase in cyber-criminal activities globally over the last two years that impact all companies, large and small, but which also pose a greater risk to those companies with a large online customer base. Through our cyber security program, we continue to enhance the Company's cyber defences and have focused on educating team members on the dangers of cyber-crime activities.

The Financial Sector Reform Act 2022 ("Reform Act") received royal Assent in December 2022 and introduced a significant number of reforms in relation to Small Amount Credit Contracts ('SACC'), including new restrictions on unsolicited communications, proscribed referrals to unregulated products and tighter income requirements for credit eligibility. Cash Converters supports efforts to prevent predatory and unethical behaviours of credit providers operating in the SACC market and is committed to operating in a compliant and transparent manner.

Outside of these areas of potentially material exposure, the Company is dedicated to managing social risks and maintaining and developing trust with its key stakeholders. The Company is working to mitigate and resolve many social risks that may impact stakeholders, such as by supporting its customers through the ongoing cost of living pressures caused by high inflation, and through adherence to its anti-modern slavery and its anti-bribery and corruption principles and practices.

The Company's anti-modern slavery principles and practices are designed to reduce the risk of slavery within its supply chain or operations. The principles and practices are supported by a framework of policies that sit within the Risk and Compliance department. In line with the Commonwealth Modern Slavery Act 2018 recommendations, the Company published and submits annual Modern Slavery Statements approved by the Company's Board.

The Company's Modern Slavery Statement is available on its website (<https://www.cashconverters.com/governance>).

The Company is also dedicated to mitigating the risk of bribery and corruption. The Company's Anti-Bribery and Corruption policy outlines its intent to not engage in bribery or corruption and to comply with all anti-bribery and corruption laws. The policy sets out the Company's expectations and standards of conduct of all employees with respect to bribes and corruption, gifts and entertainment, political donations and inadequate records.

## **Principle 8: Remunerate fairly and responsibly**

### **Recommendation 8.1 - Remuneration Committee**

Under Recommendation 8.1, the board of a listed entity should have a remuneration committee that has at least three members, a majority of whom are independent directors, and the committee should be chaired by an independent director. Remuneration committee responsibilities are carried out by the Governance, Remuneration and Nomination Committee, the membership details of which are provided under Recommendation 2.1 above.

This Committee met the minimum membership requirements of Recommendation 8.1 for the Reporting Period and continues to do so as at the date of this Statement. Currently, the meetings of this Committee are attended by all Board members.

The charter for the Governance, Remuneration and Nomination Committee is available on the Company's website.

The role of this Committee in relation to remuneration responsibilities is described in the charter, and summarised as:

- providing advice in relation to remuneration packages of non-executive directors, senior executives (defined as the Managing Director and other executive key management personnel (KMP)), equity-based incentive plans and other employee benefit programs, in accordance with the relevant policies;
- developing and maintaining, for Board approval, the policies and other documents that guide and govern KMP remuneration decisions, practices and outcomes, referred to as a Remuneration Governance Framework;
- considering those aspects of the Company's remuneration practices, including securities-based remuneration, which may be subject to shareholder approval;
- determining and reviewing the nature of the Company's disclosure or communication of remuneration practices and policies;
- reviewing the Company's recruitment, retention and termination policies;
- reviewing the Company's superannuation arrangements;
- reviewing succession plans for the Board, the Managing Director and senior executives;
- ensuring the performance and competencies of the Managing Director, senior executives and members of the Board are reviewed at least annually; and
- reviewing the Company's diversity policy and monitoring diversity within the Company.

The experience and qualifications of each committee member are set out in the Directors' Profiles section of the 2023 Annual Report. Details of the number of meetings held during the Reporting Period are set out in the Directors' Report in the 2023 Annual Report.

### **Recommendation 8.2 - Remuneration of Non-Executive Directors**

A listed entity should disclose separately its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Details on the remuneration of directors and executives as well as the Company's remuneration framework and policies are set out in the Remuneration Report in the 2023 Annual Report.

### **Recommendation 8.3 - Hedging prohibition**

The Company has an equity-based remuneration scheme for executive employees.

Consistent with Recommendation 8.3, the Company's Securities Trading Policy (a copy of which is published on the Company's website) prohibits directors and senior executives from entering transactions or arrangements which operate to limit the economic risk of their holdings of Company securities at any time during which those securities are subject to the hedging prohibitions specified in section 206J of the Corporations Act.