



# **Corporate Governance and Internal Controls**

**Payzone Plc  
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## **Corporate Governance and Internal Controls**

The Directors intend, insofar as is practicable given the Company's size and the constitution of the Board, to comply with the provisions of the Combined Code. Payzone will also comply with applicable mandatory provisions of Irish law in respect of corporate governance. The Directors have established an Audit Committee, a Nominations Committee and a Remuneration Committee.

The Audit Committee has primary responsibility for monitoring the quality of internal financial controls and ensuring that the financial performance of the Company is properly measured and reported on, and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls.

The Nominations Committee is responsible for Board appointments.

The Remuneration Committee will determine the terms and conditions of service of, including the remuneration and grant of options to, executive directors of the Company.

The Board also recognises its overall responsibility for the Company's systems of internal control and for monitoring their effectiveness.

The main features of the Company's corporate governance procedures are as follows:

- the Board has four independent non-executive Directors, all of whom take an active role in Board matters;
- the Company has an Audit Committee, a Nominations Committee and a Remuneration Committee, each of which consists of the non-executive directors appointed by the Board;
- all business activity will be organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the board"; and
- regular monitoring of key performance indicators and financial results together with comparison of these against expectations.

### **Audit Committee**

The following is a summary of the terms of reference under which the Company's Audit Committee operates. The Audit Committee comprises Lee Ginsberg and Peter Smyth, both of whom are independent non-executive directors of the Company. The Audit Committee shall have at least two members and each member shall be an independent non-executive director. The Audit Committee shall meet at least two times in every year and any other time as required by the external auditors of the Company.

The Audit Committee shall, inter alia:

- monitor the financial reporting and internal control principles of the Company;
- maintain appropriate relationships with external auditors including considering the appointment and remuneration of external auditors;
- review all financial results of the Company, including all announcements in respect thereof before submission of the relevant documents to the Board;
- review and discuss (where necessary) any issues and recommendations of the external auditors including reviewing the external auditors' management letter and management's response;

- consider all major findings of internal operational audit reviews and management's response to ensure co-ordination between internal and external auditors; and
- consider all other relevant findings and audit programmes of the Company.

The chairman of the Audit Committee shall meet with the Board at least twice a year to discuss such matters as the Interim Report, Annual Report and the relationship with the external auditors. The Audit Committee shall compile a report to Shareholders on its activities to be included in the Company's annual report.

The Audit Committee is authorised to:

- investigate any activity within its terms of reference;
- seek any information it requires from any employee of the Company; and
- obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

### **Nominations Committee**

The following is a summary of the terms of reference under which the Company's Nominations Committee operates. The Nominations Committee comprises Peter Smyth and David Golden, both of whom are independent non-executive directors of the Company.

The members of the Nominations Committee shall be appointed by the Board and shall consist of at least two members and each member shall be an independent non-executive director. A quorum for any meeting shall be two members and shall include a majority of non-executive directors. The Nominations Committee shall meet at least two times a year and make its report to the next meeting of the Board.

The Nominations Committee shall, inter alia:

- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies save for the Chairman and the Chief Executive Officer, as well as putting in place plans for succession;
- evaluate the balance and skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- review regularly the Board structure, size, composition and leadership needs and make any recommendations to the Board for adjustments that are deemed necessary;
- review annually the time required from a non-executive director and assess whether the non-executive director is spending enough time to fulfil their duties;
- recommend to the Board whether to reappoint an executive director or non-executive director at the end of their term of office, and identify who are to be put forward for retirement by rotation; and
- make a statement in the annual report about its activities, the process used to make appointments and, if external advertising or advice has not been used, give reasons as to why not.

So that the Nominations Committee can perform its role, it will have a procedure for appointing nonexecutive directors which will involve: possibly engaging a reputable firm of search consultants to recommend candidates; creating a short-list circulated to the members of the Nominations Committee and Chief Executive Officer; and interviews of candidates by the Chairman, other Nominations Committee members and the Chief Executive Officer.

The Nominations Committee will have a procedure for appointing executive directors which will involve: possibly engaging search consultants to assist with selection; the Chairman and

the Chief Executive Officer submitting a short-list; some or all of the Nominations Committee meeting the candidates selected; the Chairman and Chief Executive Officer reviewing the assessments of the Nominations Committee; and the Board appointing the candidate.

### **Remuneration Committee**

The following is a summary of the terms of reference under which the Company's Remuneration Committee operates. The Remuneration Committee comprises David Golden and David Mills, both of whom are non-executive directors of the Company.

The Remuneration Committee shall have at least two members and each member shall be an independent non-executive director. The Remuneration Committee shall meet at least two times in every year and any other time as required by either the chairman or a member of the Remuneration Committee.

The Remuneration Committee shall, inter alia:

- consider the remuneration packages of the executive directors and the Chairman and any recommendations made by the Board for changes to their remuneration packages including in respect of bonuses (including associated performance criteria), other benefits, pension arrangements and other terms of their service contracts and any other matters relating to the remuneration of or terms of employment applicable to the executive directors that may be referred to the Remuneration Committee by the Board;
- oversee and review all aspects of the Share Schemes including the selection of eligible directors and other employees and the terms of any options granted; and
- consider and make recommendations to the Board about the public disclosure of information about the executive directors' remuneration packages and structures in addition to those required by law or by the London Stock Exchange.

The chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Remuneration Committee shall produce an annual report which will form part of the Company's annual report and consider each year whether such report should be put to the Company's Shareholders for approval at the annual general meeting.

The Remuneration Committee is authorised to:

- seek any information it requires from any employee of the Company;
- assess the remuneration paid by other AIM listed companies of a similar size in any comparable industry sector and to assess whether changes to the executive directors remuneration is appropriate for the purpose of making their remuneration competitive; and
- obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.