

Environmental, Social & Governance

CEO message

Novatti is committed to making a difference through our Environmental, Social & Governance (ESG) focused approach to doing business.

As a growing company, we have commenced the journey to develop a more formal ESG program, which we will continue to strengthen, including developing a more formal framework. This framework will enable Novatti to identify, assess and manage those ESG areas which are most relevant to our business.

From an *Environmental* perspective, the nature of Novatti's business, driven by our people and our various digital offerings, means that Novatti is not a large consumer of energy or water. However, as we further develop our formal framework we will be considering these areas further, particularly from a perspective of monitoring and further improving usage.

From a *Social* perspective, acting ethically is critical to Novatti's reputation and business. We have a strong culture of risk and compliance throughout our business. To maximise the protection available to our customers we invest in banking relationships; systems and security; fraud protection; and our processes, people and systems.

From a *Governance* perspective, we operate in a highly regulated industry that is subject to a complex set of laws, regulations and industry requirements in various jurisdictions globally. Furthermore, as a company listed on the Australian Securities Exchange (ASX) we are accountable to shareholders and ensure that the Company is properly managed and protected to enhance shareholder value, particularly by focusing on the long-term strength of Novatti's business.

We look forward to seeing our ESG framework develop and strengthen going forward to the benefit of all our stakeholders.

Introduction

Novatti acknowledges the constantly evolving social and sustainability requirements and its responsibility to provide transparent reporting against these requirements to all our stakeholders. We have commenced our journey in this field and will continue to strengthen our skills here as we develop a more formal ESG framework.

Regulatory and business landscape

Novatti acknowledges and embraces its regulatory and business responsibilities given the importance of the services it provides to the public. Our business is subject to a complex set of laws, regulations and industry requirements in various jurisdictions globally. These include, but are not limited to, financial services, consumer protection, anti-money laundering, and counter-terrorism financing, privacy and data protection, taxation, employment, corporate regulations and corporate governance.

Regulatory

Novatti

Australian Securities & Investment Commission

AUSTRAC Registration

E-Money Issuing License

Australian Financial Complaints Authority (AFCA)

Digital Bank Application

Card Issuer

Australian Financial Services Licence for Non-Cash Payments
Application underway for AFSL for Deposit Taking

Remittance Network Provider

Authorised Electronic Money Agent in UK & Europe

Member

Applied November 2019

VISA Partner & Program Manager



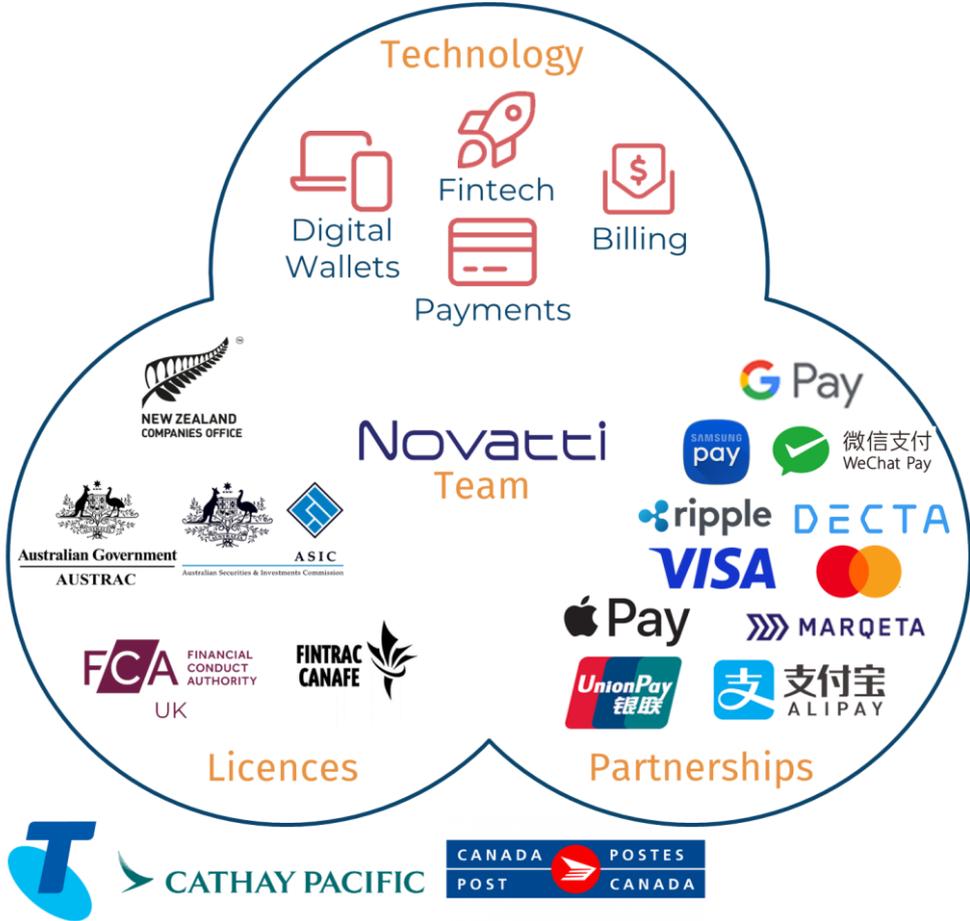
Registered as a Foreign Money Service Business in Canada



Applied for a full Electronic Money Licence in Europe



In addition to the regulatory landscape, Novatti has developed a sophisticated ecosystem that leverages Technology, Licences, Partnerships and our Team to deliver its services.



Failure to comply with regulatory requirements in any of Novatti's current (or future) jurisdictions or to respond adequately to any regulatory change, could adversely impact Novatti's reputation and financial performance. Failure to comply could also result in increased compliance costs, the requirement to cease specific parts of all of Novatti's business activities, litigation, penalties or other regulatory enforcement action.

We have a deep appreciation for the seriousness of the regulatory environment in which we operate, and as a result, we have developed a suite of comprehensive policies, procedures and framework to administer and manage our regulatory and reporting requirements.

By way of example, Novatti is working towards a Standard for Information Security Management, in addition to General Data Protection Regulation (GDPR) and Payment Card Industry Data Security Standard (PCI DSS).

In all jurisdictions in which Novatti operates, we are focused on operating our business in a responsible and fully compliant manner.

Governance

The Novatti Board acknowledges that it is accountable to shareholders and must ensure that the Company is properly managed and protected to enhance shareholder value by ensuring the long-term strength of Novatti's business.

Novatti recognises that its reputation is a valuable asset, which is based largely on the ethical behaviour of the people who represent the Company. Novatti has established a Code of Conduct which outlines how it expects its people to not only comply with the law, but also to conduct themselves in a manner consistent with community and corporate standards.

Novatti has established various statements and policies to support this Code of Conduct including:

- Board Charter
- Statement of Values
- Corporate Governance Statement
- Anti-Bribery and Anti-Corruption
- Risk Management, Internal Compliance and Control
- Whistleblowing
- Procedures for Selection and Appointment of Directors
- Performance Evaluation for Directors and Executives
- Director Skills Matrix
- Remuneration of Directors and Executives
- Audit
- Continuous Disclosure
- Shareholders Communication
- Securities dealing by Directors and Employees

In respect to our People, Novatti has also established various policies, including, but not limited to:

- Diversity
- Employee Incentive Scheme

These policies are all available on Novatti's website at <https://novatti.com/corporate-governance/>

In addition to public facing policies, Novatti has also established a "one stop shop" on its Intranet, which makes available for all its people a suite of policies, procedures and templates for use by our teams.

These include, but not limited to the areas of:

- Human Resources
- Information Technology
- Operational
- Marketing
- Risk & Compliance
- Legal
- Anti-Money Laundering

Business Ethics

Novatti has adopted a Code of Ethics, which details the underlying values to be applied to support the integrity of its business. This Code operates alongside Novatti's Anti-Bribery & Anti-Corruption policy, Anti Money Laundering Requirements, Modern Slavery Statement and the overarching Code of Conduct.

Novatti has also implemented a Legal & Regulatory Compliance Policy Statement which provides details of the overarching governing principles of Novatti's approach to compliance, along with the underlying principles to support the elements of an effective compliance program.

Data Protection and Information Security

Data Protection and Information Security is important to Novatti's business, particularly as the business continues to grow. As a result, Novatti recently appointed a Chief Information Security Officer (CISO) to place more emphasis on these aspects of the business and to specifically lead Novatti's Data Protection and Information Security.

Novatti's Data Protection and Information Security Strategy has recently been reviewed and updated to account for the recent growth in the business, and a number of implementations and improvement activities have been carried out, including 24x7 security monitoring, secure email gateway, vulnerability management, updating of the business continuity management system and security awareness testing.

Novatti uses a risk-based information security management system, aligned to ISO 27001 standard. Novatti also uses the 'Demming Cycle' (Plan-DO-check-Act) to continuously improve our security posture and remain proactive for threats.

We continue to invest in, and work with, our partners & suppliers to maximise the protection available to our customers. This includes working with our banking partners, service providers such as Visa and Mastercard, technology providers for fraud protection and continuous improvement of our own processes, and systems, as well as investment in our own teams.

Social

The Novatti Board acknowledges that our people are at the core of who we are. This is why we place them at the centre of our Ecosystem. With their in-house expertise, Novatti is able to leverage and use its Technology, Licences, and Partnerships to deliver on its Vision.

Our Vision

Novatti

Novatti enables businesses to **pay and be paid**, from any device, anywhere. From corner stores and startups to global organisations, our solutions will unlock your ambitions

Our Values

Novatti places a strong emphasis on recruiting and retaining talent that enhances our values-driven culture. The accumulation of our collective experience, shared values, and individual skills allow Novatti to deliver on its vision. Our values, amongst others, include Integrity Always, which enable Novatti to develop stronger relationships with our team and clients.

The values that empower our people are:

Values

Novatti



Start with
'yes'

Unlocking the ambitions of our team and clients starts with a positive mindset



We've
got your
back

Novatti is one, connected team. Together we celebrate our success and turn mistakes into shared learnings. By embracing each team member, we unlock their ambitions, Novatti's, and those of our clients



Act with
purpose

We are deliberate in what we do to focus our energy and deliver the best possible outcomes for our team and clients



Integrity
always

With integrity we develop stronger relationships with our team and our clients



Keep it
simple

Simple things are understood. By keeping it simple, we avoid confusion, achieve alignment, and in turn achieve great things together

Our Workforce

Novatti's workforce has grown and diversified as we have matured as a business and will continue to do so.

Novatti does not have any enterprise agreements - all team members are employed on above award common law contracts.

Novatti has adopted a Diversity Policy to assist it in attracting, developing and retaining people who are highly competent and can contribute to its the long-term success and values by bringing a broader range of perspectives, experience and ideas.

Our Diversity Policy includes the provision of Equal Opportunity and Non-discrimination which is backed up by the Whistleblower Policy its procedures.

Our Diversity Profile

Novatti's employees in a full-time and part-time capacity as at 30 June 2021, included 39 percent women and 61 percent men.

Novatti considers a senior executive position is one which reports directly to the Managing Director /CEO (or his designate COO or the Board). As at 30 June 2021, 3 woman (30 June 2020, there were 2) qualified as a senior executive. As at 10 December 2021 of the 13 permanent members of the senior executives, four are female, being 31% of senior executives.

For 30 June 2021 the company had no women on the Board. Nevertheless, as a result of a director resignation in September 2021 , the Board commenced looking for an appropriate director with the skills, experience and diversity to fill the vacancy. On 13 December 2021 the Company appointed Abigail Cheadle as a independent non-executive director of the Company and Chair of the Company's Audit and Risk Committee. As a result, the Company now has one female on the board for a Board of five directors (20%).

The Company has set a measurable diversity objective by 2025 to have 30% or greater:

- Of the total workforce female
- Of the workforce in senior roles female
- Board female

From 2030, Novatti has set the following measurable diversity objective of an aim of 40% or greater:

- Of the workforce female
- Of the workforce in senior roles female
- Board female

When Novatti established these diversity objectives, it was cognisant that achieving them is influenced by many factors including:

- The need to hire the best qualified person for the available job as established by the Company's Diversity Policy
- Changes in the number of people employed due to expansion or reduction in future business activities of the Company
- Changes in the composition of the workforce due to resignations, redundancies or terminations.

Staying Healthy and Well

The health and safety of our team members and contractors is a high priority for Novatti. There have been no work related accidents at Novatti in the last three years.

Novatti provides wellbeing initiatives, including mental health, physical health and financial wellbeing resources, plus a work structure that provides flexibility. Novatti has pivoted its arrangements during the Covid Pandemic which have been captured in its Remote Working Policy.

The impact of the pandemic continues to be felt by our team members globally, with all regions at different stages of easing restrictions. To support a safe return to our offices, we have introduced and continue to improve safety measures in line with local government guidance in each region.

Moving Money Safely

As a business that moves significant monies for customers around the world every day, it is critical that Novatti manages its risks in a way that maintains the trust of our customers, partners and banks, and meets the expectations of regulators. We have a strong culture of risk and compliance, with particular emphasis on the responsibility that Novatti has as an international and domestic money services provider to help prevent and detect financial crime.

Suppliers and Partners

At Novatti, we are very fortunate to work with leading banks and service providers globally. We partner with leading brands such as Visa, MasterCard, and Apple Pay and with those partnerships comes responsibilities to ensure ethical practices and integrity, which is the cornerstone of our values.

Novatti has adopted its own position regarding Modern Slavery and in particular the Australian Modern Slavery Act 2018. Whilst we are not considered a reporting entity, Novatti believes that taking action to address modern slavery is good business and in line with our values.

In addition, Novatti has also adopted an Ant-Bribery & Anti-Corruption Policy that is consistent with its commitment to conducting business in compliance with the law in all countries in which it operates.

Environmental

As noted above, Novatti has commenced the journey to strengthen its ESG program. Novatti's ESG framework will enable it to best identify, assess and manage ESG areas most relevant to our business. One area of focus will be environmental.

The nature of Novatti's business, driven by our people and the various digital offerings, means that Novatti is not a large consumer of energy or water. However, as we further develop our formal framework, we will be considering these areas from a perspective of monitoring and improving usage.

Sustainability is a journey. It starts with looking inwards at how we can minimise the negative impacts of our own operations to reduce our carbon footprint and waste.

The COVID-19 pandemic has led to significant reductions in our energy usage, use of consumables, business travel and waste. As we resume office-based work, we aim to carry this efficiency forward, exploring meaningful ways to reduce our emissions.