

# **EZCORP, INC.**

## **BOARD GOVERNANCE PRINCIPLES AND CHARTER**

### **GUIDING PRINCIPLES FOR CORPORATE GOVERNANCE**

The Board of Directors will:

- Represent and act in the best interests of the stockholders.
- Help management maximize the business opportunities to enhance long-term stockholder value.
- Identify, analyze and manage risks and address opportunities to mitigate them.
- Require the Company to operate in compliance with applicable laws, rules and regulations.
- Uphold a high standard of integrity and ethics throughout the Company.
- Insist that the Company deal fairly and honestly with stockholders, customers, suppliers and employees.
- Communicate in an open and transparent manner.

### **ROLE OF THE BOARD OF DIRECTORS**

The responsibility of the Board of Directors is to represent and promote the interests of the stockholders as it directs, guides and oversees the business operations of the Company. The following are the principal duties of the Board of Directors in carrying out that responsibility. Any of these duties may be delegated to a committee of the Board if permitted by applicable law and deemed appropriate by the Board.

#### **1. Participate with management in the creation, review and approval of the basic strategic direction of the company.**

- The Board will take an active part in formulating the Company's long-term strategic plans, as well as the short and long-term objectives and goals to achieve those plans, and will review and approve annual operating and financial plans, including financial budgets and incentive compensation targets.
- The Board will actively participate in all major business decisions, including reviewing and approving significant acquisitions, capital expenditures and corporate actions.
- The Board will provide advice and counsel to the Chief Executive Officer and senior management on all matters relating to the Company as needed.

#### **2. Identification, selection and evaluation of a high-quality Chief Executive Officer and other members of the Board of Directors.**

- The Board has sole responsibility for selecting and hiring the Company's Chief Executive Officer ("CEO"), evaluating the CEO's performance and planning for CEO succession.

- The Board of Directors will conduct an annual review of the CEO's performance based on the Company's overall business performance, the operating and financial results against the specified short and long-term objectives, the quality of the organization plan and such other factors as the Board may determine.
  - The Board will provide counsel and oversight in the selection, evaluation and compensation of, and succession planning for, the Company's senior executives.
  - The Board will select and nominate candidates for Board membership to be considered by the voting stockholders and, where appropriate, will appoint members of the Board to fill vacancies that occur between annual elections.
- 3. Review, comment upon and provide guidance concerning the Company's operating and financial performance.**
- The Board will provide recommendations to management that will assist the Company in achieving its financial objectives.
  - The Board will identify, analyze and take appropriate actions to resolve issues that could result in risks to the Company in financial, legal, regulatory or strategic matters.
- 4. Oversee the accuracy, timeliness and quality of all public reporting.**
- The Board will review, understand and approve the Company's financial statements and reports and will oversee the establishment and maintenance of controls, processes and procedures to promote accuracy, integrity and clarity in financial and other disclosures.
  - The Board will select and evaluate the Company's independent auditor.
  - The Board will oversee the activities of the Company's Internal Auditor and will receive periodic reports directly from the Internal Auditor.
- 5. Identification, analysis and management of potential risks.**
- The Board will review and monitor risk areas that could result in damage to the Company's financial performance or reputation.
  - The Board will oversee the establishment and maintenance of appropriate control and accountability systems.
  - The Board will analyze and determine acceptable levels of risk in areas such as insurance coverage, data security and loss prevention.
  - The Board will monitor and provide guidance to management on the Company's debt exposure and ability to meet its obligations.
- 6. Monitor the Company's compliance with all legal and regulatory requirements.**
- The Board will review significant pending legal and regulatory matters that could affect the Company's performance.
  - The Board will receive periodic updates from the Company's General Counsel on new laws, rulings or regulations that could have a direct bearing on future Company performance.

**7. Assure the creation of and adherence to high-quality and ethical Company policies and procedures.**

- The Board will review, approve and monitor compliance with the Company's Code of Conduct.
- The Board will oversee the Company's initiatives to promote high levels of integrity, ethics and social responsibility.

**8. Review and approve basic human resources principles and programs to support the on-going strengthening of the Company's organization.**

- The Board will review and approve:
  - The Company's policies concerning hiring, diversity and performance management.
  - The compensation plans of all senior executives (as defined from time to time by the Board) and the administration of the plans.
  - The fees of the independent members of the Board of Directors.
  - All equity-based compensation plans and grants.
- The Board will review and monitor the implementation of the basic benefits philosophy and significant benefits programs of the Company.
- The Board will review and monitor the development of the Company's organization plans and the execution of a comprehensive succession planning process for all key executive positions.

In order to properly carry out these duties and responsibilities, the Board members will have access to all Company reporting, internal and external data and individual employees.

**ROLE OF MANAGEMENT**

It is the responsibility of management, under the direction of the Company's CEO, to assist the Board in the discharge of its responsibilities, and to conduct the Company's business and affairs in an effective, responsible and ethical manner, consistent with the overall strategies, policies and principles established by the Board of Directors and to achieve the specified financial and strategic objectives. In carrying out that responsibility, management is charged with the following:

- Selecting, evaluating and approving the compensation of qualified management personnel (or, to the extent that such matters are the responsibility of the Board, assisting the Board in doing so), and implementing an organizational structure that is efficient and appropriate for the Company's operations and culture.
- Developing the Company's long-term strategic plans, short and long-term objectives and goals and annual operating and financial plans, and presenting those plans to the Board for review and approval; implementing and executing approved plans; and recommending modifications and implementing changes to those plans as necessary or appropriate.
- Identifying and managing the risks that the Company undertakes in the course of carrying out its business and managing the Company's overall risk profile.

- Promoting the integrity of the Company's financial statements and reports by designing, implementing and supervising the operation of systems, controls, processes and procedures that allow the Company to record, process, summarize and report information timely and accurately and produce financial statements and other disclosures that fairly present the Company's financial condition and results of operations and permit stockholders to understand the Company's business and performance.

## **BOARD COMPOSITION**

### ***Qualifications of Directors***

Each director should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the Company's stockholders. The following are qualifications, experience and skills for Board members that are important to the Company's business and its future:

- *Leadership experience* — Directors should demonstrate extraordinary leadership qualities. Strong leaders bring vision, strategic agility, diverse and global perspectives and board business insight to the Company. They demonstrate practical management experience, skills for managing change and deep knowledge of industries, geographies and risk management strategies relevant to the Company's business. They have experience in identifying and developing the current and future leaders of the Company.
- *Finance experience* — Each director should possess an understanding of finance and related reporting processes.
- *Strategically relevant experience* — Directors should have business experience that is relevant to the Company's strategic goals and objectives, including geographical and product expansion. The Company values experience in its high priority growth areas, including new or expanding geographies or customer segments and existing and new technologies; understanding of the Company's business environments; and experience with, exposure to or reputation among a broad subset of the Company's customer base.
- *Government experience* — The Company's business is subject to a variety of legislative and regulatory risks. Accordingly, the Company values experience in the legislative, judicial or regulatory branches of government or government relations.

### ***Independence***

The Board believes that its primary function is to direct, guide and oversee the business of the Company in a manner consistent with the best interests of the stockholders and that those interests are best served by having a substantial number of objective, independent directors on the Board. Consequently, at all times, a majority of the directors will be "independent." For this purpose, a director shall be considered "independent" only if he or she is not an Executive Officer or employee of the Company, does not have a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and otherwise satisfies the standards of "independence" applicable to directors of NASDAQ-listed companies. In connection with the

Board's assessment and determination of each director's independence, the Board shall broadly consider all relevant facts and circumstances.

The Board will review each director's independence status annually, and the Board's determination of each director's independence will be disclosed annually in the Company's Annual Report.

The Board recognizes that members of certain Board committees may be subject to more stringent standards of "independence" pursuant to applicable rules and regulations, including The NASDAQ Stock Market listing requirements, accounting and auditing rules and federal securities or tax laws. Any such more stringent standards will be reflected in the charter of the applicable committee.

### ***Size of Board and Selection Process***

The number of directors constituting the full Board will be determined from time to time by the Board, within any limits prescribed by the Company's Bylaws, taking into account the size and breadth of the Company's business and the need for Board diversity.

The Board will be responsible for selecting and recommending nominees for director positions to the voting stockholders for election. In selecting nominees, the Board will give due consideration to the specific needs of the Board, particularly with respect to financial expertise or certain business or geographic knowledge and experience, as well as diversity.

All directors are elected for one-year terms. The Board may vote to seat a director on an interim basis until the next annual election by the voting stockholders. However, formal election of all directors must be completed within one year of such interim appointment.

### ***Retirement or Withdrawal of Directors; Conflicting Commitments***

The Board believes that directors should serve only so long as they add value to the Board. A director's contributions to the Board and ability to continue to contribute productively will be considered by the Board each time a director is considered for re-nomination. Recognizing that the most important factor in re-nomination considerations is a director's contributions to Board deliberations and processes rather than age or length of service, the Board has not established any term or age limits on Board service.

Each director must be willing and able to devote sufficient time and attention to carrying out his or her duties and responsibilities effectively. While the Board acknowledges the value in having directors with significant experience in other businesses and activities, it also understands that effective service requires substantial commitment. The nature and extent of a director's non-Company activities will be taken into account in annual re-nomination considerations, as well as in determining the propriety of the director's continued service on the Board, as described below.

Each director shall notify the Board (a) prior to accepting a directorship or other position of responsibility with another company and (b) prior to or promptly following a significant change in personal circumstances (including a change in employment or principal job responsibilities). The Board will review and evaluate the circumstances and will determine whether the director's continued service on the Board would be appropriate under those circumstances. If the Board determines that the director's continued service on the Board would not be appropriate under the circumstances, the director will be requested to resign.

## **BOARD STRUCTURE AND OPERATIONS**

### ***Chairman of the Board***

The Chairman of the Board is responsible for:

- The overall leadership and administration of the Board.
- Presiding over and assuring efficient functioning of Board meetings, including scheduling meetings and setting agendas.
- Day-to-day supervision and interaction with the CEO and senior management.
- Ensuring that the Board and management adhere to the Company's corporate governance principles, as stated in this Board Charter.
- Keeping all Board members informed on all key issues involving the Company.

The Chairman may be either an executive employee of the Company or an independent director. If the Chairman is an executive employee, the Board will appoint a Lead Director, as described below.

### ***Lead Director***

If the Chairman of the Board is an executive employee of the Company, the independent members of the Board will select one of the independent directors to be the Lead Director. The Lead Director shall be responsible for:

- Calling, scheduling, preparing the agenda and materials for and presiding at the executive sessions of the independent directors.
- Serving as a liaison between the independent directors and the Chairman of the Board.
- Coordinating with the Chairman the scheduling, agenda and materials for Board meetings.
- Coordinating the selection and retention of advisors and consultants to the Board.
- Such other responsibilities as the Chairman or the independent directors may designate from time to time.

The Lead Director shall be elected by majority vote of the independent directors acting in executive session. The Lead Director shall serve at the discretion of the independent directors, and the election or re-election of the Lead Director shall be called at the request of a majority of the independent directors.

### ***Standing Committees***

The Board will maintain the following committees to assist it in discharging its oversight responsibilities. Each committee shall have the specific powers, authority, duties and responsibilities set forth in its written charter and as may otherwise be delegated or assigned to it from time to time by the Board.

- *Audit Committee* — The Audit Committee assists the Board of Directors in fulfilling its responsibilities to provide oversight with respect to the integrity of the Company's financial statements and other financial information provided by the Company to any governmental body or the public, and the Company's internal control over financial reporting and disclosure controls and procedures. In

addition, the Audit Committee is responsible for engaging, and monitoring the performance and independence of, the Company's independent auditors, and is responsible for overseeing the performance of the Company's Internal Audit function. In carrying out these responsibilities, the Audit Committee will provide a focal point for free and open communications among the Company's independent directors, management, internal auditors and independent auditors.

- *Compensation and Human Resources Committee* — The Compensation and Human Resources Committee assists the Board in fulfilling its responsibility to ensure that the Company can attract, retain and motivate the most qualified talent who will contribute to the long-term success of the Company. The Compensation and Human Resources Committee will review and approve select executive compensation, all equity compensation and organization and succession planning. The committee will also manage the gathering, evaluation and recommendation of compensation for the Board of Directors.

Each committee is governed by a written charter approved by the full Board. Once approved, each committee charter will be considered an integral part of this Board Charter. Each committee will review its charter at least annually and shall report the results of such review, including any recommended changes, to the full Board.

The membership of each committee (including the number and the identity of directors comprising the committee and the director designated to serve as committee chair) shall be determined by the full Board. Only independent directors may serve as members of the standing committees.

Consistent with its purpose (as stated in its charter), each committee will be responsible for determining the frequency and length of committee meetings and the agenda of items to be discussed. The chair of each committee, in consultation with appropriate members of management, shall develop the agenda for each committee meeting, and shall prepare and distribute appropriate written materials prior to the meeting. The Company's Secretary shall be responsible for ensuring that minutes of each committee meeting are properly recorded and incorporated into the official Board minute book. The chair of each committee shall be responsible for apprising the full Board on a regular basis of all committee proceedings, determinations and recommendations.

Any independent director shall be entitled to attend the meeting of any committee, regardless of whether he or she is a member of that committee. The committee chair may request that any member of management attend all or any portion of any committee meeting for discussion purposes or to make appropriate presentations.

### **Meetings**

There will be a minimum of four Board meetings each year. Special meetings may be called with appropriate notice to the directors. Scheduling of meetings will be the responsibility of the Chairman of the Board, in coordination with the Lead Director. Each director is expected to attend all regular meetings of the Board and of the committees of which he or she is a member, and is expected to make every effort to attend any specially called Board or committee meetings. Meetings may be held in person or through electronic conferencing.

Except for the executive sessions of independent directors (as discussed below) and unless otherwise requested by the Board, the CEO, Chief Financial Officer and General Counsel shall attend all Board meetings. In addition, the Chairman may request other members of management to attend all or any portion of any Board meeting for discussion purposes or to

make appropriate presentations. The Company's Secretary shall be responsible for ensuring that minutes of each Board meeting are properly recorded and incorporated into the official Board minute book.

The independent Board members will meet periodically in executive session without management. An executive session of the independent directors shall be a standing agenda item at no less than two regular meetings of the Board each year and, in addition, may be called at any time by the Lead Director and shall be called by the Lead Director at the request of any independent director. The Lead Director may request that any member of management attend all or any portion of any executive session of the independent directors for discussion purposes or to make appropriate presentations.

The Company will pay for the reasonable costs for directors to attend Board and committee meetings. The directors will be responsible with complying with applicable Company policies regarding the reporting of and reimbursement for travel-related expenses.

### ***Board Compensation***

The independent directors will receive compensation that is competitive in the marketplace for similar companies. Generally, the Board believes that director fees should include both cash and equity components. This aligns the directors' interests with the long-term interests of the stockholders and provides a positive reinforcement of their responsibilities to enhance stockholder value. On an annual basis, the Compensation and Human Resources Committee will review independent director compensation and benefits with the full Board.

### ***Director Orientation and Education***

The CEO, the Chief Financial Officer and the General Counsel shall be responsible for providing orientation materials and arranging orientation meetings for new directors, as well as periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their Board duties. In addition, each director may attend, at the Company's expense, an accredited director education program once per year.

### ***Self-Evaluation***

The Board and each standing committee of the Board will conduct an annual self-evaluation to identify areas of concern or potential issues relating to the processes, performance and effectiveness of the Board or such committee, as the case may be. These evaluations will be administered by the Chairman of the Board or the committee chair, as the case may be, and will be reviewed and discussed with the full Board.

### ***Board Access to Independent Advisors***

The Board of Directors and its committees, as well as the independent directors acting in executive session, shall have the right at any time to hire outside advisors and experts to assist them in the execution of their responsibilities. These advisors may include compensation experts, attorneys, financial advisors and executive search firms. The Board will keep management informed of the need and the cost of such engagements, but will have final approval of the firms selected, the scope of the assignment and the management of the resources.

## **OTHER BOARD PRACTICES**

### ***Board Member's Participation on Other Boards***

Members of the Board of Directors may serve on other boards of directors with the prior review and approval of the Board. Generally, a director's membership on another board will be evaluated using the following guidelines:

- A director may not serve on the board of any company that competes with the Company in any material way.
- A director may not serve on the board of any company that has legal or regulatory issues that may discredit their involvement with the Company.
- A director may not serve on other boards where such membership will interfere with their ability to carry out their responsibilities to the Company's Board of Directors.

Members of the Board of Directors may be asked to serve on the board of directors of companies that are affiliated with the Company. If so requested, the director will be permitted to receive fees from that affiliate board in the same manner as other independent board members of that company, so long as the director agrees that, with respect to his or her service on the board of the affiliate company, he or she will seek indemnity and insurance protection from the affiliate company before seeking any applicable indemnity or insurance protection from the Company. In his or her capacity as a member of the affiliate company's board, the director will be expected to provide representation for all shareholders of that affiliate and will perform their responsibilities to that board in a manner that will conform to all applicable laws and the corporate governance guidelines for that company. If a director's role, responsibilities and duties on an affiliate board conflict with his or her role, responsibilities or duties on the Company's Board, the director will be expected to resign from the affiliate board.

### ***Stock Ownership Requirements***

The Board of Directors believes that its members should have an ownership position in the Company. Such ownership allows the Board members to be better aligned with other shareholders in representing their interests. The Board will set specific ownership requirements for members and monitor the compliance with this policy.

### ***Code of Ethics***

The Company maintains a Code of Conduct and Ethics that is applicable to all employees. That Code of Conduct and Ethics, which satisfies the requirements of a code of ethics under applicable SEC rules, contains written standards that are designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; full, fair, accurate, timely, and understandable public disclosures and communications, including financial reporting; compliance with applicable laws, rules, and regulations; prompt internal reporting of violations of the code; and accountability for adherence to the code. Each of the directors is expected to comply with applicable provisions of the Code of Conduct and Ethics.

### ***Communications with the Board***

Anyone who has a concern about any aspect of the Company's business (including accounting, financial reporting, internal controls or auditing matters) may communicate that concern directly to the Board of Directors, to the independent directors (through the Lead

Director) or to the Audit Committee (through the committee chair). Such communications may be confidential and anonymous, and may be emailed, submitted in writing or reported by phone to the Company's Board of Director office, as follows:

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Austin, Texas 78739  
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