

ReadyTech Holdings Limited (**ReadyTech** and or **Company**), and its related entities (collectively, **ReadyTech Group**) are committed to achieving and demonstrating the highest standards of corporate governance to protect and enhance shareholder interests.

*This Corporate Governance Statement:*

- reports against the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**.) The practices detailed in this Corporate Governance Statement are current as at 24 August 2021; and
- has been approved by the Board and is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

## **Principle 1: The Board lays solid foundations for management and oversight**

### **Board responsibilities and delegations**

The Company's Board Charter was adopted by the Board in March 2019. The Board Charter is located on the ReadyTech website at [www.readytech.com.au](http://www.readytech.com.au).

The Board Charter provides a framework for the effective operation of the Board, setting out:

- the Board's role and responsibilities and size, composition and independence;
- the relationship and interaction between the Board and Management; and
- the authority delegated by the Board to Management and Board committees.

The Board Charter provides that the Board's role is to, amongst other things:

- represent and serve the interests of Shareholders by overseeing and appraising ReadyTech Group's strategies, policies and performance;
- oversee the ReadyTech Group, including providing leadership and setting its objectives;
- approve and monitor systems of risk management, internal compliance, accountability and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- set the risk appetite within which the Board expects Management to operate;
- monitor senior management's performance and approve remuneration policies and practices;
- monitor implementation of strategy and ensure appropriate resources are available;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approve budgets;
- approve and monitor the corporate, financial and other reporting systems of the ReadyTech Group, including external audit, and oversee their integrity;
- adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure information that a reasonable person would expect to have a material effect on the price or value of the Shares is appropriately and accurately disclosed on a timely basis in accordance with all legal and regulatory requirements; and
- monitor the effectiveness of the ReadyTech Group's governance practices.

The Board's responsibilities include the appointment of a Chair, the appointment and removal of the CEO and CFO, review of corporate codes of conduct and other policies and approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management.

The Board Charter provides that the Company Secretary is directly accountable to the Board through the Chair on all matters to do with the proper functioning of the Board including advising the Board and its Committees on governance matters and monitoring that Board and Board Committee policies and procedures are followed.

The Board Charter delegates responsibility for day-to-day management and administration of the ReadyTech Group to the CEO and Executive Team.

The CEO is responsible for providing effective leadership, direction and supervision of the Executive Team to achieve the strategies, business plans and budgets adopted by the Board and ensuring compliance with all applicable laws and regulations.

The Board has procedures in place to regularly assess the performance of the CEO and the Executive Team.

### **Board Committees**

The Board has established two Committees to assist it in discharging its functions:

- Audit and Risk Committee (**ARC**); and
- Nomination and Remuneration Committee (**NRC**).

### **Independent Board Committee**

In addition to the above Committees, the Board also established the Independent Board Committee (**IBC**) in 2020 to assist with the acquisition of Open Office (as first announced by the Company to ASX on 6 November 2020).

The acquisition of Open Office was approved by shareholders on 19 March 2021 and completed on 23 March 2021 (as announced to ASX on 23 March 2021).

The IBC was established because Open Office was at the time majority owned by funds managed by the Company's largest shareholder, Pemba Capital.

The IBC was established to oversee the process and negotiations and consider whether to approve the transaction. The IBC was chaired by Tony Faure (Independent Chair) and also comprised of Elizabeth Crouch (Independent Non-Executive Director), Tim Ebbeck (Independent Non-Executive Director) and Marc Washbourne (CEO).

The IBC engaged financial and legal advisers to assist ReadyTech in assessing the transaction and negotiate transaction terms with Pemba and Open Office management shareholders.

### **Board meetings and attendance**

The Board meets as often as necessary to fulfill its role. Directors are required to allocate sufficient time to ReadyTech to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During FY2021, the full Board attended 16 meetings.

The Chair is responsible for leading each Board meeting and ensuring all directors contribute to meetings and there is adequate time to discuss each agenda item.

The Chair promotes a constructive and respectful relationship between directors and the Board and management.

For full details of Directors' attendance at Board and Committee Meetings for FY2021, refer to "Meetings of Directors" on page 11 of the Company's Annual Report.

Management reports to the Board at Board meetings on the financial performance, its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct.

### **Access to information and independent professional advice.**

Directors have access to management to seek explanations and information and to auditors to seek explanations and information without management being present.

Each Director has the right to seek, at the expense of the Company, any independent professional advice that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions, subject to the approval of the Chair which cannot be unreasonably withheld or delayed.

### **Background checks before appointing directors and senior executives**

Prior to the appointment of a new director or senior executive, the Board with assistance from the NRC will undertake appropriate background checks as to his or her character, experience, education, criminal record and bankruptcy history. In the case of a director candidate, prior to appointment, the candidate is required to provide the Chair with details of other commitments and an indication of time involved, and to acknowledge that he or she will have adequate time to fulfill his or her responsibilities as a Non-Executive Director of ReadyTech.

Prior to elections the Company will provide confirmation to shareholders that the appropriate checks have been conducted, along with the background information, including any concerns, and a statement on whether the election or re-election is supported or not and why.

ReadyTech has entered into written agreements with each Director (and Senior Executive) setting out the terms, conditions and responsibilities of their appointment. In accordance with Listing Rule 3.16.4, ReadyTech discloses, to the extent required, the key terms of all employment, service or consultancy agreements with Directors or other related parties.

The NRC reviews the performance of directors before they stand for re-election and reports to the Board on this matter. Further to this, ReadyTech provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at a General Meeting.

## **Diversity**

ReadyTech values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace for each reporting period.

ReadyTech has implemented a Diversity Policy, with meritocracy the guiding principle, which is overseen by the Board and which aligns the ReadyTech Group's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on its Board.

In accordance with its Diversity Policy, ReadyTech is committed to providing access to equal opportunities at all levels of work based on merit and fostering a corporate culture that embraces and values diversity.

The Board reviews ReadyTech's Diversity Policy periodically and as necessary to ensure it complies with any applicable legal requirements and remains relevant and effective. The Diversity Policy was adopted by the Board in March 2019. The Policy is available on the ReadyTech website at [www.readytech.com.au](http://www.readytech.com.au).

## **Measurable objectives**

The Board plays a specific role in driving diversity, particularly gender diversity across the business by reviewing and approving annual diversity objectives and progress towards these objectives.

ReadyTech's diversity policy sets out a number of objectives for achieving gender diversity, such as:

- establishing appropriate and measurable objectives for achieving gender and other forms of diversity, including race, ethnicity, disability, age, sexual orientation, gender identity, marital or family status, religious or cultural background;
- maintaining a diverse field of potential candidates for senior management and Board appointments;
- setting key performance indicators for senior management to measure the achievement of the objectives which have been set to achieve gender and other forms of diversity;
- requiring senior management to report on the achievement of such objectives;
- consider and, if relevant, implement policies and programs that address impediments to gender diversity in the workplace; and
- adopting flexible work practices.

Senior management of the ReadyTech Group have been tasked with designing, implementing and maintaining programs and initiatives to ensure the Board achieves its diversity objectives.

ReadyTech's workforce diversity as at 30 June 2021 is as follows:

<b>ReadyTech level</b>	<b>Female number</b>	<b>Current percentage of women</b>	<b>Male number</b>	<b>Current percentage of men</b>
Board of Directors	1	20%	4	80%
Senior Executives*	12	36%	21	64%
Employees	94	35%	174	65%
<b>ReadyTech (entire organisation)</b>	<b>107</b>	<b>35%</b>	<b>199</b>	<b>65%</b>

\*Senior Executives includes senior management who report directly to the CEO and the next layer of senior management who report to those Senior Executives.

The NRC is responsible for assessing whether there is any gender or other inappropriate bias with respect to the

remuneration of Directors, the Executive Team or other employees.

### **Measurable objectives**

ReadyTech's diversity objectives for FY2021 were:

Measurable objectives
Continue to conduct induction and ongoing education programs for staff on respect in the workplace and the value of diversity
Identify and create development plans for high performing and high potential women
Analyse and prepare a report on pay data to recommend specific actions to address any identified inequity issues
Increase work opportunities for people with disability

ReadyTech has designed an onboarding process that provides education on ReadyTech's vision and values including how diversity is valued at ReadyTech.

This year ReadyTech established the ReadyWomen program to develop high potential women and to enhance recruitment strategies for women.

During ReadyTech's salary review process an emphasis on all fairness and equity through the process. Analysis was performed to identify any specific inequities which were then remedied throughout the year.

ReadyTech has expanded its focus on disability employment with programs including Accessibility Day and BusyBeans across its office locations, providing work experience and placements for those living with a disability.

ReadyTech's diversity objectives for FY2022 are:

Measurable objectives
Implementing ReadyTech recruitment guidelines to reinforce commitment to diversity, equity, inclusion and belonging in the talent sourcing and selection processes
Proactively partnering with hiring leaders and agencies to seek to deliver diverse shortlists as part of the recruitment process and challenging hiring leaders to look for candidates that will be "culture add" when joining the team
Designing and implementing programs that are inclusive to build the capability of employees to move into senior leadership positions
Monitoring our salaries to identify, eliminate and rectify any gender equity gaps

### **Performance review of the Board**

The Board with assistance from the NRC is responsible for evaluating and reviewing the performance of the Board, both collectively and individually and ensuring the directors have the appropriate knowledge and skills to fulfil their duties to the Company.

The Board and its Committees periodically self-assess their performance against a range of criteria.

Now the Open Office transaction has been completed, the Board intends to undertake a review of its Board Skills Matrix to ensure the Board has the skills needed, on a forward looking basis, to address the existing and emerging combined business. As part of this process, the Board intends to undertake a formal Board performance evaluation process in the near term.

### **Performance Review of the CEO and Senior Executives**

ReadyTech's Board Charter provides that the Board is responsible for monitoring the performance of the CEO and Senior Executives.

The NRC is responsible for ensuring processes are in place to periodically evaluate the performance of senior executives. It is a responsibility of the NRC for annually reviewing the performance of the CEO and make recommendations to the Board on remuneration arrangements for the CEO and Senior Executives.

The performance of the CEO and Senior Executives are assessed annually with reference to agreed milestones. Details of the remuneration of the Senior Executives who are considered by the Company to be Key Management Personnel are set out in the *Remuneration Report*.

## **Principle 2: The Board is structured to be effective and add value**

### ***Nomination and Remuneration Committee (NRC)***

The Board may, from time-to-time, establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the NRC.

The NRC charter requires that the committee must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. The committee must also have an independent Chair who is not the Chair of the Board.

The NRC has three members all of whom are independent Non-Executive Directors. The NRC currently comprises of Timothy Ebbeck (Chair), Tony Faure and Elizabeth Crouch.

The NRC's primary responsibilities with respect to nominations include:

- reviewing and recommending to the Board the size and composition of the Board, including reviewing Board succession plans and the succession of the Chairman and CEO, having regard to the objective that the Board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- reviewing and recommending to the Board the criteria for Board membership;
- reviewing and recommending to the Board the composition and membership of the Board; and
- assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies.

For details of the qualifications and experience of each NRC member, refer to "Information on Directors", contained within the Annual Report. For details regarding the number of NRC meetings and the attendance at those meetings, refer to "Meetings of Directors" contained within the Annual Report.

Further detail in relation to the NRC's function as a remuneration committee is available under Principle 8 of this Corporate Governance Statement.

The NRC Charter was adopted by the Board in March 2019. The NRC Charter is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

### ***Composition of the Board and details of Directors***

The Board considers an independent Director to be a Non-Executive Director who is not a member of Management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of their judgement. The Board considers the materiality of any given relationship on a case-by-case basis.

The Board regularly reviews the independence of each Director in light of information disclosed by each Director to the Board.

The Chair of the Board is considered independent and separate from the CEO.

The Board consists of a majority of independent directors and considers that each of Tony Faure, Elizabeth Crouch, and Timothy Ebbeck is an independent director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Director's judgement and each is able to fulfil the role of an independent director for the purposes of ASX Recommendations. None of these Directors are acting as nominees or representatives of any current or former shareholder of any entity within the ReadyTech Group, nor as nominees or representatives of the Joint Lead Managers or suppliers to the ReadyTech Group.

Tom Matthews is the representative of Pemba (an entity that is a substantial holder of the Company).

Tom Matthews is also a director of, and minority investor in, certain entities controlled by Pemba. As Pemba is a substantial Shareholder of the Company, the Directors consider that this position results in him not being an independent Director of the Company having regard to the nature of his involvement in the Company.

Mark Summerhayes has been appointed as an alternate director for Tom Matthews. Mark Summerhayes is also representative of Pemba and the Directors consider that this position results in him not being an independent Alternate Director.

Marc Washbourne is considered by the Board not to be independent for the purposes of ASX Recommendations as he is the CEO of the ReadyTech Group. There is a clear division of responsibility between the Independent Non-Executive Chair and the CEO.

Each Director must provide to the Board all information relevant to the assessment of his or her independence and where a Director's independent status changes, ReadyTech will immediately disclose and explain this to the market.

The below table sets out the independent status of each director:

<b>Director</b>	<b>Independent Status</b>	<b>Appointment Date</b>
Tony Faure (Chair)	Independent Non-Executive Director	8 March 2019
Marc Washbourne (CEO & Managing Director)	Not independent	8 March 2019
Elizabeth Crouch	Independent Non-Executive Director	8 March 2019
Timothy Ebbeck	Independent Non-Executive Director	8 March 2019
Tom Matthews	Non Independent Non-Executive Director	8 March 2019
Mark Summerhayes	Alternate Non Independent Non-Executive Director for Tom Matthews	22 July 2019

For details of the current Directors, their qualifications, skills and experience refer to the "Directors' Report", contained within the Company's Annual Report.

### **Board skills matrix**

Under the Company's Constitution, the Board must comprise of at least three Directors and a maximum of eight Directors. The Board regularly reviews the composition of the Board, considering the number and skill mix of the Directors to ensure the Board can address existing and emerging business and governance issues relevant to ReadyTech.

The Board has developed a Board skills matrix which is included in its Diversity Policy and provided below.

The Board recognises that skills such as leadership and previous experience as a chief executive, chair or board member of a large organisation have traditionally been prerequisites to appointment as a director, the Board further recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

<b>Skills and experience</b>
Understanding of the industry in which the ReadyTech Group operates
Public listed company experience
Stakeholder management skills
Business acquisition and integration skills
Financial literacy and legal and regulatory knowledge
Diversity
Cyber security and IT skills
Understanding of the regulatory environment in which the ReadyTech Group operates
Health, safety and environment and social responsibility
Organisational development and human resources

The Board considers, and where necessary, updates, the Board skills matrix at least annually to ensure that as ReadyTech develops, the Board comprises the appropriate mix of skills, expertise, experience and diversity.

Now the Open Office transaction has been completed, the Board intends to undertake a review of its Board Skills Matrix to ensure the Board has the skills needed, on a forward looking basis, to address the existing and emerging combined business. As part of this process, the Board intends to undertake a formal Board performance evaluation process in the near term.

### ***Induction and education***

The NRC (with the assistance of the Company Secretary) is responsible for arranging for any new director to undertake an induction program to enable them to gain an understanding of the Company's operations and the industry sectors in which it operates, the culture and values of the Company, the Company's financial, strategic, operational and risk management position and their rights, duties and responsibilities.

The NRC with assistance from the Company Secretary ensure that a periodic review of directors' performance is conducted and appropriate professional development opportunities are available to directors to develop and maintain their skills and knowledge needed to perform their role as directors effectively.

### **Principle 3: The Board instils a culture of acting lawfully, ethically and responsibly**

The Board is conscious of the importance of the Company's culture and distilling it to all employees to ensure lawful, ethical and responsible behaviour.

### ***Company values***

The ReadyTech's values are "Ready to put people first; Ready to do the right thing; Ready to do the work; Ready for change."

The Company's values are included on ReadyTech's website in the "Our Company" section; in the "Who we are" video.

### ***Code of Conduct***

The Board recognises the need to observe a high standard of corporate practice and business conduct. Accordingly, the Board adopted a formal Code of Conduct.

All ReadyTech Directors, officers, senior executives, employees, contractors and consultants must comply with the Code of Conduct and have received appropriate training on their obligations under the Code of Conduct.

The key aspects of the code are to:

- act with honesty, integrity, fairness and responsibility and ethically and in the best interests of the ReadyTech Group;
- act in accordance with ReadyTech's values, all applicable laws, regulations, policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices;
- disclose and deal appropriately with any conflicts; and
- use ReadyTech Group's resources and property properly.

The Code of Conduct sets out the Company's values and policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, integrity, conflicts of interest and corporate social responsibility.

The Code of Conduct was adopted by the Board in March 2019. The Code of Conduct is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

Material breaches of the Code of Conduct are notified to Board and Audit and Risk Committee.

### ***Whistleblower Policy***

To encourage employees to speak up and help ReadyTech live up to its values, the Board has adopted a Whistleblower Policy which gives clear guidance on how to speak out about any unlawful, unethical or irresponsible behaviour.

The policy includes:

- details on the types of concerns to be reported;
- how confidentiality is safeguarded; and
- processes of investigation.

All employees and managers receive appropriate training on the Whistleblower Policy and it is periodically reviewed by the Board to ensure it is operating effectively and is inline with current legal requirements. Any material incidents to be notified to Board and Audit and Risk Committee.

The Whistleblower Policy was adopted by the Board on 19 December 2019 and is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

### ***Anti-bribery and corruption Policy***

The Company adopted a fraud and corruption policy in March 2019 and is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

The purpose of the policy is to protect the assets and reputation of ReadyTech by reinforcing the commitment of the Company to identifying fraudulent and corrupt activities and reinforcing the requirement to refrain from corrupt and fraudulent conduct and encouraging the reporting of any instance of fraud and corrupt conduct. Any material breaches to be notified to Board and Audit and Risk Committee.

### ***Securities Trading Policy***

The Company has adopted a securities trading policy which applies to the Company and its Directors, officers, employees and management, including those persons having authority and responsibility for planning, directing and controlling the activities of the ReadyTech Group, whether directly or indirectly.

The policy is intended to explain the types of conduct in relation to dealings in securities that are prohibited under the Corporations Act and establish procedures in relation to Directors, Management or employees dealing in securities to ensure that public confidence is maintained in the reputation of the Company, the Directors, Management and employees and in the trading of the Company's securities.

The policy provides that Directors, Management and employees must not deal in the Company's securities when they are aware of "inside" information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- the period from the close of trading on the ASX on 30 June each year until the day following the announcement to ASX of the full-year results;
- the period from the close of trading on the ASX on 31 December each year until the day following the announcement to ASX of the half-year results; and
- any other period that the Board specifies from time to time.

Directors and restricted employees must receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

In all instances, buying or selling of Shares is not permitted at any time by any person who possesses inside information.

The Securities Trading Policy is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

## **Principle 4: The Board safeguards the integrity of corporate reports**

### ***Audit and Risk Committee (ARC)***

The ARC charter requires that the committee must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors.

The committee must also have an independent Chair who is not the Chair of the Board. In addition, all members of this committee must be financially literate and have familiarity with financial and accounting matters and at least one member must be a qualified accountant or other financial professional with appropriate expertise of financial

and accounting matters.

The ARC has three members all of whom are independent Non-Executive Directors. The ARC currently comprises of Elizabeth Crouch (Chair), Tony Faure and Timothy Ebbeck. They are all financially literate.

The primary role of the ARC is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- engaging in the oversight of, and assessing the adequacy of, the ReadyTech Group's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process;
- assessing the appropriateness and application of the ReadyTech Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- assessing the appropriateness of any significant accounting estimates, judgements or choices contained in the ReadyTech Group's financial reports;
- reviewing all half-yearly and annual reports with management, advisers, and the external auditors (as appropriate) and recommending the applicable accounts' adoption by the Board if those reports reflect the understanding of the members of the committee, and otherwise provide a true and fair view of the financial position of the ReadyTech Group;
- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;
- approving the terms of engagement, including fees with the external auditor at the beginning of each financial year;
- approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation; and
- meeting periodically with the external auditor and inviting them to attend committee meetings to assist the committee to discharge its obligations.

Under the charter, it is the policy of the Company that its external auditing firm must be independent of it. The committee will review and assess the independence of the external auditor on an annual basis.

The ARC may obtain information from, and consult with, management, the external auditor and external advisers, as it considers appropriate. The ARC also has access to the external auditor to discuss matters without Management being present.

For details of the qualifications and experience of each ARC member, refer to "Information on Directors", contained within the Annual Report. For details regarding the number of ARC meetings and the attendance at those meetings, refer to "Meeting of Directors" contained within the Annual Report.

Further detail in relation to the ARC's function as a risk committee is available under Principle 7 of this Corporate Governance Statement. The ARC Charter was adopted by the Board in March 2019. The ARC Charter is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

### ***CEO and CFO declaration***

Prior to Board approval of ReadyTech's annual financial reports, the CEO and CFO must provide the Board with the declarations required under section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles. This declaration is also provided prior to Board approval of ReadyTech's half-year financial reports required under Recommendation 4.2 and as if section 295A of the Corporations Act applied in respect of a half-year period.

For the financial year ended 30 June 2021, the CEO and CFO made a declaration in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

### ***Periodic Corporate Report***

For the Financial Year 2021 all periodic corporate reports<sup>1</sup> released by ReadyTech to the market were audited.

In relation to some of the key announcements made during the period, specifically, the disclosures relating to the Open Office acquisition, a formal verification process was undertaken by Management to ensure the information

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<sup>1</sup> Periodic corporate report is defined in the ASX Principles as an entity's annual directors' report, annual and half yearly financial statements, quarterly activity report, quarterly cash flow report, integrated report, sustainability report, or similar periodic report prepared for the benefit of investors.

included in these announcements was materially accurate, balanced and provided investors with appropriate information to make informed investment decisions.

### ***Auditor at AGM***

At ReadyTech's 2021 AGM (consistent with ReadyTech's previous AGMs), Deloitte, as the independent external auditor, will be present and available to answer shareholder questions on the:

- conduct of the independent external audit;
- preparation and content of the independent external auditor's report;
- accounting policies adopted by in relation to the preparation of the financial statements; and
- independence of Deloitte in relation to the conduct of the audit.

### **Principle 5: The Board makes timely and balanced disclosure**

It is the intention of the Board to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of ReadyTech.

The Company has adopted a Continuous Disclosure Policy which establishes procedures that are aimed at ensuring that Directors and Management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information. Under the continuous disclosure policy, the Board is responsible for managing the Company's compliance with its continuous disclosure obligations. It is a standing agenda item at all Board meetings to consider any information that may be required to be disclosed to the ASX in accordance with the Company's continuous disclosure obligations.

The ReadyTech Continuous Disclosure Policy sets out ReadyTech's disclosure obligations under the Corporations Act and ASX Listing Rules and is located on ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au).

The Board has appointed the CFO and Company Secretary to act as Disclosure Officers for the Company. The Disclosure Officers have primary responsibility for all communication with the ASX on disclosure matters.

The Disclosure Officers and CEO are primarily responsible for assessing if information is price-sensitive and should be disclosed publicly under the Policy and ensuring that the Policy is implemented and enforced and that all material information is disclosed to the ASX as required by the Corporations Act and the Listing Rules.

All material market announcements are provided to the Board before they are released to the market for review and promptly upon release to the market.

ReadyTech provides all new and substantive investor or analyst presentations to the ASX market announcements platform ahead of the presentation.

### **Principle 6: The Board respects the rights of security holders**

The Board's aim is to ensure that Shareholders are provided with sufficient information about itself and its governance to assess the performance of the ReadyTech Group and that Shareholders are kept informed of all major developments affecting the state of affairs of the ReadyTech Group in accordance with all applicable laws. In addition to the Company's continuous disclosure obligations, the Company has adopted a Shareholder Communications Policy to keep Shareholders informed.

### ***ReadyTech website***

ReadyTech's website at [www.readytech.com.au](http://www.readytech.com.au) is kept current to maintain effective communication with shareholders and stakeholders.

All ASX announcements made to the market, including annual and half-year financial results, are posted on the Company's website at <https://investors.readytech.com.au> as soon as they have been released by ASX.

The full text of all notices of meetings and explanatory material, the Company's Annual Report, key policies, its values, the Constitution, the charters of its Board committees and copies of all investor presentations made to analysts and media briefings are posted on the Company's website. The website also contains a facility for Shareholders to direct queries to the Company.

All ASX announcements made by ReadyTech can also be accessed from the 'Announcements' section of the ASX website at [www.asx.com.au/asx/statistics/announcements.do](http://www.asx.com.au/asx/statistics/announcements.do), using ReadyTech's ticker code: RDY.

ReadyTech also provides information regarding itself and its governance arrangements via its website (under the heading "Corporate Governance").

### ***Investor relations***

Relationships with investors are very important at ReadyTech. Following ReadyTech's release of its half-year and annual financial statements, ReadyTech conducts investor briefings and investor roadshows with investors, institutional groups and analysts.

ReadyTech's AGM is usually held in November each year and the Chair, Directors and Key Management Personnel will engage with Shareholders in advance of the AGM, as appropriate.

### ***Shareholder communications***

Shareholders may elect to receive all communications from the ReadyTech share registry electronically. Electronic communications have the added advantage of being more timely and cost effective, which benefits all ReadyTech owners and is encouraged by ReadyTech.

Shareholders should contact the ReadyTech share registry) if they wish to elect to receive electronic communications by emailing [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au).

The ReadyTech share registry is managed by Link Market Services Limited: [www.linkmarketservices.com.au/corporate/home.html](http://www.linkmarketservices.com.au/corporate/home.html).

### ***Shareholder engagement and participation***

To encourage shareholder engagement and participation at the AGM, shareholders have the opportunity to attend the AGM, ask questions, participate in voting and meet the Board and the Management team.

Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form that accompanies the notice of meeting, or online through the share registry's website.

Shareholders have the opportunity to submit written questions and comments to ReadyTech and its external auditor.

Due to the COVID-19 pandemic, the 2020 Annual General Meeting and Extraordinary General Meeting held on 19 March 2021, were virtual meetings. The Board adopted this approach as it is focused on the health and safety of its shareholders and its people.

All substantive resolutions considered by shareholders at shareholder meetings have been, and will continue to be, conducted by a poll.

Presentations and speeches made by the Chair and CEO at the AGM are made available on the ASX announcements platform, and ReadyTech's website before the commencement of the meeting.

ReadyTech also publishes the results of the AGM to the ASX and on its website following the conclusion of the AGM.

## **Principle 7: The Board recognises and manages risk**

### ***Risk Management***

In its function as a risk committee, the ARC assists the Board in fulfilling its corporate governance responsibilities with regard to providing oversight and ensuring the soundness of ReadyTech's risk management framework and internal control systems.

The ARC's primary responsibilities with respect to risk management include:

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;

- reviewing and approving policies and procedures on risk oversight and management and making recommendations to the Board on any changes required to the risk management framework; and
- receiving reports from Management concerning the ReadyTech Group’s material existing, new and emerging risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the ReadyTech Group.

The Board is responsible for overseeing and approving risk management strategy and policies. The Board has responsibility for identifying major risk areas and implementing risk management systems and setting the risk appetite for the ReadyTech Group. The Board is responsible for monitoring risk management framework and its adequacy and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the ARC.

Details of the ARC are contained in the disclosure under Principle 4. For details of the qualifications and experience of each ARC member, refer to “Board of Directors”, contained within the Annual Report. For details regarding the number of ARC meetings and the attendance at those meetings, refer to “Board of Directors – Attendance at meetings” contained within the Annual Report.

In addition to the ARC, ReadyTech has adopted a risk management policy. The Risk Management Policy is available on ReadyTech’s website at [www.readytech.com.au](http://www.readytech.com.au). This policy highlights the risks relevant to the Company’s operations and the ReadyTech Group’s commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Company regularly undertakes reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the CEO or CFO and Company Secretary to provide declarations required under section 295A of the Corporations Act.

**Internal audit**

Given the size and scale of ReadyTech’s current operations, ReadyTech has not established an internal audit function. Oversight of the effectiveness of ReadyTech’s governance, risk management and internal control processes currently form part of the responsibilities of Management.

The Board also relies on ongoing reporting and discussion of the management of material business risks to evaluate and continually improve the effectiveness of ReadyTech’s governance, risk management and internal control processes.

As ReadyTech’s business operations continue to develop, the ARC may consider establishing an independent internal audit function.

**Economic, environmental and social risks**

As set out above, ReadyTech has a risk management framework and Risk Management Policy. The risk management processes in place require regular review of the ReadyTech Group’s existing risks and the identification of new and emerging risks facing the ReadyTech Group, including financial and non-financial matters. The risk processes in place have identified the following possible risk areas:

<b>Economic risks</b>	<ul style="list-style-type: none"> <li>• Information Technology</li> <li>• Reliance on third party technology and development services</li> <li>• Reputation</li> </ul>
<b>Environmental risks</b>	<ul style="list-style-type: none"> <li>• Climate Change</li> </ul>
<b>Social sustainability risks</b>	<ul style="list-style-type: none"> <li>• Reputation</li> </ul>

**Other risks**

ReadyTech faces certain other business risks, notably those related to:

- retention and attraction of clients
- retention and attraction of key personnel
- increase in industry competition
- compliance and regulatory
- intellectual property

These risks are carefully managed by ReadyTech in accordance with the Risk Management Policy.

## **Principle 8: The Board remunerates fairly and responsibly**

### ***Nomination and Remuneration Committee (NRC)***

The NRC assists the Board in fulfilling its corporate governance responsibilities to remunerate fairly and responsibly. The NRC's primary responsibilities with respect to remuneration include:

- reviewing and recommending arrangements for the CEO and any other Executive Directors, and the executives reporting to the CEO, including contract terms, annual remuneration and participation in the Company's short and long-term incentive plans;
- reviewing major changes and developments in the ReadyTech Group's remuneration, recruitment, retention and termination policies and procedures for senior Management;
- reviewing and approving short-term incentive strategy, performance targets and bonus payments;
- reviewing and recommending to the Board major changes and developments to the Company's employee equity incentive plans;
- recommending whether offers are to be made under any or all of the ReadyTech Group's employee equity incentive plans in respect of a financial year;
- in respect of the ReadyTech Group's employee equity incentive plans, reviewing and approving the proposed terms of, and authorise the making of, offers to eligible employees of the ReadyTech Group, including determining the eligibility criteria applying in respect of an offer, in respect of a financial year;
- reviewing and recommending to the Board the remuneration arrangements for the Chair and the Non-Executive Directors of the Board, including fees, travel and other benefits; and
- ensuring coherent remuneration policies and practices are in place which enable the ReadyTech Group to attract and retain executives and Directors who will create value for Shareholders.

Details of the NRC are contained in the disclosure under Principle 2. For details of the qualifications and experience of each NRC member, refer to "Board of Directors", contained within the Annual Report. For details regarding the number of NRC meetings and the attendance at those meetings, refer to "Board of Directors – Attendance at meetings" contained within the Annual Report.

### ***Remuneration policies and practices***

Details about ReadyTech's remuneration strategy, framework, policies and practices are set out in the Company's Remuneration Report which clearly distinguishes the structure of Non-Executive Directors' remuneration from that of the Management Key Management Personnel.

ReadyTech has also adopted a Remuneration Policy which is located on the ReadyTech website at [www.readytech.com.au](http://www.readytech.com.au).

The ReadyTech Remuneration Report for the FY21 is set out from page 12 of the Annual Report and located on the ReadyTech website at [www.readytech.com.au](http://www.readytech.com.au).

### ***Policy on hedging equity-based incentive schemes***

ReadyTech introduced the Equity Incentive Plan in FY21. The Equity Incentive Plan is a long term incentive plan established to assist in the motivation, retention and reward of senior management and designed to align the interests of executives and senior management with the interests of shareholders by providing an opportunity for participants to receive an equity interest in the Company.

The Company's Securities Trading Policy provides that the Company may grant securities, options or performance rights to its employees as part of their remuneration entitlements.

These grants will usually be subject to the satisfaction of performance hurdles before they vest in the relevant employee.

The use of derivatives over unvested Company Securities may allow value to be realised from those securities even if performance hurdles have not been met.

This would break the intended connection between staff performance and shareholder best interests.

Accordingly, employees are not permitted to use Derivatives<sup>2</sup> in relation to any unvested company securities. Employees may use Derivatives in relation to vested company securities, provided any dealing complies with the Company's Securities Trading Policy.

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<sup>2</sup> Derivatives has the meaning given in the Corporations Act and includes the following if they relate to or derive their value from Company Securities; put or call options, forward contracts, futures, warrants, depositary receipts, structured financial products, swaps, contracts for difference, spread bets, caps and collars, and any other hedging or investment arrangement.