

Board Charter

Introduction

The Board works under a set of well-established corporate governance policies that reinforce the responsibilities of all directors in accordance with the requirements of the Corporations Act 2001 and the Australian Stock Exchange (ASX). In addition, many of the governance elements are enshrined in the Company's Constitution.

The Company's policies and corporate governance practices are reviewed annually and will continue to be developed and refined to meet the needs of the Company and best practice.

This Corporate Governance Statement outlines the key aspects and mechanisms of IRESS' governance framework, which have been established, and kept under review, by the Board. Summaries of the charters under which the Board and Board committees operate and other relevant information referred to in this Corporate Governance Statement are available on IRESS' website www.iress.com.au

1. Board Responsibilities

- 1.1 The Board has ultimate responsibility to set policy regarding the business and affairs of the Company and its subsidiaries for the benefit of the shareholders after having considered regulatory matters and other ethical expectations and obligations. The Board is accountable to shareholders for the performance of the Group.
- 1.2 The Board's responsibilities and functions include, to:
 - review and approve corporate strategies, budgets, plans and policies developed by management and evaluate performance of the Group against those strategies and business plans in order to:
 - monitor the performance of functions delegated to the executive team including the progress of major capital expenditure, capital management, acquisitions, divestitures and strategic commitments; and
 - assess the suitability of the Company's overall strategies, business plans and resource allocation;
 - appoint a Managing Director for the ongoing management of the business and its strategies;
 - regularly evaluate the performance of the Managing Director and senior management and ensure appropriate executive succession planning is conducted;
 - monitor financial and business results (including the audit process) to understand at all times the financial position of the Group;
 - ensure regulatory compliance and maintain adequate risk management processes;
 - report to shareholders; and
 - implement a culture of compliance with the highest legal and ethical standards and business practices.
- 1.3 In carrying out its duties, the Board meets regularly to discuss formally matters relevant to the Company, with additional meetings held as required to address specific issues.

- 1.4 The Board delegates management of the Company's resources to the executive team under the leadership of the Managing Director, to deliver the strategic direction and achieve the goals determined by the Board. Any powers not specifically reserved for the Board have been delegated to the executive team.

2. Ethical Standards

- 2.1 The Company is committed to upholding high legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Ethics, which aims to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise. The Code of Ethics applies to directors, executives, management and employees, and sets standards for ethical behaviour and business practice beyond complying with the law, and is based on the key principles whereby the Company:
- strives to do business with customers and suppliers of sound business character and reputation;
 - strives to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community;
 - does not knowingly support any public or private organisation which espouses discriminatory policies or practices; and
 - expects all employees to perform their duties with honesty, truthfulness and integrity.
- 2.2 It is the policy of the Company to comply with the letter and spirit of all applicable laws, including those relating to employment, discrimination, health, safety, trade practices and securities. The Company has also developed procedures to ensure that employees are aware of and discharge their obligations under relevant privacy laws in their handling of information provided to the Group.
- 2.3 No director, officer, executive or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.
- 2.4 The Company's ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company.

3. Risk Management

3.1 All business activities contain an element of risk. IRESS' philosophy toward risk is to identify the risks in advance, determine potential risk mitigation strategies, assess the risk in terms of the risk/reward equation and then determine how to proceed. Calculated risk taking is viewed as an essential part of the IRESS' approach to creating long term shareholder value.

3.2 For the purposes of assisting investors to understand better the nature of the risks faced by the Company, the board has prepared a list of operational risks as part of the Principle 7 disclosures. However the board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events.

The key areas of risk faced by IRESS are:

- operational risk, which arises from inadequate or failed internal processes, people and systems or from external events;
- contractual risk, being the nature of the performance and indemnity requirements in contracts with customers / suppliers;
- occupational health and safety risk in respect to our employees; and
- financial risk, which includes fraudulent activities, the risk of financial loss from losing the business of a key customer and/ or the credit risk attached to non-payment by a customer.

Appropriate policies and procedures have been developed to assist in the management of these risk areas.

3.3 The Board is responsible for approving the Company's risk management strategy and policies including the overall internal control framework. In considering the internal control framework the Board considers no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an approach that can be described under the following five headings.

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the directors. Monthly actual results are reported against budget or some other benchmark (where considered appropriate) and revised internal forecasts for the year are prepared regularly. Procedures are also in place to ensure that information is reported to the ASX in accordance with Continuous Disclosure Requirements.
- Quality and integrity of personnel – the Company's human resource related policies and procedures are directed towards achieving the highest levels of service and integrity.
- External advice – the Company engages external experts, particularly in the areas of legal, tax and valuation matters to support management in performing their duties.
- Operating controls – procedures including information systems controls are appropriately documented. Exception and corrective action reports highlight any departures from these procedures.
- Functional specialty reporting – at various times (for example pre and/or post an acquisition), the Board may request additional ad-hoc information to address a particular area of concern or risk.

- 3.4 The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Managing Director and the CFO, including responsibility for the day to day design and implementation of the company's risk management and internal control system. Management reports to the board on the company's key risks and the extent to which it believes these risks are being adequately managed. The reporting on risk by management is a regular agenda item at board meetings.
- 3.5 In accordance with section 295A of the Corporations Act, the Managing Director and CFO have provided a written statement to the board that:
- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board;
 - the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Internal control assurance letters are completed by the key management personnel of all significant business units, as well as by finance managers, in support of these written statements.

- 3.6 The board notes that due to its nature, internal control assurance from the Managing Director and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4. Board Composition

- 4.1 The Board's policy is that there should be a majority of independent, non-executive directors to ensure that Board discussions or decisions have the benefit of predominantly outside views and experience, and that the majority of directors are free from interests and influences that may create a conflict with their duty to the Company. Maintaining a balance of experience and skills is an important factor in Board composition. Details of the skills, experience and expertise of each director is set out on page 6.
- 4.2 The Board has adopted the definition of independence set out in the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in August 2007. The Board has developed guidelines to determine materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether the director is generally free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- 4.3 The Company currently has six directors, two of whom are Executive Directors (the Managing Director and Mr Dunai). The remaining four directors are non-executive, all of whom, including the Chairman, are 'independent'.
- 4.4 In the opinion of the Board, the present composition fairly represents the interests of all shareholders in the Company.

5. Board Access to Information and Independent Advice

- 5.1 All directors have unrestricted access to all employees of the group and, subject to the law, access to all company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management.
- 5.2 Any director can seek independent professional advice at the Company's expense in the furtherance of his or her duties, subject to prior discussion with the Chairman. If this occurs, the Chairman must notify the other directors of the approach, with any resulting advice received to be generally circulated to all directors.

6. Appointment Term and Other Directorships

- 6.1 In accordance with the company's constitution, all directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis.
- 6.2 In order to ensure that composition of the Board will change over time, the Board has a general policy that non-executive directors should not serve for a period exceeding 12 years, and that the Chairman should not serve in that role for more than 10 years.
- 6.3 Directors are required continually to evaluate the number of Boards on which they serve to ensure that each can be given the time and attention required to fulfil their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a director of any corporation.

7. Remuneration

- 7.1 Non-executive directors are paid an annual fee within a fixed amount approved for all non-executive directors by shareholders. The total aggregate annual amount approved for the Company is currently \$400,000 per annum, which was set in 2002.
- 7.2 The Company does not pay retirement benefits to directors.

- 7.3 From 1 April 2005, after having sought advice from an independent consultant, directors' fees were set at \$51,775 for Board duties, with the Chair of the Audit Committee receiving an additional \$10,900 and the Chairman receiving \$103,550. Effective from 1 December 2007 all director fees were increased by 5%. Following a review of published, independent benchmark data on directors' fees in early 2009, directors' fees were increased to \$147,968, \$85,429 and \$73,984 for the Chair, Chair of the Audit Committee and non-executive directors respectively, effective from 1 May 2009, (All figures inclusive of superannuation at statutory rates).

Mr Dunai since moving to his executive director capacity (effective 15 October 2009) is entitled to receive a mix of fixed and variable fees. His annualised fixed fee is \$85,429. As required Mr Dunai may charge an additional hourly fee should his executive workload reach levels where such a charge is considered warranted. As at 31 December 2009, Mr Dunai had only received his fixed fee component.

No additional fees were paid to directors for serving on sub-committees during the period. As members of management, executive directors, when appointed, do not receive any additional directors' fee.

- 7.4 The fees paid to directors take into account what is paid by comparable companies and what is necessary to attract high-calibre people to consider Board appointment. In line with general industry practice, the Board reviews its remuneration strategies in relation to non-executive directors from time to time.
- 7.5 Further details regarding the remuneration paid to directors and senior executives of the company and the group are set out in the Directors' Report on pages 9 to 25.
- 7.6 Subject to the restriction that persons may not deal in any securities when they are in possession of price-sensitive information, directors and employees generally may only buy or sell the Company's shares in the periods immediately following any price-sensitive announcements, including the half-year and full year results and Annual General Meeting. At other times, directors dealing in the Company's shares must obtain prior approval from the Chairman.
- 7.7 The relevant interests of each director in the share capital of the Company at the date of this report, as notified to the ASX pursuant to the Listing Rules and section 205G of the Corporations Act 2001, are set out on page 11 in the Directors' Report.

8. Conflict of Interest and Lead Independent Director

- 8.1 In order to ensure that any interests of a director in a particular matter to be considered by the Board are brought to the attention of all the directors, the Company has developed protocols consistent with obligations imposed by the Corporations Act 2001 and the Listing Rules, to require each director to disclose any contracts, offices held, interests in transactions and other directorships which may involve any potential conflict. Appropriate procedures have been adopted to ensure that, where the possibility of a material conflict arises, relevant information is not provided to the director, and the director does not participate in discussion on the particular issue, or vote in respect of the matter at the meeting where the matter is considered.
- 8.2 The Board has established a Lead Independent Director role in anticipation of Mr Dunai assuming the role of Chairman from the next Annual General Meeting. Ms Seabrook was nominated on 18 December 2009, with a view to this role becoming effective on 5 May 2010.

- 8.3 The role of the Lead Independent Director is to provide a point of reference and coordination where there is, or it is perceived there may be, a conflict for the Chair where the Chair is not an independent director.

9. Board Committees

- 9.1 The Board has two standing committees, namely the Audit Committee and effective from 18 December 2009 a Nomination and Remuneration Committee. (Prior to this date, Nomination and Remuneration Committee matters were dealt with by the full Board.) The Company has adopted an Audit Committee Charter and a Nomination and Remuneration charter to define these tasks and responsibilities.
- 9.2 The Board periodically reviews the charter for each of these areas.
- 9.3 The Board also delegates specific functions to ad hoc committees of directors on an 'as needs' basis. The powers delegated to these committees are set out in board resolutions. Senior executives attend board and committee meetings by invitation, whenever particular matters arise that require management presentations or participation.

10. Accountability and Audit

- 10.1 The members of the Audit Committee during the year were all non-executive directors and comprised:
- Mr J Killen (Chair);
 - Mr B Burdett; and
 - Ms J Seabrook.
- 10.2 Members of the Audit Committee are financially literate and the Board is of the opinion that the members of the committee possess sufficient financial expertise and knowledge of the industry in which the Company operates. Details of the qualifications of the Audit Committee members are included in the Directors' Report on page 6.
- 10.3 The Audit Committee reviews the financial statements, adequacy of financial controls and the annual external audit arrangements. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements. The Committee also reviews the processes in place for the identification, management and reporting of business risk, and reviews the findings reported.
- 10.4 The Committee also liaises with the Company's external auditors, reviews the scope of their activities, their remuneration and independence, and advises the Board on their appointment and removal. It is Board policy that the lead external audit partner and review partner are each rotated periodically.
- 10.5 The Chief Financial Officer, other relevant Company officers (as required) and the lead external audit partner participate at meetings of the Audit Committee.
- 10.6 The Board has adopted a policy that the Company's external auditor shall not provide non-audit services that may detract from the external auditor's independence and impartiality or be perceived as doing so. Any other services provided by the external auditor are reviewed on a case by case basis and must be approved by the Audit Committee in advance.

11. Nomination and Remuneration

- 11.1 The Nomination and Remuneration function was, prior to 18 December 2009, performed by the full Board in accordance with the Nomination and Remuneration Charter, which defined the Board's role and responsibilities in this area. From this date the Board elected to create a standing board sub-committee to perform this function.
- 11.2 The Nomination and Remuneration Charter provides for periodic review of the structure and performance of the Board, Board committees and individual directors and a framework for changes when necessary. This includes identifying suitable candidates for appointment as non-executive directors. The Charter also addresses matters such as succession and senior executive compensation policy, including short and long-term incentive plans and the Company's recruitment, retention and termination policies. The Charter provides for directors to access the services of independent professional advisers to assist in the search for high-calibre people at all levels and ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.
- 11.3 The members of the Nomination and Remuneration Committee are:
- Mr N Hamilton (Chair);
 - Ms J Seabrook; and
 - Mr P Dunai.

12. Continuous Disclosure

- 12.1 The Board has a disclosure policy and procedures in place which are designed to ensure that information reported to the ASX is in accordance with the continuous disclosure requirements of its Listing Rules. The Board regularly reviews the Company's compliance with its continuous disclosure obligations. The Company Secretary is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders.
- 12.2 In addition to the Company's obligations to disclose information to the ASX and to distribute information to shareholders, the Company publishes annual and half-year reports, media releases, and other relevant publications on its website, at www.iress.com.au
- 12.3 The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Group's strategy and goals. The Company invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

13. Securities Dealings

13.1 The Board's policy concerning trading in Company securities precludes directors, executives and employees from dealing in the Company's securities during the defined 'window' periods. Dealing in shares outside this period is prohibited without prior approval from the board, the managing director or the company secretary. In the case of directors, prior approval from the Chairman is required.

The approved trading windows are for the four weeks after:

- one day following the announcement of the half-yearly and full year results (as the case may be); and
- one day following the holding of the annual general meeting.

13.2 All directors, executives and employees are prohibited from trading the Company's securities at any time if they possess price-sensitive information not available to the market and which could reasonably be expected to influence the market. Directors, executives and employees may not engage in short term dealings in the Company's shares.

13.3 Hedging of unvested share rights is prohibited. The Board's view is that any share right participant entering into such schemes on the unvested component of their rights would represent a breach of the terms and conditions of the grant, and the Board would exercise its right to cancel any of these hedged share rights.

13.4 As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

14. Additional Corporate Governance Information

14.1 The corporate governance section of the Company's website contains various material relating to corporate governance, including Board charter, Committee charters, Code of Ethics and other information. The link to the corporate governance section of the Company's website is www.iress.com.au/corporate/corp_governance.asp