

# CORPORATE GOVERNANCE STATEMENT

31 DECEMBER 2018

## 1. ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

- 1.1 The Board of IRESS Limited (**IRESS**) is committed to complying with the ASX Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council.
- 1.2 During 2018, IRESS complied with each of the ASX Corporate Governance Principles and Recommendations (3rd Edition).
- 1.3 The Board has approved this Corporate Governance Statement.

## 2. INTRODUCTION

- 2.1 IRESS' 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* (Cth) (the Corporations Act) and the Australian Securities Exchange (**ASX**). Many of the governance elements are enshrined in IRESS' Constitution. In addition, the Board operates in accordance with a Board Charter, which is intended to supplement the description of the Board's responsibilities as set forth in the Constitution.
- 2.2 IRESS' policies and corporate governance practices are reviewed periodically and will continue to be developed and refined to meet the needs of IRESS.
- 2.3 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. Copies of or summaries of the charters under which the Board and Board committees operate and other relevant information referred to in this Corporate Governance Statement (including relevant policies) are available on IRESS' website at:

<https://www.iress.com/trust/corporate-governance/governance-documents>

## 3. BOARD AND MANAGEMENT RESPONSIBILITIES

### The Board

- 3.1 The Board has ultimate responsibility to set strategy and policy for the business and affairs of IRESS and its subsidiaries ("**Group**") for the benefit of IRESS and the general body of shareholders, after considering regulatory matters and other ethical expectations and obligations. The Board is accountable to shareholders for the performance of the Group.
- 3.2 The Board's responsibilities and functions include:
  - (a) Strategy and planning:
    - (i) to monitor and promote sound business and corporate values including specifically the values embodied in the IRESS Code of Ethics and Conduct;
    - (ii) 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:

- (A) 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
    - (B) assess the suitability of IRESS' overall strategies, business plans and resource allocation;
  - (iii) constructively to challenge management and drive strategic thinking; and
  - (iv) to monitor and drive the performance (used in its widest sense) of IRESS.
  - (b) CEO/MD and senior management (comprising the direct reports to the CEO/MD):
    - (i) to appoint a CEO/MD for the ongoing management of the business and execution of its strategies and periodically evaluate the performance of the CEO/MD;
    - (ii) on the recommendation of the CEO/MD, to approve the appointment of and periodically evaluate the performance of members of the Group's senior management; and
    - (iii) to ensure that appropriate executive succession planning is conducted.
  - (c) Remuneration and performance:
    - (i) to approve the Group's overall remuneration strategies, policies and practices;
    - (ii) to determine the remuneration of Directors, and remuneration and incentive policies and packages for the CEO/MD.
  - (d) Financial and risk management:
    - (i) to monitor financial and business results (including the audit process) to understand the financial position of the Group, and to oversee the Group's financial position;
    - (ii) to ensure the integrity and adequacy of annual and half year financial statements, and to approve these financial statements in accordance with the Corporations Act; and
    - (iii) to ensure that there are robust risk management systems in place.
  - (e) Governance compliance:
    - (i) to monitor the effectiveness of the Company's governance practices;
    - (ii) to monitor and promote regulatory compliance; and
    - (iii) to oversee shareholder reporting and communications.
  - (f) Nomination:
    - (i) to monitor the effectiveness of the Board, and nominate new directors as required;
    - (ii) to develop a plan for identifying, assessing, and enhancing Director competencies; and
    - (iii) to develop a process for evaluating the performance of the Board.
- 3.3 In carrying out its duties, the Board meets regularly to discuss matters relevant to IRESS, with additional meetings held as required to address specific issues.

### **Management**

- 3.4 The Board delegates management of IRESS' resources to the executive team under the leadership of the CEO/MD. Any powers not specifically reserved for the Board are deemed to have been delegated to the CEO/MD and executive team, including:
- (a) development and implementation of Board approved strategies; and
  - (b) day-to-day operation and management of the Group.

- 3.5 IRESS has a written agreement with each director and senior executive setting out the terms of their appointment or employment and describing their roles and responsibilities.

#### 4. ETHICAL STANDARDS

- 4.1 The Group is committed to upholding high legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Ethics and Conduct Policy, which aims to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise. The Code of Ethics and Conduct Policy applies to directors, executives and employees, globally and sets standards for ethical behaviour and business practice beyond complying with the law. The Code of Ethics and Conduct Policy is based on key principles whereby IRESS:
- (a) strives to do business with customers and suppliers of sound business character and reputation;
  - (b) 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;
  - (c) does not knowingly support any public or private organisation which espouses discriminatory policies or practices; and
  - (d) expects all employees to perform their duties with honesty, truthfulness and integrity.
- 4.2 It is the policy of IRESS to comply with all applicable laws, including those relating to employment, discrimination, health, safety, trade practices and securities. IRESS 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.
- 4.3 No director, executive, officer or manager of IRESS has authority to disregard any law or to direct another employee or any other person to violate any law on behalf of IRESS.
- 4.4 IRESS' ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within IRESS.

#### 5. DIVERSITY

- 5.1 IRESS has a broad and diverse employee base across several international jurisdictions. The Board monitors diversity (including gender diversity) under a broad definition at the Board and executive levels and broadly across the general staff base. The Board continues to observe no indicators of bias or impediments to diversity and believes IRESS' diversity ratios reflect well on the Group.
- 5.2 The Board has adopted a formal diversity policy and each year reports on and sets measurable objectives for achieving gender diversity as one specific and important aspect of that diversity policy. The policy requires that the Board assesses the measurable objectives annually, as well as IRESS' progress against achieving them. The diversity policy and list of measurable objectives are available on IRESS' website:

<https://www.iress.com/trust/corporate-governance/governance-documents/diversity-policy/>

- 5.3 The measurable objectives for achieving gender diversity set by the Board in February 2018 and IRESS' progress as at December 2018 in achieving those measurable objectives are described below:

Background and Objective	2018 Objective	31 December 2018 Update
<b>Promoting diversity within IRESS</b>		
In 2017 IRESS introduced a range of new workplace	During 2018 IRESS will actively promote its new	IRESS has achieved this objective.

<p>initiatives designed to promote workplace flexibility for parents and families. The intention behind these initiatives was to make IRESS a more attractive employer and thereby to attract talent to IRESS.</p> <p>A flexible workplace is important in encouraging diversity, especially in the technology segment where candidates are often younger and at the early stages of establishing career and family.</p>	<p>flexible workplace initiatives and will monitor and record the number of people who avail themselves of these initiatives.</p>	<p>During 2018 there was focus both internally and externally on promotion of IRESS' flexible working practices:</p> <p>IRESS has established a progressive parental leave programme as evidenced by the following content:</p> <p><a href="https://www.employeebenefits.co.uk/issues/september-2018/iress-paid-leave-parents-primary-school/#.W5HTwxfLNE.linkedin">https://www.employeebenefits.co.uk/issues/september-2018/iress-paid-leave-parents-primary-school/#.W5HTwxfLNE.linkedin</a></p> <p><a href="https://www.smh.com.au/lifestyle/life-and-relationships/please-include-fathers-when-making-social-arrangements-for-children-20190201-p50v2l.html">https://www.smh.com.au/lifestyle/life-and-relationships/please-include-fathers-when-making-social-arrangements-for-children-20190201-p50v2l.html</a></p> <p><a href="https://www.mybusiness.com.au/human-resources/5395-parents-offered-paid-leave-as-school-resumes">https://www.mybusiness.com.au/human-resources/5395-parents-offered-paid-leave-as-school-resumes</a></p> <p><a href="https://www.youtube.com/watch?v=0vH1a6KJwGQ&amp;feature=youtu.be">https://www.youtube.com/watch?v=0vH1a6KJwGQ&amp;feature=youtu.be</a></p>
<b>Ensure that there continues to be no gender bias in remuneration practices</b>		
<p>IRESS' objective is to continue to ensure that there is no remuneration disparity or bias in our remuneration policies and processes, ensuring people are fairly and consistently rewarded. In implementing such policies and processes, IRESS aims to maintain pay equity for like roles and performance.</p>	<p>In 2018 IRESS will continue its practice of undertaking annual role-by-role remuneration reviews (by country) to establish role gender remuneration parity to confirm IRESS does not have remuneration bias.</p>	<p>IRESS has achieved this objective.</p> <p>IRESS undertook a role by role analysis and no gender bias in remuneration was detected.</p> <p>IRESS introduced a new remuneration model in 2018 and as part of the implementation process for that new model undertook analysis by gender, to ensure remuneration equality remained.</p> <p>Additionally, the new model includes an equity participation opportunity. IRESS does not pro-rata equity allocation for eligible individuals when they are on parental leave in any given year.</p>
<b>Ensure people leaders and people have the skills and support to maintain IRESS' diverse and inclusive workforce.</b>		
<p>In addition to the existing new starter program, IRESS will implement a program designed to support leaders and individuals to promote diversity and inclusion.</p>	<p>IRESS introduced 'Introduction to Leadership' for new people with leadership responsibilities. Within this program IRESS will include an inclusive leadership and equal opportunity module. In 2018 we aim to ensure 80% of new people leaders complete this program.</p>	<p>IRESS has achieved this objective.</p> <p>IRESS undertook an inclusive leadership training program which was completed by 89% of new people leaders.</p>
<b>Establish IRESS as Diversity and Inclusion Leader.</b>		
<p>WGEA Employer of Choice recognises organisations which have an active commitment to achieving gender equality.</p>	<p>Achievement of WGEA Employer of Choice status for 2018</p>	<p>IRESS has achieved this objective.</p> <p>IRESS was notified on 25 February 2019 that it had achieved WGEA Employer of Choice accreditation.</p>

		IRESS has also subscribed to the UK's Women in Finance charter, committing to implement the principles and standards set forth in the charter.
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5.4 As at 31 December 2018:

- (a) there were 3 female directors out of a total of 7, amounting to 42.86% of the Board, excluding the CEO/MD. Including the CEO/MD, the 3 female directors constitute 33.33% of the Board;
- (b) there were 3 female executives out of a total of 12 (excluding the CEO/MD), amounting to 25%; and
- (c) there were 629 female staff, out of a total of 1811, amounting to 34.7%, up from 33.7% as at 31 December 2017.

## 6. RISK MANAGEMENT

### General

- 6.1 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 IRESS' approach to creating long term shareholder value.
- 6.2 The Board is responsible for approving IRESS' risk management strategy and policies, including the overall internal control framework and believes appropriate policies and procedures are in place to oversee and manage these risks.
- 6.3 The Board has adopted a risk policy, a risk framework and a risk appetite statement. Under the policy and framework, the tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the CEO/MD, the CFO and the Group General Counsel, including responsibility for the day to day design and implementation of IRESS' risk management and internal control system.
- 6.4 The risk management function of the IRESS Board is performed by the Audit & Risk Committee, the terms of reference for which are set out in the Audit & Risk Committee Charter. Management reports to the Audit & Risk Committee on IRESS' key risks and the extent to which it believes these risks are being adequately managed. The reporting on risk by management is a periodic agenda item at Audit & Risk Committee meetings. The risk reporting framework is reviewed annually.

### Internal Audit

- 6.5 In considering the internal control framework and with specific reference to Recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition), the Board has determined for the present not to establish an internal audit function. IRESS has in place processes to evaluate and maintain its risk management and internal control processes, as described below:
  - (a) Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the directors. Monthly actual results are reported against budget or an alternative benchmark (where considered appropriate) and revised internal forecasts for the year are prepared regularly. Procedures are also in place to ensure that disclosure obligations are reviewed and information is reported to the ASX in accordance with continuous disclosure requirements. IRESS' independent external auditors report periodically to the Audit & Risk Committee on the annual audit process which reports include the key controls and IT systems that govern the financial reporting framework.
  - (b) The CEO/MD and CFO have provided a written declaration to the Board in relation to full year accounts, as is required by section 295A of the Corporations Act, and have provided

a corresponding declaration for the half year accounts as required by principle 4.2 of the ASX Corporate Governance Principles and Recommendations (3rd ed.). Internal control assurance letters are completed by the senior executives of all significant business units, as well as by finance managers, in support of these written declarations.

- (c) Compliance – IRESS has compliance obligations as a listed entity and pursuant to generally applicable legislative instruments such as the General Data Protection Regulation (GDPR). IRESS is also directly regulated as the holder of an Australian Financial Services licence under which IRESS delivers various solutions, including its superannuation administration service. IRESS manages these obligations through its company secretary's office and through an internal compliance team, both reporting to the Group General Counsel.
- (d) Quality and integrity of personnel – IRESS' human resource related policies and procedures are directed towards achieving the highest levels of service and integrity.
- (e) External advice – IRESS engages external experts, particularly in the areas of legal, compliance, tax and valuation matters to support management in performing their duties.
- (f) Operating controls – procedures including information systems controls are appropriately documented. Exception and corrective action reports highlight any departures from these procedures.
- (g) 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.
- (h) With respect to information security controls, IRESS holds an ISO/IEC 27001:2013 certification for its Information Security Management System (ISMS) which has an effective date of 19 November 2018 to 21 April 2022. ISO/IEC 27001:2013 certification requires organisations to put in place a broad range of internal information security risk controls designed to reduce the likelihood of information security incidents, whether innocent or malicious, and to reduce the impact of such incidents if and when they occur. IRESS fulfils this information security risk and audit obligation with a combination of internal resources and external specialist security consultancies performing a number of internal information security audits across the organisation each year according to a three year information security audit plan.

IRESS is subject to an annual audit to ensure ongoing compliance with the ISO 27001 standard and a recertification audit every three years. IRESS was successfully recertified in November 2018. See: <https://www.iso.org/isoiec-27001-information-security.html>

Accountability for the ongoing ISO/IEC 27001:2013 certification and execution of the management approved information security strategy is the responsibility of the Chief Information Security Officer (CISO), who reports to the CEO and updates the Board as required. The CISO leads a dedicated global information security team who have appropriate skills and qualifications to perform their roles, augmented by external information security consultancy resources as required.

## **7. MATERIAL EXPOSURE TO ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS**

### **Economic Risk**

- 7.1 IRESS operates in a dynamic, international and regulated industry and is exposed to economic risks affecting it and its clients over which it often has limited control.
- 7.2 Economic conditions, domestically and internationally, can impact client revenue and accordingly client demand for IRESS' solutions. This risk is mitigated by IRESS' diverse geographic presence and diverse product portfolio, though as noted above the industry which IRESS services is international, meaning that economic issues are seldom isolated to single countries.

- 7.3 IRESS is also exposed to foreign exchange movements which may affect the value of profits repatriated to Australia. IRESS' presence in several jurisdictions and the increase in relative revenue contributions from those jurisdictions tends to ameliorate some of this exposure. IRESS reports foreign exchange movements transparently in its periodic financial statements in order to enable investors to better understand the performance of the underlying business.
- 7.4 Market or technology risk – the risk that a pronounced shift in technology or a pronounced change in the way market-segments organise themselves and make use of IRESS' products or solutions – translates to an economic risk. IRESS endeavours to manage this risk by maintaining a highly skilled and educated technology organization and by exploring the potential utilization or impact of emerging technologies. In the same way, IRESS endeavours to manage market change by maintaining a high degree of engagement with its customers. In that regard IRESS is fortunate that its customer base, being distributed geographically and being comprised of highly sophisticated industry representatives, is likely to be at the forefront of industry change and evolution.
- 7.5 Regulation can also impact IRESS and its clients because regulation increases the cost of doing business, or because regulation results in structural changes, including consolidation or fragmentation, both of which can negatively impact IRESS client engagements.
- 7.6 IRESS' risk management strategy includes the close monitoring of regulatory developments globally, as these affect our customers and IRESS directly. IRESS is pro-actively engaged in the development of new and existing relationships with relevant regulatory stakeholders, policy makers, and media groups to monitor the regulatory landscape. This strategy is focused on limiting potential impacts of regulatory development so that IRESS may continue to service its global markets and efficiently respond to compliance requests.
- 7.7 The IRESS service offerings includes the management of data and a considerable volume of sensitive information is stored in IRESS' systems, exposing IRESS to compliance costs and potential reputational and legal risk. IRESS' risk management and information security strategies includes rigour around network design, application of redundancy design and periodic reviews of such infrastructure. See paragraph 6.5(h) above for further detail of IRESS' Information Security governance controls.

#### **Environmental Sustainability Risk**

- 7.8 IRESS does not have material exposure to environmental sustainability risks. As a software organisation which is not involved in the extraction of physical or natural resources, IRESS' environmental footprint is small and limited to the energy consumed by its offices and data centers and in travel between its corporate locations. In selecting office and data center locations IRESS has a preference for those with high energy efficiency standards.

#### **Social Sustainability Risk**

- 7.9 IRESS does not have exposure to material social sustainability risks.
- 7.10 So far as concerns the wellbeing of IRESS employees, IRESS' People & Performance Committee is responsible for monitoring issues and trends relating to occupational health and safety (OH&S). Periodic reports on these matters are provided to the Committee by management. There were no material OH&S issues in 2018.
- 7.11 IRESS periodically conducts staff engagement surveys across its global employee base. The results of these surveys are used to assess and react to key human capital management issues including corporate culture, and staff engagement and satisfaction. Survey results are assessed across a range of factors including gender, function and geography.
- 7.12 IRESS launched the IRESS Foundation in March 2017, an initiative which encourages engagement by people in their local communities.

#### **ESG Reporting**

- 7.13 In March 2019 IRESS will publish a comprehensive report dealing separately with Environmental, Social and Governance 'ESG' matters.



## **8. BOARD COMPOSITION AND INDEPENDENCE**

- 8.1 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 IRESS. Maintaining a balance of experience and skills is an important factor in Board composition. Details of each director are set out in summary biographies included on the corporate website. A description of skills and attributes sought in directors is set out below in section 9 together with a matrix of skills of existing directors.
- 8.2 The Board has adopted the definition of independence set out in the ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition). 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 IRESS.
- 8.3 The Chair must be an independent director appointed by the Board, and the role of Chair and CEO/MD cannot be fulfilled by the same person.
- 8.4 All of the non-executive directors on the Board (including the Chair) were, during the reporting period, independent. Moreover, in the opinion of the Board, the composition of the Board fairly represents the interests of all shareholders in IRESS.

## **9. DIRECTORS' SKILLS AND EXPERIENCE**

### **Sought after skills**

- 9.1 In terms of skills and experience, the Board values the following attributes:
- (a) strategic and commercial skills and experience from related and other businesses, promoting rigorous dialogue with management and providing focused and broader insight and perspectives;
  - (b) practical and commercial experience in developing and implementing successful strategic plans;
  - (c) industry experience, preferably with similar businesses or other businesses which leverage technology and in particular knowledge, and experience of the financial markets and wealth management industries served by IRESS, each of which assists the Board in evaluating the role of and potential for IRESS' technology in those industries;
  - (d) financial numeracy and literacy, which may include direct experience in financial accounting and reporting or in investment banking or corporate finance. These skills underpin the ability to probe the adequacy of financial reports and internal controls as well as testing forecasts and assumptions in support of organic investments and acquisitions;
  - (e) human resource management experience to assist the Board in formulating and managing CEO/MD succession plans, in setting remuneration policy and in applying that policy to promote shareholder value through targeted and transparent short term and long term incentive programme;
  - (f) international experience from relevant businesses or industries outside Australia; and
  - (g) Corporate Governance experience and a commitment to the highest standards of corporate governance, that being essential for a publicly listed company and an organisation with international operations and international investors.



## Skills matrix

9.2 The mix of skills and experience of the directors is set out in the matrix below.

Name	Background	Appointed	Elected / Re-Elected	General consistency with sought after skills (in section 9.1)
Mr A D'Aloisio	CEO, strategy, financial markets, senior government, regulatory, governance. Substantial Executive and Non-Executive Director experience.	1 June 2012	2 May 2013 4 May 2016	✓
Ms N Beattie	Financial technology, regulatory experience, capital markets, strategic advisory. Substantial Executive and Non-Executive Director experience.	1 February 2015	7 May 2015 3 May 2018	✓
Mr J Cameron	Technology industry, development and strategy, CEO and marketing experience.	15 March 2010	5 May 2010 2 May 2013 4 May 2016	✓
Ms J Fahey	Strategy, Technology, Business Transformation, Major Program Delivery. Substantial Executive and Non-Executive Director experience	5 October 2017	3 May 2018	✓
Mr J Hayes	CFO, financial markets industry experience, accounting and banking.	10 June 2011	3 May 2012 7 May 2015 3 May 2018	✓
Ms J Seabrook	Investment banking, capital markets, banking, accounting. Substantial Executive and Non-Executive Director experience.	20 August 2008	7 May 2009 5 May 2011 1 May 2014 4 May 2017	✓
Mr G Tomlinson	Financial services, CEO, Managing Director, strategy. Substantial Executive and Non-Executive Director experience.	1 February 2015	7 May 2015 3 May 2018	✓

## Link between Board skills and Company strategy

9.3 The Board considers that individually and collectively, it has strong capability across a range of diverse but relevant skills and attributes and in particular for a business such as IRESS. Such skills, together with the experience of the Board, are suitable to drive the short, medium and long term strategic objectives of the Company, and reflect the Company's role as the provider of, principally, financial markets and wealth management software in Australia and other global markets.

## 10. BOARD RENEWAL, APPOINTMENT, INDUCTION, TERM AND OTHER DIRECTORSHIPS

10.1 The Board plans for its own succession and renewal.

10.2 In identifying candidates, the Board takes account of the then current mix of skills and experience represented on the Board. The Board acknowledges the importance of careful planning for succession and renewal and in specifying a process for identifying and engaging with potential

candidates who would complement any gaps in the skills, experience and diversity of the Board as then constituted.

- 10.3 The Board undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. This information is generally provided through the Notice of Meeting for the relevant meeting of shareholders and through the director addressing that meeting.
- 10.4 The Board has a programme for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. This programme includes arranging periodic workshops in conjunction with scheduled board and committee meetings.
- 10.5 In accordance with IRESS' constitution, all directors other than the CEO/MD are required to seek re-election at least once every three years on a rotating basis.
- 10.6 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 Chair should not serve in that role for more than 10 years. None of the current non-executive directors have been directors for a period exceeding 12 years (the longest tenure as at 31 December 2018 was Jenny Seabrook at 10 years and 5 months).
- 10.7 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 Chair prior to accepting an invitation to become a director of any corporation.

## **11. BOARD ACCESS TO INFORMATION, COMPANY SECRETARIAL SUPPORT AND INDEPENDENT ADVICE**

- 11.1 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 executives.
- 11.2 The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- 11.3 Any director can seek independent professional advice at IRESS' expense in the furtherance of his or her duties, subject to prior discussion with the Chair. If this occurs, the Chair must notify the other directors of the approach, with any resulting advice received to be generally circulated to all directors.

## **12. REMUNERATION**

- 12.1 Non-executive directors are paid an annual fee within a fixed amount approved for all non-executive directors by shareholders. The total aggregate maximum annual amount approved by IRESS' shareholders is currently \$1,200,000 per annum, which was approved by the shareholders at the Annual General Meeting in 2017.
- 12.2 For information relating to the Group's remuneration practices, and details relating to directors' and executives' remuneration during the financial year, see the Audited Remuneration Report in the Annual Report.
- 12.3 Other than as reported in the Annual Report, 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.
- 12.4 The relevant interests of each director in the share capital of IRESS at the date of this report, as notified to the ASX pursuant to the Listing Rules and section 205G of the Corporations Act 2001 (Cth), are set out in the Annual Report.

### **13. CONFLICT OF INTEREST**

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, IRESS has developed protocols consistent with obligations imposed by the Corporations Act 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 discussions on the particular issue, or vote in respect of the matter at the meeting where the matter is considered.

### **14. BOARD COMMITTEES**

- 14.1 The Board has two standing committees, namely an Audit & Risk Committee and a People & Performance Committee. IRESS has adopted an Audit & Risk Committee Charter and a People & Performance Committee Charter to define the tasks and responsibilities delegated to those committees.
- 14.2 The Board periodically reviews the Audit & Risk Committee and People & Performance Committee Charters.
- 14.3 Executives attend Board and committee meetings by invitation whenever particular matters arise that require management presentations or participation.
- 14.4 With specific reference to Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('...The board of a listed entity should have a nomination committee...'), the Board has determined not to have a separate Nomination Committee. Instead, the Board is responsible for its own succession planning, and for ensuring that it has an appropriate balance of skills, knowledge, experience, independence and diversity. The Board's nomination responsibilities are referred to in 3.2(f) and 10.1-10.2 above, and are addressed in IRESS' Board Charter.

### **15. AUDIT & RISK COMMITTEE**

- 15.1 Each member of the Audit & Risk Committee during 2018 was an independent, non-executive director. During 2018, the Audit & Risk Committee comprised:
  - J Hayes (Chair);
  - J Seabrook;
  - A D'Aloisio;
  - G Tomlinson; and
  - J Fahey.
- 15.2 Members of the Audit & Risk 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 IRESS operates. Details of the qualifications of the Audit & Risk Committee members are included in the Annual Report.
- 15.3 The Audit & Risk Committee reviews the financial statements, adequacy of financial controls and the annual external audit arrangements and reviews and oversees systems of risk management and internal controls. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements.

- 15.4 The Committee also liaises with IRESS' 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.
- 15.5 The CFO, other relevant Company Officers (as required) and the lead external audit partner participate at meetings of the Audit & Risk Committee.
- 15.6 The Board has adopted a policy that IRESS' 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 in advance by the Audit & Risk Committee Chair where the value of those services is below a specified value or by the full Committee where that value is exceeded.
- 15.7 The Board requires the external auditor to attend the IRESS' Annual General meeting to answer questions from security holders relevant to the audit. The external auditor was present at IRESS' 2018 Annual General Meeting.
- 15.8 IRESS, through the Audit & Risk Committee, has complied with its obligations under Recommendation 4.1(a)(1) and (2) and Recommendation 7.1(a)(1) and (2) of the ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition).
- 15.9 In addition, in satisfaction of Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) and in conjunction with the Corporations Act, the Board, before it approves IRESS' financial statements for a relevant financial period, receive from its CEO/MD and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## **16. PEOPLE & PERFORMANCE COMMITTEE**

- 16.1 The role of the People & Performance Committee in relation to remuneration matters is to assist and advise the Board to fulfil its responsibilities on matters relating to the compensation, bonuses, incentives and remuneration issues of the directors, executives and staff. The People & Performance Committee is also responsible for reviewing the performance evaluations prepared by the CEO/MD for the direct reports to the CEO/MD, and reporting on these evaluation criteria and their application to the Board, as well as developing and regularly reviewing succession plans prepared by the CEO/MD for the CEO/MD's direct reports, and for other senior executives.
- 16.2 The People & Performance Committee Charter allows directors to access the services of independent professional advisers to assist in the search for high-calibre people at all levels and to ensure that the employment terms and conditions offered by IRESS are competitive with those offered by comparable companies.
- 16.3 Each member of the People & Performance Committee during 2018 was an independent, non-executive director. During 2018, the People & Performance Committee comprised:
  - J Seabrook (Chair);
  - J Cameron;
  - N Beattie; and
  - J Fahey.
- 16.4 IRESS, through the People & Performance Committee, has complied with its obligations under Recommendation 8.1(a)(1) and (2) of the ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition).

## **17. CONTINUOUS DISCLOSURE**

- 17.1 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 IRESS' 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.
- 17.2 In addition to IRESS' obligations to disclose information to the ASX and to distribute information to shareholders, IRESS:
- (a) publishes annual and half-year reports, media releases, and other relevant publications on its website, at <https://www.iress.com>; and
  - (b) gives its shareholders the option to receive communications from, and send communications to, the entity and its security registry electronically.
- 17.3 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.

## **18. SECURITIES DEALINGS**

- 18.1 The Board has adopted an Employee Share Trading policy. The policy precludes directors, executives and employees from dealing in IRESS' securities during three defined blackout periods, as follows:
- (a) in relation to the full year results, from 15 December to the close of trading on the business day after the day IRESS' annual results are announced to the ASX;
  - (b) in relation to the half yearly results, from 15 June to the close of trading on the business day after the day IRESS' half yearly results are announced to the ASX; and
  - (c) in relation to the AGM, from two weeks prior to the date of IRESS' AGM to the close of trading on the business day after IRESS' AGM.
- 18.2 Subject to insider trading laws, dealing in shares outside these periods is permitted without prior approval from the Board, the CEO/MD or the Company Secretary. In the case of directors (and their associates), prior approval from the Chair (or in the case of the Chair, the Chair of the Audit & Risk Committee) is required for all dealings in IRESS' securities and in the case of other senior executives (and their associates), approval is required from the CEO/MD or CFO.
- 18.3 All directors, executives and employees are prohibited from trading in IRESS' 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. At no time may directors, executives and employees engage in short term dealings in IRESS' shares.
- 18.4 Hedging of unvested share rights is also prohibited. The Board's view is that any share right participant who enters into such schemes on the unvested component of their rights would be in breach of the terms and conditions of the grant, and the Board would exercise its right to cancel any of these hedged share rights.
- 18.5 As required by the ASX listing rules, IRESS notifies the ASX of any transaction conducted by directors in the securities of IRESS.

## **19. ENGAGEMENT WITH SHAREHOLDERS**

- 19.1 IRESS acknowledges the importance of engendering a sound understanding of the company's business, strategy, performance and governance amongst its investor community (shareholders and their various representatives) and has an investor relations programme to facilitate engagement with investors. This programme includes engagement through ASX market announcements, publication of material on IRESS' Investor Relations webpage and analyst briefings convened from time to time during the year and in particular in conjunction with IRESS

full and half year results announcements. IRESS also engages with proxy advisers to discuss issues relating to trending and best practice in corporate governance.

## **20. BOARD AND SENIOR EXECUTIVE EVALUATION**

- 20.1 The Board annually undertakes an evaluation of the performance of the Board, its Committees and individual directors and periodically commissions an external and independently facilitated evaluation. Members of IRESS' executive KMP are included as contributors in the evaluation process.
- 20.2 The performance of senior executives is evaluated each year by the CEO/MD and the People & Performance Committee. That process involves assessing the performance of the senior executives against individual strategic objectives. Those objectives are derived from the overall corporate strategic objectives. Such an evaluation was undertaken in 2018.

## **21. ADDITIONAL CORPORATE GOVERNANCE INFORMATION**

- 21.1 The corporate governance section of IRESS' website contains various materials relating to corporate governance, including the Board Charter, Sub-committee Charters, Code of Ethics and Conduct Policy, and other information (including relevant corporate governance policies).