

2021
Notice of Annual
General Meeting



Invitation to shareholders from Iress' Chair

Iress Limited's 2021 Annual General Meeting will be held as a hybrid event. Shareholders may either attend in person at RACV City Club, 501 Bourke Street, Melbourne on Thursday, 6 May 2021, at 11.30 am (AEST) or online.

26 March 2021

Dear Shareholder,

I am pleased to invite you to the 2021 Annual General Meeting for Iress Limited. The meeting is an important part of the Iress calendar and we encourage you to attend and to read these materials.

This year we're offering shareholders a choice of how to attend the Annual General Meeting. Shareholders can either attend in person or participate online using their smartphone, tablet or computer. If shareholders choose to participate online they will be able to view a live webcast of the meeting, ask questions online and submit their votes in real time during the meeting.

Further information on how to participate in the Annual General Meeting is provided on page 6 of this Notice of Meeting.

If you choose to attend in person, this year's meeting will be held at 11.30am (AEST) on Thursday, 6 May 2021 at:

RACV City Club
501 Bourke Street
Melbourne, Victoria

Enclosed information

We have included in this Notice of Meeting:

- Highlights of the business and financial performance of Iress during 2020 (pages 3-5)
- Notice of Meeting and Explanatory Notes (pages 6-11)
- Information on how to exercise your proxy vote (page 7), and
- Your proxy form (separate document).

Voting by proxy

If you are unable to attend the meeting and wish to vote, please complete and return the enclosed proxy form no later than 11.30 am (AEST) on Tuesday, 4 May 2021. Further voting details are set out in the Notice of Meeting on pages 6 and 7 and in the proxy form.

Attendance on the day

If you are able to attend in person, you will need to register on arrival. Registration will open from 10.30 am (AEST). Following the meeting we will be serving refreshments and we encourage you to stay for these.

I look forward to seeing you on the day.

Yours sincerely,



Tony D'Aloisio

Chair

Iress 2020 result

2020 was a year like no other, for individuals and for the world. Our 2020 results highlight the continuing demand for our software and services, with record trading volumes, heightened demand for tools such as digital signatures and urgent software changes such as those needed to facilitate early release of superannuation.

Overview of the 2020 result

- **APAC was a stand-out performer with reported revenue up 10%**, which includes contribution by OneVue. Our business continues to deliver growth with consistently high returns.
- **We made good progress in executing our growth strategies**, including turning QuantHouse to profitability on a monthly basis and in providing Australian super funds with a highly efficient, outsourced administration solution.
- **In the UK, we experienced a small revenue decline due to pandemic related restrictions impacting project timing and business development activity**, but despite these challenges, we achieved increased revenue in our Private Wealth growth segment and our mortgages business rebounded in the second half.
- **A highlight of the year was the acquisition of OneVue in November**. Integration is now underway. We are combining the largest provider of adviser and trading software in Australia with the largest unlisted fund registry in the country. This enables us to provide the seamless execution of investment advice from Xplan. Our strategy is to build a new, highly efficient and transparent investment infrastructure-as-a service to participate in the \$3bn annual revenue pool of retail investments.

2020 financial highlights

Reported operating revenue

\$542.6m

+7%

On FY19
Recurring revenue: +8%

Reported Segment Profit

\$152.9m

+1%

On FY19

Reported net profit after tax

\$59.1m

-9%

On FY19

Pro forma Segment Profit

\$155.6m

+5%

On FY19

Total 2020 dividend

46cps

38% franked

Revenue growth and improving operating leverage driving earnings

	% of Group Revenue	Operating Revenue (AUD)	Direct Contribution (AUD)
Asia Pacific <ul style="list-style-type: none"> Strong organic growth in Financial Advice and Superannuation. Continued growth in Asia. Ongoing resilience in Trading and Market Data. 	53%	\$289.8m +10%	\$204m +7%
UK and Europe <ul style="list-style-type: none"> Small revenue decline due to pandemic-related delays. Positive contribution from QuantHouse and O&M Systems. A number of important client project milestones achieved. 	28%	\$154.6m +8%	\$94.4m +3%
Mortgages <ul style="list-style-type: none"> Discontinuation of the first version of our Mortgage Sales & Originations (MSO) software, and client delays due to COVID-19 caused a decline in revenue. Activity rebounded in the second half with revenue in local currency increasing 35% compared to the first half. Recurring revenue contributed 46% of total revenue, up 31% on 2019. 	5%	\$26.9m -7%	\$18.1m -5%
South Africa <ul style="list-style-type: none"> Political and economic uncertainty continued in 2020. In local currency, revenue in 2020 remained in line with 2019. Reported revenue decreased due to depreciation of the South African Rand relative to the Australian Dollar. Interest in retail trading software continues. 	8%	\$42.9m -11%	\$33.9m -10%
North America <ul style="list-style-type: none"> Revenue growth driven by QuantHouse acquisition combined with strong client retention. 	5%	\$28.4m +16%	\$11m +6%
Product & Technology <ul style="list-style-type: none"> Cost increase reflects recent acquisitions as well as investments in people and capability to pursue emerging revenue opportunities and continue to improve the way Iress designs, engineers and deploys software. 			(\$128.4m) +8%
Operations <ul style="list-style-type: none"> On a reported basis costs are flat, however, excluding the impact of currency movements, acquisitions and employee transfers, Operations costs decreased by 3% in 2020 reflecting increasing scale and operating leverage. 			(\$42.6m) +0%
Corporate <ul style="list-style-type: none"> Small increase in costs of 1% once the impact of acquisitions and employee transfers are excluded. 			(\$37.4m) +2%
Total Group		\$542.6m +7%	\$152.9m +1%

2020 highlights

Financial

Operating revenue AUD (m)

\$542.6

+7%

On a constant
currency basis v 2019

+7%

On a reported
currency basis v 2019



2019 \$508.9

2020 \$542.6

Shareholder

Sustainable return for shareholders

Segment Profit

AUD (m)



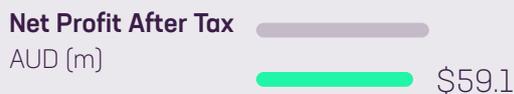
Earning per share

AUD (cents)



Net Profit After Tax

AUD (m)



Dividend per share

AUD (cents)



2018

2019

2020

Operating cash flow AUD (m)



2019 \$102.6

2020 \$124.9

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Items of business

Business

Accounts

To receive and consider the full financial report (financial statements, notes and Directors' Declaration) for the year ended 31 December 2020, together with the consolidated accounts of the Company and its controlled entities in accordance with the *Corporations Act 2001* (Cth) and associated Directors' and Auditor's Reports.

Resolutions

Election of Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

1. "That Mr. Roger Sharp be elected as a Director of the Company".

Information regarding the candidate can be found in the accompanying Explanatory Notes.

Re-election of Directors

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

2. "That Ms. Niki Beattie be re-elected as a Director of the Company".
3. "That Ms. Julie Fahey be re-elected as a Director of the Company".

Information regarding the candidates can be found in the accompanying Explanatory Notes.

Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

4. "That the Remuneration Report (which is contained in the Directors' Report) for the year ended 31 December 2020 be adopted".

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Grant of equity rights and performance rights to the Managing Director and CEO (Mr. Andrew Walsh) in relation to the 2021 executive remuneration framework

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

5. (A) "That, for the purpose of ASX Listing Rule 10.14 and all other purposes, the grant of 97,089 Equity Rights to the Managing Director and CEO, Andrew Walsh, and the provision of ordinary shares on exercise of those Equity Rights, under the Iress Equity Participation Plan be approved."
- (B) "That, for the purpose of ASX Listing Rule 10.14 and all other purposes, the grant of 102,863 Performance Rights to the Managing Director and CEO, Andrew Walsh, and the provision of ordinary shares on exercise of those Performance Rights, under the Iress Equity Participation Plan be approved."

Information regarding the resolutions may be found in the accompanying Explanatory Notes.

Information for shareholders

Entitlement to attend and vote

All shareholders are entitled to attend and vote at the Annual General Meeting. This year we are offering shareholders a choice of how to attend the Annual General Meeting – shareholders can either attend in person or participate online using their smartphone, tablet or computer. For the purposes of voting at the meeting, shareholders will be taken to be those persons recorded on the Company's register of members at 7.00 pm (AEST) on Tuesday, 4 May 2021. With respect to joint shareholders, all holders may attend the Annual General Meeting, but only one shareholder may vote at the meeting in respect of the relevant shares (including by proxy). If multiple joint shareholders are present and vote in respect of the relevant shares, only the vote of the joint shareholder whose name appears first in the register in respect of the relevant shares is counted.

Shareholders and proxyholders who wish to participate in the Annual General Meeting online may do so by entering this URL in their browser: <https://web.lumiagm.com> and then log into the Iress Annual General Meeting by entering:

Shareholders:

1. The Iress meeting ID: 316-757-807
2. Your username, which is your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**)
3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the Online User Guide for their password details

Proxyholders:

1. The Iress meeting ID: 316-757-807
2. To receive your unique username and password, please contact Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open one hour before the start of the meeting

More information regarding participating in the Annual General Meeting online, including browser requirements, is detailed in the Online User Guide available at www.computershare.com.au/virtualmeetingguide.

While shareholders are entitled to attend the Annual General Meeting in person, in light of the evolving COVID-19 circumstances, we encourage all shareholders to consider whether they should attend the meeting in person or whether, instead, they should attend online as outlined above, or vote by proxy by following the instructions set out in this Notice of Meeting and the enclosed proxy form.

In relation to the physical meeting, the Company may be required to take extraordinary measures, including to limit or prohibit attendance, taking into account government advice and requirements and health concerns.

A corporate shareholder may appoint one or more persons to act as its representative(s), but only one representative is entitled to exercise the corporate shareholder's powers at one time. The Company will require the representative to provide appropriate evidence of the appointment.

Appointment of proxies

A shareholder entitled to attend and vote at the Annual General Meeting may appoint:

- (a) a person; or
- (b) if the shareholder is entitled to cast two or more votes at the meeting, two persons,

as the shareholder's proxy or proxies to attend and vote for the shareholder at the meeting by using the proxy form. If the shareholder appoints two proxies and the instrument does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

A proxy need not be a shareholder, and may be an individual or a body corporate. A body corporate appointed as a proxy will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting. The corporate representative will be required to provide appropriate evidence of the appointment prior to the commencement of the meeting.

In order for a proxy appointment to be valid, the Company must receive, at least 48 hours before the Annual General Meeting (being no later than 11:30 am (AEST) on Tuesday, 4 May 2021):

- (a) the proxy's appointment; and
- (b) if signed by the appointer's attorney, the authority under which the appointment was signed or a certified copy of the authority.

Voting by proxies

Shareholders should consider directing their proxy as to how to vote on each resolution by crossing a "For", "Against" or "Abstain" box when completing their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

Pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**), if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- (a) the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- (b) if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
- (c) if the proxy is not the Chair, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- (d) if the proxy is the Chair, the proxy must vote on a poll and must vote as directed.

Default to Chair

If:

- (a) a poll has been called on a particular resolution;
- (b) a shareholder has appointed a proxy other than the Chair;
- (c) the appointment of the proxy specifies the way in which the proxy is to vote on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the Annual General Meeting; or
 - (ii) the proxy attends the Annual General Meeting but does not vote on the resolution,

then the Chair of the Annual General Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for that shareholder for the purposes of voting on that resolution. In these circumstances, the Chair must vote in accordance with the written direction of that shareholder.

Proxy by post or facsimile

The proxy's appointment and, if applicable, the authority appointing an attorney, may be sent by post or fax to the Company's Share Registry at the address or fax number set out below:

Iress Limited
C/- Computershare Investors Services Pty Limited
GPO Box 242, Melbourne VIC 3001, Australia

By fax: 1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

Online proxy

Shareholders may submit their proxy online by visiting - www.investorvote.com.au

To use this option, shareholders will need the Company's control number (135025), their SRN or HIN and postcode. Shareholders will be taken to have signed the proxy form if it is lodged in accordance with the instructions on the website.

A proxy appointed under Power of Attorney or similar authority may be lodged electronically in the same manner, provided the Power of Attorney/authority, or a certified copy thereof, has been physically lodged with Computershare Investors Services Pty Limited (**Computershare**). Computershare will keep a record of the authority under which the appointment was made.

The online proxy facility may not be suitable for some shareholders, including those who wish to appoint two proxies with different voting instructions.

KMP voting restrictions

Under the Corporations Act, voting restrictions apply to the Company's key management personnel (**KMP**) and their closely related parties for Resolutions 4, 5A and 5B. The term "closely related party" in relation to a member of the Company's KMP includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP (**Closely Related Parties**). In addition, voting exclusions apply in respect of Resolutions 5A and 5B under the ASX Listing Rules. Please refer to the Explanatory Notes for more details.

By Order of the Board



Peter Ferguson

Company Secretary

Sydney, 26 March 2021

Explanatory notes

Resolution 1 – Election of Roger Sharp

Roger Sharp has 35 years' experience in markets, technology and governance. He has broad international experience in Australia, New Zealand, Hong Kong, Singapore, the United Kingdom and the United States. He is currently chair of ASX-listed Webjet Limited, the Lotteries Commission of New Zealand and NZX-listed Geo Limited as well as deputy chair of Tourism New Zealand. After his past executive roles (which included Global Head of Technology and Chief Executive Officer of Asia Pacific Securities at ABN AMRO Bank) he founded regional technology investment bank North Ridge Partners.

The Company's Corporate Governance Statement at paragraph 9 sets out the mix of skills the board values and its approach to renewal, appointment, induction and term of directors. See <https://www.iress.com/trust/corporate-governance/corporate-governance-statement/>.

The Board has conducted appropriate checks into Roger Sharp's background and experience. The Board has concluded that Roger Sharp is independent.

Roger Sharp, being eligible, offers himself for election.

Directors' Recommendation

The Board (other than Roger Sharp) recommends that shareholders vote in favour of **Resolution 1**.

Resolution 2 – Re-election of Niki Beattie

Independent Non-Executive Director since February 2015.

Niki has more than 30 years' experience in financial technology and capital markets. She currently runs Market Structure Partners, a strategic consulting firm. Niki spent more than a decade in senior positions at Merrill Lynch International. She is currently Non-Executive Chair of listed entity Aquis Exchange Limited, which operates a pan-European stock exchange and technology business, and of privately owned XTX Markets, a quantitative-driven, electronic global market-maker. She is also a Non-Executive Director of Kepler Cheuvreux UK Ltd, a French brokerage firm and of FMSB, Fixed Income, Currencies and Commodities Standards Board, a standard setting body for wholesale markets. She was previously on the board of MOEX, the Moscow Exchange and of Borsa Istanbul, the Turkish Exchange. She also spent 12 years on the Secondary Markets Advisory Committee to the European Securities Markets Authority and 6 years on the Regulatory Decisions Committee of the UK Financial Conduct Authority.

The Company's Corporate Governance Statement at paragraph 9 sets out the mix of skills the board values and its approach to renewal, appointment, induction and term of directors. See <https://www.iress.com/trust/corporate-governance/corporate-governance-statement/>.

The Board has concluded that Niki Beattie is independent.

Niki Beattie, being eligible, offers herself for election.

Directors' Recommendation

The Board (other than Niki Beattie) recommends that shareholders vote in favour of **Resolution 2**.

Resolution 3 – Re-election of Julie Fahey

Independent Non-Executive Director since October 2017 and Chair of the People & Performance Committee since February 2020.

Julie has over 30 years' experience in technology, including in major organisations such as Western Mining, Exxon, Roy Morgan, General Motors and SAP, covering consulting, software vendor and chief information officer roles. In addition to her industry experience, Julie spent 10 years at KPMG as a partner with the firm, during which time she held roles as national lead partner telecommunications, media and technology, and national managing partner – markets. Julie was also a member of the KPMG National Executive Committee. Julie is a Non-Executive director of SEEK, Datacom Group, CenITex, Vocus Group, The Australian Red Cross Blood Service and non-profit disability services organisation Yooralla, and a member of the La Trobe University board.

The Company's Corporate Governance Statement at paragraph 9 sets out the mix of skills the board values and its approach to renewal, appointment, induction and term of directors. See <https://www.iress.com/trust/corporate-governance/corporate-governance-statement/>.

The Board has concluded that Julie Fahey is independent.

Julie Fahey, being eligible, offers herself for re-election.

Directors' Recommendation

The Board (other than Julie Fahey) recommends that shareholders vote in favour of **Resolution 3**.

Resolution 4 – Remuneration report

The Remuneration Report forms part of the Directors' Report and is included in the Company's Annual Report for the year ended 31 December 2020. The Annual Report is available on the Company's website at <https://www.iress.com/resources/investors/reports-presentations/>.

In accordance with the Corporations Act, the Company is seeking the adoption of the Remuneration Report by shareholders at this Annual General Meeting.

The Remuneration Report:

- (a) explains the Company's remuneration policy, as well as its relationship with and link to the Company's performance;
- (b) contains the remuneration details of the Directors and other key management personnel (**KMP**) of the Company; and
- (c) explains the incentive arrangements in place for KMP.

Directors' Recommendation

The vote on the adoption of the Remuneration Report is advisory only. However, the Board will take the outcome of the vote into consideration in future reviews of the remuneration policy for Directors and other KMP of the Company.

The Board recommends that shareholders vote in favour of **Resolution 4**.

Voting exclusion

The Company will disregard any votes cast on this Resolution 4:

- by or on behalf of a member of the Company's KMP whose remuneration details are included in the Remuneration Report (and their Closely Related Parties) in any capacity; and
- as proxy by a person who is a member of the Company's KMP (and their Closely Related Parties).

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy for a person entitled to vote on Resolution 4 in accordance with a direction on the proxy form; or
- as proxy for a person entitled to vote on Resolution 4 by the Chair of the meeting, and the Chair has received express authority to vote undirected proxies as the Chair sees fit, despite the fact that Resolution 4 is connected with the remuneration of the Company's KMP.

If you appoint the Chair of the meeting as your proxy, and you do not direct your proxy how to vote on this resolution on the proxy form, you will be expressly authorising the Chair of the meeting to exercise your proxy on this resolution even though this resolution is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chair of the meeting. The Chair of the meeting intends to vote undirected proxies in favour of this resolution.

Resolutions 5A and 5B - Grant of equity rights and performance rights to the Managing Director and CEO (Mr. Andrew Walsh)

The Board implemented the current executive remuneration framework in 2019 as detailed in Section 2 of the 2020 Remuneration Report at page 28 of the Company's 2020 Annual Report. Under that framework, Andrew Walsh's remuneration includes three components: Base salary, Equity Rights and Performance Rights. The Chief Executive Officer (**CEO**) is also required to accrue and hold Iress equity equivalent to 400% of his base salary by 31 December 2023. The Company has chosen to grant Equity Rights and Performance Rights under the Iress Equity Participation Plan to support the Company's focus on sustainable long-term growth and to align the interests of executives with shareholders. The Board is seeking shareholder approval for the grant of Equity Rights and Performance Rights to Andrew Walsh in 2021.

Andrew Walsh's base salary is currently \$1,000,000 per annum, as reported in the 2020 Annual Report and is unchanged from the prior year. This continues to represent 32% of his 2020 total remuneration (\$3,077,778), which is also unchanged from the prior year. The Board considers this an appropriate level of total remuneration given the size, scope, strategic objectives and complexity of the Company, Andrew Walsh's unique skills and experience, and comparable remuneration levels for relevant domestic and international Information Technology peers.

In determining to proceed with this level of Equity Rights and Performance Rights, the Board was informed by its 2020 year-end assessment of the Company's group's performance and Andrew Walsh's individual performance and conduct.

The Board's view is that the executive remuneration framework continues to provide strong alignment between executive and shareholder interests, which was clearly demonstrated in the difficult market circumstances during 2020. Andrew Walsh saw a reduction in the value of his equity, which forms a significant portion of his total remuneration, due to the reduced likelihood of Performance Rights vesting, and declined value of equity holdings. This decline in executive total remuneration and personal wealth was directly aligned with shareholder experience. The Board reviewed these outcomes and determined that the framework was working as intended and that there had been no significant underperformance.

Accordingly, the proposed equity grants for 2021 are in line with the target remuneration mix. It is important to highlight that the Company does not have a short-term incentive under which annual performance determines the amount of cash/equity incentive awarded. Rather, the Company provides equity with a relatively certain grant value and a vesting value that is at risk for three to four years.

Table 1 - Proposed equity grants

Instrument	Quantum*	Award Value	Estimated Grant Date	Measurement Period	Vesting Conditions (Summary)
Equity Rights	97,089	\$1,008,889	7 May 2021	2 years (26 February 2021 - 28 February 2023) Shares provided on exercise of any vested Equity Rights are subject to a mandatory 2-year holding lock (28 February 2023 - 28 February 2025)	Acceptable individual performance over the measurement period, subject to Board discretion and clawback**
Performance Rights	102,863	\$1,068,889	7 May 2021	3 years (1 January 2021 - 31 December 2023)	Absolute Total Shareholder Return (ATSR) hurdle over the measurement period, subject to Board discretion and clawback**

* The number of Rights has been calculated by dividing the Award value by the volume weighted average price of the Company's shares in the twenty trading days up to and including 31 December 2020.

** The Board can lapse unvested Equity Rights and Performance Rights if individual or company performance is significantly below expectations and can lapse unvested Equity Rights and Performance Rights, or forfeit shares allocated on exercise of vested Equity Rights that are subject to the mandatory holding lock, if a 'clawback event' occurs [see page 11].

Specific terms for Equity Rights

Equity Rights under the Company's executive remuneration framework comprise 33% of Andrew Walsh's total remuneration, representing a value of \$1,008,889. This is equal to the May 2020 grant of Equity Rights. The number of Equity Rights proposed to be granted to Andrew Walsh (97,089) has been calculated by dividing this value by the volume weighted average price of the Company's shares in the 20 trading days up to and including 31 December 2020.

Key terms for Equity Rights include:

- Vesting is conditional on Andrew Walsh achieving acceptable individual performance, including completion of his employment duties and tasks to the required level, over the two-year vesting period, Board discretion and the absence of clawback events (described below). The Board will consider individual and company performance against targets set by the Board (see Section 3 of the 2020 Remuneration Report on page 31 of the 2020 Annual Report) and may reduce, cancel or clawback equity if performance is significantly below expectations.
- The award remains restricted for a further two years after vesting with a mandatory holding lock applying to any shares provided on exercise of the Equity Rights.
- The shares allocated on exercise of vested Equity Rights remain subject to clawback during the mandatory holding lock period.
- Subject to applicable law and unless the Board determines otherwise:

where Andrew Walsh's employment ceases due to... then...

resignation and termination for cause

- unvested Equity Rights will lapse on the date of cessation of employment; and
- vested Equity Rights, and shares allocated on exercise of Equity Rights and subject to the mandatory holding lock period, will be retained, but may be subject to clawback (see below).

any other reason

- unvested Equity Rights will remain eligible to vest in accordance with their normal terms (including clawback); and
- vested Equity Rights, and shares allocated on exercise of Equity Rights and subject to the mandatory holding lock period, will be retained, but may be subject to clawback (see below).

- Andrew Walsh will not be eligible to receive any dividends on Equity Rights until the Equity Rights vest and shares are provided. However, if the Equity Rights do vest, he will receive (either in additional vested Equity Rights or in cash, as determined by the Board) an amount equal to the dividends he would have received had he held shares during the vesting period (calculated on an accumulating basis, i.e. assuming the dividend equivalents are reinvested). Importantly, the dividend equivalent amount will not be provided unless and until the Equity Rights vest, and the Board may take any steps it determines appropriate to recover the amount should any 'clawback events' (described below) occur.
- Equity Rights do not carry voting rights.

A detailed explanation of the Equity Rights instrument and the basis for determining how the instrument is allocated is set out in Section 2 of the 2020 Remuneration Report on pages 28 to 30 of the Company's 2020 Annual Report.

Specific terms for Performance Rights

Performance Rights under the Company's executive remuneration framework comprise 35% of Andrew Walsh's total remuneration, representing a value of \$1,068,889. This is equal to the May 2020 grant of Performance Rights. The number of Performance Rights proposed to be granted to Andrew Walsh (102,863) has been calculated by dividing this value by the volume weighted average price of the Company's shares in the 20 trading days up to and including 31 December 2020.

Key terms for Performance Rights include:

- Vesting is subject to the Company's ATSR performance over the three-year measurement period, Board discretion and the absence of clawback events. The Board will consider individual and company performance against targets set by the Board (see section 3 of the 2020 Remuneration Report on page 31 of the 2020 Annual Report) and may reduce, cancel or clawback equity if performance is significantly below expectations.
- ATSR focuses on the growth of Iress and value to shareholders, regardless of the broader market and other companies' movements. The Performance Rights will not vest unless shareholder value has been created over the measurement period. TSR will continue to be calculated using a 20-day volume weighted average price to 31 December.
- 50% of the Performance Rights will vest on or after 28 February 2024 if the Company's compound annual growth rate of its TSR over the measurement period is 6.5%; 100% of the Performance Rights will vest if the compound annual growth rate is 10.0%; and, a sliding scale will apply for performance between these points.
- Subject to applicable law and unless the Board determines otherwise:

where Andrew Walsh's employment ceases due to... then...

resignation and termination for cause

- unvested Performance Rights will lapse on the date of cessation of employment; and
- vested Performance Rights will be retained

any other reason

- if less than six months of the measurement period has elapsed at the date of cessation of employment, unvested Performance Rights will lapse on the date of cessation of employment;
- during the remainder of the measurement period, a pro-rata number of unvested Performance Rights will lapse based on the measurement period elapsed at the date of cessation of employment. Performance Rights that do not lapse will remain eligible to vest in accordance with their normal terms (including clawback); and
- vested Performance Rights will be retained

- Andrew Walsh will not be eligible to receive any dividends on Performance Rights until the rights vest and shares are provided. Performance Rights carry no right to any dividend equivalent amount on vesting.
- Performance Rights do not carry any voting rights.

A detailed explanation of the Performance Rights and the basis for determining how the instrument is allocated is set out in Section 2 of the 2020 Remuneration Report on pages 28 to 30 of the Company's 2020 Annual Report.

Directors' Recommendation in relation to Resolutions 5A and 5B

The Non-Executive Directors are confident that Andrew Walsh's total remuneration package for 2021 (as described in detail in the Remuneration Report and which includes the proposed grant of Equity Rights and Performance Rights set out in Table 1) is reasonable, having regard to the size, scope, complexity and strategic objectives of the Company, Andrew Walsh's unique skills and experience and comparable remuneration levels for relevant domestic and international Information Technology peers. Further, the Non-Executive Directors view that the high portion of his remuneration delivered in equity continues to provide strong alignment between his and shareholders' interests as the value of his Equity Rights and Performance Rights will fluctuate with the share price and are subject to vesting conditions and the discretion of the Board.

The Board (other than Andrew Walsh) recommends that shareholders vote in favour of **Resolutions 5A and 5B**.

General terms applicable to Equity Rights and Performance Rights

Entitlement & Vesting

Each of these equity instruments will give Andrew Walsh a right to receive one ordinary share in the Company or cash of equivalent value on vesting, subject to the satisfaction of applicable vesting conditions. The Board will determine whether shares in the Company or cash of equivalent value are provided at the time of vesting. If provided, the cash amount will be equal to the volume weighted average price of Iress shares during the five days of trading up to and including the vesting date (less any superannuation contributions and any other withholdings, deductions or payments for tax).

Equity Rights also give Andrew Walsh a right to a dividend equivalent amount, subject to the satisfaction of the applicable vesting conditions and as further described under the heading "Specific terms for Equity Rights" above.

Price payable on grant and exercise

The Equity Rights and Performance Rights will be granted at no cost to Andrew Walsh. There is no price payable on exercise.

Clawback

The Board will have the ability to lapse unvested and unexercised Equity Rights and Performance Rights, and forfeit shares allocated on exercise of Equity Rights that are subject to the mandatory holding lock (i.e. clawback). The circumstances in which this may occur (referred to as "clawback events") include fraud, misrepresentation, misstatement of financial results, dishonesty, gross misconduct, poor risk practices or reputational issues, or any other matters the Board determines relevant.

Voluntary holding lock

Andrew Walsh may elect for a voluntary six-month holding lock to apply to any shares he receives on vesting of each of the above grants (and after the expiry of any mandatory holding lock). During any voluntary holding lock period, Andrew Walsh will not be able to sell, transfer or otherwise deal with the Company's shares he receives, but will be entitled to the dividends and voting rights attached to those shares.

Change of control

If certain change of control events occur in relation to the Company, the Board may determine in its absolute discretion to give notice that the Equity Rights or Performance Rights (as applicable) may vest and/or be exercised irrespective of whether the relevant vesting conditions have been satisfied at that time.

Date of grant

If shareholder approval is obtained, the Equity Rights and Performance Rights will be granted on or about 7 May 2021, and in any event within 6 months of the date of this meeting.

Other required information - ASX Listing Rules

Andrew Walsh is currently the only Director who is eligible to receive grants of Equity Rights or Performance Rights under the Iress Equity Participation Plan. The number of securities that have been granted to Andrew Walsh under the Iress Equity Participation Plan since it was implemented in 2019 are:

- 156,394 Equity Rights; and
 - 160,936 Performance Rights,
- all of which were granted at no cost.

No loan will be made available by the Company to Andrew Walsh in connection with the grants of Equity Rights or Performance Rights.

Details of any securities issued to Andrew Walsh under the Iress Equity Participation Plan will be published in the Company's annual report. No additional persons covered by Listing Rule 10.14 will participate in the Iress Equity Participation Plan without shareholder approval being first obtained.

Approvals sought

The Company is proposing to issue 97,089 Equity Rights and 102,863 Performance Rights to Andrew Walsh under the Iress Equity Participation Plan. Listing Rule 10.14 provides that listed companies must not permit a director or their associates to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders.

Resolutions 5A and 5B seek the required shareholder approval to the issue of 97,089 Equity Rights and 102,863 Performance Rights under and for the purposes of Listing Rule 10.14 and, if shareholder approvals are obtained, the Company will proceed to issue Andrew Walsh Equity Rights and Performance Rights. If shareholder approvals are not obtained, it is intended that Andrew Walsh will be awarded a cash payment following the end of the applicable vesting and restriction periods equivalent in value to the value he would have realised had he been issued Equity Rights and Performance Rights.

Voting exclusion

The Company will disregard any vote cast on Resolutions 5A and 5B:

- by or on behalf of Andrew Walsh and any of his associates, in any capacity; and
- as proxy by a person who is a member of the Company's KMP (and their Closely Related Parties).

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person entitled to vote on Resolutions 5A or 5B in accordance with a direction as to how to vote provided by that person; or
- as proxy or attorney for a person entitled to vote on Resolutions 5A or 5B by the Chair of the meeting, and the Chair has received express authority to vote undirected proxies on that resolution as the Chair sees fit; or
- in favour of Resolutions 5A or 5B by Andrew Walsh or any of his associates as a nominee, trustee or custodian (or other fiduciary) for a person entitled to vote on Resolutions 5A or 5B, in accordance with a direction as to how to vote provided by that person, provided that person provides written confirmation to Andrew Walsh or his relevant associate (as applicable) that they are not excluded from voting or are an associate of a person excluded from voting.

If you appoint the Chair of the meeting as your proxy, and you do not direct your proxy how to vote on Resolutions 5A or 5B on the proxy form, you will be expressly authorising the Chair of the meeting to exercise your proxy on these resolutions. The Chair of the meeting intends to vote undirected proxies in favour of Resolutions 5A and 5B.

