

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

ReadyTech Holdings Limited

ABN / ARBN:

25 632 137 216

Financial year ended:

30 June 2019

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website: www.readytech.com.au

The Corporate Governance Statement is accurate and up to date as at 22 August 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 22 August 2019



Nimesh Shah
Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ the Board Charter is available on our website at: https://investors.readytech.com.au/investor-centre/?page=corporate-governance	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement ☒ ...and a copy of our diversity policy is available on our website at: https://investors.readytech.com.au/investor-centre/?page=corporate-governance ... and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement	☒ an explanation why we do not disclose as at the end of each reporting period the measurable objectives for achieving gender diversity is in our Corporate Governance Statement
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement	
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	ReadyTech Holdings Limited complies with paragraph (a) ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ... and a copy of the charter of the committee is available on our website: ☒ at https://investors.readytech.com.au/investor-centre/?page=corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement AND ☒ in our Annual Report which is available on our website: [X] Paragraph (b) is not applicable.	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☒ in our Diversity Policy which is available on our website at https://investors.readytech.com.au/investor-centre/?page=corporate-governance	
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement ... and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement ... and the length of service of each director: ☒ in our Corporate Governance Statement	
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☒ in our Corporate Governance Statement and ☒ a copy of the code of conduct is available on our website at: https://investors.readytech.com.au/investor-centre/?page=corporate-governance	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	ReadyTech Holdings Limited complies with paragraph (a) ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ... and a copy of the charter of the committee: ☒ at https://investors.readytech.com.au/investor-centre/?page=corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement AND ☒ in our Annual Report which is available on our website: https://investors.readytech.com.au/investor-centre/?page=results-centre Paragraph (b) is not applicable.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO 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.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement and ☒ The continuous disclosure policy is available on our website: https://investors.readytech.com.au/investor-centre/?page=corporate-governance	
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at this location: https://www.readytech.com.au/about-us/	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement The shareholder communication policy is available on our website: https://investors.readytech.com.au/investor-centre/?page=corporate-governance	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	ReadyTech Holdings Limited complies with paragraph (a) ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ... and a copy of the charter of the committee: ☒ at https://investors.readytech.com.au/investor-centre/?page=corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement	
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	ReadyTech Holdings Limited complies with paragraph (b) ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☒ in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	ReadyTech Holdings Limited complies with paragraph (a) ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ... and a copy of the charter of the committee: ☒ at https://investors.readytech.com.au/investor-centre/?page=corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement AND ☒ in our Annual Report which is available on our website: https://investors.readytech.com.au/investor-centre/?page=results-centre Paragraph (b) is not applicable.	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement AND ☒ in our Annual Report which is available on our website: https://investors.readytech.com.au/investor-centre/?page=results-centre	
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.		☒ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable

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

This Corporate Governance Statement:

- reports against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**.) The practices detailed in this Corporate Governance Statement are current as at 22 August 2019; and
- has been approved by the Board and is located on ReadyTech's website at www.readytech.com.au.

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

Board responsibilities and delegations

The Company's Board Charter was adopted by the Board in March 2019. The Board Charter is located on the ReadyTech website at www.readytech.com.au.

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

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

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

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

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

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

The Board Charter delegates responsibility for day-to-day management and administration of the ReadyTech Group to the CEO and Executive Team. The CEO is responsible for providing effective leadership, direction and supervision of the Executive Team to achieve the strategies, business plans and budgets adopted by the Board and ensuring compliance with all applicable laws and regulations. The Board has procedures in place to regularly assess the performance of the CEO and the Executive Team.

Board Committees

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

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

Board meetings and attendance

The Board meets as often as necessary to fulfill its role. Directors are required to allocate sufficient time to ReadyTech to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During FY2019, the Board met 4 times.

For full details of Directors' attendance at Board and Committee Meetings for FY2019, refer to "Meetings of directors" on page 9 of the Company's Annual Report.

Access to information and independent professional advice.

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

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

Background checks before appointing directors and senior executives

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

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

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

Diversity

ReadyTech values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace. ReadyTech has implemented a diversity policy, with meritocracy the guiding principle, which is overseen by the Board and which aligns the ReadyTech Group's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on its Board.

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

The Board reviews ReadyTech's diversity policy as necessary to ensure it complies with any applicable legal requirements and remains relevant and effective. The diversity policy was adopted by the Board in March 2019. The Policy is available on the ReadyTech website at www.readytech.com.au.

Measurable objectives

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

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

- establishing appropriate and measurable objectives for achieving gender and other forms of diversity;
- maintaining a diverse field of potential candidates for senior management and Board appointments;
- setting key performance indicators for senior management to measure the achievement of the objectives which have been set to achieve gender and other forms of diversity;
- requiring senior management to report on the achievement of such objectives; and
- consider and, if relevant, implement policies and programs that address impediments to gender diversity in the workplace.

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

The NRC and Board did not set measurable gender objectives for the financial year because the Company recently listed on the ASX in April 2019. However it is the intention of the NRC and Board to set measurable objectives for the 2020 financial year.

ReadyTech's workforce diversity as at 30 June 2019 is as follows:

ReadyTech level	Female number	Current percentage of women	Male number	Current percentage of men
Board of Directors	1	20%	4	80%
Senior Executives*	4	27%	11	63%
Employees	45	32%	94	68%
ReadyTech (entire organisation)	50	31%	109	69%

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

The NRC is responsible for assessing whether there is any gender or other inappropriate bias with respect to the remuneration of Directors, the Executive Team or other employees.

Measurable objectives

The Board of ReadyTech intends to set measurable objectives for FY2020. In principle, the measurable objectives will cover the following initiatives:

Measurable objectives

Identify and create development plans for high performing and high potential women

Conduct and respond to a review of gender equity in pay

Increase employment opportunities for people with disability

Further details about the measurable objectives will be provided by ReadyTech in due course.

Performance review of the Board

The Board with assistance from the NRC is responsible for evaluating and reviewing the performance of the Board, both collectively and individually.

The Board and its Committees periodically self-assess their performance against a range of criteria developed annually by the NRC. Given the recent listing of the Company on the ASX in April 2019 and the recent establishment of the Board, a performance evaluation did not take place but is scheduled for the next reporting period.

Performance Review of the CEO and Senior Executives

ReadyTech's Board Charter provides that the Board is responsible for monitoring the performance of the CEO and Senior Executives. The NRC is responsible for ensuring processes are in place to periodically evaluate the

performance of senior executives. It is a responsibility of the NRC to annually reviewing the performance of the CEO and make recommendations to the Board on remuneration arrangements for the CEO and Senior Executives.

The performance of the CEO and Senior Executives are assessed annually with reference to agreed milestones. Given the recent listing of the Company on the ASX in April 2019, a performance evaluation did not take place but is scheduled for the next reporting period. Details of the remuneration of the Senior Executives who are considered by the Company to be Key Management Personnel are set out in the *Remuneration Report*.

Principle 2: The Board is structured to add value

Nomination and Remuneration Committee (NRC)

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

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

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

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

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

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

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

The NRC Charter was adopted by the Board in March 2019. The NRC Charter is located on ReadyTech's website at www.readytech.com.au.

Composition of the Board and details of Directors

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

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

Tom Matthews is the representative of Pemba (an entity is a substantial holder of the Company). Tom Matthews is also a director of, and minority investor in, certain entities controlled by Pemba. As Pemba is a substantial

Shareholder of the Company, the Directors consider that this position results in him not being an independent Director of the Company having regard to the nature of his involvement in the Company.

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

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

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

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

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

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

Board skills matrix

Under the Company's Constitution, the Board must comprise of at least three Directors and a maximum of eight Directors. The Board regularly reviews the composition of the Board, considering the number and skill mix of the Directors.

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

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

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

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

Induction and education

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

The NRC with assistance from the Company Secretary ensure that appropriate professional development opportunities are available to directors to develop and maintain their skills and knowledge needed to perform their role as directors effectively.

Principle 3: The Board act ethically and responsibly

Code of Conduct

The Board recognises the need to observe a high standard of corporate practice and business conduct. Accordingly, the Board adopted a formal Code of Conduct. All ReadyTech Directors, officers, senior executives, employees, contractors and consultants must comply with the Code of Conduct.

The key aspects of the code are to:

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

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

The Code of Conduct was adopted by the Board in March 2019. The Code of Conduct is located on ReadyTech's website at www.readytech.com.au.

Securities Trading Policy

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

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

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

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

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

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

information.

The Securities Trading Policy is located on ReadyTech's website at www.readytech.com.au.

Principle 4: The Board safeguards the integrity of corporate reports

Audit and Risk Committee (ARC)

The ARC charter requires that the committee must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. The committee must also have an independent Chair who is not the Chair of the Board. In addition, all members of this committee must be financially literate and have familiarity with financial and accounting matters and at least one member must be a qualified accountant or other financial professional with appropriate expertise of financial and accounting matters.

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

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

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

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

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

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

Further detail in relation to the ARC's function as a risk committee is available under Principle 7 of this Corporate Governance Statement.

The ARC Charter was adopted by the Board in March 2019. The ARC Charter is located on ReadyTech's website at www.readytech.com.au.

CEO and CFO declaration

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

For the financial year ended 30 June 2019, the CEO and CFO made a declaration in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

Auditor at AGM

At ReadyTech's 2019 AGM, Deloitte, as the independent external auditor, will be present and available to answer shareholder questions on the:

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

Principle 5: The Board makes timely and balanced disclosure

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

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

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

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

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

Principle 6: The Board respects the rights of security holders

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

ReadyTech website

ReadyTech's website at www.readytech.com.au is kept current to maintain effective communication with shareholders and stakeholders. All ASX announcements made to the market, including annual and half-year financial results, are posted on the Company's website at <https://investors.readytech.com.au> as soon as they have been released by ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report, key policies, the charters of its Board committees and copies of all investor presentations made to analysts and media briefings are posted on the Company's website. The website also contains a facility for Shareholders to direct queries to the Company.

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

Investor relations

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

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

Shareholder communications

Shareholders may elect to receive all communications from the ReadyTech share registry electronically. Electronic communications have the added advantage of being more timely and cost effective, which benefits all ReadyTech owners and is encouraged by ReadyTech. Shareholders should contact the ReadyTech share registry) if they wish to elect to receive electronic communications by emailing registrars@linkmarketservices.com.au.

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

Shareholder engagement and participation

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

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

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

Presentations and speeches made by the Chair and CEO at the AGM are made available on the ASX announcements platform, and ReadyTech's website before the commencement of the meeting. ReadyTech will also publish the results of the AGM to the ASX and on its website immediately following the conclusion of the AGM.

Principle 7: The Board recognises and manages risk

Risk Management

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

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

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;
- reviewing and approving policies and procedures on risk oversight and management; and
- receiving reports from Management concerning the ReadyTech Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the ReadyTech Group.

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

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

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

The Company regularly undertakes reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the CEO or CFO and Company Secretary to provide declarations required under section 295A of the Corporations Act. As part of the Company's recent listing on the ASX in April 2019, a review of the Company's key risks was undertaken as detailed in the Prospectus and a formal review is scheduled for the next reporting period.

Internal audit

Given the size and scale of ReadyTech's current operations, ReadyTech has not established an internal audit function. Oversight of the effectiveness of ReadyTech's risk management and internal control processes currently form part of the responsibilities of Management. The Board also relies on ongoing reporting and discussion of the management of material business risks to evaluate and continually improve the effectiveness of ReadyTech's risk management and internal control processes. As ReadyTech's business operations continue to develop, the ARC may consider establishing an independent internal audit function.

Economic, environmental and social risks

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

Economic risks	• Information Technology • Reliance on third party technology and development services • Reputation
Environmental risks	• Climate Change
Social sustainability risks	• Reputation

Other risks

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

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

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

Principle 8: The Board remunerates fairly and responsibly

Nomination and Remuneration Committee (NRC)

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

- reviewing and recommending arrangements for the CEO and any other Executive Directors, and the executives reporting to the CEO, including contract terms, annual remuneration and participation in the Company's short and long-term incentive plans;
- reviewing major changes and developments in the ReadyTech Group's remuneration, recruitment, retention and termination policies and procedures for senior Management;
- reviewing and approving short-term incentive strategy, performance targets and bonus payments;
- reviewing and recommending to the Board major changes and developments to the Company's employee equity incentive plans;
- recommending whether offers are to be made under any or all of the ReadyTech Group's employee equity incentive plans in respect of a financial year;
- in respect of the ReadyTech Group's employee equity incentive plans, reviewing and approving the proposed terms of, and authorise the making of, offers to eligible employees of the ReadyTech Group, including

- determining the eligibility criteria applying in respect of an offer, in respect of a financial year;
- reviewing and recommending to the Board the remuneration arrangements for the Chair and the Non-Executive Directors of the Board, including fees, travel and other benefits; and
- ensuring coherent remuneration policies and practices are in place which enable the ReadyTech Group to attract and retain executives and Directors who will create value for Shareholders.

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

Remuneration policies and practices

Details about ReadyTech’s remuneration strategy, framework, policies and practices are set out in the Company’s Remuneration Report which clearly distinguishes the structure of Non-Executive Directors’ remuneration from that of the Key Management Personnel. ReadyTech has also adopted a Remuneration Policy which is located on the ReadyTech website at www.readytech.com.au.

The ReadyTech Remuneration Report for the FY2019 is set out from page 9 of the Annual Report and located on the ReadyTech website at www.readytech.com.au.

Policy on hedging equity-based incentive schemes

ReadyTech does not currently have an equity based incentive scheme in place.