

2018 Sustainability Report

Transforming business,
making life simple.

technology**one**



About TechnologyOne

TechnologyOne is Australia's largest enterprise Software as a Service company. We create solutions that transform business and make life simple for our customers.

We do this by providing powerful, deeply integrated enterprise software that is incredibly easy to use. Over 1,200 leading corporations, government departments and statutory authorities are powered by our software, which is available on TechnologyOne's Software as a Service platform and across smart mobile devices.

This is TechnologyOne's first sustainability report, for the financial year 1 October 2017 to 30 September 2018. TechnologyOne is headquartered in Brisbane, with offices across Australia, New Zealand, Southeast Asia, the Pacific and the United Kingdom and Research and Development centres in Indonesia and Vietnam. This report covers all our operations globally, unless stated otherwise.

Sustainability at TechnologyOne

Responsibility for implementing sustainability at TechnologyOne sits with each business division, facilitated by our Group Company Secretary and Head of Compliance and Risk. This report has been overseen by the Nomination and Governance Committee of the Board.



CEO's Message

Our vision is to build and deliver truly great products and services that transform business and make life simple for our customers. This vision is underpinned by our beliefs, our dedication to customer experience and our leadership model.

The technology sector is a fast-moving, competitive environment. We believe our present and future success lies in the strength of our product offerings, our enterprise vision, vertical market focus and the resilient nature of the enterprise software market. When coupled with our innovation, creativity and substantial ongoing investment into new and emerging technologies, we are well positioned for strong growth in the coming years.

TechnologyOne was founded with a philosophy of putting our customers at the heart of our business. Their experience defines our success. We set ambitious goals, and lead and inspire our people to achieve great things. Being a responsible business, behaving ethically and demonstrating a robust approach to corporate governance in line with our values is critical in maintaining our strong relationships with customers and broader stakeholders. As a large, successful company, we believe it is important to give back to the community and act responsibly towards the environment.

Our enterprise Software as a Service solutions support the productivity and impact of the sectors we serve, which include the local government, government, education, and health and community sectors. Our solutions help them to address the challenges they face and increase their impact in the community.

We are pleased to present this report which sets out our approach to sustainability. We are committed to continuously evolving our approach to responsible business and look forward to your ongoing support.

Edward Chung

A handwritten signature in black ink, appearing to read 'E. Chung', written in a cursive style.

Chief Executive Officer

Our stakeholders

TechnologyOne actively engages with our key stakeholders through a range of mechanisms based on the type of stakeholder and the topics of interest. Examples of these are as outlined below. Collaboration and engagement across our value chain is critical for our future success.

Stakeholder	Key interests	Types of engagement
Customers	<ul style="list-style-type: none"> Product performance Quality of service and support Data privacy and security 	<ul style="list-style-type: none"> Integrated product & service delivery methodologies Direct relationships from sales to support and training Customer Community Customer conference and showcases TechnologyOne University
Employees	<ul style="list-style-type: none"> Remuneration Career growth Learning and development Wellbeing Mobility opportunities Social contribution Equal opportunity 	<ul style="list-style-type: none"> Engagement survey and pulse survey Internal communications Open door policy TechnologyOne College Hack days Village Green / Townhall meetings 'O' Week TechnologyOne Foundation Regional Days Wellness Weeks Family events (Kids Christmas Party)
Investors	<ul style="list-style-type: none"> High dividend yields Ongoing profitability Growth Risk management ESG performance Innovation and new products/solutions Transparency 	<ul style="list-style-type: none"> AGMs Half-Year & Full Year results presentations and roadshows Annual Reports Engagement with analysts ASX announcements Press Releases
Community and environment	<ul style="list-style-type: none"> Employment and economic contribution Social contribution Environmental impacts 	<ul style="list-style-type: none"> Partnerships with community organisations TechnologyOne Foundation
Suppliers	<ul style="list-style-type: none"> Responsible business 	<ul style="list-style-type: none"> Supplier agreements Partnering for innovation
Government and regulators	<ul style="list-style-type: none"> Compliance Policies and standards in technology industry 	<ul style="list-style-type: none"> ISO certification audits Pro-active engagement in key compliance areas (e.g. ATO) ASX & ASIC Compliance Direct and indirect engagement

Our approach

The topics we have included in this report are shown below, grouped in four themes.

 <p>Customer</p> <ul style="list-style-type: none"> • Customer satisfaction and retention • Data privacy and security 	 <p>Our people</p> <ul style="list-style-type: none"> • Talent attraction and retention • Workplace diversity and inclusion • Employee engagement and culture • Employee training and development • Employee health and wellbeing 	 <p>Responsible business</p> <ul style="list-style-type: none"> • Ethics, values and transparency • Innovation • Compliance 	 <p>Community and environment</p> <ul style="list-style-type: none"> • Community investment and education • Environmental footprint
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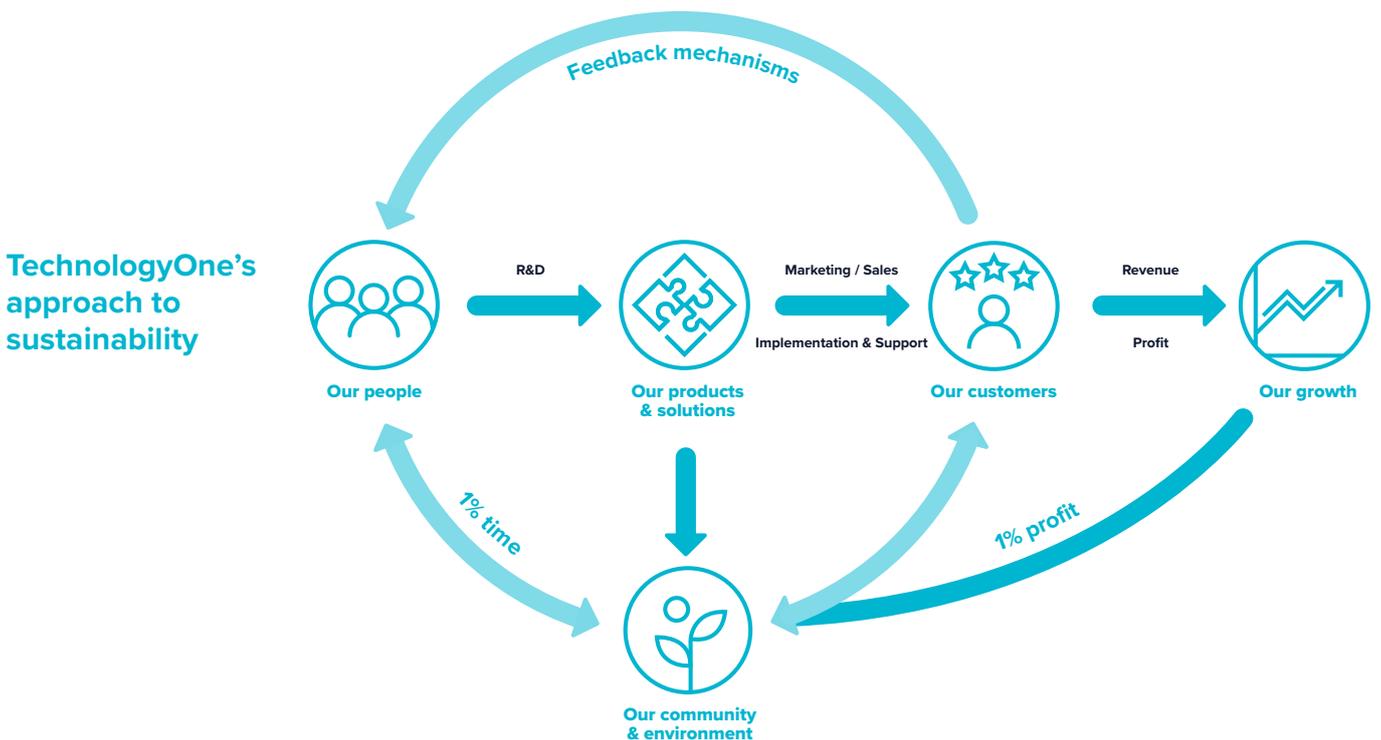
We assessed our material sustainability topics through a consideration of topics identified externally by peers, public discourse, technology sector-focused sustainability publications, and internally through key documents and discussion of our Sustainability Working Group.

The boundary for these topics is primarily within our own organisation, including all locations globally. We have also extended the boundary where relevant to our customers, our suppliers and our community partners.

How we create value through responsible business

Our approach to **responsible business** is driven by sound governance and guided by the core beliefs and values that make up the TechnologyOne Way.

We support the creativity and dedication of our **people** to create compelling experiences for our **customers**, which is key to our ongoing profitability growth. We understand that our people and our customers are part of our broader **community and environment**. We have a responsibility to that community, and our products also have a role to play, not only by improving the productivity of the sectors we serve, but also by enhancing the impact of the community sector organisations we support.





**Our
customers**

Customer satisfaction and retention

Providing a compelling customer experience is fundamental to TechnologyOne's ongoing success. Our customers and technological developments are our compass for the decisions we make, the people we employ and the processes we create.

We are the only enterprise vendor providing a totally integrated experience to customers, in which we build, market, sell, implement, support and run our world-class enterprise software. We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive, project intensive and corporate. Our vertically integrated model serving specific markets enables us to be closely connected to our customers.

Engaging with our customers and soliciting their feedback is critical to our success. Our online Customer Community enables our customers to connect, chat and collaborate with each other as well as with us, helping them to get the most from our solutions and helping us to deliver constantly evolving product offerings. We have also launched an annual series of user group events that have already seen a high level of engagement.

Our Compelling Customer Experience program is supported by ongoing development and support for our people in delivering outstanding customer experiences.

We provide our customers with continuous access and superior product functionality. Our cloud services are service organisation control (SOC) compliant, with an extremely small risk of disruption.

Our customers make a significant investment when they commit to our enterprise solutions. Our key measure for customer satisfaction is our customer retention rate, which is in excess of 99%.

Our customers' ongoing satisfaction is imperative as we deliver Software as a Service and a subscription-based model. We want to delight our customers so that they are inspired to take up more of our products and trust us with enterprise wide solutions that will afford them more flexibility, agility and efficiency.

You can read more about our approach to customers in our Annual Report.

Data privacy and security

We understand that data privacy and security is of the highest importance to our customers. We are committed to building the world's most trusted cloud for enterprise software. Our SaaS solution holds the highest and most comprehensive suite of certifications including the following standards:

- ISO 27001:2013
- ISO 9001 (held for over 25 years)
- ISAE 3402 SOC 1 Type 1
- ISAE 3402 SOC 1 Type 2
- ISAE 3000 SOC 2 Type 1

We have also been recommended for ASD IRAP certification, further strengthening our offer to Australian federal government agencies. All customers receive the benefit of these certifications as part of the service, at no extra charge.

An area of focus recently has been compliance with new privacy laws including Australia's Privacy Amendment (Notifiable Data Breaches) Act 2017 and the UK General Data Protection Regulation, which came into effect in the European Union (EU) on 25 May 2018. We assembled a project team with representatives from key business units, supported by expert external guidance, and informed by close communication with our UK customers.

For our cloud services, we aim to exceed SOC compliance standards. In addition to the full annual audits, we run a monthly program of internal reviews, and have quarterly external audits of a subset of our SOC controls.

Our policy ensures that we put audit services to tender every six years, and that audit partners are rotated every three years.

During the reporting period there were no notifiable data breaches or material security incidents.

Looking ahead, initiatives include undertaking scenario testing under our updated Critical Incident Response Plan, and we intend to appoint a group Chief Privacy Officer as part of our ongoing commitment to the highest standards of data privacy and security.



**Our
people**

Our people are a crucial source of our competitive advantage, and TechnologyOne is committed to attracting talented people and providing them with an environment in which they can be innovative, creative and realise their full potential.

Employer of choice

We are proud to have been awarded Employer of Choice by the Australian Business Awards for the past three years.

Talent attraction and retention

At TechnologyOne we aim wherever possible to grow our own talent. We want to attract the best and brightest and induct them in the TechnologyOne Way. Over the past five years we have taken on 80 graduates, with 10 interns and 10 graduates joining us every six months. Our graduate program was recognised in 2018 as one of the top 20 leading graduate programs in Australia by the Australian Association of Graduate Employers.



In addition to induction and a buddy program, all new employees, from all locations globally, participate in one of our quarterly 'O-weeks' held at our Brisbane headquarters. They meet with our executive team, including senior representatives of each of our business streams, and learn about the history of the company and its vision, mission and values. They also participate in team-building activities and a volunteering activity associated with our Foundation. The experience consistently receives highly positive feedback. We provide an industry-leading onboarding program for our R&D graduates, which we are now expanding to other areas of the company. Our new hires for FY18 are spread across the communities we operate in.

Workplace diversity and inclusion

TechnologyOne believes that a diverse workforce performs better, and we see this as key to our commercial success. We aim to provide our people with an environment that respects the dignity of every individual, fosters trust, and allows every person the opportunity to realise their full potential.

Our commitment to diversity and inclusion also extends to our interactions with customers and suppliers.

At TechnologyOne we advocate equal opportunity for all, regardless of gender, age, sexual preference, religion, ethnicity and cultural background. In particular, we are committed to addressing the shortage of female technology workers in Australia. Participation of women at TechnologyOne is at 33 per cent, placing us among the best globally in the IT industry. Our remuneration policy includes a commitment to equal pay for men and women. We conduct a gender pay gap analysis annually, following which we investigate any potential gender bias in performance pay, and correct like-for-like gaps.



TechnologyOne has set itself a target that at least 30% of all senior management roles are to have at least one female shortlisted. For the 2018 year, the company far exceeded this target with 75% of all senior management roles having at least one female candidate short listed.

We actively promote women to study STEM and see the technology industry as a career for young women through our partnership with the Tech Girls Movement. The Tech Girls Movement is a non-profit organisation, established to support the development of a more diverse IT workforce, ultimately resulting in better technology for society.

Our policy on anti-discrimination and workplace gender equality promotes a fair, equal and merit-based approach to all aspects of employment at TechnologyOne. Recruitment and promotion within TechnologyOne is based only on the relevant skills, experience, qualifications, aspirations, potential and aptitude of the applicants. We encourage our employees to report any instances of discrimination in accordance with our Open Door policy and through regular check-in meetings.

We recognise that, for us to continue to attract and retain the brightest and best in a competitive industry, we need to further develop our approach to diversity and inclusion.

We have focused resources in this area over the past year to update and add to our relevant policies and put in place initiatives and goals.

We have policies in place in relation to anti-discrimination and workplace gender equality, diversity, sexual harassment, flexible working arrangements and purchased leave. We have also recently released a paid parental leave policy.

Our gender diversity metrics are made publicly available as published in our WGEA Report on our corporate website.

Employee engagement and culture

Having an engaged workforce is critical to our employee retention. Twice a year we formally survey our global team to assess employee engagement.

We analyse results by operating stream, region and team, and plan any required improvement actions accordingly.

Our annual MARVELS awards program to recognise and reward the extraordinary high performance by our many outstanding employees across our business.

With a network of 14 offices across Australia, New Zealand, Asia, the South Pacific and the UK, international secondments are an attractive proposition for our employees, providing unique opportunities to further their careers both domestically and globally.

Our 'Open Door' policy means that our leaders are accessible to team members, listen respectfully and to take prompt action as required. Our commitment to ethical leadership means that we require open and honest communication in behaviours such as recognition of performance and innovation, sharing information, trust, diversity, teamwork, commitment to employees' development. This philosophy of open communication includes our grievance procedure, which outlines responsibilities of both employees and TechnologyOne in relation to reporting and addressing grievances. We also have in place policies on bullying and misconduct, and are establishing a Whistleblower policy.

Employee training and development

In a fast-changing sector, it is vital that our people are enabled to keep their skillsets current so that we can continue to evolve our solutions and deliver compelling customer experiences. Our TechnologyOne College, is our primary vehicle for learning and development, providing just-in-time training across all areas of our business. The College is also our mechanism for keeping employees up-to-date with compliance requirements including our policies on how we work. Where specific training is not available through the College, we also enable people to complete external certifications.

The TechnologyOne University provides training resources specific to our products for both employees and customers, including over 45 hours of high quality video content.

As our business has expanded globally, we have been refining our approach to training, making increased use of online as well as face-to-face training, and developing training capabilities in our regional hubs. We have been focusing increasingly on skills, particularly leadership and skills relevant to specific areas of our business, such as consulting and customer service.

Every year we run hundreds of training programs across our regional offices that attract thousands of attendees.

Employee health and wellbeing

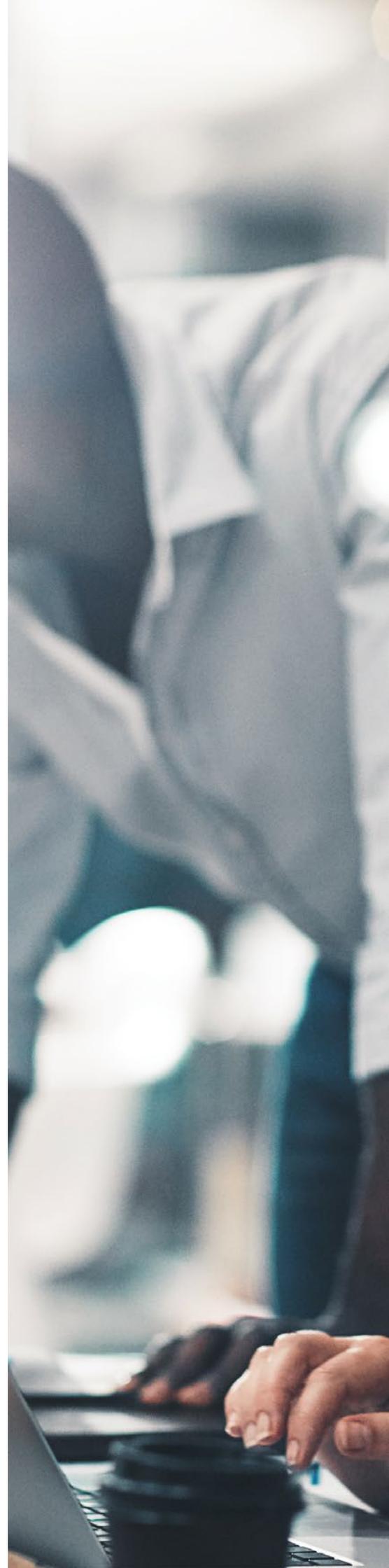
We have a high-performance culture in a fast-moving sector. In this context, we recognise that it is important to support the health and wellbeing of our staff and guard against stress and burnout. We offer an active calendar of wellbeing activities and communications across the organisation, including an annual wellbeing expo conducted in all regions.

We also offer an independent employee assistance program, and receive monthly reporting on up-take and satisfaction with the service.

We promote a safe workplace culture for our employees with a work health and safety program that includes formal induction and training programs and an internal WHS portal that provides current and relevant safety information to all team members, including relevant policies and procedures.

We use the services of International SOS to provide additional support when needed for the health and security of our people when travelling.

Looking forward, a focus area for our people will be to support our rapidly growing team in the United Kingdom, we have appointed a strategic people and culture business partner to the region. As we build capability locally, we are reducing the number of secondments from Australia; however, these team members have played a valuable role in helping to establish a consistent culture across our operations.







Responsible business

For TechnologyOne, being a responsible business is about behaving ethically and demonstrating a robust approach to corporate governance in line with our values across all our relationships with customers, investors, employees, suppliers and other stakeholders.

Ethics, values and transparency

TechnologyOne's mission is to build and deliver world-leading products and great services that transform business, and make life simple for our customers.

We deliver on this mission with the TechnologyOne Way, which underpins our culture and guides our behaviours and the decisions we make. It comprises our core beliefs, and a set of principles about how we work, including a commitment to excellence, innovation and openness. These beliefs and principles help define what we admire in our colleagues and recognise in ourselves. Together these beliefs and principles articulate our value proposition to our customers.

All our directors, managers and employees understand they are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics, and strive at all times to enhance the reputation and performance of the Company.

Supporting our Code of Business Conduct are a number of role-specific Codes of Conduct for our Directors, CEO and CFO to support a consistent standard of conduct relevant for key organisational roles.

You can read more about our core beliefs in our Annual Report.

Our Code of Conduct provides further detail about how each one of us should act in accordance with the TechnologyOne Way.

Our board charters and key policies can be found on our website, together with our corporate governance statement.

Compliance

We set a very high bar for compliance, based on industry best practices and leading standards, to provide the best possible risk mitigation and management framework. As a global organisation, our approach is to set our compliance level in accordance with the most stringent regulations in our countries of operation, which then ensures we are also compliant with the respective regulations in the other jurisdictions.

You can read more about our data privacy and security compliance under 'Our customers' above. Our other key areas of compliance relate to contracts and regulatory standards and codes.

We also report on our compliance with the ASX Corporate Governance Principles 3rd Edition as provided in the Annual Report and on our corporate website.

There were no material non-compliances during the reporting period.

Innovation

Our ongoing success is fuelled by continuous innovation, and we make significant investments in Research and Development (R&D) of approximately 18%, far exceeding the average of our competitors of approximately 12% of revenue.

Our team of more than 400 developers in Brisbane and Perth is augmented by offshore R&D centres in Indonesia and Vietnam. This allows us to extend our capability and better support our customers and existing products.

We refresh our innovation mindset through company-wide Hack Days that encourage creativity and fun, providing an opportunity for employees to break down traditional silos and work on projects that are outside normal day-to-day work. Similarly, our new graduates begin their career at TechnologyOne with the freedom of working on non-product related projects, which can nevertheless generate powerful ideas that we can incorporate into our Software as a Service solutions.

\$54m

(18% of revenue) R&D investment for 2018



**Our community
& environment**

Community investment and education

TechnologyOne has a long-standing commitment to philanthropy, following the values of our founder and Executive Chairman, Adrian Di Marco. We established the TechnologyOne Foundation in 2016 to formalise our approach to community investment. Our Foundation reflects our values, our culture and who we aspire to be. As a successful company, we have the ability to make a difference. We know that this is important to our people, and is increasingly of interest to our customers.

Through the Foundation, we want to make a sustainable impact with measurable long-term benefits, by empowering disadvantaged young people to transform their lives. Our Foundation's commitment is to donate 1% of our time, 1% of our profit and 1% of our product.

This initiative is part of the **Pledge 1%** corporate philanthropy movement, dedicated to making the community a key stakeholder in every business.

1% of time

We offer our permanent employees up to 2.5 days of leave per year to volunteer during work hours (pro rata for part-time employees). Employees can search for volunteering opportunities via GoodCompany, and can elect to volunteer with any registered charity. We also incorporate volunteering activities into our O-week and company events.

1% of product

Our commitment is to make it easier for not-for-profit organisations to access our solutions and take advantage of the efficiencies they bring, extending the impact of their services and the work they do in our communities.

Eligible organisations receive our core product module at no licence fee and a substantial discount. We reserve 1% of projected annual licence fees for this purpose.

In 2018, our in-kind donations were \$500,000. Recipients have included Seasons Living Australia, Wellways, Vision West Community, Scope Australia and Christian Community Ministries.

1% of profit

We reserve 1% of net profit after tax for community investment.

We have four strategic charity partners, with a focus on disadvantaged youth and education. Our long-established partnership with **Opportunity International Australia** has the goal of helping 500,000 children and their families free themselves from poverty by 2032, through microfinance. Our other partnerships are with:

- The **School of St Jude** – supporting STEM and e-learning programs
- The **Fred Hollows Foundation** – Vietnam Child Eye Care
- **The Salvation Army** – initiatives including education programs and emergency support

Under the 1% we also offer matched workplace giving for our employees, and set aside funds to donate to disaster relief.

During the reporting period we have appointed a dedicated manager to the Foundation, and are focused on increasing awareness of the Foundation internally to take us closer to achieving the 1% pledge across all three areas. Our aim is to grow the number of employees volunteering by 5% each year. We will also be launching our inaugural Workplace Giving program in the 2019 calendar year.

We are proud of the work of the TechnologyOne Foundation and our contribution to our communities. During FY18, TechnologyOne was awarded:

- Winner of three 2018 **Australian Business Awards** for Community Contribution, Employer of Choice and Software Innovation.
- Ranked 30th in GoodCompany's **Top 40 Workplaces to Give Back 2018**

Environmental

We are committed to managing our business operations in an environmentally responsible manner. Our commitments are articulated in our Environment Policy, which is communicated to our employees.

Our main direct use of energy is from our facilities. We actively seek energy efficient offices. Employees at our headquarters in Brisbane's Fortitude Valley enjoy working in a 6-Star Green Star rated building with sustainability features including:

- CO2 monitoring to track and adjust ventilation rates
- Energy efficient lighting
- 90% of the water for landscape irrigation is sourced from onsite rainwater collection or recycled site water
- Sub-metering of energy use

With offices around Australia and globe, we have a travel footprint. Where possible, we make use of collaborative software and web-based video conferencing to reduce the need for travel.

Electronic waste

We recognise that the lifecycle of electronic hardware is a significant and growing issue that is highly relevant to our sector. New equipment purchased by our Corporate Systems department considers the overall efficiency of the device. Additionally, where fit for purpose, practical to business usage and acceptable to budget, recycled IT equipment will be selected.

We undertake to repair our electronic equipment if the unit is less than half way through its prescribed lifecycle. Obsolete equipment is disposed of via vendor recycling programs or social enterprise initiatives through Substation33.

This year, TechnologyOne HQ has donated over 2,516kg of IT waste to a local social enterprise initiative. Substation33 provides training and employment opportunities through the recycling of electronic waste. These projects provide an opportunity for up-cycling and e-waste diversion from land-fill, which has environmental benefits, and skills development and transfer between professional mentors and volunteers, students and people seeking to return to the workforce, which provides social and economic benefits to the community.

We also act as a collection point for other organisations to leave their e-waste for Substation33.

[TechnologyOneCorp.com](https://www.TechnologyOneCorp.com)

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