



**MYOB Group Limited**

**ABN 61 153 094 958**

**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

# CORPORATE GOVERNANCE STATEMENT

MYOB Group Limited (“MYOB”) is committed to being ethical, transparent and accountable. Sound and effective corporate governance is critical to meeting these standards. The Board of MYOB has established, and is continuing to enhance, an appropriate corporate governance framework to ensure the highest standard of ethical conduct to protect and enhance the interests of shareholders and other stakeholders.

## **Compliance with the 3<sup>rd</sup> edition ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Principles”)**

This statement has been approved by the Board on 23 February 2018 and describes the key corporate governance practices in place as at that date. This statement also describes the extent to which MYOB has followed the Recommendations in the ASX Principles during the 2017 calendar year (“Reporting Period”).

This statement should be read in conjunction with the materials in the Investor Centre of the MYOB website, which includes our Annual Report: <http://investors.myob.com.au/Investors/>

## 1 Role of the Board

(Corporate Governance Principles and Recommendations: 1)

### **Relevant governance documents:**

[Board Charter](#)  
[Constitution](#)

The Board is responsible for ensuring that management’s objectives and activities are aligned with the expectations and risks identified by the Board. The Board monitors the operational and financial position of MYOB. The roles and responsibilities of the Board are set out in the Board Charter. This Charter and the MYOB constitution help delineate the roles, responsibilities and powers of the Board as compared to management. Copies of these documents are available in the Investor Centre section on MYOB’s website (in compliance with Recommendation 1.1 of the ASX Principles): <http://investors.myob.com.au/Investors/?page=corporate-governance>

The Board is responsible for the overall operation and stewardship of MYOB and, in particular, for the long-term growth and profitability of MYOB, the strategies, policies and financial objectives of MYOB, and for monitoring the implementation of those policies, strategies and financial objectives.

In performing the responsibilities set out in the Board Charter, the Board will act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by MYOB’s constitution and by law. The Board will review and reassess this Charter periodically and, if required, make any amendments to the Charter.

## 2 Board structure and composition

(Corporate Governance Principles and Recommendations: 1, 2)

### **Relevant governance documents:**

[Board Charter](#)  
[Constitution](#)  
[Diversity Policy](#)

### **2.1 BOARD STRUCTURE**

The Board is structured so that its membership provides the mix of qualifications, skills and experience to enable it to discharge its responsibilities, and so that its size facilitates effective discussion and efficient decision making.

As at the date of this Statement, the Board comprises seven Directors, with six Non-Executive Directors (four of which are independent, including the Chair), and one Executive Director (the CEO). For a profile of the Directors, including his or her length of service, skills, qualifications, experience, relevant expertise and year of

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appointment, please refer to MYOB's Annual Report at pages 23 – 25, which is available at: <http://investors.myob.com.au/Investors/>.

### 2.2 DIRECTOR INDEPENDENCE

The Board recognises the important contribution that independent Directors make to good corporate governance. Each Director is required to act in the best interests of MYOB and is expected to exercise unfettered and independent judgement.

Recommendation 2.4 of the ASX Principles provides that a majority of the board of a listed entity should be independent Non-Executive Directors. The Board defines an independent Director as a director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of MYOB and our shareholders generally. In assessing the independent status of a director, the Board considers the 'factors relevant to assessing the independence of a Director' set out in the ASX Principles and other facts, information and circumstances that the Board considers relevant.

MYOB complied with Recommendation 2.4 of the ASX Principles during the Reporting Period, with the majority of the MYOB Board Directors (four out of seven) considered independent: Justin Milne (Non-Executive Director, Chairman), Andrew Stevens (Non-Executive Director), Anne Ward (Non-Executive Director) and Fiona Pak-Poy (Non-Executive Director). The two other Non-Executive Directors on the Board (Craig Boyce and Edward Han) are not considered to be independent due to their relationship with Bain Capital (MYOB's largest shareholder as at the date of this Statement). As CEO, Tim Reed is an Executive Director and so is not considered to be independent for the purposes of this Recommendation. It is noted that the roles of CEO and Chair of the Board are not held by the same person (consistent with Recommendation 2.5 of the ASX Principles).

The Board assesses the independence of new Directors upon appointment and will review the independence of all Directors periodically. Each Director is required to provide the Board with all relevant information to enable it to make this assessment. Directors do not participate in deliberations regarding their own independence.

### 2.3 TENURE, RETIREMENT AND ELECTION / RE-ELECTION

Each Director's term of appointment is subject to the provisions of the Corporations Act, the ASX Listing Rules, and the MYOB constitution. Each Director has a written agreement with MYOB which sets out the terms of their appointment (in compliance with Recommendation 1.3 of the ASX Principles).

No Director (other than the CEO) may hold office without re-election past the third AGM following their appointment or three years, whichever is longer.

Board support for Directors retiring and seeking re-election is not automatic. Prior to each AGM, the Board determines whether it will recommend to shareholders that they vote in favour of the re-election of each Non-Executive Director seeking re-election, having regard to any matters the Board considers relevant, including the Director's performance evaluation and his or her tenure.

MYOB will provide shareholders with all material information in our possession relevant to a decision on whether or not to elect or re-elect a Director in the relevant notice of meeting (in compliance with Recommendation 1.2(b) of the ASX Principles).

In the case of long-serving Directors who are standing for re-election at an AGM but who intend to retire from the Board within their next term, this intention to retire will be clearly disclosed in the AGM notice of meeting.

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## **2.4 NOMINATION AND APPOINTMENT OF NEW DIRECTORS AND BOARD DIVERSITY**

The Board and the Remuneration and Nomination Committee is responsible for the nomination, selection and appointment of new Directors. Where a need or gap is identified or arises, the Committee will commence a search process for potential appointees, which would involve a diverse candidate pool, with the assistance of external consultants as necessary. It is expected that the Chair and other Directors would also meet in person with potential appointees. Factors considered would include the capability of the candidate to devote the necessary time and commitment to the role, and potential conflicts of interest and independence. Appropriate background and other checks are undertaken by MYOB before a new Director is appointed or elected (in compliance with Recommendation 1.2(a) of the ASX Principles). The Board and the Committee also assess the range of qualifications, skills, experience, and diversity of gender, age, experience, relationships and background on the Board to enable the identification of particular competencies and perspectives that will best increase the Board's effectiveness.

## **2.5 INDUCTION OF NEW DIRECTORS AND ONGOING DEVELOPMENT**

New Directors are issued with a formal letter of appointment that sets out the key terms and conditions of their appointment, including the Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with Committee work.

To ensure the induction process runs smoothly, MYOB provides new Directors with important information relating to MYOB and its business in the lead up to, and shortly after, their appointment. Newly appointed Directors are also invited to attend one of our "MYOB Culture Days" for new MYOB team members. The Directors elected during the Reporting Period (Ms Fiona Pak-Poy and Mr Edward Han) both completed MYOB's induction program as planned.

In respect of ongoing development, Directors may request and undertake relevant training and professional development at MYOB's expense, where appropriate.

## **2.6 KNOWLEDGE, SKILLS AND EXPERIENCE**

Directors are expected to maintain the knowledge and skills required to discharge their duties and obligations. The Board is provided with papers, presentations and briefings on matters that may affect MYOB's business or operations, and is briefed on relevant changes in the legislative, regulatory or industry framework.

The Board uses a skills matrix to guide its assessment of the Directors and to identify any gaps in the collective skills of the Board. During the Reporting Period, each Director completed an assessment of their own capabilities against the 18 categories within the skills matrix (see below). These responses were reviewed by the Chair of the Board, who held discussions with the Directors individually. The collated responses were also discussed by the Board as a whole. This process helped the Board to reaffirm that the Directors (both individually and collectively) have a mix of skills, experience and expertise which is appropriate for MYOB.

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## **MYOB Board Skills Matrix**

Strategic Areas	Skills	Total out of 7 Directors*
Leadership & Governance	1. Strategy	7
	2. Innovation & Entrepreneurship	7
	3. CEO / Senior Executive level experience	6
	4. Other NED experience	6
	5. Corporate Governance	7
Financial & Risk	6. Financial Acumen	7
	7. Banking & Treasury	6
	8. Risk & Compliance	6
Understanding of business and industry	9. Software As A Service	7
	10. Information Technology	6
	11. ANZ Accounting Market	5
	12. ANZ SME Market	6
Business Experience	13. M&A and capital markets experience	5
	14. Business development / access to networks	7
	15. Marketing	7
Other Areas	16. HR / remuneration	7
	17. Government, public policy and regulatory	5
	18. Diversity & inclusion	7

*\* This column represents the number of Directors rated as being 'competent' or higher in respect of the relevant skill. In the event a Director was rated as being between rating levels, the lower level has been used.*

Further information concerning the skills, expertise and experience of individual Directors is set out in MYOB's Annual Report at pages 23 – 25, which is available at: <http://investors.myob.com.au/Investors/>

## **2.7 BOARD ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE**

Directors have unrestricted access to management. Management is expected to provide regular detailed financial and operational reports in a form and timeframe and of a quality that enables the Board to discharge its duties effectively. Directors may request additional information where necessary to make informed decisions.

The Board Charter sets out the circumstances and procedures pursuant to which a Director may seek independent professional advice at MYOB's expense. A copy of the Board Charter can be viewed here: <http://investors.myob.com.au/Investors/?page=corporate-governance>

## **2.8 CONFLICTS OF INTEREST**

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests. Under the Corporations Act, the MYOB constitution and the Board Charter, Directors are required to disclose any conflicts and, unless an exception applies, abstain from participating in any discussion or voting on matters in which they have a material personal interest. A Director who discloses that they may have a conflict must follow the procedures developed by the Board to deal with such circumstances.

## **2.9 COMPANY SECRETARY**

The Company Secretary is appointed and removed by the Board and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board Committees (in compliance with Recommendation 1.4 of the ASX Principles).

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## 3 Operation of the Board

(Corporate Governance Principles and Recommendations: 2, 4, 7, 8)

### Relevant governance documents:

[Board Charter](#)

[Audit and Risk Management Committee Charter](#)

[Remuneration and Nomination Committee Charter](#)

### 3.1 BOARD COMMITTEES

The Board has established the Audit and Risk Management Committee, and the Remuneration and Nomination Committee as standing Committees. Each standing Committee operates under a charter, approved by the Board, which sets out the authority, membership and responsibilities of the Committee, together with any relevant administrative arrangements and any other matters considered appropriate by the Board. Both charters were reviewed during the Reporting Period.

The role of Committees is to advise and make recommendations to the Board. The Committees do not have decision making authority except as expressly stated in the relevant charter or as authorised by the Board.

The Board will periodically review the appropriateness of the existing Committee structure, as well as the membership and the charter of each Committee.

The composition of each Committee (set out below) complies with Recommendations 2.1(a)(1) - (2) and 8.1(a)(1) - (2) (in respect of the Remuneration and Nomination Committee), and 4.1(a)(1) - (2) and 7.1(a)(1) - (2) (in respect of the Audit and Risk Management Committee). The number of meetings held by each Committee during the Reporting Period and each member's attendance at those meetings are set out in the Directors' Report in MYOB's Annual Report at page 36, which is available at <http://investors.myob.com.au/Investors/>. All Directors are invited to attend Committee meetings.

Committee	Members <sup>1</sup>	Composition	Key Responsibilities
<b>Audit and Risk Management Committee</b>	Andrew Stevens (Chair) Craig Boyce Justin Milne	<ul style="list-style-type: none"><li>Only Non-Executive Directors, the majority of which are independent</li><li>At least three members, each of whom is financially literate</li><li>At least one member who has accounting and / or related financial management expertise</li><li>Members who have an understanding of the industries in which the company operates</li><li>An independent Chair who is not also Chair of the Board</li></ul>	<ul style="list-style-type: none"><li>Integrity of financial reporting</li><li>Effectiveness of risk management framework and of systems of financial risk management and internal control</li><li>Internal and external audit scope and effectiveness</li></ul>
<b>Remuneration and Nomination Committee</b>	Anne Ward (Chair) Edward Han Fiona Pak-Poy Andrew Stevens	<ul style="list-style-type: none"><li>Only Non-Executive Directors, the majority of which are independent</li><li>At least three members, with at least one member having expertise in remuneration</li><li>An independent Chair</li></ul>	<ul style="list-style-type: none"><li>Remuneration of Directors, performance and remuneration of, and incentives for, the CEO and other senior executives</li><li>Remuneration strategies, practices and disclosures generally</li><li>Size and composition of the Board and new Board appointments</li><li>Board, Committee and Director performance</li><li>Board and senior executive succession planning</li></ul>

<sup>1</sup> The membership of the Remuneration and Nomination Committee changed during the Report Period: (a) Mr Paul Edgerley resigned from the Committee effective 27 April 2017; and (b) Mr Edward Han and Ms Fiona Pak-Poy became members of the Committee immediately following Mr Edgerley's resignation.

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## 3.2 SPECIAL PURPOSE COMMITTEES

As and when required the Board may establish special purpose Committees to give detailed consideration to specific matters.

## 3.3 PERFORMANCE OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

The performance of the Board, its Committees and individual Directors is reviewed formally on an annual basis to ensure that each are working effectively and efficiently to fulfil their roles. As part of this process, the Chairman meets with each Non-Executive Director to discuss their individual performance. The Chair of the Audit and Risk Management Committee meets annually with the Chairman of the Board to discuss that Chairman's performance. In preparation for these meetings, the reviewee completes a performance review self-assessment questionnaire, which is considered by the reviewer. Following these individual reviews, the Chairman of the Board chairs a discussion of outcomes with the whole Board. This discussion also considers feedback provided by the Executive Team during the review process.

Such performance evaluations were conducted during the Reporting Period (in compliance with Recommendation 1.6(b) of the ASX Principles).

## 3.4 PERFORMANCE OF SENIOR EXECUTIVES

Each senior executive has a written service agreement that clearly sets out their role and responsibilities, and MYOB's expectations in terms of their performance (in compliance with Recommendation 1.3 of the ASX Principles).

The CEO and all other senior executives undergo a formal performance and development review twice each year. This review process occurred during the Reporting Period. At the commencement of each year the Board sets individual key performance indicators (KPIs) for the CEO, and approves individual KPIs set for other senior executives, against which their performance will be measured.

At the end of the year, the performance of the CEO is reviewed by the Board, and the CEO reviews the performance of each senior executive. The CEO and each senior executive are provided with feedback on their performance.

## 3.5 REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The remuneration of Non-Executive Directors consists entirely of Directors' fees and Committee fees. Non-Executive Directors do not receive any variable remuneration or other performance related incentives. MYOB does not operate any retirement benefit schemes for Non-Executive Directors. Further details of the remuneration paid to each Non-Executive Director during the Reporting Period are set out in the Remuneration Report on page 46 of MYOB's Annual Report, which is available at <http://investors.myob.com.au/Investors/>.

For the Reporting Period, the remuneration of the CEO and other senior executives comprised fixed remuneration and short term incentives (cash bonuses). They are also eligible to participate in long term equity based incentives. MYOB's remuneration strategy and framework, and the remuneration package and outcomes for the CEO and other senior executives, are also described in detail in the Remuneration Report.

## 4 Ethical conduct and responsible decision-making

(Corporate Governance Principles and Recommendations: 1, 3)

The Board endeavours to lead by example when it comes to acting ethically and responsibly and has charged management with the responsibility for creating a culture within MYOB that promotes ethical and responsible behaviour. MYOB promotes ethical and responsible behaviour and is supported by the relevant governance policies listed below, each of which are reviewed on a regular basis:

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## Relevant governance documents:

[Code of Conduct](#)

[Diversity Policy](#)

[Risk Management Policy](#)

[Securities Trading Policy](#)

[Whistleblowers Policy](#)

## 4.1 CONDUCT AND ETHICS

MYOB's Code of Conduct sets the standards for how all of MYOB's directors, employees, consultants and contractors should act to ensure that MYOB's organisational values are upheld. All employees are expected to align their actions with the Code and the values whenever they are representing MYOB. The Code refers employees to relevant MYOB policies for further information and guidance. It also encourages employees who become aware of unethical behaviours to report these to the Chair of the Audit and Risk Management Committee, Company Secretary or MYOB's auditors.

## 4.2 WHISTLEBLOWER PROTECTION

In keeping with the spirit of the Code of Conduct, MYOB has a Whistleblowers Policy to encourage Directors, senior executives, other employees, contractors and suppliers who have witnessed, or know about, any misconduct to report it without fear of reprisal. The policy sets out how MYOB will respond to, and investigate, reports of misconduct, and outlines the protections available to those who make a whistleblower report in good faith.

## 4.3 SECURITIES TRADING

MYOB has a Securities Trading Policy that establishes a procedure for dealings by Directors, senior executives and employees of MYOB and its group entities in MYOB securities, and in securities of other entities.

The policy prohibits Directors and all personnel from dealing in securities at any time if they are in possession of "inside information". Dealing is also not permitted by Directors and certain restricted employees during designated "Prohibited Periods" except with prior approval in exceptional circumstances (as outlined in the policy).

Directors and all personnel may generally deal in securities during "Open Periods", however Directors and certain restricted employees must seek prior approval in accordance with procedures set out in the policy.

The policy also prohibits buying and selling securities on a short-term basis (within six months) except in exceptional circumstances.

## 4.4 DIVERSITY

MYOB's workforce is made up of individuals with diverse skills, values, backgrounds, experiences and needs. We value this diversity and recognise the organisational strength, innovation, flexibility, productivity and competitiveness that it brings.

Building an inclusive environment enables us to attract a variety of people, and to select and develop a workforce from all available talent, whose diversity reflects that of the clients and communities MYOB serves.

### Gender Diversity Profile

As a "relevant employer" under the Workplace Gender and Equality Act, MYOB publishes "Gender Equality Indicators", which can be found on the MYOB website:

<http://investors.myob.com.au/Investors/?page=corporate-governance>



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## Diversity Principles

MYOB's approach to diversity is underpinned by the following principles:

- a) promoting principles of fairness and best outcome when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements;
- b) having a transparent process for the review and appointment of senior management positions and Board members;
- c) recruiting from a diverse pool of qualified candidates, engaging professional search / recruitment firms where appropriate, advertising vacancies widely, making efforts to identify prospective employees who have diversity attributes and ensuring diversity of members on the selection / interview panel for new employees at all levels;
- d) encouraging and fostering a commitment to diversity by leaders at all levels
- e) recognising that all employees have different personal backgrounds, lifestyle preferences, and family circumstances;
- f) reinforcing with our people that discrimination, harassment, vilification and victimisation will not be tolerated within MYOB;
- g) continuing to review and develop policies and procedures to ensure diversity within the organisation; and
- h) ensuring key performance indicators for senior management to measure the achievement of diversity objectives under MYOB's Diversity Policy.

## **Key Initiatives in 2017**

Through this reporting period a number of initiatives were introduced and expanded to progress our Diversity and Inclusion objectives, including:

- a) The implementation of Unconscious Bias training for all leaders across MYOB, aimed at improving inclusive practices within and across teams, in recruitment, development and promotion;
- b) Gender Pay Equity analysis, pay adjustments and the introduction of regular reporting on pay equity across Divisions to ensure continued progress, and the commitment to become a Pay Equity Ambassador by our CEO, Tim Reed;
- c) Active membership by Tim in the Male Champions of Change community, ensuring we continue to progress these commitments to gender equality both internally and externally;
- d) Particular emphasis on the search for and appointment of Female talent into Technical and Engineering roles, with more than 40% of our 2018 Graduate Intake in these areas being women;
- e) 'Listening' sessions with all employees at different career stages, across the organisation broadly and within Engineering specifically, to understand their individual experiences and the opportunities they see for further enhancing inclusion at MYOB;
- f) Making further improvements to our Parental Leave Policies by extending the period of benefit, increasing the choice of timing of payments, and ensuring the relevance of our policies to parents accessing a wider range of options in how they are expanding and caring for their families; and
- g) Delivering a Wellness Week, covering physical, mental and financial wellness advice, information and activities relevant for our diverse employee community.

## **Measurable Objectives**

MYOB's Diversity Policy includes requirements for the Board (or relevant Committee of the Board) to set measurable objectives for achieving gender diversity and to assess annually both the objectives and our progress in achieving them (in compliance with Recommendation 1.5(a) of the ASX Principles). The objectives which were approved by the Remuneration and Nomination Committee and the Board at the beginning of 2016, together with our progress to date, are set out on the following page.

Management will continue to monitor, review and report at least annually to the Board (including via the Remuneration and Nomination Committee) on the achievement of these objectives and MYOB's progress under the Diversity Policy more broadly. A copy of MYOB's Diversity Policy can be viewed here:

<http://investors.myob.com.au/Investors/?page=corporate-governance>

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### MYOB Diversity Objectives – Performance to 31 December 2017

Objective 1: Grow the number of women performing senior leadership roles <sup>2</sup>					
Measures	End CY15 Actual	End CY16 Actual	Position as at 31 December 2017	End CY18 Target	Long Term Target
Increase representation of women in senior management <sup>3</sup>	33%	33%	38%	40%	40%
Increase number of female Board Directors	1 female Board Director	1 female Board Director	2 female Board Directors	2 female Board Directors	40%
Objective 2: Diversity in Hiring & Promotion					
Maintain a gender diverse workforce	38% female	41% female	41%	>40% female	>40% female
Objective 3: Identify diverse talent across the business and create programs that prepare them to take on more senior roles in the business					
Participation of women in MYOB Leadership Programs <sup>4</sup>	39%	33%	29%	>45%	>45%
Objective 4: Inclusive and collaborative work practices					
Maintain a high rate of return after parental leave	87.5%	83%	94%	>85%	>85%
Ensure similar levels of engagement for both male and female employees	+5% point difference	+6% point difference	+2% point difference	<+/-5% points	<+/-5% points
Undertake a pay gap analysis annually and address any findings	-	<ul style="list-style-type: none"> <li>Approach determined and analysis in progress</li> <li>Any pay gaps identified to be addressed in CY17</li> </ul>	Completed	Completed	Complete annually

<sup>2</sup> MYOB targets a 40% minimum representation of each gender across the organisation.

<sup>3</sup> 'Senior management': CEO, Executive (CEO -1 or -2), Senior Managers (CEO -2) and selected senior personnel (CEO – 3).

<sup>4</sup> A revised Leadership Program is being developed and will be launched in CY18.

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## 4.5 SUSTAINABILITY

MYOB strives to run its business in ways that produce social, economic and environmental benefits for the communities we serve in Australia and New Zealand. As a successful public company, we seek to ensure that our shareholders get a healthier return from investing in MYOB than elsewhere. We understand that long-term future success depends upon improving our reputation, enhancing employee morale, finding new revenue streams and ensuring efficiency. We pay attention to the expectations of our employees and stakeholders, while respecting and working to improve the communities which we serve.

MYOB has a relatively low environmental impact and as such, our biggest environmental impacts come from travel, energy and consumables (including paper, water consumption and waste management). We take steps to improve and measure our environmental impact through office-based initiatives carried out by our facilities team, and addressing the social and environmental impacts of our core products and services.

## 5 Integrity in corporate reporting

(Corporate Governance Principles and Recommendations: 4)

### Relevant governance documents:

[Audit and Risk Management Committee Charter](#)  
[Risk Management Policy](#)

### 5.1 ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee assists the Board in overseeing the integrity of financial reporting, the effectiveness of systems of financial risk management and internal control, the internal and external audit functions and the effectiveness of the risk management framework and supporting risk management systems.

The CEO, the CFO, the internal auditor and the external auditor may be invited to attend Committee meetings. Other members of management and advisers may also be invited to attend meetings.

The Committee has unrestricted access to management and the auditors, and has the right to seek explanations and additional information. The Committee meets on a regular basis with the external auditor, and can meet separately with the internal auditor, without management present.

### 5.2 INDEPENDENCE / REMUNERATION OF THE EXTERNAL AUDITOR

MYOB's external auditor is PricewaterhouseCoopers. The effectiveness, performance and independence of the external auditor is reviewed by the Audit and Risk Management Committee. If it becomes necessary to replace the external auditor for performance or independence reasons, the Committee will formalise a procedure and policy for the selection and appointment of a new external auditor.

The Corporations Act requires the external auditor to make an annual independence declaration, addressed to the Board, declaring that the auditor has maintained its independence in accordance with the Corporations Act and the rules of professional accounting bodies. PricewaterhouseCoopers has provided an independence declaration to the Board for the Reporting Period. The declaration forms part of the Directors' Report in MYOB's Annual Report.

Details of the fees paid to PricewaterhouseCoopers during the reporting period, including a breakdown of fees paid for non-audit services, are set out in MYOB's financial notes in the Annual Report, which is available at <http://investors.myob.com.au/Investors/>. The Board has considered the nature of the non-audit services provided by PricewaterhouseCoopers during the Reporting Period and has determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the Corporations Act and that the auditor's independence has not been compromised.

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## 5.3 ATTENDANCE OF THE EXTERNAL AUDITOR AT AGM

As required by the Corporations Act and consistent with Recommendation 4.3 of the ASX Principles, MYOB's external auditor, PricewaterhouseCoopers, will attend the AGM and will be available to answer shareholder questions relevant to the audit and the preparation and content of the auditor's report.

## 5.4 FINANCIAL REPORTING – CEO AND CFO CERTIFICATIONS

In accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles, the Board has received certifications from the CEO and the CFO prior to approving the financial statements for MYOB for the financial year reporting period. The CEO and CFO state in these certifications that, in their opinion, the financial records of the entity have been properly maintained, 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. The CEO and CFO have also declared that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (as per Recommendation 4.2 of the Principles).

## 6 Continuous disclosure

(Corporate Governance Principles and Recommendations: 5)

### Relevant governance documents:

[Continuous Disclosure Policy](#)

MYOB has a Continuous Disclosure Policy that establishes a best practice procedure for compliance with our continuous disclosure obligations, provides guidance for the identification of material information and requires the reporting of such information to the Company Secretary and other key personnel for review. The policy also ensures that MYOB and its personnel are aware of the penalties for a contravention of MYOB's continuous disclosure obligations.

The Company Secretary is responsible for the overall administration of the Continuous Disclosure Policy, including communications with ASX in relation to continuous disclosure issues. Under the policy, personnel must immediately notify the Company Secretary or other select personnel as soon as they become aware of information that should be considered for release to ASX. The Company Secretary ultimately reviews that information, determines in consultation with senior executives, the Board and / or external advisors whether disclosure is required and, if so, co-ordinates the actual form of the disclosure, its approval and prompt release.

MYOB seeks to ensure that its announcements are factual, complete, balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

All information disclosed to ASX which is released to the market is promptly posted on the MYOB website. Presentations to investors and analysts given in conjunction with the release of MYOB's financial results or the announcement of a major new initiative or development are released to ASX immediately prior to the making of those presentations.

## 7 Communications with stakeholders (including shareholders)

(Corporate Governance Principles and Recommendations: 6)

### Relevant governance documents:

[Communications Policy](#)

We place great importance on engaging with our stakeholders and providing them with appropriate information and facilities to allow them to exercise their rights as stakeholders effectively. This includes giving

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them ready access to information about MYOB, communicating openly and honestly with them, and encouraging and facilitating their participation at shareholder meetings.

As a leading technology company, MYOB seeks to make the best use of technology within its Investor Relations programme. Shareholders are encouraged to receive information from, and communicate with, both MYOB and its share registry in electronic format, which is in line with MYOB's commitment to technology and sustainability (noting that Recommendation 6.4 of the ASX Principles is also satisfied). The Communications Policy (see hyperlink above) further outlines how we communicate with our stakeholders.

### 7.1 WEBSITE

Ready access to information about MYOB and all relevant corporate governance information is available via the MYOB website. The website has a "corporate governance" landing page within the Investor Centre that stores all the governance-related documents: <http://investors.myob.com.au/Investors/?page=corporate-governance>. All ASX announcements are promptly posted on the website in the Investor Centre. The annual and half year results presentations, financial statements, media releases, key dates, and other communications material are also published on the website.

### 7.2 INVESTOR ENGAGEMENT

MYOB has a comprehensive shareholder engagement program which includes briefings, presentations and events. The program includes scheduled and ad-hoc briefings with institutional and private investors, analysts and the financial media and aims to provide a forum for two-way communications between MYOB and these stakeholders (fulfilling Recommendation 6.2 of the ASX Principles).

### 7.3 MEETINGS OF SHAREHOLDERS

MYOB regards shareholder meetings (such as the AGM) as important opportunities to communicate with shareholders. It is also a major forum for shareholders to ask questions about the performance of MYOB and to provide feedback to MYOB about information they have received.

MYOB welcomes and encourages shareholder attendance and participation at all shareholder meetings. The full text of notices of meeting and explanatory material is published on the MYOB website. MYOB's Communications Policy (available on the Investor Centre page of MYOB website) further explains how we look to facilitate and encourage participation at shareholder meetings.

## 8 Risk management

(Corporate Governance Principles and Recommendations: 7)

### Relevant governance documents:

[Audit and Risk Management Committee Charter](#)  
[Risk Management Policy](#)

### 8.1 RISK MANAGEMENT FRAMEWORK

While the Board is ultimately responsible for overseeing the implementation of an effective system of risk management and internal control, it has established the Audit and Risk Management Committee to assist it in meeting this responsibility. Management also plays an important role in risk management, including the designing, implementing and maintaining a sound system of risk management and internal control. The roles and responsibilities relating to risk management are summarised in the governance documents referred to at the beginning of this section.

MYOB has developed and implemented a tailored enterprise-wide Risk Management Framework to further ensure that the business has a consistent, rigorous, proactive approach to the identification, assessment and management of risk.

## **CORPORATE GOVERNANCE STATEMENT**

MYOB believes that the foundation of effective risk management is the provision of a consistent and transparent view of key risks to the Audit and Risk Management Committee and the Board, enabling both to assess the adequacy of management's strategies and treatments relating to those risks. MYOB's Risk Management Framework allows this reporting and assessment to occur in the most efficient way.

MYOB's Risk Management Framework was reviewed by Audit and Risk Management Committee during the Reporting Period to ensure it continues to be sound (as per Recommendation 7.2(a) of the ASX Principles). The Risk Management Framework is also actively managed by the senior executive team in conjunction with management.

### **8.2 INTERNAL AUDIT FUNCTION**

MYOB has appointed an external service provider (Deloitte Touche Tohmatsu) to deliver the internal audit service.

Internal Audit provides independent and objective assurance on the adequacy and effectiveness of MYOB's systems for internal control, together with recommendations to improve the efficiency of the relevant systems and processes.

Internal Audit operates under a plan approved by the Audit and Risk Management Committee and has full access to all functions, records, property and personnel of the MYOB Group. Internal Audit administratively reports to the CFO and has a direct communication line to the Chair of the Audit and Risk Management Committee.

A risk based approach is used to focus assurance activities and the internal audit plan is presented annually to the Audit and Risk Management Committee for approval. The results of internal audit activities will be reported to the Audit and Risk Management Committee.

### **8.3 MATERIAL RISK DISCLOSURE**

MYOB's Risk Management Policy supports our strategy of creating an environment in which risk management underpins consistently good practice, enabling informed decisions that optimise returns within a specified appetite for risk.

MYOB is exposed to variety of risks due to the nature of its operating environment. Many of these risks are inherent to our industry and have the potential to negatively impact on results if not managed effectively. MYOB's core risks and the way these are managed are discussed further on page 35 of our 2017 Annual Report, which is available at <http://investors.myob.com.au/Investors/>

MYOB does not believe that it has a material exposure to the risks identified in Recommendation 7.4 of the ASX Principles.