



MYOB Group Limited

ABN 61 153 094 958

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

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 3rd edition ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Principles”)

This statement has been approved by the Board on 24 February 2016 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 for the period from ASX listing (4 May 2015) through to the end of our 2015 Financial Year (ended 31 December 2015) (“Reporting Period”).

This statement should be read in conjunction with the materials in the Investor Centre of the MYOB Group 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](#)

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. A copy 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 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 at least annually 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](#)

[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.

The Board currently comprises six Directors, with five Non-Executive Directors (three of which are independent), including the Chair, and one Executive Director, the CEO. Each Director, his or her length of service, skills, qualifications, experience, relevant expertise and year of appointment are set out in MYOB’s Annual Report at pages 26-27, which is available at: <http://investors.myob.com.au/Investors/>.

CORPORATE GOVERNANCE STATEMENT

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.

Currently, half the MYOB Board Directors (three out of six) are considered independent: Justin Milne (Non-Executive Director, Chairman), Andrew Stevens (Non-Executive Director) and Anne Ward (Non-Executive Director). The two other Non-Executive Directors on the Board (Craig Boyce and Paul Edgerley) have been nominated by Bain Capital (currently MYOB's majority shareholder) and are not considered to be independent due to this relationship. As CEO, Tim Reed is an Executive Director and so is not considered to be independent for the purposes of this Recommendation. The roles of CEO and Chair of Board are not held by the same person (consistent with Recommendation 2.5 of the ASX Principles).

Given its current Board composition, MYOB does not comply with Recommendation 2.4, noting that this divergence was disclosed in the IPO Prospectus (see sections 6.4.1 and 6.4.2). Although MYOB does not comply with this Recommendation, it is important to reiterate the following:

- the Board considers that the Directors nominated by Bain Capital (Craig Boyce and Paul Edgerley) add significant value given their considerable experience and skills, and bring (and will continue to bring) objective judgement to the Board's deliberation; and
- subject to the ASX Listing Rules, the independent Chairman has a casting vote (in addition to a deliberative vote) in the case of an equality of votes on a resolution at a Board meeting.

The Board assesses the independence of new Directors upon appointment and will review the independence of all Directors annually. 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 constitution.

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.

CORPORATE GOVERNANCE STATEMENT

2.4 NOMINATION AND APPOINTMENT OF NEW DIRECTORS AND BOARD DIVERSITY

The Board and 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 may 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 will be undertaken before the Committee makes a recommendation to the Board for appointment or election (in compliance with Recommendation 1.2(a) of the ASX Principles). The Board and the Committee will 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.

In the lead up to listing on ASX in May 2015, MYOB undertook an extensive process to source appropriate candidates to ensure that the skills, experience and diversity on the Board reflected the various areas relevant to MYOB's core capabilities and strategic objectives. The Board members were provided with background industry information, previous financial and business results and information on MYOB's strategic initiatives. The composition of the Board has not changed since listing on ASX.

Given the extensive work undertaken last year to establish an appropriate Board, MYOB has not yet established a formal matrix of Board skills (as per Recommendation 2.2 of the ASX Principles). Such a matrix is currently being developed.

Further information concerning the skills and experience of the Board is set out in MYOB's Annual Report at pages 26 - 27, which is available at: <http://investors.myob.com.au/Investors/>

2.5 INDUCTION OF NEW DIRECTORS AND ONGOING DEVELOPMENT

New Directors will be 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.

Given the stability of the Board since ASX listing last year (no new directors have been appointed), MYOB has not yet established a formal program for inducting new directors (as per Recommendation 2.6 of the ASX Principles). This program is currently being developed.

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

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>

CORPORATE GOVERNANCE STATEMENT

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 constitution and the Board Charter, Directors are required to disclose any conflicts and 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 will be appointed and removed by the Board and be accountable directly to the Board, through the Chairperson of the Board, 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).

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 two standing Committees: the Audit and Risk Management Committee, and the Remuneration and Nomination Committee. 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.

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 30, which is available at <http://investors.myob.com.au/Investors/>. All Directors are invited to attend Committee meetings.

Committee	Members	Composition	Key Responsibilities
Audit and Risk Management Committee	Andrew Stevens (Chair) Craig Boyce Justin Milne	<ul style="list-style-type: none">• Only Non-Executive Directors, the majority of which are independent• At least three members, each of whom is financially literate• At least one member who has accounting and / or related financial management expertise• Some members who have an understanding of the industries in which the company operates• An independent Chair who is not also Chair of the Board	<ul style="list-style-type: none">• Integrity of financial reporting• Effectiveness of risk management framework and of systems of financial risk management and internal control• Internal and external audit scope and effectiveness

CORPORATE GOVERNANCE STATEMENT

Committee	Members	Composition	Key Responsibilities
Remuneration and Nomination Committee	Anne Ward (Chair) Paul Edgerley Andrew Stevens	<ul style="list-style-type: none"> Only Non-Executive Directors, the majority of which are independent At least three members, with at least one member having expertise in remuneration An independent Chair 	<ul style="list-style-type: none"> Remuneration of Directors, performance and remuneration of, and incentives for, the CEO and other senior executives Remuneration strategies, practices and disclosures generally Size and composition of the Board and new Board appointments Board, Committee and Director performance Board and senior executive succession planning

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

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).

Board member performance will be reviewed formally on an annual basis so that individual directors and the Board and subcommittees are continuously working effectively and efficiently to fulfil their roles as per the Board and Committee Charters.

Due to the recent listing on the ASX, which involved careful consideration of the Board and its composition (including its Committees), no formal performance evaluations were conducted during the Reporting Period (as per Recommendation 1.6(b) of the ASX Principles). MYOB will, however, continually monitor the performance of the Board, Board Directors and the Committees of the Board to ensure conduct is in line with best practice. Performance will be reviewed against the Board Charter, Committee Charters and MYOB constitution to ensure all individuals and committees are fulfilling their roles appropriately. A copy of all these documents can be viewed here: <http://investors.myob.com.au/Investors/?page=corporate-governance>

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 will review the performance of each senior executive and report to the Board through the Remuneration and Nomination Committee on the outcome of these reviews. The CEO and each senior executive will be 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 35 of MYOB's Annual Report, which is available at <http://investors.myob.com.au/Investors/>.

CORPORATE GOVERNANCE STATEMENT

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.

The rules of MYOB's current Long Term Incentive Plan were disclosed at the time of ASX listing and are available here: <http://www.asx.com.au/asxpdf/20150504/pdf/42ybfj5q2mhj6f.pdf>

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:

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.

CORPORATE GOVERNANCE STATEMENT

4.4 DIVERSITY

MYOB's workforce is made up of individuals with diverse skills, values, backgrounds, experiences and needs. MYOB values this diversity and recognises the organisational strength, opportunities for innovation and other corporate benefits that diversity brings. MYOB has developed practices, programs and initiatives to support and assist with improving diversity at all levels of the business.

MYOB believes that genuine diversity drives strategic advantage and contributes to the achievement of our corporate objectives. It enables MYOB to attract people with the best skills and attributes, and to develop a workforce selected 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>

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

- a) promoting the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements;
- b) having an overall transparent process for the review and appointment of senior management positions and Board members;
- c) recruiting from a diverse pool of qualified candidates, where appropriate engaging a professional search / recruitment firm, advertising vacancies widely, making efforts to identify prospective employees who have diversity attributes and ensuring diversity of members on the selection / interview panel when selecting and appointing new employees (including senior management) and new Board members;
- d) embedding the importance of diversity within MYOB's culture by encouraging and fostering a commitment to diversity by leaders at all levels whilst recognising that diversity is the responsibility of all employees;
- e) recognising that employees may have family responsibilities;
- f) reinforcing with our people that in order to have a properly functioning and diverse workplace, discrimination, harassment, vilification and victimisation will not be tolerated within MYOB; and
- g) continuing to review and develop policies and procedures to ensure diversity within the organisation, including with the adoption of key performance indicators for senior management to measure the achievement of diversity objectives under MYOB's Diversity Policy.

Key Initiatives and Programs

MYOB has introduced and / or maintains the following programs and initiatives to assist with improving diversity within the organisation:

- a) **Equal Employment Opportunity** – stating our commitment to eliminating all forms of unlawful discrimination, harassment, bullying and victimisation in the workplace.
- b) **Merit-based appointments** – our approach enables us to attract, retain and promote capable and diverse employees in order to maximise their contribution and potential. We ensure a fair and objective process for all appointments, ensuring access to and consideration of the broadest pool of candidates.
- c) **Core values** – our values ensure that high standards of behaviour and conduct, including innovation and collaboration are maintained. Trust, respect and fairness are implicit in our culture.
- d) **Occupational Health and Safety** – the health, safety and wellbeing of our people, visitors, contractors and clients are of paramount importance to our business.
- e) **Flexibility** – we aspire to recruit and retain the best talent to help our clients succeed. We are adaptable in the way we work to meet the needs of our employees and the clients we serve. Flexible work arrangements including school hours, additional leave and work from home are available to employees to accommodate their circumstances, whilst meeting business requirements.

CORPORATE GOVERNANCE STATEMENT

- f) **Leave** – MYOB recognises that people have different needs and priorities at different stages of life and career. We offer a range of options which include paid parental leave, the continuation of Superannuation and workplace savings on periods of unpaid parental leave, a leave purchase scheme and time in lieu.
- g) **Employee Benefits & Wellbeing** – we consider physical and emotional wellbeing to be vital to our people performing at their best. Our comprehensive #MYOBLIFE benefits program provides access to psychological, financial, legal and nutritional counselling for employees and their families, and our office facilities promote fitness and fun including cycling facilities, yoga classes, fresh fruit and games.
- h) **Personal Development** – MYOB’s Life Lab, as part of our award winning Learning Lab, offers a comprehensive range of personal development options including topics such as Balancing Work & Life, Estate Planning, Financial Literacy, How to Stay Calm, How to Make a Difference and How to be Confident.

Measurable Objectives

Prior to listing on ASX, MYOB adopted a Diversity Policy which 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 MYOB’s progress in achieving them (in compliance with Recommendation 1.5(a) of the ASX Principles). Below are the current objectives approved by the Remuneration and Nomination Committee and the Board:

Objective 1: Incrementally grow the number of women performing senior leadership roles		
Measures	2015 Actual	2018
Increase women in senior management. Senior management includes: CEO Executive (CEO -1) Senior Manager (CEO -2) Selected personnel (CEO – 3)	33%	40%
Increase number of female Board Directors	17%	30%
Objective 2: Diversity in Hiring & Promotion		
Maintain a gender diverse workforce	38% 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		
Ensure proportionate participation of men and women on the MYOB Leadership Program	39%	>45%
Objective 4: Inclusive and collaborative work practices		
Maintain a high return to work after parental leave rate	87.5%	>85%
Ensure both male and female employees are similarly engaged, as measured by the MYOB employee survey	+5%	<+/-5%
Undertake a pay gap analysis annually and address any findings		

At least annually, management will monitor, review and report to the Board (including via the Remuneration and Nomination Committee) on the achievement of these matters, gender diversity and MYOB’s progress

CORPORATE GOVERNANCE STATEMENT

under the Diversity Policy more broadly. As part of this review process, MYOB adopted a new Diversity Policy on 24 February 2016, a copy of which can be viewed here:

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

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](#)

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 rights to seek explanations and additional information. The Committee meets on a regular basis with the external auditor, and will meet separately with the internal auditor (recently appointed), 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.

Mr Chris Dodd has been the lead audit engagement partner of PricewaterhouseCoopers in relation to the external audit of MYOB since 2011.

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

CORPORATE GOVERNANCE STATEMENT

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.

5.4 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.

5.5 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 the 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 the ASX. The Company Secretary ultimately reviews that information, determines in consultation with senior executives 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 the ASX is promptly posted on the MYOB website. Presentations to investors and analysts given in conjunction with the release of the Group's financial results or the announcement of a major new initiative or development are released to the 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

CORPORATE GOVERNANCE STATEMENT

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. 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.

In anticipation of ASX listing, MYOB reviewed and adopted the Risk Management Policy during the Reporting Period (see link above), as per Recommendation 7.2(b) of the ASX Principles. MYOB is also currently developing an 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 a 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 framework, strategies and treatments relating to those risks.

MYOB's risk management framework is overseen by the Audit and Risk Management Committee and will be reviewed at least annually to ensure it continues to be sound (as per Recommendation 7.2(a) of the ASX Principles). The risk framework is also actively managed by the senior executive team in conjunction with management.

8.2 INTERNAL AUDIT FUNCTION

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

Internal Audit will provide 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 will operate under a plan approved by the Audit and Risk Management Committee and will have 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 will be 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 pages 20 - 21 of our 2015 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.