

3rd February 2016

Further Information re ISS Proxy Advisors Report to vote against TechnologyOne Remuneration Report

TechnologyOne (ASX:TNE) would like to address inaccurate statements published in a report by ISS Proxy Advisory Services dated February 2nd, as this may have a significant impact on our forthcoming AGM, and on our company's performance. Our intent is to ensure that our shareholders are correctly informed.

TechnologyOne Executive Chairman Mr Adrian Di Marco said he is concerned with inaccuracies published in a report by ISS Proxy Advisory Services dated February 2nd and their recommendation to vote against TechnologyOne's Remuneration Report.

The reasons given by ISS on page 19 of the report to vote against TechnologyOne's Remuneration Report were as follows:

- the lack of disclosure of the quantified STI and LTI performance targets and divisional profits; and,
- governance concerns in passing the prior year's Remuneration Report at the Company's 2015 AGM on a show of hands, noting a substantial number of proxies against the resolution, and thereby not allowing all shareholders' rights to be exercised by counting all votes which were cast or eligible to vote for the purposes of the "two strikes" rule.

Mr Di Marco said: "TechnologyOne has been one of the best performing stocks on the ASX in recent years and has consistently delivered strong results since it listed on the ASX in 1999. It is acknowledged that the company's executives are paid in the lower to mid quartile of comparable companies, and that the remuneration has clearly grown in line with the company's performance. The remuneration framework employed by the company has been highly successful in delivering these outstanding results, yet ISS has recommended a vote against the company's Remuneration Report.

"TechnologyOne had engaged a division within ISS called ISS Corporate Solutions to work with us in the revamp the Remuneration Report, and we had believed that the new report provided all the necessary disclosures.

"If more disclosures are required, then we are more than prepared to provide them, but up until now we believed we had provided very good disclosures from the advice we had from ISS. It is always a tight line we have to walk between market disclosure, and providing our competitors information of a confidential nature that can be used against us at a later date."

The company also wishes to make clear that it is incorrect in the ISS report where it states, "in passing the prior year's Remuneration Report at the Company's 2015 AGM on a show of hands".

TechnologyOne has clarified this in a previous ASX release dated 15 July 2015, which stated:

"TechnologyOne complied with all ASX Listing Rules and Corporations Act provisions in relation to the conduct of its Annual General Meeting. As can be seen from the company's announcement on the 18 February 2015 the resolution in favour of accepting the Remuneration Report was passed on proxy votes and did not attract a "strike" as implied in the article.

"At the meeting itself, the procedure is to count both the proxies and those being cast from the floor of the meeting. Where there is any uncertainty the resolution will be put to a poll. Where it is absolutely clear that the combination of proxies and votes indicates either a yes or no vote, a poll is not called. It

was clear at our last AGM that all resolutions including the Remuneration Report resolution passed based on the proxies received and the votes in the room and that there was no need to go to a poll.”

In summary:

- TechnologyOne did not receive a strike on the Remuneration Report on proxy votes before the meeting
- There was no evidence that TechnologyOne’s conduct of the AGM was carried out other than in accordance with the requirements of the Corporations Law and ASX Listing Rules.

Mr Di Marco said: “There are also other significant errors in the ISS report. We were not given an opportunity to talk with ISS prior to publishing their report, to ensure that the facts are correct.

“It is disappointing to see ISS Proxy Advisory Services recommend a vote against our Remuneration Report, given our strong performance over many years, the payment of our executives in the low to mid quartile of comparative companies, and the fact our executive remuneration has clearly been well aligned to the creation of shareholder wealth, and the significant changes we have made to our Remuneration Report based on our recent engagement with ISS in the last six months.

“We are ultimately accountable to our shareholders, not ISS. If we do not deliver it is us, and our shareholders, that will suffer. We have already flagged in our most recent Annual Report that the changes we have made to our remuneration based on the push from ISS, is taking us into an unknown area, and could impact our high performance culture.

“I note that the ASX does not take this approach. The ASX publishes a guideline of what it sees as best practices, and asks companies to report against it, but the ASX also acknowledges that one size does not fit all, and ask companies to explain why they differ. It does not enforce a one size fits all approach, nor does it condemn companies if they differ. What is clear from the ASX approach is that ‘substance’ is more important than ‘appearance’ and this should be the same approach taken for remuneration.”

Mr Di Marco noted that proxy advisors Ownership Matters had recommended a vote in favour of TechnologyOne’s Remuneration Report. The company has been advised that GCI Glass will also be recommending a vote in favour of the Remuneration Report.

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About TechnologyOne

TechnologyOne (ASX:TNE) is Australia's largest enterprise software company and one of Australia's top 200 ASX-listed companies, with offices across six countries. 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 1,000 leading corporations, government departments and statutory authorities are powered by our software.

We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive, project intensive and corporate. For these markets we develop, market, sell, implement, support and run our preconfigured solutions, which reduce time, cost and risk for our customers.

For 28 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology. Today, our software is available on the TechnologyOne Cloud and across smart mobile devices.

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