

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

RECKON LIMITED

ABN/ARBN

003 348 730

Financial year ended:

31 December 2019

Our corporate governance statement¹ for the period above can be found at:²

☐ These pages of our annual report:

☒ This URL on our website: www.reckon.com/au/investors/governance/

The Corporate Governance Statement is accurate and up to date as at 12 March 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 12 March 2020

Name of authorised officer authorising lodgement: Myron Zlotnick

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

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

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

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: www.reckon.com/au/investors/governance/	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: www.reckon.com/au/investors/governance/ and we have disclosed the information referred to in paragraph (c) at: www.reckon.com/au/investors/governance/ in the Corporate Governance Statement</p> <p>and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p>[insert location]</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p>[insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p>www.reckon.com.au/investors/governance</p> <p>in the Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix at:</p> <p>www.reckon.com/au/investors/governance/</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: www.reckon.com/au/investors/governance and, where applicable, the information referred to in paragraph (b) at: www.reckon.com/au/investors/governance in the Corporate Governance Statement and the length of service of each director: in the Annual Report	<input type="checkbox"/> set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: www.reckon.com/au/investors/governance	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and (2) any other material breaches of that code that call into question the culture of the organisation.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: www.reckon.com/au/investors/governance	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: www.reckon.com/au/investors/governance	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: www.reckon.com/au/investors/governance	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/></p> <p>We do have an audit committee, further details set out in our Corporate Governance Statement.</p> <p>The charter is at www.reckon.com/au/investors/governance.</p> <p>Number of meetings disclosed in the Annual Report.</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: www.reckon.com/au/investors/governance	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: www.reckon.com/au/investors/governance	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: www.reckon.com/au/investors/governance in the Corporate Governance Statement	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/></p> <p>set out at www.reckon.com/au/investors/governance in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/></p> <p>set out at www.reckon.com/au/investors/governance in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<input type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: <i>[insert location]</i>	<input checked="" type="checkbox"/> set out at www.reckon.com/au/investors/governance in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at: www.reckon.com/au/investors/governance in the Corporate Governance Statement and, if we do, how we manage or intend to manage those risks at: <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/></p> <p>We do have a remuneration committee, further details set out in our Corporate Governance Statement.</p> <p>The charter is at www.reckon.com/au/investors/governance.</p> <p>Number of meetings disclosed in the Annual Report.</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in:</p> <p>the Remuneration Report in the Annual Report</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it at:</p> <p>the Trading Policy at www.reckon.com/au/investors/governance</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES NOT APPLICABLE			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES NOT APPLICABLE			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

CORPORATE GOVERNANCE STATEMENT

The company is committed to a system of relationships, policies and processes which align with the ASX Corporate Governance Principles and Recommendations, 4th Edition (“the ASX Principles and Recommendations”). It is a priority of the board to ensure the company’s governance framework and support processes uphold these principles.

The board notes that the Business Group (SME cloud, hosted and desktop accounting software and allied solutions business) although to some extent a mature business, in fact in the modern world to some extent mimics the operation of a business in a start-up phase as it grapples with maintaining its excellent legacy business with a transition to cloud technology in a competitive market. Similarly, the Legal Practice Management Group is also in a start-up phase, if only in relation to its new scan solution. In addition, the Accountant Group is in an ongoing process of transitioning to the cloud. Accordingly the company operates its businesses with a leaner board and management structure suitable to the strategy of the company. The governance practices of the company must be read against that background, especially in relation to the size and composition of the board of directors which is deliberately small to align with the size and demands of the business. This will be re-assessed over time.

The board is of the opinion that the company’s existing policies and processes effectively achieve the objectives of the relevant recommendations. The intention and spirit of the ASX Principles and Recommendations are integral to the company’s governance framework. They are incorporated into the management and decision-making processes of the company. The few departures from the recommendations in the ASX Principles and Recommendations are primarily only to the extent a governance policy or process was not formalised or because of the change to the size of the business and its status that is sometimes similar to that of a start-up enterprise. This is generally justified on the basis that while the objective of the recommendations has been adopted, the formal requirements of the recommendations were not considered applicable to the size of the company and the resources available at the time, or not adopted at all for the same reasons. Where appropriate, the board seeks opportunities to adopt these recommendations to suit the circumstances of the company and continue to improve the company’s governance policies and processes. As part of the board’s ongoing review and assessment of the company’s governance processes most of these policies and processes have been or are in the process of being formalised, where appropriate, as identified in this report.

The company’s governance related policies and documents can be viewed on the company’s website www.reckon.com. The board’s Corporate Governance documents can be viewed in the Shareholder Centre by clicking About Us link from the company’s website www.reckon.com (“website”).

This Statement discloses the extent to which the company follows the recommendations as at 31 December 2019 and has been approved by the board on 17 December 2019.

1. Lay Solid Foundations for Management and Oversight

The company is governed on behalf of the shareholders by its Board of Directors who in turn oversee the company's management team.

The board is of the opinion that its governance practices and policies comply with each of the recommendations relating to Principle 1. The company's governance practices are based on the principles relating to: different responsibilities and duties of the board and management; processes and documentation relating to the nomination and appointment of directors and senior management and relevant agreements; the accountability and duties of the Company Secretary; recognition that diversity and inclusiveness are important aspects of effective management and contribute to the success of the company; recognition of the importance of cultivating diversity and inclusiveness in the company contributing to the effective management of the business; and performance evaluation processes for the directors and senior management.

The responsibilities and duties of the board are set out in the Constitution, the company's Corporate Governance Statement and in the Board Charter. The Charter outlines the general processes, obligations and responsibilities of the board and can be viewed on the website. The board is responsible for defining the company's purpose and setting its strategic objectives, approving the company's statement of core values and code of conduct, ensuring appropriate risk management, accountability and control mechanisms and ensuring that the remuneration framework aligns with the company's purpose, values, strategic objectives and appetite for risk. The board also provides advice and input into development of the businesses generally, overall corporate strategy, performance objectives, and appointment of senior executives. The board monitors and reviews the performance of the company, financial reporting and oversees management in the implementation of strategy and business models incorporated in that strategy. The board approves the annual budget, material capital expenditure and large acquisitions. Other than matters specifically reserved for the directors in the Constitution and Board Charter, the directors delegate responsibility for implementing the strategic objectives and the day-to-day running of the company to, the Group CEO and management. On occasions the Group Managing Director and Group CEO will work closely together to define and implement strategy of the company.

The board's relatively small size combined with a small management team and overall flat corporate structure of the business enables easy communication and dynamic engagement between management and the board and within the board. The clear channels of communication between management and the board ensure the board is provided with accurate, timely and clear information to enable the board to perform its duties and to guide management, where appropriate. This now includes an expectation from the board that management will report to the board on matters beyond financial performance (1) to enable the board to monitor compliance with material legal and regulatory requirements and (2) to inform the board of any material misconduct that is inconsistent with the values or code of conduct of the company.

There is an understanding of the functions and responsibilities of the board and management as set out in the Board Charter. The board maintains sufficient close oversight of operations and has close input to material decisions to ensure compliance with principles of good corporate governance and

business judgment. The board recognises that with the growth and evolution of the company, it is important to review the division of matters and responsibilities reserved to the board in accordance with the Board's Charter.

The board is able to efficiently deal with issues which, in other larger enterprises, may normally be delegated to committees not only because of the size of the company and the management team, but also because of the readily accessible channels of communication between board and management. Management communicates with the board through the Group MD, the Group CEO, the Group CFO and when required managers attend board meetings, and/or meet with directors, to report or address any questions or concerns of the directors directly. The Audit & Risk Committee and Remuneration Committee are the only committees of the board.

The Constitution and Board Charter set out the processes and matters which need to be addressed in relation to the selection and nomination of candidates for election or re-election as director, including appropriate checks and the information to be made available to shareholders. Information about current directors is available on the website, the Annual Report and in the Notice of Meeting in which directors are to be elected or re-elected. Consistent with the current requirements of the ASX Principles and Recommendations, the company will ensure all relevant details of any new nominations are available on the website and in the relevant Notice of Meeting for consideration by the shareholders as to whether or not to elect or re-elect a director. The Charter also requires the written agreements and letters of appointment between the company and each director and senior executive to contain the key terms and conditions relative to that appointment with regard to the provisions of the ASX Principles and Recommendations.

The Company Secretary is accountable to the board through the Chair on all matters to do with the proper functioning of the board. There is also direct, regular informal communication between the Chair and the Company Secretary on governance matters.

There is no formal process in place for evaluating performance of the board, committees or individual directors. This is a function of the size of the company and the consultative process that governs the operation of the board and the interaction between directors. The size of the board is small enough for individual directors to call each other to account for performance and to ensure a continued valuable contribution to the strategy, values and culture of the company.

The company undertakes ongoing performance evaluation of key management personnel, heads of divisions and head office management. This can be conducted formally or informally and includes a review and assessment of the performance of relevant executives and managers against key performance indicators. This process may also include feedback from peers where relevant and the Division GMs and the relevant executive or manager. Where applicable, remedial steps and coaching are implemented.

The company recognises that diversity and inclusiveness is a critical part of effective management of its people and their contributions to the success of the company. This diversity is reflected in the differences in gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience which are found across the company, its employees, consultants and contractors. When considering nominees for any future candidates for the board, the directors will take appropriate

steps to ensure that it considers a broad range of candidates to ensure that the company has the benefit of the appropriate mix of experience, skills and diversity in its decision making for the best interests of the company as a whole.

The reporting profiles against which the company is reporting the current status of diversity as to gender have been adapted to comply with the reporting requirements under the Workplace Gender Equality Agency Act (2012). The report for the 2018 to 2019 period can be viewed on the website.

The company continues to be committed to objectives to promote diversity:

- To achieve greater representation of females in the Reckon Group, particularly in technical and supervisor / manager roles.
- To review policies and internal procedures to ensure they provide equitable, fair and flexible work practices, including consistency with the company's commitment to diversity, particularly gender diversity, in the organisation.
- Proposing to implement training (in-house or external where relevant) to support a culture of diversity.
- Proposing to develop a mentoring/succession program for all employees to encourage females to remain in the business.

The Workplace Gender Equality Agency ("WGEA") report ("WGEA Report") submitted by the company relating to Reckon employees in Australia for the 2018 to 2019 period can be viewed on the website. It was also published on the company's intranet site for access by its employees. For consistency, the criteria used to determine the workplace profile of Reckon employees for the WGEA Report has also been applied for this report in relation to recommendation 1.5 of the ASX Principles and Recommendations.

Based on the WGEA report for 2018-2019, females represent 33% (last year 34%) of the workforce at Reckon Australia, consisting of a representation of 34% (same as last year) non-management positions and 27% (last year 32%) management roles. There are no female members on the board. Resignations during this period included 39% women and 62% were men. Promotions were awarded 14% to women and 86% to men.

The company continues to seek an increase in the representation of women in the workforce. Initiatives throughout the year will be rolled out to encourage diversity and put gender equality at the front of mind of all our employees.

Based on the Gender Equality Benchmarks produced by the Workplace Gender Equality Agency ("WGEA") the representation of women across the categories are generally consistent with similar sized businesses in the "software publishing" industry. The WGEA Gender Benchmark Studies will be used to assist in the company's continuing review of strategies and practices to continue to foster diversity in the company, particularly as to gender.

The company's Diversity & Inclusion Policy Statement as approved by the board on 17 December 2019 is published on the company's website. This document will be reviewed in the context of the changes anticipated by the updated ASX Principles and Recommendations to be implemented effective on 1 January 2020.

The Company is endeavouring to more formally set measurable objectives for achieving gender diversity in the composition of the board, senior executives and the workforce generally.

More specifically:

- Board

Department*	Total Staff	Present Male	Present Female	Goal 2020
Board of directors	4	4 (100%)	0 (0%)	25%

- Senior executives (including KMP based on the company organisation)

Department*	Total Staff	Present Male	Present Female	Goal 2020
Business Group & Accountant Group	7	5 (71%)	2 (29%)	50%

- Overall workforce

Department*	Total Staff	Present Male	Present Female	Goal 2020
Technical support	39	24 (62%)	15 (38%)	50%
Sales	14	12 (86%)	2 (14%)	50%
Consultants/CRMs	17	5 (29%)	12 (71%)	50%
Internal Sales	15	8 (53%)	7 (47%)	50%
Marketing	9	5 (56%)	4 (44%)	50%
Finance	10	3 (30%)	7 (70%)	50%
HR	3	0	3 (100%)	50%
Operations	14	6 (43%)	8 (57%)	50%
Development**	64	60 (94%)	4 (6%)	50%
TOTAL (ex Development)	121	63 (52%)	58 (48%)	50%
TOTAL	185	123 (66%)	62 (34%)	50%

*Australia only.

**In relation to the workforce while the company recruits conscious of the need to achieve gender diversity, being a predominantly software development business, the company's experience is that the pool of talent in the Australian market is sadly lacking in gender diversity and therefore the set objectives are challenging.

2. Structure the Board to Add Value

At present, the board comprises four members: Greg Wilkinson, Clive Rabie, Phil Hayman and Sam Allert. Greg Wilkinson is Chairman of the board and he, together with Phil Hayman are non-executive directors. Further details of the directors, including a summary of their skills and experience and period of office are set out in the Directors' Report and on the website.

In the opinion of the board, the existing nomination structure and processes are appropriate for the company and still meet the objectives of Principal 2 of the ASX Principles and Recommendations although the company has not fully adopted some of the recommendations relating to the appointment of a nomination committee in recommendation 2.1 as described below and although the composition of the board may not be viewed by some as formally independent.

The criteria for directorship and the election process are set out in the company's constitution and Board Charter. The size of the board and circumstances of the company dictates that there is no efficiency obtained in establishing a separate formal nomination committee. Accordingly, the company departs from this requirement in recommendation 2.1.

Instead, the directors will review the composition of the board to ensure that members have the desired breadth of experience, skills and expertise to govern the company effectively. Any decision regarding the appointment of new directors is taken cognisant of the need to appoint someone who, taking into account the mix of skills and diversity, experience and perspective of the other directors, is appropriately qualified and as far as possible familiar with the company's market sector and its opportunities. The non-executive directors oversee the nomination of any potential director.

In accordance with recommendation 2.2, the board has created a board skills matrix to map the skills which, in the board's opinion, should be represented on the board to enable it to effectively meet the company's strategic needs.

This matrix will inform the selection process for nominees for any future candidates for the board and board self-assessment. The board skills matrix summarising the collective skills of the current board can be viewed on the website. The matrix will be reviewed from time to time to ensure that it meets the evolving needs of the company. The board is of the view that the current skills matrix is suitable to the strategy, culture and values of the company.

The board recognises the importance of effective, independent judgement being brought to bear in the governance and decision making processes of the company to ensure they are in the best interests of the company. The board considers it is able to provide the necessary independence of judgement to operate in the best interests of the company and its security holders. Greg Wilkinson and Phil Hayman are non-executive directors.

The Chair, who is independent, complies with recommendation 2.5 and has a casting vote. Accordingly, taking into account the size of the board and the Chair's casting vote, the board is of the opinion it meets the objectives of recommendation 2.4 as the exercise of its powers is consistent with a board composed of a majority of independent non-executive directors.

Greg Wilkinson has occupied a non-executive position for 15⁴ years since he resigned from the management of the company. As a substantial shareholder and company founder the board acknowledges that Greg Wilkinson may not formally meet all of the criteria used by ASX and some other investor organisations to determine the independence of a director. However, an underlying principle of the ASX Principles and Recommendations is that the recommendations are to be considered in the context of the specific circumstances of the director and the company in each case, including size, complexity, history and culture. The board considers that the time passed since Greg Wilkinson's resignation from an executive role, his skills, engagement and experience in other IT

businesses, start-up businesses, his depth of knowledge of the products and services of the company, insights into the relevant markets and experience give depth and objectivity, and inform his contributions to board discussions and decision making, and that this is consistent with the objectives of Principle 2. Further, the board is of the opinion that, his substantial holding in the company does not compromise his judgement or decisions. If anything, it aligns his actions with shareholders' interests in appropriate situations, including smaller shareholders. As such, the board is confident that Greg Wilkinson's presence on the board brings an independent and uncompromised perspective to the issues before it for consideration as well as deepening the board's overall skills and experience. Greg Wilkinson is also involved in other businesses in the technology market and thus brings contemporary experience to any board decisions.

Phil Hayman was a co-founder of Reckon in 1987. He resigned from Reckon in 2004. He was appointed as a director on 1 July 2018. The board felt that it was appropriate to bring back Phil's broad entrepreneurial flair and energy to the company as it targets revenue growth and embarks on strategies to move its product suite to the cloud. Bearing in mind the strategic focus on maintaining stable mature businesses and at the same time taking on a quasi-start-up approach to other parts of the business the board is also of the opinion that Phil's appointment is appropriate. His experience and skill set are suitable to the current needs of the company. The board also considers the 14 years since he left the company as more than enough time to establish his independence.

Sam Allert was appointed as a director on 1 July 2018. He is a non-independent, executive director. His appointment was based on his extensive experience in the business (especially a strong pedigree in sales to drive growth) and as an appropriate recognition of his seniority in the business. Again, in the context of the current strategic imperatives of the company, his skills and experience are relevant to the current needs of the company.

All directors have excellent knowledge of the company and the industry in which it operates and accordingly this also makes the current composition of the board compliant with the ASX Principles and Recommendations.

The board insists on accountability from management and from time to time will call senior managers to present to the board on the objectives and performance of their respective spheres of responsibility.

All board meetings are held at the premises of the company.

All directors are well acquainted with the structure, operations, history and culture of the businesses.

As appropriate directors will be briefed on material developments in laws, regulations and accounting standards relevant to the entity.

The independent directors will continue to assess the suitability of the current composition of the board as the company's operations and performance evolve against the yardstick of its strategic goals.

Directors declare any actual or potential interests or conflicts as and when they arise, and in any case at each board meeting, and where applicable remove themselves and/or abstain from any discussion or resolution of issues which is likely to give rise to a conflict of interest.

The issues that come before the board are considered in an impartial manner and from a variety of

perspectives. In the board's opinion, in the context of the company, it meets the requirements of independence for the purpose of providing objective, impartial consideration and judgement to the company's governance processes and decision making.

The non-executive directors oversee the nomination of any potential directors.

The Board Charter confirms the entitlement of directors to seek independent professional advice at the company's expense to assist them in fulfilling their duties in order to comply with all applicable laws and regulations. There is no formal procedure for the board to determine as to when it or any director should take independent advice at the expense of the company, but given the size of the board there is no efficiency to be obtained in formalising this process. The independent non-executive directors exercise their judgment to call for such advice when they deem appropriate. The Chair also has frequent contact with the Company Secretary to confirm or follow up on relevant matters, including assessing the need for external advice.

The board met 11 times during 2019. The details of attendance at these meetings are set out in the Directors' Report. The independent non-executive directors monitor and review the ongoing performance of the executive directors and key executives. The independent non-executive directors occasionally meet informally without management being present to generally discuss the affairs of the company and the overall performance of key executives.

The independent non-executive directors are subject to the company's Constitution and their continuity of tenure is dependent on re-election by shareholders in accordance with the constitution.

While there is no formal induction or training process in place, the Chair and Group MD will conduct a briefing process for new board members if required. The Company Secretary also assists in this process. The Board Charter outlines the overall approach to nomination, induction, evaluation and training of directors. Additional training for directors will be arranged as required.

3. Instil a culture of acting lawfully, ethically and responsibly

The company's governance policies and processes substantially incorporate all the recommendations relating to Principle 3 of the ASX Principles and Recommendations.

The board's policy is that the company, the directors and employees in addition to their legal obligations must maintain high ethical standards in their dealings with the community and with key stakeholders, such as shareholders, customers, employees, suppliers, creditors, law makers, regulators and other members of the industry.

The company's Human Resources Policy and Procedures, binding on all employees, also collectively embrace the substance of the ASX Principles and Recommendations including in a Statement of Values and a Code of Conduct. These documents articulate expectations regarding behaviour in the workplace, disciplinary processes, grievance processes, discrimination and harassment, occupational health and safety, ethical business practices, conflict of interest and corporate opportunity.

The company is committed to training employees and maintaining employees' relevant technical expertise and understanding of their ethical and legal obligations, for example by way of management skills development, technical training, equality and trade practices training from time to time for

relevant staff.

Although all of the above policies generally cover off expectations around whistleblowing and anti-bribery and corruption matters, additional specific policies address the protection of whistleblowers and corruption anti-bribery matters.

4. Safeguard Integrity in Corporate Reporting

The board is of the opinion that its governance practices meet the requirements of each of the recommendations relating to Principle 4.

The board assumes the responsibility of ensuring the integrity of the company's financial reporting and has established the Audit & Risk Committee to focus on the issues relating to the integrity of the financial reporting of the company and oversight and review of the company's risk management. The terms of reference for the Audit & Risk Committee, to review and monitor all financial, risk management and compliance policies, were formalised in a Charter, available on the website.

The Audit & Risk Committee consists of the independent non-executive directors, being Phil Hayman and Greg Wilkinson. Greg Wilkinson is identified as independent as discussed above. The Committee was chaired by Phil Hayman in 2019. Details of his experience and qualifications is set out in the Directors' Report and on the website.

In addition to the periodic meetings of the Audit & Risk Committee, Mr Hayman consults with Deloitte Touche Tohmatsu, the company's auditors, to obtain the necessary support in understanding the requirements of applicable legislation and accounting standards and for general technical assistance.

The Audit & Risk Committee does not comprise the recommended 3 non-executive directors of whom a majority are independent. This is a function of the size of the board of 4 members, of whom only 2 are non-executive directors.

The Audit & Risk Committee might also meet informally to discuss matters including risk management and reporting. The board is of the opinion that the structure of the Committee, together with its considerable technical expertise in the market sector of the company and in financial literacy, ensures independent review of the company's financial reporting over and above formal audit processes, enabling it to discharge its functions effectively. The committee and the board might also seek independent consulting advice from experts in accounting and financial reporting where such support is needed.

Deloitte Touche Tohmatsu report directly to the Audit & Risk Committee on the appropriateness of the company's internal accounting policies and practices. The board reviews the adequacy of existing external audit arrangements each year, with particular emphasis on the scope and quality of the audit. The Audit & Risk Committee reports back to the board after each Audit & Risk Committee meeting.

The Audit & Risk Committee provides written advice to the board on the standard of independence of the auditors in light of any non-audit services during 2019 and which is reported in the Directors' Report.

The Group MD, Group CEO and CFO also provide the s295A certificate and declaration of the MD, CEO and CFO. This declaration also states that their opinion is based on there being a sound system of risk

management and internal controls operating effectively for the relevant financial period.

At each Audit & Risk Committee meeting, the Committee directors meet separately with the auditors without management being present to review any concerns that the auditors may have regarding the financial management of the company.

The company generally does not release any other periodic reporting apart from its full year and half year results, which are subject to independent audit and review respectively. Any other reporting that is not subject to the rigour of external audit will be verified by the board by consulting with the Group MD and Group CEO and will satisfy itself as to the integrity and accuracy of such reporting before it is released to the public, if applicable.

The chair of the Audit & Risk Committee also meets informally with the auditors during the course of the year to ensure familiarity with any issues facing the operations and financial reporting of the company as well as to get guidance, advice and support in the role of chairman of that committee.

The Audit & Risk Committee met twice during 2019. The details of attendance at these meetings are set out in the Directors' Report.

The board is aware of its obligations to ensure the appropriate selection and rotation of external auditors and the external audit engagement partners and closely monitors and reviews the engagement of the company's external auditors. The company's auditor attends each Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report at the meeting.

5. Make Timely and Balanced Disclosure

The company has adopted each of the recommendations relating to Principle 5 of the ASX Principles and Recommendations. The board remains conscious of the company's disclosure obligations under the Corporations Act, the ASX listing rules and the ASIC guidance principles. These obligations are reflected in a Continuous Disclosure Policy which is accessible to the public at the company website. All required disclosures are also made in accordance with the Continuous Disclosure policy. A review of operations and commentary on the financial results is provided in the Directors' Report and the Financial Report.

As far as possible no material market announcements shall be released before they have been approved by a majority of the board. In cases of urgency this may not always be adhered to. In all cases all announcements (material or otherwise) are in any event sent to all directors.

In accordance with the Listing Rules and the ASX Principles and Guidelines any investor or analyst presentations are first released to the ASX Market Announcement Platform ahead of the presentation.

6. Respect the Rights of Shareholders

The board is conscious of the requirements of Principle 6 of the ASX Principles and Recommendations and takes into account the rights and needs of shareholders to balanced and understandable information about the company in accordance with this Principle.

The board is of the opinion that the company communicates effectively with shareholders through a number of channels: through its ASX disclosures to the market; through the announcement of statutory notices to shareholders, at the general and special meetings of the company and through the company's website. The company presents its annual and half yearly results to investors. The company keeps recent announcements and general company information on its website with a dedicated investor relations section which is accessible to the public. The website contains information about the company and general meeting dates, including a link to the ASX website for older announcements. Given the size of the company, there is no formally documented investor relations program setting out the processes by which the company engages with investors. It is only in this respect that the company has not adopted recommendation 6.2.

The company does engage with shareholders at the AGM, does respond to enquires (where a selective disclosure is permitted) and meets with sell-side and buy-side analysts and beneficial owners twice a year. If appropriate one on one meetings are held with analysts or fund managers (where a selective disclosure is permitted). On occasions, if required the chairman will meet with proxy advisers to address specific concerns raised in proxy adviser reports.

At the AGM the chairman's script contains reminders to permit all attendees the opportunity to ask questions of the board.

The company generally monitors popular social media platforms and the employee charged with this responsibility refers investor enquires to the Group CEO who will - if the question so merits – refer it to the board.

The historical trend at AGM's of the company shows typically (1) very low attendance by number (generally less than 10) and voting power (generally seldom more than 1%) and (2) proxy votes held by the chairman indicating generally overwhelming majorities in support of or against the resolution, as the case may be. In these circumstances it is not efficient to conduct voting at the AGM by a poll. In appropriate cases, the chairman will call for voting by a poll.

All security holders have the option to receive communications from, and send communications to, the company or the registry, Computershare electronically. The website includes details as to how investors can update their details and instructions regarding the mode in which they want to communicate with us, including a link to the registry, Computershare.

7. Recognise and Manage Risk

As stated above in relation to Principle 1, the board is responsible for ensuring appropriate risk management, accountability, and control mechanisms. It monitors the operational and financial aspects and material risks of the company's activities and, through the Audit & Risk Committee, which met twice in 2019, considers the recommendations and advice of the auditors and other external advisers on the operational and financial risks that face the company as well as on the adequacy of financial reporting. The Group MD, Group CEO and Group CFO monitor and review the financial performance of the company and monitor any potential risk essentially on an almost daily basis. The board has received assurance from the Group MD, Group CEO and the Group CFO that the s295A Declaration provided in the Financial Report is founded on a sound system of risk management and

internal control and that the system is operating effectively for the relevant financial period.

As described above, the size of the company and the management team enables the board to have effective oversight of the overall risk management of the company. In the board's opinion, especially with the existence of an Audit & Risk Committee, there is no efficiency for the company to establish a separate risk management committee.

The board is regularly informed and is in a position to assess and review the company's exposure to and appetite for risk and overall investment risk by way of the existing processes and the dynamic communication across management, and also between management and the board. In particular, the board meets between 10 and 12 times a year and at each meeting the Group CEO and Group CFO present and discuss strategic, operational and financial milestones in quite granular detail. And senior managers present directly to the board on occasions. Accordingly, the board is of the opinion that there is substantial compliance with ASX Principle 7 although there is departure to the extent it has not established a formal risk committee, an internal audit function or conducted a formal annual review of its risk management framework.

The nature of the operations and scope of the business is well established and understood by management and the board. The company does not have a formal internal audit function. The evaluation and continual improvement of the company's risk management and internal control processes are incorporated within the existing decision making and review processes. The decision making and reporting processes in the company incorporate an assessment of the relevant material risks, for example in the planning, budget, HR, product development, R&D, legal and compliance activities and, where relevant, any material risk issues are reported to and considered by the board. The planning and budget process involves both the executive and senior management, which means all of these employees have an understanding of the issues, activities and opportunities across the company. In turn this enables them to manage operational, planning, strategic and risk issues in the company.

The company regularly conducts reviews of the material risks in the context of the annual insurance renewals and, in relation to acquisitions through due diligence. Relevant risk factors are also included in the various management and financial reports to the board and are then considered by the board.

The Company continues to undertake a review of its information security practices to provide an assurance framework for its information security practices. This is an ongoing process.

The board does not consider the company to have any material exposure to any economic, environmental or social sustainability risk. Other than the macro impact that climate change risk poses to the community at large, the board does not consider that the company has a direct exposure to climate change risk. This is consistent with disclosures made by the company's peers.

Due to the effectiveness of the existing processes and the size of the business, business risk management systems, policies and procedures have been monitored and reviewed as part of the overall reporting to the board and oversight by the board of the business, its operations, processes and risks not been comprehensively formalised. The board has access to management and employees to discuss or inform themselves of any aspect of the company's business and processes or request relevant managers present to the board on these matters, including status reports and updates.

The company is well placed to nimbly respond to external changes that may merit a reassessment of strategy and risk management in the context of that strategy.

8. Remunerate Fairly and Responsibly

The company remunerates directors and key executives in accordance with the aspirations set out in Principle 8 and Recommendations 8.1, 8.2 and 8.3.

Accordingly, the board has adopted a remuneration policy designed to attract and maintain talented and motivated directors and senior employees so as to encourage enhanced performance of the company.

There is a clear relationship between performance and remuneration and a desire to strike the correct balance between the various components making up remuneration. The composition, responsibilities and processes of the Remuneration Committee have been formalised in the Remuneration Charter and can be viewed on the website.

The Committee consists of two members, Greg Wilkinson and Phil Hayman. Details of their experience and qualifications are set out in the Directors' Report and the website. The Remuneration Committee ensures independent review of financial reporting over and above formal audit processes. The auditors also scrutinise the Remuneration Report as part of their audit process to ensure compliance. The Remuneration Committee supervises the development and implementation of the company's remuneration policy including the operation of share-based reward plans, and reviews the performance of the executive directors and senior executives. The Committee fixes policy and reward in accordance with ASX Principle 8. The Remuneration Committee Charter can be viewed on the website. The full details of the policy and remuneration including relevant disclosures required by recommendation 8.2 are set out in the Remuneration Report. The details of attendance at Remuneration Committee meetings are set out in the Directors' Report. The company does have an equity-based remuneration scheme. The Remuneration Report outlines the policy prohibiting participants in any scheme to hedge their risks of participating in this scheme.