



GBST | Financial Services
Technology

GBST Holdings Ltd Corporate Governance Statement

ABN 85 010 488 874

Introduction

GBST Holdings Limited ACN 010 488 874 (**'GBST'** or **'the Company'**) is a public company listed on the Australian Securities Exchange (**'ASX'**), and is the parent entity of the GBST consolidated group of controlled entities.

GBST is committed to implementing standards of corporate governance consistent with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' (**'Guidelines'**).

The Board of Directors of GBST (**'the Board'**) has adopted various key corporate governance documents which set out the policies and procedures followed by the Company. These documents are available on the investor relations page (Corporate Governance tab) on the Company's website – www.gbst.com.

This Corporate Governance Statement outlines GBST's governance practices and policies for the financial year ended 30 June 2019, and also details the Board's assessment of the Company against the Guidelines. The Company's governance arrangements throughout the reporting period have been consistent with the Guidelines.

1. Lay solid foundations for management and oversight

1.1 Responsibilities of the Board and management

Responsibility for the Company's corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of GBST's shareholders with a view to building sustainable value for them and in the interests of employees and other stakeholders.

The Board has adopted a Board Charter which is contained within the Company's Corporate Governance Charter. The charter sets out the role and responsibilities of the Board.

The Board's broad function is to:

- chart strategy and set financial targets for the Company;
- monitor the implementation and execution of strategy and performance against financial targets; and
- oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

- composition of the Board itself including the appointment and removal of Directors and the making of recommendations to shareholders concerning the appointment and removal of Directors;
- oversight of the Company including its control and accountability system;
- appointment and removal of the Chief Executive Officer (**'CEO'**), the Chief Financial Officer (**'CFO'**) and the Company Secretary;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct and legal and statutory compliance;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- approving and monitoring financial and other reporting;
- monitoring industry developments relevant to the Company and its business;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- performance of investment and treasury functions;
- developing suitable key indicators of financial performance for the Group and its business;

- input into and final approval of management's development of corporate strategy and performance objectives;
- the overall corporate governance of the Group including the strategic direction, establishing goals for management and monitoring the achievement of these goals; and
- the operation of committees.

Day-to-day management of operation and administration of the Company is delegated to management. Senior management roles are given authorities and responsibilities pursuant to both corporate policies and through directions issued by the Board from time to time.

The Board Charter sets out various other matters that are important for effective corporate governance including the following:

- a detailed definition of an 'Independent Director';
- a framework for the identification of candidates for appointment to the Board and their selection;
- a framework for Director performance review and evaluation;
- proper information and training in relation to the Company to be made available to Directors both at the time of their appointment and on an on-going basis;
- basic procedures for meetings of the Board and its committees – frequency, agenda, minutes and private discussion of management issues among non-executive Directors;
- ethical standards and values – formalised in a detailed code of ethics and values;
- dealings in securities – formalised in a detailed policy for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates; and
- communications with shareholders and the market.

These initiatives, together with the other matters provided for in the Board Charter, are designed to institutionalise good corporate governance and to build a culture of best practice in GBST's own internal practices and in its dealings with others. The Company's Corporate Governance Charter is available in the Investor Relations section of the Company's website.

1.2 Election of Directors

GBST has appropriate procedures in place to ensure any potential candidates for appointment to the Board are carefully reviewed prior to their election. Appropriate checks are conducted in terms of their character, experience, education and skillset, criminal history and bankruptcy records, as well as interests and associations.

Material information relevant to a decision to elect or re-elect a Director is contained in the notice of meeting provided to GBST's shareholders for each Annual General Meeting ('**AGM**'). Such information includes biographical details, other material directorships, the Director's independence and a statement from the Board as to whether it supports the election or re-election of a Director.

1.3 Written agreements

Written agreements are in place for Directors which set out the terms of their appointment and other matters relative to their appointment including, but not limited to, anticipated time commitment, remuneration, requirement to disclose interests and comply with the Company's policies, indemnity and insurance arrangements and confidentiality obligations.

Employment contracts are in place for the CEO/Managing Director and all other senior management which set out material terms of employment, including position description, reporting lines, remuneration arrangements and termination rights and entitlements.

1.4 Company Secretary

The Company Secretary of GBST is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Each Director is able to communicate directly with the

Company Secretary and vice versa, and the appointment and removal of the Company Secretary rests with the Board.

The role of the Company Secretary includes:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

1.5 Diversity

The Board has adopted a Diversity Policy that documents the Company's commitment to diversity to further embed within the Company's culture the importance of a diverse work force and an environment that embraces the benefits of diversity. The Company takes a broad view on diversity and its policy encourages diversity in the workplace in relation to gender, sexual orientation, age, race, ethnic origin, religious beliefs, impairment and nationality. The Diversity Policy also recognises a commitment to merit based appointments.

As at 30 June 2019, the proportion of female employees in the whole organisation, in senior positions and on the Board, was:

Proportion of Women at GBST	37%
Proportion of Women in Senior Roles at GBST	33%
Proportion of Women on the Board	40%

Women in senior roles within the Company is determined as senior manager level and above and includes people leaders and individual contributors.

The Nomination and Remuneration Committee has the task to implement and monitor the Company's Diversity Policy. Below is a summary of the objectives that were the focus of the 2019 financial year to encourage gender diversity:

Objective	Outcome/Progress
HIRING - Increase female recruitment through the use of more diverse recruitment sourcing channels	
<ul style="list-style-type: none"> ▪ Increase female job application rate from 25% to 35% 	Female application rate for FY2019 was 33%
<ul style="list-style-type: none"> ▪ Increase female new hire rate in technology roles from 35% to 37% 	Female new hire rate in technology roles for FY2019 was 36%
CULTURE – Provide access to internal and external initiatives and events that promote a diverse workplace	
<ul style="list-style-type: none"> ▪ Active participation in internal and external events to bring diversity to the attention of current and potential employees 	<p>GBST presence at multiple graduate career fairs to promote opportunities at GBST, resulting in a 50% female application rate for our annual graduate scholarship</p> <p>The winner of the FY2019 GBST scholarship was female</p>

BENEFITS - Provide benefits to promote the needs of a diverse workplace	
<ul style="list-style-type: none"> At least 90% of females returning to work following maternity leave 	100% of females returned from maternity leave by utilising flexible working arrangements (including part-time and work from home options)
MEASURES - Analysis of organisational people decisions as a mechanism to proactively identify and address diversity	
<ul style="list-style-type: none"> Target female pay equity benchmarks to ensure the percentage of females paid in line with market benchmarks is equal to or greater than the percentage of males 	FY2019 result was 94.4% of females compared to 90.6% of males

Each year the Company is also required to complete and submit a report with the Workplace Gender Equality Agency, which details the Company's compliance with the Workplace Gender Equality Act 2012.

In addition, the Company continues to offer the following initiatives to encourage overall diversity:

- rooms available for prayer and nursing mothers within all global offices;
- use of the Company's talent matrix to ensure a consistent and fair approach to the identification, development, retention and promotion of talent going forward regardless of sex, age, family responsibilities and ethnicity;
- promotion of the "keep-in-touch" program for employees on parental leave; and
- recognition and support of the needs of an inter-generational workforce through flexible working, career opportunities, leadership and benefits offerings.

1.6 Performance evaluation of Board and Directors

The Board periodically conducts a review of its own performance by way of a survey containing a variety of matters related to individual and collective performance. The results of the survey are then tabled and discussed by the Board and used to assist decision making with respect to changes to Board processes.

During the year, a review of the Board was undertaken which was led by the Chair. The review involved a questionnaire on both the Chair's and Board's performance against a variety of criteria and sought feedback on areas for improvement. The Board then discussed the results in an open and transparent forum with the focus on areas that could be improved and the steps that will lead to that improvement.

1.7 Performance evaluation of management

The CEO's performance is reviewed by the Chair in consultation with the Board. The CEO takes responsibility for the review of the performance of other senior management personnel. Formal reviews are conducted at least annually.

Further information on management remuneration is set out in the Remuneration Report in the Company's 2019 Annual Report.

2. Structure the Board to add value

2.1 Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee (NRC).

The purpose of the NRC with respect to nominations is to:

- consider the structure and membership of the Board;
- to review the performance of the Board; and
- to set desirable criteria for future Board members and to assess candidates against those criteria.

The NRC has its own charter, which can be found within the Company's Corporate Governance Charter on its website. The NRC comprises of the following members:

- Ms Christine Bartlett - Independent Non-Executive Director (Chair of NRC);
- Mr Allan Brackin - Independent Non-Executive Director; and
- Mr Tam Vu- Independent Non-Executive Director.

The NRC is comprised solely of independent Non-Executive Directors. The CEO/Managing Director attends the NRC meetings as an invitee only.

Discussion on nominations and remuneration is also conducted by the Board at various meetings throughout the year as specific items of business and in general business.

Details of the NRC meetings held during the financial year (including attendances) can be found on page 5 of the Company's 2019 Annual Report.

2.2 Director skills matrix

The Board utilises the skills matrix below to assess the skills and experience of current Directors and to identify any gaps which may assist with the criteria for new Board appointments.

<i>Governance</i>	<i>Leadership</i>	<i>Finance and Accounting</i>
<i>Entrepreneurship</i>	<i>Marketing</i>	<i>Technology</i>
<i>Strategy Capability</i>	<i>Global Management Experience</i>	<i>People and Culture</i>
<i>Legal</i>	<i>New Technologies</i>	<i>Risk & Internal Controls</i>

The Directors are asked to consider and update their contribution to the skills matrix as part of the Board evaluation process.

A variety of tenure of Directors is a consideration in the Board's membership strategy. The date of commencement of directorship for each Director is set out on pages 1 to 4 of the Company's 2019 Annual Report. As at the date of this statement, the tenure of Non-Executive Directors on the Board ranges from approx. 2 ½ years to 14 years.

Together the Board considers that the Directors have a broad range and effective mix of experience, skills, qualifications and contacts relevant to the business of GBST.

2.3 Structure of the Board

The Board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

- the Board should comprise at least five Directors;
- the Board will be constituted by members having an appropriate range of experience, expertise, skills and contacts relevant to the Group and its business;
- the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified;

- the Chair must be a Non-Executive Director who is also independent or to the extent that Chair is not deemed independent, a Deputy-Chair and lead independent Director will be appointed and have responsibility for representing the interests on non-associated shareholders; and
- at least two Directors will be Non-Executive Directors independent from management.

The Board has adopted the recommendations consistent with those set out by the Guidelines, and only considers Directors to be independent where they are 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 judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

Details and the length of service of each Director can be found on pages 1 to 4 of the Company's 2019 Annual Report.

2.4 Independent Majority

As at 30 June 2019 and the date of this statement, all of the Non-Executive Directors on GBST's Board are considered independent.

The tenure of each Director (excluding the CEO/Managing Director) is governed by GBST's Constitution and the ASX Listing Rules. The Board assesses the tenure of independent Directors and is comfortable that no independent Director has served for a period such that their independence may have been compromised.

2.5 Chair's independence

The Chair of the Board, Mr Allan Brackin, is an independent Non-Executive Director of the Company.

The role of CEO/ Managing Director is performed by Mr Robert DeDominicis.

2.6 Director induction and continuing education

A formal induction program exists for new Directors, which includes meetings with the Chair and other Board members, the CEO/Managing Director and senior management, independent meetings with the Company's external auditor and provision of all relevant materials.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Where necessary, GBST will provide the necessary continuing education and training to its Directors.

3. Act ethically and responsibly

3.1 Code of Conduct and Corporate Policies

The Company is committed to achieving and maintaining the highest standards of conduct to act ethically and responsibly and has undertaken various initiatives which are designed to achieve this objective. GBST's Corporate Governance Charter is intended to 'institutionalise' good corporate governance and to build a culture of best practice both in the Company's own internal practices and in its dealings with others.

The Board has adopted a Code of Ethics and Values to guide Directors (within the Company's Corporate Governance Charter), and a Code of Conduct for management and employees in the performance of their duties. These codes have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations.

The GBST Corporate Governance Charter sets out the obligations of Directors in dealing with any conflicts of interest.

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

GBST also has in place:

- a specific Bribery and Anti-Corruption Policy which outlines its commitment to prevent fraud, bribery and corruption and provides guidance to Directors and employees to manage these risks. In addition, annual compulsory training is provided to employees to ensure they understand their obligations under the policy and to create an awareness of the procedures implemented by GBST to mitigate and prevent bribery;
- a Securities Trading Policy to regulate dealings in securities by Directors and all GBST Staff (as defined under the policy), and is designed to ensure fair and transparent trading in accordance with both the law and best practice;
- a Minimum Shareholding Policy which requires Non-Executive Directors to build up a minimum shareholding level of 30,000 shares within a 3 year period from appointment (or by October 2020 for GBST's current Non-Executive Directors); and
- a Modern Slavery Policy which outlines its commitment to limiting the risk of modern slavery within its own business, within its supply chains or through any other business relationship.

The Company's Corporate Governance Charter, Code of Conduct, Modern Slavery Policy and Securities Trading Policy are available for review in the Investor Relations section of the Company's website.

4. Safeguard integrity in corporate reporting

4.1 Audit and Risk Committee

The Board has established an Audit and Risk Committee (ARC).

The purpose of the ARC is to advise the Board on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group and to bring transparency, focus and independent judgement to the corporate review process.

The ARC gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report. It also has responsibility for reviewing the risk management framework and policies within the Company and monitoring their implementation.

The ARC has its own charter, which can be found within the Company's Corporate Governance Charter on its website. The ARC comprises the following members:

- Mrs Deborah Page - Independent Non-Executive Director (Chair);
- Mr Allan Brackin - Independent Non-Executive Director; and
- Ms Christine Bartlett - Independent Non-Executive Director.

Each member has the technical expertise and financial literacy to enable the ARC to effectively discharge its duties and mandate. Qualifications and experience of each ARC member can be found on pages 1 to 4 of the Company's 2019 Annual Report.

The ARC performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. The ARC's responsibilities include the following:

- appropriate Board and committee structure to facilitate a proper review function by the Board;
- establishment of an appropriate internal control framework including management information systems;
- monitoring corporate risk assessment and compliance with internal controls;
- internal audit function and management processes supporting external reporting;

- review of financial statements and other financial information distributed externally;
- review of the effectiveness of the audit function;
- review of the nomination, performance and independence of the external auditors;
- review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls; and
- assessing the adequacy of external reporting for the needs of shareholders.

The ARC invites the CEO/Managing Director, selected members of management and the external auditors to attend its meetings.

Details of the ARC meetings held during the financial year (including attendances) can be found on page 5 of the Company's 2019 Annual Report.

4.2 Assurances from management

The Board receives written declarations from the CEO and CFO as required under the Guidelines and section 295A of the Corporations Act in relation to the Company's financial statements and risk management and internal control.

4.3 External Auditor relationship

The Company's external auditors provide the Board with a half-yearly and annual certification of its continued independence in accordance with the Corporations Act. The auditor also attends the GBST AGM shareholders to be available to answer shareholder questions regarding the audit and have the opportunity to answer written questions submitted by shareholders in advance of the AGM.

5. Make timely and balanced disclosure

5.1 GBST has in place a Continuous Disclosure Policy which sets out the processes and practices that ensure its compliance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Act.

The purpose of the policy is to:

- reiterate GBST's commitment to complying with the continuous disclosure regime, and as much as possible seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by GBST;
- promote investor confidence in the integrity of GBST and GBST Securities; and
- to assist GBST Staff (as defined under the policy) in understanding GBST's continuous disclosure obligations and to set out the procedures that must be followed for the release of information to the ASX, the investment community, the media and the public.

A copy of GBST's Continuous Disclosure Policy can be found in the Investor Relations section of the Company's website.

6. Respect the rights of security holders

6.1 GBST website

The GBST website contains information about the Company as recommended under the Guidelines. The Investor Relations section of the GBST website contains:

- a "Reports" section that has copies of results announcements and presentations, half-yearly accounts and annual reports for the current financial year and previous reporting periods, along with a link to the ASX website for all announcements made to the ASX; and

- a “Corporate Governance” section, which has copies of policies and other documents referred to in this statement.

6.2 Investor relations program

GBST conducts regular briefings, including at the half and full year results announcements, in order to facilitate effective two-way communication with investors and other financial markets participants.

The presentation material provided at these events is lodged with the ASX announcements platform and the presentations regarding the full year and half year financial reports are available in the Investor Relations section of the Company’s website.

6.3 Participation at the AGM

Shareholders of GBST are encouraged to attend the Company’s AGM which is generally held in October of each year. The AGM provides an insight into the operations of the Company during the year, and gives shareholders the opportunity to ask questions of the Company and its external auditor.

Notices of meeting for the AGM are accompanied by explanatory notes to enable shareholders to assess and make informed decisions on the resolutions being put forward at the meetings. Shareholders who are unable to attend the AGM may vote by appointing a proxy using the form provided or via an online facility.

Shareholders are also invited to submit questions in advance of the AGM to ensure those issues are addressed adequately by the Company.

6.4 Communications with security holders

Shareholders of GBST can elect to receive some or all communications electronically from the Company’s share registry, including notices of meeting and annual reports, in line with the recommendations made under the Guidelines.

All communications made to shareholders of GBST are in a format that is easily readable and able to be printed.

7. Recognise and manage risk

7.1 Responsibility for risk management

The Board of GBST has the overall responsibility for the risk management of the Group, including determining risk appetite, risk framework and setting policies and procedures to manage risk.

The Board provides delegated authority to the ARC to oversee GBST’s risk management and advise the Board on effectiveness of the Company’s approach to risk.

Please refer to section 4.1 above for the details of ARC membership, charter and number of meetings held during the financial year.

7.2 Risk management framework

During the 2019 financial year, the Board and management carried out a detailed review of the key business risks that underpin the Company’s risk management framework. This involved the categorisation, assessment and rating of each individual material risk into a corporate risk register in order to assign ownership of each risk and develop and implement mitigation strategies where possible.

As risk management is a constantly evolving process, the identification and assessment of business risks and controls against the framework is regularly carried out by management and reported to the Board. The ARC also reviews any updates made to the risk management framework on a regular, at least annual, basis.

A summary of the Company's material business risks is described in the Review of Operations of the Group commencing on page 11 of the Company's 2019 Annual Report.

7.3 Internal audit function

GBST does not maintain an internal audit function. The Board believes that the delegation of risk management and internal control oversight to the ARC is appropriate for the Company at this stage of the Company's growth.

7.4 Economic, environmental and social sustainability risks

The Board, together with management, has constantly sought to identify, monitor and mitigate economic risk. Internal controls are monitored on a continuous basis and improved wherever possible. The Company uses its quality management system and project management methodologies to identify, assess and manage risk.

Given the nature of the products and services provided by GBST to its customers, the Company maintains compliance and certification with international standards relevant to those products and services. In addition, GBST maintains business continuity plans which are reviewed regularly and updated where required.

Furthermore, GBST seeks to mitigate risk through the Board's strategy of geographical expansion with its suite of products being offered to multiple markets.

The Company does not believe it has any material exposure to environmental or social sustainability risks.

8. Remunerate fairly and responsibly

8.1 Responsibility for remuneration policies and practices

The purpose of the Company's NRC with respect to remuneration is to review and recommend the approval of the remuneration of senior executives, the remuneration policies for the Group and the structure of equity based remuneration programmes.

Please refer to section 2.1 above for the details of NRC membership, charter and number of meetings held during the year.

8.2 Remuneration of Directors and senior executives

Information regarding GBST's remuneration policies and practices for Directors and senior management is set out in the Remuneration Report commencing on page 16 of the Company's 2019 Annual Report.

8.3 Equity based remuneration schemes

Performance rights and options (cashless exercise price options) have been issued under each relevant shareholder approved plan to selected employees as determined by the Board.

The GBST Securities Trading Policy specifically prohibits GBST Staff (as defined under the policy) from entering into transactions in products associated with GBST Securities which operate to limit the economic risk of their security holding in GBST Securities, including hedging and other such arrangements in respect of options or rights under an employee share ownership plan.

A copy of GBST's Securities Trading Policy can be found in the Investor Relations section of the Company's website.