

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Decimal Software Limited (“Decimal”) is responsible for its corporate governance, that is, the system by which the Group is managed. This statement outlines the main corporate governance practices in place during the financial year, which comply with the ASX Corporate Governance Principles and Recommendations unless otherwise stated.

BOARD OF DIRECTORS

Role of the Board and Management

The Board represents shareholders' interests in ensuring a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible to oversee that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for senior management and monitoring the achievement of these goals. Senior management is responsible to the Board for the operation and administration of the Group.

The Board is responsible for:

- approving the Company's strategic and operating objectives and monitoring the implementation by senior management;
- reviewing and ratifying the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments;
- approving the appointment and remuneration of directors and reviewing their performance;
- evaluating the performance of the CEO and setting the basis for determining corporate remuneration bases;
- ensuring that policies and procedures in place are consistent with the Company's objectives; and
- monitoring that the Company and its officers act legally, ethically and responsibly in all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

Composition of the Board

The Company has the following Board members at the date of this report:

Ms Pauline Vamos	Independent Director	Appointed on 18 May 2017
Mr Mark Potts	Independent Chairman	Appointed on 14 June 2016
Mr Gary Cox	Independent Director	Appointed on 1 December 2015
Mr Jan Kolbusz	Director	Appointed on 11 April 2014

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

The Board has assessed the independence status of the directors and has determined that there are three independent directors, being Mr Potts, Mr Cox and Ms Vamos. Mr Kolbusz was an Executive Director until 11 August 2017, when he became a Non-Executive Director, so is not deemed independent.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors, which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both a quantitative and qualitative basis. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be appointed.

The membership of the Board, its activities and composition is subject to periodic review to ensure an appropriate mix of expertise and experience. The criteria for determining the identification and appointment of a suitable candidate for the Board shall reflect the following skills matrix.

Expertise	Experience
<ul style="list-style-type: none"> • Legal, governance and compliance • Investor relations • Corporate finance • Financial and risk management • Corporate strategy • Commercial acumen 	<ul style="list-style-type: none"> • Executive leadership and public policy • Non-executive background • Listed companies • Financial services and financial industry • Information technology • Growth stage businesses

Before the Board appoints a new Director or puts forward a candidate for election, the Board will ensure that appropriate background checks are undertaken. Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. All material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. Under the Company's Constitution the tenure of directors is subject to reappointment by shareholders not later than the third anniversary following their last appointment.

Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A chief executive officer may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

Committees of the Board

Decimal does not currently have an Audit, Nomination or Remuneration Committee.

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards. As a result, these committees are not currently in place.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds regular meetings to address any general or specific matters as required.

If the Group's activities increase in size, scope, nature and complexity, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

Conflicts of Interest

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exist the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

ETHICAL STANDARDS AND DIVERSITY POLICY

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

Code of conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

The principles of the code are to:

- actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;
- disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company;
- respect confidentiality of all information of a confidential nature, which is acquired in the course of the Company's business and their dealings with the Company and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates; and
- protect the assets of the Company to ensure their availability for legitimate business purposes that all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism and maintain professional competence;
- avoid real or perceived conflicts of interest and act with objectivity;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;

- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers the public generally and any other third parties; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to senior management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Diversity Policy

The Company has an approved Diversity Policy. The Company encourages diversity in employment as a means of assuring that the Company has access to an appropriate mix of skills and talents to enable it to conduct its business and achieve the Company's goals in an effective manner.

The Company will promote diversity and foster an environment within the Company that respects diversity in the workplace and promotes equal opportunities for employment and work environment that is free from harassment.

The Board proactively monitors Company performance in meeting the standards and policies outlined in the Diversity Policy. This includes an annual review of the diversity objectives set by the Board, and its progress in achieving them.

At the date the Board approved this Statement, Decimal had 1 women employee, which represent 8% of employees.

Dealings in Company Securities

The Company's Securities Trading Policy imposes basic trading restrictions on all Directors and employees of the Group. Directors and employees must not:

- deal in the Company's securities on considerations of a short term nature and must also take reasonable steps to prevent any person connected with them from doing the same; and
- deal in any of the Company's securities if they have unpublished price-sensitive information.

'Unpublished price sensitive information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to have a significant effect on the price or value of the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others, including colleagues, family or friends, knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

In addition to the above, Key Management Personnel ('KMP') must obtain clearance from the Chairman before dealing in any securities. The Chairman must seek written approval from two Directors before trading in any securities of the Company. KMP must notify the Company Secretary immediately after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company Secretary on behalf of the Directors must advise the ASX of any transactions conducted by Directors in the securities of the Company.

KMP must not deal in the Company's securities during a closed period. A 'closed period' is:

- during the 5 business day period prior to the expected release of
 - any scheduled announcement containing Inside Information;
 - the introduction of an important new product or service;
 - a possible change in the strategic direction of the company
 - entry or likely entry into or termination or likely termination of material contracts or other material business arrangements which are not publically known;
 - a capital raising (except participation by a KMP in the capital raising itself) by the Company;
 - a target statement for a takeover offer for securities of the Company;
 - a bidder statement for the issue of securities in the company;
 - senior management changes.
- from the 31st of the July until the opening of the first full day of trading after the Company's full year results are released to the ASX; and
- from the 31st of January until the opening of the first full day of trading after the Company's half year results are released to the ASX;

Breaches of the Securities Trading policy will be subject to disciplinary action, which may include termination of employment.

Interests of Other Stakeholders

The Group's objective is to be a successful technology focussed provider of cloud based software-as-a-service, predominantly to the financial services sector and expanding into other segments and create wealth for shareholders. The Group's operations are subject to various laws and regulations under government legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in this section.

DISCLOSURE OF INFORMATION

Continuous Disclosure to ASX

The continuous disclosure policy requires all employees and Directors to inform the Chairman or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

- it is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
- the information is confidential; or
- one of the following applies:

- it would breach a law or regulation to disclose the information;
- the information concerns an incomplete proposal or negotiation;
- the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- the information is generated for internal management purposes;
- the information is a trade secret;
- it would breach a material term of an agreement, to which the Group is a party, to disclose the information; or
- the information is confidential and release of it may benefit the Group's potential competitors.

The Chairman and the Company Secretary is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Communication with Shareholders

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group to shareholders.

Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Reports;
- Presentations at the Annual General Meeting/General Meeting's and other forums;
- Annual Reports;
- Conferences and Investor Briefings; and
- Decimal Software's website which will include all reports, ASX and media releases and copies of significant business presentations.

Shareholders can also communicate electronically with Decimal's share registry Computershare Investor Services Pty Ltd on all shareholder related matters via web.queries@computershare.com.au or via telephone on 1300 557 010.

Furthermore, shareholders can communicate directly with the Group through email via enquiries@decimal.com.au and telephone via 1300 220 799.

The Board encourages full participation of shareholders at the Annual General Meeting ("AGM") and General Meetings to ensure a high level of accountability and understanding of the Group's strategy and goals.

Those shareholders who are unable to attend can appoint a proxy who will vote on their behalf. The results of voting at the AGM will be lodged with ASX as soon as possible after the AGM and also published on the Group's website.

RISK MANAGEMENT AND INTERNAL CONTROL

Approach to Risk Management and Internal Control

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process and other risks on a regular basis.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- protection of intellectual property;
- government policies and legislation;
- retention of key employees;
- new market entrants or technological developments; and
- macro-economic environment.

These risk areas are provided to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

The Group does not have material exposure to environmental and social sustainability risks.

Risk Management Roles and Responsibilities

Senior management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Senior management reports regularly to the Board on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that senior management has developed and implemented a sound system of risk management and internal control. The Board reviewed its risk management during the financial year ended June 2017 and have confirmed it is operating effectively.

Integrity of Financial Reporting

The Board also receives a written assurance from the Chief Executive Officer and the Head of Finance that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the Chief Executive Officer and Head of Finance can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

Internal Audit

The Group does not have an independent internal audit function. The Company Secretary and senior management are responsible for improving the effectiveness of the company's risk management and internal control processes which is monitored by the Board.

The Company Secretary and senior management have full access to all functions, records, property and personnel of the Group in discharging their duties.

Role of External Auditor

The Group's auditor is obliged to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance on a regular basis. Reviews are also undertaken frequently in relation to the composition and skills mix of the Directors of the Company. The Board reviewed its performance during the financial year ended June 2018.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Board reviewed the performance of its senior executives during the financial year ended June 2018.

REMUNERATION ARRANGEMENTS

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for executives. The plan rules prohibit participants entering into transactions which limit the economic risk of participating in the scheme.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount of \$200,000 approved by the Company's shareholders in 2002.