# tyro

# Sustainability Report 2023

# Contents

# 1. About this report

## Reporting approach

We are pleased to present our 2023 Sustainability Report to our Shareholders and other stakeholders, which has been prepared with reference to integrated reporting frameworks. This report provides a consolidated review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value into the future.

We are working towards and intend to comply with the new ISSB Sustainability Reporting Standards – IFRS S1 and S2 – in line with the phased implementation approach, as outlined by Australian Treasury.

## Scope and boundaries

The contents of this Report relate to Tyro Payments Limited (**Tyro** or the **Company**) and its subsidiaries (the **Group**) for the 2023 financial year. The process Tyro utilised in determining and applying materiality is included on page 9 and 10 of this Report.

Some parts of this Sustainability Report include information regarding Tyro's strategy and include forward looking statements about Tyro and the environment in which it operates that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied by the forward-looking statements contained in this report.

All amounts contained in this report are stated in Australian dollars (**AUD**) except where indicated.

This report covers the 2023 financial year from 1 July 2022 to 30 June 2023. In certain cases, metrics are provided for periods outside of the 2023 financial year. Where these metrics are provided, the period covered by the metric is noted. Unless otherwise noted, the information in this report only covers Tyro's operations and does not include any sustainability metrics for our merchants or suppliers. In selecting content for inclusion in our 2023 report, we referenced our industry-specific sustainability standards.

Tyro did not employ an external auditor or organisation to audit the contents of this report. Please direct questions on this sustainability report or topics related to our corporate responsibility activities to:

**Head of Sustainability**
Alison Graham
agraham@tyro.com

## Acknowledgement of Country

Tyro acknowledges the First Peoples of Australia and recognises their ongoing role as Traditional Owners of the land and waters of this country. We acknowledge Tyro's Aboriginal and Torres Strait Islander employees, partners and stakeholders, and pay our respects to their Elders, both past and present.

# 2. Sustainability at Tyro

## Our commitment

At Tyro, we recognise that we have an important role to play in strengthening the future for our customers, our people, our shareholders and the broader community.
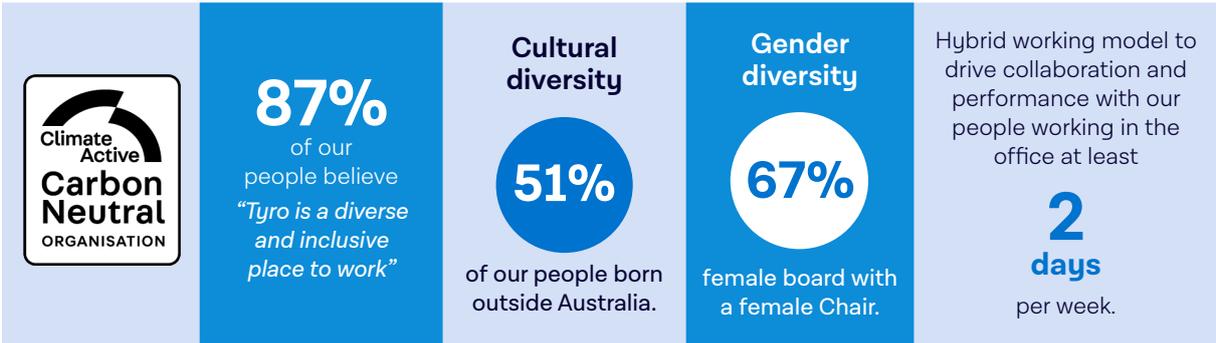
Our approach to sustainability is to fulfil this purpose whilst addressing the sustainability priorities that matter most to our stakeholders, as well as our employees who are passionate about sustainability. A sustainable future for Tyro requires consideration of all environmental, social and governance matters that impact our organisation and our broader community.

Our approach to sustainability is evolving and we are increasing our focus in this area. In 2021 we established our sustainability framework; in 2022 we first reported our scope 2 and 3 carbon emissions; and in 2023 we achieved Carbon Neutral certification with Climate Active. Looking forward to 2024 and beyond, we plan to further develop our sustainability strategy with the creation of a dedicated Head of Sustainability role and additional investment, to achieve positive outcomes for both our business and key stakeholders. Some objectives include:

- Engage further with our stakeholders to ensure we understand the issues that most matter to them.

- Explore how we can support our merchants to be more sustainable and/or offer their customers opportunities to be more sustainable.

- Continue to improve our data collection and reporting practices in line with new sustainability reporting standards.

- Continue to invest in our cyber security and data privacy, to further protect our merchants.

- Improve engagement with our team through initiatives that matter most to them.

- Share our sustainability stories and strengthen our overall brand reputation.

This work will be brought to life by our Head of Sustainability and supported by our Sustainability Champions Group, who are volunteers from across the organisation, passionate about a sustainable future for Tyro.

## FY23 highlights



**87%** of our people believe *"Tyro is a diverse and inclusive place to work"*

**Cultural diversity**
**51%** of our people born outside Australia.

**Gender diversity**
**67%** female board with a female Chair.

Hybrid working model to drive collaboration and performance with our people working in the office at least **2 days** per week.

In 2021 on the adoption of our new sustainability framework, Tyro set its sustainability priority targets. Our performance against these targets to date is outlined in the table below. Whilst we are tracking well with cultural and gender diversity, we are not yet where we would like to be for our customer and employee targets. FY23 has been a formative year for Tyro, having undergone an operational transformation, including significant cost reduction initiatives and changes to our operating model and leadership team. We recognise that we are at the start of our sustainability journey with great opportunities ahead of us. With this in mind, we have taken the opportunity to review and reset our targets for FY24 and beyond.

# Our progress against sustainability priority targets

| TARGET | PERFORMANCE | INITIATIVES TO IMPROVE PERFORMANCE | TARGET FOR 2024 |
|---|---|---|---|
| **Achieve a gender balance of 40/40/20 representing a minimum of 40% of our workforce made up of women, a minimum of 40% of men and 20% of any gender, by 30 June 2023.** | 37/61/2 | There are several initiatives in flight detailed further in the report including our Emerging Female Leaders Program, Women of Tyro network, and approach to employee recruitment and retention. | Achieve a gender balance of 40/40/20 representing a minimum of 40% of our workforce made up of women, a minimum of 40% of men and 20% of any gender. |
| **Achieve a gender balance with a minimum of 30% for Directors of each gender.** | Our Board is comprised of 4 female and 2 male directors (67% female representation), and the Board Chair is female. | We will work to maintain our strong female representation on our Board and leverage our Directors as strong role models for other women working across Tyro. | Achieve a gender balance with a minimum of 30% for Directors of each gender. |
| **Rated in the Top 20 best places to work in Australia, by 30 June 2024.** | In progress. | We continue to evolve our employee value proposition. In addition to ensuring our remuneration and non-monetary benefits are compelling, a focus of FY24 is on career growth to aid in the development and engagement of our team. | We have revised our target to focus on internal employee engagement rather than external ratings. FY24 target is to improve the favourable score to the question *"I am proud to work for Tyro"* in our annual employee survey by 10%. |
| **Achieve an overall employee engagement score of 80% and above, by 30 June 2023.** | 56% | Each Executive Leadership Team (**XLT**) member drives people engagement within their team, creating an action plan of initiatives to address opportunities for uplift. There are also several Tyro-wide initiatives such as *Wellness Week* and a focus on learning and development opportunities, to further drive engagement. | While 80% employee engagement score is our medium term goal, during this period of organisational change our goal for FY24 is to increase our overall engagement score by 10% |
| **Achieve the highest Net Promoter Score amongst payment providers in Australia, by 30 June 2022.** | NPS of +25 | Our recent leadership and organisational changes are focused on delivering innovative product functionality and simplifying the customer experience for our merchants. We also listen to our merchants and their feedback through our Voice of the Customer initiative, which is focused on improving NPS. | NPS of +40 |

# Sustainability performance

## Our strategy

|  | FY23 | FY22 |
|---|---|---|
| **Transaction value** | $42.6 billion | $34.2 billion |
| **Merchant numbers** | 68,665 | 63,770 |
| **Customer NPS** | +25 | +34 |
| **Loan originations** | $149.7 million | $99.1 million |
| **Launch of new products/features** | 2 new products and 12 new features | 2 new products and 11 new features |
| **New partnerships** | Australia Post | Telstra |
| **Transaction value churn** | 9.3% | 9.2% |
| **Merchant number churn** | 11.7% | 10.5% |
| **New merchant applications** | 17,168 | 14,777 |

## Our people and culture

|  | FY23 | FY22 |
|---|---|---|
| **Total employees** | 578 | 618 |
| **Serious workplace injuries** | 0 | 0 |
| **Workplace Health and Safety training completion rate** | 100% | 100% |
| **Employees working flexibly** | 100% | 100% |
| **Gender balance (% women / men / undisclosed)** | 37 / 61 / 2 | 36 / 62 / 2 |
| **Gender balance in Executive Leadership Team (% women / men / undisclosed)** | 25 / 75 | 21 / 79 |
| **Gender balance in Senior Managers (% women / men / undisclosed)** | 40 / 60 | 13 / 82 / 5 |
| **Gender balance in Other Managers (% women / men / undisclosed)** | 39 / 61 | 49 / 51 |
| **Gender balance of Board Directors (% women / men / undisclosed)** | 67 / 33 | 57 / 43 |

## How we interact with our stakeholders

|  | FY23 | FY22 |
|---|---|---|
| **Customer NPS** | +25 | +34 |
| **Partner NPS+** | +59 | +60 |
| **'Sheep Dog' Charitable Donations** | Over $144,000 | Over $50,000 |
| **Material Data and Privacy breaches** | Nil | Nil |
| **Completion of employee security training** | 100% completed | 100% completed |
| **Compliance with Modern Slavery legislation** | 100% compliance | 100% compliance |

**Our responsibility to reduce our environmental footprint**

|  | EMISSIONS (TCO2E) | % OF TOTAL | TCO2E/FTE |
|---|---|---|---|
| **Scope 1 - direct GHG emissions** | - | - | - |
| **Scope 2 - indirect GHG emissions from purchased electricity, heating and cooling** | 439 | 8.9% | 0.76 |
| **Scope 3 - other indirect GHG emissions** | 4,488 | 91.1% | 5.87 |
| **Total emissions** | **4,927** | **100%** | **6.63** |
| **Carbon offsets to be acquired for FY23 emissions** | **(4,927)** | **(100%)** | **-** |

We will acquire 4,927 tCO2e carbon offsets, through investment in environmental sustainability projects, in early 2024 for those emissions indicated above that cannot yet be reduced in order to maintain our carbon neutral certification.

**Tyro's environmental targets for 2030**

Our key focus for FY24 and beyond is to maintain our Carbon Neutral emissions status.

However, our overall strategy is to rely less on carbon credits to achieve Net Zero and, through sustainability initiatives, achieve real reductions in carbon emissions across the business.

We are currently reviewing our environmental targets for Scope 1, 2 and 3 emissions and renewable energy as a percentage of total energy. We will develop revised targets for 2030, together with plans to address how we will achieve our revised targets, and provide details in our FY24 Sustainability Report.

| MEASUREMENT | FY21 BASELINE | FY23 | 2030 TARGET |
|---|---|---|---|
| **Scope 1 emissions per employee** | 0 | 0 | Under review |
| **Scope 2 emissions per employee** | 0.82 | 0.76 | Under review |
| **Scope 3 emissions per employee** | 0.04 | 5.87 | Under review |
| **e-Waste recycling** | 100% | 100% | 100% of e-Waste recycled |
| **Renewable energy as a % of total energy** | 0% | 6.5% | Under review |
| **Carbon Neutral footprint** | 447 tCO$^2$e | Carbon Neutral emissions achieved | Carbon Neutral emissions achieved |

## Carbon Offsets



**4,927** tCO2e
100%

Carbon offsets
to be acquired
in 2024

# Sustainability governance

Tyro's sustainability framework is approved by the Board and owned by the CEO. We operate under the following sustainability governance structure.

| Board and People Committee | · Review and approve Tyro's sustainability framework and ensure sustainability risks are integrated into our overall risk framework |
| --- | --- |

| CEO | · Develops the approach as to how Tyro strategically integrates, reports and discloses the benefit from operating a sustainable business strategy<br>· Responsible for the performance of the sustainable business strategy<br>· Engage with key external stakeholders (Shareholders and Regulators) |
| --- | --- |

| XLT and Head of Sustainability | · Perform annual sustainability risk assessment<br>· Implement the sustainable business strategy<br>· Engage with and support the business through leadership of teams<br>· Engage with our Merchants, Community and Suppliers to ensure our sustainable business strategy meets our performance targets |
| --- | --- |

**Internal Stakeholders**

Team

**External Stakeholders**

- Merchants
- Community
- Shareholders
- Suppliers
- Regulators

As part of our sustainability framework, we performed a sustainability risk assessment for FY23 to ensure we:

- identify the environmental, social and governance issues and risks that may have a material impact on our value over the short, medium, and long term;
- provide both data and a supporting narrative explaining why the issue is material and how it impacts our business value chain;
- recognise the impact that our business has on stakeholders such as team members, merchants, communities, shareholders, regulators, and suppliers and describe how we take the views of our stakeholders into account as part of our risk assessment;
- describe our policies and procedures for managing our environmental and social impact over the short, medium, and long term; and
- develop a system to evaluate whether our sustainability policies and procedures are effective, including performance against set annual metrics and targets.

In line with internationally recognised sustainability standards and our ongoing engagement with stakeholders, the following sustainability issues were identified as our material issues as they relate to the importance of sustainability and the influence on our business success.

| RISK | RISK CATEGORY | ESG CATEGORY | ADDRESSED IN REPORT |
|---|---|---|---|
| Lack of employee engagement, diversity, and inclusion | Operational | Social | Page 17 |
| Irresponsible provision of acquiring services | Reputational + Financial | Social | Page 16 |
| Irresponsible lending practices and access and affordability of lending | Reputational + Financial | Social | Page 22 |
| Entry of new technologies, product design and lifecycle management | Strategic + Competitive | Social | Page 13, 14 |
| Supply chain management including product sourcing | Operational | Social | Page 22 |
| Impact of increasing energy and water costs | Financial + Operational | Environmental | Page 23 |
| Exposure to extreme weather events and health events | Financial + Operational | Environmental | Page 23 |
| Breach of consumer privacy and data security | Reputational + Cybersecurity | Governance + Ethics | Page 22 |
| Selling practices and product description | Legal + Regulatory | Governance + Ethics | Page 25 |
| Legal and compliance breaches | Legal + Regulatory | Governance + Ethics | Page 25 |
| Increased competitive behaviour | Financial | Governance + Ethics | Page 25 |
| Conduct Risk | Brand + Reputational | Governance + Ethics | Page 25 |

# 3. Our Business

Tyro was founded in 2003 with an ambition to be the most efficient acquirer of electronic payments in Australia. This year we celebrated our 20-year anniversary as a trailblazing Australian fintech. Over this time, we have grown our suite of EFTPOS solutions, banking, and lending products, to deliver business solutions that are helping thousands of Australian businesses to grow and thrive.

In FY23, we processed $42.6 billion in payments for more than 68,500 Australian merchants. We generated $435.8 million in revenue and income from all our business segments. We also offer complementary banking services to our merchants including a merchant cash advance product, a transaction bank account and a term deposit account. In FY23, our loan originations totalled $149.7 million, and our deposit balances totalled $92.7 million as at 30 June 2023.

Our products are characterised by simplicity, flexibility and reliability. We strive to provide a better alternative to the traditional banks and other payments competitors and pride ourselves on our different approach and heritage, including:

- our long and successful track record, having established our operation 20 years ago, building deep payments knowledge and expertise;
- establishing a payments and banking solution purpose-built for Australian business, particularly in the small and medium sized enterprise segment;
- leveraging direct access to the payments system by virtue of our Australian banking licence (authorised deposit-taking institution licence);
- our ability to reduce friction experienced by businesses in payments and banking as a tech-driven enterprise with approximately half of our team in technology roles;
- being an innovative challenger in the Australian financial services landscape, delivering many industry 'firsts' along the way; and
- remaining niche and nimble with payments-centricity – designing banking and other value-adding services around our payments core.

# Celebrating 20 years of Tyro

| | KEY MILESTONE | | MERCHANTS (#) at 30 June | TRANSACTION VALUE at 30 June |
|---|---|---|---|---|
| | 2003 | Founded as MoneySwitch with a vision to be the most efficient acquirer of electronic payments in Australia | 0 | $0 |
| | 2005 | First technology company to obtain an Australian specialist credit card institution licence | 0 | $0 |
| | 2006 | First transaction in production made | 0 | $0 |
| | 2007 | Launched an internet-based or 'cloud' integrated payments solution | 145 | $6m |
| | 2009 | First to launch integrated Medicare Easyclaim rebates on a terminal | 1,431 | $511m |
| | 2010 | Launched non-stop 'live-live' acquiring | 2,991 | $1.3b |
| | 2011 | Launched integrated mobile terminal payment solution | 4,520 | $2.0b |
| | 2015 | Became the first new domestic banking licensee in over a decade and raised $100m equity | 13,032 | $6.8b |
| | 2016 | Completed the development of and soft launched the Tyro Business Loan, following the launch of the Tyro Bank Account in 2015 | 15,565 | $8.6b |
| | 2018 | First Australian bank to launch least-cost routing and an integrated Alipay solution | 23,245 | $13.4b |
| | 2019 | Rebrand reflecting expansion beyond payments into complementary value-adding offerings | 29,031 | $17.5b |
| | 2020 | Australia's largest listing on ASX by market capitalisation | 32,176 | $20.1b |
| | 2021 | Partnered with Australia's fifth biggest retail bank, Bendigo Bank, to create a long-term merchant acquiring alliance | 58,186 | $25.5b |
| | 2022 | Launch of the Tyro Go reader + Merchant Loan Originations exceeding $100 million for the first time in the history of Tyro | 63,770 | $34.2b |
| | 2023 | 20-year anniversary. Exclusive partnership with Telstra and Australia Post to distribute our mobile reader, Tyro Go, and launched the Tyro BYO App, enabling Tap to Pay on iPhone | 68,665 | $42.6b |

# 4. How we create sustainable value

## Our Strategy

TYRO'S PURPOSE -
SETTING BUSINESSES FREE TO GET ON WITH BUSINESS BY
SIMPLIFYING PAYMENTS AND COMMERCE

### Strategic Pillars

| Grow merchant share in existing core verticals | Enter new core verticals | Drive expansion into eCommerce + other payment types | Cross-sell and drive growth in lending and other value-adding services | Tyro Connect | M&A and other strategic partnerships |

Given the ever-changing landscape of the payments industry with new technology and investment, the Executive Leadership Team (XLT) and the Board have initiated a comprehensive review of Tyro's future strategy. This is focused on driving profitable growth in a competitive payments market and better leveraging Tyro's assets and capital to drive maximum shareholder value in the near term. This work is ongoing and will be communicated to shareholders prior to/at the AGM.

**Product and Technology Innovation**

In FY23 we delivered a number of products and features to provide simple solutions for our merchants.

### Tyro Go

The roll out of our Tyro Go portable card reader to micro and SME merchants, has strengthened our growth opportunities into new verticals such as trades and services.

### Tyro BYO App

The launch of our Tyro BYO App in May 2023 enables our customers to accept in-person contactless payments seamlessly and securely with Apple's Tap to Pay on iPhone contactless payment acceptance technology. Tyro was proudly one of the first financial institutions in Australia to launch this new technology. Tap to Pay on iPhone accepts contactless payments, including Apple Pay, contactless credit and debit cards and other digital wallets, using only an iPhone and the Tyro BYO App – no additional hardware or payments terminal needed. This convenient solution provides our customers with greater flexibility when working on-site or on the move.
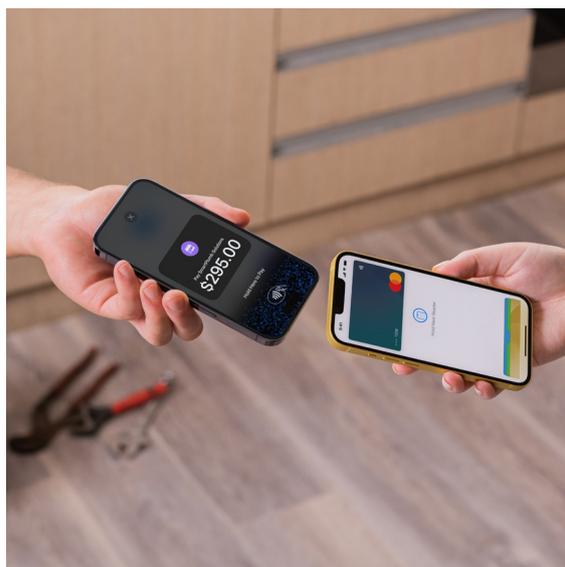
**Tyro Pro**

Our new Tyro Pro android-based terminal was released in pilot in November 2022 to offer merchants a best-in-class android experience. This new platform will unlock the full potential of digital commerce in-store for merchants. We will progressively roll out these new terminals and new features to our merchants as our existing fleet is retired.



**Automated onboarding and servicing**

Supporting the release of our new terminals, we launched our new customer onboarding and servicing capabilities. This has significantly improved our speed of onboarding customers, enhanced the customer experience and driven cost efficiencies across the organisation.

**Tyro Health**

Through Tyro Health, we create payment and claiming solutions that connect healthcare providers with funders, practice management developers and the patients that they service, in ways that increase transparency, reduce administration, and simplify the overall payments experience. In FY23, we released a number of solutions, including:

- Tyro Health integrated to Medicare ECLIPSE, a Services Australia integration for hospital in-patient claiming, making it possible for medical specialists to easily submit in-patient claims online as well as online eligibility checks.
- Tyro Health Online transitioned from HICAPS to HealthPoint, to enable allied healthcare providers to raise private health claims online, without the need to swipe a physical private health insurance card on a machine.
- More private health claiming functionality was made available in Tyro Health Online, including online private health rebate estimates.
- Tyro Health Online integrates to over 80 Practice Management Software (**PMS**) solutions for healthcare, solidifying out position as the partner that developers turn to when looking for health payments and claiming functionality.

### Pricing Optimisation

Over the period we have optimised pricing for our customers by increasing the take-up of our least cost routing feature, 'Tap and Save'. This enables certain transactions to be routed through the cheapest scheme rails to ensure that merchants and their customers receive the benefit of lower transaction costs for payments. We also recently launched a first pilot of our first 'No Cost EFTPOS' pricing structure. Along with dynamic surcharging, these pricing features and structures enable us to access new market segments and verticals.

### eCommerce

We have ambitions to expand the eCommerce portfolio, by driving adoption within our significant in-store merchant base, as well as leveraging new and existing partnerships. We will evolve our proposition to better service our key segments, enabling our merchants to accept payments in the way that makes sense to them

### Tyro Connect

Our 'plug and play' platform software solution is designed to be an integration hub for apps and point-of-sale systems, seeking to address merchant pain points around 'counter clutter' and manual processes. This platform seeks to reinforce our value proposition to merchants and embed us more deeply into the evolving commerce ecosystem by providing solutions that integrate both payments as well as value-beyond payment solutions.

### Banking

Our banking products continue to be a valuable part of our product and service offering to our merchants. The number of merchants with a Tyro Bank Account has grown by over 350% in FY23, and loan originations have grown by 51.1% for our unsecured loan product which is designed to help SMEs expand their businesses.

# Our Customers

Our customers are the heart of our business, and our people are driven by the collective goal of providing payments and commerce solutions that empower Australian businesses to succeed.

We are committed to providing excellent customer service to our merchants and engage with them via a variety of channels tailored to suit their needs. This year we experienced a drop in Net Promoter Score (**NPS**). The NPS measure is a key priority for us, as it helps us gauge customer loyalty, satisfaction and enthusiasm to recommend Tyro to a friend or colleague. We are focused on uplifting our NPS through initiatives such as our 'Voice of the Customer' program to seek and monitor customer feedback. With that in mind, we recently launched our 'surprise and delight' program which gives us a great reason to visit our customers to hand-deliver gifts to merchants nominated by our team members for being amazing.

We are proud of our customer retention rate of over 88%, which is particularly strong given other recent external factors such as the COVID-19 lockdown period and associated impacts on some SME business models including the rise of online sales and closure of physical retail shops and restaurants.

During FY23 we onboarded a number of significant brand name merchants and have grown our existing key account merchants. Some of these include Cheesecake Shop, Nutrition Warehouse, 99 Bikes, Jaycar, Heinemann, Boost Juice, ChaTime, Concept8, FoodCo, JustCuts, Roll'd, ShareTea, and T-Shine Case.

# Our People and Culture

Our people are our greatest asset and how we bring our business strategy to life. We are proud of our 20-year history of supporting Australian businesses and share the common internal goal of empowering our merchants to succeed by providing better solutions than our competitors.

**Our Team**

- Our headquarters are in Sydney with a presence down the east coast of Australia including physical hubs in Melbourne and Bendigo.
- Around 600 employees with approximately 80% of our team members working in our Technology, Solution, Design and Delivery and Growth teams, focused on delivering solutions for our customers.
- We foster an environment of inclusion and diversity and are proud of our cultural and gender diversity, as well as our consistently high engagement scores related to inclusion and diversity

Following the appointment of our new CEO Jon Davey in October 2022, we have implemented a new operating model, created a leaner and more disciplined organisation that is well-equipped to respond to the changing needs of our customers and elevate their experience. This has included a new management and senior leadership team which will lead Tyro into the future.

**Our Values**
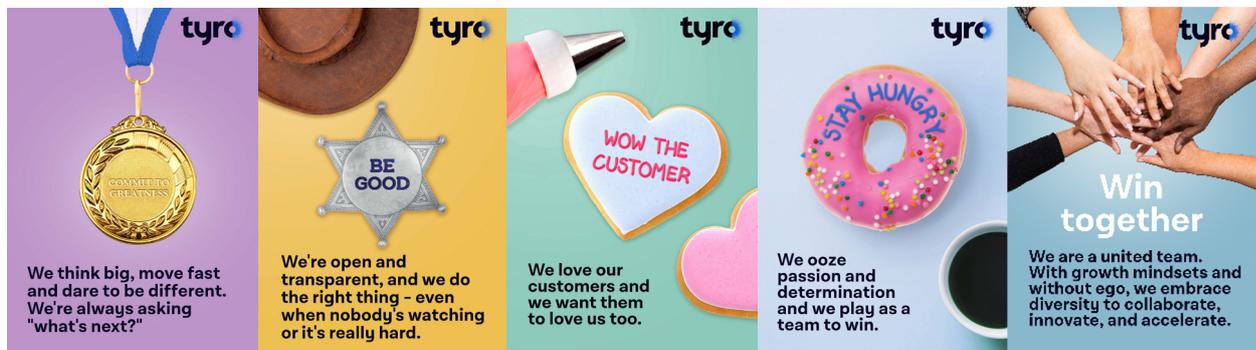


Our values have been designed by our people and are brought to life daily in our collective pursuit to deliver amazing solutions to our customers, drive great outcomes for our shareholders and business, and ensure Tyro is a great place to work and grow.

**Inclusion and Diversity**

We embrace the diversity, backgrounds, and perspectives of everyone within our Tyro community.
Over the past 12 months we have conducted four employee surveys to gauge sentiment and identify areas for improvement. We are proud of the fact that questions related to inclusion and diversity are consistently rated in the top three of 12 surveyed categories.

In May 2023 we conducted our inaugural Cultural Diversity Survey which was completed by 65% of our team members. We now know, and celebrate, that more than half of our surveyed employees were born outside of Australia, hailing from more than 40 countries. We also celebrate that more than 57 languages other than English are spoken by our Tyros and that we come from diverse ethnic backgrounds.

The Women of Tyro network exists to empower our women to thrive in their careers by offering stories, tips, and resources to support them in their journey. Through the Women of Tyro network, we have launched the Emerging Female Leaders Program which provides mentoring and engagement opportunities for our female leaders where they are invited to participate in tailored training and networking opportunities.

Tyro Pride exists to support and empower Tyro employees of diverse genders and sexualities to bring their whole selves to work. The group consists of Tyro employees who are part of the LGBTQIA+ community themselves and community champions – active allies and supporters of the community.

### Wellbeing

The health, safety and wellbeing of our team members is our priority, and we are focused on creating an environment where our team members are supported to reach their potential.

In conjunction with our team members, we designed our own Hybrid Working Model that supports flexible working in addition to encouraging in-office collaboration to create a sense of belonging and drive engagement. In addition to ongoing initiatives to drive wellbeing and engagement, including impactful training, we have designed an annual Wellness Week event where all team members are invited to participate in a range of activities focused on physical and mental wellbeing.

We also review our HR Policy at least annually to review our offering to team members. Recent updates have been made to improve our domestic violence and family support and leave entitlements.

### Engagement

We know that an engaged workforce, with a shared commitment to our vision and a sense of belonging, will drive outcomes for our customers and shareholders. With that in mind, employee engagement is a focus area for our management team and all leaders across the business and we conduct regular employee surveys to ensure we're on track to deliver a compelling employee experience.

FY23 was a year of heightened change at Tyro. A new CEO and refreshed executive team were appointed, a new operating model implemented, and there has been an ongoing focus on cost management and operational efficiency. Given the pace of change across our business in FY23, we conducted quarterly surveys. While overall engagement scores have decreased in this period, our employee surveys have provided data points to helps us develop action plans to address areas that will have the greatest impact for our people.

We also have a carefully curated internal communications approach that aims to bring our strategy to life, drive collaboration and keep our employees informed. This includes fortnightly All Hands sessions led by our CEO; monthly Town Hall style events, called Mindshare, where we celebrate our achievements, share progress on key initiatives and take questions and feedback from the teams; a weekly e-newsletter Tyro News; as well as countless Slack Channels.

### Career development

Career growth is one of the things that matters most to our team members. We have reinvigorated our approach to our Career Pathways programs with further investment in leadership development programs, including our Emerging Female Leaders Program, mentoring, and our Tech Grad Program. We are investing more in learning and development and provide our team members with a range of 'always-on' platforms as well as more tailored skills-based training. We also pride ourselves on creating internal career pathways.

**Fostering a culture of innovation**

Tyro Blitz is a two-day high-intensity hackathon competition where teams of Tyro's collaborate to create an innovative solution focussed around a central theme. In 2023, our focus was 'Beyond Terminal Velocity', encouraging our people to break through any constraints and enable Tyro to go further and faster.

One of our recent Blitz projects produced digital receipts for Tyro Pro and Tyro Go terminals. We currently supply over 22 million metres of receipt paper rolls per year and this project aims to reduce this.

**Coming together to celebrate the moments that matter**

While committed to hybrid working and supporting ongoing flexibility, this year we have taken a more deliberate approach to collaboration by putting more structure around how we spend our time together in the office to enable employee collaboration and company connection. Our teams love to come together for special Tyro events like Taco Tuesday, Mindshare Fridays, product launches, Wellness Week, Blitzes, Lunch and Learns as well as regular strategy and planning days. We also celebrated our 20th birthday in style earlier in the year with a party where we were joined by Tyros from across the decades, including some of our founders.

We continue to focus on the benefits our employees love the most including flexible working arrangements, investment in training and development, access to earned wages before pay day, recruitment referral bonuses, Employee Assistance Program (**EAP**) to provide confidential counselling services, an annual volunteer day to contribute to the community, primary and non-primary carer leave, a mix of short and long term incentives for performance, and a range of health and retail discounts.

**June Lim**
Graduate Platform Engineer

*"I've always been interested in the fintech space, and Tyro stood out as very inclusive and supportive place where diversity is welcomed. People in Tyro are open to different perspectives and opinions, and all work in our team is open to everyone regardless of position. As a grad, I really appreciate this opportunity, as it enables me to pick up a wide range of work and deep dive into each which I can see is taking my career to the next level."*



**Jeff Cabarrus**
Senior Legal Counsel, and Sustainability working group member

*"The sustainability working group has started to hit its stride this year, supporting on key initiatives like Tyro's push for Carbon Neutral emissions, as well as waste management and energy reduction projects around the office. It's rewarding to have the opportunity to help drive meaningful initiatives with a measurable impact."*



**Stephanie Iacono**
Operational Change Lead, and Co-chair of Tyro Pride Committee

*"Building an inclusive environment is so important to fostering diversity at Tyro. From LGBTQIA+ training for Tyros to event fundraising for external organisations that support the community, I'm so proud of the impact that the Pride Committee has achieved this year."*



**Paul Keen**
Chief Technology Officer, and XLT sponsor of Tyro Blitz (hackathon)

*"Innovation has always been core to Tyro's DNA. Our Blitz days are a lynchpin of our 20-year innovation culture, providing a chance for all our team members - whether they work in technology, product, marketing, sales or legal - to tackle problems or gaps in the market they're most passionate about solving."*



**Matt Parkes**
Technical Support Manager, and Chief Taco Officer

*"Over the last 3 years, Taco Tuesdays has grown from a small recurring team lunch with 3 people using a sandwich press, to a weekly industrial kitchen operation that takes orders and manages payments to feed hundreds of hungry Tyros each month! We're so proud that the Tyro Taco Committee is a true grassroots initiative (and the only internal Tyro merchant customer!) that has stemmed organically from Tyro's inclusive culture, where everyone belongs and is welcomed for who they are."*



**Karen Lovison**
Head of Compliance, and Chair of Women of Tyro

*"I am passionate about encouraging my fellow female Tyros to achieve their career aspirations. Women of Tyro provides support through a range of panel discussions, mentorship programs, networking events and our quarterly newsletter that features inspirational stories about our people and customers. It's a wonderful time to work at Tyro with four outstanding female role models as Board directors, including our first female Board Chair, Fiona Pak-Poy."*

# Engaging with our stakeholders

## Our Partners

The relationships we build with our partners are a significant contributor to our long-term value. We continue to invest in our existing Point of Sale (**POS**) partnerships to create unified payment solutions by leveraging our in-store and eCommerce technical capabilities. We now have over 400 POS integrations which is one of our key value drivers and why merchants choose Tyro as their payments provider.

New merchant applications through our strategic alliance with Bendigo and exclusive partnership with Telstra and Australia Post, continued its strong performance in FY23 with 4,099 applications through these partners, reflecting 63% growth on FY22.



## Sheep Dog

Originating from one of our hackathon events (referred to as Blitz), Tyro has developed a charitable donation functionality for our merchants which allows cardholders to donate to charities. This can be either a donation for a fixed amount, or a 'roundup' of their purchase to the nearest whole dollar. Donations are kept separate to the merchant's daily settlement and are settled directly with the charities monthly.

We are currently in a pilot phase for this functionality. In 2023, the total amount of 'round up' donations made through our terminals was over $144,000, with a total of over $324,000 being raised so far throughout the pilot period. The next phase of development to automate this functionality is planned for 2024.



**North Burleigh Surf Life Saving Club**

**THANK YOU FOR ROUNDING UP**

100% of your donation goes to the Surf Club to save lives on our beach

A minimum of 95% of your donation is provided by Tyro Payments Limited to the North Burleigh Surf Life Saving Club. This has been approved under the Collections Act 1966 (Qld)

## Our Shareholders

Our shareholders include retail, self-managed superannuation funds and institutional investors. We maintain active engagement with our shareholders through our investor relations program and by promoting effective communication with all shareholders. We encourage their participation at general meetings and investor briefings and this participation helps ensure that all shareholders have equal access to relevant information, thereby maintaining an informed market.

## Our Broader Community

We are committed to help improve the future wellbeing and social outcomes for our community. In particular, we strive to support initiatives that matter most to our merchants.

## Jeans for Genes

Tyro has partnered with the Children's Medical Research Institute since 2021, providing 50 eftpos terminals to take contactless payments for Jeans for Genes Day fundraising merchandise and donations.

Over 30 Tyro employees volunteered on Friday, 5 August 2023 to sell merchandise and help raise over $1.8 million for research and treatments for children who face congenital disabilities or genetic diseases like cancer, cystic fibrosis, and life-threatening metabolic disorders.

### Our Suppliers

At Tyro, we seek to incorporate sustainability into all areas of our business, including our supply chain. Our ability to deliver our payments and banking offering relies on the performance and availability of our technology and communication systems and those of our suppliers.

Although we expect each of our suppliers to define their own sustainability measures, including their approach to modern slavery and climate change, our procurement process requires us to assess the risks of modern slavery in our suppliers' practices. In accordance with the *Modern Slavery Act 2018* (Cth), we have issued a statement outlining the steps Tyro takes to ensure that our business and supply chain are free from slavery. Tyro recognises and understands the importance of the Modern Slavery Act and is committed to reviewing and assessing the risks of modern slavery in its operations and supply chain.

### Protecting our customers

At Tyro, information security is paramount. With the ever-changing nature of cybersecurity threats, we are constantly improving our security controls to stay ahead of these. Our focus is to protect our customers, our people, and our business.

### Data Management and Privacy

As part of our ordinary business operations, we collect, use, and hold information relating to our merchants, including cardholder transaction records. Refer to our privacy policy at *www.tyro.com/privacy-policy/*.

We are committed to respecting the privacy of our merchants. Our privacy policy explains how we collect, store, use and disclose personal information. We take reasonable steps to protect this information including using appropriate technology and processes, restricting access, and implementing both physical and cyber security measures.

In the event of a privacy breach, we have processes in place to ensure the risks are managed in a timely and effective way. These processes also outline the required notifications, including notifiable data breaches to the Office of the Australian Information Commissioner

We also take privacy complaints very seriously, and our Privacy Policy includes details of internal and external complaints avenues available to customers.

### Reporting of data breaches or privacy breaches

All material data security attacks (both successful and failed) and privacy breaches are reported to our Board Risk Committee and Audit Committee. All cyber security or privacy breaches that meet the criteria for a notifiable data breach under Australian privacy legislation are reported to the Office of the Australian Information Commissioner.

# Security of our products

### Terminals

Our terminal machine PIN pads are protected with a unique key entry shield. We encrypt data between the payment terminal and Tyro's switch-engine, and we take every opportunity to make sure merchants' and customers' data is always secure.

### eCommerce

Tyro's eCommerce product is designed as a payment gateway that stores card data in a PCI DSS compliant environment, protecting this data from possible data breaches. We view security as a joint responsibility between ourselves and our merchants. We provide our merchants with education tools on how to prevent fraud and how to identify eCommerce scams.

### Banking

Our priority is to keep our merchants' accounts, data, and privacy secure. We proactively monitor transfers as they occur for suspect behaviour and have systems in place to mitigate our customers' exposure to threats.

Tyro assumes a 'defence in depth' approach to security. As such we incorporate security policies, processes and procedures into our Software Development Lifecycle (**SDLC**) and change management program. Each initiative undergoes extensive security assessments which assess both Tyro systems and any outsourced system that could affect the impact and likelihood of risk to Tyro. All information assets are assessed in line with CPS234 and Privacy Act requirements to determine sensitivity and criticality of an information asset. Upon classification, outcome appropriate NIST and industry best practice security controls are implemented and validated for effectiveness through various assessment activities.

Tyro incorporates least privilege user access principles to ensure that only authorised persons have access to pertinent information assets. All Tyro staff are pre-screened as part of their employment on boarding process to ensure a strong level of trust.

Our Tyro bank account and term deposit products are protected under the Financial Claims Scheme up to $250,000 per account holder.

# Our responsibility to reduce our environmental footprint

## Tyro's environmental strategy

We recognise that Tyro has an important role to play in collaborating with the government, other businesses and the broader community to urgently address climate change.

To better understand the impact Tyro's operations have on the environment and climate change, we conducted a technical assessment of our emissions inventory through Climate Active Australia with FY21 being our baseline for reporting going forward.

In FY23, our total carbon emissions were 4,927 tCO2, higher than our FY22 total of 4,251 tCO2. We expect this is due to the return of more employees to working in Tyro's offices at least two to three days per week. We have also incurred additional emissions associated with executive travel, including flights and accommodation. Finally, our overall merchant growth means we have more terminals which incur increased freight and shipping costs.

In FY24 our sustainability program will continue to work towards reducing the impact of our operations through several initiatives.

### Carbon Neutral Certification



We're making a bigger impact by proudly reducing ours…

In FY23 we met the requirements of the Climate Active Carbon Neutral Standard for Organisation, and are now certified as Carbon Neutral for our Australian business operations.

### Investment in carbon offset projects

We acquired 4,251 tCO2e carbon offsets in 2023 in respect of our emissions in FY22 by investing in the Rimba Raya Biodiversity Reserve Project. Located in Central Kalimantan, Indonesian Borne, Rimba Raya generates carbon credits from High Conservation Value peat swamp forest, and develops livelihood programmes in surrounding villages to provide education, employment and a future for the local community.
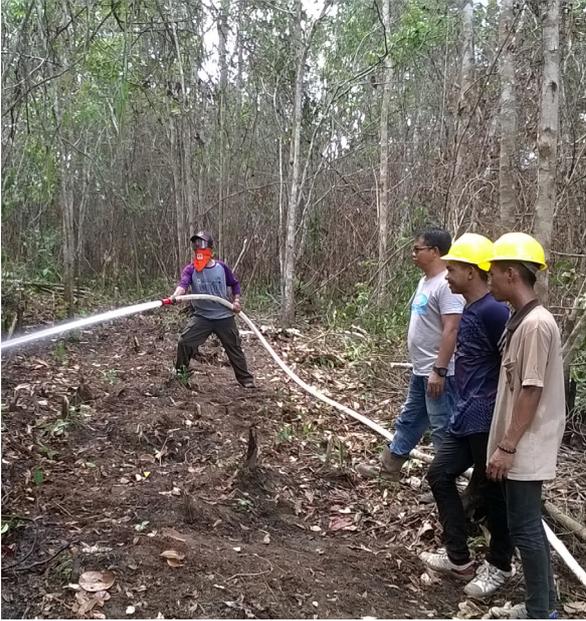


### Tyro head office

Our head office in Sydney at 55 Market Street has a National Australian Built Environment Rating System (NABERS) energy rating of 5-stars and a NABERS water rating of 4-stars.

We actively identify energy-saving opportunities including the following initiatives:

- All monitors are switched off when not used.
- Smart lighting that automatically switches off lighting when no movement is detected.
- Use of LED energy saving lighting technology.
- Use of smart elevator technology with a destination control system that optimises lift trips, reducing the amount of energy required to move groups of people through the building.
- An advanced Building Management and Control System was also implemented in the refurbishment that enables building management to tune and optimise the building for sustainability and occupant comfort.
- Smart printing technology.

We are also investigating the procurement of electricity for our head office from renewable energy sources, to reduce our emissions inventory from electricity consumption.

With the recent flexible working policy allowing employees to work from home 2-3 days per week, we provide our people with education and customised training about ways to save energy in the home.

### Data centres

Tyro uses Equinix and Fujitsu data centres for half of all production workloads. Equinix has a long-term commitment to use renewable energy in its global infrastructure, and in FY22 it achieved 96% renewable energy usage. Fujitsu have a target of achieving 40% renewable energy in its infrastructure by 2030.

The remainder of Tyro's infrastructure resides with Amazon Web Services (**AWS**) which has committed to using 100% of energy generated from renewable sources by 2050.

### Terminal freight and recycling

Terminal freight represents one of the largest contributors to our carbon inventory. We are working with our terminal suppliers to identify more carbon neutral options for their supply chain management, thereby reducing our carbon footprint.

Furthermore, we refurbish and reuse all terminals that are not identified as redundant. Once a terminal is identified as being redundant, we send it to e-Waste recycling.

### Waste management

Our Tyro Sustainability Champions Group works with Tyro employees in our efforts to be a more sustainable company. We regularly communicate and reinforce the importance of eliminating soft plastic waste, correct recycling practices, promoting responsible energy, water and paper usage, and encouraging others to share new ideas on how Tyro can be a more environmentally responsible company.

In our head office, we have implemented waste solutions for organic waste, recyclable waste, and waste for landfills with clear education provided to employees on how to use these solutions to reduce harmful waste.

All paper for office printers and terminals is procured from recycled sources. We also procure recycling services for printer toner cartridges, batteries and other electronic waste including recycling IT equipment (laptops, printers, screens etc) through certified e-waste companies.

### Employee commuting

We currently provide end-of-trip facilities, including secure bike parking, showers, and well-equipped changing rooms to all employees to better support environmentally friendly modes of commuting.

Where possible, we are consciously sourcing carbon efficient options for corporate travel for any team members who travel as part of their role.

### Assisting our merchants on their journey to decarbonisation

We are currently investigating functionalities using our terminal technology and Tyro Connect platform to help our merchants and their customers to assist in climate active initiatives.

### Creating long-term shareholder wealth

FY23 delivered strong financial results, with Tyro generating a transaction value of $42.6 billion from over 68,500 merchants, normalised gross profit of $193.2 million, EBITDA of $42.3 million and a statutory net profit after tax of $6.0 million together with positive free cash flow of $5.7 million.

Refer to the CEO's Report and Operating and Financial Review on pages 19 to 42 of the Annual Report for details of our financial performance and financial position for FY23 and our strategy for FY24 and beyond.

# 5. Governance and Ethics
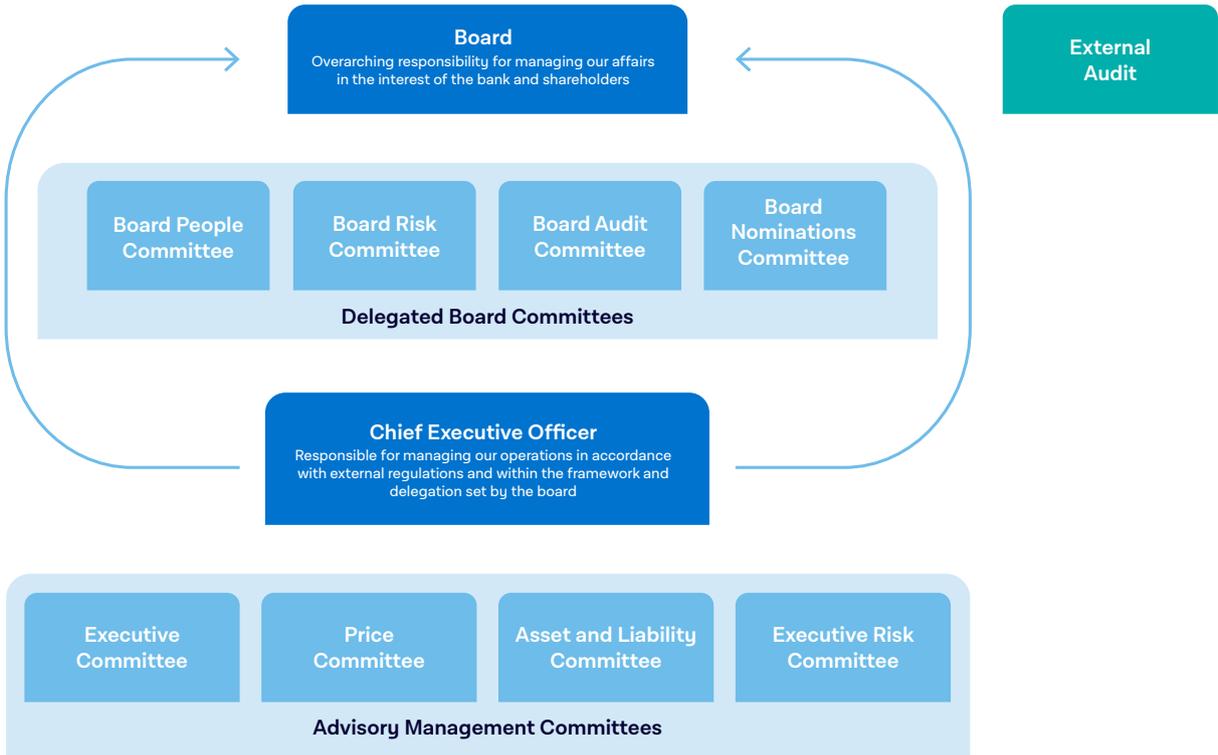
## Operating with integrity

Our Corporate Governance principles support our values-driven culture which informs our approach to recruitment, retention, and performance management as well as the ethics and behaviour of our team members.

We maintain a positive risk culture at Tyro, as demonstrated by our consistently high results from our employee survey. In June 2023, 'Risk Culture' was the highest rating area of the survey with an average favourable score across the organisation of 85%.

We are committed to a corporate governance structure that promotes stakeholder value creation by providing governance and control, leadership, accountability that in turn encourages responsible behaviour. The composition of our Board and leadership team is aligned with our strategic objectives and meets the requirements of the ASX Corporate Governance Principles and Recommendations (4th Edition). Refer to our Corporate Governance Statement available on our website at:

*https://investors.tyro.com/investor-centre/?page=corporate-governance*

**GOVERNANCE FRAMEWORK:**

**Board**
Overarching responsibility for managing our affairs in the interest of the bank and shareholders

**External Audit**

**Delegated Board Committees**

| Board People Committee | Board Risk Committee | Board Audit Committee | Board Nominations Committee |

**Chief Executive Officer**
Responsible for managing our operations in accordance with external regulations and within the framework and delegation set by the board

**Advisory Management Committees**

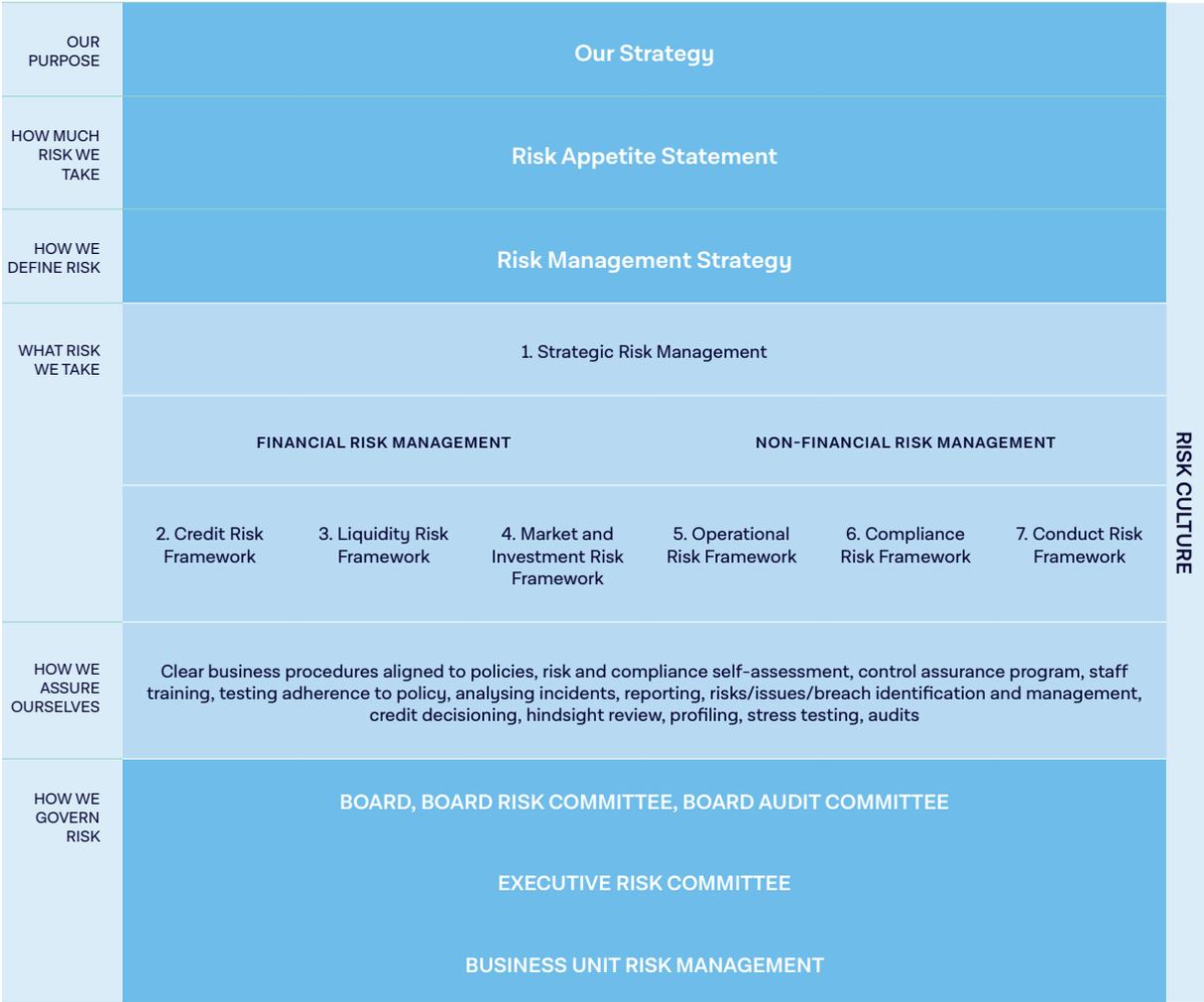| Executive Committee | Price Committee | Asset and Liability Committee | Executive Risk Committee |

# Risk management

The purpose of risk management is not to eliminate risk from our business model but to ensure that we maximise our opportunities by taking decisions that meet our risk appetite and deliver long-term value for our stakeholders.

Through its Board Risk Committee, the Board oversees our Risk Management Framework, Risk Appetite Statement and suite of risk policies and frameworks.

**GROUP'S RISK MANAGEMENT FRAMEWORK**

| | | |
|---|---|---|
| OUR PURPOSE | **Our Strategy** | |
| HOW MUCH RISK WE TAKE | **Risk Appetite Statement** | |
| HOW WE DEFINE RISK | **Risk Management Strategy** | |
| WHAT RISK WE TAKE | 1. Strategic Risk Management | RISK CULTURE |
| | FINANCIAL RISK MANAGEMENT / NON-FINANCIAL RISK MANAGEMENT | |
| | 2. Credit Risk Framework / 3. Liquidity Risk Framework / 4. Market and Investment Risk Framework / 5. Operational Risk Framework / 6. Compliance Risk Framework / 7. Conduct Risk Framework | |
| HOW WE ASSURE OURSELVES | Clear business procedures aligned to policies, risk and compliance self-assessment, control assurance program, staff training, testing adherence to policy, analysing incidents, reporting, risks/issues/breach identification and management, credit decisioning, hindsight review, profiling, stress testing, audits | |
| HOW WE GOVERN RISK | BOARD, BOARD RISK COMMITTEE, BOARD AUDIT COMMITTEE<br><br>EXECUTIVE RISK COMMITTEE<br><br>BUSINESS UNIT RISK MANAGEMENT | |

We are committed to ensuring that a consistent approach to identifying, assessing, and managing risk is established across the business in line with the standard 'three lines of defence' model.

We promote a positive risk culture across Tyro and encourage our employees to 'speak up' if they see something that is not right. All employees are required to complete mandatory training that reinforces their responsibilities and provide them with the tools for identifying and reporting risk.

Refer to pages 38 to 41 of the Annual Report for Tyro's enterprise, strategic and emerging risks and controls.

# Compliance

Our Chief Risk Officer (**CRO**) together with our CEO, lead and oversee our compliance program. The CRO reports to the Board Risk Committee and provides regular updates to the Board Risk Committee including reports covering compliance performance matters such as status of compliance reviews, mandatory training progress and results of Compliance assurance activities.

We are committed to complying with all internal and external obligations, through the development and maintenance of a compliance framework that is embedded in the way we conduct business. Our compliance obligations are documented in an obligations register which is kept up to date by tracking the progress of new or changed relevant legislation and regulations.

We have compliance policies and supporting documentation which are subject to regular review to ensure they remain current, and we have a compliance monitoring program in place to monitor adherence to policies. Our Risk and Controls Self-Assessment process is used to identify, evaluate, and manage operational and compliance risks and to develop associated controls. Compliance risks are reassessed whenever there are changes to the business environment, which include products, processes, systems, third parties, regulations and the organisation.

Every Tyro employee is provided with mandatory online compliance training on:

- Workplace Health & Safety
- Anti-money Laundering
- Risk Management
- Anti-bribery and Corruption
- Modern Slavery
- Privacy and Confidentiality
- Whistleblower Processes
- Code of Conduct; and
- Securities Trading.