

# CORPORATE GOVERNANCE STATEMENT

## Overview

The Board of Helloworld Travel Limited (the Company) governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to the highest standards of ethics and integrity and ensures that senior management run the Group in accordance with these standards. The Board monitors the Company's governance framework and practices to ensure it fulfils its corporate governance obligations.

This statement has been approved by the Board and outlines the main corporate governance practices employed by the Company. The Company endorses the ASX Corporate Governance Principles and Recommendations (3rd Edition) released in March 2014 by the ASX Corporate Governance Council (ASX CGP) and where it has not adopted a particular recommendation, a detailed explanation is provided.

This statement is current at 21 August 2018.

## 1 Laying solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Company's long term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Group as a whole. The key aims of the Board are to ensure that the Company is properly managed and has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.

The role and responsibilities of the Board, the Chairman and individual Directors are set out in the Company's Board Charter. A copy of the Board Charter is available from the Corporate Governance section of the Company's website at [www.helloworldlimited.com.au](http://www.helloworldlimited.com.au).

The Board's key responsibilities and those matters expressly reserved to the Board are set out in the Board Charter and include:

- Setting the strategic direction of the Company and monitoring the implementation of that strategy by management;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the CEO, CFO and Company Secretary;
- Board and Executive Management development and succession planning;
- Approving the annual operating budget;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
- Monitoring compliance with legal, tax and regulatory obligations;
- Reviewing and ratifying systems of risk management, governance, internal compliance and controls, code of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- Reviewing the effectiveness of the Company's risk management systems;
- Approving and monitoring financial and other reporting to the market; and
- Appointment, reappointment or replacement of the external auditor.

Day-to-day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO, the CFO and other senior executives. Authority for these matters is delegated to the CEO, CFO and senior management under the Delegations of Authority Policy and the delegations are subject to certain specified value thresholds.

These matters include:

- Incurring budgeted and unbudgeted operating expenditure;
- Incurring budgeted and unbudgeted capital expenditure;
- Write-downs, bad debts, asset or equity disposals and acquisitions; and
- Approval of entry into contracts.

Prior to a director appointment, the Board ensures that appropriate checks including background and reference checks are conducted on candidates for the role of director, which may be conducted by external consultants and by other Directors. Candidates also meet with each existing director prior to the Board's decision to appoint them.

To ensure that Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them.

## Senior executive performance

With the assistance of the Remuneration Committee, the Chairman undertakes an annual review of the performance of the CEO against key performance indicators.

The CEO reviews the performance of his direct reports against key performance indicators and reports this to the Remuneration Committee.

## 2 Structure of the Board

### Board composition

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently five Directors appointed to the Board.

Under the Board Charter, the appointment and removal of the Company Secretary is the responsibility of the Board. The Company Secretary reports directly to the Chairman in relation to all matters relating to the proper functioning of the Board.

The Company uses a Board Skills Matrix to ensure that its membership includes an appropriate mix of skills, experience and expertise and to assist in identifying the skills most desired in potential candidates for appointment to the Board. The matrix is also a tool for identifying professional development opportunities for existing directors to develop and maintain the skills and knowledge required to effectively perform their role as directors.

Board Skills Matrix	Number out of 5 directors
Travel Industry Experience - Australia	4
Travel Industry Experience - International	4
Franchise Operations	2
Technology & Digital Economy	3
Brand Development, Marketing	3
Governance & Compliance	4
Listed Company Experience	4
Relationships/Stakeholder Management	5
Remuneration, Human Resources	5
Legal	3
Wide Industry Experience	3
Financial Experience	3
Strategic Planning & Risk	5
Health & Safety	5

Further detail regarding the Directors' qualifications, special responsibilities, skills, experience and expertise (including the period of office held by each Director) is set out in the Directors' Report on pages 10 to 13.

### Director Independence

As at 30 June 2018, based on the factors relevant to assessing the independence of directors included in the ASX CGP, two Directors, Garry Hounsell and Mike Ferraro, are deemed to be independent.

The remainder of the Board is not independent for the following reasons:

- Andrew Finch is an executive of Qantas, the ultimate holding company of QH Tours Ltd, a substantial shareholder of Helloworld Travel Limited and a company having a material business relationship with the Company as a supplier of product and a customer for distribution services;
- Andrew Burnes is the Company's Chief Executive Officer and Managing Director, and a substantial shareholder of the Company;
- Cinzia Burnes is the Company's Group General Manager, Wholesale and Inbound, Executive Director and a substantial shareholder of the Company; and
- Peter Spathis until his retirement from the HLO Board on 16 November 2017, was employed as Chief Financial Officer of Consolidated Travel Pty Ltd, which operated in the travel industry, and within the Alysandratos Group of Companies, which includes Sintack Pty Ltd ('Sintack'), a substantial shareholder of Helloworld Travel Limited.

The length of each Directors' tenure as a director is set out in the Directors' Report on pages 10 to 13.

### Independent Decision Making

During the reporting period, the role of Chairman was held by Garry Hounsell. Mr Hounsell is an independent director of the Company.

For the whole of the year for QH Tours Ltd and up until 16 November 2017 for Sintack Pty Ltd, each had nominated members to the Board. Those nominees brought to the Board the requisite skills which are complementary to those of the other Directors and enabled them to adequately discharge their responsibilities as Non-Executive Directors.

As Executive Directors, Mr Burnes in his role as CEO and Managing Director and Mrs Burnes in her role as Group General Manager, Wholesale and Inbound, are not considered by the Board to be Independent Directors.

All Directors bring independent judgement to bear on their decisions.

The materiality thresholds used to assess director independence are set out in the Board Charter. The Board believes that the interests of the shareholders are best served by:

- the current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report; and
- the Independent Directors providing an element of balance as well as making a considerable contribution in their fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgement:

- a standing item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- all Directors must act at all times in the interests of the Company; and
- the directors meet regularly without management present.

Adoption of these measures ensures that the interests of shareholders, as a whole, are not jeopardised by a lack of independence.

A majority of the Board are not independent and the Company recognises that this is a departure from Recommendation 2.5 of the ASX CGP.

## Nominations and Governance Committee

The company has a Nominations & Governance Committee. It's key responsibilities are the nomination, appointment and re-election of directors and are set out in the Nominations and Governance Committee's charter, which is available in the Corporate Governance section of the Company's website.

The following Directors were members of the Nominations and Governance Committee:

- G Hounsell (Chairman)
- A Burnes
- C Burnes
- P Spathis (until 16 November 2017)
- M Ferraro
- A Finch

The terms of reference, role and responsibility of the Nominations and Governance Committee are consistent with ASX CGP 2.1 except that it does not have a majority of Independent Directors. The Chairman of the Committee is an independent director and the Committee members are considered to have the appropriate experience to serve on the committee.

More information regarding the Committee is set out on page 53 in this Corporate Governance Statement under the heading 'Remunerating fairly and responsibly.'

## Remuneration Committee

During the year, the following Non-Executive Directors were members of the Remuneration Committee:

- G Hounsell (Chairman)
- M Ferraro (from 16 November 2017)
- A Finch
- P Spathis (until 16 November 2017)

Details of these Directors' qualifications, their attendance at Remuneration Committee meetings, and the number of meetings held during FY18 are set out in the Directors' Report on pages 10 to 14.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It reviews the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operations of the Company.

Directors are nominated, appointed and re-elected to the Board in accordance with the Board's policy on these matters set out in the Charter, the Company's Constitution and the ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered along with an assessment of the nature of the skills experience, expertise, diversity and other attributes which would benefit the Board in fulfilling its responsibilities.

## Board performance

The Board undertakes an annual self-assessment of its collective performance and the performance of its committees, by way of a series of questionnaires. The results are collated and discussed at a Board meeting and any action plans are documented together with specific performance goals which are agreed for the coming year.

The outcomes from this Board and Committee performance review were:

- That the Board was functioning well with very open communication between management and the Board;
- The mix of skills and experience of the Board is appropriate for the size and complexity of the company with all directors making a strong contribution;
- Commitment to the ongoing focus on emerging and current non-financial risks; and
- Continuing and enhancing director involvement in company events.

An assessment of individual Director's performance was undertaken during the year. This assessment consisted of a self-assessment questionnaire completed by each Director and an individual discussion with the Board Chairman. The assessment and discussion in relation to the Chairman's performance was undertaken by the Chairman of the Audit & Risk Committee.

## Access to information

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of the Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

## 3 Ethical and responsible decision making

A Standard of Conduct Policy is in place to promote ethical and responsible practices and expectations for Directors, employees and consultants of the Company in the discharge of their responsibilities. This Policy reflects the Directors' and senior executive's intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Standard of Conduct Policy is available to all employees and is also available in the Corporate Governance section of the Company's website.

### Diversity

The Board has established a Diversity Policy which supports the commitment of the Company to an inclusive workplace that embraces and promotes diversity and provides a framework for new and existing diversity related initiatives, strategies and programs within the business. A copy of the policy is available in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP3.

In accordance with this policy and ASX CGP3, the Board has established the following measurable objectives in relation to gender diversity:

- The Board will actively seek suitable women applicants for Board vacancies;
- The proportion of females on the Board should not fall below current levels unless a transparent process fails to succeed in attracting a suitable woman candidate; and
- The proportion of females reporting to the CEO should not fall below the current levels unless a transparent process fails to succeed in attracting suitable women candidates.

During the current year, no new Directors were appointed and one Director retired at the 2017 AGM. The retirement of one male Director had the impact of increasing the proportion of females on the Board. The percentage of female personnel reporting directly to the CEO at 30 June 2018 was 29%.

During the year the company delivered the following diversity outcomes:

- As part of the Helloworld Travel Reconciliation Action Plan, a joint venture between QBT and inTravel was finalised which will focus on providing career opportunities to indigenous Australians;
- Provided enhanced health and well being programs nationally including the development of strategic initiatives that focus on the wellness pillars of physical, mental and financial. The programs offer consistent benefits to all team members and support an inclusive culture; and
- Development of 'Career Pathways' to highlight the vast number of positions and career opportunities that the group can offer new candidates and existing team members. The career Pathways encompass a talent management program which enables identification, development and formal career guidance for key talent including a focus on the identification of key female contributors within the company.

The Company recognises the importance and prominence of diversity that is currently encouraged across Australia and globally. The Company will continue to focus on a holistic view of diversity as opposed to solely focusing on gender. The Board has agreed to a Diversity Plan for the 2019 financial year that will focus on:

- The Helloworld Travel Reconciliation Action Plan which is designed to:
  - Attract and retain indigenous employees
  - Develop indigenous awareness through communication and training
- Build an inclusive culture through:
  - Identifying and removing unconscious bias
  - Implementing and enhancing employee health and well being programs
  - Reviewing employment flexibility options and offerings
  - Celebrating key events, including culturally diverse events
- Increasing gender diversity through:
  - Developing internal career pathways for women to progress into senior roles

Helloworld Travel's specific goals and actions include:

- Working with the leadership team to set targets and timeframes to address the gender pay gap at the organisation level, therefore focusing leadership attention to the topic;
- Reviewing the gender pay gap on an annual basis to track progress;

- Implementation of development sessions for all senior leaders to provide an awareness of the types of unconscious biases relating to gender, sexual preference, and race that exist within the workplace, such as prejudices to flexible working, remuneration outcomes, recruitment and selection;
- Ongoing review of the operation of the current parental leave policy across the group to ensure appropriate education is provided to managers on their responsibilities during parental leave. This includes a parental leave handbook to support employees at this important time and ongoing commitment to the 'keep in touch' program for employees on parental leave which contains a support program for transition back to the workplace. This includes a formal program of the relevant staff members meeting with their supervisor every three months, invitations to staff functions, morning teas to keep in touch and refresher courses offered where required;
- Implementation of Career Pathways and Talent Management programs; and
- In the event that a vacancy arises within the Senior Leadership Team, an emphasis will be placed on seeking female candidates to attempt to close the gender gap and implement a more diverse team. The company will however continue to operate a meritocracy and the best candidate for the role will be selected.

## Proportion of women in the organisation

There are 1322 female employees in the Group representing 70% of the workforce. There are five female employees representing 45% of employees who report directly to the CEO. There is one female on the Board which represents 20% of the Board.

## Share trading

A Share Trading Policy is in place for Directors, senior executives and employees. The objective of the policy is to minimise the risk of Directors and employees who may hold material non-public information contravening the laws against insider trading, ensure the Company is able to meet its reporting obligations under the ASX Listing Rules and increase transparency with respect to trading in securities of the Company. A copy of the policy is available in the Corporate Governance section of the Company's website.

## Protected disclosures

The Group's Whistleblower Policy encourages employees to report concerns in relation to illegal, unethical or

improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions. The Whistleblower Policy is available to all Helloworld Travel employees and is also available in the Corporate Governance section of the Company's website.

## 4 Integrity of financial reporting

The Board has an Audit & Risk Committee to assist the Board in the discharge of its responsibilities.

During the reporting period, the following Non-Executive Directors were members of the Audit & Risk Committee:

- Mike Ferraro (Chairman)
- Andrew Finch
- Garry Hounsell (from 16 November 2017)
- Peter Spathis (until 16 November 2017)

The Audit & Risk Committee charter is available in the Corporate Governance section of the Company's website and the composition, operation and responsibilities of the Committee are consistent with ASX CGP 4.1, except that, due to the small number of Independent Directors, the Audit & Risk Committee did not have a majority of Independent Directors until 16 November 2017. During that time, the members of the Audit Committee were considered to be the best qualified to serve on the Committee given their background and experience.

Mike Ferraro, an independent Director, has been the Committee Chairman for the full year. The Company recognised that Mr Spathis' membership of this committee until 16 November 2017 was a departure from Recommendation 4.1 of the ASX CGP. The composition and operation of this committee is now consistent with ASX CGP 4.1.

Details of these Directors' qualifications and attendance at Audit & Risk Committee meetings are set out in the Directors' Report on pages 10 to 14.

The Board and Audit & Risk Committee closely monitor the independence of the external and internal auditors. Regular reviews of the independence safeguards put in place by the internal and external auditors are undertaken including the rotation of the external audit engagement partner every five years.

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

## 5 Timely and balanced disclosure

The Company has a written Continuous Disclosure Policy in relation to the market disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities in order to ensure compliance with its obligations under the ASX Listing Rules.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website.

## 6 Rights of shareholders

The Helloworld Travel Limited Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at Annual General Meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the Annual Report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website and the Helloworld Travel Limited Annual Reports since 2007 are posted here.

Copies of each of the charters and policies relevant to the governance of the Company can also be found on the Company's website.

The Company ensures that the explanatory notes accompanying its Notices of Annual General Meeting provide shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director at an Annual General Meeting, including a recommendation from the Board. These notices are available under Investor and ASX Releases on the Company's website.

The Chairman ensures that shareholders are provided with the opportunity to question the Board concerning the operations of the Company at the Annual General Meeting and other shareholder meetings. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements. Shareholders who are unable to attend the meeting are provided with the opportunity to submit questions and comments before the meeting to the Company or to the auditor.

The CEO and CFO endeavour to respond to queries from shareholders and analysts for information in relation to

the Company, provided the information requested is not price sensitive.

Shareholders have the option to receive communications from and send communications to the Company and its share registrar electronically if they wish to do so. They also have the option of voting online on resolutions to be put at the Company's Annual General Meetings.

## 7 Recognising and managing risk

The Company has a written policy in place for the oversight and management of its material business risks. The Group takes a proactive approach to risk management. The Board and Audit & Risk Committee are primarily responsible for ensuring that risks are identified and reviewed on a timely basis. A copy of the Risk Management Policy is located in the Corporate Governance section of the Company's website.

Under the Risk Management Policy, the Board is responsible for:

- Overseeing and approving the establishment and implementation of the Company's risk management, internal controls and compliance systems;
- Reviewing the effectiveness of the Company's risk management, internal control and compliance systems at least annually, and satisfying itself that management has developed and implemented a sound system of risk management and internal control; and
- Approving the delegations of authority for day-to-day management of the Company's operations.

Under the Risk Management Policy, the Audit & Risk Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities with regard to:

- The reliability and integrity of information for inclusion in the Company's financial statements;
- Enterprise-wide risk management;
- Compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
- The integrity of the Company's internal control framework; and
- Safeguarding the independence of the external and internal auditors.

Details of the members of the Audit & Risk Committee are set out in the Integrity of financial reporting section of this Corporate Governance Statement.

The Company's Executive Management Team (EMT) also plays a significant role in identifying, assessing, monitoring and managing risks. The EMT, supported by the Helloworld Group Risk team, are responsible for assisting the Audit & Risk Committee to ensure that robust risk management exists across the organisation. The EMT ensures that a sufficient level of risk analysis is applied to critical decisions and provides assurance to the Audit & Risk Committee that risk processes at all levels are effective and compliant with the Company's Risk Management Policy.

The Board has received a report from Management as to the effectiveness of the Company's management of its material business risks during the year. The Board has also received from the CEO and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Information in relation to the economic, environmental and social sustainability risks facing the Company and the manner in which these are managed are included in the Operating and Financial Review on pages 16 to 31 of the Annual Report.

### Internal Audit

An internal audit program is an important element of the Company's risk management processes. While the Company does not have an in-house internal audit function, it engages independent, expert consultants to conduct internal audit work on its behalf on a case by case basis. The consultants engaged are those considered on the basis of their skill set to best be able to undertake a particular audit. Areas of focus for internal audits are identified by reference to the Company's risk management framework. The findings and recommendations generated by the internal audits are evaluated and reviewed by the Audit & Risk Committee.

## 8 Remunerating fairly and responsibly

Helloworld Travel's remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report, which forms part of the Directors' Report.

### Directors

The annual total of fees paid to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees and Committee Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits and no equity-based remuneration scheme exist for Non-Executive Directors.

Details of the remuneration arrangements for the Company's Executive Directors are set out in the Remuneration Report on pages 34 to 43.

### Remuneration

The Board has established a Remuneration Committee to assist the Board in the discharge of its duties in relation to remuneration.

Details of the Non-Executive Directors who were members of the Remuneration Committee during the reporting period are set out in the Remuneration Committee section of this Corporate Governance Statement.

The Remuneration Committee Charter is available in the Corporate Governance section of the Company's website. The composition of the Committee is a departure from ASX CGP 8.1 on the basis that the Remuneration Committee does not have a majority of independent directors, however the Chairman of the Committee is an independent director. The Committee Chairman and members of the Committee are considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

Details of the Directors' qualifications and attendance at the Remuneration Committee meetings are set out in the Directors' Report on pages 10 to 14.

### Executive management

Remuneration for executive management is generally set to be competitive, so as to both retain executives and attract appropriately skilled executives to the Company. Remuneration comprise a fixed cash element and variable incentive components. Payment of the variable components will depend on the Company's financial performance and the executive's personal performance.

In 2017, a loan based equity LTIP was established and targeted to a group of executives and senior leaders within the business. LTIP allocations are limited to key executives and senior leaders who are considered critical to the ongoing success of the Group. During the current year, a number of additional senior leaders were offered the opportunity to participate in the LTIP.

The Company's Share Trading Policy prohibits executives participating in the equity based remuneration scheme from entering into any arrangement that operates, or is intended to operate, to limit their exposure to risk in relation to these shares.

A copy of the Share Trading Policy is available from the Corporate Governance section of the Company's website.