

serko

**ENVIRONMENTAL
SOCIAL
GOVERNANCE**

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This Environmental, Social and Governance (ESG) Report, which incorporates Serko’s Corporate Governance Statement, was approved by the Board of Serko Limited on 23 June 2020 and is accurate as at that date. The Board does not undertake any obligation to revise this Report to reflect events or circumstances after 23 June 2020 (other than in accordance with the continuous disclosure requirements of the applicable Listing Rules).

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Introduction

Serko aims to be a successful growth company. To realise this ambition we must do the right thing by our people, customers, communities and our shareholders.

We aim to achieve this through:

- 1) Focusing on long-term growth and business sustainability;
- 2) Applying best practice governance and risk management procedures;
- 3) Cultivating an inclusive workplace of diverse and engaged staff; and
- 4) Enabling environmentally sustainable choices through technology.

Serko is committed to developing long-term value creation and making positive improvements in social, economic and environmental outcomes.

Further information and our full Annual Report can be found on the investor centre of Serko's website.

Serko's first Environmental Social and Governance (ESG) Report was produced in 2018. The United Nations (UN) Sustainable Development Goals (SDGs) have been adopted for Serko's ESG initiatives to be reported against. Serko's ESG framework remains under development and will continue to be progressed over time.

The SDGs are a set of global initiatives set by the UN for everyone to contribute to. For Serko, the SDGs are a way to see which areas of sustainability we are directly contributing to and how our initiatives relate to a larger vision for positive change.

The UN SDGs relevant to Serko and our actions are as follows:

People:



Good health and well-being

Health and Safety Policies



Quality education

Training and intern programmes



Gender equality

Diversity and inclusion policies



Decent work and economic growth

Remuneration policies



Reduced inequalities

Diversity and inclusion policies

Customers:



Industry, innovation and infrastructure

Industry recognition for innovation



Responsible consumption and production

Privacy and security policies

Community:



Sustainable cities and communities

Sponsorships and donations



Climate action

Environmental practices



ENVIRONMENTAL

Environmental

Serko recognises that it has a responsibility to the environment beyond legal and regulatory requirements. We are committed to reducing our environmental impact and continually improving our environmental performance as an integral part of our business strategy and operating methods. We encourage customers, suppliers and other stakeholders to do the same.

As a software development company Serko has a low environmental impact. But where possible Serko aims to reduce this to the minimum level practicable. Serko's current environmental goal is to continually look to reduce the impact of our business on the environment and as we grow as an organisation to ensure that any negative impact on the environment is minimised.

We are committed to reducing our environmental impact

LOWERING OUR CARBON FOOTPRINT

Serko is committed to progressively lowering its carbon footprint, towards our initial goal of offsetting 100% of our carbon emissions.

- We are conscientious when booking travel and, where possible, combine meetings to minimise our trips and resulting emissions.
- We provide flexibility for our employees to work from home, reducing the carbon emissions associated with commuting.
- Wherever possible we host information technology (IT) services in the cloud, lowering our on-premise energy consumption.
- We look to partner responsibly. Serko uses Microsoft as our cloud services platform partner. Microsoft has been carbon neutral since 2012 and is committed to become carbon negative by 2030.

- We are committed to continually improving our recycling methods. We already:
 - reuse IT equipment and parts where possible.
 - recycle IT equipment using IT recycling companies that seek to reduce carbon emissions via their recycling efforts, by following the e-Waste practices outlined in AS/NZS5377:2013 and complying with the Basel Convention standards for the export of e-Waste material.
 - recycle paper, glass, hard plastic, aluminium and tin cans and cardboard.
 - undertake composting where these services are available.
 - minimise the use of disposable coffee cups and single-use water bottles by using reusable cups and jugs, giving all staff a reuseable water bottle, and providing filtered water taps.

IN THE FUTURE

As a company providing travel-related booking tools and information, we recognise we could play an increasing role in helping to provide information on travel-related CO2 emissions to our customers and enabling travellers to offset their carbon footprints. These environmental initiatives will be considered as part of our product innovation roadmap.

SOCIAL

Social

Serko operates in an industry that is highly competitive for talent. We aim to provide an environment and culture that people want to be a part of. Our culture is not created via words on a wall but by a way of working throughout our organisation that encourages and enables people to be the best they can be and to do so in an environment that focuses on fun, performance and energy. There are a variety of initiatives that contribute to our culture – each of which are underpinned by our values and contributed to by the diversity of perspectives that make up Serko.

As a result, Serko has low employee turnover (just 8% voluntary turnover as at 31 March 2020) and high employee engagement scores relative to industry norms. Serko's employees (known in-house as Serkodians) are generally motivated, excited about our future and feel our organisation is a great place to work. As an example, more than 98% of our employees reported that they strive to do their best work every day, as they want the company to be successful.

SERKO CULTURE AND VALUES

Serko's culture remains upbeat, nimble, dynamic and inclusive, notwithstanding the impact Covid-19 is having on the travel industry. We hire top talent from the technology and travel industries to ensure that our people (Serkodians) have the skills and astute judgement to make smart decisions that lead us to be successful.

Serko's people are incentivised for achieving exceptional results. We have established OKRs (Objectives and Key Results) throughout all teams and support our people with learning and development initiatives to encourage us to keep finding new ways to innovate.

To articulate our culture, we developed the following eight values that not only describe what is important to us but also provide a code for how we behave toward each other, influencing decisions such as who we hire, how people select what they work on and how our people are led. As a result, we have a highly engaged, energised culture resulting in high employee engagement.

These values were demonstrated during the recent lockdown as a result of the Covid-19 pandemic. Serko was quick to act to protect and care for its employees when the pandemic first emerged, rapidly closing our China offices to ensure

Mastery	Serkodians continuously strive to become masters of what they do
Autonomy	Serkodians are able to work independently and make decisions for themselves
Teamwork	Serkodians work well with people not just in their own teams but in teams across the organisation
Passion	Serkodians are passionate about what they do and what Serko does
Integrity	Serkodians are honest, respectful of others, deliver on their commitments and make ethical business decisions
Success	Serkodians strive toward their goals to ensure Serko reaches its goals
Family	Serkodians are valued as part of the Serko family and Serko recognises the importance of their families to them
Fun	We value humour, laughter and enjoying our time at Serko

that our employees were not exposed to the virus. This was soon followed by the closure of our offices worldwide. In response to the emergence of the pandemic, Serko has been engaging its workforce through initiatives such as our 'Isolation Innovation' programme, involving webinars, online social gatherings and online resources. We established new ways of working remotely and ensured that people had the equipment and resources available to remain productive and succeed in their roles from home. Serko's recent (May 2020) culture survey results show the strongest engagement scores in five years of surveying and our employees voiced their gratitude for the leadership and support shown during such a trying period.

DIVERSITY & INCLUSION

Serko is committed to providing equal employment opportunities and, as such, has a workforce consisting of many individuals with diverse skills, values, backgrounds, ethnicities and experiences. The company works to ensure that its selection processes for recruitment and employee development opportunities are free from bias and are based on merit. The Board recognises that building diversity across Serko will deliver enhanced business performance.

Serko has adopted a Diversity and Inclusion Policy and is committed to achieving diversity in the skills, attributes and experience of its Board members, management and staff across a broad range of criteria (including, but not limited to, culture, gender and age). The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the Remuneration and Nominations Committee the responsibility to develop and to recommend measurable objectives to the Board that are designed to adhere to Serko's Diversity and Inclusion Policy.

As at 31 March 2020, Serko employees represent more than 20 different nationalities. Serko believes this diversity is critical for encouraging awareness of cultural experiences as we expand into different markets. Serko's employees range in age from early 20s to mid 60s, with the spread peaking in the early 30s. Serko has commenced measuring employee's feelings of inclusion and belonging at Serko, with positive results showing that employees generally feel respected, included and that they are able to have a fair balance of work and home life as employees.

The respective numbers and proportions of men and women at various levels within the Serko workforce are set out in the latest Annual Report.

DIVERSITY OBJECTIVES

Serko has set measurable objectives to reinforce its commitment to diversity. The Board's evaluation of Serko's performance with respect to these objectives during the financial period are set out below. These objectives will remain our focus for the financial year ending 31 March 2021.

Objective	FY20 Progress
<p>Facilitate and promote equal employment opportunities, including (but not limited to) diversity of culture, gender and age when considering opportunities for new and existing Serko people.</p> <p>At the end of each year report the statistics relating to new hires to demonstrate a continuation of our current diverse talent pool, including ensuring a diverse range of cultures, ages and gender is maintained (or strengthened) with the long-term goal of having 50% of the Board, Executive and Leadership team being women.</p>	<p>Over the past year:</p> <ul style="list-style-type: none"> - We continued to increase the diversity of our people, hiring people from a diverse range of cultures, nationalities and age groups. The appointments spanned a range of disciplines, including sales, technology and services. The number of female appointments increased from 29% in FY19 to 43% in FY20. While it remains difficult to recruit females into technology roles, 26% of our recruitment for these roles resulted in females being appointed, deepening the diversity of thought within the technology team. - We continued to champion females in technology via our graduate intern programme. - We continued to foster an inclusive working environment by promoting flexible working arrangements that are designed to assist our people to manage their personal and work commitments successfully.
<p>Promote a merit-based environment in which employees have the opportunity to develop and perform to their full potential, in alignment with the company's commitment to the ongoing training and wellbeing of its employees. Measure and report on the gender composition of internal movements/promotions of our people to help achieve greater diversity at leadership levels.</p>	<p>Over the past year:</p> <ul style="list-style-type: none"> - We have been able to offer many employees internal role changes and promotions as we scaled both in our home markets and globally. This has served to not only support the ongoing development of our people but also retain our key talent. Almost half the promotions of technology leaders within the business during FY20 were female, enhancing the diversity of thought leadership within Serko. - We have delivered a range of wellbeing activities, including resilience workshops, mindfulness programmes and initiatives to promote physical health and mental wellbeing while we rapidly scale our business. We also continued to support the wellbeing of our employees via our Employee Assistance Programme. - We have delivered surveys to capture employee feedback on the extent to which they feel Serko is an inclusive place to work and supports their ability to perform to their full potential.
<p>Reward excellence and ensure employees are treated fairly, evaluated objectively and promoted on the basis of their performance. Conduct an annual pay parity audit to ensure that groups are not being disadvantaged on the basis of their gender. Ensure this covers both internal pay equity and application of budget for pay reviews.</p>	<p>Over the past year:</p> <ul style="list-style-type: none"> - We conducted our annual pay equity review and benchmarked remuneration against market data. - We undertook annual performance reviews, that are peer reviewed, to inform fair and transparent remuneration and promotion decisions, resulting in a number of internal promotions within the organisation.

GOVERNANCE

Governance

The Board and management of Serko are very committed to ensuring that Serko maintains corporate governance practices that are in line with or, where possible, exceed best practice and that Serko adheres to the highest ethical standards.

The Board has had regard to the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including the revised NZX Corporate Governance Code 1 January 2020 (NZX Code) and the Third and Fourth Editions of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations.

The NZX Listing Rules require Serko to formally report its compliance against the recommendations contained in the NZX Code. How Serko has implemented these recommendations is set out in this Corporate Governance Statement. The Board considers that Serko's corporate governance structures, practices and processes have followed all of the recommendations in the NZX Code during the financial year ended 31 March 2020.

Serko's governance charters and policies can be found on the investor centre of the company's website. Go to: www.serko.com/investor-centre/. Serko's corporate governance charters and policies have been approved by the Board and are regularly reviewed by the Board and amended (as appropriate) to reflect developments in corporate governance practices.

STOCK EXCHANGE LISTINGS

Serko is listed on the New Zealand Stock Exchange (NZX Main Board) and on the Australian Securities Exchange (ASX) as an ASX Foreign Exempt Listing. As an ASX Foreign Exempt Listing, Serko needs to comply with the NZX Listing Rules (other than as waived by NZX) but does not need to comply with the vast majority of the ASX Listing Rule obligations.

Serko is incorporated in New Zealand.

OVERVIEW OF SERKO'S GOVERNANCE STRUCTURE

The Serko Board has been appointed by shareholders to protect and enhance the long-term value of Serko and to act in the best interests of Serko and its shareholders. The Board is the ultimate decision-making body of the company and is responsible for the corporate governance of the company. The role and responsibilities of the Board are set out in the Board Charter, which can be found on the investor centre of the company's website.

The Board currently comprises an independent non-executive Chair, two independent non-executive directors and two executive directors, as detailed on the investor centre of the company's website and in the latest Annual Report.

The Board has established two standing Board Committees to assist in the execution of the Board's responsibilities:

- **Audit and Risk Committee** – The current members of the Committee are Clyde McConaghy (Chair), Simon Botherway and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report.
- **Remuneration and Nominations Committee** – The current members of the Committee are Claudia Batten (Chair), Simon Botherway and Clyde McConaghy. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report.

Principle 1

Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

ETHICAL DEALINGS

The Board recognises that high ethical standards and behaviours are central to good corporate governance and has implemented a Code of Ethics (Code) to guide the behaviour of its directors and employees.

Serko's Code of Ethics establishes the framework by which directors and staff of Serko are expected to conduct their professional lives by facilitating behaviour and decision-making that meets Serko's business goals and is consistent with Serko's values, policies and legal obligations. Serko's Code of Ethics is available to staff on Serko's intranet and forms part of the induction process for new employees.

The Code of Ethics addresses:

- Serko's Values (see page 9 of this Report)
- Conflicts of interest
- Receipt of gifts
- Proper use of Serko property and information
- Confidentiality
- Expected behaviours
- Compliance with laws and Serko policies
- Additional director responsibilities
- Delegated Authority
- Reporting issues regarding breaches of the Code, legal obligations or other Serko policies.

Serko has also implemented an Anti-Bribery and Corruption Policy to reflect Serko's commitment to conducting its business in an honest and ethical manner. Serko takes a zero-tolerance approach to bribery and corruption, and is committed to acting professionally, fairly and with integrity in all business dealings and relationships.

Serko regularly reminds staff of their obligation to comply with and report any concerns they have about compliance with the Code of Ethics, Serko policies or legal obligations via staff-wide communications on the Code. Serko has established a designated email address, accessible only by non-executive directors, for staff to confidentially raise any concerns they may have. The Board reviews the Code at least six-monthly and also expects any incidents arising under the Code to be brought to directors' attention immediately.

In addition, Serko has implemented a stand-alone Whistleblowing Policy to support the application of the Code and define the process for raising concerns about actual, suspected or anticipated wrongdoings within the Serko Group.

Serko's Code of Ethics, Whistleblowing Policy and Anti-Bribery & Corruption Policy are available on the investor section of the Company's website.

SECURITIES TRADING

Serko is committed to complying with legal and statutory requirements with respect to ensuring directors and employees do not trade Serko securities while in possession of inside information.

Serko's Securities Trading Policy and Guidelines apply to all directors, officers, employees and contractors of Serko and its subsidiaries. This Policy seeks to ensure that those subject to the Policy do not trade in Serko securities if they

hold undisclosed price-sensitive information. The Policy sets out additional rules, which includes the requirement to seek company consent before trading and prescribes certain black-out periods during which trading is prohibited.

Compliance with the Securities Trading Policy is monitored through the consent process, through education and via notification by Serko's share registrar when any director or senior manager trades in Serko securities. All trading by directors and senior managers (as defined by the Financial Markets Conduct Act 2013) is required to be reported to NZX and recorded in Serko's securities trading registers.

Principle 2

Board Composition & Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

ROLE OF THE BOARD

The Board of Directors (the Board) is elected by shareholders to govern Serko in the interests of shareholders and to protect and enhance the value of Serko's assets. The Board is responsible for corporate governance and Serko's overall strategic direction and is the overall and final body responsible for all decision-making within Serko. The Board Charter describes the Board's roles and responsibilities and regulates internal Board procedure.

The Board has delegated a number of its responsibilities to Board committees. The role of each committee is described below.

To enhance efficiency, remain agile and ensure decision-making occurs at the right level, the Board has also delegated to the Chief Executive Officer the day-to-day leadership and management of Serko. The Chief Executive Officer has formally delegated certain authorities to his direct reports within set limits. The Board regularly monitors and reviews management's performance in the execution of its delegated responsibilities and the appropriateness of its Delegation of Authority Policy.

During the financial year, the Board met for 12 regularly scheduled meetings. Directors also met for additional special meetings and to undertake strategic planning for the business.

Board and Committee meeting attendance during the year ended 31 March 2020 is set out in the latest Annual Report.

BOARD MEMBERSHIP, SIZE AND COMPOSITION

The size of the Board is determined by the Board from time to time, in accordance with the limitations prescribed in the NZX Listing Rules and in accordance with the provisions of Serko's Constitution and the Board Charter.

As at 31 March 2020, the Board comprised five directors – being the two co-founders and executive directors, Darrin Grafton and Robert Shaw; and three independent non-executive directors – Simon Botherway, Claudia Batten and Clyde McConaghy. A biography of each director can be found on the investor section of the company's website and in the latest Annual Report.

The Remuneration and Nominations Committee is responsible for making recommendations to the Board regarding the Board's size and composition. When recommending candidates to act as a director, the Committee will take into account factors it deems appropriate, including the diversity of background, experience and qualifications of the candidate. When appointing directors, the Board undertakes appropriate background checks.

The Board's broader commitment to diversity includes building diversity of thought within the Board. The current Board has a broad range of experience and skills, both locally and internationally, that are appropriate to meet its objectives.

To assist in maintaining an appropriate mix of experience, the Board has developed a comprehensive skills matrix. Areas of expertise and experience that have been identified as particularly relevant to governing Serko's business include, among other skills:

- Innovation, entrepreneurship and partnership;
- Digital business and high-growth technology;
- International travel industry knowledge;
- Marketing, sales and channel management in core markets;
- Governance, legal and compliance;
- Strategy and operations;
- Finance, accounting and risk management;
- Capital markets; and
- Public company director experience.

The Board regularly reviews its skills matrix as part of its succession planning and considers the appropriate mix of skills required to govern Serko as its strategy evolves and Serko expands internationally. The Board has identified that the appointment of a new director will be required over the next couple of years to support Board renewal and is currently considering the appointment of an additional non-executive director. The average tenure of non-executive directors is six years.

BOARD APPOINTMENT, TRAINING AND EVALUATION

The procedure for the appointment and removal of directors is ultimately governed by the company's Constitution and relevant NZX Listing Rules. A director is appointed by ordinary resolution of the shareholders although the Board may fill a casual vacancy. Every director appointed by the Board must submit himself or herself for reappointment by shareholders at the next annual meeting following his or her appointment. Directors are subject to the rotation requirements set out in the NZX Listing Rules.

At the time of appointment, each new director signs a comprehensive letter of appointment setting out the terms of their appointment, including their duties and expectations in the role. Each director also receives a copy of Serko's Corporate Governance Manual (comprising all of Serko's core governance documents) and is introduced to the business through a tailored induction programme. All directors are regularly updated on relevant industry and company issues and are expected to undertake training to remain current on how to best perform their duties as directors of Serko. During the Board's annual evaluation process, training needs are considered to assist directors to remain upskilled on the business, industry and legislative developments.

All directors have access to senior management to discuss issues or obtain information on specific areas or items to be considered at Board meetings and each director actively utilises this access to support the company and its executives.

The Board, Board committees and each director have the right to seek independent professional advice at Serko's expense to assist them in carrying out their responsibilities.

The Board undertakes a regular review of its own and its committees' performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern Serko and to monitor Serko's performance in the interests of shareholders. During the financial period ended 31 March 2020, performance reviews took place in accordance with that process.

INDEPENDENCE OF DIRECTORS

A majority of Serko's directors are independent. The factors the company takes into account when assessing the independence of its directors are set out in the revised NZX Code and the Board Charter. Generally speaking, a director is considered to be independent if that director is not an employee of Serko and if the director has no direct or indirect interest or relationship that could reasonably influence or be perceived to influence, in a material way, the director's decisions in relation to Serko.

The Board has determined that each of the non-executive directors are independent directors for the purposes of the NZX Listing Rules and in accordance with the Board Charter criteria.

The Board will review any determination it makes on a director's independence on becoming aware of any new information that may affect that director's independence. For this purpose, directors are required to ensure they immediately advise Serko of any new or changed relationship that may affect their independence or result in a conflict of interest.

The Board supports the separation of the role of Chair and Chief Executive Officer. The current Chair has been elected by the Board from the independent directors, in accordance with the terms of the Board Charter. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer.

CONFLICTS OF INTEREST

The Board is conscious of its obligations to ensure that directors avoid conflicts of interest (both real and perceived) between their duty to Serko and their own interests. The Board Charter outlines the Board's policy on conflicts of interest. Serko maintains an interests' register in which relevant disclosures of interest and securities dealings by the directors are recorded.

COMPANY SECRETARY

The Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that its policies and procedures are followed and for coordinating the completion and dispatch of the Board agendas and papers. The Company Secretary is accountable to the Board, via the Chair, on all governance matters.

DIVERSITY & INCLUSION

Serko has adopted a Diversity and Inclusion Policy and is committed to achieving diversity in the skills, attributes and experience of its Board members, management and staff across a broad range of criteria (including, but not limited to, culture, gender and age). The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the Remuneration and Nominations Committee the responsibility to develop and to recommend measurable objectives to the Board that are designed to adhere to Serko's Diversity and Inclusion Policy. See pages 10-11 of this Report for further information regarding Serko's Diversity and Inclusion Policy and practices, and the Board's assessment of Serko's progress towards achieving its diversity objectives.

Principle 3

Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board uses committees to deal with issues requiring detailed consideration, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its committees and determines each committee's roles and responsibilities.

The current standing committees of the Board are:

- Audit and Risk Committee; and
- Remuneration and Nominations Committee.

Details of the roles and responsibilities of these committees are described in their respective charters and summarised below. From time to time the Board may constitute an ad-hoc committee to deal with a particular issue that requires specialised knowledge and experience.

AUDIT AND RISK COMMITTEE

The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities relating to Serko's risk management and internal control framework, the integrity of its financial reporting and its auditing processes.

Under the Audit and Risk Committee Charter, the Committee must be comprised of a minimum of three members who are each non-executive directors, the majority of whom are also independent directors, and at least one director with an accounting or financial background. Further, the Chair of the Committee is required to be independent and not be the Chair of the Board. The Chair of the Committee is not permitted to have been an audit partner or senior manager at Serko's external audit firm within the past three years.

The current members of the Committee are Clyde McConaghy (Chair), Simon Botherway and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report.

REMUNERATION AND NOMINATIONS COMMITTEE

The primary function of the Remuneration and Nominations Committee is to oversee remuneration policies and practices at Serko, oversee management succession planning and consider the composition of the Board and recommend candidates to fill Board vacancies as and when they arise. The Committee is also tasked with annually monitoring and evaluating the company's performance with respect to its Diversity and Inclusion Policy.

Under the Remuneration and Nominations Committee Charter, the Committee must be comprised of a minimum of three members, a majority of whom are independent directors. All members of the Committee are currently independent directors. The Chair of the Committee is required to be independent.

The current members of the Committee are Claudia Batten (Chair), Simon Botherway and Clyde McConaghy. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report.

TAKEOVER RESPONSE GUIDELINES

Serko's independent directors have received comprehensive legal advice on their directors' duties, and the process to be followed, in the event of a takeover offer. The Board has formally adopted this advice as the guidelines to be applied in the event of a takeover offer.

Principle 4

Reporting & Disclosure

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

Serko is committed to the promotion of investor confidence by ensuring that the trading of company shares takes place in an efficient, competitive and informed market. The Board is tasked with ensuring the integrity of financial and non-financial reporting to shareholders.

MARKET DISCLOSURE POLICY

Serko has adopted a Market Disclosure Policy that guides the company's compliance with the continuous disclosure requirements of the NZX Main Board. In addition, directors and management consider at each Board meeting whether there are any issues that have arisen that require disclosure to the market.

Serko has established a Disclosure Committee whose role it is to determine whether information is 'material information' and whether the material information is required to be released to the NZX. The Disclosure Committee comprises the Board Chair, the Audit and Risk Committee Chair, the Chief Executive Officer and the Chief Financial Officer (the Disclosure Officer).

GOVERNANCE POLICIES AND PROCEDURES

Serko's governance charters and policies can be found on the investor centre of the company's website.

FINANCIAL REPORTING

The Board is responsible for ensuring the integrity of its financial reporting. The Audit and Risk Committee closely monitors financial reporting risks in relation to the preparation of the financial statements. The Audit and Risk Committee, with the assistance of management, also works to ensure that the financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

As part of this process, the Chief Executive Officer and Chief Financial Officer are required to state in writing to the Board that, to the best of their knowledge, the company's financial reports: (1) Present a true and fair view of the company's financial condition and operational results; (2) Are prepared in accordance with the relevant accounting standards; and (3) Are founded on a sound system of risk management and internal control that is operating effectively.

NON-FINANCIAL REPORTING

To assist shareholders to make meaningful investment decisions, in addition to reporting historical statutory financial information, Serko is committed to providing shareholders with a balanced and understandable assessment of its performance, business model, strategic objectives and progress against meeting those objectives at each earnings announcement and in its half-year and full-year reports.

Serko is committed to developing long-term value creation. As part of this commitment, Serko's Board is focused on delivering a sustainable future for its business, people, customers and communities by doing what is right. To demonstrate this, Serko has chosen to report against the UN Sustainable Development Goals (SDGs). SDGs are a set of global initiatives set by the United Nations for everyone to contribute to.

For Serko the SDGs are a way to see which areas of sustainability it is directly contributing to and how they relate to a larger vision for positive change (see pages 4-5). Information about Serko's ESG initiatives are set out in this Report. Serko's ESG framework remains under development and will continue to be progressed over time.

Principle 5

Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

Serko is committed to remunerating its non-executive directors, executive directors and employees fairly, transparently and reasonably.

NON-EXECUTIVE DIRECTOR REMUNERATION

In August 2019, Serko's shareholders approved a total cap of NZ\$450,000 per annum for non-executive directors' fees for the purposes of the NZX Listing Rules, providing flexibility for Serko to appoint an additional non-executive director in the future.

The non-executive directors do not receive any performance-based remuneration to ensure incentives do not conflict with non-executive directors' obligation to bring an independent judgement to matters before the Board. However, it is Serko's policy to encourage directors to hold shares in the company, details of which are set out in the latest Annual Report.

The fixed annual fees to apply to all non-executive directors during FY21, and actual fees paid to non-executive directors during FY20, are set out in Serko's latest Annual Report. In light of the challenging operating environment caused by Covid-19 and related travel restrictions (which have materially impacted Serko's revenues), the non-executive directors have either agreed to take a reduction in their directors' fees or receive a portion of their directors' fees in shares for the first three months of FY21. This is to assist Serko to manage expenditure during this challenging period.

In 2017, a fixed trading plan (Plan) was established in accordance with section 260 of the Financial Markets Conduct Act 2013 to enable non-executive directors to invest a portion of their annual directors' fees in Serko shares on a monthly basis and over a fixed term of three years (Term). Under the Plan, an independent broker automatically applies the designated fees to the monthly acquisition of shares on-market during the Term. Once a non-executive director has entered the Plan, they have no ability to influence share trading decisions and no ability to withdraw from the Plan before the end of the Term. Further, the directors are not permitted to trade any shares acquired under the Plan for the duration of their tenure as directors of Serko (except in the event of a takeover). The Plan is intended to further align non-executive

directors' interests with those of the shareholders of the company and demonstrate non-executive directors' support of Serko's long-term strategy. Mr Botherway and Ms Batten currently participate in the Plan. The current Term is set to expire on 1 January 2021.

In addition to the remuneration detailed above, at the time of the initial public offering (IPO), the Board introduced (with the approval of Serko's existing shareholders) a loan facility for the independent directors, which enabled non-executive directors to acquire a specified number of Serko shares at the time of the IPO (Director Loan Shares). This loan was extended in June 2017 for a further three years expiring on 30 June 2020. Mr Botherway's and Mr McConaghy's loans have been further extended until 30 January 2021 and 30 June 2021 respectively. This is owing to the inability to sell down a portion of the Director Loan Shares to off set the loan amount and associated tax obligations as a result of the impacts of Covid-19 on the finalisation of Serko's financial statements and the escrow agreement entered into by Mr Botherway at the time of the latest capital raising in October 2019. Ms Batten repaid her loan during the financial year.

The non-executive directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with Serko's business. Due to Australian legislative requirements, superannuation is payable to our Australian resident non-executive director for time dedicated to Serko while working in Australia. No retirement benefits will be paid to other non-executive directors on their retirement.

REMUNERATION POLICY

Serko has adopted a Remuneration Policy. The purpose of the Policy is to outline the remuneration principles that apply to all directors and employees to ensure remuneration practices within Serko are fair and appropriate and there is a clear link between remuneration and employee performance.

Serko's Remuneration Policy supports the company to attract, retain and motivate high-calibre people to achieve the company's business objectives and create shareholder value.

Serko's Remuneration Policy is guided by the principles that remuneration practice should:

- Be clearly aligned with Serko's values, culture and corporate strategy;
- Support the attraction, retention and engagement of employees;
- Be understood by employees;

- Be equitable and flexible;
- Appropriately reflect market conditions and organisational context;
- Recognise individual performance and competency, rewarding individuals for achieving high performance; and
- Recognise team and company performance and the creation of shareholder value.

The Remuneration Policy is available on the investor section of the company's website.

Under Serko's remuneration framework, remuneration paid to the Chief Executive Officer and senior officers includes a mix of the following fixed and variable components:

- Fixed remuneration, which includes base salary and employer KiwiSaver (or overseas equivalent) contributions (where relevant).
- A discretionary short-term incentive (STI) may be offered for permanent employees, at the discretion of the Chief Executive Officer (or the Board in the Chief Executive Officer's and Chief Strategy Officer's case). Serko's STI is performance based, with any STI payment being conditional on satisfaction of pre-determined company and individual performance objectives.
- A discretionary sales/business development incentive plan (SIP) may be offered to sales and business development staff, at the discretion of the Chief Executive Officer. The structure of such incentives is approved by the Board. The SIP is designed to incentivise sales and business development staff to meet or exceed sales/business development targets.
- A long-term incentive (LTI) may be offered, as approved by the Board. Serko's LTI schemes are designed to: (1) Attract and retain key people within the business; (2) Align senior managers' remuneration with long-term shareholder value; and (3) Reward the achievement of Serko's strategies and business plans. KPIs are used to assess whether pre-performance hurdles have been met before the Board authorises the granting of long-term incentives for the upcoming financial year. In some cases, post-grant performance hurdles are also applied to individual LTI grants. Serko operates long-term incentive schemes that offer participants a future right to acquire Serko shares in the form of restricted share units and options. Restricted share units generally vest (meaning they can be exercised) three years after the allocation date. Options generally vest in four tranches commencing two years after they are granted, subject to continued employment. No director or employee is permitted to enter into financial products or arrangements that operate to limit the economic risk of their vested or unvested entitlements.

In addition, Serko may offer provisions that have a monetary benefit to employees but which are not considered part of remuneration.

Each year a review is carried out to benchmark salaries, with market increases and adjustments made accordingly.

The Remuneration and Nominations Committee is responsible for overseeing the remuneration of the company's senior executives in consultation with the Chief Executive Officer. The company's senior executives are subject to regular performance reviews. The performance of senior executives is reviewed by the Chief Executive Officer who meets with each senior executive to discuss their performance, as measured against agreed key performance targets (both financial and non-financial). During the year ended 31 March 2020, performance reviews took place in accordance with that process.

EXECUTIVE DIRECTOR REMUNERATION

The executive directors, Darrin Grafton and Bob Shaw, receive remuneration and other benefits in their respective executive roles as Chief Executive Officer and Chief Strategy Officer and, accordingly, do not receive directors' fees. Their remuneration packages are set by the Board to reflect the scope and complexity of each role, with reference to comparative market data.

Mr Grafton and Mr Shaw's remuneration comprises: a fixed base salary; a short-term incentive up to a maximum target value of 40% of their base salary; and a long-term incentive up to a maximum target value of 100% of their base salary. The total remuneration and value of other benefits earned by, or paid to, each executive director during, and in respect of, the financial period ended 31 March 2020 is included in the latest Annual Report. This remuneration composition will carry forward into FY21.

KPIs are used to assess whether pre-performance hurdles are met in relation to the granting of long-term incentives for the upcoming financial year and for determining the individual component of any short-term incentive payable for the current financial year.

The executive directors' performance is reviewed by the Board annually. Following the financial period ended 31 March 2020, performance reviews took place in accordance with that process.

No termination payments are payable to the executive directors in the event of serious misconduct.

Principle 6

Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Serko Limited is committed to proactively and consistently managing risk to:

- Enhance and protect Serko's value by delivering on its commitments and meeting stakeholders' expectations;
- Allow Serko to pursue opportunities in an informed way and aligned with the Board's risk appetite; and
- Ensure a safe and secure environment for Serko people (employees and contractors) partners and customers.

Serko's Risk Management Policy is included in Serko's Corporate Governance Manual (published on Serko's website). Serko has designed and implemented a comprehensive risk management framework for oversight and management of financial and non-financial business risks, as well as related internal compliance systems.

The Board has ultimate responsibility for Serko's risk management and internal control system, setting the 'tone at the top' with regards to risk culture. The Audit and Risk Committee, under delegation from the Board and in conjunction with management, regularly reports to the Board on the effectiveness of the company's management of its material business risks and whether the risk management framework and systems of internal compliance and control are operating effectively and efficiently in all material respects. The Audit and Risk Committee conducts at least six-monthly reviews of Serko's risk management framework, risk appetite and principal risks, to satisfy itself that the company's approach to risk continues to be sound. Further details on Serko's risks and risk management processes are detailed on pages 23-25 of this Report.

Principle 7

Auditors

The Board should ensure the quality and independence of the external audit process.

EXTERNAL AUDITOR INDEPENDENCE

Serko has adopted an External Audit Independence Policy that requires, and sets out the criteria for, the external auditor to be independent. The Policy recognises the importance of the Board's role in facilitating frank dialogue among the Audit and Risk Committee, the auditor and management.

The Policy prescribes the services that can and cannot be undertaken by the external auditor, which are designed to ensure that services provided by Serko's external auditor are not perceived as conflicting with its independent role.

The Policy requires that the key audit partner is changed at least every five years so that no such persons shall be engaged in an audit of Serko for more than five consecutive years. Serko last rotated its audit firm in 2017, in accordance with this Policy and the NZX Listing Rules. In addition, three years must expire between the rotation of an audit partner and that partner's next engagement by Serko.

The Audit and Risk Committee Charter requires the Committee to facilitate the continuing independence of the external auditor by assessing the external auditor's independence and qualifications and overseeing and monitoring its performance. This involves monitoring all aspects of the external audit, including the appointment of the auditor, the nature and scope of its audit and reviewing the auditor's service delivery plan. In carrying out these responsibilities the Audit and Risk Committee meets regularly with the auditor without executive directors or management present, and the lead audit partner has direct contact with the Chair of the Audit and Risk Committee.

The auditor is restricted in the non-audit work it may perform, as detailed in Serko's External Audit Independence Policy. For further details on the audit fees paid and work undertaken during the period, refer to the latest Annual Report. The Audit and Risk Committee regularly monitors the ratio of fees for audit to non-audit work.

INTERNAL AUDIT FUNCTION

Serko does not have a dedicated internal auditor, instead internal controls are managed on a day-to-day basis by the finance team. Compliance with internal controls is reviewed annually by Serko's auditor. The Board and finance team regularly consider how Serko can improve its internal audit and risk management practices during Serko's annual governance review, quarterly risk reviews, preparation of interim and full-year financial statements and following Serko's annual audit.

Principle 8

Shareholder Rights & Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

INFORMATION FOR SHAREHOLDERS

Serko is committed to maintaining a full and open dialogue with its shareholders (and other interested stakeholders). The company has in place an investor relations programme to facilitate effective two-way communications with shareholders.

The aim of the company's communications programme is to provide shareholders with information about the company and to enable them to actively engage with the company and exercise their rights as shareholders in an informed manner.

The company facilitates communications with shareholders through written and electronic communications and by facilitating shareholder access to directors, management and the company's auditor.

The company provides shareholders with communications through the following channels:

- The investor section of the company's website;
- Full-year and half-year reporting;
- The annual shareholders' meeting;
- Regular disclosures on company performance and news via stock exchange online disclosure platforms; and
- Disclosure of presentations provided to analysts and investors during regular briefings.

Serko's website is an important part of the company's shareholder communications strategy. Included on the website is a range of information relevant to shareholders and others concerning the operation of the company. In addition, this year, Serko has prepared and published on its website this Corporate Governance Statement, outlining its governance practices.

Shareholders may, at any time, direct questions or requests for information to directors or management through Serko's website or by sending emails to investor.relations@serko.com.

Serko provides shareholders with the option to receive communications from, and send communications to, the Company and its share registrar electronically. A large number of Serko shareholders have elected to receive electronic communications.

SHAREHOLDER VOTING RIGHTS

In accordance with the Companies Act 1993, Serko's Constitution and the NZX Listing Rules, Serko refers major decisions that may change the nature of Serko to shareholders for approval.

Serko conducts voting at its shareholder meetings by way of polls, reflecting the principle of one share, one vote. Further information on shareholder voting rights is set out in Serko's Constitution.

ANNUAL SHAREHOLDERS' MEETING

Serko's 2020 Annual Shareholders' Meeting will be held in August 2020 and shareholders will be provided with the opportunity to participate in the meeting virtually. Shareholders will be given an opportunity at the meeting to ask questions and comment on relevant matters. In addition, Serko's auditor, Deloitte, will be available to answer any questions about its audit report. A Notice of Meeting will be sent to shareholders in advance of the meeting.

RISK MANAGEMENT

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Serko Limited is committed to proactively and consistently managing risk to:

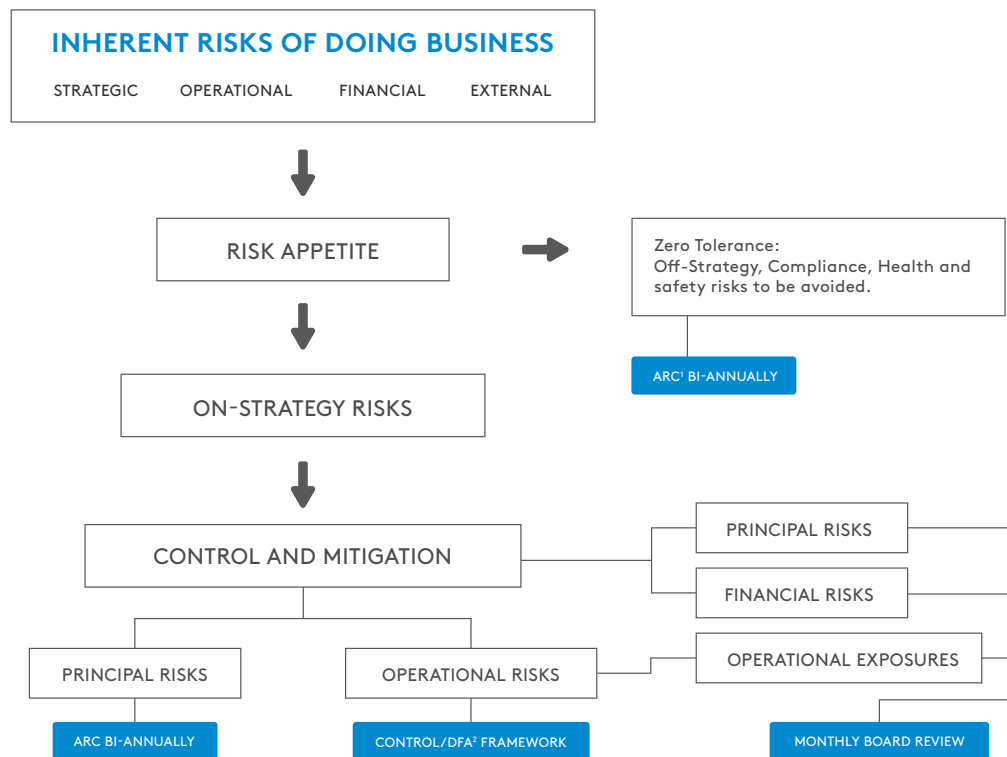
- Enhance and protect Serko's value by delivering on our commitments and meeting stakeholders' expectations;
- Allow Serko to pursue opportunities in an informed way and aligned with the Board's risk appetite; and
- Ensure a safe and secure environment for Serko people (employees and contractors), partners and customers.

Serko's Risk Management Policy is included in Serko's Corporate Governance Manual (published on Serko's website).

RISK MANAGEMENT FRAMEWORK

Serko has designed and implemented a comprehensive risk management framework for the oversight and management of financial and non-financial business risks, as well as related internal compliance systems that are designed to:

- Optimise the return to, and protect the interests of, stakeholders;
- Safeguard the company's assets and maintain its reputation;
- Improve the company's operating performance;
- Fulfil the company's strategic objectives; and
- Manage the risks associated with Serko's operations.



¹ Audit and Risk Committee

² Delegated Financial Authority

PRINCIPAL BUSINESS RISKS:

Principal business risks for Serko are:

- Maintaining product integrity through protecting its intellectual property against competition, protecting the security of its systems and sensitive data against cyber attacks and/or accidental disclosure and ensuring continuity of service;
- Remaining a leader in corporate travel technology and not being disrupted through the emergence of new technology or competition;
- Achieving a sustainable financial position, while growing into new markets, an unpredictable sales cycle and lead time for on-boarding of TMCs' corporate customers, managing the reliance on travel management resellers (TMCs) and the revenue concentration among the largest TMC customers;
- Retaining and attracting the resources and talent necessary to deliver enhancements and manage growth; and
- Non-controllable global geopolitical or environmental impacts that could affect corporate travel volumes.

Serko has in place mitigation strategies for managing each of these risks to within Board-defined tolerances based on the approved risk appetite statement. In addition to its key mitigation strategies Serko maintains comprehensive insurance coverage.

As a result of the increased risk ratings for a number of Serko's principal risks owing to the material change in operating environment caused by Covid-19, the Board significantly increased its monitoring of principal risks to ensure increased risks were appropriately managed and mitigated.

HEALTH AND SAFETY RISKS

The Board and management have sought to establish leading practices within Serko that promote a safe and healthy working environment for everyone working in, or interacting with, Serko's business. Serko adopted a Health and Safety Policy that requires Serko people to take all practicable steps to provide a working environment that promotes health and wellbeing, while minimising the potential for risk, personal injury, ill health or damage. The Board reviews health and safety reports at each Board meeting and oversees a detailed programme of work to ensure Serko remains compliant with its health and safety obligations under relevant health and safety legislation. In addition, the Remuneration and Nominations Committee carries out a detailed review of health and safety risks and strategy each quarter.

During the year Serko has overachieved against its health and wellness targets of keeping sick leave taken to below four days per person per year and had an overall lost time to incidents rate of below 0.001 days per annum.

In addition to ensuring employee safety, Serko is very focused on the wellbeing of all Serko people. Serko supports its people with an outsourced globally accessible Employee Assistance Programme, which is promoted to encourage usage. To support a busy workplace, with high ambitions and performance expectations, this year Serko ran a wellness programme focusing on improving individual resilience. This programme received very positive feedback from participants and was reinforced throughout our period of remote working (during the Covid-19 pandemic) through a programme encouraging personal innovation, resilience and personal support. Further similar initiatives are planned for FY21.

Serko's Health and Safety Policy and supporting practices were applied to actively support the heightened risks to employee health and wellbeing as a result of the Covid-19 pandemic. Refer to page 9 of this Report for more information on these initiatives.

CYBER SECURITY RISKS

A key risk we face has been highlighted by the worldwide increase in cyber attacks and several high-profile privacy data breaches. Regulators are appropriately responding by increasing penalties for such breaches and introducing new legislative protections for the handling of private information. Serko takes these risks seriously and has a dedicated Chief Information Security Officer to manage these risks and ensure that our processes and software maintain best practice standards of protection. Serko maintains its software to be Payment Card Industry Data Security Standard (PCI) compliant and has put in place processes to meet local requirements, including the European Union's General Data Protection Regulation and Californian Consumer Privacy Act, which came into effect on 1 January 2020. Serko regularly reviews the management of its cyber security risks and related systems and processes, using external parties for independent testing as appropriate. Serko strives to continually improve these systems as it scales.



Serko Environmental, Social & Governance Report 2020

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