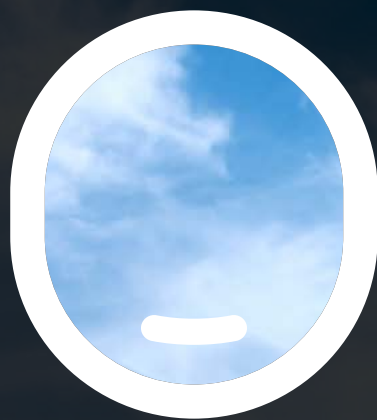


serko



ESG REPORT 2022

# WE BRING PEOPLE TOGETHER

Serko believes in the power of being face-to-face. Our purpose is to bring people together. Our vision is a connected, frictionless travel experience.

To deliver that, we're building the world's leading business travel marketplace—connecting business travellers everywhere with the content, information and services they need at every stage of the journey.



# **WORKING TOWARDS A SUSTAINABLE FUTURE**



**We are committed to doing what  
is right for our business, people,  
customers and communities.  
This will drive our long-term value.**



The United Nations (UN) Sustainable Development Goals (SDGs) are a set of global initiatives set by the UN for everyone to contribute to.

For Serko, the SDGs provide a way for us to show 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



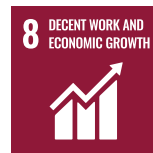
Health & Safety Policies



Training & intern programmes



Diversity & inclusion policies



Remuneration policies



Diversity & inclusion policies

## Customers



Industry recognition for innovation



Privacy & security policies

## Community



Sponsorships & donations



Environmental practices

# ESG Report 2022

*This Environmental, Social and Governance (ESG) Report, which incorporates Serko's Corporate Governance Statement, was approved by the Board of Serko Limited on 18 May 2022 and is accurate as at that date. The Board does not undertake any obligation to revise this Report to reflect events or circumstances after 18 May 2022 (other than in accordance with the continuous disclosure requirements of the applicable Listing Rules).*

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# Building sustainable long-term business growth

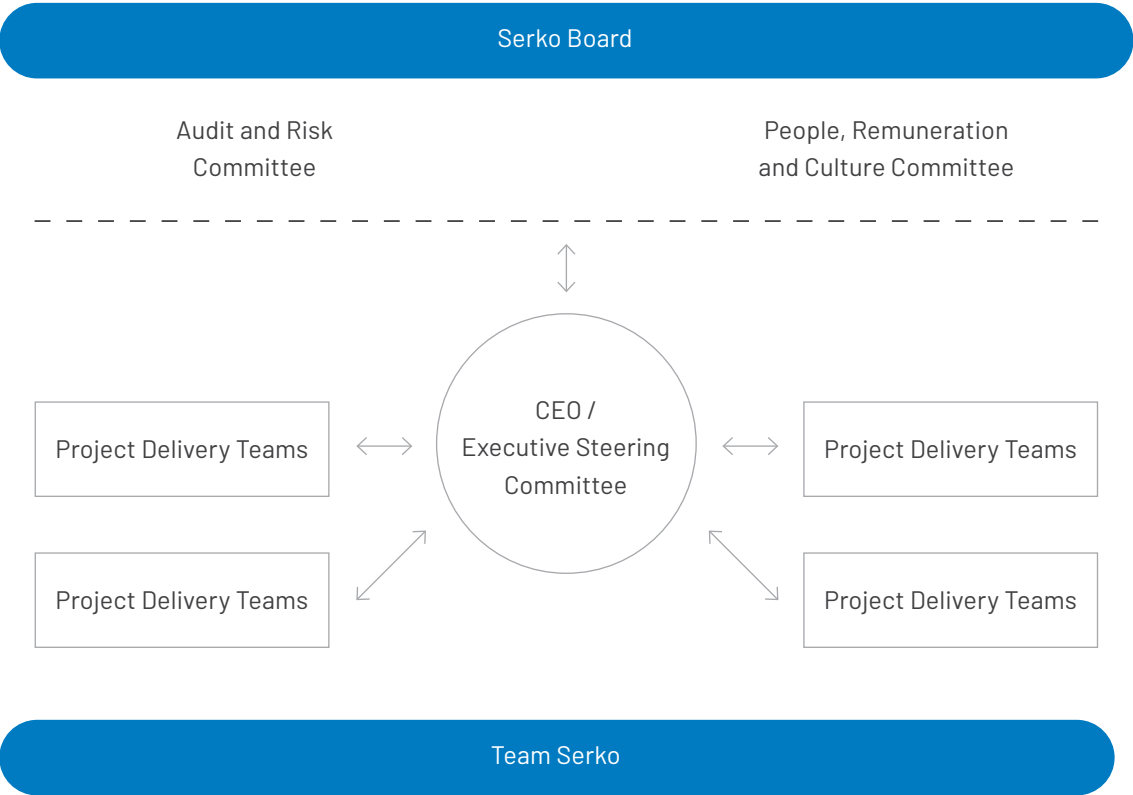
We believe strong ESG practices give Serko its social licence to operate, as well as creating long-term value. Here's how:





# ESG Governance

At Serko, our commitment to ESG is company wide. Ownership starts at our Board and flows through the entire organisation. This framework summarises the roles and responsibilities for the oversight, planning and delivery of ESG programmes and practices at Serko.



**The Board** approves ESG vision and strategy and oversees risk management

**Board committees** oversee the relevant aspects of the ESG programme and report to the Board

**The Executive Steering Committee** oversees, prioritises, resources and champions the ESG projects that comprise the programme and ensures alignment with Serko's strategy and value drivers

**Project Delivery Teams** do the planning and execution of the projects that contribute to the ESG programme and help advance the company towards its ESG goals

# Our Strategy

**Our  
Purpose**

**We bring people together**

**Our Vision  
+ Mission**

**To create a connected, frictionless  
travel experience by building the world's  
leading business travel marketplace**

**3 yr  
Strategic  
Goals**

**1**

**Customer  
success**

Deliver exceptional  
customer experience (CX)  
through experimentation-  
driven development

**2**

**Unmanaged  
revenue**

Establish significant  
market share in  
unmanaged travel market

**FY23  
Objectives**

---

**Product health  
foundations**

Increase customer  
satisfaction by continuing  
to enhance the performance  
and usability of our products

---

**Conversion**

Grow revenue from  
the unmanaged travel  
segment by focusing on  
customer conversion

---

Our strategy provides our stakeholders – employees, customers, end users, partners, suppliers, shareholders and others – with a clear sense of what drives us, where we are heading and how we will create long-term value.

3

### **Managed revenue**

Consistently grow market share in global managed travel market through TMC partnerships and inorganic growth

---

### **Retain and grow**

Scale growth in North America and extend our leadership in the Australia and New Zealand markets

4

### **Marketplace and content**

Commercialise connected trip experience through an open platform

---

### **Platform foundations**

Build the marketplace foundations through technology enablement of an open integration platform

5

### **Culture**

Grow a culture of engaged Serkodians aligned to our purpose, mission and values

---

### **Organisational alignment**

Maximise alignment across our teams and minimise friction for our customers to increase organisational efficiency



# ENVIRONMENTAL



As a technology company Serko operates in an online, office-based environment. With our operational model, Serko's direct environmental footprint is relatively small and made up largely from third-party data centres, office energy consumption, employee travel and from the typical consumables of a technology business. We believe that the biggest environmental impact we can have is in two core areas:

- Understanding and reducing our own carbon footprint
- Assisting our customers to make smart sustainable business decisions.

## 1. UNDERSTANDING AND REDUCING OUR OWN CARBON FOOTPRINT

### UNDERSTANDING OUR OWN CARBON FOOTPRINT

Serko's goal is to become carbon neutral for our operations by offsetting 100% of our unavoidable operational emissions, after measuring and reducing all avoidable consumption. We have initiated this process by engaging an external consultant to calculate our carbon emissions from FY22. This will be a greenhouse gas (GHG) inventory assurance review in accordance with the International Standards on Assurance Engagements (NZ) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000') and the related ISAE 3410: Assurance Engagements on Greenhouse Gas Statements.

## REDUCING OUR CARBON FOOTPRINT

Over the past financial year, we have continued to look at ways to progressively reduce Serko's carbon footprint. With most of our operational emissions generated from energy consumption (through our office spaces and data centres) and employee travel (mainly air), we have focused first on these areas as opportunities to reduce our impact. Initiatives in place (or in the process of being implemented) include:

### Energy consumption

- Wherever possible, we host information technology (IT) and platform services in the cloud, lowering our on-premise energy consumption. Our cloud services platform partner, Microsoft Azure, has been carbon neutral since 2012. We are working with Microsoft to optimise how we use our technology infrastructure, including offsetting our energy usage through Microsoft's pathway to carbon negative by 2030<sup>1</sup>. We use Microsoft's Emissions Impact Dashboard to view and measure our emissions from data centre usage.
- We have appointed a new energy provider for our New Zealand offices that generates 100% renewable energy sources. Under this arrangement, we will be issued with Renewable Energy Certificates for our energy consumption.

### Employee travel

- Due to Covid-19 related travel restrictions, there was limited employee travel during the FY22 financial period. As travel recovers, we will bring carbon considerations to all travel decisions, and offset where travel is deemed necessary. At the end of 2021, we partnered with Tasman Environmental Markets (TEM) to integrate BlueHalo, a technology solution that enables travellers and businesses to offset their travel. Serko will use this solution to offset internal employee travel emissions. We are also offering this service to our customers.
- We see the benefit of reduced carbon emissions associated with a reduction of employees commuting. As such, we actively manage flexibility for our employees to work from home for part of the work week.

### Reducing waste

- We are committed to a reduction in waste and single-use items. Our efforts to reduce, reuse and recycle include the following initiatives:
  - reusing IT equipment and parts where possible and donating IT equipment to charitable organisations (see page 20 about our donation initiative with the Salvation Army);
  - reinforcing smart environmental choices within the corporate culture, particularly in procurement and entertainment decision-making in the business;
  - recycling and composting; and minimising the use of disposable coffee cups and single-use water bottles, where possible.

<sup>1</sup> For more information on the steps Microsoft Azure is undertaking to continue to improve its environmental impact see <https://azure.microsoft.com/en-au/global-infrastructure/sustainability/#carbon-benefits>

## **TCFD REPORTING**

We are currently assessing our readiness to start reporting against the upcoming climate-related disclosure requirements in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework. Those requirements, currently being developed by the New Zealand External Reporting Board, will be mandatory for Serko to report against from the FY23 reporting period.

In next year's ESG report, we will provide information about Serko's climate-related risks and opportunities, how they affect us, and in turn how our operations affect climate change. We will also identify and report the key metrics associated with our material climate impacts.

Serko recognises that the improved transparency of our climate-related information will enable us to better manage our risks, inform our climate change strategy and help build long-term organisational value.

## **2. ASSISTING OUR CUSTOMERS TO MAKE SUSTAINABLE BUSINESS DECISIONS**

As a company providing a travel booking platform that is used by thousands of organisations around the world to book millions of trips, we play a role in helping reduce the environmental impact of our customers' activity. By providing insight into travel-related emissions and environmental impact at point of sale and enabling corporate travellers to offset their carbon emissions, our travel booking platform can shape user behaviour to prefer lower impact options and develop more sustainable travel programs. See page 10–11 for more details on how we assist our customers to make sustainable business decisions.





# Mission Zero

## Assisting business travellers to minimise their environmental impacts

Mission Zero, launched in our Zeno booking platform in 2021, allows our customers to actively reduce the environmental impact of their travel activity.

Mission Zero empowers business travellers to choose environmentally friendly booking options by providing carbon offset data for flights, highlighting lower emission rental car options and enabling customers to select a targeted environmental programme to offset emissions.

We have partnered with **Tasman Environmental Markets (TEM)** to integrate BlueHalo®, an end-to-end technology solution that enables Zeno to calculate and offset the emissions of a flight. TEM's ability to provide granular, dynamic carbon offset data based on choice of fare gives our customers the ability to build a robust carbon offset program for their businesses.

**Serko's vision for supporting efficient business travel with Mission Zero is built around four principles:**

### 1. Real-time data

Serko is collaborating with its partners to enable Zeno users to measure the impact of their entire trips in real-time, including flights, accommodation and rental car options.

### 2. Informed choice

Travel programs can be designed to minimise environmental impact, not just financial cost. The most efficient flight routes, cabin classes and vehicle types can be identified at the point of purchase to drive more sustainable buying behaviour.

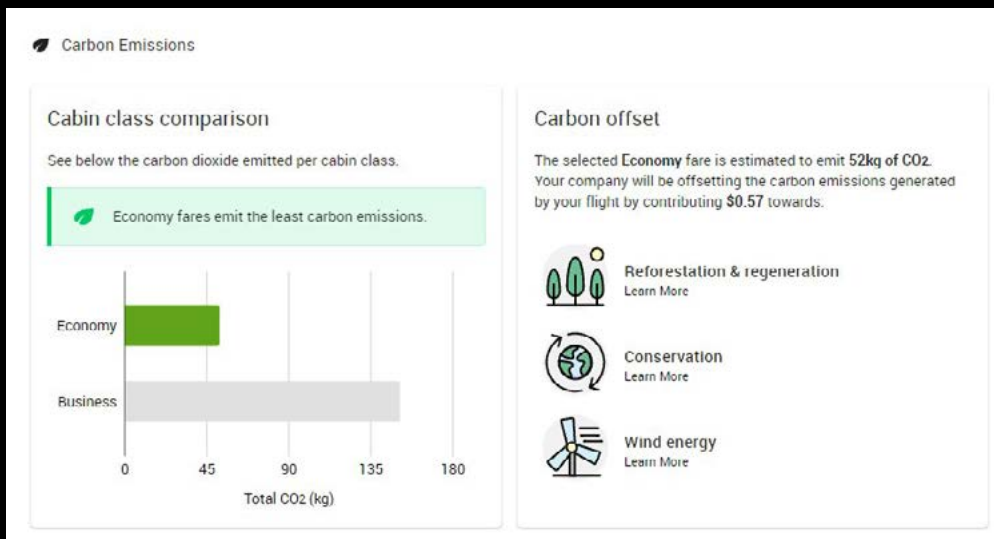
### 3. Impact visibility

By providing complete visibility of a business travel program's environmental impacts, Zeno enables organisations to make policy choices that get their travellers where they need to go, while treading as lightly as possible.

### 4. Net Zero impact

Through our partnership with TEM, Mission Zero offers organisations a measurable and credible way to offset their greenhouse emissions by investing in carefully chosen carbon offset projects that deliver social and economic benefits to communities, as well as emissions reduction.

Mission Zero also recently introduced 'sustainability badges', which allow Booking.com users to search for accommodation that meets certain sustainability criteria.



Zeno calculates the carbon emission and offset data for each flight and provides the option to offset to a portfolio of high impact projects.

### Rental car in Sydney

**Suggested (9) | Map (42) | List (3)**

**Pick-up:** Sydney **Wed, 24th Nov** **10:00**

**Drop-off:** Sydney **Fri, 26th Nov** **14:00**

**1 traveller, 1 car** [VIEW ALL DEPOT HOURS](#)

**Chains** **Classes** **Categories** **Transmissions** **Hybrid** **Sort by: Price**

|  |                                   |   |   |  |                        |
|--|-----------------------------------|---|---|--|------------------------|
|  | Toyota Camry Hy Or S...<br>4 door | <ul style="list-style-type: none"> <li>Automatic</li> <li>Hybrid</li> <li>Air Conditioning</li> </ul>     | <ul style="list-style-type: none"> <li>Preferred rate</li> <li>Unlimited Mileage</li> </ul> | <b>Budget</b><br>\$154.92/day<br>est. \$194.81/day | <a href="#">SELECT</a> |
|  | Toyota Camry Hybrid<br>4 door     | <ul style="list-style-type: none"> <li>Automatic</li> <li>Hybrid</li> <li>Air Conditioning</li> </ul>     | <ul style="list-style-type: none"> <li>Preferred rate</li> <li>Unlimited Mileage</li> </ul> | <b>AVIS</b><br>\$157.97/day<br>est. \$198.48/day   | <a href="#">SELECT</a> |
|  | SUV Intermediate (Hy...<br>SUV    | <ul style="list-style-type: none"> <li>Automatic 4WD</li> <li>Hybrid</li> <li>Air Conditioning</li> </ul> | <ul style="list-style-type: none"> <li>Preferred rate</li> <li>Unlimited Mileage</li> </ul> | <b>Hertz</b><br>\$181.19/day<br>est. \$231.73/day  | <a href="#">SELECT</a> |

Preferencing of lower emission rental cars in the Zeno booking flow



# SOCIAL



# Team Serko

Serko seeks to attract, motivate and retain talented and diverse people and empower them to do their best work. We offer an inclusive environment and culture that allows people to show up authentically, have their ideas heard, reach their potential and have fun along the way.

We provide a connected employee experience underpinned by a clear company purpose and vision and our strong values, developed from and tested against the diversity of perspectives that make up Serko.

## OUR PURPOSE AND VALUES

Our purpose, or 'why we exist' is simple, and that is to bring people together.

Our mission describes 'what we do', which is to create a connected, frictionless travel experience.

Together, these two statements provide our stakeholders – employees, customers, end users, partners, suppliers, shareholders and others – with a very clear sense of what drives us and where we are heading.

Our values reflect who we are as a company, the way we work together as a team and the way we interact with our customers and partners. Our values show up in the decisions we make, who we hire, how we develop and reward and how we lead our teams.

Serkodians tell us that they have a strong sense of belonging, through participation in our surveys. More than 80% consistently agree that they are proud to work for Serko and that they would recommend Serko as a great place to work. Our teams also have a clear understanding of how their work contributes to the achievement of Serko's business objectives and feel that their leaders role model Serko's values to others.

## OUR VALUES

### MASTERY

Serkodians continuously strive to become masters of what they do

### AUTONOMY

Serkodians are able to work independently and make decisions for themselves for the benefits of our customers

### PASSION

Serkodians are passionate about what they do and what Serko does

### INTEGRITY

Serkodians are honest, respectful of others, deliver on their commitments to each other and our customers 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 team working together to do the right thing for each other and our customers, and partners

### FUN

We value humour, laughter and enjoying our time at Serko





## DIVERSITY & INCLUSION

At Serko, we believe that creating an inclusive work environment strengthens our ability to serve our customers, attract top talent and achieve our business objectives. We are proud to be an equal opportunities employer and value the benefits that our team of many individuals with diverse skills, values, backgrounds, ethnicities and experiences bring to our business.

Our Diversity and Inclusion Policy articulates our commitment to achieving diversity in the skills, attributes and experience of Serko's Board members, management and staff across a broad range of criteria (including but not limited to, culture, gender, sexual orientation and age).

### Our key principles are:

- We're committed to attracting diverse talent and equitable hiring practices.
- We're committed to equal pay for equal work.
- We use data to ensure we can identify and mitigate unconscious bias in our decision-making
- We actively support flexible, hybrid and remote ways of working.

We set measurable objectives to reinforce our commitment to diversity, with progress against these objectives regularly monitored and reported through to the Board. Here are some ways we are seeking to create an inclusive work environment against the objectives:

## Key objectives to FY23

## Progress this year (FY22):

Achievement of gender diversity target 40:40:20 (see page 16)

- We actively seek to attract and hire diverse talent, which in FY22 has led to 50% of hires being female
- Our progress on gender diversity numbers is provided on page 16

Increase conscious awareness focus on behavioural Inclusion: inclusive mindsets, skillsets and relationships

- An inclusive benefits programme was launched in FY22 with:
  - parental benefits that provide enhanced leave and return-to-work entitlements regardless of gender identity
  - resources to support wellbeing and mental health including Mindfulness Training and an additional 'Serko Mission You' paid wellbeing day
  - flexible working arrangements that provide employees with choice
- We provide unconscious bias training for all people leaders to help leaders realise how the unconscious shapes our everyday decisions and actions. A rollout of unconscious bias training for all employees is planned for FY23
- Key people processes are reviewed for bias, including hiring, promotions, annual performance review and total reward decisions. This includes:
  - establishing a new Career Level framework for structured comparison
  - integrating unconscious bias micro training for all major people processes
  - using data and analysis to identify and mitigate unconscious bias (focused on gender in FY22) in our decision-making
- We celebrate cultural events, such as Māori Language Week, Martin Luther King Day, Chinese New Year, Diwali, Pride, and International Women's Day
- We are investing in Business Resource Groups with the first being 'Women in Technology' in FY22. We plan to expand these in FY23

Define, communicate and report against Inclusion and Diversity Objectives with engagement from Executive team

- We actively listen to the voice of employees to better understand how well we are doing to create an inclusive work environment where everyone has equal opportunity and their voices are heard (see page 17)

## GENDER DIVERSITY PROGRESS

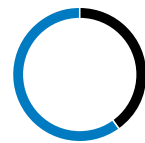
In March 2021, the Board introduced a new gender diversity target of 40:40:20<sup>2</sup> to be achieved by 2023 across a) overall employees; b) non-executive directors; c) executive roles and d) people leadership roles. At the end of FY22 we are pleased to report positive progress across most groups, while noting there is further work to do in two key areas – executive and people leader roles. However, it is also encouraging to note that more than 50% of roles reporting directly to executives are held by women or non-binary and more than 50% of new recruits are also from those groups.

Serko employees represent more than 20 different nationalities. We embrace this diversity and view it as critical for encouraging awareness of cultural experiences and breadth of innovative thinking as we expand into different markets. Serkodians range in age from early 20s to mid-60s, with the spread peaking in the late-30s. In FY22, we continued measuring employee's sense of inclusion and belonging, with positive results showing that employees generally feel respected, their point of view is listened to and that they are able to have a fair balance of work and home life.

## Gender diversity of employees by group

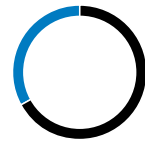
### All directors

40% Female  
60% Male



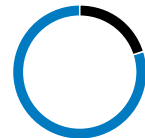
### Non-executive directors

67% Female  
33% Male



### Officers

20% Female  
80% Male



### Senior employees

52% Female  
48% Male



### All workforce

41% Female  
59% Male



<sup>2</sup> 40:40:20 represents the following definitions: 40% female/women (she/her/hers); 40% male/men (he/him/his); 20% unspecified to allow for flexibility and to recognise that gender is not binary (they/their/them). Achievement of the target is defined by female representation of  $\geq 40\%$ .



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## Listening to the voice of our employees keeps us on track



Preserving and evolving our culture as we grow is a priority for Serko. We believe that putting the voice of our employees first through Serko's active listening strategy is critical to our success.

This year, in addition to our annual employee engagement survey, we introduced monthly pulse surveys, which enable us to listen to how our teams are feeling about a range of areas, with a focus in FY23 on Engagement, Alignment, Leadership, Learning and Development and Wellbeing in the working environment.

These check-ins provide real-time feedback and allow real-time adjustment. The strong participation rates (around two-thirds of Serkodians participate in every check-in) are also an indicator of the high levels of engagement, as well as enabling us to be confident in our data. Our deep-dive annual engagement survey allows us to track our progress over a longer period, using a consistent group of indicators.

## REMUNERATION AND REWARD

To ensure Serko has the right foundations in place as we scale, over the past year we have made significant progress in redesigning our approach to reward and development. We aim to attract, motivate, retain and reward highly skilled talent necessary for achievement of our long-term business objectives. We support a pay-for-performance culture where employees are rewarded for individual and overall company success.

### We highlight the following initiatives and their benefits below.

- Career Level Framework: implementation of this framework has created a strong foundation for benchmarking and analysis moving forward, including enabling 'like-for-like' comparisons from a Pay Equity perspective.
- Defined Career Pathways: the creation of clear career pathways provides more transparency and facilitates internal mobility by identifying opportunities for employees in other roles at Serko – creating an internal market for talent and linking that back to learning and development opportunities.
- Remuneration review processes:
  - Comprehensive analysis in preparation for the Remuneration Review, including Pay Equity review, with targeted allocations for specific roles, where required
  - Introduction of consistent starting methodology for remuneration reviews, taking into consideration performance and position in remuneration bands
  - Post-review cross-checks to ensure equitable application.

- Benefits Enhancements: for leave and wellness entitlements globally, including the implementation of enhanced Parental Leave Benefits with gender neutral application.

With the foundations now in place, the focus in the coming year is on enhancing ways of working and development opportunities as we grow.

## EMPLOYEE HEALTH, SAFETY & WELLBEING

During FY22, the Covid-19 pandemic had a significant impact on the lives of our employees. Serko's Board and management have accordingly sought to establish leading practices appropriate for an online, office-based employer, which promotes a safe and healthy working environment for everyone working in, or interacting with, our business.

We have continued to ensure rigorous health and safety practices throughout the pandemic, which included making swift decisions to close offices, providing personal protective equipment and encouraging social distancing and high levels of hygiene practices when offices did reopen. With the sustained impacts of Covid-19 in FY22 we have increased focus on the wellbeing and mental health of all Serkodians.

In December 2021, we introduced to our New Zealand team our COVID-19 Pandemic Vaccination Policy, which aimed to best protect the health, safety and wellbeing of our people in the workplace. The Policy was developed taking into consideration employee feedback, a health and safety risk assessment, as well as government direction and scientific evidence demonstrating the effectiveness of the vaccine. The policy required employees working in our office

environment to be vaccinated, with the option to continue working from home should they choose either not to be vaccinated or not to disclose their vaccination status. Employee feedback during this period was that the Policy made them feel secure in the knowledge that they were less likely to contract the illness at work. The Policy was retired in April 2022 in alignment with the timing of the New Zealand government changes to vaccination passes.

We continue to operate a policy of a 'symptom free' workplace, requiring any people demonstrating signs or symptoms of any transmissible illness to stay at home. To assist employees who have contracted Covid-19, we have introduced a special Covid-19 leave allowance of up to ten days paid leave, which enables our people to safely rest and recover from their illness without concern that their income will be affected.

We are continuing to use lessons learned during the pandemic to further improve our flexible working practices and to encourage increased levels of employee wellbeing.

During the FY22 financial year there was no time lost due to workplace accidents or incidents (LTIFR=0) meeting our zero-harm target.

## MENTAL HEALTH AND WELLBEING

Serko's commitment to investment in the wellbeing of our people continues to be reflected in positive employee feedback and engagement, despite the ongoing impacts of Covid-19. More than 85% consistently agree that 'Serko demonstrates care for the health and wellbeing of its people'.

In FY22, we have emphasised mental health and wellbeing initiatives, which encourage our teams to prioritise their own wellbeing, with the full support of Serko. The focus for FY22 has been on utilising the science of mindfulness, building healthy habits and testing new ways of working, led by the following initiatives:

- Partnership with BlueSkyMinds to deliver Mindfulness training for employees, with a FY22 focus on the science of habits and how to build healthy habits to manage in uncertainty.
- Introduction of Mission You employee wellbeing days in the second half of FY22, designed to consciously disconnect from work and take a day dedicated to restorative activities to reconnect with oneself.
- Continued investment in testing new ways of working, including options to provide greater employee flexibility, including different hybrid and remote working approaches. 'No meetings days' are being tested in FY23 to ensure our teams have time for focused, uninterrupted working time each week.
- Expansion of Serko's outsourced Employee Assistance Programme (EAP), including extending usage to families of employees impacted by global events including the war in Ukraine.

Our employee wellbeing is critical to our sustained success. We are planning to continue investing in this programme in FY23, as well as additional initiatives aimed at helping employees to focus the mind from distraction and improve their ability to manage demands and to create healthy levels of stress.

# Community

At Serko, we believe in the power of supporting the communities in which we live and operate. As we scale, we are continuing to look at the ways that we can support for-purpose (non-profit) groups and our communities to make a difference to improve community wellbeing or assist with education. The following examples highlight some of the great work being done by our team and our partners.

## SUPPORTING UNDER-REPRESENTED GROUPS

During the year, Serko's IT team began a partnership with the Salvation Army's reintegration services to redistribute laptops the team has upgraded or replaced. The Reintegration Services team works with hundreds of people each year across New Zealand who have limited support and possessions. They are assisted with one-on-one support to help them settle back into the community with accommodation, transport, health support and employment/training opportunities.

The Salvation Army tells us that for this group, access to computers makes an enormous difference, giving access to greater learning opportunities, enabling connections with a wider support network and driving self-empowerment for producing their own documents, such as a CV. The first computers were shipped in April 2022.

## BACKING NEW ZEALAND'S WORLD CHAMPION ROBOTICS TEAM

In 2021 Serko became a sponsor of End Game, a world champion robotics team that competes in the global BattleBots series. The team, who originated from the Auckland University Robotics Association, comprises seven members who together contribute around 50,000 hours each year to build and compete at the highest level in their field. This is a fitting partnership with fellow tech innovators who are equally passionate about what they do.

Serko has supported the team with a combination of funding for the team to travel and defend their world title in the 2021 competition in Las Vegas, and 'hands-on' support to help the team develop its brand to become a financially sustainable operation. See the team at [endgamebattlebot.com](https://endgamebattlebot.com).



## VOLUNTEERING IN THE COMMUNITY

In FY22, our Board and Management announced the Serko 'Day of Community' which will launch in FY23. This initiative has been developed following consultation with employees and people leaders about how we can positively impact our local communities, and support the wellbeing of our teams.

The 'Day of Community' provides each employee with a paid day off to undertake an activity they believe will make a difference in the communities in which they live and work across New Zealand, Australia, United States and China. We look forward to reporting our peoples' great work in FY23.

## SERKO AND BOOKING.COM PARTNERSHIP ASSISTS UKRAINE HUMANITARIAN EFFORTS

Booking.com has been leading an initiative to support non-government organisations (NGOs) that are working tirelessly with those impacted by the war in Ukraine.

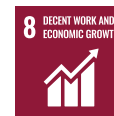
With multiple NGOs assisting with the humanitarian relief efforts in Eastern Europe, Booking.com has partnered with accommodation providers to provide free or significantly discounted rooms. Serko has worked closely with the Booking.com team to set up Booking.com for Business to enable the display and booking of these rooms and supported the onboarding of NGOs in the region.

In addition, Serko made a donation to the Red Cross Ukraine appeal on behalf of our people and encouraged our worldwide team to contribute as well.





# GOVERNANCE



Serko's Board and management are very committed to ensuring the company maintains best practice corporate governance and adheres to the highest ethical standards.

When establishing its governance framework, the Board has considered the NZX Listing Rules as well as a range of corporate governance recommendations, including the current NZX Corporate Governance Code dated 10 December 2020 (NZX Code) and the Fourth Edition 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. Serko's implementation of 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 recommendations in the NZX Code during the financial year ended 31 March 2022, with the exception that it chose to undertake a capital raising via a placement and retail offer (refer to NZX Code recommendation 8.4) during the financial period.

Serko's governance charters and policies can be found in the Company's Corporate Governance Manual on the investor centre of the company's website. Go to: [www.serko.com/investors](http://www.serko.com/investors). Our corporate governance charters and policies have been approved and regularly reviewed by the Board and are amended to reflect developments in corporate governance practices and updates to the NZX Code.

This statement is current as at 18 May 2022 and has been approved by the Board. This Report has undergone a verification process by management, with the oversight of the Board.

## 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 company's long-term value 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 Serko's corporate governance. 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; and
- People, Remuneration and Culture Committee (formerly the Remuneration and Nominations Committee)

The role of the nomination committee is currently carried out by the full Board. This role was previously carried out by the Remuneration and Nominations Committee, which was superseded by the People, Remuneration and Culture Committee during FY22.



## 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), Whistleblowing Policy and Anti-Bribery & Corruption Policy to guide the behaviour of its directors and employees.

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

#### Code of Ethics

Serko's Code of Ethics outlines how Serko people, such as directors, employees and contractors, are expected to conduct their professional lives. They are expected to behave and make decisions that meet Serko's business goals that are consistent with our values, policies and legal obligations.

Serko's Code of Ethics is available to all employees on the company's intranet and forms part of the induction process for new employees and directors.

The Code of Ethics covers matters such as acting in accordance with Serko's Values (see page 13 of this Report), ensuring conflicts of interest do not interfere with Serko's best interests, not accepting gifts or personal benefits that may compromise or influence business decisions, using Serko property and information for legitimate and authorised purposes and maintaining appropriate security and confidentiality of information entrusted to employees in their roles. It also requires Serko people to be familiar with, and comply with, all relevant laws and

policies, including our delegated authority framework, and to report on any wrongdoing. Serko management must provide the Board with all necessary information to fulfil its duties, including any information relating to material breaches of the Code of Ethics. In addition, the Code outlines additional director responsibilities.

The Board reviews the Code annually and expects any incidents arising under it to be brought to directors' attention immediately.

Serko's employees are reminded via staff-wide communications of their obligations to comply with and report any concerns they have about compliance with the company's Code of Ethics, other policies or legal obligations.

#### Whistleblowing

A stand-alone Whistleblowing Policy, which is overseen and monitored by the Board, exists to support the application of the Code and define the process for raising concerns about actual, suspected or anticipated wrongdoings within the Serko Group.

While employees may choose to raise concerns about wrongdoing with managers or executives, employees can raise concerns and report dishonesty or unethical behaviour via an independent external Whistleblower hotline. A designated email address, accessible only by non-executive directors, is also available for staff to confidentially raise any concerns they may have.

#### Anti-Bribery and Corruption

Serko's Anti-Bribery and Corruption Policy reflects the company's commitment to conducting its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships. A gift register has been established to record the receipt of gifts above prescribed limits, along with a process for approving whether gifts can be retained.

The company is not aware of any instances of corruption or of incidents in which employees were dismissed or disciplined for corruption during FY22.

## Modern slavery

While Serko is not a reporting entity under Australia's Modern Slavery Act 2018, we believe we are able to mitigate the risks of modern slavery in our operations through our approach to corporate governance. We strive for a culture where employees are committed to doing the right thing, using company policies (such as the Code of Ethics) to help inform and determine what the right thing is and to feel safe raising the alarm if they have concerns.

As a listed company, Serko adheres to the best practice recommendations determined by the NZX and ASX, and all Serko operations are overseen by executives based in New Zealand, Australia and the United States.

The majority of Serko's employees (including contractors) are located in New Zealand, Australia and the United States (84% of employees). These countries are considered to have a low prevalence of modern slavery and governments that take strong action against it.<sup>3</sup> Serko employs a small number of people in China (16% of employees). Serko's China operations are overseen by New Zealand-based executives. Serko does not have any personnel in conflict zones.

Each of our offices share centralised, New Zealand-based financial, legal and company secretarial functions. The recruitment and remuneration processes for our directly employed workforce are subject to Serko's risk management systems and, as a software company, our workforce tends to be skilled labour. We don't engage in financing or lending activities that might support modern slavery. Given the visibility we have over our operations, we consider our modern slavery and human trafficking risk to be low.

The majority of goods and services we buy relate to information and communications technology (ICT), marketing, professional services and facilities-related goods and services for the Serko Group. The majority of our direct suppliers are located in New Zealand (54%), Australia (23%) and the United States (16%).

These geographies have a low prevalence of modern slavery and governments that take strong action against it.<sup>3</sup> Based on our knowledge of our direct supply chain, we consider our direct supply chain modern slavery and human trafficking risk to be low.

Serko does not have any direct supply chain exposure to the Russian-Ukraine conflict and does not source any key intellectual property or other items directly from the conflict zones. We do not have full visibility over our indirect, extended supply chains. However, we haven't been made aware of any human trafficking or modern slavery allegations against any of our direct or indirect suppliers. If we are made aware of an allegation, we will take appropriate action and ensure that it is reported to the relevant authorities.

## SECURITIES TRADING

Serko is committed to complying with legal and statutory requirements with respect to ensuring that 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.

<sup>3</sup> Walk Free 2018 Global Slavery Index, available from <https://www.globalslaveryindex.org/resources/downloads/>

## 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 is elected by shareholders to govern Serko in the interests of its 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 regularly, and often at short notice, for additional special meetings and to undertake strategic planning for the business, manage Covid-19-related risks and oversee the capital raising and mergers and acquisitions (M&A) activity undertaken.

Board and committee meeting attendance during the year ended 31 March 2022 is set out in the latest Annual Report.

### BOARD DIVERSITY, 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 2022, the Board comprised five directors – being the two co-founders and executive directors, Darrin Grafton and Robert Shaw, and three independent non-executive directors – Jan Dawson, Claudia Batten and Clyde McConaghy. During FY22, there was a change of directors with Jan Dawson's appointment, following Simon Botherway's retirement from the Board. A biography of each director can be found on the investor section of the company's website and in the latest Annual Report.

The Board is currently responsible for assessing the Board's size and composition, a role that was previously undertaken by the Remuneration and Nominations Committee (which was superseded by the People, Remuneration and Culture Committee during FY22).

When considering candidates to act as a director, the Board will consider 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. Serko is proud to have a part-Māori cofounder who sits on the Board, along with two female directors, including the Chair.

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;
- Scaling companies internationally;
- 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 plans to appoint a new, fourth, non-executive director to the Board in 2022 to add additional skills to support Serko's international scaling efforts.

The average tenure of non-executive directors is currently five years. A refresh of the Board has started with Simon Botherway's retirement and the appointment of Jan Dawson (appointed 18 August 2021) during FY22. The other two non-executive directors, Claudia Batten and Clyde McConaghy, have each been in office for 8 years. During their tenure, Clyde and Claudia have held various roles leading different committees and with Claudia taking over as Board Chair in 2020.

## **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 2022, performance reviews took place in accordance with that process and it was agreed the role of the nominations committee would be assumed by the full Board and the Remuneration and Nominations Committee would be reconstituted as the People, Remuneration and Culture Committee.

## **INDEPENDENCE OF DIRECTORS**

The majority of Serko's directors are independent. The criteria for assessing the independence of directors are set out in the company's NZX Code and the Board Charter. Generally, 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, who is also the General Counsel, 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 directly accountable to the Board, via the Chair, on all governance matters.

## DIVERSITY & INCLUSION

Serko has a Diversity and Inclusion Policy that reflects its commitment to achieving diversity in the skills, attributes and experience of its directors, executives and employees 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 People, Remuneration and Culture Committee the responsibility to develop and to recommend measurable objectives to the Board that are designed to adhere to the Policy. See pages 14-15 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.

## 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
- People, Remuneration and Culture Committee (formerly the Remuneration and Nomination 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.

- The role of the Nomination Committee is currently carried out by the full Board. This role was previously carried out by the Remuneration and Nominations Committee, which was superseded by the People, Remuneration and Culture Committee during FY22.

## 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 also 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 Jan Dawson (Chair), Clyde McConaghy and Claudia Batten. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report. Jan Dawson, who is a financial expert, replaced Simon Botherway following his retirement from the Board.

## PEOPLE, REMUNERATION AND CULTURE COMMITTEE

During FY22, it was agreed the role of the Nomination Committee would be assumed by the full Board and the Remuneration and Nominations Committee would be reconstituted as the People, Remuneration and Culture Committee.

The primary function of the People, Remuneration and Culture Committee is to oversee remuneration and people-related policies and practices at Serko, oversee executive succession planning and make recommendations to the Board on Serko's culture and employee wellbeing. The Committee is also tasked with annually monitoring and evaluating the company's performance with respect to its Diversity and Inclusion Policy.

Under the People, Remuneration and Culture Committee Charter, the Committee must be comprised of a minimum of three members, all of whom are independent directors. The Chair of the Committee is required to be independent and may not also be the Chair of the Board.

The current members of the Committee are Clyde McConaghy (Chair), Jan Dawson and Claudia Batten. 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.

## 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 and ASX. The Disclosure Committee comprises the Board Chair, the Audit and Risk Committee Chair, the Chief Executive Officer, the Chief Financial Officer and the General Counsel.

The Disclosure Committee is governed by the Market Disclosure Policy and is responsible for implementing that Policy.

## GOVERNANCE POLICIES & PROCEDURES

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

## 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:

- Present a true and fair view of the company's financial condition and operational results;
- Are prepared in accordance with the relevant accounting standards; and
- 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 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, partners and communities by doing what is right.

To demonstrate this, Serko has chosen to report against the UN Sustainable Development Goals (SDGs), which 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. Information about Serko's ESG initiatives are set out in this Report.

## 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 2021, Serko's shareholders approved a total cap of NZ\$600,000 per annum for non-executive directors' fees for the purposes of the NZX Listing Rules, providing flexibility for Serko to appoint an additional (fourth) non-executive director in the future as part of the Board's succession plans and to provide headroom to pay ad hoc special fees to directors for services outside of their usual duties for Serko.

The fixed annual fees to apply to all non-executive directors during FY23, and actual fees paid to non-executive directors during FY22, are set out in Serko's latest Annual Report.

The non-executive directors do not receive any performance-based remuneration to ensure incentives do not conflict with their obligations to bring independent judgement to matters before the Board. However, it is Serko's policy to encourage directors to hold shares in the company, and their shareholdings are disclosed in the Annual Report.

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. These expenses were minimal during the financial year because of the inability of overseas directors to travel as a result of Covid-19-related travel restrictions.

No retirement benefits will be paid to other non-executive directors on their retirement unless required under legislation.

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). The Term expired on 1 January 2021. Under the Plan, an independent broker automatically applied 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). Ms Batten was a participant in the Plan until it expired and continues to hold shares under the Plan.

In addition to the remuneration detailed above, at the time of the initial public offering (IPO) in June 2014, the Board introduced (with the approval of Serko's existing shareholders) a loan facility for the independent directors, which enabled them to acquire a specified number of Serko shares at the time of the IPO (Director Loan Shares). Mr McConaghy repaid his loan during the FY22 financial year. There are no remaining loan facilities in place for any Serko director.

## REMUNERATION POLICY

The purpose of Serko's Remuneration 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.

As a global technology organisation, Serko's long-term success is dependent on the ability to attract and retain high-calibre talent. Serko's remuneration approach is designed to support the company to attract and retain this talent to achieve our strategic objectives and create shareholder value.

Serko's Remuneration Policy is guided by the following principles for remuneration practice:

- Clear alignment with Serko's values, culture and corporate strategy;
- Support the attraction, retention and engagement of employees;
- Clearly understood by employees;
- Equitable and flexible;
- Appropriately competitive with the market and within an organisational context;
- Recognise individual performance, rewarding individuals for achieving high performance; and
- Recognise company performance and the creation of shareholder value.

The Remuneration Policy is available on the investor section of the company's website in the Corporate Governance Manual.

Serko's remuneration framework 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 executive, senior leadership and selected other roles, 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 based on achievement against 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;
- An Employee Incentive Share Scheme (EISS) may be offered, as approved by the Board. Serko's EISS schemes are designed to:
  - Attract and retain key people within the business;
  - Align remuneration with long-term shareholder value; and
  - Reward the achievement of company and individual performance based on a company scorecard and individual OKRs (Objectives and Key Results).

Company-wide performance measures and targets that relate to incentives are reviewed annually by the People, Remuneration and Culture Committee and approved by the Board.

Serko's Employee Incentive Share Schemes offer participants a future right to acquire Serko shares in the form of restricted share units. Restricted share units vest within three years after the allocation date. 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 benefits that have a monetary benefit to employees but are not considered part of remuneration.

Each year a review is carried out to benchmark salaries against the market, and remuneration is reviewed accordingly.

The People, Remuneration and Culture Committee is responsible for overseeing the remuneration of the company's executives in consultation with the Chief Executive Officer. Executives are subject to regular performance reviews by the Chief Executive Officer who meets with each executive to discuss their performance, as measured against agreed key performance targets (both financial and non-financial). During the year ended 31 March 2022, 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.

Darrin Grafton and Bob Shaw's remuneration comprises a fixed base salary, a short-term incentive up to a maximum target value of 50% of their base salary and participation in the Employee Incentive Share Scheme (EISS) 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 2022 is included in the latest Annual Report. This remuneration composition will carry forward into FY23.

Darrin Grafton's and Bob Shaw's fixed and variable remuneration components are assessed annually based on company and individual performance against a performance scorecard financial and strategic OKR (Objective and Key Result) measures. An overview of this performance criteria is set out in the latest Annual Report.

The executive directors' performance is reviewed by the Board annually. Following the financial period ended 31 March 2022, performance reviews took place in accordance with that process.

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

## 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 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's people (employees and contractors), partners and customers.

Serko's Risk Management Policy is included in the Corporate Governance Manual published on its 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 quarterly 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. A comprehensive review of Serko's risk management framework and capabilities was conducted in early 2022 by an external consultant, and the Audit and Risk Committee will oversee the implementation of the recommendations resulting from the review.

Further details on Serko's risks and risk management processes are detailed on pages 37-41 of this Report.

## Auditors

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

### EXTERNAL AUDITOR INDEPENDENCE

Serko has 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. In addition, three years must expire between the rotation of an audit partner and that partner's next engagement by Serko. The key audit partner is due for rotation in respect of the FY23 audit, in accordance with this Policy and the NZX Listing Rules.

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 key 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

While Serko has an internal auditor to oversee Serko's data security processes, Serko does not have a dedicated internal audit function. Instead, internal controls are managed on a day-to-day basis predominantly by the finance, legal and security teams. Compliance with certain internal controls is reviewed annually by Serko's auditor. The Board, finance, legal and security teams 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. The Audit and Risk Committee oversee these reviews and the controls Serko has in place to manage risk.

## 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 reporting and half-year results;
- 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. Serko has prepared and published on its website this ESG Report, which outlines 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](mailto: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. The majority 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 2022 Annual Shareholders' Meeting will be held in August 2022. The meeting is intended to be conducted as a hybrid meeting, enabling shareholders to attend in person (subject to any Covid-19 restrictions) or participate in the meeting virtually. A hybrid meeting is considered to provide the broadest opportunity for shareholder engagement with the company. 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.

### ADDITIONAL EQUITY CAPITAL

As previously announced, Serko undertook an underwritten placement to raise approximately NZ\$75 million via an issue of new shares in November 2021 (the Placement). The Placement price of NZ\$7.05 per share was determined via a bookbuild.

The Placement was followed by a non-underwritten retail offer (Retail Offer) that raised approximately NZ\$8.3 million from the issue of new shares issued to existing shareholders (together with the Placement, the Capital Raising).

The equity raised by the issue of new shares under the Capital Raising is intended to enable Serko to continue to execute on its global growth strategy.

Of the approximately 10.6 million shares issued under the Placement, approximately 3.8 million were issued to new investors and approximately 6.8 million were issued to existing shareholders. Serko determined the respective allocations of investors by applying the following key objectives and criteria:

- Serko used best efforts to allocate to existing eligible shareholders, who bid for up to their pro-rata share in placement shares under the Placement, their full bid; and
- For the remaining shares under the Placement, bids from existing shareholders received preferential treatment, and a limited number of bids were accepted by select new investors with investment strategies that Serko believes are aligned with its business.

As far as Serko is aware, there were no significant exceptions or deviations from those objectives and criteria. Existing shareholders who did not participate in the Placement were able to participate in the Retail Offer.

In particular, the Retail Offer permitted each eligible shareholder to apply for up to NZ\$50,000 / A\$46,500 of new shares at an issue price of \$6.85 per share, being the five-day volume weighted average price of Serko shares traded on the NZX during the last five days of the Retail Offer period. The issue of shares under the Retail Offer was undertaken, in New Zealand, pursuant to NZX Listing Rules 4.3.1 (in respect of the first \$15,000 of new shares offered to eligible shareholders) and 4.5 (in respect of the additional \$35,000 of new shares offered to eligible shareholders), and,



in Australia, in accordance with the relief granted under ASIC Instrument 21-0975 (ASIC Relief) and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 as amended by the ASIC Instrument 21-0975 (ASIC Relief).

All applications under the Retail Offer were accepted in full and no scaling was undertaken, allowing all existing shareholders who chose to participate in the Retail Offer to be allocated their full desired issue amount.

The Board determined, having received advice on options for the structure of the Capital Raise, to undertake the Capital Raising by way of the Placement and Retail Offer for these reasons:

- The Placement and Retail Offer could be, and was, sized and structured in such a way as to enable almost all shareholders to apply for at least their pro rata shareholding in Serko;
- By utilising the increased Retail Offer cap to enable shareholders to apply for up to NZ\$50,000 / A\$46,500 worth of shares in the Retail Offer and by electing to allow for oversubscriptions, approximately 97% of shareholders had the ability to maintain their respective pro rata shareholdings. Serko expects that shareholders with holdings greater than this amount would likely have been able to participate in the Placement either directly as an institution or indirectly through retail broker firms;
- The Retail Offer enabled smaller shareholders to participate in the equity raising at a price no higher than the Placement Price but with the benefit of having a longer offer period to consider participation.



# RISK MANAGEMENT

## RISK MANAGEMENT

Serko 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).

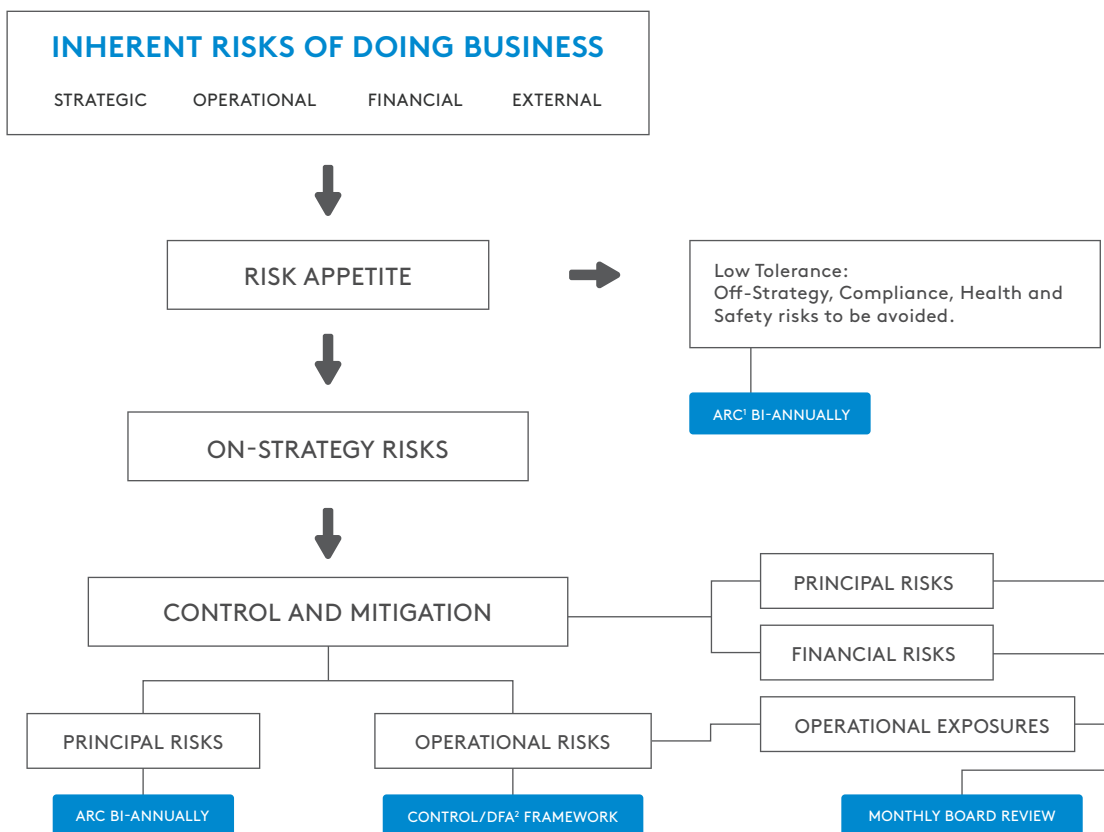
## RISK MANAGEMENT FRAMEWORK

Serko has designed and implemented a 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.

In 2020–2021, the material change in operating environment due to Covid-19 caused Serko to reassess many of its principal risks and increase their risk ratings. Consequently, the Board significantly increased its monitoring of principal risks during 2021 and continued that enhanced level of monitoring throughout the financial year ending on 31 March 2022. As the pandemic continues to impact the travel industry globally, Serko will continue to take a cautious approach to managing and monitoring related business risks. A comprehensive review of Serko's risk management framework and capabilities was conducted in early 2022 and the Audit and Risk Committee will oversee the implementation of the recommendations resulting from the review. The Audit and Risk Committee meets quarterly to consider risks that could prevent Serko from achieving its strategic goals.

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



1 Audit and Risk Committee

2 Delegated Financial Authority

## PRINCIPAL BUSINESS RISKS:

The following table highlights some of the key business risks for Serko and the mitigation activities that are in place or planned. Each of these risks, if realised, could impact Serko's ability to achieve planned revenues or to execute on its strategy:

| RISKS   | MITIGATION STRATEGIES  |
|---|--|
| <p><b>Impact of global events:</b> As a travel technology provider, Serko faces exposure to changes in demand for business travel services due to a variety of global events that could impact the travel industry. Significantly weakened global conditions, as a result of the pandemic, geo-political instabilities or other events, could harm our business and financial condition</p>           | <ul style="list-style-type: none"> <li>• Alternative operating models in place targeting different traveller types, across multiple markets</li> <li>• Monitoring key trends in global and regional travel</li> <li>• Expanding offering to different content channels and alternative, more sustainable modes of transportation (e.g. rail)</li> <li>• Maintaining sufficient capital reserves</li> </ul>   |
| <p><b>Platform stability and data security:</b> Serko faces exposure to hacking, cyber-attack or similar due to its online software hosting, Cloud/SaaS services revenue model and role as a data processor. Serko may also suffer loss of service as the result of failure or unplanned outage of IT hosting providers due to its online software hosting and Cloud/SaaS services revenue model.</p> | <ul style="list-style-type: none"> <li>• Business continuity and disaster recovery planning</li> <li>• Continuous platform monitoring and incident response process</li> <li>• Platform modernisation and openisation initiative</li> <li>• Payment Card Industry Data Security Standard (PCI DSS) compliance and regular audits</li> <li>• Data security awareness training for all Serko employees</li> <li>• Governance and oversight by the Audit &amp; Risk Committee and maturity assessment programme</li> <li>• Dedicated Chief Information Security Officer and Security Team to manage data security risks on a daily basis</li> <li>• External parties for independent testing as appropriate</li> <li>• Incident management programme</li> <li>• Implementation of ISO programme in progress</li> <li>• Serko hosts its data in Microsoft Azure data centres in several geographic locations. All locations have the same security practices and procedures in place to protect Serko's and our customers' information.</li> </ul> |
| <p><b>Attracting and retaining skilled employees:</b> Serko's business strategy requires us to attract and retain highly skilled talent in a competitive labour market globally. Covid-19 has had a significant impact on the supply of talent and this is resulting in increased mobility of talent globally.</p>  | <ul style="list-style-type: none"> <li>• Focus on building strong sustainable pipelines of internal and external talent for critical or hard to fill roles</li> <li>• Identification of critical talent, execution of stay interviews and retention planning</li> <li>• Increased focus on career development pathways and learning and development opportunities for our teams</li> <li>• Review of our total reward structure to ensure we remain competitive with the technology market</li> <li>• Succession planning for senior leadership roles and critical or hard to find roles</li> </ul>  |
| <p><b>Competition and new technologies:</b> Serko continues to face exposure to a variety of new and existing competitors in new and established markets. New technologies could alter the existing value chain for travel and expense, disrupting existing flows, processes, players and/or underlying technology that Serko's business is based on.</p>   | <ul style="list-style-type: none"> <li>• A culture of continuous innovation</li> <li>• Systems in place for monitoring and responding to competitor and market activity</li> <li>• Continued development of strategic partnerships</li> <li>• Developing an acquisition strategy to gain greater control of value chain</li> </ul>   |



| RISKS  | MITIGATIONS  |
|--|--|
| <p><b>Access to capital:</b> Serko's rapid growth in key markets and the lingering effect of the Covid-19 pandemic continue to impact Serko's ability to forecast revenues with precision. Prudent capital management is essential. Serko's expansion into new markets introduces many treasury complexities and also requires careful capital management practices to ensure that the level of investment in development work is appropriate and that Serko can continue to fund its operations.</p>                            | <ul style="list-style-type: none"> <li>• Use of scenario planning in conjunction with forecasting and budgeting processes with strict capital management targets</li> <li>• Governance oversight of capital allocation and investment by the board</li> <li>• Monthly treasury and capital management reporting to the board</li> <li>• Strong investor relations programme</li> </ul>   |
| <p><b>Key customer relationships:</b> Serko relies on the strength of its reseller relationships for its core online booking tool business.</p>  | <ul style="list-style-type: none"> <li>• Developing unmanaged travel offering and different content offerings</li> <li>• Continuing to pursue global reseller relationships in new geographies to reduce concentration risk</li> <li>• Investing in Customer Advisory Group workshops to develop community engagement with key customers</li> <li>• Developing Serko's channel partner program to support sales and operational enablement for strong and healthy reseller partnerships</li> </ul> |
| <p><b>Health and Safety:</b> Serko has historically had a low risk of serious health and safety workplace incidents due to the nature of its business. During a global pandemic, however, the safety of our people, their mental health and the risk of physical illness can all be impacted.</p>  | <ul style="list-style-type: none"> <li>• Dedicated programs to support employee wellbeing, including flexible work arrangements and wellness</li> <li>• Regular pulse and listening surveys</li> <li>• Pandemic policies that are regularly reviewed to adapt to the changing health &amp; safety risks presented by pandemics</li> </ul>  |
| <p><b>Operational risks associated with global expansion:</b> Serko has operations in NZ, Australia, China, USA and UK. As Serko grows in these markets and expands globally, the complexity of its business increases, as will a range of associated operational and compliance risks.</p>  | <ul style="list-style-type: none"> <li>• Strategic initiatives aligned top-down with operating plans and OKRs to regularly measure progress</li> <li>• Enhanced risk management framework and processes</li> <li>• Detailed privacy risk assessment to be completed in 2022</li> <li>• Privacy obligations assessments for new markets</li> </ul>  |
| <b>Emerging Risks</b>  |  |
| <p><b>Environmental risks (including risks associated with climate change):</b> Environmental disasters or catastrophic events and the impact of such events on the travel industry or on the global economy could have negative effects on our business, partners, suppliers and customers. Those events could include impacts of climate change, including the increased likelihood of extreme weather events and longer-term impacts like the predicted risk in global sea levels.</p>  | <ul style="list-style-type: none"> <li>• Development of a comprehensive ESG programme</li> <li>• Development of a roadmap underway to align with the Task Force on Climate-related Financial Disclosures (TCFD) XRB guidelines for climate reporting.</li> <li>• Carbon emissions reduction assurance programme underway</li> <li>• Offering sustainability tools to assist our customers to manage their carbon emissions and climate related risks</li> </ul>                                    |
| <p><b>Data privacy:</b> Serko's business involves the collection, use and processing of personal data. The global data privacy landscape is complex and evolving. As Serko's business expands with new products and into additional markets, Serko will become subject to additional data privacy regulations. The failure to protect personal data and comply with data privacy regulations could result in financial penalties, operational inefficiencies, intervention by regulators and negative impacts to reputation.</p> | <ul style="list-style-type: none"> <li>• Detailed privacy risk assessment to be completed in 2022</li> <li>• Privacy obligations assessments for new markets</li> <li>• Data security initiatives and protections as referred to above</li> </ul>  |





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