



serko

ESG REPORT

Environmental Social Governance

ENVIRONMENTAL SOCIAL GOVERNANCE

This Environmental, Social and Governance (ESG) Report, which incorporates Serko's Corporate Governance Statement, was approved by the Board of Serko Limited on 19 May 2021 and is accurate as at that date. The Board does not undertake any obligation to revise this Report to reflect events or circumstances after 19 May 2021 (other than in accordance with the continuous disclosure requirements of the applicable Listing Rules).

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Introduction

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

We aim to achieve this through:

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

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

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

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

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

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

People:



Good health and well-being

Health and Safety Policies



Quality education

Training and intern programmes



Gender equality

Diversity and inclusion policies



Decent work and economic growth

Remuneration policies



Reduced inequalities

Diversity and inclusion policies

Customers:



Industry, innovation and infrastructure

Industry recognition for innovation



Responsible consumption and production

Privacy and security policies

Community:



Sustainable cities and communities

Sponsorships and donations



Climate action

Environmental practices



 **SUSTAINABLE DEVELOPMENT GOALS**



ENVIRONMENTAL

Environmental

As a software development company Serko operates in an online environment, with its operational model primarily utilising office-based employees. For this reason, Serko's direct environmental footprint is relatively small and is made up largely from third-party data centres, energy used in its offices, employee travel and from the typical consumables of an online, office-based business. However, we are committed to reducing our environmental impact and continually improving our environmental performance as an integral part of our business strategy and operating methods.

Serko's current environmental goal is to continually look to reduce the impact of our business on the environment and, as we grow as an organisation, to ensure that any negative impact on the environment is minimised.

We are committed to reducing our environmental impact as we scale

LOWERING OUR CARBON FOOTPRINT

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

- We are conscientious when booking travel and, where possible, combine meetings to minimise our trips and resulting emissions. Covid-19-related travel restrictions meant almost no employees travelled during the FY21 financial period.
- We provide flexibility for our employees to work from home. This practice has substantially increased during the financial period – partly as a result of Covid-19-related lock-downs but also as a result of changes in employee preferences since Covid-19 first forced people to work from home. This is likely to have had the effect of reducing the carbon emissions associated with our employees commuting to and from the office during the financial period and has so far also enabled Serko to retain our existing office footprint as we significantly scale our operations.

- Wherever possible we host information technology (IT) and platform services in the cloud, lowering our on-premise energy consumption.
- We look to partner responsibly. Serko uses Microsoft Azure as our cloud services platform partner. Microsoft has been carbon neutral since 2012 and is committed to becoming carbon negative by 2030.¹ We are working with Microsoft to see how we can optimise the utilisation of our technology infrastructure.
- We are committed to continually improving our recycling methods. We already:
 - reuse IT equipment and parts where possible;
 - recycle IT equipment using IT recycling companies that seek to recycle responsibly;
 - recycle paper, glass, hard plastic, aluminium and tin cans and cardboard;
 - undertake composting where these services are available; and
 - minimise the use of disposable coffee cups and single-use water bottles by using reusable cups and jugs, giving all staff reusable water bottles and providing filtered water taps.

IN THE FUTURE

As a company providing travel-related booking tools that are used by thousands of organisations around the world to book millions of trips, we recognise we could play a key role in helping reduce the environmental impact of our customers' activity. By providing insight into travel-related CO₂ emissions and environmental impact at point of sale, and enabling corporate travellers to offset their carbon footprints, our travel booking platform can shape user behaviour to prefer lower impact options and develop more sustainable travel programs. These sustainability initiatives are being actively considered as part of our product innovation roadmap for 2021 and are currently being assessed through our research and development (R&D) process.

¹ 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>



SOCIAL

Social

Serko seeks to employ the best 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. There are a variety of initiatives that contribute to our culture – each of which are underpinned by our values and contributed to by the diversity of perspectives that make up Serko.

As a result, Serko has low employee turnover (just 11.5% voluntary turnover as at 31 March 2021) and high employee engagement scores relative to industry norms. Serko’s employees (known in-house as Serkodians) have a strong sense of belonging, are generally motivated, excited about our future and feel our organisation is a great place to work.

SERKO CULTURE AND VALUES

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

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

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

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

The overall sentiment from employees in the recent (March 2021) culture survey shows a strong sense of belonging. Employees clearly understand and can articulate the mission and how their work contributes to Serko’s success. Employees feel engaged and believe Serko and their division is a good place to work.

Serko’s health and safety practices are summarised on page 27 of this Report.

DIVERSITY & INCLUSION

At Serko we value diversity and inclusion and the benefits these bring to our business. Serko is proud to be an equal opportunities employer and, as such, has a team consisting of many individuals with diverse skills, values, backgrounds, ethnicities and experiences.

At Serko we are committed to attracting diverse talent and hiring fairly. We have a measurable objective to attract diverse talent, with a particular focus on achieving 40% women across employees and within the Executive Team. In March 2021, the Board considered new and enhanced Diversity and Inclusion objectives for the years ahead to continue our journey towards a more inclusive and diverse workplace. These objectives have a two-year horizon to encourage a sustainable long-term change.

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

Serko is proud to have a Māori co-founder who sits on our Executive and on our Board. We have recently appointed a female Chair who is deeply committed to diversity and inclusion and a strong ESG mission and during the year added two females to our Executive Team. Despite this progress, we know there is more we can do to achieve a truly diverse, inclusive and sustainable organisation and we have actions under way to address these objectives.

As at 31 March 2021, Serko employees represent more than 20 different nationalities. Serko believes this diversity is critical for encouraging awareness of cultural experiences and breadth of innovative thinking as we expand into different markets. Serko's employees range in age from early 20s to mid 60s, with the spread peaking in the mid 30s. Serko has commenced measuring employee's sense of inclusion and belonging, with positive results showing that employees generally feel respected, included and that they are able to have a fair balance of work and home life as employees.

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

DIVERSITY OBJECTIVES

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

Objectives	Key results achieved in the year ending March 2021
Facilitate and promote equal employment opportunities, including (but not limited to) diversity of culture, gender and age when considering opportunities for new and existing Serko people.	<ul style="list-style-type: none"> - Appointed two new female executives - Appointed a female Chair of the Board - Successfully challenged our executive search partner to ensure a 50:50 ratio of female:male candidates in consideration for the Chief Financial Officer (CFO) position. - Provided our Executive assesment team unconscious bias training
Promote a merit-based environment in which employees have the opportunity to develop and perform to their full potential in alignment with the company's commitment to the ongoing training and wellbeing of its employees.	<ul style="list-style-type: none"> - Celebration and awareness of: <ul style="list-style-type: none"> - Pride week event - International Women's Day programme, which included webinar with Serko's Chair, with a topic of Choose to Challenge - Employee engagement calendar of regular events to recognise and celebrate our diverse global workforce - Established a Women in Tech group, which invites all female Serko employees to network, share ideas and connect on a monthly basis
Reward excellence and ensure employees are treated fairly, evaluated objectively and promoted based on their performance.	<ul style="list-style-type: none"> - Measure diversity and inclusion in employee sentiment through pulse surveys - Review of pay and performance parity, for new hires and all employees - Measurement and monitoring of diversity and inclusion in employee sentiment

In March 2021, the Board considered new enhanced Diversity and Inclusion (D&I) objectives for the years ahead to continue our journey towards a more inclusive and diverse workplace. These objectives have a two-year horizon to encourage sustainable long-term change.

Objectives	Key results to be achieved in the year ending March 2022
Increase conscious awareness focus on behavioural Inclusion: inclusive mindsets, skillsets and relationships in 2021-2023.	<ul style="list-style-type: none"> - Board, Executive and all People Managers to be trained in Unconscious Bias in 2021 - Apply for Gender Accreditation to provide independent assurance of gender policy and practices to attract and retain women employees
Define, communicate and report against Inclusion and Diversity objectives with engagement from Executive team in 2021-2023.	<ul style="list-style-type: none"> - Make substantial progress towards achievement of Diversity objectives at 40% female:40% male:20% non-binary/other by March 2023 across the following employee segments: <ul style="list-style-type: none"> - Board and Executive - Extended Executive - People Management - Executive team members to include one D&I OKR (Objectives and Key Results) in 2021. - Require one female interviewer on all interview loops/panels in 2021
Enhance the Inclusion and Diversity policy.	<ul style="list-style-type: none"> - Refresh the Serko D&I policy to enhance our commitments to maintaining a D&I workplace



GOVERNANCE

Governance

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

The Board has had regard to the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including the 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 of the recommendations in the NZX Code during the financial year ended 31 March 2021, except that it chose to undertake a capital raising via a placement and share purchase plan (refer to NZX Code recommendation 8.4) during the financial period.

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

This statement is current as at 19 May 2021 and has been approved by 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 long-term value of Serko and to act

in the best interests of Serko and its shareholders. The Board is the ultimate decision-making body of the company and is responsible for the corporate governance of the company. The role and responsibilities of the Board are set out in the Board Charter, which can be found on the investor centre of the company's website.

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

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

- Audit and Risk Committee – The current members of the Committee are Clyde McConaghy (Chair), Simon Botherway and Claudia Batten. It is intended that Simon Botherway will temporarily assume the role of Committee Chair following completion of the full year audit process (in June 2021) until such time as a new non-executive director is appointed. All members are independent, non-executive directors. Their qualifications and experience are set out under Board of Directors in the latest Annual Report; and
- Remuneration and Nominations Committee – The current members of the Committee are Claudia Batten (Chair), Simon Botherway and Clyde McConaghy. It is intended that Clyde McConaghy will assume the role of Committee Chair following completion of the full year audit process (in June 2021). All members are independent, non-executive directors. Their qualifications and experience are set out under Board of Directors in the latest Annual Report.

Principle 1

Code of Ethical Behaviour

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

ETHICAL DEALINGS

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

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

The Code of Ethics addresses:

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

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

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

In addition, Serko has implemented a stand-alone Whistleblowing Policy to support the application of the Code and define the process for raising concerns about actual,

suspected or anticipated wrongdoings within the Serko Group.

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

Serko is not a reporting entity under Australia's Modern Slavery Act 2018. However, our approach to corporate governance, as outlined above, alongside our values, Code of Ethics, Anti-Bribery & Corruption Policy and Whistleblowing procedures assist us to mitigate the risks of modern slavery in our operations. We strive for a culture where Serko people are committed to doing the right thing, to 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 are located in New Zealand, Australia and the United States (81% of employees). These countries are considered to have a low prevalence of modern slavery and governments that take strong action against it². Serko employs a small number of people in China (19% of employees). China is generally considered to have a higher prevalence of modern slavery risk than New Zealand, Australia and the United States². Serko's China operations are overseen by New Zealand Executives. Each office shares centralised financial, legal and company secretarial functions based in New Zealand. 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, Australia and the United States. These geographies have a low prevalence of modern slavery and governments that take strong action against it². Based on our knowledge of our direct supply chain, we consider our direct supply chain modern slavery and human trafficking risk to be low. 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.

2 The Walk Free 2018 Global Slavery Index, available from <https://www.globallslaveryindex.org/resources/downloads/>

SECURITIES TRADING

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

Serko's Securities Trading Policy and Guidelines apply to all directors, officers, employees and contractors of Serko and its subsidiaries. This Policy seeks to ensure that those subject to the Policy do not trade in Serko securities if they hold undisclosed price-sensitive information. The Policy sets out additional rules, which includes the requirement to seek company consent before trading and prescribes certain black-out periods during which trading is prohibited.

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

Principle 2

Board Composition & Performance

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

ROLE OF THE BOARD

The Board of Directors (the Board) is elected by shareholders to govern Serko in the interests of 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 undertaken.

Board and committee meeting attendance during the year ended 31 March 2021 is set out in the latest Annual Report.

BOARD MEMBERSHIP, SIZE AND COMPOSITION

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

As at 31 March 2021, the Board comprised five directors – being the two co-founders and executive directors, Darrin Grafton and Robert Shaw; and three independent non-executive directors – Simon Botherway, Claudia Batten and Clyde McConaghy. A biography of each director can be found on the investor section of the company's website and in the latest Annual Report.

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

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

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

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

The Board regularly reviews its skills matrix as part of its succession planning and considers the appropriate mix of skills required to govern Serko as its strategy evolves and Serko expands internationally. The Board has identified that the appointment of a new director will be required over the next couple of years to support Board renewal. The recruitment of a new director was delayed during 2020 to enable the Board to focus its attention on overseeing and guiding the business through the challenging operating environment caused by Covid-19. However, the Board is now actively searching for a new non-executive director to join the Board.

The average tenure of non-executive directors is currently seven years.

BOARD APPOINTMENT, TRAINING AND EVALUATION

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

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

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

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

The Board undertakes a regular review of its own and its committees' performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern Serko and to monitor Serko's performance in the interests of shareholders. During the financial period ended 31 March 2021, performance reviews took place in accordance with that process.

INDEPENDENCE OF DIRECTORS

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

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

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

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

Principle 3

Board Committees

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

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

The current standing committees of the Board are:

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

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

AUDIT AND RISK COMMITTEE

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

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

The current members of the Committee are Clyde McConaghy (Chair), Simon Botherway and Claudia Batten. It is intended that Simon Botherway will temporarily assume the role of Committee Chair following completion of the full year audit process (in June 2021) until such time as a new non-executive director is appointed. All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report. Simon Botherway has a financial background.

REMUNERATION AND NOMINATIONS COMMITTEE

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

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

The current members of the Committee are Claudia Batten (Chair), Simon Botherway and Clyde McConaghy. It is intended that Clyde McConaghy will assume the role of Committee Chair following completion of the full year audit process (in June 2021). All members are independent, non-executive directors. Their qualifications and experience are set out in the latest Annual Report.

TAKEOVER RESPONSE GUIDELINES

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

Principle 4

Reporting & Disclosure

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

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

MARKET DISCLOSURE POLICY

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

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

GOVERNANCE POLICIES AND PROCEDURES

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

FINANCIAL REPORTING

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

As part of this process, the Chief Executive Officer and Chief Financial Officer are required to state in writing to the Board that, to the best of their knowledge, the company's financial reports:

- 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 and communities by doing what is right. To demonstrate this, Serko has chosen to report against the UN Sustainable Development Goals (SDGs). SDGs are a set of global initiatives set by the United Nations for everyone to contribute to.

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

Principle 5

Remuneration

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

In August 2019, Serko's shareholders approved a total cap of NZ\$450,000 per annum for non-executive directors' fees for the purposes of the NZX Listing Rules, providing flexibility for Serko to appoint an additional non-executive director in the future. As noted above, the recruitment of a new director was delayed during 2020 to enable the Board to focus its attention on overseeing and guiding the business through the challenging operating environment caused by Covid-19. However, the Board is now actively searching for a new non-executive director to join the Board.

The fixed annual fees to apply to all non-executive directors during FY22, and actual fees paid to non-executive directors during FY21, are set out in Serko's latest Annual Report.

In light of the challenging operating environment caused by Covid-19 and related travel restrictions (which have materially impacted Serko's revenues), the non-executive directors either agreed to take a reduction in their directors' fees or to

receive a portion of their directors' fees in shares for the first three months of FY21. This was to assist Serko to manage expenditure during this challenging period.

The Board has determined to increase the fees payable to non-executive directors in FY22 to reflect the ongoing time commitment required by non-executive directors to oversee the rapid scaling and internationalisation of the business and to attract a new non-executive director to the Board.

The non-executive directors do not receive any performance-based remuneration to ensure incentives do not conflict with non-executive directors' 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. As detailed in the Annual Report, each director currently holds shares in Serko.

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). Mr Botherway and Ms Batten were participants in the Plan until it expired. The adoption of a new Plan will be considered by the Board when a new non-executive director has been appointed as part of the Board's succession planning process.

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 non-executive directors to acquire a specified number of Serko shares at the time of the IPO (Director Loan Shares). This loan was initially extended in June 2017 for a further three years expiring on 30 June 2020. Mr Botherway's and Mr McConaghy's loans were subsequently extended until 30 January 2021 and 30 June 2021 respectively. This was owing primarily to the inability to sell down a portion of the Director Loan Shares to offset the loan amount, and associated tax obligations, as a result of the impacts of Covid-19 on the finalisation of Serko's financial statements at the time the loans fell due. Mr Botherway subsequently repaid his loan in November 2020. Mr McConaghy's loan is due for repayment on 30 June 2021.

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.

Due to Australian legislative requirements, superannuation is payable to our Australian resident non-executive director for time dedicated to Serko while working in Australia. No retirement benefits will be paid to other non-executive directors on their retirement.

REMUNERATION POLICY

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.

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

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

- Be clearly aligned with Serko's values, culture and corporate strategy;
- Support the attraction, retention and engagement of employees;
- Be understood by employees;
- Be equitable and flexible;
- Appropriately reflect market conditions and organisational context;
- Recognise individual performance and competency, rewarding individuals for achieving high performance; and
- Recognise company performance and the creation of shareholder value.

The Remuneration Policy is available on the investor section of the company's website and is in the process of being reviewed.

Under Serko's remuneration framework, remuneration includes a mix of the following fixed and variable components:

- Fixed remuneration, which includes base salary and employer KiwiSaver (or overseas equivalent) contributions (where relevant);

- A discretionary short-term incentive (STI) may be offered for permanent employees, at the discretion of the Chief Executive Officer (or the Board in the Chief Executive Officer's and Chief Strategy Officer's case). Serko's STI is performance based, with any STI payment being conditional on satisfaction of pre-determined company and individual performance objectives;
- A discretionary sales/business development incentive plan (SIP) may be offered to sales and business development staff, at the discretion of the Chief Executive Officer. The structure of such incentives is approved by the Board. The SIP is designed to incentivise sales and business development staff to meet or exceed sales/business development targets;
- A long-term incentive (LTI) may be offered, as approved by the Board. Serko's LTI schemes are designed to:
 - Attract and retain key people within the business;
 - Align remuneration with long-term shareholder value; and
 - Reward the achievement of Serko's strategies and business plans. KPIs are used to assess whether pre-performance hurdles have been met before the Board authorises the granting of long-term incentives for the upcoming financial year.

In some cases, post-grant performance hurdles are also applied to individual LTI grants. Serko operates long-term incentive schemes that offer participants a future right to acquire Serko shares in the form of restricted share units or options. Restricted share units generally vest within three years after the allocation date. Options generally vest in four tranches commencing two years after they are granted, subject to continued employment. A restricted share scheme, previously used to incentivise employees, was grandfathered in July 2019. The last tranche of restricted shares will vest on 11 March 2022. 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 which 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 Remuneration and Nominations Committee is responsible for overseeing the remuneration of the company's senior executives in consultation with the Chief Executive Officer. The company's senior executives are subject to regular performance reviews. The performance of senior executives

is reviewed by the Chief Executive Officer who meets with each senior executive to discuss their performance, as measured against agreed key performance targets (both financial and non-financial). During the year ended 31 March 2021, performance reviews took place in accordance with that process.

EXECUTIVE DIRECTOR REMUNERATION

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

Mr Grafton and Mr Shaw's remuneration comprises: a fixed base salary; a short-term incentive up to a maximum target value of 50% of their base salary; and a long-term incentive up to a maximum target value of 100% of their base salary. The total remuneration and value of other benefits earned by, or paid to, each executive director during, and in respect of, the financial period ended 31 March 2021 is included in the latest Annual Report. This remuneration composition will carry forward into FY22.

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

The executive directors' performance is reviewed by the Board annually. Following the financial period ended 31 March 2021, performance reviews took place in accordance with that process.

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

Principle 6

Risk Management

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

Serko is committed to proactively and consistently managing risk to:

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

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

The Board has ultimate responsibility for Serko's risk management and internal control system, setting the 'tone at the top' with regards to risk culture. The Audit and Risk Committee, under delegation from the Board and in conjunction with management, regularly reports to the Board on the effectiveness of the company's management of its material business risks and whether the risk management framework and systems of internal compliance and control are operating effectively and efficiently in all material respects. The Audit and Risk Committee conducts at least 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. This cadence increased to a monthly review of principal risks by the Committee for the first quarter of the financial year to actively monitor and manage the increase in risk presented by Covid-19 and related travel restrictions. Further details on Serko's risks and risk management processes are detailed on pages 25-28 of this Report.

Principle 7

Auditors

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

EXTERNAL AUDITOR INDEPENDENCE

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

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

The Policy requires that the key audit partner is changed at least every five years so that no such persons shall be engaged in an audit of Serko for more than five consecutive years. As such, the key audit partner is due for rotation during the 2022 financial year. Serko last rotated its audit firm in 2017, in accordance with this Policy and the NZX Listing Rules. In addition, three years must expire between the rotation of an audit partner and that partner's next engagement by Serko.

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

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

Principle 8

Shareholder Rights & Relations

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

INFORMATION FOR SHAREHOLDERS

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

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

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

The company provides shareholders with communications through the following channels:

- The investor section of the company's website;
- Full-year 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. In addition, this year, 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.

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

SHAREHOLDER VOTING RIGHTS

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

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

ANNUAL SHAREHOLDERS' MEETING

Serko's 2021 Annual Shareholders' Meeting will be held in August 2021. 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 a placement to raise approximately \$47.5 million issue of new shares in Serko (the Placement). The Placement price of \$4.55 per share was determined via a bookbuild.

The Placement was followed by a non-underwritten Share Purchase Plan (SPP) of up to approximately \$10 million of new shares to existing shareholders (together with the Placement, the Capital Raising). Serko subsequently elected to accept \$10 million of oversubscriptions, bringing the total amount of capital raised under the SPP to \$20 million.

The equity raised by the issue of new shares under the Capital Raising is intended to accelerate the execution of growth strategies.

Of the approximately 10.4 million shares sold across the Placement, approximately 1.1 million were issued to new investors and approximately 9.3 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 SPP.

In particular, the SPP permitted each eligible shareholder to apply for up to NZ\$50,000 / A\$46,500 of new shares at an issue price of \$4.55 per share, being the price paid by investors in the Placement. The issue of shares under the SPP was undertaken, in New Zealand, pursuant to NZX Listing Rule 4.3.1, as modified by the Class Waiver and the Serko Waiver (each as described in the latest Annual Report), and, in Australia, in accordance with the relief granted under ASIC Instrument 20-0909 (ASIC Instrument) and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 as amended by the ASIC Instrument.

The \$10 million SPP closed oversubscribed, receiving strong shareholder support, with Serko receiving applications totalling approximately \$25 million. As noted above, Serko elected to accept \$20 million of capital via the SPP. Applications were scaled on a proportionate basis in accordance with the number of Serko shares held by applicants on the SPP record date.

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 SPP for these reasons:

- The Placement and SPP 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 SPP cap to enable shareholders to apply for up to NZ\$50,000 / A\$46,500 worth of shares in the SPP and by electing to accept \$10 million of SPP oversubscriptions, approximately 99% of shareholders (with holdings of up to approximately 100,000³) were able 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 SPP enabled smaller shareholders to participate in the equity raising at the same price as Placement participants but with the benefit of having a longer offer period to consider participation.

³ At the time of the capital raising less than 60 shareholders held parcels over 100,000.



RISK MANAGEMENT

Risk Management

RISK MANAGEMENT

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

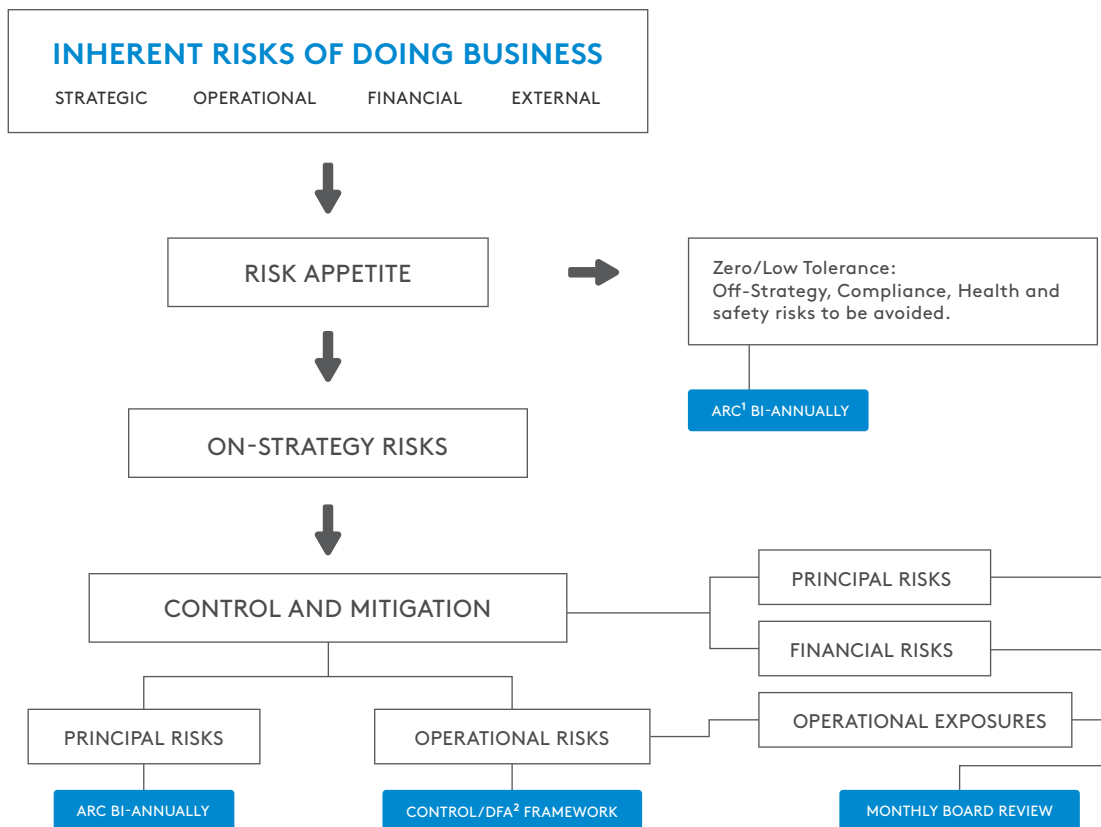
- Enhance and protect Serko’s value by delivering on our commitments and meeting stakeholders’ expectations;
- Allow Serko to pursue opportunities in an informed way and aligned with the Board’s risk appetite; and
- Ensure a safe and secure environment for Serko people (employees and contractors), partners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

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

RISK MANAGEMENT FRAMEWORK

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

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



1 Audit and Risk Committee

2 Delegated Financial Authority

PRINCIPAL BUSINESS RISKS:

Principal business risks for Serko are:

- Maintaining product integrity through protecting its intellectual property against competition, protecting the security of its systems and sensitive data against cyber attacks and/or accidental disclosure and ensuring continuity of service;
- Remaining a leader in corporate travel technology and not being disrupted through the emergence of new technology or competition;
- Achieving a sustainable financial position, while managing: the effects of Covid-19, expansion into new markets, unpredictable sales cycles, reliance on travel management resellers (TMCs) and revenue concentration among the largest TMC customers;
- Retaining and attracting the resources and talent necessary to deliver enhancements and manage growth; and
- Non-controllable global geopolitical or environmental impacts that could affect corporate travel volumes.

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

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

HEALTH AND SAFETY RISKS

The Board and management have sought to establish leading practices appropriate for an online, office-based employer within Serko that promote a safe and healthy working environment for everyone working in, or interacting with, Serko's business. Serko adopted a Health and Safety Policy that requires Serko's people to take all practicable steps to provide a working environment that promotes health and wellbeing, while minimising the potential for risk, personal injury, ill health or damage.

The Board reviews health and safety reports at each Board meeting and oversees a detailed programme of work to ensure Serko remains compliant with its health and safety obligations under relevant health and safety legislation. In addition, the Remuneration and Nominations Committee carries out a detailed review of health and safety risks and strategy each quarter.

Serko is focused on the wellbeing and mental health of all Serko people to support employees to feel and perform at their best. Serko supports its people with an outsourced globally accessible Employee Assistance Programme, which is promoted to encourage usage. In addition, our wellness programme continued to receive positive feedback from participants and was reinforced throughout our period of remote working (during the Covid-19 pandemic) encouraging personal innovation, connectedness, resilience and personal support.

Serko ensured 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. Serko introduced new heightened levels of communication throughout our organisation while employees were working from home and the Board met weekly to monitor associated health and safety risks. Our Pandemic Policy was reviewed and updated ensuring the health of our employees, clients and communities. As a result, we saw strong employee engagement and retention throughout the year. Enforced work from home practices also saw a reduction in illness throughout the year. These practices will carry through to the future, and with offices being able to reopen we are now evolving lessons learned from Covid-19 to further improve our flexible working practices to encourage increased levels of employee wellbeing.

TECHNOLOGY PLATFORM AND INFORMATION SECURITY RISKS

As Serko continues to expand into international markets and rapidly increases the number of customers transacting on our platform, we must ensure our platform is scalable. We closely monitor all relevant aspects of the platform to identify areas that may need to be addressed to ensure future performance robustness.

As the incidence of cyber attacks increases, Serko is committed to protecting its customers' data and has partnered with industry-leading security vendors to leverage their platforms and expertise to protect its systems. Serko has a dedicated Chief Information Security Officer who, along with the Security Team, is tasked with managing these risks and ensuring that our processes and software aim to maintain best practice standards of protection.

Serko takes a risk-based approach to security, which means tighter security controls are implemented where risks to the business and our customers is higher. To manage security risks within Serko's risk appetite, processes are established for identification, assessment and treatment of security risks.

Serko maintains a robust security management program and its software to be Payment Card Industry Data Security Standard (PCI DSS) compliant. Serko regularly reviews the management of its cyber security risks and related systems and processes, using external parties for independent testing as appropriate. Serko strives to continually improve these risk management systems as it scales.

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.

Serko has a global data protection framework and privacy program in place that is designed to enable management of personal data in compliance with the regulations in regions where Serko operates.

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Serko Environmental, Social & Governance Report 2021

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