

Corporate Governance Statement

Flight Centre Travel Group Limited (**FLT**) endorses the Australian Securities Exchange's (ASX) Corporate Governance Principles and Recommendations and complies with each recommendation.

This statement is current as at 30 June 2022 and has been approved by the FLT Board.

1. Lay solid foundations for management and oversight

Roles and responsibilities of the Board and management

The Board acknowledges that its primary role is to create and safeguard shareholder value. The FLT Board Charter is available on the company's corporate website (see www.fctgl.com/investors/governance/Board-charter) and sets out:

- the respective roles and responsibilities of the Board and management; and
- the matters expressly reserved to the Board and those delegated to management.

In short, the Board's functions include:

- charting the group's direction, strategies and financial objectives;
- overseeing and monitoring organisational performance;
- identifying risks and implementing appropriate control, monitoring and reporting mechanisms;
- instilling and reinforcing the values and culture of FLT including through the Code of Conduct;
- the chair's appointment;
- appointment, performance assessment and, where appropriate, replacement of the chief executive officer (**CEO**), chief financial officer (**CFO**) and company secretary
- ensuring Board structure and composition is effective;
- approving and monitoring major capital expenditure, capital management, operating budgets, acquisitions and divestitures;
- overseeing FLT's corporate reporting systems, disclosure processes and risk management frameworks; and
- approving the incorporation and deregistration of all FLT group entities

The chairman leads the Board in meeting its responsibilities to FLT stakeholders. Under FLT's constitution, the Board can also delegate any of its powers to the CEO. Those powers can be withdrawn, suspended or varied at any time.

The CEO, CFO and the other senior executives are authorised to make day-to-day decisions required to fulfil their roles and to achieve the company's strategic and financial objectives. The company secretary is directly accountable to the Board through the chairman on all matters to do with the Board's proper functioning.

Senior executives report to the Board each month to update it on initiatives and issues. These reports include key performance indicators (**KPIs**), which are the basis of executive performance evaluations.

The full Board deals with all significant matters. To assist in its deliberations, the Board has established various committees that act primarily in a review or advisory capacity.

Checks undertaken prior to appointment

Before appointing a director, or putting forward to security holders a candidate for election, appropriate checks are undertaken in relation to such persons, including checks as to the candidate's character, experience, education, criminal record and bankruptcy history. All material information is provided to security holders with regard to the decision on whether or not to elect or re-elect a director. FLT has a written agreement with each director and senior executive setting out the terms of their appointment.

Diversity Policy

FLT's Diversity Policy is available on the company's corporate website (see www.fctgl.com/investors/governance/diversity-policy-2/). FLT's vision for diversity relates to a broad range of areas and the Diversity Policy specifies that diversity at FLT includes, but is not limited to, gender, age, ethnicity and cultural background.

Some examples of how FLT's policy on diversity is reflected in its practice include:

- the company continues to follow a best practice recruitment process to ensure all key selection criteria for each role focus on the experience, merit and competency of the candidate;
- all policies, procedures and advertising are reviewed to ensure no gender bias occurs and the most suitable person is selected. Online training modules have been developed to enhance the effectiveness of the policies;
- targeted remuneration packages are based on the role being performed and are the same for all staff in that particular role. This is designed to limit the influence of gender bias in FLT's remuneration practices; and
- where possible, FLT seeks to identify and develop leaders from within its ranks. Currently, about 64% of staff members are women and 53% of FLT's senior leaders (defined as area leaders and above) are women. During FY22 female representation on the Board was 20%. As at 25 August 2022, 33% of its Directors are female.

The Board has also established a directorship policy for its subsidiaries that has exposed more staff of both sexes to director roles and responsibilities. Under this policy, the relevant executive general manager (**EGM**) is appointed a director and receives valuable training and experience. Under FLT's diversity measurable objectives, the company seeks to ensure that:

- at least one woman is shortlisted as a candidate for all Board and executive management level roles; and
- initiatives are implemented that increase the number of females applying for, and being appointed to senior leadership positions.

These objectives were achieved in FY22.

FLT also has a range of strategies and programs to achieve specific gender diversity targets. Some of the programs include implementing a development program across the FLT group to provide career progression paths for all employees and initiatives to embrace an inclusive work place culture. These strategies and programs have been effective during FY22, and FLT will continue to develop them going forward.

Board evaluation

The company follows an established process for periodically evaluating the performance of the Board, its committees and individual directors. Board members and other senior executives evaluate the Board on its overall performance and individual directors' performance. The Board as a unit is assessed on Board process and dynamics, while the individual directors and chairman are assessed on leadership, interaction with other directors and senior executives, imparting of knowledge, attendance and involvement in decision making. The Board may also engage an external facilitator to help conduct periodic performance reviews. During the FY22 financial year, FLT did not engage an external facilitator. The Board is evaluated annually based on its performance during the financial year and the evaluation process for the Board, its committees and directors was undertaken in FY22.

Senior executive evaluation

FLT's senior executives are subject to informal performance evaluation by the managing director and the task force. This evaluation includes measurement of performance against set KPIs. The process was undertaken during the FY22 financial year and the results of the annual review were communicated to each senior executive.

2. Structure the Board to be effective and add value

The Board has a complementary mix of skills that provides the desired depth and experience. The Board currently consists of four independent non-executive directors (including the chairman) and one executive director, who is the CEO.

The Board generally meets monthly and on an ad hoc basis to consider time critical matters.

Directors may seek legal advice, at the company's expense, on any matter relating to the group, subject to prior notification to the chairman. FLT provides additional updates and training to Board members on matters relating to their roles. Examples may include corporate governance updates and the impacts of recent court rulings involving such topics as directors' duties, disclosures and transactions.

Board composition

The directors' names and biographical details are provided in the annual report's Information on Directors section.

At all times, the Board seeks to have a complementary mix of financial, industry and listed entity knowledge and experience. The Board believes its current members have the necessary knowledge and experience to direct the company in its current operations. A summary of the breadth and depth of the Board's experience and skills appear below:

SKILLS AND EXPERIENCE

The current mix of skills and experience represented by the directors during the period, is as follows:

	G.W. SMITH	J.A. EALES	R.A. BAKER	C.M. GARNSEY	G.F. TURNER
Travel or retail industry	✓	✓	✓	✓	✓
Senior executive	✓		✓	✓	✓
Finance/capital markets			✓		
Audit/accounting	✓		✓		
Legal*					
Regulatory/public policy	✓				
International markets	✓	✓		✓	✓
Strategy/risk management	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	
Marketing/communications	✓	✓		✓	✓
Technology/IT*					

* For expertise in areas not listed above, the directors seek expertise within FLT and externally where appropriate.

Kirsty Rankin was appointed a director of FLT on 25 August 2022 and has skills across many of these areas, including Technology and IT.

Remuneration and Nomination Committee functions

FLT has a Remuneration and Nomination Committee which is comprised of all of FLT's non-executive directors. Due to the Board's small size, FLT has a combined Remuneration and Nomination Committee. Consequently, the Remuneration and Nomination Committee considers (per the Board Charter) Board composition to ensure it includes the appropriate blend of skills and competencies to oversee the company.

The Remuneration and Nomination Committee establishes whether to nominate a further director, if a Board position becomes available or where additional skills may be required at Board level. For example, if the company chose to access a new region or sector, the committee may consider appointing an additional director with appropriate experience.

Where the Remuneration and Nomination Committee recommends the nomination of a further director, the Board may engage a professional recruitment firm to identify candidates that fit the criteria being sought to complement the Board and its existing skills set. Other factors to be considered when appointing a new director will include references, ability to devote time to the role, diversity considerations, cultural fit, strong financial acumen, technology knowledge and residential location.

Once a short list is created, the Remuneration and Nomination Committee will interview candidates.

Ultimately, a candidate will be presented to the full Board for appointment (to be ratified at the next AGM by shareholders). Should shareholders nominate a candidate for election at an upcoming general meeting, the Board will state whether or not it supports the nomination in the explanatory memorandum accompanying the notice of meeting.

Additional information on the roles and responsibilities of the Remuneration and Nomination Committee are set out in the Remuneration and Nomination Committee Charter.

The composition of the Remuneration and Nomination Committee, the Directors' attendance records, as well as the number of times the Remuneration and Nomination Committee met throughout the FY22 financial year, are reported in the annual report's Meetings of Directors section.

Independence and materiality

All of FLT's non-executive directors are independent directors including the chairman. An independent director is a director who is independent of management and free of any business or other relationship that could materially interfere with the exercise of the director's unfettered and independent judgment. Materiality is assessed on a case-by-case basis from the perspective of both the company and the director concerned.

The Board believes Gary Smith, John Eales, Colette Garnsey and Robert Baker, are independent having regard to the indicia in Box 2.3 of the ASX Corporate Governance Principles and Recommendations.

The roles of chairman and CEO are exercised by different individuals, being Gary Smith and Graham Turner respectively.

Further details regarding the length of service of each director and their relevant interests, positions, associations and relationships, is included in the annual report's Information on Directors section.

Board and senior executive induction

Non-executive directors are given a letter of appointment setting out the terms of their appointment, time commitment envisaged and the Company's expectations for their role.

Newly appointed Board members and senior executives are given a practical induction into the group's operations, strategies, culture and values, meeting arrangements and financial position through access to appropriate documentation and face-to-face discussions with current Board members and senior executives. The induction is tailored to each individual's existing skills, knowledge and experience.

Appropriate professional development opportunities for directors are also provided in order to allow directors to develop and maintain the skills and knowledge required for them to perform their roles as directors effectively and to add value to FLT. The company secretary, in conjunction with the Board, may from time to time identify professional development courses relevant to the Board members. Lastly, the Board ensures that the directors receive briefings on material developments in legislation, regulations and accounting standards relevant to FLT.

3. Instil a culture of acting lawfully, ethically and responsibly

FLT actively promotes a set of values designed to assist employees in their dealings with each other, competitors, customers and the community. These values set out standards expected of all employees. Values endorsed include: honesty, integrity, fairness and respect. These values are incorporated into the company's Philosophies, which are included in the annual report and Code of Conduct. The Code of Conduct also outlines the company's position on lawful and ethical behaviour, conflicts of interest, use of inside information, confidentiality, bribes and facilitation payments, public comments, privacy and harassment, bullying and discrimination.

The Board endorses FLT's Code of Conduct and it applies to all directors, officers, employees, consultants and contractors. All employees receive training on the Code of Conduct, and senior executives are responsible for reinforcing the values in their day-to-day interactions with customers, competitors and suppliers, thereby setting the tone at the top.

In addition, FLT has implemented a Whistleblowing policy and an Anti-Bribery and Corruption policy across its global operations.

The company takes its responsibility to global sustainability seriously. Our purpose as an organisation is to open up the world for those who want to see and as one of the world's largest travel retailers and corporate travel managers, we recognise our responsibility to preserve the places we love while enriching our people, destinations and communities.

We have a responsibility to address the impacts of travel head-on while delivering unique travel experiences for generations to come. We have made a commitment to leverage our platforms, people and partnerships to facilitate informed choices, helping customers reduce their impact and ensuring our actions benefit our people, destinations and communities.

In 2022, as part of the process to set the Flight Centre Travel Group (FLT) ESG strategy, we completed a materiality assessment, a formal process outlined by the Global Reporting Initiative (GRI), to determine and prioritise the most significant environmental, social and governance (ESG) impacts for our business. Our approach was informed by existing GRI guidance on materiality and by GRI Standard 3 (2021): Materiality, which will come into effect on 1 January 2023. While we did not conduct detailed impact analysis to assess the relative significance of ESG impacts, we used GRI 3's significance parameters of scope, scale, likelihood, human rights impact, and irredeemable character (for negative impacts) to inform impact prioritization in an internal materiality workshop with senior leaders across the business. The results of this exercise have informed our ESG strategic direction.

The details of the strategy and the future direction of FLT's ESG approach will be found in the Flight Centre Travel Group Sustainability Reporting available at the end of the calendar year.

The Flight Centre Foundation, which started in Australia in 2008, remains a key element in our overall CSR platform and has continued to expand its reach globally.

FLT's workplace giving program in Australia continues to be well supported by our people.

Political contributions

FLT maintains a position of impartiality with respect to party politics and, accordingly, does not contribute any funds in this regard.

Trading policy

The Board has established guidelines in its Share Trading Policy (available on FLT's corporate website at www.fctl.com/investors/governance/) governing trading in FLT shares by directors, senior executives, employees, contractors and people closely connected to FLT's directors and senior executives. Dealings in FLT's shares are only permitted for 30 days following the public release of the company's price sensitive announcements. If new price sensitive information emerges during this period, directors, senior executives, employees, contractors and closely connected persons are not permitted to trade in FLT's shares until the information has been publicly released. The Share Trading Policy also prohibits short-selling and short term dealing in FLT shares at all times. FLT monitors dealing in FLT shares as part of the administration of the Policy.

Other policies

The Board also oversees the implementation of:

- the Code of Conduct (see www.fctgl.com/investors/governance/code-of-conduct-2/);
- the Anti-Bribery and Corruption Policy (see <https://www.fctgl.com/investors/governance/anti-bribery-corruption-policy>); and
- the Whistleblowing Policy (see www.fctgl.com/investors/governance/whistleblowing-policy-2/)

4. Safeguard the integrity of corporate reports

Audit and Risk Committee

The Audit and Risk Committee functions include:

- reviewing and making recommendations on the adequacy of FLT's corporate reporting processes;
- reviewing FLT's financial statements and making recommendations as to whether they reflect the understanding of the committee members of, and otherwise provide a true and fair view of, FLT's financial position and performance;
- providing assurance to the Board on the preparation and review of FLT's financial statements;
- assessing the appropriateness of any significant accounting estimates, judgments or choices in FLT's financial statements;
- recommending the external auditor's appointment/removal, reviewing the auditor's performance and the audit's scope and adequacy;
- advising on procedures in relation to the audit engagement partner's rotation;
- reviewing the company's published financial results;
- ensuring timely adoption of, and adherence to, all relevant accounting policy changes;
- assisting the Board in approving the Group Risk Management Framework, and the Board Risk Appetite Statement in managing financial and non-financial risks;
- reviewing and monitoring the Group risk profile in line with the Board Risk Appetite Statement.
- ratifying the appointment/removal and performance assessment of risk management personnel;
- making recommendations on objectivity and performance of FLT's risk function;
- reporting to the Board on matters relevant to the committee's role and responsibilities;
- reporting to the Board on the effectiveness of FLT's risk management framework; and
- considering advice from Enterprise Risk on whether FLT is operating efficiently, effectively and in accordance with relevant laws and regulations.

These responsibilities are included in the Audit and Risk Committee charter available on the company's corporate website (see www.fctgl.com/investors/governance/audit-risk-committee-charter/).

Committee composition

The Audit and Risk Committee consists of all of FLT's independent non-executive directors; Robert Baker (appointed chairman of the committee in September 2013), Gary Smith, John Eales and Colette Garnsey, who have a complementary mix of experience and expertise in accountancy, financial management, risk management, legal compliance and corporate finance. Details of the directors' qualifications are set out in the annual report's Information on Directors section.

The Board has reviewed the committee's composition and is satisfied that, given the size of FLT's Board, the committee has appropriate financial representation. The Audit and Risk Committee chairman is not the Board's chairman.

Committee meetings

Directors' attendance records, as well as the number of times the Audit and Risk Committee met throughout the FY22 financial year, are reported in the annual report's Meetings of Directors section.

Auditor appointment

The policy of the company and the Audit and Risk Committee is to appoint an external auditor that clearly demonstrates quality and independence. The external auditor's performance is reviewed annually. Ernst & Young (**EY**), the current external auditor, is obliged to rotate audit engagement partners at least every five years. EY was appointed FLT's auditor at the 2013 AGM, after a competitive tender and evaluation process where, competency, experience, price, business understanding and global network were key factors considered.

An analysis of fees paid to the external auditor, including fees for non-audit services, is provided in the annual report. The external auditor's policy is to provide the Audit and Risk Committee with an annual declaration of independence.

Certification of financial reports

A decision by the Board to approve FLT's financial statements for a financial period is subject to receipt, from the CEO and CFO, of a declaration in accordance with section 295A of the *Corporations Act 2001* (Cth) and recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations.

Auditor communication

The external auditor attends every annual general meeting to answer shareholder questions concerning the conduct, preparation and content of the audit report.

5. Make timely and balanced disclosure

FLT has a Communications and Continuous Disclosure Policy (available on FLT's website, see www.fctgl.com/investors/governance/communications-continuous-disclosure-policy/) which discloses FLT's policies and procedures governing continuous disclosure and shareholder communication.

In accordance with ASX Listing Rules, the company will immediately disclose publicly any information that a reasonable person will expect to have a material effect on the value of its shares. The Board receives copies of all material market announcements promptly after they have been made.

Prior to any new and substantive presentation being given to investors or analysts, FLT will release a copy of the presentation materials on the ASX Market Announcements Platform.

All information communicated to the ASX is posted on the company website. The annual report is available on the company's website and, on request, can be emailed or posted to shareholders.

6. Respect rights of security holders

Shareholder communications

The Board aims to keep shareholders informed of all major developments affecting the group's activities and its state of affairs through distribution of the annual report, ASX announcements and media releases. All such communications (including historical announcements for at least the previous three years) are placed on the company website (see www.fctgl.com).

To facilitate and encourage participation at meetings of security holders, shareholders are encouraged to supply, prior to the annual general meeting, any questions of the Board so that these can be addressed at the meeting. To further encourage participation, FLT's investor relations manager is available at other times to address shareholder, analyst and media queries. Security holders are able to receive communications from, and send communications to, the company and its share registry electronically.

The investor relations manager maintains a register of analyst and investor briefings and supplies teleconference facility details at the end of the results announcements (if held) for shareholders to be fully informed. Where possible, recordings are made available on the company's website.

7. Recognise and manage risk

FLT's risk management approach is anchored around the following key principles:

- Protecting the Group's assets, people and interests of our key stakeholders through effective identification and management of risk;
- Optimising the Group's operations through continuous improvement and informed decision making; and
- Supporting the continued growth and sustainability of the Group through taking the right risks in the right manner to deliver value.

Risk management is all employees responsibility and this is clearly established within the risk management policy and risk management framework.

The Board, through the combined Audit and Risk Committee and the group Enterprise Risk function are responsible for overseeing the company's risk management framework. This provides the Board and management with an ongoing program to identify, evaluate, monitor and manage significant risks to enhance, over time, the value of the shareholders' investments and to safeguard assets. FLT does not have a separate risk committee or group internal audit function, although individual businesses have internal audit, risk management and compliance functions.

The Audit and Risk Committee's charter is available on FLT's website (see www.fctgl.com/investors/governance/audit-risk-committee-charter).

The framework is based around the following risk management process, as set out in the risk management policy:

- risk identification – identifying risks that have a potential material impact to the Group's objectives and operations;
- risk assessment – assessing the impact and likelihood of key risks;
- risk management – developing appropriate mitigation and treatments to manage risk within acceptable levels; and

- risk monitoring and reporting – ongoing monitoring and reporting, of risks in line with the Group's risk appetite.

Risks are identified in the context of the Group's strategic and operational objectives including financial and non-financial risk classes. The Board and/or Audit and Risk Committee reviews the FLT risk management policy and FLT's risk management framework and is satisfied that it continues to be sound.

The CEO and senior management are responsible for identifying, assessing and monitoring risk. Senior management personnel are responsible for communication of their risk management activities in line with the Group's risk strategy and framework. A self-assessment on key business risks and organisational risk culture is conducted globally and reported to the Audit and Risk Committee. Risk classes considered include strategic, operational, financial, ethics, regulatory and reputational risks to the Group.

The Enterprise Risk function ensures the approach to risk management across the Group is in accordance with the risk management framework and supports the risk-based assurance approach to monitor the effectiveness of key controls. The Enterprise Risk function operates independently of the businesses and provides an objective and independent assessment of the effectiveness of FLT's risk and control environment.

Key strategic projects (i.e. capital raisings, mergers/acquisitions/divestments, joint ventures, business initiatives or transformations etc.) are subjected to separate risk assessments that meet the specific needs of the project in line with Group objectives.

The CEO and CFO have provided the Board with a formal sign-off on the group's financial statements, in accordance with section 295A of the Corporations Act and recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, that sign-off is founded upon a sound system of risk management and internal control which is operating effectively in all material aspects in relation to financial reporting risks.

Risk Profile

Risks to which FLT is subject to include:

Strategic:

- The ability to achieve the Group's strategic growth objectives through its Business Units (Leisure, Corporate, Supply) and investments
- The Group's M&A strategy achieving targets and objectives
- The ability to innovate, automate and digitalise FLT's businesses to maintain competitive advantage

Market risk

- External market forces including global economic conditions and regulatory intervention (i.e., pandemic) and associated impacts on consumer trends
- Competitive landscape and market disruption including market consolidation
- Key supplier forces and influence impacting margins and revenues
- Geopolitical tension or conflict impacting trading conditions

Operational:

- Cyber and information security
- Data privacy and protection
- Loss of key staff and excessive turnover
- Third party performance and compliance
- Business continuity resulting from significant business disruption including:
 - Natural disasters and adverse weather events
 - Terrorism
 - Pandemics
 - Cyber attack
- Technology risk via system availability and performance
- Transformational change across Group business operations
- Supply chain risk

Financial:

- Liquidity and capital management in line with trading environment and conditions
- Financial controls and reporting
- Effective management of costs and capital allocation
- Global tax compliance and reporting
- Compliance with banking covenants

Legal, Regulatory, Ethics and Reputation:

- Environmental, social and governance (ESG) compliance requirements, expectations, and sustainability objectives
- Ethics, conduct and compliance of our people and stakeholders
- Regulatory compliance associated with changes in global regulatory landscape
- Ability to meet the changing expectations and needs of our customers and clients impacting brand
- Managing relations with key stakeholders and investors in line with our Corporate Governance obligations
- Litigation or legal proceedings brought against the Group

FLT and its Board continually assess emerging trends and associated risks and their possible impact to the Group.

The risk management approach is designed to support FLT's successful business and operating models to achieve targeted growth and sustainability criteria. The model has proven successful in adapting to changes in trading and operating environments and the associated risks, supported by a robust risk management approach.

8. Remunerate fairly and responsibly

Full details of FLT's remuneration policies and structures, including director and key management personnel information, are outlined in the remuneration report in the annual report.

A summary of the Remuneration and Nomination Committee's responsibilities is included above at item 2 and additional information can be found in the Remuneration and Nomination Committee charter (see www.fctgl.com/investors/governance/remuneration-nomination-committee-charter).

All relevant governance charters and policies are available on www.fctgl.com/investors/governance.