

# Corporate Governance Statement

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SeaLink Travel Group Limited (**SeaLink**)

*Approved by the Board*

*24 September 2020*

## Introduction

SeaLink Travel Group Limited (“SeaLink” or the “Company”) recognises that effective corporate governance is a critical element contributing to the preservation of shareholder value and longer term success. The Board of SeaLink Travel Group Limited is committed to maintaining and enhancing its corporate governance framework and reviews its framework and practices regularly so as to ensure it consistently reflects market practices and shareholder expectations

The Board believes that the governance policies and practices adopted by SeaLink during the reporting period for the year ended 30 June 2020 are consistent with good corporate governance practices in Australia appropriate for the circumstances of the Company, including the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd Edition)(ASX Principles). Throughout the 2020 financial year, SeaLink has followed all of the recommendations contained in the ASX Principles, and believes it meets the specific requirements of the 3<sup>rd</sup> Edition as outlined in this statement.

It is noted that the fourth edition of the ASX Principles takes effect for a listed entity’s first full financial year commencing on or after 1 January 2020. The Board is pleased to report that many of SeaLink’s corporate governance practices are in line with the new recommendations and SeaLink will report fully against the 4<sup>th</sup> Edition of the ASX Principles in its FY2021 Corporate Governance Statement.

This Corporate Governance Statement is current as at 24 September 2020 and has been approved by the Board of Directors of the Company.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### ***Recommendation 1.1 – Role of the Board and Management***

The Board of Directors is accountable to shareholders for the performance and governance of the Company. Accordingly, it is responsible for overseeing the overall operational and financial performance of the Company and its subsidiaries (the “Group”), reviewing and approving its business strategy and its strategic direction.

Day to day management of the Company’s affairs, and the implementation of the corporate strategy and policy initiatives, is formally delegated by the Board to the Chief Executive Officer of the Group.

The primary goal set for Management by the Board is to focus on enhancing shareholder value which includes responsibility for SeaLink’s economic, environmental and safety performance.

The Board operates in accordance with the general principles set out in its charter which is available from the corporate governance section of the SeaLink website at [www.SeaLinktravelgroup.com.au](http://www.SeaLinktravelgroup.com.au).

The Board charter clearly sets out its role and responsibilities and describes those matters expressly reserved for the Board’s determination and those matters delegated to senior management.

The Board has recently updated its charter (as of August 2020) in order to ensure it remained appropriate for the needs of the Company taking into account recent changes in the Group and in light of changes in corporate governance expectations and developments since its last review.

Key responsibilities of the Board include, among other things:

- Setting and overseeing the Company’s purpose, strategic direction and achievement of related objectives;
- Approving the Company’s statement of values and code of conduct;
- Review and approval of budgets; overseeing and monitoring of financial performance, accounting and corporate reporting systems and external audit;
- Appointing and reviewing the performance of the Managing Director (to January 2020) / Group Chief Executive Officer (from January 2020);
- Monitoring and reviewing effectiveness of management processes, and governance practices and policies;
- Ensuring all significant business risks are identified and effectively managed; and
- Ensuring that the Company meets its legal and statutory obligations including compliance with ASX Listing Rules disclosure requirements.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

Management are responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities. Information provided to the Board includes all material information on the Group's operations, budgets, cash flows, funding requirements, shareholder movements and share pricing, assets and liabilities, disposals, financial accounts, external audits, internal controls, material risks, safety and environmental management and new venture proposals.

***Recommendation 1.2 – Director Appointments***

Once the Board decides that a new Director is to be appointed, candidates are considered including using the services of external consultants to conduct searches, if considered appropriate. Proposed candidates are considered by the Board, and appropriate interviews, reviews and checks are conducted prior to an appointment being made.

Directors' details, including their relevant qualifications and experience, the skills they bring to the Board, details of any other material directorships, and any potential conflicts of interest or other associations with the Company are disclosed in the Annual Report, and presented to shareholders at the Annual General Meeting or any other meeting where the election or re-election of Directors is proposed.

Upon appointment, Directors are given detailed background information on the Company and its operations, and the commitment required to meet the expectations of their role.

***Recommendation 1.3 – Written Agreement with each Director and Senior Executive***

Non-Executive Directors are engaged by the Company under letters of appointment and Senior Executives are engaged under service contracts. These address the roles and responsibilities of individuals.

Details of remuneration and key elements of contracts for Senior Executives are set out in the Remuneration Report in the Annual Report.

***Recommendation 1.4 – Company Secretary Accountability***

The Company Secretary is responsible for supporting the effectiveness of the Board and is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Appointment or removal of a company secretary is approved by the Board.

***Recommendation 1.5 – Diversity***

The Group recognises that a talented and diverse workforce is a key competitive advantage and that success is a reflection of the quality and skills of our people. SeaLink benefits by bringing together people of diverse backgrounds.

The Group fosters a culture in which all people treat each other with mutual respect and are recruited, developed and promoted on the basis of merit.

To support its commitment, the Group has adopted a Diversity and Equity Policy which is available on the SeaLink website and can be found at <https://www.sealinktravelgroup.com.au/corporate-governance/>.

Under the Policy, the Board is responsible for establishing measurable diversity objectives and reviewing progress in achieving the objectives on an annual basis.

The key aims of this Policy which support SeaLink's diversity objectives are to

- Ensure people will be recruited on the basis of skills and experiences regardless of age, ethnicity, gender or cultural background;
- Provide equal opportunities based on merit;
- Make more informed and innovative decisions, drawing on a wide range of experience and perspectives that Employees from diverse backgrounds and different skill sets bring to their roles; and
- Ensure every employee is treated with respect and fairness whilst performing their work.

## SEALINK TRAVEL GROUP LTD CORPORATE GOVERNANCE STATEMENT – SEPTEMBER 2020

The Board undertakes an annual assessment of performance against diversity objectives.

The below table sets out SeaLink’s achievements against its diversity objectives for financial year ended 30 June 2020. As these objectives were set to reflect our business as at the beginning of the financial year, the report below on our achievements towards these objectives describes the outcomes for what is now called the Marine and Tourism division of the expanded business.

In January 2020 SeaLink acquired the Transit Systems Group and during the second half of the financial year activities were focused on achieving successful integration of the new companies into our group. The integration of these new divisions remains a priority for SeaLink, with the FY 2021 objectives capturing all divisions of the expanded group for future years.

Diversity Objectives for FY 2020	Achievements Against FY 2020 Targets
Enhance gender diversity of the Board	Throughout 2020 the Board maintained at least 29% female representation (33% in the first 6 months).
Promote a culture of diversity and inclusion	<p>Roll-out of a new online learning platform enabled leaders to more easily review and distribute training programs that promote diversity and cultural awareness.</p> <p>Enhanced policies and training programs that support Diversity were developed and released to Employees to promote a culture of inclusiveness and diversity.</p> <p>A variety of data sources were reviewed regularly to identify potential trends and opportunities for improvement relating to diversity and inclusion objectives.</p> <p>This objective was achieved.</p>
Maintain recruitment and selection processes which seek out candidates from a diverse background, with selection decisions based on merit	<p>Recruitment Procedures were further developed for Leaders involved in recruitment processes.</p> <p>Wide usage of our recruitment platform ensures that candidates are assessed consistently against role related criteria.</p> <p>The implementation of additional Recruitment Procedures and utilisation of the recruitment platform for employment opportunities limits the potential for unconscious bias to occur during the recruitment process by ensuring candidates are selected based on their skills and experiences.</p> <p>This objective was achieved.</p>
Build the talent pipeline with a focus on increasing diversity including representation of females where this may be lower than expected at different levels	<p>The launch of a new online training platform to all employees has provided them with opportunities to complete mandatory training, skill development training and source training opportunities that align with their unique career aspirations.</p> <p>This objective was achieved.</p>

The below table sets out SeaLink’s diversity objectives for FY 2021.

Diversity Objective for FY 2021	Diversity Initiatives for FY 2021
Development of a three year strategic diversity action plan for the expanded group	Collect data through surveys that will enable the expanded organisation to identify areas of opportunity to enhance the culture of diversity.  Complete the review of the survey data to guide future objectives and initiatives, based on workforce composition.  Develop a three year strategic Diversity action plan based on survey results.
Foster a workplace culture that is inclusive, collaborative, and accountable.	Continue to identify areas of opportunity to support diversity based on current workforce composition and data sources.
Create career path opportunities for employees from diverse backgrounds.	Design and deliver training and development opportunities that support career advancement for employees from diverse backgrounds.
Create entry pathways into SeaLink Travel Group for groups under-represented in and across our industries	On-going review of recruitment and selection processes across the different parts of our business to ensure they reflect our commitment to diversity, particularly at entry-level positions, with the aim of creating a more diverse talent pool for the future.

The development of our strategic diversity action plan, (referred to above) will incorporate reporting and measuring progress against an objective of not less than 30% of directors of each gender should be on the Board, in line with the recommended objective of the 4<sup>th</sup> Edition of the ASX Principles for S&P/ASX 300 listed companies.

The Group monitors and reports as a relevant employer under the Workplace Gender Equality Act for Australian based employees. The most recent reports (submitted in July 2020) can be viewed on the SeaLink Travel Group website. SeaLink has received notification of compliance with the Workplace Gender Equality Act based on the three reports submitted for the group. A separate report is prepared and lodged for the Transit Australia and Fraser Island businesses due to the nature of the activities of those parts of the business and is not required to be lodged for international based employees.

**Recommendation 1.6 – Board Performance Assessment**

The Board has a formal process to assess individual performance and effectiveness of Directors, the Board and its Committees on an annual basis. The process involves participation by all Directors, with the results considered by the Board and acted upon as appropriate.

A performance evaluation in line with those processes was conducted during the reported period of this statement.

**Recommendation 1.7 – Performance Evaluation of Senior Executives**

The Board regularly evaluates Management’s performance against a number of criteria and requires Senior Executives to formally address the Board on execution of strategy and associated issues.

Senior Executive performance is evaluated each year and was undertaken as follows –

- The Group Executive Officer’s (and previously the Managing Director’s) performance review is undertaken by the Remuneration and Nomination Committee;

- Senior Executives' performance is reviewed by the Group Chief Executive Officer (previously Managing Director), with an oversight of their objectives and performance by the Remuneration and Nomination Committee.

## **PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

The SeaLink Board is committed to ensuring that the composition of the Board continues to include directors who collectively bring an appropriate mix of skills, commitment, experience, expertise and diversity to Board decision making to ensure that the Board effectively discharges its responsibilities and duties.

During the 2020 financial year as part of completion of its major acquisition of the Transit Systems Group in January 2020, the Board expanded its size from six to seven directors. Prior to 16 January 2020 the Board comprised of five non-executive directors and one Managing Director. Following the resignation of the previous Managing Director from all of his executive management responsibilities from February 2020 onwards, Jeffrey Ellison has continued as a non-executive director with the result that since 16 February 2020 the Board has been comprised of seven non-executive directors.

With the resignation of Mr McEvoy as Chair of the Board taking effect at the end of the period, the Board has appointed Mr Lance Hockridge as a non-executive director effective from 1 July 2020.

As at September 2020 the Board comprises:

- Jeffrey Ellison (Chair) (appointed as Managing Director 9 July 2008, became NED 17 February 2020)
- Christopher Smerdon (appointed 13 May 2004)
- Terry Dodd (appointed 28 March 2011)
- Andrea Staines (appointed 15 February 2016 )
- Fiona Hele (appointed 13 September 2016)
- Neil Smith (appointed 16 January 2020)
- Lance Hockridge (appointed 1 July 2020)

(Andrew McEvoy was a director from 1 February 2015 to 30 June 2020)

Details of the directors, including their qualifications are set out in our Annual Report for the period.

The Board has established appropriate committees to assist it to effectively and efficiently fulfill its responsibilities. During the reporting period, the Board had an Audit and Risk Committee, and a Remuneration and Nomination Committee. The Board also oversees and monitors special projects/investments through forming special project/ investment committees from time to time as required. During the period, an Investment Working Group of the Board met regularly to oversee its major acquisition project. This working group continues to meet as required to assist the Board in reviewing projects and proposals as part of evaluating and guiding investment, divestment and acquisition strategies.

The composition of the Audit and Risk Committee and the Remuneration and Nomination Committee as at 30 June 2020 are set out in the Company's Annual Report. Each of these committee has a Charter approved by the Board, and maintains minutes of its meetings, circulated to all Directors.

### ***Recommendation 2.1 –Nomination Committee***

The Remuneration and Nomination Committee was responsible for the following matters during the reporting period:

- Remuneration policy and any changes to remuneration policy and practices for the Key Management Personnel ("KMP") of the Company;
- The remuneration for the Chief Executive Officer (and previously Managing Director), and members of the Executive Management Team who report to the Chief Executive Officer (and previously Managing Director);
- Performance based (at-risk) components of Executive remuneration, including targets for the Company's financial performance as they relate to those performance based components;
- Allocations made under all equity-based remuneration plans;
- Remuneration for non-executive Directors including the Chair and payments to non-executive Directors for additional duties undertaken on behalf of the Company;
- The review and assessment of the effectiveness of the Company's remuneration policies;

- Corporate Governance process relating to remuneration;
- The Remuneration Report and processes supporting its preparation;
- Board composition and Board skills matrix;
- Director, Board and Committee performance assessment;
- Board succession planning;
- Managing Director/Chief Executive Officer and Senior Executive succession planning

Throughout the 2020 financial year, the Remuneration and Nominations Committee was comprised of at least three members (for one meeting there were four appointed members), the majority of whom were independent directors and was chaired by an independent director.

The Charter of the Remuneration and Nomination Committee during the 2020 financial year and its members were disclosed on our corporate website. The number of Committee meetings and individual attendances of the members at those meetings are set out in our Annual Report.

Following a comprehensive review of the Board and its committees and their charters, the allocation of nomination responsibilities has been changed with effect from August 2020 with some responsibilities remaining with the Board and others allocated to the renamed People, Culture and Remuneration Committee. The Charter of both the Remuneration and Nomination Committee that was in effect during the 2020 Financial Year and the new charters are available in the Corporate Governance section of our website <https://www.sealinktravelgroup.com.au/corporate-governance/>.

**Recommendation 2.2 – Board Skills Matrix and Diversity**

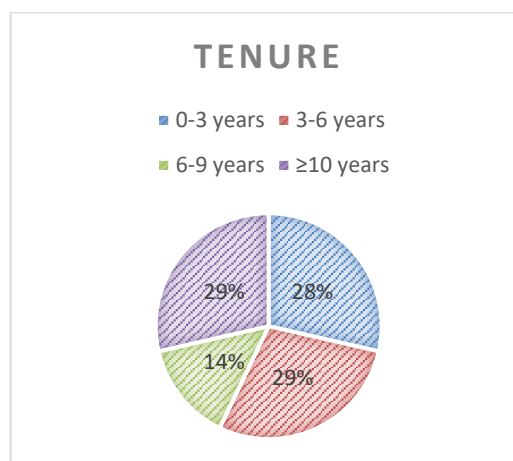
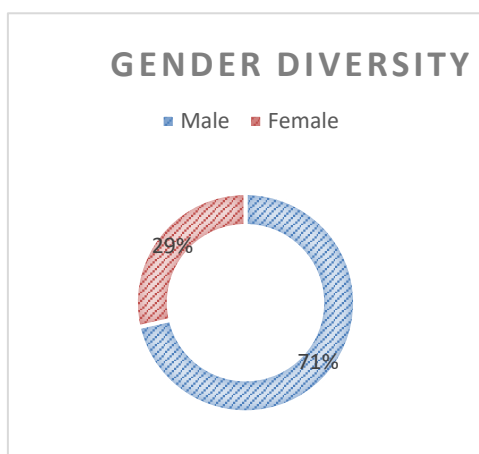
Board composition is reviewed periodically either when a vacancy arises or where the Board considers it would benefit from the services of a new Director. This is an ongoing review based on a skills and experience matrix assessment, the existing skills and expertise of the Board and the mix needed to meet the strategic objectives of the Company. During FY2020 the Board again undertook its annual review of skills, experience and perspective (diversity). As part of this evaluation in FY2020 each Director then on the Board was asked to assess the extent of their skills and experiences in specific areas on a scale of 1 (limited/no experience) to 5 (expert/extensive experience). Given the breadth of location of SeaLink’s activities across Australia and internationally, as well as range of service offerings in the tourism, marine and public transport industries the Board identified that additional expertise and experience in international organisations and metropolitan transport systems were desirable. This has been accordingly reflected in recent appointments of Mr Smith in January 2020 and Mr Hockridge with effect from July 2020.

The Board skills matrix sets out below the various skills, experience and expertise presently represented on the Board by describing key skill/expertise and the number of Directors that have at least a solid amount of knowledge, skill or experience. To the extent that any skills are not directly represented on the Board they are augmented through management and external advisers.

<b>Skills and Experience</b>	<b>No. of Directors possessing relevant knowledge, skill or experience (total no. of directors is 7)</b>
Public Listed Company Experience	6
Industry Experience – Tourism	6
Industry Experience – Transport	6
International Organisations	6
Metropolitan Transport Systems	1
Marine and Asset Management	6
Marketing and Sales	4
Finance / Accounting / Audit	6



Skills and Experience	No. of Directors possessing relevant knowledge, skill or experience (total no. of directors is 7)
Risk Management and Strategic Planning	6
Government Relations and Policy	6
Mergers & Acquisitions / Business Development	7
Legal / Regulatory / Business Contracts	4
Board Corporate Governance	6
Operational Management	7
Industrial Relations / People Management	6
Health, Safety and Environment	6
Public Relations/Communications	4
Technology	3



The Company considers industry experience and specific expertise to be important attributes of its Board members and therefore believes that the composition of the Board is appropriate given the size and development of the Company at the present time.

In accordance with the Company’s Constitution at least one third of the non-executive Directors must retire at each Annual General Meeting. No non-executive Director may serve more than three years without offering themselves for re-election.

**Recommendation 2.3 and 2.4 – Director’s independence.**

Throughout the 2020 financial year the Board was comprised of a majority of independent Directors.

Directors are required to bring their independent judgement to bear on all Board decisions. The Board is conscious of the need for independence and has adopted guidelines to assist it in considering the independence of directors that take into account the recommendations in the ASX Principles and future changes to those principles. The Board regularly assesses the independence of each Director to ensure that each Director has the capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of SeaLink as a whole.

SeaLink’s governance framework requires each Director to promptly disclose actual and possible conflicts of interest, any interests in contracts, other directorships or offices held, related party transactions and any dealing in the Company’s securities. Should a potential or actual conflict of interest arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do



not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

During August 2020 the Board reviewed the position and relationships of all Directors in office as part of its financial reporting processes. In light of that assessment the Board considers that Mr Andrew McEvoy<sup>1</sup>, Ms Fiona Hele, Ms Andrea Staines, are independent directors and also that Mr Terry Dodd and Mr Christopher Smerdon should also be re-classified as independent directors for the reasons set out below following the completion of the capital raising and acquisition of the Transit Systems Group during the reporting period. Mr Lance Hockridge who was appointed with effect from 1 July 2020 is considered an independent Director.

Mr Dodd is associated with a vendor of marine services to the Company and Mr Smerdon is associated with a vendor of technology backup and cyber security services to the Company. The Board has reviewed the nature and magnitude of those supplier relationships and does not consider them to be material business relationships that might interfere with, or might reasonably be seen to interfere with, Mr Dodd or Mr Smerdon's capacity to bring an independent judgement to bear on issues before the Board and act in the best interests of the Company as a whole.

In October 2019, Mr Ellison and Mr Smerdon ceased to have interests as substantial shareholders in the Company. Mr Dodd ceased to be a substantial shareholder of the Company in August 2018. Details of their shareholdings in the Company are set out in the Annual Report and reported as required via the ASX market platform.

The Board acknowledges that whilst Mr Smerdon and Mr Dodd have previously been substantial shareholders of the Company, the Board do not consider that their interests interferes with their capacity to bring an independent judgement to bear on issues before the Board, and to act in the best interests of the Company and its shareholders generally.

The Board does not currently consider that it should establish a limit on tenure. The length of service of each Director is one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director. Consistent with the ASX Principles, the Board considers that the interests of shareholders are served by having a mix of Directors on the Board, some with shorter and some with longer tenures. The Board acknowledges that Mr Smerdon has been on the Board for more than 10 years however the Board does not consider that his independence has been compromised by his tenure. Mr Smerdon continues to bring independent judgement to bear on issues before the Board.

Mr Ellison is not considered to be independent due to his previous role as Managing Director and Executive Director of the Company until February 2020.

Mr Smith is not considered to be independent due to his substantial shareholding interests in the Company, his close family ties with the Chief Executive Officer and executive employment with Tower Transit during the previous 3 year period. During the period Mr Smith was associated with a vendor of demand responsive technology services to the Company however the Board does not consider that supplier relationship to be a material business relationship that might interfere with Mr Smith's capacity to bring an independent judgement to bear on issues before the Board.

The Board considers that the processes outlined above ensure that collectively the Board acts as an independent decision making body in the best interests of all shareholders and that conflicts of interest, or potential conflicts of interest of all Directors including those not considered independent Directors are managed appropriately.

### ***Recommendation 2.5 – Independent Chair and Chief Executive Officer***

Throughout the 2020 financial year the Chair of the Board was an Independent Director, and the Chair and Chief Executive Officer were separate persons.

### ***Recommendation 2.6 – Company induction and professional development of Directors***

The Company has an established program for the induction of new Directors. This induction covers all aspects of the business including the provision of information, past meeting details, business plans, access to Senior Management and site visits to ensure that the new Director can fulfil their responsibilities.

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<sup>1</sup> Resigned effective 30 June 2020

The Board and its Committees are provided with updates and information from both management and external experts on various topics relevant to the Company's circumstances. The Board and individual Directors attend at operational sites, meet staff in operations and receive presentations from management across the Company's operations.

The Directors, the Board and any Board Committee may seek external professional advice, as considered necessary, at the Company's expense, with the consent of the Chair and assistance from the Company Secretary. If appropriate, any advice received will be made available to all Directors.

### **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

#### ***Recommendation 3.1 – Code of Conduct***

The Company recognises the importance of acting ethically and responsibly in conducting its business and acting with honesty, integrity and in a manner that is consistent with the reasonable expectations of investors and the community. The Company's officers and employees are required to not only act in accordance with the law, but also to act ethically and responsibly.

The standards expected of all employees include to:

- Be honest and act with high standards of personal integrity;
- Act in the best interests of the Company and not do anything that would negatively affect SeaLink's reputation;
- Carry out their role to the best of their ability;
- Treat others with respect;
- Carry out their role safely;
- Comply with the laws and regulations that apply to the Company and its operations;
- Comply with policies and procedures;
- Not participate in any unethical activity, including the giving or receiving of improper payments or benefits;
- Take proper care of the Company's confidential information, and not take advantage of SeaLink property or information for personal gain; and
- Speak up if they become aware of conduct by anyone else that does not meet the requirements of our expected standards.

Each of the Company's businesses currently have set ethical behaviour standards and established processes applicable to their operations that reflect the relevant jurisdictions in which they operate. Following the acquisition of the Transit Systems Group in January 2020, SeaLink's group wide Code of Conduct is being reviewed and updated to ensure that it is applicable to the activities of the group and SeaLink's core values and expectations of conduct are expressed in common language that may be consistently promoted and communicated across the wider group.

SeaLink's Whistleblower Protection Policy, issued in December 2019, is in line with the Group's commitment to acting with fairness, honesty and integrity. The policy aims to promote a "safe to speak up" culture where all people who work for or with SeaLink are encouraged to speak up if they become aware of any wrongdoing. This policy can be found on the Company's website <https://www.sealinktravelgroup.com.au/corporate-governance/>.

### **PRINCIPLE 4 – SAFEGUARDING INTEGRITY IN CORPORATE REPORTING**

#### ***Recommendation 4.1 – Audit and Risk Committee***

This Committee provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Company's effectiveness of its control environment in the areas of business risk, financial risk, and compliance with legal/regulatory requirements.

The Audit and Risk Committee's primary responsibilities are to:

- Assess whether the Company's external reporting is legally compliant, consistent with committee members' information and knowledge and suitable for shareholder needs;

- Assess the management processes supporting external reporting;
- Liaise with the external auditors and ensure that the audit review is conducted in an effective manner;
- Make recommendations for the appointment or removal of auditors;
- On an annual basis, assess the performance and independence of the external auditors;
- Monitor the coordination of the internal and external audits in so far as they relate to the responsibilities of the committee;
- Recommend to the Board and then promulgate and maintain a sound system of risk oversight and management and internal controls which:
  - Identifies, assesses, manages and monitors risk;
  - Informs investors of material changes to the Company's risk profile; and
  - Ensures compliance with all environmental and occupational health and safety regulations and legislation.

Throughout the reporting period the Audit and Risk Committee was comprised of three members, a majority of whom were independent directors throughout the period and was chaired by an independent director. The members of the Committee, number of Committee meetings and individual attendances of the members at those meetings are set out in our Annual Report.

A copy of the Audit and Risk Committee Charter is available on the Company's website at [www.sealinktravelgroup.com.au](http://www.sealinktravelgroup.com.au)

### ***Recommendation 4.2 – Financial Declarations from the Chief Executive Officer and Chief Financial Officer***

The Chief Executive Officer and Chief Financial Officer are required to make a declaration that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a safe system of risk management and internal controls, and that the system is operating efficiently in all material respects.

### ***Recommendation 4.3 – External Auditors***

The policy of the Company and the Audit and Risk Committee is to appoint an external auditor who clearly demonstrates quality and independence. The performance of the auditor is assessed by the Audit and Risk Committee annually.

The external auditor is required to attend the Annual General Meeting and be available to answer any shareholder questions about the conduct of the audit and the preparation and the content of the audit report.

## **PRINCIPLE 5 – MAKING TIMELY AND BALANCED DISCLOSURE**

### ***Recommendation 5.1 – Disclosure Policy***

The Company complies with the continuous disclosure obligations of the Corporations Act and ASX Listing Rule requirements to disclose immediately to the ASX and the market any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's shares. This helps ensure that all shareholders and investors have equal access to the Company's price sensitive information.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website at [www.sealinktravelgroup.com.au](http://www.sealinktravelgroup.com.au) .

## **PRINCIPLE 6 – RESPECTING THE RIGHTS OF SHAREHOLDERS**

### ***Recommendation 6.1 – Information on the website***

The Company provides information about itself and governance to investors via its website which includes the Company's Corporate Governance Statement.

The website also includes links to copies of its annual reports and financial statements, ASX announcements, Notices of Meetings as well as an overview of the Company's business activities.

The Company's Corporate website can be located at [www.SeaLinktravelgroup.com.au](http://www.SeaLinktravelgroup.com.au)

Shareholders are able to access information relevant to their holding via SeaLink's appointed share registry services company, Boardroom Limited. Their website is at [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au).

### ***Recommendation 6.2 – Investor relations***

The Company facilitates effective communication with its Shareholders, including:

- Annual and half-yearly financial reports;
- Annual and other general meetings convened for Shareholder review and approval of Board proposals;
- Reports and Presentations associated with Annual General Meetings, half and full year's results;
- Continuous disclosure of material changes to ASX for open access to the public;
- The Company's websites, which include information about the Company's businesses and operations; and
- Publication of media releases on the Company's website.

Shareholders are also welcome to raise any queries or provide feedback through the Company Secretary or Chief Financial Officer at any time. Investor and community feedback is welcomed by the Company, and is summarised for the Board as a standing item of business.

### ***Recommendation 6.3 – Participation at Shareholder meetings***

The Chair permits Shareholders to ask questions about SeaLink's business operations, the remuneration report, the conduct of the audit and the preparation and content of the audit report and other items of business at the Annual General Meeting.

SeaLink requests the Company's Auditor to attend the Annual General Meeting to be able to answer any shareholder questions about the conduct of the audit and the preparation and the content of the audit report.

### ***Recommendation 6.4 – Electronic Communication***

Shareholders, who have made an election, receive communication including the Company's Annual Report on the Company's website or by email. The Company has the capability to communicate with Shareholders electronically through its website, email communications and via the share registry. Electronic contact details are provided on the Company's website.

## **PRINCIPLE 7 – RECOGNISING AND MANAGING RISK**

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Board, and the Audit and Risk Committee.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Chief Executive Officer at Board meetings. Budgets are prepared and compared against actual results.

The potential risk exposures with running the Company have been managed by the appointment of senior executives and managers who have significant broad-ranging industry experience, work together as a team and regularly share information on current activities. Further information about the management of key risks during the period are set out below under recommendation 7.4 and in our Annual Report. Our Annual Report outlines how COVID-19 has affected the group's activities and the actions taken to manage this risk.

**Recommendation 7.1 – Audit and Risk Committee**

The Audit and Risk Committee is responsible for overseeing and approving risk management strategy and policies, compliance and internal control.

Refer recommendation 4.1 for a complete list of responsibilities.

The Audit and Risk Committee members are all required to possess sufficient technical expertise and industry knowledge to fulfil the functions of the Committee. It is composed of at least three Directors, the majority of who were independent throughout the reporting period, and it is chaired by an independent Director. Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee has met are detailed in the Annual Report.

**Recommendation 7.2 – Review of Risk Management Framework**

Management report to the Board on the Company's material business risks and effectiveness of risk management and mitigation strategies. The risk management framework is reviewed at least annually by the Audit and Risk Committee to satisfy itself that the framework continues to be appropriate and sound. The Committee completed such a review during the reporting period.

The Chief Executive Officer and the Chief Financial Officer are required to make a declaration in accordance with Section 259A of the Corporations Act that the Company's financial statements present a true and fair view of all material aspects of the Company's financial condition and operational results and are in accordance with relevant accounting standards. They also provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects.

Risk assessments are undertaken using an agreed framework where risk ratings are assigned. The Board is regularly briefed by Management and involved in discussions in relation to all material risks facing the Company.

The Company has established Group and divisional structures, reporting lines and appropriate authorities and allocation of responsibilities to assist it to manage and mitigate business risks.

From a financial risk perspective these include guidelines and limits for approval of contracts, capital expenditure, and investments as well as financial budgeting and expenditure controls. Delegations of Authority are reviewed annually by the Audit and Risk Committee and approved by the Board. Group policies and procedures including those for management of financial risk and treasury operations such as exposures to foreign currencies are in place and monitored by the Audit and Risk Committee.

**Recommendation 7.3 – Internal Audit**

The Company did not have a formal group-wide internal audit function across all divisions throughout financial year 2020. However, the Group has a range of internal review and auditing mechanisms and programs in place to provide assurance on the effectiveness of compliance frameworks and controls in place to mitigate business risks of both a financial and non-financial nature.

Where required, external consultants are used to support this program and will report to the Audit and Risk Committee as well as Company Management.

**Recommendation 7.4 – Economic, Environmental and Social Sustainability Risks**

The Company operates across two main industries – public transport (moving regular commuters principally within metropolitan locations), and tourism (promoting and packaging holiday destinations, providing tours, accommodation and transport services delivering tourists to travel destinations).

SeaLink provides its services and products to individuals, companies and government agencies across a range of economic sectors and factors which have impacted results in recent periods include the state of the economy, external shocks such as the recent Coronavirus pandemic, increases and decreases in tourism sector activity, and changes in government policies. The non-renewal or termination of a major contract could have a material impact on the profitability of SeaLink. The Company mitigates economic risks through maintaining a portfolio of contracts across a diversity of locations, customers and types of services. The Company maintains an experienced and active tender bid team, strong corporate development and investment focus and processes, monitoring of contract compliance and performance metrics.

In the performance of its business SeaLink may also be subject to conditions or operational risks, some of which are beyond its control and include major changes in customer travel preferences, key personnel risks, health and safety, cyber risks, adverse weather, asset maintenance and damage.

SeaLink's group wide Risk Management Framework provides a framework for management of material business risks, including ESG-related risks with material exposure to SeaLink's operations, and review of effectiveness of risk mitigation strategies across both financial and non-financial risks that may affect the group's activities. It is supported by processes in place to address business risks at a local level.

In its risk management and strategic planning SeaLink considers the interests of a broad range of key stakeholders including its shareholders, employees, customers, financiers, suppliers, governments and local communities in which it operates. SeaLink considers that there is broad community support for transport and tourism services of the type provided by SeaLink with many ferry services to islands providing essential transport services to those communities. The Group actively seeks feedback from communities and governments to enable it to continue to improve and deliver efficient and customer oriented services that remain socially sustainable.

One of SeaLink's significant inputs is fuel for its vehicles and ferries, primarily fossil fuels. SeaLink recognises community concern regarding the contribution of fossil fuels to climate change, and is actively involved in a variety of activities and projects to explore use of alternative propulsion systems such as hydrogen fuel cell and battery electric buses.

To that end, our fleet of buses are subject to a rigorous maintenance regime that ensures they operate efficiently and cleanly across all our businesses. Across the Group, we operate a range of propulsion systems including electric-diesel hybrid vehicles which meet strict Euro 6 emission standards, as well as battery electric buses.

SeaLink has a strong record of innovation and is actively pursuing opportunities to deploy hydrogen fuel cell buses in Australia and Singapore, supported by the extensive practical experience gained from operating a fleet of Hydrogen Fuel Cell buses in London as part of the Transport for London-led Clean Hydrogen in European Cities (CHIC) and 3Emotion projects. The Projects concluded earlier this year - after 7 years of successful operation in one of the world's great cities.

Risks and opportunities that may arise from transitioning to a lower carbon economy are identified and planned for as part of our risk management and strategic planning, including risks and opportunities associated with potential changes to public transport systems in our cities and technology developments.

Across our businesses there is a commitment to reduce waste and to make the most efficient use of our resources. The Company reports and monitors its emissions for its Australian businesses under The National Greenhouse and Energy Reporting Act 2007 (Commonwealth). In many of our business units we have also achieved and maintain accreditation with ISO14001.

In terms of environmental sustainability, SeaLink operates in and delivers tourists to many locations that are prized for their high environmental values. SeaLink conducts its operations in ways designed to ensure that it has minimal impact on those environments.

Other climate related changes that we take into account in our risk management thinking include potential longer term risks and opportunities associated with changes in climate affecting demand for tourism related destinations and travel patterns, physical impact on our premises and tourism activities from changes in weather and extreme temperatures, and potential increases in operating costs such as insurance in those locations.

### **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

#### ***Recommendation 8.1 – Remuneration and Nomination Committee***

Throughout the 2020 financial year the Remuneration and Nomination Committee reviewed and made recommendations on Director and Senior Executive remuneration and overall staff remuneration and incentive policies. Refer recommendation 2.1 for specific responsibilities.

The Remuneration and Nomination Committee had at least three members, with the majority of those members being independent throughout the period (Mr Ellison is not considered to be an independent director and was a member for the period 26 February to June 2020) and an independent director was Chair of the Committee.



Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee has met are detailed in the Annual Report.

Following a comprehensive review of the Board and its committees and their charters, the allocation of nomination responsibilities has been changed with effect from August 2020 with some responsibilities remaining with the Board and others allocated to the renamed People, Culture and Remuneration Committee. The Charter of both the Remuneration and Nomination Committee that was in effect during the 2020 Financial Year and the new charters are available from the Corporate Governance section of our corporate website at <https://www.sealinktravelgroup.com.au/corporate-governance/>.

***Recommendation 8.2 – Disclosure of Remuneration Policies and Procedures***

SeaLink’s remuneration policy ensures that remuneration packages properly reflect the person’s duties and responsibilities, and the remuneration is competitive in attracting, retaining and motivating people of suitable quality.

The Remuneration and Nomination Committee reviews and makes recommendations on Director and Senior Executive remuneration and overall staff remuneration and incentive policies. When making recommendations, the Committee aims to design policies that attract and retain the Executives needed to run the Company successfully and to motivate Executives to pursue appropriate growth strategies whilst aligning shareholder return with remuneration.

Remuneration for executives typically comprises a package of fixed and performance based components as set out in our Remuneration Report. The committee may, from time to time, seek advice from specialist remuneration consultants so as to ensure that the Board remains informed of benchmarks, market trends and practices.

There is no requirement for either the Chief Executive or Key Management Personnel to hold shares in the Company.

Further information about the Company’s remuneration practices and policies and details about remuneration of Key Management Personnel and senior executives are set out in the Remuneration Report for the period.

All remuneration paid to Directors and Executives is measured at the cost to the Company and expensed.

The maximum annual aggregate remuneration amount approved by shareholders that can be paid to non-executive Directors is currently \$1.25 million per annum. This cap was approved by shareholders on 18 December 2019. Further details about remuneration paid to Directors are set out in the Remuneration Report for the period.

***Recommendation 8.3 – Policy on Equity based Remuneration Schemes***

The Company had an equity based remuneration scheme for its employees in 2019-2020, and a summary of the scheme is set out in the notice of meeting for the October 2019 Annual General Meeting.

The Company’s Securities Trading Policy specifically prohibits Directors, officers and employees from entering into transactions or arrangements which limit the economic risk of unvested entitlements under any employee incentive or employee share scheme.

A copy of the Company’s Share Trading Policy can be found at [www.SeaLinktravelgroup.com.au](http://www.SeaLinktravelgroup.com.au)