



Corporate Governance Statement 2016.



corporate travel
management

Corporate Governance Statement

INTRODUCTION

Corporate Travel Management Limited (the “Group”) and the Board of Directors of the Group (the “Board”) are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices, to ensure they meet the interests of shareholders. The Group and its controlled entities together are referred to as the Group in this statement.

The Group has chosen to measure its governance practices against the ASX Recommendations defined in the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd Edition). As required by the ASX Listing Rules, this statement discloses the extent to which the Group has followed the ASX Recommendations during the reporting period comprising the year ended 30 June 2016. Except where otherwise explained, the Group followed all of the ASX Recommendations during the Reporting Period.

The Corporate Governance page in the Investor Relations section of the Group’s website (<http://www.travelctm.com/resources/investor-relations/corporate-governance/>) contains the charters, codes and policies which are referred to in this statement (or a summary of them). These documents are periodically reviewed and enhanced where necessary to take account of changes in the law and governance practices.

The Group’s governance systems meet the requirements of the *Corporations Act 2001* (Act) and the Listing Rules of the Australian Securities Exchange (ASX Listing Rules and ASX respectively). The following table indicates where specific ASX Recommendations are dealt with in this statement:

PRINCIPLES AND RECOMMENDATIONS		Comply?	Reference
PRINCIPLE 1 – Lay solid foundations for management and oversight			
A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.			
1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its Board and management; and (b) Those matters expressly reserved to the Board and those delegated to management.	Yes	See Corporate Governance Charter at travelctm.com (pages 4-5)
1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	Yes	See Corporate Governance Charter at travelctm.com (page 6)
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Yes	See Corporate Governance Charter at travelctm.com (page 6)
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes	See Corporate Governance Charter at travelctm.com (page 7-8)
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the Board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organization (including how the entity has defined “senior executive” for these purposes); or	Yes	See Diversity Policy at travelctm.com

	(2) if the entity is a “relevant employer” under the Workplace Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.		
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	See Corporate Governance Charter at travelctm.com (page 6)
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	See Corporate Governance Charter at travelctm.com (page 6)

PRINCIPLE 2 – Structure the Board to add value

A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

2.1	The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes	See Corporate Governance Charter at travelctm.com and Annual Financial Report for Group
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	See Corporate Governance Charter at travelctm.com (page 6)
2.3	A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 (generally relating to non-independent activity within the prior three years, a material contract or a substantial security holding) but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director.	Yes	See Corporate Governance Charter at travelctm.com (page 6)
2.4	A majority of the Board of a listed entity should be independent Directors.	Yes	See Corporate Governance Charter at travelctm.com (page 6)
2.5	The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	Yes	See Annual Financial Report for Group
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	See Corporate Governance Charter at travelctm.com (Page 7 and 8)

PRINCIPLE 3 – Act ethically and responsibly

A listed entity should act ethically and responsibly.

3.1	A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and	Yes	See Corporate Governance Charter at
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	(b) disclose that code or a summary of it.		travelctm.com (page 11- 15)
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PRINCIPLE 4 – Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

4.1	A Board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (2) is chaired by an independent Director, who is not the chair of the Board, and disclose (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	See Corporate Governance Charter at travelctm.com and Annual Financial Report for Group
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	See Part 2
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	See Part 2

PRINCIPLE 5 – Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	See Continuous Disclosure Policy at travelctm.com
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PRINCIPLE 6 – Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	See travelctm.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	See Corporate Governance Charter at travelctm.com (page 9)
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	See Corporate Governance Charter at travelctm.com (page 9 – 10)
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	See Corporate Governance Charter at travelctm.com (page 10)

PRINCIPLE 7 – Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

7.1	The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director; and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	See Corporate Governance Charter at travelctm.com and Annual Financial Report for Group
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	See Corporate Governance Charter at travelctm.com (page 8)
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.	Yes	See Part 2
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	See Part 2

PRINCIPLE 8 – Remunerate fairly and responsibly

A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

8.1	The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent Director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	See Corporate Governance Charter at travelctm.com and Annual Financial Report for Group
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive Directors and other senior executives.	Yes	See Annual Financial Report for Group
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	See Securities Trading Policy at travelctm.com

PART 1 – BOARD AND MANAGEMENT

The Board is responsible for the corporate governance of the Group and has adopted a formal Corporate Governance Charter (“Charter”) that details the Board’s role, authority, responsibilities, membership and operations, and is available on the website at: <http://www.travelctm.com/resources/investor-relations/corporate-governance/>. The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees and to the Chief Executive Officer (CEO).

A guiding principle of the Charter is that the Board act honestly, conscientiously and fairly, in accordance with the law and in the interests of the shareholders, with a view to building sustainable value for the shareholders, employees and other stakeholders. The Board delegates the day-to-day management of the Group to the CEO, but retains responsibility for the overall strategy, governance and performance of the Group. The CEO then delegates authority to appropriate senior executives for specific activities and transactions.

The Remuneration and Nomination Committees assist the Board with the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Remuneration and Nomination Committees will ensure that appropriate background checks are undertaken. We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director via the Notice of Meeting and other information contained in the Annual Report. Upon appointment, each Director (and senior executive) receives a letter of appointment which sets out the formal terms of their appointment, along with a deed of indemnity, insurance and access.

The Company Secretary reports to the Chairman as a representative of the Board. Directors also participate in an induction programme which includes the Group’s financial position, strategies, operations, culture, values and risk management policies. Directors are also provided with ongoing professional development and training programmes to enable them to develop and maintain their skills and knowledge.

The Group’s objective is to have an appropriate mix of skills and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is detailed in the Board skills matrix set out in the following table:

Skills and Experience	2 or more Directors
<i>Senior executive leadership experience</i>	✓
<i>Senior executive experience in international business</i>	✓
<i>Senior executive experience in the travel industry</i>	✓
<i>Corporate governance experience</i>	✓
<i>Senior executive experience in financial accounting and reporting</i>	✓
<i>Mergers and acquisitions and or equity capital markets</i>	✓
<i>Senior executive experience in corporate risk, internal and regulatory controls</i>	✓
<i>Experience in developing and implementing strategy</i>	✓
<i>Senior executive experience in human resources and remuneration</i>	✓
<i>Senior executive experience in sales or marketing</i>	✓
<i>Senior executive experience in innovation</i>	✓

The Board is committed to formally evaluating its collective performance, the performance of its Committees, the Chair and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

An external assessment of the Board’s policies and procedures, and its effectiveness generally, must be conducted by an independent professional consultant at intervals of three years or less. An external Board evaluation was not performed in July 2016, however was performed July 2013 and July 2014.

The Board assesses the independence of non-executive Directors upon appointment. When appointing an independent Director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in Box 2.3 of the ASX Corporate Governance Principles and Recommendations. The Board’s assessment of the independence of each current Director is set out in the following table:

Name	Status	Year of Appointment
Jamie Pherous	Executive Director	2010
Anthony Bellas	Independent	2010
Stephen Lonie	Independent	2010
Greg Moynihan	Independent	2010

Laura Ziolkowski (nee Ruffles)	Executive Director	2015
Admiral Robert J. Natter	Independent	2014

As at the date of this statement, four of CTM's Directors are independent.

The non-executive Chairman was appointed by the Board in 2010. The non-executive Chairman provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Corporate Governance Charter. The role of the Chairman is set out in more detail in the Corporate Governance Charter. Details regarding the non-executive Chairman, including his experience and qualifications, are set out in the Directors' Report in the 2016 Annual Report.

The Company Secretary and Group Chief Financial Officer (CFO) in their capacities as joint Company Secretary are appointed by the Board and have a direct reporting line to the Chairman. All Directors have access to both the Company Secretary and Group Chief Financial Officer. The Company Secretary and Group Chief Financial Officer are accountable to the Board through the non-executive Chairman on all matters regarding the proper functioning of the Board. This includes assisting the Board and its Committees with meetings and Directors' duties, advising the Board on corporate governance matters, and acting as the interface between the Board and senior executives. The role of the Company Secretary is set out in more detail in the Corporate Governance Charter. Details regarding the Company Secretaries as at 30 June 2016, including their experience and qualifications, are set out in the 2016 Annual Financial Report for the Group.

The Group's senior executives are appointed by the CEO and their key performance indicators contain specific financial and other objectives. These KPIs are reviewed annually by the CEO and noted by the Remuneration and Nomination Committee. The performance of the Group's senior executives against these objectives is evaluated annually. The result of this year's performance evaluations for certain senior executives are described in more detail in the Remuneration Report in the 2016 Annual Report.

Information regarding our remuneration framework for our Directors and senior executives is set out in the Remuneration Report in the 2016 Annual Financial Report for the Group. The Remuneration Report includes a summary of our policies and practices for the deferral of performance based-remuneration for senior executives.

At the date of this statement, the Board has four Committees which are the Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee. The membership of each Committee is detailed in the 2016 Annual Report. Each Committee has adopted a formal, Board approved Charter that details its role, authority, responsibilities, membership and operations. The Committee Charters are reviewed annually and are detailed in the Corporate Governance Charter available at: <http://www.travelctm.com/resources/investor-relations/corporate-governance/>. Each Committee regularly reports to the Board on matters relevant to the Committee's role and responsibilities and the minutes of each Committee meeting are made available to each Director unless that Director is otherwise precluded due to a potential conflict.

Further information regarding the Group's Directors, including their experience and qualifications and attendance by Directors at meetings, is set out in the 2016 Annual Financial Report for the Group.

PART 2 - CORPORATE REPORTING AND RISK MANAGEMENT

Prior to the Board's approval of the 2016 full year financial results, the CEO and Group CFO provided a declaration to the Board in accordance with Principle 4.2 of the ASX Corporate Governance Principles and Recommendations.

The Group's external auditor, PricewaterhouseCoopers ("PwC"), was appointed in 2010. PwC is invited to Audit Committee meetings. PwC representatives are also available to all Audit Committee members. Since its appointment as auditor, PwC has attended CTM's AGMs and a representative has been available to answer questions from shareholders relevant to the audit at the AGM. PwC's independence declaration is contained in the Directors' Report in our 2016 Annual Report.

The Group does not have an internal audit function. The Group continually reviews and refine processes and policies to enhance efficiencies and the internal control environment. Any identified control and process issues are formally advised to the Audit Committee and formalised action plans are put in place to address these control issues.

The Group Risk Framework is based on International Standard ISO 31000:2009 Risk management – Principles and guidelines, and forms the basis for CTM's risk management activities. The Group's approach to risk is mandated at the highest level through the Group Risk Management Policy and is supported by associated policies. Under its Charter, the Risk Committee is required to review the Group Risk Framework at least annually, to confirm it is both sound and effective.

The Board has received assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to the financial reporting risks.

Operating a sustainable business makes good economic and social sense for the Group as part of the Travel Industry. The Group has determined there is a level of exposure to economic risk, which is detailed in the following sections.

Economic

The impact of economic conditions upon the Group may be either specific, or of a more general nature. Economic downturns may have an adverse impact on the Group's operating performances as a result of reduced travel activity. Other factors include:

- General outlook for economic growth and its impact on confidence;
- The cost of travel, including flights and accommodation; and
- Exchange rate fluctuations.

The Group continues to actively monitor and manage all perceived economic risks to the business. This is done through monitoring of financial, economic and industry data both internal to the Company as well as what is available from external sources.

Environment

The Group has determined that no particular or significant environmental regulations apply to the business.

Social

The Group does not believe it has any material exposure to social sustainability risk.

For further information relating to the Group's exposure to various financial risks, with explanations as to how these affect the Group's financial position and performance, and what the Group does to manage these risks, please refer to the Notes to the Consolidated Financial Statements: Risk section in the 2016 Annual Report.

PART 3 – RESPONSIBLE AND ETHICAL BEHAVIOUR

The Code of Conduct applies to all Directors, senior executives and employees, and provides a decision-making framework by establishing principles and values to guide our decisions and actions. The code promotes an organisational culture that enables our employees to respond appropriately in a variety of situations and to be accountable for their decisions. The Code's objective is to provide a benchmark for professional and personal behaviour throughout the Group, to safeguard the Group's reputation and to make clear the consequences of breaching the Code.

The Code deals with many ethical issues, including the importance of:

- Adhering to the standards of conduct;
- Honesty and integrity;
- Professionalism;
- Avoiding conflicts of interest;
- Producing work of an acceptable standard; and
- Respecting the Group's framework and the law.

All Group personnel are required to read the Code as part of induction training and thereafter on an annual basis. The Code can also be accessed from the Group's intranet.

The Group is committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules. In order to comply with these obligations, the Board has adopted a Continuous Disclosure policy, which is available on our website at: <http://www.travelctm.com/resources/investor-relations/corporate-governance/>

PART 4 - DIVERSITY

The Diversity Policy acts as a framework for the Group in building a diverse and inclusive workforce, and includes requirements for the Board to determine measurable objectives and procedures to implement and report against to achieve its diversity goals. The Policy reflects our commitment to diversity and inclusion across the range of workforce demographics, and the intention to apply a lens to diversity that includes, but also extends beyond, gender. The Diversity Policy is available on our website at: <http://www.travelctm.com/resources/investor-relations/corporate-governance/>

In accordance with this policy and ASX Governance Principles, the Board has established objectives in relation to gender diversity. The position at 30 June 2016 is detailed as follows:

Item	Actual	
	Men	Women
Number of total employees	470	1401
Percentage of total employees	25%	75%
Number of employees in senior executive positions*	20	24
Percentage of employees in senior executive positions	45%	55%
Number of total Board members	5	1
Percentage of Board members	83%	17%

* For the current reporting period, "senior executives" means all members of the Group Leadership Team (including the CEO) and all executives reporting directly to a member of that team.

The Group's focus is predominately on maintaining gender diversity. The Group offers flexible working arrangements to allow

all employees options to continue to work or return to work during periods where they traditionally leave the workforce, for example, following parental leave.

The progress towards achieving the measurable objectives, are as follows:

**FY2016
Measure**

Women in senior management positions	<i>Objective</i>	Implement programs that will assist in female participation in senior management positions
	<i>Progress</i>	Achieved.
Return to work flexibility	<i>Objective</i>	Review return to work policies and procedures to ensure that CTM adopts reasonable best practice.
	<i>Progress</i>	Achieved.

Monitoring and tracking performance against diversity plans will continue to be undertaken as part of the Group's internal compliance requirements. Progress against each year's measurable objectives will continue to be disclosed in the Annual Report along with the proportion of women in the workforce, in senior management, and on the Board.

The Group is a "relevant employer" under the Workplace Gender Equality Act. CTM's most recent "Gender Equality Indicators" are set out in our Workplace Gender Equality Report, which is available on their website at: www.wgea.gov.au

PART 5 - RESPECTING THE RIGHTS OF SHAREHOLDERS

The Group endeavours to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, the Group aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's value and meet its obligations under the ASX's continuous disclosure regime.

The Group has an investor relations program which includes:

- Issuing shareholder communications such as half yearly financial reporting and an Annual Report which address the Group's strategy and performance;
- Conducting webinars of important shareholder events such as financial results and CEO presentations;
- Sending and receiving shareholder communications electronically, both from the Group and our share registry;
- Maintaining the Board and governance section and investor and media centre on the Group website including posting announcements after they have been disclosed to the market;
- Promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM including encouraging shareholders to send their questions to the Company prior to the AGM and responding to their questions and feedback; and
- Ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Approved by the Board of Corporate Travel Management Limited on 26 August 2016.