

CORPORATE GOVERNANCE STATEMENT

Overview

The Board of Helloworld Limited (the Company) governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to the highest standards of ethics and integrity and ensures that senior management run the Group in accordance with these standards. The Board monitors the Company's governance framework and practices to ensure it fulfils its corporate governance obligations.

This statement has been approved by the Board and outlines the main corporate governance practices employed by the Board of Helloworld. Helloworld endorses the ASX Corporate Governance Principles and Recommendations (3rd Edition) released in March 2014 by the ASX Corporate Governance Council (ASX CGP) and where it has not adopted a particular recommendation, a detailed explanation is provided.

This statement is current at 25 August 2016.

1 Laying solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Company's long term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Group as a whole. The key aims of the Board are to ensure that the Company is properly managed and has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.

The role and responsibilities of the Board, the Chairperson and individual Directors are set out in the Company's Board Charter. A copy of the Board Charter is available from the Corporate Governance section of the Company's website at www.helloworldlimited.com.au.

The Board's key responsibilities and those matters expressly reserved to the Board are set out in the Board Charter and include:

- Setting the strategic direction of the Company and monitoring the implementation of that strategy by management;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the CEO, CFO and Company Secretary;
- Board and Executive Management development and succession planning;
- Approving the annual operating budget;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
- Monitoring compliance with legal, tax and regulatory obligations;
- Reviewing and ratifying systems of risk management, governance, internal compliance and controls, code of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- Reviewing the effectiveness of the Company's risk management systems;
- Approving and monitoring financial and other reporting to the market; and
- Appointment, reappointment or replacement of the external auditor.

Day-to-day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and other senior executives. Authority for these matters is delegated to the CEO, CFO and senior management under the Delegations of Authority Policy and the delegations are subject to certain specified value thresholds. These matters include:

- Incurring budgeted and unbudgeted operating expenditure;
- Incurring budgeted and unbudgeted capital expenditure;
- Write-downs, bad debts, asset or equity disposals and acquisitions; and
- Approval of entry into contracts.

Prior to their appointment, the Board ensures that appropriate checks including background and reference checks are conducted on candidates for the role of director (these may be conducted by external consultants and by other Directors). Candidates also meet with each existing director prior to the Board's decision to appoint them.

To ensure that Executive Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them.

Senior Executive Performance

The Chairman undertakes an annual review of the performance of the CEO against key performance indicators and provides a report to the Remuneration and Nominations Committee for further consideration. The previous CEO, Elizabeth Gaines, resigned on 19 June 2015 and concluded her role at the company in December 2015. For this reason her performance was not formally reviewed during the period of the year ended 30 June 2016 during which she was CEO. The current CEO, Andrew Burnes, commenced as CEO on 2 February 2016 and his performance will be reviewed later in 2016.

The CEO undertakes an annual review of the performance of their direct reports against key performance indicators and provides a report to the Remuneration and Nominations Committee for further consideration.

The formal Senior Executive review for the year ended 30 June 2016 was not conducted due to a change of CEO in the second half of the year however senior executive performance was discussed on a regular and ongoing basis.

2 Structure of the Board

Board composition

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently five Directors appointed to the Board. The skills, experience and expertise of each Director and their period of office at the date of the 2016 Annual Report are set out in the Directors' Report on pages 9 to 12.

Under the Board Charter, the appointment and removal of the Company Secretary is the responsibility of the Board. The Company Secretary reports directly to the Chairman in relation to all matters relating to the proper functioning of the Board.

The Company uses a Board Skills Matrix to ensure that its membership includes an appropriate mix of skills, experience and expertise and to assist in identifying the skills most desired in potential candidates for appointment to the Board. The matrix is also a tool for identifying professional development opportunities for

existing directors to develop and maintain the skills and knowledge required to effectively perform their role as directors.

Board Skills Matrix	(Number out of 5 directors)
Travel Related Industries	5
Franchise Operations	4
Digital, IT	3
Brand Development, Marketing	3
Governance & Compliance	5
Professional Services	4
Equity, Capital Markets, Mergers & Acquisitions	4
Remuneration, Human Resources	5
Executive Leadership	5
Global Experience	4

Further detail regarding the Directors' qualifications, special responsibilities, skills and expertise (including the period of office held by each Director) is set out in the Directors' Report on pages 9 to 12.

Director Independence

As at 30 June 2016, based on the factors relevant to assessing the independence of directors included in the ASX CGP, only one Director, Andrew Cummins, is deemed to be independent. Mr Cummins was until February 2015, Chairman of CVC Capital Partners Pan-Asian Team, and while CVC has an indirect majority interest in Europe Voyager NV, Europe Voyager NV ceased to be a shareholder of the company on 20 June 2016.

The remainder of the Board is not independent for the following reasons:

- Rob Marcolina is an executive of Qantas, the ultimate holding company of QH Tours Ltd, a substantial shareholder of Helloworld and a company having a material business relationship with Helloworld as a supplier of product and a customer for distribution services;
- Peter Spathis is employed as Chief Financial Officer of Consolidated Travel Pty Ltd, which operates in the travel industry, and within the Alysandratos Group of Companies, which includes Sintack Pty Ltd ('Sintack'), a substantial shareholder of Helloworld; and
- Andrew Burnes is the Company's Chief Executive Officer and Managing Director, and a substantial shareholder of the Company.
- Cinzia Burnes is the Company's Group General Manager, Wholesale and Inbound and a substantial shareholder of the Company.

The length of each Directors' tenure as a director is set out in the Directors' Report on pages 9 to 12.

Independent Decision Making

During the reporting period, the role of Chairman was held by Brett Johnson until 20 November 2015 and from that date by Rob Marcolina. Mr Marcolina is not independent and the Company recognises that this is a departure from ASX CGP 2.4.

The Board considered Mr Marcolina the director best qualified to fulfil the role as acting Chairman notwithstanding he was not independent, whilst undertaking the process of appointing an independent Chairman. Mr Marcolina exercised sound and independent judgement on matters coming before the Board and acted at all times in the best interests of the Company.

As at the date of this Statement the Board is in the process of finalising the appointment of an independent Chairman and an independent Audit Committee Chairman.

A majority of the Board are not independent and the Company recognises that this is a departure from Recommendation 2.5 of the ASX CGP.

QH Tours Ltd and Sintack have each nominated members to the current Board. Those nominees bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities as Non-Executive Directors. All Directors bring independent judgement to bear on their decisions. Europe Voyager NV nominated Andrew Cummins to the Board but ceased to be a shareholder of the Company on 20 June 2016. Mr Cummins remains on the Board as an independent director.

The materiality thresholds used to assess director independence are set out in the Board Charter. The Board believes that the interests of the shareholders are best served by:

- the current Chairman and composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report; and
- the Independent Director providing an element of balance as well as making a considerable contribution in his fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgement:

- a standard item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;

- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- all Directors must act at all times in the interests of the Company; and
- Directors meet independently of executive management on a regular basis.

Adoption of these measures ensures that the interests of shareholders, as a whole, are not jeopardised by a lack of independence.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee's specific responsibilities in relation to the nomination, appointment and re-election of directors are set out in the Committee's charter, which is available in the Corporate Governance section of the Company's website.

During the reporting period, the following Non-Executive Directors were members of the Remuneration and Nominations Committee:

- A Cummins (Chairman)
- R Marcolina (from 28 April 2016)
- B Johnson (until 22 January 2016)
- J McKellar (until 20 November 2015)

The terms of reference, role and responsibility of the Remuneration and Nominations Committee are consistent with ASX CGP 2.1 except that, due to the small number of Independent Directors, the Committee currently only consists of two members, rather than three, as required by Helloworld's own charter, and does not have a majority of Independent Directors. The Chairman is not an independent director. The Chairman and members are, however, considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

More information regarding the Committee is set out on page 45 in this Corporate Governance Statement under the heading 'Remunerating fairly and responsibly'.

Details of these Directors' qualifications, their attendance at Remuneration and Nominations Committee meetings and the number of meetings held during FY16 are set out in the Directors' Report on pages 9 to 13.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It reviews the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operations of the Company.

Directors are nominated, appointed and re-elected to the Board in accordance with the Board's policy on these matters set out in the Charter, the Company's Constitution and the ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered along with an assessment of the nature of the skills experience, expertise, diversity and other attributes which would benefit the Board in fulfilling its responsibilities.

Board performance

The Board undertakes an annual self-assessment of its collective performance and the performance of its committees, by way of a series of questionnaires. The results are collated and discussed at a Board meeting and any action plans are documented together with specific performance goals which are agreed for the coming year.

Due to the Company's impending merger with the AOT Group, the Board and Committee performance review scheduled to be undertaken in December 2015 was postponed and commenced in June 2016 and completed in July 2016. The outcomes from this Board and Committee performance review were:

- The Board will increase its exposure to the company's operations through the scheduling of a future Board meeting at a company operation such as an agency, store or call centre.
- The Board will undertake regular detailed reviews of particular parts of the business and meet with senior management and staff of that business to obtain greater insight into the factors which drive the performance of the business.
- The next Board performance evaluation will be conducted early in 2017 to benefit from the insights of the new independent directors.

Due to the appointment of the Chairman and a number of new Directors during the year, it was considered that deferral of individual Director performance evaluations until the 2017 year would generate a more valuable result. Accordingly the company did not comply with Corporate Governance Council recommendation 1.6.

Access to information

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of the Chairman, Directors may

seek independent professional advice, as required, at the Company's expense.

3 Ethical and responsible decision making

A Standards of Conduct Policy is in place to promote ethical and responsible practices and standards for Directors, employees and consultants of the Company in the discharge of their responsibilities. This Policy reflects the directors' and senior executive's intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Standards of Conduct Policy is available to all employees and is also available in the Corporate Governance section of the Company's website.

Diversity

The Board has established a Diversity Policy which supports the commitment of the Company to an inclusive workplace that embraces and promotes diversity and provides a framework for new and existing diversity-related initiatives, strategies and programs within the business. A copy of the policy is available in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP3.

In accordance with this policy and ASX CGP, the Board has established the following measurable objectives in relation to gender diversity:

- The Board will actively seek suitable women applicants for Board vacancies;
- The proportion of females on the Board should not fall below current levels unless a transparent process fails to succeed in attracting a suitable woman candidate;
- The proportion of females reporting to the CEO should not fall below the current levels unless a transparent process fails to succeed in attracting suitable women candidates; and
- Helloworld has developed and implemented a 'keep in touch' program for employees on maternity leave including a support program for transition back into the workplace. This entails a formal program of the relevant staff members meeting with their supervisor every 3 months, invitations to staff functions, morning teas to keep in touch and refresher courses offered where required.

2016 has been a transformational year within Helloworld, and as at 30 June 2016, a selection process was underway to fill current Board vacancies. This has impacted the proportion of females on the Board and reporting to the CEO and therefore, these levels have fallen below that of 30 June 2015.

Proportion of women in the organisation

There are 1,391 female employees in the Group representing 69.9% of the workforce. In addition, there are 39 female employees representing 48.2% of the workforce who report to the CEO and CEO's direct reports. There is one female on the Board which represents 20% of the Board.

Share trading

A Share Trading Policy is in place for directors, senior executives and employees. The objective of the policy is to minimise the risk of directors and employees who may hold material non-public information contravening the laws against insider trading, ensure the Company is able to meet its reporting obligations under the ASX Listing Rules and increase transparency with respect to trading in securities of the Company. A copy of the policy is available in the Corporate Governance section of the Company's website.

Protected disclosures

The Group's Whistleblower Policy encourages employees to report concerns in relation to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions. The Whistleblower Policy is available to all Helloworld employees and is also available in the Corporate Governance section of the Company's website.

4 Integrity of financial reporting

The Board has an Audit Committee to assist the Board in the discharge of its responsibilities.

During the reporting period, the following Non-Executive Directors were members of the Audit Committee:

- Peter Spathis (member from June 2015 and Chairman from 19 February 2016)
- Rob Marcolina (from 19 February 2016)
- Andrew Cummins (from 19 February 2016)
- James Millar (Chairman until 22 January 2016)
- Brett Johnson (until 22 January 2016)
- Adrian John (until 18 September 2015)

The Audit Committee charter is available in the Corporate Governance section of the Company's website and the composition, operations and responsibilities of the Committee are consistent with ASX CGP 4.1, except that, due to the small number of Independent Directors, the Audit Committee does not have a majority of Independent Directors. The members of the Audit Committee are

however considered to be the best qualified to serve on the Committee given their background and experience.

Until 22 January 2016, the Committee was chaired by James Millar, an Independent Director who is not the Chairman of Helloworld. From 22 January 2016 until the end of the reporting period, Peter Spathis, a non-independent director served as the Committee's acting Chairman. The Company recognises that this is a departure from Recommendation 4.1 of the ASX CGP. However, the Board considers that on the basis of his skills and professional background, Peter Spathis was the director best qualified to fulfil the role of Acting Chairman given the composition of the Board post the completion of the merger with the AOT Group, notwithstanding that he is not independent.

As at the date of this Statement the Board is in the process of finalising the appointment of an independent Audit Committee Chairman.

Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report on pages 9 to 13.

The Board and Audit Committee closely monitor the independence of the external and internal auditors. Regular reviews of the independence safeguards put in place by the internal and external auditors are undertaken including the rotation of the external audit engagement partner every five years.

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

5 Timely and balanced disclosure

The Company has a written Continuous Disclosure Policy in relation to the market disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities in order to ensure compliance with its obligations under the ASX Listing Rules.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website.

6 Rights of shareholders

The Helloworld Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at Annual General Meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry,

shareholder meetings and the Annual Report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website and the Helloworld Annual Reports since 2007 are posted here.

Copies of each of the charters and policies relevant to the governance of the Company can also be found on the Company's website.

The Company ensures that the explanatory notes accompanying its Notices of Annual General Meeting provide shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director at an Annual General Meeting, including a recommendation from the Board. These notices are available under Investor Centre and ASX Releases on the Company's website.

The Chairman ensures that shareholders are provided with the opportunity to question the Board concerning the operations of the Company at the Annual General Meeting and other shareholder meetings. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements. Shareholders who are unable to attend the meeting are provided with the opportunity to submit questions and comments before the meeting to the Company or to the auditor.

The CEO and CFO endeavour to respond to queries from shareholders and analysts for information in relation to the Company, provided the information requested is not price sensitive.

Shareholders have the option to receive communications from and send communications to the Company and its share registrar electronically if they wish to do so. They also have the option of voting online on resolutions to be put at the Company's Annual General Meetings.

7 Recognising and managing risk

The Company has a written policy in place for the oversight and management of its material business risks. The Group takes a proactive approach to risk management. The Board and Audit Committee are primarily responsible for ensuring that risks are identified and reviewed on a timely basis. A copy of the Risk Management Policy is located in the Corporate Governance section of the Company's website.

Under the Risk Management Policy, the Board is responsible for:

- Overseeing and approving the establishment and implementation of the Company's risk management, internal controls and compliance systems; and
- Reviewing the effectiveness of the Company's risk management, internal control and compliance systems at least annually, and satisfying itself that management has developed and implemented a sound system of risk management and internal control; and
- Approving the delegations of authority for day-to-day management of the Company's operations.

Under the Risk Management Policy, the Audit Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities with regard to:

- The reliability and integrity of information for inclusion in the Company's financial statements;
- Enterprise-wide risk management;
- Compliance with legal and regulatory obligations, including audit, accounting, tax, and financial reporting obligations;
- The integrity of the Company's internal control framework; and
- Safeguarding the independence of the external and internal auditors.

Details of the members of the Audit Committee are set out above in the Integrity of financial reporting section of this Corporate Governance Statement.

The Company has an Executive Risk Governance Committee comprised of members of the Executive Committee and other senior managers with responsibility for assisting the Board to ensure that robust risk management exists across the organisation. The Committee ensures that a sufficient level of risk analysis is applied to critical decisions and provides assurance to the Board that risk processes at all levels are effective and compliant with the Company's Risk Management Policy.

The Company's Senior Leadership Team (SLT) also plays a role in identifying, assessing, monitoring and managing risks.

The risk management performance of the Executive Risk Governance Committee and SLT are monitored by the Audit Committee.

The Board has received a report from Management as to the effectiveness of the Company's management of its material business risks during the year.

The Board has also received from the 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.

Information in relation to the economic, environmental and social sustainability risks facing the Company and the manner in which these are managed are included in the Operating and Financial Review on pages 14 to 23 of the Annual Report.

Internal Audit

An internal audit program is an important element of the Company's risk management processes. While the Company does not have an in-house internal audit function, it engages independent, expert consultants to conduct internal audit work on its behalf on a case by case basis. The consultants engaged are those considered on the basis of their skill set to best able to undertake a particular audit. Areas of focus for internal audits are identified by reference to the Company's risk matrix.

The findings and recommendations generated by the internal audits are evaluated and reviewed by the Executive Risk Governance Committee and Audit Committee.

During the reporting period, an internal audit of the Company's Payment Card Industry (PCI) Data Security Standard compliance project was conducted by an external consultant who reported to the Audit Committee.

The objective of this internal audit was to provide a review of the Company's PCI compliance project with a specific focus on the project scope, approach, schedule, resources and key compliance and technical requirements and identify key risks to the project in meeting the compliance deadline. The outcome of the internal audit was used to drive improvements in the Company's PCI compliance project.

8 Remunerating fairly and responsibly

The Helloworld remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report which forms part of the Directors' Report.

Directors

The annual total of fees paid to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees and Committee Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits are paid to Non-Executive Directors and no equity-based remuneration scheme exists for them.

Remuneration

The Board has established a Remuneration and Nominations Committee to assist the Board in the discharge of its duties in relation to remuneration.

Details of the Non-Executive Directors who were members of the Remuneration and Nominations Committee during the reporting period are set out in Remuneration and Nominations Committee section of this Corporate Governance Statement.

The Remuneration and Nominations Committee Charter is available in the Corporate Governance section of the Company's website. The composition of the Committee is a departure from ASX CGP 8.1 on the basis that the Remuneration and Nominations Committee does not have a majority of independent directors and the Chairman is not an independent director. The Chairman and members of the Committee are however, considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

Details of the Directors' qualifications and attendance at the Remuneration and Nominations Committee meetings are set out in the Directors' Report on pages 9 to 13.

Executive management

Remuneration for executive management is generally set to be competitive so as to both retain executives and attract experienced executives to the Company. Remuneration comprise a fixed (cash) element and variable incentive components. Payment of the variable components will depend on the Company's financial performance and the executive's personal performance.

An equity based remuneration scheme was approved by shareholders at the 2011 AGM and implemented for executive management during the year ended 30 June 2011.

Following a review of current practices, a new Long Term Incentive Plan (LTIP) has been established and targeted to a group of executives and senior leaders within the business. LTIP allocations are limited to key executives and senior leaders who are considered critical to the ongoing success of the Group.

The Company's Share Trading Policy prohibits executives participating in the equity based remuneration scheme from entering into any arrangement that operates, or is intended to operate, to limit their exposure to risk in relation to these shares.

A copy of the Share Trading Policy is available from the Corporate Governance section of the Company's website.