

A full-page background image of a tropical beach at sunset or sunrise. The scene includes a rocky shoreline with large dark boulders, gentle waves washing onto the sand, and a lush green hillside with palm trees in the background under a dramatic, cloudy sky.

Sustainability Report 2021

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Chairman's Message

By Gary Smith

Welcome to our inaugural Sustainability Report. This report has been produced at a time when the concept of sustainability is very much front-of-mind, with awareness of critical sustainability-related concerns like climate change and modern day slavery increasing.

These issues are important to us, our people and to all of our key stakeholder groups and we believe we have a role to play in terms of thought leadership, genuine action and affecting positive change.

With the emergence of COVID-19, business sustainability is also in the spotlight as companies globally attempt to deal with a never-before-seen threat to their ongoing viability.

Across our industry, the virus's impacts have already taken a devastating toll, given that the restrictions that government have imposed to slow its spread have effectively forced would-be travellers to stay at home, rather than take off for business or pleasure trips.

This has meant we have been unable to sell the vast majority of our products – let alone deliver on our company purpose of “opening up the world for those who want to see” – and has led to significant disruption and frustration for our customers, particularly in leisure travel. As a result, we have been forced to adapt very quickly and some very tough decisions have been made.

Unfortunately, this has seen a large number of our people stood down temporarily, some roles lost permanently and various programs and initiatives that would normally have been highlighted in this report placed on hold.

Within the following pages, we have focussed on five critical areas or material issues, as we navigate through this period of significant disruption and continue to innovate to overcome the obvious challenges.

Highlighting Our Long-Standing Commitment to Sustainability

While this is our first consolidated sustainability report, we are by no means late adopters in this important area. Our company has always had a strong commitment to operating sustainably, as evidenced by the vast array of programs and initiatives that are deeply embedded within our organisational culture and that are outlined in the following pages.

Importantly, the programs and initiatives are strongly supported by our people – particularly those who are driving our stable of Employee Resource Groups (ERGs) – and this contributes to the high levels of employee engagement that we traditionally experience.

That's not to say that we can't do better – and we (and all other areas of society) will need to if we are to ensure that meaningful change takes place.

Moving forward, we aim to produce this report annually and to build on the disclosures within it to provide you with insights and updates into:

- Our activities and the areas that we feel are critical to our long-term future; and
- Our key sustainability-related initiatives so you can monitor our progress.

We also plan to pair key performance indicators (KPIs) to our initiatives so we can measure and report on our achievements.

Conclusion

This report is an important document that outlines five broad areas that we and our stakeholders consider critical. It also provides an introductory overview of the strategies we are adopting and the investments we are making to achieve the desired outcomes.

Now more than ever, we – and all businesses – need to be innovative and resilient if we are to overcome the short-term challenges that we are encountering and prosper into the future. We are committed to continuing our sustainability journey and look forward to updating you on our progress.



August 2020

Gary Smith
Chairman - Flight Centre Travel Group



Our Purpose and Core Values

OUR PURPOSE

“To open up the world for those who want to see”

At the very core of our operations is a passion and drive to share the love to travel...

For our people this means opening up their world by helping them develop professionally and personally.

For our customers it is by delivering amazing travel experiences. To our suppliers it is working together to provide amazing travel experiences and for our global community it means building brighter futures where we work, live and travel.

OUR CORE VALUES

IRREVERENCE

We take our business seriously, but not ourselves. We respect our customers, our partners and each other.

OWNERSHIP

We take full responsibility for our business and treat it as our own.

EGALITARIANISM

Everyone has the same opportunities, rights and privileges. Self important people don't fit in.

Our Vision and Philosophies

In 2025 FCL will be a thriving global travel company with a distinctive, entrepreneurial culture, famous brands and winning models. We will amaze our customers across three core segments - corporate, leisure and at-destination.

OUR VALUES

1. OUR PEOPLE

Our company is our people. We care for our colleagues' health & wellbeing, their personal and professional development and their financial security. We believe that work should be challenging and fun for everyone and through work we contribute to our community.

2. OUR CUSTOMER

We recognise that our customers always have a choice. We care about personally delivering amazing travel experiences. This is provided with honesty, integrity and a great attitude. It is the key to our company's success. The key measure of whether we really are personally providing our customers with an amazing experience, an amazing product and a very caring service is they will return again and again.

3. BRIGHTNESS OF FUTURE

We believe our people have the right to belong to a team (family), a Village, an Area (tribe) and Nation (hierarchy) that will provide

with an exciting future and a supportive working community. They also have the right to see a clear pathway to achieving their career goals. Promotion and transfers from within will always be our first choice.

4. TAKING RESPONSIBILITY

We take full responsibility for our own successes or failures. We do not externalise. We accept that we have total ownership and responsibility, but not always control. As a company we recognise and celebrate our individual and collective successes.

5. EGALITARIANISM AND UNITY

In our company, we believe that each individual should have equal privileges and rights. In all our countries and all our businesses there should be no 'them and us'.

OUR MODEL

1. OWNERSHIP

We believe each individual in our company should have the opportunity to share in the company's success through outcome-based incentives, profit share, BOS and Employee and Leadership Share Schemes. It is important that business leaders and business team members see the business they run as their business.

2. INCENTIVES

Incentives are based on measurable and reliable outcome-based KPIs. We believe that 'what gets rewarded, gets done'. A reward for producing the needed outcome. If the right outcomes are rewarded, our company and our people will prosper.

3. OUR STANDARD SYSTEMS – ONE BEST WAY

In our business there's always 'one best way' to operate. These are standard systems employed universally until a better way is shown. This improved way becomes the 'one best way system'. We value common sense over conventional wisdom.

4. FAMILY, VILLAGE, TRIBE

Our structure is simple, lean, flat and transparent, with accessible leaders.

Our business model is being one of the worlds best and biggest small business operators.

There is a maximum of 4 and sometimes 5 layers.

Family (Teams – min 3, max 7 members)
Villages (min 3, max 7 Teams).
Tribe (Areas – min 10, max 20 Teams).
Nations/Brands (min 8, max 15 Areas).
Regions/States/Countries.
Board and senior leadership team.

5. PROFIT

A fair margin resulting in a business profit is the key measure of whether we really are providing our customers with an amazing experience, an amazing product and a very caring service – an experience they genuinely value and will pay us for.

Our Approach and Material Issues



In developing this inaugural report, FLT initially worked with an external advisor, EY, to identify the topics that were most important to internal and external stakeholders at the time.

FLT then grouped the 14 issues that were raised into the following five categories (material issues):

1. Sustaining and growing our business (Our Business)
2. Acting responsibly, ethically and in accordance with our culture (Our Culture)
3. Looking after our people (Our People)
4. Engaging with and supporting our community (Our Community); and
5. Playing a positive role in protecting our world (Our World)

These material issues and the various programs and initiatives that are in place to address them are outlined individually in the following pages.

Within these individual sections, FLT has adopted some (but not all) of the reporting principals recommended by various special interest groups, including the Task Force on Climate-related Financial Disclosures (TCFD).

The company has also drawn from some of the disclosures it has made previously as part of its commitment to the United Nations Global Compact (UNGC).

Alignment with United Nations Sustainable Development Goals (SDGs)

While FLT has not specifically developed either its sustainability structures or this report to align with the UN's SDGs, it has identified solid links between its activities and the goals. The company can demonstrate a connection to most of the 17 SDGs, but believes it currently has a strong alignment to 9 individual goals, as outlined below, via internal and/or external programs.

The company expects to strengthen this alignment in the coming years and, prior to the pandemic, was working on an annual calendar of sustainability-related events and activities to highlight 12 individual SDGs to its people and customers. This work is expected to continue post-Covid.



01

Sustaining and Growing Our Business

After starting life in the early 1980s as an Australian leisure travel agency, FLT has grown and evolved to become a diverse global business.

Today, the company has an equity leisure and/or corporate travel presence in more than 20 countries, plus a small network of in-destination businesses (referred to internally as The Travel Group or TTG) specialising in touring, hotel management and destination management. In addition, the company's FCM travel management network operates in more than 70 other countries through licensing arrangements with independent local operators – thereby providing customers with a truly global solution.

Prior to COVID-19, FLT was on track to exceed \$25 billion in TTV during FY20, making it one of the largest businesses of its kind in the world.

The company has a long and consistent organic TTV growth record and a history of evolving to target new opportunities and to address any structural changes. FLT is proactively tackling the unprecedented challenges posed by COVID-19, as covered in detail in its FY20 annual report, while continuing to focus on its longer term strategic objectives.

Key Topics

- Disruption and innovation
- Business continuity
- Data security
- Leadership and succession



1.1

Disruption and Innovation

For almost 40 years, FLT's diversity and its ability to evolve and innovate have helped it overcome structural change within the travel industry and changing customer habits/preferences.

During this period, the company has developed a strong corporate culture, solid platforms across multiple travel sectors and a valuable suite of core non-financial assets that have underpinned its success. These non-financial assets include our:

- People and their expertise
- Distinctive and entrepreneurial culture
- Famous brands and winning models
- Leisure footprint and relationships
- Corporate customers and their contracts
- Supplier contracts and relationships
- Shareholders/investors; and
- Digital and technology related assets

In both the leisure and corporate travel sectors, the company is a leading global player offering customers a wide variety of choices in terms of brands, products and channels.

This scale and diversity makes FLT a valuable partner for its suppliers and ensures its success is not totally reliant on any one travel sector, brand or country.

The company has a leading and evolving corporate offering, built on two key brands (FCM and Corporate Traveller) that target distinct corporate travel sectors. This business has been a major profit contributor in recent years and is poised to continue this trend, given its:

- Growth trajectory, which has seen FLT become a top-five global player in this sector
- High customer retention rates and its ability to consistently deliver a strong pipeline of new accounts; and
- Broad geographic presence, which extends to more than 20 countries (equity) and includes 10 of the world's top-16 business travel markets

FLT's corporate business has claimed a number of major awards internationally. In Australia, the business was included in The Australian Financial Review BOSS Most Innovative Companies list for 2019.

FLT featured in the Professional Services list for the development of its Savi Online Booking Tool, and more broadly for the process of innovation across the company that develops customer centric solutions.

The SAM chatbot has also been recognised in various international awards, winning the Guild of Travel Management Companies Innovation Award in Europe in 2017, a Concur Partner Excellence Award for Innovation in 2018 and Plug and Play's corporate innovation award in 2019. In addition, Sam was a finalist at the Phocuswright Battleground and the BTN Innovate events.

FLT's leisure operation includes large and high profile businesses in Australia, New Zealand and South Africa, plus smaller, more specialised offerings in the United States, Canada, the United Kingdom and India.

The leisure business is evolving and is part-way through a substantial transformation program that was initiated prior to the COVID-19 pandemic. The program, which has now been fast-tracked, has been initiated to rejuvenate the flagship Flight Centre leisure brand, while also growing aggressively in new and emerging channels, models and sectors.

These channels, models and sectors include:

- Online, which was growing rapidly prior to COVID-19
- Premium travel; and
- B2B (independent agents and agencies)

Response to COVID-19

FLT moved quickly when COVID-19 escalated and as wide-ranging and unprecedented travel restrictions were applied to:

- Lower costs in a zero/very low revenue environment
- Extend the company's liquidity runway through cash generation, cash preservation and through access to new debt facilities; and

- Preserve FLT's non-financial assets and as many roles as possible for the future

These actions were designed to help the company overcome short-term challenges and prosper into the future and have been covered in greater detail in FLT's FY20 annual report



1.2

Business Continuity

FLT's business resilience framework covers crisis management, business continuity and disaster recovery.

Our countries and/or disciplines maintain business continuity plans (BCPs) that are specific to their areas of operation, that prioritise our people's and customers' safety and that provide a road map for how to achieve this in different scenarios. These plans are regularly reviewed and, where appropriate, will be updated to incorporate learnings from COVID-19, which has caused massive disruption to customers' travel plans and led to widespread temporary and permanent business closures.

During these enforced closures, FLT has enacted plans that have enabled its people to continue to help customers while working remotely. In South Africa for example, FLT significantly invested in its infrastructure to allow its people to work from home while their shops were closed. This saw the company:

- Pay for infrastructure costs to connect to systems and the internet, like WIFI, data bundles or 3G cards
- Invest in more laptops and BYOD (Bring Your Own Device) capabilities to allow people to log onto systems remotely; and
- Add softphones to all laptops, enabling call centre environments remotely

Similar investments have been made in other geographies as required.

1.3

Data Security and Privacy

We take the protection of personal information seriously and use a variety of controls, from policy and process through to technology, to ensure that this data is kept safe. Our businesses globally have data protection officers and privacy champions who evangelise customer privacy and information security within the business. We also work with third party experts in the area of data security threat monitoring.

Information security and privacy have board-level visibility within our business, including a recent incident response exercise involving the board and business senior leadership team.

FLT has an internal Information Security Incident Management Plan and a publicly available Privacy Policy that can be viewed at <https://www.fctgl.com/investors/governance/>.



1.4

Leadership and Succession

FLT founder Graham “Skroo” Turner continues to lead the business and heads a highly experienced global leadership team. Five of the six members of this team, which consists of four men and two women, began their careers with the company in sales roles and subsequently progressed through the ranks, as outlined in our FY20 annual report.

Together, these six executives have 135 years’ experience within the company and have helped guide FLT through a wide variety of challenges, ranging from SARS to the global economic downturn of 2008/09. Three of these executives, Charlene Leiss, Steve Norris and James Kavanagh, were promoted to the global leadership team during FY20.

02

Our Culture

We are committed to promoting and selling travel that respects human rights, the environment, wildlife and social equality.

We are also committed to acting responsibly, doing what we can to ensure our customers travel safely, maintaining a strong and positive company culture and upholding the values that our stakeholders expect of us.

Key Points:

- Culture, ethics and trust
- Customer centricity
- Operating responsibly
- 5 tips on how to be a responsible traveller

2.1

Culture, Ethics and Trust

FLT has a strong corporate culture built upon its:

- Core values of irreverence, egalitarianism and ownership
- Vision and company purpose; and
- 10 philosophies, which apply equally to everyone and clearly define the company's values and business model

These are displayed publicly, including in our annual report, and are supported by other important policies and codes that clearly spell out the behaviours and standards that our company expects from its people at all levels. This helps create a strong and positive company culture and ensures we adopt a customer-centric approach and act responsibly and ethically.

Key policies are available publicly via our corporate website, www.fctgl.com, including our:

- Anti-Bribery and Corruption Policy
- Code of Conduct
- Corporate Governance Statement
- Risk Management Policy
- Modern Slavery Statement
- Whistleblowing Policy, which is supported by a dedicated whistleblower hotline and portal to allow for anonymity
- Diversity Policy
- Related Party Policy; and
- Privacy Policy

Code of Conduct

The Code of Conduct applies to all employees and sets out the standards expected of our people. It provides a practical guide as to what they should do in certain situations, how they should act and the personal and professional standards that we expect from them when dealing with each other, customers, suppliers and other stakeholders. Instances of non-compliance with the code are investigated and serious breaches have resulted in termination of employment.

All employees complete an online Code of Conduct training model when they join the company. Refresher programs are being developed to reinforce key aspects of the code.

Culture Survey

While FLT has a strong and positive culture, it seeks to identify strengths and improvement opportunities through regular surveys. About 55% of our people took part in the most recent Culture IQ survey, which was conducted in September 2019.

The 2019 survey found that while FLT out-performed the global benchmark on most dimensions, particularly collaboration and alignment, there was room for improvement in two areas – work-life balance and empowerment. The company also out-performed the benchmark on engagement, continuous improvement, customer centricity, development, respect and trust, recognition and agility.

Globally, FLT received an engagement rating of 75%, above the 70% global benchmark.

Risk Culture Survey (RCS)

FLT conducts an RCS to help identify priorities and develop initiatives to enhance the group's risk maturity. The most recent survey was conducted in April 2019 and involved 11,702 employees globally (56% of eligible participants).

The RCS measures our risk maturity across four key categories:

1. Strategy and leadership
2. Accountability and reinforcement
3. Management and infrastructure; and
4. Capability and communication.

Additional questions look at fraud, policy and conflicts of interest. Findings are compared to prior years' results and to an external peer group.

Consequence Management and Reporting

A global consequences report is produced periodically and distributed to the board.

The report outlines HR investigations and actions, along with any disciplinary action – including warnings and terminations – that has been taken against our people. A customer section is also included in this report to provide FLT's board and leaders with an insight into areas of concern for our customers.

HAVE
YOUR
SAY!

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TRAVEL GROUP™

cultureiQ



2.2

Customer Centricity

Like our people, our customers are critical to our business's sustainability. Accordingly, "the customer" features prominently in our company philosophies.

Philosophy 2 says:

"We recognise that our customers always have a choice. We care about personally delivering amazing travel experiences. This is provided with honesty, integrity and a great attitude. It is the key to our company's success. The key measure of whether we really are personally providing our customers with an amazing experience, an amazing product and a very caring service is that they will return again and again."

Mechanisms are in place to help address and resolve any customer concerns that may arise and to ensure that a customer centric approach is adopted and maintained at all times.

In Australia, the UK and South Africa, FLT uses the Trustpilot system to better understand the core drivers that affect customers and to receive real-time feedback. A star-based scoring system is used to rate the customer experience, with five-star reflecting an excellent experience and one-star representing a bad experience. Similar systems are being used elsewhere in the world, including Feefo in Canada and US leisure businesses.

Additional policies are in place to ensure service remains at the forefront of our people's minds. For example, all front-end sales people who achieve the financial KPIs necessary to qualify for the Global Gathering must also achieve a specific customer satisfaction rating within their businesses in order to attend the event.

2.3

Operating Responsibly



As one of the largest businesses of its kind in the world, FLT believes it has a valuable role to play in raising awareness of responsible travel options and highlighting issues that customers may be unaware of. For example, on its corporate website, www.fctgl.com, FLT promotes its “Truth About ...” series to proactively tackle four key issues – elephants, orphanage tourism, water and plastic and waste – that customers may be inadvertently exacerbating during their travels.

Responsible travel

The Worldwide ERG helps to oversee responsible travel issues to ensure FLT achieves its objectives (outlined above) and makes a positive impact in relation to the products it promotes and sells. If an issue arises within the company’s travel supply chain globally, Worldwide initially liaises with the supplier in question to address concerns and then, if those concerns are not addressed, recommends that the company takes additional action or stops selling the product.

Worldwide has also proactively worked with special interest groups and charities to:

- Donate lights to children living in energy poverty (in conjunction with SolarBuddy)
- Highlight products within FLT’s global booking system which meet best practice in ethical wildlife tourism
- Educate our people and ultimately their customers on the harmful impacts of orphanage tourism (with the Cambodian Children’s Trust); and
- Design and launch various educational documents, including 5 Tips on how to be a responsible traveller and Responsible Travel Guides [see page 28].

Animal welfare is very important to us and to our people. Where possible, we believe that animals should be seen and experienced in the wild and should enjoy the five freedoms of:

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express (most) normal behaviour; and
5. Freedom from fear and distress

As mentioned above, Worldwide has conducted an audit of 10,000 suppliers and travel products to assess their animal welfare practices in accordance with the globally recognised ABTA Guidelines.

Products that have met the highest standards have been flagged (under a Worldwide logo) within FLT’s global booking system to highlight their status to our consultants and their customers. Where major concerns have been identified and those concerns have not been addressed, products have been removed from our booking systems.

Caring for wildlife also features in Worldwide’s 5 Tips on how to be a responsible traveller, with the company encouraging travellers to:

- Adopt a “look but don’t touch” approach to wildlife activities; and
- Avoid attractions that involve “performance”, riding or closely engaging with wild animals

FLT no longer promotes, markets or advertises experiences that include elephant riding (see The Truth About Elephants on www.fctgl.com) and/or other cruel practices such as Running with the Bulls.

Where a particular supplier’s products do not align with our responsible travel goals, we seek to promote alternative products while we also work with the supplier in question to help it raise standards to approved levels within the ABTA guidelines. This ensures we maintain influence and an ability to effect positive change, while also lowering the risk of significant social and economic impact on families and smaller businesses that may rely on animals.

Modern Day Slavery

Improving staff awareness of modern slavery risks is vital to ensuring that slavery or human trafficking is not taking place. FLT is continually involved in knowledge sharing with its people on such issues and has delivered targeted training programs for employees located in high risk regions.

Transparency in our supply chain is also fundamental to our approach to committing to a safe, responsible and profitable business. The company has focused on assessing general areas of our operations and supply chains where modern slavery risks are likely to be most significant and, accordingly, we embrace research and data sources from the UN Guiding Principles, 2018 Global Slavery Index and the Australian Institute of Criminology.

To date, we have mapped our supply chain and undertaken a detailed risk assessment including a process to assess particular suppliers using enhanced checks where necessary.

Enhanced checks will involve screening the suppliers, shareholders and directors for adverse media relating to human exploitation, sending detailed questionnaires for the supplier to complete and regular ongoing monitoring of the supplier’s operations.

Procurement

In the UK, FLT has partnered with WildHearts, a B2B social business. Under this partnership, FLT procures stationery through WildHearts Office and the profits are used to fund micro-loans in the developing world.

The company’s Australian business works with Sedex, one of the world’s leading ethical trade service providers, to monitor the performance of companies that it directly sources joinery and furniture from. Sedex undertakes a detailed Sedex Members Ethical Trade Audit (SMETA) covering Labour Standards, Health and Safety, Environment and Business Ethics within the company in question and, if issues are identified, produces a Corrective Action Plan Report (CAPR).

Customer Safety

In addition to promoting responsible travel options, FLT has a responsibility to help ensure its customers travel safely. The company is predominantly a leisure and corporate travel agency – rather than a tour operator or principal – and works with a global network of reputable and recognised third party suppliers who have direct contact with customers while they are travelling and who have dedicated safety plans. These suppliers include airlines, tour operators, cruise companies and hotel operators with proven commitments to customer safety.

Within FLT’s emerging network of in-destination businesses, which are together referred to as The Travel Group (TTG), the company maintains a direct involvement with travellers during their holidays or business trips. TTG’s health and safety team strives to ensure that our customers and people are as safe as reasonably practicable. Through utilising the latest Safety Management Systems, internal expertise and external safety auditors, our goal is to ensure the services we offer are fit for purpose and meet our health and safety expectations.

FLT offers corporate customers 24/7 access to a host of tailored, intelligent travel risk management tools, including FCM Secure, and a new suite of COVID-19 related products. These tools can be customised to meet the detailed needs of customers’ business travel programs so that they are the first to be informed when an incident or crisis occurs and to ensure that customers are equipped with the tools they need to successfully execute their travel risk management strategies.

In India, FCM and Corporate Traveller operate an additional Women Traveller Safety Program for female customers who are taking off or landing between dusk and dawn. Under this program, which is provided free, our people talk to the traveller when she lands and gets into the car we have arranged, while she is in transit to or from the airport and then again at the hotel when she has checked-in to ensure safe passage.

2.4

5 Tips On How To Be A Responsible Traveller

Responsible Travel isn't difficult to achieve. With a little conscious thought and preparation, you can ensure that you have a wonderful holiday while having only a positive impact on the destinations that you visit.

1. Conserve Water

Much of the world suffers from a shortage of clean water so we can help by reusing hotel towels, taking short showers and turning off the tap!

2. Reduce Your Waste

Ditch the plastic bag, refuse unnecessary packaging, dispose of your waste responsibly and pick up rubbish too! Recycle as much as possible.

3. Go Local

Enjoy locally owned and operated restaurants and bars. Shop in the local markets and stores and utilise the expertise of local guides when booking tours or activities.

4. Care About Wildlife

Take a 'look but don't touch' approach to wildlife activities and avoid any attractions that involve 'performance', riding or closely engaging with wild animals. As a rule, any activity that an animal would not do in the wild is the result of exploitation.

5. Respect The Local People and Culture

Along with obeying local laws, this relates to dressing and behaving in a manner appropriate to the community. Learn about the people's way of life, be polite and keep an open mind. Ensure that your interaction with locals, including children, is respectful and appropriate.



03

Looking After Our People

People are at the heart of FLT's culture and are integral to its ongoing success.

This importance is reflected in the company's number one philosophy, which reads: "Our company is our people. We care for our colleagues' health and wellbeing, their personal and professional development and their financial security. We believe that work should be challenging and fun for everyone and through work we contribute to our community."

Our philosophies also underline our commitment to providing our people with a Brightness of Future. This means an exciting future and a supportive working community, which will help deliver a clear pathway to help people achieve their career goals.

We strongly believe in promotion from within whenever possible and in egalitarianism. Everyone – regardless of their seniority – has equal rights.

The end product is a strong corporate culture and a close-knit workforce. In fact, our workforce said "people" – effectively their colleagues – was the main reason they liked working at FLT in our most recent employee engagement survey.

Key Topics:

1. Safety, Health and Wellbeing
2. Employment conditions
3. Diversity and inclusion
4. Womenwise
5. FLT South Africa's Approach To Transformation; and
6. Talent attraction and retention



3.1

Safety, Health and Wellbeing

FLT strives to create a workplace that is fun, safe and rewarding for its people. In addition to investing heavily in professional development programs to help employees progress their careers [3.5], the company focuses on personal development – particularly in relation to health and financial wellbeing. These investments have helped the company win a number of employer-related accolades globally.

Recently, FLT's Canada business was one of five organisations to be recognized for its efforts to foster healthier, more inclusive workplaces as part of the GoodLife Fitness Health and Wellness Leadership Awards. This recognition reflected each organisation's exceptional efforts to foster cultures of workplace wellness through continuous improvement in fitness, activity, nutrition, education and employee behavioural change.

FLT's UK business has also received a special Excellence in Wellbeing Award from the Great Places to Work Institute for the past two years, based on its activities in this area.

Safety within the workplace is another priority and the company actively monitors its performance in this area. During FY20, 37 Lost Time Injuries (LTIs) were reported in Australia, a slight increase on the prior year (FY19: 36).

Healthwise Global

Healthwise is a popular health and wellness initiative that the company offers its people. Since its inception in 2000, Healthwise has played a significant role in increasing employee engagement and productivity and has become a key component of our overall people offering. Healthwise programs include personal training, group fitness, event participation, massage, health and wellness seminars/workshops and nutrition consultations.

The business was a finalist in the 2019 Global Healthy Workplace Awards and has been credited with saving a number of lives through early detection of serious health-related concerns and through changing harmful habits.

Moneywise Global

Moneywise was established in 1994 to help our people achieve their finance goals and live their best lives.

Across financial advice, money coaching and education, mortgage loan brokering and tax services, our specialist advisors work to build greater financial independence and resilience in our people.

During FY19, the business recorded about 20,000 interactions with FLT's people globally and was one of 30 trailblazer organisations that committed to the Financial Inclusion Action Plan (FIAP) in collaboration with the Australian Government and various other groups. The Moneywise FIAP's core objectives are to measure and track an individual's financial awareness and to develop the capabilities he or she needs to achieve financial resilience and avoid financial pressures that deeply affect people's lives.

Mindset: Mental Health and Mindfulness

FLT has continued to invest in mental health and mindfulness initiatives and has consolidated these initiatives into a program called Mindset (launched during FY20).

Mindset encompasses a range of accessible tools, benefits and strategies to help create a balanced lifestyle, thereby helping our people understand and manage their mindset, mental health and general well-being. Prevention, early identification, active issues, recovery, return to work, relapse support/prevention have all been incorporated into the program, which also includes an annual program of events or awareness campaigns.

In Australia, FLT has partnered with Benestar, a business that we already had a relationship with in New Zealand, to provide additional support for our people and their families. Through this partnership, we are able to provide a holistic well-being service that offers:

- Telephone counselling services for our people, their families and our leaders; plus
- Additional support that is available at the click of a button via the Benehub app

The service is provided free and is similar to offerings that are available to our people elsewhere in the world.



3.2

Employment Conditions

FLT continues to refine its workplace offerings to ensure it remains an employer of choice for both its existing workforce and people who are considering a career with the company

Accordingly, the company is developing new workplace offerings that are both innovative and appealing to its diverse global workforce.

Flexibility

Every role is flexible and the number of part-time, casual and job-share opportunities is increasing, with about 30% of our Australian workforce considered to be working flexibly before the coronavirus's onset. Flexible arrangements also include work-from-home, compressed weeks and flexi-time.

The Giving Bank and Other EBA provisions

In what is believed to be an Australia-first, the company offers a Giving Bank, which allows staff to donate paid sick leave to colleagues who are in need. This program, which was included in the Flight Centre Enterprise Bargaining Agreement (EBA), was introduced during FY20. Currently, the Giving Bank holds almost 13,000 hours of donated leave.

Other provisions within the EBA include:

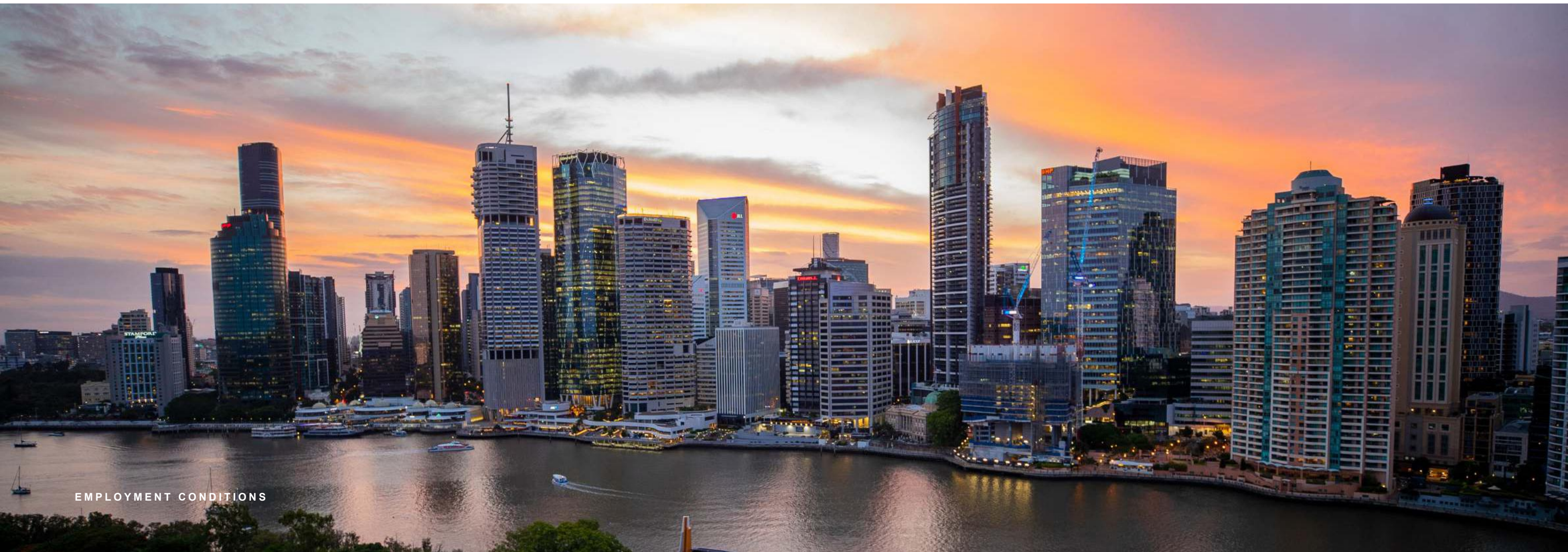
- An additional week's paid leave to relax or travel
- Three paid days' Natural Disaster Leave
- Five paid days of bereavement/compassionate leave; and
- Five days paid domestic/family violence leave

COVID-19

The COVID-19 pandemic has led to fundamental changes to our workforce and within our workplaces globally, given that our people have effectively been prevented from doing their normal work – arranging travel for customers. As a result of this and as outlined in our annual report, a large number of people have been stood-down or placed on furlough programs and thousands of roles have become redundant.

For those who have been temporarily displaced, networks have been created to help maintain contact and engagement. FLT has also worked with a large group of companies to source short-term job opportunities.

Those who have been retained have generally been given the option of working flexibly, particularly from home or with reduced hours. To thank staff in Australia for their efforts during the pandemic, when they worked tirelessly and for reduced earnings, a one-off Thank-You Leave program has been introduced. Under this program, retained staff will receive an extra five days' leave during FY21.



3.3

Diversity and Inclusion

FLT aims to actively promote a corporate culture that embraces diversity and seeks to:

- Encourage and facilitate opportunities for the employment of women and people from different backgrounds
- Provide skills and career development initiatives
- Increase workforce participation; and
- Create an inclusive environment where employees feel they are valued.

FLT's Diversity Policy is available publicly on www.fctgl.com.

In the Americas, the company now has a diversity officer, who is responsible for driving the development, implementation and integration of best practices, resources and trends to increase diversity, equity, inclusion, and cultural proficiency in the organisation. Acting as a liaison between the Diversity Committee and the local leadership team, the diversity officer will help develop new programs and initiatives that advance FLT's efforts toward achieving inclusive excellence.

The Americas business also kicked off a new round of diversity initiatives on Juneteenth (June 19th), the anniversary commemorating the end of slavery in the United States.

Starting next year (2021), all employees in the Americas will receive an additional paid day's leave.

This day will be called Diversity Day and our people will be invited to choose the date most important to them and their heritage, culture, beliefs and diversity.

Whether that is Martin Luther King Day, Juneteenth, National Indigenous Peoples Day, or another day that is important to them, we want to formally acknowledge these dates and encourage our people to use this day as time to further listen, learn and connect with their communities on this important topic.

In the UK, FLT has partnered with enei (Employers Network for Equality and Inclusion), in addition to Stonewall, and has created a network of Diversity and Inclusion champions from within the business. Pre-COVID, a reverse mentoring program with some members of the senior leadership team was initiated.

Womenwise

The Womenwise EGR was established in 2015 by a group of our senior female leaders to inspire all women by showcasing opportunity, providing role models and offering structured support to create a gender balance in leadership teams across the company. This important and popular initiative now operates across FLT's geographic regions of Australia-New Zealand, Asia, the Americas and EMEA

Womenwise focuses on its 4 Cs of:

Celebration: Celebrating being wonderful women of FLT

Connection: Connecting with each other - those we know and those we don't

Collaboration: Collaborating and sharing ideas; and

Change: Creating change

Workplace Gender Equality Agency (WGEA)

In Australia, FLT submits gender diversity information annually to the WGEA. The WGEA reports are available via the fctgl.com website, with the FY20 report showing that 65.8% of FLT's leaders (manager and above) are women. Women represent 77.2% of non-managers in Australia.

Parental Support

In Australia & the UK, FLT has paid parental leave programs to support new parents. Under the Australian program, primary carers receive an additional 6 weeks' pay, thereby giving them up to 6 months' paid leave when combined with the government allowance. During FY19, 420 employees accessed paid parental leave via this program. Based on our historical data, more than 70% of our people will return to work with us in the future.

Under the UK parental leave program, parents receive 12 weeks' full pay and then a further 12 weeks at half pay.

The Parentwise ERG, which operates in Australia, New Zealand, South Africa, the UK and the USA, provides additional support for our working families by offering keep-in-touch activities throughout the parental leave journey.

Broad-Based Black Economic Empowerment (BBEE)

In South Africa, the company has a long-standing commitment to enhancing its already strong ethnic diversity record. The company is proud of its achievements to date, which include reaching Level 1 B-BBEE Contributor status – the highest possible rating. Further details are included in the accompanying story (3.4).

Reconciliation Action Plan

As an Australian founded company we believe strongly in acknowledging the Traditional Owners of the Land and developing stronger relations with First Nation people within our workforce and externally. We are proud to be finalising our wide-ranging Reconciliation Action Plan (RAP), which focuses on developing:

- Stronger internal and external relationships
- Awareness of Aboriginal and Torres Strait islander traditions, culture and history
- Enhanced governance and tracking processes to monitor progress; and
- Partnerships with Indigenous suppliers and education/employment organisations

Indigenous Art Competition for Children

As part of our reconciliation efforts in Australia, we ran a Creative Art Competition for Indigenous Children from years 7-12 during 2019. Natalie Booth, a 13-year-old from Baralaba State School in Central Queensland, won the inaugural competition and travelled to FLT's global headquarters in Brisbane to collect her prize.

Supporting LGBTQI People

In Australia, FLT is working towards receiving the Rainbow Tick, which is designed to educate, acknowledge and celebrate LGBTQI team members.

Our UK business has partnered with Stonewall, a charity and advocacy organisation dedicated to building stronger and inclusive workplaces through empowering individuals and transforming institutions. FLT is part of Stonewall's Global Diversity Champions Program, which is a leading employers' program that ensures all staff are accepted in the workplace.



3.4

FLT South Africa Underlines Its Commitment To Economic Empowerment

As a responsible corporation, the Flight Centre Travel Group (FLT) in South Africa supports real transformation not just as a moral imperative, but as a strategic priority that aims to bring economic prosperity and social inclusion for all South Africans.

The introduction of broad-based black economic empowerment (B-BBEE) in South Africa in the early 90s focuses on the distribution of wealth across previously disadvantaged race groups. It presents an effective solution to addressing historical economic and social inequalities.

Flight Centre Travel Group Corporate (comprising Corporate Traveller and Flight Centre Business Travel) and FCM Travel Solutions have all achieved the Level 1 B-BBEE Contributor status – the highest possible rating.

This milestone was achieved through a focus on empowerment in all its different facets, including the establishment of an AICC (African, Indian, Coloured and Chinese) female trust. The trust affords female staff who have worked for FLT Corporate or FCM Travel Solutions the opportunity to earn annual dividends on shares.

During FY19, more than R1.4m was distributed in dividends to black female employees as part of the empowerment scheme, a 47% increase on the prior year.

“It really is exciting to see that the total dividend pool has increased exponentially over the years,” FLT South Africa managing director Andrew Stark said.

“Our number of beneficiaries has also increased from 17 in 2017 to an incredible 269 in 2019. Not only does this speak to our goal of creating a truly broad-based empowerment scheme, it is also extremely encouraging to see the growth within our corporate brands.

The creation of FLT's Employee Share Scheme has profoundly changed the culture of the business, according to FCM Business Leader and trust beneficiary Nthabi Khabane.

“I have to say thank you to FCM and FLT as whole, as not many companies have such benefits. We are recognised and appreciated in more than one way,” she said.

Khabane said the program had boosted staff morale and loyalty. “It's incredible to see the excitement and happiness from my team. Not only does this benefit show appreciation, but it also encourages loyalty.”

FLT South Africa is proud to have a BEE strategy that is delivering sustainable and measurable results for its customers, employees and the communities it supports.

“I have to say thank you to FCM and FCTG as whole, as not many companies have such benefits. We are recognised and appreciated in more than one way,”

- Nthabi Khabane.

3.5

Talent Attraction and Retention

FLT's tailored and unique reward and recognition framework, which is detailed in our annual report, is a key tool in attracting and retaining people.

In addition to offering competitive remuneration packages, FLT provides its people with ownership opportunities and the chance "to share in the company's success through outcome-based incentives, profit share, BOS and Employee Share Plans". This enhances the company's offering to prospective employees and helps ensure that FLT's people behave as long-term stakeholders in the company and adopt the strategies, disciplines and behaviours that create longer term value.

The company maintains its appeal to jobseekers, with FLT receiving more than 170,000 job applications during FY19, including some 90,000 in Australia. Almost 2700 people were hired in Australia from July 2019 to March 2020, before travel restrictions were applied.

Training

FLT invests heavily in learning and development programs. Comprehensive training is provided to the company's people at all levels, with new leisure consultants in Australia receiving in the order of 300 hours of training during their first year and a first year team leader receiving in the order of 200 hours of training. Formal training continues throughout a person's career with the company but decreases per annum as competency increases.

Our culture of expert learning is underpinned by a belief that learning occurs through Experience (70%), Exposure (20%) and Education (10%) – the 3Es Model.

- The 70% experience component refers to in-team workplace learning or learning by doing the role.
- The 20% exposure component refers to social learning, including informal coaching and mentoring, conferences, meetings, project work, job rotation, and "day in the life" programs.
- The 10% education component refers to formal learning (classroom instructor led, online or virtual, books, blogs, articles, micro or bite size learning including self-directed learning).



04

Our Community

FLT aims to make positive contributions to both the communities in which it operates and within the broader travel sector and economy globally.

These contributions include:

- Direct and indirect job creation, which stimulates local economies. FLT's people collectively earned \$1.6billion in employee benefits during FY19 (FY18: \$1.5billion) and the company generated \$23.7billion in TTV for its suppliers globally
- Promotion of responsible and sustainable tourism (see section 2); and
- Financial or in-kind support for community initiatives and causes, including charities

Community support is typically delivered via the Flight Centre Foundation (FCF), but the company also provides volunteering opportunities, sponsorships and support for various education-related initiatives.

Key Topics:

- The Flight Centre Foundation
- Volunteering
- Sponsorship
- Education



4.1

The Flight Centre Foundation (FCF)

The FCF provides our people with a means to support nominated charities through workplace giving, volunteering and fundraising initiatives.

Since its inception in Australia in 2008, the foundation has donated almost \$20million globally to its partner charities thanks to our people's efforts and generosity and our company's support in matching the funds our people donate through workplace giving. FLT also pays FCF costs, meaning the money that our people contribute is directed to the causes they're supporting.

In Australia, the foundation supports a network of charities and causes that includes:

- Foodbank
- Red Kite
- Youngcare
- Bush Heritage Australia
- RUOK?, which again underlines the company's support for mental health initiatives
- KTF (Kokoda Track Foundation); and
- Cambodian Children's Trust, which is also referred to in other sections of this report

In addition to the FCF's ongoing support for these charities and causes, the company and its people throughout the world raised almost \$280,000 during FY20 for charities and causes devoted to helping those who were affected by the tragic bush fires in Australia.

In New Zealand, FLT has become a major sponsor of the Halberg Games, a three-day event organised by the Halberg Foundation to bring together young New Zealanders who are living with a physical disability or visual impairment to participate in adapted sports. In addition to FLT's financial support for the games, which were held in October 2019, a record number of our people attended as volunteers.

The New Zealand business also supports the Mental Health Foundation, Prostate Cancer NZ, Movember and the Breast Cancer Foundation NZ's Pink Star Walks.

Within our EMEA division, the South Africa business has focussed on a range of educational activities, while the UK business adopted Age UK as its charity partner for FY20. Age UK provides services and support at a national and local level to inspire, enable and support older people.

The UK business also supports the Qhobosheane Primary School in Soweto (South Africa) as part of the Adopt a School Programme.

In the Americas, major recent activities and achievements have included:

- Raising more than \$330,000 through Workplace giving
- The granting of seven wishes to children life-threatening illnesses, as part of the company's long-standing relationship with the Make-A-Wish Foundation (see feature 4.2 below)
- A \$64,000 disaster relief donation to help those who were affected by the Australian bushfires and Hurricane Dorian
- Delivery of more than one million meals to food insecure North Americans, predominantly via the No Hungry Holidays campaign; and
- Donation of pantry items and funds in Mexico to make meals and buy medicines for children with cancer

4.2

Turning Travel Dreams Into Reality With Make-A-Wish

The Flight Centre Travel Group's purpose is "to open up the world for those who want to see" and the company is doing just that in Canada to help make children's travel dreams come true.

For the past 16 years, the company has worked closely with Make-A-Wish Foundation Canada to help brighten the lives of children with critical illnesses.

During this period, FLT and its people have helped more than 100 children take off to exciting global destinations ranging from Paris and Fiji to DisneyWorld and New York.

During FY19, 13 children's travel wishes were granted, including 16-year-old Kirby who travelled to New York for a shopping spree.

Four other stories have been shared on the Corporate Traveller Canada website, <https://www.corporatetraveller.ca/make-a-wish-2018>, including:

- Alia, a 16-year-old from British Columbia, who is fighting cancer. Alia travelled to Fiji with her best friend, Jane
- Seven-year-old Ariya from Alberta, who has a nervous system and respiratory disorder. Ariya loves to swim and play on the beach and had the chance to do exactly that when she travelled to Mexico
- Olivia, a vibrant 13-year-old from Atlantic Canada who is currently battling cancer, travelled to Florida with her family to sample the local theme parks; and

- Five-year Samar from Quebec, who is currently fighting cancer. Samar's love of mermaids meant that her dream destination was Clearwater, Florida so that her family could make the quick drive up to Weeki Wachee Springs, a magical town that has more mermaids than men

The first Flight Centre wish that was granted was to an eight-year-old, Emma, who travelled to Rome to meet the Pope.

Jennifer Ritter, CEO of Make-A-Wish Canada, said the exceptional service and personalised approach created meaningful experiences for the children and their families.

"Wish trips are planned and executed with the utmost care and attention to detail, to ensure the most incredible experience possible for out wish children and their families," she said.

FLT Americas vice president of corporate communication and CSR Allison Wallace said that the relationship between FLT and Make-A-Wish was truly beneficial.

"Sharing the power of a wish is truly life-changing. It allows kids to be just that – spending time with their families rather than worrying about the next surgery or the next medical test," Ms Wallace said.

"Through our partnership with Make-A-Wish we are able to open up the world to some truly special kids and they in turn show us how lucky we are to be able to do that every day."

The first Flight Centre wish that was granted was to an eight-year-old, Emma, who travelled to Rome to meet the Pope.



4.3 Volunteering

Via the FCF and various other initiatives, FLT provides its people with opportunities to provide in-kind support for charities and causes by volunteering their time.

One of the largest volunteering opportunities takes place at our Global Gathering, which was held in Las Vegas in July 2019. There, our delegates worked with 3Square, a local food bank, to create 3000 food packs for children living with food insecurity.

In Australia, FLT's people receive one day's paid volunteer leave each year. During FY20, 318 employees used this volunteer leave to provide 2045 hours of support for their chosen causes and charities (FY19: 2005 hours from 325 employees).



VOLUNTEERING



4.4 Sponsorship

In addition to the support it provides through the foundation, the company supports local communities by sponsoring events, activities, groups and sporting clubs.

This support takes place at a national, regional and local store level and topped \$2.9 million during FY19. Sponsorships or financial support was provided to a variety of notable causes including:

- The Women's National Rugby League (NRL) in Australia
- Epworth Private Hospital (Melbourne)
- The Floriade flower show in the Australian Capital Territory
- South Australia's Cellar Door Fest
- South Australia and Western Australia netball

FLT and the Turner Family also jointly fund a \$200,000 per year sponsorship program that supports sports men and women and clubs and is overseen by our Healthwise business

SPONSORSHIP

4.5 Education

Investments in education programs are key investments for the world's future. Accordingly, the company supports a number of education-related initiatives globally.

FLT has been a major supporter of the Solar Buddy initiative, as outlined in the accompanying story [4.6].

Our South Africa business has a strong commitment to education via the FCF, with seven school bursaries provided to previously disadvantaged children. The company also provides learnership opportunities to 12 people, allowing them an opportunity to gain a qualification through the Sparrow FET College.

Last year, the business offered 14 individuals from previously disadvantaged backgrounds the chance to take part in a 12-month Learnership Program that allowed them to earn a qualification in travel and gain workplace experience.

In Australia, FLT works proactively with schools and universities on a number of initiatives, including internship programs and Science, Technology, Engineering and Maths (STEM) Camps. The company has also formed a partnership with Baidam Solutions, a 100% Australian owned and operated First Nations information technology business, to help foster the growth of Indigenous young Australians pursuing careers in cyber security.

Elsewhere in the world, our businesses in:

- The UK “adopted” South Africa’s Qhobosheane School, as outlined previously. In addition to raising funds for the school, which helped pay for a new kitchen, our people have volunteered to work on various improvement projects
- Canada supported the Project Somos Children’s Village in Guatemala, an eco-sustainable community that focuses on orphan prevention and education
- Mexico donated stationery to low income households and schools; and
- India subsidised education for the children of staff who earned below a certain threshold and/or were single parents experiencing financial difficulty. The business encourages employees to further their education while working and, if directly related to their job, pays the applicable course fees

FLT’s India business has also sponsored educational and developmental initiatives for tribal underprivileged children and specially-abled children through the Give India Foundation.



4.6

Solar Buddy



Simon Doble,
CEO and Founder, SolarBuddy

Each night, we turn off our light and go to sleep. In the morning, we flick the switch back on, and light appears. To us, light is an everyday essential that most of us take for granted, but for others, it's a luxury they will never have.

It was in 2011 when I first learnt about the hundreds of millions of people all over the world who live in energy poverty and the shocking situation in UN refugee camps where people, escaping war and famine, were being burnt by kerosene lamps inside their humanitarian tents resulting in injury, illness and death.

Shocked by the issue and the lack of awareness around it, I set out to do something and find a solution to this devastating issue. The result was a renewable energy-powered light that became a standard in refugee camps across the world. But through finding one solution, I soon realised the enormity of energy poverty, and set about designing solar light solutions for children, families and communities.

In May 2016, we launched SolarBuddy to educate people in the workplace, at conferences and schools all over the world. As part of the program participants learn about the 1.4 billion people living in energy poverty, build a SolarBuddy solarpowered light and write a letter to children who will receive the lights, becoming their "Buddy". The lights and letters are gifted to children living in remote off-grid areas around the globe helping them to study after dusk and break the cycle of poverty into which they are born.

In early 2018, in a serendipitous turn of events, SolarBuddy was booked to speak at FCM's annual conference in Oman and engage the audience in building 450 lights for children in Madagascar. This one simple event sparked an outpouring of support from FCM employees and captured the hearts and minds of the global Flight Centre Travel Group family.

We were truly humbled by the overwhelming wave of support and countless ideas for internal employee and external customer and client engagement, which opened up a multitude of strategic partnerships. This all culminated in an announcement at the Flight Centre Global Gathering in Berlin, in July 2018, when SolarBuddy was named as the first global charity partner for FLT's Brighter Futures program.

Since then, FLT and SolarBuddy have entered into a very special partnership with FLT making our program a pillar of its sustainability agenda - with a shared vision to open up the world for those who want to see (at night) and create brighter futures for children living in energy poverty.

To-date this partnership has resulted in more than 17,000 lights being gifted across the globe, with the biggest single donation in South Africa with 6,000 lights. This has resulted in the creation of 18,615,000 study hours and improved the education outcomes of thousands of children and their families.

Driving year-round engagement FLT employees have assembled lights at events and conferences from Shanghai to Guatemala and beyond; and we've been added to FLT's Infinity (wholesale) online booking system, giving customers the opportunity to be part of this transformation by adding a \$25 light donation to their booking.

Largely due to the support of cievents, we've now delivered our program in more than 20 countries worldwide and engaged with over 100 corporations; together we've launched a first to market Hike for Light program offering corporate executives and schools the opportunity to raise funds for lights and then gift them directly to children in Vanuatu, PNG and Tanzania as part of the experience.

In October this year, senior members of the cievents' and SolarBuddy teams travelled to Cambodia, where we distributed 550 lights to children living in the Prek Toal floating village community, which has little to no access to electricity and only basic amenities. Being able to share the impact was a powerful experience for everyone involved and made us all so proud of what we're achieving together.

The future is looking very bright for our rapidly growing partnership, with FLT pledging to help raise funds for 44,000 lights for Vanuatu, which according to the World Health Organisation will officially take Vanuatu out of energy poverty, 50,000 for the Dominican Republic and 57,000 for Madagascar, effectively lighting up these entire regions by transforming the lives of 755,000 children and their families.

The team at SolarBuddy is extremely passionate about our point of difference. This is not just a simple donation, it not only provides a solution to a global issue, it also helps to raise advocacy and awareness globally. Together, with our partners and supporters, we're providing bedside lanterns and safe, non-toxic study areas for children who have never had that before. No longer are students damaging their lungs by breathing in toxic kerosene fumes, and households now have more disposable income, which would otherwise be spent on kerosene and firewood for their lighting and cooking needs.

Our partnership with FLT is a shining example of a multinational corporation living its purpose and passion by inspiring its employees and customers to make a real and tangible difference in the world and drive the agenda of responsible travel. It simply wouldn't be possible for us to be on our way to achieving our dream, to gift 6 million solar lights to children living in energy poverty, without the wonderful support of the FLT family, and for that we humbly thank you.

05

Our World

Our company purpose is to open up the world for those who want to see. We take this purpose very seriously and help millions of travellers experience the world's wonders each year, while also acknowledging our planet's fragility.

Conservation of our environment is essential to the future of tourism and, as one of the world's largest travel groups, we are well positioned to present and promote eco-friendly options and to help affect positive change where we work, live and travel. Within our business, we also aim to operate efficiently, thereby minimising our carbon footprint and helping to address the crucial issue of climate change.

Key Topics:

- Climate change and carbon
- Operating efficiently



5.1

Climate Change and Carbon

Given that FLT is predominantly a retail business, selling leisure and corporate travel via a number of channels and as an agent for the end-suppliers, it is not – in itself – a major carbon emitter. The company is, however, a significant player in the global corporate and leisure travel sectors, which means it is a key business partner for airlines and other businesses that generate more significant Scope 1 emissions.

In compiling this section of this report, FLT has considered the Task Force on Climate-related Financial Disclosures' recommendations and has provided a preliminary outline of its governance structures, along with a brief overview of the risks and opportunities that it has currently identified. The company has not yet set KPIs in this particular area.

Governance

In relation to governance, the FLT Board's Audit Committee oversees the climate-related risks and opportunities that the company may confront in the short, medium and long-term.

Risks and Opportunities

In relation to the risks associated with the transition (transition risks) to a lower carbon economy, FLT believes that there are generally three medium-term concerns to address:

1. Higher operating costs if energy and waste disposal prices increase
2. Increased airfare (and other product) prices, which may affect customer demand, if airlines and other suppliers incur additional costs in their transitions to a lower carbon environment; and
3. A possible decrease in demand for higher impact products like air travel, as a result of negative sentiment surrounding carbon emissions

As outlined elsewhere within this section, FLT has adopted strategies to reduce energy consumption and waste generation within its operational footprint, thereby reducing the impact of possible energy usage and waste disposal price increases in the future.

Our suppliers are also taking positive steps to reduce their impact, with many of our preferred partners having implemented comprehensive environmental and broader CSR strategies.

Airlines in particular are seeking to address concerns relating to the carbon emissions associated with air travel by investing in newer planes that offer improved fuel efficiency, using bio fuels and other initiatives.

Given that FLT generates almost all of its revenue as a leisure and corporate travel agency, rather than as a direct service provider (principal), it is unlikely to be materially affected by the risks related to the physical impacts of climate change (physical risks). The extreme weather conditions that may, however, arise in the future may affect customers' travel patterns or may pose a threat to the sectors that these leisure and corporate customers operate in (for example, agriculture).

Increased awareness of environmental concerns and companies' and customers' willingness to play a positive role by minimising their carbon footprints may create product-related opportunities for FLT.

In the travel sector for example, the company can work with suppliers and partners to develop and market environmentally-friendly, low carbon travel products or ranges.

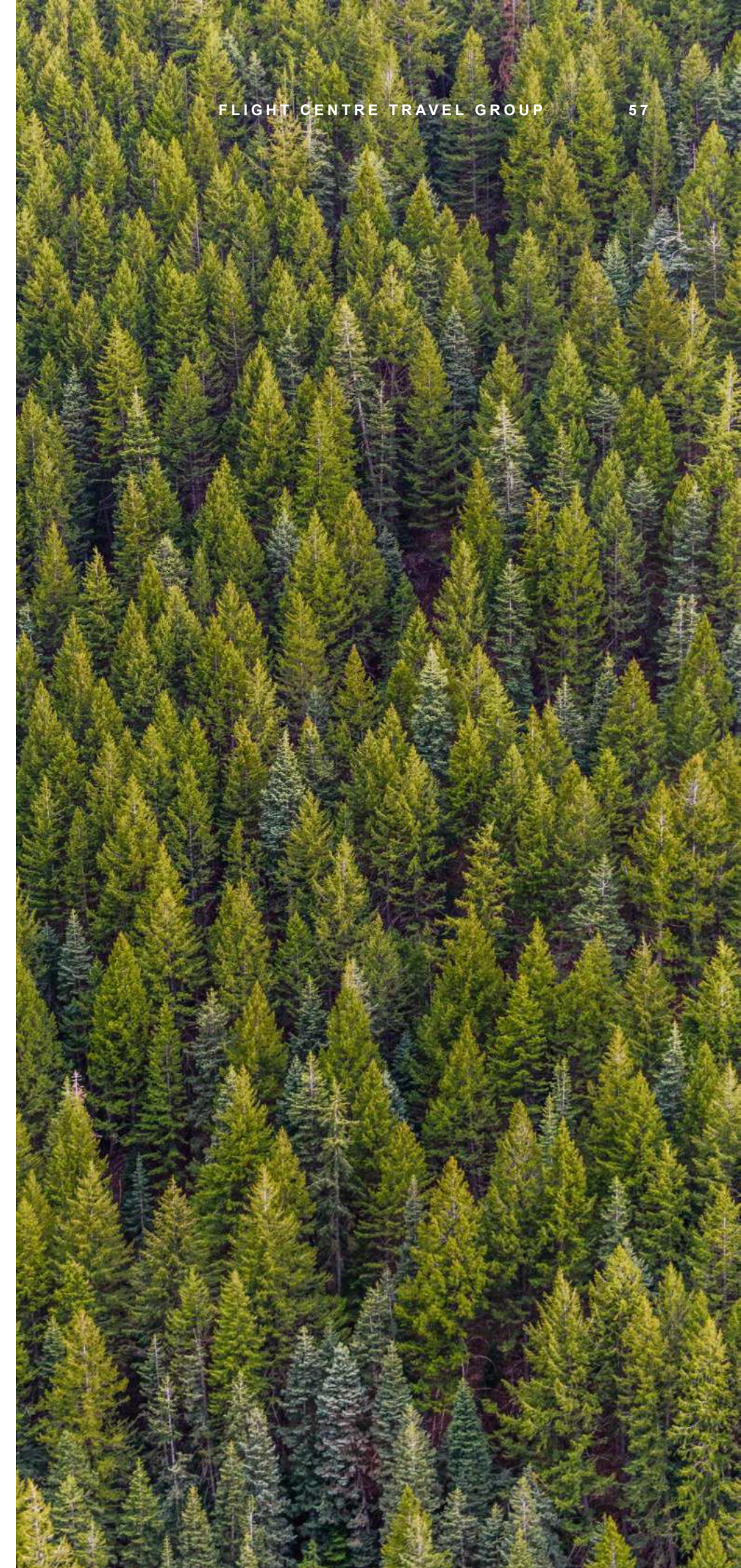
Elsewhere, FLT holds a 48.8% interest in Pedal Group, a retail and wholesale bike business which operates in Australia and New Zealand. This rapidly growing business is well placed to benefit from shifts towards lower emission forms of transport.

FLT also has an opportunity to lower overall costs through more efficient processes.

While the company has not yet formally measured its global carbon footprint, it has taken steps to gain a clearer understanding of its direct emissions, as well as working to provide its leisure & corporate travel customers with opportunities to offset the carbon emissions related to their personal or duty travel. For example, our UK business is offsetting duty travel emissions, as well as offsetting all Co2 produced from our stores' electricity and gas usage.

In Australia, FLT has worked with Griffith University in Queensland to gain a better understanding of its carbon footprint, particularly in relation to energy consumption (Scope 2). As outlined previously, strategies have now been implemented to reduce energy usage, which would be the major contributor to FLT's carbon footprint, as well as waste.

To help corporate customers better understand their own carbon footprints, the FCM business can provide calculations for air and land travel based on the Greenhouse Gas Protocol (GHG Protocol) via its proprietary ClientBank Connect reporting tool. FCM can also provide preferred custom calculations in its reporting tool and can link to third party systems through APIs to calculate CO2 output.





5.2

Becoming More Efficient

Within our business, we are proactively working to reduce our environmental impact by going green wherever possible in procurement and through better waste management practises, lowering energy consumption and decreasing paper usage.

Our global headquarters in Brisbane (Australia) has a five-star energy rating under the National Australian Built Environment Rating System (NABERS) and a four-star water rating.

We have also adopted new waste reduction strategies within head office to divert tonnes of recyclable organic waste, single use coffee cups and e-waste from landfill. These strategies were often devised by our army of Green Commandos [5.3].

Similarly, our UK head office maintained its Zero-waste to Landfill status through its partnership with recycling specialist First Mile.

Under this program, as much as possible is recycled and any remaining unrecycled waste is incinerated to produce energy – meaning nothing is sent to landfill.

Beyond our operational footprint, we are working to help customers reduce the use of plastics, brochures and paper documents before, during and after travelling.

For example, we are:

- Encouraging our people and customers to access e-brochures in store or at home/on their devices as part of the sales process
- Ensuring that the printing we do is PEFC certified, with all left over stock being sent to the recycling plant
- Encouraging our consultants to remind their customers to do simple “green” friendly things like packing a refillable water bottle, a reusable cup, reusable shopping bags and straws in their luggage

To further reduce our in-store paper usage and, at the same time, enhance the customer experience, we are now delivering leisure quotes and itineraries to customers on the new FC Trips app and providing Electronic Customer Acceptance (ECA) forms to customers.

Corporate customers are also using the company’s SAM app to access travel information, rather than relying on printed materials.

At a shop level, FLT has initiated an Environmentally Sustainable Design program for its stores. This system sets out guidelines for fit-out materials (including timber usage), waste management, lighting and signage and equipment including water fixtures and fittings. Across Australia, which is home to our largest store network, there has been a focus on standardising fit-out components to reduce wastage.

5.3

Green Commandos Declare War on Waste

by Tara Young



Flight Centre Travel Group's "Green Commandos" have joined forces to help lower the company's impact on the environment.

Prior to the COVID-19 pandemic, a 17-member group of "green" ambassadors or Commandos is now in place at our global headquarters in South Brisbane (Southpoint) to wage war on waste and help shape how our company develops its future environmental sustainability plans.

Leading by example in environmental best practice at our global headquarters has been the most effective way to demonstrate to our people that small behavioural changes can have a big impact in the environmental space.

At Southpoint, the Green Commandos have been working with colleagues, business areas and senior leaders since 2018 to drive greater awareness and behaviour shifts.

During FY19, this led to:

- 1450 kilograms of e-waste being diverted from landfill and recycled or repurposed for charity
- 41,000 single use coffee cups diverted from landfill and recycled into other building materials
- More than 5 tonnes of organic waste diverted from landfill and recycled; and
- 600 kilograms of paper hand towels diverted from landfill and converted into organic waste

Other "green" initiatives included the introduction of Container Deposit Bins on every floor, active promotion of "think before you print" to lower paper usage, use of screens in meeting rooms and the introduction of Follow-me printing. We are also sourcing and using recycled, unbleached, post-consumer paper for 80% of our printed materials and, where possible, making publications available online.

Energy consumption

In addition to reducing waste and paper usage, FLT is actively working to reduce energy usage by:

- Using sensor lighting in all head office locations
- Installing energy efficient lighting in new tenancy areas, including open plan offices and meeting rooms
- Minimising after hours air-conditioning use
- Installing blinds to minimise cooling and heating costs
- Installing multi-purpose devices to reduce the number of appliances in use
- Having automatic switch off time clocks for all signage
- Encouraging staff to switch off appliances and equipment when not in use; and
- Using energy efficient appliances.

By adopting these simple strategies, we believe we can lower our energy consumption in our head office by 5-10%.

