

Safety and Operational Risk Review Committee Charter

1. Introduction

The Board of Directors (“the Board”) has always recognised the importance of, and had ultimate responsibility for, safety and operational risk oversight and management. To continuously improve its performance, the Board has established a Safety and Operational Risk Review Committee (“the Committee”) as an efficient mechanism for focusing attention on this area.

This Charter sets out the purpose, authority, responsibilities and membership of the Committee.

2. Purpose

The Committee has been established to assist the Board to provide effective oversight of operational safety, health, and security risks of the Virgin Australia group of airlines (“the Group”). The Committee will also ensure that the focus of the Group is to maintain best practice in operational safety management, including compliance with legal and regulatory obligations and internal systems of control.

3. Authority

The Committee has the authority to:

- 3.1 exercise the power and authority delegated to it by the Board;
- 3.2 make recommendations to the Board;
- 3.3 request any investigation required to fulfil its responsibilities;
- 3.4 have direct access to any employee of the Group and seek any information it requires from any employee in order to perform its duties ;
- 3.5 obtain all information necessary for the performance of its duties, including undertaking site visits and receiving presentations from subject matter experts;
- 3.6 obtain (at the Group’s expense) legal, technical or other advice as it considers necessary; and
- 3.7 require the attendance of members of management at Committee meetings.

4. Responsibilities

- 4.1 The responsibilities of the Committee include providing effective oversight of operational safety, health, and security risks by:
- (a) reviewing and ratifying systems of operational risk management and related internal compliance and control;
 - (b) ensuring appropriate corporate governance and legal compliance systems are established, and monitoring compliance with those systems;
 - (c) monitoring the adequacy of all operational risk management processes used for the reporting of accidents, incidents, and regulatory breaches throughout the Group;
 - (d) monitoring serious investigations and remedial actions;
 - (e) monitoring of environmental issues within the Group that potentially impacts safety.
 - (f) monitoring the operational risk management processes maintained by the Group's third party providers and codeshare partners, and receiving reports on any significant incidents or adverse trends; and
 - (g) monitoring, examining or considering any other matters referred to it by the Board.
- 4.2 The Committee is not itself responsible for:
- (a) conducting safety, health, and security risk reviews; or
 - (b) implementing, managing and maintaining safety, health, security and operational risk management strategies, systems, policies or procedures, the Committee's role being one of overseeing, monitoring and reviewing processes and procedures.

5. Compliance

The Committee will assist the Board to fulfil its obligations by:

- 5.1 monitoring compliance with statutory and regulatory obligations and internal policies and procedures relating to operational safety, health, and security;
- 5.2 monitoring the Group's reporting to, and recommendations and directions received from, regulatory bodies responsible for safety, health, and security, including the Australian Transport Safety Bureau, the Civil Aviation Safety Authority, and the Department of Infrastructure and Transport.

6. Risk Management

- 6.1 The Committee will review the establishment and operation of an operational risk management system.
- 6.2 When reviewing the system of operational risk management the Committee will consider:
- (a) material operational risks identified by management;
 - (b) whether risk management policies reflect the Group's risk profile/appetite;
 - (c) the elements of the risk management and internal control systems in place to address material operational risks;
 - (d) strategies, policies, frameworks, models and procedures in place to govern the identification, management and mitigation of material operational risks; and
 - (e) the processes in place across the Group to ensure that current and emerging operational risks are identified and managed effectively.

7. Committee Membership

- 7.1 The Committee shall comprise at least three members, including the Chief Executive Officer, each of whom shall be appointed by the Board. Where possible, at least one member shall also be a member of the Audit Committee.
- 7.2 The Board shall appoint the Chairman of the Committee. The Chairman shall be an Independent Director, who is not the Chairman of the Board. The Chairman will be ratified on an annual basis.
- 7.3 An expert External Adviser will be appointed by the Committee to assist it in undertaking its responsibilities.
- 7.4 With the exception of the Chairman and the Chief Executive Officer, Committee Members will be appointed for an initial term of up to two years with the appointment being subject to review annually, or earlier, if circumstances dictate.
- 7.5 Committee members are entitled to receive remuneration as determined from time to time by the Board.

8. Secretary

The Company Secretary or delegate shall act as the Secretary of the Committee, unless otherwise determined by the Committee.

9. Meetings

- 9.1 The Committee will meet at least four times per annum. Additional Committee meetings may be convened as the Chairman of the Committee considers necessary, taking into account requests from any Committee member, the Chief Executive Officer or the External Adviser to the Committee.
- 9.2 A quorum of the Committee will comprise any two members.
- 9.3 If the Chairman of the Committee is unable to attend a Committee meeting, the Chairman, or the Committee members present, will appoint another member who is an Independent Director to act as Chairman at that meeting.
- 9.4 The External Adviser must attend all Committee meetings unless otherwise agreed with the Chairman of the Committee.
- 9.5 All members are expected to participate in all Committee meetings. Committee meetings may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution. A circular or written resolution signed by a majority of members will be effective as a resolution duly passed at a Committee meeting and may consist of several documents in like form, each signed by one or more Committee members. The expression "written" includes fax or other electronic means.
- 9.6 The Committee may meet privately with the External Adviser to the Committee prior to each meeting as required to discuss any issues arising from the proposed meeting agenda.
- 9.7 All directors shall have the right to attend Committee meetings.
- 9.8 The Chairman of the Committee may invite any person, including any employee of the Group, to attend meetings of the Committee to present and discuss reports or give presentations on any matter.
- 9.9 The Chairman of the Committee will report to the next Board meeting on the proceedings of the Committee meeting, including putting to the Board any recommendations which require Board approval.

10. Minutes

The Committee Secretary or delegate will prepare minutes of the Committee meeting within seven (7) working days. After the Chairman has given preliminary approval, the draft minutes are to be circulated to all Committee Members.

The minutes of meetings must be confirmed and signed at the next Committee meeting.

11. Meeting timetable

The Company Secretary or delegate is to distribute a meeting timetable for each forthcoming calendar year.

12. Review

The Committee will, at least once each year, undertake an evaluation of its performance and effectiveness, and review its membership and this Charter to determine its adequacy for current circumstances, and make recommendations to the Board.

This charter was approved by the Board on 19 February 2014.