

Audit, Risk, Sustainability and Compliance Committee Charter



australia
group

1. Purpose

- 1.1 Virgin Australia's ambition is to be the most loved airline in Australia, with a winning team that generates strong loyalty from guests and delivers outstanding results, with an unwavering commitment to safety.
- 1.2 The Audit, Risk, Sustainability and Compliance Committee (**Committee**) has been established for the purpose of assisting the board (**Board**) of Virgin Australia Holdings Limited (ACN 100 686 226) (**Company** or **Virgin Australia**) in fulfilling its responsibilities for corporate governance and oversight of Virgin Australia's responsibilities in relation to corporate reporting processes. This includes financial reports and financial reporting process, risk management and internal control, external and internal audit, the ethics and compliance program and sustainability¹.
- 1.3 This Charter's purpose is to set out the role, composition and responsibilities of the Committee and describes processes the Committee follows to discharge its role and responsibilities.

2. Our values

- 2.1 This Charter is underpinned by Virgin Australia's values, which guide our behaviour and apply to every aspect of Virgin Australia's business.
- 2.2 The values are:
 - **We put safety first** – we put the health and safety of our people, customers and communities above all else.
 - **We have a big heart** – our customers live at the centre of everything we do.
 - **We do the right thing** – everything we do for our people, our customers and our communities is done with absolute integrity, always.
 - **We own it** – we're different and that's not going to change. We all, in our own way, embody Virgin's flair and laid-back, authentic spirit.

3. Authority and operation

- 3.1 The Committee will not have any executive powers.
- 3.2 The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and employees of Virgin Australia and has the authority to engage independent accounting, legal, ethics, compliance, risk management or other professional advisers and ensure the attendance of direct reports of the CEO (the **Executive Leadership Team**) as it determines necessary to carry out its duties.

¹ The Board Safety and Operational Risk Review Committee has responsibility for operational and airline safety, workplace health and safety and security risks.

- 3.3 All employees of the Virgin Australia group of companies (**Group**) have the right to raise matters confidentially with any member of the Committee and will be protected by the Board against any unfair treatment as a consequence of raising such legitimate matters. The investigation of such matters raised with any member of the Committee and protection afforded to any employee who raises such matters will be conducted in accordance with the measures detailed in the Group Whistleblower Policy.

4. Role and responsibilities

- 4.1 The responsibilities of the Committee include the following:

4.2 Corporate and financial reporting

- (a) Overseeing the integrity of Virgin Australia's accounting and corporate reporting systems, including the external audit and Virgin Australia's processes for verifying the integrity of any periodic corporate report Virgin Australia releases to the market that is not audited or reviewed by an external auditor.
- (b) Reviewing and approving Virgin Australia's financial statements and reports.
- (c) Overseeing Virgin Australia's financial controls and systems, including to ensure risk considerations are incorporated into strategic and business planning decisions.
- (d) Reviewing the suitability of Virgin Australia's accounting policies and principles, how they are applied and ensuring they are used in accordance with the relevant accounting standards and principles, ASX listing rules (where applicable) and relevant legislation.
- (e) Assessing significant estimates and judgements in financial reports.
- (f) Assessing information from the external auditor to ensure the quality of financial reports.
- (g) Recommending to the Board, after consideration with management and the external auditor, the half year and full year financial reports of the Virgin Australia Group and all related releases to be made to ASX.
- (h) Reviewing representation letters to be signed by management to ensure that all relevant matters are addressed.
- (i) Reviewing the processes and controls that support the opinions provided in the CEO and CFO certifications for the half year and full year financial reporting, and management's report on risk management and internal controls over financial reporting processes, including the disclosures made.
- (j) Overseeing key aspects of Virgin Australia's half year and full year investor presentations, including considering the assurances provided by the external auditor that the financial content of the presentations is consistent with the half year or full year audited financial reports.
- (k) Recommending to the Board whether the financial statements, financial report, Directors' Report and Annual Report should be approved based on the Committee's assessment of them.
- (l) Overseeing and monitoring financial, tax and accounting risks including recommending the Tax Governance Policy to the Board for approval.

4.3 External audit

- (a) Recommending to the Board the appointment, reappointment or replacement of the external auditor for shareholder approval.
- (b) Monitoring the effectiveness and independence of the external auditor and resolution of disagreements between management and the external auditor regarding financial reporting.
- (c) Reviewing the financial statement audit services engagement letter.
- (d) Reviewing and recommending to the Board the procedures for selection, appointment and rotation of the external auditor and lead external audit partner of the external auditor.
- (e) Reviewing the scope and adequacy of the external audit.
- (f) Assessing, on an agreed upon periodic basis, the performance, adequacy, effectiveness and independence of the external auditor, including against any auditor independence requirements arising under legal, regulatory, or accounting requirements or Virgin Australia policies having regard to the skills and capabilities of the lead external audit team and the quality of audits conducted.
- (g) Pre-approving all audit and non-audit services provided by the external auditors and not engaging the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of Virgin Australia. The Committee may delegate pre-approval authority to one of its members, who must then report to the full Committee at its next scheduled meeting.
- (h) Considering and recommending for approval the disclosure relating to the provision of non-audit services provided by the external auditor including whether the Committee is satisfied that the provision of non-audit services is compatible with external auditor independence requirements in the annual report.

4.4 Internal audit

- (a) Approving the appointment and removal of the most senior audit executive.
- (b) Overseeing the scope of internal audit and ensuring no unjustified restrictions or limitations are imposed on the internal audit function's enquiries and that resourcing is adequate.
- (c) Reviewing internal audit plans and work programs.
- (d) Reviewing internal audit reports and monitoring management's implementation of internal audit recommendations to correct noted deficiencies.
- (e) Monitoring, reviewing and making recommendations to the Board on the independence, objectivity and performance of the internal audit function.

4.5 Risk management and internal control

- (a) Overseeing the implementation and effective operation of Virgin Australia's Risk Management Framework (**RMF**), including the Risk Management Policy (**RMP**) and Risk Appetite Statement (**RAS**) to establish an effective system for identifying, assessing, monitoring and managing risk.

- (b) Reviewing and recommending to the Board approval of, and changes to, Virgin Australia's RMF, RMP and RAS.
- (c) Monitoring and reporting to the Board on Virgin Australia's current and emerging risk profile, including as assessed against the RAS and the implications of such assessment for either varying risk tolerances or recommended management actions.
- (d) Receiving and reviewing reports from management or any Board committee:
 - i. On any significant breaches of, or material deviation from, the RMF or RMP.
 - ii. On any material incident involving fraud or a break-down of risk controls.
 - iii. Relating to the resolution of significant risk matters and incidents, and monitoring management's remediation plans.
- (e) Monitoring and reporting to the Board on new and emerging sources of strategic and material corporate risks and the controls and mitigation measures put in place to deal with those risks.
- (f) Reviewing its RMF, management's design and implementation and processes for assessing the effectiveness of Virgin Australia's internal control framework.
- (g) Guiding management to establish and maintain a sound risk and compliance culture, and reporting to the Board on risk and compliance culture-related matters that affect the Group's ability to operate consistently within its risk appetite, including any desirable changes to the risk and compliance culture.
- (h) Monitoring the effectiveness of business continuity and disaster recovery plans and processes.
- (i) Monitoring the performance of and allocation of resources to the implementation, operation and maintenance of the Risk Management Framework.
- (j) Overseeing the adequacy of Virgin Australia's insurance program and making recommendations to the Board, having regard to Virgin Australia's business needs and insurable risks.

4.6 Sustainability

- (a) Overseeing, monitoring, reviewing and making recommendations to the Board related to Virgin Australia's strategic and operational approach to sustainability and climate-related risks and opportunities.
- (b) Monitoring and reviewing reports on Virgin Australia's sustainability performance and climate-related risks and opportunities.
- (c) Reviewing, assessing the appropriateness and integrity of, and making recommendations to the Board to approve the Company's annual Sustainability Report, any other sustainability reporting produced in line with the Australian Sustainability Reporting Standards (and other sustainability reporting standards as appropriate), including by asking the external auditors for their independent judgement on the reports and receiving reports from management on the internal verification processes and procedures.

4.7 Corporate governance

- (a) Reviewing the Company's governance policies and compliance with such policies.

- (b) Reviewing the completeness and accuracy of the public reporting of the Company's governance practices including the Corporate Governance Statement and Directors' Report to be included in the Company's Annual Report.
- (c) Co-ordinating with the Board the overseeing of the process that is implemented to capture issues for reporting to ASX.
- (d) Reporting regularly to the Board on matters relevant to their roles and responsibilities, and as required to satisfy the Corporations Act 2001 (Cth) or ASX Listing Rule requirements relevant to their roles and responsibilities.

4.8 Ethics and compliance

- (a) Overseeing, monitoring, reviewing and making recommendations to the Board on the effectiveness and adequacy of Virgin Australia's ethics and compliance management framework in relation to ethical, legal, audit, accounting, tax, sustainability, financial and other regulatory and compliance requirements including the annual compliance plan.
- (b) Oversight of Virgin Australia's frameworks which enable and promote ethical conduct, and the effectiveness of those frameworks, in order to reinforce values-based conduct and build ethical decision making capabilities.
- (c) Overseeing, monitoring, reviewing and making recommendations to the Board on the performance of, and allocation of resources to, the implementation, operation and maintenance of Virgin Australia's compliance framework.
- (d) Reviewing reports regarding Virgin Australia's statutory and regulatory obligations, compliance risks, the status of Virgin Australia's compliance plans and management actions on significant compliance matters concerning Virgin Australia's compliance with applicable law and regulation.
- (e) Overseeing, monitoring, reviewing and making recommendations to the Board on material ethical or compliance breaches or incidents (including regulatory investigations, material reports under the Privacy Policy, Whistleblower Policy, Code of Conduct, Anti-Bribery and Corruption Policy, and Ethics Hotline) and management's response and remediation actions.
- (f) Overseeing, monitoring, reviewing and making recommendations to the Board on the effectiveness of management's actions to embed a culture that promotes ethical and lawful conduct.
- (g) Reviewing any significant findings of any examinations by regulatory agencies or other parties related to the scope of the Committee's responsibilities.
- (h) Reviewing any matters which could significantly impact the Group's compliance and risk management systems, and any significant compliance issues, including any internal regulatory compliance reviews and reports.

5. Committee composition

- 5.1 The Board appoints the members and chair of the Committee.

- 5.2 The Committee will be of a sufficient size, independence and technical expertise to discharge its responsibilities effectively and will consist of:
- (a) at least three members;
 - (b) only non-executive directors; and
 - (c) a majority of directors who are independent.
- 5.3 All Committee members should be financially literate (i.e., able to read and understand financial statements) and between them should have the financial and accounting expertise and a sufficient understanding of the industry to be able to discharge effectively the Committee's responsibilities.

Chair

- 5.4 The Board will appoint the chair of the Committee (**Committee Chair**). The Committee Chair should be an appropriately qualified independent non-executive director who does not chair the Board (and must satisfy this description if required by statute or regulation).
- 5.5 The Committee Chair's role includes:
- (a) Overseeing the Committee in the effective discharge of its role and responsibilities.
 - (b) Leading and evaluating the performance of the Committee.
 - (c) Facilitating effective contribution of all members and promoting constructive and respectful relations among members and between the Committee and management.
 - (d) Maintaining an open and regular dialogue with the Chief Legal Officer, Chief Financial Officer and Chief Risk Officer and, as appropriate, providing support and counsel to facilitate the effective discharge of their duties and responsibilities to the Committee.
 - (e) Liaising with the Chief Financial Officer, Chief Risk Officer, Chief Legal Officer and Company Secretary in relation to Committee members' information requirements and ensuring that the Committee are briefed on matters arising at or between Committee meetings.
 - (f) Setting Committee agendas together with the Company Secretary of Virgin Australia and ensuring adequate time is available for discussion of all agenda items to enable effective decision making.
 - (g) Reporting to the Board the business of each Committee meeting and conveying Committee recommendations.

6. Meetings

- 6.1 The Committee will meet at least four times annually or as frequently as is required to undertake its role effectively. A quorum for any meeting will be at least two Committee members.
- 6.2 There is an open invitation for all other non-executive directors to attend all meetings of the Committee and all Virgin Australia directors will have access to Committee papers.

- 6.3 The Committee Chair may invite any executive director, member of the Executive Leadership Team, internal auditor, external auditor or any other employee to attend all or part of a meeting of the Committee.
- 6.4 The Company Secretary of Virgin Australia is secretary to the Committee.
- 6.5 Any Committee member, the external auditor or Chair of the Board may request the Committee Chair, and the Company Secretary must upon request from any of these parties, convene a meeting of the Committee.
- 6.6 Minutes of the proceedings of all meetings will be kept by the Company Secretary or their delegate. All minutes of the Committee are available for inspection by any director of Virgin Australia.
- 6.7 If the Committee Chair is unable to attend a Committee meeting, the Committee Chair may appoint another member to Chair the Committee meeting, or if the Committee Chair is unable to appoint another member, the Committee members present will appoint another member to act as Committee Chair at that meeting.

7. Committee performance and Charter review

- 7.1 The Committee will assess its performance and fulfilment of its responsibilities under the Committee Charter at least once a year or otherwise as it or the Board considers necessary for recommendation to the Board.
- 7.2 The Committee will review the Charter annually or otherwise as it considers necessary and if it considers necessary, make recommendations to the Board that it approve amendments to the Charter.
- 7.3 The Board may change this Charter (including the responsibilities of the Committee) from time to time by resolution.