

# Board 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 purpose of the board (**Board**) is to oversee the sound and prudent management of Virgin Australia, provide demonstrated leadership and strategic guidance, and oversee delivery of Virgin Australia's purpose.
- 1.3 This Charter's purpose is to set out the role, composition and responsibilities of the Board of Virgin Australia Holdings Limited (ACN 100 686 226) (**Company** or **Virgin Australia**) and describes processes the Board 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 Role and responsibilities of Board

- 3.1 Corporate governance describes the way Virgin Australia and its subsidiaries are directed and controlled. Virgin Australia's shareholders appoint directors and hold them accountable for the performance of the Company. A key part of Directors' responsibility is to ensure that an effective corporate governance structure operates in Virgin Australia.
- 3.2 The Board strives to build sustainable value for stakeholders whilst protecting the assets and reputation of Virgin Australia. In fulfilling its responsibilities, the Board may delegate, and has delegated, authority for certain matters. The matters delegated to Board committees are outlined in each committee charter, and those delegated to the CEO are outlined in section 4 (Powers delegated to management) and in the Board-approved Virgin Australia Delegated Authorities Manual.
- 3.3 In addition to the matters required by the Company's constitution, the law and Board-approved policies, the Board is responsible for matters outlined below. In performing the responsibilities set out below, the Board will endeavour to serve the interests of all its stakeholders, guided by Virgin Australia's values.
- 3.4 The Board's responsibilities include the following:
- 3.5 **Purpose and culture**
  - a) Defining Virgin Australia's purpose, approving Virgin Australia's statement of values and Code of Conduct, and instilling a culture of acting lawfully, ethically and responsibly in accordance with Virgin Australia's values through policies, processes, systems and people and reviewing relevant reports from management.
  - b) Monitoring the culture of Virgin Australia (including by forming a view on the risk culture).

### 3.6 Strategy, performance and financial plans

- a) Setting Virgin Australia's long-term objectives, strategies, budgets and business plans.
- b) Overseeing and monitoring management in its implementation of Virgin Australia's strategic objectives, including its sustainability strategy, operating budgets and its role in instilling Virgin Australia's values and performance generally.
- c) Whenever required, respectfully challenging management and holding it to account.

### 3.7 Governance, risk management and compliance

- a) Overseeing and monitoring Virgin Australia's corporate governance and compliance management frameworks and monitoring the effectiveness of, and compliance with, those frameworks.
- b) Overseeing systems and fostering a culture which promotes timely and clear communication as well as the appropriate dissemination of information to stakeholders.
- c) Monitoring the effectiveness of, and approving changes to, internal governance including delegation to the CEO and approval of Board Reserved Matters (as outlined in the Board-approved Delegated Authorities Manual), and monitoring resources available to senior management.
- d) Satisfying itself that Virgin Australia has in place appropriate risk management and internal control frameworks (for both financial and non-financial risks).
- e) Setting the risk appetite and reviewing the effectiveness of the Company's risk management framework, policies and internal controls within which the Board expects management to operate.
- f) Overseeing and monitoring compliance with legal and regulatory requirements such as the Civil Aviation Act, Civil Aviation Safety Regulations, Corporations Act, Safety Rehabilitation and Compensation Act, occupational health and safety law, employment related law, environmental protection law, anti-discrimination law, taxation law, data protection and privacy law, competition and consumer law and all other laws which apply to Virgin Australia from time to time.
- g) Setting standards and monitoring compliance with Virgin Australia's sustainable development responsibilities and practices.
- h) Considering and identifying opportunities to minimise the economic, occupational health and safety, environmental and social sustainability risks of Virgin Australia's activities.
- i) Overseeing serious or systemic workplace incidents and customer complaints.

### 3.8 Stakeholders

- a) Maintaining respectful, constructive and ongoing relationships with stakeholders to preserve and protect Virgin Australia's reputation and standing in the community and with key stakeholders, including but not limited to customers, employees, suppliers, creditors, government, regulators, unions and shareholders.
- b) Overseeing Virgin Australia's process for making timely and balanced disclosure of all material information concerning Virgin Australia and in particular, information that a reasonable person would expect to have a material effect on the price or value of Virgin Australia's securities.

### 3.9 Capital funding and liquidity

- a) Approving Virgin Australia's funding strategy, major borrowing and debt arrangements and, other than in the ordinary course of business, approving Virgin Australia's financing arrangements or the granting of any security, approving the acquisition, establishment, disposal or cessation of any significant business of the Company, and approving any significant transaction or capital expenditure.

- b) Approving changes relating to Virgin Australia's capital structure, including the issue of any shares, options, equity instruments or other securities or rights to acquire shares (including instruments convertible into shares), and any capital return, capital re-organisation or other capital management initiative.

### 3.10 Reporting

- a) Approving Virgin Australia's half and full year financial statements and reports and other financial and non-financial reporting (including sustainability and governance reporting).
- b) Overseeing the integrity of Virgin Australia's financial and non-financial reporting systems, including the appointment, reappointment or replacement of the external auditor.
- c) Satisfying itself that an appropriate framework exists for relevant information to be reported to the Board by management.

### 3.11 Management appointment and performance

- a) Satisfying itself that Virgin Australia's remuneration policies are aligned with its purpose and values, strategic objectives.
- b) Monitoring performance of senior management of Virgin Australia (being the CEO and direct reports of the CEO (the **Executive Leadership Team**)).
- c) Reviewing and implementing succession planning for the CEO.

### 3.12 Board performance

- a) With guidance from the Remuneration, Nomination, People and Culture Committee, the Board will regularly review the performance of the Board, its committees and each Director, using where necessary an external consultant, against appropriate measures. Each year, Virgin Australia will disclose whether such a performance evaluation has been undertaken during or in respect of that period.

### 3.13 Committees

- a) The Board may establish Board committees it considers necessary to assist the Board in performance of its role.
- b) The Board has established the following committees:
  - i) Audit, Risk, Sustainability and Compliance Committee;
  - ii) Safety and Operational Risk Review Committee; and
  - iii) Remuneration, Nomination, People and Culture Committee.
- c) When appointing members of each committee, the Board will take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements.

## 4 Powers delegated to management

- 4.1 The Board delegates to the CEO the authority and power to manage Virgin Australia subject to the limits and restrictions as set out in the Delegated Authorities Manual or otherwise determined by the Board from time to time. The CEO may delegate aspects of his or her authority and power but remains accountable to the Board for Virgin Australia's performance and is required to report regularly to the Board on the progress being made by Virgin Australia's business units.

- 4.2 Management is responsible for instilling Virgin Australia's values across the organisation, which includes ensuring that all employees receive appropriate training on Virgin Australia's values and that management continually reinforce those values in their interactions with employees.
- 4.3 Except for Board Reserved Matters, the CEO's role includes:
- a) responsibility for the effective leadership of the Executive Leadership Team;
  - b) the implementation of Virgin Australia's strategic objectives and instilling and reinforcing its values;
  - c) the day-to-day management of Virgin Australia's operations (including operating within the values, code of conduct, budget and risk appetite set by the Board); and
  - d) oversight of the provision by management to the Board of accurate, timely and clear information on Virgin Australia's operations (including, but not limited to, information about Virgin Australia's financial performance, material risks, compliance with laws and regulations and any conduct materially inconsistent with Virgin Australia's values or Code of Conduct).

## 5 Board composition

- 5.1 The Board aims to assess annually the appropriate mix of skills, experience, knowledge, independence, expertise and diversity relevant to Virgin Australia's business, duties and responsibilities, and the extent to which they are represented on the Board or relevant committee (through, among other things, the use of a Board skills matrix).
- 5.2 To the extent practicable given the size and composition of the Board and ownership of Virgin Australia from time to time, the majority of the Board should be comprised of independent directors, as determined in accordance with section 5.9.
- 5.3 Virgin Australia has adopted a Board Protocol which, among other things, sets out the citizenship and residency requirements applying to the Board from time to time in order to meet certain legal requirements and conditions imposed by the Australian government.

### Chair

- 5.4 The Chair will be elected by the Board and must be an independent non-executive director. The Board Chair must not hold and must not have held within the previous three years, the office of CEO of Virgin Australia.
- 5.5 The Chair's role includes:
- a) overseeing the Board in the effective discharge of its supervisory role;
  - b) leading and evaluating the performance of the Board;
  - c) facilitating effective contribution of all directors and promoting constructive and respectful relations among the directors and between the Board and management;
  - d) maintaining an open and regular dialogue with the CEO and, as appropriate, providing support and counsel to the CEO to facilitate the effective discharge of his/her duties and responsibilities;
  - e) liaising with the CEO and Company Secretary in relation to directors' information requirements and ensuring that directors are briefed on matters arising at or between Board meetings;
  - f) setting Board agendas together with the CEO and Company Secretary and ensuring adequate time is available for discussion of all agenda items, including strategic issues;
  - g) representing the views of the Board to Virgin Australia's stakeholders; and
  - h) presiding over meetings of the Board and general meetings of shareholders.

## Appointment and re-election of Directors

- 5.6 With guidance from the Remuneration, Nomination, People and Culture Committee and, where necessary, external consultants, the Board will identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.
- 5.7 New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that Virgin Australia considers relevant to the appointment as part of an induction program upon joining the Board.
- 5.8 All Directors (other than a managing director, if any) are subject to re-election by rotation at least every three years. Newly-appointed Directors must seek re-election at the first general meeting of shareholders following their appointment.

## Independence of non-executive Directors

- 5.9 To be considered independent, a Director must, in the opinion of the Board, be free of any interest, position or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Virgin Australia as a whole rather than in the interests of an individual security holder or any other person.
- 5.10 While the Virgin Australia Board does not believe it is possible to list criteria which characterise whether a non-executive Director is, in all circumstances, independent, individuals would, in the absence of evidence or convincing argument to the contrary, not be characterised as independent if they :
  - a) were employed in an executive capacity by Virgin Australia or any of its subsidiaries within the three years prior to becoming a Director;
  - b) were receiving performance-based remuneration (including options or performance rights) from, or participating in an employee incentive scheme of, Virgin Australia;
  - c) within the last three years, were in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with Virgin Australia or another group member, or is an officer of, or otherwise associated with, a party with such a relationship;
  - d) within the last three years, were a substantial shareholder of Virgin Australia, or a representative of, or an officer or employee , or professional adviser to, a substantial shareholder of Virgin Australia;
  - e) have close personal ties with any person who falls within any of the categories described above;
  - f) have been a Director for such a period that his or her independence from management and substantial shareholders may have been compromised; or
  - g) were directly involved in the external audit of Virgin Australia.

## Company secretary

- 5.11 The Board appoints and removes the company secretary (**Company Secretary**). All directors are to have direct access to the Company Secretary.
- 5.12 The Company Secretary is accountable to the Board through the Chair, on all matters to do with proper functioning of the Board.

## 6 Operation of the Board

### Keeping directors informed

- 6.1 The Board will meet regularly on such number of occasions each year as the Board deems appropriate to fulfil its responsibilities.
- 6.2 Time is to be allocated at Board and committee meetings for continuing education on significant issues facing the Company and changes to the regulatory environment. This is to include briefings by management and external consultants from time to time.

### Access to independent advice

- 6.3 Directors may obtain independent professional advice at Virgin Australia's expense on matters arising in the course of their Board and committee duties, after obtaining the Chair's approval. Whenever practicable, the advice must be commissioned in the joint names of the director and Virgin Australia and, except in circumstances of competing interests between the Directors or the Director and Virgin Australia, a copy of any such advice, letter of instruction and all materials which accompanied the letter must be provided to and for the benefit of the entire Board. The other Directors must be advised if the Chair's approval is withheld.

### Non-executive Directors' meetings

- 6.4 The non-executive Directors are expected to meet periodically with no management present, to review management performance.

### Conflict of interest

- 6.5 Directors must take all reasonable steps to avoid actual, potential or perceived conflicts of interest and declare them to the Chair and the Board and the Company Secretary if they arise.

## 7 Review

- 7.1 The Board will review and assess this Charter annually or otherwise as it considers necessary.