

7 September 2017

# Corporate Governance Statement

Webjet Limited ABN 68 002 013 612 (Webjet)

# 1 Governance at Webjet

## Introduction

For the purposes of this Corporate Governance Statement the terms "Webjet" and "Company" refer to Webjet Limited and "Group" refers to Webjet Limited and its controlled entities.

Webjet is an on-line travel company. In the FY 2017 financial year, its customers undertook over 2.8 million bookings (involving a total transaction value (TTV) of in excess of A\$2.04 billion) on its on-line platforms. The total number of bookings and TTV have grown by 31.8% and 25.3% respectively in the financial year under review.

Webjet's governance practices have demonstrably supported the business and its growth by facilitating effective board and management decision making, providing clear lines of responsibility and accountability and a commitment to transparent communications with shareholders and other stakeholders.

This Corporate Governance Statement explains the corporate governance framework and practices adopted by Webjet. In developing this framework, the Board has had regard to the corporate governance standards published in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations) and to the governance standards adopted generally by companies of a similar size to Webjet.

Under ASX Listing Rule 4.10.3, ASX-listed entities are required to benchmark their corporate governance practices against the ASX Recommendations. The ASX recommendations are available at <http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>

Webjet complies with all ASX Recommendations apart from the following:

- Recommendation 2.1 - During FY 2017, the Board did not have a Nomination Committee. All matters pertaining to the composition of the Board, Board renewal and performance were dealt with by the entire Board. In light of the Company's transition into the ASX 200, the Board will have a Remuneration and Nomination Committee for FY 2018.
- Recommendation 7.1(a)(1) - during the relevant financial year, the Risk Committee comprised 2 members only. The Board has opted to have separate Audit and Risk Committees, with each Non-Executive Director appointed to one of the two Committees. The rationale is that having separate committees allows better use of the time and resources available and each committee can better focus on its respective responsibilities

Copies of the Board Charter and all other corporate governance policies referred to in this Corporate Governance Statement can be found in the corporate governance section of the Company's investor website ([www.webjetlimited.com](http://www.webjetlimited.com)).

## 2 Board of Directors

### Overview of the Board

(a) The Board currently comprises six Directors, including five Non-Executive Directors. The Directors are:

- (i) Roger Sharp Chairman and Independent Non-Executive Director (Age: 56)
- (ii) John Guscic - Managing Director (Age: 53)
- (iii) Don Clarke - Independent Non-Executive Director (Age: 63)
- (iv) Brad Holman - Independent Non-Executive Director (Age: 55)
- (v) Shelley Roberts - Independent Non-Executive Director (Age: 42)
- (vi) Rajiv Ramanathan - Independent Non-Executive Director (Age: 48)

(b) Further details of the Directors can be found on page 4. These details include the period of office for each Director, their age and qualifications, experience, special responsibilities and other listed company directorships.

### Structure and composition of the Board

Webjet is committed to ensuring that the composition of the Board includes Directors who bring an appropriate mix of skills, experience, expertise and diversity to Board decision making.

The Board has collective business expertise in the areas of travel, digital and on-line businesses, consumer businesses, finance, law, accounting, sales and marketing, operational and project management. Further, members of the Board have experience in the countries in which Webjet has business assets and activities (Australia, New Zealand, Asia, Middle East and Europe).

### Conduct of Board's business

In addition to formal Board meetings (and Committee meetings) which are held through out the year, the Directors are in continuous communication on all material and strategic matters. These communications, which are generally conducted by telephone and email, occur frequently and provide for a transparent flow of strategic and operational information and data between the Directors. This level of communication requires significant time commitment and involvement on the part of all Directors (especially the Chairman) and is one of the key elements of Webjet's success.

### Director skills, experience and attributes

The Board considers that a diversity of skills, backgrounds, knowledge, geographic location and gender are important in order to effectively govern the Company and its business. The Board has worked, and will continue to work, to ensure the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in accordance with the appropriate standards of governance.

To govern Webjet effectively, the Non-Executive Directors must have a clear understanding of the Company's overall strategy, together with knowledge about the business and the environment in which it operates. Non-Executive Directors must be sufficiently familiar with Webjet's core businesses to be effective contributors to the development of strategy and to monitoring performance. They must be familiar with, and understand, the risks that Webjet faces and the processes in place to mitigate and manage those risks.

The Webjet Board operates on a consensus basis. As such, in performing their role as Non-Executive Directors, each Director must commit to the collective decision-making processes of the Board. They must be willing to debate issues openly and constructively, and be free to question or challenge the opinions of others. They must be clear communicators and, equally, good listeners who contribute to the Board in a collegial manner. Each Director must ensure that no decision or action is taken that places his or her interests in front of the interests of Webjet.

The Board considers that its Directors and senior management have the combined skills and experience to discharge their respective individual and combined responsibilities in a publicly listed, global on-line travel company.

Roger Sharp and Brad Holman have a deep knowledge and understanding of Webjet's business through prior roles in other on-line businesses in similar business sectors. In addition, each brings to the Company broad management, commercial and operational experience in the travel sector and in the regions where Webjet operates, especially in Australia, New Zealand and Asia.

Shelley Roberts has extensive commercial and operational experience in the travel sector through prior management roles at Tiger Airways Australia, easyJet, Macquarie Airports, Sydney Airport and her present role as the Managing Director at Compass Group. Shelley's appointment as a Non-Executive Director has enhanced the diversity and finance, accounting and operational management experience of the Board.

Don Clarke, who was a corporate partner of the international law firm, Minter Ellison, for 27 years prior to his retirement from the partnership in June 2015, brings to the Board a wealth of knowledge and experience of the commercial, legal and governance framework within which the Company operates.

John Guscic, the Managing Director, has over 20 years' experience in the travel industry (including over 10 years at Webjet, initially as a Non-Executive Director and, more recently, as its Managing Director). He has particular knowledge and expertise in the B2B hotel sector from his prior roles with a major international web-beds organisation.

Rajiv Ramanathan, appointed 21 June 2017 has 20 years of experience in industries spanning payments, enterprise software and management consulting. Based in Singapore, Rajiv is Group Country Manager, Regional South East Asia, with Visa Inc. Prior to Visa, he held roles at Ariba (an SAP company) and has also worked as a consultant at the Boston Consulting Group. Rajiv has worked extensively in markets across Asia, Africa, North and South America.

Table 1 sets out the skills and experience considered by the Board to be important for its Directors to have collectively.

In addition to the skills and experience set out in Table 1, the Board considers that each Director has the following attributes:

- (i) honesty and integrity;
- (ii) the ability to think strategically;
- (iii) an ability to consider materiality and risk tolerance as key considerations in decision making;
- (iv) the time available to devote to Webjet's business;
- (v) a willingness to question, challenge and critique;
- (vi) a willingness to understand and commit to the highest standards of governance;
- (vii) an understanding of the key drivers of the Webjet businesses; and
- (viii) a proven track record of creating value for shareholders.

In the case of the Managing Director, he also brings additional perspectives to the Board through a deeper understanding of the Webjet Group's business and operations.

All Directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

The following table sets out the mix of skills and experience that the Board considers necessary or desirable in its Directors and the extent to which they are represented on the Board and its committees.

**Table 1 - Director skills / experience matrix**

Skills/Experience	Board		Audit Committee		Risk Committee		Remuneration Committee
<b>Total number of Directors</b>	6 Directors		3 Directors		2 Directors		3 Directors
<b>Executive Leadership</b> Sustainable success in business at a senior level in a successful career	6		3		2		3
<b>Global experience</b> Senior management or equivalent experience in global businesses, exposed to a range of political, cultural, regulatory and business environments	6		3		2		3
<b>Strategy/risk</b> Developing and implementing a successful strategy (including appropriately probing and challenging management on the delivery of agreed strategic planning objectives) over the long-term	6		3		2		3
<b>Corporate governance and compliance</b> Commitment to high standards of governance, business ethics and regulatory compliance	6		3		2		3
<b>Financial acumen</b> Senior management or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including ability to probe the adequacies of financial and risk controls	6		3		2		3
<b>Commercial capability</b> Broad range of commercial skills and experience, including strategy and development, acquisitions and divestments, negotiation, planning and execution phases.	6		3		2		3
<b>Marketing and communications</b> Senior management or equivalent experience in experience in marketing and a detailed understanding of the steps required to create long term shareholder value through delivery of on-line consumer transactions and customer service	5		3		1		2
<b>Regulatory affairs</b> Experience in regulatory policy, retail and wholesale transactional business laws and policies	6		3		2		3

The Webjet Board represents a range of backgrounds. Future Director appointments provide an opportunity to appoint additional international and/or female Directors to the Board, depending on the availability of candidates from time to time and the Board's assessment of the geographic, skills, experience and diversity needs of the Company.

#### Renewal

The Board has actively and effectively planned for its succession. The Board believes that orderly succession and renewal are only achieved as a result of review and careful planning over a period of time. In doing this, the Board:

- (i) considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
- (ii) assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
- (iii) identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the Board; and
- (iv) reviews how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

If a need for change is identified, the Board conducts appropriate background and reference checks before the candidate is appointed to the Board.

The Board has a standard letter of appointment that contains the terms on which Non-Executive Directors will be appointed, including the basis upon which they will be appointed, paid, insured and indemnified. The letter of appointment clearly defines the role of Directors, including the expectations in terms of participation, time commitment and conflicts. In summary, all Directors are expected to constructively challenge; set the values and standards for Webjet; monitor the performance of management and Webjet itself; satisfy themselves as to the adequacy and integrity of Webjet's financial statements and satisfy themselves that the systems for the identification and management of risks are robust and appropriate. The letter of appointment also makes it clear that Directors are required to disclose circumstances that may affect, or may be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

### **Inclusion and diversity**

The Board is committed to ensuring diversity is actively pursued and implemented in terms of Board composition. Diversity is a core consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and Group knowledge necessary to discharge their responsibilities.

The Board believes that many facets of diversity are required in order to meet the corporate purpose. In that context, diversity is not restricted to gender. It also includes geographic location, nationality, skills, background, knowledge, experience and outlook.

The right blend of perspectives is critical to ensuring the Board oversees Webjet effectively for the benefit of its shareholders. In addition, and supporting the achievement of diversity across the Group, the Board also believes in the importance of creating an inclusive work environment.

Webjet is a global business. As a result, while there is always scope for further improvement, the Webjet Group already has a very diverse workforce in terms of its geographic locations, nationalities, skills, backgrounds, knowledge and experience. Webjet also actively promotes gender equality (in respect of employment terms and payment) across its workforce. Further information relating to diversity, including details of the proportion of women in our workforce and in senior management positions within the Webjet Group, is set out in section 5 of this Report.

### **Role and responsibilities of the Board**

The role of the Board is to represent shareholders and to promote and protect the interests of Webjet.

The Board governs with regard to the interests of our shareholders (as a whole), our business and financial partners, our employees and our customers.

The Board, through its Chairman and Managing Director, aims for and seeks to instil within the Company a culture of excellence, quality, customer care and service, respect, integrity and trust. It has over many years implemented and managed extensive internal and external quality reviews designed to further these objectives.

The Board Charter sets out the Board's role and responsibilities and describes those matters expressly reserved for the Board and those matters delegated to management (principally the Managing Director).

The Managing Director has responsibility for the day-to-day management of the Group, and is supported in this function by the Company's senior executive team, which is appointed and functions by reference to geographic, business unit and functional requirements. However, the ultimate responsibility for governance and strategy rests with the Directors.

The Board has specifically reserved certain matters for its decision. It delegates authority for all other matters that are necessary for the management of the Company's business to management (through the Managing Director) within authority limits approved from time to time.

The responsibilities reserved by the Board for its decision include:

- (i) reviewing, ratifying and overseeing systems of risk management and internal control and ethical and legal compliance, including matters of health, safety, environment and community;
- (ii) capital management and decisions regarding major capital expenditure, acquisitions and divestitures;
- (iii) developing and reviewing the application of corporate governance principles and policies, including approval of the Company's diversity policy and measurable objectives for achieving broad diversity across Webjet;
- (iv) approving material documents such as financial statements;
- (v) appointing and conducting performance appraisals of the Managing Director and overseeing succession planning for the Managing Director and the Board; and
- (vi) reviewing and approving material contractual arrangements, remuneration and benefits in relation to the Managing Director and general oversight of the contractual arrangements, remuneration and benefits in relation to the other members of the senior executive group.

## Independence

The Board Charter requires that a majority of Directors (including the Chairman) be independent.

The independence of a Director is assessed according to Webjet's Policy on Independence of Directors, which is available on the Company's investor website - <https://www.webjetlimited.com/corporate-governance/>

The assessment is carried out on appointment, annually and when a Director's circumstances change in a manner that warrants re-assessment.

The prime test of independence used by the Board to determine a Director's independence is whether the Director is 'independent of management and of any business interest, position, association or other relationship that could materially influence (or be reasonably perceived to materially influence) the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of Webjet or its shareholders generally'.

When making assessments of independence, the Board takes into account all relevant facts and circumstances. For the purpose of testing materiality, the Board uses a benchmark of 1% - i.e. a supplier to, or customer of, the Webjet Group will be material if transactions with that person account for more than 1% of the Webjet Group's expenditure or more than 1% of that person's consolidated gross revenue.

The Board has reviewed the independence of each of the current Directors and determined that all of the continuing Non-Executive Directors are independent.

John Guscic is not considered independent as he is the Managing Director and a member of Webjet's management.

Where a Director is considered by the Board to be independent, but is affected by circumstances that appear relevant to the Board's (or other person's) assessment of independence, the Board has undertaken to explain the reasons why it reached its conclusion. In applying the independence test, the Board considers relationships with management, major shareholders, subsidiary and associated companies and other parties with whom Webjet transacts business against pre-determined materiality thresholds, all of which are set out in the policy. A summary of the factors that may be perceived to impact the independence of certain Directors is set out below.

## Relationships and associations

Don Clarke was a Partner of the law firm, Minter Ellison, until 30 June 2015. Since that date, he has been (and continues to be) a consultant to that firm. Consistent with the policies of Minter Ellison, Don Clarke has not, since his appointment as a Director in 2008, been involved in the provision of legal advice by that firm to Webjet. In addition, neither his remuneration as a partner nor as a consultant of that firm has been or will in the future be dependent on the professional fees paid by Webjet to Minter Ellison. Further the amount charged for the services provided by Minter Ellison was not material (within the context of the materiality benchmarks set by the Board) to either Webjet or Minter Ellison. For those reasons, despite the fact that Don Clarke has been a partner of a professional services provider within the last three years (which under the ASX Recommendations is a factor to be taken into account in determining a director's independence), the Board regards him as independent and able to act in the best interests of Webjet.

In this context, the Board also notes that Minter Ellison is not the only law firm to provide legal services to the Webjet Group in the current year and that, commensurate with the expanded nature and scope of its businesses, Webjet has moved to a legal panel arrangement for the provision of legal services.

APD Acquire Pty Ltd (APD), a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director, was paid \$36,364 (2016: \$50,031) during the year for services supplied to Webjet. Commercial arrangements with APD were terminated in FY 2016 but final payment occurred in August 2016. It is not intended that that entity, or any other entity associated with Mr Sharp, will provide services to Webjet in the future. All transactions were concluded on a commercial arm's length basis and charged accordingly and the amount charged for the services supplied by APD to the Company was not material to either party. The Board does not consider that the prior commercial relationship between Webjet and companies associated with Mr Sharp interferes in any way with the exercise by him of his objective, unfettered and independent judgement or his ability to act in the best interests of Webjet.

The Board considers the business, legal and financial acumen and experience of each of its Non-Executive Directors to be important in the discharge of the Board's responsibilities.

For the reasons set out above, the Board has both assessed Roger Sharp and Don Clarke (notwithstanding the existence of the matters disclosed above), as well as Shelley Roberts, Brad Holman and Rajiv Ramanathan as independent and the membership of each of them on the Board is considered by the Board to be appropriate and desirable.

## Chairman

The Chairman of the Board is Roger Sharp. He has been a Non-Executive Director of the Company since January 2013, and was elected to the role of non-executive Chairman on 21 June 2017.

The principal role of the Chairman is to provide leadership to the Board, to ensure the Board works effectively and discharges its responsibilities, and to encourage a culture of openness, debate, performance and collegiality. The Board's policy is that the Chairman ought not be the same person as the Managing Director to ensure there is effective Board oversight of management's activities.

The Chairman:

- (i) represents the Board to the shareholders and communicates the Board's position;

- (ii) serves as the primary link between the Board and management; and
- (iii) sets the agenda for Board meetings (in consultation with the Managing Director and the other Directors) and is responsible for ensuring that all Directors are adequately briefed in relation to issues addressed at Board meetings.

The Board is conscious of the time commitment required of Directors and, in particular, of the Chairman. The Board is satisfied that Roger Sharp makes sufficient time available to serve Webjet effectively and that none of Roger Sharp's other commitments interfere with the discharge of his responsibilities to the Group.

### **Senior Independent Director**

On 22 February 2017, the Board appointed Brad Holman to the role of Senior Independent Director. He has broad experience in the travel sector and international business, and has been a key contributor to the board since his appointment in March 2014. Mr Holman is also in a position where he can manage his time and other commitments in a way that enables him to be readily available for his Board duties (including his role as Senior Independent Director).

Mr Holman is available to shareholders who have concerns that cannot be addressed through the Chairman, the Managing Director or the Chief Financial Officer. As Senior Independent Director, he also provides a sounding board for the Chairman and serves as an intermediary for other Directors (if necessary).

### **Director appointment, election and re-election**

No resolution for the appointment of any candidate to the Board will be put before the Board for approval without extensive and appropriate background and reference checks taking place. Similarly, before a Director's election or re-election at an AGM, the performance of the relevant Director will be evaluated and all information relevant to the election or re-election will be provided to the shareholders.

All new Non-Executive Directors are required to sign a letter of appointment that sets out the terms and conditions of their appointment, including their role and responsibilities, time commitment envisaged and the requirement to participate in a performance evaluation process. On appointment, all new Non-Executive Directors are briefed fully on the business and strategic plans of Webjet and, on an on-going basis, are required to commit the time necessary to develop and maintain the skills and knowledge needed to perform their role effectively.

Under Webjet's Constitution, with the exception of the Managing Director, Directors may not hold office without re-election beyond the third Annual General Meeting (AGM) following their election or most recent re-election.

Any Director appointed to fill a casual vacancy since the previous AGM must submit themselves to shareholders for election at the next AGM.

Of the Directors:

- (i) Rajiv Ramanathan, having been appointed by the Board in June 2017 to fill a casual vacancy, will stand for election at the 2017 AGM; and
- (ii) to facilitate an orderly rotation among the other Non-Executive Directors, Don Clarke and Brad Holman will retire from the Board and will offer themselves for re-election at the 2017 AGM.

Webjet will provide its shareholders with information relevant to a Director's election or re-election in the Notice of Meeting for an AGM.

### **Board, Committee and Director evaluations**

The Webjet Board is committed to transparency in determining Board membership and in assessing the performance of the Board, Board Committees and individual Directors.

The Board conducts annual evaluations of its performance, the performance of its committees, the Chairman, individual Directors and the governance processes that support the Board's work. The Board evaluation process comprises both assessment and review. This includes analysis of how the Board and its Directors are functioning, the time spent by the Board considering matters and whether the terms of reference of the Board committees have been met, as well as compliance with the Board Charter.

The evaluation considers the balance of skills, experience, independence and knowledge of the Company and the Board, its overall diversity, including gender, and how the Board works together as a unit.

# 3 Board Committees

## Overview

To assist the Board in discharging its responsibilities effectively and efficiently, the Board has established three Board Committees. This allows for additional and more focused time to be spent on specific matters.

The three permanent Board Committees are the:

- (i) Remuneration Committee;
- (ii) Risk Committee; and
- (iii) Audit Committee

Each Committee operates within its Board-approved charter, which sets out the roles, responsibilities, membership requirements and meeting procedures for the relevant Committee. Each Committee charter is reviewed regularly and is updated as required. A copy of the charter of each of the Committees is available in the Corporate Governance section of the Company's investor website.

Each Committee meets as frequently as required but generally not less than twice a year.

Board Committee	Audit	Remuneration	Risk
No. of meetings held during the year	3	2	7

All Directors have a standing invitation to attend Committee meetings with the consent of the relevant Committee Chair. Papers prepared for the Committees are made available to all Directors and reports of Committee meetings are provided to the Board.

## Remuneration Committee

### Membership and attendees

Under the Remuneration Committee charter, the Committee must consist of at least three members and be comprised of only Non-Executive Directors, a majority of whom must be independent Directors (including the Committee Chairman).

The Committee currently comprises three independent Non-Executive Directors:

- (i) Don Clarke - independent Non-Executive Director - Chair;
- (ii) Shelley Roberts - independent Non-Executive Director; and
- (iii) Brad Holman - independent Non-Executive Director.

Members of the senior management team support the work of the Committee and are invited to attend Committee meetings as required. No senior management team member is present when their remuneration is considered and discussed.

### Role and responsibility

The Committee assists the Board in overseeing the:

- (i) remuneration policy and framework (including short and long-term incentive plans), its specific application to the Managing Director and its general application to all members of the senior management team and, as appropriate, employees;
- (ii) the adoption, operation and administration of all annual and longer term incentive plans;
- (iii) the determination of levels of reward for the Managing Director and general overview of the levels of reward for the Managing Director's direct reports;
- (iv) the annual evaluation of the performance of the Managing Director (via the Chairman of the Company);
- (v) the Company's compliance with applicable legal and regulatory requirements associated with remuneration matters;
- (vi) preparation of the Remuneration Report; and
- (vii) communication to shareholders and other stakeholders on remuneration policy and the Committee's work on behalf of the Board.

The Remuneration Committee met 2 times during the year. Information on meeting attendance by Committee members is included in the table on page 10 in the Directors' Report.

Further details regarding the role and activities of the Remuneration Committee are provided in the Remuneration Report included within this Annual Report.

In light of the Company's transition into the ASX 200, after Balance Date the Board resolved to expand the role of the Remuneration Committee, which is now being reconstituted as the Remuneration and Nomination Committee. The Committee's charter will be available in the Corporate Governance section of the company's investor website.

## **Audit Committee**

### **Membership and attendees**

Under the Audit Committee charter, the Committee must consist of at least three members. Its members must be Non-Executive Directors (a majority of whom must be independent) and have an independent Chairman (who is not the Chairman of the Board). The Committee members must between them have financial and accounting expertise and a sufficient understanding of the industry in which Webjet operates to be able to discharge the Committee's mandate effectively.

The Committee currently comprises three Non-Executive Directors:

- (i) Brad Holman - independent Non-Executive Director - Chairman;
- (ii) Shelley Roberts - independent Non-Executive Director; and
- (iii) Rajiv Ramanathan - independent Non-Executive Director.

Details of the relevant qualifications and experience of the members of the Audit Committee can be found on page 4 of the Directors' Report.

The Managing Director and his nominees, principally the Chief Financial Officer (CFO), support the work of the Committee and are regularly invited to attend and present at Committee meetings.

The Committee also meets with the External Auditor, both with and without members of management being present, on a regular basis and whenever deemed appropriate by the Committee Chairman.

### **Role and responsibility**

The Committee assists the Board in overseeing (amongst other things):

- (i) the integrity of the Webjet Group's financial statements and financial reporting;
- (ii) the appointment, remuneration, qualifications, independence and performance of the External Auditor and the integrity of the audit process as a whole;
- (iii) reviews and monitors the provision of additional services (if any) by the External Auditor;
- (iv) the effectiveness of the systems of internal financial control and risk management;
- (v) plans, performance, objectivity and leadership of the internal financial control and audit functions and the integrity of the internal financial control and audit process as a whole;
- (vi) systems for compliance with applicable legal and regulatory requirements within the Committee's area of responsibility;
- (vii) capital management (funding, liquidity, balance sheet management, dividends); and
- (viii) other matters requiring the approval of the Committee under its charter or referred by the Board from time to time.

The Audit Committee met 3 times during the year. Information on meeting attendance by Committee members is included in the table on page 10 of the Directors' Report.

In addition to its regular business, the Audit Committee discussed matters including compliance, adequacy of the internal accounting and finance resources and taxation. It also assisted the Board in assuring the integrity of the Group's financial statements, by making recommendations to the Board about the appropriateness of accounting policies and practices, areas of judgement, compliance with Accounting Standards, stock exchange and legal requirements and the results of the external audit.

The Audit Committee reviews the half-yearly and annual financial statements and makes recommendations on specific actions (including formal adoption of the financial statements and reports) or decisions the Board should consider in order to maintain the integrity of the financial statements.

The Audit Committee also continues to monitor regulatory developments in relation to the audit regime and the role of audit committees, and will continue to review and assess how changes in such matters are likely to impact the Webjet Group in the future.

## **Risk Committee**

### **Membership and attendees**

Under the Risk Committee charter, the Committee must consist of not less than two Non-Executive Directors (unless otherwise determined by the Board).

The Committee currently comprises two Non-Executive Directors, both of whom are independent:

- (i) Don Clarke - independent Non-Executive Director; and
- (ii) Roger Sharp - independent Non-Executive Director.

The Managing Director and his nominees, principally the Group Chief Commercial Officer and the CFO, support the work of the Risk Committee and are invited to attend and present at Committee meetings as required.

## Role and responsibility

The Committee assists the Board in overseeing the:

- (i) the appropriateness of the Webjet's strategic direction in light of the economic, social, political, cyber, legal and regulatory environments in which it operates;
- (ii) the identification of material business risks and priorities (in terms of relative risk levels) and allocating resources effectively and efficiently;
- (iii) procedures for identifying business and operational risks (including cyber security risks) and controlling their financial impact on the Webjet and the operational effectiveness of policies and procedures relating to risk and control;
- (iv) the operating effectiveness of the systems of internal financial control and risk management;
- (v) overseeing the adequacy of internal controls and allocation of responsibilities for monitoring internal business, IT and financial systems and controls;
- (vi) the arrangements for protecting intellectual property, confidential and private customer information and other non-physical assets;
- (vii) procedures for ensuring compliance with relevant regulatory and legal requirements, including OH&S laws and regulations;
- (viii) policies and practices for detecting, reporting and preventing fraud and serious breaches of business conduct procedures and controls;
- (ix) a risk assessment (risk identification, risk analysis, including the likelihood and impact assessment, and risk evaluation) for material risk issues;
- (x) the design, implementation, operation and assessment of controls to ensure residual risks are tolerable;
- (xi) resources are acquired economically, used efficiently and adequately protected;
- (xii) the adequacy of the coverage and quantum of insurance arrangements of Webjet; and
- (xiii) other matters requiring the approval of the Committee under its charter or referred by the Board from time to time.

The Risk Committee met 7 times during the year. It conducted numerous reviews of the effectiveness (and appropriateness) of Webjet's systems of risk management and internal controls. The reviews covered financial, operational and compliance controls and risk assessment. Management presented information as required by the Committee on material risks facing Webjet, the level of effectiveness of risk management over the material business risks and the insurance coverage held by the Company. The Board is satisfied that:

- (i) the effectiveness of the internal controls and risk management procedures have been properly reviewed; and
- (ii) the material business risk issues within Webjet Group identified by management, the Risk Committee and the Board are constantly reviewed, analysed and assessed in a consistent manner.

In addition to the work of the Risk Committee, the Board reviews and considers the Group's risk profile on a regular basis to ensure it supports the achievement of Webjet's strategy, including determining the nature and extent of risks the Board is prepared to take in the pursuit of our objectives. The Board is also responsible for reviewing, endorsing and overseeing the Company's risk management framework, at least annually, and satisfying itself that it continues to be sound and that Webjet is operating within the risk tolerance levels determined by the Board.

## 4 Promoting Responsible and Ethical Behaviour

The Webjet Group has established various policies and procedures that set out its values and expectations as to how the Company and its employees will work and behave towards each other.

### **Code of Business Conduct**

The Webjet Code of Conduct (the Code) represents a commitment by all Directors and senior management to uphold ethical business practices and meet or exceed applicable legal requirements. It sets the standard for behaviour and provides guidance which in turn assists in building trusting relationships with suppliers, business partners, customers and shareholders.

Webjet has independent external systems in place for employees and contractors to be able to anonymously report concerns regarding the behaviour of employees, or those representing Webjet, in a way that protects their identity.

Failure to comply with the Code is viewed as a serious matter, which may lead to disciplinary action, including dismissal and/or legal action.

A copy of the Code can be found on Webjet's investor website in the Corporate Governance section.

### **Anti-corruption**

Webjet has zero tolerance for unfair and/or unethical conduct in its business. It believes that acting fairly and ethically promotes and will create value for our business partners, customers, suppliers and shareholders.

Webjet recognises that compliance with local and international bribery and anti-corruption laws is essential to protect its reputation and to preserve its ability to build its business in the on-line sector. Webjet prohibits facilitation payments and the authorising, offering, giving or promising anything of value directly or indirectly (via a third party) to government officials to influence official action, or to anyone to encourage them to perform their work disloyally or otherwise improperly.

### **Conflicts of interest**

General guidelines in relation to managing conflicts of interest can also be found in the Code, and a number of measures have been adopted to ensure compliance.

Employees and agency contractors are required to record any actual conflict of interest or any appearance of one.

In accordance with the requirements of the Australian Corporations Act 2001, Directors who have a material personal interest in a matter that is being considered at a Directors' meeting must not be present while the matter is being considered. The other Directors may, however, allow such Directors to participate and vote in relation to the issue if they are satisfied that the interest should not disqualify the Director(s) from voting or being present.

### **Dealings in Webjet securities**

Webjet has adopted a Share Trading Policy with the purpose of:

- (i) ensuring that public confidence is maintained in the reputation of the Webjet Group, its Directors and employees and in the trading of the Company's securities;
- (ii) explaining the Company's policy and procedures for the dealing in securities; and
- (iii) recognising that some types of dealing in securities are also prohibited by law.

The Share Trading Policy applies to all Directors, members of the senior management team and other employees who have been advised by the Company Secretary that they are subject to the requirements of this Policy.

All persons to whom the Policy is applicable (and their associates - which includes certain family members and entities that such persons have the ability to control) must not deal in the Company's securities during certain blackout periods from:

- (a) 1 January and the date of the release of the Company's half year results to ASX;

- (b) 1 July and the date of the announcement of the Company's full year results to ASX; and
- (c) 12.01am on the preceding day and one hour after each of the following events:
  - (i) publication by ASX (on the Company Announcement Platform) of the Company's half year results;
  - (ii) publication by ASX (on the Company Announcement Platform) of the Company's full year results; and
  - (iii) the formal convening of each annual general meeting of the Company; and
- (d) any other period specifically designated by the Board to be a 'Blackout Period'. There are limited exceptions. Outside of the blackout periods, such persons must notify the Company and/or seek prior approval for a proposed dealing in the Company's securities

The Share Trading Policy also sets out Webjet's policy on hedging arrangements, further details of which are set out the Remuneration Report included in this Annual Report.

A copy of the Share Trading Policy can be found in Corporate Governance section of Webjet's investor website.

## **Market Disclosure and Communications with Shareholders**

Webjet places material importance on effective communication with its shareholders, prospective shareholders and market participants and is committed to promoting high standards of disclosure to ensure that trading in Webjet's shares occurs in an efficient and well-informed market.

### **Market disclosure and communications**

Webjet has disclosure obligations under Australian law and regulations (i.e. Corporations Act and ASX Listing Rules).

To safeguard the effective dissemination of information and to ensure that Directors and employees are aware of their obligations, Webjet has adopted a Market Disclosure and Communications Policy that outlines:

- (i) the procedures adopted by the Company for meeting its disclosure requirements;
- (ii) the roles and responsibilities of the Board, Managing Director and Company Secretary in ensuring Webjet complies with its disclosure obligations; and
- (iii) the standards Webjet adopts for ensuring effective communication with shareholders and market participants.

All employees play an important role in enabling Webjet to comply with these obligations and all steps in the disclosure process are aimed at ensuring that information that may need to be disclosed is reported in a timely manner.

A copy of the Policy can be found on the Corporate Governance section of Webjet's investor website.

## **Shareholder engagement**

Webjet is committed to effective two-way communication with shareholders and other financial market participants through our investor relations, electronic communications and engagement programmes.

Our investor relations programme aims to allow investors and other financial market participants to gain a greater understanding of our business, governance, financial performance and prospects. It provides a forum for investors and other financial market participants to express their views to us on matters of concern and interest to them.

Our investor relations team assess and evaluate shareholder feedback, received through calls to them, question and answer sessions at the AGM and questions raised at investment briefings.

Shareholders can request to receive shareholder communications electronically.

Engagement between our Directors, shareholders and other financial market participants is an important part of our communication process. It assists in building awareness, alignment and better long-term relationships. While acknowledging and valuing continuous disclosure obligations, it is important for Directors and the Board to understand different perspectives of the various stakeholders and be prepared to respond to feedback.

Webjet is now committed to a program of engagement with shareholders and other financial market participants which will involve meetings that encourage constructive dialogue with the Company on the business, financial results, strategy and, as appropriate, governance and remuneration matters.

Feedback from these communication programs is reported to the respective Committees and to the Board. This ensures that all Directors have an understanding of shareholder perspectives on important matters.

## **Annual General Meeting**

The AGM is an important occasion for updating shareholders on the Company's performance. The AGM offers an opportunity for shareholders to ask questions of and to hear from the Board. It also allows the Board to listen to and respond to feedback. If practicable, all Directors and members of the senior management team will attend the 2017 AGM. The External Auditor will also be available to answer questions relevant to the audit.

Voting rights are an important tool for shareholders to cast their views on significant matters affecting Webjet's business.

The Notice of Meeting will explain how shareholders can appoint proxies and how questions can be registered prior to the meeting. Shareholders will also be able to submit proxies electronically through a link to our share registry.

The AGM will be webcast so that shareholders who are unable to attend the AGM will have the opportunity to listen to the meeting. Copies of the Chairman's and Managing Director's reports to the AGM will be lodged with ASX immediately prior to the meeting, while the results of any voting at the AGM will be lodged with ASX and made available on our website as soon as practicable after the AGM.

## 5 Diversity and inclusion at Webjet

Our values, along with the Diversity Policy, guide our approach to diversity and inclusion. Webjet believes its success to date relies in part on having a team comprised of the best people, each bringing different skills, perspectives and experiences, and an inclusive work environment where these differences are valued.

Webjet's Diversity Policy was approved by the Board in June 2011 and responsibility for its oversight rests with the Board. A copy of the Policy is available on Webjet's investor website.

Our vision for diversity in Webjet reflects the broadest definition of difference, where we attract, retain and develop people who differ by gender, ethnicity, disability, age, thought, education, experience, family responsibilities and sexuality. Webjet is an on-line travel business with global operations. As a result, it already has a very diverse workforce, not only in terms of gender (refer below) but also in terms of ethnicity, age, education and experience. This applies broadly across the Company, at both management and the more junior employee levels. It is important to Webjet that its workforce reflects the communities in the countries in which it operates.

Despite its existing diverse nature, subject to the overriding objective of always recruiting and retaining the best people, the Webjet Board is determined to further improve the representation of employees from diverse ethnic backgrounds in its workforce and to progress towards balanced gender representation at Board and senior management levels. The Board's measurable objectives for diversity and inclusion reflect these goals and the Board will monitor progress towards achieving these objectives on an annual basis.

The Webjet Code of Conduct states our commitment to equality in employment practices and zero tolerance for harassment or bullying and sets out our expectations of all employees in this regard. As noted, Webjet has an active policy of fairness and equality between genders in terms of payment and work conditions. It seeks neither to intentionally or inadvertently discriminate between genders in respect of payment or work conditions.

### Progress during FY2017

While we did not achieve year on year increase in overall female representation in the leadership teams, achieving diversity across the whole workforce continues to be a focus. Gender diversity for the year was as follows:

- (i) One of our six Board Directors is female (16.7%)
- (ii) Two of the nine members of the senior management team are women (22%). These are the Group Chief Commercial Officer and the Director - Corporate Development. Following the sale of the Zuji business, the Country Manager (Singapore) is no longer in the senior management team.
- (iii) Of the total workforce of 772 employees, female representation is 49%

### Focus areas for FY2018

Measurable objectives have been set by the Board consistent with our aim to further progress towards balanced gender and ethnically diverse representation across Board, senior management and all other areas of our business.

The Board's primary diversity aims are:

- (i) to achieve a year-on-year increase in overall female representation in our leadership teams (Board and senior and regional management teams) to at least 25% by FY2020; and
- (ii) to ensure equal access to all employment opportunities at work based primarily on merit.

In addition, Webjet will continue to monitor targets for:

- (i) the representation of people from different ethnic backgrounds in our workforce;
- (ii) equality of gender and diversity of talent in our recruitment of younger employees; and
- (iii) the diversity profile of our leadership teams and of successors for key leadership roles.

We will also continue to monitor compliance with our objective of gender equality in remuneration outcomes and progress in creating an inclusive work environment through our employee surveys.

This Corporate Governance Statement is current as at 7 September 2017 and has been approved by the Board on this date.