

## Corporate governance statement

The Board of Directors is responsible for corporate governance of the Company and its controlled entities. The Board considers good corporate governance a matter of high importance and aims for best practice in the area of corporate governance. This section describes the main corporate governance practices of the Company.

In reviewing the corporate governance structure of the Company, the Board has reviewed and considered ASX's Corporate Governance Principles and Recommendations. Comment is made where key principles are not followed due to the specific circumstances of the Company. This statement is current as at 30 June 2015 and has been approved by the Board.

### Board Responsibilities

The Board's primary role is to maximise sustainable long term shareholder value.

The Board's key responsibilities are:

- oversight of the operation of the Company including establishing, reviewing and changing corporate strategies;
- ensuring that appropriate internal control, reporting, risk management and compliance frameworks are in place;
- appointing, removing, reviewing and monitoring the performance of the Managing Director to whom the Board have delegated the day to day management of the Company;
- approval of the annual report (including the financial report), the budget and the business plan of the Company;
- regular (at present at least monthly) review of the Company's performance against the budget and the business plan;
- approving material contractual arrangements including all major investments and strategic commitments;
- making decisions concerning the Company's capital structure, the issue of any new securities and the dividend policy;
- establishing and monitoring appropriate committees of the Board including the Audit Committee, the Risk Committee and the Nomination and Remuneration Committee;
- reporting to shareholders; and
- ensuring the Company's compliance with all legal requirements including the ASX Listing Rules.

The Board meets regularly and is in regular communication in between board meetings on all material Company matters.

The Board regularly assesses its performance in conjunction with the Chairman and Managing Director with the purpose of ensuring maximum focus, commitment and the discharge of its statutory responsibilities. Periodic evaluation of the performance of the directors, the Board's committees and senior executives is also undertaken, including at meetings of the Nomination and Remuneration Committee.

### Structure of Board

The maximum number of directors provided for by the Company's constitution is fifteen and the Company currently has six directors on the Board. A director may be appointed by resolution passed at a general meeting or, in the case of casual vacancies, by the directors.

Potential additions to the Board are carefully considered, and appropriate checks (including as to conflicts and independence) are undertaken, by the Board prior to being nominated to shareholders or appointed as casual vacancies. The Board seeks to provide shareholders with all material information in its possession relevant to its decision on whether or not to elect or re-elect a director. The skills, experience and expertise of each of the directors are set out in the first section of the Annual Report.

The Board currently has five non-executive directors being David Clarke (Chairman), Don Clarke (Deputy Chairman), Steven Scheuer, Roger Sharp and Brad Holman. The current Board is sufficiently balanced to protect the interests of shareholders. The Company facilitates and pays for directors and committee members to obtain professional independent advice if they require it. The Board has written agreements with each director and senior executive setting out the terms of their appointment.

The Board regards each of the current non-executive directors (i.e. 5 of the six directors of the Company) as independent directors. An independent director is independent of management and free of any business or other relationship that materially interferes with the exercise of the director's unfettered and independent judgement. Materiality is assessed on a case-by-case basis from the perspective of both the Company and the director concerned.

While entities associated with Mr Scheuer hold a substantial shareholding in the Company and businesses in which

certain directors have an interest supply products or services to the Company (and, therefore, certain of the indicia in Box 2.3 of the ASX Corporate Governance Principles and Recommendations may prima facie apply to those non-executive directors), each of the non-executive directors is independent as the Company does not believe the interests are material to those businesses or likely to affect the independence of the relevant non-executive director.

The Company Secretary of the Company is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

While the Board does not formally use the board skills matrix (as recommended in Corporate Governance Council recommendation 2.2), it has applied similar criteria in the prior selection of directors and is very conscious of the need at Board level for diversity of skills and backgrounds. The Board is satisfied that it currently has both an appropriate range of skills and backgrounds at board level (with the current non-executive directors having particular travel, on-line business, finance, investment and legal skills and a diversity of geographic knowledge). In any future appointments to the Board, the Board will ensure that its present mix / wide range of skills and diversity is maintained.

## Code of Conduct

The Company has a Code of Conduct as well as a number of internal policies and operating procedures aimed at providing guidance to directors, senior management and employees on the standards of personal and corporate behaviour required of all personnel. The Code of Conduct covers specific issues such as trading in Company securities by directors, officers and employees and also provides guidance on how to deal with business issues in a manner that is consistent with the Company's responsibilities to its shareholders.

## Risk Committee

The Board has appointed a Risk Committee that operates under a charter approved by the Board. The purpose of the Risk Committee is to provide an oversight across the Group for all categories of risk. In this role, the Risk Committee has delegated authority from the Board to approve and oversee the processes used to identify, evaluate and manage risk. At its discretion, the Risk Committee may make recommendations to the Board, including recommendations relating to the Group's risk appetite and to assist the Board to understand the risks faced by the Company.

Responsibilities include:

- the identification, assessment and management of risk;
- monitoring the adherence to internal risk management policies and procedures; and
- oversight of compliance systems, including legal, licensing and regulatory compliance processes developed by management.

Where appropriate, liaise with the Audit Committee and:

- review issues raised by external Audit and, if applicable, internal audit processes that impact the risk management framework or the Group's risk management;
- review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of the applicable regulators; and
- direct any special investigations deemed necessary and engage and consult independent experts where considered necessary or desirable to carry out its duties and rely on the advice of such experts.

In April 2015, a review of the Company's risk management framework was undertaken. The Company will continue to disclose whether a review has been undertaken in each reporting period.

While the Company previously maintained an internal audit function, for geographic and risk management reasons, internal audit and risk management within each business unit of the Company is now a specific responsibility of the CEOs of each such business unit who must complete a monthly risk matrix report (including key performance metrics and detailed control and risk issues) for review by the Managing Director and oversight of the Board. The Board (and the Risk Committee) considers these reports, including any necessary improvements to the Company's risk processes, monthly.

The Board discloses certain business risks that may affect the Company in its Annual Report and considers that it adequately discloses other information and risks to the market via its continuous disclosure obligations. The Board does not consider it necessary to disclose environmental and social sustainability risks in this corporate governance statement as they are not sufficiently relevant to the Company's operations.

The members of the Risk Committee at the date of this annual report are David Clarke (Chairman) and Don Clarke (Deputy Chairman). The members of the Risk Committee meet regularly and interact extensively with the executive management team (and seek reports from management on risk matters as and when required). While noting the Corporate Governance Council recommendation 7.1 that the Risk Committee has three members, the Company believes the Risk Committee currently operates very effectively with two members and, as such, sees no advantage in having a Risk Committee of three simply for the sake of complying with that recommendation.

## **Audit Committee**

The Board has appointed an Audit Committee that operates under a charter approved by the Board.

The Committee provides a direct link between the Board and the external audit function. The Committee is responsible for reviewing and reporting to the Board that:

- the system of internal control which management has established effectively safeguards the assets of the Company;
- accounting records are properly maintained in accordance with statutory requirements;
- financial information provided to shareholders is compliant with applicable International Financial Reporting Standards; and
- the external audit function is effective.

The Committee is responsible for the appointment of the external auditor and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit. The external audit engagement and quality review partners will be required to rotate every five balance dates. The Company requires its external auditor attends its AGM and is available to answer relevant questions from shareholders.

The Audit Committee meets as required to review the half-year and annual results of the Company, and to review the audit process, and those representations made by management in support of monitoring the Company's commitment to integrity in financial reporting. The Managing Director, the Chief Financial Officer and the external auditors are invited to attend meetings of the Committee at the discretion of the Committee.

Before it approves the Company's financial statements for a financial period, the Board receives from its Managing Director and CFO a declaration that, in their respective opinions, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The members of the Audit Committee at the date of this annual report are Brad Holman (Chairman of the Committee), Steven Scheuer and Roger Sharp.

## **Nomination and Remuneration Committee Charter**

The Nomination and Remuneration Committee is a committee of the Board of directors of the Company. The role of the Nomination and Remuneration Committee is not an executive role. The role of the Committee is to help the Board achieve its objective to ensure the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executives and the general pay environment.

The Nomination and Remuneration Committee is responsible for:

- identifying and recommending to the Board, nominees for membership of the Board (including clearance of potential conflicts of interest);
- identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members; and
- ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans.

Material decisions of the Nomination and Remuneration Committee are taken in conjunction with the full Board.

Executive remuneration and incentive policies and practices are performance based and aligned with the Company's vision, values and overall business objectives. In effect, the Committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities. The Company has a program for inducting new directors and provides, where relevant, appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

## **Disclosure**

The Company's policy is that shareholders are informed of all major developments that impact on the Company. The Company treats its continuous disclosure obligations seriously and has a number of internal operating policies and principles (including the Code of Conduct referred to above) that are designed to promote responsible decision-making and timely and balanced disclosure. The Company has a Market Disclosure Policy, the purpose of which is to ensure the Company complies with its continuous disclosure obligations, ensure accountability for compliance with these obligations and implement updated procedures to ensure continued compliance as well as appropriate responses or release to ASX and/or the market. The policy is reviewed by the Board from time to time, and, where appropriate, updated.

The Board is ultimately responsible for ensuring compliance by senior management and employees of the Company with the Company's policies and therefore requires that senior management and employees have an up to date understanding of ASX listing requirements. The Company also ensures that the directors and senior management obtain timely and appropriate external advice where necessary.

The Company currently places all relevant announcements made to the market including all past annual reports and policies including corporate governance together with related information on its website: [www.webjet.com.au/About](http://www.webjet.com.au/About).

Additionally, the Company ensures that its external auditor is represented at the annual general meeting to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

## **Investor Relations**

The Board has an extensive investor relations program in place to facilitate effective two-way communication with the Company's shareholders. The program is run by a member of the senior management team with direct input from the Managing Director and the Board.

The Board believes it is very important that the shareholders (and the market generally) fully understand the Company's business, objectives and strategic plans. In that context, it is the Company's policy to regularly meet and consult with its major shareholders (except in blackout periods), to review critically all information to be provided to the shareholders and investment community (particularly in respect of ensuring that sufficient detail is provided to enable those persons to better understand the Company) and to encourage shareholders and members of the investment community to attend shareholder meetings or otherwise contact the Company. It also conducts its annual general meeting at the Company's principal office and, by ensuring that the senior management team is in attendance, shareholders have the opportunity to meet with and discuss matters relevant to the Company with them. Further, all relevant information concerning the Company is made available on the Company's website.

In relation to the knowledge and understanding of shareholders of the Company's business, and participation of shareholders in general meetings, the Board does from time to time assesses how it interacts with shareholders and how shareholder communication and participation can be encouraged.

The Company gives shareholders the option to receive communications from, and to send communications to, the Company and its share registry electronically,

## **Performance and Remuneration**

The Board reviews the performance of the executive director as well as the performance of key senior management. The Board receives regular updates of the performance of the Company as a whole.

The Chairman of the Company endeavors to implement change at a Board level to incorporate recommendations that flow out of this review process.

As previously stated, the Company has in place a Nomination and Remuneration Committee which seeks to ensure that the Company's remuneration levels are appropriate and aimed at delivering the maximum benefit for the Company.

The current members of the Nomination and Remuneration Committee are Don Clarke and David Clarke. The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company. The Managing Director is invited to attend meetings of the Committee at the discretion of the Committee. The Nomination and Remuneration Committee does not have three members as recommended in Corporate Governance Council recommendations 2.1 and 8.1. The Board considers the Nomination and Remuneration Committee operates effectively with two members as currently constituted.

Remuneration details of each of the directors and senior management are set out in the 'Remuneration Report' section of the Directors' Report. The Company does not permit participants in its equity based remuneration scheme to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

## **Diversity**

Workplace diversity refers to the variety of differences between people in an organisation. Diversity encompasses, among a range of matters, differences in gender, race, ethnicity, age, disability and cultural background. Webjet

believes that embracing and leveraging diversity in its workforce contributes to the achievement of its corporate objectives and enhances its reputation. It enables Webjet and its controlled entities to:

- recruit the right people from a diverse pool of talented candidates;
- retain and develop an appropriate skills base within the Company make more informed and innovative decisions, drawing on the wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds, and with differing skill sets, bring to their roles in Webjet; and
- better represent the diversity of all stakeholders.

Webjet is committed to achieving the goals of:

- providing access to equal opportunities at work based primarily on merit;
- attracting and retaining a management team with a diverse mix of skills, experience and expertise; and
- fostering a corporate culture that embraces and values diversity and uses that diversity to deliver business outcomes.

Webjet has a diversity policy in place which includes a requirement to regularly review both the objectives contained in the diversity policy and the Company's progress in achieving them (available on the Company's website). The Managing Director and Chief Operating Officer continuously implement and review the application of the diversity policy. The Board does not consider it necessary to disclose at the end of each reporting period the measurable objectives for achieving gender diversity by the Board, as it is an equal opportunity employer, employs people based on merit and welcomes people from a diverse range of backgrounds. Every employee within Webjet is responsible for supporting and maintaining Webjet's corporate culture, including its commitment to diversity in the workplace. In particular, managers have responsibility for the maintenance and promotion of an equal opportunity workplace.