



CORPORATE
GOVERNANCE
STATEMENT AND
APPENDIX 4G
2016

Corporate governance statement

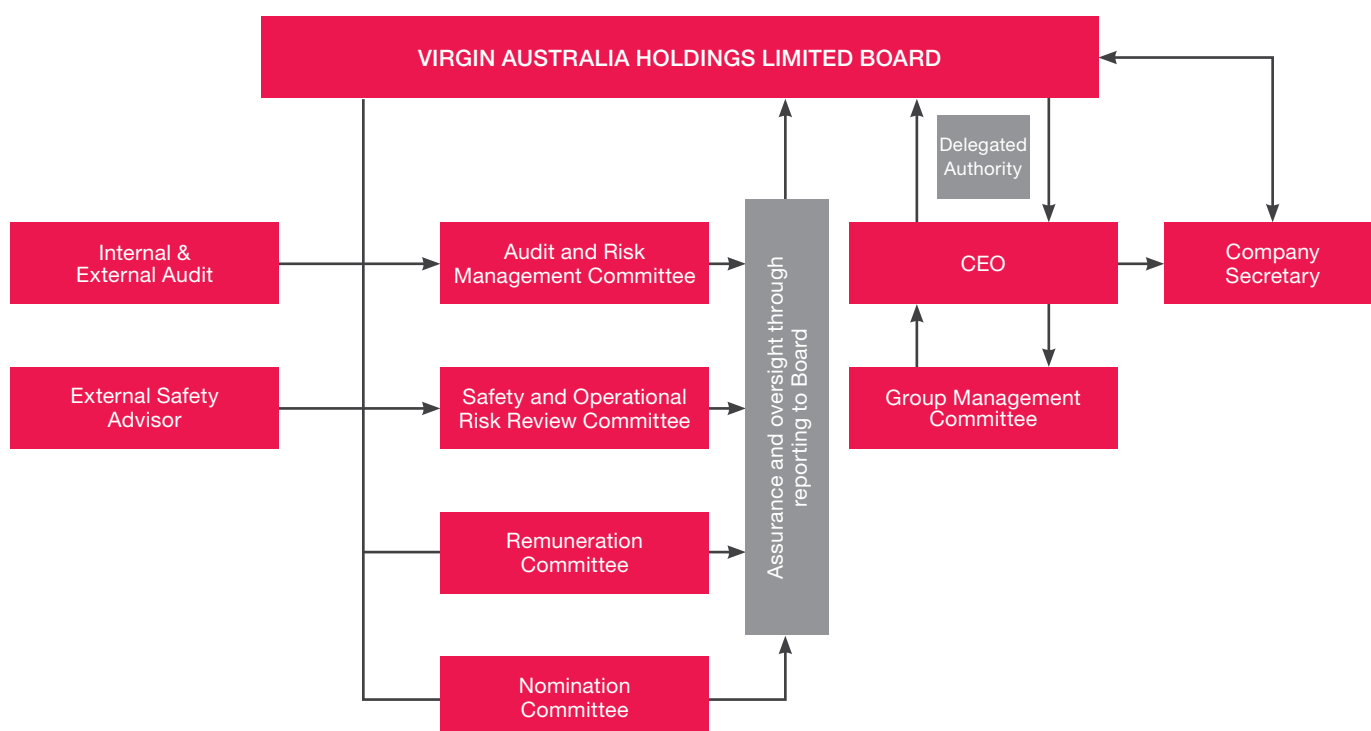
Virgin Australia's Corporate Governance Framework

This statement outlines the main corporate governance policies and practices in place throughout the financial year ended 30 June 2016, which comply with the ASX Corporate Governance Council Principles and Recommendations (3rd Edition), unless otherwise stated.

Below is a list of the relevant governance documents. Copies of the documents referred to in this statement can be found in the Corporate Governance section of the Virgin Australia website at www.virginaustralia.com/corporategovernance

ASX Principles and Recommendations		Relevant Governance Document
Principle 1	Lay solid foundations for management and oversight	Board Charter Diversity Policy Nomination Committee Charter Nominee Director Protocol
Principle 2	Structure the Board to add value	Nomination Committee Charter Board Charter
Principle 3	Act ethically and responsibly	Code of Conduct Securities Trading Policy Nominee Director Protocol
Principle 4	Safeguard integrity in corporate reporting	Audit and Risk Management Committee Charter
Principle 5	Make timely and balanced disclosure	Continuous Disclosure Policy
Principle 6	Respect the rights of security holders	Shareholder Communication Policy
Principle 7	Recognise and manage risk	Audit and Risk Management Committee Charter Safety and Operational Risk Review Committee Charter Risk Management Policy
Principle 8	Remunerate fairly and responsibly	Remuneration Committee Charter Securities Trading Policy

A high-level structure chart outlined below provides an overview of Virgin Australia's Corporate Governance Structure.



Corporate governance statement (continued)

Principle 1 – Lay solid foundations for management and oversight

Board Charter

The Board has a Charter which clearly establishes its role and responsibilities and also sets out the responsibilities which have been delegated to Senior Management.

The primary role of the Board is to provide strategic guidance for the Group and effective oversight of management.

To assist in the performance of its role, the Board has established a number of Committees which have specific roles and responsibilities in key areas.

The Board has delegated to the Chief Executive Officer (CEO) authority over the day to day management of the Group. Specific areas of responsibility which have been delegated to the CEO are set out in the Board Charter & Statement of Delegated Authority. The CEO is authorised to delegate the powers conferred on him as he deems appropriate. The CEO is supported by the Group Management Committee who are senior executives who work together to execute the Company's strategy and manage the operations of the Company.

The Board Charter & Statement of Delegated Authority is available on the Corporate Governance section of the company's website.

Board meetings are held on a regular basis, with briefing material generally provided to each director at least seven days prior to each meeting. The Company Secretary is responsible for coordinating the timely completion and despatch of Board meeting agendas and briefing material. Senior executives are invited to make presentations at Board meetings which provide the ability for directors to engage in discussions and request additional information on relevant topics.

Subject to prior consultation with the Chairman, directors may seek independent professional advice (including legal advice) from a suitably qualified advisor at the Company's expense. Except in extraordinary cases (where the director will have notified the other Board members in writing), a copy of any such advice received is to be made available to other directors.

The Board comprises a combination of independent non-executive directors and non-executive directors who have each been nominated by a major shareholder with an interest in the Company of at least 5%. Having regard to this composition, a Nominee Director Protocol has been put in place to assist the Board in discharging its governance oversight role in relation to information that can be provided to Nominee Directors. Consultation on the Protocol was undertaken with the Australian Competition and Consumer Commission and the Department of Infrastructure and Regional Development prior to its finalization. An independent legal review of this Protocol has also recently been completed.

This Protocol is available on the Corporate Governance section of the company's website.

Board Committees

During the 2016 financial year, the Board had four committees of directors: the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Safety and Operational Risk Review Committee. Each committee has a documented Charter approved by the Board, copies of which can be found on the Corporate Governance section of the Company's website.

Committee composition as at the date of this report is as follows:

Committee	Members	Composition	Key Roles and Responsibilities
Audit and Risk Management Committee	Mr R Thomas (Chair)	Has a majority of independent directors. Has an independent chair who is not chair of the Board.	Review and assessment of the integrity of financial reporting.
	Ms E Bryan	Has at least three members.	Monitoring the performance of internal and external audit, including oversight of qualifications, independence and fees of the external auditor.
	The Hon. M Vaile AO	All members are financially literate. Two members have relevant qualifications and experience.	Review of risk management policies, processes and profile, including the adequacy of insurance cover. Review of the compliance framework and financial information required by regulators.
Remuneration Committee	Ms S Mostyn (Chair)	Consists only of non-executive directors. Has a majority of independent directors. Has an independent chair.	Remuneration of non-executive directors, the CEO and Group Executives.
	Mr D Baxby	Has at least three members.	Review of performance assessment processes and results for the CEO and Group Executives.
	Ms E Bryan		Agree policies for the recruitment, retention and termination of Group Executives.
	Mr R Thomas		Agree policies for employee incentive schemes and superannuation. Recommend to the Board diversity objectives

Principle 1 – Lay solid foundations for management and oversight (continued)

Board Committees (continued)

Committee	Members	Composition	Key Roles and Responsibilities
Nomination Committee	Ms E Bryan (Chair)	Has a majority of independent directors.	Composition of the Board. Director and CEO succession planning. Induction and ongoing development of directors. Performance appraisal of the Board, its Committees, each director and the CEO.
	Mr D Baxby	Has an independent chair.	
	Mr B Matheu	Has at least three members.	
	Mr JP Moorhead		
	Ms S Mostyn		
	Mr Marvin Tan		
	Mr R Thomas		
	The Hon. M Vaile AO		
Safety and Operational Risk Review Committee	The Hon. M Vaile AO (Chair)	Has a majority of independent directors. Has an independent chair.	Oversight of operational safety, health and security risks. Maintain best practice in operational safety management, including compliance with legal and regulatory obligations and internal systems of control. Review the establishment and operation of operational risk management systems. Monitoring operational risk management processes maintained by providers and codeshare partners. Monitoring serious investigations and remedial actions
	Mr J Borghetti	Has at least three members.	
	Ms E Bryan		
	Ms S Mostyn		

Company Secretary

The Company Secretary has overall responsibility for the Secretariat function and is accountable directly to the Board, through the Chairman, on all matters to do with proper functioning of the Board. This includes advising the Board and its Committees on governance matters, co-ordinating Board business and providing a point of reference for dealings between the Board and management. Each director has the ability to communicate with the Company Secretary. Decisions to appoint or remove the Company Secretary are made or approved by the Board.

Director Appointments

The Nomination Committee makes appropriate checks prior to electing a director to the Board, these include checks as to the person's character, experience, education, criminal record and bankruptcy history.

The Notice of Annual General Meeting includes; biographical details, relevant qualifications and experience and other directorships of directors who are standing for election or re-election.

The Board has written agreements with each director and senior executive which set out the terms of their appointment.

Board Performance Evaluation

The Board conducts regular self-assessments of the performance of the Board, its committees and individual directors. In addition, externally facilitated performance evaluations are undertaken on a periodic basis. Committees also periodically review their performance. During the year, the performance of the Board was reviewed through external interviews, with this feedback presented to the Board.

Diversity and Inclusion

The Group is committed to providing a workplace and organisational culture that values diversity and inclusion across all levels of the business. The Group recognises and acknowledges the contribution of people with diverse backgrounds, experience and perspectives. This includes, however is not limited to, differences in gender diversity, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity.

The Group's Diversity and Inclusion Strategy underpins the inclusive culture in which people treat each other with respect and are recruited, developed and promoted solely on the basis of merit. Under the Strategy, the Board is responsible for establishing measurable gender diversity objectives and reviewing progress towards achieving the objectives.

Corporate governance statement (continued)

Principle 1 – Lay solid foundations for management and oversight (continued)

Diversity and Inclusion (continued)

In relation to the Group's Diversity and Inclusion objectives, the following was achieved in the 2016 financial year:

- The number of women in CEO-1 and CEO-2 positions has increased from 31% on 1 July 2015 to 36.5% on 30 June 2016.
- The Group continued to implement mental health awareness and training through the introduction of a number of diverse tools to better support leaders and team members to access support in a 24/7 operation.
- The Group has been accepted to participate in, and has commenced, the White Ribbon Workplace Accreditation program, which is formal external recognition that the Group recognises that violence against women is a workplace issue. This builds on the program of work already delivered to ensure the Group's policies and support resources enable team members to access information and support in a confidential and safe environment.

In relation to the Group's other objectives for the 2016 financial year, the following was achieved:

- The remuneration strategy continued to focus on gender pay equity. A comprehensive analysis of gender pay gaps was undertaken in the 2016 financial year. The analysis confirmed that when male and female team members occupy the same role in the non-EBA workforce, the pay gap is 1%. It also confirmed that there has been a reduction in the pay gap at management levels.
- The Group continues to proactively embed an appreciation for inclusion, diversity and cultural awareness at a number of touch-points in the employee life-cycle, and these messages are reinforced in face-to-face and on-line training modules.
- Virgin Australia has an ongoing partnership with the National Disability Recruitment Coordinator. This partnership includes monitoring Virgin Australia job opportunities and recommending them to their network of candidates where appropriate.
- There was a continued focus on the Group's strong commitment to indigenous community engagement and employment strategy, through career and employment programs and community partnerships that include mentoring programs, fashion and art initiatives and sustainability projects.
- There was continued support of internal and external development and awareness raising initiatives to support the objective to improve female representation in non-traditional roles.

The following Diversity and Inclusion objectives have been established for the 2017 financial year:

- Maintain female representation in CEO-1 and CEO-2 positions (defined as direct reports to the Group CEO in management positions and their direct reports in management positions, including Tigerair);
- Continue to implement mental health awareness activities and mental health awareness training; and
- Continue to focus on family and domestic violence support and training.

Additionally, the following initiatives will continue to underpin the Diversity and Inclusion Strategy:

- Ongoing review of gender pay gaps and targeted actions to reduce identified differences;
- Proactively educating leaders and team members around diversity and cultural awareness;
- Strong focus and emphasis on Group's indigenous engagement and employment program and retention of indigenous team members; and
- Identifying non-traditional roles for females and implementing strategies to recruit, retain and develop female candidates for these roles.

Principle 2 – Structure the Board to add value

Board Composition

The Board is currently comprised of nine directors, with the composition as follows:

- Five independent, non-executive directors, including the Chairman;
- One Managing Director, who is also the CEO;
- One non-executive director who is nominated by and acts as the representative of Etihad Airways;
- One non-executive director who is nominated by and acts as the representative of Singapore Airlines; and
- One non-executive director who is nominated by and acts as the representative of the Virgin Group.

HNA Group and Nanshan have also recently become major shareholders of the Company. It is proposed that, in accordance with the Nominee Director Protocol, that they will each nominate a representative for appointment to the Board.

Each of the directors is a senior and experienced executive with skills and experience necessary for the proper supervision and leadership of the Group. As a team, the Board brings together a broad range of qualifications, in both the international and Australian markets, with considerable experience and expertise in aviation, transport, finance, accounting, risk management, sustainability and public company affairs.

The Board considers its composition is appropriate given the interests held by the major shareholders.

Details regarding the Group's directors, including their relevant skills, experience, expertise and terms of office can be found at pages 1 to 4 of the Annual Financial Report 2016.

Board Matrix

Skills and Experience	Number of Directors⁽¹⁾
<i>Executive Leadership</i> Senior executive leadership experience	9
<i>Board Experience</i> Experience as a Board member or member of a governance body	9
<i>Financial Acumen</i> Senior executive or equivalent experience in financial accounting and reporting, corporate finance, risk and internal controls	5
<i>Governance</i> Senior executive experience in a major organisation that is subject to regulated controls	9
<i>Strategy and Risk</i> Experience in developing, implementing and challenging the long term strategy of an organisation	9
<i>Aviation and Loyalty</i> Senior executive experience in a large domestic or international aviation or loyalty businesses in a competitive market	6
<i>Health, safety, environment and sustainability</i> Senior executive experience in health, safety, environment, social responsibility or sustainability initiatives	5
<i>Capital Management</i> Senior executive experience in capital management strategies, including capital partnerships, debt financing and capital raising	5
<i>Human Resources</i> Senior executive experience in human resource management of a diverse workforce	6
<i>Consumer</i> Senior executive experience in consumer businesses, retail, sales or marketing	6
<i>Government Relations</i> Senior executive or political experience in public and regulatory policy	6

(1) Out of 9.

Corporate governance statement (continued)

Principle 2 – Structure the Board to add value (continued)

Board Independence

The Board is currently comprised of nine directors, and its composition is currently independent, with three of which represent the major shareholders including, Etihad Airways, Singapore Airlines and the Virgin Group and the remaining six directors include five independent directors and one executive director. The Board notes that with the proposed appointment of two additional nominee director shareholders that this composition will change but considers its balance of representation between independent non-executive directors and non-executive directors nominated by major shareholders to be appropriate given that over 89 per cent of the share register is held by major shareholders.

The Board notes that the Chairman is an independent director and the Company's Constitution states that the Chairman has a casting vote if there is an equality of votes at a meeting of directors. The Chairman is an independent director and the roles of Chairman and CEO are not exercised by the same individual.

Most importantly, all directors, whether independent or not, are required to bring independent judgment to bear on Board decisions. The Board considers that, fundamentally, the independence of directors is based on their capacity to put the best interests of the Company and its shareholders ahead of all other interests, so that directors are capable of exercising objective independent judgment. Capacity to act independently and the skill sets and experience of individual directors to complement the skills and experience of the Board overall are critical criteria in candidate selection. The capacity for individual directors to add value to the Board is very important.

When evaluating candidates, the Board has regard to the potential for conflicts of interest, whether actual or perceived, and the extent or materiality of these in the ongoing assessment of director independence. In this respect, the Board has regard to the definition of independence in the ASX Corporate Governance Principles and Recommendations. The Board does not believe that the existence of one or more of the relationships in the definition will necessarily result in the relevant director not being classified as independent, particularly given the criteria outlined above, and that the Company will seek to implement additional safeguards to ensure independence. An overall review of these considerations is conducted by the Board to determine whether individual directors are independent. For these reasons, the Board considers David Baxby to be an independent director notwithstanding his previous position as Co-CEO of the Virgin Group until 30 June 2013.

Additional policies, such as directors not being present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest, in addition to directors being excluded from taking part in the appointment of third party service providers where the director has an interest, provide further separation and safeguards to independence. The Board has considered materiality thresholds in relation to independence, but has determined not to establish fixed thresholds, believing that, if taken in isolation and out of context, these can be misleading and inconclusive.

Nomination Committee

The Board has established a Nomination Committee which makes recommendations to the Board regarding the size and composition of the Board and the appointment and re-election of directors. The Nomination Committee has a charter which clearly states its role and responsibilities. The Nomination Committee is chaired by an independent director and currently has nine members. The names of the members of the Nomination Committee are disclosed at page 3 of the Corporate Governance Statement.

The Nomination Committee is responsible for developing plans to identify the necessary and desirable competencies and skills of directors and succession plans to ensure there is an appropriate mix of skills, experience, expertise and diversity on the Board.

The Company believes that the size and composition of the Board is conducive to making appropriate decisions and incorporates a variety of perspectives and skills in order to represent the best interests of the Company as a whole. The Board will continue to review and consider its composition having regard to the strategic direction of the Company and the skills required on the Board to continue to provide appropriate oversight and guidance to the Company.

Where necessary, the Company utilises the services of professional advisors to identify and assess potential Board candidates.

The Nomination Committee has responsibility for developing systems for induction procedures and the ongoing training and development of directors. The Nomination Committee did not meet in FY16, with matters that would fall within its remit instead being considered by the full Board.

The Company has in place induction procedures which allow new directors to participate fully and actively in decision-making at the earliest opportunity. Directors are able to access continuing education to update and enhance their skills and knowledge and have the right of access to all relevant Company information and senior executives, including the Company Secretary, to provide them with information regarding key developments in the Company and the industry.

Principle 3 – Act ethically and responsibly

The Group has adopted a number of policies which promote ethical and responsible decision making.

Code of Conduct

The Company has a Code of Conduct which applies to all directors, employees and contractors working for the Group and formalises the Group's belief that business objectives are best achieved through acting at all times fairly, honestly and with integrity. The Code of Conduct clearly articulates what the Company regards as acceptable business practices for its directors, senior executives and employees.

The Code of Conduct applies to directors and senior executives and further reflects the commitment of the Group to ethical standards and practices. A copy of the Code of Conduct is available on the Corporate Governance section of the Company's website.

In addition to the Code of Conduct the Company also has the following policies:

- The Equal Employment Opportunity (EEO) Policy makes team members accountable for creating an environment in which all people (including team members, guests, customers and suppliers) are treated fairly and equitably and with dignity, courtesy and respect. This policy ensures that complaints and concerns of discrimination, sexual harassment, workplace bullying or victimisation are treated seriously, investigated and resolved as quickly and effectively as possible. The policy also outlines the support mechanisms that are available to assist team members to understand and, if necessary, make a complaint under the policy.
- For matters that do not fall within the scope of the EEO Policy, the Group has the A Fair Go Policy which aims to ensure that concerns within the workplace are resolved as quickly and effectively as possible.
- The Group has a Gifts Policy which clearly defines and communicates the parameters for accepting gifts. The policy outlines prohibited gifts and the approval process for accepting gifts.
- The Group has an Ethics Hotline which can be used by employees to report any conduct which may be unethical or improper. All reports to the Ethics Hotline, which is provided by an external independent provider, are able to be made confidentially and anonymously and are thoroughly investigated.
- The Group has also established a Whistle-blower Policy to ensure that employees who make a report are protected from adverse behaviour as a result of making a report.

Securities Trading Policy

The Company has implemented a policy on securities trading which binds all directors and employees of the Group. The policy ensures that all directors and employees are aware of the legal restrictions on trading in the Company's securities while in possession of unpublished price-sensitive information. Directors and senior executives are required to obtain consent prior to dealing in the Company's securities.

Trading is only permitted during nominated trading windows, which are open for a four week period commencing on the first trading day after the release of the Company's quarterly, half-year and full year results. A copy of the Securities Trading Policy is available on the Corporate Governance section of the Company's website.

Principle 4 – Safeguard integrity in corporate reporting

The Board has established the Audit and Risk Management Committee whose role is to assist the Board to discharge its oversight responsibilities relating to:

- The preparation, integrity and reporting of the Company's financial statements;
- The external and internal audit functions;
- Internal controls, policies and procedures that the Company uses to identify and manage business risks;
- The risk policy and risk profile;
- The effectiveness of internal control systems;
- effectiveness of internal control systems; and
- Compliance with legal, accounting and regulatory requirements and policies.

A copy of the Audit and Risk Management Committee Charter is available on the Corporate Governance section of the Company's website.

The Audit and Risk Management Committee has authority to conduct or direct any investigation required to fulfill its responsibilities, may require the attendance of members of management at Committee meetings and has direct access to any employee or contractor, the external auditors or any other independent experts and advisors as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

The Audit and Risk Management Committee reviews the quarterly trading updates, half-yearly and annual financial statements and narrative reporting prior to making recommendations to the Board and reviews with management the adequacy of accounting policies and any significant accounting and financial reporting issues raised by internal or external audit.

Corporate governance statement (continued)

Principle 4 – Safeguard integrity in corporate reporting (continued)

The Audit and Risk Management Committee recommends to the Board the appointment, rotation, evaluation and removal of the external auditor and reviews the external auditor's terms of engagement, audit fees and proposed audit plan. At least bi-annually it reviews the external auditor's independence declaration.

The Audit and Risk Management Committee has three members who are independent directors and has an independent Chair. Details of names and relevant qualifications of those directors appointed to the Audit and Risk Management Committee, the number of meetings the Audit and Risk Management Committee held during the financial year ended 30 June 2016, and the names of the attendees can be found on pages 1 to 5 of the Annual Financial Report 2016.

CEO and CFO Assurance

The CEO and the Chief Financial Officer (CFO) have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All assessments covered the whole financial period up to the signing of the annual financial report for all material operations of the Group.

The CEO and the CFO declare in writing to the Board that the financial records of the Company for the financial year have been properly maintained, that the Company's financial reports for the financial year comply with Australian Accounting Standards and International Financial Reporting Standards and present a true and fair view of the Company's consolidated financial position and performance.

The CEO and the CFO also declare, in writing to the Board, that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

These declarations and sign offs are provided by the CEO and CFO to the Board when the half year and full year financial reports are provided to the Board for approval.

Monthly actual results are reported against budgets approved by the Board and revised forecasts for the year are prepared periodically.

Attendance of the External Auditor at the Annual General Meeting

The Company's external auditor attends the annual general meeting and is available to answer any shareholder questions about the conduct of the audit and the preparation and content of the independent auditor's report.

Principle 5 – Make timely and balanced disclosure

The Company's commitment to providing the market with timely and balanced disclosure is embodied in its Continuous Disclosure Policy, which contains policies and procedures designed to ensure accountability at all levels for compliance with disclosure obligations. The policy addresses the Company's responsibility to ensure its market announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

A copy of the Continuous Disclosure Policy is available on the Corporate Governance section of the Company's website.

Principle 6 – Respect the rights of security holders

Virgin Australia has an internal Investor Relations (IR) function and its objectives are to:

- Ensure the market is kept informed (as required under ASX Listing Rules) about VAH's position, operations, strategy and outlook;
- Maintain communications and credibility with investors, analysts, shareholders, regulatory bodies and business partners;
- Inform management and the Board about developments in financial markets, perceptions of investors and analysts;
- Enhance management's understanding of market and peers performance, strengths and strategies; and
- Ensure consistency and relevance of market communications

Principle 6 – Respect the rights of security holders (continued)

The Virgin Australia IR program includes a combination of scheduled and strategy driven activities shown below.



Scheduled activities consist of both external and internal reporting. External reporting includes quarterly trading updates, including quarterly operating statistics, half-year and full year results announcements and annual report, whereas internal reporting includes Board and management reporting, regular market / shareholder activity reporting and competitive analysis and benchmarking.

Strategy driven activities support scheduled activities and are aimed at further developing relationships and communications with the market. These activities include investor roadshows and various electronic market communications either through the ASX or media channels.

All relevant corporate governance information can be accessed via the Virgin Australia website. Copies of the Company's Constitution, Board Charter, Board Sub-Committee Charters and Company policies are available on the Corporate Governance section of the Company's website.

The Company's full year, half-year and quarterly financial reports, annual reports, notice of annual general meeting, announcements to the market, media releases and investor briefing presentations are available through the Company's website. Commentary on the Company's financial results are provided to enhance the clarity and balance of reporting and to ensure that investors are provided with information to assist them in making an informed assessment of the Company's activities and results.

Shareholders who request a hard copy of the annual report will have one provided to them, and shareholders may lodge their proxy votes online or by mail. The Company makes its annual general meeting available via webcast on its website.

A copy of the Shareholder Communications Policy is available on the Corporate Governance section of the Company's website.

Principle 7 – Recognise and manage risk

Risk management system

It is the role of the Board to set the risk appetite and ensure that the Company's risk management systems are both in place and effective. To discharge that responsibility, the Board, through its Audit and Risk Management Committee and Safety and Operational Risk Review Committee continues to review and enhance the systems of risk management and oversight that cover the key strategic, financial, commercial, safety, security, operational and compliance risks of the Group.

Details of the Audit and Risk Management Committee can be found on page 7.

Corporate governance statement (continued)

Principle 7 – Recognise and manage risk (continued)

Safety and Operational Risk Review Committee

The Board has established a Safety and Operational Risk Review Committee whose role is to assist the Board to discharge its oversight responsibilities relating to:

- Operational safety, health and security risks.
- Maintaining best practice in operational safety management, including compliance with legal and regulatory obligations and internal systems of control.
- Reviewing the establishment and operation of operational risk management systems.
- Monitoring operational risk management processes maintained by providers and codeshare partners.
- Monitoring serious investigations and remedial actions.

The Safety and Operational Risk Review Committee has four members, three of whom are independent directors and has an independent chair. The Committee has appointed an External Advisor to assist in undertaking its responsibilities.

Details of names and relevant qualifications of those directors appointed to the Safety and Operational Risk Review Committee, the number of meetings the Safety and Operational Risk Review Committee held during the financial year ended 30 June 2016, and the names of the attendees can be found on pages 1 to 5 of the Annual Financial Report 2016. A copy of the Safety and Operational Risk Review Committee Charter is available on the Corporate Governance section of the Company's website.

Risk management framework

The Risk Management Framework has been developed and implemented to guide the identification and management of risks to support the achievement of business objectives and the fulfillment of corporate governance obligations. The Framework which is aligned to the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines) is reviewed annually by the Audit and Risk Management Committee to ensure it continues to be sound. The Risk Management Framework has been reviewed by the Audit and Risk Management Committee during the 2016 financial year. The Risk Management Policy, Standard and Matrix which are contained in the Framework are dynamic documents that evolve with the changes in strategic direction of the Company. A copy of the Risk Management Policy is available on the Corporate Governance section of the Company's website.

Risk management forms an integral part of all decision making and as such, is embedded into the Company's existing processes. Awareness of, and compliance with, safety, security and other regulation and legislation is also critical to the ongoing sustainability of the business. To this end, teams have been established to coordinate risk management within the Group and to assist each department in undertaking its own risk assessments, tracking and monitoring progress on the implementation of risk action plans and the facilitation of risk reporting to the Group Management Committee and the Board.

Internal audit

The Group's internal audit function assists the Board by providing independent and objective assurance and consulting services that are designed to improve the effectiveness of the Company's risk management, control and governance processes. It also partners with management to add value by assisting in the achievement of both strategic and operational objectives.

The Audit and Risk Management Committee is responsible for recommending to the Board the appointment or removal of the General Manager Internal Audit who has a direct reporting line to the Chair of the Committee to bring the requisite degree of independence and objectivity to the role.

The internal audit plan details the program of audits to be conducted each financial year, is risk-based to align the assurance activities to the key business risks and is approved by the Audit and Risk Management Committee. Audit findings and the implementation of management's action plans in response there to are reported periodically to the Audit and Risk Management Committee who also assess the objectivity and performance of the internal audit function.

Material Exposures

An overview of the significant risks and uncertainties is located on page 13 of the Annual Financial Report 2016.

Environmental regulation

The Group's operations are subject to carbon reporting, noise pollution and other similar environmental regulations. The directors believe that the Group has adequate systems in place to manage the risks of its environmental requirements as they apply to the Group.

Sustainability

Further information about the Group's approach to Sustainability can be found at page 11 of the Annual Report 2016 or on the Company's website.

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee

The Board has established a Remuneration Committee which is responsible for determining and agreeing with the Board a framework and broad policy for remuneration. It advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages, incentives and other terms of employment for non-executive and executive directors, the CEO and senior executives. A copy of the Remuneration Committee Charter is available on the Corporate Governance section of the Company's website.

The Remuneration Committee on behalf of the Board may independently seek any information it requires from any employee in order to perform its duties and may appoint remuneration consultants or other advisors as appropriate at the Company's expense. The Committee ensures, through strong governance procedures, that no employee is directly involved in determining their own remuneration mix and quantum.

The Remuneration Committee has four members who are non-executive directors and has an independent Chair. The names of the members of the Remuneration Committee and their attendance at meetings are disclosed at pages 1 to 5 of the Annual Financial Report 2016.

Remuneration structure

The Group aims to set executive remuneration competitively against the peer group, considering the size and nature of an individual's role as well as performance in the role. The mix of remuneration, between fixed and variable components, aligns to Group strategy, business imperatives and regulatory requirements.

Non-executive directors are remunerated by way of fees and do not participate in schemes designed for the compensation of executives. They do not receive options or bonus payments and are not provided with retirement benefits other than statutory superannuation.

Further details of compensation of directors and key management personnel can be found in the remuneration report at pages 15 to 35 of the Annual Financial Report 2016.

Prohibition against use of margin loans and hedging arrangements

The Securities Trading Policy prohibits short-term trading and hedging economic exposure to unvested options issued pursuant to an employee option plan. Directors and the CEO are prohibited from obtaining margin loans using the Company's securities as security for loans.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

VIRGIN AUSTRALIA HOLDINGS LIMITED (VAH)

ABN / ARBN

54 100 686 226

Financial year ended:

30 June 2016

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: www.virginaustralia.com/corporategovernance

The Corporate Governance Statement is accurate and up to date as at 22 September 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 22 September 2016

Sharyn Page
Company Secretary



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> Refer to Board Charter located at: www.virginaustralia.com/corporategovernance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> www.virginaustralia.com/corporategovernance</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> Remuneration Report in the Virgin Australia Holdings Limited Annual Financial Report 2016</p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> Remuneration Report in the Virgin Australia Holdings Limited Annual Financial Report 2016</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Director's Report in the Virgin Australia Holdings Limited Annual Financial Report 2016</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at Director's Report in the Virgin Australia Holdings Limited Annual Financial Report 2016. ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at Director's Report in the Virgin Australia Holdings Limited Annual Financial Report 2016	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Director's Report in the Virgin Australia Holdings Limited Annual Financial Report 2016</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Director's Report in the Virgin Australia Holdings Limited Annual Financial Report 2016</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at Operating and Financial Review in the Virgin Australia Holdings Limited Annual Financial Report 2016.	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.virginaustralia.com/corporategovernance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Director's Report in the Virgin Australia Holdings Limited Annual Financial Report 2016</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Remuneration Report in the Virgin Australia Holdings Limited Annual Financial Report 2016.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES		
<p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>