

Audit Committee Charter

Webjet Limited ABN 68 002 013 612 (**Company**)

MinterEllison

L A W Y E R S

RIALTO TOWERS, 525 COLLINS STREET, MELBOURNE VIC 3000, DX 204 MELBOURNE
TEL: +61 3 8608 2000 FAX: +61 3 8608 1000
www.minterellison.com

Audit Committee Charter

1. Introduction

- 1.1 The Audit Committee is a committee established by the board of directors (**Board**) of Webjet Limited (**Company**).
- 1.2 The Board established the Audit Committee under the Company's constitution.
- 1.3 This Charter sets out the scope of the Audit Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4 The Audit Committee is a committee of the Board and is accountable to the Board for its performance.
- 1.5 The Charter sets out the general rules governing the composition, responsibilities and operation of the Audit Committee. In establishing the Audit Committee, it is intended by the Board that the primary function of the Audit Committee will be as a committee of review and general oversight. It is not intended that, unless specifically delegated by the Board in respect of a matter and resources allocated accordingly, the Audit Committee will undertake detailed investigation of matters within its areas of responsibility or any executive function.
- 1.6 The Charter is neither intended to be exhaustive or prescriptive of the responsibilities of the Audit Committee nor, in the performance by the Audit Committee of its functions and responsibilities, is it to be read and applied in a literal manner.

2. Objective

The objectives of the Audit Committee are to:

- (a) help the Board and the Company achieve its objectives in relation to:
 - (i) external and internal financial reporting;
 - (ii) the application to the Company of accounting policies;
 - (iii) legal and regulatory compliance; and
 - (iv) internal financial control and risk management;
- (b) maintain and improve the quality, credibility and objectivity of the financial accounting and reporting processes (including financial reporting on a consolidated basis);
- (c) oversee the appointment, remuneration, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole;
- (d) promote a culture of compliance;
- (e) ensure effective external audit functions and communication between the Board and the external auditors; and
- (f) review and generally assess the effectiveness of the Group's financial compliance processes and strategies.

3. External financial reporting

The Audit Committee is responsible for:

- (a) assessing the appropriateness and application of the Group's accounting policies and principles and any changes proposed or required in order for them to accord with the applicable accounting standards and financial reporting framework;
- (b) obtaining an independent opinion from the external auditor on:
 - (i) the acceptability and appropriateness of the accounting policies and principles put forward by management and the Company generally; and
 - (ii) the appropriateness and clarity of the current and/or proposed financial disclosure practices put forward by management;
- (c) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) of the Company by:
 - (i) querying management on how they were made and the assumptions underpinning those estimates or judgments;
 - (ii) testing, where appropriate, the estimates or judgments; and
 - (iii) querying the external auditors on how they concluded that those estimates or judgements were fair and reasonable;
- (d) reviewing compliance (where applicable) with all related party disclosures required by the accounting standards and the *Corporations Act 2001* (Cth);
- (e) assessing information from external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations and internal control issues);
- (f) reviewing all half-yearly and annual financial reports (including those prepared on a consolidated basis) with management, advisers and the external auditors (as appropriate) to assess (among other things):
 - (i) the compliance of accounts with accounting standards and financial reporting requirements of the *Corporations Act 2001* (Cth) and ASX Listing Rules; and
 - (ii) the nature and impact of any changes in accounting policies during the applicable period;
- (g) discussing any draft audit opinion letter with the external auditors before it is finalised;
- (h) receiving any management letter from the external auditors;
- (i) reviewing and, as required, recommending amendments to all interim and final financial reports and annual (and other) reports to ASIC and ASX and recommending to the Board their approval and adoption by the Board;
- (j) reviewing compliance by the Group with any and all industry financial reporting, licensing and compliance requirements; and
- (k) following up on any matter raised by the Board regarding the Company's financial reports, audit opinions and management letters.

4. Internal financial control

The Audit Committee is responsible for:

Internal audit, compliance and control systems

- (a) overseeing the establishment and implementation of internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- (b) approving, and recommending for adoption by the Board, policies and procedures on risk management and oversight and to establish an effective and efficient system for identifying, assessing, monitoring and managing financial risks; and
- (c) monitoring the effectiveness of, and assessing the adequacy of, the internal financial control systems with management and external auditors; and
- (d) regularly assessing the need for an internal audit capability and, if it is determined that there is a need, the method of its introduction and/or the scale, scope and resourcing of that internal audit capability.

Key financial issues and risks

- (e) capital management (funding, liquidity, balance sheet management, dividends);
- (f) assessing and prioritising the areas of greatest potential financial risk, including:
 - (i) protection of key assets;
 - (ii) compliance with laws, regulations, accounting standards and best practice guidelines that may result in significant financial loss;
 - (iii) important judgments and accounting estimates; and
 - (iv) maintenance of proper accounting records;
- (g) assessing the internal process for determining areas of greatest potential financial risk;
- (h) assessing and monitoring the management of areas of greatest potential financial risk;
- (i) reporting to the Board on the adequacy of the financial risk management;

Tax

- (j) reviewing management's practices and systems for managing the imposition and impact of taxation on the Group;

Disclosure and reporting

- (k) ensuring management establishes a comprehensive process to capture all financial information that must be disclosed to ASX;
- (l) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial information; and
- (m) assessing management's processes for ensuring non-financial information in documents (both public and internal) does not conflict inappropriately with financial reports and other documents.

5. External audit

The Audit Committee is responsible for:

- (a) approving, and recommending to the Board for acceptance, the terms of engagement of the external auditor prior to or at the beginning of each financial year;

- (b) regularly reviewing with the external auditor:
 - (i) the scope of the external audit;
 - (ii) any conflicts or potential conflicts between the interests of the external auditor and the interests of the Group;
 - (iii) identified financial and accounting risk areas; and
 - (iv) any other agreed procedures;
- (c) approving and recommending to the Board for adoption, policies and procedures for appointing or removing an external auditor, including criteria for:
 - (i) assessing and reviewing technical and professional competency;
 - (ii) adequacy of resources; and
 - (iii) experience, integrity, objectivity and independence;
- (d) recommending to the Board for approval, the appointment or removal of an external auditor based on the policies, procedures and judgements referred to in paragraph (c);
- (e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (c);
- (f) recommending to the Board the remuneration of the external auditor;
- (g) regularly reviewing the effectiveness and independence of the external auditor taking into account:
 - (i) the length of appointment;
 - (ii) the last date that the lead engagement partner was rotated;
 - (iii) an analysis and disclosure of fees paid to external auditors, including the materiality of fees paid for non-audit services and the nature of those services; and
 - (iv) any relationships with the Group or any other person, body or organisation that may impair or give rise to the appearance or perception of impairment of the external auditor's independence;
- (h) satisfying itself that the external auditor can do an effective, comprehensive and complete audit for the external auditor's agreed fee;
- (i) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or giving rise to the appearance or perception of impairment of the external auditor's independence;
- (j) meeting periodically with the external auditors and inviting them to attend Audit Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;
 - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
 - (iii) make recommendations to the Board;
- (k) asking the external auditor if there have been any significant disagreements with management and whether they have been resolved or not;

- (l) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations;
- (m) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate; and
- (n) receiving and reviewing the reports of the external auditor.

6. Other responsibilities

The Audit Committee is responsible for:

- (a) if it is appropriate to do so, investigating any complaint or allegation made to it;
- (b) reviewing and monitoring any related party transaction and recommending its approval or termination; and
- (c) ensuring the audit and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

7. Audit Committee composition

7.1 The Audit Committee must comprise at least three members.

7.2 The membership of the Audit Committee will ordinarily comply with the following principles:

- (a) its members will be non-executive Directors;
- (b) a majority of the members will be independent Directors;
- (c) an independent Director, who is not the chairman of the Board, will be its chairperson; and
- (d) its members will be sufficient in number, independence and technical expertise to effectively discharge its mandate.

7.3 If the Board is of the opinion, bearing in mind:

- (a) the composition of the Board (from time to time);
- (b) the existing membership of the Audit Committee (from time to time); and
- (c) the circumstances generally of the Company,

that additional experience, expertise or skills are required if the Audit Committee is to adequately or appropriately fulfil its obligations under this Charter, then subject to it being permitted under the ASX Listing Rules and all other applicable laws, the Board may approve the appointment to the Audit Committee (or as a consultant to the Audit Committee) of a person (or persons) with such experience, expertise or skills as required despite the fact that such person (or persons) may not be a non-executive Director. For clarity, and without limiting the above, it is intended that any such person appointed to the Audit Committee will be independent and will not be an executive Director, employee, agent, consultant or professional service provider to the Company or a related person of any Director or officer of the Company.

7.4 The Audit Committee will appoint its chairman.

7.5 Each member of the Audit Committee should have an understanding of the industry in which the Group operates.

7.6 The Board will decide appointments, rotations and resignations of members of the Audit Committee having regard to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

8. Audit Committee meetings

- 8.1 The Audit Committee will meet as often as it considers necessary.
- 8.2 The quorum for a meeting of the Audit Committee is two members of the Committee.
- 8.3 Any member of the Audit Committee may call a meeting of the Audit Committee. The chairman of the Audit Committee will not have a second or casting vote.
- 8.4 Any person (including expert advisors) that the Committee regards as appropriate may be invited to attend meetings of the Audit Committee, but not necessarily for the full duration of the meeting. An invitation to attend meetings of the Audit Committee may at any time be issued by the Committee to:
- the Managing Director;
 - the Chief Financial Officer; and
 - the engagement partner of the external auditor.
- 8.5 Audit Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.6 The Audit Committee may pass or approve a resolution without holding a meeting in accordance the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).

9. Minutes of Audit Committee meetings

- 9.1 The Audit Committee must keep minutes of its meetings.
- 9.2 Subject to clause 9.3, the Minutes of each Audit Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit Committee.
- 9.3 If the next full Board meeting after a meeting of the Audit Committee is held on the same day as the relevant meeting of the Audit Committee, the requirement of clause 9.2 to include the Minutes of the meeting of the Audit Committee in the papers for the next full Board meeting will apply in respect of the papers for the next full Board meeting held after that date.
- 9.4 Minutes must be distributed to all members of the Audit Committee (after approval of the draft minutes by the chairman of the Audit Committee).
- 9.5 Minutes, agendas and supporting papers will be available to all Directors upon request to the Audit Committee secretary, except if there is a conflict of interest.

10. Reporting to the Board

The chairman of the Audit Committee must report the Audit Committee's findings to the Board as soon as reasonably practicable after each Audit Committee meeting.

11. Access to information and independent advice

- 11.1 The Audit Committee may seek any information it considers necessary to fulfil its responsibilities.
- 11.2 The Audit Committee has unrestricted access to:
- (a) management to seek explanations and information from management; and
 - (b) external auditors to seek explanations and information from them, with or without management being present (as the case may require).

11.3 The Audit Committee (and each member of the Audit Committee, with the consent of the chairman of the Committee and prior approval by the chairman of the Committee of the likely costs of obtaining that advice) may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost.

11.4 The Audit Committee may meet with these external advisers without management being present.

12. Performance

The Committee will assess its performance each year having regard to the principles and requirements of the Charter and the overall objectives of the Audit Committee.

13. Review and changes to this Charter

13.1 The Audit Committee will review this Charter annually or as often as it considers necessary.

13.2 The Board may change this Charter from time to time by resolution.

WEBJET LIMITED

17 August 2016