



A I R P A R T N E R

**AIR PARTNER PLC
(the 'Company')**

**Terms of reference for the Remuneration Committee
(the 'Committee')**

1. Membership

- 1.1. The Committee shall comprise at least three members, all of whom shall be independent non-executive Directors as determined by the Board (in accordance with the UK Corporate Governance Code (the "**Code**"). The Chair of the Board may also serve on the Committee if he or she was considered independent on appointment as chair, but he or she is not permitted to chair the Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Committee chair. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3. No person (including Directors, the chair of the Board or Senior Executives) of the Company shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their remuneration.
- 1.4. The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 1.5. Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, provided the members continue to be independent.
- 1.6. The Board shall appoint the Committee chair who shall be an independent non-executive director who has already served on a remuneration committee for at least 12 months. In the absence of the Committee chair or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
- 1.7. The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 1.8. The company secretary or his or her nominee shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the



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Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

2. Quorum

The quorum necessary for the transaction of business at a Committee meeting shall be two members.

3. Frequency of Meetings

The Committee shall meet at least twice a year and at such other times as the Committee chair shall require.

4. Notice of meetings

4.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair.

4.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair.

5. Minutes of meetings

5.1. The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

5.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes shall be circulated to all other Board members unless in the opinion of the Committee chair it would be inappropriate to do so.

6. Annual general meeting

The Committee chair shall attend the annual general meeting of the Company to answer any shareholder questions on the Committee's activities.

7. Duties

The Committee shall carry out the duties detailed below for the Company and its subsidiaries (the "**Group**") as appropriate:

Remuneration policy and practices

7.1. Determine and agree with the Board the policy for the remuneration and benefits, including pension rights and compensation payments, of the executive Directors and set the remuneration for the chair of the



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Company, the executive Directors, the company secretary and senior management reporting to the Chief Executive Officer (the “**Senior Executives**”). No Director or Senior Executive shall be involved in any decisions as to their own remuneration.

- 7.2. In determining the remuneration policy, consider all relevant legal and regulatory requirements and the provisions and recommendations of the Code and associated guidance. The main objective of the policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. The policy should consider the strategy of the Group and how the policy reflects and supports the long-term strategy and have regard to the Company's risk appetite and alignment to the Company's risk policies and systems and long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- 7.3. When determining executive director remuneration policy and practices, address the following factors set out in Provision 40 of the Code: clarity, simplicity, risk, predictability, proportionality and alignment to culture.
- 7.4. When determining remuneration schemes and the remuneration policy, consider the use of discretion by the Committee to override formulaic outcomes.
- 7.5. Review at least annually the on-going appropriateness and relevance of the remuneration policy and consult with significant shareholders, as appropriate, on the policy or any other aspects of remuneration.
- 7.6. Within the terms of the agreed remuneration policy, determine the total remuneration package for the chair of the Board and each element of the total individual remuneration package for each executive director, the company secretary and Senior Executives including (to the extent applicable) base salary, profit sharing and specific incentive remuneration schemes or arrangements, participation in share option schemes and share ownership plans, pension arrangements, including the level of contributions by the Company; and other bonuses and benefits in cash or in kind.
- 7.7. Ensure, where relevant, that any payments made in respect of any remuneration package are permitted under the latest shareholder approved remuneration policy and, if not, that either a revised remuneration policy or the proposed payment is submitted for shareholder approval.
- 7.8. Exercise any discretion or judgment on remuneration outcomes in accordance with any incentive schemes and the remuneration policy, taking account of company and individual performance, and wider circumstances.

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- 7.9. Agree the policy for authorising claims for expenses from the Directors.
- 7.10 When setting remuneration policy for Directors, review and have regard to pay and employment conditions across the Group, especially when determining annual salary increases.

Remuneration consultants

- 7.11 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations and enable it to judge where to position the Company relative to other companies, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information that it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board.
- 7.12 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

Share based remuneration and bonus arrangements

- 7.13 Recommend for approval by the Board the design of, and determine targets for, the operation of all long-term incentive schemes, including all schemes involving the award of shares or the grant of options, in which executive Directors, the company secretary and Senior Executives participate. For any such schemes or plans, determine each year whether the awards will be made, and if so, approve the levels of participation in such schemes or plans by those individuals.
- 7.14 Monitor and assess any performance conditions applicable to any long-term incentive awards granted under any schemes or plans adopted by the Company. Ensure that the performance conditions are fully explained, aligned to the Company purpose and values, and clearly linked to the successful delivery of the Company's long-term strategy and enhancement of shareholder value.
- 7.15 Consider whether the executive Directors, the company secretary and Senior Executives should be eligible for annual bonuses.
- 7.16 Recommend for approval by the Board the design of, and determine annual targets and key performance indicators for, any bonus scheme operated by the Company and assess performance against targets and key performance indicators, by the Company, individual executive Directors, the company secretary and Senior Executives.
- 7.17 Exercise independent judgement and discretion when authorising outcomes under all incentive arrangements, taking account of company and individual performance, and wider circumstances.
- 7.18 Design and invoke agreed safeguards, for example, clawback or withholding the payment of any sum or share award, to protect against rewards for failure through appropriate risk management of any incentive

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arrangements to ensure that any performance-related payments reflect actual achievements.

- 7.19 Ensure that all incentive arrangements are aligned to the Company's risk policies and systems, its purpose and values, support the strategy and promote long-term sustainable success.

Pensions

- 7.20 Review the pension arrangements for executive Directors and other designated Senior Executives and consider:
- (a) the alignment of pension contribution rates, or payments in lieu, for executive Directors and other designated Senior Executives with those available to the workforce; and
 - (b) the pension consequences and associated costs to the Company of basic salary increases and any other changes in pensionable remuneration or contribution rates, particularly for Directors close to retirement, when compared with workforce arrangements.

Service contracts and severance

- 7.21 Approve the terms of the service contracts, the duration of which shall not exceed one year's notice period for the executive Directors and any material amendments to those contracts.
- 7.22 Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Workforce remuneration and related policies

- 7.23 Review workforce remuneration and related policies and the alignment of incentives and rewards with culture.
- 7.24 Oversee any major changes in remuneration and employee benefits structures throughout the Group.

8 Reporting responsibilities

- 8.10 The Committee chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, unless it would be inappropriate to do so.
- 8.11 The Committee shall:
- (a) report to the Board on workforce reward, incentives and conditions, and support the Board's monitoring of the alignment of Company policies and practices with culture and strategy;
 - (b) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;



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- (c) ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Code, are fulfilled;
- (d) prepare a formal report annually for shareholders to be incorporated in the Company's annual report that shall include:
 - information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules and any other relevant statutory, regulatory or governance codes;
 - an annual statement by the Committee's chair and annual report on Directors' remuneration (together, annual remuneration report); and
 - the Directors' remuneration policy when it must be submitted for approval to shareholders (every three years, or in any year in which there is a change to the policy, or if shareholder approval was not obtained when last submitted; and if majority shareholder approval was not achieved on the last submitted annual remuneration report) and, in any other case, either the Directors' remuneration policy, a summary of such policy or details of when the Directors' remuneration policy was approved and where it can be found on the Company's website.
- (e) if the Committee has appointed remuneration consultants, identify in the annual report, the name of the consultants and state whether they have any connection with the Company or individual Directors;
- (f) ensure through the Chair of the Board, that the Company maintains contact, and the Committee chair seeks engagement as required, with the Company's principal shareholders on significant matters related to the Committee's areas of responsibility; and
- (g) prepare and adopt a report on the Committee's work and activities for inclusion in the Company's annual report setting out:
 - the number of meetings of the Committee and individual attendance by the members; and
 - the matters listed in Provision 41 of the Code and other information recommended by the Code.

9 Other matters

The Committee shall:

- 9.10 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 9.11 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

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- 9.12 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors of listed companies and formation and operation of share schemes including but not limited to the Companies Act 2006, the principles and provisions of the Code, the requirements of the Listing Rules, the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association, the Pensions and Lifetime Savings Association, the GC100 and Investor Group and any other applicable rules, as appropriate;
- 9.13 work and liaise as necessary with all other Board committees, including the nomination committee in respect of any remuneration package to be offered to any new appointee of the Board; and
- 9.14 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10 Authority

The Board authorises the Committee to:

- 10.10 carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary;
- 10.11 seek any information it requires from any employee of the Company or Group to perform its duties;
- 10.12 secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense;
- 10.13 call any employee of the Group to be questioned at a Committee meeting as and when required; and
- 10.14 have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

Adopted at the Board meeting of the Company on 27 January 2019.