



A I R P A R T N E R

## **AIR PARTNER PLC ANNUAL GENERAL MEETING 15 JULY 2020**

### **ANSWERS TO QUESTIONS FROM SHAREHOLDERS ASKED IN ADVANCE OF THE MEETING**

#### **FREIGHT**

**1. Air Partner's freight business has had great successes in the past few months in arranging the transport of PPE around the world. Does the Company see opportunities for the transport of non-PPE cargo, required by supply chains which are, and will possibly be in the foreseeable future, heavily disrupted by the effect of COVID-19 pandemic on freight capacity normally available?**

Our freight business has been incredibly busy with PPE equipment transportation and other COVID-19 related responses. Although no-one can predict with certainty if further transportation of PPE will be required around the world and for how long, we have more recently seen freight activities being more normalised. Our freight team are seeking all opportunities in this changing market, working closely with existing and new customers and adapting to their changing needs.

#### **USA**

**1. The Company's offices in the USA are located in States that are now experiencing very high COVID-19 infection increases (Florida, Texas, California). How does this affect the Company's current business and opportunities in these States?**

Our priority throughout the COVID-19 pandemic has been to keep our people, and all other stakeholders, safe, and that remains the same today. We have kept our people closely informed of all relevant government rules or guidance around the world and how they apply to the way we operate, whether restrictions apply or those restrictions are relaxed. Given the current spike of the COVID-19 infection in the USA, our teams there work from their home rather than from the local offices. The services we offer in the USA can be provided effectively by our people in this way, and the team spirit that underlines our Company's culture has been kept intact.

**2. Can management elaborate on domestic and international Air Charter and Private Jet business activity in or originating from the USA, ie has there been a substantial increase in activity?**

Air Partner took early and decisive action during the COVID-19 pandemic, ensuring the Group was well positioned to support our global customers' emergency aviation needs. The immediate focus has been on evacuations and repatriation for Charter and Private Jets as well as flying PPE equipment and emergency aid for freight. In the USA and in certain other geographies, we have seen a number of corporate shuttle charters for businesses that needed to continue moving and wanted to do so in a manner that ensures people's safety is prioritised. Additionally, we have seen significant increase in Private Jet enquiries across all territories as a result of people wanting to fly post lockdown but wanting to stay safe, ensuring social distancing and knowing who is on the flight. Some of these enquiries are now turning into bookings and we expect, as we slowly emerge from the crisis, further uptake in Private Jet bookings.



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## CULTURE

### **1. How would Amanda Wills, who is on the Employee Advisory Panel, in her own words describe the company's culture?**

The company has teams of great people who deliver extraordinary customer service. This is supported by a culture committed to customer centricity. We have five core values, namely 'Care deeply', 'Take responsibility', 'Live your passion', 'Work as one' and 'Be extraordinary'. These values underpin our strategy and are clearly communicated within the organisation to provide the framework of our culture and define the way in which our employees go about their business.

The Peter Saunders award for extraordinary customer service was launched in 2019 and recognises employees who have delivered extraordinary customer service either internally or externally.

### **2. What less desirable aspects of the culture were identified in the review of culture, and what are the implications of these?**

In our last annual employee engagement survey there were a number of themes that related to communication which presented opportunities for improvement. As a result in 2019 we introduced a range of communication channels including All Hands meetings, Town Halls, a new Intranet. During COVID-19 we have also introduced weekly CEO video updates.

The Engagement Pulse Survey run in May 2020 showed over 80% of respondents as satisfied or very satisfied with leadership communication.

### **3. What is the latest morale and employment status / your plans for the 32% of staff that were on furlough (in late May)?**

Morale during COVID-19 has remained high. In the May 2020 Pulse Survey respondents provided an overwhelmingly positive rating to the way the business and leadership has responded to COVID-19.

A percentage of employees were placed on furlough as a consequence of significant business downturn and reduced volumes of work. Since then a number of roles have already or will shortly return as business returns. We are however continually assessing the medium to long term impact of the COVID-19 crisis on our market and the needs of our customers which, regrettably, may lead to some roles not returning.

### **4. How good is the employee satisfaction and collaboration, right now?**

80% of respondents to the May 2020 Pulse Survey were satisfied or very satisfied with leadership communication. Our employees have responded exceptionally during the COVID-19 pandemic working in a highly collaborative and productive manner.

### **5. How satisfied are non-executive board members with the leadership by the executives with regards to culture and collaboration?**

The non-executive directors are extremely satisfied with the way the executive directors lead the organisation in line with the company's defined purpose, vision, mission and values.



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### REMUNERATION

**1. In what ways, and why, were variable compensation mechanisms for brokers and sales teams changed in 2019? (Nature of behavioural change desired / link to culture?)**

The commission schemes now have a link to the individuals' KPIs which will help to drive behaviours aligned to the Company's purpose, strategy and values.

**2. Why does a relatively small company want to have executive remuneration so complex that 14 pages are required in the Annual Report?**

Unlike many companies of Air Partner's size and market capitalisation, Air Partner has a full Premium Listing, not an AIM quote. As such, Air Partner must disclose the Executive's remuneration in great detail, in accordance with all applicable regulations and also in compliance with the remuneration policy approved by Shareholders at the 2019 AGM. We are keen to achieve as much transparency as possible for our shareholders on these matters.

**3. Given the substantial on-target CEO compensation, the multiplier effect salary has for the bonus opportunity, pension and LTIP, the poor 2019/20 profits, and the history of past accounting irregularities and acquisitions with questionable return on investment, why was a 13% CEO salary increase in August 2019 thought appropriate?**

Our packages aim to recruit and retain talented Executive Directors and senior executives capable of effectively delivering on the Group's strategy and driving business outcomes through their teams, thereby enhancing long-term shareholder value. The Committee benchmarked the Executive Directors' salaries against external comparators and the salary of our CEO was increased by 13.1%.

**4. Why is it appropriate that the LTIP is a gift i.e. with zero exercise price for the shares? (Why not just share equity upside i.e. new value creation above an exercise price?)**

Awards vest after three years based on Group financial targets. Two thirds of the award is based on an earnings per share (EPS) target and the remaining third on a total shareholder return (TSR) target. 25% of awards vest at threshold levels of performance. For performance above threshold, awards vest on a straight-line basis up to a maximum of 100%. This is the conventional and normal long-term incentive structure for UK Premium Listed companies. The Company has used this structure for many years now. It was part of the policy which was approved by shareholders at the 2019 AGM.



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- 5. “Underlying” profit has been chosen for remuneration purposes (rather than indisputable and clear-cut statutory profit). Management will naturally often want this measure to mean “profit excluding bad news”. How does the RemCom ensure that the chosen “underlying” number is fair for the purposes of remuneration?**

Underlying profit is the measure Air Partner uses after external benchmarking. Please consider the notes to the accounts on page 115 and page 28 of the Chief Financial Officer’s review in the FY20 Annual Report and Accounts for what is included in underlying profit and statutory reported profit. You will note both credit and debits are taken to exceptional and other items in the Consolidated income statement. In addition, PwC is the Company’s auditors who heavily scrutinise what is taken to exceptional and other items in line with the accounting standards. The Audit and Risk Committee on page 66 & 67 of the FY20 Annual Report and Accounts specifically review the presentation of exceptional and other items to ensure they are fair, balanced and understandable.

- 6. When deciding remuneration for 2020/21, will the government salary assistance for furloughed staff be deducted when calculating “underlying” profit?**

The COVID-19 pandemic has influenced the Company in a wide variety of ways, both negative and positive. The Remuneration Committee will review the executives’ performance in the round so as to achieve a balanced outcome that is fair for both management and shareholders.