



# REMUNERATION COMMITTEE CHARTER

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## **1. Introduction**

The Remuneration Committee (REMCO) is a Committee of the Board of Directors (the “Board”) of Inter-Ocean Aviation Finance Corporation including its subsidiaries (“the Company”) to which the Board has delegated certain oversight responsibilities.

## **2. Objective**

The REMCO (“the Committee”) was established to ensure that the remuneration arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of high performing staff, including the senior Executives while complying with the requirements of the applicable laws and regulations. The Committee has the delegated responsibility for establishing the remuneration structure and performance evaluation process for all staff, senior management, Directors, and the Chairperson of the Board, including pension rights and any other forms of remuneration.

The Committee does not relieve the Board of its responsibilities in any way.

## **3. Composition**

3.1 The Committee shall comprise of at least 3 members and the majority should be non-executive members and where possible, independent.

3.2 The Chairperson of the Board shall not be the Chairperson of the Committee.

3.3 The Chairperson of the Committee shall be an independent non-executive Director.

3.4 The Board shall appoint the members and the Chairperson of the Committee.

3.5 Appointments to the Committee will be for a period of time as the Board requires.

3.6 Only members of the Committee have the right to attend Committee meetings. However, other executive Directors, senior managers of staff and external advisors may be invited to attend for all or part of any meeting as and when appropriate and necessary.

3.7 The Board may at any time remove members from the Committee and fill any vacancy created by such removal.

## **4. Meetings**

4.1 The Committee shall meet at least three times a year or more frequently at the discretion of the members of the Committee.

4.2 A quorum for a meeting of the Committee is a majority of the members present in person, by video conference, webcast or telephone.

4.3 Notice of each meeting confirming logistics and an agenda of items to be discussed and supporting reports, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 5 days before the date of the meeting.

4.4 The Committee shall, if required, invite the Chairperson of the Board to attend meetings to discuss the performance of Executive Directors and to make proposals as necessary.

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

4.6 Draft minutes and matters arising of the Committee meetings shall be circulated no later than 15 working days after such meeting to all members of the Committee and the attendees. Once approved by the Committee during the next scheduled Committee meeting, the minutes should be made available to members of the Board should they so wish to review these minutes.

## **5. Annual General Meeting**

5.1 The Committee Chairperson may attend the Annual General Meeting to answer any shareholder questions on the Committees activities if required.

## **6. Responsibilities of the Committee**

### *Human Resources (HR) and Policies*

6.1 The Committee shall:

6.2 Set the remuneration policies for all Directors and employees. The Board however shall approve the remuneration of the non-executive directors. No director or senior manager shall be involved in any decisions as to their own remuneration.

6.3 Oversee any major changes in employee benefit structures throughout the Company.

6.4 Perform an annual review of the Group HR Business Continuity plan as reviewed by the Corporate Governance, Nominations and Ethics Committee.

6.5 Review the progress made regarding the implementation of the Group HR Development plan.

6.6 Review any findings and recommendations received from internal or external audits relating to HR or payroll and how management have implemented such recommendations.

6.7 Provide oversight of the Group's HR risk profile by reviewing management reports on key workforce metrics, compliance matters, and the progress of critical HR operational initiatives.

6.8 Consider on an annual basis if an external salary benchmarking process is required to obtain assurance regarding the appropriateness of remuneration arrangements.

6.9 Monitor organizational culture and employee engagement by reviewing the outcomes of staff surveys, exit interviews and associated management action plans.

### *Remuneration and Performance Incentives*

6.10 Review the parameters for next year's performance management process for approval by the Board and recommendation to the Shareholders for approval as indicated below during the next planned Shareholders Meeting. This review will include the:

- Group Earnings Target (GET) Methodology (Shareholder Approval Required)
- Application of the GET Methodology (Shareholder Approval Required)
- Employees that will participate in the KPI process and the Performance Review Process
- The planned KPI process and the cascading of KPI's
- Nominated Profit Pool Members (Shareholder Approval Required)
- Terms and Conditions to the KPI pool (Shareholder Approval Required)
- Terms and Conditions to the Profit pool (Shareholder Approval Required)

- Terms and Conditions to the Long-Term Incentive Scheme (Shareholder Approval Required)
- Time Lines to the above

6.11 Review and recommend for approval by the Board, the KPI's for the Executive Directors and the Group Governance, Compliance and Risk Officer in advance to the start of the financial year.

6.12 Review the actual mid-year achievement of Executive Directors KPI's for the current year and a progress report regarding the achievement of the GET.

6.13 Review the outcome of the mid-year KPI process for employees of the Group for the current year.

6.14 For the year that has passed, to review the proposed amount to be made available for all performance bonuses and increases for the Group based on the achievement of the GET and the outcome of the KPI and performance review processes. In addition, to review any LTI's and achievement of the required criteria for payment.

6.15 Review the actuals vs approved performance bonuses and increases awarded to employees for the prior year.

#### *Pilot Performance and Remuneration Framework*

6.16 To review the outcome of the quarterly pilot performance reports.

6.17 Review and evaluate the pilot tiered remuneration structure to ensure continued market competitiveness, ensuring it supports the Group's ability to attract and retain pilots.

6.18 Critically assess the evidence-based rationale provided by Management for any proposed revisions to pilot pay scales, ensuring such adjustments are strategically sound before recommending them for Board approval.

#### *Engineers Performance and Remuneration*

6.19 Review and evaluate the engineer tiered remuneration architecture to ensure continued market competitiveness, ensuring it supports the Group's ability to attract and retain engineers.

6.20 Critically assess the evidence-based rationale provided by Management for any proposed revisions to engineer pay scales, ensuring such adjustments are strategically sound before recommending them for Board approval.

6.21 Review the proposed increases to be made available for engineers which is determined using the tiered remuneration structure and the outcome of the KPIs/performance reviews put in place for engineers.

## **7. Reporting responsibilities**

7.1 The Committee Chairperson shall report to the Board in writing on its proceedings after each meeting on all matters within its duties and responsibilities.

7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

7.3 The Committee shall ensure that provisions regarding disclosure of information are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

7.4 Through the Chairperson of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **8. Remuneration**

8.1 Having regard for the functions performed by the members of the Committee in addition to their functions as Directors in relation to the activities of the Committee, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

8.2 The Chairperson of the Committee shall, in addition to his or her remuneration as member, receive a further sum as determined by the Board.

## **9. Other matters**

9.1 The Committee shall:

9.2 Have access to outside or other independent professional advice as it considers necessary to carry out its duties.

9.3 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

9.4 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.

9.5 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors.

9.6 Arrange for periodic reviews of its own performance through the development of an Annual Work Plan which should be reviewed at least annually.

9.7 The Committee shall review this Committee Charter and the Annual Work Plan as and when required but at a minimum on an annual basis. All recommended amendments should be presented to the Board for approval.