

## DART GROUP PLC

### AIM RULE 26 – CORPORATE GOVERNANCE INFORMATION

Dart Group PLC (the “Group”) is committed to the principles of corporate governance contained in the UK Corporate Governance Code 2016, issued by the Financial Reporting Council (the “Code”). A copy of the Code can be found [here](#). An explanation of how the Group has complied with the main principles of the Code, which focus on Leadership, Effectiveness, Accountability, Remuneration and Relations with Shareholders, in the period from 1 April 2017 to the date of this statement is set out below in accordance with AIM Rule 26.

<b>A: LEADERSHIP</b>	
<b>A.1 The Role of the Board</b>	
Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.	<p>The Board represents the interests of the Group and is collectively responsible to shareholders for the proper management of the Group. The Board has a formal schedule of matters specifically reserved to it for decision. The Board meets at least four times a year in order to, amongst other things, review trading performance, ensure adequate funding is in place and to set and monitor strategy. To enable the Board to discharge its duties, all Directors receive appropriate and timely information, and in the months when the Board does not meet, the Directors receive a formal written report in relation to trading performance. The Group’s Corporate Governance Statement is set out in the Annual Report on page 36 which can be found <a href="#">here</a>.</p> <p>The Group has appropriate insurance in place in respect of legal action against its directors.</p>
<b>A.2 Division of Responsibilities</b>	
There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company’s business. No one individual should have unfettered powers of decision.	<p>The roles of the Executive Chairman and Chief Executive Officers are separate, clearly established and agreed by the Board.</p> <p>Executive responsibility for the day-to-day running of the Group’s Leisure Travel business (comprising the operating subsidiaries Jet2.com Limited and Jet2holidays Limited) sits with its Chief Executive Officer, Stephen Heapy. Executive responsibility for the day-to-day running of Fowler Welch Limited sits with its Chief Executive Officer, Nicholas Hay.</p>
<b>A.3 The Chairman</b>	
The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.	<p>The Executive Chairman, working with the Group Chief Financial Officer and Company Secretary, sets the agenda for the Board meetings and encourages an open, fair and constructive debate by facilitating the effective contribution of non-executive directors. The Executive Chairman is responsible for ensuring that the directors receive accurate, timely and clear information and ensures effective communication with shareholders. As the founder of the Group, the Executive Chairman has served on the Board for</p>

	<p>more than nine years from the date of first election and owns 37.48%<sup>1</sup> of the issued share capital of the Group.</p> <p><sup>1</sup> As at 28 August 2018</p>
<b>A.4 Non-Executive Directors</b>	
As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.	<p>The Non-Executive Directors bring independent judgement on key issues affecting the Group and its business operations, including strategy, performance, resources and standards of conduct. They provide constructive challenge to management and help develop proposals on strategy. Their independence of character and integrity, together with the relevant experience and skills that they bring to their duties, prevent any individual or small group from dominating the decision-making of the Board as a whole. The Group has two Non-Executive directors with whom the Executive Chairman meets regularly without the other Executive Directors present. Due to the size and composition of the Board, no Senior Independent Non-Executive Director has been appointed.</p>
<b>B: EFFECTIVENESS</b>	
<b>B.1 The Composition of the Board</b>	
The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.	<p>The Board comprises:</p> <ul style="list-style-type: none"> <li>• Philip Meeson, who performs the role of Executive Chairman of the Group and has responsibility for the leadership of the Board;</li> <li>• Gary Brown, the Group Chief Financial Officer;</li> <li>• Stephen Heapy, Chief Executive Officer of Jet2.com Limited and Jet2holidays Limited;</li> <li>• Mark Laurence, an independent Non-Executive Director; and</li> <li>• Richard Green, a Non-Executive Director.</li> </ul> <p>Prior to his appointment Richard Green worked as a consultant for Jet2.com Limited and Jet2holidays Limited. He brings significant commercial experience from both airline and tour operating sectors to the Board and is considered a highly valuable addition although is not considered independent under the Code due to his previous work for the Group.</p> <p>Although Mark Laurence has now served for more than nine years from the date of his first election, the Board has determined that he remains independent in character and judgment.</p> <p>The biographies of the Directors appear on the Group website <a href="#">here</a>.</p>

	The Directors demonstrate a range of experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group.
<b>B.2 Appointments to the Board</b>	
There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.	New Director appointments are a matter for the Board as a whole rather than a nomination committee due to the size and composition of the Board. The Executive Chairman considers succession planning on an ongoing basis in consultation with the Board.
<b>B.3 Commitment</b>	
All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.	All Non-Executive Directors are required to devote sufficient time to their role as a member of the Board in order to discharge his responsibilities effectively. Prior to undertaking an additional external role or appointment, the Directors are asked to confirm that they will continue to have sufficient time to fulfil their commitments to the Group. Terms and conditions of the Non-Executive Directors are made available in accordance with the Code.
<b>B.4 Development</b>	
All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.	The Executive Chairman, with the support of the Company Secretary, is responsible for the Directors' induction process and ensuring that the Directors receive appropriate training as necessary.
<b>B.5 Information and Support</b>	
The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.	The Executive Chairman, working in conjunction with the Group Chief Financial Officer and Company Secretary, ensures that the Board receives accurate, timely and clear information. Board papers are made available allowing sufficient time for review prior to each meeting. All Directors have access to the advice and services of the Company Secretary, Ian Day, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. All Directors have access to independent professional advice at the Company's expense where required.
<b>B.6 Evaluation</b>	
The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Executive Chairman is responsible for evaluation of the Board's performance and that of its committees and individual directors which occurs on an ongoing basis using feedback from around the Group and regular discussions with the Directors in question.

B.7 Re-election	
All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.	Directors are submitted for re-election at regular intervals, subject to satisfactory performance, in accordance with the Group's articles of association, whereby at every Annual General Meeting one third of the Directors shall retire by rotation and is eligible for re-election. Newly appointed directors are subject to re-election at the first Annual General Meeting after their appointment.
<b>C: ACCOUNTABILITY</b>	
C.1 Financial and Business reporting	
The board should present a fair, balanced and understandable assessment of the company's position and prospects.	A statement of the Directors' responsibilities in respect of the Annual Report and financial statements is set out on page 45 of the Annual Report 2018. A statement on going concern is given within note 2 to the consolidated financial statements on page 59 of the Annual Report 2018.
C.2 Risk Management and Internal Control	
The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.	<p>The Board of Directors is responsible for the Group's system of internal control and for reviewing its effectiveness. Any such system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.</p> <p>The risk management process and the system of internal control necessary to manage risks are assessed and monitored by the Audit Committee. A detailed Audit Committee Report is set out on pages 38 to 39 of the Annual Report 2018.</p> <p>The Board maintains processes for identifying, evaluating and managing the risks faced by the Group which take account of the recommendations set out in the Financial Reporting Council's <i>Guidance on Risk Management, Internal Control and Related Financial and Business Reporting</i>.</p> <p>In order to ensure compliance with laws and regulations, and promote effective and efficient operations, the Board has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.</p> <p>Comprehensive guidance on financial and non-financial matters for all managers and employees is given in the Group Management Manual. In particular, there are clear procedures for:</p> <ul style="list-style-type: none"> <li>• approval of invoices before authorisation for their payment;</li> <li>• capital investment, with detailed appraisal, authorisation and post-investment review; and</li> </ul>

	<ul style="list-style-type: none"> <li>• financial reporting, within a comprehensive financial planning, budgeting, reporting and accounting framework.</li> </ul> <p>The Group has an independent Internal Audit department, which provides independent assurance by performing full and regular monitoring of the Group’s procedures, promotes robustness of controls, highlights significant departures from procedures and suggests relevant KPIs for future monitoring. Other areas of risk assessment and monitoring which may normally be carried out by an internal audit department are, in the main, covered by the Board either as a whole or within the various meetings highlighted.</p> <p>Group Risk Management is the responsibility of the Group’s operational Directors, who meet regularly with Internal Audit to review and monitor the Group Risk Register and to discuss existing and emerging risk. The Directors report their findings to the Audit Committee.</p>
C.3 Audit Committee and Auditors	
<p>The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company’s auditors.</p>	<p>The Board has established an Audit Committee which comprises one independent Non-Executive Director, one Non-Executive Director and one Executive Director.</p> <p>The Audit Committee is chaired by Mark Laurence, an independent Non-Executive Director, and meets not less than twice per year. The Executive Directors, the Company Secretary, the Group Financial Controller as well as the external and internal auditors are invited to attend meetings.</p> <p>The Committee’s primary function is to assist the Board in fulfilling its responsibilities to protect the interests of the shareholders by ensuring the integrity and clarity of the financial statements. In addition, it oversees the scope of internal audit work, monitor the adequacy and effectiveness of internal control and risk management policies, consider the appointment of the external auditor, their scope of work and remuneration including reviewing their independence and objectivity and agrees the extent of non-audit work undertaken. The Committee also considers key judgements and estimates applied in the preparation of the Group’s consolidated financial statements.</p> <p>The Board is satisfied that the Chairman of the Audit Committee has recent and relevant financial experience having held executive roles in the financial services industry.</p> <p>The Audit Committee Chairman engages with both the external and internal auditors, without the Executive Directors or members of the Finance team present.</p> <p>A detailed Audit Committee Report is set out on pages 38 to 39 of the Annual Report 2018. The Independent Auditor’s</p>

	Report can be found on pages 46 to 50 of the Annual Report 2018.
<b>D: REMUNERATION</b>	
D.1 The Level and Components of Remuneration	
Executive directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.	<p>The Board has established a Remuneration Committee comprising of one Non-Executive director and the Executive Chairman. During the year, the Group's Remuneration Committee was chaired by Mark Laurence.</p> <p>The Executive Chairman is a member of this Committee due to him being the founder of the Group. The Executive Chairman does not receive any bonus or share award and abstains from any discussion about his own remuneration at these meetings.</p> <p>The Committee makes recommendations to the Board on an overall remuneration package for the Executive Directors and other senior managers and takes external advice on the value of the total employment packages, and the extent of performance-related elements within, to ensure that they are appropriate when compared to analyses of comparable companies.</p> <p>The Report on Directors Remuneration appears on pages 40 to 43 of the Annual Report 2018.</p>
D.2 Procedure	
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.	<p>The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The Committee determines the contractual terms, remuneration and other benefits for the Executive Directors, including performance-related bonus schemes, pension rights and compensation payments.</p> <p>Further details are set out in the Report on Directors Remuneration on pages 40 to 43 of the Annual Report 2018.</p>
<b>E: RELATIONS WITH SHAREHOLDERS</b>	
E.1 Dialogue with Shareholders	
There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.	<p>The Business &amp; Financial Review on pages 14 to 18 of the Annual Report 2018 includes a detailed review of the Group's business and future developments. In addition, communications with shareholders are given high priority and there is regular dialogue with institutional shareholders, including presentations after the announcement of the Group's half-year and preliminary full year results.</p>

E.2 Constructive Use of Meetings	
<p>The board should use general meetings to communicate with investors and to encourage their participation.</p>	<p>The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Executive Chairman aims to ensure that the Chairman of the Audit and Remuneration Committees is available at Annual General Meetings to answer questions, and there is a lengthy question and answer session following the conclusion of the formal business at the Annual General Meeting.</p> <p>Details of resolutions to be proposed at the Annual General Meeting are included in the Notice of Annual General Meeting and related papers, which are sent to shareholders in advance of the meeting in accordance with the Group's Articles of Association. All votes received for general meetings are properly recorded and counted and details of proxy appointments and voting instructions are provided at the meeting. Full details of votes for, against and withheld will be published on the Group's website following the AGM.</p> <p>The Dart Group PLC website (<a href="http://www.dartgroup.co.uk">www.dartgroup.co.uk</a>) has a specific section for investors, which is regularly updated with news and information, including the Annual Report and Accounts 2018 and the Notice of Annual General Meeting.</p>

#### **BOARD APPROVAL OF THE STATEMENT OF CORPORATE GOVERNANCE**

This Corporate Governance Statement, which has been provided in accordance with AIM Rule 26, is approved by the Board and signed on its behalf by:



**Philip Meeson**  
*Executive Chairman*

This statement was last reviewed on 28 September 2018.