

## **Corporate Governance Report**

Ryanair has its primary listing on the Irish Stock Exchange, a standard listing on the London Stock Exchange and its American Depositary Shares are listed on the NASDAQ. The Directors are committed to maintaining the highest standards of corporate governance and this statement describes how Ryanair has applied the main and supporting principles of the 2016 U.K. Corporate Governance Code (the “2016 Code”), the version of the Code in force during the year ended March 31, 2018. This Report also covers the disclosure requirements set out in the Irish Corporate Governance Annex to the Listing Rules of the Irish Stock Exchange, which supplements the 2016 Code with additional corporate governance provisions and is also applicable to Ryanair.

A copy of the 2016 Code can be obtained from the Financial Reporting Council’s website, [www.frc.org.uk](http://www.frc.org.uk). The Irish Corporate Governance Annex is available on the Irish Stock Exchange’s website, [www.ise.ie](http://www.ise.ie).

### **The Board of Directors (“the Board”)**

#### **Roles**

The Board of Ryanair is responsible for the leadership, strategic direction and oversight of management of the Group. The Board’s primary focus is on strategy formulation, policy and control. It has a formal schedule of matters specifically reserved to it for its attention, including matters such as approval of the annual budget, large capital expenditure, and key strategic decisions.

Other matters reserved to the Board include treasury policy, internal control, audit and risk management, remuneration of the Non-Executive Directors and Executive management and corporate governance.

The Board has delegated responsibility for the management of the Group to the CEO and Executive management.

There is a clear division of responsibilities between the Chairman and the CEO, which is set out in writing and has been approved by the Board.

#### **Chairman**

David Bonderman has served as the chairman of the Board since December 1996. The Chairman’s primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level and that it upholds and promotes high standards of integrity and corporate governance. He ensures that Board agendas cover the key strategic issues confronting the Group; that the Board reviews and approves management’s plans for the Group; and that Directors receive accurate, timely, clear and relevant information.

The Chairman is the link between the Board and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the CEO, for ensuring effective and appropriate communications with shareholders and for ensuring that members of the Board develop and maintain an understanding of the views of shareholders.

While David Bonderman holds a number of other Directorships (see details on page 111), the Board considers that these do not interfere with the discharge of his duties to Ryanair.

#### **Senior Independent Director**

The Board has appointed Kyran McLaughlin as the Senior Independent Director. Kyran McLaughlin is available to shareholders who have concerns that cannot be addressed through the Chairman, CEO or CFO and leads the annual Board review of the performance of the Chairman.

#### **Company Secretary**

The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

## Membership

The Board consists of one Executive and thirteen Non-Executive Directors. It is the practice of Ryanair that a majority of the Board comprises Non-Executive Directors, considered by the Board to be independent, and that the Chairman is Non-Executive. The Board considers the current size, composition and diversity of the Board to be appropriate. The composition of the Board and the principal Board Committees are set out in the table below as of June 30, 2018. Biographies of the Directors are set out on pages 111 and 112. The Board, with the assistance of the Nomination Committee, keeps Board composition under review to ensure that it includes the necessary mix of relevant skills and experience required to perform its role.

Each Director has extensive business experience, which they bring to bear in governing the Company. The Board considers that, between them, the Directors bring the range of skills, knowledge and experience, including international experience, necessary to lead the Company. The Chairman has an extensive background in this industry and significant public company experience. Historically, the Company has always separated the roles of Chairman and CEO for the running of the business and implementation of the Board's strategy and policy.

Name	Role	Independent	Years on Board	Committees				
				Audit	Remuneration	Nomination	Executive	Safety
D. Bonderman	Chairman	Yes	22	-	-	Member	Member	-
K. McLaughlin	Senior Indep.	Yes	17	-	-		Chair	-
R. Brennan (i)	Non-Exec.	Yes	-	Member	-	-	-	-
M. Cawley	Non-Exec.	Yes	4	-	-	Chair	-	-
E. Daly (ii)	Non-Exec.	Yes	-	Member	-	-	-	-
S. McCarthy (iii)	Non-Exec.	Yes	1	-	Member	-	Member	-
C. McCreevy	Non-Exec.	Yes	8	Member	-	-	-	-
D. McKeon	Non-Exec.	Yes	8	Chair	-	-	-	-
H. Millar	Non-Exec.	Yes	3	-	Chair	-	-	-
D. Milliken	Non-Exec.	Yes	5	Member	-	-	-	-
M. O'Brien	Non-Exec.	Yes	2	-	-	-	-	Co. Chair
M. O'Leary	Exec/CEO	No	22	-	-		Member	-
J. O'Neill	Non-Exec.	Yes	5	-	Member	-	-	-
L. Phelan	Non-Exec.	Yes	5	-		Member	-	-

(i) Roisin Brennan was appointed to the Board in May 2018.

(ii) Emer Daly was appointed to the Board in December 2017.

(iii) Stan McCarthy was appointed to the Board in May 2017.

## Appointment

Directors can only be appointed following selection by the Nomination Committee and approval by the Board and must be elected by the shareholders at the Annual General Meeting following their appointment. The focus of the Board, through the Nomination Committee, is to maintain a Board with the relevant expertise, quality and experience required by Ryanair to advance the Company and shareholder value. During the financial year the Nomination Committee identified candidates whose character, expertise and experience was known to the Company. Stan McCarthy was appointed to the board in May 2017, Emer Daly was appointed to the Board in December 2017 and Roisin Brennan was appointed to the Board in May 2018. Ryanair recognises the benefits of diversity, including gender diversity. Ryanair recognises the importance of balance and offers equal opportunities to all candidates and potential candidates, irrespective of gender. Ryanair's Articles of Association require that all of the Directors retire and offer themselves for re-election within a three-year period. Other than Charles McCreevy and Declan McKeon, all Directors (including Emer Daly and Roisin Brennan who were appointed to the Board in December 2017 and May 2018 respectively) will be offering themselves for re-election at the AGM on September 20, 2018.

In accordance with the recommendations of the 2016 Code, Declan McKeon is Chairman of the Audit Committee and Howard Millar is Chairman of the Remuneration Committee. Following Declan McKeon's departure from the Board in September, he will be replaced by Dick Milliken as Chairman of the Audit Committee.

Senior Management regularly briefs the Board, including new members, in relation to operating, financial and strategic issues concerning the Company. The Board also has direct access to senior management as required in relation to any issues they have concerning the operation of the Company. The terms and conditions of appointment of Non-Executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

### Independence

The Board has carried out its annual evaluation of the independence of each of its Non-Executive Directors, taking account of the relevant provisions of the 2016 Code, namely, whether each Director is independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Board regards all of the Non-Executive Directors as independent and that no one individual or group exerts an undue influence on others.

Within its independence review, the Board has considered the following items with respect to certain individual Non-Executive Directors.

Director	Role	Circumstances of relevance under the 2016 Code in determining independence	Basis upon which the Board has determined independence	Independent within the spirit and meaning of the 2016 Code
D. Bonderman	Chairman & Non-Exec.	<i>Length of service (22 years)</i>	David Bonderman is independent in character and judgement and the Board views his depth of experience and service as enhancing his independence in representing shareholder interests.	Yes
		<i>Material Holding – As at March 31, 2018 D. Bonderman had a beneficial shareholding in the Company of 7,535,454 ord. shares, equivalent to 0.6% of the issued shares.</i>	In light of the number of issued shares in Ryanair Holdings plc and the personal financial interests of the Director, the Board has concluded that the interest is not material and Mr. Bonderman's independence is not compromised.	
K. McLaughlin	Senior Independent Director	<i>Length of service (17 years)</i>	Kyran McLaughlin is independent in character and judgement and the Board views his depth of experience and service as enhancing his independence in representing shareholder interests.	Yes
		<i>Business relationship – Deputy Chairman and Head of Capital Markets at Davy Stockbrokers (Joint Corporate Broker to Ryanair)</i>	The fees paid to Davy Stockbrokers in respect of corporate advisory services provided to Ryanair are immaterial to both Ryanair and Davy Stockbrokers given the size of each organisation's business operations and financial results.	
M. Cawley	Non-Exec.	<i>Previous employment - served as Deputy Chief Executive Officer and Chief Operating Officer of Ryanair from 2003 to March 2014.</i>	The Board has considered Michael Cawley's outside business interests, as well as the gap (6 months) between finishing his Executive role with Ryanair and his election to the Board in 2014 and concluded that his previous employment with Ryanair in no way compromises his independence of judgement and character.	Yes

Director	Role	Circumstances of relevance under the 2016 Code in determining independence	Basis upon which the Board has determined independence	Independent within the spirit and meaning of the 2016 Code
H. Millar	Non-Exec.	<i>Previous employment</i> - served as Deputy Chief Executive and Chief Financial Officer of Ryanair from January 2003 to December 2014.	The Board has considered Howard Millar's outside business interests and the gap (9 months) between finishing his Executive role with Ryanair in 2014 and his election to the Board in 2015 and concluded that his previous employment with Ryanair in no way compromises his independence of judgement and character.	Yes
M. O'Brien	Non-Exec.	<i>Previous employment</i> – served as the Chief Pilot and Flight Ops Manager of Ryanair from 1987 to 1991.	The Board has considered Mike O'Brien's outside business interests, as well as the gap (25 years) between finishing his Executive role with Ryanair and his election to the Board in 2016 and concluded that his previous employment with Ryanair in no way compromises his independence of judgement and character.	Yes
L. Phelan	Non-Exec.	<i>Business relationship</i> – Vice President for PayPal for Continental Europe, Middle East and Africa (service provider to Ryanair).	The fees chargeable for services provided by PayPal to Ryanair are immaterial to both Ryanair and PayPal given the size of each organisation's business operations and financial results.	Yes

### **Other relevant factors**

Non-Executive Directors hold share options over shares as set out on page 193. Whilst the 2016 Code notes that the remuneration of Non-Executive Directors should not ordinarily include share options, the Company has a NASDAQ listing and has a significant U.S. shareholder base. The granting of share options to Non-Executive Directors to align interests of shareholders and Directors is an established market practice in the U.S. which is encouraged by a wide number of U.S. investors. The Company in accordance with the 2016 Code sought and received shareholder approval to make these share option grants to its Non-Executive Directors and the Board believes the modest number of options granted to Non-Executive Directors does not impair their independence of judgement and character.

In relation to the remaining Non-Executive Directors, with the exception of a modest grant of share options, there were no relationships or circumstances of relevance under the 2016 Code impacting their independence.

Furthermore, in line with best governance practices, Ryanair has adopted a policy whereby all Directors retire on an annual basis and being eligible for re-election, offer themselves for election. This therefore affords Ryanair's shareholders an annual opportunity to vote on the suitability of each Director.

The Nomination Committee has confirmed to the Board that it considers all Directors offering themselves for re-election at the 2018 AGM to be independent and that they continue to effectively contribute to the work of the Board. The Nomination Committee recommends that the Company accept the re-election of the Directors.

### **Board Procedures**

All Directors have access to the advice and services of the Company Secretary and the Board has established a procedure whereby Directors wishing to obtain advice in the furtherance of their duties may take independent professional advice at the Company's expense.

Directors meet with key Executives with a particular focus on ensuring Non-Executive Directors are fully informed on issues of relevance to Ryanair and its operations. Extensive papers on key business issues are provided to all Directors in connection with the Board meetings. All Directors are encouraged to update and

refresh their skills and knowledge, for example, through attending courses on technical areas or external briefings for Non-Executive Directors.

The Company has Directors' and Officers' liability insurance in place in respect of any legal actions taken against the Directors in the course of the exercise of their duties. New Non-Executive Directors are encouraged to meet the Executive Director and senior management for briefing on the Company's developments and plans.

### **Meetings**

The Board meets at least on a quarterly basis and in the year to March 31, 2018 the Board convened meetings on 12 occasions. Individual attendance at these meetings is set out in the table on page 22. Detailed Board papers are circulated in advance so that Board members have adequate time and information to be able to participate fully at the meeting.

The holding of detailed regular Board meetings and the fact that many matters require Board approval, demonstrates that the running of the Company is firmly in the hands of the Board. The Non-Executive Directors meet periodically without Executives being present. Led by the Senior Independent Director, the Non-Executive Directors meet without the Chairman present at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

### **Remuneration**

Details of remuneration paid to the Directors are set out in Note 18 to the consolidated financial statements on pages 191 to 194. Also, please see the Report of the Remuneration Committee on Directors' Remuneration on page 37.

### **Non-Executive Directors**

Non-Executive Directors are remunerated primarily by way of Directors' fees and, from time to time, a modest number of share options.

Full details are disclosed in Note 18(b) and 18(d) on pages 191 to 194 of the consolidated financial statements.

### **Executive Director Remuneration**

The CEO is the only Executive Director on the Board. In addition to his base salary he is eligible for a performance bonus of up to 100% of salary dependent upon the achievement of certain financial and personal targets. It is considered that the significant shareholding of the CEO acts to align his interests with those of shareholders and gives him a keen incentive to perform to the highest levels.

Full details of the Executive Director's remuneration are set out in Note 18(a) on page 191 of the consolidated financial statements.

### **Share Ownership and Dealing**

Details of the Directors' interests in Ryanair shares are set out in Note 18(d) on page 193 of the consolidated financial statements.

The Board has adopted a code of dealing, to ensure compliance with the Listing Rules of the Irish Stock Exchange and the U.K. Financial Conduct Authority, applicable to transactions in Ryanair shares, debt instruments, derivatives or other financial instruments by persons discharging managerial responsibilities ("PDMRs") (e.g. Directors), persons closely associated with persons discharging managerial responsibilities ("PCAs") and relevant Company employees (together, "Covered Persons"). The code of dealing also includes provisions which are intended to ensure compliance with U.S. securities laws and regulations of the NASDAQ National market. Under the code, Covered Persons are required to notify the Company and in the case of PDMRs and PCAs only, the Central Bank, of any transaction conducted on their own account in Ryanair shares, debt instruments, derivatives or other financial instruments. Directors are also required to obtain clearance from the Chairman or CEO (or other person designated for such purpose) before undertaking such transactions, whilst Covered Persons who are not Directors must obtain clearance from designated senior management. Covered Persons are prohibited from undertaking such transactions during Closed Periods as defined by the code and at any time during which the individual is in possession of inside information (as defined in the E.U. Market Abuse Regulation (596/2014)).

## **Board Succession and Structure**

The Board plans for its own succession with guidance from the Nomination Committee. The Nomination Committee regularly reviews the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position with regard to the strategic needs of Ryanair and recommends changes to the Board. There is a formal, thorough and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee identifies and selects candidates on merit against objective criteria, to ensure that the Board has the skills, knowledge and expertise required.

The Board currently comprises fourteen Directors. The CEO is the only Executive Director. The thirteen Non-Executive Directors include Chairman David Bonderman. Biographies of all current Directors are set out on pages 111 to 112 of this report. Ryanair considers that the Board has the correct balance and depth of skills, knowledge, expertise and experience to optimally lead the Company and that all Directors give adequate time to the performance of their duties and responsibilities.

Ryanair considers that all Directors discharge their Directorial duties with the objectivity and impartiality they have demonstrated since commencing their respective roles and has determined that each of the Non-Executive Directors is independent. In reaching that conclusion, Ryanair considered the character, judgement, objectivity and integrity of each Director and had due regard for the 2016 Code. Ryanair continually endeavours to maintain the quality and independence of its Board.

## **Board Committees**

The Board of Directors has established a number of committees, including the following:

### ***Executive Committee***

The Board of Directors established the Executive Committee in August 1996. The Executive Committee can exercise the powers exercisable by the full Board of Directors in circumstances in which action by the Board of Directors is required but it is impracticable to convene a meeting of the full Board of Directors. Messrs. David Bonderman, Stan McCarthy, Kyran McLaughlin and Michael O'Leary are the members of the Executive Committee.

### ***Audit Committee***

The Board of Directors established the Audit Committee in September 1996.

### ***Names and qualifications of members of the Audit Committee***

The Audit Committee currently comprises 5 Non-Executive Directors who are independent for the purposes of the listing rules of the NASDAQ and the U.S. federal securities laws: Declan McKeon (Chairman), Charles McCreedy Dick Milliken, Emer Daly and Roisin Brennan. The Board has determined that Declan McKeon is the Committee's financial expert. It can be seen from the Directors' biographies appearing on page 111 and 112, that the members of the committee bring to it a wide range of experience and expertise, much of which is particularly appropriate for membership of the Audit Committee.

### ***Number of Audit Committee meetings***

The Committee met five times during the year ended March 31, 2018. Individual attendance at these meetings is set out in the table on page 22. The Chief Financial Officer, the Head of Internal Audit and other senior Finance managers (as required) normally attend meetings of the Committee. The external auditors attend as required and have direct access to the Committee Chairman at all times. The Committee also meets separately at least once a year with the external auditors and with the Head of Internal Audit without Executive management being present. The Head of Internal Audit has direct access to the Audit Committee Chairman at all times.

### *Summary of the role of the Audit Committee*

The role and responsibilities of the Committee are set out in its written terms of reference, which are available on the Company's website at <https://investor.ryanair.com/governance>, and include:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, profit guidance and reviewing significant financial reporting judgements contained therein;
- considering significant issues in relation to the financial statements, having regard to matters communicated to it by the auditors;
- reviewing the interim and annual financial statements and Annual Report before submission to the Board including advising the Board whether, taken as a whole, the content of the Annual Report and Form 20-F is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- reviewing the effectiveness of the Group's internal financial controls and risk management systems;
- monitoring and reviewing the effectiveness of the Group's Internal Audit function;
- considering and making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors and approving their terms of engagement;
- reviewing with the external auditors the plans for and scope of each annual audit, the audit procedures to be utilised and the results of the audit;
- approving the remuneration of the external auditors, in particular ensuring that the pre-approval of non-audit services pertains only to those services deemed permissible under Statutory Instrument No. 312 of 2016 and U.S. SEC rules;
- assessing annually the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements and the relationship with the external auditors as a whole, including the provision of any non-audit services;
- reviewing the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- reviewing the terms of reference of the Committee annually.

These responsibilities of the Committee are discharged in the following ways:

- The Committee reviews the interim and Annual Reports as well as any formal announcements relating to the financial statements and guidance before submission to the Board. The review focuses particularly on any changes in accounting policy and practices, major judgemental areas and compliance with stock exchange, legal and regulatory requirements. The Committee receives reports from the external auditors identifying any accounting or judgemental issues requiring its attention;
- The Committee also meets with management and external auditors to review the Annual Report and Form 20-F, which is filed annually with the Irish Companies Office and with the United States Securities and Exchange Commission respectively;
- The Committee regularly reviews risk management reports completed by management;
- The Committee conducts an annual assessment of the operation of the Group's system of internal control based on a detailed review carried out by the internal audit function. The results of this assessment are reviewed by the Committee and are reported to the Board;
- The Committee makes recommendations to the Board in relation to the appointment of the external auditor. Each year, the Committee meets with the external auditor and reviews their procedures and the safeguards which have been put in place to ensure their objectivity and independence in accordance with regulatory and professional requirements;
- The Committee reviews and approves the external audit plan and the findings from the external audit of the financial statements;

- During the year, the Committee receives reports from the Head of Internal Audit detailing the reviews performed during the year and a risk assessment of the Company;
- The Committee has a process in place to ensure the independence of the external auditor is not compromised, which includes monitoring the nature and extent of services provided by the external auditor through its annual review of fees paid to the external auditor for audit and non-audit services. Pre-approval from the Committee is required for all non-audit services to be provided by the external auditor. The Committee's review process was reviewed and updated during fiscal year 2017 to ensure full compliance with EU Audit Reform legislation which is applicable to the Company's financial year commencing April 1, 2017. Only those services deemed permissible under Statutory Instrument No. 312 of 2016 and U.S. SEC rules, may be provided by the external auditor. Accordingly, the external auditor is permitted to provide non-audit services that are not, or not perceived to be, in conflict with auditor independence, provided it has the skill, experience, competency and integrity to perform the work, and is considered by the Committee to be the most appropriate party to provide such services in the best interests of the Company. Furthermore, effective for the Company's financial year commencing April 1, 2020, permitted non-audit services will be capped at 70% of the average statutory audit fees over the preceding three years. Details of the amounts paid to the external auditors during the year for audit and other services are set out in Note 18 on page 191; and
- The Committee receives presentations in areas such as treasury operations, information systems and security, including cyber security, and specifically in relation to the Group.

In addition, the Committee was requested by the Board to consider whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In doing so, the Committee considered whether the financial statements are consistent with the Chairman's Report, the Chief Executive's Report and operating and financial information elsewhere in the Annual Report.

In considering the fairness, balance and understandability of the Annual Report, the Committee had regard to the significant issues considered by the Committee in relation to the financial statements, set out below. Each of these significant issues was addressed in the report received from the external auditor and was discussed with management and the external auditor.

The Committee reported to the Board its conclusion that the Annual Report, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

*Significant issues considered by the Committee in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditors*

- On page 98, the critical accounting policy referred to is that for long lived assets. There is a detailed description of the matters of estimate and the judgemental issues arising from the application of the Company's policy for accounting for such assets and how the Company dealt with these. The Audit Committee had detailed discussions with management around its conclusions in relation to the expected useful lives of the assets, the expected residual value of the assets, the estimated cost of major airframe and engine overhaul, and whether there are impairment indicators in respect of the assets. In particular, the Audit Committee considered manufacturers' recommendations, expert valuation analysis and other available marketplace information in respect of the expected useful and residual lives of the assets, and whether there were any impairment indicators associated with Ryanair's aircraft fleet. The Committee agreed with management's approach and conclusions in relation to the accounting for long lived assets.
- In considering management's assessment of the Group's ability to continue as a going concern, the Committee had regard to available sources of finance including access to the capital markets, the cash on hand of approximately €3.7bn and the sensitivity to changes in these items. The Committee considered the Group's cash generation projections through to the end of the current aircraft purchase program in the financial year ending March 31, 2024. On the basis of the review performed, and the discussions held with management, the Committee was satisfied that it was appropriate that the financial statements should continue to be prepared on a going concern basis, and that there were no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern which need to be disclosed in the Annual Report. Please also refer to the Company's Viability Statement on page 26 of the Annual Report.

The Committee considered the requirements under section 225 of the Irish Companies Act 2014 in relation to the Directors' Compliance Statement which applied to the Company for the year ended March 31, 2018 and has ensured that the Directors are aware of their responsibilities and fully comply with this provision.

The Committee typically meets the external auditors four times per year. At these meetings:

- the external audit plan is considered and approved;
- the quarterly, interim and annual results are considered and are recommended to the Board for approval, following consideration of the significant issues relating to these matters, having regard to matters communicated to the Audit Committee by the external auditors;
- the Annual Report and Form 20-F, which is filed annually with the United States Securities and Exchange Commission, the Irish Stock Exchange and the London Stock Exchange, is considered and recommended to the Board for approval;
- the procedures and safeguards which the external auditors have put in place to ensure their objectivity and independence in accordance with regulatory and professional requirements are reviewed;
- the letters of engagement and representation are reviewed; and
- the fees paid to the external auditor for audit and non-audit work are reviewed, to ensure that the fee levels are appropriate and that audit independence is not compromised through the level of non-audit fees and the nature of non-audit work carried out by the external auditor. The Committee's policy is to expressly pre approve every engagement of Ryanair's independent auditor for all audit and non-audit services provided to the Company. Only those services deemed permissible under Statutory Instrument No. 312 of 2016 and U.S. SEC rules may be provided by the external auditor.

In addition, the Committee updated the prior year evaluation of the external audit process. The Committee considered a range of factors including the quality of service provided, the specialist expertise of the external auditor, the level of audit fees and independence. The Committee have evaluated the work completed by the external auditor in the year to March 31, 2018, taking into account the fees paid to KPMG, and are satisfied with their effectiveness, objectivity and their independence.

KPMG have been auditor to Ryanair since the incorporation of Ryanair DAC in 1985. The last external audit tender was conducted in 2010. Detailed consideration was given to the external audit arrangements in 2013. Under the requirements imposed by EU Audit Reform legislation for the rotation of the external auditor, KPMG will be required to cease acting as statutory auditor effective for the Company's financial year ending March 31, 2024.

### ***Remuneration Committee***

The Board of Directors established the Remuneration Committee in September 1996. This committee has authority to determine the remuneration of Senior Executives of the Company and to administer the stock option plans described below. Senior Management remuneration is comprised of a fixed basic pay and performance related bonuses which are awarded based on a combination of the achievement of individual objectives and the Company's financial performance. The Board of Directors as a whole determines the remuneration and bonuses of the CEO, who is the only Executive Director. Messrs. Howard Millar, Stan McCarthy and Ms. Julie O'Neill are the members of the Remuneration Committee.

The role and responsibilities of the Remuneration Committee are set out in its written terms of reference, which are available on the Company's website, <https://investor.ryanair.com/governance>. The terms of reference of the Remuneration Committee are reviewed annually.

### ***Nomination Committee***

Messrs. Michael Cawley, David Bonderman and Ms. Louise Phelan are the members of the Nomination Committee. The Nomination Committee assists the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Company by:

- assessing the skills, knowledge, experience and diversity required on the Board and the extent to which each are represented;
- establishing processes for the identification of suitable candidates for appointment to the Board; and

- overseeing succession planning for the Board and senior management.

The role and responsibilities of the Nomination Committee are set out in its written terms of reference, which are available on the Company's website, <https://investor.ryanair.com/governance>. The Nomination Committee uses its members' extensive business and professional contacts to identify suitable candidates. The Terms of Reference of the Nomination Committee are reviewed annually. The focus of the Nomination Committee is to maintain a Board which comprises the necessary expertise, quality and experience required by Ryanair to advance the Company and shareholder value. Ryanair recognises the benefits of gender diversity.

### ***Safety Committee***

The Board of Directors established the Air Safety Committee in March 1997 to review and discuss air safety and related issues. The Safety Committee reports to the full Board of Directors each quarter. The Safety Committee is composed of a main board Director, Mike O'Brien and the Accountable Manager for Safety, Mr. Neil Sorahan (who both act as co-chairman), as well as the following Executive Officers of Ryanair: Messrs. Bellew, Wilson, the Chief Pilot, Capt. Ray Conway and the Chief Risk Officer, Ms. Carol Sharkey. A number of other managers are invited to attend, as required, from time to time.

### **Code of Business Conduct**

Ryanair's standards of integrity and ethical values have been established and are documented in Ryanair's Code of Business Conduct. This code is applicable to all Ryanair employees. There are established channels for reporting code violations or other concerns in a confidential manner. The Personnel Department investigates any instances and the Head of Internal Audit reports findings directly to the Audit Committee. The Code is available on the Company's website, <https://investor.ryanair.com/governance>.

### **Attendance at Board and Committee meetings during the year ended March 31, 2018:**

<b>Name</b>	<b>Board</b>	<b>Audit</b>	<b>Safety</b>	<b>Remuneration</b>	<b>Executive</b>	<b>Nomination</b>
D. Bonderman	11/12	-	-	-	5/6	4/4
R. Brennan (i)	-	-	-	-	-	-
M. Cawley	11/12	-	-	-	-	4/4
E. Daly (ii)	6/6	1/1	-	-	-	-
S. McCarthy (iii)	11/12	-	-	2/2	2/3	-
C. McCreevy	12/12	5/5	-	-	-	-
D. McKeon	11/12	5/5	-	-	-	-
K. McLaughlin	12/12	-	-	-	6/6	-
H. Millar	12/12	-	-	3/3	-	-
D. Milliken	12/12	5/5	-	-	-	-
M. O'Brien	12/12	-	4/4	-	-	-
M. O'Leary	12/12	-	-	-	6/6	-
J. O'Neill	12/12	-	-	3/3	-	-
L. Phelan	11/12	-	-	-	-	4/4

- (i) Roisin Brennan was appointed to the Board in May 2018.  
(ii) Emer Daly was appointed to the Board in December 2017.  
(iii) Stan McCarthy was appointed to the Board in May 2017 and the Executive Committee in September 2017.

### **Performance Evaluation**

The Board has established a formal process to annually evaluate the performance of the Board, that of its principal Committees, the Audit, Nomination and Remuneration committees, and that of the CEO, the Chairman and individual Non-Executive Directors. Based on the evaluation process completed, the Board considers that the principal Committees have performed effectively throughout the year. As part of the Board evaluation of its own performance, questionnaires are circulated to all Directors. The questionnaire is designed to obtain Directors' comments regarding the performance of the Board, the effectiveness of Board communications, the ability of

Directors to contribute to the development of strategy and the effectiveness with which the Board monitors risk and oversees Ryanair's progress. Directors are also invited to make recommendations for improvement. The Board of Directors considered that the self-assessment process followed by Ryanair provides sufficient insights into the effectiveness of the Board, creates a roadmap of areas for improvement, and enhances the performance and effectiveness of the Board.

The Chairman, on behalf of the Board, reviews the evaluations of performance of the Non-Executive Directors on an annual basis. The Non-Executive Directors, led by the Senior Independent Director, meet annually without the Chairman present to evaluate his performance, having taken into account the views of the Executive Director. The Non-Executive Directors also evaluate the performance of the Executive Director. These evaluations are designed to determine whether each Director continues to contribute effectively and to demonstrate commitment to the role.

The Board considers the results of the evaluation process and any issues identified. The above evaluations were conducted in May 2017 and were presented to the Board at the September 2017 Board meeting in respect of the year under review.

### **Shareholders**

Ryanair recognises the importance of communications with shareholders. Ryanair communicates with all of its shareholders following the release of quarterly and annual results directly via road shows, investor days and/or by conference calls. The CEO, senior financial, investor relations, operational, and commercial management participate in these events.

During the year ended March 31, 2018 the Company held discussions with a substantial number of institutional investors.

The Board is kept informed of the views of shareholders through the Executive Director and Executive management's attendance at investor presentations and results presentations. Furthermore, relevant feedback from such meetings and investor relations analyst reports are provided to the entire Board on a regular basis. In addition, the Board determines, on a case by case basis, specific issues where it would be appropriate for the Chairman and/or Senior Independent Director to communicate directly with shareholders or to indicate that they are available to communicate if shareholders so wish. If any of the Non-Executive Directors wishes to attend meetings with major shareholders, arrangements are made accordingly.

### **General Meetings**

All shareholders are given adequate notice of the Annual General Meeting ("AGM") at which a Director reviews the results and comments on current business activity. Financial, operational and other information on the Company is provided on the Company website, <https://investor.ryanair.com>.

Ryanair will continue to propose a separate resolution at the AGM on each substantially separate issue, including a separate resolution relating to the Directors' Report and financial statements. In order to comply with the 2016 Code, proxy votes will be announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The Board Chairman and the Chairmen of the Audit and Remuneration Committees are available to answer questions from all shareholders.

The CEO makes a presentation at the Annual General Meeting on the Group's business and its performance during the prior year and answers questions from shareholders. The AGM affords shareholders the opportunity to question the Chairman and the Board.

All holders of Ordinary Shares are entitled to attend, speak and vote at general meetings of the Company, subject to limitations described under note "Limitations on the Right to Own Shares" on page 129. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice convening the meeting.

Shareholders may exercise their right to vote by appointing a proxy or proxies, by electronic means or in writing, to vote some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the Meeting.

A shareholder or group of shareholders, holding at least 5% of the issued share capital, has the right to requisition an extraordinary general meeting. A shareholder, or a group of shareholders, holding at least 3% of the issued share capital of the Company, has the right to put an item on the agenda of an AGM or to table a draft resolution for an item on the agenda of any general meeting (whether an AGM or an EGM) provided that such item is accompanied by reasons justifying its inclusion or the full text of any draft resolution proposed to be adopted at the general meeting. A request by a member to put an item on the agenda or to table a draft resolution shall be received by the Company in hardcopy form or in electronic form at least 42 days before the meeting to which it relates.

Notice of the Annual General Meeting and the Form of Proxy are sent to shareholders at least 21 days before the meeting. The Company's Annual Report is available on the Company's website, <https://investor.ryanair.com>. The Annual General Meeting will be held on September 20, 2018 at 9 a.m. in the City North Hotel and Conference Centre, Gormanston, Co. Meath, K32W562, Ireland.

All general meetings other than the Annual General Meeting are called Extraordinary General Meetings ("EGM"). An EGM must be called by giving at least 21 clear days' notice. Except in relation to an adjourned meeting, three members, present in person or by proxy, entitled to vote upon the business to be transacted, shall be a quorum. The passing of resolutions at a general meeting, other than special resolution, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast. Votes may be given in person by a show of hands, or by proxy.

At the Meeting, after each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the numbers for, against and withheld. This information is made available on the Company's website following the meeting.

### **Risk Management and Internal Control**

The Directors have overall responsibility for the Company's system of risk management and internal control and for reviewing its effectiveness. The Directors acknowledge their responsibility for the system of risk management and internal control which is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Financial Reporting Council's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting", most recently revised in September 2014, the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

In accordance with the provisions of the 2016 Code, the Directors review the effectiveness of the Company's system of internal control including:

- Financial
- Operational
- Compliance
- Risk Management

The Board is ultimately responsible for the Company's system of risk management and internal controls and for monitoring its effectiveness. The key procedures that have been established to provide effective risk management and internal control include:

- a strong and independent Board which meets at least four times per year and has separate CEO and Chairman roles;
- a clearly defined organisational structure along functional lines and a clear division of responsibility and authority in the Company, including the appointment of a Chief Risk Officer in May 2018;
- a comprehensive system of internal financial reporting which includes preparation of detailed monthly management accounts, providing key performance indicators and financial results for each major function within the Company;

- preparation and issue of financial reports to shareholders and the markets, including the Annual Report and consolidated financial statements, is overseen by the Audit Committee. The Company's financial reporting process is controlled using documented accounting policies and reporting formats, supplemented by detailed instructions and guidance on reporting requirements. The Company's processes support the integrity and quality of data, including appropriate segregation of duties. The financial information of the parent entity and all subsidiary entities, which form the basis for the preparation of the consolidated financial statements are subject to scrutiny by Group level senior management. The Company's financial reports, financial guidance, and Annual Report and consolidated financial statements are also reviewed by the Audit Committee of the Board in advance of being presented to the full Board for their review and approval;
- quarterly reporting of the financial performance with a management discussion and analysis of results;
- weekly Management Committee meetings, comprising of heads of departments, to review the performance and activities of each department in the Company;
- detailed budgetary process which includes identifying risks and opportunities and which is ultimately approved at Board level;
- Board approved capital expenditure and Audit Committee approved treasury policies which clearly define authorisation limits and procedures;
- an internal audit function which reviews key financial and business processes and controls, and which has full and unrestricted access to the Audit Committee;
- an Audit Committee which approves audit plans, considers significant control matters raised by management and the internal and external auditors and which is actively monitoring the Company's compliance with section 404 of the Sarbanes Oxley Act of 2002;
- established systems and procedures to identify, control and report on key risks. Exposure to these risks is monitored by the Audit Committee and the Management Committee; and
- a risk management program is in place throughout the Company whereby Executive management review and monitor the controls in place, both financial and non-financial, to manage the risks facing the business.

The Board has satisfied itself on the effectiveness of the internal control systems in operation and it has reviewed and approved the reporting lines to ensure the ongoing effectiveness of the internal controls and reporting structures.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended March 31, 2018 and has reported thereon to the Board. The Audit Committee monitors management's response to significant control failure or weakness in the risk management process, receives regular progress updates, and ensures issues are sufficiently remediated.

The Board has delegated to Executive management the planning and implementation of the systems of internal control within an established framework which applies throughout the Company.

### **Takeover Bids Directive**

Information regarding rights and obligations attached to shares are set forth in Note 14 on pages 186 to 188 of the consolidated financial statements.

Shares in the Ryanair employee share schemes carry no control rights and shares are only issued (and gain voting rights) when options are exercised by employees.

Ryanair's Articles of Association do not contain any restrictions on voting rights. However, there are provisions in the Articles which allow the Directors to (amongst other things) restrict the voting rights of shares held by non-EU nationals if the Board believes the number of non-EU nationals holding shares in Ryanair would put it in breach of the regulations, licences and permits which allow it to operate.

Ryanair has not received any notifications from shareholders (as shareholders are obliged to do) regarding any agreements between shareholders which might result in restrictions on the transfer of shares.

Details of the rules concerning the removal and appointment of the Directors are set out above as part of the Directors' Report. There are no specific rules regarding the amendment of the Company's Articles of Association.

Details of the Company's share buy-back program are set forth on page 122 of the Annual Report. The shareholders approved the power of the Company to buy-back shares at the 2006 AGM and at subsequent general meetings.

None of the significant agreements to which the Company is party to, contain change of control provisions. As referred to above in the Directors' Report, the CEO's employment agreement does not contain provisions providing for compensation on his termination.

### **Going Concern**

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Directors' responsibility for preparing the financial statements is explained on page 40 and the reporting responsibilities of the auditor are set out in their report on page 42.

### **Viability Statement**

The Company's internal strategic planning processes currently extend to March 2024 which covers the delivery timeframe for the Company's existing aircraft orders and its long-term passenger growth target to 200m customers p.a. Future assessments of the Company's prospects are subject to uncertainty that increases with time and cannot be guaranteed or predicted with certainty.

The Directors have taken account of the Company's strong financial and operating condition, its BBB+ (stable) credit rating, the principal risks and uncertainties facing the Company, as outlined in the Principal Risks and Uncertainties section starting on page 59 of the Annual Report, and the Company's ability to mitigate and manage those risks. Appropriate stress-testing of the Company's internal budgets are undertaken by management on an ongoing basis to consider the potential impact of severe but plausible scenarios in which combinations of principal risks materialise together.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the course of the existing Boeing aircraft orders.

## **Compliance Statement**

Ryanair has complied, throughout the year ended March 31, 2018, with the provisions set out in the U.K. Corporate Governance Code and the requirements set out in the Irish Corporate Governance Annex, except as outlined below. The Group has not complied with the following provisions of the 2016 Code, but continues to review these situations on an ongoing basis:

- Non-Executive Directors participate in the Company's share option plans. The 2016 Code requires that, if exceptionally, share options are granted to Non-Executive Directors that shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the board. In accordance with the 2016 Code, the Company sought and received shareholder approval to make certain stock option grants to its Non-Executive Directors and as described above, the Board believes the quantum of options granted to Non-Executive Directors is not so significant to impair their independence.
- Certain Non-Executive Directors, namely Messrs. Bonderman and McLaughlin, having been offered for annual re-election for the duration of their tenure, have each served more than nine years on the Board. As described further above, given the other significant commercial and professional commitments of these Non-Executive Directors, and taking into account that their independence is considered annually by the Board, the Board does not consider their independence to be impaired in this regard.

On behalf of the Board

**David Bonderman**  
Chairman  
July 20, 2018

**Michael O'Leary**  
Chief Executive