

Committed to corporate governance



Dear Shareholder

At easyJet, we are committed to maintaining high standards of corporate governance to enhance performance and for the protection of our shareholders. I would like to highlight, in particular, the following key areas of governance during 2016:

STRATEGY

Defining the long-term strategic objectives for the Group, continuing to assess their appropriateness, and evaluating progress against these objectives has continued to be a key focus for the Board, in particular in light of the challenging economic and operating environment. This year the Board held strategy sessions in March and September at which we challenged and shaped the strategic priorities brought by management.

BOARD AND COMMITTEE COMPOSITION

As reported in last year's Annual Report, there were a number of changes to the Board during the year.

After almost nine years of service, John Browett stepped down from the Board on 31 December 2015. I would like to thank John on behalf of the Board for his dedicated service and commitment.

We welcomed Chris Browne to the Board as Non-Executive Director in January 2016. On 30 September 2016 she stepped down from the Board to join the easyJet Executive Management Team as Chief Operating Officer from 1 October 2016. Andrew Findlay joined the Company and the Board as Chief Financial Officer at the start of the 2016 financial year. Both individuals have brought valuable experience to our business and further strengthened our composition in respect of experience, skills and personal attributes.

There have been several changes in the make-up of our Committees, with a change in the chairmanship of three Board Committees, with Andy Martin succeeding Adèle Anderson and John Browett as Chair of the Finance Committee (in December 2015) and the IT Oversight and Governance Committee (in January 2016) respectively. On the Safety Committee, Chris Browne succeeded Professor Rigas Doganis as Chair of the Safety Committee on 1 March 2016 and Dr. Andreas Bierwirth has subsequently become Chair following Chris Browne stepping down from the Board on 30 September 2016. The membership of the Board's Committees as at 14 November 2016, and the changes made during the 2016 financial year and up to this date, can be found on pages 44 to 45.

OUTCOME OF THE EU REFERENDUM

The Board has reviewed management's plans to ensure the airline will fully maintain its existing network and operations at every scheduled Board meeting following the outcome of the EU referendum. A Brexit sub-committee of the Board has been set up to review planning in more detail, which includes undertaking the formal process to acquire an Air Operator

Certificate (AOC) in an EU jurisdiction. The sub-committee has received updates from the Company's working group relating to project progress and met in November for a deep dive into the project detail. The Board remains confident that the UK leaving the EU will not have a material impact on the Group's strategy or its ability to deliver long-term sustainable earnings growth and returns to shareholders.

BOARD EFFECTIVENESS

Each year, the Board undertakes a formal evaluation of its effectiveness. Following the externally facilitated review by Independent Audit Limited last year, this year the 2016 Board and Committees effectiveness review was facilitated by the Company Secretary and Group General Counsel, Kyla Mullins. In addition, Charles Gurassa, the Senior Independent Director, also led a review of my performance with input from the other Non-Executive Directors. Further details of the evaluation process are provided on page 57. Following this review, I am satisfied that the Board and its Committees are performing effectively and that there is the appropriate balance of skills, experience, independence and knowledge of the Group to enable the Directors to discharge their respective duties and responsibilities effectively. I am also satisfied that the members of the Board, in particular the Non-Executive Directors, have sufficient time to undertake their roles at Board and Committee level with the Company, so as to be able to discharge their responsibilities effectively.

BOARD COMMITTEES

The Board delegates certain of its responsibilities to the Board Committees to enable it to carry out its functions effectively. A diagram of the Board governance structure is set out on page 48.

STRUCTURE OF THE CORPORATE GOVERNANCE REPORT

The corporate governance report which follows is intended to give shareholders an understanding of the Company's corporate governance arrangements and how they operated during the year. The corporate governance report includes reports from each of the Committee Chairs to provide details on key matters addressed by the Committees during the year.

We have also set out a separate section (on pages 56 to 58) to provide a detailed description of how the Company has complied with the principles of the UK Corporate Governance Code.

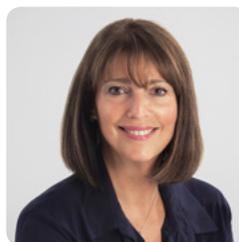
COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Board considers that it and the Company have, throughout the year, complied without exception with the provisions of the UK Corporate Governance Code (September 2014), which is the version of the Code which applies to the Company for its 2016 financial year. The Code is issued by the Financial Reporting Council and is available for review on the Financial Reporting Council's (FRC's) website: <https://www.frc.org.uk>

A handwritten signature in black ink that reads "John Barton".

JOHN BARTON
Non-Executive Chairman

An experienced and balanced board



BOARD COMMITTEE MEMBERSHIP AS AT 14 NOVEMBER 2016

- S Safety Committee
- R Remuneration Committee
- A Audit Committee
- N Nominations Committee
- F Finance Committee
- I IT Governance and Oversight Committee

JOHN BARTON

N

Non-Executive Chairman

First appointed May 2013

Key areas of prior experience
Finance, Governance

Current external appointments
Non-Executive Chairman, Next plc. Senior Independent Director of SSP Group plc and Luceco plc. Non-Executive Director of Matheson & Co Ltd.

Previous relevant experience
John has also served as Chairman of Catlin Group Limited (2012-2015), Cable and Wireless Worldwide plc (2010-2012), Brit Holdings plc (2007-2009) and Wellington Underwriting plc (2003-2006).

John was previously Senior Independent Director of WH Smith plc (2006-2011) and Hammerson plc (1998-2007). He was also the Chief Executive of insurance broker JIB Group plc (1984-1997). After JIB's merger with Lloyd Thomson he became Chairman of the combined group, Jardine Lloyd Thompson Group plc (1997-2001).

CHARLES GURASSA

F N R

Non-Executive Deputy Chairman and Senior Independent Director

First appointed June 2011

Key areas of prior experience
Airline industry

Current external appointments
Non-Executive Chairman, Channel 4. Non-Executive Chairman, Genesis Housing Association. Senior Independent Director, Merlin Entertainments plc. Trustee, English Heritage. Trustee, Migration Museum.

Previous relevant experience
Charles' career has been primarily in the travel, tourism and leisure industries in a number of senior positions including Chief Executive of Thomson Travel Group plc (1999-2003), Executive Chairman of TUI Northern Europe Limited (1999-2003) and Director of Passenger and Cargo at British Airways plc (1995-1999).

Charles retired from full time work in June 2003 to pursue a portfolio career. He was previously Non-Executive Chairman of LOVEFILM International Limited (2006-2011), Phones4U Limited (2007-2011), Virgin Mobile plc (2004-2006), Alamo/National Rent a Car (2004-2006), 7Days Ltd (2003-2010) and Non-Executive Director at Whitbread plc (2000-2009) and MACH (2007-2013).

CAROLYN MCCALL DBE

Chief Executive

First appointed July 2010

Key areas of prior experience
Media

Current external appointments
Non-Executive Director, Burberry Group plc and member of the Audit and Nominations Committees. Director of French Chamber of Commerce.

Previous relevant experience
Prior to joining easyJet, Carolyn was Chief Executive of Guardian Media Group plc (2000-2010). She was also Non-Executive Director of Lloyds TSB Limited (2008-2009), Tesco plc (2005-2008) and New Look plc (1999-2005).

Carolyn was Chair of Opportunity Now (2005-2009) and former President of Women in Advertising and Communications London (WACL) (2002-2003).

ANDREW FINDLAY

Chief Financial Officer

First appointed October 2015

Key areas of prior experience
Finance

Previous relevant experience
Andrew was previously Chief Financial Officer at Halfords plc (2011-2015). Prior to this, Andrew was Director of Finance, Tax and Treasury at Marks and Spencer Group plc (2009-2011). He has also held senior finance roles at the London Stock Exchange and at Cable and Wireless both in the UK and US.

CHANGES DURING THE 2016 YEAR AND UP TO 14 NOVEMBER 2016

- Andrew Findlay was appointed on 2 October 2015.
- John Browett stepped down from the Board on 31 December 2015.
- Chris Browne was a member of the Board between 1 January 2016 and 30 September 2016. She stepped down from the Board to join the Executive Management Team as Chief Operating Officer.



ADÈLE ANDERSON

S R A I

Independent
Non-Executive Director

First appointed
September 2011

Key areas of prior
experience
Finance

Current external appointments
Non-Executive Director, Intu Properties plc and Chair of Audit Committee and member of Remuneration Committee. Non-Executive Director, Spire Healthcare Group plc and Chair of Audit and Risk Committee and member of Remuneration Committee. Member of Board of Trustees, Save the Children UK, and member of Audit Committee. Member of Audit Committee, Wellcome Trust.

Previous relevant experience
Until July 2011, Adèle was a Partner in KPMG and held roles including Chief Financial Officer of KPMG UK, Chief Executive Officer of KPMG's captive insurer and Chief Financial Officer of KPMG Europe.



DR. ANDREAS BIERWIRTH

S F

Independent
Non-Executive Director

First appointed
July 2014

Key areas of prior
experience
Airline industry

Current external appointments
Chief Executive Officer, T-Mobile Austria GmbH. Member of the Supervisory Board of Lindner Hotels AG, Casinos Austria AG (on behalf of the Austrian Government) and the German-Austrian Chamber of Commerce, Austria's Association of Industry.

Previous relevant experience
Andreas previously served as a Member of the Board at Austrian Airlines AG (2008-2012), including as Chief Commercial Officer for the whole period. He also served as Vice President Marketing of Deutsche Lufthansa AG in Frankfurt (2006-2008). Prior to this, Andreas was first Deputy Managing Director and later Managing Director at Germanwings (2002-2006).



KEITH HAMILL OBE

S A N I

Independent
Non-Executive Director

First appointed
March 2009

Key areas of prior
experience
Finance, Strategy

Current external appointments
Chairman, Horsforth Holdings Limited. Non-Executive Director, Samsonite International SA.

Previous relevant experience
Keith was Chairman of Travelodge (2003-2012) and Go, prior to its acquisition by easyJet in 2002. (2001-2002). His other previous Chairman roles include Tullett Prebon plc (2006-2013), Collins Stewart plc (2000-2006), Avant Homes Limited (2013 -2014), Heath Lambert Limited (2005-2011) and Moss Bros Group plc (2001-2008). His Non-Executive Director roles include Max Property Group plc (2010-2014), Electrocomponents plc (1999-2008) and Cadmus Communications Corporation (2002-2007).

Keith was Finance Director of WH Smith (1996-2000), of Forte plc (1993-1996) and of United Distillers (1991-1993), Director of Financial Control at Guinness plc (1988-1991) and a Partner in Price Waterhouse (1986-1988).



ANDY MARTIN

R A N F I

Independent
Non-Executive Director

First appointed
September 2011

Key areas of prior
experience
Finance, Airline industry

Current external appointments
Non-Executive Director of Intertek Group plc and member of the Audit Committee.

Previous relevant experience
From 2012 to 2015, Andy was the Group Chief Operating Officer for Europe and Japan for Compass Group plc and prior to that served as their Group Finance Director from 2004 to 2012. Before he joined the Compass Group, he was Group Finance Director at First Choice Holidays plc (now TUI Group) which had an airline as part of a wider tour operator business. Andy has also held senior financial positions with Granada Group plc (1996-2001), Forte plc (1994-1996) and Arthur Andersen (now part of Deloitte) (1985-1994) including Partner (1992-1994).



FRANÇOIS RUBICHON

R N

Independent
Non-Executive Director

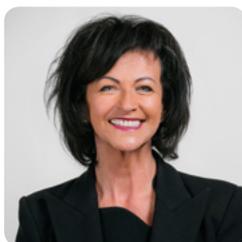
First appointed
July 2014

Key areas of prior
experience
Airline industry

Current external appointments
Project Manager, Le Groupe La Poste.

Previous relevant experience
François was most recently Executive Vice President of Human Resources, General Affairs & Organisation at Societe Francaise du Radiotelephones (SFR). Prior to this François was Deputy Chief Executive Officer and Chief Operating Officer of Aéroports de Paris for seven years. François has worked in a number of advisory positions within government for the Minister of Transport, Infrastructure, Housing, Tourism and Maritime Affairs (2002-2005) and as a social adviser to the then French Prime Minister.

An experienced team to deliver



CHANGES DURING THE 2016 YEAR AND UP TO 14 NOVEMBER 2016

- Mike Campbell stepped down from the Executive Management Team in December 2015, and is retiring at the end of 2016.
- Alita Benson, the former Group People Director, stepped down from the Executive Management Team in December 2015.
- Warwick Brady, the former Chief Operating Officer, stepped down from the Executive Management Team on 30 September 2016.
- Rachel Kentleton, the former Group Director: Strategy and Implementation, stepped down from the Executive Management Team in October 2016.
- Andrew Findlay, Jacky Simmonds and Chris Browne were appointed during the period. See individual profiles for details.

CHRIS BROCKLESBY Chief Information Officer

First appointed March 2015

Key areas of prior experience
IT

Previous relevant experience
Before joining easyJet, Chris was CIO at Tesco Bank and was a member of the Executive Committee with responsibility for IT, Change Management, Supplier Management and Procurement (2007-2015). Chris also spent 18 years at Accenture in their Financial Services and Technology practices. He became a Partner in 2000 and led the UK Financial Services Systems Integration practice as well as leading work at clients such as AXA Life, Zurich Financial Services, Standard Life and Prudential.

CHRIS BROWNE OBE Chief Operating Officer

First appointed October 2016

Key areas of prior experience
Airline industry

Current external appointments
Non-Executive Director of Bovis Homes plc and member of the Nominations, Remuneration and Audit Committees.

Previous relevant experience
Chris was appointed to the Board of easyJet on 1 January 2016 as a Non-Executive Director, before stepping down on 30 September 2016 to join the Executive Management Team as Chief Operating Officer. Chris has previously held several senior leadership positions within aviation including Chief Operating Officer, Aviation, of TUI Travel plc (2014-2015), Managing Director, Thomson Airways (2007-2014) and Managing Director, First Choice Airways (2002-2007). She also has commercial and general management experience in a consumer facing industry with previous roles at Carlson Worldwide and Iberia Airways.

PETER DUFFY Chief Commercial Officer

First appointed February 2011

Key areas of prior experience
Marketing, Digital and Commercial

Previous relevant experience
Before joining easyJet, he was Marketing Director for Audi in the UK (2007-2011). Prior to that, Peter was Marketing Services Director at Barclays (2005-2007).

ANDREW FINDLAY Chief Financial Officer

See Board of Directors' profiles.



CATH LYNN

Group Director of Strategy and Network

First appointed September 2009

Key areas of prior experience Commercial, Operations, Procurement

Previous relevant experience

Cath joined easyJet in 2002 following the merger with Go and has carried out a number of senior roles at easyJet including Head of Ground Operations, Head of Airport Development and Procurement, Head of Network Development, Network and Planning Director, Customer and Revenue Director and Group Commercial Director. Prior to easyJet Cath spent 12 years in retail for J Sainsbury before joining Go (1998-2002) where she was part of the management buy-out team and headed up cabin services, ground operations and customer service.



CAROLYN MCCALL DBE

Chief Executive

See Board of Directors' profiles.



PAUL MOORE

Communications Director

First appointed November 2010

Key areas of prior experience Communications

Previous relevant experience

Before joining easyJet, Paul was Group Public Affairs and Communications Director for FirstGroup (2006-2010). Prior to that Paul worked for Virgin Atlantic Airways for 10 years as its Director of Corporate Affairs (1997-2006).



KYLA MULLINS

Company Secretary and Group General Counsel

First appointed February 2015

Key areas of prior experience Legal, Company Secretarial, Regulation

Previous relevant experience

Kyla is a qualified solicitor, having spent four years with Clifford Chance (1989-1993) before moving in-house. Over the past 20 years she has held senior legal positions in the media, entertainment and strategic outsourcing sectors. Before joining easyJet Kyla was General Counsel and Company Secretary at Mitie Group plc (2014-2015), Global General Counsel of EMI Music (2009-2012), and Group Legal Director at ITV plc and Granada Media (2000-2007).



JACKY SIMMONDS

Group People Director

First appointed January 2016

Key areas of prior experience Airline industry, travel and tourism, Human Resources

Current external appointments

Non-Executive Director, Wolseley plc, and Chair of the Remuneration Committee and member of the Audit and Nominations Committee.

Previous relevant experience

Before joining easyJet, Jacky was Group Human Resources Director at TUI (2010-2015) and previously held a number of senior positions within the Group, including Human Resources Director for TUI UK & Ireland and First Choice plc before the merger with TUI (2007-2010).

Board Committees

The Committee reports that follow set out, amongst other things, the responsibilities and activities of the Committees in the past financial year. The terms of reference of each Committee are documented and agreed by the Board.

The Committees' terms of reference are available in the governance section of easyJet's corporate website: <http://corporate.easyJet.com>

The Chair of each Board Committee formally reports back to the Board.

Details of Directors' attendance at Board and Board Committee meetings are set out on page 56.

Safety Committee

Chair: Dr. Andreas Bierwirth
(from 1 October 2016)

See pages 48 to 49

Remuneration Committee

Chair: Charles Gurassa

See pages 49 to 50

Audit Committee

Chair: Adèle Anderson

See pages 50 to 53

Nominations Committee

Chair: John Barton

See page 54

Finance Committee

Chair: Andy Martin

See page 55

IT Governance and Oversight Committee

Chair: Andy Martin

See page 55

SAFETY COMMITTEE



DR. ANDREAS BIERWIRTH

Chair of the Safety Committee

I took over from Chris Browne as Chair of the Safety Committee on 1 October 2016. In line with easyJet's position that safety is our number one priority, the Safety Committee will continue to ensure that safety receives the highest level of Board attention.

Membership as at 14 November 2016

(all current members are independent Non-Executive Directors)

- Dr. Andreas Bierwirth (appointed as Chair effective from 1 October 2016)
- Adèle Anderson (appointed to the Committee effective from 1 October 2016)
- Keith Hamill

Committee changes

Although Professor Rigas Doganis stepped down from the Board of easyJet as a Non-Executive Director on 1 December 2014, he remained as Chairman of the Safety Committee until 29 February 2016. Chris Browne became a member of the Committee on her appointment to the Board on 1 January 2016 and was appointed as Chair from 1 March 2016. She stepped down from the Committee on 30 September 2016 at the same time she stepped down from the Board to join the easyJet Executive Management Team. She was considered an independent Non-Executive Director at the Safety Committee meetings she attended during the 2016 financial year. Adèle Anderson joined the Committee effective from 1 October 2016.



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for meeting attendance table

Key responsibilities

- To monitor and follow up on safety incidents reported to the Board to ensure that they have been satisfactorily closed either by easyJet and/or the relevant external parties.
- To receive, examine and monitor reports on actions taken by departments.
- To review and monitor the implementation of easyJet's annual safety plan.

The Committee also examines specific safety issues as requested by the Board or any member of the Committee. Where appropriate, the Committee reviews relevant reports published by the UK Air Accident Investigation Branch, major incidents that have affected other operators, as well as other external reports on matters relevant to safety and security.

Independent safety reports from the Director of Safety and Security are presented at every Board meeting. The Committee ensures that both internal and relevant external events are fully investigated and that appropriate actions have been taken where necessary.

The Director of Safety and Security has a direct reporting line to the Chairman which reinforces the independence of safety oversight. In addition, the Chairman of the Committee has reported to the Board with their own assessment of safety management within the airline throughout the year.

Highlights of the 2016 financial year

A range of safety-related matters have been reviewed by the Committee during the 2016 financial year involving all areas – flight operations, cabin crew, ground services and engineering. Some of these reviews followed requests from the Board to carry out detailed assessments of specific operational incidents; others were reports of safety actions taken by easyJet operational departments, and investigations by national investigation authorities. These included a review of the implementation of recommended measures following the Germanwings incident, security reports on Brussels, France and other relevant regions affected during the year by acts of terrorism, and reports on the actions of easyJet's Disruptive Passenger Action Group. In 2015 the Director of Safety and Security was tasked by the Board to undertake a review of fatigue within crew, independent of all the operational departments. The Safety Committee monitored the progress of the fatigue review and reviewed its findings. The Committee will continue to oversee the implementation of the recommendations.

REMUNERATION COMMITTEE



Charles Gurassa

CHARLES GURASSA
Chair of the Remuneration Committee

The remuneration policy has been designed to be straightforward and transparent, in alignment with the Company's principle of having a simple and cost-effective approach.

Membership as at 14 November 2016

(all current members are independent Non-Executive Directors)

- Charles Gurassa (Chair)
- Adèle Anderson (appointed to the Committee effective from 1 January 2016)
- Andy Martin (appointed to the Committee effective from 1 October 2016)
- François Rubichon

Committee changes

John Browett stepped down from the Board and the Remuneration Committee on 31 December 2015. Adèle Anderson was appointed to the Remuneration Committee in his place. Chris Browne was also a member of the Committee on her appointment to the Board on 1 January 2016. Once it became apparent that Chris would be joining the Executive Management Team, the Board determined that she was no longer independent as required as a Committee member under the Remuneration Committee terms of reference. She therefore stepped down from the Remuneration Committee in September ahead of the Remuneration Committee's last meeting of the 2016 financial year. Andy Martin joined the Committee effective from 1 October 2016.



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Key responsibilities

To assess and make recommendations to the Board on the policies for remuneration for each of the Executive Directors and the Chairman, as well as the level and structure of remuneration for senior management.

Highlights of the 2016 financial year

The Committee:

- reviewed the salaries of the Executive Directors and senior management;
- assessed the level of performance against the 2015 financial year bonus measures and determined the level of award for the Executive Directors and senior management;
- determined the bonus targets for the 2016 financial year;
- measured achievement against the LTIP performance measures that were set in December 2012 and agreed the vesting percentage in December 2015;
- considered external reward market, corporate governance activity and shareholder feedback and assessed the implications for easyJet executives;
- agreed the performance targets for the Long Term Incentive Plan for the 2016 financial year;
- reviewed and approved the PLC Board Expenses Policy; and
- considered and debated gender pay and future reporting requirements.

The full Directors' remuneration report is on pages 60 to 75.

Additional disclosures under the UK Corporate Governance Code

For additional disclosures under the UK Corporate Governance Code in relation to the Remuneration Committee's work and remuneration consultants, please refer to the Directors' Remuneration Report on pages 60 to 75.

AUDIT COMMITTEE



Adèle Anderson

ADÈLE ANDERSON Chair of the Audit Committee

During the year, the Audit Committee's focus has, as in previous years, centred on the integrity of the Group's financial reporting, system of risk management, internal controls, and the effectiveness of both internal and external audit. The Committee has continued to follow a detailed programme of work and to respond to the increasing depth of review and reporting that is now required of Audit Committees.

Membership as at 14 November 2016

(all current members are independent Non-Executive Directors)

- Adèle Anderson (Chair)
- Keith Hamill
- Andy Martin

The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities. Adèle Anderson was a partner in KPMG until July 2011 and held roles including Chief Financial Officer of KPMG UK, Chief Executive Officer of KPMG's captive insurer and Chief Financial Officer of KPMG Europe. She currently chairs the audit committees of Intu Properties plc and Spire Healthcare plc. Keith Hamill has had considerable experience as a Director of listed companies and was Finance Director of WH Smith, Forte plc and United Distillers. Andy Martin was Group Finance Director of Compass Group plc between 2004 and 2012, and prior to this held other senior financial positions with First Choice Holidays plc (now TUI Group), Forte plc and Granada Group plc. He is also a Non-Executive Director and Audit Committee member of Intertek Group plc. The Board considers the Committee members' financial experience to be recent and relevant for the purposes of the Code. Further, in accordance with the 2016 Corporate Governance Code (applying to the Company from its 2017 financial year) the Board has determined that the current composition of the Audit Committee as a whole has competence relevant to the sector in which the Company operates. All the Committee members have had a significant amount of sector experience as Non-Executive Directors of easyJet for a number of years, and in addition Andy Martin has had executive sector experience in his previous role at First Choice Holidays plc. All three committee members are qualified accountants.

Committee changes

Chris Browne was also a member of the Committee on her appointment to the Board on 1 January 2016. She stepped down from the Committee on 30 September 2016 at the same time she stepped down from the Board to join the easyJet Executive Management Team. She was considered an independent Non-Executive Director at the Audit Committee meetings she attended during the 2016 financial year.



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Main activities and responsibilities of the Committee

Please refer to the Audit Committee terms of reference for further details on the Committee's duties and responsibilities, available in the governance section of easyJet's corporate website, <http://corporate.easyJet.com>.

Responsibilities

To monitor and review:

the integrity of the financial statements and related formal announcements, and the significant financial reporting issues and judgements which they contain

the Company's risk management systems and internal control

the effectiveness of the Company's Internal Audit function and its activities

the Company's relationship with the external auditors, including:

- their independence and objectivity;
- the effectiveness of the external audit process;
- recommending the appointment, reappointment or removal of the external auditors;
- approving their remuneration and terms of engagement; and
- the policy on the supply of non-audit services.

How the Committee discharged its responsibilities

Review of the financial statements and announcements relating to the financial performance and governance of the Group at year end and half year.

The Committee also considered the material areas in which significant judgements were applied based on reports from both the Group's management and the external auditors. Further information is provided in the **Financial reporting and significant financial issues** section.

Review of the adequacy and effectiveness of the Group's ongoing risk management systems and control processes, through an evaluation of:

- the risk and assurance plans;
- Internal Audit reports;
- risk assessments;
- information security and business continuity;
- control themes; and
- internal financial control assessments.

The Committee undertook an assessment of the effectiveness and independence of the Internal Audit function, which included consideration of:

- key Internal Audit reports;
- stakeholder feedback on the quality of Internal Audit activity;
- Internal Audit's compliance with prevailing professional standards; and
- the implementation of Internal Audit recommendations.

The Committee will also be reviewing the external quality assessment of the Internal Audit function to be undertaken later this year for reporting to the Audit Committee in February next year. Further information is provided in the **Internal Audit** section.

The Committee considered the appointment of the external auditors, confirming and assessing their independence, objectivity and effectiveness. The Committee welcomed a new senior statutory auditor for the 2016 financial year, and the Committee Chair was involved in selecting and interviewing the new partner.

Further information on:

- how the effectiveness, independence and objectivity of the external audit process were assessed, is provided in the **External auditors and effectiveness of external audit process** section; and
- the external auditors' non-audit services, and audit tendering, is provided in the **Non-audit services** and the **Audit tendering** sections respectively.

Responsibilities

the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

the Group's systems and controls for the prevention of bribery and detection of fraud, including receiving reports on non-compliance

Other duties of the Audit Committee include:

- annually reviewing its terms of reference;
- assessing potential conflicts of interest of Directors on behalf of the Board; and
- as requested by the Board, providing advice on whether the Annual report and accounts are fair, balanced and understandable.

Specific items which the Committee looked at during the financial year as part of and in addition to its main activities include the review of:

- the treasury function and accounting treatment of hedging transactions;
- the accounting treatment for property, plant and equipment and intangible assets;
- the accounting treatment of the maintenance provision;
- the process for cash flow forecasting;
- the Group's business continuity planning;
- the Group's depreciation policy and aircraft residual values;
- the Group's information security programme, including capabilities, policies and procedures, and the PCI programme dealing with payment card data; and
- the support for making a viability statement.

Financial reporting and significant financial judgements

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. For example, during the financial year, the Committee reviewed the level of provisions and accruals recorded which are judgemental in nature. The Committee reviewed accounting papers prepared by management which provide details on significant financial reporting judgements. The Committee also reviewed reports by the external auditors on the full year and half year results which highlight any issues with respect to the work undertaken on the audit.

The Committee reviewed financial issues through discussion with management and the external auditors and comparison to other organisations. The number of such issues currently considered as significant are, however, limited given easyJet's relatively simple business model and group structure which are unencumbered with legacy issues. The significant issues considered in relation to the accounts are detailed below:

- The Committee reviewed the maintenance provision at the year end. A number of judgements are used in the calculation of the provision, primarily pricing, utilisation of aircraft and timing of maintenance checks. The Committee addressed these matters using reports received from

How the Committee discharged its responsibilities

During the year, the Committee reviewed:

- whistleblower reports and the refresh and re-launch of the whistleblowing processes;
- reports on anti-bribery and corruption procedures;
- reports on procedures on fraud and loss prevention; and
- reports on credit card fraud monitoring and investigations.

The Committee reviewed its terms of reference and made some changes in line with best practice.

A couple of potential conflicts were considered and assessed during the year. The Committee determined that these were potential transactional conflicts of interest which were yet to arise.

Further information on the Committee's role on providing advice on whether the annual report and accounts is fair, balanced and understandable is provided in the **Financial reporting and significant financial issues** section.

management which underpin the basis of assumptions used. The Committee also discussed with the external auditors their review of the assumptions underlying the estimates used.

- The Committee considered whether the carrying value of goodwill and landing rights held by easyJet should be impaired. The judgement in relation to impairment largely relates to the assumptions underlying the calculation of the value in use of the business being tested for impairment; primarily whether the forecasted cashflows are achievable and the overall macroeconomic assumptions which underlie the valuation process. The Committee addressed these matters using reports received from management outlining the basis for assumptions used. The forecasted cashflows used in the calculation were presented to the Board.
- The Committee considered the key treasury transactions, and the application of hedge accounting. easyJet hedges forward, on a rolling basis, between 65% and 85% of the next 12 months anticipated fuel and currency requirements and between 45% and 65% of the next 12 months anticipated requirements. Significant exposure relating to the acquisition cost of aircraft is also managed through the use of foreign currency forward exchange contracts where 90% of the next two years forecast requirement is hedged. easyJet does not operate any other significant derivative financial instruments. However, this area remains significant due to the quantity of fuel and exchange rate hedges.
- The Committee reviewed the level and calculations of key accruals and provisions which are judgemental in nature. Specifically the area of customer claims in respect of flight delays, cancellations and Air Passenger Duty.

The Committee is satisfied that the judgements made by management are reasonable, and that appropriate disclosures have been included in the accounts.

At the request of the Board, the Committee also considered whether the Annual report and accounts are fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Group's position and performance, business model and strategy. The Committee is satisfied that, taken as a whole, the Annual report and accounts are fair, balanced and understandable. In reaching this

conclusion, the Committee considered the overall review and confirmation process around the Annual report and accounts, including:

- the input of subject matter experts, the Executive Management Team and other senior management and, where applicable, the Board and its Committees;
- the processes and controls which underpin the overall review and confirmation process, including the verification process being carried out by an internal financial controls specialist (independent of the Finance function); and
- Internal Audit providing assurance over the audit trail for material data points relating to the non-financial statement aspects of the Annual report and accounts, and external audit providing assurance over the accounts.

The Committee was provided with, and commented on, a draft copy of the Annual report and accounts.

In carrying out the above processes, key considerations included ensuring that there was consistency between the accounts and the narrative provided in the front half of the annual report, and that there was an appropriate balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and honest manner.

Risk management and internal control

The Board, as a whole, including the Audit Committee members, consider the nature and extent of easyJet's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. The Audit Committee has reviewed the work done by management, the Committee itself and the Board on the assessment of the Company's principal risks, including their impact on the prospects of the Company. As a result, it is considered that the Board has fulfilled its obligations under the Code in relation to risk management and internal controls. Further details on the Company's principal risks and uncertainties and their impact on the prospects of the Company are set out on pages 24 to 31.

easyJet's system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit Committee, through reports received from management, along with those from both internal and external auditors. Any control deficiencies identified are followed up with action plans tracked by the Committee. Further details of risk management and internal control are set out on page 59.

Internal Audit

The Audit Committee is responsible for overseeing the work of the Internal Audit function. It reviews and approves the scope of the Internal Audit annual plan and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions. The Audit Committee also considers stakeholder feedback on the quality of Internal Audit's work. Further information on the Internal Audit function is provided on page 59. In order to safeguard the independence of the Internal Audit functions, the Head of Internal Audit is given the opportunity to meet privately with the Audit Committee without any other members of management present.

External auditors and effectiveness of external audit process

PricewaterhouseCoopers LLP were reappointed auditors of the Company at the 2016 Annual General Meeting following a tender process undertaken in 2015. Senior management monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the Audit Committee's decision to recommend reappointment on an annual basis.

The Audit Committee also assesses the effectiveness, independence and objectivity of the external auditors by, amongst other things:

- considering all key external auditor plans and reports;
- having regular engagement with the external auditor during Committee meetings and ad hoc meetings (when required), including meetings without any member of management being present;
- the Committee Chair having discussions with the Senior Statutory Auditor ahead of each Committee meeting; and
- following the end of the financial year, each Committee member completing an auditor effectiveness review questionnaire.

Non-audit services

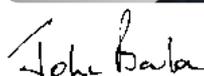
In order to preserve objectivity and independence, the external auditors are not asked to provide consulting services unless this is in the best interests of the Company, in accordance with easyJet's non-audit services policy which is available in the governance section of easyJet's corporate website, <http://corporate.easyJet.com>.

In the 2016 financial year, PriceWaterhouseCoopers LLP did provide services in addition to its usual audit work by providing a comfort letter in relation to the Company's setting up of a Euro Medium Term Note (EMTN) Programme. It was determined that the nature of the work would not undermine auditor objectivity and independence. This additional scope of work was in line with the Company's non-audit service policy, which allows an external auditor to undertake as an auditor, work in connection with debt capital raising. The fees relating to this additional work were £38,000 but were not considered to be non-audit services. Therefore, in the 2016 financial year the Company incurred no non-statutory audit fees (2015: nil).

Audit tendering

PricewaterhouseCoopers LLP were first appointed to audit the Annual report and accounts for the year ended 30 September 2006, and have therefore served a 10 year term. Under EU audit reform legislation, companies are required to have a mandatory rotation of auditors after 10 years, or 20 years if there is a compulsory retender at 10 years. During the 2015 financial year, the Committee led a tender process for external audit services, following which the Audit Committee agreed to recommend that the Board reappoint PricewaterhouseCoopers LLP as, on balance, they performed better than the Committee's pre-agreed selection and assessment criteria.

NOMINATIONS COMMITTEE



JOHN BARTON

Chair of the Nominations Committee

This year the Committee focused on leading a review of the composition of the Board and succession planning both at Board and Executive Management Team level, and reviewing the make-up of the Board Committees given the changes to the Board during the year.

Membership as at 14 November 2016

(members are independent Non-Executive Directors and the Non-Executive Chairman of the Board)

- John Barton (Chair)
- Charles Gurassa
- Keith Hamill (appointed from 1 October 2016)
- Andy Martin (appointed from 1 October 2016)
- François Rubichon

Committee changes

To ensure that the important subject matter of the Committee's remit is discussed with a wide number of Non-Executive Directors, Andy Martin and Keith Hamill joined the Committee effective from 1 October 2016.



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Key responsibilities

- Keeping under review the composition, structure and size of, and succession to, the Board and its Committees;
- Succession planning for senior executives and the Board;
- Leading the process for Board appointments by identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- Evaluation of the balance of skills, knowledge, experience and diversity on the Board.

Highlights of the 2016 financial year

- Together with an external consultant, leading the calibration of the capability and skills of the current Board against the future requirements in terms of size, structure, composition and behaviours;
- Consideration of the appointments to the Board Committees following the change in Board composition; and
- Reviewing management's succession plans for senior executive positions.

Board appointments process

The Committee adopts a formal and transparent procedure for the appointment of new Directors to the Board. With the exception of Chris Browne's recruitment as disclosed in last year's Annual report, there were no searches for Board Directors during the 2016 financial year. Following the Committee's review of the skills, knowledge, experience and diversity on the Board, the Committee is recommending to the Board the recruitment of at least one additional Non-Executive Director during the 2017 financial year. Should the Board seek to recruit any additional Directors during the course of next year, its practice is to use external search consultants.

Diversity

The Board recognises the benefits of having diversity across all areas of the Group and believes that this supports easyJet's continued success and advantage. When considering the optimum make-up of the Board, the benefits of diversity of the Board are appropriately reviewed and balanced where possible, including in terms of differences in skills, industry experience, business model experiences, gender, race, disability, age, nationality, background and other contributions that individuals may make. The Committee continues to encourage diversity of business skills and experience, recognising that Directors with varying skill sets, capabilities and experience gained from different geographic and cultural backgrounds enhance the Board. In identifying suitable candidates the Committee will seek candidates from a range of backgrounds, with the final decision being based on merit against objective criteria.

As at 14 November 2016, the Company has two female Directors, one being the Chief Executive. The Board has a 22% female representation. The Company had three female Directors between 1 January 2016 and 30 September 2016, until Chris Browne stepped down from the Board. easyJet's policy on diversity applies across all levels of the organisation, and further details can be found in the Corporate responsibility section on pages 38 to 39, including further details of the Executive Management Team. As at 14 November 2016, the number of women on the Executive Management Team had increased from last year to five (out of nine positions) such that women now make up the majority of that team.

FINANCE COMMITTEE



Andy Martin

ANDY MARTIN

Chair of the Finance Committee

The Finance Committee continues to provide effective oversight of the Group's treasury and funding policies and activities, ensuring that activities undertaken will not subject the Group to undesired levels of risk, and that treasury activities are appropriately aligned with Group strategy and support the Group financial performance.

Membership as at 14 November 2016

(all members are independent Non-Executive Directors)

- Andy Martin (Chair effective from 1 December 2015)
- Dr. Andreas Bierwirth (appointed to the Committee effective from 1 December 2015)
- Charles Gurassa

Committee changes

Adèle Anderson stepped down from the Committee as Chair and Committee member effective from 30 November 2015. Andy Martin took over as Chair from 1 December 2015 and Dr. Andreas Bierwirth was appointed to the Committee on 1 December 2015.



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Key responsibilities

To review and monitor the Group's treasury policies, treasury operations and funding activities, along with associated risks.

Highlights of the 2016 financial year

The Committee:

- supported the Board in publishing credit ratings from Moody's and Standard & Poor's and oversaw the setting up of a Euro Medium Term Note Programme under which Eurobonds were issued;
- reviewed the capital structure of the business, specifically in relation to the liquidity buffer maintained by the airline and the management of the aircraft residual values;
- reviewed hedge accounting on cross-currency interest rate swaps; and
- reviewed the Company's treasury policy.

IT GOVERNANCE AND OVERSIGHT COMMITTEE



Andy Martin

ANDY MARTIN

Chair of the IT Governance and Oversight Committee

The IT Governance and Oversight Committee provides governance oversight, and gives independent validation and challenge, to one of the Company's key business areas.

Membership as at 14 November 2016

(all members are independent Non-Executive Directors)

- Andy Martin (Chair, appointed to the Committee effective from 1 January 2016)
- Adèle Anderson
- Keith Hamill

Committee changes

John Browett stepped down from the Board and the IT Governance and Oversight Committee (as Chair and member) on 31 December 2015. Andy Martin was appointed to the Committee and became Chair on 1 January 2016.



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Key responsibilities

To provide independent oversight over the governance and controls relating to the IT business area, in particular covering the required resilience and change. Specifically the Committee:

- monitors the strategic direction of the IT programme to ensure it supports easyJet's long-term goals within the ambit of its strategic framework;
- reviews the risks and controls associated with IT strategy to ensure appropriate mitigation is built into the implementation process;
- monitors implementation of the IT strategy and ensures that changing business needs are being met in the context of the Company's strategic goals and competitive position; and
- provides financial oversight over the IT programmes as the Committee considers necessary, including ensuring an appropriate framework within which budgetary decisions are made.

Highlights of the 2016 financial year

The Committee has:

- approved the business case for a new e-commerce platform and overseen the programme during its design phase;
- reviewed and commissioned independent assurance reports from consultants relating to certain IT programmes; and
- reviewed the capabilities and resourcing required to deliver the IT programmes.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company has, throughout the 2016 financial year, complied without exception with the provisions of the UK Corporate Governance Code issued in September 2014 (the Code), which is the version of the Code which applies to its 2016 financial year. The section below details how the Company has complied with the Code, available at www.frc.org.uk. The following disclosures are ordered into the sections as they appear in the Code.

A. Leadership

A.1 Role of the Board

The Board is responsible for providing effective leadership to the airline. It does this by setting strategic priorities and overseeing their delivery in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls.

The Board has a formal schedule of matters reserved for its decision which is available in the governance section of easyJet's corporate website: <http://corporate.easyJet.com>. Day-to-day management responsibility rests with the Executive Management Team, listed on pages 46 to 47. These individuals are also the Directors and Company Secretary of the principal operating company, easyJet Airline Company Limited.

The Board meets regularly, with nine scheduled meetings having been held during the year. The Directors' attendance records at those meetings and Board Committee meetings held during the year are shown in the table below. In addition to those scheduled meetings, two ad hoc Board meetings were also arranged to deal with matters arising between scheduled meetings as appropriate. Non-Executive Directors are also

encouraged to communicate directly with senior management between Board meetings.

A.2 Division of responsibilities

The roles of Chairman and Chief Executive are separate, set out in writing, clearly defined, and approved by the Board. They are available on easyJet's corporate website: <http://corporate.easyJet.com>. The Chairman's role is to lead the Board and ensure that it operates effectively. The Chief Executive's role is the day-to-day running of the Group's businesses and the development and implementation of strategy.

A.3 The Chairman

The Chairman, John Barton, sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. On his appointment in May 2013, the Board considered John Barton to be independent in character and judgement in accordance with the Code.

A.4 Non-Executive Directors

Charles Gurassa is Senior Independent Director and Deputy Chairman. In this role, Charles provides advice and additional support and experience to the Chairman as required, and is available to act as an intermediary for the other Directors if necessary. Charles is also available to address shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive or other Executive Director, and leads the appraisal of the Chairman's performance annually in consultation with the other Non-Executive Directors in a meeting without the Chairman being present. The Non-Executive Directors, together with the Chairman, have also met without any Executive Directors present during the year. During the year, there were no unresolved concerns regarding the running of the Company.

Attendance at scheduled meetings during 2016 financial year

For further information regarding when Board members joined or stepped down from Committees during and after the 2016 financial year, please refer to the "Committee changes" sections in the relevant Committee reports (pages 48 to 55).

	Board	Audit Committee	Remuneration Committee	Finance Committee	Safety Committee	Nominations Committee	IT Governance and Oversight Committee
Number of scheduled meetings	9	4	3	4	4 ⁽¹⁾	3	2
Executive Directors							
Carolyn McCall DBE	9/9		2*		2*	2*	2*
Andrew Findlay	9/9	4*	2*	4*			1*
Non-Executive Directors							
John Barton	9/9	3*	3*	1*	4*	3/3	1*
Charles Gurassa	9/9		3/3	4/4		3/3	
Adèle Anderson ⁽²⁾	8/9	4/4	2/2	1/1			2/2
Dr. Andreas Bierwirth	9/9			3/3	4/4		
John Browett ⁽³⁾	1/2		1/1				1/1
Chris Browne ⁽⁴⁾	7/7	3/3	1/1		3/3		
Keith Hamill OBE	9/9	4/4			4/4		2/2
Andy Martin	9/9	4/4	1*	4/4			1/1
François Rubichon	9/9		3/3			3/3	

* Not a member of the relevant Committee – attendance at meeting by invitation.

(1) Professor Rigas Doganis, who was not a member of the Board however was independent Chair of the Safety Committee, attended two meetings at which he was Chair until he was succeeded by Chris Browne as Chair on 1 March 2016.

(2) Adèle Anderson missed a brief Board meeting held by conference call due to having problems dialling in on the day from overseas.

(3) John Browett stepped down as Director on 31 December 2015.

(4) Chris Browne joined the Board on 1 January 2016 and stepped down as Director on 30 September 2016.

B. Effectiveness

B.1 Composition of the Board

As at 30 September 2016, the Board comprised eight Non-Executive Directors (including the Chairman) and two Executive Directors. Following the stepping down of Chris Browne on 30 September 2016, as at 14 November 2016, the Board comprises seven Non-Executive Directors (including the Chairman) and two Executive Directors.

After giving thorough consideration to the matter, the Board considers Adèle Anderson, Dr. Andreas Bierwirth, Charles Gurassa, Keith Hamill, Andy Martin and François Rubichon to be Non-Executive Directors who are independent in character and judgement. Chris Browne was considered independent on her appointment to the Board up until the Board's September meeting when it was noted that as she was close to concluding an agreement for the Chief Operating Officer role on the easyJet Executive Management Team, she should no longer be viewed as independent.

B.2 Appointments to the Board

The Nominations Committee leads the process for Board appointments and makes recommendations to the Board. For information on the work of the Nominations Committee and a description of the Board's policy on diversity, please refer to the Nominations Committee report on page 54.

B.3 Commitment

Following the Board evaluation process, detailed further below, the Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Contracts and letters of appointment with Directors are made available at the Annual General Meeting or on request. The standard terms and conditions of the appointment of Non-Executive Directors are also available in the governance section of easyJet's corporate website: <http://corporate.easyJet.com>.

Executive Directors are encouraged to take up non-executive positions in other companies or organisations. Carolyn McCall DBE, the Chief Executive, has acted as Non-Executive Director at Burberry Group plc since September 2014. Appointment to such positions is subject to the approval of the Board which considers, amongst other things, the time commitment required. The Executive Management Team are permitted to hold one appointment on a Board or Committee of a listed company so long as this is not thought to interfere with the business of the Group.

Pursuant to B3.1 of the Corporate Governance Code, John Barton was appointed as director of Luceco plc on 27 September 2016, which subsequently became a publicly quoted company on 17 October 2016. Despite this change to the Chairman's commitments outside of easyJet, the Board is satisfied that there has been no impact to the Chairman's commitment to the Company and he still continues to devote more than sufficient time to his duties as Chairman, as evidenced by his high attendance at committees at which he is not a committee member (on page 56). The Executive Directors and Non-Executive Directors reviewed, and were satisfied with, the Chairman's time commitment to the Board as set out under "B.6 Evaluation" on this page.

B.4 Development

On joining the Board, new members receive a tailored induction, organised by the Company Secretary, which covers amongst other things:

- the business of the Group;
- their legal and regulatory responsibilities as Directors;
- briefings and presentations from relevant executives; and
- opportunities to visit and experience easyJet's business operations.

To update the Directors' skills, knowledge and familiarity with the Group, visits to bases are organised for the Board periodically, to assist its understanding of the operational issues that the business faces. The Board was invited to visit the base in Geneva in June 2016 and to attend a Country Review Board there, as well as an airside tour of airport operations and the crew room, and meetings with Swiss management and the CEO of Geneva Airport. A briefing paper is provided to Board members to update them on relevant developments in law, regulation and best practice, usually two to four times per year. Directors are encouraged to highlight specific areas where they feel their skills or knowledge would benefit from development as part of the annual Board evaluation process. An example of training undertaken this year was the session held for all the Directors by the Company's corporate lawyers on the new EU Market Abuse Regulation which came into force in July 2016.

B.5 Information and support

All members of the Board are supplied with appropriate, clear and accurate information in a timely manner covering matters which are to be considered at forthcoming Board or Committee meetings.

Should Directors judge it necessary to seek independent legal advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Directors also have access to the advice and services of the Company Secretary who is responsible for advising the Board on all governance matters and ensuring that Board procedures are complied with.

The appointment and removal of the Company Secretary is a matter requiring Board approval.

B.6 Evaluation

A performance review of the Board, its Committees and Directors is carried out every year and is externally facilitated at least every third year. Following the evaluation being externally facilitated last year by Independent Audit Limited, the 2016 Board and Committee evaluation was conducted internally by the Company Secretary and Group General Counsel, Kyla Mullins, at the request of the Chairman. Kyla prepared surveys that were completed by Board members. In addition, Calibroconsult Limited, an external consultant engaged by the Nominations Committee to advise on Board succession planning and composition, undertook a series of in-depth, confidential working sessions with each member of the Board individually to understand, amongst other things, current key challenges for the Board and Executive Management Team. This was considered as part of the 2016 Board and Committee evaluation and fed back to the Chairman and the Company Secretary and Group General Counsel who discussed the outcomes and recommendations. Following discussion with the Board as a whole, areas identified for improvement were agreed by the Board. Calibroconsult Limited has no connection with the Company beyond evaluating the Board.

The review extended to all aspects of Board and Committee performance including composition and dynamics (which complement the work undertaken by Calibroconsult Limited), the Chairman's leadership, agenda and focus, time

management, strategic oversight, oversight of risk and succession planning, and priorities for change.

Charles Gurassa, as Senior Independent Director, led a review of the Chairman's performance and held a private meeting of the Non-Executive Directors without the Chairman present to discuss the Chairman's performance it was concluded that John Barton's performance and contribution are strong and that he demonstrates effective leadership. The Executive Directors and the Non-Executive Directors also reviewed and were satisfied with the Chairman's time commitment to the Board and the business.

The Chairman conducted a process of evaluating the performance and contribution of each Director which included a one-to-one performance evaluation and feedback discussion with each of them.

B.7 Re-election

The Company's Articles of Association require the Directors to submit themselves for re-election by shareholders at least once every three years. However, the Board has decided that all Directors will stand for re-election or election at each Annual General Meeting in accordance with the Code.

C. Accountability

C.1 Financial and Business Reporting

Please refer to:

- page 79 for the Board's statement on the Annual report and accounts being fair, balanced and understandable;
- page 22 for the statement on the status of the Company and the Group as a going concern; and
- the Strategic report on pages 4 to 15 for an explanation of the Company's business model and the strategy for delivering the objectives of the Company.

C.2 Risk Management and Internal Control

The Board has carried out a robust assessment of the principal risks facing the Company and how those risks affect the prospects of the Company. Please refer to pages 24 to 31 for further information on the Company's principal risks and uncertainties and page 22 for their impact on the prospects of the Company.

The overall responsibility for easyJet's systems of internal control and for reviewing their effectiveness rests with the Board. The Board has conducted an annual review of the effectiveness of the systems of internal control during the year, under the auspices of the Audit Committee. Further information on the Company's risk management and internal control systems is given on page 59.

C.3 Audit Committee and Auditors

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and auditors, please refer to the Audit Committee report on pages 50 to 53.

D. Remuneration

For further information on the Company's compliance with the Code provisions relating to remuneration, please refer to:

- the Directors' remuneration report on pages 60 to 75 for the level and components of remuneration (D.1); and
- pages 49 to 50 (the Remuneration Committee Report) for the procedure relating to remuneration (D.2).

E. Relations with shareholders

E.1 Dialogue with shareholders

The Company actively engages with investors and solicits their feedback. The Chairman and Deputy Chairman met with shareholders during the course of the year to help maintain a balanced understanding of their issues and concerns. They also attended a senior investor dinner in January and met with the Company's top 10 institutional investors. The Chairman has updated the Board on the opinions of investors. The views of shareholders and market perceptions are also regularly communicated to the Board via verbal briefings.

easyJet has an investor relations department which runs an active programme to facilitate engagement with investors based around the financial reporting calendar. This year the programme has included one-to-one meetings with institutional investors, road shows and conferences. There is also regular communication with institutional investors on key business issues.

During the course of the year the Chairman, Deputy Chairman and Chief Executive met with representatives of easyGroup Holdings Limited, the Company's largest shareholder, to discuss relevant matters. The Chief Financial Officer has also met separately with representatives of easyGroup Ltd (an affiliate of easyGroup Holdings Limited) to discuss matters relating to the management and protection of the "easyJet" and "easy" brands.

E.2 Constructive use of the Annual General Meeting

The Annual General Meeting gives all shareholders the opportunity to communicate directly with the Board and encourages their participation. Shareholders are given the opportunity to raise issues formally at the Annual General Meeting or informally with Directors after the meeting. All Directors normally attend the Annual General Meeting and the Chairs of the Committees are available to answer questions at the Annual General Meeting.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for easyJet's risk management and systems of internal control.

Risk management

easyJet has an established risk management process to ensure that significant risks are identified and mitigated where possible. For further details of the risk management process, the principal risks and uncertainties faced by the Group and the associated mitigating actions, please refer to pages 24 to 31.

To ensure that risks are managed effectively, a number of activities are undertaken:

- an Executive Management Team member is allocated as the risk owner for each principal risk, with responsibility for the day-to-day management of those risks;
- ongoing risk management and assurance is provided through the various monitoring reviews and reporting mechanisms that are embedded into the business operations. The results of these reviews are reported to the Audit Committee and the Board, which considers whether these high level risks are being effectively controlled;
- regular operational (including safety), commercial, financial and IT functional meetings are held to review performance and to consider key risks and issues (please refer to pages 48 to 49 for details of the Safety Committee);
- the Executive Management Team meets regularly to consider significant risks, status of risk mitigations and overall business performance; this ensures key issues are escalated through the management team, and, as appropriate, ultimately to the Board; and
- the Directors review the effectiveness of internal controls, including operating, financial and compliance controls.

The Audit Committee undertakes an annual review of the appropriateness of the risk management processes to ensure that they are sufficiently robust to meet the needs of the Group (please refer to pages 50 to 53 for details of the Audit Committee's responsibilities).

Internal control

The responsibility for establishing and operating detailed control procedures lies with the Chief Executive. The internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. By their nature, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has conducted an annual review of the effectiveness of the systems of internal control during the year, under the auspices of the Audit Committee. This included reviews of systems and controls relating to financial reporting processes and the preparation of the accounts. The internal financial control monitoring programme, administered by Internal Audit, has continued to enhance the review process.

The internal control regime is supported by the operation of a whistleblower reporting function. The system is operated by a specialist external third-party service provider and allows employees to report concerns anonymously and in confidence. The Audit Committee has approved the processes and reporting structure for the function, and receives regular reports on its operation.

Internal Audit

The Internal Audit function's key objectives are to provide independent and objective assurance on risks and controls to the Board, Audit Committee and senior management, and to assist the Board in meeting its corporate governance and regulatory responsibilities. Its work is based on a risk-based audit plan, which is approved by the Audit Committee on behalf of the Board, and updated on a rolling basis.

Internal Audit reviews the extent to which systems of internal control:

- are designed and operating effectively;
- are adequate to manage easyJet's key risks; and
- safeguard the Group's assets.

The Head of Internal Audit reports to the Head of Risk and Tax and has direct access to the Chief Executive and the Chairman of the Audit Committee. The Head of Internal Audit is invited to, and attends, Audit Committee meetings throughout the year and reports regularly on Internal Audit reviews to the Executive Management Team.

During the year, the effectiveness of the Internal Audit function was assessed by the Audit Committee. The role of the Internal Audit function and the scope of its work both continue to evolve to take account of changes within the business and emerging best practice. A formal audit charter is in place.