

Working Arrangements Post March 28

Team,

In December we indicated that our intention was to return the vast majority of our people to 100% pay from March 28.

Much has changed since we made that decision. Due to new strains of COVID-19, international travel has been much more severely curtailed, and our passenger numbers have fallen back to a trickle once again.

However, what has not changed during that period are the huge sacrifices that you and your colleagues have made to support this business. Almost everyone in the company has been paid 80% of their salary for the past 11 months. There were no performance related pay, gain share or profit share payments for 2020 and no overtime; so the effective pay reductions are up to 45% in some cases.

To enable us to maintain wages at this level – during a period in which our business has been at a virtual standstill - we have had to take difficult decisions. About 850 of our friends and colleagues have left the business in Ireland and more are due to leave in the coming weeks. In total, the current right-sizing programme will see more than 1,000 Irish-based staff permanently leave the organisation – that's about a third of our workforce. There have also been similar restructuring activities at our locations overseas, with a further 1,000 people leaving ARI's operations internationally.

These and other measures have generated very significant payroll cost savings. We have also dramatically reduced all non-payroll costs and are continuing to make savings wherever we can. In total, we reduced our costs by 50% during the period from April to December last year.

During 2020, we agreed that to weather the current storm, and to position our business to operate and recover successfully post pandemic with one-third fewer people, we would have to work differently. In many cases, this means a significant amount of change - for example introducing changes to team structures, roles, responsibilities, and rosters. We are doing this to safeguard the company for those that remain.

In our staff ballots, 93% of our people supported these changes to work practices, which shows the huge commitment you have made to the recovery of our business. I know that the implementation of these changes can be extremely difficult, however by supporting these changes you have enabled the company to support you to the fullest extent possible during this crisis. The implementation of all these changes - despite the challenges they bring - is absolutely crucial to safeguard and protect long-term sustainable employment and careers at daa.

Unfortunately, despite all our collective efforts, the business is still in a difficult place, as passenger numbers remain very low at Dublin and Cork airports. At this point, we are not able to accurately forecast how things might look in the second half of this year.

There are significant positives though - the vaccine roll-out programme is ramping up and there is a huge underlying demand for international travel. People so badly want to visit family and friends and to have a foreign holiday.

Given the huge sacrifices you have made over the past year, and the continued uncertainties in the aviation sector, we have been trying to navigate the best way forward. We firmly believe that we need to continue to do right by you, because you have done the right thing by the company. But we have to be mindful of the significant uncertainty that still remains.

We have therefore decided that everybody who works in areas where New Ways of Working have been accepted will move back to 100% time/pay from March 28. The change will apply from March 28 until September 11 and will be seen in your pay packet from April 21.

To enable the business to make this change, we are asking you to significantly reduce your annual leave and time off in lieu (TIL) balances over the next six months. Between March 28 and September 11, you will need to take a minimum of 20 days leave/TIL. This will help prepare the business for the recovery when it does come.

Understandably, leave balances have built up last year, and TIL balances were not reduced by as much as would usually be the case. There is now an urgent business need to burn down this leave and TIL to enable us to be ready to operate at full speed as soon as restrictions ease.

I know you will have lots of questions about how this will work in practice and these are answered in the Questions Answered document that accompanies this note.

In 'normal times' it was always so difficult to facilitate our teams to take a well-earned break during the peak summer. Given expected passenger traffic patterns this summer, we should be able to accommodate everybody, as I know you will need a proper break before things really kick off in the autumn.

This decision to move you back to 100% time/pay in those areas where we have agreed to work differently, has been made possible by the cost savings you have helped us achieve by enabling us to run our business differently. Without this commitment from you, we just wouldn't be able to do this. So, from the entire senior team – a sincere thank you.

However, we must not delay our commitment to implement these new work practices, as they underpin this move to 100% due to the savings they generate for the business.

While we are hopeful of a significant improvement in the external climate by mid-September, things are still very uncertain, and it is difficult to make any accurate forecasts. If, for any reason, we need to amend the pay position again, I will of course let you know.

The return to 100% is happening in all areas where we have agreed to work differently. In the small number of areas where changes have not been accepted, pay levels will continue at their current rate.

This year is going to be another difficult one for us, but we have taken huge steps to meet the financial challenges that COVID created. We also need to continue to manage the business carefully through this crisis and we intend to do that.

This business will recover, but it's going to be a long and hard journey, which is why I'm so glad that so many of you have agreed to work differently to protect and rebuild our business. I have full confidence that with the team that we have, we will deliver the best possible future for daa: for all of us who work here, for our airline customers and passengers, and for the Irish economy.

On behalf of the Board, the senior team and myself, thank you again for your huge sacrifices and your support. Without that, we wouldn't be where we are today.

A handwritten signature in black ink that reads "Dalton". The signature is fluid and cursive, with the first letter 'D' being particularly large and stylized.

Dalton Philips
Chief Executive

