

2017 DIRECTORS' REMUNERATION POLICY

The Group's Remuneration Policy was approved at the Annual General Meeting of Inmarsat plc held on 4 May 2017 .

The Group's Remuneration Policy is designed to deliver rewards that enable it to attract, retain and motivate talent of the highest appropriate quality, linking rewards to the achievement of financial and strategic goals of the Group. When determining Remuneration Policy, we take into account all factors which we deem necessary, including the Group's overall business strategy, business performance in the current year and expectations for future years as incorporated into our Long Range Business Plan ('LRBP'), pay arrangements in the wider Inmarsat workforce, and the global economic situation. Where appropriate, we will consult with shareholders in advance of major changes in the Remuneration Policy or where we consider there are material changes to individual remuneration arrangements. The Committee is committed to the principle that the Company should pay at the appropriate level to recruit and retain executives, and incentivise them to achieve the Company's objectives which will create value for shareholders.

How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
BASIC SALARY			
Paying market-competitive base salaries, commensurate with the individual's role, responsibilities and experience, allows us to recruit and retain Executive Directors of the calibre required to implement our strategy.	Salaries are reviewed annually with any increase generally made in July or following a material change in responsibilities. The Committee will determine any increases to be made. Any increase is determined by a formal appraisal by the Committee, taking into account market pay levels, a review of salaries against companies of similar size, complexity and type, Group performance, as well as the remuneration arrangements operated throughout the Group, with reference to UK-based employees in particular for pay comparison levels.	Salary increases will be applied in line with the outcome of an annual salary review. The maximum annual salary increase will normally be in line with the average increase applied to the UK workforce. However, larger increases may be awarded in certain circumstances including, but not limited to, an increase in scope or responsibility of the role; to apply salary progression for a newly appointed Director; where the Director's salary has fallen behind market positioning. Where increases are awarded in excess of that for the UK employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.	Based on Company performance and individual contribution.
BENEFITS IN KIND			
We provide cost-effective benefits which support the wellbeing of employees.	Provision of death, long-term sickness and medical and dental insurance cover (which can include spouse and dependents cover). Life assurance of 4x salary, paid holiday and medical check-ups are also provided. If required, the Company would provide access to independent financial and legal advice on a case-by-case basis. Provision of other reasonable benefits in the event of relocation, eg temporary accommodation and other related costs will be considered on a case-by-case basis. These benefits are non-pensionable.	The benefits provided may vary by role and levels of cover provided will reflect market practice and the individual circumstances of the Executive Directors. It is not anticipated that the current cost of benefits (as set out in the Annual Report on Remuneration) would increase materially over the period for which this Policy will apply. The Committee retains the discretion to approve a higher cost in exceptional circumstances (eg relocation) or in circumstances where factors outside the Company's control have changed materially.	Not applicable.
PENSION			
We provide defined contribution pension arrangements, or cash in lieu of pension.	The Executive Directors are eligible to participate in the Company's defined contribution pension plan arrangements or other similar pension plans as appropriate to the Executive Director's nationality or location. The Company also operates an auto-enrolment pension scheme which an Executive Director could participate in instead of the main pension plan. Contributions are based on a percentage of salary which is currently limited to a pensions cap.	Maximum employer contributions are currently 12.5% of the capped salary under the terms of the UK pension plan. The Committee may review pension contribution levels in the future. Any increase in contributions would not result in a pension contribution in excess of 20% of the uncapped basic salary.	Not applicable.

How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
ANNUAL CASH BONUS			
<p>We provide an annual bonus to incentivise the achievement of annual financial and operational goals in line with Group strategy.</p> <p>Performance metrics are selected to support the annual business strategy which we believe also lead to enhancement of shareholder value.</p>	<p>Bonus payment levels are determined by the Committee annually by reference to performance against targets set at the start of the financial year. Personal objectives are set annually by the Committee.</p> <p>In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic bonus outcome within the limits of the scheme where it believes the outcome is not truly reflective of performance, and to reflect the actual delivery of value to shareholders. Any discretionary adjustments will be detailed in the following year's Annual Report on Remuneration.</p> <p>The Committee may exercise its discretion to claw back bonuses in certain exceptional circumstances which may include (but are not limited to) gross misconduct, fraud or a significant downward revision of the financial results of the Group.</p>	<p>Maximum opportunity: > 125% of salary.</p> <p>Threshold and Target opportunity: > 0% and 75% of salary respectively.</p>	<p>Bonus is based on achievement of annual financial and personal objectives.</p> <p>The personal element will not be weighted more than 30% of the total in any year.</p> <p>Details of the measures and weightings applicable for the financial year under review are provided in the Annual Report on Remuneration.</p> <p>The Committee may change the measures used if other measures are deemed more suitable to allow delivery of the Company's strategy.</p>
BONUS SHARE AWARD ('BSA')			
<p>We provide the opportunity to participate in the BSA as it links the delivery of short-term financial and operational performance to sustained shareholder value creation.</p> <p>Participation in the BSA reinforces continued delivery of the LRBP as vesting of shares occurs over three years after performance has been tested.</p>	<p>We make annual allocations of conditional shares which are confirmed the following year, subject to achievement of agreed annual performance targets. The resulting shares vest over the subsequent three years, subject to continued employment.</p> <p>Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest.</p> <p>Unvested awards and vested awards that have not yet been transferred to the Executive Director are subject to adjustment for malus and clawback, ie forfeiture or reduction in exceptional circumstances. Such circumstances may include (but are not limited to) gross misconduct, fraud or a significant downward revision of the previously reported financial results of the Group.</p>	<p>Maximum opportunity for all Executive Directors is up to 200% of salary (300% in exceptional circumstances, as permitted in the Executive Share Plan Rules).</p> <p>Threshold performance results in 60% conversion of the monetary award into shares.</p>	<p>The Committee sets annual performance measures (currently based on the same financial objectives as for the annual cash bonus plan) and may change these for future awards as it considers appropriate.</p>
PERFORMANCE SHARE AWARD ('PSA')			
<p>We believe the PSA aligns executives' interests with long-term shareholder value creation through rewarding the delivery of a mix of financial and strategic measures.</p> <p>The performance measures in the PSA reflect the value drivers in the LRBP.</p>	<p>We make annual awards of conditional shares, which vest after a minimum of three years subject to performance over a three-year period.</p> <p>A mandatory two-year holding period applies to vested awards commencing with the award to be made in 2017.</p> <p>Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest.</p> <p>Unvested awards are subject to adjustment for malus and clawback, ie forfeiture or reduction in exceptional circumstances. Such circumstances may include (but are not limited to) gross misconduct, fraud or a significant downward revision of the previously reported financial results of the Group.</p>	<p>Maximum opportunity for all Executive Directors is up to 200% of salary (300% in exceptional circumstances, as permitted in the Executive Share Plan Rules).</p> <p>Threshold performance will result in the vesting of 30%/0%/0% of the maximum award under the TSR/EBITDA/strategic performance elements (which are the current performance measures being used).</p>	<p>The performance measures and respective weightings may vary year-on-year to reflect strategic priorities, and will include a financial measure. Strategic measures, if included, will not be weighted more than 40% of the total award in any year.</p> <p>Details of the measures and weightings applicable for the financial year under review are provided in the Annual Report on Remuneration. Changes to weightings and performance targets will be retrospectively explained to shareholders.</p>

How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
EMPLOYEE SHARE PLANS			
To encourage share ownership across all employees as allowed by HMRC and relevant local laws.	We operate employee share savings plans for our global workforce where, depending on location, savings periods of between two and three years operate. We will look at opportunities to offer other employee share plans in the future.	Participation levels set by HMRC or relevant local laws from time to time.	Not applicable.

PAYMENTS FROM EXISTING VARIABLE PAY AWARDS

Executive Directors are eligible to receive payment from any award made prior to the approval of the 2017 Remuneration Policy, eg awards made under the 2014 Policy. Any commitment made which is consistent with the Remuneration Policy in force at the time the commitment was made will be honoured, even when it is not consistent with the Policy prevailing at the time such commitment is fulfilled. Details of any such outstanding share awards to Executive Directors are provided in the Annual Report on Remuneration.

PERFORMANCE MEASUREMENT SELECTION

Our incentive plans (excluding restricted share awards and all-employee share plans) all include financial performance requirements. Performance targets are set to be stretching, taking into account the Company's strategic priorities and the economic environment in which the Company operates. Targets are set taking into account a range of reference points including the Group's LRBP, the market in which the Company operates, the expected performance of competitors in these same markets, broker forecasts and latest internal forecasts. Achievement of these targets delivers to shareholders the value inherent in the LRBP.

The annual cash bonus plan and BSA reflect the financial targets which the Board believes are key to driving the business. Revenue and EBITDA reflect the underlying financial success of the business and support the annual business strategy as well as value creation for Inmarsat's shareholders.

The PSA currently has three performance requirements, which are EBITDA growth, the Company's total shareholder return performance against the FTSE 50-150 excluding investment trusts, and strategic objectives. All three performance metrics are linked to our long-term business strategy, and support shareholder value creation.

The Committee retains the ability to adjust and/or set different performance measures following a corporate event (such as a change in strategy, a material acquisition and/or divestment of a Group business) or a significant change in prevailing market conditions either specific to the Company's sector or macro-economic events which causes the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

REMUNERATION POLICY FOR OTHER EMPLOYEES

Remuneration arrangements throughout the Inmarsat Group are determined on the same principle as for remunerating Executive Directors, in that reward should support our business strategy. It should be sufficient to attract and retain high-performing individuals.

As a global business we accept that there may be different local arrangements that are appropriate to apply but, overall, this principle applies across the different geographies in which we operate. Employees receive variable pay which gives them incentives appropriate to their role in the organisation and is reflective of how we deal with Executive Directors too.

In general, the remuneration policy and principles which apply to other senior executives is consistent with that set out in this report for Executive Directors. All employees participate in bonus schemes. Group senior executives are eligible to participate in the BSA and some also participate in the PSA. The BSA may operate with division-specific targets for some participants and the PSA may have slightly different performance measures in place than those used for the Executive Directors, as appropriate.

All employees are eligible to participate in employee share plans which are generally the UK Sharesave Scheme or an equivalent international plan. Participation is on generally the same terms subject to local regulations.

SHAREHOLDING GUIDELINES

The guideline for Executive Directors is that they hold Company shares equivalent to five times base salary. For the purpose of this guideline, shares owned includes beneficially owned shares and shares that are unvested and subject to continued employment only, under the BSA and PSA plans.

For new Executive Directors, we would expect the individual to build up a shareholding to the five times guideline over a period of time, generally within five to seven years.

PAY SCENARIO CHARTS FOR THE CEO AND CFO

The following charts provide an estimate of the potential future reward opportunities for the two current Executive Directors (CEO and CFO), and the potential split between the different elements of pay under three different performance scenarios: 'Minimum', 'Target', and 'Maximum'. Potential reward opportunities are based on Inmarsat's current incentive opportunities, applied to salaries as at 1 January 2017. Note that the projected values exclude the impact of any share price movement.

Each element of remuneration reflects the following assumptions:

- > **Minimum:** includes fixed remuneration only, ie base salary, taxable benefits and pension.
- > **Target:** includes fixed remuneration plus the amounts for on-target performance under the annual cash bonus plan (60% of maximum) and BSA (60% of maximum opportunities of 185% and 175% of salary for the CEO and CFO respectively), and threshold performance under the PSA (30%/0%/0% of maximum under the TSR/EBITDA/strategic performance elements, based on maximum opportunities of 185% and 175% of salary for the CEO and CFO respectively).
- > **Maximum:** includes fixed remuneration and maximum payment under all incentive plans.

PAY SCENARIOS £000

Chief Executive Officer

Maximum	17%	21%	62%	£3,458
On-target	34%	24%	42%	£1,771
Minimum	100%			£602

Chief Financial Officer

Maximum	18%	22%	60%	£2,741
On-target	35%	25%	40%	£1,421
Minimum	100%			£496

■ Fixed pay ■ Annual bonus ■ Share Plans (BSA and PSA)

APPROACH TO RECRUITMENT REMUNERATION

EXTERNAL APPOINTMENTS

In the event of hiring a new Executive Director, the Committee will typically align the remuneration package with the approved Remuneration Policy.

In determining appropriate remuneration arrangements on hiring a new Executive Director, we will take into consideration all relevant factors (including but not limited to external market data, current remuneration, the type of remuneration arrangements for other Inmarsat executives and the jurisdiction the candidate was recruited from and may be based in) to ensure that arrangements are in the best interests of both our Company and its shareholders. The Remuneration Policy in place will apply to the new appointment unless there are variables to the appointment which are noted below and are agreed by the Committee as appropriate to offer.

The Committee may make awards on hiring an external candidate to 'buy-out' remuneration arrangements forfeited on leaving a previous employer. In doing so, we will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (for example, cash or shares), the time over which they would have vested and the share price at the time of buy-out. Generally buy-out awards will be made on a comparable basis. The Committee has the discretion to determine whether such buy-outs shall be granted as Bonus Share Awards, Performance Share Awards or Restricted Share Awards under the ESP. The Committee may also avail itself of the provision in the Listing Rules (Chapter 9.4.2) regarding long-term incentive awards in relation to the buy-out of awards forfeited on leaving a previous employer.

Component	Approach	Maximum annual value
Basic salary	To be determined by reference to relevant market pay levels, experience and skills of the individual, internal relativities and the current salary of the incumbent in the role.	
Pension and benefits	To be eligible to receive benefits in line with the current policy, and as well as any expatriation allowances and any necessary expenses relating to an Executive Director's relocation on appointment.	
Sharesave Scheme	To be entitled to participate on identical terms to other employees.	
Annual cash bonus	The scheme as described in the policy table will apply to new appointees. The Committee will determine on a case-by-case basis whether the executive on joining the Company will receive the full annual payment or a pro-rata amount.	125% of salary
Bonus Share Awards	To participate in annual awards on the same terms as other Executive Directors, as described in the policy table. The Committee will determine on a case-by-case basis whether the executive on joining the Company will receive the full annual allocation or a pro-rata amount.	Up to 200% of salary (300% in exceptional circumstances)
Performance Share Awards	To participate in annual awards on the same terms as other Executive Directors, as described in the policy table. The Committee will determine on a case-by-case basis whether the executive on joining the Company will receive the full annual award or a pro-rata amount.	Up to 200% of salary (300% in exceptional circumstances)
Restricted Share Awards	To make awards of shares which vest in accordance with a schedule agreed by the Committee, subject to continued employment only. Awards will typically be made to facilitate the 'buy-out' of awards forfeited on leaving a previous employer, and the vesting schedule will typically match that of the awards forfeited. Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest.	Up to 200% of salary (300% in exceptional circumstances)

INTERNAL APPOINTMENTS

Any individual who is promoted to become an Executive Director will be treated on the same basis as if they were an external hire in respect of the elements of remuneration and benefits. Where the new appointee has an initial salary set below market, any shortfall will be managed with phased increases over a period of several years, subject to the executive's development in the role. Such individuals are also eligible to receive payment from any award made prior to their appointment to the Board.

EXECUTIVE DIRECTOR SERVICE CONTRACTS AND EXIT PAYMENT POLICY

Executive Director	Date of service contract	Term of office	Notice period
Rupert Pearce	18 January 2012	Indefinite until termination by either party	Twelve months' written notice by Company or Director
Tony Bates	21 February 2014	Indefinite until termination by either party	Twelve months' written notice by Company and six months' written notice by the Director

The Company in its absolute discretion may agree a shorter notice period with the departing Director. All Directors have a clause to allow a payment in lieu of notice to be made. For the Executive Directors, the Company may make such payments monthly (up to 12 months) and these payments shall be reduced if the executive finds alternative employment.

Severance payments in relation to the service contract are limited to no more than one year's base salary plus other benefits, which may include annual bonus (subject to performance conditions being fulfilled and pro-rated for time and payable at the normal annual bonus payment date), unless the Committee believes this is unreasonable given the circumstances for departure or unless dictated by applicable law.

The Committee reserves the right to make additional exit payments where such payments are made in good faith:

- > In discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or
- > By way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment

The Committee retains discretion to determine appropriate bonus amounts and vesting of share-based awards, as well as the timing of vesting, taking into consideration the circumstances in which an Executive Director leaves. The rationale for any discretion exercised will be provided in the following year's Annual Report on Remuneration.

Reason for leaving	Timing of vesting	Treatment of awards
Annual bonus		
Good leaver (see below for definition)	Normal payment date.	Performance against targets will be assessed at the end of the year in the normal way and any resulting bonus will be pro-rated for time served during the year.
All other reasons	Awards lapse.	Not applicable.
BSA		
Good leaver (see below for definition)	Normal vesting date, although the Committee has discretion to accelerate.	Any allocated but not yet granted shares will be granted at the Committee's discretion. The treatment of unvested shares is at the Committee's discretion.
All other reasons	Awards lapse.	Not applicable.
PSA		
<i>During the vesting period:</i>		
Good leaver (see below for definition)	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding awards will be pro-rated for time and subject to performance conditions being met.
All other reasons	Awards lapse.	Not applicable.
<i>During the post-vesting holding period:</i>		
All leavers	Not applicable.	Not applicable – awards, once vested (including those in any holding period), are treated as owned by the individual and are subject to clawback provisions.
RSA		
Good leaver (see below for definition)	Normal vesting date, although the Committee has discretion to accelerate.	Any outstanding awards will be pro-rated for time.
All other reasons	Awards lapse.	Not applicable.
Employee Share Plans		
Good leaver (see below for definition)	Share options can be exercised for a certain period of time after departure.	The individual will be entitled to exercise his share options in accordance with HMRC approved rules or local equivalent rules.
All other reasons	Awards lapse.	Not applicable.

A 'good leaver' is the departure of an Executive Director for reasons of ill health, redundancy, retirement, death or any other reason which the Committee in its absolute discretion permits. Termination for cause is regarded as a bad leaver and no awards shall vest.

Upon a change of control of the Company, share awards may be transferred to participants in accordance with the Executive Share Plan Rules, based on the extent to which the Committee determines that the performance conditions have been met. For the annual bonus, the Committee will assess performance against targets at the point of change of control and any resulting bonus will be pro-rated for time and paid immediately. The final treatment for the annual bonus remains subject to the Committee's discretion.

In the event that the Company terminates an Executive Director's service contract other than in accordance with the terms of his contract, the Committee will act in the best interests of the Company and ensure there is no reward for failure. When determining what compensation, if any, is to be paid to the departing Executive Director, the Committee will give full consideration to the circumstances of the termination, the Executive Director's performance, the terms of the service contract relating to notice and payments in lieu of notice, and the obligation of the Executive Director (where it is in the service agreement) to mitigate any loss which he may suffer as a result.

Although the Company would seek to minimise termination costs, the Committee may in appropriate circumstances provide other elements in a leaving Executive Director's termination package, including (without limitation) compensation for the waiver of statutory rights in exchange for him executing a settlement agreement, payment of the departing Executive Director's legal fees in connection with his termination arrangements, and payment of outplacement fees. In addition, the Committee may determine that the Director should continue to be engaged by the Company on a consultancy arrangement or other terms following cessation of his directorship.

NON-EXECUTIVE DIRECTORS

For the recruitment of a new Non-Executive Director ('NED'), the individual will receive a letter of appointment which will summarise the time requirement expected of them and set out details of their fees (base fee and Committee membership fee). Fees will be the same level as for other NEDs, except where the Nominations Committee determines that a different level is appropriate based on individual contribution.

Element	Purpose and link to strategy	Operation	Maximum
NED fees	To attract and retain high-calibre NEDs by offering a market competitive fee level	<p>The NEDs are paid a basic fee.</p> <p>The Committee Chairmen and other members of the Board Committees (Audit, Remuneration, Nominations and Telecoms Regulatory Committees) and the Senior Independent Director are paid supplements to reflect their additional responsibilities.</p> <p>The Chairman of the Board will be paid a single fee for all his responsibilities, and receive healthcare cover.</p> <p>NED fee levels are reviewed periodically by the Chairman and Executive Directors with reference to market levels in comparably sized FTSE companies and a recommendation is then made to the Board. The Chairman's fee is reviewed by the Committee taking into account fee levels at the same set of companies, and is then approved by the Board. If any changes are to be made, they are usually effective in July.</p>	<p>To avoid setting expectations, there is no maximum fee level.</p> <p>The maximum annual aggregate fee for all Group NEDs is £1,000,000, as set out in the Company's Articles of Association.</p>

Appointments are initially for three years and unless agreed by the Board, NEDs may not remain in office for a period longer than six years, or two terms in office, whichever is the shorter. The UK Corporate Governance Code has special provisions regarding determination of the independence of Directors when they have served for more than nine years.

Non-Executive Directors do not have contracts of service and their appointment will normally terminate on:

- > A Director choosing to resign voluntarily
- > A Director being prohibited from serving by law, bankruptcy or illness
- > If the Nominations Committee does not approve the extension of the appointment
- > A Director is found guilty of misconduct or
- > A Director is not re-elected by the shareholders following retirement at an AGM

Dates of NED appointment letters are as follows:

Name	Date of appointment letter	Date of appointment
Simon Bax	28 May 2013	18 June 2013
Sir Bryan Carsberg	18 April 2005	22 June 2005
Stephen Davidson ¹	16 June 2005	22 June 2005
Kathleen Flaherty ²	9 May 2006	9 May 2006
General C. Robert Kehler (Rtd)	13 March 2014	6 May 2014
Janice Obuchowski	6 May 2009	5 May 2009
Dr Abe Peled	10 May 2013	18 June 2013
Robert Ruijter	16 December 2014	1 February 2015
Andrew Sukawaty	16 September 2014	1 January 2015
Dr Hamadoun Touré	16 December 2014	1 March 2015
Phillipa McCrostie	18 May 2016	1 September 2016

¹ Mr Davidson retired from the Board with effect from 19 January 2017

² Mrs Flaherty retired from the Board with effect from 2 March 2017

Non-Executive Directors do not receive an annual bonus and do not participate in any of the Company's incentive plans. They receive no benefits, except that healthcare cover is provided for the Chairman, as a continuation of the cover provided to him previously. The Company reimburses the reasonable expenses the Non-Executive Directors incur in carrying out their duties as Directors.

EXTERNAL APPOINTMENTS

Executive Directors serving as Non-Executive Directors on the Board of other companies are permitted to retain all remuneration and fees earned from outside directorships subject to a maximum of two external Board appointments. Directors accepting such positions shall take into account any guidelines for external directorships as contained in the Corporate Governance Code, subject at all times to pre-authorization of the appointment by the Chairman. NEDs taking additional board positions are asked to speak to the Chairman in advance to ensure no conflict of interest and for the Chairman to speak to the SID for anything affecting him..

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE COMPANY

Although we do not consult directly with employees on executive Remuneration Policy, the Committee takes into consideration the remuneration arrangements for the wider employee population in making its decisions on remuneration for senior executives. This relates to our philosophy around levels of base salary, operating bonus plans for all employees, pension entitlement and provision of benefits also being available across the Group.

The Group consults with its employees on general employment policies in a range of ways, including formal consultation forums in some countries where it operates. Our staff are encouraged to provide feedback directly to their line managers or to the HR team or to a confidential email address which will receive queries on all issues including anti-bribery.

CONSIDERATION OF SHAREHOLDER VIEWS

When determining remuneration, the Committee considers shareholder views and the guidelines of investor bodies. The Remuneration Committee Chairman, Senior Independent Director and Company Secretary engage proactively with major shareholders and shareholder representatives whenever appropriate. The Committee is always open to feedback from shareholders on its Remuneration Policy or individual arrangements, and is committed to consulting shareholders in advance of major changes. Details of votes cast for and against the resolution to approve last year's Annual Report on Remuneration are provided in the Annual Report on Remuneration section of this Report.