

PENNANT INTERNATIONAL GROUP PLC

(the “**Company**”)

**Corporate Governance Statement**

**1 THE BOARD OF DIRECTORS**

- 1.1 The Company (and thereby its group (the “**Group**”)) is ultimately managed by the directors of the Company (the “**Directors**”), who (individually and as a group) are responsible for running the Company for the benefit of its shareholders in accordance with their fiduciary and statutory duties.
- 1.2 The Board of Directors (the “**Board**”) currently comprises four Directors, three non-executive Directors (including the Chairman of the Board) and one executive (being the Chief Executive Officer). The roles of the Chairman and the Chief Executive are undertaken by separate individuals.
- 1.3 The Board has two standing committees (the “**Committees**”): the Audit Committee and the Remuneration Committee. The Terms of References for each of the Committees are available elsewhere on this website.

**2 CHAIRMAN**

Simon Moore is the current Chairman and, in his role as Chairman, is responsible for:

- 2.1.1 leading the Board and ensuring that all members are able to contribute to Board discussions and the wider running of the Group;
- 2.1.2 ensuring that the Company acts in the best interests of shareholders and other stakeholders; and
- 2.1.3 the Group’s corporate governance arrangements.

**3 CHIEF EXECUTIVE OFFICER**

Philip Walker is the current Chief Executive Office and in that role he is responsible for:

- 3.1.1 leading and managing the business of the Company;
- 3.1.2 proposing and implementing strategy for the success of the Company’s business; and
- 3.1.3 leading and maintaining the Company’s investor relations activities.

**4 NON-EXECUTIVES**

In addition to the Chairman, the other non-executive Directors are Christopher Powell and Timothy Rice.

## **5 THE COMPANY SECRETARY**

The Company Secretary is Philip Walker and, in conjunction with the Chairman, he ensures that accurate, timely and clear information is provided to the Board in order for informed decisions and discussions to take place. The Company Secretary is responsible for advising the Board on governance matters and regulatory requirements. The appointment and removal of the Company Secretary is a matter reserved to the Board. All Directors have direct access to the Company Secretary and to independent professional advice at the Company's expense as required.

## **6 FREQUENCY OF MEETINGS**

The Board meets at least eight times a year and relevant information is distributed to Directors in advance of the meetings. The Board makes decisions on all material matters including long term and commercial strategy, annual operating and capital budgets, capital structure and financial and internal controls without having a formal schedule of reserved matters.

## **7 EVALUATING BOARD PERFORMANCE**

7.1 The Board has a number of sources of information from which it judges its own performance and that of the individual directors, these include but are not limited to:

- (i) financial performance indicators including, revenue, order book, gross margin, net margin, earnings per share and cash flow;
- (ii) the Company's share price;
- (iii) reports from external auditors;
- (iv) shareholder feedback;
- (v) customer feedback; and
- (vi) employee feedback.

7.2 All these factors are considered and action taken to improve performance where necessary and appropriate.

## **8 COMMUNICATION WITH SHAREHOLDERS**

The Board attaches a high priority to communication with shareholders and at all times in conjunction with its obligations as a quoted public company and the AIM Rules. The Group's annual and half yearly reports are sent to all shareholders. The Group liaises regularly with major shareholders and there is an opportunity for individual shareholders to question the management of the Company through the Chairman at the Annual General Meeting.

## 9 **RISK MANAGEMENT AND INTERNAL CONTROLS**

9.1 The Board seeks to understand and manage the various risks that arise from its operations the principal of which are:

- a) Reputational risk;
- b) Contractual liabilities;
- c) Technical risk;
- d) People skills;
- e) Anti-corruption and compliance;
- f) Board and management succession; and
- g) Price and margin

9.2 Risk is addressed by the Board and all levels of responsibility so that its management is embedded in the culture of the Group and its procedures.

9.3 The Board has overall responsibility for the Group's systems of internal control. Responsibility for implementing sound and effective systems of internal control has been delegated to the executive Directors and senior management.

9.4 An organisational structure with clear operating procedures, lines of responsibility and delegated authority has been established and is kept under review. The purpose of the systems of internal control is to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable, but no absolute, assurance against material misstatement or loss.

## 10 **CITY CODE ON TAKEOVERS AND MERGERS**

The Company is subject to the City Code on Takeovers and Mergers.

## 11 **QCA CORPORATE GOVERNANCE CODE**

The Board supports the spirit of the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies.

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