

PENNANT INTERNATIONAL GROUP PLC

(the “**Company**”)

**Terms of Reference for the Remuneration Committee**

**1 CONSTITUTION**

By resolution of the board of Directors of the Company (the “**Board**”), a committee of the Board has been established, called the Remuneration Committee, to determine and apply policy on behalf of the Board to the remuneration and benefits of Executive Directors and to ensure compliance with best practice (including reporting to shareholders).

**2 MEMBERSHIP**

2.1 Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least two members, all of whom are Non-Executive Directors.

2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Head of Finance and external advisers may be invited to attend for all or part of any meeting as and when deemed appropriate by the Chairman of the Committee.

2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent.

2.4 The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

**3 SECRETARY**

The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

**4 QUORUM**

The quorum necessary for the transaction of business shall be two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.



## 5 MEETINGS

The Committee shall meet at least two times a year and at such other times as the Chairman of the Committee shall require.

## 6 NOTICE OF MEETINGS

6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed (with relevant papers), shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting.

## 7 MINUTES OF MEETINGS

7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings.

7.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## 8 ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## 9 DUTIES

The Committee shall:

9.1 determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive Officer, the Executive Directors, the Company Secretary and such other members of the Executive management as it is designated to consider, including pension rights and any compensation payments and the wider remuneration structure of the Company and its Group. The remuneration of Non-Executive Directors (other than the Chairman) shall be a matter for the Chairman and the Executive Directors. No Director or manager shall be involved in any decisions as to their own remuneration.

9.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the "**Code**") and associated guidance. The objective of such policy shall be to attract, retain and motivate Executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's strategic long term goals. A significant proportion of



remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

- 9.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 9.4 approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 9.5 review the design of and, determine performance targets for, all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other senior Executives;
- 9.6 determine the policy for, and scope of, pension arrangements for each Executive Director and other senior Executives;
- 9.7 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 9.8 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive Director and other senior Executives including bonuses, incentive payments and share options or other share awards;
- 9.9 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Code and AIM Rules and associated guidance;
- 9.10 review and note annually the remuneration trends across the Company or group;
- 9.11 oversee any major changes in employee benefits structures throughout the Company or group;
- 9.12 agree the policy for authorising claims for expenses from the Executive Directors and the Chairman;
- 9.13 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
- 9.14 carry out such duties as the Board may request of it relating to the structure, size and composition (including the skills, knowledge and experience) of the Board, which may include consideration as to succession planning for Directors and other senior Executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future.



## 10 **REPORTING RESPONSIBILITIES**

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 10.4 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

## 11 **OTHER**

- 11.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 11.2 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes.

## 12 **AUTHORITY**

- 12.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 12.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice, including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary and to obtain reliable and up to date information about remuneration in other companies. The Committee shall have full authority to commission, at the Company's expense, any reports or surveys which it deems necessary to help fulfil its obligations.

8 February 2018