

Compliance Statement – QCA Corporate Governance Code

This document sets out how Pennant International Group Plc (the “**Company**”) complies with the ten principles of the QCA Corporate Governance Code. This document is approved by the Board and is effective from 23 February 2024.

Principle	How the Company complies...
<p>1. Establish a purpose, strategy and business model which promote long-term value for shareholders</p>	<p>Details of the Company’s business are contained on the Company’s website, www.pennantplc.com (the “Website”). The strength of the Company’s business is based on its status as a long-term, trusted supplier to its global customers.</p> <p>The Company has a written strategic plan which focuses on expanding the business with a view to growth in shareholder value; a summary of the strategy is available on the Website and, in essence, the strategy is for Pennant to become a market-leading software and services provider in the Integrated Product Support field. The current key focuses of the strategy are the release of our integrated IPS software suite and the expansion of our IPS services offering, particularly in the UK & Europe.</p> <p>The strategy is kept under review by, and evolves under the guidance of, the Board.</p>
<p>2. Promote a culture that is based on ethical values and behaviours</p>	<p>The Board is committed to embodying and promoting a sound corporate culture and has endorsed various policies which require ethical behavior of staff and relevant counterparties (such as those mandating anti-corruption, anti-counterfeiting, fair treatment and equality of opportunity).</p> <p>The Company has established a clear set of ‘Core Values’ (approved by the Board) which set down the ethical and cultural expectations of the Company, and which guide and inform its actions. Demonstration of these values forms a part of the Group’s employee performance review process.</p> <p>The Company is also developing its Environmental, Social & Governance (ESG) policy, which will be made available on the Website during 2024.</p>



<p>3. Seek to understand and meet shareholder needs and expectations</p>	<p>The Company is committed to engaging with shareholders and this effort is led by the Chair and the Chief Executive Officer.</p> <p>In order to gauge shareholder sentiment, the Company meets with key institutional shareholders typically every six months and when necessary solicits feedback from its larger shareholders via its nominated adviser.</p> <p>The Company holds an open Q&A session at every Annual General Meeting and attends investor events to engage with retail shareholders. From time to time, the Company holds investor days at its sites or in London.</p> <p>In its decision-making, the Board will have regard to the ascertained expectations and needs of its shareholders (as appropriate in accordance with its statutory and fiduciary duties).</p> <p>The Company welcomes shareholder contact at any time and communications should be sent in the first instance to the Company Secretary at cosec@pennantplc.com.</p>
<p>4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success.</p>	<p>The Company has identified its key customers, suppliers and other advisers and recognises that its staff are critical to the delivery of the Company's business objectives.</p> <p>The Company regularly holds review meetings with its key customers and suppliers and acts as appropriate based on relevant feedback.</p> <p>A high priority is placed on employee engagement and feedback (through periodic staff briefings, regular meetings and opinion surveys).</p> <p>The Company is committed to engaging with the communities in which it operates and has supported local educational trusts, science groups and sports teams. The Company encourages staff to support local charities by providing paid leave for volunteering activities.</p> <p>The Company considers that its operations have minimal environmental impact and is committed to reducing that impact as far as reasonably possible through full regulatory compliance, recycling and energy-saving programmes and other initiatives. Further details will be set out in the Company's ESG policy once published on the Website.</p>



	<p>The Board has regard to the feedback of relevant stakeholders in its decision-making and the formulation of strategy.</p>
<p>5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.</p>	<p>The Company has a well-established risk management framework which involves risks being identified, recorded, monitored and addressed at programme, function and Group level and subject to regular review.</p> <p>Material matters arising under this risk management framework are reported to the Board. At Board level, the Commercial & Risk Director is accountable for operational risk management and the Audit & Risk Committee for financial risk management, with financial risk managed by the Chief Financial Officer.</p> <p>The key risks to the Company's enterprise are set out in detail (along with explanations as to how they are addressed) in the Company's annual report and accounts, which are available on the Website.</p> <p>The Company has clear, documented procedures in place to assess and progress opportunities arising, whether for process improvement, product enhancement, new business or any other matter.</p>
<p>6. Establish and maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The Board has three Executive Directors and three Non-Executive Directors (including the Chair). The Board considers that all of its Non-Executive Directors are independent, meaning that independent non-executive directors comprise half the Board.</p> <p>The Board has an established committee structure, with an Audit & Risk Committee and a Remuneration Committee. The Audit & Risk and Remuneration Committees are comprised solely of Non-Executive Directors.</p> <p>The Company's Corporate Governance Statement (available on the Website) provides further details, including how the Board evaluates its own performance. The annual report and accounts (available on the Website) also explain the governance framework and provide data on the number of Board and Committee meetings (and Director attendance at the same).</p> <p>Directors are not currently subject to annual re-election; the Company's articles of association prescribe a different mandatory re-election framework. Consideration will be given to introducing annual re-elections upon the next review and re-adoption of the articles.</p>



<p>7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Company's Corporate Governance Statement (available on the Website) explains the structures which are in place at Board and Committee level and how these interact, including the roles which individual Directors fulfil on the Board.</p> <p>Beneath the Board, there is an operational governance framework which facilitates the effective management of the business by the Executive Directors. Further details are contained in the annual report and accounts (available on the Website). This organisational structure is kept under continual review and evolves as the needs of the business change as it grows and develops.</p> <p>The Board has a broad range of skills appropriate to the Company's business and status (including chartered accountants, and a qualified solicitor) and a wealth of experience, with many years' aggregate service in aerospace, defence and other relevant businesses.</p> <p>Those members of the Board with professional qualifications keep up-to-date in accordance with the relevant 'continuing professional development' regimes and the Board engages with various industry bodies and associations and obtains regular advice from subject matter experts (both internal and external) as to changes to good practice and regulatory environments.</p> <p>The Website contains a profile for each Director and the Corporate Governance Statement and the annual report and accounts (both available on the Website) provide further explanation as to internal advisory roles and retained external advisers.</p>
<p>8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvements</p>	<p>At the highest level, the Board judges its own performance by reference to the Company's progress against the targets set out in the Company's strategic plan.</p> <p>The Corporate Governance Statement (available on the Website) explains in more detail the other metrics against which the Board reviews its collective performance.</p> <p>The Board will evaluate its own performance (whether itself, through its retained advisers, or by engaging external consultants) not less than once a year.</p> <p>The performance of individual Executive Directors is reviewed formally not less than once a year by the Remuneration Committee (by reference to general contribution and performance against specific targets as set by the Chief Executive Officer, in the case of the Commercial & Risk Director and the Chief Financial Officer, or the Chair, in the case of the CEO).</p>



	<p>The Chair monitors the performance of individual Non-Executive Directors, who themselves may feed back to the CEO or the Company Secretary with any concerns regarding the Chair. Throughout, each Director has access to the Company's nominated adviser (who in turn may provide feedback on the Board as a whole or individual Directors).</p> <p>Succession planning is led by the Chair, assisted by the CEO as appropriate, and considers the skills, experience and capabilities that might be required as the Company develops.</p> <p>The views of key shareholders and other stakeholders are also taken into account as appropriate.</p>
9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	<p>The Board (through the Remuneration Committee) aims to incentivise the Executive Directors to generate long-term value through a cash bonus scheme which has targets based on (i) Group financial performance and (ii) the achievement of individual objectives which promote the strategy. The Executive Directors also hold EMI share options which vest conditional on the Company's growth in value (as measured by average share price).</p> <p>The remuneration arrangements for senior management are structured in a similar way to those of the Executive Directors (including targeted option awards) and are subject to review and approval by the Remuneration Committee, which retains discretion over any bonus or other awards to Directors and senior management.</p> <p>The Company's EMI share option scheme has been approved by shareholder resolution.</p>
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	<p>The Company's governance structure (as a whole) is explained through the Corporate Governance Statement and the Terms of Reference which accompany it, all of which are available on the Website, and is supplemented by the disclosures provided in this compliance statement and the explanations set out in the 'Governance & Risks' section of the report and accounts (as signposted in this document). The channels for communication between the Company and its shareholders are explained in the disclosure above against principle 3.</p> <p>Reports from the Remuneration Committee and the Audit & Risk Committee are contained in the annual report and accounts. Historic reports and accounts, along with all notices and circulars for the last five years, are available on the Website.</p>



Reference documents	Corporate Governance Statement Audit & Risk Committee Terms of Reference Remuneration Committee Terms of Reference 2022 Annual Report and Accounts
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