

PPHE HOTEL GROUP LIMITED (“PPHE” or “the Group”)
TERMS OF REFERENCE FOR THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE
(“ESG”) COMMITTEE

This document was approved and adopted by the Board of Directors of PPHE (the “**Board**”) on 8 December 2021.

1. AIMS

- 1.1 In line with the requirements of Principle A of the UK Corporate Governance Code 2018 (**Code**) for companies to be “long-term sustainable” and “contributing to wider society”, and the increasing investor focus upon environmental, social and governance (**ESG**) issues in evaluating companies generally, PPHE has decided to establish an ESG committee (**Committee**) to :
- 1.2 Develop, monitor and re-evaluate policies on ESG matters in support of the strategy for approval by the Board.
- 1.3 Monitor the implementation of such policies in relation to management of PPHE; and
- 1.4 Report to the Board that appropriate policies and standards in relation to environmental and social matters, and governance of those matters are consistently applied.

2. CONSTITUTION

- 2.1 The Committee was constituted as committee of the Group by the Board held on 1st March 2021.
- 2.2 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 2.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the Company Secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

3. ROLE

- 3.1 The role of the Committee is primarily to assist the Board in fulfilling its responsibilities by reviewing and monitoring:
 - (a) The processes for developing and setting targets in relation to ESG issues;

- (b) The systems for collection, management and monitoring of environmental matters such as carbon emissions, water and waste management, sourcing of supplies across the Group’s properties (operating hotels, repositioning existing hotels and developments).
- (c) The processes and mechanisms used by the Group to engage with key stakeholders and ensuring that those processes and mechanisms are fit for purpose and assist in contributing to a wider society:
- (d) Ensuring the following stakeholders are engaged with on ESG matters:
 - (i) Investors;
 - (ii) Team Members;
 - (iii) Guests;
 - (iv) Local communities;
 - (v) Affiliates; and
 - (vi) Suppliers
- (e) How ESG matters are reported both internally and externally.

4. DUTIES AND TERMS OF REFERENCE

4.1 Committee Oversight

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the Group.

4.2 Subsidiary Oversight

The Committee shall, for the Company, major subsidiary undertakings, and the Group as a whole monitor the ESG reporting process and ensure its integrity. Where a subsidiary undertaking has its own ESG committee (“Subsidiary ESG Committee”) the Committee’s duty of oversight is not delegated to the Subsidiary ESG Committee. The Committee shall recognise the Terms of Reference of the Subsidiary ESG Committee.

4.3 Duties of Subsidiary ESG Committee

The Duties of the Subsidiary ESG Committee shall be defined by applicable law and regulation and its own Terms of Reference. Notwithstanding its duty of subsidiary oversight, the Committee shall not duplicate the functions of the Subsidiary ESG Committee.

4.4 **General**

- (a) Make recommendations to the PPHE Board as to the reporting frameworks to be adopted by PPHE.
- (b) Consider the appropriate ESG targets for PPHE across its portfolio, taking into account:
 - (i) the overall strategy of PPHE;
 - (ii) the long-term sustainability of the PPHE business model;
 - (iii) the risks and opportunities posed by environmental and social changes; and
 - (iv) where appropriate, external benchmarking.
- (c) Oversee and monitor the operation of the Group's community projects.
- (d) Advise the Audit Committee of any material non-financial risks identified and on any business ethics issues identified which are relevant to the role of the audit committee (e.g. by posing a material risk to the reputation of the business).

4.5 **Reporting and controls**

- (a) Review then and approve the disclosures and statements in relation to ESG matters in the PPHE annual report and accounts and the half-yearly report.
- (b) Review and approve the filing of reports on ESG matters including:
 - (i) The PPHE Hotel Group annual Statement on modern slavery and human trafficking produced in line with the Modern Slavery Act 2015;
 - (ii) ; and
 - (iii) to any other bodies to which PPHE has decided to report.
- (c) Review the effectiveness of the Company's systems for collection, management and monitoring of carbon emissions and other ESG matters.

4.6 **Working with other committees and auditors**

- (a) Through the Secretary, work with all other committees of the Board where their work has ESG implications.
- (b) Review the aspects of ESG reporting that have implications for PPHE's overall reputation for good corporate governance and standards.

5. **MEMBERSHIP, ATTENDANCE AND MEETINGS**

- 5.1 *Membership and Chair of the Committee.* At all times the Committee shall comprise at least

two independent non-executive directors of PPHE, one of whom shall chair the Committee, appointed by the Board. The initial members of the Committee shall be:

- Kenneth Bradley; and
- Stephanie Coxon.

- 5.2 In addition, other members of PPHE's senior management will be invited to attend at the request of the chair.
- 5.3 *Term of Appointment.* Members of the Committee shall be appointed by the Board for a period of three years extendable for additional further three-year periods.
- 5.4 *Frequency of Meetings.* The Committee shall meet at least three times a year, including at an appropriate time in PPHE's financial reporting and audit cycle to consider ESG disclosures in the annual report and accounts and, where relevant, in the half-yearly report.
- 5.5 *Quorum.* The quorum necessary for the transaction of business at a Committee meeting shall be two members (including the Chair), present in person or by audio or video conference. A duly convened Committee meeting 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.
- 5.6 *Attendance.* Only Committee members have the right to attend and vote at Committee meetings. However, other non-members, including advisers on ESG matters, may be invited to attend all or part of any meetings as and when appropriate and necessary and with the Committee chairperson's agreement. The Committee chairperson shall have the discretion to decide who, other than the Committee members, shall attend and address Committee meetings.
- 5.7 *Secretary.* The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues. The Secretary shall also act as a co-ordinating intermediary between the Board and the Committee and shall keep a record of the membership of the Committee and the dates of changes to the membership.
- 5.8 *Calling of Meetings.* Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.
- 5.9 *Notice of Meeting.* Unless the Committee otherwise agrees, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed,

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 calendar days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairperson. The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

- 5.10 *Minutes.* The Company Secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised. The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.11 *Circulating the Minutes.* Draft minutes of Committee meetings shall be agreed with the Committee chairperson and then be circulated promptly to all Committee members, unless in the Committee chairperson's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other PPHE Board members unless in Committee chairperson's opinion it would be inappropriate to do so.
- 5.12 *Voting.* Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference). Except where he or she has a personal interest, the Committee chairperson shall have a casting vote.
- 5.13 *Conflicts of Interest.* The Committee shall act in accordance with PPHE's Conflicts of Interest Policy and at all times take care to minimise the risk of any conflict of interest within the Committee that might be seen to give rise to an unacceptable influence. If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

6. EVALUATION

- 6.1 *Committee Evaluation.* The Committee shall carry out its own annual review of its effectiveness and performance as a committee, taking into account the most recent annual PPHE Board assessment, the needs of PPHE, these terms, the Code and the Guidance.
- 6.2 *Engagement at General Meetings.* The chair of the Committee (or in their absence another member of the Committee) shall attend PPHE's Annual General Meeting (or any other General Meeting of the Group as required) and be prepared to respond to any shareholder questions on the Committee's activities.

Posting Terms. The Committee shall make available to shareholders these Terms by placing them on PPHE's website.

6.3 *Annual Reporting Duties.* The Committee shall produce a report to be included in PPHE's annual report describing the work of the Committee, on the topics as outlined in the Code and any additional matters the Committee deems appropriate, taking into account the Guidance.

7. OTHER MATTERS & AUTHORITY

7.1 *Access to Resources.* The Committee shall have access to sufficient resources to carry out its duties, including access to the Company Secretary for assistance and advice as required.

7.2 *Review of these Terms.* The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the PPHE Board for approval.

7.3 *Compliance with Laws and Good Governance.* The Committee shall give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules as appropriate.

7.4 *Request for Information from Employees.* The Committee is authorised by the PPHE Board to seek any information it requires from any employee of PPHE in order to perform its duties as well as to require the attendance at any of its meetings of any director or member of management. All employees are expected to cooperate with requests made by the Committee.

7.5 *External Advice.* In connection with its duties and the Terms herein, the Committee is authorised by the Board to: seek outside legal or other professional advice; commission any reports or surveys which it deems necessary to help fulfil its obligations, including engaging the services of ESG consultants; and secure the attendance of external advisers at its meetings; all at PPHE's expense.

7.6 *Ways of Working.* Subject to the constitutional documents of PPHE, the Committee shall determine its own procedures to carry out the Terms set forth herein and the Committee shall also consider other duties determined by the PPHE board from time to time.

7.7 Adopted at the board meeting of PPHE on 8 December 2021