

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all of your registered holdings of ordinary shares in Hostelworld Group plc (the “Company” or “Hostelworld” or the “Group”) please forward this document, together with the Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.



## **HOSTELWORLD GROUP PLC**

*(a public limited company incorporated in England and Wales with registered number 09818705)*

### **Circular to Ordinary Shareholders and Notice of General Meeting**

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Your attention is drawn to the letter from the Chairman of Hostelworld and the Chairman of the Remuneration Committee which contains the unanimous recommendation of the board of directors of the Company (the “Board”) that you vote in favour of the ordinary resolutions (the “Resolutions”) to be proposed at the General Meeting referred to below. Please read the whole of this document.

Notice of a General Meeting of Hostelworld Group PLC (the “General Meeting”) to be held at Floor 2, One Central Park, Leopardstown, Dublin 18, Ireland at 12.30 p.m. on 26 April 2021 (or any adjournment thereof) is set out at the end of this document.

A Form of Proxy for use in connection with the General Meeting is provided. To be valid, any instrument appointing a proxy must be received by Computershare Investor Services PLC at P.O. Box 13030, Dublin 24, Ireland (if by post) or 3100 Lake Drive, Citywest Business Campus, Dublin 24 D24 AK82, Ireland (if by hand), as soon as possible but in any event so as to arrive no later than 12.30 p.m. on 22 April 2021. Alternatively, a proxy may be appointed electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) or if you hold shares in CREST, by using the CREST electronic proxy appointment service.

In light of the COVID-19 pandemic, and the Irish Health Service Executive’s current guidance regarding social distancing and the prohibition of public gatherings, it is anticipated that the General Meeting will be held as a closed meeting, which members will not be permitted to attend. Members are therefore strongly encouraged to ensure that their votes are counted by appointing the Chairman of the General Meeting as their proxy.

A copy of this document is and will be available for inspection on the Company’s website at [www.hostelworldgroup.com](http://www.hostelworldgroup.com) from the time this document is published. For the avoidance of doubt, the content of any website referred to in this document is not incorporated into and does not form part of this document.

This document has not been examined or approved by the FCA or Euronext Dublin. This document is dated 1 April 2021.

# LETTER FROM THE CHAIRMAN OF THE COMPANY AND THE CHAIRMAN OF THE REMUNERATION COMMITTEE



*(incorporated in England and Wales with registered number 09818705)*

**Directors:**

Michael Cawley (*Non-Executive Chairman*)  
Gary Morrison (*Chief Executive Officer*)  
Caroline Sherry (*Chief Financial Officer*)  
Éimear Moloney (*Non-Executive Director*)  
Carl G. Shepherd (*Non-Executive Director*)  
Evan Cohen (*Non-Executive Director*)

**Registered office:**

Floor 2, 52 Bedford Row,  
London, United Kingdom,  
WC1R 4LR

1 April 2021

Dear Shareholder,

## Notice of General Meeting

### 1. Introduction

We are writing to you to: (i) explain the background to and reasons for a proposed amendment to the Directors' Remuneration Policy and a proposed amendment to the rules of the Company's Long Term Incentive Plan (the "**LTIP Rules**"); (ii) explain why the Board unanimously considers such proposed amendments to be in the best interests of the Company's shareholders ("**Shareholders**") as a whole; and (iii) recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

Details of the actions Shareholders should take, and the recommendation of the Board, are set out in paragraphs 10 and 11, respectively, of this letter.

### 2. Background

As explained in detail in the 2020 Annual Report, published on 23 March 2021, 2020 was an exceptionally challenging year for Hostelworld and the global travel industry. As the COVID-19 pandemic spread, the Group refocused its priorities on (i) supporting employees, customers and hostel partners, (ii) increasing its liquidity and (iii) making progress, where possible, with its Roadmap for Growth strategy. Faced with an unprecedented set of circumstances, the management team worked tirelessly during the year to implement a number of mitigating actions to protect the business and conserve cash. Extra capital was raised in 2020 and, as announced on 19 February 2021, a €30 million five-year term loan facility has been signed.

During 2020, the Remuneration Committee (the "**Committee**") considered how best to incentivise, motivate and retain the Executive Directors and other members of the senior management team during a period of unprecedented disruption. As set out in detail in the 2020 Directors' Remuneration Report (the "**2020 DRR**"), included within the 2020 Annual Report, a programme of salary deferral was introduced for the Executive Directors and other senior executives during 2020, and the Committee decided to cancel the annual cash bonus scheme for the year. Accordingly, neither Executive Director (nor any other employees) received an annual bonus in respect of 2020. Mindful of the importance of ongoing equity incentivisation, the Committee agreed to grant an LTIP award in May 2020, full details of which are included in the 2020 DRR. Despite this, we have some very real concerns about the remuneration packages at Hostelworld being insufficient to retain key staff.

While the Board remains hopeful of a gradual recovery to more normal trading conditions over time, the ongoing uncertainty caused by the pandemic means that we must continue with cash conservation measures into 2021. We have decided that, for 2021, it would again be prudent to cancel the cash bonus scheme.

Furthermore, at this stage, we do not envisage being in a position to offer a cash bonus opportunity in 2022. In addition, with the exception of the February 2021 increase for the Chief Financial Officer explained in the 2020 DRR, we have implemented a salary freeze for the management team (including the Chief Executive Officer) for 2021. While these measures will have the benefit of conserving cash, they create reasonable concerns around retention for a management team which is working exceptionally hard in difficult circumstances, and a potential widening of the gap between what individuals may expect to earn under our policies and what is available in other segments of the online industry less affected by the pandemic than travel. While we intend to make a further grant under the Long-Term Incentive Plan (“LTIP”) in 2021, as explained in more detail in paragraph 6 below, we believe that an additional equity-based award is necessary to help address the absence of an annual incentive.

### **3. Proposed Restricted Share Award**

Taking into account the matters set out above, and having considered in detail how best to incentivise and retain key talent within the organisation, the Committee wishes to grant a Restricted Share Award (the “Award”) to selected employees, including the Executive Directors and members of the management team.

#### *Key terms of the proposed Restricted Share Award*

- The Award will be granted to approximately 50 employees within the business, including the Executive Directors. It is the Committee’s intention to grant the Award shortly after Shareholder approval of the Resolutions at the General Meeting.
- The Award will be granted under the rules of the LTIP as a restricted share award. As a result, there is no requirement for Shareholders to approve a new share scheme specifically to cater for the Award. The rules of the LTIP relating to, for example, malus and clawback provisions and the treatment of awards for leavers and on a change of control will apply to the Award.
- For each participant, the Award will be over a number of ordinary shares equivalent in value to two times their target annual cash bonus. This reflects the cancellation of the cash bonus scheme for 2021 and the likely absence of such a scheme for 2022. The level of target annual cash bonus varies across the Company. For the Executive Directors, it is set at 56 per cent of basic salary, meaning that they will each receive an Award at a level of 112 per cent of basic salary. The number of ordinary shares underlying each Award will be calculated based on Hostelworld’s share price at or around the date of grant.
- Each Award will vest in two tranches. The first tranche (representing 50 per cent of the Award) will vest after the end of the 2021 financial year and following completion of the 2021 performance appraisal process. The 2021 performance appraisal process will be completed by 28 February 2022 at the latest. The second tranche (representing the remaining 50 per cent of the Award) will vest after the end of the 2022 financial year and following completion of the 2022 performance appraisal process. The 2022 performance appraisal process will be completed by 28 February 2023 at the latest. This structure has been chosen so as to mirror the payment timeframe of the annual cash bonus scheme which the Award is effectively replacing.
- Vesting will be dependent upon the participant being employed by Hostelworld as of the vesting date and satisfactory personal performance. There will be no requirement for other performance conditions to be met prior to vesting.
- For the Executive Directors, shares vesting from this arrangement will be taken into account when the Committee calculates progress towards meeting the minimum shareholding guidelines of 200 per cent of basic salary. While the Executive Directors will have latitude to sell some shares if they wish at the point of vesting (which gives them the same flexibility as provided to other participants), the Committee has an expectation that they will retain a meaningful proportion (at least one-third) of the vested shares. The Award will not be subject to a two-year post-vesting holding period, recognising that it has been designed to replace the annual cash bonus scheme.

### *Rationale for the proposed Restricted Share Award*

The Award is a simple, broad-based retention mechanism which is intended to mitigate the risk of attrition for senior executives and to lock in the Group's key talent for an extended period. This follows an exceptionally challenging year during which employees have seen no value arise from their existing performance-related incentives. The Award structure has been designed to be the same for all recipients of an Award, reflecting the Hostelworld culture of treating all participants consistently and fairly. An equity-based Award aligns the interests of a wide range of Hostelworld employees with those of Shareholders and helps to ensure a continued focus on rebuilding equity value.

We are acutely conscious of the need to manage costs, minimise cash outflow and retain talent following a period when remuneration received has been well below the average for the market and not reflective of the commitment and effort of senior leaders within the business. The Award helps the Group offer a meaningful reward proposition while at the same time conserving cash. As noted above, our current prediction is that no cash bonus opportunity will be available for 2022 as well as 2021, and so the Award is expected to cover two years of no bonuses.

#### **4. Proposed amendment to the Directors' Remuneration Policy**

In order for the Award to be made to Executive Directors it is necessary for Shareholders to approve an amendment to the Directors' Remuneration Policy as the proposed terms of the Award are not provided for under the current Policy approved by Shareholders at the Company's AGM in May 2019. This is because the current Policy anticipates that all share awards granted to Executive Directors under the LTIP will be granted with corporate performance conditions attached, a three-year vesting period and a two-year post-vesting holding period, without any flexibility to grant share awards on different terms if there is a commercial need to do so. As the Award is outside the Directors' Remuneration Policy, the proposed amendment to the Directors' Remuneration Policy to permit the Award requires approval by Shareholders at a general meeting under section 226B(1)(b) of the Companies Act 2006. Approval for the amendment to the Directors' Remuneration Policy will be sought by way of Resolution 1 at the General Meeting. The Directors' Remuneration Policy, as amended, is included for reference in Appendix A of this document.

There are no other changes to the Directors' Remuneration Policy and, as a result, all other aspects of the existing Policy will continue to operate for the financial year ending 31 December 2021. The Remuneration Committee intends to conduct a full review of the Directors' Remuneration Policy later in 2021 with a view to presenting a new Policy for Shareholder approval at the Company's annual general meeting in 2022. This review will encompass all aspects of Directors' remuneration, including those matters where Hostelworld is not currently fully compliant with the UK Corporate Governance Code.

For the purposes of section 226D of the Companies Act 2006:

- the disclosure above constitutes the memorandum setting out the particulars of the proposed payments pursuant to the Award; and
- this document will be made available at the registered office of the Company, Floor 2, 52 Bedford Row London, England WC1R 4LR as soon as practicable following the date of publication of this document, and in any event for not less than 15 days ending with the date of the General Meeting (and will be available on the Company's website at [www.hostelworldgroup.com](http://www.hostelworldgroup.com) for not less than the same period until the conclusion of the Company's annual general meeting on 26 April 2021) and at the General Meeting itself.

In light of the ongoing COVID-19 pandemic and the anticipated attendance arrangements for the General Meeting, a Shareholder who would like to inspect this document must submit a request to do so to [Corporate@hostelworld.com](mailto:Corporate@hostelworld.com). Any such inspection will be subject to health and safety requirements, any limits on gatherings, social distancing or other measures imposed or recommended by the UK and Irish Government.

## **5. Proposed amendment to the LTIP Rules**

In addition to the proposed amendment to the Directors' Remuneration Policy, the Company is seeking Shareholder approval for an amendment to the LTIP Rules by way of Resolution 2 at the General Meeting. The LTIP Rules were adopted by the Company prior to its IPO in 2015.

The purpose of the amendment is to remove the dilution limit which limits the issue of ordinary shares to satisfy awards granted under the LTIP and any other discretionary share scheme to 5 per cent of the Company's issued ordinary share capital over a rolling 10-year period. The full terms of the proposed amendment to the LTIP Rules to effect to the removal of this 5 per cent dilution limit (comprising the deletion of LTIP Rule 2.2) is included for reference in Appendix B of this document.

This change is being proposed to provide the Committee with a greater level of flexibility to manage potential dilution. It will ensure that the Company has appropriate headroom to settle the proposed Restricted Share Award and the LTIP grant to be made in 2021 using new issue shares. It is our intention that a relatively wide group of Hostelworld employees will benefit from the Restricted Share Award and the LTIP grant with these structures crucial to the retention and motivation of employees over the next three years.

The Committee is conscious of the importance that Shareholders attach to dilution and remains committed to managing the allocation of employee share awards carefully over the lifetime of the LTIP. For the avoidance of doubt, there is no change to the maximum dilution limit in the LTIP which limits the issue of ordinary shares to satisfy awards granted under the LTIP and any other employee share scheme operated by Hostelworld to 10 per cent of the issued ordinary share capital over a rolling 10-year period.

## **6. Additional information on Executive Director remuneration for 2021**

As disclosed in the 2020 DRR, the Committee has decided not to increase the basic salary of the Chief Executive Officer for 2021. His salary therefore remains at €443,600. As also disclosed in the 2020 DRR, the basic salary of the Chief Financial Officer was increased to €275,000 with effect from 1 February 2021 in recognition of her exceptional performance since being appointed to the role.

The Committee intends to make a new grant under the LTIP shortly after the General Meeting (the "**2021 LTIP Grant**"). The purpose of the 2021 LTIP Grant will be to incentivise performance over the longer-term and set solid foundations for a return to growth in a post-COVID environment. The Committee has decided to apply performance conditions to the grant which differ from those used for prior year grants. One half of the award will vest subject to the achievement of targets linked to Adjusted EBITDA performance, and the other half will require critical strategic objectives to be met over the three-year performance period. These measures are all central to the success of the business as it emerges from the current depressed trading levels. The use of different performance conditions does not require a change to the Directors' Remuneration Policy.

The specific Adjusted EBITDA targets are based on levels of Adjusted EBITDA being achieved in the financial year ending 31 December 2023. The targets are considered challenging in the context of Hostelworld's business plan for the coming years and internal expectations of performance in a post-COVID trading environment.

Adjusted EBITDA is one of the Group's Key Performance Indicators used by the Board to assess the performance of the business, and is a metric closely followed by the market. The specific Adjusted EBITDA targets are currently considered commercially confidential by the Board given that the Group is not providing forward-looking guidance to the market. However, in recognition of the importance that Shareholders attach to having visibility on targets for long-term incentive schemes, we commit to publishing the targets once normal trading conditions resume and the Group is in a position to provide general guidance to the market. At this stage it is too early to say when this might be, but we expect to publish the details before the performance conditions are tested after the end of the 2023 financial year.

For the half of the award which will vest subject to the achievement of critical strategic objectives, we have set targets based around two key areas of focus. The first area involves assessing the improvement in new customer value compared to customer acquisition cost for paid channels (on a constant currency basis). This is linked to the Group's stated goal of optimising paid spend based on predicted new customer value versus acquisition cost. The second area is based around the successful adoption of Hostelworld's Counter

technology by a targeted number of our hostel accommodation partners. This is in line with the longer-term growth strategy of increasing adoption of the Group's hostel management software technology and integrating the Group's technology into our core platform offering for hostel partners. The precise details of the targets we have set for measuring these objectives are currently considered commercially confidential but will be set out in full in the 2023 Directors' Remuneration Report when the level of vesting of the 2021 LTIP Grant will be disclosed.

The 2021 LTIP Grant will be made at a level of 125 per cent of basic salary for the Chief Executive Officer and 100 per cent of basic salary for the Chief Financial Officer. This is equivalent to the levels of award granted in 2019 and is lower than the levels of award granted in 2020. The 2021 LTIP Grant will also be made to other members of the senior management team and other key employees. Although the LTIP grant size (as a percentage of basic salary) varies between employees, the same performance conditions will apply to all participants.

For Executive Directors, as prescribed by the Directors' Remuneration Policy, the 2021 LTIP Grant will be made with a requirement that any shares which vest after the end of the three-year performance period must be held for a further two years before they can be sold (subject to any sales required for tax purposes).

## **7. Shareholder consultation**

In advance of finalising the above proposals, the Committee wrote to Shareholders holding approximately 70 per cent in aggregate of the issued ordinary share capital as well as the major proxy advisors and institutional investor representative bodies explaining the rationale for the proposals and inviting comments. We also communicated our intention to make the 2021 LTIP Grant using the performance conditions as set out above. We subsequently had productive meetings with a number of Shareholders and received feedback from others. We were encouraged that the majority of those consulted engaged with us, had an appreciation of the specific circumstances faced by Hostelworld and expressed their support for our proposals.

## **8. General Meeting**

The proposed amendments to the Directors' Remuneration Policy and the LTIP Rules require the approval by Shareholders of the Resolutions at the General Meeting. The Resolutions to be proposed at the General Meeting approve such amendments. The Resolutions are proposed as ordinary resolutions and for each Resolution to be passed, more than half of the votes cast must be in favour of the relevant Resolution.

Accordingly, you will find set out at the end of this document at pages 8 to 10 a notice convening a General Meeting to be held at Floor 2, One Central Park, Leopardstown, Dublin 18, Ireland at 12.30 p.m. on 26 April 2021 (or any adjournment thereof) and the full text of the Resolutions, the Directors' Remuneration Policy (as amended) and the LTIP Rule to be deleted by way of the amendment.

## **9. COVID-19 and impact on the General Meeting**

We are continuing to closely monitor the Coronavirus (COVID-19) situation. The Board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so the following measures will be put in place for the General Meeting in response to the COVID-19 pandemic.

To safeguard the well-being of our shareholders and employees it is intended that the General Meeting will be attended only by the minimum number of persons required to satisfy the legal requirements to hold the General Meeting. On the basis of the current restrictions and guidance in place, shareholders and any other attendees will not be permitted entry to the General Meeting. Shareholders are therefore strongly encouraged to vote on the resolutions in advance of the General Meeting by appointing a proxy and to appoint the Chair of the General Meeting as their proxy (either electronically or by post) with their voting instructions. Further details regarding the process to vote by proxy are set out in the "*Action to be taken*" section below. At the moment, appointing the Chair of the General Meeting as your proxy is the only way to ensure that your vote is exercised at the General Meeting as other proxies may not be granted access to the meeting.

The Company will continue to closely monitor the latest UK and Irish Government guidance and restrictions, and how this may affect the arrangements for the General Meeting. If it becomes necessary or appropriate to revise the current arrangements for the General Meeting, further information will be made

available on our website at [www.hostelworldgroup.com](http://www.hostelworldgroup.com), by RIS announcement and by any other means legally required at that time.

Despite these exceptional circumstances, we are, as always, committed to engagement with our shareholders. In order to facilitate this, if you are a Shareholder and would like to ask the Board a question on the formal business of the AGM, please email your question to [Corporate@hostelworld.com](mailto:Corporate@hostelworld.com) by 12.30 p.m. on 22 April 2021. Responses will be made via return of email or published on our website at [www.hostelworldgroup.com](http://www.hostelworldgroup.com) as deemed appropriate by the Board.

## **10. Action to be taken**

Hostelworld is seeking approval of the Resolutions at the General Meeting. Your support is important to us. Please vote on the Resolutions. As mentioned above, please read the notes to the Notice of General Meeting at pages 9 and 10 of this document for an explanation of how to appoint a proxy to attend and vote on your behalf.

You will find enclosed a Form of Proxy for the General Meeting. You are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, no later than 12.30 p.m. on 22 April 2021 (or, if the General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting).

Alternatively, you may wish to register your proxy vote online; to do so, visit [www.eproxyappointment.com](http://www.eproxyappointment.com). The Control Number, Shareholder Reference Number and PIN shown on the Form of Proxy will be required to complete the procedure. Details of the process for registering online are also set out in the Form of Proxy. The deadline for receipt of electronic proxies is 12.30 p.m. on 22 April 2021.

If you hold your ordinary shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction form so that it is received by Computershare (under CREST participant ID 3RA50) by no later than 12.30 p.m. on 22 April 2021. The time of receipt will be taken to be the time from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. If a Shareholder believes they have a market claim they will need to contact their counterparty and settle bi-laterally.

If you have any questions about this document or the General Meeting, or are in any doubt as to how to complete the Form of Proxy, please call Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on (00) 353 1 447 5566. Please note that calls may be monitored or recorded, and Computershare cannot provide legal, tax or financial advice or advice on the merits of the proposed amendments to the Directors' Remuneration Policy and LTIP Rules.

## **11. Recommendation**

The Board believes the proposed amendments to the Directors' Remuneration Policy and LTIP Rules are in the best interests of the Company and the Shareholders as a whole and recommends unanimously that Shareholders vote in favour of the Resolutions at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 254,754 ordinary shares, representing approximately 0.2 per cent of the Company's existing ordinary share capital as at 29 March 2021, being the latest practicable date prior to the publication of this document.

Yours faithfully

**Michael Cawley**

*Chairman*

**Carl G. Shepherd**

*Chairman of the Remuneration Committee*

# HOSTELWORLD GROUP PLC

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of Hostelworld Group PLC (the “**Company**”) will be held at Floor 2, One Central Park, Leopardstown, Dublin 18, Ireland on 26 April 2021 at 12.30 p.m. (or any adjournment thereof) for the purposes of considering and, if thought fit, passing the following ordinary resolutions of the Company (the “**Resolutions**”), in connection with the Award to be made by the Company, as defined and described in the circular to the Company’s shareholders dated 1 April 2021 (the “**Circular**”). For the purposes of this notice, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the same meaning as ascribed to them in the Circular of which this notice forms part.

### Ordinary resolutions

1. **THAT**

- a. the amendments to the Directors’ Remuneration Policy, which are detailed on pages 10 to 21 of the Circular, to allow the Award be and are hereby approved, for all purposes including for the purposes of section 226B(1)(b) of the Companies Act 2006, to take effect from the date on which this resolution is passed; and
- b. each and any of the directors of the Company (the “**Directors**”) (or any duly constituted committee thereof) be and are hereby authorised to do all things necessary and desirable to implement, complete or to procure the implementation or completion of the grant of the Award and to give effect thereto with such modifications, variations, revisions or amendments (not being modifications, variations, revisions or amendments of a material nature) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate in connection with the Award.

2. **THAT**

- a. the amendment to the Company’s Long Term Incentive Plan which is detailed on page 22 of the Circular (the “**LTIP Amendment**”) be and is hereby approved, to take effect from the date on which this resolution is passed; and
- b. each and any of the Directors (or any duly constituted committee thereof) be and are hereby authorised to do all things necessary and desirable to adopt the LTIP Amendment and to give effect thereto with such modifications, variations, revisions or amendments (not being modifications, variations, revisions or amendments of a material nature) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate in connection with LTIP Amendment and/or the Award.

*By order of the Board*

**John Duggan**

*Company Secretary*

1 April 2021

**Registered office**

Floor 2  
2 Bedford Row  
London  
United Kingdom  
WC1R 4LR

Registered in England and Wales No. 09818705

## Notes

### Impact of COVID-19 on the General Meeting

1. In view of the restrictions introduced by the Irish Health Service Executive in response to COVID-19, in particular the current Irish Health Service Executive prohibitions on public gatherings and guidance on social distancing, it is intended that the General Meeting will be held with the minimum number of attendees to satisfy the requirements for a quorate meeting. Shareholders are asked not to attend the General Meeting in person and, in the interests of safety, any attempted entry to the meeting will be refused.
2. Shareholders are strongly encouraged to vote by proxy. The Irish Health Service Executive may change current restrictions and/or implement further measures relating to the holding of general meetings during the affected period. The Company continues to closely monitor the situation and any necessary changes to the arrangements for the General Meeting will be communicated to shareholders before the General Meeting through the Company's website at [www.hostelworldgroup.com](http://www.hostelworldgroup.com) and, where appropriate, by RIS announcement.

### Proxy appointment

3. A member is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the General Meeting. A proxy need not be a shareholder of the Company. As explained in the Chairmen's letter on pages 2 to 7 of this document, in view of the Irish Health Service Executive's latest guidance, you should not attempt to attend the General Meeting and shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy and provide voting instructions to the proxy in advance of the General Meeting. Appointment of any person other than Chairman of the meeting would result in a member's votes not being cast, as third party proxies will not be permitted entry to the General Meeting unless the Irish Health Service Executive's guidance and legislation in respect of COVID-19 change prior to the date of the General Meeting.
4. To appoint a proxy, the enclosed Form of Proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) must be either (a) sent to the Company's Registrar Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Notes 9 – 12 below or (c) the proxy appointment must be registered electronically on the website at [www.eproxyappointment.com](http://www.eproxyappointment.com), in each case so as to be received no later than 12.30 p.m. on 22 April 2021, or in the case that the meeting is adjourned, not less than 48 hours before the time appointed for the adjourned meeting.

### Nominated persons

5. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

### Information about shares and voting

6. The total number of issued ordinary shares in the Company as at the Latest Practicable Date is 116,321,185, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 29 March 2021 is 116,321,185.
7. As soon as practicable following the General Meeting, the results of the voting will be announced via a RIS announcement and also placed on the Company's website.

### Right to vote

8. Entitlement to vote at the General Meeting by appointing a proxy, and the number of votes which may be cast at the General Meeting, will be determined by reference to the Company's register of members at 6.00 p.m. on 22 April 2021 or, if the meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

### CREST members

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message (regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (under CREST participant ID 3RA50) by the latest times for receipt of proxy appointments specified in Note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message

by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

11. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of any CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Corporate representatives**

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

#### **Questions**

14. As it is expected that the General Meeting will be closed, the Directors shall accept any questions relating to the business being dealt with at the General Meeting which are submitted by shareholders in advance to the Company. Responses will be made via return of email or published on our website at [www.hostelworldgroup.com](http://www.hostelworldgroup.com) as deemed appropriate by the Board. Any such questions should be sent to the email address [Corporate@hostelworld.com](mailto:Corporate@hostelworld.com) by 12.30 p.m. on 22 April 2021. Questions may not be answered where (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on our website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company that the question be answered.

#### **Availability of documents and other information**

15. The following documents will be available for inspection at the registered office of the Company, Floor 2, 52 Bedford Row London, England WC1R 4LR at an agreed time during usual business hours as soon as practicable following the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the Meeting:
  - (a) a copy of the amended LTIP Rules; and
  - (b) a copy of this Circular comprising the payment particulars memorandum in respect of the Award that is required to be made available for inspection by Shareholders in accordance with Section 226D of the Companies Act 2006. The copy of this document will also be available for inspection on the Company's website, [www.hostelworldgroup.com](http://www.hostelworldgroup.com), from the date of this Notice until the end of the Company's annual general meeting in 2021.

In light of the ongoing COVID-19 pandemic and the anticipated attendance arrangements for the General Meeting, a shareholder which would like to inspect any of these documents in person must submit a request to do so to [Corporate@hostelworld.com](mailto:Corporate@hostelworld.com). Any such inspection will be subject to health and safety requirements, any limits on gatherings, social distancing or other measures imposed or recommended by the UK and Irish Government.

16. A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found at: [www.hostelworldgroup.com](http://www.hostelworldgroup.com).

#### **Use of electronic address**

17. Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed Form of Proxy) to communicate with the Company for any purposes other than those expressly stated. Shareholders who have general queries about the General Meeting should use the following methods of communication:

- (c) by writing to the Company Secretary at the registered office address; or
- (d) by writing to the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland,

to communicate with the Company for any purposes other than those expressly stated.

#### **Treasury shares**

18. As at the date of this document, the Company had no shares held in treasury.

#### **Data protection statement**

19. Your personal data includes all data provided by you, or on your behalf, which relates to you as a Shareholder, including your name and contact details, the votes you cast and your "Reference Number" (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## APPENDIX A – REMUNERATION POLICY

Included in this Appendix is the Directors' Remuneration Policy (the "**Policy**"), as included in the 2018 Annual Report and as approved by Shareholders at the AGM on 31 May 2019, updated to reflect the proposed amendment to the Policy for which Shareholder approval is being sought by way of Resolution 1 at the General Meeting. The changes are set out in **bold underline**. It should also be noted that since 2021 is the final full financial year covered by the current Policy, a new Directors' Remuneration Policy will be tabled to Shareholders at the 2022 AGM which, subject to Shareholder approval, will determine the payments in respect of the 2022 financial year.

The Policy wording below excludes certain references which were specific to the version included in the 2018 Annual Report, such as details of the changes to the Policy from the Policy approved by Shareholders in 2016. In addition, certain details have been updated, for example to reflect the current composition of the Board. The section "Illustrations of the Application of the Remuneration Policy" has been updated to relate to the 2021 financial year and therefore includes the proposed Restricted Share Award and excludes the annual cash bonus scheme.

### DIRECTORS' REMUNERATION POLICY

#### Policy Summary

The Remuneration Committee has designed the policy around the following key principles:

- Shareholder alignment – Ensure alignment of the interests of the Executive Directors, senior management and employees to the long term interests of shareholders;
- Competitive remuneration – Maintain a competitive package against businesses of a comparable size and nature in order to attract, retain and motivate high-calibre talent to help ensure the Company performs successfully;
- Strategic and cultural alignment – Provide a package with an appropriate balance between short and longer term performance targets linked to the delivery of the Company's business plan and is aligned to and reflective of the Company's culture;
- Performance-focused compensation – Encourage and support a high-performance culture; and
- Set appropriate performance conditions in line with the agreed risk profile of the business.

The Remuneration Committee reviews annually the remuneration arrangements for the Executive Directors and key senior management, taking into consideration:

- Business strategy over the period;
- Overall corporate performance;
- Market conditions affecting the Company;
- Changing practice in the markets where the Company competes for talent;
- Pay structure and levels in the Company as a whole; and
- Changing views of institutional shareholders and their representative bodies.

The following table sets out each element of remuneration and how it supports the Company’s short and long term strategic objectives.

<i>Element and link to our strategic objectives</i>	<i>Operation</i>	<i>Opportunity</i>	<i>Performance metrics, weighting and assessment</i>
<p><b>Base Salary</b></p> <p>Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company’s strategy.</p>	<p>Salaries are reviewed annually and any changes are effective from 1 January in the financial year.</p> <p>When determining an appropriate level of salary, the Remuneration Committee considers:</p> <ul style="list-style-type: none"> <li>• remuneration practices within the Company;</li> <li>• the performance of the individual Executive Director;</li> <li>• the individual Executive Director’s experience and responsibilities;</li> <li>• the general performance of the Company;</li> <li>• salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking; and</li> <li>• the economic environment.</li> </ul>	<p>Base salaries will be set at an appropriate level within a comparator group of comparably sized listed companies and will normally increase in line with increases made to the wider employee workforce.</p> <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.</p>	None
<p><b>Benefits</b></p> <p>Provides a market competitive level of benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company’s strategy.</p>	<p>The Executive Directors receive benefits which include, but are not limited to, family private health cover and life assurance cover (including tax if any).</p> <p>The Remuneration Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining personnel.</p> <p>Accordingly, the Remuneration Committee would expect to be able to adopt other benefits including (but not limited to) relocation expenses, tax equalisation and support in meeting specific costs incurred by Directors</p>	<p>The maximum will be set at the cost of providing the benefits described.</p>	None

## Pensions

Provide market competitive retirement benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.

The Remuneration Committee maintains the ability to provide pension funding in the form of a salary supplement, which would not form part of the salary for the purposes of determining the extent of participation in the Company's incentive arrangements.

For existing Executive Directors, the maximum pension contribution as a percentage of basic salary is 10%.

For new Executive Directors appointed after approval of this policy, the maximum pension contribution will be in line with the contribution level provided to the majority of the workforce.

None

## Annual Bonus Plan

**For 2021 the Annual Bonus Plan will be replaced by a Restricted Share Award granted under the LTIP (see below).**

The Annual Bonus Plan provides an incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

In particular, the Plan supports the Company's objectives allowing the setting of annual targets based on the business' strategic objectives at that time, meaning that a wide range of performance metrics can be used.

The Remuneration Committee will determine the bonus payable after the year end based on performance against targets.

Annual bonuses are paid in cash after the end of the financial year to which they relate.

On change of control, the Remuneration Committee may pay bonuses on a pro rata basis measured on performance up to the date of change of control.

Malus will apply up to the date of the bonus determination and clawback will apply for two years from the date of bonus determination.

The maximum bonus opportunity as a % of base salary is 100%.

Bonus payouts are determined on the satisfaction of a range of key financial and non-financial objectives set annually by the Remuneration Committee.

In addition, the payment of any bonus will require the Remuneration Committee determining that the Company has delivered an acceptable level of performance during the year.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance.

## Long Term Incentive Plan (“LTIP”)

### Applicable to all LTIP Awards other than the Restricted Share Award (see below)

Awards are designed to incentivise the Executive Directors to maximise returns to shareholders by successfully delivering the Company’s objectives over the long term.

Awards are granted annually to Executive Directors under the LTIP. These vest at the end of a three-year period, normally subject to:

- the Executive Director’s continued employment at the date of vesting; and
- satisfaction of the performance conditions.

The Remuneration Committee may award dividend equivalents on awards to the extent that they vest.

Awards granted from 2019 onwards which vest after the end of the three-year performance period will be subject to an additional two-year holding period. During this period the shares cannot be sold (other than as required for tax purposes).

The LTIP rules contain standard provisions to satisfy awards/dividend equivalents in shares.

Malus will apply for the three-year period from grant to vesting with clawback applying for the two-year period post vesting.

Awards may be made up to 150% of base salary.

If exceptional circumstances arise, including (but not limited to) the recruitment of an individual, the Remuneration Committee may grant awards outside this limit up to a maximum of 200% of a participant’s annual basic salary.

No more than 25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance.

LTIP awards vest subject to the achievement of challenging performance conditions set by the Remuneration Committee prior to each grant. Awards granted in 2019 and 2020 were subject to performance measures based on Adjusted EPS and absolute TSR performance.

The Remuneration Committee may change the balance of the measures, or use different measures for subsequent awards during the policy period, as appropriate. No material change will be made to the type of performance conditions without prior shareholder consultation.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.

Discretion may also be exercised in cases where the Remuneration Committee believes that the vesting outcome is not a fair and accurate reflection of business performance.

*Applicable to the Restricted Share Award to be granted in 2021*

<b><u>The Restricted Share Award will operate as a retention mechanism in place of the 2021 annual cash bonus.</u></b>	<b><u>The Restricted Share Award will vest in two equal tranches, the first after the end of the 2021 financial year and the second after the end of the 2022 financial year. Vesting will be dependent on continued employment at the date of vesting and satisfactory personal performance. There will be no requirement to satisfy other performance conditions.</u></b> <b><u>To the extent that the Restricted Share Award vests, it will not be subject to a two-year post-vesting holding period.</u></b> <b><u>The Remuneration Committee may award dividend equivalents on awards to the extent that they vest.</u></b> <b><u>The LTIP rules contain standard provisions to satisfy awards/dividend equivalents in shares.</u></b> <b><u>Malus will apply for the period from grant to vesting with clawback applying for the two-year period post vesting.</u></b>	<b><u>The maximum grant level under the Restricted Share Award to be granted in 2021 is 112% of base salary.</u></b>	<b><u>N/A</u></b>
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**Save As You Earn (“SAYE”) plan**

To encourage share ownership among Hostelworld employees and increase the alignment with shareholders.	The plan permits employees to purchase shares at the end of a three-year period at a discount of up to 20% of the market value of the shares at grant.	The maximum participation limit is as set out in the relevant legislation.	None (as is the norm for approved all-employee plans).
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**Shareholding Requirement**

To support long term commitment to the Company and the alignment of Executive Director interests with those of shareholders.	The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up and then subsequently hold a shareholding equivalent to 200% of their base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements.	200% of salary	None
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### **Non-Executive Director Fees**

The Company provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is considered by the Remuneration Committee and recommended to the Board.

Non-Executive Directors are paid a base fee and additional fees for acting as Senior Independent Director and as Chairperson of Board committees (or to reflect other additional responsibilities and/or additional/unforeseen time commitments).

Non-Executive Directors do not participate in any of the Company's incentive arrangements.

The base fees for Non-Executive Directors are set at an appropriate rate.

In general, the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the workforce.

The Company will pay reasonable vouched expenses incurred by the Chairman and Non-Executive Directors, together with other benefits where considered necessary (and any related tax that may be payable).

None

### **Choice of Performance Measures**

Each year, the Remuneration Committee will choose the appropriate performance measures and targets to apply to the annual bonus scheme and LTIP. The measures will be closely aligned with Hostelworld's strategy and business priorities at the time.

### **Malus and clawback**

Malus and clawback provisions within the annual bonus scheme and the LTIP apply in the following circumstances:

- Material misstatement of results;
- Gross misconduct;
- Error in calculating the number of shares subject to an award or the amount of cash paid;
- Corporate failure; or
- Serious reputational damage.

### **Discretion**

The Remuneration Committee has discretion in several areas of policy as set out in this report. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Remuneration Committee has the discretion to amend the policy with regard to minor or administrative matters where it would be, in the opinion of the Remuneration Committee, disproportionate to seek or await shareholder approval.

### **Differences in Policy from the Wider Employee Population**

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same reward and performance philosophy throughout the business. As with many companies, the Group operates variable pay plans primarily focused on mid to senior management level. In some cases, incentive structures and performance conditions apply which are different to those used for Executive Directors. The Remuneration Committee takes into account workforce remuneration and related policies when setting the policy for Executive Directors' remuneration.

**Recruitment Policy**

The approach when setting the remuneration of any newly recruited Executive Director will be assessed in line with the same principles for the Executive Directors, as set out above. The Remuneration Committee’s approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. The Remuneration Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding enhanced short term or long term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award. Subject to the paragraph below, the incentive awards that can be received in any one year will not exceed the maximum individual limits as set out in the Remuneration Policy Table.

The Remuneration Committee’s policy is not to provide sign-on compensation. In addition, the Remuneration Committee’s policy is not to provide buyouts as a matter of course. However, should the Remuneration Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of a director’s previous employment will be calculated. This will take into account, among other things, the performance conditions attached to the vesting of these incentives, the likelihood of vesting and the nature of the awards (cash or equity). The Remuneration Committee may then grant a buyout up to the same value as the lapsed value, where possible, under the Company’s incentive plans. To the extent that it is not possible or practical to provide the buyout within the terms of the Company’s existing incentive plans the Remuneration Committee may in exceptional circumstances consider it appropriate to grant an award under a different structure to facilitate a buyout of outstanding awards held by an individual on recruitment.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Report on Remuneration for the relevant financial year.

The Company’s policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

**Service Agreements and Letters of Appointment**

**Executive Directors**

Each of the Executive Directors has entered into a service contract with the Company.

<i>Name</i>	<i>Position</i>	<i>Date of service agreement</i>	<i>Notice period by Company (months)</i>	<i>Notice period by Director (months)</i>
Gary Morrison	Chief Executive Officer	11 June 2018	12	12
Caroline Sherry	Chief Financial Officer	01 December 2020	6	6

**Non-Executive Directors**

The Non-Executive Directors have each entered into letters of appointment with the Company. Each independent Non-Executive Director’s term of office runs for an initial period of three years unless terminated earlier upon written notice or upon their resignations. Non-Executive Directors are also subject to re-election at each AGM.

The date of appointment of each Non-Executive Director is set out below:

<i>Name</i>	<i>Effective Date of appointment</i>	<i>Notice period by Company (months)</i>	<i>Notice period by Director (months)</i>
Michael Cawley	14 October 2015	1	1
Carl G. Shepherd	1 October 2017	1	1
Éimear Moloney	27 November 2017	1	1
Evan Cohen	14 August 2019	1	1

### **Payment for Loss of Office**

The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Remuneration Committee reserves the right to make additional 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 an Executive Director's office or employment; or in relation to the provision of outplacement or similar services.

When determining any loss of office payment for a departing individual the Remuneration Committee will always seek to minimise cost to the Company whilst seeking to address the circumstances at the time.

#### *Remuneration element*

#### *Treatment on exit*

#### **Salary, benefits and pension**

Salary, benefits and pension will be paid over the notice period. The Company has discretion to make a lump sum payment on termination equal to the salary, value of benefits and value of company pension contributions payable during the notice period. In all cases the Company will seek to mitigate any payments due.

#### **Annual Bonus Plan**

*Good leaver reason* – pro-rated to time and performance for year of cessation.

*Other reason* – no bonus payable for year of cessation.

#### **LTIP**

*Good leaver reason* – Pro-rated to time and performance (**where applicable**) in respect of each subsisting LTIP award.

*Other reason* – Lapse of any unvested LTIP awards.

The Remuneration Committee has the following elements of discretion:

- to determine that an executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;
- to measure performance (**where applicable**) over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation;
- The Remuneration Committee's policy is generally to pro-rate to time from the date of grant to the date of cessation. It is the Remuneration Committee's intention to only use its

discretion to adopt a different approach to pro-rating in circumstances where there is an appropriate business case which will be explained in full to shareholders.

A good leaver reason may include cessation in the following circumstances:

- Death;
- Ill-health;
- Injury or disability;
- Redundancy;
- Retirement with agreement of employer;
- Employing company ceasing to be a Group company;
- Employing company transferred to a person who is not a Group Member; or
- At the discretion of the Remuneration Committee (as described above).

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

### Change of Control

The Remuneration Committee's policy on the vesting of incentives on a change of control is summarised below:

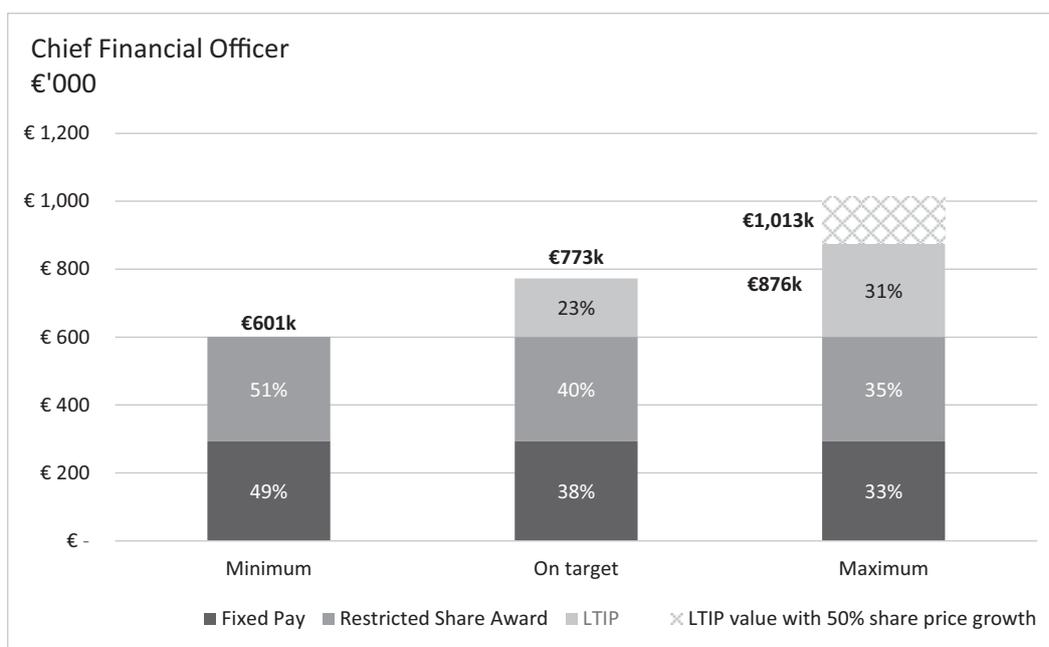
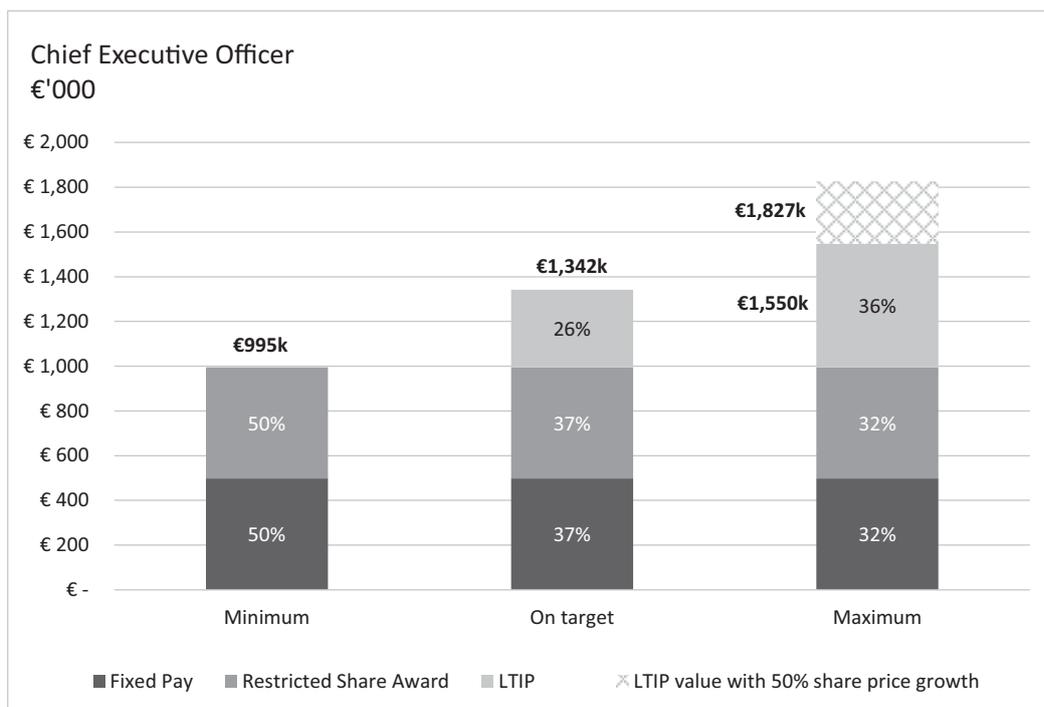
<i>Name of Incentive Plan</i>	<i>Change of Control</i>	<i>Discretion</i>
<b>Annual Bonus Plan</b>	Pro-rated to time and performance to the date of the change of control.	The Remuneration Committee has discretion to continue the operation of the Plan to the end of the bonus year.
<b>LTIP</b>	<p>The number of shares subject to subsisting LTIP awards vesting on a change of control will be pro-rated to time and performance (<b>where applicable</b>).</p> <p>Options to the extent vested may be exercised at any time during the period of six months following the change of control and if not so vested will lapse at the end of such period unless the Remuneration Committee determines that a longer period shall apply.</p>	<p>The Remuneration Committee retains absolute discretion regarding the proportion vesting, taking into account time and performance (<b>where applicable</b>).</p> <p>There is a presumption that the Remuneration Committee will pro-rate to time. The Remuneration Committee will only waive pro-rating in exceptional circumstances where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions (<b>where applicable</b>) must be satisfied.</p>

### Illustrations of the Application of the Remuneration Policy for 2021

The charts below illustrate the remuneration that would be paid to each of the Executive Directors, based on current salaries, under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Restricted Share Award; and (iii) LTIP, with the assumptions set out below:

<i>Element</i>	<i>Minimum</i>	<i>On-Target</i>	<i>Maximum</i>
Salary, benefits and pension	Included	Included	Included
Restricted Share Award	112% of salary	112% of salary	112% of salary
LTIP	No LTIP vesting	62.5% of maximum opportunity	CEO: 125% of salary* CFO: 100% of salary*

\*Illustration based on the size of the proposed 2021 LTIP Grant for the Directors.



Dividend equivalents have not been added to the Restricted Share Award or the LTIP award. In line with UK reporting regulations, the maximum column has been extended to reflect the potential impact of 50% share price appreciation on the LTIP shares which vest.

#### Statement of Conditions elsewhere in the Company

The Remuneration Committee considers pay and employment conditions across the Company when reviewing the remuneration of the Executive Directors and other senior employees. In particular, the Remuneration Committee considers the range of base pay increases across the Group as well as wider workforce remuneration and related policies.

### **Consideration of Shareholder Views**

The Remuneration Committee takes the views of shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Remuneration Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy.

## **APPENDIX B – AMENDMENT TO THE HOSTELWORLD GROUP PLC LONG TERM INCENTIVE PLAN 2021**

Subject to Shareholder approval of Resolution 2 contained within the Notice of General Meeting, the Directors propose to delete the following Rule 2.2 from the rules of the Long-Term Incentive Plan, and to make any consequential amendments to the rules as may be required to reflect the deletion of Rule 2.2.

### ***2.2 5 per cent in 10 years***

*An Award may not be granted if the result of granting the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:*

- Awards under the Plan; or*
- options or awards granted under any other discretionary Employees' Share Scheme adopted by the Group,*

*would exceed 5 per cent of the Company's issued ordinary share capital at that time.*



