

# Introduction to governance

**Kevin McAuliffe**  
Non-Executive  
Deputy Chairman



## SECTION 172

### Companies Act 2006 s.172

The Code incorporates section 172 of the UK Companies Act 2006, which requires us, as a matter of good corporate governance and good corporate citizenship to consider the interests of identified stakeholder groups in making business decisions. This duty requires us to ensure stakeholders are able to have their views and input taken into consideration, and to consider the likely impact on stakeholders of business decisions.

The Board's decisions are guided by what is most likely to promote the success of the Company in the long term through creating sustainable value for shareholders and contributing to wider society as a whole.

Each Director listed in this corporate governance section of our report understands their duties, and acts in a way that, in their judgment, promotes the success of the Company for the benefit of all stakeholders, with due regard to the varying interests of different stakeholder groups.

Detailed information on how we have discharged these responsibilities in 2021 can be found in the following sections of the Report:

- This corporate governance chapter
- Stakeholder engagement on pages 68 to 73
- Management of principal and emerging risks on pages 26 to 34
- The summary Task Force on Climate-related Financial Disclosures (TCFD) report on pages 87 to 89
- Statements from the Chairman and Deputy Chairman on pages 16 to 17 and 91 to 92

## DEAR STAKEHOLDER,

I am pleased to present the Corporate Governance report for the year ended 31 December 2021.

As Deputy Chairman, my role centres around championing the Company's onward progress on its governance journey. I am, therefore, proud to report that the Group has remained focused and committed to delivering strong corporate governance to preserve the long-term sustainable success of the Group for the benefit of all of its stakeholders throughout the highs and lows of 2021. Governance has formed an intrinsic part in the infrastructure of our continued recovery from the effects of the pandemic. This was evidenced by: the formation of an ESG Committee to oversee the Group's ESG strategy and embed appropriate ESG policies; the increased frequency of interaction between the Board and the Executive Leadership Team and senior management to provide adequate oversight of the delivery of strategy; on the delivery of strategy; the updating of a number of key policies including the Whistleblowing Policy and Ethical Sourcing Policy and the active dialogue maintained with representatives of independent shareholders throughout the year which has resulted in our introduction of an advisory shareholder vote on the Remuneration report and Remuneration Policy at the next Annual General Meeting.

This report sets out how we have complied with and applied the principles and provisions of the 2018 Corporate Governance Code (the 'Code') throughout 2021 as well as providing a practical view of our approach to corporate governance within the operation of our business.

### Leadership role

At a time when decisive and innovative leadership was paramount, the Board continued to provide the Group with entrepreneurial leadership within a

framework of prudent and effective controls enabling risks to be assessed and managed alongside the strategic aims of the Group. Monthly business update calls between the Board, Executive Leadership Team and senior management assisted with the effective operation of our business within a volatile market. Sub-meetings attended by the Non-Executive Directors directly after these monthly updates, also provided the required forum for scrutiny, discussion and the identification of any necessary further steps required without the rest of the Board and Executive Leadership Team present.

Following the appointment of two new Independent Non-Executive Directors and an Alternate Director in 2020, the Board's focus in 2021 was on maintaining continuity and supporting the Executive Leadership Team and senior management in the many decisions they had to make to restore and increase business activity in a difficult trading and labour market. Our established governance policies and protocols served us well, providing structure during a disruptive period.

### Board evaluation

An external review of the Board and its Committees was carried out by Independent Audit Limited in 2021. I am pleased to report that the results of the evaluation were positive showing that our formalisation of ESG management was appreciated, as well as identifying some areas for improvement in Board resourcing and subsidiary risk management. Full details of the process and outcome of the review are set out on page 100.

### Board composition

The Nomination Committee keeps the combination of skills, experience, independence and diversity of the Board under constant review. As part of this year's succession planning, we identified that the Board would benefit from the addition of another Non-Executive Director to complement the existing skillset of the Board. A search is currently ongoing for a Non-

Executive Director with this skillset and OSA Recruitment, the specialist external search consultancy assisting with the search, has also been instructed to take into account the diversity requirements of the Hampton-Alexander and Parker Reviews. Further details can be found on page 103.

### Sustainability

We are on a continuing journey of embedding sustainability into our business model and recognise that this has become a moral, strategic and economic necessity. We, therefore, established a new ESG Committee this year to oversee our ESG strategy and TCFD reporting, assist the business in setting meaningful goals and measure progress against those goals. All aspects of our ESG strategy are formulated through the Our People, Our Places and Our Planet framework. Full details of the progress we have made in furthering our goals is set out on pages 82 to 89.

### Shareholder engagement

At the Annual General Meeting held in May 2021, a small number of shareholders heeded the recommendations of proxy agencies and voted against the re-appointment of Mr Bradley, the Chair of the Nomination Committee, as a reflection of their concern for the length of tenure of the Chairman of the Board.

We have maintained an active dialogue with representatives of independent shareholders throughout the year in order to remain in tune with and guided by shareholder views and in order to adapt our approach wherever possible in response to issues raised. Full details of our engagement with shareholders can be found in our Stakeholder Engagement section on page 68, and in the Nomination Committee report on page 109. We are grateful for our investors' ongoing support, and look forward to a continuing period of active recovery in 2022 to repay their confidence.

# Introduction to governance continued

The Board has every confidence in Mr Bradley and his Chairmanship of the Nomination Committee, which has focused on succession planning during 2021 and instructed a specialist external recruitment agency to assist with finding an additional Non-Executive Director to add further balance to the Board.

The Board has also taken note of views expressed at the Annual General Meeting as well as in other communications with shareholders concerning the lack of a right for the shareholders to vote on the Remuneration Report and Remuneration Policy contained in the Company's annual financial statements and approved a proposal from the Remuneration Committee to allow the shareholders to have an advisory vote on the Remuneration report set out on pages 121 to 130 and the Remuneration Policy relating to 2022 set out on page 123.

Engagement with shareholders is further achieved through investor roadshows led by our Chief Financial Officer, Deputy CEO and Executive Vice-President Commercial Affairs throughout the year. Feedback received during roadshows is reported by Mr Kos to the Board for discussion at Board meetings, following which our Senior Independent Director reaches out to shareholders to continue the dialogue. In addition, as part of his role as Senior Independent Director, Mr Keen meets with shareholders as and when requested. He is always keen to engage with shareholders, and would appreciate receiving any meeting requests.

## Workforce engagement

The Board worked very closely with the Executive Leadership Team on the process of reengaging the workforce and safeguarding their mental health as regions emerged from lockdowns. I was, therefore, delighted to see our efforts to support our workforce and communities throughout the pandemic acknowledged by a number of industry recognitions throughout the year.

We are very proud to have been awarded a selection of workforce-related awards, including:

- The Cateys 2021 Best Employer Award;
- the 'Top-6 Best Places to Work in Hospitality' by leading UK hospitality trade publication The Caterer; and
- 'HR Team of the Year' at the HR in Hospitality Awards 2021.

All this success is a reflection of the hard work that has gone into protecting the safety and well-being of our team members.

An annual 'Climate Analysis', being a formal and comprehensive study based on a survey of our people, culture and overall workforce satisfaction, usually forms a key part of our annual workforce engagement activities. However, with a number of team members still on furlough in Q1 2021, we have instead relied on: a combination of succinct pulse surveys aimed at gauging the current concerns of our team members; UK-based hotel visits carried out by the Non-Executive Directors; and feedback received during the monthly business updates. In the UK, we also established a team member forum of elected representatives to facilitate communication between senior management and team members.

Hotel visits by members of the Board to a majority of our UK properties formed a key part of our workforce engagement activities in 2021. However, the ongoing restrictions across other regions meant that our planned schedule of hotel familiarisation visits by the Non-Executive Directors could not be fully completed. In order to compensate for this, we have agreed an enhanced visit schedule for 2022 covering Croatia, Germany, Serbia, Austria, Rome and the Netherlands to be completed when restrictions permit.

As the nominated Board member responsible for workforce engagement, I have also been conducting a review of the effectiveness of our existing methods of workforce engagement. I am currently in the process of reviewing comments from regional management and working with the Head of Human Resources with a view to bringing recommendations to the Board in Q2 of 2022 for an enhanced and more resilient process reflecting the continued growth of the Group.

## Conclusion

We recognise that sound corporate governance is imperative to delivering long-term sustainable value for all of our stakeholders. This difficult year brought further assurances that our governance practices are cemented into the Group's culture and working practices. The integration of the principles of the Code into our business framework continues to give me confidence that our business is well equipped to take advantage of future growth opportunities as and when they arise. I would like to thank our Board, Executive Leadership Team, the entire workforce and all our stakeholders for their commitment and support during this challenging time.



**Kevin McAuliffe**  
Non-Executive Deputy Chairman

## BOARD'S ACTIVITIES 2021

### A. Strategy, operational performance and risks

- Regularly received operational updates from the Executive Leadership Team
- Regularly reviewed potential growth and development
- Reviewed and approved completion of the joint venture transaction with Clal Insurance Company Limited in respect of Park Plaza Riverbank and art'otel London Hoxton
- Reviewed and approved the acquisition of the 4-star Londra & Cargill Hotel, via the Group's wholly owned subsidiary Londra Cargill Parent S.r.l
- Regularly reviewed principal risks
- Reviewed the results of, and evaluated the performance of, the external audit
- Regularly reviewed the results of, and evaluated the performance of, the internal audit

### C. Succession and talent

- Reviewed and considered management incentive plans and remuneration policies for Non-Executive Directors, Executive Directors and senior management
- Reviewed gender balance of the Company and senior management, and Board Diversity Policy
- Considered succession planning for Board and senior management
- Regularly reviewed structure, size and composition of the Board
- Received and considered the results of the review of the effectiveness of the Board and its composition (including skills, knowledge, experience and diversity)

### B. Financial performance

- Regularly received updates from the Chief Financial Officer and Head of Internal Audit and Risk
- Regularly reviewed details of the Group's performance against budget and the Group's financial position, including cash flow forecasts
- Reviewed and approved the full- and half-yearly results and associated announcements and the trading updates
- Considered interim and final dividend recommendations and declarations
- Reviewed the pipeline and CAPEX requirements
- Reviewed compliance with banking facilities

### D. Stakeholder engagement and governance

- Received regular reports from the Chair of each Committee
- Received regular reports and updates from the Company Secretary and from the Chief Corporate & Legal Officer
- Reviewed governance standards of the Group and its subsidiaries
- Reviewed and approved formation of the ESG Committee and approval of the ESG Committee terms of reference
- Reviewed and approved updates to the Committee terms of reference
- Reviewed and approved updates to the Group's Code of Conduct
- Reviewed and approved the UK Gender Pay Gap Report 2020, 2021 and the Modern Slavery Statement 2020–2021
- Reviewed and approved updates to the Group's Whistleblowing Policy and routinely reviewed the reports arising from its operation
- Reviewed and approved updates to the Significant and Related Party Transactions Policy
- Reviewed and approved updates to the Remuneration Policy
- Reviewed Board evaluation report of the external consultant
- Reviewed and approved the Group's new Human Rights Policy
- Reviewed other principal Group policies
- Received regular updates on investor relations and updates from investor presentations
- Responded to investors collectively in announcements following votes at the Annual General Meeting, and individually in exchange of correspondence

# Board of Directors

## BOARD AND COMMITTEE MEMBERSHIP

	E	A	N	R
<b>Eli Papouchado</b>				
<b>Yoav Papouchado</b>	Alternate Director			
<b>Kevin McAuliffe</b>				
<b>Nigel Keen</b>				C
<b>Kenneth Bradley</b>	C		C	
<b>Stephanie Coxon</b>		C		
<b>Boris Ivesha</b>				
<b>Daniel Kos</b>				

- ESG Committee
- Audit Committee
- Nomination Committee
- Remuneration Committee
- C** Chair

**Eli Papouchado**



### Non-Executive Chairman

Mr Papouchado has been Chairman of the Group since its formation. He is a Founder of the Red Sea Group and acted as its Chairman for over ten years.

Our Chairman brings a wealth of experience in the construction, design, development, financing, acquisition and management of leading hotels, including Park Plaza Westminster Bridge London, Park Plaza London Riverbank and many others. He has been involved in the development of hundreds of thousands of square metres of retail space in shopping malls and large residential projects in the USA, Eastern Europe and the Middle East, and served as Chairman of the Israel Hotel Association.

**External appointments:** N/A

**Board Committees:** N/A

**Independent:** No

**Year of first appointment:** 2007

**Boris Ivesha**



### President & Chief Executive Officer

Mr Ivesha has been President of the Group since 1991, and brought the Park Plaza brand to the group in 1994 in collaboration with the Red Sea Group, and has been the major influencer in expanding the Group's portfolio. He established the Yamit Hotel, Israel in 1984, and served as its President. He was director of the Carlton Hotel in Israel from 1979 to 1984, and the General Manager of the Royal Horseguards Hotel in London from 1972 to 1979. He is the Chairman of the Supervisory Board of the Arena Hospitality Group.

**External appointments:** Chairman of the Supervisory Board of the Arena Hospitality Group

**Board Committees:** N/A

**Independent:** No

**Year of first appointment:** 2007

**Nigel Keen**



### Non-Executive Director & Senior Independent Director

Mr Keen is a chartered surveyor who previously served as the Head of Property at Tesco and at the John Lewis Partnership. He serves the Vistry Group Plc as the Chair of its Remuneration Committee, and as a member of both its Audit and Nomination Committees. He is also a non-executive director for RG Carter Construction Company and is deputy chairman of the Maudsley Mental Health Charity.

**External appointments:** Non-Executive Director, Vistry Group Plc; Non-Executive Director, RG Carter; Deputy Chairman, Maudsley Mental Health Charity

**Board Committees:** Nomination Committee, Audit Committee, Remuneration Committee

**Independent:** Yes

**Year of first appointment:** 2018

**Stephanie Coxon**



### Non-Executive Director

Ms Coxon is a Fellow of the Institute of Chartered Accountants in England and Wales and is a non-executive director on several London listed companies. Prior to becoming a Non-Executive Director, Ms Coxon led the investment trust capital markets team at PwC for the UK and Channel Islands. During her time at PwC, Ms Coxon specialised in advising FTSE 250 and premium London listed companies on accounting, corporate governance, risk management and strategic matters.

**External appointments:** Independent Non-Executive Director, Apax Global Alpha Limited; Non-Executive Director, JLEN Environmental Assets Group Limited; Non-Executive Director, PraxisFM Group Limited; Non-Executive Director, International Public Partnerships Limited

**Board Committees:** Nomination Committee, Audit Committee (Chair), Remuneration Committee, ESG Committee

**Independent:** Yes

**Year of first appointment:** 2020

**Kevin McAuliffe**



### Non-Executive Deputy Chairman

Mr McAuliffe is a former member of the Society of Trust and Estate Practitioners and a Director of various regulated investment companies. From 1999, he worked with the Carey Group, joining as Chief Executive in 1999, before serving as its Chairman until his retirement. He served as Head of Advisory Services for Paribas International Private Banking and Managing Director of Paribas Suisse in Guernsey from 1992 to 1999, and as Finance Director of Ansbacher Offshore Banking Group, before being appointed as Chief Executive Officer of Ansbacher's Guernsey bank and trust company business in 1994.

Mr McAuliffe has held posts in three different departments in the States of Guernsey between 1973 and 1980, and is a member of the Supervisory Board of the Arena Hospitality Group.

**External appointments:** Supervisory Board Member, Arena Hospitality Group; Director of CKLB International Management Limited and CM Management Limited.

**Board Committees:** Nomination Committee

**Independent:** No

**Year of first appointment:** 2007

**Daniel Kos**



### Chief Financial Officer & Executive Director

Mr Kos has worked with the Group for over ten years of which the last four years have been as Chief Financial Officer and Executive Director. As Chief Financial Officer, Mr Kos is responsible for the Group's finance, IT and procurement strategy. Mr Kos has 20 years of finance experience in the field of audit and corporate finance and has been involved in several large complex M&A deals, large (re)financing projects and several transactions on the public markets in London and Zagreb. Prior to joining the Company, Mr Kos held senior leadership positions within auditing and finance, including 11 years at internationally recognised accounting, audit and consulting group Mazars LLP, focusing on hospitality, real estate and financial service companies.

Mr Kos is a certified public accountant with significant international experience across many different industries.

**External appointments:** N/A

**Board Committees:** N/A

**Independent:** No

**Year of first appointment:** 2018

**Kenneth Bradley**



### Non-Executive Director

Mr Bradley is a former Guernsey Island Director at RBS, who focused on corporate banking and structured finance, and was also Guernsey Island Director and Chief Country Officer at Barclays Bank, overseeing their Banking and Fiduciary business, while having responsibility for businesses in five other jurisdictions.

**External appointments:** Director of a Private Fiduciary Company and a small Finance Company

**Board Committees:** Nomination Committee (Chair), Audit Committee, Remuneration Committee, ESG Committee (Chair)

**Independent:** Yes

**Year of first appointment:** 2019

**Yoav papouchado**



### Alternate Director to Non-Executive Chairman

Mr Yoav Papouchado is the Chairman of the Red Sea Group. He is a real estate developer with over 30 years of experience of residential developments and data centres worldwide. He serves as Deputy Chairman of the Supervisory Board of the Arena Hospitality Group, listed on the Zagreb Stock Exchange, and is President of Gear Construction, the construction arm of the Red Sea Group.

**External appointments:** Chairman, Red Sea Hotels Limited; President, Gear Construction; Deputy President of the Supervisory Board, Arena Hospitality Group

**Board Committees:** N/A

**Independent:** No

**Year of first appointment:** 2020

# Executive Leadership Team

The Executive Leadership Team meets on a monthly basis and is chaired by the Deputy Chief Executive Officer. It has authority to manage the day-to-day operations of the Group's businesses, with the exception of those matters reserved for the Board, within the financial limits set by the Board.

The Executive Leadership's remit includes:

- formulation of strategy and the Group's priorities for recommendation to the Board;
- performance management in accordance with strategy and budgets;
- customer engagement, product development and brand standards;
- construction, maintenance and design;
- asset management and capital investment (where Board approval is not required);
- procurement and cost efficiency;
- reputation and stakeholder management;
- risk management;
- people, culture, values and sustainability;
- talent and succession;
- information technology and cyber; and
- health and safety.



**Boris Ivesha**

## President & Chief Executive Officer

Boris has been President and Chief Executive Officer of PPHE Hotel Group since 1991.

He was responsible for bringing the Park Plaza brand to the Group in 1994 in collaboration with Eli Papouchado and the Red Sea Group, and has been a major influencer in the expansion of the Group's international portfolio.

In previous roles, Boris established the Yamit Hotel in Israel in 1984 and served as its President, and was Director of the Carlton Hotel in Israel from 1979 until 1984 and General Manager of the Royal Horseguards Hotel in London from 1972 until 1979. He is on the Arena Hospitality Group Supervisory Board as Chairman and was appointed to the Group Board on 14 June 2007.



**Greg Hegarty**

## Deputy Chief Executive Officer & Chief Operating Officer

As Deputy CEO, Greg works alongside the Group's President & CEO Boris Ivesha driving the corporate vision and growth strategy for the Group.

In addition, Greg has overall responsibility for the day-to-day running of the Group's operations while creating and implementing commercial and operational strategies, which include, but are not limited to, Operations, People & Culture.

Greg holds a Masters' Degree in Business Administration (MBA) and brings over eight years of experience in the hospitality industry including senior management roles at global brands such as GLH Hotels and BDL Hotels.

In 2004 Greg won a prestigious Acorn Award, which recognises the flair and passion of rising stars in hospitality. In 2005 Greg also won the prestigious Esprit General Manager of the Year award and has further shown his commitment to the industry by becoming a Fellow of the Institute of Hospitality and a Master Innholder.



**Robert Henke**

## Executive Vice President Commercial Affairs

Robert oversees all commercial activities including Sales, Distribution, Reservations, Customer Service, Revenue, Digital Marketing and CRM as well as Brand Marketing, Guest Experience and Communications (including brand strategy, brand development, management of the Group's strategic partnership with the Radisson Hotel Group and corporate communications).

He has more than 20 years' experience in international hospitality and first joined the Group in 2001, when he was involved in the opening of the Group's hotels in the UK and the successful implementation of Radisson Hotel Group's marketing programmes and systems. He rejoined the Group in 2007 and since then has significantly developed the central commercial organisation, creating and leading a multi-disciplined, international team of specialists.

Prior to joining PPHE Hotel Group, he held international marketing positions at Golden Tulip Worldwide and Hilton Hotels Corporation. He holds a Bachelor's Degree in Hotel Management Business Administration from Hotelschool The Hague, with a major in Marketing.



**Daniel Pedreschi**

## Regional Vice President Operations, United Kingdom

Daniel oversees all UK hotels, restaurants and bars in collaboration with each individual General Manager, as well as focusing on new property developments and the general PPHE Hotel Group strategy.

Daniel has been with the Company since 2009, originally taking the position of Hotel Manager at Park Plaza Westminster Bridge London and in 2011 he moved to the General Manager position. In October 2013, Daniel took on the additional role of supporting the Central Reservations Office as a General Manager alongside his existing responsibilities.

With over 20 years' experience, Daniel's passion for hospitality and attention for detail have always been key drivers in his career, striving to find improvements to always keep ahead of the competition and enhance our position in the industry.



**Jaklien Van Sterkenburg**

## Executive Vice President People & Culture | Head of HR

Jaklien joined the Group in 1995 as Director of Sales at Park Plaza Victoria Amsterdam, before being promoted to Regional Director of Sales and Vice President of People Development and Human Resources, she also gained operational hotel experience as an interim Hotel Manager.

Her passion for working with people to achieve their goals and developing them was instrumental in Jaklien's decision to switch to the role of HR Manager for the hotels in the Benelux region while simultaneously supervising hotels in Germany and Hungary. Jaklien then moved onto her role of Executive Vice President People & Culture | Head of HR for the Group.

Jaklien began her career with Sofitel Legend The Grand Amsterdam and has worked for Accor hotels in senior Sales roles. She is a graduate of the NHTV, the University of Applied Sciences.



**Daniel Kos**

## Chief Financial Officer & Executive Director

Daniel has worked with the Group for over ten years of which the last four years he has been Chief Financial Officer and Executive Director. As Chief Financial Officer, Daniel is responsible for the Group's finance, IT and procurement strategy.

Daniel has 20 years of finance experience in the field of audit and corporate finance and has been involved in several large complex M&A deals, large (re)financing projects and several transactions on the public markets in London and Zagreb.

Prior to joining the Company, Daniel held senior leadership positions within auditing and finance, including 11 years at internationally recognised accounting, audit and consulting group Mazars LLP, focusing on hospitality, real estate and financial service companies.

Daniel is a certified public accountant with significant international experience across many different industries.



**Inbar Zilberman**

## Chief Corporate & Legal Officer

Inbar joined the Group in 2010. Inbar oversees the Group's corporate initiatives including acquisitions, expansions, corporate governance, shareholders' engagement, and corporate social responsibility while continuing to lead the multi-jurisdictional legal and compliance functions necessary for our success. Inbar brings an expertise in negotiations and deal execution and has a pivotal role in developing the Group's corporate governance, the move to a Premium Listing on the Main Market and subsequent inclusion within the FTSE. In 2021 Inbar featured in the prestigious Women to Watch and Role Models in the Hospitality, Travel & Leisure Index 2021.

Prior to joining the Group, Inbar was in the corporate finance team at the law firm Berwin Leighton Paisner LLP (now Bryan Cave Leighton Paisner LLP) in London and formerly was a partner at the Israeli law firm, Bach, Arad, Scharf & Co.

Inbar holds an LLB from Tel Aviv University and an LLM from the LSE. She is a qualified solicitor in England, Wales and Israel.



**Miahelle Wells**

## Regional Vice President Operations, the Netherlands

Michelle has held a number of management positions at PPHE Hotel Group over a period of 12 years, originally joining as General Manager, Park Plaza Sherlock Holmes London in 2007.

Michelle moved to the role of General Manager of sister hotel Park Plaza County Hall London in 2014 and then on to Park Plaza Victoria London in 2016. Promoted to the newly created role of Vice President Operations, the Netherlands in 2019, Michelle oversees all operational, revenue, finance, marketing and sales strategic objectives for the region on behalf of six properties. With the newly acquired Londra & Cargill in Rome, Michelle has now added this to her portfolio.

Michelle brings a strong operational and commercial background to the business and educational qualifications including the highly acclaimed completion of the General Managers Programs in strategic management at Cornell University in the USA; she is Master Innholder and a holder of the Freedom of the City of London.



**Jon Colley**

## Executive Vice President Acquisitions & Development

Jon joined PPHE Hotel Group in 2021 as Executive Vice President Acquisitions & Development and, along with his team, is responsible for the implementation of the Group's strategic acquisition and development strategy.

Jon brings a wealth of experience of over 20 years working within the hotel real estate and financial sectors for global hotel businesses such as IHG and Hilton, and international financial institutions such as GE, Barclays and RBS Group.

# Corporate governance

## STATEMENT OF COMPLIANCE

For the year ended 31 December 2021, the Board believes that the Company has applied all the principles of, and complied with all provisions of, the Code, except as set out in this governance statement as required by the Financial Conduct Authority's (FCA's) Listing Rules (which include the 'comply or explain' requirement).

We comply with corporate governance requirements pursuant to the FCA's Disclosure Guidance and Transparency Rules by virtue of information included in this governance section of the Annual Report.

The relevant documents can be found online at:

- [www.frc.org.uk](http://www.frc.org.uk), for the Code; and
- [www.handbook.fca.org.uk](http://www.handbook.fca.org.uk), for the FCA's Disclosure Guidance and Transparency Rules sourcebook as well as Listing Rules.

## DIVISION OF RESPONSIBILITIES

Good corporate governance requires a clear separation of roles between the Chairman (including the Deputy Chairman), Senior Independent Director and Chief Executive. The roles of each are set out here. Each such position has separate duties and accountabilities. Collectively, they ensure effective communication with stakeholders and review and agree issues of Group-wide significance.

## DIVISION OF RESPONSIBILITIES

### Eli Papouchado Chairman

#### Role

Responsible for the leadership of the Group and overall effectiveness of the Board and for setting the Board's agenda with a focus on the strategy of the Company. The Chair also holds the Executive Leadership Team accountable for furthering the interests of shareholders.

#### Responsibilities

- Strategic leadership
- Setting the strategic priorities for the Board
- Ensuring long-term value-creation
- Establishing and maintaining a culture of openness and debate
- Setting key Company objectives and ensuring processes to deliver them
- Ensuring long-term viability and sustainable success
- Championing key stakeholders, including workforce and investors
- Regular contact with the Company's Executive Leadership Team and relevant function heads

### Boris Ivesha President & Chief Executive Officer

#### Role

The Chief Executive Officer is responsible for the management of the Group and the implementation of the Board strategy and policy on the Board's behalf. In discharging his responsibilities, the Chief Executive Officer is advised and assisted by the Executive Leadership Team and key management functions.

#### Responsibilities

- Leading and managing the business
- Implementing the strategy and reporting on proposed direction
- Delivering on the key objectives set by the Chairman
- Overseeing the senior management and the talent pipeline
- Appraising the performance of each member of the Executive Leadership Team, and seeking out training, development and resources where needed
- Carrying out the strategy of the Company and implementing successful approaches to operate in line with the strategy, values and purpose of the Company
- Running the business and being the key decision-maker on day-to-day Company business

### Kevin McAuliffe Deputy Chairman

#### Role

Ensures the appropriate governance structure and functioning of the Board and liaises with the Executive Leadership Team and key management positions to ensure that the Board is well-equipped to perform its duties and effectively carry out its functions.

#### Responsibilities

- Overseeing corporate governance for the Board and ensuring appropriate and tailored standards are in force to comply with the Code
- Monitoring the induction programme in place for new Non-Executive Directors
- Ensuring the Directors are receiving and have access to clear and timely information as needed to make key decisions
- Overseeing annual Board and Committee evaluations and putting in place a plan to act on the results of the evaluation
- Communicating with key stakeholders and independent shareholder groups, with the support of the Chief Corporate & Legal Officer and Chief Financial Officer
- Consulting with the Remuneration Committee about executive remuneration
- Appointed the designated Non-Executive Director for workforce engagement
- Appointed as the representative of PPHE Hotel Group on the Supervisory Board of Arena Hospitality Group, the Company's listed subsidiary.

### Nigel Keen Senior Independent Director

#### Role

Provides a sounding board for the Chairman and Deputy Chairman, serving as an intermediary for other Directors, and, where necessary, being available to shareholders and leading in the performance review of the Deputy Chairman.

#### Responsibilities

- Challenging the Board where relevant to help in developing proposals on strategy and objectives
- Evaluating the effectiveness of the Chairman on behalf of the other Directors
- Providing a channel for shareholder feedback on executives and governance issues in the Company
- As Chair of the Remuneration Committee ensures, with the Deputy Chairman and the members of the Remuneration Committee, that there is a clear relationship between remuneration and performance, measured with clear reference to the long-term success of the Company
- As Chair of the Remuneration Committee, is responsible for ensuring that all remuneration proposals are put before the Committee for approval, and placed on the agenda of the next general meeting for an advisory vote by shareholders
- Owns the Remuneration Policy, which is kept updated, and subject to a shareholder vote once every three years

## BOARD RESPONSIBILITIES

**Strategy.** Define and set the Company's strategy for creating value for all stakeholders and for society as a whole through success sustainable in the long term.

**Culture.** Creating and promoting a guest-focused culture in line with the strategy, valuing integrity, transparency and respect. Creating opportunities for communities to join teams with strong prospects of career progression and personal growth through training, development, a service mentality and ensuring our team members feel valued and empowered to succeed.

**Performance.** Regularly review the performance of the Group in light of its business strategy, objectives, business plans and budgets, and ensure that any necessary corrective action is taken.

**Governance.** Oversee resourcing, ensuring the tools are available for management and the Group as a whole to meet its objectives and measure performance against them. Ensure that workforce policies and practices are both ethical and consistent with the Company's values and long-term objectives, that management is capable and effective and that sound planning is in place.

Monitor the effectiveness of internal controls, risk management policies and compliance with all statutory and regulatory obligations across our multi-jurisdictional portfolio.

**Sustainability.** Regularly review business strategy to ensure that it remains appropriate for any cyclical and structural changes in the industry. Manage risk and regularly assess the adequacy and effectiveness of mitigation measures, oversee controls and ensure commercial strategy is modelled for resilience and challenging market conditions.

**Stakeholder communications.** Build and maintain successful relationships with a wide range of stakeholders, based on trust, transparency and mutual respect. Understand what matters to key stakeholders. Ensure an open discussion on objectives and constructive dialogue with all stakeholder groups.

# Corporate governance continued

## Board Composition

As of 31 December 2021, the Company had seven Directors, five of whom were Non-Executives (including the Chairman, Eli Papouchado), three of whom were considered independent. The Chairman, Eli Papouchado, is not considered independent as he is a Red Sea Party (Red Sea Party is defined for the purposes of the Disclosure and Transparency Rules at page 133). For more details see 'Independence and tenure of Chairman of the Board' below. The two Executive Directors are Boris Ivesha, President & Chief Executive Officer, and Daniel Kos, Chief Financial Officer.

## Our Board Policies

The Board provides leadership and oversight. Transparency in methodology and outcomes is supported through documented terms of reference and policies directing processes. These are:

- Articles of Incorporation
- Board Diversity Policy
- Division of Board Responsibilities: Non-Executive Directors
- Dealing and Disclosure Policy
- Conflicts of Interest Policy
- Schedules of Matters Reserved for the Board
- Terms of Reference: Audit Committee
- Terms of Reference: Nomination Committee
- Terms of Reference: Remuneration Committee
- Terms of Reference: ESG Committee

## Governance journey: updating policies

The Board reviews all governance policies periodically to ensure the policies remain current and appropriate to the needs of the Board and Company. In addition to the policies that are subject to annual review, during the year the Directors approved refreshed terms of reference for the Audit Committee, the Remuneration Committee and the newly formed ESG Committee. The terms of reference of the Nomination Committee were also reviewed by the Board and there were no changes. Further, the Significant and Related Party Transactions Policy, a key part of our Conflicts of Interest Management controls, was reviewed and approved.

The Schedule of Matters Reserved to the Board sets out key duties for the Board:

- Statutory obligations and public disclosure
- Strategic matters and financial reporting
- Oversight of management and personnel matters
- Risk assessment and management, including reporting
- Monitoring, governance and control
- Other matters having material effects on the Company

For more information, see the Audit Committee report on pages 115 to 120

## Exercising oversight and ensuring adequate time to carry out duties

The Chief Corporate & Legal Officer and the Company Secretary ensure that Board receives accurate, timely and clear information which affords members the ability to have an open, constructive discussion and debate on material matters affecting the Group. Board meetings allow for ample time to discuss and debate matters. Non-Executive Directors are required to ensure that they have sufficient time to meet their Board responsibilities, and are accountable to the Deputy Chairman for this. All Committee members are expected to devote adequate time to consider the views of relevant stakeholders and all material information regarding issues falling within the respective Committee's remit.

Ms Coxon was appointed to an external position in International Public Partnerships Limited, a FTSE 250 listed infrastructure investment company as a Non-Executive Director with effect from 01 January 2022. Prior to her external appointment the Deputy Chairman reviewed the appointment, the time commitment required and assessed that this appointment would not interfere with Ms Coxon's ability to carry out her role as Audit Chair, Director or Committee member. The Deputy Chairman on behalf of the Board approved the same, giving due consideration to the application of Provision 15 of the Code.

## EVALUATION OF DIRECTORS

### Board Performance Evaluation

An evaluation of the Board and its committees is carried out every year and in every third year this is conducted by an external evaluator. In 2019 and 2020, the evaluation was conducted by the Deputy Chairman, whilst in 2021 this was conducted by Independent Audit Limited, who have no connection with the Board or members of the Executive Leadership Team and are therefore completely independent.

### Board and Committee Review Cycle

- 2019 Internal Review conducted by Deputy Chairman
- 2020 Internal Review Conducted by Deputy Chairman
- 2021 External Review conducted by Independent Audit Limited

### 2021 External Review Method

The 2021 Board evaluation review was conducted by two members of Independent Audit Limited's team who reviewed the minutes of all Board and Committee meetings held during the year, remotely attended one full Board meeting, one meeting of each of the Nomination, Remuneration and Audit Committees, and one monthly business update call, as well as interviewed each member of the Board, the Executive Leadership Team, and the Company Secretary.

An external review of the Board and its Committees was carried out by Independent Audit Limited in 2021 in accordance with our programme in spite of the logistical challenges posed by travel restrictions and government-imposed lockdowns. Unfortunately, as a result of these restrictions, the usual evaluation process had to be modified somewhat, and the evaluation meetings were conducted virtually rather than in person. However, the evaluation was helpful in identifying the areas of focus set out below.

### Identified Focus Area

#### Succession planning

- Review succession plans for Chairman and Deputy Chairman
- Consider Non-Executive Directors taking into account the recommendation of the Hampton-Alexander Report
- Consider providing further training to Executive Leadership Team on Board best practices

### Outcomes

Succession planning has been a continuous area of discussion for the Board and the Nomination Committee in particular and will continue to be a focus going forwards, for the Chairman, Deputy Chairman and the wider Executive Leadership Team. Two independent Non-Executive Directors were appointed at the outset of the pandemic and as a result their induction is still ongoing. The pandemic travel restrictions and the geographically widespread locations of the Directors prevented us conducting our normal in-person meetings and site visits to the Group's properties. As restrictions are being lifted an increased visit programme and meeting schedule is being activated for 2022. In light of these new recruits, the need to recover from the pandemic and the relatively small size of the Board overall, we continue to consider it necessary to preserve continuity at leadership level. However, a single appointment or departure will have a significant effect on Board diversity, and an independent specialist search consultant has been appointed to recruit an additional independent Non-Executive Director. Instructions to this consultant included a requirement to take into consideration the recommendation of the Hampton-Alexander and Parker reviews.

Our Learning & Development team will integrate further Board training into the training schedule.

#### Risk management:

- Integrate risk discussions into entire Board discussion more, and improve subsidiaries' reporting of risks
- Hire further support for the internal audit function

This has been an area of continuous improvement for the Board in recent years. In 2021, our risk and internal audit function consolidated underlying functional and subsidiary risk registers into a single view of risk which was then reported to the Board. An additional recruit joined the Risk and Internal Audit function in January 2022 to support risk management, and this should provide the necessary resource to further improve subsidiary reporting of risks.

#### Board agendas:

- Allow further time for Board meetings as well as in-person meetings
- Consider having the monthly calls as virtual meetings
- Consider including further details in advance papers submitted to the Board prior to meetings
- Upgrade the Board portal

The pandemic has caused this to be a challenge over the last two years and made the in-person interaction of the Board during certain periods impossible. On the road to recovery, 2022 is expected to be a year where the Board is able to resume holding in-person Board meetings and site visits to all properties. The Company Secretary has been asked to look into the possibility of upgrading the Board portal. The legal team circulates documents supporting the relevant Board meeting agenda prior to Board meetings (including detailed transaction summaries as relevant). We are reviewing which additional further standing briefing documents should be included in future quarterly Board meetings.

#### ESG:

- Adopt a clear strategy and targets and engage with stakeholders in a more proactive manner

In March 2021, we established an ESG Committee to define the Group's ESG strategy. We have begun TCFD reporting which includes reporting on strategy, goals, metrics and targets which the ESG Committee will oversee and monitor.

We report on our stakeholder engagement activities for 2021 on pages 68 to 73. Currently, this predominantly includes active correspondence with representatives, investor roadshows and sharing of subsequent feedback, as well as meetings with shareholders, when requested. However, we strive for continuous improvement and for further opportunities to engage. In 2022, with the easing of restrictions, we expect to be able to take advantage of further opportunities to engage with our shareholder base (the majority of whom are based overseas).

#### Strategy:

- Consider holding another Board strategy away session in 2022 to discuss further the evolution of the Strategy in view of recovery and hold more structured discussion in Board meetings against delivery of strategic objectives.

A further Board strategy away session is planned for 2022. Strategy will continue to be a key area of responsibility and direction for the Board as we shift our focus from surviving the pandemic and continue the path to recovery and growth. Strategy remains a standing item on the Board agenda.

#### Executive retention:

- In light of the challenges of the last couple of years and requirements imposed as a result of the government support schemes taken by the Group, there is a concern of long-term retention of the Executive Leadership Team

This has been an area of focus for the Remuneration Committee and will continue to be this year. Further details of incentives aimed at retention are in the Remuneration Committee report and its proposed policy for 2022. Please refer to pages 121 to 130.

# Corporate governance continued

For more information, please see the Nomination Committee report on pages 109 to 114

## Resourcing the Board to ensure it meets its objectives and measures performance against them

At all times, all Directors have access to the Chief Corporate & Legal Officer to ensure that they have appropriate, legally informed advice on all governance matters. Where necessary, Directors have access to independent, external legal advice at the expense of the Company should they require it in order to discharge their responsibilities.

The Board carries out its duties with reference to documented obligations set out in law, contractual requirements, policies and terms of reference. The Chief Corporate & Legal Officer, aided by the Company Secretary, Carey Commercial Limited, ensures that the Board is adequately resourced for effective and efficient function.

Carey Commercial Limited as Company Secretary ensures that the Board procedures are complied with at all times, and carries out responsibilities set out in the Companies (Guernsey) Law 2008 (as amended or replaced from time to time).

The Chief Corporate & Legal Officer oversees Group compliance with law, practice and procedure and supports the ESG Committee in the formulation and execution of the Group's ESG strategy and objectives.

## Board meetings – Establishing and promoting a culture of debate and diversity

The Board values diversity of opinion and differing viewpoints in executing its responsibilities. The Chairman ensures that time is made available for all opinions to be heard. In particular, the Board values a clear separation of responsibilities between the Executive Leadership Team and the leadership provided by the Board. This ensures proper oversight, informed debate and diversity of thought. Each member of the Executive Leadership Team oversees certain defined departments of the business and reports on

the progress of these areas to the Board as and when relevant. The Company believes that this structure ensures effective communication between the Board and the Executive Leadership Team of the Company's business, and that no small group of individuals dominates the Board's decision-making.

Any concern expressed by Directors about the Company or its subsidiaries, or a proposed action, is recorded in the minutes of the meeting. No such concerns were recorded in 2021. Additionally the Senior Independent Director takes responsibility for ensuring that all viewpoints are available to the Board.

### BOARD MEETINGS – PROCEDURES

#### Standing agenda items

1. Strategy
2. Management updates from
  - Executive Directors
  - Executive Leadership Team
3. Update on corporate governance
4. Activity reports from Board Committee Chairs

#### Non-members in regular attendance

Deputy CEO & Operating Officer  
Chief Corporate & Legal Officer

#### Regular Executive Leadership Team attendance of Board meetings is part of our succession plan

We seek to develop talent internally

#### Updates on corporate governance are provided by the Deputy Chairman and the Chief Corporate & Legal Officer

#### Additional items added to the agenda when required

## Notices and review of any conflicts arising

The notices of Board meetings, agendas and supporting documents are formally circulated to the Board in advance of Board meetings as part of the Board papers. Therefore Directors have the opportunity to request that any agenda items be added that they consider appropriate for discussion.

At the beginning of each meeting, each Director must disclose the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed as soon as the Director becomes aware of its existence. Directors must also disclose their shareholdings and any changes to those that have occurred.

## Conflicts of interest

The Board and all team members are required to comply with two policies: the Conflicts of Interest Policy and the Significant and Related Party Transactions Policy. These policies are reviewed annually, and compliance training is regularly refreshed. The policies require that anyone with a potential conflict of interest promptly and without delay observes a formal procedure for reporting it, and having it reviewed by the Board with support from the Chief Corporate & Legal Officer. A Director affected by a conflict of interest is not permitted to participate in formal discussions and decision-making involving the interest at stake. The Board does not believe there to be any inherent conflicts of interest other than ones already disclosed by each Director. Any statutory duties under Guernsey law that are in addition to the Conflicts of Interest Policy are complied with by the Directors.

## Annual Committee assessment

Each Board Committee is assessed annually to ensure that it is functioning in line with the relevant terms of reference and mandates set by the Code. In 2019, the Board identified a need to further review the terms of reference in line with the Code and began the process in 2020 which was continued in 2021. In 2021 the Board reviewed and approved updates to the terms of reference of the Audit Committee and the Remuneration Committee and approved the adoption of the terms of reference of the newly formed ESG Committee. The Nomination Committee

terms of reference which were updated in 2020 as part of this process were also reviewed by the Board in 2021 and there have been no changes.

## Balance of independent Non-Executive Directors

The Code dictates that at least half of the Board, excluding the Chair, be made up of independent Non-Executive Directors.

After due consideration was given to all factors that are likely to impair, or appear to impair, the independent judgment of each Director, the Board concludes that three of the four Non-Executive Directors who were in place during the 2021 year maintained their independence throughout their respective tenures: Kenneth Bradley, Nigel Keen and Stephanie Coxon. The remaining Non-Executive Director, Kevin McAuliffe, is not independent within the meaning of the Code by virtue only of his tenure with the Board. The Alternate Director and Executive Board members are not independent. In 2021, instructions were issued for recruitment of a further, independent, Non-Executive Director to be appointed in

2022 and the search currently is ongoing with the professional assistance of the recruiting firm OSA Recruitment.

The Board believes no one individual or small group of individuals dominates the Board's decision-making.

## Non-Executive Directors overseeing management

The Company believes that the Board has ample oversight by delegating the role of overseeing management and scrutinising their performance to the Chief Executive who reports on the same to the Board.

The Non-Executive Directors are kept abreast of management performance by the Chief Executive Officer. In addition, members of the Executive Leadership Team had monthly business update calls with the Non-Executive Directors in 2021 and have established a permanent forum to ensure that information-flows and transparency were well-maintained to enable the Board the ability to effectively carry out its duties and make swift decisions. This open communication between the Non-Executive

Directors and Executive Leadership Team has been found to be very effective as it allows the Non-Executive Directors to engage directly to ensure management takes corrective actions in a timely manner.

## Delegation and communication between the Board and the Executive Leadership Team

One significant outcome of the 2020 Board Evaluation was on the increased interaction and appropriate delegation of authority between the Board and Executive Leadership Team. As a result, in 2021, monthly business update calls between the Board, the Executive Leadership Team and senior management have taken place. Sub-meetings attended by the Non-Executive Directors directly after these monthly updates also took place.

### CULTURE AND VALUES – OUR POLICIES

#### Refreshed policies

- Code of conduct
- Whistleblowing Policy
- Responsible and Ethical Sourcing Policy
- Related Party Transaction Policy

#### New policies

- Human Rights Policy

#### Policies reviewed and unchanged

- Anti-bribery and corruption policies

The aim of refreshing policies is to ensure that they remain current, are adapted to our business and support the desired culture and behaviours of the Group.

Our policies and procedures aim to set a framework to empower team members to carry out their duties in line with our values and ethos.

While refreshing these policies, our Directors dedicated time to reviewing best-practice developments, assessing performance and optimising our approach to ensure that our policies and procedures reflect the core values of the Group.

# Corporate governance continued

## ESG COMMITTEE

The Board established a new Environmental, Social and Governance Committee ('ESG Committee') in 2021, which is comprised of two independent Non-Executive Directors, Kenneth Bradley (Chair) and Stephanie Coxon. The terms of reference of the ESG Committee can be found on the Company's website.

### Members



**Kenneth Bradley**  
Chair

**Stephanie Coxon**

**Support**  
– Chief Corporate & Legal Officer  
– Head of Compliance

### Goal

The aim of the Committee is to establish a unified view of ESG, increasing understanding of all three aspects of environmental, social and governance, and to promote robust standards of corporate governance that integrate all these aspects.

### ESG strategy

The ESG Committee meets quarterly to review the wider ESG agenda, to ensure we are on track to meet our external and internal commitments, and to discuss opportunities to advance the agenda. In 2021, the ESG Committee, supported by our Chief Corporate & Legal Officer and the Head of Compliance, played an important role in reviewing and helping to shape our TCFD reporting and reporting plan and to build on the Responsible Business programme. The next goal of the ESG Committee is to formulate a defined ESG strategy, to help meet our ESG targets and oversee TCFD reporting requirements in 2022 and beyond.

### Purpose

The Committee was constituted by the Board to:

- assist the Board in defining and regularly reviewing the Group's strategy relating to ESG matters;
- provide oversight of the Group's management of ESG matters and compliance with relevant legal and regulatory requirements, including applicable rules and principles of corporate governance, and applicable industry standards;
- report on these matters to the Board in the quarterly Board meetings and, where appropriate, make recommendations to the Board; and
- report as required to the shareholders of the Company on the activities and remit of the Committee.

See the Responsible Business section for more information on pages 74 to 89

### Values and purpose

#### Human rights and anti-slavery

The hospitality industry remains highly vulnerable to human trafficking, in large part because it offers short-term accommodations to the public.

As a Group we believe that awareness, training to spot signs of trafficking, and encouragement to speak-up, are critical to mitigating the risk of human trafficking.

2021 saw refresher training on identifying at-risk people and reporting through line managers or through whistleblower hotlines in the UK, with future roll out in other regions. Human rights modules were also introduced into our new 'Learn & Grow' training suite. Further details of our 'Learn & Grow' training programme are set out on page 77.

The Board also approved a new Human Rights Policy for the Group in August 2021 which defines the basic standards of human rights that our Group will adhere to at all times and which we expect our business partners to respect. These standards of human rights also form the basis of our Responsible and Ethical Sourcing Policy.

#### Workplace policies

Reflecting its introduction in the Code, the Board has made more proactive efforts to oversee and ensure that workforce practices are consistent with the Company's values and support its long-term success. As with 2020, the Board has reviewed a number of policies and the tools used to integrate them into the Company culture as set out below.

#### Anti-bribery and corruption

We remain committed to ensuring our business is operated ethically, with transparency and integrity. As part of that commitment, we continually update and refresh our anti-bribery and corruption policies and training.

### Code of Conduct

Our Board sets the culture of the Company by identifying the right behaviours and periodically reviewing the application of our Code of Conduct in communicating our values and behaviours. Our Code of Conduct was amended in 2021 to incorporate reference to the Company's new Human Rights Policy. This refreshed Code of Conduct was approved in August 2021 with the endorsement and support of our Board of Directors. The Code of Conduct was guided by our Deputy Chairman, who plays an integral role in ensuring that the governance, values and purpose of the Company are reflected in our business policies and our approach to Responsible Business initiatives.

### Whistleblowing

The Company updated our Whistleblowing Policy which was approved by the Board in the August Board meeting. The main updates to the policy were based and, the new EU Directive on whistleblowing and the protection of people reporting wrongdoing. The policy and the infrastructure supporting it ensure that any team member in any region has a 24-hour channel to report matters of concern to them, secure in the knowledge that any good-faith report will be taken seriously, treated confidentially and that they will be free and safe from any reprisal.

### WORKFORCE ENGAGEMENT

Kevin McAuliffe, Non-Executive Deputy Chairman, has been tasked with gathering the views of the workforce.

The views of the workforce are then shared with the Board and considered in the Remuneration, Nomination and Audit Committee meetings and when directing action and strategy on culture.

### Workforce engagement

Our team members' loyalty and dedication has helped keep us going throughout the pandemic. They understand our passion to create the best possible experiences for our guests. 'The Big Welcome' brought back our furloughed team members and welcomed new people to our teams, all eager to reopen our doors and welcome back our guests.

In the UK, we introduced a new team member forum to maintain strong, two-way communication between leadership and team members. This is a quarterly exercise, and adds a new channel of communication to those existing in other regions.

### Board site visits

The Non-Executive Directors completed site visits to Holmes Hotel, Park Plaza London Riverbank, Park Plaza Westminster Bridge London and the art'otel London Hoxton construction site. Due to the pandemic, site visits were challenging to implement across all of our properties, and are scheduled to take place in 2022.

### Pulse surveys

Some team members prefer to offer their feedback anonymously, rather than face-to-face. Our 'People & Culture' team conducted annual pulse surveys. These pulse surveys took place after a period of active recruitment, so included many new team members as well as those we have enthusiastically welcomed back after the lockdown period. It means we have been able to get multiple perspectives to help guide our activities.

These pulse surveys took place online on an anonymous basis and were conducted by an external partner. The overall responses to the engagement questions were positive. Further details of the results are set out on page 105.



# Corporate governance continued

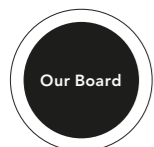
## BOARD AND COMMITTEE MEETINGS

### Board Committees

In accordance with the Code, the Company has established the following Committees in order to support the Board and carry out work on its behalf:

- Nomination Committee
- Audit Committee
- Remuneration Committee
- ESG Committee

Terms of reference for each Board Committee are available on the Company's website.



### Strategy. Purpose. Culture. Communications.

Sets the Strategy, commercial vision, leading with integrity, promoting culture.

Evaluates management, overseeing resources and talent pipeline, engaging with key stakeholders.



### Develops. Plans. Evaluates. Nominates.

Oversees current needs and evaluates, plans for the future, monitors, advises, nominates candidates.

Report available on pages 109 to 114

Ensures the Board has a balance of skills, knowledge, diversity and experience.

- Board and Committee composition
- Board nominations
- Succession planning for Directors
- Succession planning for senior management



### Transparency. Accuracy. Monitors. Aligns.

Oversees risk management, internal controls, audit functions and financial systems.

Report available on pages 115 to 120

Monitors the integrity of the Group's financial statements and internal controls of the Company.

- Monitors and reviews the integrity of the Group's half-year and full-year financial results, and the financial reporting process
- Oversees risk management and reviews the effectiveness of the Group's systems of internal controls and risks
- Oversees ethics and compliance for the Company
- Reviews the Group's internal and external audit functions



### Values. Culture. Talent proposition.

Oversees alignment of remuneration and workforce policies to the long-term success of the Company and its values.

Report available on pages 121 to 130

Responsible for remuneration policy and for setting salary and bonus levels for senior management and employee benefit structures.

- Remuneration policy
- Sets targets and incentive schemes
- Executive Leadership Team and senior management remuneration review



### Future plans. Safeguards. Sustains

Oversees the approach to sustainability and adding value for our people, our places and our planet. Responsible for reviewing the TCFD report, and proposing strategy and targets to the Board

- TCFD reporting.
- Oversees the Group's environmental and social impact
- Sustainability and ethics

## BOARD AND COMMITTEE MEMBERSHIP

	B	N	A	R	E
Eli Papouchado	C				
Yoav Papouchado	Alternate Director				
Kevin McAuliffe					
Nigel Keen				C	
Kenneth Bradley		C			C
Stephanie Coxon			C		
Boris Ivesha					
Daniel Kos					

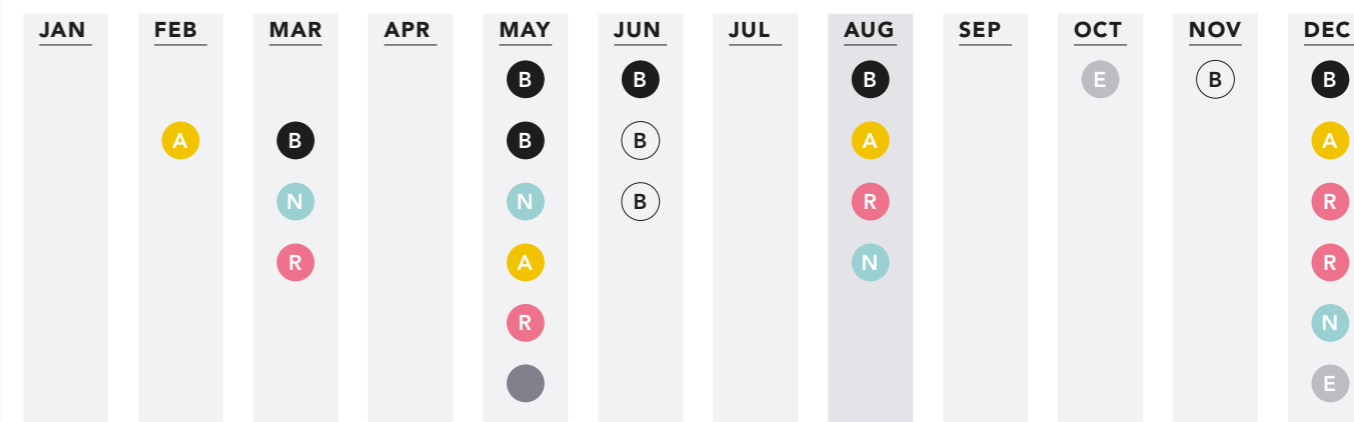
- Board of Directors
- Nomination Committee
- ESG Committee
- Audit Committee
- Remuneration Committee
- C Chair

## BOARD AND COMMITTEE MEMBERSHIP

The Board and its Committees are regularly evaluated on their composition and effectiveness to ensure that they have a wide combination of relevant skills, experience and knowledge.

Only Committee members are entitled to attend Committee meetings. However, other Directors, management and advisers may be invited, at the request of the respective Chair, to provide updates, information and insights into a particular matter, answer questions and to assist the Committee in carrying out its duties.

## BOARD AND COMMITTEE MEETINGS



- B Board meeting
- A Audit Committee meeting
- N Nomination Committee meeting
- R Remuneration Committee meeting
- Annual General Meeting
- E ESG Committee meeting
- B Ad-hoc meeting

# Corporate governance continued

## BOARD AND COMMITTEE MEETINGS ATTENDANCE

If any Director is unable to attend a meeting, they communicate their opinions and comments on the matters to be considered via the Deputy Chairman or the relevant Committee Chair. Full attendance is provided below.

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings		ESG Committee Meetings		Ad-hoc Board Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
	Eli Papouchado	6	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Yoav Papouchado <i>Alternate Director</i>												
Kevin McAuliffe	6	6	N/A	N/A	N/A	N/A	4	4	N/A	N/A	1	1
Nigel Keen	6	6	4	4	4	4	4	4	N/A	N/A	N/A	N/A
Kenneth Bradley	6	6	4	4	4	4	4	4	2	2	1	1
Stephanie Coxon	6	6	4	4	4	4	4	4	2	2	1	1
Boris Ivesha	6	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2
Daniel Kos	6	6	N/A	N/A	N/A	N/A	N/A	N/A	1	1	2	2

## BOARD MONITORING CULTURE

The Board takes steps to monitor the culture within the organisation. The following tools allow the Board to keep abreast of workforce culture:

- Pulse surveys
- Online guest reviews
- Social media
- Employer review sites
- Compliance training records
- Hotel audits

Data from these sources is available at Board level to monitor the health of the culture within the business. Aligning culture to the values and purpose of the business is key to success.



# Nomination Committee report

**Kenneth Bradley**  
Chair of the  
Nomination Committee



## Membership of the Nomination Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Kenneth Bradley (Chair)	4/4
Stephanie Coxon	4/4
Kevin McAuliffe	4/4
Nigel Keen	4/4

## DEAR STAKEHOLDER,

I welcome the opportunity to report on the work of the Nomination Committee for 2021.

Our focus this year has been on overseeing the succession planning programme, ensuring the talent pipeline is well developed for tomorrow's leadership and leading the process of the annual Board evaluation.

Our Board succession planning is on target, with three new appointments made since Q2 2019, my own appointment included, and two Non-Executive Directors stepping down from the Board in that same period. We have also commenced the search for an additional Non-Executive Director to complement the skillset of the Board, taking into consideration the recommendation of the Hampton-Alexander and Parker reviews.

I was pleased to see that our recent succession planning activities, combined with the continuity of experience, industry knowledge and entrepreneurial flair of the Board and Executive Leadership Team, served the business well as it navigated through the ebbs and flows of the pandemic recovery process in 2021, while also ensuring that the Group is well-positioned to capitalise on future opportunities.

## Nomination Committee membership

As of 31 December 2021, the Nomination Committee is comprised of four Non-Executive Directors, three of whom are considered by the Board to be independent. The independence of the Non-Executive Directors is reviewed annually. No member of the Nomination Committee is deemed to have a personal financial interest in the matters to be decided.

# Nomination Committee report

## continued

### NOMINATION COMMITTEE'S FOCUS IN 2021

Function	Actions in 2021
Board and Committee composition	<ul style="list-style-type: none"> <li>– Evaluation of the composition, skills, experience, independence and diversity of the Board</li> <li>– Reviewed the results of the Board's 2020 evaluation</li> <li>– Instructed an external Board evaluation</li> <li>– Considered the Committee's own performance and constitution to ensure it is operating at maximum effectiveness</li> <li>– Implemented the requirements of the Board Diversity Policy in setting instructions for recruitment of a new Non-Executive Director, in particular, instructing that a list of candidates is prepared with the requirements of the Hampton–Alexander and Parker reviews in mind</li> <li>– Proposed formation of new ESG Committee and its membership</li> </ul>
Board nominations	<ul style="list-style-type: none"> <li>– Engaged an independent specialist external search consultant to assist with the appointment of an additional Non-Executive Director</li> <li>– Preparing the criteria and instructions for the appointment of a new Non-Executive Director and receiving regular updates from the search consultant</li> <li>– Finalised Director induction process</li> </ul>
Succession planning for Directors and senior management	<ul style="list-style-type: none"> <li>– Regularly reviewed and considered succession planning of the Board level and Executive Leadership Team</li> <li>– Prepared a roadmap addressing various contingencies</li> </ul>
Diversity and talent development	<ul style="list-style-type: none"> <li>– Considered gender balance at senior management level and their direct reports</li> <li>– Reviewed Diversity Policy</li> <li>– Reviewed long-term nominations and commenced recruitment of a new Non-Executive Director taking into account the requirements of the Hampton–Alexander and Parker reviews</li> </ul>
Workforce recruitment	<ul style="list-style-type: none"> <li>– Met relevant members of senior management on a monthly basis to raise and identify concerns relating to workforce such as recruitment and talent retention challenges and how to meet volatile demand</li> </ul>

#### Succession planning programme – Board

After an exceptionally active period of recruitment of just over two years which saw the addition of three new Non-Executive Directors to the Board and two Directors leaving the Board, the main focus of the Nomination Committee in 2021 has been on evaluating the composition and functioning of the Board in light of the new Board members as well as road-mapping a succession plan addressing the Committee's short-term, medium-term and long-term concerns and different contingencies.

Given the regular interaction between the Board and the Executive Leadership Team, the Committee has the required exposure to evaluate internal candidates when planning for different succession eventualities. The Committee's succession planning process is aligned with the Group's entrepreneurial culture which fosters the growth and support of team members from varying positions within the Company through to leadership level and is, therefore, engineered to produce internal candidates who may be suitable for positions on the Board, as well as considering external candidates when appropriate with the assistance of external specialist search consultants.

As informed by the Committee's succession plan and its evaluation of the balance of skills and diversity on the Board, the Nomination Committee determined that the Board would benefit from the appointment of an additional Non-Executive Director and instructed an independent specialist external search consultant, OSA Recruitment, to assist with finding a suitable candidate. OSA Recruitment have no links to the Company or any Directors. The instructions and search criteria prepared by the Committee specified that any list of candidates must bear in mind the requirements of the Hampton–Alexander and Parker reviews, as well as the pending updates to the Listing Rules in relation to diversity in order to curate a diverse candidate shortlist. The search remains ongoing.

As an important element of the succession planning programme, consideration is also given to the length of service of Board members. However, given the recent refresh of the Board, the balance of composition between the newly appointed and more tenured members was critical in ensuring the Company remained focused on long-term strategy and was able to offer stability and security during the challenges presented in 2021.

While the consideration of the Code's emphasis on tenure remain of fundamental importance to the Group, the Board is strongly of the belief that in its current composition, it has the right combination of skills, experience and knowledge and remains effective and entrepreneurial and will be further enhanced by the addition of a new Non-Executive Director once the right candidate satisfying the Committee's criteria is found.

#### Succession planning programme – Executive Leadership Team

In consideration of the appointments made to the Executive Leadership Team in 2019, which took effect on 1 January 2020, the Board believes succession planning is effective for senior management and in keeping with the spirit of Principle J of the Code. The Chief Executive Officer, who sits on the Board and remains in regular discussion with the Board, directs succession planning at the senior management level and does so in coordination with the Chairman, Deputy Chairman and the Board on the whole.

In directing succession planning, Principle J is applied to ensure that succession is based on merit and objective criteria and within this context promotes diversity of gender, social and economic backgrounds, cognitive and personal strengths.

#### Independence and tenure of the Chairman of the Board

The Code recommends that the Chair of the Board should not remain in their post beyond nine years from the date of their first appointment (although such time can be extended to facilitate effective succession planning and development of a diverse Board) and that the Chair should be independent on appointment. These provisions are intended to ensure that the Chair is independent of management. However, the Nomination Committee is of the view that Mr Papouchado's investment in the long-term success of the Company allows him to lend a critical eye to management in an independent and objective manner and aligns his interests with those of other shareholders. The Committee is also of the view that the presence of a non-independent Chairman on the Board is mitigated and counterbalanced by the fact that half of the Board (excluding the Chairman) is constituted by independent Non-Executive Directors as prescribed by the Code, providing balance to the Board's decision-making process and ensuring that no individual is able to dominate decision-making.

Nigel Keen's role as Senior Independent Director also acts as a check to maintaining appropriate governance of the Board, serving as an intermediary for other Directors, offering a line of communication with shareholders and challenging the Board (including the Chairman) when he deems necessary. The Committee is of the view that this function, along with Kevin McAuliffe's role of Deputy Chairman which primarily comprises the oversight and progress of corporate governance for the Board, mitigates the risks associated with having a Chairman who is not deemed to be independent.

The Group's continuing recovery from the effects of the pandemic has been characterised by bouts of progress combined with volatile demand and disruptive changes in regulations. In the context of this environment, the presence of experience and continuity on the Board has been essential to safeguarding the resilience of the business and identifying growth opportunities to support recovery for the benefit of shareholders. As well as providing much-needed stability, Mr Papouchado's rare combination of expertise in both real estate and hospitality is uniquely suited to our business model. In setting the Company's purpose, strategy and objectives, the Board leverages Mr Papouchado's vision, wealth of knowledge, network and intuition earned through his many successes spanning more than six decades in construction, design, development, financing, acquisition and management of leading hotels, retail spaces, large residential projects and his leadership as Chairman of the Israel Hotel Association. The Board (endorsed by the Committee) believes that these attributes are an imperative asset to the Group during this delicate period of recovery.

The Board engages in active correspondence with representatives of independent shareholders in order to remain in tune with and guided by shareholder views. As shown by our recruitment efforts in recruiting three Non-Executive Directors in the past two years in spite of the unprecedented market conditions, as well as the introduction of a shareholder advisory vote on our Remuneration report and Remuneration Policy, we strive to implement actions to remediate concerns and enhance Code compliance wherever possible. However, the Nomination Committee and the Board as a whole have given due consideration to Provisions 9 and 19 of the Code, and both categorically and unanimously agree that Mr Papouchado's continuation in the role of Chairman in the upcoming year will contribute to the Company's long-term sustainable success. The Committee and the Board will keep their decision to diverge from Provisions 9 and 19 (service of a Chair for a period longer than nine years) under constant review but recommend his reappointment as Chairman in 2022.

# Nomination Committee report

## continued

### SUCCESSION PLANNING, DIVERSITY AND BOARD AND COMMITTEE REVIEWS

MARCH 2021	MAY 2021	AUGUST 2021	DECEMBER 2021
ESG Committee formation <b>B</b>	Audit Committee evaluation <b>B</b>	UK Gender Pay Gap Report <b>B</b>	External Board evaluation <b>B</b>
Review of Board evaluation results <b>B</b>	Audit Committee evaluation <b>A</b>	UK Gender Pay Gap Report <b>N</b>	Succession planning discussion <b>B</b>
Discussion on succession planning at senior management level and Board level <b>N</b>	Review of Non-Executive Directors directorship terms <b>B</b>	Gender balance at senior management level and reporting employees <b>N</b>	Audit Committee – Annual work plan and 2022 objectives <b>A</b>
Discussion on gender balance at senior management level and reporting employees <b>N</b>	Report on gender balance at senior management level and reporting employees <b>N</b>	2021 Board evaluation process and timing discussion <b>N</b>	Succession planning discussion <b>N</b>
Review of 2020 Board evaluation results <b>N</b>	Review of Non-Executive Directors directorship terms <b>B</b>	Board Diversity Policy review <b>N</b>	Nomination Committee – Performance and constitution <b>N</b>
			Remuneration Committee – Performance and constitution <b>N</b>

**B** Board meeting   **A** Audit Committee meeting   **N** Nomination Committee meeting

**Board induction**  
The Deputy Chairman, Chair of the Nomination Committee and Chief Corporate & Legal Officer are responsible for ensuring that new appointees to the Board receive a tailored and comprehensive induction to familiarise them with the Company's strategic aims, purpose, operations, regulatory climate, stakeholders, Directors' duties and governance practices. We tailor our programme taking into consideration the Director's previous Board experience, expertise and familiarity with the real estate and hospitality industries. The induction process includes two interviews with the Deputy Chairman before the programme commences and mid-way to identify any gaps.

One key objective for the Nomination Committee is to continually improve on our Board induction programme. As a Board we agree that the induction process should introduce the new appointee to key stakeholders and the culture of the Board and the Company as a whole. The induction also allows new appointees to gain an appreciation of their role in the success of the Company, how the Company measures success and the expectations of all key stakeholder groups. The induction must be tailored to the individual Director without neglecting the key elements of our induction programme. For that reason, in 2021 the Committee developed a remote induction programme on the key features of the Board and Director responsibilities with a tailored approach to take into account the Director's experience.

The newly appointed Non-Executive Directors continued their induction programmes in 2021 by carrying out hotel familiarisation visits across the UK hotels (as well as the art'otel London Hoxton construction site). A more extensive visitation programme, including visits to Croatia, Austria, Rome and the Netherlands, is planned for 2022 to the operations of the Group's newly acquired and newly refurbished hotels and will give them further contextual understanding when discharging their responsibilities.

The Committee is also working on a modular Director training programme for all Directors of the Group's subsidiary companies across the various jurisdictions in order to enhance corporate governance at subsidiary level.

### BOARD EVALUATION

YEAR 1	YEAR 2	YEAR 3
Financial Year 2019 Internal evaluation	Financial Year 2020 Internal evaluation against Year 1 review	Financial Year 2021 External evaluation

### EXTERNAL BOARD EVALUATION

**Purpose and process**  
The purpose of the 2021 review of the Board and Committees was to assess their performance against peers and market standards.

INDEPENDENT VIEW	IMPROVEMENTS	SCOPE	OUTCOME	CONCLUSION
<ul style="list-style-type: none"> <li>External third parties provide a new insight into improving efficiency</li> <li>Performance benchmarked against peers and market standards</li> </ul>	<ul style="list-style-type: none"> <li>We seek constantly to improve efficiency</li> <li>Internal evaluations in 2019-2020</li> <li>Recommendations and outcomes reviewed</li> </ul>	<ul style="list-style-type: none"> <li>The evaluation covered the full scope of the Board and each Committee</li> </ul>	<ul style="list-style-type: none"> <li>Recommendations</li> <li>Suggestions</li> <li>Overall assessment of Board effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>View a summary of the evaluation on page 101</li> </ul>

**Board evaluation**  
The Board evaluates its performance and considers the tenure of each Director on an annual basis, and believes that the mix of skills, experience and length of service is appropriate to the requirements of the Company. This feeds into considerations for succession planning for long-serving Directors.

An external evaluation of the Board is facilitated by the Committee every three years. As such the Committee instructed an external consultant to carry out the 2021 Board evaluation.

During 2021, the Board improved the frequency of interaction between its Non-Executive Directors and Executive Directors which increased the flow of information to the Non-Executive Directors and ensured that they were contemporaneously kept abreast of key business developments, in turn allowing them to better carry out their functions in alignment with the goals of the Group. The Non-Executive Directors also meet separately allowing them to carry out their independent functions.

**Annual re-election of Directors**  
As required by the Code, all Directors will be subject to re-election at the next annual general meeting.

**Diversity**  
In accordance with Provision 23 of the Code, the Nomination Committee considers the gender balance of those in senior management and their direct reports.

Our Board and Executive Leadership Team consists of both men and women and includes talented and committed individuals whose business experience, geography, age, gender and ethnicity are varied.

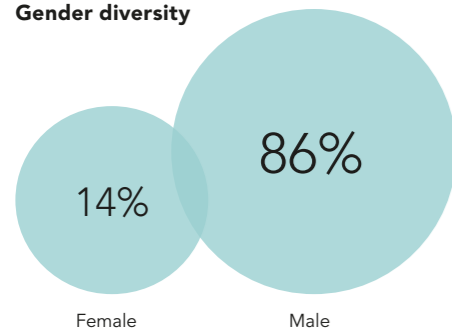
The Committee reviewed the composition of the Board in 2021, and in doing so believes that there is a depth of diversity with regard to a number of characteristics, experience and skill sets. Gender diversity remains as an area of improvement at the Board level, and the Company is committed to driving progress in this regard.

The Board maintains a Gender Diversity Policy which is reviewed annually by the Nomination Committee and proposed for annual adoption by the Board. In proposing the policy, the Nomination Committee recommends changes where it deems appropriate in light of the current Board composition. The diversity policy approval process is open to discussion and debate. The Board again considered the benefit of setting diversity targets in order to close the gap with regard to gender diversity.

# Nomination Committee report continued

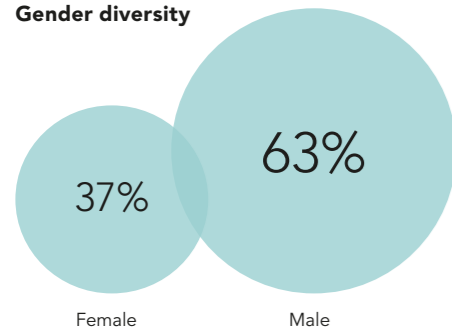
## BOARD

### Gender diversity



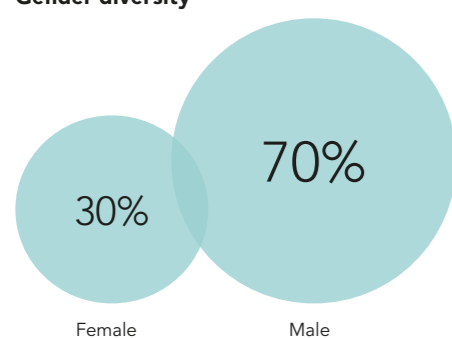
## DIRECT REPORTS TO CHIEF EXECUTIVE OFFICER

### Gender diversity



## THEIR DIRECT REPORTS

### Gender diversity



As of 31 December 2021, the Board ratio includes all Executive and Non-Executive Directors (and excludes the Alternate Directors).

The benefits of diversity are that the Board is able to provide the Executive Leadership Team with a wide range of experiences and perspectives. The more diverse the background of Board members, the broader the range of ideas that can bring innovation to our Company's mission.

Given that we have a relatively small Board, we are acutely aware that even an individual appointment can heavily skew our diversity balance. We are absolutely committed to appointing suitable candidates on the basis of merit, with the primary objective of finding Directors whose skill set best reflects the needs and nature of the business for the benefit of our stakeholders. This does not prevent us from putting the benefits of diversity at the heart of our search for new voices within our leadership. The recruitment process is informed by the recommendations outlined in the Hampton-Alexander and Parker reviews as well as the pending updates to the Listing Rules in relation to diversity. This means we can be sure that we are presented with a list of potential recruits that includes the diversity we value.

All appointments are viewed holistically and in consideration of various factors which are relevant to any vacancy. In compliance with Provision 23 of the Code, the Nomination Committee is tasked with ensuring the policy on diversity and inclusion links to the objectives of the Company and Company Strategy and reviewing how the policy has been implemented and progressed to achieve its objectives.

## Senior management

The Board and senior management are a unified voice for the Company's strategic growth weaved together by individual Directors each with their own experience, skill set, expertise and background. The diversity and inclusivity of our entire team are important for us to bring the best to our business and understand and reflect the needs and perspectives of our guests and other key stakeholders. We are fully committed to respect and deliver fair treatment for everyone whatever their background, race, ethnicity, gender or other protected characteristics (as defined within the Equality Act 2010) and deliver opportunity and development for all of our team members, guests and stakeholders. In accordance with the Code, the work of the Nomination Committee includes giving consideration to the gender balance of those in senior management and their direct reports.

## Workforce

Where possible, we actively support events in our community that celebrate diversity and inclusion. For further details refer to page 78.

Diversity, in all respects, is of great value in collective decision-making at every level of the organisation. Our Diversity Policy, and indeed our approach to recruiting new Directors and other members of the Executive Leadership Team and setting up our talent pipeline, supports a culture of inclusion and diversity.

**Kenneth Bradley**  
Independent Non-Executive Director  
Chair, Nomination Committee

# Audit Committee report

## Stephanie Coxon Chair of the Audit Committee



## Membership of the Audit Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Stephanie Coxon (Chair)	4/4
Kenneth Bradley	4/4
Nigel Keen	4/4

## DEAR STAKEHOLDER,

I am pleased to present the Company's Audit Committee report for 2021. The 2021 financial year was another difficult year for the Group, and I would like to personally thank the Executive Leadership Team and staff for their continued hard work.

The complexities and varied conditions presented over the course of year required the Audit Committee to remain agile in its approach. This involved adapting the internal audit plans to make sure they aligned with the key risks highlighted in the Company's risk management system and monitoring resourcing to enable the internal audit function to deliver on various assurance programmes.

Starting the year, and following my first reporting period with the Group, a comprehensive Audit Committee evaluation was undertaken. Findings from this evaluation were built into the objectives of the Audit Committee for 2021, and these can be found on page 117. I am pleased to say that good progress has been made in these areas and the details will be discussed over the coming pages.

The Audit Committee directs and oversees the changes to, and implementation of, effective risk management measures in response to the evolution of the business, its resources and its strategy. Implementing effective risk management is about

accurately identifying risks and maintaining that oversight to accurately track those changes and being able to effectively communicate it in a transparent and digestible manner to all levels of management within the business. The Audit Committee uses the risks from the Company's Enterprise Risk Management (ERM) system (as set out on pages 26 to 34) as the main basis to determine the Audit Committee's focus areas. An area of focus this year has been working through how the impact of climate change is to be incorporated into the ERM system; further details on this can be found on page 87 to 89.

In line with the 2021 internal audit work plan, the Audit Committee instructed the Head of Internal Audit and Risk to perform work focused on the following:

- Treasury – to assess the effectiveness of key controls across cash flow and working capital management, banking administration, debt covenant oversight and reporting
- Employee share option scheme management – to assess the effectiveness of the steps taken by the Executive Leadership Team to plan, communicate and administer the scheme
- Franchise management – to assess the current status and effectiveness of the Company's franchise management and oversight arrangements

# Audit Committee report continued

- GDPR compliance – to assess the existing framework for ensuring the Company’s compliance in terms of data governance, data processing and breach reporting
- Cyber security – setting the scope and overseeing the third party review of cyber security through penetration testing of the Company’s core infrastructure

All these areas were highlighted in the ERM system.

Internal audit has also started their review of the effectiveness of the financial controls maintained by the Company focusing mainly on the treasury function. I am pleased to report that an additional resource was added to the internal audit team from beginning of 2022 to assist with the internal audit programme in 2022.

The Audit Committee is also tasked with safeguarding the quality of our financial and non-financial reporting, which is of great importance to the Audit Committee and the Board. The Audit Committee has had robust conversations with senior management and the external auditors on the continued impact of the pandemic on the financial statements, going concern and viability statement. The Audit Committee has also been working closely with the ESG Committee to make sure that the TCFD and broader ESG disclosures are fair, balanced and understandable in the context of the wider Annual Report and Accounts.

The Audit Committee believes that the robust risk management processes that we have in place ensure that the Company is able to successfully deal with ever-changing circumstances as we progress towards a return to pre-pandemic operations.

## ROLE OF THE AUDIT COMMITTEE

The Audit Committee plays a key role in assisting the Board to:

- observe its responsibility of ensuring that the Group’s financial systems provide accurate and up-to-date information on its financial position;
- ensure the Group’s published consolidated financial statements and related announcements represent an accurate and fair reflection of its financial position;
- manage and monitor the Company’s risk, both financial and non-financial;
- ensure that appropriate accounting policies, internal financial controls and compliance procedures are in place; and
- review and assess the quality of the external audit process as well as the external auditor’s independence.

## Effectiveness of the Committee

Following the Audit Committee Chair’s first reporting period with the Company, a comprehensive Audit Committee evaluation was performed by the Audit Committee Chair to assess the effectiveness of the Audit Committee and ensure the composition and work of the Audit Committee complies with the Code. While it was concluded that the Audit Committee remained effective, there were areas of focus identified and built into the objectives of the Audit Committee. The focus areas of the Audit Committee this year have been around:

- Financial controls – to understand the financial control environment and oversee an assurance programme to test the effectiveness of the controls in place
- External audit – to make sure the Audit Committee challenged and were comfortable with the external audit approach given the continued impact of the pandemic and external audit work due to perform around the control environment
- Internal audit plan and resourcing – to ensure an internal audit plan is set which aligns to the risks highlighted in the ERM

The Audit Committee receives and reviews information from the Deputy Chief Executive Officer, the Chief Financial Officer, the Chief Corporate & Legal Officer, the Head of Internal Audit and Risk, the internal legal, compliance, audit and risk teams and the external auditors regularly throughout the year in order to allow it to carry out its functions. Carey Commercial Limited carries out Company Secretary services to ensure the Audit Committee has the policies, processes, information, time and resources needed to function effectively and efficiently. The Audit Committee regularly reports to the Board on how it has discharged its responsibilities.

The Audit Committee’s terms of reference can be found on the Company’s website.

system and that the internal audit team have enough resources to deliver the plan.

- Management information – to make sure this is fit for purpose to allow for the Non-Executive Directors to make informed decisions
- ESG – working alongside the ESG Committee to ensure that the TCFD reporting, in the accounts are fair, balanced and understandable and incorporating the impact of climate change into the Group’s risk management system

## Relevant skills and experience

The Audit Committee is comprised entirely of independent Non-Executive Directors, each having relevant skills and experience as prescribed by the Code and each bringing an independent mind-set to their role. The Audit Committee, as a whole, has the competence relevant to the sectors in which the Company operates and the Chair, among others within the membership, have recent and relevant financial experience. For further details please see the Directors’ biographies on pages 94 to 95.

## AUDIT COMMITTEE’S FOCUS IN 2021

Function	Actions in 2021
Monitor the Group’s financial statements	<ul style="list-style-type: none"> <li>– Reviewed the form and content of the Annual Report and Accounts, to ensure that it is fair, balanced and understandable, and the associated announcements</li> <li>– Reviewed the Interim Report and Financial Statements for the period ended 30 June 2021 and the related announcements</li> </ul>
Monitor and review the effectiveness of the Group’s system of internal controls and risks	<ul style="list-style-type: none"> <li>– Received regular updates on the internal audit and enterprise risk management, including:                             <ul style="list-style-type: none"> <li>• financial control framework</li> <li>• risk incidents and mitigating actions</li> </ul> </li> <li>– Received regular updates on and reviewed emerging risks</li> <li>– Updated principal risk schedule and ERM framework</li> <li>– Conducted internal assessment of the Audit Committee’s performance to ensure effectiveness</li> <li>– Set the internal audit plan for FY21 and monitor the progress throughout the year. Selected deep-dive internal audits over areas highlighted in the ERM system, e.g. cyber security and data protection</li> <li>– Monitored and reviewed the effectiveness of internal audit function</li> <li>– Considered the structure of internal audit and consider the use of data analytics to assist in this area</li> <li>– Assess reporting from subsidiaries</li> </ul>
Oversee ethical dealings and compliance for the Group	<ul style="list-style-type: none"> <li>– Reviewed Significant and Related Party Transaction Policy</li> <li>– Reviewed and approved a number of the Group’s updated ethical policies including its Whistleblowing and Anti-Bribery &amp; Corruption policies</li> <li>– Reviewed the Policy for the Approval of Non-Audit Services</li> <li>– Reviewed the financial management information being presented to the Board to make sure it is fit for purpose</li> <li>– Met with compliance and governance teams for update on compliance and governance matters</li> </ul>
Review the Group’s external audit function	<ul style="list-style-type: none"> <li>– Considered the audit and interim planning report from the external auditor</li> <li>– Considered the annual and interim findings report from the external auditor</li> <li>– Regular communications with the external auditor during the audit process</li> <li>– Met with subsidiary auditors to discuss the status of the subsidiary audits</li> <li>– Evaluated the performance of the external auditor</li> <li>– Considered the tenure of the external auditor</li> <li>– Considered the external auditor’s independence and non-audit services</li> </ul>

The composition of the Audit Committee is regularly considered by the Board and the Nomination Committee. The Board is satisfied that the Audit Committee is properly structured and can properly discharge its duties, including in light of the nature of the Group’s business and the sector in which it operates.

## Audit Committee schedule and resources

Following the recommendation from the Audit Committee in 2020, the Audit Committee meetings are now scheduled a week ahead of the Board meeting, wherever possible, to allow for any work arising from the Audit Committee meeting to be carried out and reported to the Board as appropriate.

The Audit Committee members had access to ask questions or request ad-hoc meetings from the Executive Leadership Team, key members of the corporate teams, the external auditors, external auditors of the subsidiaries and any other member of the Company as they requested.

The Audit Committee receives monthly financial, IT and operational performance updates from the Chief Financial Officer, Deputy Chief Executive Officer, Chief Corporate & Legal Officer and the Regional Vice Presidents.

The Audit Committee Chair also receives monthly updates on non-financial reporting areas, such as enterprise risk, internal audit matters and updates on the financial control framework from the Head of Internal Audit and Risk, who reports directly to the Audit Committee.

The Audit Committee is satisfied that it had access to the resources necessary to discharge its responsibilities in 2021.

## Relationship with the Board

The Audit Committee was provided with adequate time in Board meetings to resolve any matters of conflict between the Board and Audit Committee. Had any such disagreement remained unresolved, the Audit Committee has the right to report the issue to the shareholders as part of the report on its activities in the Annual Report. Accordingly, the Audit Committee reports that there were no such unresolved disagreements and matters presented by the Audit Committee were discussed in full, and to resolution at the Board meetings in 2021.

# Audit Committee report

## continued

### External audit and external auditors

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, are the Company's external auditors. The Audit Committee considers the appointment, re-appointment and removal of the external auditors, reviews their terms of appointment and negotiates fees on behalf of the Board prior to making recommendations through the Board to the shareholders to consider at each Annual General Meeting.

The Audit Committee annually assesses, and reports to the Board on, the independence and performance of the external auditors and the quality of the audit process, with a recommendation on whether to propose to the shareholders that the external auditor be re-appointed. Kost Forer Gabbay & Kasierer were re-appointed for a further tenure of one year at the Company's Annual General Meeting in 2021.

The 2021 external audit will be Kost Forer Gabbay & Kasierer's eighth year of appointment as the Company's external auditors (16th year of an Ernst & Young Global member firm). The Company has a policy of tendering the external audit at least every 10 years. The Audit Committee will keep the need to retender the audit under continual review, and will consider if such a retender process should be initiated sooner than 2024.

Kost Forer Gabbay & Kasierer have expressed their willingness to continue in office as auditors and a resolution to re-appoint them for a tenure of one year will be proposed at the forthcoming Annual General Meeting.

### Overseeing external auditors

In addition to the Audit Committee meeting formally with the external auditors, the Chair of the Audit Committee has met them informally on four further occasions. These informal meetings have been held to ensure the Chairman is kept up-to-date with the progress of their work and that their formal reporting meets the Audit Committee's needs.

In December 2021, the external auditors presented their proposed audit plan to the Audit Committee for discussion. The objective of this was to ensure that the focus of their audit aligned to the Group's key risks and strategy. The Audit Committee also arranged for the external auditors to present their findings to them following their annual audit, which provided the Audit Committee with a forum to raise queries and questions. The findings of the Audit Committee were then discussed with the Board and other relevant management functions. Following this analysis, and additional meetings with the external auditors, the Audit Committee can confirm that it is satisfied with the Group's external audit functions and the integrity of its financial and narrative statements.

During the year the Audit Committee have asked the external auditors to look at two main areas:

- Business combinations – at the date of acquisition the external auditors were consulted to ensure the transaction was accounted for correctly. The external auditors liaised with their own technical department with the terms of each transaction and confirmed the accounting treatment used by the Group was in accordance with IFRS 3.
- TCFD disclosures – we asked the external auditors to provide specific feedback on the Group TCFD disclosures included in this report. The external auditors, using their ESG specialists, reviewed the TCFD section and provided feedback which subsequently was added to the TCFD report included in these accounts.

When the external auditors present their findings the Audit Committee request that management are not present for part of the meeting to ensure that the External Auditors are able to speak freely and share any views without management being present. This also allows the Audit Committee to understand how the external auditors had been professionally sceptical in their procedures and discuss any areas which they have challenged management on. No concerns were raised by Kost Forer Gabbay & Kasierer as part of this meeting.

The key audit matters raised by the external auditors are included in their audit opinion on pages 136 to 139.

### Review of the external auditors

The Audit Committee reviewed the independence and objectivity of the external auditors and reported to the Board that it considered that the external auditors' independence and objectivity were maintained.

This review included discussions with the external auditors at various meetings, reliance on the external auditors' own internal controls for compliance with independence rules and ensuring compliance with the Non-Audit Services Policy (as further described below). When evaluating the independence of the external auditors, the Audit Committee also took into consideration the quality of the audit produced, the constitution of the audit team being used by Kost Forer Gabbay & Kasierer, communications between management and the external audit team and generally how the external audit team interacts with and challenges management.

The Audit Committee performed a comprehensive evaluation on the performance of the external auditors during the year. The feedback showed an overall level of satisfaction, however there was some additional information the Audit Committee felt would be helpful to receive, for example; insights around upcoming corporate governance changes and TCFD reporting requirements. The audit fees due to the external auditors amounted to £268,586 (2020: £249,422).

### Policy on engaging external auditor to supply non-audit services

The Audit Committee monitors the Group's relationship with its external auditors considering what impact the provision of non-audit services may have on the auditors' independence and objectivity.

The Company has adopted a policy on the engagement of the external auditors to supply non-audit services. The policy sets out the circumstances and financial limits within which the auditors may be permitted to provide certain non-audit services, whether a tender process is considered for non-audit services and any information which must be considered to ensure that the non-audit services do not impair the objectivity and independence of the auditors. The policy is in line with the recommendations set out in the FRC's Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019). The Audit Committee regularly reviews this policy for necessary changes in response to changes in related standards and regulatory requirements and monitors compliance with this policy.

Total non-audit fees amounted to £61,783 (2020: £64,598) consisting of the interim review of the Group's half-year financial results. Although this is considered to be a non-audit service, the objective of the interim review is aligned with the audit. The Audit Committee considered the provision of the non-audit service during the 2021 year and was comfortable that the nature and extent of non-audit services provided did not present a threat to the external auditors' objectivity or independence.

### Internal audit

The Company has an internal audit and risk function which reports directly to the Audit Committee Chair. This reporting line ensures the internal audit function maintains appropriate independence from the Executive Leadership Team and senior management. The Head of Internal Audit and Risk maintains a dotted line reporting function to the Chief Financial Officer who is an Executive Board member.

The Audit Committee has followed the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Audit Committee monitors and reviews the effectiveness of the internal audit function and meets with the Head of Internal Audit and Risk on a monthly basis to review the progress of the internal audit programme, among other things. The Audit Committee meets with the Head of Internal Audit and Risk at each Audit Committee meeting and does so without the presence of the Board and the Executive Leadership Team, unless specifically invited by the Chair, to discuss matters relating to its remit and any issues arising from the internal audits.

On an annual basis the Audit Committee meets with the Head of Internal Audit and Risk to agree the work plan for the year ahead. The Audit Committee also reviews whether the Head of Internal Audit and Risk has the proper resources to enable him to satisfactorily complete such work plans. The Audit Committee identified that additional resource was required in the internal audit team to meet the internal audit work plan set out by the Audit Committee. As a result, a new team member joined in early 2022 with a focus on providing internal audit assurance over the financial internal controls.

Throughout the year, the internal auditor reports on the progress of the internal audit work plan and action point status. The Audit Committee regularly reviews reports and considers the Board's response to any major findings, providing support, if necessary, for any follow-up action required and ensures that the team obtains free and unrestricted access to all Group activities, records, property and personnel necessary to fulfil its agreed objectives.

The Audit Committee is satisfied that the quality, experience and expertise of the internal audit function was appropriate for the business.

Looking forward to the future, the internal audit team are looking at data analytics and how this can be used to monitor real time and provide some real insights to the Audit Committee and the business.

## Audit Committee report continued

### Financial controls

At the beginning of 2021 the financial control framework mapping out all financial controls across the business had been finalised and reviewed by the Chief Financial Officer.

During 2021 a self-certification from the finance functions confirmed that key internal controls within their area of responsibility have been operating effectively.

### Enterprise Risk Management (ERM)

The Board is responsible for risk management with guidance from the Audit Committee. A standing agenda item in every Audit Committee meeting is consideration of the Company's risk register, with the main focus on key risks.

The Audit Committee monitors the Company's risk management system and controls to review their effectiveness.

The Group's risk profile and mitigating activities are also regularly monitored by the Audit Committee, who are kept apprised of emerging business risks and concerns. Informed by these activities, the Group risk appetite strategy is set by the Board at the recommendation of the Audit Committee.

Risks which are inherent to all businesses either by region, standard business activity, nature of our industry or due to social and geopolitical causes are also reviewed by the Audit Committee with the aim of implementing appropriate controls and monitoring systems. When reviewing risks, the Audit Committee takes into account material external socioeconomic and geopolitical matters.

The internal audit and risk function continues to work with the various business functions in order to formulate: (i) functional level risk registers; and (ii) an emerging risk profile. The Audit Committee oversees the ERM function and continuously reviews and challenges the output. To ensure the ERM function's independence and objectivity, the Head of Internal Audit and Risk reports directly to the Audit Committee.

The Head of Internal Audit and Risk has worked closely with a third party consultant on incorporating climate change risks into the ERM system. This process has been overseen by the Audit Committee and for further details on these risks please see the TCFD report on pages 87 to 89.

The detailed assessment of the principal risk, emerging risks and uncertainties facing the Group is included on pages 28 to 34.

### Financial reporting

The Audit Committee has reviewed the Annual Report and Accounts. In its opinion, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Company's position and performance, business model and strategy.

The Audit Committee reviews draft annual and interim reports. The Audit Committee discusses with the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and external auditors the significant accounting policies, estimates and judgments applied in preparing these reports.

The overall responsibility for approving annual and interim statements and other governance statements is carried out by the Board, in accordance with the Schedule of Matters Reserved for the Board.

In relation to the 2021 Annual Report and Accounts, the significant issues considered and where the Audit Committee challenged the Executive and senior management were the following:

- Going concern – This continued to be an area of focus for the Audit Committee. The Audit Committee considered the appropriateness of the going concern assessment and associated judgments around material uncertainties as disclosed in Note 1(c) to the financial statements.

- Business combinations – At the time of each acquisition the Audit Committee had robust conversations with senior management over the accounting treatment for the business combination. Advice was sought from the external auditors to ensure the business combinations were accounted for in accordance with IFRS 3.
- Impairment testing – The Group's impairment review requires significant judgment in estimating the recoverable amount of its intangible assets, property, plant and equipment and the IFRS 16 right-of-use asset. The Audit Committee reviewed a paper prepared by management which outlines their approach to impairment reviews. The Audit Committee had a robust conversation with the Chief Financial Officer on the methodology used to determine the impairment reviews.
- Alternative Performance Measures – The Audit Committee in reviewing the Annual Report and Accounts has challenged management on their use and definitions of APMs. As a result an APM glossary has been added at the back of the Annual Report and Accounts.
- Climate change / ESG – As mentioned earlier in this report, the Audit Committee has had in depth conversations with the Head of Internal Audit and Risk when overseeing the implementation of climate change risks into the ERM system.

The Audit Committee had a robust discussion over the key assumptions and judgments used in assessing for impairment.

In addition, the other significant issues generally considered relate to the complexity of the financial statements due to the size of the Group and the multiple legal entities.



**Stephanie Coxon**  
Independent Non-Executive Director  
Chair, Audit Committee

## Remuneration report

### Nigel Keen

Chair of the Remuneration Committee



### Membership of the Remuneration Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Nigel Keen (Chair)	4/4
Stephanie Coxon	4/4
Kenneth Bradley	4/4

### DEAR STAKEHOLDER,

2021 has been yet another challenging year with the business continuing to operate under the unprecedented circumstances of lockdowns and ever-changing restrictions while also being able to experience certain periods of recovery along the way. I want to thank my fellow members of the Board, Executive Leadership Team and all employees across the Group for their continuous efforts and successes during the past year notwithstanding the challenges.

In 2020, prevailing circumstances at the time had forced the Group to act swiftly and effectively to preserve its position by taking measures to conserve cash, reduce overheads and realign expenditure in balance with demand. The Executive Leadership Team voluntarily entered into a number of salary sacrifice schemes and waivers of incentives.

The 2020 remuneration incentives have not been triggered for the 2020 financial year and the Committee approved a short-term Remuneration Policy which was applicable for 2020/2021 (the '2020/2021 Policy'). The purpose of setting a short-term revised Remuneration Policy was to enable the Company to utilise remuneration to retain and motivate its leadership to drive the strategic vision of the Group successfully while being considerate to the financial impact of the pandemic.

While the impact of the pandemic required us constantly to adapt our approach to remuneration policies, the purpose of the Committee remained to ensure remuneration policies are in place to support the sustainability, continuity and success of the Company. We have also had to rethink what tools we have at our disposal to encourage retention and engagement in the face of financial pressure, government support schemes and vast market uncertainty.



# Remuneration report continued

## REMUNERATION COMMITTEE'S FOCUS IN 2021

Function	Actions in 2021
Remuneration Policy	– Reviewed Remuneration Policy
Executive Director and senior management remuneration review	– Reviewed Executive Director remuneration – Reviewed C-suite remuneration
Set targets and incentive schemes	– Reviewed and considered incentive scheme
Workforce remuneration and benefits policies	– Reviewed gender pay gap and pay differential

### Role of the Remuneration Committee

The key responsibilities of the Committee include:

- putting in place and periodically reviewing the broad policy for the remuneration of the Chairman, Executive Directors and senior management to ensure fair and responsible rewards and incentives with a clear and proportionate link to corporate and individual performance;
- within the terms of the policy, determining the individual remuneration of each Executive Director and C-suite;
- reviewing remuneration levels and related policies across the Group especially when determining salary increases, reviewing the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration, and consulting with the CEO in setting the levels of remuneration for the C-suite;
- approving the design of, and determining targets for and conditions attached to, any long-term incentive schemes operated by the Group, including pension arrangements, bonuses and other benefits; and
- the engagement and determining the independence of any external remuneration advice that might be considered necessary from time to time.

The Committee's terms of reference are regularly reviewed to ensure compliance with the Code and ongoing strategic alignment with the Company, with the latest updated terms of reference approved in December 2021 and available on our website.

### Committee composition

The Remuneration Committee consists of three Non-Executive Directors all of whom are independent. I joined the Committee after having served on a number of remuneration committees and having ample experience as the remuneration committee chair for other listed companies, ensuring our compliance with Provision 32 of the Code. There were four scheduled Committee meetings in 2021; for information on attendance, please refer to page 121.

The Deputy Chairman, Chief Executive Officer, Deputy Chief Executive Officer and Chief Operating Officer, Chief Financial Officer and Chief Corporate & Legal Officer are invited to attend meetings as appropriate depending on the items on the agenda. The Committee considers their views when reviewing the remuneration of Executive Directors and other senior executives; however, no Directors are involved in the consideration of their own remuneration and only members of the Committee have the right to vote at Committee meetings.

The Committee seeks independent advice as appropriate.

### Remuneration Policy 2020/2021

During 2020, in light of the challenging market conditions caused by the pandemic, the Company had deemed it prudent to implement the 2020–21 Policy which was considerate to the financial pressures sustained by the Group due to the pandemic. The purpose of the 2020–21

Policy was to enable the Company to utilise remuneration to attract, retain and motivate its leadership to drive the strategic vision of the Group successfully while being considerate to the financial impact of 2020–21, including a new long-term incentive plan (the '2020 LTIP').

Alongside the 2020 LTIP, in 2020, a number of positions undertook voluntary salary sacrifices, deferments, share options in lieu of salary of the 2019 bonus and waiver of incentives.

In summer of 2021, following the reopening of the substantial majority of the Group's portfolio, and in conjunction with the positive trend of trading across regions, the 2019 bonus has been paid to employees.

The Committee then recognised that since the 2020 LTIP was announced, additional guidance has been issued by the relevant Dutch authorities in relation to the Dutch furlough scheme (known as 'NOW') which makes it clear that the grant of market value options associated with the Company's long-term incentive plan might contravene the conditions of NOW. As a result, the relevant Executive Leadership Team has voluntarily agreed to surrender the awards granted under the 2020 LTIP announced on 12 November 2020.

The Committee had to create a reward framework which could operate within the regulatory guidelines of government support across regions, with the express aim of retaining and incentivising management who have been performing under extraordinary pressure both operationally and mentally for an extended period of time. With this in mind, the Committee had approved a pay review in 2021 to the Executive Leadership Team's base salaries bringing the base in line with market. This decision was supported by the report of the independent remuneration consultant commissioned in 2019, with the Executive Leadership Team also foregoing in 2021 all additional incentives notwithstanding the improvement in performance and trading conditions.

### 2022 and beyond

During 2021, the Committee and wider Board invested considerable time in devising the appropriate Remuneration Policy applicable for 2022–2024 to ensure that the Company is able to attract, retain and incentivise management with a framework which supports the long-term success of the Company and encourages actions which align with the values, purpose and culture of the Company. Details of the proposed Remuneration Policy can be found below. The Policy is subject to an advisory vote from shareholders.

For so long as the Group is being supported by the Dutch NOW scheme in 2022, any incentives to the Executive Leadership Team will need to be suspended.

### 2022 REMUNERATION POLICY

#### Introduction

In view of recovery, the Committee is recommending a new Remuneration Policy, in accordance with the need to update all policies to maintain alignment to the long-term interests of the Company and its shareholders, effective as of 1 January 2022 (the 'Policy').

The Board has considered the likely consequences of the decision in the long term and has engaged directly with stakeholders in 2021 before proposing the Policy. The Board has considered the interests of employees, shareholders and other stakeholders, the impact of the Company's operations on the community and environment and the Company's reputation and various social and corporate governance factors before proposing the Policy.

The Policy has been crafted in consideration of the Code as well as secondary legislation and updated guidelines by major proxy advisers and governance teams of major institutional investors as explained in the 2021 Annual Report.

The Company's approach continues to be intended to:

- promote the long-term sustainable success of the Company and support its strategy;
- ensure that the Company's remuneration structures are aligned to the Company's purpose, strategy and entrepreneurial culture; and
- provide an appropriate balance to utilise remuneration to attract, retain and motivate the Company's leadership to drive the strategic vision of the Group successfully.

As a Guernsey-incorporated company, the Company is not subject to the remuneration reporting regulations that apply to UK incorporated companies. Nevertheless, the Committee recognises the importance of effective corporate governance and we will therefore continue to operate in line with the UK remuneration reporting regulations as far as reasonably possible, and where this does not contradict our own regulatory framework. Accordingly, we will be asking shareholders, at our 2022 Annual General Meeting, for an advisory vote on this Policy, which summarises the remuneration outcomes for 2021 and explains how we intend to apply the Policy in 2022.

### Policy tables

#### (1) Base salary

<b>Purpose and link to strategy</b>	To provide a market competitive salary that will retain, attract and incentivise executives with the right expertise who are instrumental in driving and growing the business and delivering the Company's strategic goals.
<b>Operation</b>	Salaries in the Group are based on the value of the individual, the level of responsibility, experience and market conditions. Salaries are reviewed at least annually but not necessarily increased. The Committee may award salary increases at other times of the year if it considers such an award to be appropriate. In reviewing salaries, salaries are benchmarked against appropriate comparable organisations and account is taken of significant changes in role, levels of pay in the broader workforce, the Group's performance, inflation and budgets.
<b>Maximum potential value</b>	The salary payable to Executive Directors will normally be capped at the upper quartile of the relevant market benchmark for the role under review. This maximum salary represents the highest end of the range at which the Committee would expect the base salary to be set, rather than the actual amount to be paid.
	There is no separate cap on the annual increase to base salaries. However, the Committee will normally determine the appropriate level of increase for Executive Directors taking into account the general level of increase for the broader workforce, but on occasion may need to make a more significant increase to recognise additional responsibilities, or an increase in the scale or scope of the role.

# Remuneration report

## continued

### (2) Benefits

<b>Purpose and link to strategy</b>	To provide market competitive benefits consistent with role.
<b>Operation</b>	Benefits vary between regions and would typically include annual leave, well-being day, occupational sick pay, health screening, personal accident insurance, and participation in all employee share schemes. In the UK, these would include in addition medical insurance and life assurance, and in the Netherlands, car allowances. In line with business requirements, other expenses may be paid, such as relocation expenses, together with related tax liabilities.
<b>Maximum potential value</b>	We do not consider it appropriate to set a maximum benefits value as this may change periodically and by region.

### (3) Pensions

<b>Purpose and link to strategy</b>	To attract and retain talent by enabling long-term pension saving.
<b>Operation</b>	A pension allowance of up to 10% of base salary may be paid for Executive Directors based on length of service and subject to local rules under place of employment. This may be taken as a contribution to the Group Personal Pension Plan, as a cash supplement, or a combination of the two.  The Company has taken note of Provision 38 of the Code and is taking advice on the steps needed to use best endeavours to comply in due course as of the effective date of this provision entering into force.
<b>Maximum potential value</b>	Executives can choose to participate in a defined contribution arrangement, or may receive a cash equivalent. A salary supplement may also be paid as part of a pension allowance arrangement.

### (4) Annual bonus plan

<b>Purpose and link to strategy</b>	To incentivise and reward the delivery of near-term business targets and objectives.
<b>Operation</b>	The annual bonus scheme is a discretionary scheme and is reviewed prior to the start of each financial year to ensure that it appropriately supports the business strategy. Performance measures and stretching targets are set by the Committee. Bonuses are normally paid in cash but may also be awarded in deferred share awards. Actual bonus amounts are determined by assessing performance against the agreed targets typically after year end. The results are then reviewed by the Committee to ensure that any bonus paid accurately reflects the underlying performance of the business. Where share awards are granted as part of the annual bonus plan, they are held by the individual for one year subject to clawback provisions. Circumstances include: a material misstatement, serious misconduct, a material failure of risk management, restatement of prior year results, corporate failure, or serious reputational damage to any Group company.
<b>Maximum potential value</b>	150% of base salary.
<b>Performance metrics</b>	Performance measures are selected to focus executives on strategic priorities, providing alignment with shareholder interests and are reviewed annually. Weightings and targets are reviewed and set at the start of each financial year.  Financial metrics will comprise at least 50% of the bonus and are likely to include one or more of:  – a profit-based measure; and/or – a cash-based measure.  Non-financial metrics, key to business performance, will be used for any balance. These may include measures relating to build quality and customer service. Overall, quantifiable metrics will comprise at least 70% of the bonus.  The Committee may at its discretion adjust the outcome under the formulaic measures where it considers it is appropriate to do so to better reflect overall Company performance.

### (5) Long-term share incentive plan

<b>Purpose and link to strategy</b>	The LTIP scheme adopted in 2020 allowed for a framework for the award of market value options, salary-related options, deferred bonus awards and performance share awards to all employees. The long-term and phased vesting of these awards, along with the ability of the Committee to apply additional holding periods, are designed to: drive and reward sustainable performance over the long-term; align the interests of executives and shareholders; and support talent retention.  In particular, the salary-related awards that were offered to key employees in 2020 were aimed at preserving cash flow, while incentivising key employees to support the Group in its recovery from the pandemic and linking-in with our succession planning. Prior to the salary-related options being formally offered to the relevant employees, proposals were discussed with the relevant individuals, providing the opportunity for questions to be answered.  The grant of the market value options in conjunction with the salary-related awards was initiated with a target of ensuring the executives are motivated, rewarded and incentivised to continue in their roles over the coming three years of anticipated recovery of the Company and the wider industry from the pandemic.  On 30 June 2021, the Company announced that since the above plan was announced, additional guidance has been issued by the relevant Dutch authorities in relation to the Dutch furlough scheme (known as 'NOW') which makes it clear that the grant of such market value options might contravene the conditions of NOW. As a result, the relevant key employees have voluntarily agreed to surrender the awards granted under the 2020 LTIP announced on 12 November 2020.  For as long as the Group benefits from the Dutch governmental support under the NOW scheme, the grant of LTIP awards is suspended.
<b>Operation</b>	The long-term incentive plan allows for the award of the following options which are subject to the rules of the LTIP:  – market value options – options that are linked to the market value of the shares in the Company; – salary-related options – whereby employees agree to a reduction in their base salary in exchange for the right to acquire shares at nil-cost. These options normally vest after 12 months subject to an additional six-month holding period; – performance share awards – options which are granted subject to specified performance targets.  Notwithstanding the extent to which any performance target is satisfied, the number of vested award shares may be adjusted by the Committee to ensure that the number of vested award shares is appropriate taking into account the underlying business performance of the Group.  These awards are subject to the rules of the scheme which may include: long-term vesting periods prescribed by the Committee upon grant; good-leaver and bad-leaver provisions allowing the Committee to exercise discretion as to when it might be appropriate for an award to vest in spite of the relevant employee leaving the Group; post-vesting holding periods determined by the Committee at the time of the award; and share capital dilution limits.  The plan allows dividends or dividend equivalents to accrue, subject to the Remuneration Committee's discretion.
<b>Maximum potential value</b>	The aggregate market value (as determined by the Committee at or prior to the award date) of shares in respect of which performance share awards and/or restricted stock awards are made to an employee in any financial year are capped at 150% of the employee's annual base salary at the award date.
<b>Performance metrics</b>	The performance measures applied to LTIP awards are reviewed annually to ensure they remain relevant to strategic priorities and aligned to shareholder interests. Weightings and targets are reviewed and set prior to each award. Performance measures will include long-term performance targets, of which financial and/or share price-based metrics will comprise at least two-thirds of the award. Quantifiable non-financial metrics, key to business performance, will be used for any balance.  Any material changes to the performance measures from year to year would be subject to prior consultation with the Company's controlling shareholders.  The Committee may adjust the number of shares realised if it considers such adjustment is justified based on: (a) the performance of the Company, any business area or team; (b) the conduct, capability or performance of the participant; or (c) the occurrence of unforeseen events or of events outside the participant's control.

# Remuneration report

## continued

### Notes to the Policy table

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation). As the Company is registered in Guernsey, shareholders' approval is not required in connection with the Policy.

The Executive Directors may request, and the Company may grant, salary and bonus sacrifice arrangements.

The LTIP rules permit the substitution or variance of performance conditions to produce a fairer measure of performance as a result of an unforeseen event or transaction. They include discretions for upwards adjustment to the number of shares to be realised in the event of a takeover, and scheme of arrangement or voluntary winding up. Non-significant changes to the performance metrics may be made by use of discretion under the performance conditions. Awards are normally satisfied in shares, although there is flexibility to settle in cash.

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy table set out above where the terms of the payment were set out and approved prior to the date the Policy came into effect. For these purposes, 'payments' include the Committee determining and paying short-term and long-term incentive awards of variable remuneration.

### Non-Executive Directors' fees

<b>Base fee</b>	The Non-Executive Director fees are decided by the Board in accordance with the Company's articles of incorporation. This fee is the same for each Non-Executive Director.
<b>Chairman fee</b>	In the case of the Chairman and Deputy Chairman, both receive a set fee which is set by the Remuneration Committee and agreed by the Board. The Chairman's fee is determined by taking into account the time commitment and responsibilities of the role, as well as the roleholder's skills, gravitas and qualifications to lead the Board. No Director may participate in the decision-making relating to their own remuneration.
<b>Additional fees</b>	Non-Executive Directors are paid a set additional fee for being Senior Independent Director, a member of a Board Committee and for chairing a Board Committee.  This fee is the same for each Non-Executive Director, with exception of the Deputy Chair who attracts an additional fee for the role and the Senior Independent Director who attracts an additional fee for the role.
<b>Appointment term and other matters</b>	The Independent Non-Executive Directors are appointed for a period ending at the Annual General Meeting in 2024 (subject to annual re-election). Non-Executive Directors are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company.  In addition to any remuneration payable, a Non-Executive Director may be paid reasonable travel, hotel and other expenses properly incurred in discharging the Director's duties. Fees cease immediately in the event the Non-Executive Director ceases to be a Director.  Directors are entitled to the benefits afforded by the Group's Directors and Officers Insurance.
<b>Maximum potential value</b>	Prescribed by the Articles of Association of the Company.

### Term and termination

<b>Term and termination</b>	Boris Ivesha has a contract which may be terminated on 12 months' notice by the Group or on six months' notice by Boris Ivesha.  Daniel Kos has a contract which may be terminated on six months' notice by the Group or on three months' notice by Daniel Kos.  There are provisions for earlier termination by the Group in certain specific circumstances.  Each Non-Executive Director has specific terms of appointment. The Chairman's letter of appointment provides for an indefinite term terminable on three months' prior notice by either side or immediately upon the Board passing a resolution to remove the Chairman as a Director.  The Non-Executive Directors' terms of appointment currently end at the Annual General Meeting held in 2024.  All the Non-Executive Directors' appointment letters (including the Chairman's) are subject to termination by either side on three months' notice.  Other than salary and benefits in relation to the notice period, the letters of appointment contain provisions for termination by the Group in certain specific circumstances. The letters of appointment are available for inspection at the Company's registered office.
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### Terms of appointment

The dates of the Directors' contracts are as follows:

Director	Date of appointment	Term of appointment	Subject to annual re-election	Notice period
Eli Papouchado	26 June 2007	Indefinite	Yes	3 months
Boris Ivesha	14 June 2007	Indefinite	Yes	12 months from Group; 6 months from Boris Ivesha to the Group
Daniel Kos	27 February 2018	Indefinite	Yes	6 months from Group; 3 months from Daniel Kos to the Group
Kevin McAuliffe	15 June 2007	Annual General Meeting 2024	Yes	3 months
Ken Bradley	4 September 2019	Annual General Meeting 2024	Yes	3 months
Nigel Keen	20 February 2020	Annual General Meeting 2024	Yes	3 months
Stephanie Coxon	7 August 2020	Annual General Meeting 2024	Yes	3 months

The Executive Directors' service contracts do not contain specific provision for compensation in the event of removal at an Annual General Meeting.

In the event of early termination, some Directors may be eligible for payments in lieu of notice. When determining exit payments, the Committee would take account of a variety of factors, including individual and business performance, the obligation for the Director to mitigate loss (for example, by gaining new employment), the Director's length of service and any other relevant circumstances, such as ill health. A departing Director may also be entitled to a payment in respect of statutory rights. The Committee would distinguish between types of leaver in respect of incentive plans. 'Good leavers'

(death, ill health, agreed retirement, redundancy or any other reason at the discretion of the Committee) may be considered for a bonus payment having completed the full year, and part-year bonus payments may be paid and LTIP awards may vest at the usual time taking into account performance conditions and pro-rating for time in employment during the performance period, unless the Committee determines otherwise. The LTIP rules include discretion, in exceptional circumstances, for acceleration of the realisation date and upwards adjustment to the number of shares to be realised for 'good leavers' in such a situation. In all other leaver circumstances, the Committee would decide the approach taken, which would ordinarily mean that leavers would not be entitled to consideration for a bonus and LTIP

awards would lapse. Any vested LTIP award that is subject to a holding period at the time of the executive's cessation of employment will not lapse except in the case of the executive's gross misconduct. The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where the 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 of any claim arising in connection with the cessation of a Director's office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

# Remuneration report

## continued

The appointment of each of the Non-Executive Directors is for an initial period of three years, which is renewable for further terms, and is terminable by the Non-Executive Director (as applicable) or the Company on three months' notice.

No contractual payments would be due on termination. There are no specific provisions for compensation on early termination for the Non-Executive Directors, with the exception of entitlement to compensation equivalent to three months' fees (as applicable) or, if less, the balance of appointment, in the event of removal at an Annual General Meeting.

### Policy on remuneration on recruitment

Reward packages for new Executive Directors will be consistent with the above Remuneration Policy. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of the year employed. The maximum level of variable remuneration is as stated in the policy table on pages 123 to 125.

The Committee retains discretion to make appropriate remuneration decisions outside the standard remuneration policy to meet the individual circumstances when: (i) an interim appointment is made to a fill an Executive Director role on a short-term basis; or (ii) exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis. For Non-Executive Directors, the Board would consider the appropriate fees for a new appointment taking into account the existing level of fees paid to the Non-Executive Directors, the experience and ability of the new Non-Executive Director and the time commitment and responsibility of the role.

### Change of control

All the Company's share plans contain provisions relating to change of control. In general, outstanding awards would normally vest and become exercisable on a change of control. Awards will, however, only vest to the extent that any applicable performance conditions have been satisfied at that time and (in the case of performance share awards and unless the Committee determines otherwise) a time pro-rata

reduction to reflect the proportion of the vesting period that has elapsed. Any deferred bonus shares will be released in full on change of control.

### External directorships

Executive Directors may, if so authorised by the Board, accept appointments as Non-Executive Directors of suitable companies and organisations outside the Group and retain any associated fees.

### Decision-making process followed for the remuneration policy's determination, review and implementation

The Committee has considered the impact of the pandemic and sacrifice of remuneration by senior management during the last 24 months and put forward the Policy to an advisory shareholder vote which is reflective of the challenging conditions, enhanced work and responsibility, and the continued sacrifice, senior management's roles will entail. The Committee considers it a key priority for the future success of the Group and the ability to unlock shareholder value that senior management be aligned to the interests of the Group. These changes include increases to incentive levels to align with the adjusted market position as well as the introduction of other policy measures sought by institutions and investors, some of which are developing in the marketplace.

For so long as the Group is being supported by the Dutch NOW scheme in 2022, any incentives to the Executive Leadership Team in respect of 2022 will need to be suspended.

The Committee avoids conflicts of interest by all of its members being independent Non-Executive Directors. The Committee's terms of reference can be found on the Group's website at [www.pphe.com](http://www.pphe.com), which contains further details on the independence of the members of the Committee. While the Committee receives information from the Company and advice from its remuneration advisers, it makes decisions using its own independent judgment.

### Pay and conditions throughout the Group

The pay and conditions of employees throughout the Group are considered by the

Committee in setting policy for the Executive Directors and senior management.

The Committee is kept regularly informed on the pay and benefits provided to employees, and base salary increase data from the annual salary review for general staff is considered when reviewing Executive Directors' salaries and those of senior management. The Committee does not consult with employees when setting the remuneration policy for the Executive Directors.

### Difference in the Company's policy on remuneration of Directors compared to employees

The policy for the Executive Directors and C-suite is designed with pay and conditions throughout the Group in mind.

The Committee believes that some differences are necessary to reflect responsibility and provide appropriate focus and motivation for delivery of the Group's strategy. Executive Directors, therefore, have a higher bonus opportunity than employees generally to motivate them to achieve stretching annual targets, and they participate in the LTIP to provide focus on long-term sustainable performance.

This approach is designed to provide an appropriate emphasis on performance-related pay.

### Consideration of shareholder views

The Company is committed to ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. Feedback received from meetings during the year and in relation to the Annual General Meeting is considered, together with guidance from shareholder representative bodies more generally, and taken into account in the annual review of the policy. The Committee believes that it has a responsible approach to Directors' pay and that its policy is appropriate and fit for purpose.

### Shareholder vote

We will be asking shareholders, at our 2022 Annual General Meeting, for an advisory vote on this report, which summarises the remuneration outcomes for 2021 and explains how we intend to apply the Policy in 2022.

### Directors' remuneration table 2021

Director	Position	Base salary and fees		Salary sacrifice options		Additional remuneration		Annual bonus		Pension contributions		Retention award		Other benefits		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Boris Ivesha <sup>1</sup>	President & CEO	438,132	312,672 <sup>2</sup>			-	-	-	-	100,000 <sup>3</sup>	100,000	-	-	16,352	15,795	554,484	428,467
Daniel Kos <sup>1</sup>	CFO	314,529 <sup>4</sup>	267,139 <sup>5</sup>	46,670 <sup>5</sup>	9,334 <sup>5</sup>			- <sup>6</sup>	75,000 <sup>14</sup>	14,574	13,748	-	- <sup>7</sup>	-	-	375,773	365,221
Eli Papouchado	Non-Executive Chairman	200,000	150,000 <sup>8</sup>			-	-	-	-	-	-	-	-	-	-	200,000	150,000
Kevin McAuliffe	Non-Executive Deputy Chairman	100,000	77,500													100,000	77,500
Ken Bradley	Non-Executive Director	55,700	42,083			-	-	-	-	-	-	-	-	-	-	55,700	42,083
Nigel Keen	Non-Executive Director	58,220	37,771 <sup>10</sup>													58,220	37,771
Stephanie Coxon <sup>11</sup>	Non-Executive Director	55,700	17,543					-	-	-	-	-	-	-	-	55,700	17,543
Nigel Jones <sup>15</sup>	Non-Executive Director	-	23,810			-	-	-	-	-	-	-	-	-	-	-	23,810
Dawn Morgan <sup>16</sup>	Non-Executive Director	-	33,953			-	-	-	-	-	-	-	-	-	-	-	33,953
		<b>1,222,281<sup>12</sup></b>	<b>962,471<sup>9</sup></b>	<b>46,670</b>	<b>9,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>114,574</b>	<b>113,748</b>	<b>-</b>	<b>-</b>	<b>16,352</b>	<b>15,795</b>	<b>1,399,877</b>	<b>1,176,348</b>

### Options

Director	Number of options	Number vested as at 31 December 2021	Exercise price
Daniel Kos <sup>13</sup>	25,000	25,000	14.3
	4308	4,308	0

- Boris Ivesha and Daniel Kos' remuneration is denominated in € and converted to £ at average exchange rate for presentation purposes.
- Boris Ivesha sacrificed full base salary during Q2 2020.
- Boris Ivesha's pension contribution shall be reduced to 10% of his base salary as of 1 January 2022 to align with senior executives across the workforce.
- Daniel Kos received a base salary increase in July 2021, bringing his annual base salary to €525,000. The Executive Leadership Team, including Daniel Kos, agreed to waive any rights under cash and/or share incentives in 2020-2021 in connection with the government support received under the NOW scheme in the Netherlands during these years.
- In Q2 2020, Daniel Kos sacrificed 20% of his base salary. Daniel further agreed to exchange 20% of his base salary for 12 months as of 1 November 2020 with nil-cost options in accordance with the salary option plan (see Note 13 on page 175).
- Daniel Kos will not be paid an annual bonus in respect of performance and targets achieved during the 2020 and 2021 financial years.
- In July 2021, Daniel Kos agreed to waive any and all accrued and prospective rights in the retention bonus in line with the requirements of the NOW scheme for executives to forego any incentives beyond the base salary. The retention scheme was in effect as of accruing an amount of £50,000 cash per year, payable on the 5th anniversary of joining only if the participant remains in employment subject to leaver provisions. This scheme has been terminated and will not be renewed under the Policy.
- Mr Papouchado sacrificed full salary during Q2 2020.
- Each Non-Executive Director, who was on the Board during Q2 2020, voluntarily directed the charitable donation of 50% of their Q2 2020 gross quarterly fees and 20% of their Q3 2020 and Q4 2020 gross fees to Hospitality Action, a UK registered charity for the hospitality industry.
- Nigel Keen was appointed to the Board on 20 February 2020. He, therefore, voluntarily directed the charitable donation of 50% of their Q2 2020 gross quarterly fees and 20% of their Q3 and Q4 2020 gross fees to Hospitality Action, a UK registered charity for the hospitality industry.
- Stephanie Coxon was appointed to the Board on 7 August 2020.
- Boris Ivesha, Kevin McAuliffe and Yoav Papouchado are entitled to additional remuneration for their services on the supervisory board of the Group's subsidiary, Arena Hospitality Group, which is not included in the table above. In 2021, the total fee for Boris' services amounted to HRK147,368 (£16,807) (2020: HRK140,560 (£16,591)), the total fee for Kevin McAuliffe's services amounted to HRK147,368 (£16,807) (2020: HRK140,560 (£16,591)) and the total fee for Yoav Papouchado's services amounted to HRK147,368 (£16,807) (2020: HRK140,560 (£16,591)). It should be noted that Yoav Papouchado is not remunerated for his position as an Alternate Director of the Company.
- In July 2021, Daniel Kos agreed to voluntarily waive his rights in connection with the grant of 100,000 market value options in October 2020 given the underlying requirements of the NOW scheme issued in the Netherlands which is further detailed at Note 4.
- The annual bonus in 2020 refers to targets achieved over the year 2019. Daniel Kos agreed to defer payment of this bonus, which eventually paid out in the summer of 2021.
- Nigel Jones retired from the Board on 19 May 2020.
- Dawn Morgan retired from the Board on 30 September 2020.

## Remuneration report continued

### Gender pay gap

Our statutory reporting is available on the Company's website.

The anomalous circumstances produced by the pandemic have presented us with a real challenge in how to report transparently on our gender pay gap. Fluctuating workforce patterns created by pandemic conditions, such as the need to furlough some staff, and conduct recruitment exercises for others when travel restrictions eased, provided both challenges and opportunities to ensure we are monitoring and paying fair, living wages to our workforce. We are committed to leading by example, so ensuring that senior remuneration is proportionate to the conditions faced by the workforce.



**Nigel Keen**  
Non-Executive Director  
Chair of the Remuneration Committee

## Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

The Strategic report and Directors' report together are the Management report for the purposes of Rule 4.1.8R of the DTR.

The following matters have been included in the Strategic report but are incorporated by reference into this Directors' report:

Topic	Section of the report	Page
Fair view of the Company's business	Strategic report	2 to 25
Principal risks and uncertainties	Strategic progress in 2020, Our approach to risk management and principal risks and uncertainties	26 to 34
Strategy	Strategic report	24
Business model	Our business model	22
Important events impacting the business	Strategic report	35 to 36
Likely future developments	Our pipeline	42 to 43
Financial key performance indicators	Highlights	Highlights
Non-financial key performance indicators	Stakeholder engagement, Team member engagement	68 to 73
Environmental matters	Responsible business	74 to 89
Company's employees	Highlights	Highlights
Social, community and human rights issues	Responsible business	74 to 81
S172 and relationship with suppliers, customers and others	Deputy Chairman's statement	90 to 92
Greenhouse gas emissions	Directors' report	134
Directors' induction and training	Directors' induction	112

The following matters have been included in the Corporate Governance report but are incorporated by reference into this Directors' report:

Gender breakdown of Board and leadership	Diversity report	114
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# Directors' report continued

## Appointment and replacement of Directors

Pursuant to the Articles, the Board has the power to appoint any person to be a Director. At every general meeting, a minimum of one third of the Directors shall retire from office. No person, other than a Director retiring at a general meeting, shall, unless recommended by the Directors, be eligible for election at a general meeting as a Director unless notice has been received from such person. In accordance with the Code and good corporate governance practice, the entire Board will stand for re-election at the forthcoming Annual General Meeting.

Pursuant to the Articles, Euro Plaza Holdings B.V. ('Euro Plaza') may:

- nominate two Non-Executive Directors to the Board for so long as Euro Plaza and its associates directly or indirectly control at least 30% of the issued shares in the Company; and
- nominate one Non-Executive Director to the Board for so long as Euro Plaza and its associates control at least 10% but less than 30% of the issued shares of the Company.

Pursuant to the Articles, Molteno Limited may nominate one Non-Executive Director to the Board for so long as Molteno Limited and its associates directly or indirectly control at least 10% of the issued shares in the Company.

The shareholders may, by ordinary resolution, resolve to remove any Director before the expiration of his or her period of office and appoint a replacement Director.

## Share capital

The issued share capital of the Company together with the details of the movements in the Company's share capital during the year are shown in Note 12 to the consolidated financial statements.

## Shares

There is currently only one class of share in issue (being ordinary shares) which all carry the same rights as one another. There are no shares in the Company which carry special rights with regard to control of the Company.

The following limitations on voting rights of shareholders apply:

- The Board may suspend the voting rights attached to any shares owned directly, indirectly or beneficially by a Non-Qualified Holder (as defined in the Articles)
- The Directors may at any time make calls upon the shareholders in respect of any unpaid shares. No shareholder is entitled to vote unless all calls due from him have been paid

The following deadlines for exercising voting rights apply:

- A written resolution will state a date by which the resolution must be passed. The Law imposes a default lapse date of 28 days from circulation of the written resolution if no lapse date is specified
- In the case of resolutions passed at general meetings of shareholders, voting rights may only be exercised at the time the resolution is proposed at the meeting

Any arrangements by which the financial rights to shares are held by a person other than the registered shareholder would be by agreement between the shareholder and the beneficiary. The Company is not obliged to recognise any such trust arrangements and shall pay any dividends to the registered shareholder.

With the prior approval of the shareholders by ordinary resolution, the Board may exercise all powers of the Company to allot and issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company.

Unless such shares are to be wholly or partly paid otherwise than in cash or are allotted or issued pursuant to an employee share scheme, any shares to be allotted and issued must first be offered to the existing shareholders on the same or more favourable terms.

The Company may from time to time acquire its own shares subject to the requirements of the Law. The Law requires the prior approval of any share buy-back by way of ordinary resolution of the shareholders and a certification by the Board that the Company satisfies the solvency test set out in the Law.

## Articles

The Articles may be amended at any time by passing a special resolution of the shareholders pursuant to the Law. A special resolution is passed by a majority of not less than 75% of the votes of the shareholders entitled to vote and voting in person or by attorney or by proxy at a meeting or by 75% of the total voting rights of eligible members by written resolution.

## Substantial share interest

The table provided on page 133 shows shareholders holding 5% or more of the issued share capital (excluding treasury shares) as at 25 February 2022

No further interests have been disclosed to the Company in accordance with DTR 5 in the period between the end of the financial year and 25 February 2022.

Number of issued shares	44,347,410
Shares held in treasury by the Group	1,806,643
Number of issued shares (excluding treasury)	42,540,767

Shareholders with holdings of 5% or more of the Company's issued share capital (excluding treasury) as at 25 February 2022.

	Number of ordinary shares	Percentage of the Company's issued share capital <sup>1</sup>
Eli Papouchado <sup>2</sup>	13,760,260	32.35
Boris Ivesha <sup>3</sup>	4,636,974	10.90
Aroundtown Property Holdings	4,344,788	10.21
Clal Insurance Enterprises Holdings	3,501,930	8.23
Harel Insurance Investments and Financial Services	2,577,760	6.06

1. Excludes shares held in treasury.
2. Eli Papouchado is deemed to be interested in the ordinary shares held by Euro Plaza, Red Sea Club Limited and A.A. Papo Trust Company Limited.
3. Boris Ivesha (the President and Chief Executive Officer of the Company) is deemed to be interested in 4,636,974 ordinary shares held by Walford which is wholly owned by Clermont, as trustee of certain trusts established for the benefit of Boris Ivesha and his family.

## Controlling shareholders

The Company's immediate controlling shareholders are Euro Plaza Holdings B.V. and Walford Investments Holdings Limited ('Walford'). Euro Plaza is ultimately controlled by Eli Papouchado, acting in his capacity as trustee of an endowment created under Israeli law ('the Endowment'). Walford is ultimately controlled by Clermont Corporate Services Limited ('Clermont'), a professional corporate trustee in its capacity as trustee of certain trusts established for the benefit of Boris Ivesha and his family. As required under Listing Rule 9.2.2 R(1), the Company has entered into separate relationship agreements with: (i) Euro Plaza and Eli Papouchado (acting in his capacity as trustee of the Endowment); and (ii) Walford and Clermont, which as a concert party hold 43.25% of the issued share capital of the Company.

The Company has complied with the undertakings in Listing Rule 6.5.4R and Listing Rule 9.2.2ADR(1) since admission to the Premium Listing segment. So far as the Company is aware, these undertakings have also been complied with by Euro Plaza, Eli Papouchado, acting in his capacity as trustee of the Endowment, Walford and Clermont since admission.

In accordance with the relationship agreements entered into the Company's controlling shareholders, each of Euro Plaza and Walford is entitled to appoint representatives to the Board of the Company. Mr Eli Papouchado is cleared to be the representative of Euro Plaza and Mr Boris Ivesha is cleared to be the representative of Walford for these purposes.

## DTR disclosures

Eli Papouchado is deemed to be interested in 13,760,260 ordinary shares, which constitutes 32.35% of the issued share capital (excluding treasury shares) of the Company:

- 12,207,843 ordinary shares held by Euro Plaza;
- Euro Plaza is an indirect wholly owned subsidiary of A.P.Y. Investments & Real Estate Ltd ('APY'). 98% of the shares in APY are held by Eli Papouchado;
- 22,417 ordinary shares held by Red Sea Club Limited, a subsidiary of APY; and
- 1,530,000 ordinary shares held by A.A. Papo Trust Company Limited, which is wholly owned by Eli Papouchado.

Boris Ivesha is deemed to be interested in 4,636,974 ordinary shares, which constitutes 10.90% of the issued share capital (excluding treasury shares) of the Company. The shares are held by Walford which is wholly owned by Clermont, as trustee of certain trusts established for the benefit of Boris Ivesha and his family.

Eli Papouchado, Euro Plaza, APY and A.A. Papo Trust Company Limited and other parties related to him (together the 'Red Sea Parties') and Walford, Clermont, Boris Ivesha and other parties related to him (together the 'Ivesha Parties') are a party to a shareholders agreement dated 14 March 2013 (as amended from time to time) (the 'Shareholders Agreement'). Pursuant to the Shareholders Agreement, it has been agreed that for so long as, inter alia, the combined interests of the Ivesha Parties and the Red Sea Parties in the Company are not less than 30% and the Red Sea Parties' interest in the Company is at least 20% of the share capital then in issue (excluding, in both cases, shares held in treasury), on any shareholder resolution all shares held by the Ivesha Parties shall be voted in a manner which is consistent with the votes cast by, or on behalf of, the Red Sea Parties in respect of that resolution. As a result, the Red Sea Parties are all considered to be interested in the shares in which the Ivesha Parties are interested.

## Article 19 of the Market Abuse Regulation

The interests of each Director disclosed to the Company under Article 19 of the Market Abuse Regulation as at the end of the financial year are set out above and on page 95. There have been no changes in the interests of each Director in the period between the end of the financial year and 25 February 2022.

# Directors' report

## continued

### Listing Rule 9.8.4R

The following table is disclosed pursuant to Listing Rule 9.8.4R. The table sets out only those sections of Listing Rule 9.8.4R which are applicable to the Company. The information required to be disclosed can be located in the Annual Report at the references set out below:

Section	Information	Location
4	Details of long-term incentive schemes	Note 13 to the consolidated financial statements
10	Contracts of significance	Notes 14, 15 and 30 to the consolidated financial statements
11	Provision of services by a controlling shareholder	Note 30 to the consolidated financial statements
14	Controlling shareholder statement	Directors' report

### DTR 7.2.8

The following table is disclosed pursuant to DTR 7.2.8.

Requirement	Page
Diversity Policy	110

### UK Streamlined Energy and Carbon Reporting

In line with market practice for UK listed businesses, our Streamlined Energy and Carbon Reporting, UK Scope 1, Scope 2 and Scope 3 emissions, intensity ratio and yearly comparisons are provided below.

#### Total Emission Scope

Emission type	Total volume (kWh)	Calculated emissions (tonnes of CO <sub>2</sub> e)
Scope 1 (direct)	20,280,122	3,725
Scope 2 (indirect)	23,338,586	4,955
Scope 3 (indirect)	–	–
<b>Total</b>	<b>43,618,708</b>	<b>8,680</b>

Emission	Year 1 2019–2020	Year 2 2020–2021
Tonnes of CO <sub>2</sub> e	8,379	8,680
Intensity Ratio (tCO <sub>2</sub> /Turnover £m)	148.30	115.27

### Quantification and reporting methodology

The organisation has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from their energy suppliers and half-hourly (HH) data, where available, for the HH supplies (there was no estimation profiling required). Flat profile estimation techniques were used for one NHH supply and for all gas supplies for the month of December as data was not available at the time of producing the report. Transport mileage data was obtained from expense claims submitted for our Company cars. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information.

### Energy efficiency action

For energy efficiency actions, please see Our Planet section on pages 83 to 86.

### Auditors

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

### Going concern

The Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities. Since the start of the COVID-19 pandemic multiple cash flow forecasts showing various scenarios for the period of 12 months from the date of signing these financial statements have been reviewed as part of the Group's three-year forecast to 31 December 2024, as set out on page 35. In determining the assumptions used in cash flow forecasts, the Directors considered various third party market predictions and considered the current principal and emerging risks facing the Group while focusing specifically on COVID-19 and the impact this could have on future performance and liquidity of the Group. Based on these cash flow forecasts, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. This, taken together with their conclusions in Note 1(c) to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the 2021 consolidated financial statements on a going concern basis.

### Financial risk management objectives and policies

In addition, Note 31 to the consolidated financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

### Directors' responsibilities

The Directors are required to prepare the Annual Report and the consolidated financial statements for each financial year to give a true and fair view of the state of affairs of the Company and the undertakings included in the consolidation taken as a whole as at the end of the financial year, and of the profit or loss for that year.

In preparing the consolidated financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements have been properly prepared in accordance with the Law. The Directors are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Directors' declaration

So far as each of the Directors, who is a Director at the time the Directors' report is approved, is aware, there is no relevant audit information of which the Company's auditors are unaware and each has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Directors' responsibility statement

Each of the directors named on pages 95 and 96 as of the time of the publication, confirms to the best of his or her knowledge that:

- the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and provides information necessary for shareholders to assess the Company's performance, business model and strategies; and
- The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by



**Boris Ivesha**  
President & Chief Executive Officer



**Daniel Kos**  
Chief Financial Officer & Executive Director  
28 February 2022