

Introduction to Governance



Ken Bradley
Non-Executive Deputy Chairman
to the Board of Directors



“We are delighted
to welcome
Greg Hegarty
to the Board.”

Letter from the Non-Executive Deputy Chairman

The Board of PPHE Hotel Group is pleased to present the Corporate Governance report for the year ended 31 December 2023.

I wish to express my gratitude to Kevin McAuliffe, our outgoing Non-Executive Deputy Chairman, for his dedication and contribution to the Group over the years. He has been an integral and valued Board member in helping the Group grow and succeed. Following Kevin’s departure we’ve taken measures, in accordance with our Board Succession Plan, to ensure that our regularly refreshed, independent Directors are able to bring diverse experience and oversight to help both challenge and guide our executives.

In 2023, the Group pursued the ESG Strategy announced in the 2022 Annual Report. The Strategy was created out of an assessment of stakeholder priorities, in line with the double-materiality methodology, and we recognise the importance of continuing engagement to ensure those stakeholders are brought on the journey with us. I have taken over from Kevin as the Board member responsible for workforce engagement.

We are delighted to welcome Greg Hegarty to the Board. Greg’s importance to the business as its Deputy Chief Executive Officer and Chief Operating Officer speak for themselves, and we view his election at the Annual General Meeting as a positive step forward in ensuring executive management is aligned to shareholder value.

2023 was Marcia Bakker’s first full year as a Board Director. Her onboarding process is laid out in the report of the Nomination Committee on page 119. Marcia’s work in 2023 has been valuable in keeping our independent oversight fresh and maintaining the independence of the Board with diverse expertise and backgrounds.

This report sets out how we have complied with and applied the principles and provisions of the 2018 Corporate Governance Code (the ‘Code’) throughout the year. We are also looking ahead to the updated Code, and will ensure we are in compliance with the updated provisions as they come into effect.

Leadership role

The Board combines executives with proven track records and expertise in leading the business with independent oversight from individuals with diverse expertise. This allows for dynamic and entrepreneurial leadership within a framework of prudent and effective controls against risk. Our Strategy Report, Risk Management Report and TCFD Report Summary set out in more detail how we have achieved consistent success in 2023.

Every month, the Board and the Executive Leadership Team conduct calls to ensure that the Board is fully informed of, and able to have the necessary input into, performance and strategy at a detailed level. After this call, the Non-Executive Directors meet separately to scrutinise the Board and Executive Leadership Team in order to ensure that they can conduct independent oversight and analysis. By following this timetable, different perspectives are aired about the strategy, based on sound and detailed knowledge of the strategy and the rationale behind it. This provides space for frank discussion of risks and opportunities.

Board evaluation

Every year, the Board assesses and evaluates the performance of the Board as a whole and each individual Director. There is a three-year cycle of Board evaluations, with an external review of the Board and its Committees carried out every three years. The most recent external assessment was by Independent Audit Limited in 2021. We report on the annual internal evaluations as well as progress against previous years’ findings on page 109.

Board composition

Two significant changes took place in 2023: firstly, as previously mentioned, our Non-Executive Deputy Chairman stepped down from the Board after 16 years. The role of Chairman of the Board is held by Eli Papouchado, who, as a valued founder of the business, and indispensable source of expertise, experience and direction, has served in that role for a period greater than nine years. In the light of the requirements of the Code, it is necessary that some of the functions of the Chair in providing independent oversight are discharged by Directors whose independence meets the requirements of the Code. Since Kevin’s departure at the Annual General Meeting, we have followed our Succession Plan, and I have taken on the role of Non-Executive Deputy Chair, ensuring independent oversight of Board activities. Nigel Keen, as Senior Independent Director, and Chair of the Remuneration Committee, has additionally assisted in ensuring independent oversight.

The second change to the Board’s composition is that Greg Hegarty, who was at the time of his election to the Board was Deputy Chief Executive Officer and Chief Operating Officer. Greg was elected at the AGM by shareholders. This is a welcome addition for us, as Greg’s dedication to the business and invaluable strategic leadership in his executive roles have been of vital importance for some time. It is important, therefore, that he joins the Board to ensure good Corporate Governance. In 2024, Greg also became the Co-CEO of the Group.

▼ Aerial view, art’otel London Hoxton



ESG

The Board oversees ESG within the business as part of its commitment to long-term, sustainable value generation for all stakeholders. We also have an ESG Committee of the Board to assist in ensuring that oversight of the ESG Strategy occurs regularly, and that the Board as a whole is upskilled in areas such as carbon literacy. We have received training from the hospitality industry’s Zero Carbon Forum, with a further session scheduled in 2024. Having launched our ESG Strategy in the 2022 Annual Report, we have spent 2023 embedding it throughout our organisation, and we have finalised detailed targets, which provide measurable key performance indicators against each identified strategic objective to which we can be held accountable. We have sent a letter to the Science-Based Targets Initiative (SBTI) to invite them to verify our interim and long-term net zero targets. The Committee continues to review upcoming changes to reporting requirements in ESG to ensure that we are maximising stakeholder information and accountability.

Shareholder engagement

At the Annual General Meeting held on 23 May 2023, proposals to re-elect the Senior Independent Director, as well as authority to disapply pre-emption rights, were passed with less than 90% of independent shareholder approval. We have actively engaged to seek the reasons for any votes against or withheld and we believe that active dialogue with representatives of independent shareholders throughout the year has allowed us to address

their concerns. In particular, within the Remuneration Report at page 139, we have sought to maximise the detail in transparency and accountability for remuneration decisions.

We are grateful for our investors’ ongoing support and guidance to help us to make progress in these areas, which has helped us enter the FTSE 250.

Our successful investor roadshow programme, led by our Co-CEO, Chief Financial Officer and Executive Vice-President Commercial Affairs, continued throughout the year. Feedback received during roadshows is reported by Chief Financial Officer and Executive Director Daniel Kos to the Board for discussion at quarterly Board meetings, following which our Senior Independent Director reaches out to shareholders to continue the dialogue.

Finally, we are seeking to maximise the availability for Nigel Keen, in his capacity as Senior Independent Director, to continue to ensure shareholders feel they can bring strategic or oversight matters to the attention of the relevant Board member.

Workforce engagement

Our ESG Strategy contains multiple workforce engagement strategic objectives, including maximising retention and engagement scores (as measured by our twice-yearly Pulse Surveys). Good workforce relations are key to delivering our value proposition as a hospitality business, so we ensure that management not only uses ‘Let’s Talk’ (the Pulse Surveys) and ‘Let’s Connect’, (the regional town hall meetings), but other frameworks such as the Employee Forum to maintain good two-way communication.

The Board ensures it maintains strong workforce engagement by conducting site visits (see page 111). Kevin McAuliffe’s role as the Board member responsible for workforce engagement has been taken up by me as the successor non-executive deputy chairman.

Ensuring that we maintain Key Performance Indicators on workforce engagement will allow all stakeholders to monitor our progress in this area.

Conclusion

Long-term, sustainable value is created under good Corporate Governance. We have worked hard this year to ensure that we have maximised the information in the public domain, as transparency is key to stakeholder confidence. By publishing our ESG targets and adding new performance measures to the Remuneration Report, I believe 2023 has been a success story in governance and oversight, and one I look forward to repeating in 2024.

Ken Bradley
Non-Executive Deputy Chairman to the Board of Directors

Statement of Compliance Companies Act 2006 s.172

As a matter of good Corporate Governance, as Directors of PPHE Hotel Group, we make this statement required as by section 172 of the UK Companies Act 2006 and the Financial Reporting Council Corporate Governance Code 2018.

Each Director of PPHE Hotel Group listed on pages 98 and 99 understands their duties, and acts in a way that, in their judgement, promotes the success of the Company for the benefit of all stakeholders, with due regard for the varying interests of different stakeholder groups. The duties of the Directors of the Company, separately and collectively, include a duty to identify and engage with identified stakeholder groups, and ensure the interests of those groups are taken into account in decision-making. Decisions shall incorporate input from identified stakeholders, and be taken with due regard and consideration for the likely impact on them.

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.

We report in detail on our stakeholder engagement activities in the following sections of this Annual Report and Accounts:

- Stakeholder Engagement (pages 62 to 65)
- ESG and TCFD (pages 66 to 83) and
- Directors’ Report (pages 142 to 146)



Board of Directors

Board and committee membership

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



Eli Papouchado

Non-Executive Chairman

As Founder Eli has been Chairman of the Group since its formation. He has a wealth of experience spanning decades in the construction, design, development, financing, acquisition and management of hotels.

Eli has been a major contributor to growth and successful delivery of over £1 billion in hotel assets.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2007



Yoav Papouchado

Alternate Director to Non-Executive Chairman

Yoav Papouchado, Chairman of Red Sea Hotels Limited ('Red Sea'), PPHE's controlling shareholder, has over 30 years of experience of real estate developments and data centres worldwide, developed through his long tenure at Red Sea. Yoav is also a member of the Supervisory Board, and Deputy Chairman of the Supervisory Board of Arena Hospitality Group, the Company's subsidiary listed on the Zagreb Stock Exchange.

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



Boris Ivesha

President & Chief Executive Officer

Boris has been President of the Group since 1991. He 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 over the years.

Boris has over 50 years of experience in the hotel industry.

Boris 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



Greg Hegarty

Co-CEO*

Greg was appointed to the Board, with shareholders confirming his appointment, at the 2023 Annual General Meeting. On 8 February 2024, Greg became Co-CEO.

Greg has spent a long career in hospitality, holding a Master's Degree in Business Administration (MBA). He has worked in senior management in several global hospitality brands such as GLH Hotels and BDL Hotels. As well as being a Fellow of the Institute of Hospitality and a Master Innholder, Greg has achieved the following awards:

Acorn Award: 2004
Esprit General Manager of the Year: 2005.

External appointments: N/A

Board Committees: N/A

Independent: No

Year of first appointment: 2023

* On 8 February 2024, Greg became Co-CEO. His title prior to that date was Deputy Chief Executive Officer and Chief Operating Officer.



Daniel Kos

Chief Financial Officer & Executive Director

Daniel has worked with the Group for over ten years of which the last five years have been as Chief Financial Officer and Executive Director.

As Chief Financial Officer, Daniel is responsible for the Group's finance, IT and procurement strategy. Daniel has over 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.

Daniel 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



Ken Bradley

Non-Executive Deputy Chairman

Committee membership

Ken joined the board as a Non-Executive Director on 4 September 2019. He spent over 20 years with the Royal Bank of Scotland Group in a range of management roles with a focus on corporate and institutional banking and risk. Ken's last position at Royal Bank of Scotland Group involved him overseeing the whole Guernsey arm of the business. In 2009 Ken moved to Barclays Wealth where he spent eight years leading their banking and trust business in Guernsey and had wider fiduciary banking responsibilities in other locations. Ken also has an MBA from Warwick Business School and has completed the Institute of Directors certificate and diploma in Company Direction.

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



Nigel Keen

Non-Executive Director & Senior Independent Director

Committee membership

Nigel joined the board as a Non-Executive Director on 20 February 2020. He is a qualified Chartered Surveyor, with over 35 years of property expertise from site acquisition through to asset management. Nigel headed-up the property teams at Tesco where he became Construction Director, and The John Lewis Partnership, where he was Property Director, and served on the Waitrose Board.

Nigel is a Non-Executive Director of the construction company RG Carter. Nigel chairs the Audit Committee. He is also Deputy Chairman at the Maudsley Mental Health Charity.

External appointments: Non-Executive Director, RG Carter; Deputy Chairman, Maudsley Mental Health Charity.

Board Committees: Nomination Committee, Audit Committee, Remuneration Committee (Chair).

Independent: Yes

Year of first appointment: 2018



Stephanie Coxon

Non-Executive Director

Committee membership

Stephanie joined the board as a Non-Executive Director on 7 August 2020. She is a qualified chartered accountant, with over 15 years of capital market expertise. Stephanie was a capital markets director at PwC where her role included advising asset managers on listing investment funds and real estate investment trusts (UK, Guernsey and Jersey) on the London Stock Exchange. She also advised on ongoing obligations, Corporate Governance, accounting policies and reporting processes.

External appointments: Non-Executive Director on: Apax Global Alpha Limited, JLEN Environmental Assets Group Limited, International Public Partnerships Limited.

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

Independent: Yes

Year of first appointment: 2020



Marcia Bakker

Non-Executive Director

Committee membership

Marcia is a certified public accountant with over 20 years of experience in audit, finance, executive search and leadership advisory. She has a broad background in finance with a speciality in financial reporting and was part of the IFRS and Financial Instrument competence centre at KPMG. During the last ten years, she has combined her finance background with executive search and succession planning for various corporate clients.

External appointments: Former member of the Board of ISVW (Internationale School van de Wijsbegeerte) until November 2023.

Board Committees: Audit Committee, Nomination Committee, Remuneration Committee, ESG Committee.

Independent: Yes

Year of first appointment: 2022



Kevin McAuliffe

Non-Executive Deputy Chairman

(until 23 May 2023)

Committee membership

Kevin served for 16 years on the Board of PPHE Hotel Group, and retired at our Annual General Meeting in May this year. He 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. Kevin 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

Executive Leadership Team

The Co-CEO chairs a monthly meeting of our Executive Leadership Team.

The Executive Leadership Team is composed of the Executive Vice-Presidents of the Company, and manages day-to-day operations of the Group's businesses, under the supervision of the Board. The Board maintains a schedule of matters reserved to the Board, and sets the financial parameters of the Executive Leadership Team's activities.

Executive Leadership Team remit:

- Recommendations to the Board for strategic priorities, and formulation of forward-looking strategy.
- Design, construction and maintenance of our portfolio of properties.
- Performance management through KPIs, strategic objectives and budget.
- Health, safety and security.
- Customer engagement, product development and brand standards.
- Asset management and capital investment (within parameters set by the Board).
- Procurement and cost efficiency.
- ESG.
- Reputation and stakeholder management.
- Risk management.
- People, culture and values.
- Talent and succession.
- Information technology and cyber.



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Boris has over 50 years of experience in the hotel industry.

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



Inbar Zilberman

Chief Corporate & Legal Officer

Inbar is a key member of the Executive Leadership Team and PPHE's C-Suite and she joined PPHE Hotel Group in 2010. Inbar leads and manages the Group's corporate initiatives and corporate expansion as well as multi-jurisdictional legal, corporate finance, M&A, Corporate Governance, insurance and compliance, and ESG functions.

Inbar brings an expertise in negotiations and deal execution and heads the Group's business development and expansion team, exploring, identifying and negotiating new projects in the Group's regions of operation, from deal structuring, acquisition, financing and planning/ construction set up.

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 a partner at the law firm Bach, Arad, Scharf & Co. Inbar holds an LLB from Tel Aviv University and an LLM from LSE. She is a qualified solicitor in England, Wales and Israel.



Robert Henke

Executive Vice President Commercial Affairs

Robert is Executive Vice President Commercial Affairs for PPHE Hotel Group and 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 United Kingdom and the successful implementation of Radisson Hotel Group's marketing programmes and systems.

He re-joined the Group in 2007 and since then has significantly developed the central commercial organisation, creating and leading a multi-disciplined, international team of specialists.

Robert has lived and worked in Aruba, Los Angeles and London, and is based at the Group's head office in Amsterdam. Prior to joining PPHE Hotel Group, he held international Marketing positions at Golden Tulip Worldwide and Hilton Hotels Corporation. He holds a Bachelor Degree in Hotel Management Business Administration from Hotelschool The Hague, with a major in marketing.



Daniel Pedreschi

Regional Vice President Operations, The UK

Daniel is the Regional Vice President Operations, The United Kingdom for PPHE Hotel Group and oversees all UK hotels, restaurants and bars in collaboration with each individual General Manager, as well as focusing on new properties 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 next to his existing responsibilities.

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



Michelle 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 onto Park Plaza London Victoria 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.

Michelle brings a strong operational and commercial background to the business and educational qualifications including the highly acclaimed completion of the General Manager Programme in strategic management at Cornell University in the United States, as well as being a Master Innholder and a holder of the Freedom of the City of London.



Jamie Kerr

Executive Vice President Restaurant & Bars

Jamie joined the Group in 2022 as Executive Vice President of Restaurants & Bars. Jamie has an extensive track record in hospitality operations, having most recently opened Mama Shelter Shoreditch (London) as General Manager. Previously, he held General Manager roles with Soho House Group, and entertainment sales roles with Firmdale Hotels, along with running restaurants with notable chefs such as Gordon Ramsay and Mark Hix.

Jamie oversees the division's outputs and development, which includes the established and successful TOZI Restaurant & Bar, Chino Latino and ARCA brands, and the introduction of JOIA – the flagship restaurant, bar and rooftop at art'otel London Battersea Power Station. Jamie also leads and develops the new concepts going into art'otel London Hoxton.

Corporate Governance

Board responsibilities						
Strategy and management	Structure and capital	Financial reporting and controls	Risk management and internal controls	Environmental, Social and Governance	Stakeholder engagement	Performance
<ul style="list-style-type: none"> Define and set the Company's strategy for creating value for all stakeholders, including society as a whole, through sustainable success over the long term Monitor and review performance against strategic objectives Oversee resourcing, ensuring the tools are available for management and the Group as a whole to meet the Group's objectives and measure performance against them 	<ul style="list-style-type: none"> Determine the corporate structure of the Group Set the management and control framework Determine rules and procedures for dealing in the Company's securities Structure and governance of subsidiaries 	<ul style="list-style-type: none"> Approve financial and management reports Control of dividend policy and implementation Capital and operating budget management Major capital project oversight 	<ul style="list-style-type: none"> Review effectiveness of risk and control processes Set the Group's risk appetite Report on risk management (see page 84) Oversee and review internal reporting channels, including whistleblowing reports 	<ul style="list-style-type: none"> Set targets for carbon reduction and other environmental KPIs Aim for carbon net zero Oversee ESG Strategy delivery (see pages 66 and 129) <p>Society and workforce culture:</p> <ul style="list-style-type: none"> Promote a guest-focused culture in line with the strategy, valuing integrity, transparency and respect Embed a culture that rewards personal and team performance aligned to our strategic and financial objectives to maintain and attract top talent Ensure sustainable value-creation for shareholders and for society as a whole <p>Business ethics:</p> <ul style="list-style-type: none"> Control and prevention of corporate offences Effective management of data protection and privacy Conflict of interest management Maintain policies for good governance and ethical dealing Compliance with Financial Reporting Council's Corporate Governance Code 2018 Ensure that workforce policies and practices are both ethical and consistent with the Company's values and long-term objectives, management is capable and effective and sound planning is in place 	<ul style="list-style-type: none"> Build and maintain successful relationships with a wide range of stakeholders, created on trust, transparency and mutual respect Understand what matters to key stakeholders Ensure the Board engages with stakeholders directly Oversee executive engagement with stakeholders 	<ul style="list-style-type: none"> 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

Strategic report

Corporate governance

Financial statements

Appendices

Corporate Governance – continued

Division of responsibilities

The Financial Reporting Council's Corporate Governance Code 2018 (the Code) requires a clear separation of powers and responsibilities between the members of the Board. As the Chair of the PPHE Hotel Group Board does not meet the requirements of Provision 9 of the Code, this table demonstrates how the Board ensures that its independence and objectivity is maintained through the work of the Senior Independent Director and other non-executive members. The role of each member of the Board carries separate duties and accountabilities, and collectively they ensure effective communication with stakeholders.

Chief Executive Officer		Senior Independent Director		Non-Executive Chair		Non-Executive Deputy Chair	
Boris Ivesha		Nigel Keen		Eli Papouchado		Ken Bradley	
Role	Responsibilities	Role	Responsibilities	Role	Responsibilities	Role	Responsibilities
<p>It is the duty of the CEO to conduct day-to-day management of the Group and the implementation of the Board's strategy and policy on the Board's behalf. The CEO provides the executive leadership the business needs.</p> <p>The CEO is assisted by the C-Suite, comprising the Co-CEO, the Chief Financial Officer and the Chief Corporate & Legal Officer. Additionally, the Executive Leadership Team (see pages 100 and 101) supports this role, and is accountable to it.</p>	<ul style="list-style-type: none"> Effective management Strategic implementation in line with the culture, values and purpose of the business Accountability to Chairman for achieving key objectives Reporting on strategic development Oversight of Executive Leadership Team Talent development Performance management of Executive Leadership Team Resource management for Executive Leadership Team 	<p>It is the duty of the Senior Independent Director to lead the Non-Executive Directors in their oversight and scrutiny roles, and provide support and encouragement to them. He must also provide a sounding board for the Chairman and serve as an intermediary for the other Directors and shareholders.</p>	<ul style="list-style-type: none"> Shareholder engagement, including providing a channel for shareholder feedback on executives and governance issues in the Company Support of the Chairman in delivering strategic leadership of the Board Evaluating the effectiveness of the Chairman on behalf of the other Directors Support annual Board evaluation Challenging the Board where relevant to help in developing proposals on strategy and objectives 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 	<p>As founder of the business, the Chair is responsible for its long-term, sustainable health, leadership and strategic direction through oversight and scrutiny. The Chair also has the duty of setting the Board's agenda, and ensuring the Board is effective in its role.</p>	<ul style="list-style-type: none"> Strategic leadership of the Board Setting the agenda Determining strategic priorities Setting key objectives Establishing and maintaining the Company's purpose, values and culture Promoting a culture of openness and debate in Board meetings Ensure Directors are adequately resourced to discharge their duties Ensure Directors have access to clear, timely and prompt information for key decision-making Stakeholder engagement, including communicating and championing the views of stakeholders to the Board Monitoring progress against strategic priorities Regular contact with the Executive Leadership Team and relevant function heads to ensure that the Board is properly informed for oversight purposes, and the Executive Leadership Team is properly resourced to discharge their duties 	<p>As Chair of the ESG and Nomination Committees, Mr. Bradley has overseen the transition and succession arrangements following the retirement of the outgoing Non-Executive Deputy Chair, Kevin McAuliffe. He has also taken on some aspects of this role, with a view to ensuring continuity of oversight and independence required by Provision 9 of the Code.</p> <p>As Chair of the ESG Committee, he is responsible for ensuring the appropriate governance structure and functioning of the Board, as well as conducting the annual Board effectiveness evaluation.</p>	<ul style="list-style-type: none"> Oversees Corporate Governance for the Board and ensures appropriate and tailored standards are in force to comply with the Code As Chair of the Nomination Committee, monitoring the induction programme in place for new Non-Executive Directors Supporting the Chairman in ensuring the Directors are receiving and have access to clear and timely information as needed to make key decisions Oversees annual Board and Committee evaluations and puts in place a plan to act on the results of the evaluation Consulting with Remuneration Committee about executive remuneration Acting as designated Non-Executive Director for workforce engagement

Statement of Compliance

For the year ended 31 December 2023, 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, for the Code; and
- www.handbook.fca.org.uk, for the FCA's Disclosure Guidance and Transparency Rules sourcebook as well as Listing Rules.

Corporate Governance

At 31 December 2023, the Board was composed of eight Directors (with an alternate for the Chairman). Three Directors are Executive Directors, and five are Non-Executive Directors (including the Chairman). The Executive Directors are: the President and Chief Executive Officer, Boris Ivesha; the Co-CEO, Greg Hegarty; and the Chief Financial Officer, Daniel Kos. The Chairman, Eli Papouchado, is not considered independent, as he is a Red Sea Party (please see page 144 for a definition of Red Sea Party in the Directors’ Report as required by the Disclosure and Transparency Rules). All Board members are subject to annual re-election by shareholders at the Annual General Meeting.

Appointment of a new Director

Greg Hegarty was appointed to the Board and was elected by shareholders as a Director at the 2023 Annual General Meeting. Greg’s appointment was in line with the succession planning programme maintained by the Nomination Committee of the Board, and was permitted following the appointment of Marcia Bakker as Non-Executive Director in 2022, as this ensured the correct balance of Executive and Non-Executive Directors. Greg’s expertise and dynamic management have been of vital importance to the business, and the Board believed that it required an executive of his calibre and importance to the success of the business to be a member. Greg’s appointment was subject to the formal requirements of the succession plan as reported on by the Chair of the Nomination Committee on page 118. He brings vital knowledge, experience and skills to the Board, and his appointment is timely to ensure a regular refresh of personnel.

Balance of independent Non-Executive Directors

The Code requires that at least half of the Board, excluding the Chair, be made up of independent Non-Executive Directors, and that no one individual or group should be allowed to dominate decision-making.

After due consideration was given to all factors that are likely to impair, or appear to impair, the independent judgement of each Director, the Board concluded the following:

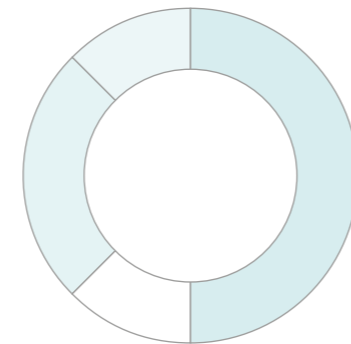
There are four independent Non-Executive Directors: Ken Bradley, Nigel Keen, Stephanie Coxon and Marcia Bakker.

Kevin McAuliffe, who retired from the Board in May 2023, was not independent within the meaning of the Code because of his tenure.

The Alternate Director and Executive Board members are not independent, including the new appointment in 2023, Greg Hegarty.

Directors of the Company

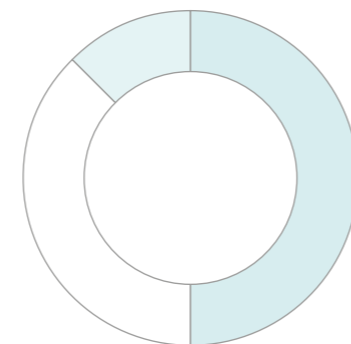
(1 January 2023 – 23 May 2023)



- Independent Non-Executive Directors **4**
- Non-Executive Directors (non-independent) **1**
- Executive Directors (non-independent) **2**
- Chair or Alternate Director (non-independent) **1**

Directors of the Company

(23 May 2023 – 31 December 2023)



- Independent Non-Executive Directors **4**
- Executive Directors (non-independent) **3**
- Chair or Alternate Directors (non-independent) **1**

Board activities in 2023

Strategy, operational performance and risks

- Regularly received operational updates from the Executive Leadership Team
- Regularly reviewed potential growth and development
- Launched our European Hospitality Real Estate Fund with joint venture partners Clal insurance to encourage other investors to provide capital for pipeline projects
- Regularly reviewed principal risks
- Regularly reviewed the results of, and evaluated the performance of, the internal audit
- Reviewed the results of, and evaluated the performance of, the external audit

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)

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 compliance with banking facilities

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 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
- Responded to investors collectively in announcements following votes at the Annual General Meeting, and individually in exchange of correspondence

Board policies and matters reserved to the Board

Our Board reserves to itself governance of the Company in line with statutory obligations and fiduciary duties. In particular, the Board maintains a number of powers (Reserved Powers) which are not delegated to Committees of the Board or to the executive management team. These include:

- 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

Transparency and accountability is maintained by processes and procedures set out in documents reserved to the Board including:

- Articles of Incorporation
- Schedules of Matters Reserved for the Board
- Board Committee terms of reference

Each Director may obtain independent professional advice at the Company’s expense in the furtherance of their duties as a Director. The Board and the Committees of the Board have access to legal support from the Chief Corporate & Legal Officer, external law firms, and other specialist consultancies, such as remuneration consultants and recruitment specialists. Where recruitment consultants have advised on executive remuneration, or recruitment specialists on Board appointments, these are identified as appropriate. No such recruitment specialists were required in 2023.

The Board reviews all governance policies and terms of reference periodically to ensure the policies remain current and appropriate to the needs of the Board and Company.

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.

Exercising oversight and ensuring adequate time to carry out duties

The annual timetable for Board meetings and meetings of the Board Committees allows for ample time to discuss and debate matters. There is a timetable set for the submission of papers prior to meeting so that Directors have ample time to familiarise themselves with the agenda, and prepare for the meetings. The agenda is set by the Chair so that there is ample time for discussion and debate, and all Directors are expected to contribute in all meetings to ensure proper oversight and diversity of perspectives and opinions. Non-Executive Directors are required to demonstrate that they have sufficient time to fulfil their duties, and are accountable to the Chair and Senior Independent Director for this. The Chair of the Nomination Committee monitors external appointments for all Board members to ensure sufficient capacity.

Oversight requires all Board and Committee members to ensure they have considered (and where relevant and lawful), solicited the views of relevant stakeholders regarding the issues to be discussed at meetings.

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.

Chief Corporate & Legal Officer and Company Secretarial Support

The Chief Corporate & Legal Officer and the Company Secretary, Suntera Global (formerly Carey Commercial Limited*), provide important support functions to the Board and its members. As a member of the C-Suite, the Chief Corporate & Legal Officer is required to ensure that internal governance arrangements below Board level for the workforce are aligned to the directions of the Board and the risk appetite of the Company as determined by the Board.

Responsibilities of the Chief Corporate & Legal Officer to the Board

- Ensures compliance with the Financial Conduct Authority’s Listing Rules (LR) and Disclosure Guidance and Transparency Rules (DTR)
- Responsible for information flow to the Board (via the Company Secretary)
- Advises and supports the Chair and Board on all governance matters
- Ensures all Directors have access to the advice and services of internal lawyers and external, independent professional legal advice at the Company’s expense in furtherance of their duties
- Oversees and advises the Board on the Company’s Corporate Governance practices, policies and procedures with respect to statutory and other Corporate Governance frameworks
- Ensures the Board is adequately resourced for effective and efficient function
- Supports the ESG Committee of the Board in the formulation and execution of the Group’s ESG Strategy

Responsibilities of Company Secretary to the Board (Suntera Global)*

- Provides compliance support with respect to The Companies (Guernsey) Law, 2008 (as amended or replaced from time to time)
- Maintains the Board and Committee meetings diary and agendas
- Ensures the Board receives accurate, timely and clear information prior to meetings
- Ensures that prior to Board meetings, Directors receive all necessary information to facilitate open, constructive discussion and debate

* Carey Commercial Limited announced it had become part of Suntera Global on 16 May 2023.

Board evaluation

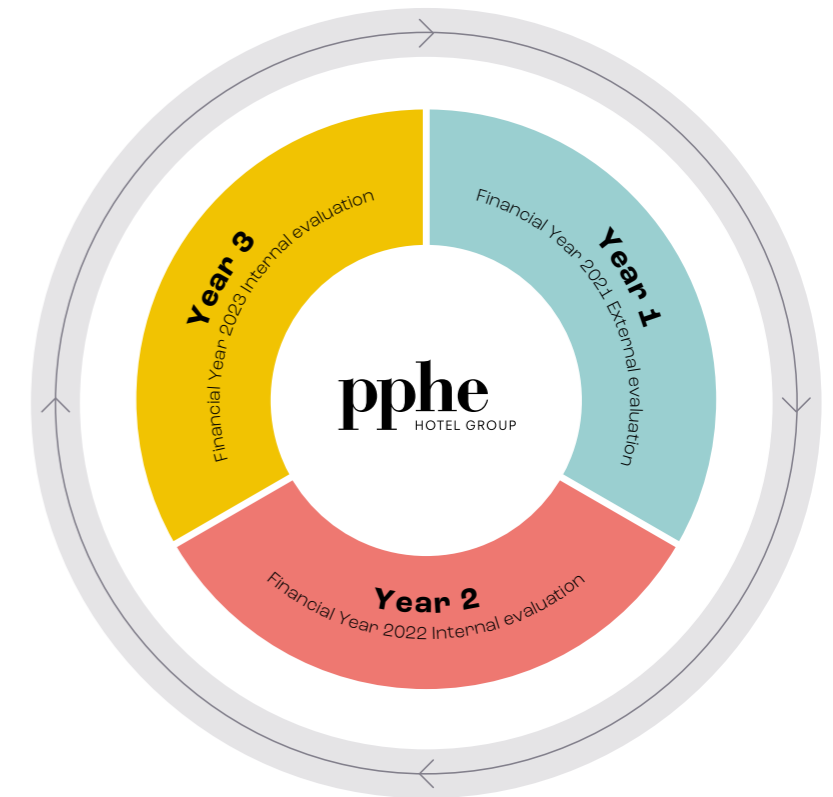
The Board evaluates its performance and the effectiveness of Board Directors and Board Committees on an annual basis. Every three years, this annual evaluation is conducted by an external evaluator. In 2021, this external evaluation was conducted by Independent Audit Limited. This company has no connection with the Board or members of the Executive Leadership Team. In 2022, the internal evaluation was conducted by the Non-Executive Deputy Chairman. In 2023, the Chair of the ESG Committee and Nomination Committee conducted the internal evaluation.

The purpose of the evaluation is to establish the effectiveness of the Board, the Directors and the Committees of the Board in discharging the functions required of them by law, by good Corporate Governance practice and by the internal frameworks of the Company. It includes consideration of the tenure of each Director, and their skills, experience and length of service. It also includes an assessment of each Director’s external responsibilities to ensure that they are able to commit sufficient time to discharge their duties effectively.

The evaluation covered the full scope of the Board and each Committee’s work, providing recommendations, suggestions and an overall assessment of effectiveness. A summary is included in the table below.

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. Annual review of governance documents is a requirement of best practice.



2023 Board Evaluation Summary (with updates on 2022 outcomes)

2023 identified focus area	2023 outcome
(1) Objectives, Strategy & Remit	<ul style="list-style-type: none"> • Information flow is good, and improving • Strategy away day well-received and recommended for 2024 • Engagement on 'Project Elevate including NED engagement was very useful
(2) Performance Measurement & Management	<ul style="list-style-type: none"> • High standard of financial information provided • Open culture noted and improving • High levels of interaction and trust • Requests for clarification and further information received promptly
(3) Relations with Executive Management & Boardroom	<ul style="list-style-type: none"> • Strong and improving relationships • NED meeting following up on Board’s monthly call with management could be more structured • Oversight of HR changes – talent management and succession planning is an identified priority for 2024, building on new appointment
(4) Risk Management	<ul style="list-style-type: none"> • Progress in this area noted in 2023 • Increase in resources for Internal Audit and Risk function viewed as performing well • Strong embedding of risk management culture led by executive

Update on 2022 priority areas and 2023 outcomes

Committees	Priorities identified in 2022 Annual Report	Update
Audit Committee	<ul style="list-style-type: none"> Evaluating the potential impact of the Department for Business, Energy and Industrial Strategy (BEIS) consultation document on audit and Corporate Governance reform Continue to oversee the assurance plan over financial internal controls and work with the Head of Internal Audit and Risk to develop assurance plan for non-financial internal controls 	<ul style="list-style-type: none"> See Audit Committee Report on page 122 The Audit Committee reviewed its own approach to Corporate Governance FRC Audit committees and the External Audit: Minimum Standard Non-financial controls overseen, with a focus on ESG
Remuneration Committee	<ul style="list-style-type: none"> Review of Remuneration Policy 	<ul style="list-style-type: none"> A review of Directors’ fees and structure to ensure best practice and maximum transparency and accountability
Nomination Committee	<ul style="list-style-type: none"> Succession planning Completion of the Board induction programme for Marcia Bakker, including UK and Arena Hospitality Group site visits 	<ul style="list-style-type: none"> See Nomination Committee Report on page 115 Induction for Marcia Bakker completed Succession plan for Non-Executive Deputy Chairman implemented
ESG Committee	<ul style="list-style-type: none"> Oversight of ESG Strategy implementation and progress reporting, including on progress towards net zero target 	<ul style="list-style-type: none"> See ESG Report on page 129 Strategic targets implemented Data collection for baseline to set additional targets for water and waste implemented Net zero commitment letter sent to SBTi Board evaluation felt strong leadership required to embed targets in the business

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. Additionally, the Senior Independent Director takes responsibility for ensuring that all viewpoints are available to the Board.

Communication between the Board and the Executive Leadership Team

Management, including the Executive Leadership Team, reports to the Chief Executive, whom the Board has made responsible for oversight and performance management. The Chief Executive reports to the Board on this.

The Executive Leadership Team had monthly business update calls with the Non-Executive Directors in 2023. Further, the Non-Executive Directors conduct sub-meetings following the business update calls without others in attendance to ensure good oversight, and have established a permanent forum to ensure that information-flows and transparency were well-maintained. This enables the Board to effectively carry out its duties and make swift decisions. 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 that management takes corrective actions in a timely manner.

Culture and values

The Board sets the culture and values of the business, and works to engage with all stakeholders to communicate and promote the culture and values. This requires the Board to review annually policies which maintain the culture and values and facilitate the business ethics of the Company. Policies set out the behaviours required of people working within our Board, management and operations, and aim to empower people by providing them a framework and guidance. When reviewing policies, the Board takes account of developments in the law, in stakeholder expectation, and best practice to ensure a strong framework optimised to the specific needs of the business.

Through the ESG Committee, the Board has committed to rigorous targets in environmental and social performance. These are set out in detail in the ESG section and in the report of the ESG

Board meetings: Procedures

Notices	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.
Review of any conflicts arising	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. Directors must also disclose their shareholdings and any changes to those that have occurred.
Standing agenda items	<ol style="list-style-type: none"> Strategy Management updates from: <ul style="list-style-type: none"> Executive Directors Executive Leadership Team Updates on Corporate Governance by Non-Executive Deputy Chairman (supported by the Chief Corporate & Legal Officer)
Non-members in regular attendance	Chief Corporate & Legal Officer
Board succession planning	Regular Executive Leadership Team attendance of Board meetings is part of our succession plan (talent development).

Committee. Important ESG Policies remain reserved to the Board, such as the Conflicts of Interest Policy, the Significant and Related Parties Transactions Policy, and the Whistleblowing Policy. These are reviewed and refreshed annually.

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.

Workforce engagement

Kevin McAuliffe, whilst in the role of Non-Executive Deputy Chairman had the responsibility of acting as the Board member with responsibility for workforce engagement under the terms set out in Provision 5 of the Code. Following his retirement, this responsibility has been transferred under the terms of our succession plan to Ken Bradley, the new Non-Executive Deputy Chairman.

Our team members’ loyalty and dedication is vital to the long-term, sustainable success of the business. They understand our passion to create the best possible experiences for our guests. This is reflected in the ESG targets to further workforce engagement and employee development in order to attract and retain talent at all levels.

Board site visits

In 2023 we visited several of the London hotels including the newly opened art’otel London Battersea Power Station, the development site in Hoxton and Victoria including the subterranean space which was subsequently granted planning permission.

Pulse Surveys

Some team members prefer to offer their feedback anonymously, rather than face-to-face. Let’s Talk, our Pulse Surveys, allow us to monitor employee engagement and other important matters, such as employee awareness of ESG.

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.

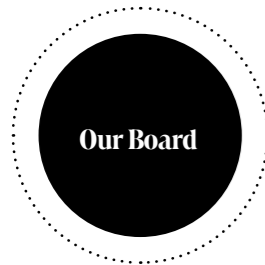
Board and Committee meetings

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:

- Audit Committee
- Nomination Committee
- Remuneration Committee

In line with investor priorities, and to ensure good governance, the Company has established the following Committee:

- ESG Committee



Strategy. Purpose. Culture. Communications.

Sets the strategy and 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 page 115

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 page 122

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 and oversees 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 page 131

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.

Report available on page 129

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
- Liaising with ESG specialists/ consultants
- Oversight of ESG Strategy including carbon net zero through KPIs

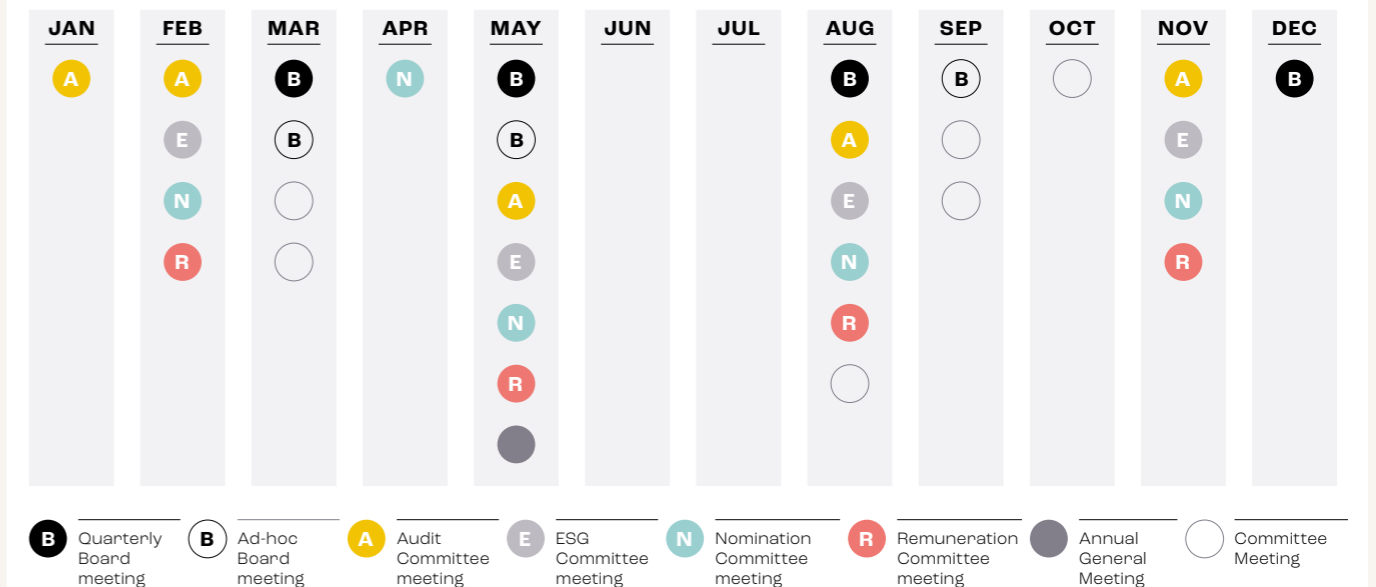
Terms of reference for each Board Committee are available on the Company's website.

Board and Committee membership

Eli Papouchado					
Yoav Papouchado					Alternate Director
Boris Ivesha					
Daniel Kos					
Greg Hegarty					
Kevin McAuliffe					Retired May 2023
Ken Bradley	●	C	C	●	
Nigel Keen	●		●	C	
Stephanie Coxon	C	●	●	●	
Marcia Bakker	●	●	●	●	

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

Board and Committee meeting calendar 2023



Board and Committee meeting attendance 2023

Name	Quarterly Board Meetings	Audit Committee Meetings	ESG Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Ad-hoc Board Meetings	Committee Meetings
Eli Papouchado	1/4	N/A	N/A	N/A	N/A	1/3	N/A
Yoav Papouchado	2 (as alt)	N/A	N/A	N/A	N/A	2 (as alt)	N/A
Boris Ivesha	4/4	N/A	N/A	N/A	N/A	2/3	2/3
Daniel Kos	4/4	N/A	N/A	N/A	N/A	3/3	3/3
Greg Hegarty	2/2	N/A	N/A	N/A	N/A	1/1	N/A
Kevin McAuliffe	2/2	N/A	N/A	2/2	N/A	2/2	1/1
Ken Bradley	4/4	6/6	4/4	5/5	4/4	3/3	5/5
Nigel Keen	4/4	6/6	N/A	5/5	4/4	3/3	N/A
Stephanie Coxon	4/4	6/6	4/4	4/5	4/4	2/3	3/3
Marcia Bakker	4/4	6/6	4/4	5/5	4/4	3/3	N/A



Ken Bradley
Chair of the Nomination Committee



Membership of the Nomination Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Ken Bradley (Chair)	5/5
Stephanie Coxon	4/5
Kevin McAuliffe	2/2
Nigel Keen	5/5
Marcia Bakker	5/5

Dear Stakeholder

I am pleased to present my first report to you as Non-Executive Deputy Chair of the Group, as well as the head of its Nomination Committee.

I would like to thank Kevin McAuliffe for his long service and legacy. Kevin's succession was conducted in line with the succession planning maintained by the Committee. Chairing the ESG Committee (see report on page 129), I have sought to ensure that talent development and future leadership are included in our ESG targets, which ensures a diverse leadership into the future in line with the culture and values of the business.

Succession planning

The responsibilities demanded of a company's Chair and also the Deputy Chair require that they hold the executives to account and provide strong leadership for independent Directors to oversee, question, and ultimately provide shareholder confidence in the long-term sustainability of the business model. I am pleased to support Eli Papouchado in these duties.

Our roadmap towards meeting diversity targets is a combination between our talent development and internal pipeline for Board appointments, and our process for appointment of external Directors where appropriate.

Board composition

We aspire for the Board to be regularly refreshed to ensure diversity and independence. All Board Directors are subject to annual election or re-election by shareholders, which takes place at the Annual General Meeting ('AGM'). Our Non-Executive Directors are independent from the business, and regularly refreshed to ensure diversity and independent challenge to the team. Our Executive Directors are responsible for the day-to-day running of the business. In 2023, as part of long-term succession planning, we announced the appointment of Greg Hegarty, the Co-CEO to the Board, with his election at the 2023 AGM.

Alongside the Board induction provided to Greg, we have continued with the induction programme for our most recently appointed Non-Executive Director, Marcia Bakker (see page 119).

Looking ahead

The culture and values of the organisation depend on the right individuals occupying key positions and delivering long-term sustainable value to stakeholders. The Nomination Committee's task is to ensure that the best possible leadership is in place to manage the business and meet challenges on the horizon. Post balance sheet, we announced Greg Hegarty's appointment as Co-CEO.

I am confident that the changes we have made in 2023 deliver strong, confidence-inspiring leadership, in line with stakeholder feedback and requirements, and I am very happy to present this Nomination Committee Report.

Ken Bradley
Chair of the Nomination Committee

Nomination Committee Report – continued

Nomination Committee evaluation

As at 31 December 2023, the Nomination Committee was composed of four, independent, Non-Executive Directors. Between 1 January 2023 and 23 May 2023, it comprised those individuals, as well as the (non-independent) Non-Executive Deputy Chair, Kevin McAuliffe. Each Director is individually, and the Board is collectively, subject to an annual evaluation. This evaluation considers the independence of each Director. No member of the Nomination Committee is considered to have a personal financial interest in matters to be decided by the Committee. All Non-Executive Directors with the exception of the Chair and the outgoing Non-Executive Deputy Chairman were appointed after 2018. We consider this an important element of ensuring that we respect the Corporate Governance Code provisions relating to tenure and regular refreshing of the Board. The Chair and our Executive Directors represent the voice of experience in consistent delivery of value to stakeholders. Our Non-Executive Directors are independent

from the business, and regularly refreshed to ensure diversity and independent challenge to the team.

Board succession planning

Board succession planning is an ongoing process to ensure that the plan can be implemented for changes to the Board that occur without notice as well as those foreseen well in advance. Given the changes to the composition of the Board that took place in late 2022 and throughout 2023, it has been necessary to revise the succession plan accordingly. We work to maintain and develop a pipeline of suitable internal candidates, who can therefore be prepared to take on the responsibilities of Board-level leadership. We also keep prepared plans for external appointments in the event that these should be necessary and/or desirable. Relevant considerations include:

- Tenure of existing Board members with a view to preserving the independence of independent Directors, and ensuring at least 50% of the Board (excluding the Chair) remains independent;

- Internal talent development and review: ensuring that any list of candidates from the executive management team suitable for consideration for Board appointment in the future meets the skills matrix requirements and diversity requirements of the Board;
- Ensuring that external candidates to fulfil Board vacancies are drawn from a short list composed of broadly diverse candidates. This allows for the best candidate to be selected regardless of their protected characteristics, whilst ensuring that women and ethnically diverse candidates are not unfairly excluded from the process by unconscious bias.

art'otel Zagreb



Nomination Committee's activities and focus 2023

Committee Function	Actions in 2023
Board & Committee composition	<ul style="list-style-type: none"> • Reviewed the composition of the Board to support the strategy, values and culture of the business (see Figures 1, 2 and 3) • Conducted the Board evaluation using the outputs of the external evaluation conducted in 2021 by Independent Audit Limited, and the internal evaluation completed in 2022 by the Non-Executive Deputy Chair • Considered the Committee's own performance and constitution to ensure that it is operating at maximum effectiveness • Reviewed the Board Diversity Policy and other Diversity, Equity and Inclusion policies and procedures • Completed the Director onboarding programme for Marcia Bakker and Greg Hegarty, the most recently appointed Non-Executive and Executive Directors respectively
Board nominations	<ul style="list-style-type: none"> • Greg Hegarty, the Co-CEO, was appointed to the Board in 2023 • He was subsequently appointed Co-CEO on 8 February 2024 • Completed handover from the outgoing Non-Executive Deputy Chair
Succession planning for Board and Executive Leadership Team	<ul style="list-style-type: none"> • Implemented changes to Non-Executive Director roles to incorporate functions previously undertaken by the Non-Executive Deputy Chair • Reviewed and updated succession planning for <ul style="list-style-type: none"> (a) Board members; and (b) Executive Leadership Team.
Diversity and talent management	<ul style="list-style-type: none"> • Prioritised diversity in both Board and Executive Leadership succession plans • Incorporated organisation-wide Diversity, Equity and Inclusion targets into the ESG Strategy
Workforce engagement	<ul style="list-style-type: none"> • Conducted site visits to London hotels, including the newly opened art'otel Battersea Power Station London, the development site at art'otel London Hoxton and Park Plaza London Victoria to review the site of planned changes at basement level • Transferred Board member responsibility for workforce engagement from Kevin McAuliffe to Ken Bradley

Transparency and accountability are key to stakeholder confidence in governance structures. We have provided an illustration of our succession planning process in the following diagrams:

Figure 1: Board succession planning process

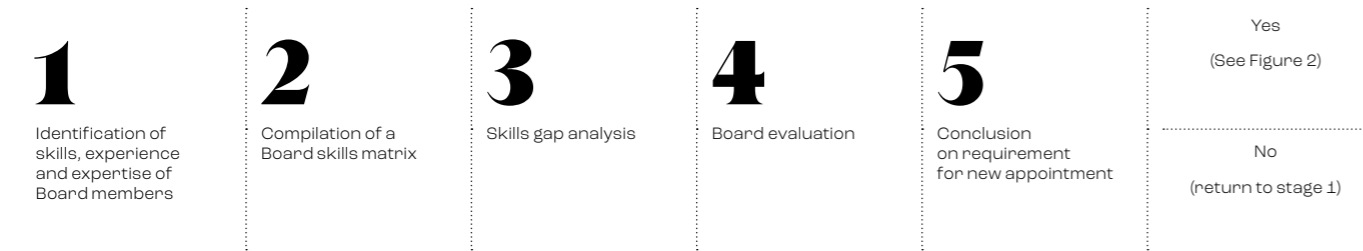
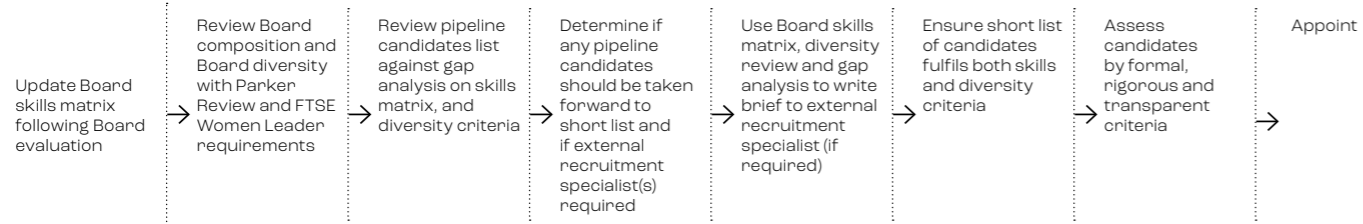


Figure 2: Succession planning process if new Director is required (as required by Principle J of the Corporate Governance Code)



Appointment of new Executive Director to the Board

The Committee’s review of Board composition concluded that in line with the long-term succession plan, Greg Hegarty should be appointed to the Board. It was an opportunity to increase Board oversight over executive leadership by bringing a further executive into Board meetings, and therefore making the role accountable to the duties and responsibilities Board membership requires.

The Board felt that governance and executive oversight would be improved by Greg’s addition to the Board, which in turn would benefit from his long-standing commitment to excellent leadership of the business. This decision was swiftly followed by promoting Greg to Co-CEO, announced on 8 February 2024 (post balance sheet).



Executive Leadership Team succession planning

2023 saw good consistency in the Executive Leadership Team. In October 2023, as part of our organisational review ‘Project Elevate’, James Goulding became our Vice President Human Resources & Talent Technology, a vital role for culture and values within the leadership team. We were very pleased to see James take up this position, which he combines with his responsibilities for HR leadership in the UK region.

Project Elevate itself is an ongoing organisational review with Deloitte to ensure our organisational structures align with our business requirements, our extended multi-brand partnership with Radisson Hotel Group and to support our exciting new pipeline of several new openings across European capital cities.

There is a range of recommendations from Project Elevate in the sphere of people and culture, which James is translating into real and impactful initiatives, aimed at improving our

overall HR service to the regions and hotels, supporting all our team members, as well as supporting teams in other areas of the business on their own Project Elevate initiatives.

In terms of our consistency in developing and retaining talent in executive leadership, 2023 has been a significant success story. Looking ahead, within our ESG Strategy, ‘People’ is one of the four pillars, with targets for development and diversity, equity and inclusion. Now that we can be assessed against KPIs for our targets in this area, we have improved transparency and accountability for all stakeholders.

Board induction

Our two newest Directors serving on the Board were appointed in December 2022 and elected at the May 2023 Annual General Meeting respectively. Both were provided with a bespoke induction plan, according to requirements. As an external appointment, Marcia Bakker required an extensive induction programme to familiarise herself

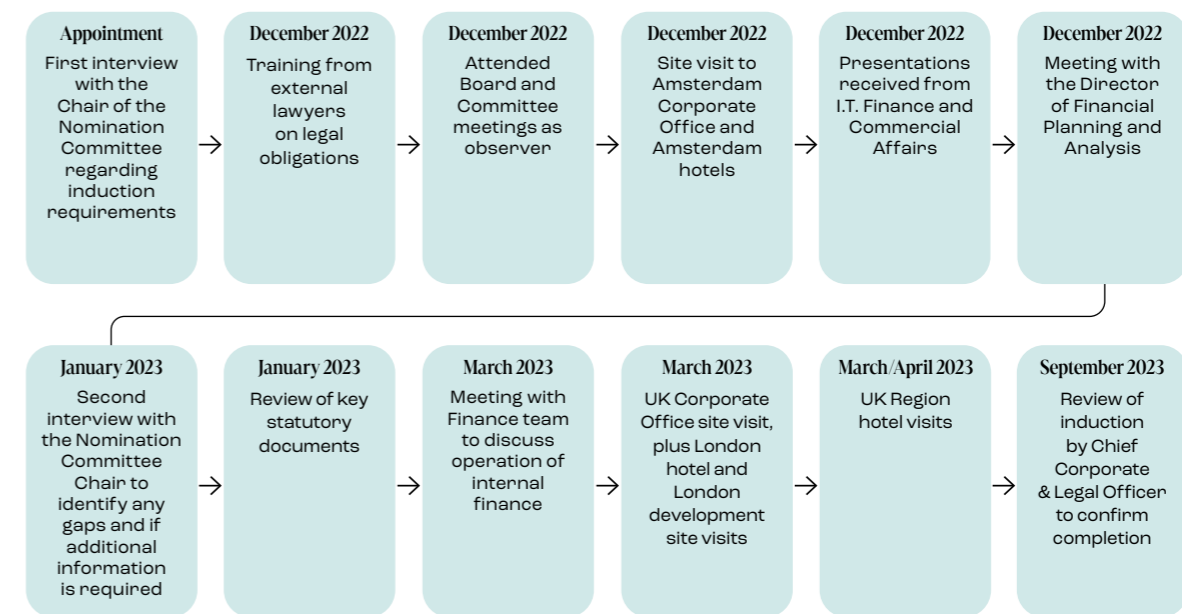
with the business, and apply her extensive experience and expertise in accounting and executive search roles to use in oversight positions. A timeline of her induction programme is included at Figure 3.

Greg Hegarty’s long familiarity with the business meant that his induction was more focused on training to fulfil the responsibilities of a Director. Norton Rose Fulbright completed training in directors’ duties. The contents of the training included:

- Regulatory frameworks applying to PPHE as a Guernsey-registered, London premium listed entity
- Controlling shareholder rules
- Market abuse regulations – in the EU and UK following Brexit
- Key continuing obligations for directors

Directors’ induction is a formalised process owned by the Executive Leadership Team (the Chief Compliance & Legal Officer) and the Board (the Chair of the Nomination Committee).

Figure 3: Marcia Bakker induction programme



Nomination Committee Report – continued

Independence & tenure of the Chair

Provisions 9 and 10 of the Code set out criteria for the Chair of the Board which guarantee independence, by restricting the circumstances under which the Chief Executive may serve as Chair of the Board, and by setting out tenure restrictions and remuneration criteria which risk a material impact on the independence of the Chair.

Our Non-Executive Chair's tenure means we are not compliant with the letter of Provision 9 of the Code. It is important to set out to shareholders why this is the case, and what arrangements are in place to ensure that the purpose of protecting their interests through an independent Chair is achieved by other means.

The Nomination Committee is in support of the determination of the full Board that our reasons for this departure from the Code are robust, and that the risk to the interests of stakeholders in our Corporate Governance is minimal. Eli Papouchado is one of the founders of the Company, and through his personal stake and investment in the Company (see the Directors' Report on page 142) is fully incentivised to prioritise the long-term, sustainable interest of shareholders and other stakeholders. Mr Papouchado has guided the Company from its inception, and has proven and documented experience in demonstrating objective judgement in an independent manner in the interest of shareholders. His critical eye over executive management is of vital importance to the success of the Company, and we see no reason to deviate from this presently. The business relies on the Chair's unique 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.

Until our Annual General Meeting in May 2023, Kevin McAuliffe also acted as Deputy Chair to support the requirement for oversight. My take-up of his role has been designed to ensure that the Code's requirement for independent oversight is met through means other than those prescribed in Provision 9.

We are sensitive to stakeholder feedback, about Corporate Governance or Code non-compliance. We maintain continuous engagement with shareholders, to provide the requisite transparency and accountability. In 2023, we reviewed stakeholder engagement at both Board and Executive Leadership level, to promote further shareholder meetings.

The Nomination Committee and the Board as a whole remains convinced that experience and continuity on the Board is essential to safeguarding the resilience of the business and identifying growth opportunities in the interests of all our stakeholders and society as a whole. The Nomination Committee has therefore made the following decisions:

- that any deviation from the Code is subject to continuing review to ensure it has a robust justification that can be clearly and transparently explained to shareholders to their satisfaction, as in this case; and
- that Mr Papouchado be recommended for reappointment as Chair in 2024.

Board diversity

The Nomination Committee takes responsibility for diversity, equity and inclusion, and maintains a Board Diversity Policy covering all diversity characteristics protected by the Equality Act 2010 which is reviewed annually by the Nomination Committee and proposed for annual adoption by the Board. As part of this, we annually consider the gender balance of those in senior management and their direct reports. Our Board and Executive Leadership Team consist of both men and women and include talented and committed individuals whose business experience, geography, age, gender and ethnicity are varied.

The 2022 Board Diversity Policy contained significant updates as set out in the 2022 Annual Report. Our new Board appointment in 2023 was made on merit, through objective criteria, and in pursuit of good Corporate Governance objectives. Greg Hegarty was appointed in line with the Board succession plan, and reflected his status and importance in the governance of the business as a whole. As such, we are pleased that our long-term succession plan is being implemented properly, with our internal talent development operating to ensure strong continuity in leadership.

The Board Diversity Policy will provide the structure and process for any future appointments process.

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.

Ensuring diversity of experience, viewpoint and skill set on the Board is the priority, but reaching the FTSE Women Leaders and Parker Review targets is incorporated into the recruitment process by including them in instructions to any specialist recruiters instructed as part of the search for new Directors, as per Principle J of the Code. It is our aim to ensure that any short list of candidates contains at least one candidate to assist us in reaching our targets.

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.

In accordance with the Code, the work of the Nomination Committee includes giving consideration to issues of diversity, equity and inclusion, including the mix of gender and ethnicity of those in senior management and their direct reports.

Diversity disclosures

	No. of Board members	Percentage of the Board	No. of senior positions on the Board (CEO, CFO, SID & Chair)	No. in executive management	Percentage of executive management
Reporting on gender identity or sex¹					
Men ²	6	75%	4	6	75%
Women	2	25%	–	2	25%
Other categories	–	–	–	–	–
Not specified / prefer not to say	–	–	–	–	–
Reporting on ethnic background					
White British or other white (including minority white groups)	6	75%	2	7	88%
Mixed / multiple ethnic groups	–	–	–	–	–
Asian / Asian British	–	–	–	–	–
Black / African / Caribbean / Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified / prefer not to say	2	25%	2	1	12%

- ¹ Please refer to pages 98 to 101. Members of the Board and members of executive management are considered two separate populations. The individuals counted in the Board and executive management columns are identified respectively in those tables.
- ² Alternate Director not included. At all times in 2023, there were six men serving on the Board, as the service of Kevin McAuliffe and Greg Hegarty did not overlap.

Disclosures in the table above are made in line with reporting requirements set out in the Listing Rules (LR9 Annex 2).

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)	6/6
Nigel Keen	6/6
Ken Bradley	6/6
Marcia Bakker	6/6

Dear Stakeholder,

I am pleased to present the Company's Audit Committee Report for the year ended 31 December 2023. As Chair of the Committee, I have prepared this report to set out the activities of the Committee in 2023, and how we have discharged our duties. The 2023 Annual Report is drafted to ensure that taken as a whole, all information published to the market is fair, balanced and understandable. We welcome feedback from all stakeholders on our reporting to ensure that it is compliant and serves their needs.

The Audit Committee performs a crucial role in providing independent oversight over the financial reporting process, internal audit processes and the Company's risk management and internal controls. It provides expert scrutiny to ensure the Company's performance is correctly verified by the external auditors and that the reporting of this to our stakeholders is fair, balanced and understandable. It is the Audit Committee's duty to review the viability of the business, and to provide assurance to stakeholders on the process by which our collective assessment of the good health of the business in the short, medium and long terms has been undertaken.

As a Board we maintain the highest standards as set out in the UK Corporate Governance Code. Conscious of the requirements that the external audit should be put out to tender at least every ten years, the Board, led by the Audit Committee, conducted a competitive tender process this year reflecting on Kost Forer Gabbay & Kasieren's position as the Company's auditor for the past 18 years. The Board's decision will be announced in due course. This appointment will be put before shareholders at the upcoming Annual General Meeting for their approval.

Looking ahead to 2024, we anticipate working through the revised Corporate Governance Code and looking to ensure the Company is ready ahead of implementation date.

In addition to the update to the Code, we have taken note of other developments in the ESG field. In particular, the European Union Corporate Sustainability Reporting Directive (CSRD) as well as the IFRS S1 and S2 reporting frameworks will from 2025 require detail in our governance, targets and strategic planning regarding ESG matters. will also supersede our current TCFD reporting framework, which remains in effect for 2023. We have set out in the TCFD Report on page 80 how we have approached climate-related risks this year, and in the risk management section on page 84 how other material ESG risks are assessed, monitored and controlled.

I would like to thank my fellow Audit Committee members for their work, as well as those others who have assisted the Committee in 2023.

The 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 (including leading the process for appointing new external auditors).

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.

Suntera Global 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.

FRC review

In August 2023, the Company received a request for information from the Financial Reporting Council (FRC) following their review of the Company's Annual Report and Accounts to 31 December 2022. The FRC asked questions in the areas of financial liability in respect of Income Units sold to investors; accounting policy applied to restricted deposits and cash; and requirements of IAS 1 (presentation of financial statements) in relation to sources of significant estimation uncertainty. We have provided a detailed response into the queries and have adopted the minimal recommended changes and enhancing our relevant disclosures in the 2023 Annual Report and Accounts. The FRC's review was concluded in December 2023. The FRC's review is intended to consider compliance with reporting requirements and is conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework, although lack detailed knowledge of the Company's business or understanding of the underlying transactions entered into. The FRC's review provides no assurance that the Company's reports and financial statements are correct in all material respects. The FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

The letters from the FRC are written on the basis that the FRC accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Audit Committee's Activities and Focus 2023

Committee Function	Actions in 2023
Monitor the Group's financial statements	<ul style="list-style-type: none"> • Reviewed the Interim Report and Financial Statements for the period ended 30 June 2023, published on 31 August 2023 • Reviewed the form and content of the 2023 Annual Report and Accounts to ensure that the document was fair, balanced and understandable • Reviewed correspondence and engaged with the Financial Reporting Council's Corporate Reporting Review Team on their review of the 2022 Annual Report and Accounts
Monitor and review the effectiveness of the Group's system of internal controls and risks	<ul style="list-style-type: none"> • Received regular updates on the internal audit and Enterprise Risk Management ('ERM'), including: <ul style="list-style-type: none"> • the financial control framework; and • risk incidents and mitigating actions • Received regular updates on and reviewed emerging risks • Updated principal risk schedule and ERM framework • Conducted internal assessment of the Audit Committee's performance to monitor its effectiveness • Set the internal audit plan for FY23 and other third party commission assurance engagements, and monitored the progress throughout the year • Financial assurance and additional deep-dive audit as highlighted in the audit plan and / or the ERM. In 2023, the Audit Committee reviewed a number of assurance reports throughout the year, across seven different areas of financial process and control and in relation to the topic of business continuity and operational resilience • Monitored and reviewed the effectiveness of internal audit function • Considered the structure of internal audit • Continue to assess appropriateness of reporting from subsidiaries
Oversee ethical dealings and compliance for the Group	<ul style="list-style-type: none"> • Reviewed the adequacy of a number of key policies for the effective and ethical governance of the Group, including: <ul style="list-style-type: none"> • the Significant & Related Party Transaction Policy; and • the Whistleblowing and Anti-Bribery & Corruption Policies • In preparing the tender for the new external auditor, reviewed the Policy for the Approval of Non-Audit Services • Reviewed the financial management information being presented to the Board to make sure it is fit for purpose • Met with finance teams for update on internal controls, risk management and reporting matters • Reviewed the FRC's Audit Committees and the External Audit: Minimum Standard and ensured the Audit Committee is performing all responsibilities outlined
Review the Group's external audit function	<ul style="list-style-type: none"> • Considered the audit and interim planning report from the external auditors • Considered the annual and interim findings report from the external auditors • Ensured continued engagement with the external auditors during the external audit process • Met with subsidiary auditors to discuss the status of the subsidiary audits • Evaluated the performance of the external auditor
Conducting the tender process for appointment of a new external auditor	<ul style="list-style-type: none"> • Set out and led the audit tender process • Reviewed audit firm long list (including challenger audit firms) • Drafted the audit tender request for proposal • Reviewed and evaluated the audit firms' written proposals • Conducted and evaluated in person presentations from the audit firms

Effectiveness of the Audit Committee

The Committee is assessed annually for its effectiveness. The evaluation is designed to assess the Committee's effectiveness and compliance with the requirements of the Code and FRC Guidance on Audit Committees, as well as other applicable standards. The conclusion of the evaluations was that the Audit Committee is effective and is compliant with the Corporate Governance Code. Areas of focus were identified and incorporated into the objectives of the Committee set out in the table above.

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 98 and 99.

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 considering the nature of the Group's business and the sector in which it operates.

Audit Committee schedule and resources

The Audit Committee meetings are scheduled a week ahead of the Board meeting 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, operational performance and strategic 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 2023.

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 2023.

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, objectivity 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 one year at the Company's Annual General Meeting in 2023.

The Directors note the recommendation of the UK Statutory Auditors and Third Country Auditors Regulations 2016 and the FRC Audit Committee and the External Audit: Minimum Standard (May 2023), which require the audit contract should be put to tender every ten years. We also note the recommendation of the FRC Guidance for Audit Committees that audit partner rotation should take place every five years. Please see page 126 for further details of the recent formal audit tender process.

Overseeing external auditors

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

In Q4, 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 the following:

- Investment in joint ventures – as part of the incorporation of the European Hospitality Real Estate Fund we asked the auditors to provide their views on management's interpretation of the IFRS accounting treatment of the joint venture and asset transfer to ensure there was no surprises when it came to the year end accounts, further details on the accounting treatment can be found in the Consolidated Financial Statements in Note 5(b)(iii);
- Internal controls – we asked the external auditors to provide specific feedback on the Group's internal controls and how the Groups internal controls compared to similar hospitality groups. The external auditors provided their feedback as part of the final audit closing meeting with positive results; and
- Related party transactions – given the development of art'otel London Hoxton is nearing completion with GC Management we asked the auditors to provide written feedback in their final audit findings document. The external auditors confirmed that all material related party transactions are appropriately disclosed and recorded in the consolidated financial statements.

When the external auditors present their interim review and final audit 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. The External Audit team was headed up by a new engagement partner and new team, as such this led to a healthy amount of professional scepticism. In particular around the account disclosures, internal controls and accounting treatment of the European Hospitality Real Estate Fund.

The key audit matters raised by the external auditors are included in their audit opinion on pages 147 to 149.

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 auditor's 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. The Committee noted that there was a change

in the audit partner and team, and as such recommended that appropriate time was spent ensuring the new team had access to management and the Audit Committee Chair to allow them to get up to speed with the Group.

Policy on engaging external auditors 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 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.

The audit fees due to the external auditors amounted to £320,173 (2022: £300,007). Total non-audit fees amounted to £62,568 (2022: £61,452) 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 2023 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.

Audit Committee Report – continued

Audit tender process

The Directors note the regulatory requirements quoted above on audit tender and rotation intervals. Noting that the 2023 financial year will be Kost Forer Gabbay & Kasierer's tenth year of appointment as the Company's external auditors (18th year of an Ernst & Young Global member firm), during 2023 financial year, the Company undertook a formal tender process. A description of this process and its alignment to the recommendations of the FRC 'Audit Committee and the External Audit: Minimum Standard' (May 2023) follows.

The Audit Committee conducted meetings with a number of candidate audit firms to ascertain whether they had the requisite resources and capabilities, with key criteria being audit quality and the technical capability of each firm. The Audit Committee sought to have as diverse a pool of candidate firms as possible (including challenger audit firms) to allow for sufficient competition and choice.

Following this, the Audit Committee applied transparent and objective criteria to create a short list of three firms who were invited to tender, as they were considered by the Audit Committee to be independent of the Company and suitably qualified to conduct an effective audit process. No firms selected declined to participate. The Audit Committee considered the detailed written proposals from each of the three candidate firms. The Audit Committee then conducted a series of interviews with the candidate firms. The key criteria considered by the Audit Committee in reaching its tender decision included those of audit quality, international hospitality audit experience, audit approach, potential for value add and fees. The Audit Committee considers the candidate selection process to be fair and objective. All Audit Committee members were involved throughout the tender process.

The audit tender process is near completion and an announcement will be made once the board have approved the audit firm. The audit firm chosen will be included in the AGM notice for shareholders to vote on for the upcoming 2024 AGM.

Internal audit

The Company has an internal audit and risk management 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 follows 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 review the risk appetite statement, current risk profile of the Group and 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 them to satisfactorily complete such work plans. The resourcing of this team was reviewed in 2023 to reassess if there is enough capacity in the team. The conclusion was that more resources would be needed to deliver on the 2023 internal audit plan; as such two internal audit specialists were recruited during the year.

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.

In line with the 2023 internal audit work plan, the Audit Committee instructed the Head of Internal Audit and Risk to perform work focused on the following:

- Business Continuity and Operational Resilience
- Hotel Cash Management
- Unit Holder Payments
- Fixed Asset Accounting
- Travel and Expense Management
- Treasury and Cash Management
- Reserve to Cash Processes
- Inventory Management

Expert third party assurance was also instructed in respect of cyber security prevention and detection.

All these areas were highlighted in the enterprise risk management system or form part of the Financial Assurance Programme. The Audit Committee undertakes an annual review of the Internal Audit and Risk function for effectiveness. Additionally, it implemented new automated processes in 2023 to improve working practices and communication between the team and the risk owners. The Audit Committee is satisfied that the quality, experience and expertise of the internal audit function was appropriate for the business.

Financial controls

The Financial Control Framework maps financial controls across the business and identifies control owners. The control owners are asked to confirm compliance with the expected controls through self-certification. Financial Assurance has been the primary focus of the deep-dive work of the Internal Audit and Risk function in 2023.

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 process for evaluating the effectiveness of the ERM system and controls requires the output of the system to be benchmarked against similar organisations, using publicly available information. It is also benchmarked against reports and publications from appropriate professional bodies and institutions. The formal assurance process takes place annually.

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.

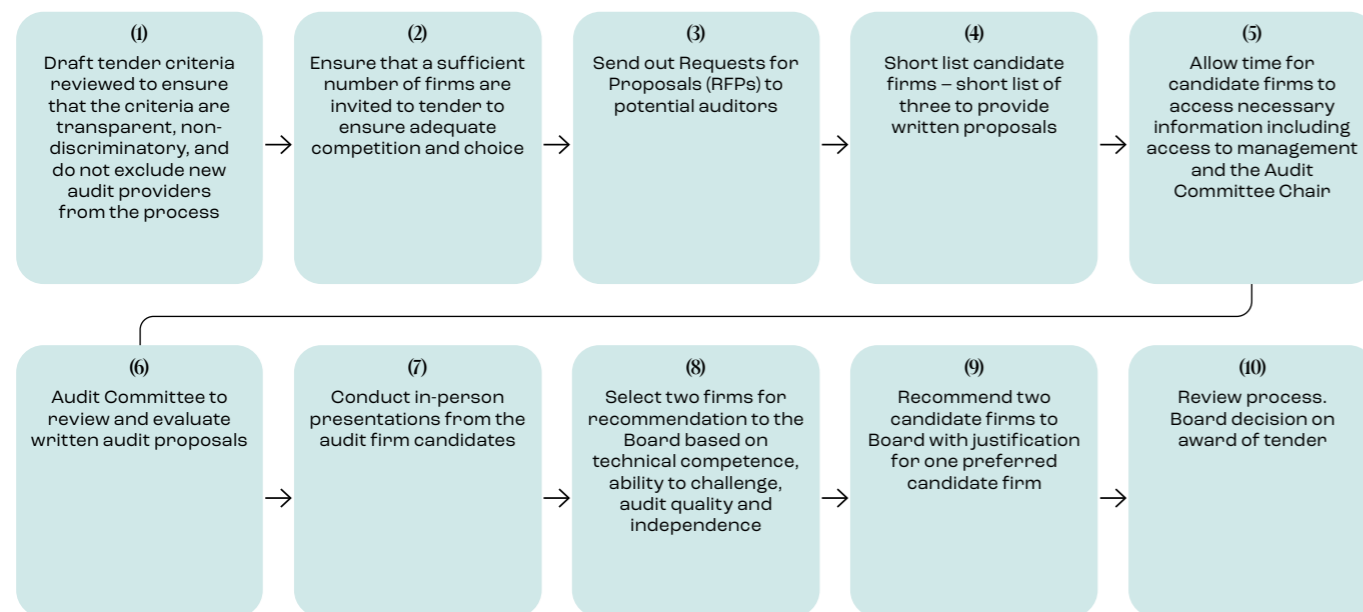
Risks which are inherent to all businesses either by region, standard business activity, nature of our industry, climate, climate change and measures to limit carbon or due to social and geo-political causes are also reviewed by the Audit Committee with the aim of implementing appropriate controls and monitoring systems. When reviewing risks, the Audit Committee takes into account material external socio-economic and geo-political 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 undertaken work with the ESG Manager for the Group to ensure that the ERM system appropriately records climate risk. The climate risk work undertaken with the ESG Manager involves review of existing climate risks, review of changes and upcoming legislation, and corresponding re-assessment of the climate risks to the business. This process has been overseen by the Audit Committee and for further details on these risks please see the TCFD Report on page 80.

The detailed assessment of the principal risk, emerging risks and uncertainties facing the Group is included on pages 84 to 94.

Figure 1: Process for conducting tender for external auditors



Minimum Standards for Audit Committees

During 2023, the Audit Committee reviewed its terms of reference against the requirements of the ‘Minimum Standard for Audit Committees and External Audit’ issued by the FRC (the ‘Standard’). The Audit Committee is of the view that an early adoption of the Standard would enhance the Audit Committee’s terms of reference but also the internal processes put in place by the Company in relation to auditor evaluation and reporting. The Audit Committee also considered the requirements of the Standard when undertaking the audit tender during the year.

Following the review, the Audit Committee concluded that the terms of reference and internal processes remain fit for purpose. An annual assessment of the terms of reference and internal processes against the Standard will be conducted to identify any potential shortcomings.

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 judgements 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 2023 Annual Report and Accounts, the significant issues considered, and where the Audit Committee challenged the Executive and senior management, were the following:

- **Information security** – The Audit Committee continues to monitor the information security risks. The Audit Committee meets regularly with the IT Security Manager and Head of Internal Audit and Risk to receive updates on technology risk environment, ongoing systems controls and monitoring and emerging risks in this area. This informs the Audit Committee on what third party assurance is instructed during the year.
- **Viability / Going concern** – As a result of law and best practice, ensuring this is a standing item of focus for the Audit Committee. The Audit Committee considered the appropriateness of the viability and going concern assessment recommended to the Directors that they collectively make and sign the statements on page 146.
- **Impairment testing** – The Group’s impairment review requires significant judgement in estimating the recoverable amount of its intangible assets, property, plant and equipment and the IFRS 16 right-of-use asset. The Audit Committee reviews the independent property valuations and 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 (APMs)** – The Audit Committee in reviewing the Annual Report and Accounts has challenged management on their use and definitions of APMs.

• **Climate change / ESG** – The Audit Committee makes its own assessment of the risks and opportunities posed by climate change and other ESG matters independent of the oversight of these matters by the ESG Committee of the Board. The Audit Committee will require performance reports against KPIs for the Strategic Objectives and will continue to assess whether third party assurance is required.

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.



Ken Bradley
Chair of the ESG Committee



Membership of the ESG Committee and meeting attendance

Name of Director	Meetings attended and eligible to attend
Ken Bradley (Chair)	4/4
Stephanie Coxon	4/4
Marcia Bakker	4/4

Dear Stakeholder,

In 2023, we have sought to follow up on our materiality assessment of our impact on environmental, social and governance issues of importance to our stakeholders, and the impact on us of a changing environment, Corporate Governance and social landscape. This assessment is known as a ‘double materiality’ assessment as it takes into account both our impact on environment and society as a business, and the impact changes to the environment and social changes have on our long-term success. This ensures we are looking ahead and are aware of risks and exploring new opportunities for the benefit of all stakeholders. We have worked hard to set targets internally, which will enable us to be accountable to our stakeholders on environmental, social and governance performance.

Continuation of the Committee

The Committee takes the view that in the long term, the responsibilities of the Committee will converge with those of our other Board Committees, leading to a point where a separate ESG Committee is no longer required. We aspire that ESG and non-financial reporting are completely integrated into the strategy and financial reporting of the business. As we continue the work of benchmarking, setting robust targets, and ensuring accountability against rigorous standards, in the short to medium term, the ESG Committee will remain as a stand-alone body.

Strategic oversight

We are very pleased to announce new ESG targets in our strategy. Targets can only be set once we are satisfied we have the correct data for our baseline position, and whilst this work is ongoing in some areas, for example, in waste management we have hit a milestone in committing to the Science-Based Targets Initiative (SBTi) that we will have verified, science-based targets for net zero before the end of 2025.

Our oversight and the way we are held accountable by the market lie in good data. We are reporting more detailed carbon data this year than previously, having worked to improve the emissions factors for Scope 3 carbon.

We are confident that our investment in efficient technologies, in switching from gas to electricity, and purchasing certified renewable electricity will drive down Scope 1 and 2 emissions in line with net zero ambitions, but Scope 3 is less under our control, and relies on dynamic cooperation with our supply chain partners.

Strategic outcomes

Double materiality will be a regulatory requirement in future, however, our early adoption has allowed us to focus strategically on where we can have the greatest positive impact for our stakeholders. The appointment of a full-time ESG Manager reporting directly to the Group Corporate & Legal Officer ensures that there is dedicated resource to keep us working towards our strategic objectives. The ESG Ambassador network allows everyone working in the hotels and offices to be fully engaged with our strategic approach and to feel they are working to a common goal.

I commend the ESG Report found on page 66 to you, which demonstrates the value we have created in this area in 2023.

Social targets

Alongside carbon reductions, we have other environmental responsibilities to stakeholders, such as biodiversity in our property portfolio, and reducing stress on limited resources like water and waste management facilities. We also have important social responsibilities, such as ensuring adequate labour standards in our supply chain, and ensuring we are engaging with our teams to be an employer of our choice.

Governance

Good governance is the foundation stone of stakeholder confidence in the business and its long-term sustainability. We therefore consider it important that performance against ESG non-financial metrics forms part of remuneration.

ESG Committee's 2023 activities and focus

Function	Actions in 2023
Performance of the Committee	<ul style="list-style-type: none"> Reviewed the Committee terms of reference Received carbon literacy training
Oversight of Climate-related risk and reporting	<ul style="list-style-type: none"> Sent letter to SBTi to commit to verifying science-based targets Reviewed the climate risk assessment undertaken for TCFD reporting Approved TCFD Report for publication
Diversity, Equity and Inclusion (DEI)	<ul style="list-style-type: none"> Horizon scanning for best practice in DEI practices and reporting
ESG Strategy	<ul style="list-style-type: none"> Review of targets set internally for accountability through metrics Oversight of development of ESG Strategy, including data-gathering projects and scrutiny of value add from membership of Industry forums



Nigel Keen
Chair of the
Remuneration Committee



Membership of the Remuneration Committee and meeting attendance

Name of Director	Meetings attended	Eligible to attend
Nigel Keen (Chair)	4	4
Stephanie Coxon	4	4
Ken Bradley	4	4
Marcia Bakker	4	4

Dear Stakeholder,

It is my pleasure to present the Remuneration Report for the year ended 31 December 2023. The report will be presented for an advisory vote of shareholders at the forthcoming Annual General Meeting. The current Remuneration Policy has been approved by the shareholders through an advisory vote in the 2021 Annual General Manager for the years 2022-2024.

As a Guernsey-incorporated company, the Company is subject to The Companies (Guernsey) Law, 2008, rather than the UK Companies Act 2006. Nonetheless, we recognise that as a premium-listed

company on the London Stock Exchange, investor expectation is that we keep a high standard of governance. This is in line with our goal of effective, transparent and accountable Corporate Governance. Accordingly, we have engaged with stakeholders in producing this remuneration report, both through individual engagement with me in my capacity as Chair of the Committee and Senior Independent Director, and with the Board as a whole.

I am pleased to present the report for 2023.

2023 performance

2023 has been a year to celebrate for the Company. The Group has delivered a full recovery across the business in 2023 following three years of operating in challenging times of worldwide pandemic. 2023 has seen the business performing significantly ahead of expectations despite the macro headwinds experienced across the sector during the year.

We have also seen significant development of our pipeline with the bringing of our art'otel brand to London in the opening of art'otel Battersea Power Station London, and in preparations for the opening of art'otel London Hoxton expected in 2024, which mean the fruition of years of hard work on the pipeline. Among others, these two new properties in some of the most exciting areas of the UK capital are the culmination of the hard work of everyone in the Company, from those setting the strategic direction, to those responsible for delivering the customer experience from day one of the new hotel's operation.

Workforce remuneration

The Remuneration Committee considers remuneration across the whole workforce. The Company reviewed employee pay and considered workforce pay increases. These are set out in the tables on page 139. Executive remuneration decisions are taken by the Committee with increases to the wider workforce in mind.

In an environment of high inflation and cost-of-living pressures, we have structured pay awards and other benefits to favour lower-paid workers. We benchmark pay across the market, and look to inflation projections to ensure that pay is competitive and addresses employee needs.

We also look at non-pay benefits to assist workers. In 2023, we introduced Benefithub – tools to get discounts on groceries, and online advice on accessing state benefits, debt counselling and financial wellbeing advice. Employees are now entitled to two meals a day, seven days a week. We have introduced earned-wage access – the ability to draw down 40% of earned wages in any pay period – which helps prevent indebtedness. Travel allowances in the Netherlands are at the maximum level permitted, and the Netherlands also made two loyalty payments to staff in 2023. We have also expanded our Cycle-to-Work and Season Ticket Loan schemes.

The Annual Pay Review exercise for 2023 produced the following results for the UK and Netherlands regions, which are the operative comparator regions for executive pay within the Group. The pay award in each Region is in line with local inflationary, legislative and market conditions.

UK: Pay has been increased in line with the National Minimum Wage (NMW) with adjustments made for all pay bands in a decreasing scale. Employees currently paid the NMW received an increase of 9.5%. The average pay award across all brackets sits at 7.3%.

Netherlands: Pay has been increased in line with the HORECA Collective Labour Agreement for 2024 with an average pay award of 10.2%. Please see below the % increase per pay scale. Salaries for employees that are currently being paid above the salary scales received an increase of an average rate of 4%.

Remuneration Committee Report – continued

ESG

We have this year set ESG targets to which the business is accountable to shareholders and other stakeholders. The Committee is very happy to note progress in 2023: the business has made a commitment to Science-Based Targets to net zero, and is collecting data to permit measurement of social value. We have made real progress in reducing costs and emissions through investment to improve efficiency. The Committee is therefore satisfied that 2023 has been a year of strong performance on ESG, which will play forward into 2024.

Remuneration policy implementation in 2024 Base salary

The base salaries of the Co-CEO and the CFO are increased as of 1 January 2024 at 3% of their 2023 base salary (less than the wider workforce) with the CEO's base salary increasing by 7.3% in line with local place of employment. This increase reflects the fact that the CEO base pay is still significantly below his peer group. Further, the Co-CEO received a £5,000 per annum increase in line with his appointment to the Board. This reflects the additional responsibility he has taken on as a member of the board. The Committee reviewed this against the retention priority and other factors, and concluded that the base pay remains at a reasonable and desirable level when considered as part of remuneration as a whole. This conclusion was based on workforce pay levels as a whole.

Pension

The Committee has, year-on-year, sought to align pension contributions to the workforce as a whole. Executive Directors' pension allowances are based on local rules depending on place of employment, and can be taken as a contribution to the Group Personal Pension Plan, as a cash supplement or a combination of the two.

Pension contributions will remain aligned to workforce pensions, and continue to align with governance requirements that only basic salary shall be pensionable.

Bonus performance measures

For 2024, performance measures remain largely unchanged from 2023. For the annual bonus, 70% of the bonus will be based on financial criteria, with the remaining 30% based on individual strategic objectives, including ESG measures. The annual bonus for 2024 shall include a share award as well as a cash award in keeping with the Remuneration Policy.

LTIP

No LTIP is expected to be awarded in 2024.

Remuneration outcome in 2023

The Company's full recovery and exceptional performance are reflected in the full achievement of the incentive targets set for 2023:

Base salary

As outlined in our report for 2022, the CEO's base salary had increased from £500,000 in 2022 to £550,000 as of 1 January 2023. The CFO's base salary had an increase at 1 November 2022 to £479,736 and remained at this level throughout 2023. Greg Hegarty joined the Board following his appointment on 23 May 2023. His base salary throughout 2023 is £496,125.

Pension

Furthering the work reported on in 2022, the Committee requires outcomes on pensions to be aligned to the workforce. This continues year-on-year trends. Executive Directors' pension allowances are based on local rules depending on place of employment, and can be taken as a contribution to the Group Personal Pension Plan, as a cash supplement or a combination of the two.

The pension contributions for the President & CEO and Co-CEO were 5% of their respective base salary in 2023 (aligned to or below the Group's wider workforce in their country of employment, with the UK wider workforce being at an average of 5.27% and the NL wider workforce being at an average of 6.9%). The CFO's pension contributions are in line with the Netherlands wider workforce.

2023 annual bonus

The 2023 annual bonus was assessed against financial criteria and personal objectives, with success assessed 70% on financial metrics, 30% on non-financial metrics. Performance against the various measures was strong, with all the performance criteria deemed to have been achieved.

Financial metrics	Non-financial metrics
Revenue	Guest satisfaction
Gross operating profit targets	Employee engagement ESG targets

Performance against the financial targets significantly exceeded the maximum target set. The non-financial targets were comprised of four individual targets, two of which were ESG related accounting for 15% of the total bonus. These targets including measurements relating to employees' well-being and overall satisfaction as well as measurements for reduced energy consumption and energy saving across the hotels. The Committee judged that the individual strategic and ESG measures had been met in full.

In 2023, the Group operated a modest annual bonus programme with a capped bonus potential well under the maximum amount permitted under the Remuneration Policy, with the annual bonus awarded to Executive Directors ranging from 28%-31% of the annual base salary. The CEO, Co-CEO and the CFO have each been awarded £157,000 as an overall 2023 annual bonus. No share awards have been awarded for 2023.

LTIP

No LTIP is awarded for 2023, and no prior awards vested in 2023.

I look forward to shareholder support at the 2024 Annual General Meeting.



Nigel Keen
Chair of the Remuneration Report

Remuneration Committee membership and meeting attendance

The Committee is composed of four independent Non-Executive Directors. No member of the Remuneration Committee is considered to have a personal financial interest in matters to be decided by the Committee. As the Chair, I satisfy the independence and service requirements of Provision 32 of the Corporate Governance Code.

The CEO, Co-CEO, CFO 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 Committee's 2023 activities and focus

Function	Actions in 2023
Remuneration Policy	<ul style="list-style-type: none"> Reviewed the Remuneration Policy against the following criteria: <ul style="list-style-type: none"> Link to strategy and success against business performance metrics Furtherance of long-term sustainability of value creation for shareholders Link to ESG performance metrics
Executive Director and senior management remuneration review	<ul style="list-style-type: none"> Reviewed Executive Director basic pay Reviewed Executive Director pensions; benefits; incentives and shareholding for alignment to workforce, culture and objectives Reviewed C-Suite remuneration
Set targets and incentive schemes	<ul style="list-style-type: none"> Reviewed and considered incentive schemes
Workforce remuneration and benefits policies	<ul style="list-style-type: none"> Reviewed gender pay gap and senior executive to average worker pay ratios.

Role of the Remuneration Committee

The key responsibilities of the Committee include:

- putting in place and periodically reviewing the 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;
- ensuring that the Policy is clear, transparent, predictable, simple and therefore suitable for publication for the purpose of shareholder inspection and informing the advisory vote at the Annual General Meeting;
- within the terms of the Policy, determining the individual remuneration of each Executive Director and C-Suite, ensuring implementation of the Policy does not create formulaic results, but that outcomes are instead clearly proportionate to objective performance and within the reasonable expectation of shareholders;
- reviewing remuneration levels, including pension arrangements, bonuses and other benefits across the Group to ensure alignment between executive remuneration and the workforce as a whole and between remuneration and creation of shareholder value;
- reviewing the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration;
- 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 annually reviewed to ensure compliance with the Code and ongoing strategic alignment with the Company, with the latest updated terms of reference approved in 2023 and available on our website.

2022-2024 Remuneration Policy

Introduction

The Remuneration Policy came into effect on 1 January 2022 (the 'Policy') for a period of three years. The Committee is tasked with keeping the Policy under review, and ensuring that it is suitable to be presented to shareholders for their advisory vote, which took place at the Annual General Meeting in April 2022. The Policy was designed with the interests of employees, shareholders and other stakeholders in mind, and was proposed

mindful of the impact of the Company's operations on the community and the environment. The Committee and the Board considered the Company's reputation and relationships with the places in which the Company operates before proposing the Policy. 2024 will be the final year of operation for the existing Policy, and a new Policy will be presented to shareholders for an advisory vote at the Annual General Meeting in 2025.

Purpose of the Policy

- 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
- 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

Policy table		
(1) Base salary	1. Purpose and link to strategy	2. Operation
	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.	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.
(2) Benefits	1. Purpose and link to strategy	3. Maximum potential value
	To provide market competitive benefits consistent with role.	We do not consider it appropriate to set a maximum benefits value as this may change periodically and by region.
	2. Operation	
	Benefits vary between regions and would typically include annual leave, wellbeing 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	

(3) Pension	1. Purpose and link to strategy	2. Operation
	To attract and retain talent by enabling long-term pension saving.	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	1. Purpose and link to strategy	3. Maximum potential value
	To incentivise and reward the delivery of near-term business targets and objectives.	150% of base salary.
	2. Operation	4. Performance metrics
	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.	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. 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	1. Purpose and link to strategy	3. Maximum potential value
	The LTIP scheme adopted in 2022 allows 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: <ul style="list-style-type: none"> · drive and reward sustainable performance over the long-term; · align the interests of executives and shareholders; and · support talent retention. 	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.
	2. Operation	4. Performance metrics
	The long-term incentive plan allows for the award of the following options which are subject to the rules of the LTIP: <ul style="list-style-type: none"> · 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; and · 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.	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.

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.

2022-2024 Remuneration Policy – continued

Non-Executive Directors’ fees

Base fee

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.

Chairman fee

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 role holder’s skills, gravitas and qualifications to lead the Board. No Director may participate in the decision-making relating to their own remuneration.

Additional fees

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.

Appointment term and other matters

The Non-Executive Deputy Chairman was appointed to a term ending at the Annual General Meeting in 2028. All other Non-Executive Directors are appointed to terms ending at the Annual General Meeting in 2028 (all are subject to annual re-election), unless terminated sooner. All Directors retire and are offered re-election each year at the Annual General Meeting.

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.

Maximum potential value

Prescribed by the Articles of Association of the Company.

Term and termination

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. Greg Hegarty has a contract which may be terminated on 12 months’ notice by the Group or on six months’ notice by Greg Hegarty. 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.

The dates of the Directors’ contracts are as follows¹:

Director	Date of appointment	Term of appointment	Subject to annual re-election	Notice period
Eli Papouchado	26-Jun-07	Indefinite	Yes	3 months
Boris Ivesha	14-Jun-07	Indefinite	Yes	12 months from Group; 6 months from Boris Ivesha to the Group
Daniel Kos	27-Feb-18	Indefinite	Yes	6 months from Group; 3 months from Daniel Kos to the Group
Greg Hegarty	23-May-23	Indefinite	Yes	6 months
Kevin McAuliffe	15-Jun-07	Ended at AGM 2023	N/A	N/A
Ken Bradley	04-Sep-19	Annual General Meeting 2028	Yes	3 months
Nigel Keen	20-Feb-20	Annual General Meeting 2028	Yes	3 months
Stephanie Coxon	07-Aug-20	Annual General Meeting 2028	Yes	3 months
Marcia Bakker	06-Dec-22	Annual General Meeting 2028	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.

The appointment of each of the Non-Executive Directors is for an initial period of three years, or for the period between the date of appointment and the Annual General Meeting in 2024, whichever is the shorter. The appointment of each Non-Executive Director 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.

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 134 and 135.

The Committee retains discretion to make appropriate remuneration decisions outside the standard Remuneration Policy to meet the individual circumstances when an interim appointment is made to a fill an Executive Director role 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.

2023 Annual Remuneration Report

2023 Annual Remuneration Report

This report will be submitted as an advisory vote to shareholders at the 2024 Annual General Meeting.

Directors' remuneration for 2024

In 2024, we will be seeking shareholder approval under an advisory vote of the Remuneration Report which summarises the remuneration outcomes for 2023. As we have seen the business return to profitability this year, we believe that the Remuneration Policy applicable for 2022–2024 continues 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. The Policy will be again subject to shareholder approval in 2025.

The Committee will continue to review shareholder feedback on remuneration with regard to its implementation in 2024. Major considerations are likely to be: (a) macro-economic conditions, including high inflation; and (b) increased availability of ESG KPIs due to implementation of the ESG Strategy as set out on pages 66 to 83.

Outcomes in respect of 2023

Directors' remuneration in 2023 was awarded in line with the Remuneration Policy, which was approved by shareholders at the 2022 AGM. Overall, the Committee is satisfied that the policy has operated as it was intended this year.

Single total figure of remuneration (audited)

The following table details Directors' remuneration for the 2023 financial year (with 2022 comparative figures).

Total remuneration for PPHE Hotel Group Board 2023

Name	Position	Base salary and fees ²		Bonus		Pension contributions		LTIP		Other benefits		Total ¹	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Boris Ivesha	President & CEO	550,000	500,000	157,500	–	27,500	50,000	–	–	15,135	13,311	750,135	563,311
Greg Hegarty ³	Deputy CEO & COO ⁴	496,125	–	157,500	N/A	23,625	N/A	–	–	3,860	–	681,110	–
Daniel Kos	CFO	479,736	448,091	157,500	531,050	16,076	14,295	–	–	–	–	653,312	993,436
Eli Papouchado	Non-Executive Chairman	200,000	200,000	–	–	–	–	N/A	N/A	N/A	N/A	200,000	200,000
Kevin McAuliffe ⁵	Non-Executive Deputy Chairman	39,656	100,000	–	–	–	–	N/A	N/A	N/A	N/A	39,656	100,000
Ken Bradley	Non-Executive Director ⁶	62,158	59,900	–	–	–	–	N/A	N/A	N/A	N/A	62,158	59,900
Nigel Keen	Senior Independent Director	61,300	61,300	–	–	–	–	N/A	N/A	N/A	N/A	61,300	61,300
Stephanie Coxon	Non-Executive Director	59,900	59,900	–	–	–	–	N/A	N/A	N/A	N/A	59,900	59,900
Marcia Bakker	Non-Executive Director	59,900	2,568	–	–	–	–	N/A	N/A	N/A	N/A	59,900	2,568
		2,008,775	1,431,759	472,500	531,050	67,201	64,295	–	–	18,995	13,311	2,567,471	2,040,415

Notes

- All fees are shown in GBP. Daniel Kos's salary is paid in EUR, and converted for comparison purposes at a rate of €1.15:£1.
- Base salary / fees represent all amounts received by the Director from the Company for the financial year.
- Greg Hegarty was elected to the Board on 23 May 2023. The remuneration included in the table above for 2023 is in respect of his total remuneration during 2023.
- Greg Hegarty was appointed Co-CEO in February 2024 post balance sheet. His title reflects his title throughout FY 2023.
- Kevin McAuliffe retired from the Board on 23 May 2023 at the Annual General Meeting. His fees are pro-rated accordingly.
- Ken Bradley was appointed Non-Executive Deputy Chair in December 2023. His position throughout 2023 until that point was Non-Executive Director.

2023 annual bonus

The 2023 annual bonus was assessed against financial criteria and personal objectives, with success assessed 70% on financial metrics, 30% on non-financial metrics. Performance against the various measures was strong, with all the performance criteria deemed to have been achieved.

Financial metrics are revenue and gross operating profits. Non-financial metrics are guest satisfaction, employee engagement and ESG targets. Performance against the financial targets significantly exceeded the maximum target set. The non-financial targets were comprised of four individual targets, two of which were ESG related accounting for 15% of the total bonus. These targets including measurements relating to employees' well-being and overall satisfaction as well as measurements for reduced energy consumption and energy saving across the hotels. The Committee judged that the individual strategic and ESG measures had been met in full.

In 2023, the Group operated a modest annual bonus programme with a capped bonus potential well under the maximum amount permitted under the Remuneration

Policy, with the annual bonus awarded to Executive Directors ranging from 28%-31% of the annual base salary. The CEO, Co-CEO and the CFO have each been awarded £157,000 as an overall 2023 annual bonus. No share awards have been awarded for 2023.

Stakeholder engagement

The Committee is obliged to consider shareholder interest in all remuneration matters. Additionally, it is good corporate practice to ensure that workforce engagement is included in determining the outcome of remuneration practice. We have set out in our table below the ratio of total CEO remuneration to those of the average employee, using quartile comparators.

The Remuneration Committee has engaged with shareholders and their representatives to review the outcome of the advisory vote at the Annual General Meeting. We have sought to understand where and why shareholder have chosen to withhold their votes or to vote against the acceptance of the 2022 Remuneration Report. As a result of this process, this report contains the following additional details:

- An explanation of the process of aligning executive remuneration to that of the wider workforce
- A year-on-year percentage change of remuneration
- Further information about the non-financial metrics by which bonus calculations are made

Approach to remuneration of newly appointed Director

Greg Hegarty's long service in the Executive Leadership Team means his remuneration package was established before his appointment to the Board, and the Committee takes the view that his remuneration should reflect the enhanced responsibilities as a Board Director. In order to ensure fairness, we have applied the same processes and reasoning to his remuneration as we have to the other Executive Directors, exercising discretion where necessary to ensure that transitional arrangements do not unfairly negatively affect his overall package, whilst continuing to abide by the principles we have laid out for the proper remuneration of Executive Directors in line with the Policy and the principles of transparent, fair and accountable Corporate Governance.

Salary of President & CEO compared with average workforce remuneration

	Total CEO remuneration	Average employee (25th percentile)	Average employee (50th percentile)	Average employee (75th percentile)
Total	£750,135	23,082	27,035	32,409
Ratio of CEO total to average employee		32:1	28:1	23:1

2023 Annual Remuneration Report – continued

Additional disclosures –

Directors and Company Secretary share interests

	Shares beneficially owned as at 31 December 2022	Shares beneficially owned as at 31 December 2023	Options fully vested to acquire shares as at 31 December 2023	Conditional LTIP share awards subject to performance conditions	
				2022 Award (vesting after 31 December 2024)	Total conditional LTIP awards
Boris Ivesha	4,636,974	4,636,974	–	–	–
Daniel Kos	4,308	30,000	25,000	22,000	22,000
Greg Hegarty	–	–	52,308	22,000	22,000
Eli Papouchado	13,760,260	13,760,260	–	–	–
Kevin McAuliffe	–	–	–	–	–
Ken Bradley	–	–	–	–	–
Nigel Keen	–	–	–	–	–
Stephanie Coxon	–	–	–	–	–
Marcia Bakker	–	–	–	–	–

- Shares beneficially owned include those of connected persons and include shares held in trust, which are subject to deferral or holding periods
- Total conditional LTIP awards include LTIP awards to Executive Directors representing the maximum number of shares that may vest under 2021, 2022 and 2023 LTIP awards based on the performance conditions associated with each award

Relative spend on pay

The following table shows the Group's aggregate actual spend on pay (for all employees) and dividends in respect of the current and previous financial year.

	2023	2022	Change
Dividend	11,896,668	1,277,865	831%
Aggregate employee remuneration	136,547,587	113,816,616	20%

Percentage change in remuneration

The following analysis summarises the annual change in remuneration for each individual Director over five years in comparison to the annual change in average employee remuneration.

	2020 vs 2019	2021 vs 2020 ³	2022 vs 2021	2023 vs 2022	2023 total
Director's remuneration					
Executive Directors					
Boris Ivesha ¹	(19%)	29%	2%	33%	£750,135
Greg Hegarty	N/A	N/A	N/A	N/A	£681,110
Daniel Kos ²	3%	3%	164%	(34%)	£653,312
Non-Executive Directors					
Eli Papouchado	(25%)	33%	0%	0%	£200,000
Kevin McAuliffe ⁴	(30%)	29%	0%	(60%)	£39,656
Ken Bradley ⁵	133%	32%	8%	4%	£ 62,158
Nigel Keen ⁶	N/A	54%	5%	0%	£61,300
Nigel Jones ⁷	(69%)	(100%)	N/A	N/A	N/A
Stephanie Coxon ⁸	N/A	218%	8%	0%	£59,900
Dawn Morgan ⁹	(51%)	(100%)	N/A	N/A	N/A
Marcia Bakker ¹⁰	N/A	N/A	N/A	N/A	£59,900

Notes to the table:

- 1 Boris Ivesha waived his rights for annual bonus in years 2019-2022.
- 2 In 2022, the annual bonus of the CFO included a 23,000 Share Award.
- 3 In 2020, under Pandemic conditions, the directors sacrificed a portion of their salary and were not entitled to variable benefits.
- 4 Kevin McAuliffe retired from the Board at the AGM on 17 May 2023.
- 5 Ken Bradley was appointed to the Board on 4 September 2019.
- 6 Nigel Keen was appointed to the Board on 20 February 2020.
- 7 Nigel Jones retired from the Board on 19 May 2020.
- 8 Stephanie Coxon was appointed to the Board on 7 August 2020.
- 9 Dawn Morgan resigned from the Board on 30 September 2020.
- 10 Marcia Bakker was appointed to the Board on 6 December 2022.

Payments to past Directors

Kevin McAuliffe retired as a Director at the Annual General Meeting held on 17 May 2023.

Payments for loss of office

There were no payments for loss of office during the year.

Annual General Meeting voting

At last year's Annual General Meeting, the following votes were received on the resolution to receive and consider the Directors' Report on Remuneration for the year ended 31 December 2022.

	Votes	%
Votes For	24,141,922	92.92%
Votes Against	1,709,611	7.08%
Votes Withheld	3,096	
Total Votes	25,854,602	

The Committee was pleased with the level of support received for our Remuneration Report and Directors' Remuneration Policy. As always, we are committed to taking into consideration the views of our shareholders each year in our approach to and disclosure of remuneration.

Remuneration Committee and advisors

The President and Chief Executive Officer and the Company Secretary attended Committee meetings at the invitation of the Committee Chair (but were not present for discussions on their own remuneration).

The members of the Committee have no financial interest and no potential conflicts of interest, other than as shareholders, in the matters to be decided and no day-to-day involvement in the running of the business.

In carrying out its duties, the Committee considers any relevant legal requirements, the recommendations in the UK Corporate Governance Code and the Listing Rules of the London Stock Exchange and associated guidance and investor guidelines on executive remuneration. In 2023, the Committee did not seek external support from remuneration consultants or advisers.

The Board approves the remuneration of the Non-Executive Directors.

Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2023.

The Strategic Report and Directors' Report together are the Management Report for the purposes of Rule 4.1.8R of the DTR. Section 248(2) of The Companies (Guernsey) Law, 2008 requires the principal activities to be stated in the Directors' Report. 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	5
Principal risks and uncertainties	Risk Management	84
Strategy	Strategic Report	5
Business model	Strategic Report	15
Important events impacting the business	Strategic Report – Chairman's Statement, CEO's statement	16
Likely future developments	Strategic report	5
Financial key performance indicators	Key performance indicators	38
Non-financial key performance indicators	Environmental, Social and Governance	66
Environmental matters	Environmental, Social and Governance, Task Force on Climate-Related Financial Disclosures (TCFD)	66 to 83
Company's employees	Stakeholder Engagement and Environmental, Social and Governance	62 to 79
Social, community and human rights issues	Stakeholder Engagement and Environmental, Social and Governance	62 to 79
S172 and relationship with suppliers, customers and others	Stakeholder Engagement and Introduction to Governance	99
Greenhouse Gas Emissions	Task Force on Climate-Related Financial Disclosures (TCFD)	80
Directors' induction and training	Nomination Committee Report	119

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

Diversity report of Board membership (ethnicity and gender)	Nomination Committee Report	121
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Appointment and replacement of Directors

Pursuant to the Articles, the Board has the power to appoint any person to be a Director. All Directors are required to submit to annual election by shareholders at the Annual General Meeting. At every Annual General Meeting, a minimum of one-third of the Directors (or the number nearest to and less than one-third in the event that the number of Directors is not three or any multiple of three) shall retire from office. If there are fewer than three Directors on the board, they shall all retire. 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 10 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 UK and Guernsey legislation (for example The Companies (Guernsey) Law, 2008, the Listing Rules and the Takeover Code (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 143 shows shareholders holding 5% or more of the issued share capital (excluding treasury shares) as at 19 January 2024. 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 5th February 2024.

Number of issued shares	44,347,410
Shares held in treasury by the Group	1,984,110
Number of issued shares (excluding treasury)	42,363,300

Concert Party member	Number of Ordinary Shares	Percentage of the issued Ordinary Share capital (excluding treasury shares)
Boris Ivesha:	4,636,974	10.95%
Red Sea Parties:		
Euro Plaza	12,207,843	28.82%
Red Sea Club Limited	22,417	0.05%
AA Papo Trust Company Limited ¹	1,530,000	3.61%
Total	18,397,234	43.43%

¹ A.A. Papo Trust Company Limited is the trustee of a second endowment created by Eli Papouchado under Israeli law in 2008. Eli Papouchado was the owner of these 1,530,000 Ordinary Shares and granted those shares to the second endowment in 2015. The primary beneficiary of the second endowment is Eli's daughter, Eliana, and the secondary beneficiaries are Eli Papouchado and his divorcee, Sigal Gross.

Shareholder	Number of Ordinary Shares	Percentage of the issued Ordinary Share capital (excluding treasury shares)
Aroundtown Property Holdings	4,344,788	10.26%
Clal Insurance Enterprises Holdings	3,493,945	8.25%
Harel Insurance Investments and Financial Services	2,961,757	6.99%

Controlling shareholders

The Company's immediate controlling shareholders are Euro Plaza Holdings B.V. and Boris Ivesha. Euro Plaza is ultimately controlled by Eli Papouchado, acting in his capacity as trustee of an endowment created under Israeli law ('the Endowment'). 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) Boris Ivesha, 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 and Boris Ivesha or his previous shareholding vehicles since admission.

In accordance with the relationship agreements entered into the Company's controlling shareholders, each of Euro Plaza and Boris Ivesha 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 act as representative for these purposes.

DTR disclosures

Eli Papouchado is deemed to be interested in 13,760,260 ordinary shares, which constitutes 32.47% 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 holds 4,636,974 ordinary shares, which constitutes 10.95% of the issued share capital (excluding treasury shares) of the Company.

Eli Papouchado, Euro Plaza, APY and A.A. Papo Trust Company Limited and other parties related to him (together the 'Red Sea Parties') and 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.

Rule	Disclosure
DTR 4.1.11R(6)	Note 29 of the Consolidated Financial Statements sets out the financial risk on page 196.
DTR 4.1.11R(1)	Important post-balance sheet events are included in Note 30 of the Consolidated Financial Statements on page 201.
DTR 4.1.11R(2)	Likely future developments are referenced in the Strategic Report.
DTR 4.1.11R(5)	The worldwide operations of the Company are shown on pages 8 and 9.
DTR 7.2.8	Pursuant to DTR 7.2.8, the annual review of the Board Diversity Policy is found in the report of the Nomination Committee at page 121.

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 140. There have been no changes in the interests of each Director in the period between the end of the financial year and 5 February 2024.

Share repurchase

At the AGM held on 23 May 2023, the Company obtained shareholder authorisation for the buy-back of up to 2,235,876 ordinary shares of nil par value, being approximately 10% of the issued share capital of the Company (Buy-Back Authority). This authority renewed and replaced the authority granted at the AGM held on 17 May 2022. The Buy-Back Authority will expire 15 months after the resolution was passed on 23 May 2023 unless modified or terminated earlier by shareholder vote at a General Meeting. The buy-back programme announced on 29 June 2022 and extended on 18 November 2022 concluded on 7 March 2023. During the period 1 January to 7 March 2023 a total of 138,611 shares were purchased.

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	Consolidated financial statements note: 11.
10	Contracts of significance	Consolidated financial statements note: 12.
11	Provision of services by a controlling shareholder	Consolidated financial statements note: 28.
14	Controlling shareholder statement	Directors' report

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 in the TCFD Report at page 80, including information as to quantification and reporting methodology.

Energy efficiency action

For energy efficiency actions, please see the ESG section (including the TCFD Report) on pages 80 to 84.

TCFD

The Company has included in its annual financial report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures. Additional disclosures are made in a standalone TCFD Report published on the company's website. Additional details pertaining to metrics and targets and intensity ratios are published in the standalone document. The standalone TCFD report contains substantial detail on carbon emissions in each separate country of operation which are summarised in this document as emissions for the consolidated group as a whole.

Auditors

Kost Foner Gabbay & Kasierer, a member of Ernst & Young Global, have acted as auditors in the 2023 financial year before the issue of a new audit tender. The Audit Tender process is described in the report of the Audit Committee on page 122. The tender process is in line with the requirements set out in the Financial Reporting Council's document "Audit Committees and the External Audit: Minimum Standard" which was published in 2023. The process requires the Audit Committee to make a recommendation to the Board. The re-appointment or new appointment of an audit firm will be included in the agenda of the Company's Annual General Meeting, and announced in due course.

Going concern

The Board has an obligation under the Code to state whether it believes that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over a specified period determined by the Board, taking account of the current position and the principal risks of the Company and the Group. The Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities. The Viability Statement on page 94 and the report of the Audit Committee contain the necessary information to determine viability over a three-year time horizon.

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 macro-economic market disruptions and inflation, 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 to the consolidated financial statements, has led the Directors to conclude that it is appropriate to prepare the 2023 consolidated financial statements on a going concern basis.

Directors' Report – continued

Financial risk management objectives and policies

In addition, Note 29 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 judgements 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 98 and 99 as of the time of the publication, confirms to the best of his or her knowledge that:

- (i) 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;

- (ii) 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
- (iii) 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
28 February 2024



Daniel Kos
Chief Financial Officer & Executive Director
28 February 2024