



**Kevin McAuliffe**  
Non-Executive  
Deputy Chairman

# Together we innovate and evolve

## SECTION 172

In accordance with the UK Corporate Governance Code 2018, which incorporates section 172 of the UK Companies Act 2006, and as a matter of good governance, in our decision-making the Board considers the interests of the Group's employees and other stakeholders, where appropriate and understands the importance of taking into account their views and considers the impact of the Company's activities on the community, environment and the Group's reputation as well as the need to act fairly as between shareholders.

In its decision-making, the Board also considers what is most likely to promote the success of the Company for its stakeholders in the long term. Each Director acts in a way which they consider, in good faith, will promote the success of the Company for the benefit of the stakeholders as a whole and in doing so has regards to the key stakeholder groups. Information on how the Directors carried out their section 172 duties can be found in the Stakeholder Engagement section on page 68 to 71.

- 🔗 [Read more about – How the Board is kept informed of stakeholder views and consideration of views of stakeholders in decision-making on pages 68 to 71](#)
- 🔗 [Read more about – How we manage our emerging and principal risks on pages 31 to 41](#)
- 🔗 [Read more about – Corporate governance framework on pages 82 to 118](#)

### Dear Stakeholder,

I welcome the opportunity to provide this update on our governance throughout 2020 as well as a glimpse into where we intend to go as the world moves into a recovery mode.

As Deputy Chairman, my role centres around the Company's ongoing governance journey. We commenced the 2020 year following significant evolution in our approach to governance, environmental and social initiatives and with further plans to continue that journey. The speed of change that occurred to our society in the earlier months of the COVID-19 pandemic, and the impact of that change on the business meant the actions and decisions we took severely stress tested the strength of our governance programme.

We were required to make quick decisions to secure our future strategy and to do so in a manner which took into account the concerns of every stakeholder group.

I am pleased to say that our governance programme satisfied our own expectations and ensured balanced delegation of authority between the Board and the Executive Leadership Team.

### Our leadership role

Our Board provides the Group with entrepreneurial leadership within a framework of prudent and effective controls enabling risk to be assessed and managed alongside the strategic aims of the Group. Our role, collectively as a Board, remained constant and reliable, even in the face of pervasive operational changes caused by the pandemic.

In 2020, our Board continued to carry out its role in setting the Group's strategic aims, while supporting the Executive Leadership Team measures to maintain the

Company's position and safeguard its key assets during limited operations.

Through ongoing discussions with the Executive Leadership Team, we were able to carry out our role in ensuring that the necessary financial and human resources remained in place for the Group to meet its objectives, review management performance, maintain values and standards and ensure that its obligations to its stakeholders were understood and met as appropriate. Our Committees were particularly active this year, both with their ongoing governance duties and in supporting the business through its operational restrictions.

### Reflecting on the lessons learned in 2020

As we look back, we are proud of how the culture and values of the Group were demonstrated through the voices and actions of our individual team members. Through our collective actions, we created value for our stakeholders whenever and wherever we could and in particular for our local communities and the front line emergency services as detailed in our Responsible Business Section.

We have also accelerated the introduction and integration of a number of new technologies and working practices into our governance programme this year. These modernisations were swiftly implemented in the second quarter of 2020 and adopted to provide continuity, and increased communication access despite limitations on travel and physical meetings.

To fully integrate these technologies, our Articles of Incorporation were amended by shareholder vote at our AGM so as to allow Directors to attend Board meetings via conferencing from any location.

Additionally, we were prompted to carry out most of our Board induction programme on a remote basis for our 2020 Non-Executive Director appointments, Nigel Keen and Stephanie Coxon.

🔗 **For more details see the Nomination Committee report on page 99 to 102**

As a business, our great strength remains unchanged, we are at our heart a collective of individuals who are passionate about hospitality, service and development. As such we understand the value of quick decisions, maintaining a careful view on the granular details of our operations and the value of delegating appropriate authority and support to our trusted leadership teams to act in accordance with our purpose and strategy as a business. Hospitality is after all a pursuit of individuals acting with care and collaboration to create experiences that respond to each individual.

### Delegation of authority and support to make the right decisions

This year brought assurances that our governance practices are cemented into our culture and our working practices. I believe our Board and Executive Leadership Team were well structured to act as a collective, decision making group, with clearly defined roles and delegations of authorities.

This integration of best practice governance principals gives me faith that this business, and its leadership, are well equipped for a speedy recovery and well placed to take advantage of growth opportunities as they present themselves.

In this report you will see references to: our existing governance from 2019 alongside the progress of the key areas where 2020 saw the implementation of new processes in alignment with the principles of the 2018 Corporate Governance Code (the "Code") and a signpost of our intentions/ plans as part of our evolving governance journey.

For example, in our Workforce Engagement section (pages 94 to 95), you will see how we plan to improve our workforce engagement in a new, more socially distant and remote working environment and the steps taken in 2020 to ensure that our workforce policies are consistently understood and embedded as part of our culture.

This corporate governance statement sets out how we applied the principles of the Code during 2020 and, where we have not complied with provisions of the Code, explains the reason for the divergence and how we aim to address any such divergence in the future.



**Kevin McAuliffe**  
Non-Executive  
Deputy Chairman

## BOARD'S ACTIVITIES 2020

### A. Strategy, operational performance and risks

- Regularly received operational updates from the Executive Leadership Team
- Regularly reviewed potential growth & development
- Regularly reviewed principal risks
- Reviewed the results of and evaluated the performance of the external audit
- Regularly reviewed the results of and evaluated the performance of the internal audit and evaluated Executive Leadership proposals on managing risks

### B. Financial performance

- Regularly received updates from the Chief Financial Officer and head of Internal Audit & Risk
- Regularly reviewed details of 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
- Review the pipeline and capex requirements
- Review compliance with banking facilities

### C. Succession and talent

- Reviewed and considered management incentive plans and remuneration policies for Non-Executive Directors, Executive Directors, and senior management
- Reviewed gender balance of the Company and senior management and Board Diversity Policy
- Considered succession planning for Board
- 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)

### D. Stakeholder engagement and governance

- Received regular reports from the chair of each committee
- Received regular reports and updates from Company Secretary and from the Chief Corporate & Legal Officer
- Reviewed governance standards of the Group and its subsidiaries
- Reviewed Group's Code of Conduct
- Reviewed Group's Whistleblowing Policy and routinely reviewed the reports arising from its operation
- Reviewed other principal Group policies
- Received regular updates on investor relations and updates from investor presentations

## BOARD OF DIRECTORS

### Eli Papouchado

Non-Executive Chairman



- Chairman of the Group since formation
- Founder of the Red Sea Group and acted as its Chairman for 10 years
- Wealth of experience in the construction, design, development, financing, acquisition and management of leading hotels, including Park Plaza Westminster Bridge London, Park Plaza London Riverbank and many others
- Involved in the development of hundreds of thousands of square metres of retail space in shopping malls and large residential projects in the USA, Eastern Europe and the Middle East
- Served as Chairman of the Israel Hotel Association

**External appointments:**

N/A

**Board committees:**

N/A

**Independent:**

No

**Year of first appointment:**

2007

### Yoav Papouchado

Alternate Director



- Chairman of the Red Sea Group
- Real estate developer with over 30 years of experience of residential developments and data centres worldwide
- Deputy Chairman of the Supervisory Board of the Arena Hospitality Group, listed on ZSE
- President of Gear Construction, the construction arm of the Red Sea Group

**External appointments:**

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

**Board committees:**

N/A

**Independent:**

No

**Year of first appointment:**

2020

### Boris Ivesha

President & Chief Executive Officer



- President of the Group since 1991
- Brought Park Plaza® Hotels & Resorts brand to the Group in 1994 in collaboration with the Red Sea Group
- Major influencer in the expansion of the Group's portfolio
- Established the Yamit Hotel, Israel in 1984 and served as its President
- Director of the Carlton Hotel in Israel (1979–1984)
- General Manager of the Royal Horseguards Hotel in London (1972–1979)
- Chairman of the Supervisory Board of of the Arena Hospitality Group, listed on ZSE

**External appointments:**

Chairman of Supervisory Board, Arena Hospitality Group

**Board committees:**

N/A

**Independent:**

No

**Year of first appointment:**

2007

### Daniel Kos

Chief Financial Officer & Executive Director



- Appointed Chief Financial Officer in January 2018
- Previously Vice President Corporate Finance of the Group, which he joined in 2011
- Held, prior to joining the Group, various senior leadership positions within auditing and finance, including at Mazars LLP
- Certified Public Accountant (Register Accountant)

**External appointments:**

N/A

**Board committees:**

N/A

**Independent:**

No

**Year of first appointment:**

2018

### Kevin McAuliffe

Non-Executive Deputy Chairman



- Former Member of the Society of Trust and Estate Practitioners and a Director of various regulated investment companies
- Retired Chairman of Carey Group (joining as Chief Executive in 1999)
- Head of Advisory Services for Paribas International Private Banking and Managing Director of Paribas Suisse in Guernsey (1992–1999)
- Served as Finance Director of Ansbacher offshore banking Group, appointed as Chief Executive Officer of Ansbacher's Guernsey bank and trust company business in 1994
- Held posts in three different departments in the States of Guernsey (1973–1980)
- Member of the Supervisory Board of the Arena Hospitality Group, listed on ZSE

**External appointments:**

Supervisory Board Member, Arena Hospitality Group

**Board committees:**

NC

**Independent:**

No

**Year of first appointment:**

2007

## Nigel Keen

Non-Executive Director  
& Senior Independent Director



- Chartered Surveyor
- Former head of property at Tesco
- Former head of property at the John Lewis Partnership
- Vistry Group Plc Remuneration Committee Chair and member of both audit and nominations committees

### External appointments:

Non-Executive Director, Vistry Group Plc;  
Non-Executive Director, RG Carter

### Board committees:

NC, AC, RC

### Independent:

Yes

### Year of first appointment:

2020

## Kenneth Bradley

Non-Executive Director



- Former Guernsey Island Director at RBS, with focus on corporate banking and structured finance
- Former Guernsey Island Director and Chief Country Officer at Barclays Bank, overseeing their Banking and Fiduciary business, whilst having responsibility for businesses in five other jurisdictions

### External appointments:

Chairman of a Guernsey subsidiary of a Private Bank; Director of a Private Fiduciary Company and a small Finance Company

### Board committees:

NC, AC, RC

### Independent:

Yes

### Year of first appointment:

2019

## Dawn Morgan

Non-Executive Director



- Fellow of the Institute of Chartered Accountants in England and Wales
- Finance Director and Company Secretary of International Energy Group Limited (2004–2013)
- Main Board Company Secretary of International Energy Group Limited (2000–2004)
- Group accountant of International Energy Group Limited (1994–2000)
- Appointed to the Board on 19 May 2016
- Retired from the Board on 30 September 2020

### External appointments:

N/A

### Board committees:

NC, AC, RC

### Independent:

Yes

### Year of first appointment:

2016

## Nigel Jones

Non-Executive Director



- Chartered Surveyor
- Chief Executive of ComProp Limited (2001–2007) while it traded as an AIM-listed property company
- He was responsible for major office developments including headquarter offices for Fortis, Kleinwort Benson and Generali, along with retail stores for B&Q and Waitrose.
- Retired from the Board 19 May 2020

### External appointments:

N/A

### Board committees:

AC, NC, RC

### Independent:

Yes

### Year of first appointment:

2007

## Stephanie Coxon

Non-Executive Director



- Qualified chartered accountant
- Former capital markets director at PwC, responsible for 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
- Independent Non-Executive Director of Apax Global Alpha Limited (Audit Committee) and JLEN Environmental Assets Group Limited (Audit, Risk and Investment Committees)

### External appointments:

Non-Executive Director, Apax Global Alpha Limited; Non-Executive Director, JLEN Environmental Assets Group Limited; Non-Executive Director, PraxisIFM Group Limited

### Board committees:

NC, AC, RC

### Independent:

Yes

### Year of first appointment:

2020

## LEADERSHIP TEAM

### Boris Ivesha

President &  
Chief Executive Officer



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

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

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

### Daniel Kos

Chief Financial Officer  
& Executive Director



Daniel joined the Company in 2011 as Group Head of Accounting. Daniel was promoted to the role of Vice President Corporate Finance in 2015. Further promotion followed in 2018 when he was appointed Chief Financial Officer and Executive Director of the Company.

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

Daniel is a Certified Public Accountant.

### Inbar Zilberman

Chief Corporate &  
Legal Officer



Inbar joined the Group in 2010. Inbar oversees the Group's corporate initiatives including acquisitions, expansions, corporate governance, shareholders' engagement, and corporate social responsibility while continuing to lead the multi-jurisdictional legal and compliance functions. Inbar brings an expertise in negotiations and deal execution and has a pivotal role in developing the Group's corporate governance, the move to a Premium Listing on the Main Market and subsequent inclusion within the FTSE.

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

### Greg Hegarty

Deputy Chief Executive Officer &  
Chief Operating Officer



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

In addition, Greg has overall responsibility for the day-to-day running of the Group's operations whilst creating and implementing commercial and operational strategies, which include, but are not limited to, Operations, People & Culture. Greg holds a Master Degree in Business Administration (MBA) and brings over 22 years of experience in the hospitality industry including senior management roles at global brands such as GLH Hotels and BDL Hotels.

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

## Robert Henke

Executive Vice President  
Commercial Affairs



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

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

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

## Michelle Wells

Regional Vice President Operations,  
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 Victoria London in 2016. Promoted to the newly created role of Vice President Operations, the Netherlands in 2019, Michelle oversees all operational, revenue, finance, marketing and sales strategic objectives for the region on behalf of six properties.

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

## Daniel Pedreschi

Regional Vice President Operations,  
United Kingdom



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

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

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

## Jon Colley

Executive Vice President Acquisitions  
& Development



Jon joined PPHE Hotel Group in 2021 as Executive Vice President Acquisitions & Development and, along with his team, is responsible for the implementation of the Group's strategic acquisition and development strategy. Jon brings a wealth of experience of over 20 years working within the hotel real estate and financial sectors. Jon was most recently the Head of Development UK & Ireland for IHG Hotels & Resorts, responsible for the growth and development of their brands. Prior to IHG, Jon was the CEO of a publicly listed South African hotel real estate investor that was expanding its hotel ownership across Europe. He also brings further experience from his position of Development Director at Hilton Worldwide, responsible for growing the Hilton stable of brands, and from his roles in the banking sector with institutions such as GE, Barclays Bank and RBS Group.

## Jaklien Van Sterkenburg

Executive Vice President People &  
Culture | Head of HR



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

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

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

## STATEMENT OF COMPLIANCE

For the year ended 31 December 2020, 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) 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:

The relevant documents can be found online at:

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

## DIVISION OF RESPONSIBILITIES

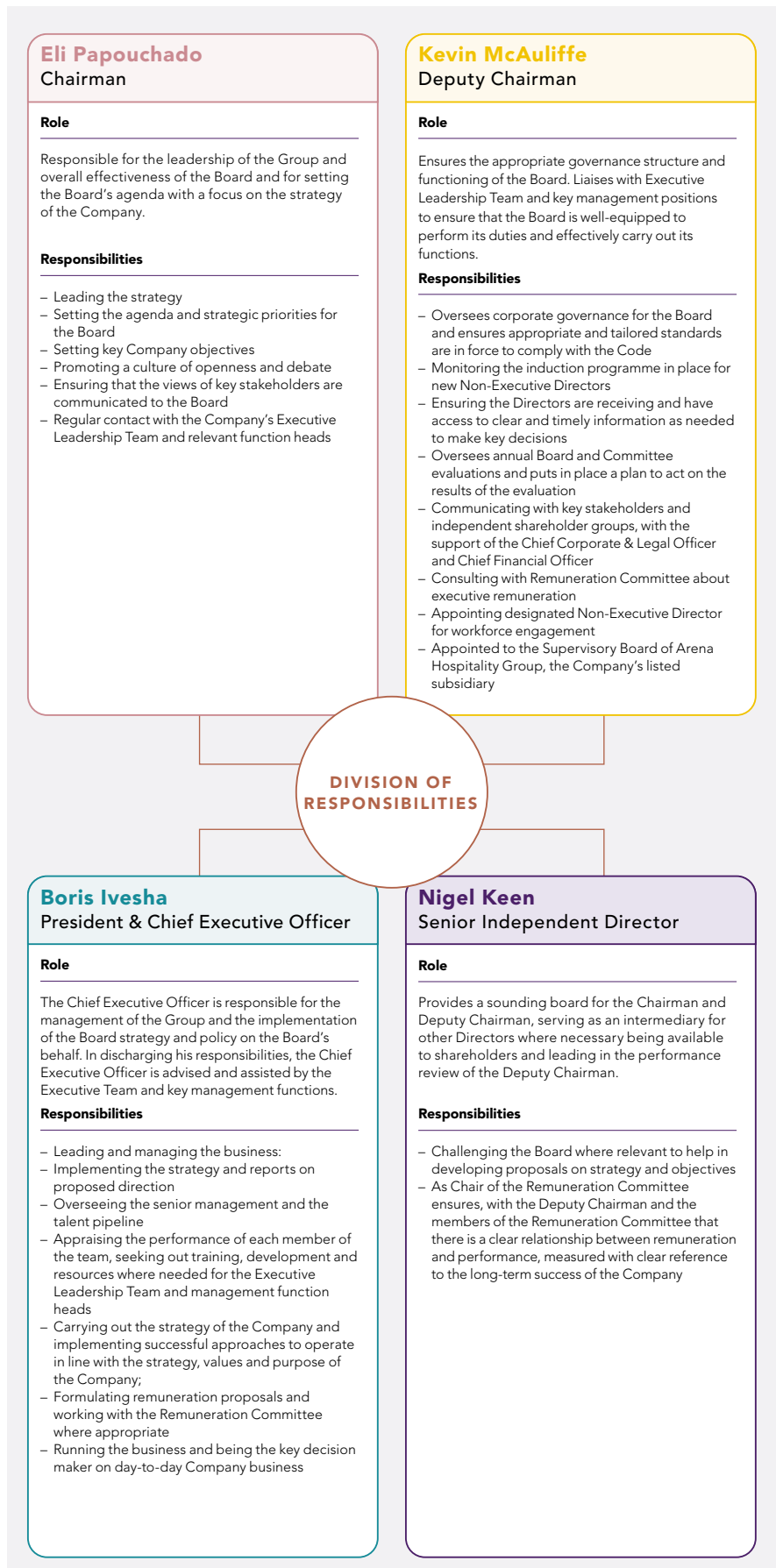
Role and responsibility of the Chairman, Deputy Chairman, Senior Independent Director and Chief Executive Officer. The Board recognises a clear separation of roles between the Chairman, Deputy Chairman, Senior Independent Director and Chief Executive, with each having separate duties and accountabilities and collectively ensuring effective communication with stakeholders and reviewing and agreeing issues of Group-wide significance.

The Chairman is responsible for strategic leadership of the Board. In 2020, an Alternate Director, Yoav Papouchado, was appointed to carry out his duties on any occasions at which he is unable to attend a meeting.

The Deputy Chairman fulfils the governance and internal control functions of the Board, leads the formal proceedings of Board Meetings and is the primary liaison between the Board and Executive and other Directors.

The President & Chief Executive Officer runs the Company's business and leads the Executive Leadership Team. The Senior Independent Director acts as a sounding board for the Chairman and/or Deputy Chairman.

The Deputy Chairman acts as the primary Board liaison to the workforce.



## BOARD RESPONSIBILITIES

**Strategy.** Define and set long-term objectives ensuring the necessary resources are available for the business to develop and grow in a sustainable way.

**Culture.** Promote a guest-focused culture, valuing integrity, transparency and respect. Working as a company building opportunities for career progression and personal growth for team members through training, development, a service mentality and ensuring our team members feel valued and empowered to succeed.

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

**Governance.** Oversee resourcing, ensuring the tools are available for management and the Group as a whole to meet its objectives and measure performance against them. Ensure 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. Monitor the effectiveness of internal controls, risk management policies and compliance with all statutory and regulatory obligations across our multi-jurisdictional portfolio.

**Sustainability.** Regularly review business strategy to ensure that it remains appropriate for any cyclical and structural changes in the industry. Manage risk and regularly assess the adequacy and effectiveness of mitigation measures, oversee controls and ensure commercial strategy is modelled for resilience and challenging market conditions. Embed a culture that rewards personal and team performance aligned to our strategic and financial objectives to maintain and attract top talent.

**Stakeholder communications.** 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 an open discussion on objectives and constructive dialogue with all stakeholder groups.

## Board composition

As of 31 December 2020, the Company had seven Directors, five of whom were Non-Executives (including the Chairman, Eli Papouchado), three of whom were considered independent. The Deputy Chairman, Kevin McAuliffe, is no longer considered independent as of 2019, given his tenure on the Board. The Chairman, Eli Papouchado, is not considered independent as he is the founder of the Company (for more details see Appointment of Chairman below). The two Executive Directors are Boris Ivesha, President & Chief Executive Officer, and Daniel Kos, Chief Financial Officer. Dawn Morgan retired from the Board in September 2020. Stephanie Coxon joined the Board in August 2020 and was appointed as Audit Committee Chair in September 2020. Stephanie will stand for her first election to the Board at the next Annual General Meeting, alongside all other Board members who stand for re-election at the forthcoming Annual General Meeting in 2021.

## Our Board Policies

Our Board is empowered to carry out its duties, with consideration to the various terms of reference in place:

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

## Governance journey: updating policies

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

In addition to the policies that are subject to annual review, during the year the Directors approved a refreshed Schedule of Reserved Matters and Terms of Reference for Nomination Committee.

The updated Schedule of Reserved Matters sought to update the existing Terms to align with current practices. This amended Schedule of Reserved Matters establishes the key purpose of the Board and details its major duties.



Park Plaza London Riverbank



These duties cover the following areas of responsibility:

- 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

The Board and Committees are currently in the midst of revisiting the Terms of Reference for both the Audit and Remuneration Committees but in the interim, the Audit Committee reviewed and amended the Group's policy on engaging external auditors to supply non-audit services.

🔗 **For more information on this policy, see the Audit Committee report on pages 106 to 109**

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

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

Stephanie Coxon was appointed to PraxisIFM Group Limited, a private client & corporate services company, as a Non-Executive Director. Prior to her external appointment the Deputy Chairman reviewed the appointment, the time commitment required and assessed that this appointment would not interfere with Stephanie's ability to carry out her role as Audit Chair, Director or Committee Member. The Deputy Chairman on behalf of the Board approved the same, giving due consideration to the application of Provision 15 of the Code.

## EVALUATION OF DIRECTORS

Following this year's Board evaluation, the Board has set a number of administrative targets. The Deputy Chair, assisted by the Chief Corporate & Legal Officer, are acting on the outcome of the annual Board evaluation in a number of areas identified to improve and or modernise the approach to the work of the Board. For example, one such target is for the Audit Committee to work with the Executive Leadership Team to reformat the design of the monthly information packs.

🔗 **For more information, please see Nomination Committee report on pages 99 to 102**

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

Our Board is empowered to carry out its duties with consideration to its statutory and contractual obligations in addition to various policies and terms of reference in place.

All Directors have access to the advice and services of both the Chief Corporate & Legal Officer and Company Secretary and are able to gain access to external independent professional advice at the Company's expense should they wish to do so in the furtherance of their duties.

The Terms of Reference for the Board set out that each Director may obtain independent professional advice at the Company's expense in the furtherance of their duties as a Director.

### Advisory support to the Board by the Company Secretary and Chief Corporate & Legal Officer

The Chief Corporate & Legal Officer, with the support of our Company Secretary, C.L. Secretaries Limited ensure that the Board has the policies, processes, information, time and resources needed in order for the Board to function effectively and efficiently.

Specifically, the Company Secretary ensures that Board procedures are complied with and carries out responsibilities with respect to Companies (Guernsey) Law 2008 (as amended or replaced from time to time), the FCA's Listing Rules and Disclosure Guidance and Transparency Rules. The Chief Corporate & Legal Officer ensures that good information flows around the Board and senior management and that appropriate and timely information is provided to the Board and its Committees.

The Chief Corporate & Legal Officer is responsible for advising and supporting the Chairman, Deputy Chairman and the other Board members on all governance matters with the support of the Company Secretary.

The Chief Corporate & Legal Officer oversees the Group's compliance and ESG arrangements, practices and procedures, for the Group's subsidiary companies and throughout the workforce, to ensure that they are consistent with the standards and best practice of the Group and aligned with the directions of the Board and the risk appetite of the Group as set by the Board.

### Board meetings – Promoting a culture of openness and debate

The Board promotes a culture of openness and debate, executing its responsibilities with care and consideration, ensuring that there is a clear division of responsibilities between the leadership of the Board and the Executive Leadership Team of the Group's business.

If any Director has unresolved concerns about the Company or its subsidiaries or a proposed action, these are recorded in the minutes of the meeting. There were no such occasions in 2020.

### Board meeting procedures

At each Board meeting, standing agenda items were strategy and management updates from the Executive Directors and Executive Leadership Team who have been invited to attend or present in a meeting. The Deputy Chairman and Chief Corporate and Legal Officer update the full Board on corporate governance developments and an activity report is provided from each Board Committee Chair on their respective committee meetings and discussions. Additional items were added to agendas as and if required.

## Notices & review of any conflicts arising

The Notices of Board Meeting and Agendas are formally circulated to the Board in advance of Board meetings as part of the Board papers and therefore Directors may request any agenda items to be added that they consider appropriate for discussion. At the beginning of each meeting, each Director must disclose the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed as soon as the Director becomes aware of its existence. Directors must also disclose their shareholdings and any changes to those that have occurred.

## Conflicts of interest

The Board and all team members are required to comply with the Group's Conflicts of Interest and Significant and Related Party Transactions Policies. These policies are reviewed annually and compliance training is provided and refreshed regularly.

A formal procedure is in place for the reporting and reviewing of any potential conflicts of interest involving the Board with support from the Chief Corporate & Legal Officer. Any conflict of interest is to be disclosed without delay and strict procedures followed to ensure the conflict is fully evaluated and addressed. As a means of ensuring that the Board members are acting free from personal conflicts of interest, the annual Board assessment reviews the independence of its members, taking into consideration their positions and shareholding in other companies.

In line with our Conflicts of Interest Policy and Significant and Related Party Transactions Policy, a Director affected by a conflict of interest is not permitted to participate in formal discussions and decision-making involving the interest at stake. The Board does not believe there to be any inherent conflicts of interest other than ones already disclosed by each Director. Any statutory duties under Guernsey law that are in addition to the Conflicts of Interest Policy are complied with by the Directors.

## Annual Committee assessment

Each Board Committee is assessed annually to ensure that it is functioning in line with the Terms of Reference and mandates set by the Code. In 2019, the Board identified a need to further review the Terms of Reference in line with the Code and began the process in 2020, which is ongoing and will be completed in 2021. The Nomination Committee Terms of Reference were updated in 2020 as part of this process.

## Balance of independent Non-Executive Directors

The Code dictates that at least half of the Board, excluding the Chair, be made up of independent Non-Executive Directors. After due consideration was given to all factors that are likely to impair, or appear to impair, the independent judgment of each Director, the Board concludes that five out of the seven Non-Executive Directors who were in place during the 2020 year, maintained their independence throughout their respective tenures: Dawn Morgan, Ken Bradley, Nigel Keen, Nigel Jones and Stephanie Coxon.

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

## Non-Executive Directors overseeing management

The Company applies the spirit of Principle H and Provision 13 with regard to the role of the Non-Executive Directors in holding management to account and scrutinising the performance of management. It is noted that Principle H and Provision 13 are not strictly applied with regard to management who are held to account by the Chief Executive Officer and Executive Director.

The Company believes that the Board has ample oversight by delegating the role of overseeing management and scrutinising their performance to the Chief Executive who reports on the same to the Board. The Non-Executive Directors are kept abreast of management performance by the Chief Executive Officer. In addition, the management team met with the Non-Executive Directors on a monthly basis throughout 2020 and have established a permanent forum to ensure that information flows and transparency were well maintained to enable the Board the ability to effectively carry out its duties and make swift decisions. This open communication between the Non-Executive Directors and management has been found to be very effective as it allows the Non-Executive Directors to engage directly to ensure management takes corrective actions in a timely manner.

The Company applies Principle H with regard to the Non-Executive Directors having the delegated authority to hold to account the individual executive directors. The Company has not agreed performance objectives for the Executive Directors or senior management at this time. Given the impact of the pandemic, it did not seem prudent or in the interest of the long-term success of the Company to set rigid performance objectives for the Executive Directors or management for the 2020 or 2021 years.

## Delegation and communication between the Board and Executives

One significant outcome of the 2020 Board Evaluations was on the increased interaction and appropriate delegation of authority between the Board and Executive Leadership Team. The Executive Leadership Team undertook changes in January 2020 when the Deputy Chief Executive Officer and Chief Legal & Corporate & Legal Officer were promoted into their respective roles.

👁️ See Nominations Committee Report for further details on pages 99 to 102

The changes resulted in the Board, in particular the Non-Executive Directors, having three key Executive stakeholders with whom to liaise with on much of the day-to-day operations of the business. This new team and their Board engagement was quickly put to task as the COVID-19 pandemic spread through Europe in March 2020. Although the structure itself was new the appointees had long service records with the Group and so the policy of promotion from within has meant the Board found that communication and balanced delegation of authority was a strength in the 2020 year. The 2020 Board Evaluation showed great support for the way in which the Executive, the Committees and the Board overall engaged in the year.

## Division of responsibility between Executive Leadership Team and Board

The Company applies Principle G of the Code and has a division of responsibilities between the leadership of the board and the executive leadership of the company's business. Each member of leadership oversees certain defined departments of the business and reports on the progress of these areas as and when relevant. The Company believes that this structure ensures effective communication between the Board and Executive Leadership of the Company's business, and that no small group of individuals dominates the Board's decision-making.

### Salary Sacrifice Hospitality Action

Across the organisation, a number of senior roles have either forgone, deferred, or donated at least some portion of salary. The Chairman and Chief Executive Officer voluntarily gave up their entire remuneration for the second quarter of the year and deferred the same in the third and fourth quarters. The Executive Leadership Team and much of the combined leadership team undertook a 10%-20% salary reduction for three months in 2020. They further undertook a deferral in the same amount for four months, which was returned in November 2020 upon acknowledgement by the Executive Leadership Team that a longer deferral plan would be required to maintain cash flow. To enable this longer term deferral and as an incentive programme to retain talent at the leadership level, the 41 highest earners in the Company undertook a 10-20% salary deferral for a 12-month period for which they have been compensated by the issue of nil cost share options. Additionally, a long term incentive plan is interlinked which offers market price options which vest in three years, subject to good leaver provisions. This plan was based on the criteria and incentives approved in the 2020 Remuneration Policy.

🔗 **For further details, see the Remuneration Committee report on pages 111 to 117**

The Board contributed a portion of their remuneration to the charity Hospitality Action, a charity established in 1837 to offer vital assistance to all who work, or have worked within hospitality in the United Kingdom.

### Culture and Values

As part of the management assessment, the Board reviewed a number of Company policies, procedures and team member training in 2020 to ensure that policies effectively communicate the Group's values and culture. Additionally, various Directors underwent the annual compliance training which is provided by the Group to all team members. Taking part in this training and reviewing the accompanying internal communications aids the Board in ensuring that the desired behaviours and culture are reinforced while overseeing the effectiveness of our risk mitigation procedures.

The Board directed the refresh of a number of policies, including the Code of Conduct which had been previously reviewed for publication in early 2020 and was considered again in light of the changes with regard to remote communications and work policies.

The aim of refreshing policies is to ensure they remain current, are adapted to our business and support the desired culture and behaviours of the Group. Our policies and procedures aim to set a framework to empower team members to carry out their duties in line with our values and ethos. Whilst refreshing these policies, our Directors, particularly our Audit Committee, dedicated time to reviewing best-practice developments, assessing performance and optimising our approach to ensure that we remain relevant and our policies and procedures reflect the core values of the Group.

🔗 **For more details, see our Audit Committee report on pages 106 to 109 for our Non-financial Reporting information.**

As a Company, our governance focus has been on assessing and implementing meaningful and tailored controls and wider stakeholder engagement which support openness and accountability in delivering the long-term sustainable success of the Company and is in keeping with the principles set out by the Code.

Our Board continues to lead by example when it comes to our principles, values and purpose. At the start of the pandemic, our Board took swift and immediate action to offer significant portions of their salary to Hospitality Action, as mentioned above.

The Board has continued its efforts to support the growth of our environmental, social and governance ("ESG") activities throughout the pandemic.

🔗 **See the Responsible Business section for more information on pages 72 to 81**

On the governance front, the Board remained on hand to support when called upon and to carry out their duties, as frequently as needed.

Furthermore, the Board, led by the Deputy Chair and the Audit Chair, kept a watchful eye and coordinated with the appropriate team members to ensure the ethical dealing policies, Code of Conduct and internal communications were fit for purpose as the Group faced a number of local and national lockdowns and operational restrictions at different times across our operational regions.

The Board was active in 2020 in carrying out their role of ensuring that workforce practices are consistent with the Group's values and support its long-term success.

### Related Party Transaction

Following the approval by the Group's independent shareholders on 17 March 2020, the Group entered into a building contract with Gear Construction UK Limited ("Gear") on 7 April 2020 for the design and construction of art'otel london hoxton on a "turn-key" basis. Gear is classed as a related party of the Group for the purposes of the Listing Rules. Accordingly, the entry into the Construction Agreement by the Group constituted a related party transaction for the purpose of the Listing Rules and required the approval of the independent shareholders.

### Values & Purpose

#### Human rights and anti-slavery

As with previous years, the Company reviewed and assessed risks related to Modern Slavery, in accordance with the Modern Slavery Act. Our 2019 and early 2020 efforts focused on the development of a more comprehensive anti-trafficking training programme. The hospitality industry remains highly vulnerable to human trafficking, in large part because it offers short-term accommodations to the public.

As a Group we believe that awareness, training to spot signs of trafficking, and encouragement to speak-up, are critical to mitigating the risk of human trafficking. As a hospitality business we have expanded our compliance training programme to educate our managers and team members in the UK, the Netherlands, Germany, and Hungary on key signs of trafficking and to encourage our team members to speak-up when they spot these signs or have concerns that trafficking may be occurring. We intend to continue improving the detail and reach of the anti-trafficking training programme well into the future.

### Ethical Dealing Policies

Reflecting its introduction in the Code, the Board has made more proactive efforts to oversee and ensure that workforce practices are consistent with the Company's values and support its long-term success. As with 2019, the Board has reviewed a number of policies and the tools used to integrate them into the Company culture.

### Anti-bribery

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

### Code of Conduct

Our Board sets the culture of the Company by identifying the right behaviours and periodically reviewing the application of our Code of Conduct in communicating our values and behaviour. Our Code of Conduct was amended in 2020 to account for the increased role technologies are playing in our ways of working. This refreshed Code of Conduct was approved in December 2020 with the endorsement and support of our Board of Directors. The Code of Conduct was guided by our Deputy Chairman, who plays an integral role in ensuring the governance, values and purpose of the Company are reflected in our business policies and our approach to responsible business initiatives.

Further to that, our remuneration policy manages performance against our behaviours and reinforces them with incentive structures. Ensuring incentives align with culture and are standardised across the Company was a focus area for our Remuneration Committee and Board in 2020, even though economic conditions were the leading force in remuneration.

 **For more information, see our Remuneration Committee report on pages 111 to 117**

### Whistleblowing

The Whistleblowing Policy incorporates uniform central principles that provide all team members with a way to raise concerns in accordance with local law in each region, but with the uniform assurance that making a disclosure made in good faith will not be subject to unfavourable treatment. The Board and Executive Leadership Team stand by this assurance. The practical mechanism for carrying out the policy is set by addendum to account for local law in every region where we operate a hotel or office. The Company has also implemented a dedicated 24-hour hotline for all regions where local language or English can be used to raise genuine concerns in confidence and – if preferred – anonymously.

The Board has it in mind to regularly review these arrangements, alongside all of our ethical dealing policies, to ensure that they are proportionate, effective and allow for independent investigations of matters and appropriate follow-up action. With the Code of Conduct, our Board was integral in setting the culture by identifying the right behaviours.

## WORKFORCE ENGAGEMENT

### Workforce engagement: Designated Non-Executive Director

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

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

### Workforce engagement

The COVID-19 pandemic, and the resulting limitations on our operations and travel, stifled our otherwise well integrated approach to engagement within the Company and between the Board and workforce. We have implemented a number of e-initiatives to increase remote engagement, however, we have not fully recovered the loss of our organic approach to engagement.

### Workforce engagement – site visits

Our primary three vehicles for workforce engagement are through the use of our Responsible Business Programme, Board Site Visits and our Climate Analysis.

Our Responsible Business programme is a great platform to expand on our workforce engagement as it reflects our values and Company purpose in a wider sense. As part of our refreshed Responsible Business programme, we aimed to create more opportunities for the Board to interact closely with team members at all levels and across the Group. We introduced a new Communities Programme in the 2019 Annual Report. The concept was simple, each hotel selected a local community service project in line with our SDGs; appointed an ambassador from the

workforce to receive training and paid time to arrange activities to support the selected service project, log hotel achievements and attend Committee meetings with ambassadors from other hotels; each hotel entered their project into the annual competition to be selected as the PPHE annual local service project and presented on behalf of their hotel to a panel of Non-Executive Directors and members of the Leadership Team. This programme successfully commenced training in three countries prior to the first wave of the COVID-19 pandemic. In light of the health concerns and limited operations, the programme was paused for the 2020 year, which unfortunately resulted in a lost opportunity for the Board to engage directly with team members and support the culture, purpose and role each hotel plays in the community. We hope to renew this programme upon a return to more normal business activities.

Our Board site visits are a mainstay of our Director induction programme and feature in our annual Board activities. The site visits provide the Board with great opportunities to better understand the dedication, work and the feedback from both the managerial and non-managerial team members. This greatly improves the depth of the Board's understanding of our operations and team member views.

This recommendation of each Director having at least two site visits per year was accepted in 2019. Unfortunately, due to COVID-19, our Directors were only able to conduct site visits in January – March, with Ken Bradley, Nigel Keen and Kevin McAuliffe visiting a number of London properties and meeting with the teams on-site. While these visits were incredibly useful to engage the Non-Executive Directors with the workforce, it was taken without the knowledge that these would be the only visits for the year due to the pandemic.

### Pulse Survey

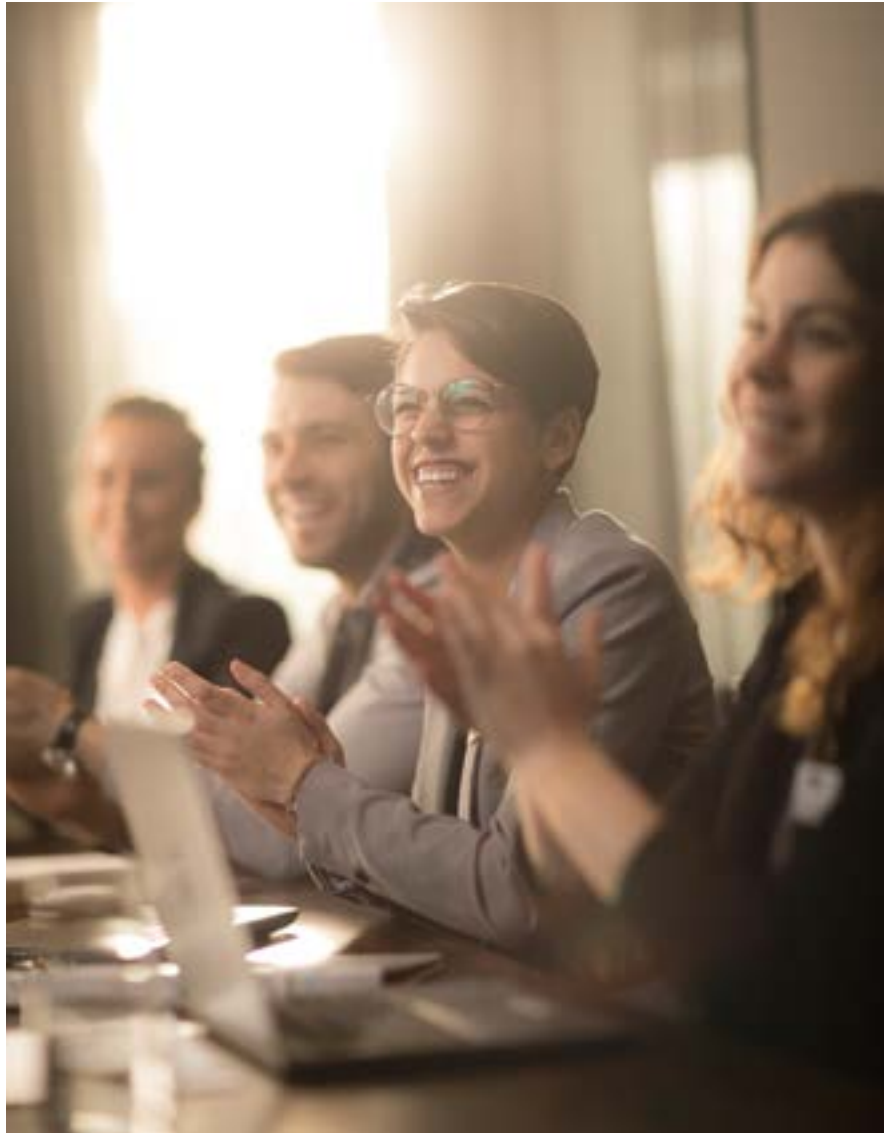
As with many of our activities, the social protocols of 2020 acted as an impetus to modernise our approach toward workforce engagement. Ensuring our Board remained connected to the workforce was one of the more challenging aspects of governance in 2020. The operational limitations and distancing measures required us to address ways to engage with the workforce. Remote engagement is understandably a challenge within an industry which deeply values personal connection and social interactions.

One way we modified our workforce engagement was to temporarily modify our annual Climate Analysis to allow for more frequent pulse surveys to various groups of team members. The Climate Analysis is a formal and comprehensive study, based on survey of our people, culture, workplace satisfaction. With a number of our team members on furlough, this approach was set aside in favour of a succinct pulse survey which sought direct feedback on current concerns of our team members which were capable of swift resolution and consideration. Our first pulse survey was conducted in the Netherlands and, in addition to the above, sought to gauge the well-being of our team members, which we deemed of critical importance given the many changes of 2020.

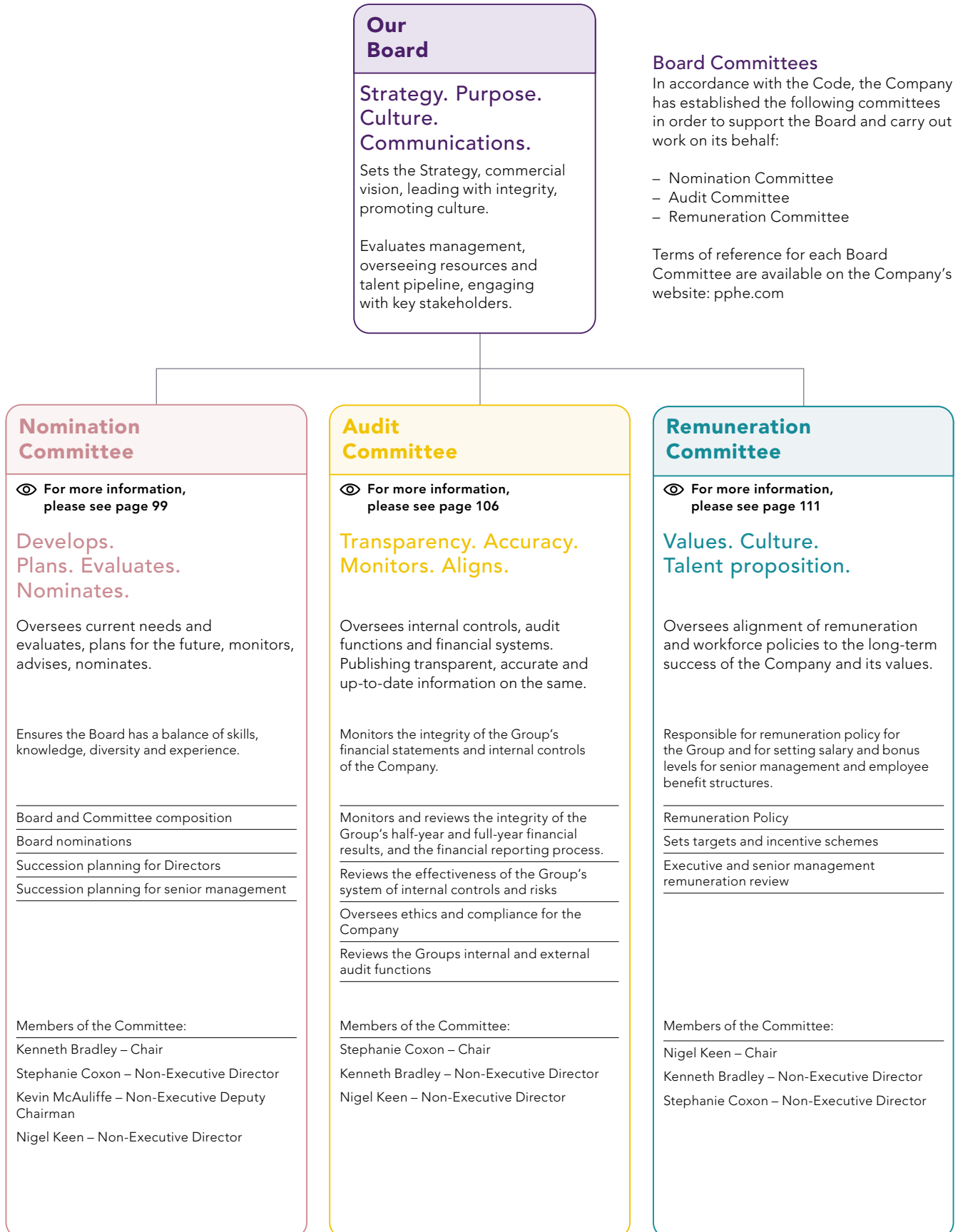
The survey has shown to be a very agile and approachable way to elicit insights from team members on specific initiatives and in the moment challenges. We will continue with this format for the time being rolling it out to other regions, such as the UK in Q1 2021. We anticipate returning to the comprehensive engagement surveys in the coming years while continuing to utilise pulse surveys for more of-the-moment matters.

To supplement the programme, the Company focused a portion of its newsletters on communicating the importance of mental health and, how to speak with Mental Health First Aiders first even when on furlough or working remotely and making government endorsed tools and mental health strategies accessible and providing access to tools, learning and activities in support of mental and physical health.

We encourage all of our team members to take part in internal events to promote health and well-being. Team members participated in yoga sessions, and held activities that opened up conversations around well-being, confidence and mental health.



## BOARD AND COMMITTEE MEETINGS



## BOARD AND COMMITTEE MEMBERSHIP

	B	A	R	N
Eli Papouchado	<b>B</b> <b>C</b>	<b>A</b>	<b>R</b>	<b>N</b>
Yoav Papouchado <sup>1</sup>	Alternate Director			
Kevin McAuliffe	<b>B</b>	<b>A</b>	<b>R</b>	<b>N</b>
Nigel Jones <sup>2</sup>	<b>B</b>	<b>A</b>	<b>R</b>	<b>N</b>
Nigel Keen	<b>B</b>	<b>A</b>	<b>C</b>	<b>N</b>
Kenneth Bradley	<b>B</b>	<b>A</b>	<b>R</b>	<b>C</b>
Stephanie Coxon	<b>B</b>	<b>C</b>	<b>R</b>	<b>N</b>
Dawn Morgan <sup>3</sup>	<b>B</b>	<b>A</b>	<b>R</b>	<b>N</b>
Boris Ivesha	<b>B</b>			
Daniel Kos	<b>B</b>			

<b>B</b> Board of Directors	<b>A</b> Audit Committee	<b>N</b> Nomination Committee
<b>R</b> Remuneration Committee	<b>C</b> Chair	

- 1 Eli Papouchado appointed Yoav Papouchado as an Alternate Director on 21 July 2020.
- 2 Nigel Jones retired from the Board and did not stand for re-election at the AGM; Nigel Jones chaired the Remuneration and Nomination Committees up until his retirement.
- 3 Dawn Morgan stepped down from the Board effective 30 Sept 2020; Dawn Morgan chaired the Audit Committee up until her resignation.

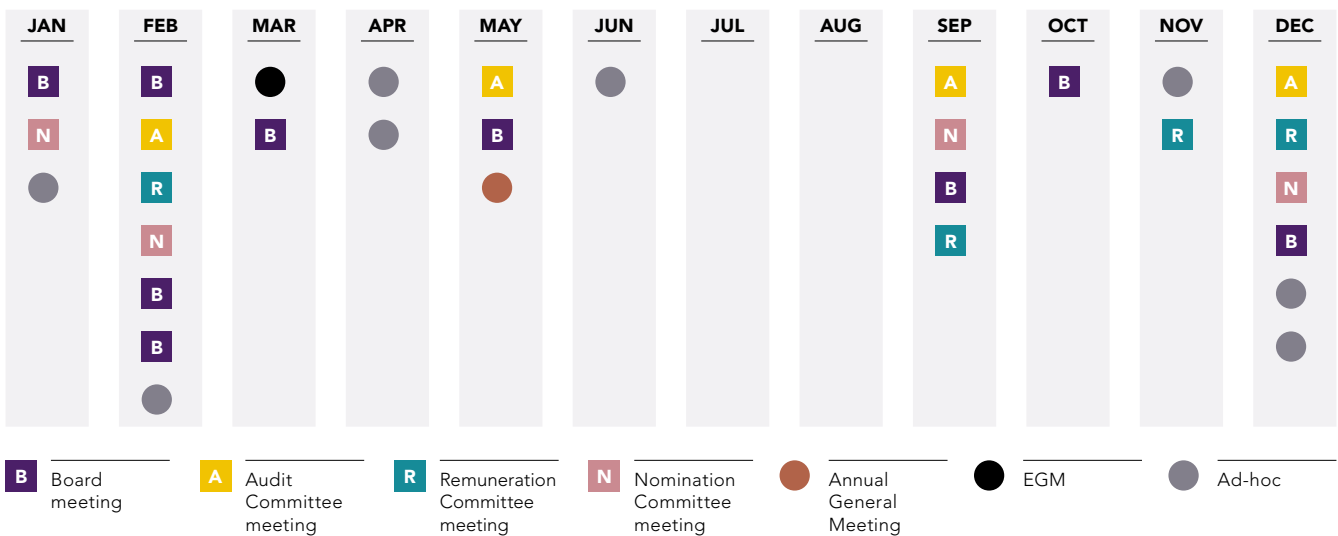
### Board and Committees membership

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

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

## BOARD AND COMMITTEE MEETINGS

The Board and its Committees have a sufficient number of regularly scheduled meetings to discharge their respective duties. Additionally to scheduled meetings, the Board holds regular ad-hoc Board Committee meetings when and if required.





## BOARD AND COMMITTEE MEETINGS ATTENDANCE

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

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings		Ad-hoc Board Committee Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Eli Papouchado <sup>1</sup>	4	9	n/a	n/a	n/a	n/a	n/a	n/a	–	n/a
<i>Yoav Papouchado, Alternate Director</i>	2									
Kevin McAuliffe	9	9	n/a	n/a	n/a	n/a	4	4	6	n/a
Nigel Jones <sup>2</sup>	6	6	2	2	1	1	2	2	3	n/a
Nigel Keen <sup>3</sup>	7	7	3	3	3	3	2	2	–	n/a
Kenneth Bradley	9	9	4	4	4	4	4	4	5	n/a
Stephanie Coxon <sup>4</sup>	3	3	2	2	3	3	2	2	2	n/a
Dawn Morgan <sup>5</sup>	6	7	3	3	2	2	2	3	3	n/a
Boris Ivesha	9	9	n/a	n/a	n/a	n/a	n/a	n/a	–	n/a
Daniel Kos	9	9	n/a	n/a	n/a	n/a	n/a	n/a	–	n/a

1 Eli Papouchado appointed Yoav Papouchado as an Alternate Director on 21 July 2020

2 Nigel Jones retired from the Board and did not stand for re-election at the AGM 2020

3 Nigel Keen was appointed as a Non-Executive Director on 20 February 2020. The first Audit Committee meeting was already scheduled for 25 February 2020 and the first Nomination and Remuneration Committee meetings for 26 February 2020, well before his appointment. Therefore, the view is taken that his committee appointments were applicable as of the first Board meeting

4 Stephanie Coxon was appointed as a Non-Executive Director on 7 August 2020

5 Dawn Morgan stepped down from the Board effective 30 September 2020

### Board monitoring culture

The Board and Executive Leadership Team use various tools to assess the Company's culture. The annual Climate Analysis is a leading source on the values and behaviours of the Company.

Other key sources of intelligence in determining the culture include:

- online reviews of the hotels and services received from guests
- review of Company provided hotlines such as the whistleblowing hotline and compliance support e-hotline
- social media posts
- employer review sites
- compliance training records
- exit interviews
- hotel audits and "other human capital metrics" that provide the Executive Leadership Team and Board with insights on the health of the culture and its alignment with the vision, strategy and purpose of the Company

This data is regularly reviewed by the Executive Leadership Team and discussed with the Board to develop a deep understanding of the culture's health, gaps to address and steps to take to better align with the long term strategy of the Company. The Board will continue to grow its oversight in the culture and its evolution in relation to the Company purpose and strategy in line with good governance practices.



**Kenneth Bradley**  
Chair of the  
Nomination Committee

### Nomination Committee Chair

**Kenneth Bradley**  
Chair of the Nomination Committee

### Nomination Committee members

**Stephanie Coxon**  
Non-Executive Director  
(appointed in August 2020)

**Nigel Keen**  
Non-Executive Director  
(appointed in February 2020)

**Kevin McAuliffe**  
Non-Executive Deputy Chairman

**Dawn Morgan**  
Non-Executive Director  
(stepped down from the Board  
in September 2020)

**Nigel Jones**  
Non-Executive Director  
(retired from the Board in May 2020)

### Dear Stakeholder,

I welcome opportunity to report on the work of our Nomination Committee after my first full year in the position. The roles and responsibilities of the Committee mean that we focus on the future: succession plans, appointments to the Board, ensuring development of our talent pipeline, among others. Our focus is on the future and ensuring the Board is building the leadership mechanism for tomorrow's challenges.

If there ever was a year to take comfort in the task of future-proofing, it was 2020. The COVID-19 pandemic was ever-present in all facets of our day-to-day lives. For that reason, we as a Committee were trusted with carrying out the role of building leadership within the Company for the bright path of the many tomorrows to come.

The Nomination Committee was exceptionally active in 2020 between the appointment of two new Non-Executive Directors, Stephanie Coxon and Nigel Keen, and one Alternate Director, Yoav Papouchado; supporting the commencement of two new Executive Team roles, the Deputy Chief Executive Officer and Chief Legal & Corporate Officer; refreshing the Board Induction Programme and updating our own terms of reference. These significant steps, among a number of more modest activities undertaken by the Committee, highlight how the Nomination Committee is actively developing the leadership of the Company for the years beyond 2020.

The Role of the Nomination Committee is to oversee and continue the succession planning programme, identify candidates for Board and Executive positions, ensure the talent pipeline is well developed for tomorrow's leadership and to lead our Board induction programme. Our Board succession planning is on target, with three new appointments made over the past 24 months, my own appointment included, and two Non-Executives stepping down from the Board in that same period.

We were prompted by travel restrictions to carry out most of our Board induction programme on a remote basis for our newest Non-Executive Director appointment, Stephanie Coxon, who joined in August 2020 and to some extent for Nigel Keen who was appointed earlier in the year, in February 2020.

👁️ **For more details on the 2020 Induction programme, please see page 103**

All areas of the Board Induction Programme were fully adaptable, save for the workforce engagement piece. Scheduled site visits, overnight stays and other face-to-face interactions form important parts of Board engagement year-on-year. These in person interactions, in various combinations, are a mainstay for the Board Induction Programme. Although the Board received regular updates on the workforce and workforce engagement from the Executive Leadership Team, the restrictions on movement introduced as a result of the pandemic made site visits and face-to-face meetings impossible to conduct. Thus the site visits and the workforce engagement which organically springs from our site visits have been deferred to 2021 for Nigel and Stephanie. Having learned from the ease with which we completed our e-induction for Stephanie and Nigel, we have set the goal of creating a permanent e-induction programme going forward for all new appointees.

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

### Nomination Committee attendance and meetings

The Nomination Committee met four times during the year. Attendance of the individual Directors who served on the Nomination Committee throughout the year is shown in the table on page 97 to 98.

### Nomination Committee membership

As of 31 December 2020, the Nomination Committee is comprised of four Non-Executive Directors, three of whom are considered by the Board to be independent. No member of the Nomination Committee is deemed to have a personal financial interest in the matters to be decided. The Committee is chaired by Kenneth Bradley. Its other members are Nigel Keen, Stephanie Coxon and Kevin McAuliffe. Nigel Jones retired from the Board and stepped down from the Committee in May 2020 with Kenneth taking over as Chair after a successful handover. Dawn Morgan stepped down from the Board and the Committee effective September 2020.

### Appointment of Chairman and Alternate Director

The Board re-elected Eli Papouchado ('Papo') as Chairman in May 2020. As the Company's founder and the vision behind its success, Papo remains an invaluable asset to the Board. In setting the Company's purpose, strategy and objectives, the Board leverages Papo's vision, wealth of knowledge, network and intuition earned through his many successes spanning more than six decades in construction, design, development,

financing, acquisition and management of leading hotels, retail spaces, large residential projects and his leadership as Chairman of the Israel Hotel Association. The Board believes that Papo's vision, expertise and intuition are heavy drivers behind the successful strategy of the Company since its founding and therefore unanimously recommended his appointment as the Chairman in 2019. An alternate Board Member was appointed to sit in place of Papo, his son Yoav Papouchado, if and during any absences.

Yoav is the Chairman of Red Sea Hotels Limited ("Red Sea") and President of Gear Construction, the construction arm of Red Sea, with over 30 years of experience of residential 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.

The addition of Yoav has been a smooth and uncomplicated transition due to his years of experience and knowledge of the business, its leadership and the values of the Company.

The Nomination Committee is of the view that the Board was well prepared to continue its succession planning programme in 2020 despite the wider global changes during the year, in large part, because the continuation of the Chair and Deputy Chair ensure stability, strategy deep understanding of the business.

### Independence and tenure of Chairman of the Board

The Code recommends that the chair of the board should not remain in their post beyond nine years from the date of the first appointment (although such time can be extended to facilitate effective succession planning and development a diverse board) and that the chair should be independent upon appointment. These provisions are intended to encourage effective succession planning.

Succession planning cannot be conducted in a vacuum, it must be carried out in a gradual manner to promote stability and is considerate of the needs of the Board and Company, particularly with regard to the expertise, experience and skills of its collective membership. With that in mind, the Board reviewed its ongoing succession planning programme in 2020, which included two new appointments and two retirements from the Board. Furthermore, the Board considered the needs of the business in 2020 and in what is assumed to be a return to more normalised operations in the year ahead. With these considerations in mind, the view from the Board, which the Nomination Committee endorsed, was unanimously in favour of the reappointment of Papo as Chair.

The Nomination Committee and the Board as a whole have given due consideration to the Provisions 9 and 19, and both categorically and unanimously agree that the Chairman is of unparalleled value to the Company and his continuation in the role in the upcoming year will contribute to the Company's long-term sustainable success. The Committee and the Board will keep their decision to diverge from Provisions 9 and 19 under constant review.

### Nomination Committee's focus 2020

Function	Actions in 2020
Board and Committee composition	<ul style="list-style-type: none"> <li>- Considered the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board</li> <li>- Reviewed the process and timing of the Board's evaluation</li> <li>- Reviewed the results of the Board's 2019 evaluation</li> <li>- Considered the Committee's own performance and constitution to ensure it is operating at maximum effectiveness</li> <li>- Followed the Board Diversity Policy prior to recruiting NEDs</li> </ul>
Board nominations	<ul style="list-style-type: none"> <li>- Oversaw the recruitment process of new Directors, including short list of potential candidates</li> <li>- Considered the appointment of two new NEDs and the Alternate Director</li> <li>- Considered training and induction for newly appointed Directors</li> <li>- Reviewed the induction for newly appointed Directors</li> </ul>
Succession planning for Directors and senior management	<ul style="list-style-type: none"> <li>- Regularly reviewed and considered succession planning at Board level and C-Suite</li> </ul>
Diversity and talent development	<ul style="list-style-type: none"> <li>- Considered gender balance at senior management level &amp; reporting employees</li> <li>- Considered gender balance for the Group</li> <li>- Reviewed Diversity Policy</li> <li>- Updated the Board induction programme, set out plan to formalise a remote induction programme</li> <li>- Reviewed long-term nominations</li> </ul>

### Succession planning

The Board remained on pace with the Succession Planning Programme Two new Non-Executive Directors were appointed in 2020, Nigel Keen and Stephanie Coxon. The addition of the two new Non-Executive members was remarkably smooth, in large part thanks to the continuity of service and deep understanding of the business that the longer tenured Board Members offer to the Board on the whole ensures that we continue to have plans in place for orderly succession to the Board.

Succession planning programme, Committee and Board composition, gender balance and other matters were regularly discussed and reviewed by the Committee and the Board in 2020.

## Succession planning, diversity and Board and Committee reviews 2020

FEBRUARY	MAY	SEPTEMBER	DECEMBER
Succession planning <b>N</b>	Chairmanship of the Remuneration Committee <b>B</b>	Gender balance – senior management level & their reports <b>N</b> <b>B</b>	Gender Balance – Company <b>N</b> <b>B</b>
Review – composition of the Board <b>B</b>	Chairmanship of the Nomination Committee <b>B</b>	Succession planning <b>N</b> <b>B</b>	Succession planning <b>N</b> <b>B</b>
Succession planning – Audit Committee <b>A</b> <b>B</b>		Review – Diversity Policy <b>N</b> <b>B</b>	
Succession planning – Nomination Committee <b>B</b>		Review – structure, size and composition of the Board <b>N</b> <b>B</b>	
Succession Planning – Remuneration Committee <b>B</b>			

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

The process taken by the Nomination Committee this year, with respect to appointing both new Non-Executive Directors and Executive appointments, ensures that our Board is able to provide the leadership and strategy of the Company, underpinned by the values and behaviours that shape its culture and the way it conducts its business.

Kenneth Bradley, who has taken the reins as Nomination Committee Chair, led the process of these appointments, and in doing so reviewed the existing succession plan and the current needs of the Board with regard to diversity of skills and characteristics.

### Succession planning programme – Board

Appointments to the Board follow a formal, rigorous and transparent process. The Board remained on pace with the Succession Planning Programme in 2020. Two Non-Executive Directors were appointed in 2020 with the support of the external recruitment firms of OSA Recruitment for Stephanie Coxon and Foster Chase for Nigel Keen. As far as the Company is aware, neither agency had any connection with the Company or individual Directors.

Both Nigel and Stephanie have been deemed independent as neither had any material dealings with the Company prior to their appointment to the Board. As with all Non-Executive Directors their independence will be reviewed again annually.

Their transition to the Board was remarkably smooth, in large part thanks to the continuity of service and deep understanding of the business that the longer tenured Board Members offer to the Board on the whole. Prior to recruiting for these roles, the Nomination Committee discussed and considered each Board member's individual skills, competencies, knowledge and diversity, alongside succession planning, to ensure that we maintain an effective and strong Board.

Nigel is a distinguished professional with experience in real estate development and is a chartered surveyor. He has served in Board and leadership positions for many years for FTSE listed and prominent private companies. He has exemplary experience as remuneration committee chair, and an understanding of the important role a Non-Executive Director plays. Nigel's tenure in an executive position for a significant company provides him with the depth of knowledge that comes with experiencing and leading through various business cycles.

Stephanie has achieved accelerated success in her field of capital markets, asset management and accounting. She has exemplary experience as a Non-Executive Director and a wealth of knowledge in the impact governance plays in successful decision making which she has learned in her previous position as an advisory consultant role for funds and listed companies. Stephanie is our most recent appointment to the Board and possess the expertise needed by the Board.

The appointments of Nigel and Stephanie ensured that the Board and its Committees have a combination of skills, experience and knowledge necessary to perform its duties effectively.

**For additional information, please see the biographies on pages 84 to 85**

As announced in 2019, Nigel Jones retired from the Board and did not stand for re-election at the AGM 2020. Nigel was an integral and valued member of the Board and we thank him for his contribution. Dawn Morgan resigned from the Board effective 30 September 2020 to facilitate a move abroad. The Board is grateful to Dawn for her commitment, service and invaluable contribution to Company.

As an important element of the Succession Planning programme, consideration is given to the length of service of Board members. In the last 24 months, the Board welcomed three new Non-Executive Directors and the stability and experience and knowledge of the Company offered by the more tenured members of the Board was invaluable to the Board as whole. The balance of composition of the Board was critical in ensuring the Company remained focus on long-term strategy and able to offer stability and security during the challenges presented in the 2020 year.

Two Non-Executive Directors, the Chairman and the Deputy Chairman, were appointed to the Board more than nine years ago. As explained in detail on page 100, the Chairman is invaluable to the Company and the Board, and his continued role in the Company has led to our sustained success. The Board considers the depth of knowledge Deputy Chairman brings to the Board, to be of significant value and of critical importance while the Board progresses its succession planning programme and new Directors are acclimating to their roles. Accordingly, the Board diverges from tenure recommendations in the Code with respect to the Chairman and Deputy Chairman.

While the consideration of the Code's emphasis on tenure remains, the Board is strongly of the belief that in its current composition, it has the right combination of skills, experience and knowledge and remains effective and entrepreneurial. The Board's composition will continue to be reviewed as part of succession planning.

### **Succession Planning programme – Executive Leadership Team**

In consideration of the appointments made to the Executive Leadership Team in 2019, which took effect on 1 January 2020, the Board believes succession planning is effective for senior management and in keeping with the spirit of Principle J of the Code. The Chief Executive Officer, who sits on the Board and remains in regular discussion with the Board, directs succession planning at the senior management level and does so in coordination with the Chairman, Deputy Chairman and the Board on the whole. In directing succession planning, Principle J is applied to ensure that succession is based on merit and objective criteria and within this context promotes diversity of gender, social and economic backgrounds, cognitive and personal strengths.

### **Board Induction**

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

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

**KENNETH BRADLEY'S INDUCTION PROGRAMME 2020:**

2020 2021



**NIGEL KEEN INDUCTION PROGRAMME 2020-2021:**

2020 2021

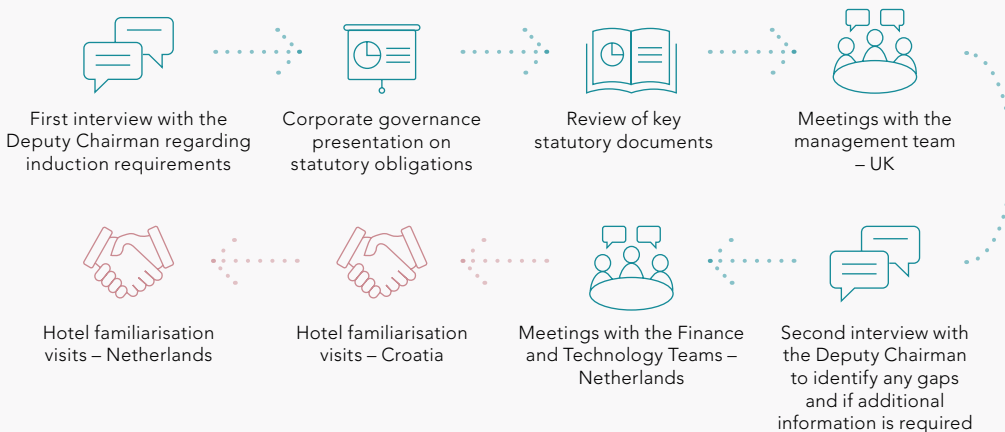
**FEBRUARY 2020**



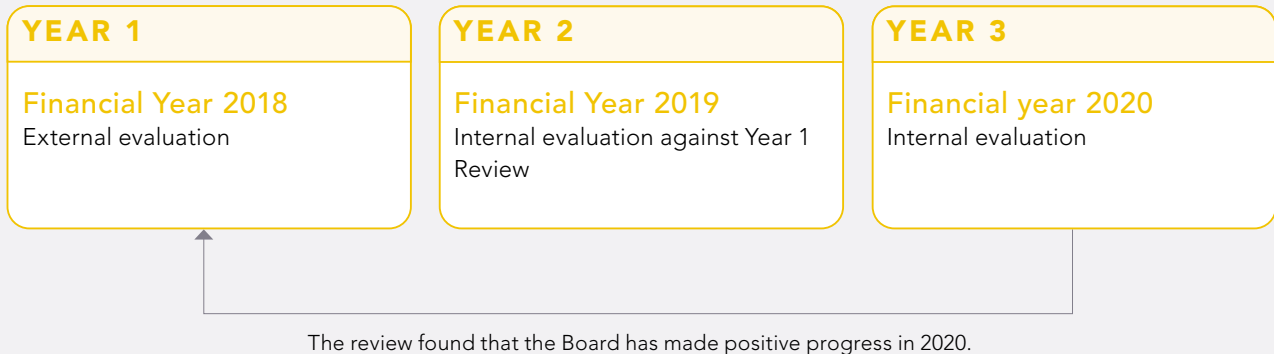
**STEPHANIE COXON INDUCTION PROGRAMME 2020-2021:**

2020 2021

**SEPTEMBER 2020**



## BOARD EVALUATION



### Board evaluation

The Board evaluates its performance and considers the tenure of each Director on an annual basis, and believes that the mix of skills, experience and length of service is appropriate to the requirements of the Company. This feeds into considerations for succession planning for long-serving Directors. Progress made against the 2018 external evaluation and the 2019 internal evaluation was reviewed in the 2020 internal evaluation which was led and conducted by the Deputy Chairman.

The purpose of the 2020 review of Board and Committee effectiveness was to follow up on the outcomes and recommendations of the 2018 external evaluation and 2019 internal evaluation. The evaluation covered the full scope of the Board and each Committee's work, and provided recommendations, suggestions and an overall assessment of effectiveness.

During 2020, the Board improved its frequency of information flow to include a number of routine updates on business areas. The Board has therefore received more frequent updates from the risk, audit, insurance and compliance functions of the business. This satisfied an objective set by the previous year's Board evaluation and ensures the Board is best placed to carry out their duty to oversee the internal control framework and account for principal risks when evaluating the Company's strategic objectives.

### Diversity

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

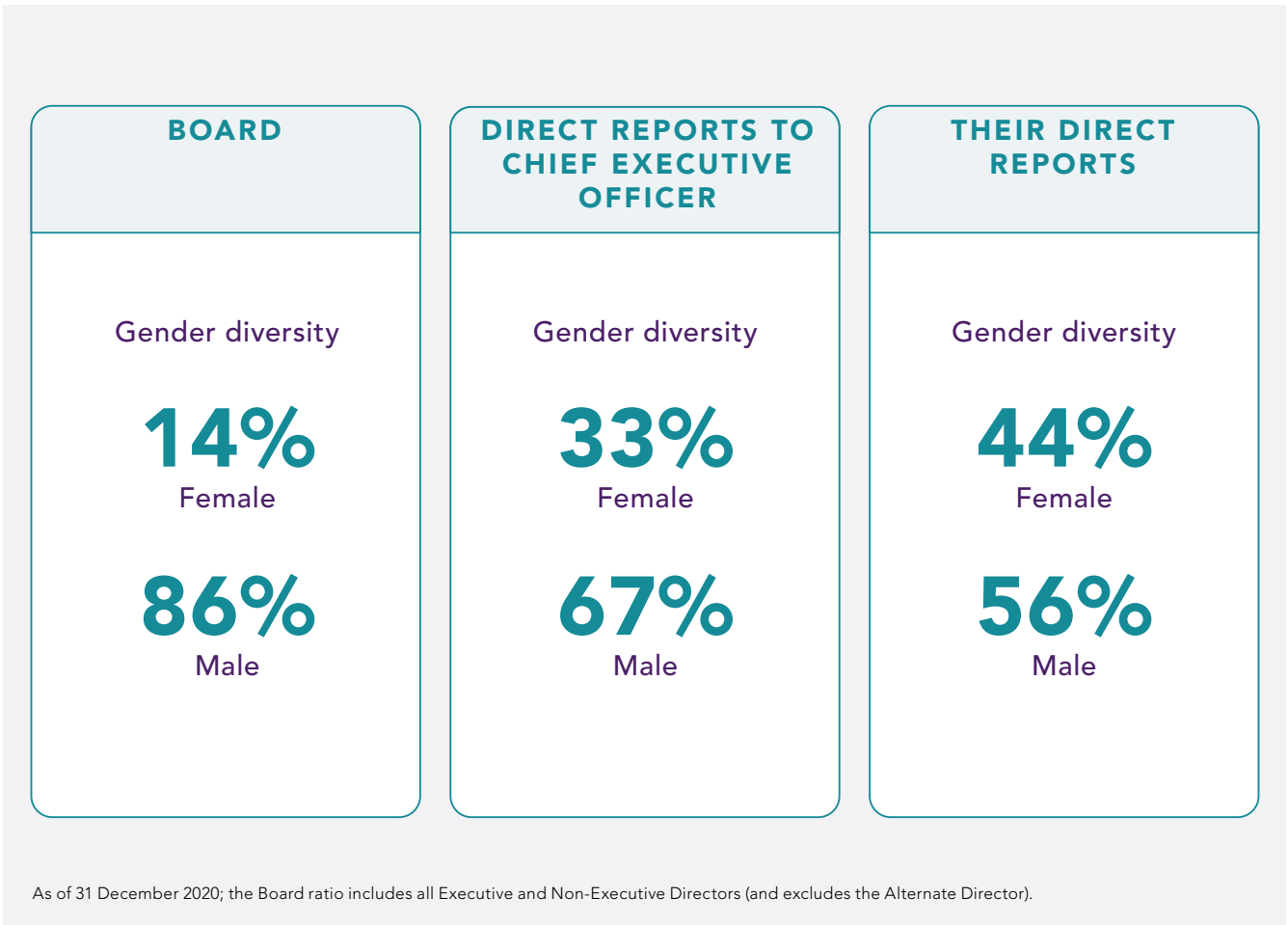
Our Board and Executive Team consists, of both men and women and includes talented and committed individuals whose business experience, geography, age, gender, and ethnicity are varied. The Committee reviewed the composition of the Board in 2020, and in doing so believes that there is a depth of diversity with regard to a number of characteristics, experience and skill sets. Gender diversity remains as an area for improvement at the Board level.

The Board maintains a gender diversity policy which is reviewed annually by the Nomination Committee and proposed for annual adoption by the Board. In proposing the policy, the Nomination Committee recommends changes where it deems appropriate in light of the current Board composition. The diversity policy approval process is open to discussion and debate. The Board again considered the benefit of setting diversity targets in order to close the gap with regard to gender diversity. The view remains that setting diversity targets risks overshadowing the need to identify suitable candidates on the basis of merit, with the primary objective of finding Directors whose skill set best reflects the needs and nature of the business.

All appointments to the Board are made on a merit basis, and with diversity in all respects viewed as a benefit. The Board does not believe that any one characteristic, whether diversity related or otherwise, as warranting appointment to the Board. All appointments are viewed holistically and in consideration of various factors which are relevant to any vacancy. In compliance with Provision 23 of the Code, the Nomination Committee is tasked with ensuring the policy on diversity and inclusion links to the objectives of the Company and Company strategy and reviewing how the policy has been implemented and progressed to achieve its objectives.

### Senior Management

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



**Workforce**

The diversity and inclusivity of our entire team are important for us to bring the best to our business and understand and reflect the needs of our guests and other key stakeholders. We are fully committed to respect and deliver fair treatment for everyone whatever their background, race, ethnicity, gender or other protected characteristics (as defined within the UK Equality Act 2010) and deliver opportunity and development for all of our team members, guests and stakeholders. Where possible, we actively support events in our community that celebrate diversity and inclusion.

In keeping with the call to ensure the Board sets the culture of the Company, the Board Diversity Policy was considered and integrated, as applicable, to the Inclusion and Diversity Statement published by the Company in 2020 for the updated recruitment website. Diversity, in all respects, is of great value in collective decision-making at every level of the organisation. We intend for our Policy, and indeed our approach to recruiting and retaining new Directors, Executive Leadership and the talent pipeline, to support a culture of inclusion and diversity.





**Stephanie Coxon**  
Chair of the  
Audit Committee

**Audit Committee  
Chair**

**Stephanie Coxon**  
Chair of the Audit Committee  
(as of 30 September 2020)

**Dawn Morgan**  
Chair of the Audit Committee  
(through 29 September 2020)

**Audit Committee  
members**

**Kenneth Bradley**  
Non-Executive Director

**Nigel Keen**  
Non-Executive Director &  
Senior Independent Director  
(appointed to the Audit Committee  
in February 2020)

**Nigel Jones**  
Non-Executive Director (retired from  
the Audit Committee in May 2020)

**Dear Stakeholder,**

I am honoured to have been appointed as Chair of the Audit Committee and to take the reigns over from Dawn Morgan, whose commitment to governance and leadership led the work of the Audit Committee during her tenure as Chair of this committee. I would like to add my personal thanks to Dawn for her contribution.

2020 was a unique and complex year as government restrictions surrounding the control of the COVID-19 pandemic dictated the operations of the Group. Unsurprisingly, the COVID-19 pandemic has fundamentally affected all aspects of the Audit Committee's activity during the year.

The Audit Committee directs and oversees the changes to, and implementation of, effective risk management measures in response to the evolution of the business, its resources and its strategy. Implementing effective risk management is about accurately identifying risks and maintaining that oversight to accurately track those changes and being able to effectively communicate it in a transparent and digestible manner to all levels of management within the business. The Committee uses the risks from the Group's Enterprise Risk Management ("ERM") system (as set out on pages 31 to 40) as the main basis to determine the Committee's activity. In 2020 we were pleased at the strides taken in recent years to refocus the internal audit and risk functions as they were vital and effective in ensuring that our Executive Leadership Team, Board members and key internal decision makers were risk aware and fully conversant with the potential impacts on the Group.

In March 2020, time was spent with the Executive Leadership Team and the Head of Risk and Internal Audit to determine the impact of the COVID-19 pandemic on the risks facing the Group and consider the resultant risks and emerging risks. Effective risk management and internal controls were integral to ensuring the Company could maintain its position and the Board was able to maintain its strategic focus on the future.

The Company maintains its own risk management and internal audit function which, based on the quality of reporting from the Head of Risk and Internal Audit, we believe is appropriate for the business. During 2020, due to government restrictions and the hotels being closed, we were unable to complete hotel operational internal audits. As such we instructed the Head of Risk and Internal audit to perform additional deep dives over corporate treasury, Group insurance and subsidiary governance which were areas highlighted in the ERM system.

During the year, the Audit Committee oversaw the implementation of the new financial risk and control matrices, documenting key controls across all areas of the financial process. This will allow us to formally assess the Company's second line of defence in this area.

The Audit Committee is also tasked with safeguarding the quality of our financial and non-financial reporting, which is of even greater importance in a year like 2020 where the impact of the COVID-19 pandemic on the Annual Report and Accounts were unprecedented. The Committee also had robust conversations with management on the financial impact of the COVID-19 pandemic and its implications on the financial statements, going concern assessment and viability statement.

The Audit Committee has undertaken some administrative changes this year to enhance our governance practices, one such amendment was to reorganise the Committee schedule to allow a week between the Committee meeting and the subsequent Board meetings.

The Committee believes that the robust internal controls and sound risk management processes that we have in place ensure that the Company is able to successfully deal with ever-changing circumstances as we progress toward a return to pre-COVID-19 operations.

A stylized, handwritten signature in blue ink, appearing to read 'Stephanie Coxon'.

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

## 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 the external audit process as well as the external auditor's independence.

The Audit Committee receives and reviews information from the Deputy Chief Executive Officer, Chief Financial Officer, the Chief Corporate & Legal Officer, the Head of Risk and Internal Audit, 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. C.L. Secretaries Limited carries out Company Secretary services to ensure the Committee has the policies, processes, information, time and resources needed to function effectively and efficiently. The Committee regularly reports to the Board on how it has discharged its responsibilities.

The Committee's Terms of Reference can be found on the website.

## Effectiveness of the Committee

The Committee's performance, constitution and effectiveness is monitored and assessed regularly, including as part of the Board annual evaluation where it was concluded that the Committee remained effective. The Audit Committee has scheduled a comprehensive self-evaluation which is to be completed following the publication of the annual accounts and report for the 2020 year.

The Board further considers that the work and composition of the Audit Committee complies with the Code.

## Audit Committee's Focus 2020

Function	Actions in 2020
Monitor the Group's financial statements	<ul style="list-style-type: none"> <li>– Reviewed the form and content of the Annual Report and Accounts to ensure that it was fair, balanced and clear and the associated announcements.</li> <li>– Reviewed Interim Report and Financial Statements for the period ended 30 June 2020 and the related announcements</li> <li>– Received regular updates on Group's performance</li> <li>– Amended the timing of meetings to allow more time between Audit and Board meetings to allow any work arising from the Audit Committee to be carried out and reported to the Board as appropriate.</li> </ul>
Monitor and review the effectiveness of the Group's system of internal controls and risks	<ul style="list-style-type: none"> <li>– Received regular updates on the internal audit and enterprise risk management, including:               <ul style="list-style-type: none"> <li>• internal audit update</li> <li>• Enterprise Risk Management updates</li> <li>• actions update</li> <li>• risk incidents</li> <li>• financial control framework</li> </ul> </li> <li>– Received regular updates on and reviewed emerging risks</li> <li>– Updated principal risk schedule and Enterprise Risk Management framework</li> <li>– Reviewed Whistleblowing Policy and Code of Conduct</li> <li>– Conducted internal assessment of the Audit Committee's performance to ensure effectiveness</li> <li>– Reviewed the progress of internal audit against internal audit plan and selected deep dive internal audits over areas highlighted in the Enterprise Risk Management system</li> <li>– Monitored and reviewed the effectiveness of internal audit function</li> <li>– Considered the structure of internal audit</li> <li>– Reviewed subsidiary company's governance policies</li> </ul>
Oversee ethical dealings and compliance for the Group	<ul style="list-style-type: none"> <li>– Regularly reviewed IT risks and cyber security</li> <li>– Reviewed data privacy matters and procedures</li> <li>– Monitored arrangements with related parties</li> <li>– Reviewed Significant and Related-party Transaction Policy</li> <li>– Met with compliance and governance teams for update on compliance, environmental, social and governance programme</li> </ul>
Review the Group's external audit function	<ul style="list-style-type: none"> <li>– To consider the audit planning report from the auditor</li> <li>– To consider the report from the auditor</li> <li>– Regular communications with the auditor during the audit process</li> <li>– Met with subsidiary auditors to discuss the status of the subsidiary audits</li> <li>– Reviewed and updated the Non-Audit Fee Policy</li> <li>– Evaluated the performance of the Auditor</li> <li>– Considered the tenure of the Auditor</li> <li>– Considered the auditor's independence and non-audit services</li> </ul>

## Changes in Audit Committee membership

Stephanie Coxon joined the Audit Committee on 7 August 2020 and, following a successful handover, succeeded Dawn Morgan as Audit Committee Chair, upon Dawn's retirement from the Board on 30 September 2020.

Nigel Jones remained a Committee member until May 2020, when he resigned from the Board. Nigel Keen joined the Board on 20 February 2020, and was appointed to at the first committee meeting thereafter on 25 February 2020.

## 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 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.

- Stephanie Coxon (Chair, from 30 September 2020) is a chartered accountant, with over 15 years of capital market expertise. She is a former capital markets director for a pre-eminent global Accountancy and Consulting firm, where she advises boards on ongoing obligations, corporate governance, accounting policies and reporting processes. Stephanie is also a Non-Executive Director for two FTSE 250 companies. Through her qualifications and past experience, Stephanie is able to provide strong leadership to the Audit Committee in carrying out its duties and responsibilities;
- Dawn Morgan (Chair, through 29 September 2020) is a Chartered Accountant and a former Finance Director and Company Secretary. These previous roles together with her

robust experience in all aspects of commercial finance (including treasury and strategic aspects), allowed her to provide strong leadership to the Audit Committee;

- Kenneth Bradley brings a wealth of knowledge on banking and general commercial finance matters, earned through his more than 30 years of experience in banking and other regulated financial services businesses. Kenneth's expertise covers wealth management, corporate banking, structured finance and insurance;
- Nigel Keen (from February 2020) is a qualified chartered surveyor with over 35 years of property expertise from site acquisition through to asset management. He has held executive and non-executive board positions with FTSE 100 and FTSE 250 companies, leading development, construction and property teams at high growth companies, many of which are so widely proliferated that they have become house-hold names. Nigel is a Non-Executive Director and audit committee member of a FTSE250 housebuilding company;
- Nigel Jones (until May 2020), is a chartered surveyor and former Chief Executive of an AIM listed property company. Nigel's substantial experience of dealing with financial matters as well as relevant experience in the property and construction industries offered sound and valuable understanding of property development.

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

### **Committee attendance and meetings**

The Audit Committee met formally four times during the year. The Audit Committee receives monthly financial and operational performance updates from the Chief Financial Officer, Deputy Chief Executive Officer, Chief Corporate and 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 Risk and Internal Audit, who reports directly to the Audit Committee. Since the outbreak of COVID-19 in March 2020, the members of the Committee received weekly updates on the

Company's performance and management response to the crisis from the Head of Audit and Risk who liaises with the Executive Leadership Team prior to each update call. Additionally, the 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 is satisfied that it had access to the resources necessary to discharge its responsibilities in 2020.

The schedule of meetings and attendance of the individual Directors who served on the Audit Committee throughout the year is shown on pages 97 to 98.

### **Audit Committee schedule and resources**

In 2020, the Audit Committee reviewed the timing of the Audit Committees in relation to the Board meetings in which the Audit Committee would be reporting their findings. The Audit Committee decided that the meetings should no longer be on the same day, as the brevity of time to review the outcome of the Committee Meetings posed a risk that there would not be a sufficient interval to allow any work arising from the Audit Committee meeting to be carried out and reported to the Board as appropriate. Therefore, in accordance with FRC guidance, a longer interval, of approximately one week, will be scheduled between the Audit Committee meetings and the subsequent main Board meetings where the Audit Committee is to report its most recent findings.

### **Evaluating performance**

The Audit Committee carried out a self-evaluation of its own performance. In doing so each member of the Committee considered strengths as well as areas for improvement for the Committee in the upcoming year. The responses received from the committee were minor, with many focused on improving on challenging the external auditor's audit approach in light of COVID-19 pandemic and the form of the Audit Committee reporting at the main Board meetings.

An outcome of the self-evaluation was to consider adopting a 360 self-evaluation of performance in the 2021 year to include a review of the Audit Committee performance by members of the finance team, the risk and internal audit team and to create a forward looking Committee work plan from the aggregated responses.

### **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 remain 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 2020.

### **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 qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process, with a recommendation on whether to propose to the shareholders that the external auditor be reappointed. Kost Forer Gabbay & Kasierer were re-appointed for a further tenure of one year at the Company's Annual General Meeting in 2020.

The 2020 external audit will be Kost Forer Gabbay & Kasierer's seventh year of appointment as the Company's external auditors (15th year of an Ernst & Young Global member firm).

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

## AUDIT TENDER PROCESS

The Audit Committee is responsible for the selection process for the appointment of the Company's auditor. The Company has a policy of tendering the external audit at least every 10 years. The external auditor tender process was last conducted in 2014. The Audit Committee will keep the need to retender the audit under continual review, and will consider if such a retender process should be initiated sooner than 2024.

If a tender process is required, it will be conducted with due regard being given to the guidance in place from the Financial Reporting Council. The Audit Committee will be responsible for initiating and overseeing a competitive tender process, recommending a candidate for appointment following a thorough and appropriate tendering process, negotiating the auditing scope and fees, influencing the appointment of the audit engagement partner within the selected external audit firm and approving the letter of appointment for the auditor.

### Committee overseeing auditor

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

In December 2020, the External Auditor presented their proposed audit plan (reviewed by the Chief Finance Officer) to the 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 Committee also arranged for the external auditors to present their findings to them following their annual audit review, which provided the 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 Committee can confirm that it is satisfied with the Group's external audit functions and the integrity of its financial and narrative statements.

When the external auditors present their findings we 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. No concerns were raised by Kost Forer Gabbay & Kasierer as part of this meeting.

The key audit matters raised by the external auditors are included in their audit opinion on page 125.

### Review of the external auditor

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

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

The Audit Committee evaluated the performance of the external auditors during the year, no concerns were raised about the quality of the audit conducted and feedback showed an overall level of satisfaction. Following this year's audits, a detailed auditor evaluation on both the Group and subsidiaries external auditors will be undertaken. This evaluation will include obtaining feedback from senior finance personnel who were exposed to the audit process within the Group to obtain their input on the effectiveness of the external audit process.

The audit fees amounted to £249,422 (2019: £297,650).

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

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

In 2020, the Committee adopted a policy on the engagement of the external auditor 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 auditor. The policy is in line with the recommendations set out in the FRC's Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019). The Audit Committee monitors compliance with this policy.

Total non-audit fees amounted to £64,598 (2019: £57,253) consisting of the interim review of the Group's half-year financial results (2019 fee in relation to interim review: £52,526). Although this is considered to be a non-audit service, the objective of the review are aligned with the audit. The Audit Committee considered the provision of the non-audit services during the 2020 year and was comfortable that the nature and extent of non-audit services provided did not present a threat to the external auditor's objectivity or independence.

### Internal audit

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

The Audit Committee monitors and reviews the effectiveness of the internal audit function and meets with the Head of Risk and Audit on a monthly basis to review the progress of the internal audit programme, among other things. Additionally, the Audit Committee meets with the internal auditor at each Audit Committee meeting and does so without the presence of management, to discuss matters relating to its remit and any issues arising from the internal audits.

On an annual basis the internal auditor and internal audit function, agree the annual work plan and review whether the internal auditor has the proper resources to enable him to satisfactorily complete such work plans. Throughout the year, the auditor reports on the progress of the audit work plan and action point status. The Committee regularly reviews reports and considers management'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.

During 2020 due to government restrictions and the hotels being closed we were unable to complete hotel operational internal audits. As such the Audit Committee instructed the Head of Risk and Internal Audit to perform additional deep dives over corporate treasury, Group insurance and subsidiary governance which were both areas highlighted in the enterprise risk management system.

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

### Enterprise Risk Management ("ERM")

The Audit Committee monitors the Group's risk management system and controls to review their efficacy. 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-reward strategy is set by the Board at the recommendation of the Audit Committee.

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

The ERM function continues to work with the various business functions in order to formulate: (i) functional level risk registers; (ii) an emerging risk profile; and (iii) a revised ERM framework. The Audit Committee set out both the key objectives and work plan for the ERM function at the beginning of this process and was then involved in reviewing and challenging his output. To ensure its independence and objectivity, the function reports directly to the Audit Committee.

The detailed assessment of the principal risk, emerging risks and uncertainties facing the Group is included on pages 31 to 40.

### Financial reporting

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

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

The overall responsibility for approving interim statements and other governance statements is carried out in accordance with the Schedule of Matters Reserved for the Board, which was updated in 2020 through the collective efforts of the Deputy Chairman of the Board and the Chief Corporate & Legal Officer and approved unanimously by the Board.

In relation to the 2020 financial statements, the significant issues considered were the following:

- **Going Concern** – the Audit Committee considered the appropriateness of the going concern assessment and associated judgements around material uncertainties, reviewing the scenarios and mitigations, including funding options available to the Group as disclosed in Note 1(c) to the financial statements.
- **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 reviewed a paper prepared by management which outlines their approach to impairment reviews.

The Audit Committee had a robust discussion over the key assumptions and judgements used in assessing for impairment. The impairments (see notes 4,5 and 19) recorded for property, plant and equipment (£2.50 million) and right of use asset (£2.78 million) were discussed in detail. The Committee was satisfied that the Group has appropriately performed the impairment reviews, accounted for the impairments identified and that the related disclosures were appropriate.


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.

The Audit Committee also monitors the integrity of the interim financial statement and annual accounts and reviews any significant financial reporting judgments contained therein, prior to reporting the same to shareholders.

### Company policies and procedures

All policies and procedures on prevention of bribery and corruption are annually reviewed by the Audit and Committee for any changes required to be recommended to the Board. The Company's Code of Conduct, Anti-bribery & Corruption Policy, Whistleblowing, Conflicts of Interest Policy and other related ethical conduct policies were reviewed in 2020.

The Anti-Bribery and Corruption and Whistleblowing Policies are available on the Company's website. The Code of Conduct as adopted in 2020 will be posted on the website in due course.

 **For additional details on the Company's ethical dealing policies, culture and workforce engagement see pages 82 to 96**