

NOMINATION COMMITTEE REPORT



Committee Meetings and Attendance

The committee met three times during 2022.

Member	Attendance
John Hennessy	3/3
Margaret Sweeney	3/3
Elizabeth McMeikan	3/3
Robert Dix	1/1

See the committee's terms of reference on dalatahotelgroup.com

Dear Shareholder,

I am pleased to present the report of the nomination committee for 2022. 2022 was a year when three new board members, appointed in late 2021, settled into their roles.

Non-executives Cathriona Hallahan (November 2021) and Gervaise Slowey (December 2021), and CFO Carol Phelan (January 2022) each completed their first full year on the board, Stephen McNally (executive) and Robert Dix (non-executive) having retired in December 2021 and April 2022 respectively.

Leaving a period of change behind, the nomination committee turned its attention to planning for the future. It considered the balance of skills and diversity represented on the board and the question of chair succession. It also reviewed the board evaluation process and received a presentation from the CEO on succession planning in the senior layers of management.

Board composition and skills mix

The recent appointments, having resolved concerns about gender diversity, prompted discussion among board members (arising from the 2021 annual board evaluation) about other aspects of diversity and skills in the context of future appointments. The board asked the committee to examine the current mix of skills and diversity to assist with planning the succession of the senior independent director and myself, as chair.

The committee adopted the Glass Lewis January 2020 board skills matrix applied to companies in the consumer sector, modifying it to fit our business (for example, replacing manufacturing/supply chain with health and safety). This exercise provided the basis for a stimulating debate at the board's annual training day when we invited an independent corporate governance expert to facilitate a roundtable discussion on future board composition addressing skills and diversity in all its facets. It confirmed the healthy diversification of skills following the recent changes and spotlighted the areas of expertise that need replacing over the next two years.

See the board of directors section for information on each director's biography and principal skills.

Diversity

The company has a policy on board diversity, and it is reviewed by the committee annually. Under the policy, the committee considers all aspects of diversity, including gender, race, background, skills, regional and industry experience, and other distinctions, when reviewing board composition (and when agreeing on a job specification for a new non-executive director appointment).

The board's objective is to have a balanced board that reflects the diversity of the workforce, and it believes it is in the company's strategic interest to promote and develop managers from diverse backgrounds. By setting an example of diversity in its composition, the board will inspire aspiring managers from diverse backgrounds to build their careers with Dalata.

Over the past eighteen months, the committee has addressed the gender imbalance on the board, which is now 62.5% female. It intends to engage with candidates having an ethnic minority background in the search to fill future vacancies while being guided by the policy imperative that all appointments be made on merit.

Board Evaluation

Under the board evaluation policy, the evaluation is facilitated by an external consultant every three years. This exercise was last carried out in 2020 and will be repeated later this year. The corporate governance report describes the outcome of the 2022 internal review and its follow-up actions.

Non-executive director and chair succession

We are approaching the ninth anniversary of Dalata's 2014 public listing when four independent non-executive directors joined the board simultaneously. Three years ago, in my report to shareholders as company chair, I set out my intention to oversee the replacement of these four board members on a phased and orderly basis over a five-year period. I committed to managing this succession in a manner and over a timescale that would allow a transfer of knowledge and avoid a sudden loss of experience while at the same time preserving the independence of its non-executive membership. This plan

is on schedule, and in the past two years, company founders Pat McCann and Stephen McNally have also retired from the board and the business. In a short period, the board composition has changed significantly.

In October, senior independent director Margaret Sweeney informed the board of her intention to retire in 2023.

Upon informing the board of her decision, Margaret led a board discussion on the planning of chair succession, in which I did not participate.

The board has considered the question of chair succession in the context of provision 19 of the UK Corporate Governance Code, which states that the chair should not remain in post beyond nine years from the date of their first appointment.

The board also considered:

- the extent of change in board composition in recent times;
- the recent management succession following the company founders' retirement;
- the continuing uncertainty in the business environment: volatile demand patterns in the aftermath of the Covid-19 pandemic, exacerbated by the war in Ukraine, high inflation and rising interest rates.

The board proposed that it would be in the company's and its stakeholders' best interest that my term as chair be extended, subject to my re-election by shareholders, for two further years up to 2025.

I considered the board's proposal and agreed to the term extension subject to hearing the views of our leading shareholders on the matter.

Margaret wrote to our largest shareholders, and she and I spoke with several of their representatives. Each of the top ten shareholders engaged with us between November and early January, and we are grateful for their input.

I believe those we spoke to shared the board's view that the extended term will provide essential leadership and experience following a period when the board lost several very experienced members. It will allow the recently appointed CEO, CFO, and incoming

non-executive directors the time needed to develop in their new roles.

Margaret's retirement this year and the roadmap for my succession will see the completion of the replacement of non-executive directors appointed in 2014 within the five-year timeframe I proposed in February 2020.

The process of recruiting a successor to Margaret has commenced.

Management succession planning

The committee regularly reviews management team succession plans, including the executive director positions and positions reporting to members of the senior management group. The CEO presented the results of the succession planning review carried out with the senior management team in mid-2022. The committee is satisfied that the company is proactive in developing future leaders. The board and board committees regularly engage with members of the wider executive team through their periodic participation in board or committee meetings.

Conclusion

Over the past two years, the committee has managed the transformation of the board's composition and set out a clear roadmap for the next phase of its development. I wish to thank my committee and board colleagues for their support in this essential work and acknowledge our shareholders' continuing support during a very challenging time for the company and its stakeholders.

John Hennessy

Chair
Nomination Committee

Role of the Committee

Reviewing the structure, size and composition of the board and making recommendations to the board with regard to any changes.

Assessing the effectiveness and performance of the board and each of its committees, including consideration of the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works as a unit, and other factors relevant to its effectiveness.

Considering succession planning for directors and members of the executive management team.

Identifying and nominating new members to the board.

Reviewing the results of the board performance evaluation process that relate to the composition of the board.

Reviewing annually time input required from non-executive directors.