

# ESG COMMITTEE REPORT



The committee's focus concerns sustainability matters of strategic importance for Dalata.

## Committee Meetings and Attendance

The committee met five times during 2023.

Member	Attendance
Gervaise Slowey	5/5
Shane Casserly	5/5
Cathriona Hallahan	5/5
Elizabeth McMeikan	2/2
Jon Mortimore	3/3

See the committee's terms of reference on [dalatahotelgroup.com](https://dalatahotelgroup.com)

### Dear Shareholder,

I am pleased to report on the ESG committee's work in 2023. During the year, we have seen further progress in several environmental and social focus areas.

The environmental focus areas for the committee were monitoring the development of the group's decarbonisation strategy, progress against short-term targets for energy-related emissions, food waste and water consumption, and supplier engagement to collate carbon emissions data.

Our social priorities concern our workforce, learning and development, inclusion and diversity, and employee wellness. As a growing company operating in an environment with significant labour market constraints and wage inflation, retaining an engaged, skilled and motivated workforce is important for both the company and our employees.

We also consider the Group's community engagement activity, including its support for charities.

This year, we monitored the Company's preparation for compliance with CSRD reporting requirements. From 2024, the audit and risk committee will exercise oversight of compliance with CSRD, while the ESG committee will focus on sustainability matters of strategic importance for Dalata.

During the year, the committee also took time to engage with management to reflect on the Company's culture as part of the board's evaluation of whether policies, practices, and behaviours align with its purpose, values and strategy.

### Committee membership

Elizabeth McMeikan stepped down following her appointment as remuneration committee chair at the end of April, and Jon Mortimore joined the committee following his appointment to the board in August. I would like to thank Liz and acknowledge her ground-breaking work leading the committee since it was established in 2020, and to welcome Jon.

### Purpose and culture

The company's purpose statement describes the culture as one of integrity, fairness and inclusion. The committee observed positive indicators of the health of the company's culture through the results of the employee engagement survey and third-party recognition (Investors in Diversity, Ibec KeepWell Mark (Ireland), and Workplace Wellbeing Charter (UK), as well as direct engagement with management and staff during the year. We also discussed with management the challenge of maintaining and promoting the company's culture as the group expands, particularly into new countries.

The company's purpose and strategic priorities are closely linked (people, customer focus, growth, innovation, sustainability and financial discipline). The committee is satisfied that the board is appropriately involved in strategic decision-making and policy setting to maintain alignment in policy and practice. The company operates a speak-up email channel, and the audit and risk committee reviews its operation annually.

### CSRD readiness

The committee received a management presentation on the company's preparation for compliance with the EU Corporate Sustainability Reporting Directive (CSRD). The volume of work required to prepare for compliance is considerable; however, the committee is satisfied that management has set aside sufficient resources to fulfil the company's obligations. As I noted in my introduction, the audit and risk committee will oversee CSRD compliance from this point.

### Climate impact

Dalata is focused on decarbonising its business, and during the year, management engaged AECOM consultants to research the feasibility of committing to the Science Based Targets initiative (SBTi).

The committee considered the research findings, which produced three options:

1. Wait until the final SBTi guidance for buildings is published before making any public commitment.

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2. Make a public commitment to setting validated science-based targets through SBTi on the basis that reductions through Corporate Purchase Power Agreements (CPPAs) would be accepted.
3. If option 2 is not possible or accepted by SBTi, setting alternative yet still ambitious carbon reduction targets that align with a science-based approach.

At the time of writing, the company aims to commit to SBTi; however, it is still waiting for the publication of SBTi's final building sector guidance. Without Corporate Purchase Power Agreements (CPPAs) to satisfy a portion of its energy needs, the company would be unable to attain the hurdle set by SBTi due to the pace of decarbonisation of the Irish grid.

In the meantime, the 27% reduction achieved in Scope 1 and 2 emissions per room sold (2023 over 2019) beat the 20% reduction target set in 2022 by three years and is evidence of the company's focus and progress to date in reducing emissions.

The company's 2023 CDP score moved from B in the previous three years to C, which was unpredicted and below expectation. The committee hopes that future CDP scores should better reflect our focus on decarbonisation.

### Water conservation

2023's 13% reduction in water usage (v. 2019) is ahead of expectation and very close to the 2026 target (also set in 2022; a 15% reduction).

The committee notes the restatement of prior-year figures for consumption following a review of calculation methodology where estimates were used at properties that did not have accurate metering. Much of the reduction is attributable to the company's investment in modern metering technology that underpins data accuracy for 2023 and future years.

### Food waste reduction

The committee received a management presentation on food waste reduction and supported its proposal to review the 2026 target. During the year, management has worked closely with suppliers and engaged the hotel teams in waste segregation

and measurement training. Research has demonstrated the challenge of accurate measurement and the absence of reliable benchmarks.

### Social impact

The company aims to have a positive social impact through the development of our people. The committee receives reports and insights from management, setting out its strategy for learning and development, inclusion and diversity, and employee wellness programs. Dalata's objective is to be the employer of choice in the hospitality sector, and it understands that the success of its growth and expansion strategy relies on its ability to attract, retain, and develop management talent from within. This social priority is linked to the goal of shareholder value creation.

The committee also received a detailed briefing from the social impact manager on the group's work in the community, including its charity support. The company is committed to forming positive relations with our neighbours in all the localities where we do business.

### Looking forward

I am excited about the continued progress planned for 2024 and will review the committee's terms of reference to reflect the growing maturity of the company's sustainability strategy.

The company's strategy of integrating responsibility for sustainability matters within existing management structures is progressing well. It will ensure that our advances are sustainable and aligned with the interests of our shareholders.

I welcome hearing the views of shareholders on environmental, social and governance matters and may be reached by email through the company secretary at [companysecretarial@dalatahotelgroup.com](mailto:companysecretarial@dalatahotelgroup.com).

### Gervaise Slowey

Chair  
ESG Committee

### Role of the Committee

Consider and recommend for board approval the sustainable business framework incorporating material priorities and implementation roadmap.

Consider and recommend for board approval environmental, social and governance policy documents reserved for board approval.

Agree and recommend the board approval of the appropriate ESG reporting frameworks and standards to be applied to the company.

Review and recommend to the board for approval the company's purpose and values.

Assess and monitor company culture to evaluate whether policies, practices, and behaviours align with its purpose, values and strategy.

Oversee the setting of the company's material environmental and social objectives, review the company's strategy to achieve the agreed goals, and monitor the extent to which they are integrated within the company's business strategy and risk management process.

Receive and consider internal and external reports concerning agreed metrics and targets and key performance indicators for environmental and social programmes and review progress towards the achievement of such targets and indicators.

Review commitments by the company to diversity and inclusion programmes, learning and development, human rights policy development, community programmes, and charitable support.