

Nomination Committee Report



Principal Responsibilities

- › 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 together 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 the time input required from Non-Executive Directors.

A copy of the Committee's terms of reference can be found on the Group's website: www.dalatahotelgroup.com

Dear Shareholder, I am pleased to present to you the report of the Nomination Committee for 2017.

The Committee has been very active during 2017, meeting on three occasions and covering a range of topics including succession planning and senior management development, committee appointments, the role of the Company Secretary, board evaluation, training activities, and policy review in the areas of evaluation, diversity and board re-election.

Our board comprises the Chairman (independent upon appointment), three executives (CEO, and two deputy CEOs) and three independent non-executive directors. Each non-executive director sits on more than one committee and it is customary for the committee chairman to invite attendance by non-member, non-executive directors to attend meetings. This lends to good communication across the non-executive cohort which is particularly helpful. For my own part, attendance at the Remuneration Committee in 2017 has allowed me to contribute to the development of the remuneration policy and also to gain insight to the management structures within the organisation as a whole from hearing the Group Head of HR's presentation on companywide remuneration structures.

ACTIVITIES FOR 2017

Succession

The Board is committed to effectively managing leadership succession and proactively engages with the senior management team to assess the executive talent pool. The Committee and the Board receives regular contributions from individuals in the wider executive group at meetings of the Board and Committees throughout the year. These contributions are valuable for our decision making and have helped the Non-Executive Directors to develop a clear understanding of the strength of the management team.

The Committee is also active in promoting personal leadership development plans for the senior team, monitoring progress throughout the year. Succession planning is designed to consider the planned process of transition to new leadership over time and also the potential for unforeseen change over a shorter timeframe.

The Committee keeps in touch with the talent development process throughout the organisation, conscious of the strategic importance

of promoting from within as far as possible to support the Company's growth plans as set out in the Strategic Report.

Board and Committee Composition

Following changes in the composition of both the Audit & Risk Committee and Nomination Committee in 2016, the Committee reviewed progress and considered feedback gathered in the 2016 Board evaluation, concluding that the committees were working well. Accordingly, no changes in the membership were recommended for 2017.

Board Performance Evaluation

The Board, on the Committee's recommendation appointed the Institute of Chartered Secretaries and Administrators (ICSA) to facilitate the 2017 board evaluation. The findings from this independent evaluation, based on in-depth interviews with each Director, were very positive and provided a number of valuable insights and recommendations which we will follow up on in 2018. The process and the outcomes are set out in more detail in the Governance Report on page 66.

Board Training

In November the board held its second annual training day at Clayton Hotel Chiswick. The training day is an important date in our calendar where we invite subject matter experts from outside the company (and some internal) to present to the Board in an informal roundtable setting on topics of strategic importance to the Company and the Board. This year we debated with our guest speakers:

- › the implications for MIFID 2 for the Company
- › the past present and future of ICT development within Dalata
- › our strategy and the market environment in the UK
- › what our annual report reveals about our approach to corporate governance
- › our strategic approach to sustainability

These presentations and discussions provided valuable insights and stimulated debate, adding appreciable value to the work of the Board.

Diversity

The Committee reviews the Board Diversity Policy annually and did so most recently at its December 2017 meeting. The policy acknowledges that an effective Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors and emphasises that in identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria, with due regard for the benefits of diversity on the Board.

Role of the Company Secretary

In light of the growth of the business and the increasing complexity of the regulatory environment the Committee considered that the Company had reached the point where the Company Secretariat merited dedicated resource, independent of the finance function. In May 2017, Company Secretary Seán McKeon, who was also responsible for financial management, was appointed Company Secretary and Head of Risk and Compliance, reporting to the Chairman and CEO. The change has been well received and is a boost to the effectiveness of the Company's risk and compliance management processes. This change has also brought a greater focus to environmental, social and governance matters and provides a platform for increased engagement with shareholders in this area in the future.

Committee meetings

The Committee comprises of three independent, non-executive directors, Alf Smiddy (Chairman), John Hennessy and Margaret Sweeney.

Details of attendance at meetings in 2017 are outlined in the table below.

Member	No. of meetings
Alf Smiddy	3/3
John Hennessy	3/3
Margaret Sweeney	3/3

Robert Dix, non-executive director, also attended each meeting during 2017.

PRIORITIES FOR 2018

The Committee will continue to focus on succession planning and talent development for both the Board and the Executive Management Team in 2018. We also continue to monitor board composition in light of the group's expansion and of the future governance needs of the Company. Finally, it was great to meet a number of you at the AGM in May and our capital markets event in London in November, as the Company grows and develops, I look forward to participating in events which support the board's engagement with all of our stakeholders.

Alf Smiddy
Chairman,
Nomination Committee