

# ESG report 2023



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# strategic report

# introduction

We are excited to share citizenM's ESG report for the period of 1 January 2023 to 31 December 2023.

This report is designed to offer a transparent view of our non-financial practices and performances. We are proactively starting to align with the new IFRS S1 and S2 disclosure standards, alongside GRI standards, and SASB guidelines. By doing so, we aim to combine key metrics from each standard, delivering clear, insightful, and comparable information, essential for informed decision-making by our key stakeholders.

By starting the process to adopt the IFRS Sustainability Standards, which include the core framework IFRS S1 and the climate-focused IFRS S2, we transition our reporting practices with globally recognized guidelines, preparing for future reporting requirements.

## scope & materiality

'citizenM' in this report refers to citizenM Holding and group companies. We've identified key materiality topics through talking to our stakeholders, summarized in the double materiality matrix (page 30).

## reliability, relevance, comparability & completeness

Our commitment to accuracy and reliability is underscored by using comparative data over time to illustrate our performance trends, but also align with finance/sustainability frameworks and standards.

## verifiability

Data is collected from our business systems and checked by our Finance department. Our external auditor Deloitte provides limited assurance on the four non-financial KPIs (i.e. water, emissions, waste, energy).

## continuous improvement

As we enter a new era of reporting, we are focused on increasing transparency and strengthening stakeholder engagement.

Our commitment to influencing positive change and responsible practices drives us to consistently enhance our ESG actions and performance, reflecting our dedication to continuous improvement.

We welcome your feedback at [esg@citizenm.com](mailto:esg@citizenm.com)



# about citizenM

citizenM leads the hotel industry in the 'smart luxury' lifestyle segment, creating affordable luxury for the people. Our hotel and lifestyle brand is more than just a hotel operator. We are a fully integrated real-estate developer as well as a design and project management company with a global portfolio of hotels in prime metropolitan locations and major airports.

Our strategy is simple: to own the hotels we operate: to own the hotels we operate. Almost half of all our hotels are prefabricated (modular). We build in a shorter timeframe than traditional construction, opening the door to scaling opportunities, higher profitability and more. The consistency and quality of hotel interiors and architecture is also assured. We focus on creating comfortable, efficient design. By reallocating 'living space' from guest rooms to public areas, we use just half the floor space of a traditional upscale hotel without compromising on luxury. citizenM is a powerful and innovative brand focused on the high-growth segment of mobile business travelers.

## portfolio in 2023

By 31 December 2023, 33 citizenM hotels were in operation and 9 were under development, with 5 already in construction. citizenM Miami Worldcenter, citizenM Paris Opera, citizenM Menlo Park

and citizenM Rome Isola Tiberina hotels opened in 2023.

citizenM Holding B.V. was incorporated on 28 December 2015 and is indirect shareholder of almost all the entities within the citizenM Group.

The main (ultimate) shareholders of citizenM Holding B.V. are KRC citizenM B.V. (KRC), Stichting Depository APG Strategic Real Estate Pool (APG) and Government of Singapore (GIC).

KRC is an independent private equity firm that focuses on businesses in the lifestyle segment.

APG is the depository for APG Strategic Real Estate Pool, a mutual fund whose ultimate beneficial owner is Stichting Pensioenfonds ABP. This is the pension fund for employers and employees that are in service in the public sector in The Netherlands. APG Asset Management N.V. is the asset manager of APG Strategic Real Estate Pool.

GIC is the sovereign wealth fund of the Government of Singapore. Global long-term investor with over \$100bn in assets under management in over 40 countries worldwide and investing across a range of asset classes in the public and private markets.



# hello from our CEO

Klaas van Lookeren Campagne

In 2023, we strategically laid the groundwork for the anticipated growth of our company in the upcoming years. Marking the first full calendar year free from COVID restrictions, we witnessed the ongoing recovery of the hospitality market. Throughout the year, we successfully managed the operational expansion of our hotels, achieving significant growth for the company. Four new hotels, namely Miami Worldcenter, Paris Opera, Menlo Park, and Rome Isola Tiberina, were opened, elevating our operational key count to an impressive 7,156.

Our constant commitment to operational excellence and customer satisfaction resulted in an admirable #2 position in the Customer Quality Index (CQI) for 2023. Moving forward, we remain dedicated to understanding our audience, anticipating new customer and product needs to enhance their experience.

The year 2023 also witnessed the further growth of our member community. The membership program, initiated in 2022, flourished, attracting 20,000 active members who make more bookings and also stay longer, contributing to a significantly higher Customer Lifetime

Value (CLV). Avoiding traditional points programs due to our sub-scale status, we leveraged our owner-operator business model to strengthen long-term relationships.

Operational efficiency in our hotels was optimised through the technical implementation of automated room checks, a new food & beverage (F&B) strategy, housekeeping improvements, and the initiation of the migration to our new property management system. In 2023, the Net Promoter Score (NPS) demonstrated consistent growth, resulting in a recordbreaking high of 57 in December. This remarkable achievement underscores heightened levels of customer satisfaction and loyalty towards our citizenM brand.

Furthermore, our organisational frameworks underwent significant enhancements, including the continued implementation of the Agile framework, the full update of our Enterprise Risk Management (ERM) framework, establishment of our internal control framework, and resolution of internal control gaps.

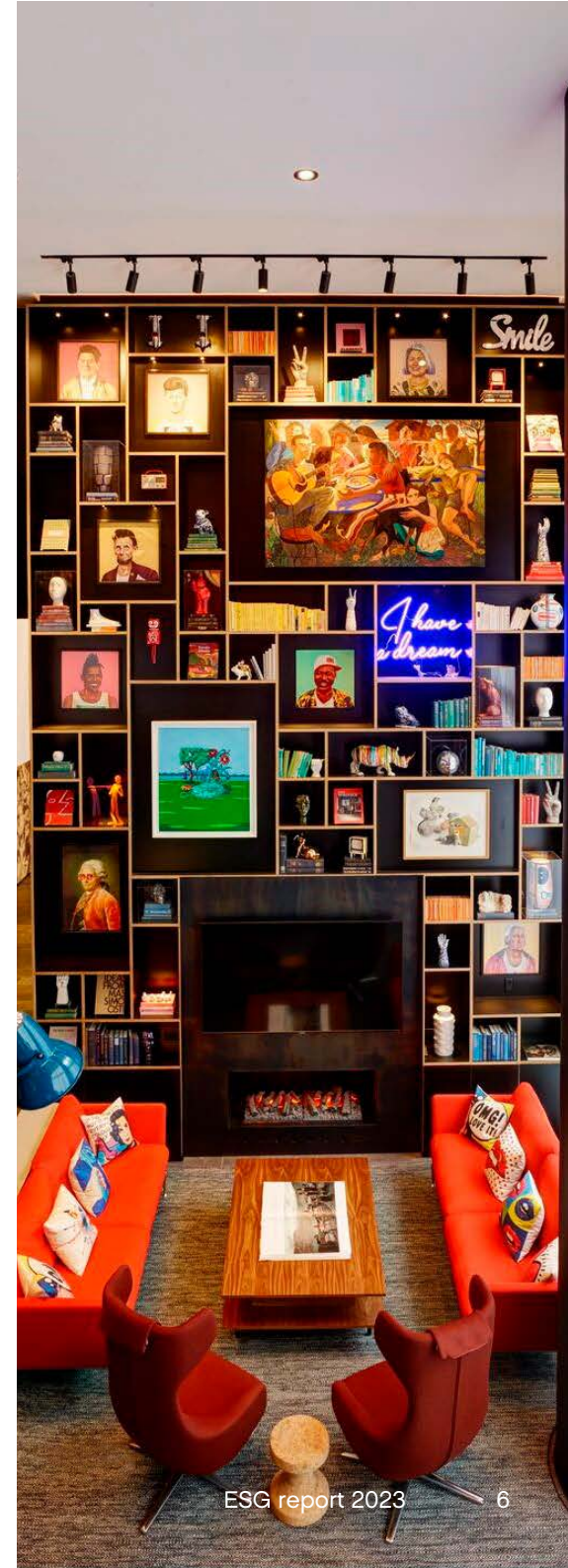
As both owner and operator of our hotels, citizenM recognize a unique opportunity to make a difference by building efficient and sustainable buildings. Controlling how we build enables us to meet our goals of the future.

## further highlights

We maintained a 5-star GRESB rating for existing hotels for the third year - demonstrating our commitment to wider ESG standards.

In the development journey, several milestones were achieved, all operational and in-development hotels obtained green building standard certifications.

We delivered two new electrified hotels in 2023, advancing on our Net Zero pathway. We actively delivered against our Net Zero operation strategy, with a focus on delivering decarbonisation and energy efficiency reports for existing hotels.



## message from our CEO (cont.)

Our buildings have been proactively assessed against a range of climate risk scenarios, providing a clear understanding of the geographic climate-risk exposure of our hotels.

Waste and recycling rates are tracked in every hotel, with over 95% of waste diverted from landfill in 2023.

Mapping of scope 3 emissions throughout our value chain continued, along with the completion of the first in-depth embodied carbon assessment.

We proudly reshaped our values to include genuine touch, passionate attitude, smart thinking, real caring and launched our new vision:

**citizenM says: be one-of-a-kind in being kind.**

Our charitable foundation, citizenMovement, celebrated five years of shortening the distance between people and opportunity.

For conscious travelers, and in line with our commitment to transparency, impacts per room night continue to be clearly communicated in our reporting.

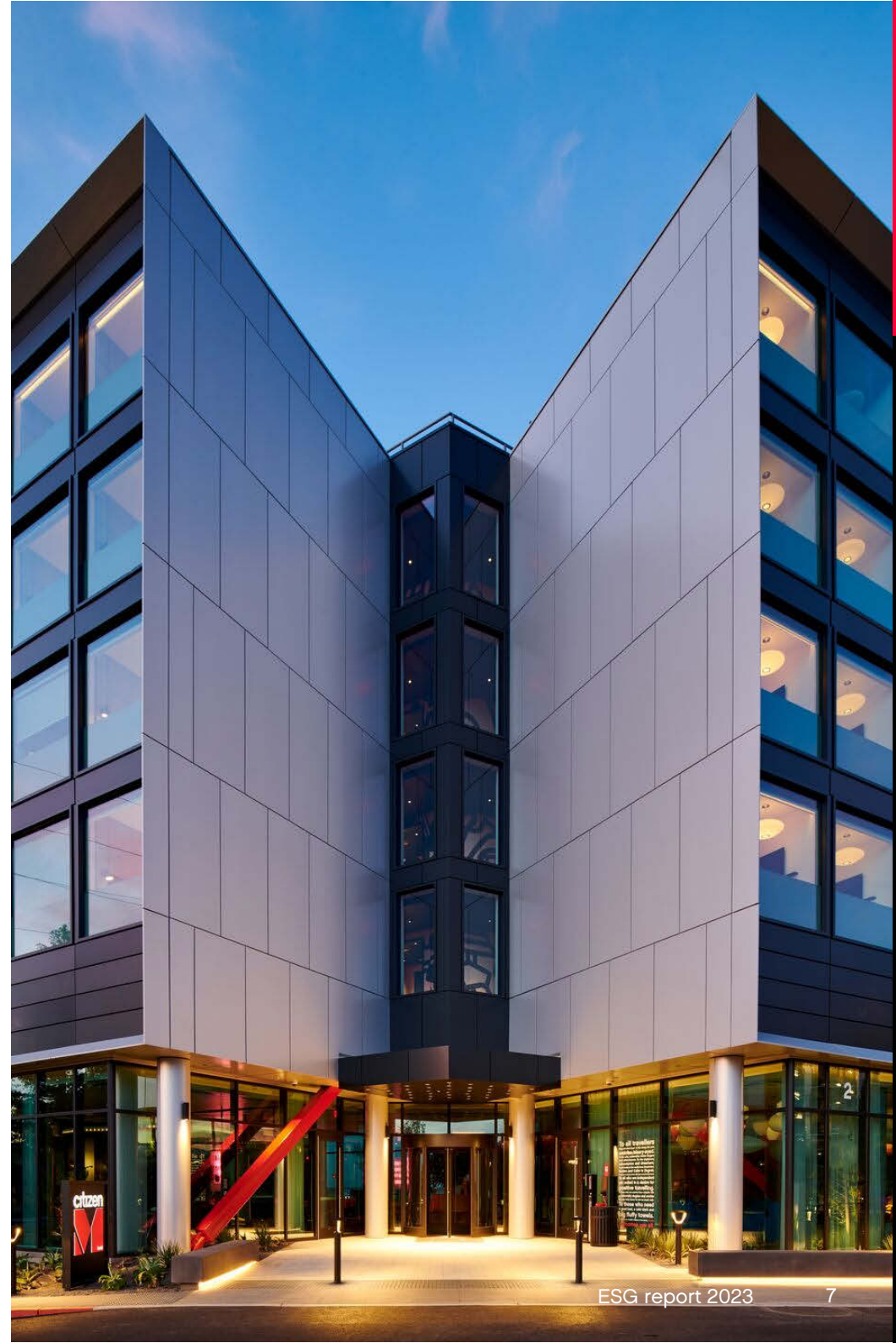
## goals and priorities

As we enter a new era of reporting, we are focused on increasing transparency and strengthening stakeholder engagement.

Our commitment to influencing positive change and responsible practices drives us to consistently enhance our ESG performance.

In the year ahead, our priorities include sharing more information with conscious travelers, moving further forward with decarbonizing our hotels, addressing the challenge of Scope 3 emissions and embodied carbon, and strengthening our reporting and disclosure practices in preparation for the Corporate Sustainability Reporting Directive (CSRD)

At citizenM, we believe everyone plays a role in our ESG journey – that's employees, shareholders, valued suppliers and partners. There's still much work to be done, our progress so far makes us confident in achieving our objectives.



# our strategy



# our business model

## Our unique operating model:

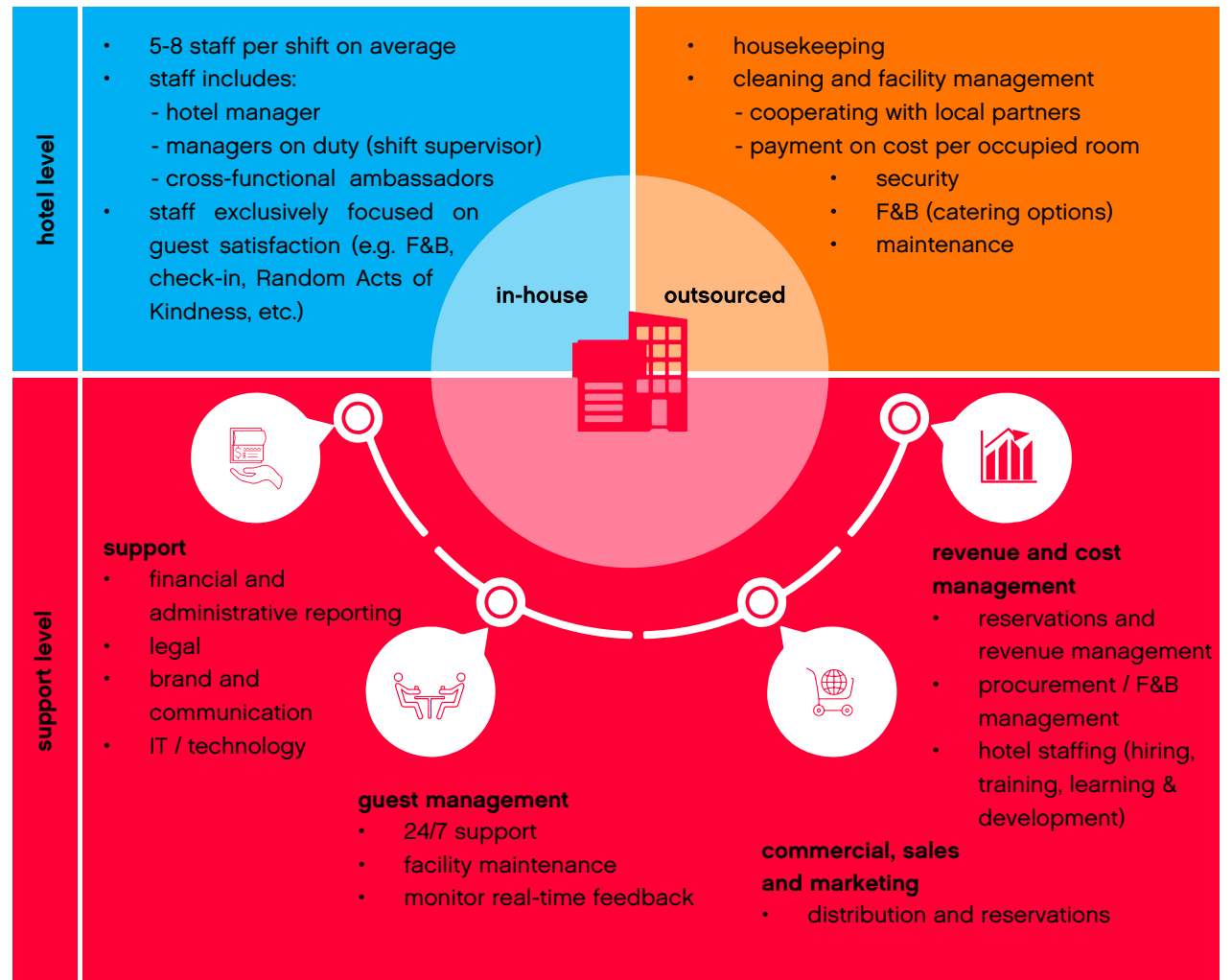
**Centralised structure** with a primary support office in Voorschoten, the Netherlands, and added support from local offices in Hong Kong, and New York City and Seattle, USA.

**Lean retail labour model**, focussed on training hotel staff to be multi-functional and have value-added competencies. This includes:

- **outsourcing of non-strategic functions** (F&B, security, housekeeping, maintenance, etc.)
- **centralisation of back-office functions** (finance, HR, sales, etc.)

**Tech-enabled platform**, providing real-time customer insight and remote operational control.

**Flexible and scalable platform** to minimise overhead costs.




# business model

and a growth strategy based on clear selection criteria

## city selection criteria

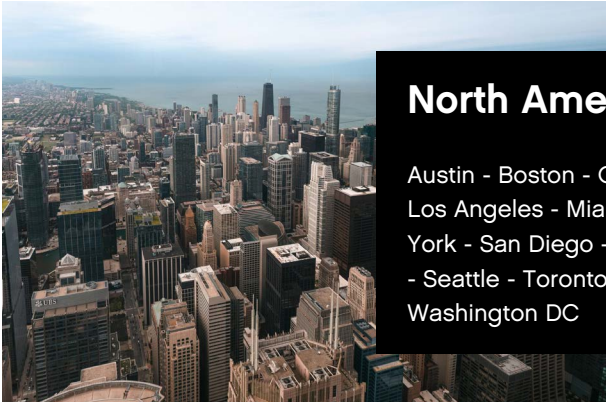
presence of target audience	business connectivity, attractiveness for international business, attractiveness for creative industries and receptiveness to art	→
strong hotel market	market size and segmentation, topline performance, recession resilience, budget-luxury gap	→
qualification as metropolitan city	global standing, global connectivity, population growth	→
healthy real estate market	hotel transaction values, property market cycle, cap rate requirements, barriers to entry	→
availability of rollout opportunities	number of potential development opportunities relative to market potential (e.g. potential for multiple hotels in each city)	→
contribution of brand exposure	ability to enhance global brand awareness	→

# target cities



**Europe**

Amsterdam - Barcelona - Copenhagen - Dublin - Geneva - Hamburg - London - Milan - Munich - Paris - Rome - Stockholm - Zurich



**North America**

Austin - Boston - Chicago - Denver - Los Angeles - Miami - Nashville - New York - San Diego - San Francisco - Seattle - Toronto - Vancouver - Washington DC



**Asia Pacific\***

Hong Kong - Kuala Lumpur - Kyoto - Melbourne - Osaka - Singapore - Sydney - Taipei - Tokyo

\*Through minority JV and/or management contracts.

# our portfolio

## operational portfolio

operational properties	country	rooms	opened
citizenM Schiphol Airport	NL	355	June 2008
citizenM Amsterdam South	NL	215	May 2009
citizenM Glasgow	UK	198	September 2010
citizenM London Bankside	UK	192	July 2012
citizenM Rotterdam*	NL	151	January 2014
citizenM New York Times Square	USA	230	April 2014
citizenM Paris Charles de Gaulle	FR	230	June 2014
citizenM Tower of London	UK	370	July 2016
citizenM London Shoreditch	UK	216	September 2016
citizenM Paris Le Defense	FR	175	June 2017
citizenM Paris Gare de Lyon	FR	338	August 2017
citizenM New York Bowery	US	300	November 2018
citizenM Copenhagen Radhuspladsen*	DK	238	December 2018
citizenM Amstel Amsterdam	NL	88	July 2019
citizenM Zurich*	CH	160	August 2019
citizenM Boston North Station	USA	272	August 2019
citizenM Seattle South Lake	USA	264	May 2020
citizenM Geneva*	CH	144	July 2020
citizenM Washington DC Capitol	USA	252	September 2020
citizenM Los Angeles Downtown	USA	315	August 2021
citizenM Paris Champs-Elysees	FR	151	September 2021
citizenM San Francisco Union Square	USA	195	November 2021
citizenM Seattle Pioneer Square	USA	216	May 2022
citizenM London Victoria Station	UK	226	July 2022
citizenM Miami Brickell	USA	252	July 2022
citizenM Washington DC NoMa	USA	296	August 2022
citizenM Chicago Downtown	USA	280	September 2022
citizenM Miami Worldcenter	USA	351	January 2023
citizenM Paris Opera	FR	84	March 2023
citizenM Menlo Park	USA	240	November 2023
citizenM Rome Isola Tiberina	IT	162	December 2023
<b>total in operations</b>	<b>31</b>	<b>7,156</b>	

\*hotel properties leased by citizenM

\*\*project on hold for now or development strategy to be reassessed

## development portfolio

properties under development	country	rooms	opening
citizenM Austin Downtown	USA	344	Q1 2024
citizenM Boston Back Bay	USA	399	Q2 2024
citizenM Miami South Beach	USA	168	Q3 2024
citizenM Dublin St. Patrick's	IR	245	Q2 2025
citizenM Washington Georgetown	USA	230	Q3 2025
citizenM London Olympia***	UK	136	Q2 2025
citizenM San Diego Gaslamp	USA	301	Q1 2026
citizenM Denver LoDo	USA	278	Q2 2026
citizenM London Soho	UK	217	Q3 2027
citizenM San Francisco Soma**	USA	218	n/a
citizenM Los Angeles Hollywood**	USA	216	n/a
<b>total under development</b>	<b>11</b>	<b>2,722</b>	

## hotel management agreement portfolio

properties under development	country	rooms	opened
citizenM Taipei North Gate	TW	267	August 2017
citizenM Kuala Lumpur Bukit Bintang	MY	210	May 2019
<b>total under hotel management agreement</b>	<b>2</b>	<b>477</b>	

# our governance

## board of directors

citizenM Holding B.V. has a one-tier Board of Directors (hereafter: Board), consisting of three executive directors and five non-executive directors (two of which are independent). The Board meets monthly; in-person meetings happen four times a year.

The Board and our Strategic Council are the highest governing bodies in overseeing due diligence and other processes. They identify and manage the organisation's impacts on the economy, environment and people. Additionally, our Investment Committee is integrated with our governance approach, with a focus on all capital investment decisions.

The executive directors of citizenM Holding B.V. are:

- Mr Klaas van Lookeren Campagne, Chief Executive Officer (CEO), who oversees overall strategy, corporate communications and business development (age: 54; Dutch nationality);
- Mr Hendrik Jan Roel, Chief Financial Officer (CFO), who manages finance and accounting, treasury, taxation, internal control, human resources and operations, as well as being responsible for operational aspects of the hotel portfolio (age: 58; Dutch nationality); and

- Mr Jurriaan Nienaber, Chief Investment Officer (CIO), who manages financing (equity/debt), investor relations and oversees investments, including new acquisitions (age: 44; Dutch nationality).

The non-executive directors of citizenM Holding B.V. are:

- Mr Rattan Chadha – KRC Representative and Chairman of the Board
- Mr Robert-Jan Foortse – APG Representative
- Mr Iain Cahoon – GIC Representative
- Mr Frits van Paasschen – Independent Director
- Mr Jaap Tonckens – Independent Director

The company's formal governance structure consists of two main decision bodies: the Board and the Investment Committee. The running of the business is governed by the Board through monthly calls and formal meetings, which are led by our CFO. All investment decisions (mainly new acquisitions, equity & debt) are governed by the Investment Committee which is led by the CIO.

## diversity of the board of directors

We acknowledge that women are underrepresented on the Board of Directors of citizenM Holding B.V. and have been over the past years. We acknowledge this



# our governance

leaves room for improvement, particularly to achieve the goals regarding gender diversity prescribed in Dutch law. The achievement of these goals is reflected in our aspiration for diversity and inclusion. More information on our gender balance strategy can be found on page 50.

In-depth ESG risk governance can be found on page 27 and climate risk governance can be found on page 73 of the report.

## management structure

Our operating model comprises four domains – building, business, hotel and shared services – to meet the needs of our stakeholders and comply with laws and regulations. The responsibilities of each domain include:

- **building:** optimising sustainable growth with eco-conscious building practices;
- **hotel:** delivering seamless, sustainable guest experiences;
- **shared services:** scaling support services, ensuring sustainability;
- **business:** ensuring all digital platforms prioritise accessibility and sustainability.

During monthly business reviews, we measure the business' performance and revise tactical strategy with the Strategic Council.



# materiality

## double materiality

As responsible citizens, our actions have an impact on stakeholders and society. To reduce these impacts, we prioritise key ESG elements in our business operations and decision making.

In preparation of sustainability reporting requirements of the future, citizenM completed a materiality assessment using the double materiality principle. Double materiality highlights the link between a company's financial performance and its broader impact on society and the environment. A double materiality approach means we thoroughly evaluate the significance of both internal and external factors that influence our business. We used 'inside-out' and 'outside-in' perspectives to check and re-assess our ESG impacts, risks and opportunities.

## our assessment

We made a comprehensive review of citizenM's ESG impacts to identify our largest material topics. While reviewing a wide range of sources, we developed an initial list of 20 potential material topics. The list covers internal strategic documents and external sources, such as industry peers' sustainability disclosures; ESG ratings and standards; EU-taxonomy frameworks; and international standards, like Sustainability Accounting Standards Board (SASB), MSCI, Principles for

Responsible Investing (PRI), Global Real Estate Sustainability Benchmark (GRESB), Corporate Sustainability Reporting Directive (CSRD) and Task Force on Climate-Related Financial Disclosures (TCFD).

We consulted key stakeholders who helped identify areas of high priority and great impact.

## stakeholder engagement and research

Stakeholder engagement is crucial to the success of our ESG strategy. We actively speak with stakeholders to understand their opinions of our business operations and decision making. Through in-depth interviews and workshops, we gathered input from our internal and external stakeholders. In line with the industry's double materiality principles, all topics discussed in these sessions had a clear focus: what are the societal, environmental and financial impacts?

To assess the impact and financial materiality of each topic, we held a workshop with top management and senior leaders of the company. We evaluated the potential financial effects and the likelihood of risks and opportunities from an 'outside-in' perspective. We also assessed the company's (actual or potential) positive or negative impacts on people or the environment. The assessment considered

the scale, scope and irremediable character of those impacts from an 'inside-out' perspective.

Alongside speaking to our stakeholders, we researched emerging ESG trends, upcoming reporting regulations, benchmarks and best practices. This allowed us to assess, add, compare and contrast ESG topic risks, impacts and opportunities through an external lens.

Finally, we used a stakeholder weighting system – based on levels of power, legitimacy and urgency – to rank our stakeholders' influence on and knowledge of citizenM. With 2025 CSRD regulations in mind, the assessment identified the most significant ESG issues affecting our business and stakeholders. Now we prioritise these issues during our decision making, increasing sustainability for our stakeholders and society.

The materiality assessment listed 20 significant topics, of which 18 were deemed highly relevant. Two topics, responsible food sourcing and biodiversity, were determined to be not material; however, despite not being obligatory to report on, we acknowledge their importance and have chosen to retain and report on them within our list.

Over time, it's likely our key ESG issues

will change. If so, we'll adapt our efforts – and prioritise the ones that have the most significant impact on our business and that matter most to our stakeholders.

You will find a list of material topics and the Double Materiality matrix in the ESG section of this report.

We used the information gathered by our stakeholders to bring together our double materiality matrix – these material areas are directly connected to our value chain activities seen on page 16.

# stakeholders

We know the importance of listening and acting – that’s why internal and external stakeholders help shape our strategy and material ESG topics. Our group of stakeholders is composed of:

guests and corporate clients

employees

shareholders

financial institutions

suppliers

governments

regulators

industry associations and bodies

non-governmental organisations

academic institutions

local communities

# how we engage with our stakeholders

At citizenM, the feedback we receive from stakeholders is invaluable. Two-way dialogue is woven into our strategies, helping us take better-informed decisions and improve our operations. This open loop of communication not only aids in aligning our objectives with stakeholder expectations, but also fosters a shared journey of continuous improvement, growth and value creation. Below are some examples of our engagement actions:

## guest & corporate clients

- post-stay surveys
- customised engagement initiatives
- membership engagement
- citizenConnect (customer service)

## employees

- 1:1 guidance and performance reviews
- training and development
- employee surveys twice per year
- diversity committee sessions
- ESG training and engagement
- speak up platform

## financial institutions

- monthly meetings
- quarterly updates
- performance updates

## suppliers

- progress meetings
- contract reviews
- EcoVadis assessments

## government & regulators

- city and state standards
- regulations reviews
- compliance with legal and regulatory requirements

## industry bodies & associations

- membership and participation in relevant industry associations
- collaboration on industry standards and best practices

## non-governmental organisations

- partnerships centred on shortening the distance between people and opportunities
- disaster response via preferred humanitarian relief organisations

## academic institutions

- collaborations on research and development projects
- internships to support educational objectives

## local communities

- employee casting days
- local artist collaborations
- membership events
- local suppliers

# value chain



## prime locations

Our site selection strategy focuses on acquiring well-connected sites in major cities where people want to be. We have a long-term investment horizon with an eye for sustainable and climate-resilient investments. This approach guarantees our investments are aligned with our vision for a resilient future.

## smart designs and hotel construction

Our standardised construction methods reduce cost, waste and development time. Our smart and intelligent building designs result in lower energy emissions and more efficient energy and water usage during operation.

## centralised operations

Through a centralised business model, we give guests a consistent lifestyle hotel experience with genuine personal touch. Our tech-based operations help us deliver the best possible service to our guests, and a consistently excellent experience no matter which hotel they visit.

## transformational hotels for modern travellers

Our guest experience is designed around travellers who value a luxury hotel experience in central city locations, but at an affordable price. We are a hybrid hotel that isn't just a place to get the best sleep ever, but somewhere to work, relax and play. We bring peace of mind to the conscious traveller and we strive to help our guests feel at home the moment they walk through our doors.



# our value chain

**We are a fully integrated real estate developer, design and project management company, and hotel operator.**

Our unique and competitive value proposition is a first in the hotel industry, transforming every corner of our business with high profitability and premium returns. As leaders in the smart luxury lifestyle segment, we're curating a worldwide collection of citizenM hotels in bustling urban hubs and near major airports.

## connecting the dots

Our commitment to ESG is embedded throughout our value chain. This year, together with our double materiality approach (page 14), we evaluated our value chain through the lens of ESG. We linked our strategy, values, and priorities to key ESG topics, risks, KPIs, and targets to create a value chain snapshot.

This simply visualises our value chain and how our ESG material topics are integrated in our activities, as well as how our actions contribute to the planet and society.

We defined the scope and boundary of our ESG factors by conducting a double materiality assessment. Through the provision of quantitative indicators and qualitative insights into our management approach, we prioritise transparency and accountability.

## identifying citizenM's value chain

Our value chain includes picking the site, designing, and developing the hotel from the ground up; running the hotels; and ensuring guests have a great experience. Each part of the chain incorporates ESG initiatives and actions, aligning with both our sustainability objectives and financial stability.

## scope

Our value chain and double materiality scope covers all site selections, development phases, operational hotels, employees, guests as well as tier one of our supply chain.

## analysing for better ESG integration

Examining our value chain helps us make ESG values a part of it. This way, we track, improve, and share financial and non-financial information, boosting our sustainability efforts and financial health. It helps us show how we create value from site development to hotel operations.

## tracking our progress (KPIs)

We created key performance indicators (KPIs) for our material ESG topics to measure how we're doing with environmental, social, and employee matters. This approach means we are continually challenging ourselves to improve. We're bringing our ESG strategy to life across our value chain. Third-party assurance is in place on key indicators to ensure data accuracy through

external verification. We also align with real estate industry KPIs (outlined in IFRS S1&S2) to enable us to compare our actions to our peers. This helps us identify performance trends.

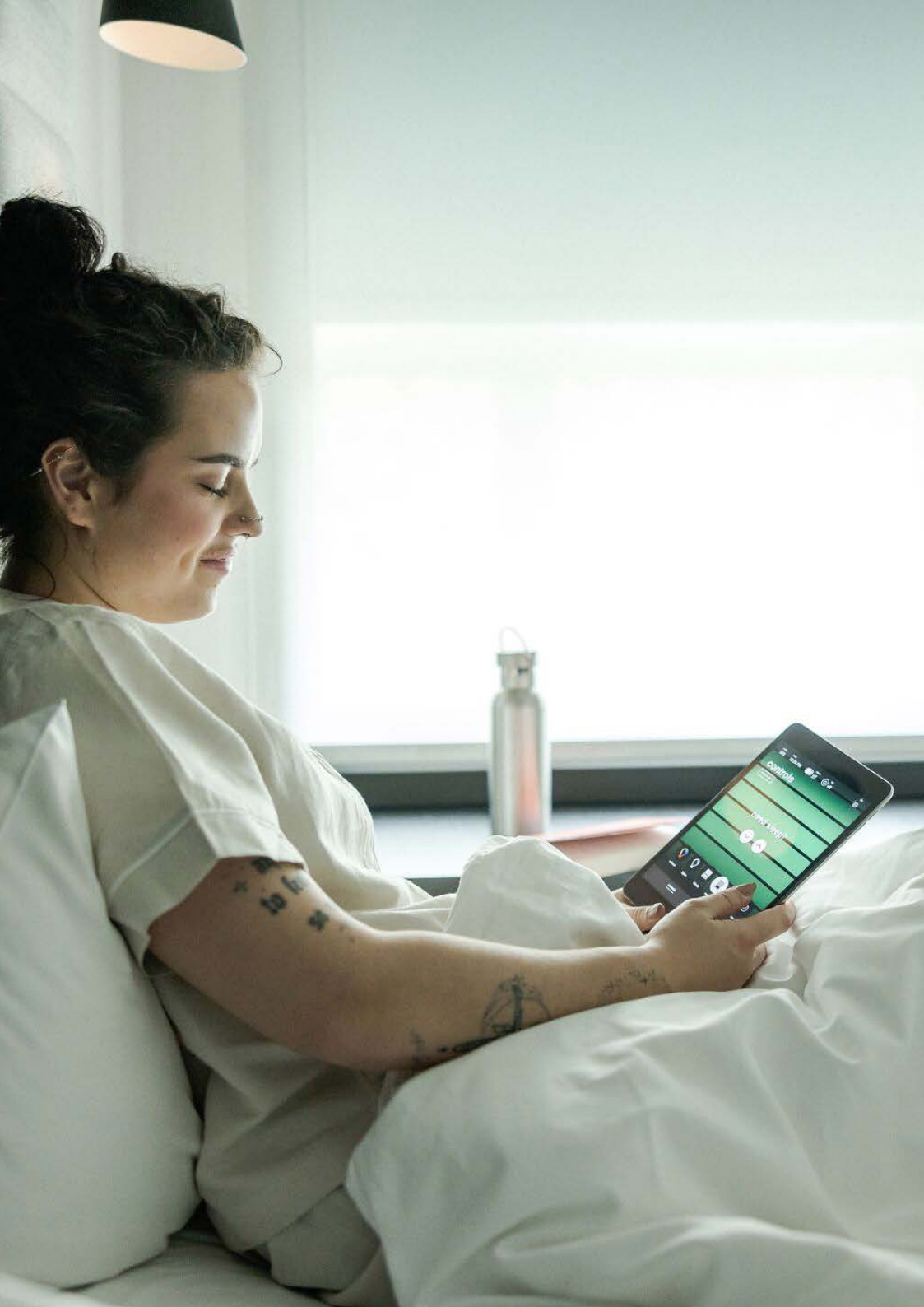
## integrated risk management

At citizenM, we look at all risks together, including those from ESG factors. This helps us spot, understand, and handle risks better across our value chain. By including ESG risks in our overall risk check, we can see challenges coming and deal with them, making our operations stronger and more sustainable. This way of managing risks also helps us make better decisions, working towards our ESG and financial targets together.

## governance and board oversight

As you will see in our ESG governance section (page 27), citizenM's governance keeps a close eye on ESG matters throughout the value chain. The Board is involved in checking our ESG plans, making sure they fit well with our overall business goals. The Board looks at and approves our ESG actions and goals, and monitors how we're doing, ensuring we're on the right track from the top down. With strong governance and active Board oversight, we build a culture of responsibility and openness, making sure ESG matters are considered in key business decisions and actions.





# our value chain, continued

## from value chain to action

Linking value chain analysis to our double materiality approach bolsters our 5-pillar ESG approach (page 32). This is the core of our plans to lessen negative impacts and boost positive ones. These pillars help our teams focus on major ESG areas. Following our company's guidance and assessing double materiality, we tackle crucial ESG issues while improving our services, financial performance, and positive impact on everyone involved.

The 5-pillar ESG approach shows our comprehensive strategy. It requires every stage, from site choice to hotel operations, adhere to our ESG commitments. This planned approach not only elevates our ESG performance, but also strengthens our resilience and advantage in the evolving sustainability landscape.

## talking with stakeholders and looking ahead

We talk with stakeholders and use their feedback to improve our ESG strategies. We also share our ESG goals and how they build long-term value, aligning with wider sustainability aims and meeting legal requirements.

# highlights

33 hotels	4 new hotels in 2023	32.8% increase in gross sales	95% waste diverted from landfill
1,937,043 room nights	mycitizenM+ rewards program	happiness score of 81 on employee survey	50.2 NPS average
5-star GRESB rating 3rd year running	100% hotels achieved green building certification	10 hotels improved BREEAM certifications	2 new electrified hotels & 5 energy audits
1st embodied carbon room review	designed plastic-free amenities for earth-conscious travellers	2 sustainability-linked loans secured	80% participation in employee survey
A ratings ESG recognition online travel agencies	82% of employees completed ESG training	5-year celebration of citizenMovement	2.9 million EUR donated to date to citizenMovement

# ESG performance summary

conscious traveller		
targets		about our performance in 2023
ESG survey for guests and corporate bookers every 2 years from <b>2024</b> (1)	○	In FY23, we further defined our conscious traveller promise, benchmarking our actions against our industry peers. We mapped conscious traveller messaging throughout the guest journey and set up our guest survey, which will be released in 2024.

intelligent and sustainable buildings		
targets		about our performance in 2023
100% of hotels will be green building certified by <b>2024</b> (*in use and/or in construction BREEAM/LEED certified)	○	In FY23, we reassessed 14 hotels using BREEAM In-Use updated standards and assessed 12 newly opened hotels for the first time for. All the newly developed hotels completed in 2023 are aligned with new green building construction certifications.
100% of new hotels built to net-zero operation standards by the end <b>2030</b>	○	In FY23, ahead of schedule, we started making progress on our net-zero plan. We delivered two electrified hotels (citizenM Rome Isola Tiberina and citizenM Menlo Park) and updated our brand standards to align with new hotels. We also set about measuring the embodied carbon per room.
100% of hotels to receive physical climate-related risk assessments <b>year on year</b>	○	In FY23, we achieved this goal by assessing 45 hotels, which includes 31 operating hotels, our in-development portfolio, and pipeline sites. Each hotel has been assigned a climate-related risk score and a financial value-at-risk assessment over time using a new climate scenario planning tool.

doing the right thing for our people		
targets		about our performance in 2023
Achieve a score of 80 and above for our happiness score in our employee survey <b>year on year</b>	○	In FY23, we conducted two employee surveys and achieved an average score of 81.
Increase the % of senior leader positions held by women (support offices) 33% in <b>2023</b>	○	In FY23, we increased our ratio to 31%. We narrowly missed our target because of the withdrawal of a selected candidate for a strategic role, which impacted our final outcome at the end of the year. Responding proactively, we've temporarily filled this gap with an external consultant (a woman), ensuring the strategic role is covered as we finalise a diversity-aligned replacement.
Human trafficking training for hotel employees complete (within 2 months of joining citizenM) year-end <b>2024</b>	○	In FY23, we updated our human trafficking training module and made it available on our e-learning platform. This module educates hotel employees about human trafficking, its relevance to our industry, and how to identify and report potential signs.
Over 90% of employees trained on the basics of ESG (within 6 months of joining citizenM) year-end <b>2024</b> (2)	○	In FY23, we rolled out mandatory ESG training for all employees, driving collective action. To date, 82% of employees have participated in the training.

missed ○ | on track ○ | achieved ○

1. Updated survey timeline from 2023 to 2024 to align with updates timeline to company vision and values

2. We reduced this target from 100% to 90% from previous ESG report to take into account employee turnover throughout the year.

growing and operating sustainably		
targets		about our performance in 2023
Reduce energy use intensity by 35% by <b>2030</b> (1)	○	In FY23, we further refined our data collection process and created a regulations tracker for cities and states. We actioned five energy audits, maintained our energy use intensity per m2 and reduced by <b>10.4%</b> our like-for-like energy use intensity per occupied room for our mature hotels. This was due to increased occupancies.
Net-zero in operation (scope 1 and 2 absolute GHG emissions) by <b>2040</b> (1)	○	In FY23, we carried out a further decarbonisation reports, climate-related transition risks scenarios to link financial implications. We opened two electrified hotels, avoiding an estimated 200 MTCO <sub>2e</sub> gas emissions. We were challenged by electricity grid restrictions at an existing hotel we had targeted for decarbonisation in 2023.
Scope 3 emissions identified and reduction target set by <b>2024</b>	○	In FY23, we tackled scope 3 emissions with two key strategies: first, by categorising and focusing on high-emission areas in the value chain; and second, by identifying the right platform for effective long-term emissions tracking. This dual approach will enable us to target reduction efforts and ensures ongoing meaningful management of our carbon footprint.
<b>(water)</b> Reduce water use intensity by 20% by <b>2030</b> (1)	○	In FY23, in addition to our existing low-flow hand-washing taps, we identified new shower fixtures to further align with EU taxonomy requirements on water efficiency for new hotels. The like-for-like water intensity per room night for our mature portfolio reduced by 4.2%.
<b>(waste)</b> Achieve over 90% waste diversion from landfill year-on-year	○	In FY23, we continued to improve our waste data collection and diverted over 95% of our waste from landfill. We continue to challenge US waste companies to provide higher levels of waste services and data transparency. The like-for-like waste intensity per room night for our mature portfolio reduced by 8%.

making positive movements in our society		
targets		about our performance in 2023
Donate 2 million EUR to projects that shorten the distance between people and opportunities by <b>2024</b> (2)	○	We celebrated five years of our foundation, citizenMovement. We achieved our target and exceeded it, donating 2.9 million since 2018, impacting over 52,000 people. In FY23, over 1 million EUR was donated to World Bicycle Relief and 211,019 EUR to disaster response.
Increase the % of employees engaged in local and skills-based volunteering opportunities	○	In FY23, we laid the foundation of our volunteer program, which forms part of our overall three-pillar giving strategy. We established a volunteer policy, KPIs, engagement materials, city-specific resources, and upgraded our HR platform to track volunteer hours.

governance benchmarking and targets		
targets		about our performance in 2023
Maintain 5-star GRESB rating for operational scorecard	○	In FY23, we maintained our 5-star rating for the third year in a row. We improved our score by a further two points, increasing our score by 20 points since 2020.
Achieve and maintain 5-star GRESB rating for development scorecard for reporting year <b>2024</b>	○	In FY23, we improved our development score by a further 2 points, increasing our score by 20 points since 2020. We worked on material topic areas for improvement for our next submission.

missed ○ | on track ○ | achieved ○

1. As our data stabilizes from the impact of COVID on occupancies, 2023 will replace 2019 as the new baseline year for target setting.

# risk management

A business must take calculated risks to create value. Risks are the consequences of uncertainties about the achievement of objectives. Uncertainties arise from complete or partial lack of information, insight or knowledge about an event, its consequences, or the probability that such an event occurs. A risk assessment describes the risks that could jeopardize the achievement of strategic objectives or continuity.

## our risks

citizenM is exposed to a variety of risks, which fall into five categories:

- **strategic:** risks that affect citizenM's strategic ambitions, including economic and political consistency.
- **operational:** uncertainties or failure of activities carried out within citizenM arising from structure, systems, people, products, (internal) processes or external events.
- **financial:** risks related to treasury (including finance, market and credit risk), accounting, financial reporting and fraud.
- **compliance:** risks arising from failure to comply with laws and regulations, including internal standards and policies.
- **ESG:** developments, trends and events related to environmental, social and governance matters, including both physical and transition risks related to climate change and the impact of ESG societal expectations on our strategy and performance.

## how we manage risks

citizenM's board of directors has collective responsibility for overseeing the management of impacts, including climate-related risks and opportunities. citizenM controls strategic, operational, financial, compliance and ESG risks by carefully weighing risks and returns. Effective risk management is embedded in citizenM's daily operations. Our Risk Committee, which brings together several risk disciplines, discusses on a quarterly basis the risk management overview and determines required actions.

We implemented Risk & Control team in our Finance organization. The team delivers insights in processes, guarantees that checks and balances for high-end quality financial reporting are performed, and assists in maintaining a sound control environment. Our policies, protocols and procedures help us make sure that we do the right things. Awareness trainings help in maintaining a sound control environment. If there are concerns, employees can raise concerns via our Speak Up platform.

Our ESG task force drives ESG within the citizenM organization, such as ESG risk assessments.

For compliance management citizenM has a legal function, which performs some of the compliance activities in the legal environment (e.g. Anti-Bribery and Corruption, privacy). Other (local) compliance is handled by the finance &

accounting team, operations, HR, and a reliable network of local advisors in the respective jurisdictions.

## enterprise risk management

Our yearly Enterprise Risk Management (ERM) assessment is designed to identify, assess, and take action on risks and opportunities in line with our business objectives. The quality of our assessment has been stepped up by involving methodology, identifying risk drivers, and adding mitigation strategies. In our ERM methodology, we defined a five-point scale that is used to determine likelihood and impact. The mitigation is considered when scoring a risk. For the impact assessment, several aspects were considered such as financial, operational, reputational, people and environmental.

The outcomes of our ERM assessment and ESG materiality assessment serve as inputs to our annual strategy.

## risk appetite

Factors that determine citizenM's risk appetite include the geographical spread of its business, the robustness of its balance sheet, strength of cash flows, and a commitment to conservative financial management. citizenM's risk appetite varies per objective and risk category.



# risk management

Our risk categories and risk appetite:

## strategic risks

Taking strategic risks is an inherent part of how citizenM conducts its business. In pursuing growth as a strategic ambition, citizenM is prepared to take risks in a responsible way, taking account of our stakeholders' interests.

## operational risks

Depending on the type of operational risk, citizenM takes a cautious to adverse approach. citizenM gives the highest priority to ensuring the safety of our employees and guests, delivering the highest level of service, and protecting citizenM's reputation.

## financial risks

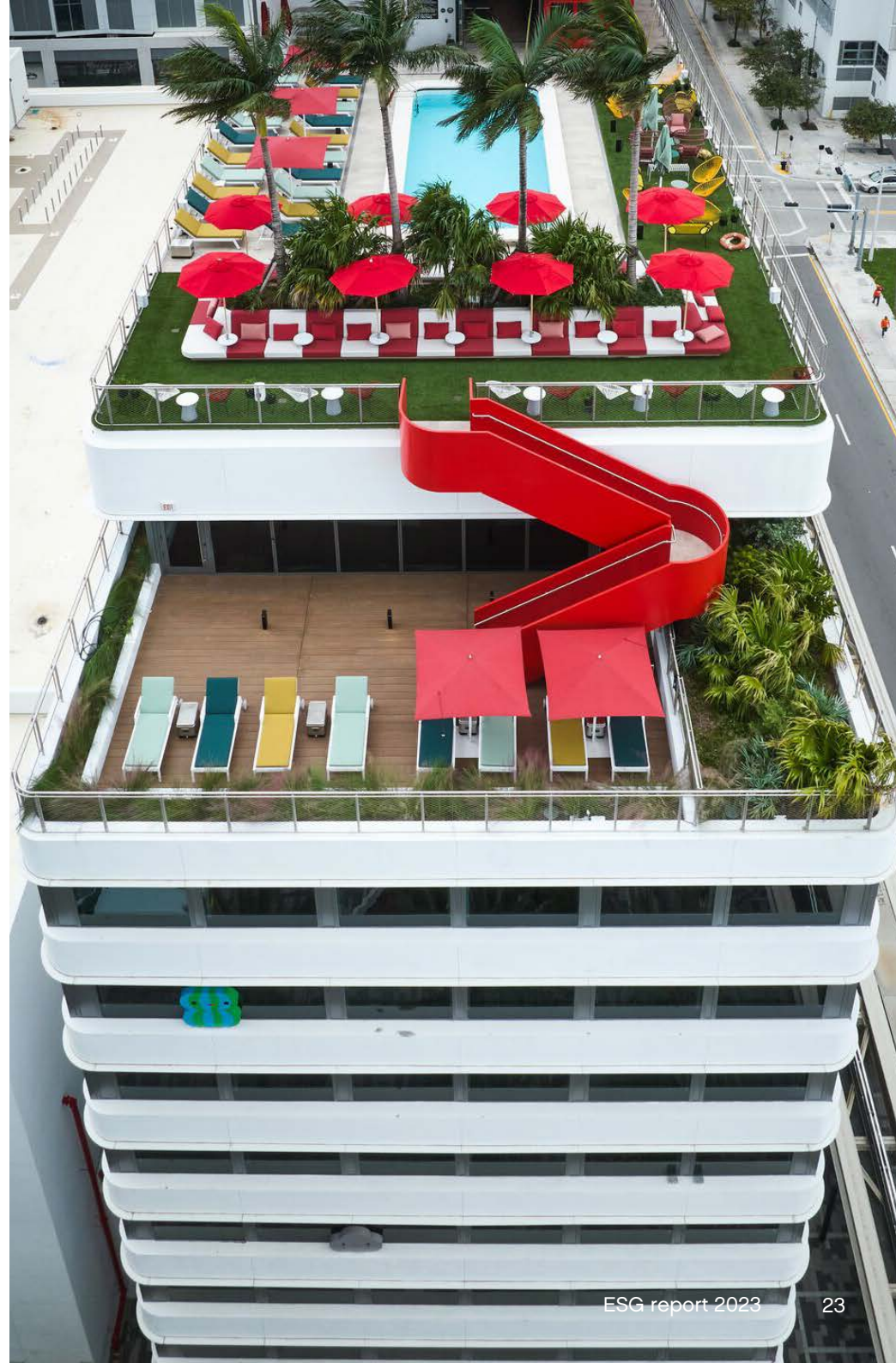
citizenM pursues a conservative financial strategy regarding the exposure to potential financial loss and uncertainty about the future related to treasury (including finance, market and credit risk), accounting, financial reporting and fraud.

## compliance

citizenM is averse to the risk of non-compliance with relevant laws or regulations, or non-compliance with our own codes, contractual agreements, and covenants.

## ESG

ESG risks concern developments, trends and events related to environmental, social and governance matters, including both physical and transition risks related to climate change and the impact of ESG societal expectations on our strategy and performance. We want to influence positive change in a world where we are simply guests.



# ERM risk profile

Our yearly Enterprise Risk Management (ERM) assessment is designed to identify, assess, and take action on risks and opportunities in line with our business objectives. The risks have been categorised by their relationship to strategic, operational, financial, compliance or ESG.

We differentiate our risks by the severity of the net risk to the organisation. The severity - classified as high- medium- or low- is based on our assessment of the likelihood of the risk occurring, the potential financial and/or reputational impact, and the relevant mitigating actions we have in place.

It is important to note that these classifications and how they are assigned to each risk are subjective in nature and may change over time. The actual materialisation and impact of a risk may differ from what is disclosed here.

The overview of risks should be read carefully when evaluating citizenM's business. These risks are not the only risks that citizenM faces that may or may not actually materialise and/or have a material adverse effect on citizenM's financial position, reputation, results of operations and liquidity.

## changes from 2022 assessment

Because of its increasing significance, ESG has now its own category. Furthermore, we split the climate-related risk and ESG compliance reported in the previous year into two separate risks. Read the climate-related risk section for a more detailed discussion on climate change and the actions we are taking in our value chain. You can also find more info on our materiality assessment, where we used the concept of double materiality. This highlights the link between a company's financial performance and its broader impact on society and the environment.

Given the accelerating pace of innovation and competition in the hospitality industry we added a risk on "maintaining our unique competitive advantage." Because of our successful efforts on attracting and retaining talent, we removed this risk in our overview; however, we will keep closely monitoring.

A detailed description of the risks and actions taken to manage these risks is included in the section of risks and opportunities.

## our ERM risk profile:



The assessment of the potential net risk severity and change in risk trend categorisations are defined as follows:

- **High:** Strong impact on performance and/or brand impact and/or monetary loss greater than EUR 10 million.
- **Medium:** Reduced performance, long-term brand impact and/or loss less than EUR 10 million.



# **environmental, social and governance**

# introduction

In this ESG section of our ESG report, we take you through four key areas:

## ESG governance

Here we outline the processes and controls in place to monitor and manage sustainability-related risks and opportunities.

## strategy and action

This part explains our double materiality, strategic pillars, and actions from the reporting year. It outlines our approach and actions to managing sustainability-related risks and opportunities from our material topics.

## risk management

During our value chain analysis and double materiality process we identified prioritised general sustainability-related risks and opportunities.

## metrics and targets

We then look at our performance and progress towards sustainability-related targets, whether set internally or required by law.



# esg governance

## introduction

citizenM's governance structure requires sustainable management of environmental, social, and governance (ESG) material topics and climate-related risks within our operations and strategic initiatives.

Here is an overview of how various bodies in the company oversee sustainability, social and climate-related risk, as well as how we integrate and track our adherence to our policies and goals.

## board of directors

The Board consists of three executives and five non-executive members. The Board meets monthly.

## climate action oversight

The Board oversees climate-related risks and opportunities, with an annual review of material ESG topics, ensuring informed, climate-conscious decision making.

## investment committee

ESG decisions are included in major transactions through our Hotel Project Management Plan (HPMP), ensuring sustainable investments. The committee is focused on sustainable capital investment decisions, integrating financial stewardship with our ESG goals and risks.

## strategic council and senior leadership

Regular ESG updates are provided via our monthly business review meetings, strategic council and tactical table meetings.

ESG goals are embedded in key senior leaders' personal goals, with a direct impact on remuneration dependent on company and personal targets.

Our ESG governance approach, ensures that our sustainability goals are not only established at a strategic level but also practically implemented through departments and tactical tables, underpinned by our ESG team and transparent stakeholder communication.

## tactical tables

citizenM has four domains; ESG is an enterprise-wide theme and ESG topics are part of each from our building table to our central services table. Senior leaders and the ESG team are represented at of each tactical table spearhead ESG projects and supports and drives key business topics and programs.

## ESG team

The ESG team sets the wider ESG strategy, leads key projects to achieve goals, liaises between leadership and operations, and ensures transparent communication of our ESG initiatives to all stakeholders.

The ESG team stays aligned and informed on key risks, regulations, emerging trends and stakeholder priorities.

## internal controls

Through our monthly finance meetings, internal quarterly data checks and our Big Room Planning process, we monitor the delivery and progress of our big goals. These planning events and controls enable us to prioritise goals that require more attention and celebrate goals that we achieved.

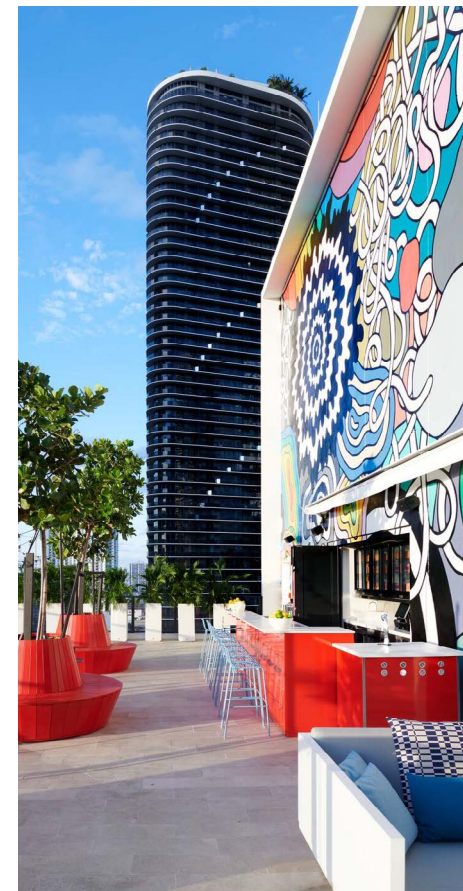
## remuneration policy for the executive directors

Our remuneration principles for the Executive Directors aim to remunerate Executive Directors at competitive levels and include a strong performance-related component.

citizenM aims to ensure competitive compensation and benefit packages that best promote and support our strategy. The remuneration package for the Executive Board consists of the following components: annual gross base salary including holiday allowance, pension benefits, social security contributions and other benefits.

There is a variable remuneration part, which includes both long-term and short-term elements. Payment of the variable remuneration is dependent on

the achievement of company targets and personal targets, which include targets for the financial performance of the company and ESG targets.



# strategy and action



# our vision

**“We want to influence positive change in a world where we are simply guests.”**

# activation



**We activate our vision by operating and building healthier greener hotels, doing the right thing for our people and communities, and engaging our guests with transparent information about our activities.**

# double materiality matrix

This graph is a schematic representation of our priorities, their relativity to stakeholders and their impact on the company. Meet the materiality matrix.

inside-out  
impact on society  
and the planet



## legend

- low importance for stakeholders
- medium importance for stakeholders
- high importance for stakeholders

## focus areas

- growing and operating sustainably
- intelligent & sustainable buildings
- making positive movements in society
- doing the right thing for our people
- guest satisfaction conscious travel
- governance

## outside-in

impact on  
company value

# material topics

We focus on the most significant impacts of our business as they affect our stakeholders and society. We updated this list looking at changes across the business, industry research, stakeholder requests and global trends. The shortlist (in no order) of our material topics is as follows:

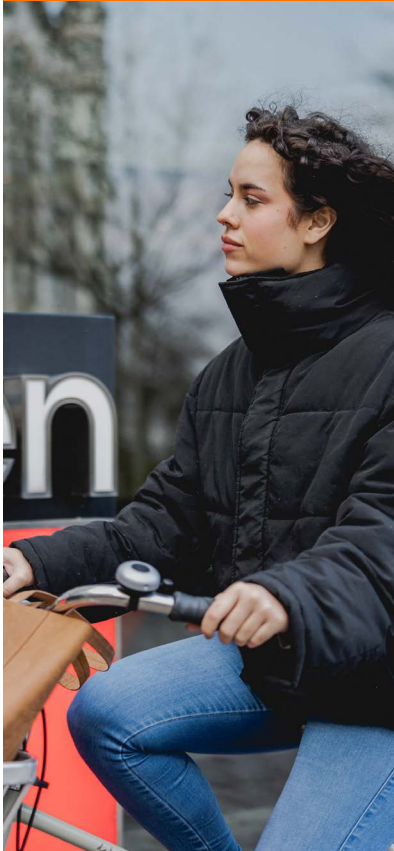
1. guest satisfaction conscious travel
2. business ethics
3. climate resilience
4. contributions and actions in the local/global community
5. diversity, equity and inclusion
6. employee attraction, satisfaction and retention
7. employee training and development
8. carbon emissions
9. green building certificates
10. health, safety and wellbeing
11. housekeeping footprint
12. human rights
13. materials and embodied carbon
14. privacy and data security
15. responsible food sourcing
16. responsible supply chain
17. smart and efficient buildings
18. biodiversity
19. waste management
20. water management



# our areas of focus

## conscious traveller

engaging conscious travellers by showcasing what we're doing and how they can join us



## intelligent & sustainable buildings

future-proofing our buildings for a healthier, greener, more resilient future

## growing & operating sustainably

optimising our operations to reduce our impact

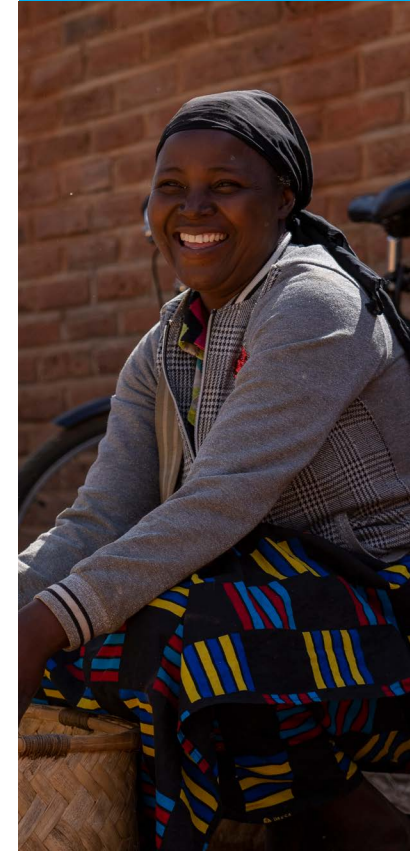


## doing the right thing for our people

doing right by our people while empowering them to become highly fulfilled and self-aware

## making positive movements in our society

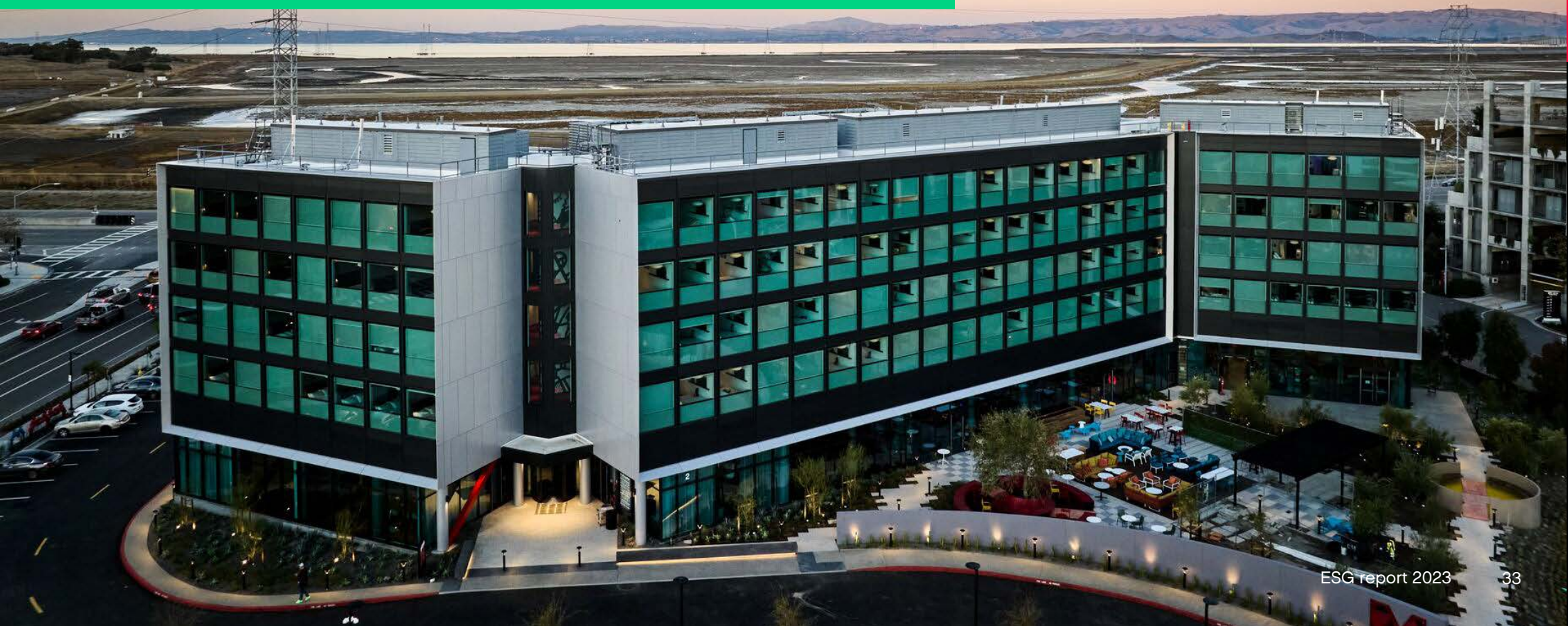
shortening the distance between people and opportunities





# intelligent & sustainable buildings

future-proofing our buildings for a healthier, greener and more resilient future



# green building certifications

## why is it important?

Green buildings (in terms of design, construction and operation) can significantly reduce a business' environmental impact. They're not only better for the planet, they're healthier for our employees and guests, too.

## what are we doing?

We want to future-proof our buildings to create a healthier, greener and more resilient future. How? By applying sustainability requirements to the conception, design and construction of every citizenM.

For our new development hotels, we use green building certification standards to assess our sustainability performance.

We also stay up to date with current standards by certifying our operational hotels with the latest BREEAM In Use standards (version 6).

## how did we perform in 2023?

All new development hotels that opened to guests in 2023 achieved a BREEAM New Construction or LEED Building Design and Construction certification (based on location).

For our existing hotel portfolio, we needed to reassess 14 of our hotels to stay certified. We successfully achieved new certifications against updated standards and upgraded 10 of our previous achievements to a minimum of 'Very Good' or 'Excellent'.

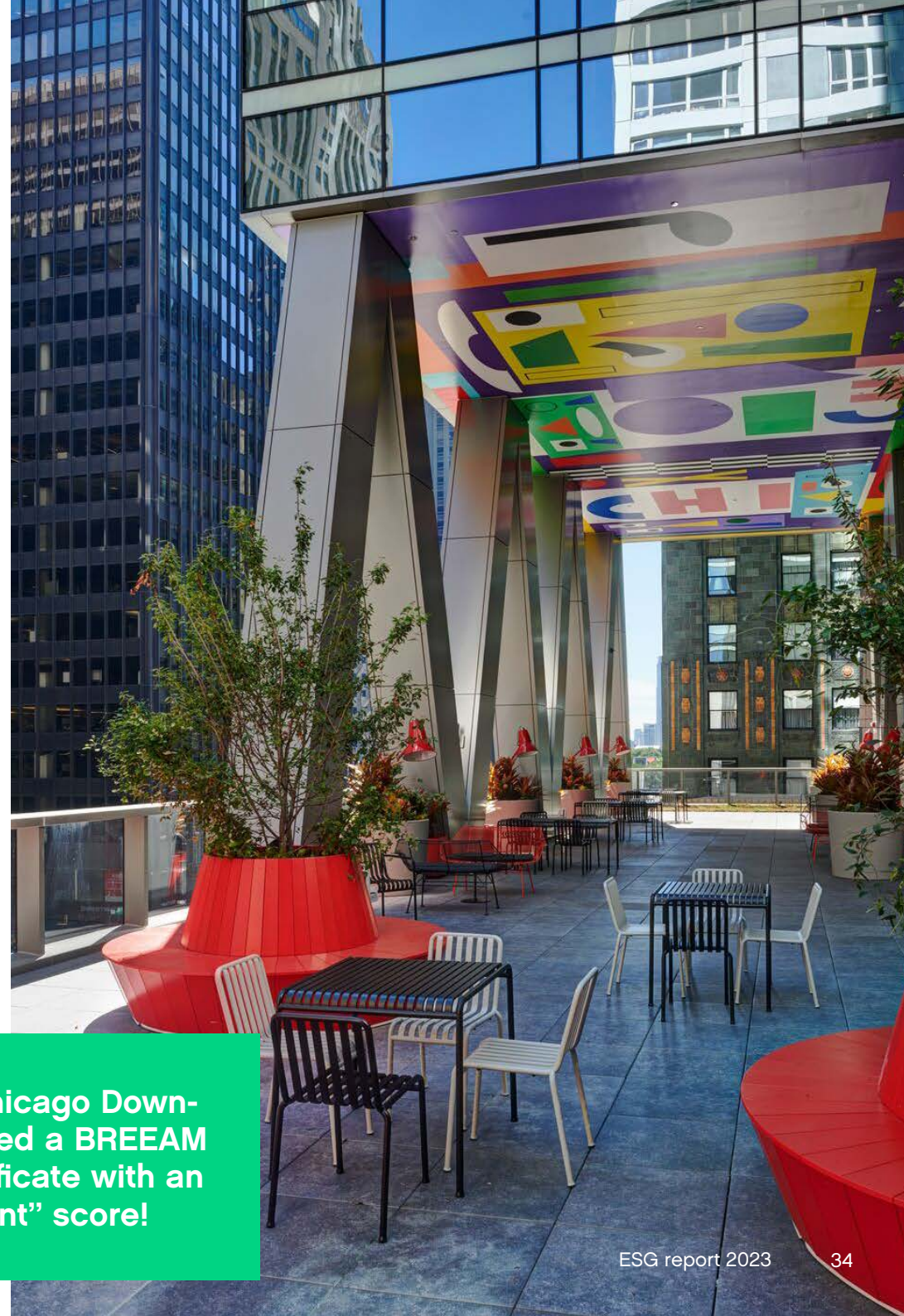
Additionally, 12 hotels achieved certification for the first time, with a consistent score of "Excellent".

This means we achieved our 100% certification goal for our hotels.

You can review hotel-specific performance in the performance section.

**citizenM Chicago Downtown received a BREEAM In Use certificate with an "Excellent" score!**

intelligent & sustainable buildings



# biodiversity

We aim to protect and enhance biodiversity and ecosystems while developing and operating hotels.

Our project managers and general contractors comply with environmental laws and regulations.

Most of our new construction involves developing sites that conserve natural areas and habitats as much as possible. Often, this requires remedying soil contamination caused by the activities of others.

Biodiversity assessments are integrated into our development and investment due diligence process.

To support biodiversity, we maintain trees and vegetated areas. We integrate many green areas in our hotels. Examples are the courtyard at citizenM Paris Champs-Elysees and our green roof at citizenM Paris La Defense. And at citizenM Los Angeles Downtown hotel, we take care of beehives with help from the Los Angeles County Beekeepers' Association.

On behalf of our Rome Isola Tiberina hotel, we donated to the wildlife trust of a local conservation project.

We monitor environmental incidents across all our projects and hotels. In 2023, citizenM had no environmental incidents or violations.

# responsible procurement

As we build and operate our hotels, it's important suppliers are on the same page as us. To check they are, we use a four-step process. It identifies ways to improve products and services, new opportunities, and ways to mitigate risk.

Before we work together, suppliers are given our Responsible Procurement Principles so they know what we expect from them. Then, we check they adhere to these principles using the EcoVadis rating assessment. It scores suppliers in areas of labour and human rights, ethics, sustainable procurement and environmental impact.

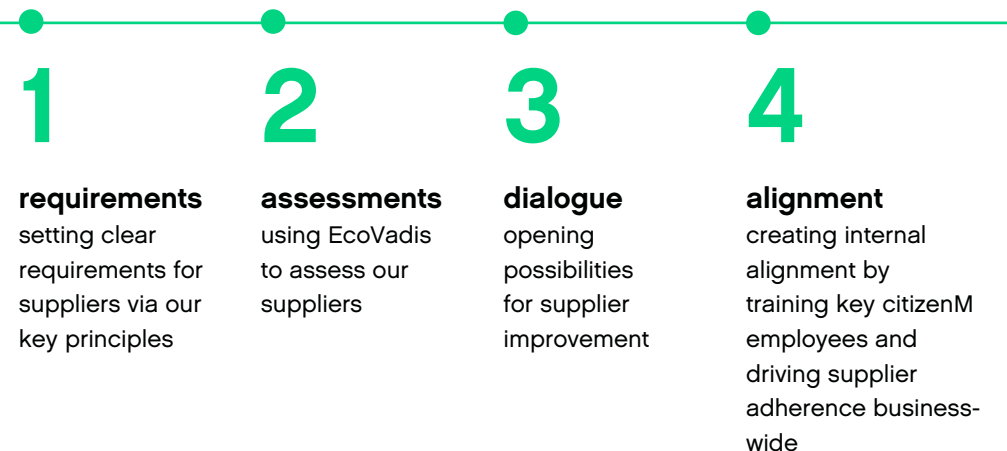
We follow our formalised framework to identify high-risk suppliers. The goal of this assessment is to mitigate risk in our supply chain. We use EcoVadis to assess strategic tier 1 suppliers.

When necessary, a high-risk supplier is issued corrective actions to be in line with our principles and assessment standards. We also engage in key supplier meeting discussions to collaborate and share tools for improvement.

## intelligent & sustainable buildings



GRI | 304-2, 308-1



# materials

## why is it important?

Selecting lower-impact materials helps minimise pollution, protect natural resources, sustain responsible supply chains, and create a safer environment for our employees and guests.

## what are we doing?

When we partner with suppliers and general construction companies, we set out our Responsible Supplier Principles. In our principles we outline a “red list” of materials that should not be used.

Examples of items on the hotel/building red list:

- asbestos
- lead-based paint
- formaldehyde-based products
- polyvinyl chloride (PVC)
- mercury-containing devices

Our red list approach aligns with citizenM's values, aiming to ensure that our hotels are constructed and designed with materials that prioritise safety for both people and the planet.

The next step is for citizenM to improve the knowledge of our cross-functional team, including architects, designers, and project managers.



intelligent & sustainable buildings

# embodied carbon

## why is it important?

Embodied carbon can make up as much as 80-90% of a developer's annual emissions. The majority of these emissions come from extracting and manufacturing of building materials.

## what are we doing?

We recognise that to understand the full impact of our buildings, we need to focus on embodied carbon and the materials we build with.

This year we have secured partners to first understand how to measure the materials we use. One of our main construction methods for citizenM hotels is based on a modular building system. From a sustainability perspective, this building system gives us many advantages for standardising our materials and measuring our impacts.

## embodied carbon in our rooms

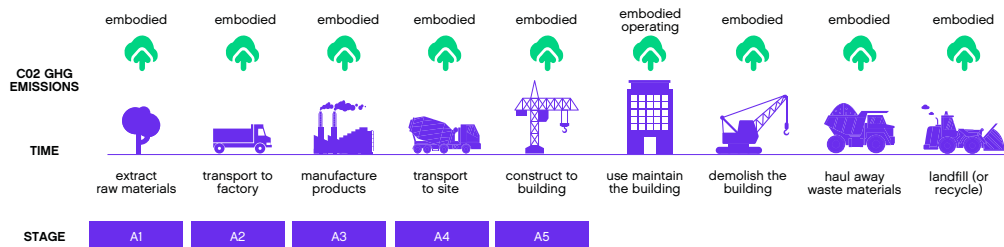
To start our journey, we wanted to measure embodied carbon in our rooms. Why? Because we employ modular build for most of our hotels, we can make improvements to thousands of rooms once we know how to improve only one of them!

## what have we learnt?

Approximately 80% of our room emissions are linked to steel and concrete, while 20% stem from interior fittings. We've pinpointed material categories that need focused carbon reduction efforts.

## regulations

We are mapping regulatory standards in our target cities. We prioritise staying ahead of these changes to maintain our commitment to building intelligent and more sustainable buildings.



# growing & operating sustainably

optimising our operations to reduce our impact



# energy

## why does it matter?

We want to play our part to tackle climate change on a global scale. As we continue to grow our worldwide presence, we're always looking for ways to reduce our environmental impact. Energy usage is a big expense for us, accounting for 6.1% in 2023 of our operational costs, and electricity is the biggest part of that expense. By using data to guide our decisions, we want to identify potential efficiencies and achieve our environmental goals.

## what are we doing?

To help mitigate climate-related risk, we will minimise our environmental footprint and

emissions. In 2023, we continued focussing on data, reviewing our platforms and utility providers to capture robust data. Energy and resource consumption data for all our hotels is now collected, verified and stored on a central energy management system. Conveniently, this data links directly to utility providers and on-site smart meters. Now, we can closely monitor our consumption and minimise our environmental impact while aligning with our future goals.

## energy sources

Our main sources of energy are electricity, gas, and district heating and cooling. Green electricity contracts are in place for

our hotels, where the energy mix is partially or fully renewable sources. Where possible we have guarantees of origin, renewable energy certificates for our electricity supplies or direct green energy contracts.

## robust data

To improve the credibility of our data, we invested in an ESG data management platform. It collects and centralises the data, helping us prepare reports for disclosure frameworks. We reached over 85% actual data coverage using the platform. The remaining data was filled using approved methodologies, e.g. historical or comparable hotel data.

As our data collection has improved, and since Covid's impact on occupancy rates has faded, we're moving ahead with using 2023's data for setting our future targets.

## assurance

For peace of mind, we asked an assurance provider to check our energy, emissions, waste and water data consumption.

## energy audits

In 2023, we completed five energy audit reports at our most energy-intensive hotels. Inefficiencies and improvement areas were identified for work in the future.



**citizenM London Victoria  
Station hotel**

**Energy Performance Certificate  
(EPC) – rating A**

**growing & operating sustainability**

# energy efficiency

Here are a few examples of our energy efficiency activities.

## energy-saving technologies

Our Building Management Systems (BMS) optimise the performance of our heating, ventilation and air-conditioning (HVAC) systems. In 2023, citizenM continued our BMS pilot project to see how we can further optimise hotels.

## energy efficiency: lighting

We use natural light and task lighting to reduce the need for overhead lighting. We install occupancy sensors in our corridors, conference rooms, break rooms, restrooms, and other frequently unoccupied spaces. We prescribe only LED lighting to reduce the wattage of light bulbs and save on lighting energy.

## energy efficiency: heating and air conditioning

We have flexible thermostat ranges set by our property management team. This means rooms can be a few degrees warmer in the summer and cooler in the winter, rather than strictly set temperatures. This approach saves energy and reduces our environmental impact.

## temperature control

Our in-room MoodPad gives guests control of the blinds, temperature, room lighting (in the shower and bathroom),

multimedia and more. Additionally, citizenM's seamless app incorporates this feature so guests can control room ambiance from their phone.

## central monitoring

We monitor room temperature through a central dashboard, adjusting when necessary to reduce energy waste in unoccupied rooms.

## energy audits

In 2023 we moved to actively enhancing our hotel portfolio's sustainability through targeted energy audits.

These audits, conducted in partnership with engineering experts, offer crucial insights for energy efficiency improvements in our current hotels and inform the design of future projects.

The results are key to refining maintenance schedules, upgrades, and internal training, while also setting precise energy conservation goals. This approach aligns our energy management efforts with the capital expenditure and property management cycles. Hotel operations become more efficient and sustainable.

## hotel energy consumption (kWh)

energy type	energy consumption (2023)	energy consumption (2022)	energy consumption (2019)
electricity	34,391,206	26,415,436	15,964,422
natural gas	17,658,319	16,026,414	10,567,163
heating	5,935,762	5,779,574	3,875,370
cooling	2,718,747	2,116,610	1,087,367
<b>total hotel energy consumption</b>	<b>60,704,034</b>	<b>50,338,034</b>	<b>31,494,322</b>
no. of hotels	31	27	16

## energy intensity (kWh/calendar-normalised m<sup>2</sup>)

energy type	energy intensity (2023)	energy intensity (2022)	energy intensity (2019)
electricity	148.51	136.90	141.53
natural gas	107.77	124.41	164.16
heating	89.25	90.10	98.24
cooling	71.70	59.53	79.45
<b>average consumption intensity</b>	<b>255.95</b>	<b>253.00</b>	<b>265.74</b>

## other energy consumption (kWh)

energy type	energy consumption (2023)	energy consumption (2022)
fuels	214,258	333,627
other electricity	52,520	33,509

1. Between 2019 and 2023, we opened 15 new hotels, resulting in a higher energy consumption.

2. As our data stabilises from the impact of COVID on occupancies, 2023 will replace 2019 as the new baseline year for target setting.

3. Energy consumption figures for 2020 and 2021 were excluded from this report for not accurately reflecting hotel performance, as they were highly influenced by low occupancy rates due to the Covid-19 pandemic.

4. Energy intensity calculations are based on calendar-normalised square-metre data adjusted for applicable energy type for each hotel.

5. Environmental performance data not included for two hotels (in Asia) with management agreement, as they fall outside the operational boundary scope.

6. Electricity generation from on-site renewables was negligible in 2023 and is not included in the electricity consumption figures on this page.

# decarbonisation

## roadmap

**Net zero carbon** - operational energy definition: The amount of carbon emissions associated with each hotel's operational energy on an annual basis is zero or negative. A net zero-carbon building is highly energy efficient and powered from on-site / off-site renewable energy sources with any remaining carbon balance offset.

### steps

### actions

# 1

**gather robust consumption and emissions data**

We'll gather robust energy and emissions data for each hotel to become third party assured.

# 2

**set decarbonisation pathways aligned to 1.5°C**

We'll map, model and test our transition pathway using the CRREM tool for every hotel.

By doing so, we'll identify which properties are at risk of stranding due to the expected increase in stringent building codes, regulations, shifting market expectations and increasing carbon prices.

# 3

**reduce and optimise energy demand**

We'll prioritise projects that create efficient buildings - we know real time monitoring, optimising and adapting how citizenM uses energy consumption and emissions.

BMS enhancements will better control and monitor our buildings. They'll not only reduce energy consumption, but will alert our teams of heating and cooling system faults, inevitably minimising guest complaints.

# 4

**accelerate and increase on-site and off-site renewable electricity**

We'll accelerate and increase on-site and off-site renewable electricity. If technically and economically viable, we'll implement on-site renewables, too.

As a standard, we also procure 100% green electricity for all hotels with in the first year of operating.

# 5

**invest and implement effective low carbon technologies**

Every hotel will undergo a decarbonisation assessment.

We'll prioritise and invest in retrofitting hotels with low-carbon technologies, which electrify our MEP equipment in existing buildings.

# 6

**offset remaining emissions**

According to science, there's no substitute for cutting carbon. This is a priority for us.

Lastly, we will define on offset strategy for emissions that can't be otherwise eliminated.

We will explore offset strategies that follow environmental integrity and transparency principles.

growing & operating sustainability



# greenhouse gas emissions

## why does it matter?

Reducing emissions will slow the pace of global warming, so getting a grip on Greenhouse Gas emissions (GHG) data – our carbon footprint – requires identifying, targeting and taking meaningful action on the sources of our biggest emissions.

## what are we doing?

In 2023, we continued to update our energy and emissions data and processes to improve the quality of our emissions inventory. We also continued investing in the carbon data platform and created a thorough carbon inventory of our operational emissions.

After aligning our approach with the Greenhouse Gas Protocol, we updated emission factors, adjusted our location- and market-based emissions, improved our data quality, and refined our reporting processes to track our reductions over time.

We monitor and benchmark our main sources of greenhouse gases at the asset level in units of metric tons of carbon dioxide equivalent (MTCO<sub>2e</sub>), and greenhouse gas emissions intensity in MTCO<sub>2e</sub> per m<sup>2</sup> every year and per room night.

## expanding our emission reporting

The scope of our environmental impact extends beyond our fuel and energy emissions.

We have prioritised expanding our scope 3 coverage to include all relevant reporting categories (from our value chain to embodied carbon within our buildings), and are working towards measuring our scope 3 emissions and reducing our overall emissions.

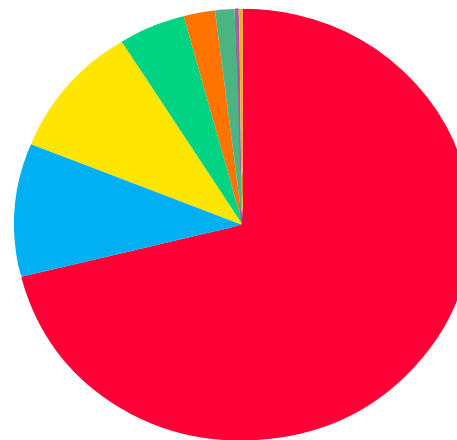
The expanded scope 3 inventory will be rolled out in 2024.

# GHG broken down

emissions absolute (scopes 1 + 2)

location-based	market-based
13,029	5,016
MTCO <sub>2e</sub>	MTCO <sub>2e</sub>
A location-based method reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.	A market-based method reflects emissions from electricity that companies have purposefully chosen/paid as a greener choice. It derives emission factors from energy attribute certificates (RECs, GOs, etc.), direct energy utility contracts, supplier-specific emission rates and other default emission factors.

hotel emissions broken down by source (scope 1, scope 2 market-based, and scope 3)



total scope 1+2 (market-based emissions intensity) in our mature portfolio decreased by 5% YoY\*\*

natural gas (S1)	55.37%
electricity (S2)	13.47%
waste (S3)	12.60%
heating (S2)	10.12%
refrigerants (S1)	5.33%
upstream leased assets (S3)	1.86%
fuels (S1)	0.94%
cooling (S2)	0.31%

growing & operating sustainability

\*business travel emissions are not included in this chart, as they fall outside the hotel operational activities scope  
 \*\*emissions intensity calculations are based on calendar-normalised square meter data

# carbon flow analysis

## how to read our emissions data

Emissions data is broken down into scopes defined by the Greenhouse Gas Protocol. Here's a quick summary of what's in each scope:

### Scope 1 emissions - direct (S1)

Direct emissions resulting from the combustion of fuels in buildings, including; purchased natural gas, company-owned vehicles, and fugitive emissions from the use of refrigerants.

### Scope 2 emissions - indirect (S2)

Emissions from purchased electricity, steam, heating and cooling used in buildings.

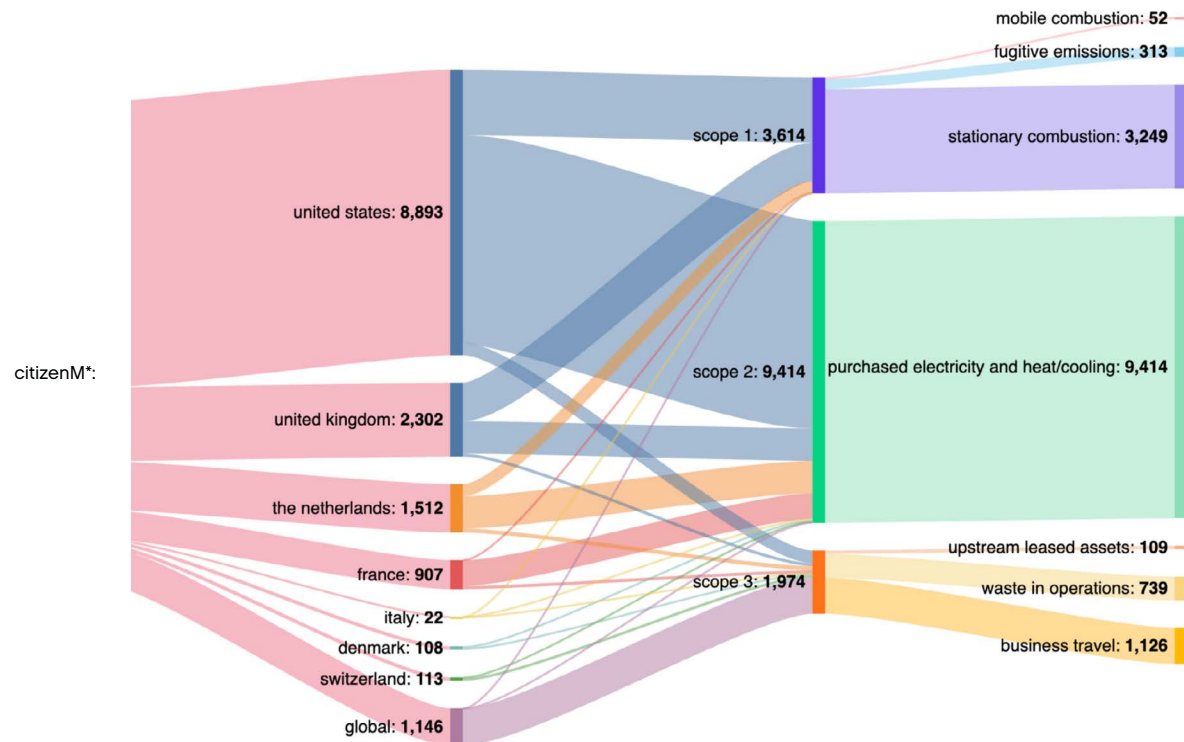
### Scope 3 emissions (S3)

Category 6: business travel (air and rail)  
 Category 5: waste generated in operations  
 Category 8: upstream leased assets

## about this chart

The carbon flow analysis diagram represents the distribution and flow of location-based carbon emissions associated with citizenM's operations in different countries. This visual representation helps with understanding the relative impact of operations in each location and scope and identifying key areas for emissions reduction efforts split by category. GHG emission figures displayed here are in MTCO<sub>2</sub>e and scope 2 emissions are location-based.

\* citizenM's organisational boundary for emissions calculation is based on hotel operational activities and business travel



greenhouse gas emissions (GHG)	2023	2022	2019 baseline
<b>scope 1 direct emissions</b>			
emissions (MT CO2e)	3,614	3,111	2,013
emissions intensity (kg CO2/m <sup>2</sup> )	15.61	16.12	17.90
<b>scope 2 indirect emissions</b>			
location-based emissions (MT CO2e)	9,414	6,657	4,346
location-based emissions intensity (kg CO2e/m <sup>2</sup> )	40.65	34.50	38.65
market-based emissions (MT CO2e)	1,401	624	506
market-based emissions intensity (kg CO2e/m <sup>2</sup> )	6.05	3.23	4.50
<b>total Scopes 1 + 2 emissions</b>			
location-based emissions (MT CO2e)	13,029	9,768	6,359
location-based emissions intensity (kg CO2e/m <sup>2</sup> )	56.26	50.62	56.55
market-based emissions (MT CO2e)	5,016	3,735	2,518
market-based emissions intensity (kg CO2e/m <sup>2</sup> )	21.66	19.36	22.40
<b>scope 3 (3 out of 15 categories covered)</b>			
waste generated in operations (MT CO2e)	739	584	738
business travel (MT CO2e)	1,126	854	1,100
upstream leased assets (MT CO2e)	109	107	-

## growing & operating sustainability

2023 market-based emissions were highly influenced by electricity provider availability and procurement timelines. Internal process improvements were implemented to streamline renewable electricity procurement, especially in new hotels.



# impact per room night

## performance per stay

We believe transparency is important. We know conscious guests and corporate bookers may want to understand the impact they have when staying at citizenM. This is also important for us to know. By understanding the amount of greenhouse gases emitted or water consumed for each night, we gain a better understanding of our operational and environmental impact.

This measurement also allows us to clearly share information with conscious travellers and, importantly, benchmark and identify areas where we can improve

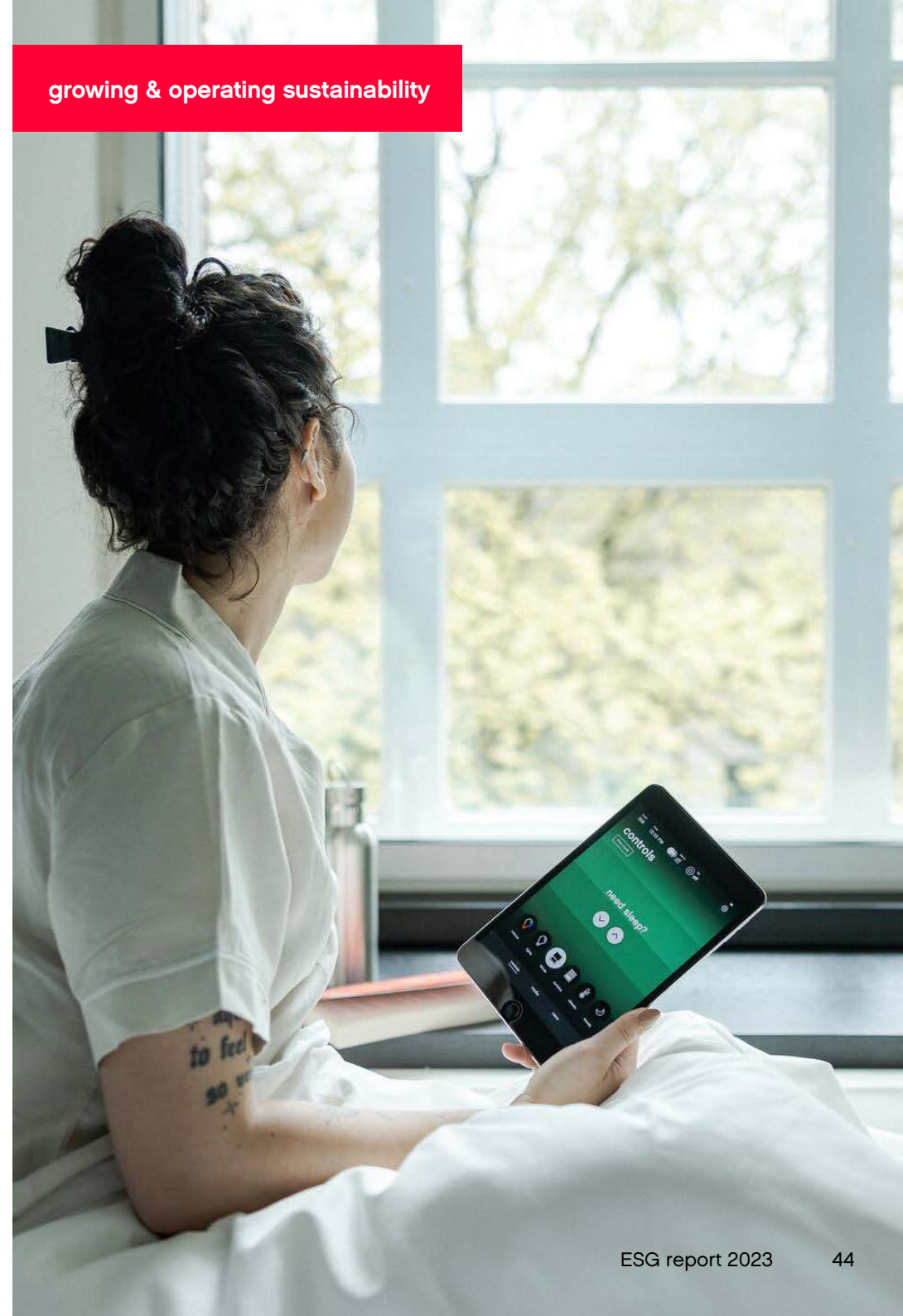
our energy, waste and water efficiency, as well as reduce emissions.

According to the Skift Research on Millennial and Gen Z Traveler Survey 2019, 59% of Millennial and Gen Z travellers believe it is important to choose travel businesses that prioritize environmentally sustainable business practices.

We want to make conscious travel easy. Measuring impact per room night empowers conscious travellers to compare us against our peers.

intensity per room night	2023
energy (kWh)	31.34
scopes 1+2 location-based emissions (kg CO2eq)	6.73
scopes 1+2 market-based emissions (kg CO2eq)	2.59
water (litres)	202
waste (kg)	1.20

Energy and emissions intensity calculations are based on occupied room night data (including complimentary stays) adjusted for available energy type per hotel. Exclusion: figures for 2020 and 2021 were excluded from this report. They do not accurately reflect optimised occupancies and hotel performance, as they were highly influenced by low occupancy rates from the Covid-19 pandemic. Please note that 2022 figures are not fully comparable to figures from 2019 and 2023 due to low occupancy rates in the first quarter of the year in 2022.



# water

## why does it matter?

Water is a limited and valuable resource. Better water management is not only good for people and the planet, but for business too!

## what are we doing?

We actively monitor water usage in each hotel through smart meters, allowing us to measure the changes we make through our conservation features.

Our brand standards require water fixtures to meet local requirements for water efficiency and conservation. We have actively implemented water conservation features in our restrooms, bathrooms and kitchens/pantries – as well as installed low-flow aerators on faucets. Low-flow fixtures are installed in restrooms, and, where possible, we look for the EPA WaterSense label when purchasing fixtures and appliances.

In 2023, our total water consumption across our reported portfolio was 391,516 m<sup>3</sup>.

We're always keen to understand our impact. That's why we conducted a water risk assessment across our hotels. Using the World Resources Institute (WRI) Aqueduct tool, hotel exposure to water risk was mapped and we identified locations with baseline water stress, river line and coastal flood risk, drought, and future water-stress risks.

GRI | 303-3, 306-1, 306-3



**202 litres**  
water consumption  
per occupied room

**over 95%**  
waste diverted  
from landfills

# waste

## why does it matter?

Sending waste to landfill not only takes up valuable land space on the planet but causes air, water and soil pollution, discharging carbon dioxide (CO<sub>2</sub>) and methane into the atmosphere. Furthermore, waste often travels long distances to landfill sites, consuming fuel and contributing to greenhouse gas emissions. By reducing the amount of waste we produce, our waste disposal costs fall – an action that's as good for the planet as it is for business.

## what are we doing?

We want to reduce the amount of waste generated at all our hotels. We set waste diversion rates during the construction in line with green building certification requirements. We have significantly reduced our waste from evening and lunch offerings by working with partners on portioning and packaging. We have always refilled our bathroom containers (shower gel, etc.) to eliminate the need for little plastic bottles, but in other areas, we still have work to do.

## data

In 2023, our internal waste reduction group made further improvements to our waste data collection process by measuring waste by stream in addition to disposal method and enhanced data access through a detailed dashboard.

## action

Waste audits were conducted in the New York Times Square and New York Bowery hotels to pinpoint reduction opportunities.

## food waste

We encourage our guests to use our citizenM app to order food, as this helps us minimise food preparation and reduce unnecessary waste. We partner with Too Good to Go to see that any leftover food from breakfast is given a second chance to be enjoyed, rather than going to waste. 22,683 meals have been diverted from the dumpster since 2019!

## result

As a result of these efforts, we successfully diverted over 95% of the 2,322 metric tonnes of non-hazardous waste we produced away from landfills.

year	metric tonnes total waste	metric tonnes of waste went to landfill	% of waste diverted from landfill	kg waste per occupied room
2019 (baseline)	2,447	567	63	2.24
2022	1,946	104	95	1.34
2023	2,322	72	97	1.20

# responsible food sourcing

## why does it matter?

As a global hotel, responsible food sourcing is important for citizenM. By collaborating with global and local suppliers, we streamline our product range and deliveries, reducing our food-related carbon footprint.

This approach also allows us to innovate, minimise packaging, and optimise delivery schedules, underscoring our commitment to sustainability.

## what are we doing?

In 2023, we created citizenM's Food & Beverage Sustainability Standard. It addresses the following topics:

1. purchasing food and beverage
2. planning ahead leading to less waste of stocked goods
3. reducing food waste
4. partnering with sustainable coffee and tea producers
5. reducing packaging
6. conserving water and energy
7. continuous improvement

We created digital waste management boards for hotels to monitor stock waste and improve operational practices.

# housekeeping footprint

## why does it matter?

Housekeeping is an integral component of the hospitality experience at citizenM. However, traditional housekeeping practices can have a significant environmental footprint, including chemical pollution, water use, and carbon emissions.

## what are we doing?

We are actively committed to minimising our housekeeping environmental footprint through continually improving our sustainable practices. By scrutinising and altering how we manage our housekeeping operations, we not only minimise our environmental impacts, but set a cleaning standard for all our hotels.

## minimising chemicals

Transitioning to more sustainable cleaning products has been a priority. Our Ozone water cleaning products maintain our high standards of cleanliness while significantly reducing the amount of harmful chemicals released into the environment.

## opting out of room cleaning

We provide our guests the option to skip room cleaning services during their stay. This initiative conserves water, reduces chemical usage, and engages our guests in our sustainability efforts.

## laundry operations

Sustainability is at the forefront when selecting our laundry service providers. We mandate the use of eco-friendly detergents, energy-efficient operations, and water recycling practices.

## emissions reduction in laundry operations

Our partnerships with environmentally responsible laundry providers are instrumental in reducing carbon emissions stemming from laundry operations. This aligns with our broader goal of minimising citizenM's carbon footprint while maintaining the comfort and hygiene standards our guests expect.

Through these measures, we are not only decreasing our environmental impact but are also offering a sustainable choice for our guests.

growing & operating sustainability



# doing the right thing for our people

empowering them to become  
highly fulfilled and self-aware



# doing the right thing for our people

## why does it matter?

Our citizenM values and unique culture are worth protecting – they are the bright, buzzing sparks that make us unique.

## what are we doing?

We value passion, personality and a can-do attitude. We love diversity, and everyone has the opportunity to learn, develop and grow, professionally and individually. This includes maintaining our learning platform and safety trainings.

In 2023, we updated our values and engaged employees through our values roadshow. citizenM's values are what make us unique, and the values roadshow presented the refined values to employees in hotels and support offices. This initiative was not only a moment to connect with our values and each other, but to explore their true meanings, actions through which they are expressed, and understand that we are all accountable for keeping our culture alive.

Throughout the year we created “heartbeat moments” through consistent communications for all employees, creating a pulse for people and culture on our internal platforms.

We held another citizen satisfaction survey with a participation rate of 80%. On average, employees scored their happiness at 81%, a testament to our working environment. Once again, the focus of the year was taking action based on the feedback from the survey. 100% of employees have access to employee performance reviews.

In 2023, we focused on executed a talent battle plan focussed on employee retention and recruitment challenges in new locations.

As a global company, we believe in letting our talents travel. To demonstrate our talent program, we featured the journeys of nine citizenM employees who followed their passions and made big impacts along the way.

Support office and hotel employees can access information about their job level, our salary scales per region, and how we evaluate the impact of their roles on the business.

Our Agile transformation journey also continued with company-wide Agile planning and education events. We executed Ways of Working domains and tactical tables, and kept ourselves accountable with quarterly demos and events.

1258  
employees

## our values

genuine touch  
passionate attitude  
smart thinking  
real caring



# diversity & inclusion

## why does it matter?

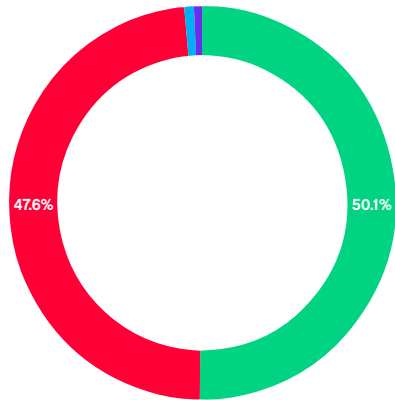
We believe all citizens of the world are equal, regardless of race, nationality, gender, age, size, (dis)ability, religion or sexual orientation. It is important to create an inclusive and diverse environment where everyone feels welcome – no matter if they're an employee or a guest. We're all human and should always feel comfortable to be ourselves.

## what are we doing?

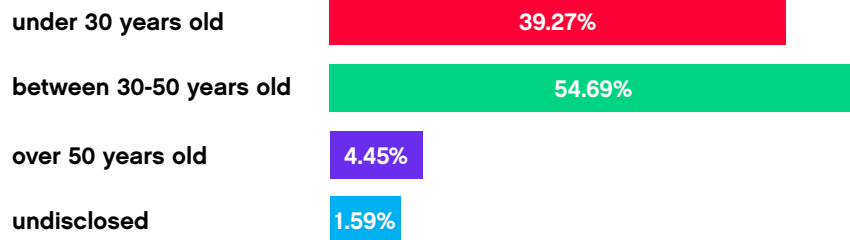
We measure and monitor our key employee information and performance. In 2023, this included the gender and age ratio at all levels of the business, international backgrounds, and information on gender pay gaps. Racial diversity data was gathered in our US operations.

### gender ratio at citizenM

- women 50.1%
- men 47.6%
- undisclosed 1.90%
- non-binary 0.40%



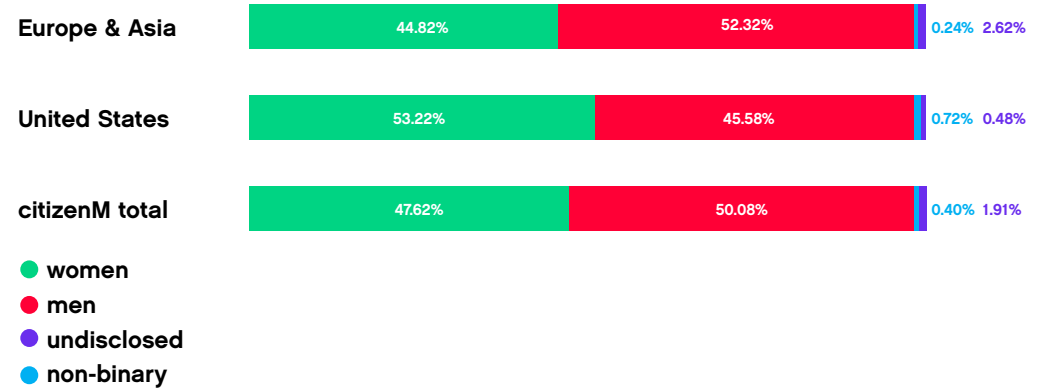
### age group distribution at citizenM



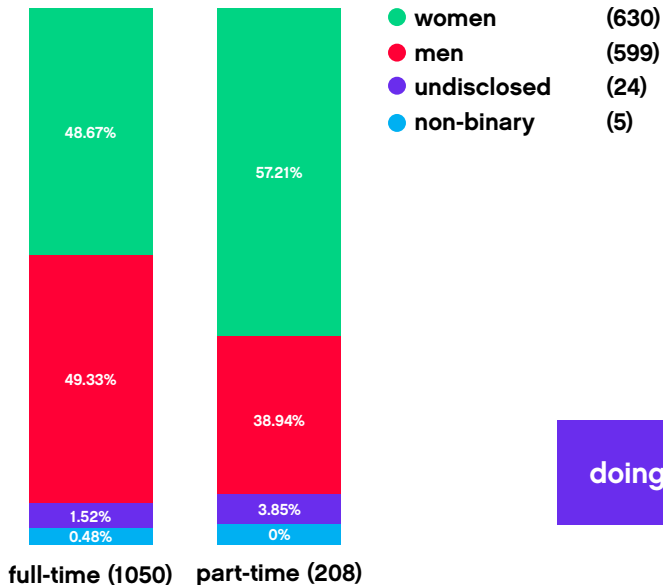
GRI | 2-7, 405-1

# diversity metrics

## citizenM employees by gender and region



## citizenM employees by gender and employment type



doing the right thing for our people

# gender ratio

## gender balance

At citizenM, we believe that all individuals should be treated equally and with respect, regardless of their race, gender, age, size, disability, religion, or sexual orientation. Gender balance is vital for creating a diverse and inclusive workplace that can drive innovation, improve decision-making, and enhance company performance.

citizenM is committed to promoting diversity and inclusion in our workplace and takes steps to increase the representation of women at all levels of the company, including the Board, senior management at hotels, and the support office. citizenM has set specific targets for increasing gender balance and has implemented a range of initiatives, such as reviewing and revising HR policies, conducting gender pay gap analyses and offering tailored and accessible learning and development opportunities.

Since 2019, we have been measuring and monitoring a wide range of diversity data, including gender ratios and performing gender pay gap analysis at all levels of the business. These actions have enabled us to understand the gender balance at different levels of the business. This key information has informed our actions, strategies and targets accordingly.

Overall, citizenM has a balanced gender ratio profile, but we recognise that improvements can be made at the senior leadership level within our Strategic Council and at the Board level. We are committed to reflecting our overall company gender ratio at the senior leadership level by implementing measures and setting progressive incremental targets.

# senior leadership gender balance

	2023	2022	2021
<b>board</b>			
% representation of women on the board, executives	0	0	0
% representation of women on the board, non-executives	0	0	0
% representation of men on the board, executives	100	100	100
% representation of men on the board, non-executives	100	100	100
<b>strategic council</b>			
% representation of women on the strategic council	31	29	13
% representation of men on the strategic council	69	71	87
% representation of non-binary gender on the strategic council	0	0	0
<b>hotel senior management</b>			
% representation of women in hotel senior management	64	50.2	51.5
% representation of men in hotel senior management	36	48.3	47.2
% representation of non-binary gender in hotel senior management	0	0.5	1.3

**definitions**

definitions	description
<b>Board</b>	Executive and non-executive members of the Board of Directors.
<b>Senior management at support offices</b>	Senior management comprises members of the Strategic Council, who play a crucial role in the delivery of the strategic plan.
<b>Senior management at hotels</b>	Hotel managers are responsible for ensuring the happiness of the team and guests, as well as the day-to-day operations of the hotel. The Manager on Duty (MOD) is the assistant hotel manager who is responsible for maximising the guest experience, looking after the well-being of the team, and overseeing the hotel's day-to-day operations.

**aligning with regulation**

We have set specific targets for increasing the representation of women in senior leadership positions, including increasing the proportion of women in executive and non-executive board positions and increasing the percentage of women represented in our Strategic Council.

**goals**

**Board level:**

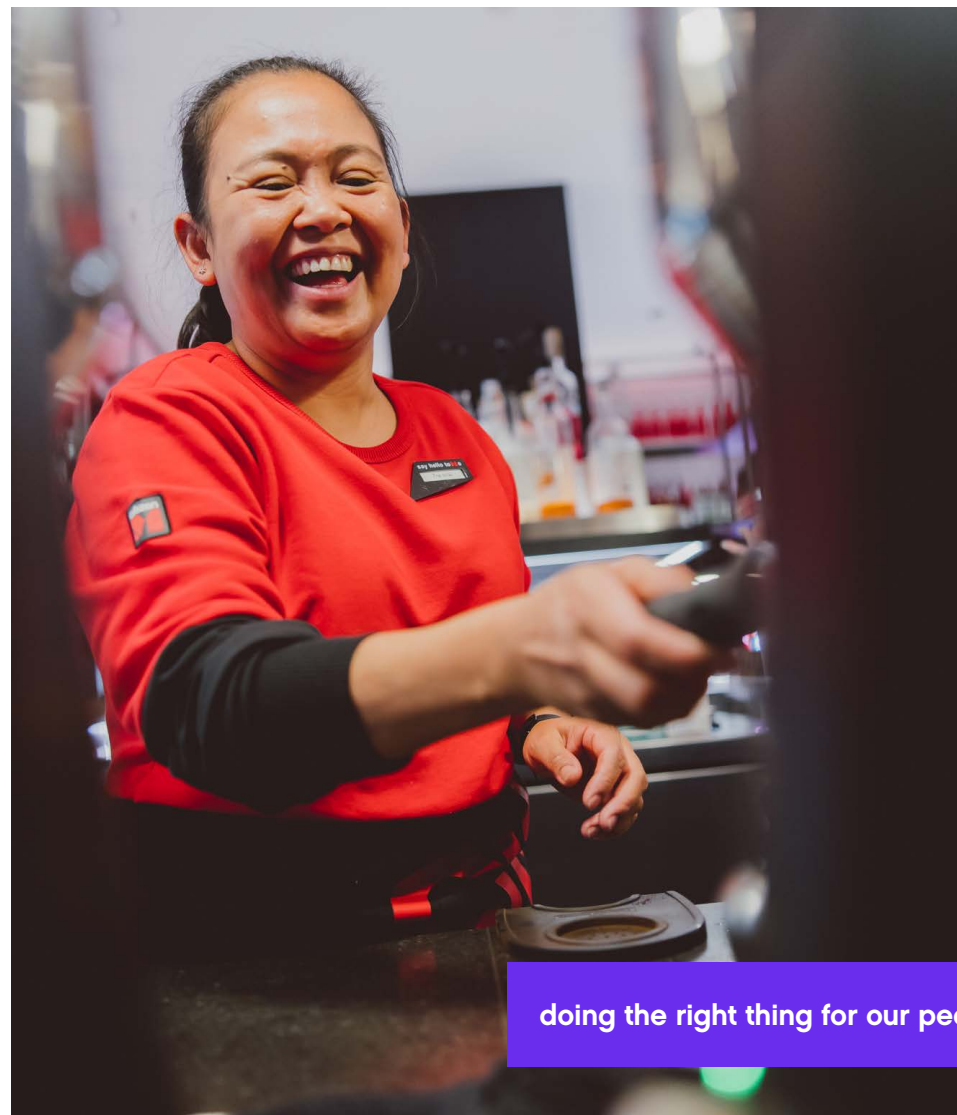
We have established two specific goals at the Board level:

1. Our target is that, by the end of 2025, a minimum of 30% of our non-executive directors are women.
2. Our aim is to increase the representation of women in our executive director positions to a minimum of 25% by the end of 2025. As the composition of our board has recently been updated, achieving our target will be subject to the availability of open positions because of our commitment to maintaining stable leadership continuity.

We will fill executive positions if and when there are openings as a result of the retirement, resignation, or termination of a current executive.

**Strategic Council:**

Our target is to have at least 40% representation of women on the strategic council by the end of 2024. In 2023, we increased our ratio to 31%. We narrowly missed our target of 33% because of the withdrawal of a selected candidate for a strategic role, which impacted our final outcome at the end of the year. Responding proactively, we've temporarily filled this gap with an external consultant (a woman), ensuring the strategic role is covered as we finalise a diversity-aligned replacement.



# action

At citizenM, we tailor individual experiences to meet employees' unique needs, so they can grow and thrive. We hire employees for who they are and build foundations based on our shared values. We prioritise achieving gender balance and strive for a diverse and inclusive workplace. We believe in investing in our employees' growth and providing them with the resources and support they need to reach their full potential.

Our vision is to empower our employees to let their talents travel, knowing that as they grow, so do we. Below you will find targeted actions and initiatives that we continue to implement to promote/maintain gender balance and meet our specific gender balance targets.

## **data on gender diversity**

Embedding employee gender diversity data collection into our HR system enables us to monitor and report on gender ratios at all levels of the business. This approach allows us to set specific goals for hiring and promoting women to senior-level positions

## **review and revise HR policies**

We annually review HR policies, such as our citizenM rules, recruitment, retention, and promotion processes to identify any gender biases or disparities. We address any identified issues and develop new policies that promote gender equity when required.

GRI | 2-7

## **salary transparency**

We believe in openness and fairness regarding salaries. That is why we have a pay transparency initiative in our support office. Employees can easily access information about their job level and its link to salary scales (per region), as well as how we evaluate the complexity and impact of their roles. All citizenM employees can access this information on the company intranet. Our pay transparency provides a comprehensive overview of the entire job structure, giving our employees a clear picture of where they stand and how their role fits in.

## **gender pay gap analysis**

We conduct regular checks to identify any gender pay gaps and take steps to close them. Employees of all genders deserve to be paid fairly and equally for their work, and this analysis is a big step in that direction. This includes offering benefits such as parental leave and flexible work arrangements that support employees at all stages of their careers.

## **recruitment**

We regularly review recruitment strategies to address the gender breakdown of applicants for roles. Diversity data is shared with talent and recruitment managers. Job descriptions are written in a way that is inclusive and welcoming to a diverse pool of candidates. We avoid language that could be interpreted as discriminatory,

such as requirements that are not essential to the job.

## **learning and development**

We are committed to providing tailored, accessible learning and development opportunities to all employees. We offer offline and online training modules through our internal platform, with tailored playlists for each employee based on their individual needs. This approach provides clarity and global consistency for all learning opportunities, supporting employees at every step of their journey.

We also recognise that learning and growing is a journey, which is why we provide clarity in career development through our Climber, Explorer and Leadership tracks. These tracks are targeted at growing our internal talent and offer different development opportunities depending on an employee's interests and aspirations. We also promote regular discovery checks, performance reviews, and check-ins to connect and engage with our employees to find out what is on their minds and how we can guide and support them.

Our Climber track is designed to support employees in vertical moves, while our Explorer track is meant to inspire exploration in different directions/skills – vertically, horizontally, or even downwards. Ultimately, we believe that learning is like a climbing wall: the best path can be up,

down, or to the side.

Our goal is to support and mentor our employees on their journey, unlocking their potential and helping them feel highly fulfilled.

The talent tracks program is designed to actively seek out talented individuals, and provide training and development opportunities to help support their advancement within the organisation. We believe in investing in potential, not just key talent, and supporting growth at all levels of the organisation.

In addition to our career development and Climber tracks, we offer access to leadership journey educational days and tools, clear performance reviews, and targeted career development strategies. Our Future Stewards program is specifically tailored for employees who aspire to become hotel managers/managers on duty.

To keep balance on the career tracks, we have a mindful tracking process to ensure equal access to training opportunities.

doing the right thing for our people

## parental leave

Parental leave, maternity leave and paternity leave are arranged per country – based on best practices – to give parents time with their families. We start with government requirements and top them with our own policies to make sure parents spend much-needed time with their children.

## flexible work arrangements

Our flexible working hours, our “freedom within a framework” policy, are there for employees to maintain a healthy work-life balance. We recognise the importance of work-life balance, which is why we offer flexible work arrangements that prioritise our employees' well-being. With the option of flexible working hours, remote work, and part-time work arrangements, employees have the freedom to create a work schedule that works best for them while still adhering to our company's framework.

We understand that many women have caregiving responsibilities that can make it challenging to balance work and family responsibilities. By offering flexible work arrangements, we aim to support women in maintaining a healthy work-life balance while also pursuing their career goals. This includes giving women the freedom to choose working hours that best suit their family needs. By removing such barriers to entry like rigid work schedules, we aim to create a more inclusive workplace where women can thrive in senior positions and achieve their full potential.

## succession planning

We identify and develop a diverse group of high-potential employees through training, mentoring, and career development opportunities. Senior leaders are encouraged to mentor and sponsor talented female employees, offering guidance, support, and advocacy.

This targeted approach aims to create a pipeline of leaders and provide women with access to knowledge and opportunities that can accelerate their career growth.

## Diversity Committee

citizenM's Diversity Committee is another tool of fostering a culture of gender equity. The committee provides a forum for employees to discuss diversity and inclusion issues, review company communications for inclusive language and messaging, target meaningful actions that create change for our employees and guests, and recommend strategies and goals to leadership. The committee provides a series of unconscious bias training sessions for all employees, managers and leaders on diverse topics – including gender-related topics. The committee is open to all employees with the goal of everyone feeling valued, respected and supported in their role.



doing the right thing for our people

## flexible public holidays

We take pride in our diversity and we celebrate the enormous added value this brings to our company culture. It is important for us to respect these diverse cultures in every way. We enable people to celebrate days that have significant meaning to them, by allowing all employees to switch a local paid public holiday for another day of their choosing.

## employee assistance program (EAP)

Balancing the pressures of work with the needs of home and personal life can sometimes seem like a mammoth struggle if you don't have enough (or the right) support. In times like these, you could really benefit from an extra pair of caring hands when needed. Our EAP is open to all. It is a confidential employee benefit, designed to help you deal with personal and professional problems which may be affecting your home or work life, health, and general well-being.

The service is a complete 24/7 support network of expert advice and compassionate guidance, but also well-being sources covering a wide range of issues. Our goal is to make sure everyone can find support when they need it. When people feel supported, this can reduce absenteeism, increase productivity and improve engagement.

## citizenM Rules

citizenM wants to do the right thing for our guests, employees, business partners and the community. The citizenM rules provide

guidance and define desired attitudes and appropriate behavior within citizenM. We encourage our employees and stakeholders who have concerns about a (suspected) violation of the citizenM Rules to speak up and share their concerns with us.

## Speeki

Speeki is an online platform, available 24/7, 365 days a year to collect concerns confidentially, anonymously, and in the reporter's own language. Any (suspected) violation of the citizenM rules can be reported via the Speeki web portal or app.

## monitoring and evaluation

We report the number of men, women, and non-binary individuals in all positions, including the percentage of women in senior leadership positions, on an annual basis. We monitor and evaluate the progress of the program and assess the extent to which the goals set in the previous financial year have been achieved. At citizenM, we use our HR platform to measure and monitor our key employee metrics, specifically with regard to diversity and inclusion, including gender metrics:

- gender ratio by hotel and role;
- gender ratio at the support office;
- gender ratio company overview;
- gender ratio per Climber track;
- gender ratio senior leaders (hotel);
- gender ratio senior leaders (Strategic Council);
- gender ratio senior leaders (Board);
- gender pay gap analysis data for support office and hotel ambassadors.

## governance gender ratios

Various roles have their own responsibilities for implementing gender balance initiatives and meeting gender ratio targets.

**Recruitment hiring managers and talent managers** make sure the recruitment process is fair and unbiased. They monitor and analyse diversity data, and see to it that diverse candidates are given equal opportunities to be selected for open positions.

**The Chief People Officer** is responsible for the annual collection of diversity data. They monitor and evaluate the effectiveness of gender balance policies and actions, making adjustments as needed so we achieve our gender balance targets.

**The director of culture & people** identifies skills gaps and key talent. This information is used to provide training tracks and opportunities to help employees of all genders develop their skills and advance in their careers. Diversity and inclusion information is included in new starter immersion sessions.

**Department heads** actively monitor and promote diversity and inclusion within their teams, encouraging participation in unconscious bias sessions and taking steps with HR to address any instances of bias or discrimination.

**The CEO** reviews annual data and agrees on gender balance targets, provides leadership and support for gender balance initiatives, and holds senior leaders

accountable for meeting the organisation's gender balance targets. In addition, the CEO has a responsibility to certify that the company achieves its gender balance goals at the Board level.

By assigning specific responsibilities, everyone plays an active role in promoting gender balance and creating a workplace culture that values diversity and inclusion.

# diversity & inclusion

## what we're doing, continued

In 2023, our Diversity Committee continued to evolve and grow. The committee works on three pillars: citizenM inside, citizenM guests and communities, and citizenM partners and suppliers.

## highlights

This year, we continued to update our internal activity calendar with engagement dates and events that highlight our diversity and bring our community of passionate people together.

Unconscious bias awareness is integrated in our immersion for all new employees. The Diversity Committee released a new set of 'real talk' sessions, where employees are invited to discuss topics such as mental health, spirituality/faith, LGBTQIAA+ issues,

racial bias, disability, and unconscious bias. These sessions were accessible for all employees.

We launched our "citizens of San Francisco" campaign, showing the diversity of local citizens and the movements they have collectively inspired in the city.

In 2023, we opened hotels in two cities completely new to us – Menlo Park and Rome! In the spirit of always doing things better, we launched a Culture Scout program, seeking local consultants in both cities. Our Culture Scouts will support citizenM with local storytelling and help us get to know our new communities and neighbourhoods, understand local movements, and identify areas to support.



doing the right thing for our people

# training and professional development

## why does this matter?

We want citizenM to be an inspiring place to work and play. We are a personality-driven brand in the world's best neighbourhoods. As we grow, we want our employees to grow too.

## what are we doing?

Through learning and development opportunities, we take our employees on a learning journey to become a super-charged, jet-fuelled version of themselves. We tailor learning experiences in an environment that's positive, lively, rewarding and empowering. Mandatory training sessions for employees are in place to guarantee our teams are up to date with the latest topics and policy requirements. We believe all employees are steward leaders, and that career journeys are developed by motivated high performers. We have implemented discovery chats and growth plans to help create this roadmap for our employees.

In 2023, 100% of our employees received professional training. This includes training related to day-to-day operations, health and safety, and specialised career development courses.

## well-being and citizenM's culture

Personal well-being and having a safe company culture are priorities. All employees have access to workshops that focus on topics such as: the power of speech, citizenM rules and our speak-up policy, how to provide feedback, and unconscious bias workshops.

In 2023, we launched our culture toolkit for leaders to use with their teams to keep our culture and rules top of mind.

## learning playlists

Learning playlists are a feature of our Mpower learning tool. They provide employees in our hotels and support offices with a clear and consistent learning experience. With this feature, all learning opportunities are organised into step-by-step playlists that correspond to each stage in the employee journey.

In 2023, we launched nine learning items, including basic ESG training for all employees, which currently has a completion rate of 82% and a rating of 4.8 out of 5.

## steward leadership development

citizenM believes leaders build a great place to work, where talented people want to be. That a healthy environment is safe, empowering and driven by purpose. In 2023, our global hotel & area managers joined each other in Switzerland for three days of togetherness, reflection and inspiration.

doing the right thing for our people





# training and professional development

## leadership bench

In 2023, 35 support office leaders and future hotel managers invested in their leadership qualities through upskilling in our citizenM Leadership Journey. 77% of participants this year were home-grown talent.

Our hotel future stewards training was attended by 50 participants from all over the world. We had a 48% ratio of cultivated leaders propelling their career to the next level.

## talent tracks

In 2023, we continued our growth of critical skills essential to achieving our strategic goals through our Explorer and Climber tracks. Our first official Explorer class celebrated their graduation, and a further seven participants continued their growth through track 2. We also welcomed 18 participants to our third Climber track, filling our talent bench with successors and investing in talented citizens that make a difference.

From our total 58 participants since launching in 2021, 34 have continued to

grow through new roles and opportunities. citizenM retained 89% of our great talents over the past three years.

## values relaunch

We refined our values and we designed a workshop founded on storytelling to stories that bring our values to life. In June 2023 we kicked off our values roadshow, which travelled through our hotels and support offices.

## finance academy

In 2023, we launched the finance academy, a toolkit for all finance team members to learn the systems we use and to discover hard and soft skills via e-learning and workshops.

## celebrating milestones

We are who we are because of our people, and our mission is to build a great place to work where talented people want to be. Our “celebrating milestones” program helps us retain talent by offering our hotel employees a long-term perspective focused on short-term milestones. Well-deserving recipients receive learning opportunities and a special gift for their tremendous efforts.



# health, safety and well-being

## what are we doing?

At citizenM, we are committed to providing a safe and healthy environment for our guests, employees, and all stakeholders. We prioritise the well-being of everyone who interacts with our properties. Through the citizenSAFE program, we strive to prevent accidents, injuries, and illnesses. We believe that a proactive approach to health and safety (H&S) is fundamental to delivering exceptional hospitality experiences. Together, we work toward maintaining a secure and welcoming atmosphere for all.

## why does it matter?

citizenM values are protected by providing a safe and secured environment to our employees and guests.

## upgrade 2023

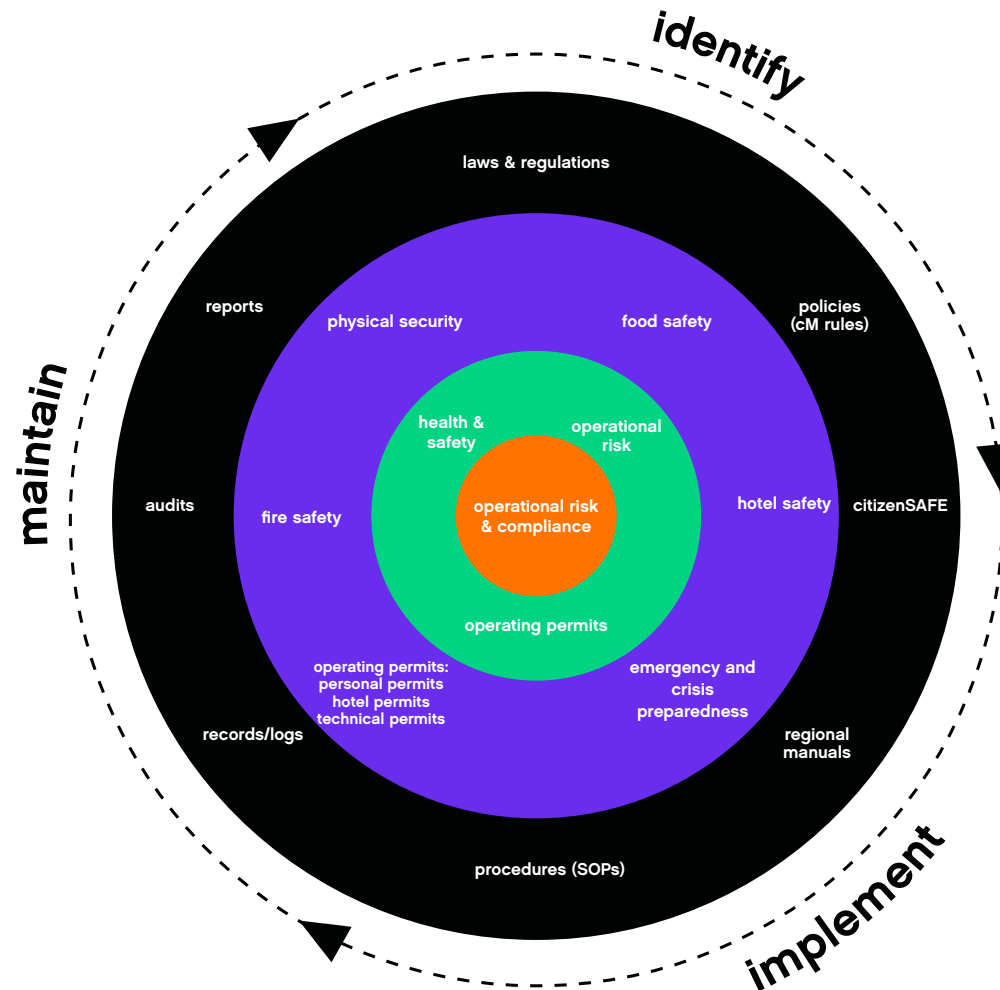
This year, we took a deep dive into health and safety at citizenM by introducing an integrated Operational Risk & Compliance Framework, and defining our strategy for H&S.

Our integrated safety management system aims to deliver:

- a standardised approach of minimum citizenM H&S standards or higher (per local regulations);
- new global safety and security standard called citizenSAFE.
- a governance model to manage activities among all stakeholders;
- a platform for centralised records and tracking performance;
- key metrics and extended coverage, including bi-annual audits.

The updated framework will be further developed and rolled out in the coming year.

operational risk & compliance framework



### legend

- domain
- pillars
- dimension
- governance

# human rights

## why does it matter?

At citizenM, we influence positive change in a world where we are simply guests. We support and respect human rights, and have mechanisms in place to prevent violating them.

As a company, citizenM promotes economic and social justice for all employees. We use the UN Guiding Principles on business and human rights, the Universal Declaration of Human Rights, the International Bill of Rights, as well as the International Labour Organization's declaration on fundamental principles and rights at work.

## what are we doing?

We have our [human rights policy](#), covering diversity and non-discrimination; harassment; prevention of human trafficking, forced labour and child labour; working hours and wage standards; freedom of association; workplace safety; privacy, data protection and security; and reporting concerns.

In 2023, we continued to roll out human trafficking training and expanded our reach throughout the US and Europe.

Our suppliers must be on the same page. We guarantee this with clear responsible procurement principles and identify potentially high-risk suppliers for further assessments using the EcoVadis tool.

Our housekeeping supplier has also rolled out training and monitoring systems. This is a result of looking at human rights due diligence in our supply chain.

citizenM expects our key suppliers and business partners to meet or exceed the ethical practices outlined in EcoVadis' [Responsible Procurement Principles](#).



# happy & healthy guests

## why does it matter?

We want our guests to be healthy and happy, starting with their environment. That doesn't just mean the hygiene of our hotels – it means looking at our buildings and the food we serve while motivating our guests to exercise even while in their rooms.

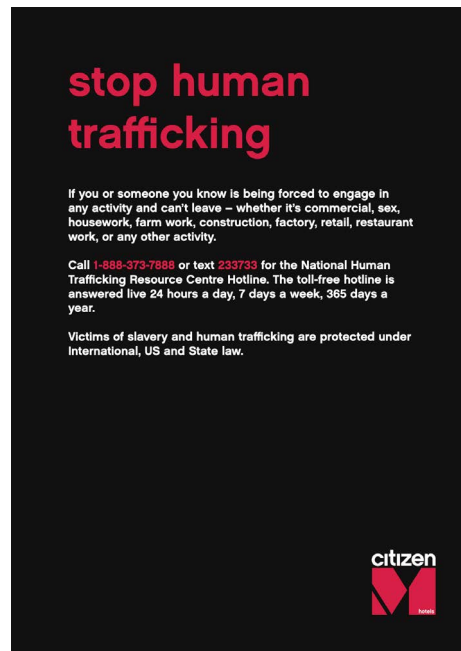
## what are we doing?

We design healthier, green hotels and provide hassle-free experiences for our guests – like the use of our seamless app. We also recommend local healthy dinner hotspots while offering healthy food options on our menu, including vegan and vegetarian choices.

In 2023, we continued to promote Gymbox workouts. Our guests and employees can enjoy these free workouts anytime they sleep over. They're pre-loaded on the TV in every citizenM room worldwide with yoga, dance, combat and more.

For the second year in a row, we celebrated International Yoga Day at citizenM Tower of London with a workshop led by Gymbox experts. In addition, we launched a new 6-week yoga program of mindful workouts with breathtaking views.

Guests travelling in the US have the option to visit our hotel gyms – open 24/7 for early birds and night owls.



Human trafficking awareness poster from our US hotels

doing the right thing for our people

# making positive movements in our society

shortening the distance between people and opportunities



# citizenMovement foundation

## why does it matter?

As a global company, we have the ability to be a force for good by using our platform to give back to society. Real caring is a core value at citizenM, and it doesn't stop at our doors. In 2023, we continued to make positive change through our citizenMovement Foundation.

## what are we doing?

The citizenMovement Foundation shortens the distance between people and opportunities by giving them the gift of mobility.

In 2023, citizenMovement continued to support World Bicycle Relief (WBR), donating €1,061,638 and funding 3957 bikes. Our donation total since 2018 is over €2.6 million. The bikes were distributed into the Mobilised Communities projects in the Kasungu and Zomba districts of Malawi. Mobilised Communities supplies Buffalo Bicycles to relieve mobility constraints in all sectors – education, healthcare, economy – in one geographic location.

Bicycles shorten the distance to economic independence, making it easier to go to school or work, reach medical care, collect food and water, improve safety, and build closer communities. In fact,

over equal units of time, an individual can ride a bicycle four times the distance as someone walking.

2023 marks citizenMovement's 5th anniversary. On our journey toward shortening the distance between people and opportunities, we've reached some huge milestones. Since partnering with WBR in 2018, citizenMovement has funded 10,440 bicycles, positively impacting 52,000 lives.

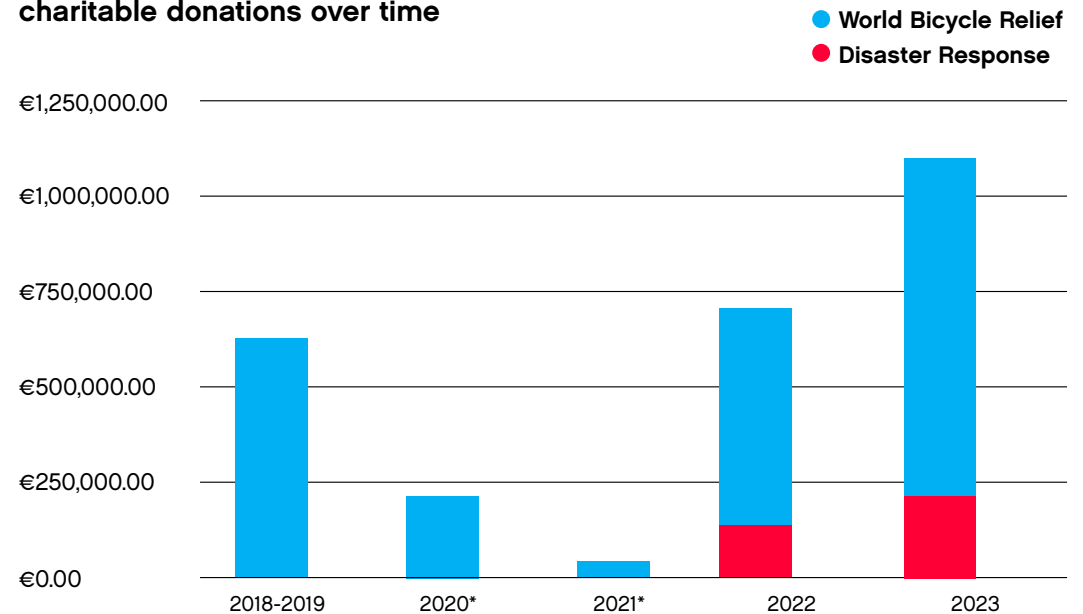
In celebration of citizenMovement's anniversary, we engaged guests and employees via social media and our first global citizenMovement month. In addition, we launched the "in their own words" video series, which highlights the personal stories of local community members directly impacted by the bicycles.

## humanitarian crises: how do we help?

In 2023, €211,019 was donated to the Netherlands Red Cross to support those affected by the earthquakes in Turkey, Syria and Morocco, and the floods in Libya.



## charitable donations over time



\*income was affected by Covid from 2020 - 2021

ESG report 2023

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# more on citizenMovement

## what are we doing?

Our global fundraising campaign is purposely easy to participate in. In fact, guests don't have to do a thing! Each time they say "no" to unnecessary room cleaning, we donate 3 EUR on their behalf to citizenMovement Foundation. From there, the money will go to our chosen charity partner World Bicycle Relief, shortening the distance between people and opportunities.

Since 2018, citizenM donated over 2.6 million EUR to citizenMovement in support of their mission.



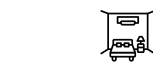
  
**52.000**  
people impacted  
mobilising communities in Sub-Saharan Africa



  
**10.440**  
bicycles distributed



**3 EUR donation to citizenMovement**



**guest skipping room cleaning\***

**shortening the distance between people and opportunities**  
celebrating 5 years of impact

**making positive movements in our society**

\*guest skipping room cleaning when staying for 2 nights or more.

# local positive movements

## why does it matter?

At citizenM, one of our core values is real caring. We want to be a good neighbour – that means making positive movements from the moment we start constructing our new home to the day we open.

## what are we doing?

We believe in supporting community activities that resonate with our values and culture. In 2023, citizenM Miami Worldcenter hotel teamed up with contemporary fine arts collective [FriendsWithYou](#). In this project with Los Angeles-based artists Samuel Borkson and Arturo Sandoval III (originally from Miami), we reimagined our signature rooms with their playful vibrant aesthetic. Guests lucky enough to reserve one of the two bespoke rooms discover colourful blue walls accented by FriendsWithYou's iconic "Little Cloud" symbol, pink flooring, and Little Cloud-inspired flourishes in the form of pillows, lamps, and other playful accessories.

The FriendsWithYou collaboration is the result of an ongoing partnership between the art collective and citizenM. Embracing Miami's vibrant culture and cityscape, citizenM Miami Worldcenter's building facade already features a series of sculptures created by FriendsWithYou that we wished to celebrate during Art Basel Miami with the additional in-room art installation.

We also unveiled a mural at citizenM Rome Isola Tiberina hotel by local artist UNO, titled "Look Up". The piece covers the 402 m<sup>2</sup> ceiling and is a vibrant tribute to the city of Rome, filled with hidden references to its historical story.



making positive movements in our society

# conscious travellers

engaging conscious travellers by sharing what we are doing and how they can join us





# conscious traveller

## why does it matter?

Conscious travellers think about how their travel choices impact the world and the communities they visit – but this responsibility shouldn't only be on their shoulders. It's important to engage our guests and make conscious travelling easy.

## what are we doing?

We want to make lasting, meaningful change, and that means collecting data. Lots of it. Our team closely monitors all our projects and initiatives – from emissions to waste and water reductions – to help us better understand our impact and give our guests peace of mind when looking at our data.

Behind the scenes, we are on a mission to make it easy for our guests to make conscious choices. Our app and in-room MoodPad allow them to control their room lighting, heating, cooling and cleaning – and have their pick of planet-friendly vegetarian and vegan food options through our canteen. We also encourage guests to get to know their city like a local – for example, by using the free bikes at our Dutch hotels.

We asked and our guests answered, helping us identify when and how to tell them about how citizenM is working to be kinder to the planet, people and communities.

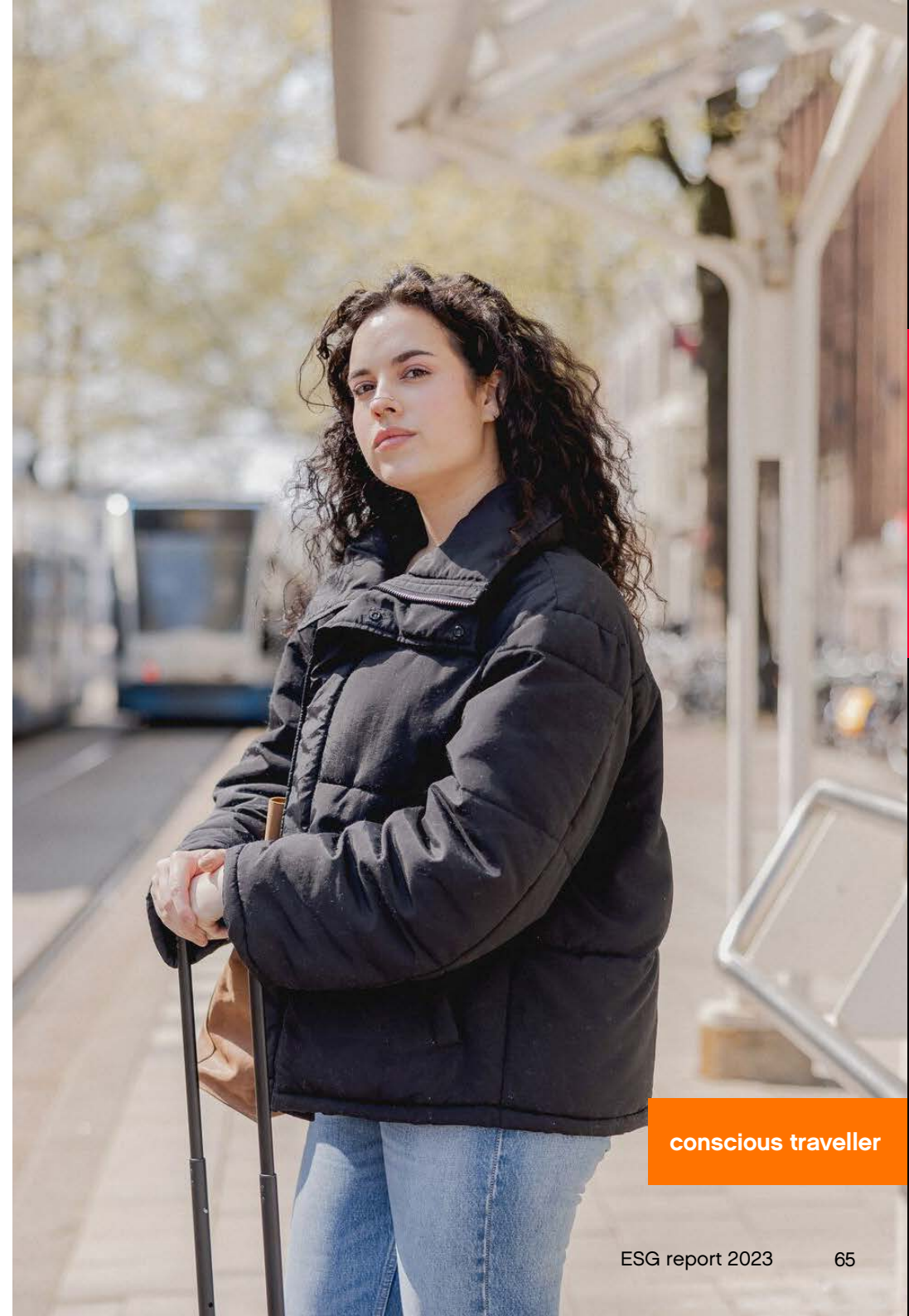
Our focus for 2023 was identifying the key areas throughout the guest journey to add more information to show guests how we are making change and help them make conscious choices during their stay.

In 2023, we took action by designing our new plastic-free amenities in the hotels, creating our citizenM food and beverage sustainability standard, and launching the lend-a-hand experience section in our app.

In addition, we've been working behind the scenes to empower our internal teams to talk about ESG to our guests, suppliers and partners. We created new materials and launched an ESG training.

citizenM invests in making conscious travel easy, from how we construct our hotels to how we operate them, and how we look after our people and guests.

We integrate conscious actions across our value chain into everything we do and we have ambitious goals for the future. But we understand that collaborating and listening is smart, and we highly value the opinions of our guests. This year, we've been working on our second guest survey.



conscious traveller

# ESG metrics and targets



# targets over time

	2019	2021	2022	2023	2024	2027	2030
<b>intelligent and sustainable buildings</b>							
100% of hotels will be green building certified by 2024*	77%	90%	100%	○ 100%	100%	100%	100%
100% of new hotels built to net-zero operation standards by the end 2030	-	new goal	-	○ 2 new electrified hotels	-	-	100%
100% of hotels to receive physical climate-related risk assessments year on year	-	new goal	100%	○ 100%	100%	100%	100%
<b>growing and operating sustainably</b>							
reduce energy use intensity by 35% by 2030	-	new goal	on track	new baseline set	5%	20%	35%
net-zero in operations (Scope 1 and 2 absolute GHG emissions) by 2040	-	new goal	on track	new baseline set	20%	35%	55%
Scope 3 emissions identified and reduction target set by 2024	-	new goal	on track	○ on track	■	-	-

A coloured square indicates that the goal will be completed by the year shown in that column.

\*in-use and/or in construction BREEAM/LEED certified

missed ○ | on track ○ | achieved ○

# targets over time

	2019	2021	2022	2023	2024	2027	2030
<b>growing and operating sustainably (continued)</b>							
reduce water use intensity by 20% by 2030	-	-	-	new baseline set	5%	10%	20%
achieve over 90% waste diversion from landfill <b>year-on-year</b>	79.6%	87.1%	on track	○ 95%	90%	90%	90%
remove all single-use plastic items from the guest experience by the end of 2024 (1)	-	new goal	on track	○ on track	■	-	-
100% of very high-risk and high-risk suppliers identified in the ESG risk procurement framework complete an EcoVadis assessment and take relevant corrective actions by 2024	-	new goal	95%	○ 95%	100%	100%	100%
<b>doing the right thing for our people</b>							
achieve a score of 80 and above for our happiness score in our employee survey <b>year on year</b>	-	80	83	○ 81	80+	-	-
increase the % of board executive (e) and non-executive (ne) positions held by women 2025	-	-	new goal	○ on track	-	2025 e - 25% ne - 30%	-
increase the % of senior leader positions held by women (Strategic Council)	-	12.9%	28.9%	○ target 33% 31% missed target	40%	40%	40%
human trafficking training for hotel employees complete (within 2 months of joining citizenM)	-	new goal	on track	○ on track	100%	100%	100%
90% of employees trained on the basics of ESG (within 6 months of joining citizenM)	-	new goal	training launched	○ 82%	90%	90%	90%

1. Please note we extended this goal from 2023 to 2024. To enable us to deplete existing stock in a responsible manner

A coloured square indicates that the goal will be completed by the year shown in that column.

missed ○ | on track ○ | achieved ○

# targets over time

	2019	2021	2022	2023	2024	2027	2030
<b>making positive movements in our society</b>							
donate 3.5 million EUR to projects that shorten the distance between people and opportunities	445,395	n/a	819,596	○ target 2.0 million achieved 2.9 million	3.5 million	-	-
increase the % of employees engaged in local and skills-based volunteering opportunities	-	-	-	○ on track	10%	20%	40%
<b>conscious traveller</b>							
ESG survey for guests and corporate bookers every 2 years from 2024	-	■	-	-	■	-	-
<b>governance benchmarking and targets</b>							
maintain 5-star GRESB rating – operational scorecard	1 star	5 star	5 star	○ 5 star	5 star	5 star	5 star
achieve and maintain 5-star GRESB rating – development scorecard	n/a	3 star	3 star	○ 3 star	4 star	5 star	5 star

A coloured square indicates that the goal will be completed by the year shown in that column.

missed ○ | on track ○ | achieved ○

# climate-related risks and opportunities

actively identifying, assessing, and adapting to climate-induced risks and opportunities to fortify our operational resilience and business sustainability



# introduction

## climate-related risk

In this climate-related risk section of our ESG report, we take steps to start to align with IFRS Climate-related Disclosure Standard S2.

## scope

By 31 December 2023, the portfolio includes 33 citizenM hotels in operation and 9 under development, with 5 already in construction. citizenM Miami Worldcenter, citizenM Paris Opera, citizenM Menlo Park, citizenM Rome Isola Tiberina opened in 2023. In addition to our existing hotels and developments, we assess the climate-related risk of pipeline hotels.

This section relates to climate-related physical risks, transition risks, and climate-related opportunities. The sections are divided into four key areas:

## governance

Here we outline the processes and controls in place to monitor and manage climate-related risks and opportunities.

## strategy and action

We outline our approach to managing climate-related and opportunities.

## risk management

We describe the processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities.

## metrics and targets

Climate related metrics and targets can be found in the ESG metrics tables in the appendix.



# climate action

## why does it matter?

Climate change is one of the biggest threats our world is facing. As our planet heats up, we expect to see severe weather more frequently, which could result in damage and financial loss. The effects are potentially devastating to people's lives and the economy. There is an urgency to take action to limit these events. Transparency regarding climate-related risks and opportunities will be critical to maintaining the trust of stakeholders and will enable investors to better understand the implications of climate change on businesses.

## climate risks and opportunities

citizenM has examined climate-related risks and opportunities across our value chain. By identifying these risks, we've refined our risk management strategies.

Through disclosing this material information, we aim to uphold transparency and foster continuous improvement.

In this chapter, we discuss in detail the risks and opportunities for our business arising from climate change.

We examine how our business impacts our environment, the climate and the actions we are taking (and plan to take) to mitigate those risks.

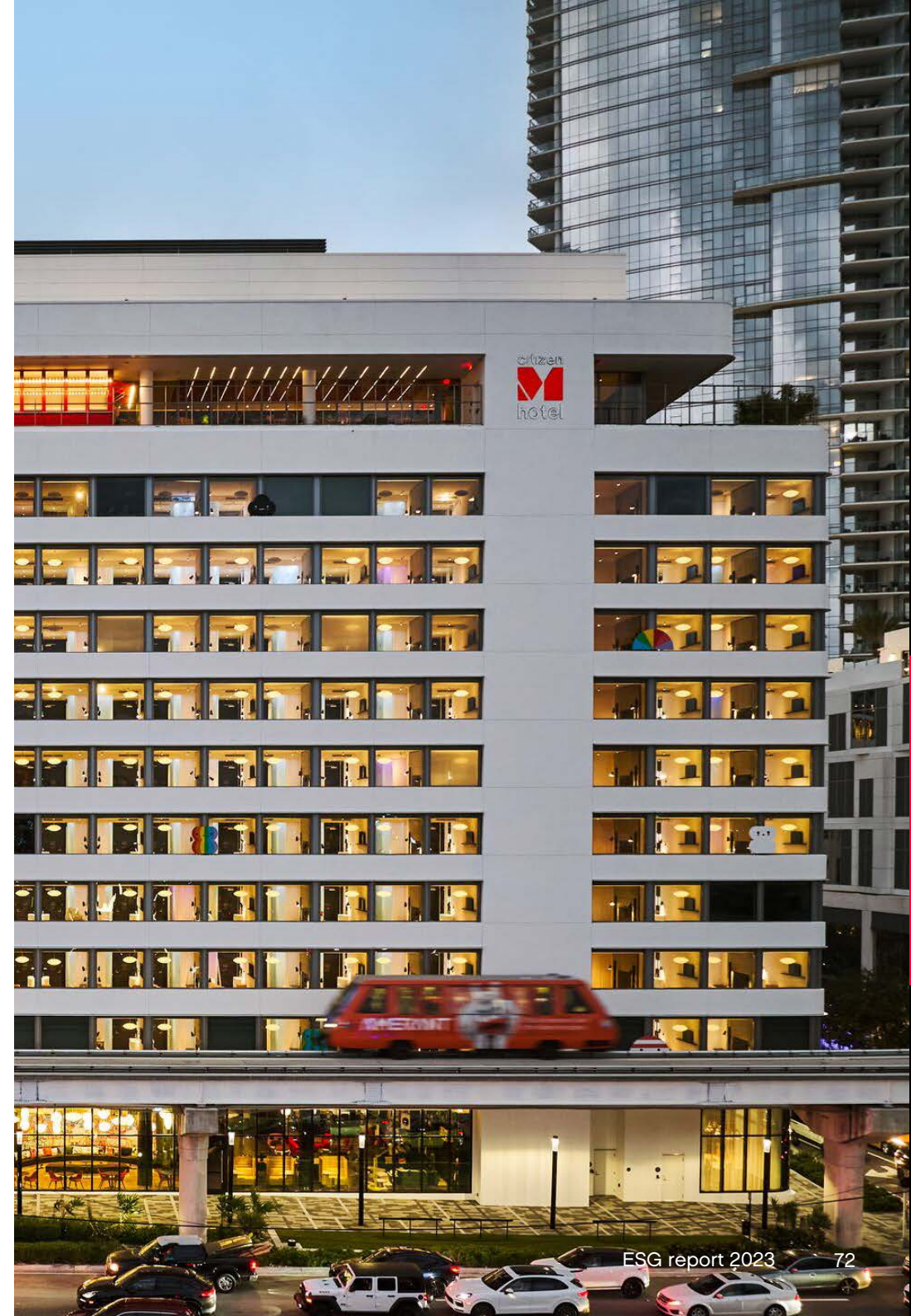
citizenM is committed to adopting the reporting recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) disbanded at the end of 2023.

citizenM's governance of climate-related risks and opportunities is integrated into the company's governance structure. Similarly to all ESG topics, the management approach of these issues, define project scopes, set targets and take action.

## what are we doing?

citizenM recognises climate change is a global issue that may impact how we run our business today and in the future. We see climate change as both a strategic opportunity and a financial risk. In 2023, we continued to identify climate-related risks and integrated them into our risk management framework.

By mapping risks and utilising specialist tools, we identified potential physical and transition risks in the short, medium and long term. This includes using our data to map carbon reduction pathways within our buildings and determine our approach with portfolio-level data.





# governance: climate-related risk

In this section, we provide an overview of the governance mechanisms, controls, and procedures that show how we monitor, manage, and oversee climate-related risks and opportunities at citizenM.

We grasp that effective governance is not only essential but fundamental to our ability to make well-informed decisions, establish strategic priorities, and navigate the intricate landscape of climate change.

Through this governance framework for climate-related disclosures, we are committed to finding climate-related opportunities, transparency, accountability, and responsible stewardship.

## overview

citizenM's governance of climate-related risks and opportunities is integrated into the company's risk governance structure (see page 24).

Progress of climate-related risk projects is reported at our tactical tables, Strategic Council and shared with the Board.

## board of directors

citizenM's Board has collective responsibility for overseeing the management of impacts, including climate-related risks and opportunities. They're advised by

the ESG team and the Risk Management group in line with our approach to climate-related risks and opportunities. ESG topics are presented semi-annually at the Board meetings, including climate-related risk updates.

## senior leadership

Our Strategic Council (SC) meets monthly. Chief People Officer frequently report to the SC on ESG topics, including climate-related issues. Additionally, regular meetings between the CEO, CFO and the ESG Director take place to drive our most material issues. Several are directly linked to climate-related concerns, including physical climate assessments, green building certification, energy consumption, energy efficiency, carbon emissions, waste reductions and climate resilience.

## management's role

- Our development and investment team are responsible for carrying out physical climate change risk assessments at new sites and initial regulation checks at city and country levels.
- Our design team are responsible for our architectural brand standards, which include sustainable design instructions to achieve efficient and sustainable building.

- Our project management team for building hotels are responsible for green building certification in construction and renewable energy installations, including climate-related reports.
- Our hotel property management team has direct responsibility for monitoring utility consumption and climate-related issues associated with our day-to-day operations. From opening, the team is responsible for energy efficiency projects, energy certifications, implementation of building management systems, climate resilience mitigation plans, green energy procurement, smart meter implementation and maintenance.
- Our operations team are responsible for incident reporting to hotel management and waste management and reduction projects. The operations team also ensure hotel ambassadors join ESG training.
- Our procurement team is responsible for our responsible procurement risk framework, driving awareness of our responsible procurement principles and the assessment of high-risk suppliers against 21 corporate social responsibility criteria. These criteria include climate-related risk areas, such as reporting and taking action on

greenhouse gas emissions.

- Our legal and ESG team assess upcoming regulations and reporting requirements.
- Our risk management finance team are responsible for the risk management group, sustainable finance opportunities, internal utility data-related controls, insurance, reporting on investment activities and supporting with climate-related risk business cases.

## internal controls

citizenM's governance of climate-related risks and opportunities is integrated into the company's risk governance structure (see page 24).

# climate-related risks and drivers

## physical risks

We address two main types of climate-related physical risks.

### acute risks

These are sudden events like severe storms or extreme temperatures. Such events can affect our buildings, daily operations, supply chains, and the safety of our employees, which in turn can have financial consequences.

### chronic risks

Such risks arise from long-term climate changes, like rising temperatures or shifting rain patterns. For instance, rising sea levels might pose a threat to our properties or operations, and could have financial impacts.

## transition risks

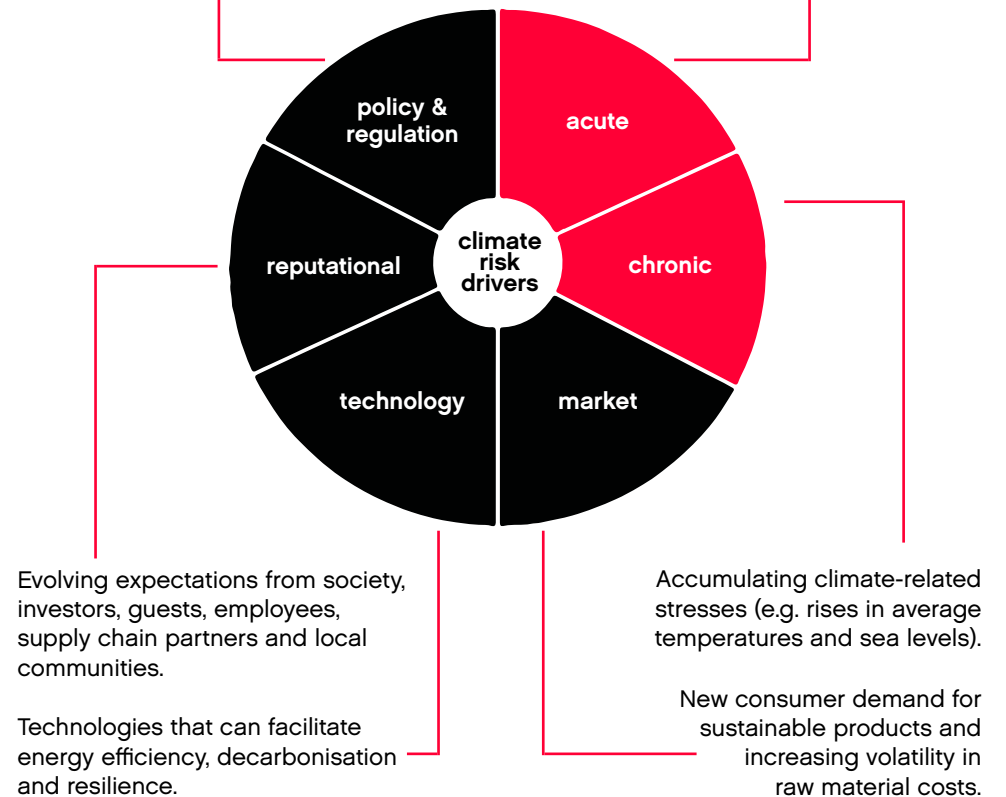
Our strategy also tackles transition risks, which come from the global move towards a greener, low-carbon economy. This includes changes in laws, technology advancements, and shifts in market preferences towards more low-impact room nights. For example, new laws aimed at energy efficiency, reducing greenhouse gas emissions, or a shift in consumer preferences towards green products could affect our business.

The move away from fossil fuels and towards cleaner technologies is a part of this transition. Our decarbonisation strategy is designed to help us navigate through these changes, ensuring we stay ahead in the market while adapting to a lower-carbon economy in line with science-based targets.

## climate-related risk drivers

Changing regulations and reporting standards (e.g. climate disclosures, local city/country regulations, carbon taxes) and exposure to climate-related litigations.

More frequent and severe extreme weather events (e.g. heatwaves, wildfires, floods, and tropical cyclones).



● physical risks ● transitional risks

# strategy

## overview

Climate change is one of the biggest threats our world is facing. As our planet heats up, we can expect to see more frequent and severe weather, which will result in damage and financial loss. Its effects are potentially devastating to people's lives and the economy.

There is an urgency to take action to limit these events. Without action, climate change has the potential to cause enormous disruption. The planet has already warmed more than 1°C since pre-industrial times and a further 3 to 4°C rise in temperature by the end of the century cannot be ruled out based on current emissions trajectories.

In 2023, the Intergovernmental Panel on Climate Change (IPCC) reaffirmed the urgency to take substantial measures to curb the potential further rise in global temperatures.

The risks of climate change have prompted the World Economic Forum to put climate change at the top of its annual Global Risk Report because of the threats to civilisation.

Transparency regarding climate-related risks and taking the lead in finding climate-related opportunities is critical to maintaining the trust of stakeholders. It enables investors to better understand

the implications of climate change on the business.

## risks, opportunities and impact

citizenM recognises that climate change risk is a global issue that may impact how we run our business both today and in the future. We see climate change risk as both a strategic opportunity and a financial risk. Our approach is focussed on how we can anticipate effects on our business model and value chain. There can be no assurance that climate change will not have a material adverse effect on our hotels. Understanding our risks is important so that transition strategies and mitigation plans can be initiated.

## resources

We identified tools, resources and partners to help us identify and mitigate potential physical and transition risks in the short, medium and long term.

The Representative Concentration Pathways (RCPs) adopted by the IPCC have been used for analysis by ensembles of climate models and have become associated with particular climate targets.

We ran provisional data tests examining science-based carbon reduction pathways at building- and portfolio-level data. We will continue building our climate resilience strategy and analysing our emissions.

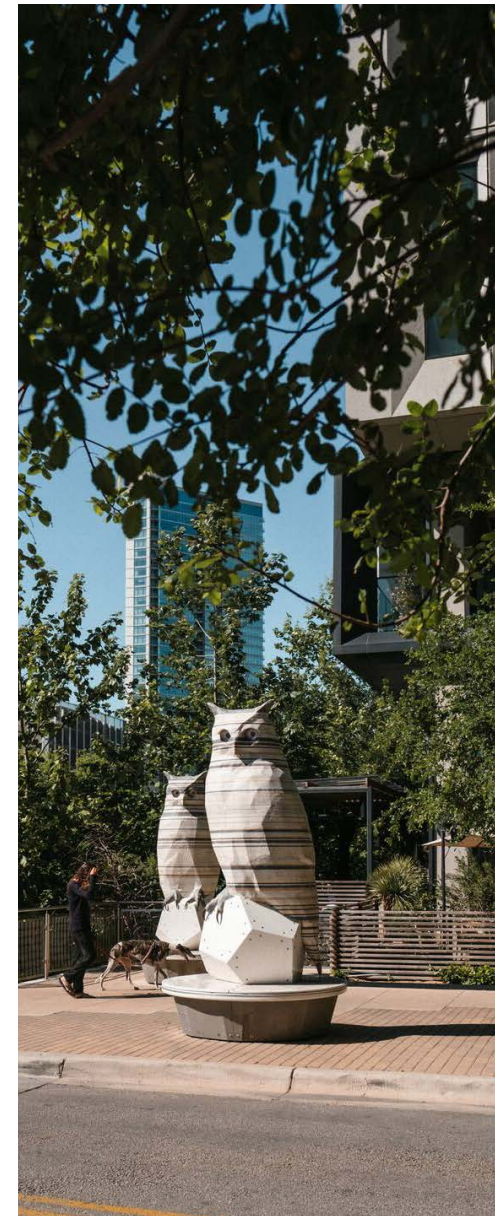
Working on scenario analysis will enable us to set clear climate-risk-related projects and goals focussed on transitioning to a low-carbon economy.

To assess these risks and opportunities, we estimate the potential impact to our business over short (0-3 years), medium (4-6) and long terms (7-10 years).

In the strategy sections below, we outline our key drivers and our approach to physical and transition climate risks.

A fundamental element of this process is to conduct climate scenario analysis. This enables us to assess if and how we may be affected by physical and transition risks, depending on different climate trajectories.

Climate scenarios are used to assess economic, strategic, and operational resilience at a company/portfolio level, and at the level of individual assets within our portfolio.



# strategy

## key drivers of scenario analysis

drivers	description
carbon price	As of December 2023, the European Union's Emissions Trading Scheme (ETS) reached a record high of 100.34 EU per metric ton of CO2 in February 2023. By 2030, tier one countries are forecast to increase the price up to 224 USD. As the electricity grid transitions to renewable sources over time, we would be less impacted by a direct cost of carbon on our scope 2 emissions. However, with our activities located in countries that are late in committing to a net zero economy, the carbon price will have a stronger impact on our business. GHG emissions regulations, CO2 taxes and other related regulatory requirements are increasing globally. Some 40 countries and more than 20 cities, states, and provinces already use carbon pricing mechanisms, with more planning to implement them in the future. Together, the carbon pricing schemes now in place cover about half their emissions, which translates to about 13% of annual global GHG emissions.
stranded assets	Stranded assets are defined as assets that have suffered from unanticipated or premature write-downs, devaluation, or conversion to liabilities. In recent years, the issue of stranded assets caused by environmental factors, such as climate change and society's attitudes towards it, has become increasingly high profile at a global scale.
resilient investments	Resilient investments focus on climate - resilient locations, designs and technologies that enhance the durability and adaptability of our hotel to climate-related risks, ensuring long-term asset value and operational efficiency in the face of climate and environmental challenges.
insurance and physical climate-related events	The escalating frequency and severity of extreme weather-related events could increase insurance premiums, and could potentially impact hotels in high-risk locations.
cross-industry metrics	The real estate and hotel industries move to measure and act on change in the climate transition space. Benchmarking emissions per m2/room night is essential, and cross-referencing metrics data enables us to look at our value chain and business model to look for risks and opportunities related to financial opportunities.

drivers	description
low-impact stays	We stand out from competitors by offering low-impact stays for the conscious travellers, focussing on energy efficiency, waste reduction, and sustainable sourcing. This approach strengthens the citizenM brand as a leader in sustainable hospitality, increasing customer loyalty and operational cost savings.
scope 1 greenhouse gas emissions-transition to low-carbon systems	To be in line with the IEA Net Zero Scenario, the share of clean energy technologies such as heat pumps, solar thermal heating, low-carbon district energy systems and biomass boilers needs to exceed 80% of new heating equipment sales by 2030. The combined effects of efficiency improvements, fuel-shifting and power sector decarbonisation would reduce buildings' heating-related emissions over 50% by 2030, thus also reducing the carbon price exposure on scope 1 emissions.
scope 2 greenhouse gas emissions-electricity growth	As we grow our business through new hotel developments, our electricity usage will rise over time, even with efficiency upgrades.
scope 2 greenhouse gas emissions-ability to procure renewable energy	We actively procure electricity from renewable sources. We are committed to procuring renewable energy equivalents. 100% of hotels have green electricity with in the first year of operation.
scope 2- carbon intensity of the electricity grid	IEA assumes renewable electricity generation quickly outpaces fossil-fired generation by 2030, enabling a less carbon-intensive grid that we purchase electricity from, thereby decreasing our scope 2 emissions. However, not all markets will make the same progress for their electricity grid. We calculate carbon intensity from IEA's projected generation mix and carbon emissions.
scope 2- electricity prices	As the grid transitions from fossil-fired generation to predominantly renewable electricity generation, IEA assumes there will be increases in electricity prices aimed at covering transition costs such as infrastructure upgrades.

# strategy

## physical risks

### acute physical risk and chronic physical risks

Acute physical risks: extreme weather, including tropical cyclones (hurricanes and typhoons), flooding, wildfire, drought, and heatwaves.

Chronic physical risks: long-term changes in climate and weather patterns, including changing levels of precipitation, mean temperatures, and sea level rise.

## impact to business

### time horizon:

short to long term

The physical effects of climate change could have a material adverse effect on our properties, operations and business. Over time, these conditions could result in costs associated with infrastructure-related remediation projects and, in the worst case, loss of guest revenue.

Climate change may also have indirect effects on our business, including increasing the cost of property insurance on terms we find to be unacceptable and lowering property valuations (for at-risk assets).

### why does it matter?

The world is already seeing physical climate impacts manifest, increasing in frequency and severity at rates in line with climate scientists' worst-case scenarios. As a business, we will face risks associated with the physical effects of climate change. The physical effects of climate change could have a material direct and indirect adverse effect on our properties, operations and business. Climate change affects weather patterns, so our markets could experience more severe storms, extreme temperatures, and flooding from rising sea-levels or drought. According to the UN environment programme – finance initiative, conservative estimates believe that global climate change will lead to costs equivalent to losing between 5 - 20% of global gross domestic product (GDP) each year. For citizenM, the company's activities and portfolio of properties are at risk of being impacted by both acute and chronic physical risks.

## management approach

### what have we done?

We have proactively assessed our buildings against a range of climate change scenarios and understand the geographic exposure of our hotels. In 2023, we carried out 45 physical assessments. We view this as an opportunity to protect asset values and revenue. Proactively assessing climate risk will enable decision-making for investment and implementation of mitigation measures, which will protect our portfolio in the short, medium and long term. Information of climate risk is integrated into our investment processes (HPMP).

### how did we carry out the assessments?

We use Swiss Re, one of the world's leading providers of insurance-related risk solutions. Swiss Re's Climate Risk Score framework combines the latest climate models used for the Intergovernmental Panel on Climate Change (IPCC), with Swiss Re's internally developed natural catastrophe models. The Climate Risk Scores reflect three climate change scenarios:

- SSP 1-2.6
- SSP 2-4.5
- SSP 5-8.5

The Climate Risk Scores are a normalised index (0-10) that serves as proxy to actual weather-related changes under the three climate change scenarios of acute (e.g. floods, wildfires) and chronic (e.g. sea level rise, heat stress) physical climate risks.

### what's next?

Our high-risk properties identified will be required to develop mitigation plans tailored to meet the specific risks associated with their geography and unique construction attributes.

## natural catastrophes

### under current climatic conditions

- river flood (fluvial)
- flash flood (pluvial)
- storm surge
- windstorm
- wildfire
- hailstorm
- tornado
- lightning
- landslide

### not impacted by climate change but included:

- earthquake
- volcanic ash thickness

# physical risks

## assessment and mitigation

We assess our existing hotels, hotels in development, and new sites using the Swiss Re climate platform.

We believe our existing risk register and business continuity plan efforts already incorporate physical risks from climate change in the short and medium terms.

Based on the outcomes of our physical risk assessment, citizenM has identified several impactful risks and revenue-exposed assets.

Following this assessment, we aim to improve our preparedness and mitigation plans to keep our guests and employees safe. We plan to apply the measures below:

- create mitigation adaptation plans for high-risk and very high-risk hotels;
- conduct a periodic assessment of hotels most exposed to natural disasters and their prevention/protection plans;
- review insurance cover for natural disasters for assets in Europe, the UK, and the US;
- provide additional response procedures to our internal business continuity plan & crisis action plan.

**future acute & chronic climate risks**  
3 climate change scenarios (SSP 1-2.6, SSP 2-4.5 and SSP 5-8.5)  
2030 to end of century

**fluvial flood**



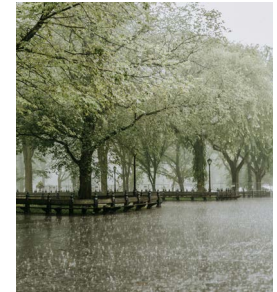
**pluvial flood**



**sea level rise**



**extreme rainfall**



**summer rainfall**



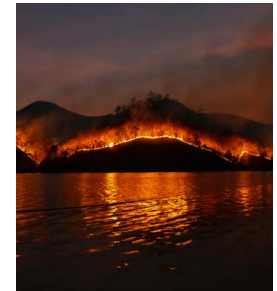
**winter rainfall**



**windstorm**



**wildfire**



**drought**



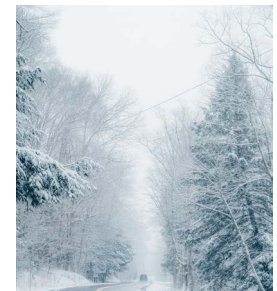
**heat wave**



**heat stress**



**cold stress**



# strategy

## transition risks

### policy and legal risk

- enhanced emissions reporting obligations
- increased pricing of GHG emissions

### impact to business

#### time horizon:

short to medium term

#### enhance emission reporting obligations

As a business, we will face risks associated with the physical effects of climate change. There is a growing demand for decision-useful, climate-related financial information from investors, insurers, and new EU reporting requirements.

In addition, we see an increase in city and state reporting requirements requesting annual energy and emissions reporting as well as delivery on reduction pathway targets.

The need to transparently report and disclose climate risks is just one step on the journey – the next step will be to mitigate and manage these risks.

Implementation of carbon policies could impact citizenM by directly putting a price on our emissions, which would impact our operational costs.

### description

Because of the nature of our operations, we are subject to regulatory developments related to climate change regulations globally. Examples include regulation of greenhouse gas (GHG) emissions, carbon pricing, fuel mix, energy and fuel cost, and energy policy. Changes in regulations may impact the market, including the supply and demand for certain commodities, products, and services.

### management approach

#### measuring emissions

We report annually on our emissions in the reporting timeframe, and monitor any significant events that could affect our emissions measurement approach. We measure our emissions in accordance with the approach set out in the Greenhouse Gas Protocol for scope 1 and 2 emissions and partial scope 3 emissions. Emissions data is third-party assured and verified. We have standardised our approach in line with the protocol including assumptions, emissions factors, location and market-based reporting. We aggregate our greenhouse gases into CO2 equivalent using global warming values.

#### monitoring policy and regulatory developments

We monitor policy and regulatory developments related to climate change and the environment. We also work with our strategic energy partner to monitor energy-specific regulation globally and to create a course of action specific with area(s) affected, as appropriate. In 2023, there was an increase in state and cities requests for energy and/or emissions data.

#### data platforms and assurance

We have invested in data management platforms and resources to measure and monitor our data, so we understand how our buildings are performing.

#### deploying and procuring renewable energy

Over time we are committed to sourcing renewable electricity for our portfolio. We will achieve this by continuing to invest in green energy at our own operations and by sourcing renewable energy from external sources. citizenM integrates solar technology into our hotels designs where possible.

#### reducing electricity usage and carbon emissions

We recognise there are many ways in which we can reduce our exposure to a carbon price (i.e., a cost we directly or indirectly incur as a result of a carbon policy mandate to reduce GHG emissions). Energy efficiency projects and building management systems have reduced consumption and emissions.

#### stranded assets and target setting

Annually we map our hotels using the CRREM to understand the risks of stranding. Transition risk can materialise through assets losing value prematurely as a consequence of the transition to a low-carbon economy. Our targets are set voluntarily and not as (yet) set by applicable law. Our targets are both measured in terms of absolute and intensity targets.

#### net zero pathway

We publish our net zero pathway and define our approach for all assets. We have a list of hotels that have been targeted to go through a decarbonisation building upgrade. We have also connected our goals to sustainability-linked loans in Europe and the US.

#### net zero resource

We have a net zero team focussed on assessing and implementing low-carbon technologies together with implementation partners.

#### standard setting

To extend the life of our assets and to guarantee top-level buildings for our hotels, we require all our new-build hotels to achieve at least BREEAM-NC Excellent (ideally Outstanding) accreditation or LEED-BD+C Gold (ideally Platinum) rating. For our redevelopments or existing buildings, we aim for BREEAM-NC Very Good and LEED-BD+C Gold (at least). As of 2023, 100% of our hotels are now LEED or BREEAM In-Use certified.

# strategy

## transition risks

### market & reputational risk

- changing consumer behavior
- increased costs of fuel or energy prices

### impact to business

#### time horizon:

short to medium term

#### changing consumer behaviour

Our guests are more and more conscious of the impact of their business and leisure trips. Being perceived as a hospitality brand that does not consider enough its impact on society might result in a loss of guest revenue.

#### carbon budgets and corporate travel booking

Increase in corporate bookers requesting energy, emissions and water consumption per room night/m2 for direct benchmarking against other hotels.

#### changes in fuel or energy prices

Increased fuel or energy prices in geographies where we operate (within the US and Europe in particular) could make it more expensive to purchase energy to power citizenM's hotels.

Current geopolitical tensions might further increase the price of fuel, gas, and energy in the short term.

### description

The rise of the conscious traveller and the expectation of transparent data. Taking action on the climate crisis is a consumer expectation and they want to invest in products and services that match their values. citizenM considers one of the potential transition risks to be changing consumer behaviour, whereby consumers increasingly prioritise hotels with sustainable attributes.

### management approach

#### developing a culture of sustainability – making conscious travel easy for the conscious traveller

- active engagement with guests to understand their conscious travel requirements through guest surveys
- transparent reporting and submissions to benchmarks such as GRESB for peer comparisons
- ESG training for all employees

#### deploying and procuring renewable energy for lower impact stays

We are committed to sourcing renewable energy equivalents. 100% of hotels have green electricity with in the first year of operation. We will achieve this by continuing to invest in green energy at our own operations and by sourcing renewable energy from external sources. In addition we integrate solar technology into our hotels' designs where possible.

#### reducing energy consumption and costs

We also have a dedicated team focussed on energy management and procurement.

We have also implemented several energy efficiency activities:

- Technologies: our Building Management Systems (BMS) optimise the performance of our heating, ventilation, and air-conditioning (HVAC) systems. Between 2023-2025, smart meter and BMS installation and optimisation is a focus for achieving smart and sustainable buildings.
- Lighting: we use natural light and task lighting to reduce the need for overhead lighting. We install occupancy sensors in our corridors, conference rooms, break rooms, restrooms, and other frequently unoccupied spaces. We only prescribe LED lighting, and thus reduce the wattage of light bulbs to save lighting energy usage.
- Heating and air conditioning: we have flexible thermostat ranges that can be set by our property management team. This means rooms can be a few degrees warmer in the summer and cooler in the winter, rather than strictly set temperatures. This approach saves energy and reduces our environmental impact.
- On site energy audits reporting efficiency works for the future. Five energy audits were completed in 2023.

#### benchmarking

We gather competitor and academic data from the hotel industry and compare our m2 and impact per room night data.



# strategy

## transition risks

### technology risk

- rapid evolutions in low-carbon, energy-efficient management systems

### description

The hospitality industry strongly relies on IT tools such as systems for building efficiency management (e.g. water, energy) that are rapidly developing. citizenM has identified as an important potential risk the lack of investment into the latest systems to participate in its low-carbon transition.

## impact to business

### time horizon:

short to medium term

### rapid evolution in lower-carbon, energy-efficient management systems

citizenM aims to reduce the overall impact of its activities footprint, in particular with regard to the energy and water consumption of its hotels and other buildings.

Lack of investment in efficient systems and technologies could prevent the company from achieving its eco-efficiency goals. In the medium term, this would lead to higher water and energy costs.

Starting decarbonisation implementation can showcase innovation and enable realistic timescales to meet our 2040 goals, as well as sustainability-linked loan requirements.

## management approach

### brand standard design criteria

In our brand standards, we specify the installation of smart meters or connection of meters in new developments to BMS at each hotel.

### smart meters

Smart meters for electricity, gas, heating, cooling, and water use are linked to our energy portal where possible. These data feed an energy management application, enabling us to view and analyse performance. We are focussed on increasing our data automation at each hotel.

### building management systems

Investing and upgrading energy-efficient management tools such as Building Management Systems (BMS), which help optimise the performance of our heating, ventilation, and air-conditioning (HVAC) systems. In 2023, we continued to pilot a new BMS project to see how we can further centralise data and optimise our hotels.

### decarbonisation assessments

Decarbonisation assessments are carried out on our biggest emitters. Our selected engineering partner identifies low-carbon technologies on an asset-by-asset basis (e.g. heat pumps, solar thermal and solar panels).

### mechanical equipment

We review the age of mechanical equipment and carry out benchmark energy models to assess current heat pump models on the market.

### partners

We work with key partners to identify technology partners together with our procurement team.

# strategy scenarios

## transition scenario analysis and resilience

Transition risk refers to the financial risks associated with the shift to a lower-carbon economy, which can arise from changes in policy, technology, and market dynamics. Understanding and managing these risks is crucial for citizenM to adapt and take action.

In 2023, our company conducted a scenario analysis using the CRREM tool, in line with the original TCFD guidelines, to assess our transition risk in a 1.5-2°C global temperature rise scenario.

### Key functions of the CRREM tool include:

**benchmarking carbon emissions:** It provides science-based carbon reduction targets, enabling us to understand our current carbon footprint and align with global climate goals, such as those set by the Paris Agreement.

**scenario analysis:** CRREM allows users to conduct scenario analyses under various global warming scenarios (e.g., 1.5°C, 2°C increases). We have set our analysis to the 1.5°C scenario.

**strategic planning:** By identifying carbon and energy hotspots, the CRREM tool – paired with energy audits – helps us plan

future retrofits to align with changing regulations and market expectations.

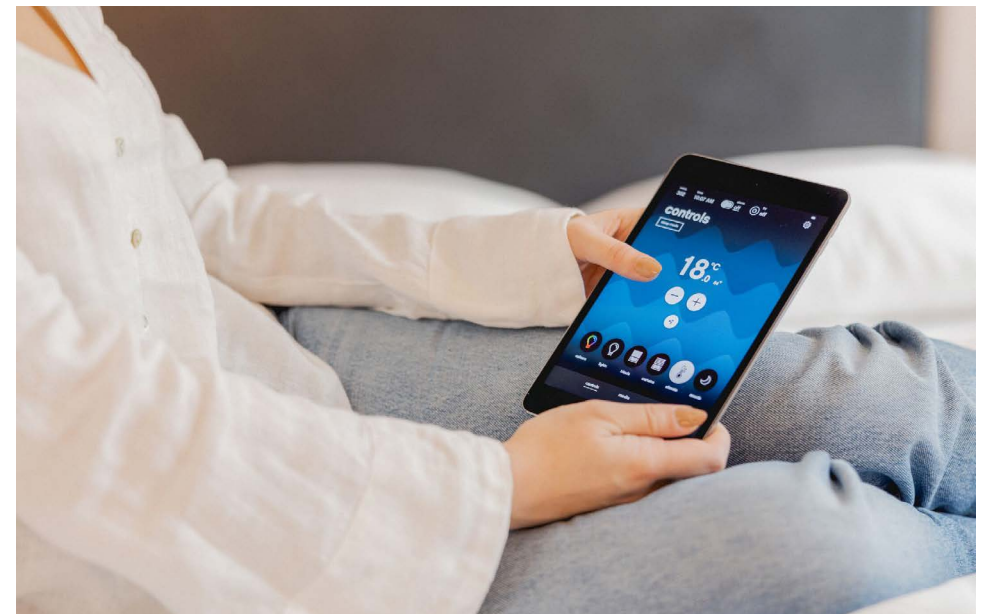
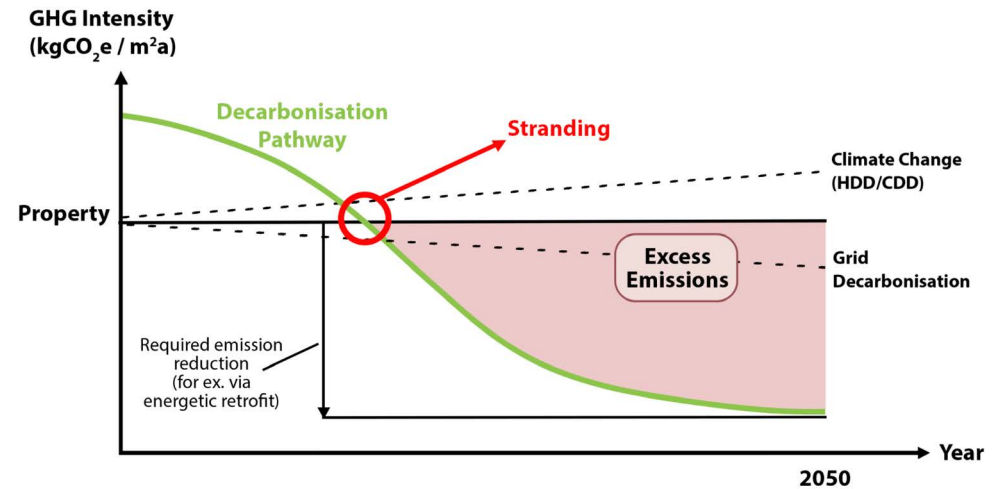
**risk assessment:** CRREM helps in assessing financial risks related to potential carbon pricing, regulatory changes, and shifts in market demand due to climate change.

By using this scenarios tool, we are not only able to assess our current position, but also map our pathways toward net-zero emissions.

This alignment allows us to strategically plan our net-zero implementation transition, ensuring that we are contributing to global climate goals and positioning ourselves competitively.

**skills, capabilities, and resources for climate-related scenario analysis:** citizenM is actively developing the necessary skills and resources for effective climate-related scenario analysis. We invest in both internal and external expertise to enhance our capabilities. Implementation of low-carbon, net-zero building changes is a resource-intensive process, but through continuous improvement, internal upskilling and partner selection.

## CRREM's stranding risk analysis approach



# risk management

## our process to identify, assess and manage climate-related risks

### actively tracking hotel data

We actively gather data insights from our hotels, such as operational characteristics (e.g. locations, facility types and square meters of buildings), energy consumption, waste generation, and water usage. Transparency regarding climate-related risks and taking the lead in finding climate-related opportunities is critical to maintaining the trust of stakeholders. It enables investors to better understand the implications of climate change on the business.

### identify and monitor risk and regulations

citizenM identifies and assesses business risks and opportunities that can impact value, reputation, and business continuity on an ongoing basis. We do this as a normal course of business and via our risk register review process. We also monitor global ESG regulations to prepare for future city and state disclosure requirements.

### an integrated approach to general risk identification

Our internal risk register is created and reviewed quarterly by our risk group; all departments are required to review and capture relevant risks in their area. The register categorises the risk, the potential causes, determines existing controls and

GRI | 201-2

mitigation strategies and responsibilities. Each risk is scored and mapped against a company heat map.

Climate-related risks are incorporated into the company heat map. Each year we conduct a formal Risk Register review that helps us determine the operational impact resulting from a major disruption. The Risk Register identifies, reviews, and prioritises the biggest threats to our employees, hotels, and business operations. This includes climate-related risks. The assessment prioritises risk based on the level of impact to our hotel operations. Priority risks are those with the most direct and immediate impact to our hotel properties and guests. We also assess climate-related risks based on their likeliness to happen on the short, medium or long term, and put mitigation plans in place.

### screening of sites

With asset-level risk management, we carry all-risk property insurance on our properties. Insurance coverage may mitigate the impact of potential losses associated with natural catastrophes, such as floods, wildfires, earthquakes and wind events. We also look at the city environmental and energy regulation checks to ensure we meet compliance risks.

### physical risk scenario assessments

Each site is assessed using climate scenario analysis over time to various chronic and acute physical risk types. The assessment also includes transitional risks, such as market changes, technology, policy and regulation, and reputation. We identify if there are any geographic regions that are at very high and high risk.

### scenario mapping transition risk

Our process for identifying and assessing climate-related risks begins with gathering data insights from each of our hotels' operational characteristics (e.g. locations, facility types and square footage of buildings), energy consumption, waste generation, and water usage. Each hotel has been mapped against transitional decarbonisation pathways. In addition, we also look at risks such as market changes, technology, policy and regulation, and reputation. We conduct decarbonisation and energy efficiency assessments on assets at a high risk of stranding, in addition to determining the engineering implementation requirements to electrify our buildings.

### manage

In 2023, we opened 2 electrified hotels.



# thanks for reading our report

This report covers initiatives from January 1 to December 31, 2023, and marks a significant milestone. Our ESG report reflects our commitment to ESG and integrated thinking, this approach sets us up for future reporting requirements and making positive changes in a world where we are simply guests.

**Official report date: 5th April 2024.**

## ESG Global Standards

As a non-listed company, we are voluntarily reporting and have compiled this report using selected Global Reporting Initiative (GRI) topics, SASB industry standards, IFRS S1, and IFRS S2 disclosure standards. For detailed disclosures, please take a look at our Reporting Standards Content Index.

To stay updated on our progress and future initiatives, visit our ESG page at [citizenM.com/esg](https://citizenM.com/esg).

## any questions?

We believe feedback is a gift, if you have any inquiries or wish to discuss any aspect of this report further, please reach out via email at [esg@citizenM.com](mailto:esg@citizenM.com).

## contact us

citizenM Support Office  
Leidseweg 219  
2253 AE Voorschoten  
the Netherlands



# appendix

# assurance report (sustainability information)

**Deloitte.**

Deloitte Accountants B.V.  
Gustav Mahlerlaan 2970  
1081 LA Amsterdam  
P.O. Box 58110  
1040 HC Amsterdam  
The Netherlands  
  
Tel: +31 (0)88 288 2888  
www.deloitte.nl

## LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE SUSTAINABILITY INFORMATION OF THE INTEGRATED REPORT 2023 FOR CITIZENM

To Members of the Board of CitizenM Holding B.V.

### Our conclusion

We have performed a limited assurance engagement on the sustainability information of the 4 sustainability KPIs and 3 sustainability linked loan KPIs of CitizenM Holding B.V. (hereafter "CitizenM" or "the Company") for 2023 at Amsterdam as seen in Annex A.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information in the accompanying integrated report of CitizenM does not present fairly, in all material respects:

- The policy with regard to sustainability matters: The sustainability information consists of performance information regarding energy consumption, water consumption, waste management and CO<sub>2</sub>-emission (hereafter: "the sustainability KPIs").
- The internal reporting criteria with regard to the 3 sustainability linked loan KPIs as included in schedule 20 of the facilities agreement entered into by CitizenM Properties Holdco 1 B.V. and several banks, of which HSBC Bank PLC is acting as agent and HSBC Corporate Trustee Company (UK) Limited is acting as security agent (hereafter: "the sustainability linked loan KPIs").
- The business operations, events and achievements in that area in 2023.

In accordance with the applicable criteria as included in the 'Annex A' section of our report.

The sustainability information is included in the chapter 'environmental, social and governance' on pages 49, 51 - 55, in the Appendix 'ESG metrics' on pages 172 -175, 178 & 'methodology' on pages 179 - 180 of the integrated report.

### Basis for our conclusion

We have performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the sustainability information' section of our report.

We are independent of CitizenM in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

**Deloitte.**

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Criteria

The reporting criteria applied for the preparation of the 4 sustainability KPIs in Annex A are the reporting criteria as developed by CitizenM specified by management in the Appendix 'methodology' on pages 179 to 180 of the integrated report for 2023.

The reporting criteria applied for the preparation of the 3 sustainability linked loan KPIs in Annex A are the reporting criteria mentioned as internal reporting criteria included in schedule 20 of the facilities agreement entered into by CitizenM Properties Holdco 1 B.V. and several banks, of which HSBC Bank PLC is acting as agent and HSBC Corporate Trustee Company (UK) Limited is acting as security agent (hereafter: "the sustainability linked loan KPIs").

The sustainability information is prepared with reference to the GRI Standards. The GRI Standards used are listed in the Appendix 'ESG metrics' as disclosed on page 172 to 175 of the integrated report.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the sustainability information needs to be read and understood together with the criteria applied.

### Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, and estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

### Responsibilities of the Management Board and the Supervisory Board for the sustainability information

The Management Board is responsible for the preparation and fair presentation of the sustainability information in accordance with the criteria as included in the 'Criteria' section, including the identification of stakeholders and the definition of material matters. The Management Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Management Board regarding the scope of the sustainability information and the reporting policy are summarised in the Appendix 'methodology' on pages 179-180 and Appendix 'ESG metrics' on page 178 of the integrated report.

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

# assurance report (sustainability information)

**Deloitte.**

The board is responsible for overseeing the sustainability reporting process of CitizenM.

## Our responsibilities for the assurance engagement on the sustainability information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the Management Board.
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information.
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
  - obtaining inquiries from management at corporate level responsible for the sustainability strategy, policy and results;
  - obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal procedures on, and consolidating the data in the sustainability information;
  - obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - considering the data and trends in the information submitted for consolidation at corporate level.

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**Deloitte.**

- Considering the overall presentation and balanced content of the sustainability information.
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, 5 April 2024

Deloitte Accountants B.V.

Signed on the original

J. Holland

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# assurance report (sustainability information)

**Deloitte.**

## Annex A – Overview of the non-financial KPI's for the integrated report

The sustainability KPIs for 2023 in scope for CitizenM, as defined in the reporting criteria in the Appendix 'methodology' on pages 178 to 179 for in the integrated report 2023, are:

KPIs	Scope of work	Pages
Energy consumption	The following items will be covered: - Energy consumption - Energy intensity - Impact per room night - Disclosure per the definition in the Appendix 'methodology' in the integrated report	49 54 172- 173 179-180
CO2 emissions	The following items will be covered: - Scope 1 & 2 location-based emissions - Scope 1 & 2 market-based emissions - Scope 3: Category 6 (Business Travel) - Scope 3: Category 5 (Waste Generated in operations) - Scope 3: Category 8 (Upstream leased assets) - Emission intensity - Impact per room night - Disclosure per the definition in the Appendix 'methodology' in the integrated report	51 - 53 54 174-175 179-180
Waste management	The following items will be covered: - Waste management - Waste intensity - Impact per room night - Disclosure per the definition in the Appendix 'methodology' in the integrated report	54 55 175 179-180
Water consumption	The following items will be covered: - Water Consumption - Water intensity - Impact per room night - Disclosure per the definition in the Appendix 'methodology' in the integrated report	54 55 172 179-180

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excerpt from annual integrated report 2023







# ESG metrics



## growing and operating sustainably

energy consumption (GRI 302-1)	measure	2023	2022	2021	2020	2019
electricity	kWh	34,395,888 ●	26,427,733 ●	19,130,001 ●	16,387,457 ●	15,964,422 ●
of which are on-site renewables (SV-HL-130a.1)	kWh	4,682 ●	12,297 ●	11,309 ●	11,146 ●	data not collected ●
electricity	GJ	123,825 ●	95,140 ●	68,868 ●	58,995 ●	57,472 ●
of which are on-site renewables (SV-HL-130a.1)	GJ%	16.85/0.014 ●	44.27/0.047 ●	40.71/0.059 ●	40.13/0.068 ●	data not collected ●
natural gas	kWh	17,658,319 ●	16,026,414 ●	15,56,462 ●	11,338,032 ●	10,567,163 ●
heating	kWh	5,935,762 ●	5,779,574 ●	4,268,118 ●	3,421,600 ●	3,875,370 ●
cooling	kWh	2,718,747 ●	2,116,610 ●	1,027,152 ●	902,811 ●	1,087,367 ●
total hotel energy consumption (SV-HL-130a. 1)	kWh	60,708,716 ●	50,350,331 ●	39,581,733 ●	32,049,900 ●	31,494,322 ●
of which are renewables (SV-HL-130a. 1)	kWh%	4,682/0.0077 ●	12,297/0.024 ●	11,309/0.028 ●	11,146/0.034 ●	data not collected ●
water consumption (GRI 303-5)	measure	2023	2022	2021	2020	2019
water	megalitres	391.52 ●	289.9 ●	174.1 ●	155.7 ●	215.5 ●
water in areas with water stress	megalitres	91.21 ●	59.62 ●	28.05 ●	26.88 ●	45.97 ●
total water withdrawn (SV-HL-140a. 1)	cubic meters	391,516 ●	289,927 ●	174,078 ●	155,689 ●	215,542 ●
water withdrawn in areas with water stress (SV-HL-140a.1)	cubic meters/%	91,214/23.30 ●	59,619/20.56 ●	28,051/16.11 ●	26,886/17.27 ●	45,972/21.33 ●
water intensity	cubic meters per occupied room	0.202 ●	0.200 ●	0.438 ●	2.154 ●	0.199 ●

● externally assured

## growing and operating sustainably

energy intensity (GRI 302-3)	measure	2023	2022	2021	2020	2019
electricity	kWh/m2	148.51 ●	136.90 ●	121.1 ●	119.13 ●	141.53 ●
natural gas	kWh/m2	107.77 ●	124.41 ●	155.98 ●	135.23 ●	164.16 ●
heating	kWh/m2	89.25 ●	90.10 ●	93.89 ●	78.58 ●	98.24 ●
cooling	kWh/m2	71.70 ●	59.53 ●	75.05 ●	65.97 ●	79.45 ●
average consumption intensity	kWh/m2	255.95 ●	253.00 ●	243.99 ●	222.24 ●	265.74 ●

● externally assured

## growing and operating sustainably

carbon emissions (GRI 305-1, 305-2, 305-3, 305-4)	measure	2023	2022	2021	2020	2019
<b>scope 1 direct emissions</b>						
emissions	MT CO <sub>2</sub> e	3,614 ●	3,111 ●	2,780 ●	2,150 ●	2,013 ●
emissions intensity	kg CO <sub>2</sub> e/m <sup>2</sup>	15.61 ●	16.12 ●	17.83 ●	16.07 ●	17.90 ●
<b>scope 2 indirect emissions</b>						
location-based emissions	MT CO <sub>2</sub> e	9,414 ●	6,657 ●	4,778 ●	4,089 ●	4,346 ●
location-based emissions intensity	kg CO <sub>2</sub> e/m <sup>2</sup>	40.65 ●	34.50 ●	30.64 ●	30.56 ●	38.65 ●
market-based emissions	MT CO <sub>2</sub> e	1,401 ●	624 ●	979 ●	666 ●	506 ●
market-based emissions intensity	kg CO <sub>2</sub> e/m <sup>2</sup>	6.05 ●	3.23 ●	6.28 ●	4.98 ●	4.50 ●
<b>total scope 1 + 2 emissions</b>						
location-based emissions	MT CO <sub>2</sub> e	13,029 ●	9,768 ●	7,558 ●	6,240 ●	6,359 ●
location-based emissions intensity	kg CO <sub>2</sub> e/m <sup>2</sup>	56.26 ●	50.62 ●	48.46 ●	46.62 ●	56.55 ●
market-based emissions	MT CO <sub>2</sub> e	5,016 ●	3,735 ●	3,759 ●	2,816 ●	2,518 ●
market-based emissions intensity	kg CO <sub>2</sub> e/m <sup>2</sup>	21.66 ●	19.36 ●	24.10 ●	21.04 ●	22.40 ●

● externally assured

## growing and operating sustainably

carbon emissions (GRI 305-1, 305-2, 305-3, 305-4)	measure	2023	2022	2021	2020	2019
<b>scope 3 emissions</b>						
waste generated in operations	MT CO2e	739 ●	584 ●	376	375	738
business travel	MT CO2e	1,126 ●	854 ●	182	268	1100
upstream leased assets	MT CO2e	109 ●	107 ●	-	-	-
<b>waste by type and disposal method (GRI 306-2)</b>						
total waste generated – reuse	%	0 ●	0 ●	2.97	0.39	0
total waste generated – recycling	%	44.95 ●	45.48 ●	33.99	47.94	40.09
total waste generated – incineration with energy recovery	%	50.09 ●	47.13 ●	24.32	13.53	22.80
total waste generated – incineration without energy recovery	%	1.86 ●	2.04 ●	22.0	25.15	13.77
total waste generated – landfill	%	3.10 ●	5.35 ●	12.85	13.02	23.37
total waste generated – other	%	0 ●	0 ●	3.87	0	0
<b>total waste generated</b>	<b>metric tonnes</b>	<b>2,322.37 ●</b>	<b>1,945.71 ●</b>	<b>1,337.90</b>	<b>1,167.03</b>	<b>2,447.44</b>

● externally assured

## intelligent and sustainable buildings - green building certifications

### overview of the most recent hotel certifications

<p>BREEAM In-Use</p> <p>(hotels &gt;1 year in operation)</p> <p>* Our Amsterdam Schiphol hotel is retrofitted to be net-zero in 2024. The assessment will be redone after the construction is complete.</p>	Amstel Amsterdam	Good	Miami Worldcenter	Excellent
	Amsterdam Schiphol*	Pass (*re-assessment in 2024)	New York Bowery	Very good
	Amsterdam Zuid	Good	New York Times Square	Very good
	Boston North Station	Excellent	Paris Champs-Elysees	Excellent
	Chicago Downtown	Excellent	Paris Charles de Gaulle	Very good
	Copenhagen Radhuspladsen	Excellent	Paris Gare de Lyon	Very good
	Geneva	Very good	Paris La Defense	Excellent
	Glasgow	Excellent	Rotterdam	Excellent
	London Bankside	Excellent	San Francisco Union Square	Excellent
	London Shoreditch	Excellent	Seattle Pioneer Square	Excellent
	London Tower of London	Excellent	Seattle South Lake	Excellent
	London Victoria	Excellent	Washington D.C. Capitol	Excellent
	Los Angeles Downtown	Excellent	Washington D.C. NoMa	Excellent
	Miami Brickell	Excellent	Zurich	Very good
	New construction			
<p>(hotels &lt; 1 year in operation and under construction)</p>	Austin Downtown	LEED Gold (under construction)	Miami Brickell	LEED Gold (certified)
	Boston Back Bay	LEED Gold (under construction)	Miami South Beach	LEED Gold (under construction)
	Dublin St. Patrick	BREEAM (under construction)	Miami Worldcenter	LEED Gold (certified)
	London Victoria	BREEAM Excellent (certified)	Paris Opera	BREEAM Very Good (certified)
	Menlo Park	LEED Gold (under construction)	Rome Isola Tiberina	LEED Gold (certified)

## doing the right thing for our people

total workforce and break-down by employee category (GRI 405-1)	measure	2023			2022			2021			2020			2019	
<b>workforce (headcount, year-end)</b>															
total	number	1258			1119			812			646			647	
employees by gender (headcount, year-end)	%	male	female	non-binary/ undisclosed	male	female	non-binary/ undisclosed	male	female	non-binary/ undisclosed	male	female	non-binary/ undisclosed	male	female
		476	50.1	2.3	48.3	50.2	1.5	45.25	48.45	6.3	53.6	46.1	0.3	52.5	47.5
<b>employees by age group (headcount, year-end)</b>															
employees under 30 years old	%	39			52			34			36			37	
employees 30 - 50 years old	%	55			43			60			58			56	
employees over 50 years old	%	6			4			6			6			7	
woman in management (strategic council)	%	31.3			28.9			12.9			-			-	
<b>employee training (GRI 404-1)</b>															
professional training received	%	100			100			100			100			97	
ESG-specific training	%	82			80			45			33			6	
<b>occupational health and safety (GRI 403-9, 403-10)</b>															
work-related fatalities	number	0			0			0			0			0	
<b>occupational health and safety (GRI 403-9, 403-10)</b>															
employees' access to performance review	%	100			100			100			100			100	



## making positive movements in our society

	measure	2023	2022	2021	2020	2019	2018
charitable giving - year on year	number (€)	1,272,657	819,596	17,611*	224,137	445,395	167,379
beneficiaries	bikes	3,957	2,152	103	1,181	2,737	1,000

## climate related risks

climate change adaptation	measure	2023
number of hotels located in 100-year flood zones (SV-HL-450a.1)	number	6
area of properties located in 100-year flood zones, by property sector (IF-RE-450a.1)	square metres (m <sup>2</sup> )	59,745
description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks (IF-RE-450a.2)	page number	70

\*In 2021, we focussed on resetting our charity partnership and activating a new donation campaign.

# methodology

## definitions

- **calendar-normalised Square Meters:** a standardised measurement of a hotel's area that prorates the total size (in square meters) of a hotel that was only open for a part of the reporting year.
- **employee Diversity and Inclusion:** the representation and inclusivity of diverse groups within the company's workforce. It is calculated by collecting data on the workforce, such as the gender, race, and ethnicity of employees.
- **energy Intensity:** the amount of energy consumed per square meter of hotel area or room night. It is calculated by dividing the total energy consumption (in kilowatt-hours) by the gross floor area or annual number of occupied room nights of citizenM's hotel portfolio.
- **Greenhouse Gas (GHG) Emissions:** the amount of greenhouse gases (such as carbon dioxide, methane, and nitrous oxide) emitted directly and indirectly by citizenM's operations. It is calculated by multiplying the amount of energy used by the carbon intensity of the energy source (emission factor). It includes scope 1, 2, and 3 emissions.
- **GHG Emissions Intensity:** the amount of greenhouse gases (such as carbon dioxide, methane, and nitrous oxide) per square meter of hotel area or room night. It can be calculated by dividing scope 1, 2, and 3 emissions by the gross floor area or annual number of occupied room nights of citizenM's hotel portfolio.
- **gross Floor Area:** the total building size, which includes all guest areas, back of house and technical rooms (in square meters). It is extracted from building floor plans to ensure consistency in intensity calculations.
- **occupied room nights:** the number of rooms in a hotel that are occupied by guests for one night. Complementary rooms are included in our calculation.
- **renewable Electricity Ratio:** the percentage of electricity that is generated from renewable sources. It is calculated by dividing the total amount of renewable electricity consumed by the total amount of energy consumed.
- **waste Diversion Rate:** the percentage of waste diverted from landfill through recycling, waste-to-energy, or other sustainable disposal methods. It is calculated by dividing the total amount of waste diverted by the total amount of waste generated. Waste estimates are based on the comparable hotel method.
- **waste Intensity:** the amount of waste generated by citizenM's hotel operations per square meter of hotel area or room night. It is calculated by dividing the total waste generated (in metric tons) by the gross floor area or annual number of occupied room nights of citizenM's hotel portfolio.
- **water Intensity:** the amount of water consumed per square meter of hotel area or room night. It is calculated by dividing the total water consumption (in litres) by the gross floor area or annual number of occupied room nights of citizenM's hotel portfolio. Water estimates are based on the Service Day Average method (see pg.180).

# methodology

## estimations

Utility invoices are the preferred source for energy, water and waste data. These invoices are provided on a monthly or quarterly basis by utility providers with clearly stated actual consumptions. Direct meter readings are used as a backup when invoices are not available, which could happen in newly opened hotels or where citizenM does not have full operations control over utilities, such as in shared buildings.

In 2023, invoices and meter readings account for the vast majority of our data, resulting in 85% coverage based on actual consumption data. As November and December utility data actuals were not fully available in time for report publication, the remaining 15% is modelled using the most relevant methodology at hotel level. Below are the methodologies that we can use to predict missing 2023 data:

- **Service Day Average:** If consumption is not available for a certain period, the average consumption per service day can be used:  
 $X = \text{Gap period (number of days)}$   
 $Y = \text{Consumption for service days}$   
 $Z = \text{Number of service days}$   
 $\text{Estimate} = (Y/Z) * X$
- **Historical:** If consumption tends to be more cyclical in nature (e.g. the data displays peaks and troughs that are

not fixed) then it may be appropriate to apply the relative consumption from that period in the previous year:

$X = \text{Gap month (e.g. December)}$

$Y = \text{December consumption}$

$\text{previous year}$

$X = Y$

- **comparable Hotel:** If data is not available for a certain hotel, intensity data (by room night) from the most comparable hotel (e.g. same city and similar number of rooms) is used and multiplied by total annual room nights of the hotel with missing data.

$X = \text{comparable hotel intensity}$

$Y = \text{total annual room nights of the hotel with missing data}$

$\text{Annual estimate} = X * Y$

## green electricity evidence

In 2023, we carried out a thorough assessment of contracts REC's and Guarantees of Origin to ensure our scope 2 market-based emissions calculations are evidence-based. Here is a list of evidence requirements for market-based emissions, in order of preference:

1. Renewable energy guarantee of origin (REGO) for Europe-based hotels or Renewable energy certificate (REC) retired on citizenM's behalf for each US-based hotel and reporting period.
2. Attestation from the electric utility

supplier stating renewable energy source(s) and electric energy source composition delivered to citizenM for each hotel and reporting period.

3. Electricity contract from the electric utility supplier stating renewable energy source(s) and electric energy source composition delivered to citizenM for each hotel and reporting period.

# climate-related risk identification

Climate change is a risk to citizenM that has the potential – in varying degrees – to impact our business in the short, medium and long term.

## identifying our climate related risks

### transition risks: short term

citizenM identifies and assesses business risks and opportunities that impact value, reputation and business continuity on an ongoing basis as a normal course of business and via our risk register review process.

We view our climate-related risks with established best practices in terms of **short term** (0-3 years), **medium term** (4-7 years) and **long term** (7-10 years).

	climate-related risk: short term	potential financial impact: short term
<b>market</b>	<ul style="list-style-type: none"> <li>Shifting costs of energy and building raw materials</li> <li>Changing guest/corporate booking preferences for sustainable services</li> <li>Increased shareholder concern and awareness about climate-related action and performance investment</li> <li>Requirement to decarbonise an asset in line with 1.5°C decarbonisation pathway. This includes the cost of materials, systems, and advisory services</li> </ul>	<ul style="list-style-type: none"> <li>Increases in operating costs due to fuel and energy supply costs, transmission and distribution costs, and utility taxes</li> <li>Reduced revenue from decreased bookings and sales</li> <li>Property valuation decrease, insurance premium increases and restricted access to capital</li> </ul>
<b>technology</b>	<ul style="list-style-type: none"> <li>Renewable energy portfolio standards and other regulatory requirements imposed on power producers</li> <li>Risks from abrupt and unexpected shifts in energy costs, relative to technology</li> <li>Aging infrastructure/meters. Failed installations or ineffective existing technologies reduce real time monitoring and optimisation opportunities</li> <li>Failure to train facility and mechanical managers (missed reduction opportunities)</li> </ul>	<ul style="list-style-type: none"> <li>Increases in energy and operating costs</li> <li>Reduction in operating margins from losses in revenue for properties that do not have reliable sources of energy</li> <li>Increased capital investment in technology development due to transition costs</li> <li>Early retirements of existing assets, reduced investments in or demand for our assets, and a drop in capital availability</li> </ul>
<b>reputation</b>	<ul style="list-style-type: none"> <li>Stakeholder demand for real estate companies where climate risks are included in the investment calculation</li> <li>Failure to meet sustainability needs of guests and investors such as net-zero requirements could result in lost business.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced booking and sales</li> <li>Corporate bookers reduced due to benchmarking tools m2/per room night</li> <li>Reputational risk if action on ESG topics is too late or if no action is taken</li> </ul>
<b>policy and regulation</b>	<ul style="list-style-type: none"> <li>Non-compliance with local laws and regulations, including energy and carbon performance standards and compliance with green building codes/certification requirements</li> <li>Climate change-related issues that drive changes in utility rate structures and demand-period driven charges</li> <li>Enhanced emissions reporting obligations</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs and/or potential fines for non-compliance</li> <li>Increased costs for energy supply</li> <li>Increases in operating costs</li> <li>Required additional capital investment</li> <li>Increase in reporting and assurance costs</li> </ul>

## transition risks: medium term

	climate-related risk	potential financial impact
<b>market</b>	<ul style="list-style-type: none"> <li>Increased shareholder concern and awareness about climate-related performance</li> </ul>	<ul style="list-style-type: none"> <li>Company valuation and access to capital</li> <li>Increases in operating costs and maintenance costs</li> </ul>
<b>technology</b>	<ul style="list-style-type: none"> <li>Aging infrastructures for all utilities, including energy grids, water and wastewater systems, as well as technologies</li> <li>New technologies could render existing systems obsolete</li> </ul>	<ul style="list-style-type: none"> <li>Reduced operating flexibility and resilience</li> <li>Required capital investment in new technologies</li> <li>Failure to make sustainability-linked loan requirements</li> </ul>
<b>reputation</b>	<ul style="list-style-type: none"> <li>Guest preferences for a high-performing sustainable brand</li> <li>Increases in transparent reporting &amp; increasing reporting requirements</li> <li>General contractors not moving fast enough for building requirements</li> </ul>	<ul style="list-style-type: none"> <li>Reduced bookings and sales</li> <li>Impact speed of delivery of low-carbon technologies</li> <li>Capital investment in additional partners to maintain high standards of sustainable building practices</li> </ul>
<b>policy and regulation</b>	<ul style="list-style-type: none"> <li>Tightening regulatory framework on energy efficiency and GHG</li> <li>Potential risks from not staying ahead of or current with emerging regulation</li> <li>Exposure to litigation claims asset and company reporting</li> </ul>	<ul style="list-style-type: none"> <li>Fines for non-compliance</li> <li>Carbon taxes increasing over time</li> </ul>

## transition risks: long term

	climate-related risk	potential financial impact
<b>policy and regulation</b>	<ul style="list-style-type: none"> <li>A rising appetite for climate-related litigation against entities over failures to adequately hedge against climate change impacts</li> <li>Regulations by carbon legislation</li> <li>Real estate taxes may increase to fund public projects to improve regional and neighbourhood-scale resilience.</li> </ul>	<ul style="list-style-type: none"> <li>Fines for non-compliance</li> <li>Increases in operating costs</li> <li>Higher operating costs, energy costs, higher raw material costs</li> <li>Increased demand for sustainable properties</li> </ul>

## physical risks

	climate-related risk	potential financial impact
<b>acute</b>	<ul style="list-style-type: none"> <li>Increased severity of extreme weather events, tropical cyclones (hurricanes and typhoons), flooding, wildfire, drought and heatwaves</li> <li>Grid connection interruptions and loss of energy</li> </ul>	<ul style="list-style-type: none"> <li>Direct loss of or damage to buildings</li> <li>Capital expenditures related to remediation</li> <li>Increases in insurance premiums and design alteration costs</li> <li>Supply chain disruption</li> <li>Reduced revenue</li> <li>Increases in operating costs/insurance</li> </ul>
<b>chronic</b>	<ul style="list-style-type: none"> <li>Increased severity of wildfires, extreme storms, sea level rise, flooding, heatwaves, drought, threats to biodiversity and diseases</li> <li>Changes in recurring physical risks, such as precipitation patterns and impacts of extreme heat, snow and ice weather events</li> </ul>	<ul style="list-style-type: none"> <li>Property loss and damage</li> <li>Increases in capital costs</li> <li>Increases in insurance premiums</li> <li>Business interruption and reduced guest traffic</li> <li>Reduced revenue</li> <li>Increases in operating costs</li> </ul>

# opportunities

	climate-related opportunity	potential financial impact
<b>policy and regulation</b>	<ul style="list-style-type: none"> <li>Incentives and benefits for efficient operations and sustainable investments</li> <li>Investing in pre-emptive building measures protecting hotels from physical climate risks during development stage</li> <li>As owner and operator, we are in the unique position to take action on physical and transition risks</li> </ul>	<ul style="list-style-type: none"> <li>Reduction and mitigation operating cost increases</li> <li>Avoid carbon taxes of the future</li> <li>Access green loan/rebate incentives</li> <li>Mitigate losses and downtime resulting from extreme weather events and other physical climate risks</li> <li>Avoid penalties associated with building energy and carbon performance standards</li> </ul>
<b>reputation</b>	<ul style="list-style-type: none"> <li>Top of the corporate booking benchmarks could increase revenue</li> <li>Commitments to radical transparency and sustainability disclosures</li> <li>citizenM to publicly discuss its authentic ESG mission = increasing reputation and brand value</li> <li>Opportunity to create bigger change movements in local communities, and through our guest network to accelerate positive impacts of making change</li> <li>Recognition of our commitment to sustainability practices may provide a competitive advantage in recruiting and retaining employees</li> </ul>	<ul style="list-style-type: none"> <li>Increased shareholder interest</li> <li>Access to sustainable finance</li> <li>Increased corporate booking revenue</li> <li>Increased guest interest and revenue through demand for lower emissions and sustainability-focussed hotels</li> <li>Energy and carbon reductions could result in greater differentiation and competitive advantage</li> <li>Reduction in employee turnover and attraction of top talent</li> </ul>
<b>technology</b>	<ul style="list-style-type: none"> <li>Low-carbon technologies, efficiencies, and building management systems pre-empt guest temperature complaints</li> <li>Recognition of citizenM's ability to operate its properties efficiently</li> </ul>	<ul style="list-style-type: none"> <li>Early adoption avoids operating cost increases from rising energy costs through actions focussed on efficient operations</li> <li>Increase in guest happiness</li> <li>Increases in occupancy and return rates from guests seeking to align with brands of similar values</li> </ul>
<b>energy and resilience</b>	<ul style="list-style-type: none"> <li>Reduced energy consumption from highly efficient buildings</li> <li>Investment in green energy strategy</li> <li>Investment in on-site solar and fuel cell installations</li> <li>Use of lower-emission sources of energy to future proof</li> <li>As owner and operator, we are the unique position to take action on assessing and implementing mitigation requirements to our buildings</li> </ul>	<ul style="list-style-type: none"> <li>Cost reduction in green energy</li> <li>Access to sustainable rebates/loans</li> <li>Reduced energy expenses (reduce energy intensity)</li> <li>Reduced exposure to fossil fuel price increases</li> <li>Increases in capital availability as shareholders favour low-emission assets</li> </ul>

# sustainable development goals



The UN's Sustainable Development Goals (SDGs) are helping people and organisations of all kinds (us too!) to create positive action that aligns with shared long-term global sustainability ambitions.

The 17 SDGs call for businesses, governments and wider society to act against poverty, injustice and environmental damage so everyone enjoys global peace and prosperity. They guide companies like ours in tackling the world's most pressing issues – plus, they foster a greater level of corporate transparency and accountability.

## the goals we influence

Through careful examination, we have identified the goals we influence as a business, plus through our ESG streams and actions.

Here are the 11 SDGs that align with citizenM material ESG actions.

	<b>3 GOOD HEALTH AND WELL-BEING</b>	<b>good health and wellbeing</b>		<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	<b>industry, innovation and infrastructure</b>
	<b>4 QUALITY EDUCATION</b>	<b>quality education</b>		<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>	<b>sustainable cities and communities</b>
	<b>5 GENDER EQUALITY</b>	<b>gender equality</b>		<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	<b>responsible consumption and production</b>
	<b>6 CLEAN WATER AND SANITATION</b>	<b>clean water and satisfaction</b>		<b>13 CLIMATE ACTION</b>	<b>climate action</b>
	<b>7 AFFORDABLE AND CLEAN ENERGY</b>	<b>affordable and clean energy</b>		<b>17 PARTNERSHIPS FOR THE GOALS</b>	<b>partnerships for the goals</b>
	<b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<b>decent work and economic growth</b>			

# policies and statements

The table below contains a list of our policies, you can find these policies and statements on our citizenM legal page. [www.citizenm.com/legal](http://www.citizenm.com/legal)

<b>governance area</b>	<b>policy / statement name</b>
anti-bribery and corruption	citizenM rules
cyber security	citizenM rules
data protection and privacy for guests	citizenM privacy policy for our guests
fraud	citizenM rules
political contributions	citizenM rules
speaking up procedure	speaking up procedure
environment	environmental policy
human rights	human rights policy
responsible procurement	responsible procurement principles
modern slavery	modern slavery statement
waste management	single-use plastic policy





# ESG governance structure

