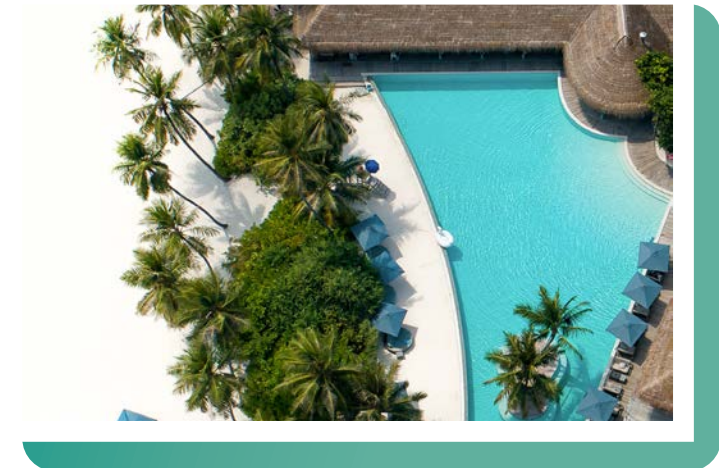
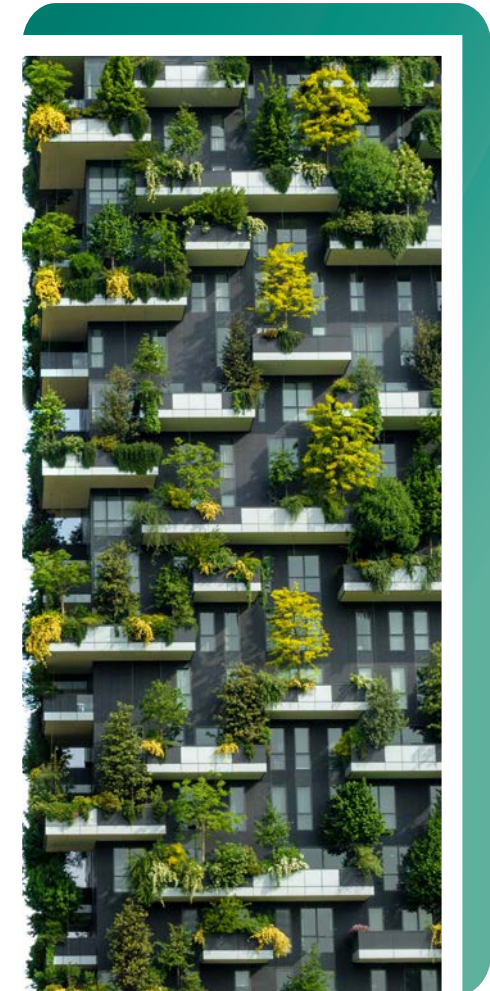


NET ZERO METHODOLOGY FOR HOTELS

2ND EDITION • JUNE 2023

APPENDIX I

NET ZERO PLAN



APPENDIX I: NET ZERO PLAN

1. NET ZERO PLAN IN FORM OF HOTEL NET ZERO METHODOLOGY MILESTONE TABLE - For illustrative purposes only

	CATEGORY	2030	2050	CURRENT ACTIVITIES
1	Facility Emissions Intensity	<p>At least one of the following thresholds:</p> <ol style="list-style-type: none"> 45% absolute reduction from 2019 baseline or annual linear equivalent 66% intensity reduction from baseline or annual linear equivalent Emissions intensity of 14 kgCO₂e/SqM or established industry asset class adapted thresholds <p>Scope 1 & 2 offsets can be claimed in net-zero progress calculations up to 7.3 kgCO₂e/SqM or established industry asset class adapted thresholds</p>	<ul style="list-style-type: none"> 99% reduction from baseline 100% renewable electricity for all markets Total energy from renewables exceeds 90% Electrified sources of heating and cooling either in place, confirmed for replacement at end-of-life or renovation, and embedded in any new projects unless unfeasible All remaining emissions sources quantified and offset 	<ul style="list-style-type: none"> Setting baseline emissions and emissions intensity for the portfolio and each property Setting 2030 targets for each property Capital planning for each property to incorporate decarbonization. Developing a renewable energy strategy for onsite installation or PPA and Renewable energy purchase, including forecasting grid decarbonization Engaging with operators for synergies to meet their carbon reduction targets Monitoring purchase of carbon offsets across the portfolio by operators, brands, and customers Annual surveying of energy conservation measures and attributes Capital planning for each property to incorporate energy efficiency Engaging with each hotel for annual energy reduction opportunities Annual portfolio-wide analysis to prioritize properties of greatest relative weight and reduction potential Incorporating decarbonization planning into the due diligence and modeling for acquisitions
2	Energy Efficiency	<ul style="list-style-type: none"> Cumulative reduction of at least 20% from baseline, or among highest performance 		
3	Energy Sources	<ul style="list-style-type: none"> 100% renewable electricity for mature markets 50% renewable electricity for developing markets, including grid mix 		
4	Other Scope 1 & 2 (when separated from above)	<ul style="list-style-type: none"> 100% renewable electricity for mature markets 50% renewable electricity for developing markets, including grid mix Achieve reductions in emissions from 2025 for each source 		
5	Employee Commuting (Operator)	<ul style="list-style-type: none"> Accurately calculated and baseline determined with best practice for accepted calculation methods and coefficients 	<ul style="list-style-type: none"> Demonstrate reductions in related emissions from 2040 100% of remaining emissions offset 	<ul style="list-style-type: none"> Surveying employees to understand baseline of mode of transport, frequency of office commutes, and distance traveled Engaging with employees and community to identify opportunities
6	Company Business Travel	<ul style="list-style-type: none"> Company bookings for hotel stays and meeting space usage will be in facilities powered by 100% renewable electricity and have a plan in place for net zero 	<ul style="list-style-type: none"> Company bookings for hotel stays and meeting space usage will be in facilities powered by 100% renewable electricity in line with expected performance thresholds for remaining emissions 100% of remaining emissions offset 100% of transport emissions will be offset by best available contribution to host destination/region 	<ul style="list-style-type: none"> Setting up a tracking mechanism to capture business travel and establish boundaries Engaging with corporate travel and booking sites to identify opportunities to reduce the footprint, offset transport, and encourage hotels to decarbonize in alignment with net-zero

	CATEGORY	2030	2050	CURRENT ACTIVITIES
7	Transmission & Distribution Losses	<ul style="list-style-type: none"> Performance reductions in line with milestones for energy sources, energy efficiency, and renewables 	<ul style="list-style-type: none"> Performance reductions in line with milestones for energy sources, energy efficiency, and renewables Remaining emissions offset 	<ul style="list-style-type: none"> Starting to track losses according to industry best practice to establish a baseline Evaluating how purchase of renewables, energy intensity, and electric power grid decarbonization will impact these losses by 2030.
8	Other Significant Scope 3	<ul style="list-style-type: none"> All other significant sources should be quantified with a minimum 2030 baseline Achievement in reduction per the quantifiable milestones set 	<ul style="list-style-type: none"> Achievement in reduction per the quantifiable milestones set All remaining fuel sources quantified and offset 	<ul style="list-style-type: none"> Improving tracking across the portfolio and establish baselines where possible Evaluating waste reduction opportunities in capex planning for each property Identifying sites with outsourced laundry or planned for outsourcing by 2030 Engaging with industry to improve calculation methods and data availability, as well as boundaries for ongoing purchases. Engaging with operators to understand how they will meet 2030 targets for these categories and how to support

2. NET ZERO PLAN BASED ON 3 PILLAR APPROACH

There are 3 main pillars based on which hotels can develop their Net Zero plan. The 3 pillars are:

- Value Chain Actions - identifying and quantifying the activities that generate emissions across the value chain
- Emission Quantification Actions - Improving the quantification of emissions from the sources
- Decarbonization Actions - internally and externally with suppliers, partners, and other collaborations to reduce and neutralize emissions.

VALUE CHAIN ACTIONS

This process focuses on setting up a system to quantify the sources of emissions from activities across the value chain, in particular the upstream emissions of constructing and operating the buildings, and their corresponding purchased goods and services.

A. Map and Prioritize company's Value Chain

- Engage and seek data to document the supply chain and number of purchases in both quantity and spend.
- Define priorities for top spend types, categories of high emissions intensity, and key suppliers to focus on, placing the sources in their corresponding categories of Scope 3 emissions.

B. Outline Overview of Key Product/Service Types

- Analyze spend or expense activity data, product/service type and its use in the business model as an organization as well as the operations of its partners within the destination, in as specific terms as possible.
- Obtain understanding of procurement process - centralized, decentralized or mix of both, which may vary depending on the product and service types.
- Define the approaches to quantify the emissions within the general hierarchy/situational approach for supplier purchases, with any adaptations or product/service-specific approaches or tools used.

C. Compile List of Suppliers

- Compile an initial list of suppliers, reworking in the related product/service type and the current quantification approach. This will likely be a combination of specific suppliers for the large and priority ones, and groupings for others where the collective spend/emissions are minor in comparison.



EMISSIONS QUANTIFICATION ACTIONS

This process focuses on using the available data from the value chain to quantify GHG emissions. This covers both external research and determining the best methods and emission factors to use, as well as feeding back to the value chain actions to orient and seek to improve the activity data needed to best quantify emissions.

A. Catalog the maturity of the data and quantification method for each source

- Assess the current methods for converting the operations, purchases, and other activities into corresponding GHG emissions.
- Document the method, emission factor sources, and calculations needed for each source.
- Identify gaps and opportunities for improvement, focusing on actions to improve the granularity of the activity data, and to utilize the best available methods, data sets, and coefficients for quantifying their emissions.

B. Adapt the Hierarchy of Emission Quantification Methods

- Adapt the hierarchy of the types of quantification methods used, to enable stakeholders to understand the current methods and the overall approach for improving them.
- Adapt the hierarchy to specific product/service types where more granular and/or additional information is available.

DECARBONIZATION ACTIONS

This process focuses on identifying and undertaking actions to reduce emissions and where appropriate, offset, utilizing the data and catalogues in the other two workstreams, as well as undertaking more internal processes to evaluate and reduce, engagement externally to work with suppliers and partners, and collaborate on emissions reductions approaches.

A. Prepare an initial definition of the decarbonization actions for suppliers and partners within each product/service type, category of emissions and/or major spend, adding to an overall catalog.

B. Map specific supplier engagement actions and commence where viable, which are likely to entail a myriad of actions depending on the supplier profile and category, including:

- Increasing requests and utilizing platforms to obtain more granular and product/service-specific greenhouse gas emissions from suppliers that stimulates suppliers to reduce, potentially via supplier assessment platforms more generically (EcoVadis, CDP, supplier surveys).
- Identifying internal processes and systems that will need to adapt, such as implementing audits, seeking green finance, sharing best practice, embedding decarbonization actions in internal departmental plans, etc.
- Establishing process for routine supplier engagement to discuss opportunities for collaboratively reducing emissions and decarbonizing products or services.

C. Develop an approach to carbon offsetting to neutralize emissions and utilize existing platforms from stakeholders such as travel buyers/intermediaries, customers, destinations, hotel operators, and other partners, for emissions reduction and this includes:

- Review the inventory and other aspects of the roadmap to understand the number of emissions that will remain each year across scopes, which cannot be addressed via efficiency or other actions.
- Evaluating the latest best practice and principles for allowable offsetting, as well as for general Net Zero or carbon-neutral claims separately.
- Reviewing the latest carbon market trends, participants, offset projects etc.
- Preparing a plan for addressing offsetting in terms of the timing, approach to purchase and project partnership, etc.
- Purchasing carbon offsets for compensation, removals, and neutralization as applicable with established best practice from relevant standards or industry frameworks.

