ENVIRONMENTAL, SOCIAL & GOVERNANCE

REPORT 2023

Kempinski

HOTELIERS SINCE 1897

CONTENTS

CEO MESSAGE

I am pleased to present the Kempinski Environmental, Social & Governance (ESG) Report for the year 2023. This report embodies our commitment to sustainable development, recognising that it is essential to the future of our business and our growth and forms an integral part of our role as responsible corporate citizens.

Over its impressive 127-year history, Kempinski has worked to build resilient foundations, allowing our hotels to deliver success to the company and our stakeholders. Our ESG strategy is no different, designed to highlight to our guests, employees, and investors how we intend to progress as a sustainable business, resilient to the ever-evolving challenges of the modern world.

As a global hotel operator, Kempinski places sustainability at its heart, carefully considering our impact on the communities in which we operate and constantly looking to improve and ensure that we have in place the right processes to provide environmental and social governance. We strive to have a positive impact on people and the planet. To that end, we have strengthened our governance, particularly around the two critical pillars of transparency and accountability.

We embarked on our sustainability reporting journey three years ago and each year provides us with new lessons and areas of focus. Over this time, we have been expanding our quantitative approach to all our hotels, ensuring that we have the right systems to measure and mitigate our impact. It has been important to us to ensure that we have robust governance policies around caring for the environment. We are closing data gaps and ensuring that, soon, all our hotels are engaged in this process. At the same time, we are aware of the need to continue to improve our capacity development and emphasise accountability within the company.

But sustainability cannot only come from within and through guidelines set by ourselves. We therefore measure our progress against the best-in-class guidance available from global bodies such as the Global Reporting Initiative (GRI) Standards and seek to transition to report against the European Union's Corporate Sustainability Reporting Directive. These provide us with not only benchmarks and external standards but also a way to measure our progress year on year, ensuring that we maintain progress.

We are constantly evolving, developing a holistic, organisational sustainability strategy that involves all our properties and the entire organisation. Sustainability is not the responsibility of an individual, or one sole aspect of a company. It's the duty of us all to ensure that we are living up to the standards that we set ourselves, and the expectations of society and the planet. We are passionate about the planet and the communities we serve, while also being mindful of our impact. We seek to involve everyone who works at Kempinski, wherever they may be so that everyone can do their part.

Sustainability and ESG are not only our responsibilities, but they are business imperatives. Our valued customers expect us to share and uphold their values. But, while we are proud of our progress, we recognise that we need to do more. We will continue to embed sustainability into every area of Kempinski. We believe that we are moving in the right direction to drive positive change, not only in our own business but across the wider luxury hospitality sector. I would like to thank our Sustainability Committee for driving both this report and our sustainability initiatives with the support of all our hotels. All Kempinski properties are committed to this journey for people and the planet.

BARBARA MUCKERMANN
GROUP CHIEF EXECUTIVE OFFICER

2023 HIGHLIGHTS

Governance

Anti-corruption

Zero | reported incidents of corruption or bribery

Supply Chain

96% | of preferred suppliers signed a code of conduct

Data Privacy and Security

17,664 | employees trained

Social

Human Rights

company-wide child and forced labour policy implemented

Diversity, Equity and Inclusion

1% | gender pay gap in favour of men

Health and Wellbeing

Zero | workplace fatalities

€276,205 | raised for BE Health projects

Training and Development

175,582 | hours of training to employees

9.2 hrs | average training per employee per month

Environmental

Climate Change

25% | reduction in energy use intensity

19% | reduction in emission production intensity

Waste

96% | of waste recycled, reused or composted*

Water

17% | reduction in water use intensity

Biodiversity

33% | hotels implemented caged free egg initiative

*at EarthCheck registered properties that submitted data

OVERVIEW

Sustainable development requires a collaborative approach to understand stakeholder needs, minimise impact within operations and create shared value within society. A deep understanding of the value chain helps identify potential impacts, partners and opportunities, while a transparent approach to understanding what is material to the business creates accountability to preserve a legacy for future generations.
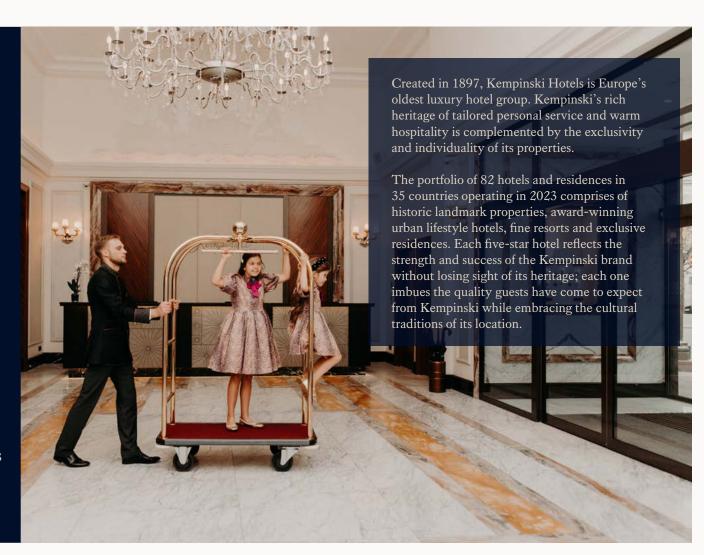
ABOUT KEMPINSKI

35 Countries

82 Hotels and Residences

21,913 Keys

7.64M Guest Nights

19,100 Employees

124 Employee Nationalities

Created in 1897, Kempinski Hotels is Europe's oldest luxury hotel group. Kempinski's rich heritage of tailored personal service and warm hospitality is complemented by the exclusivity and individuality of its properties.

The portfolio of 82 hotels and residences in 35 countries operating in 2023 comprises of historic landmark properties, award-winning urban lifestyle hotels, fine resorts and exclusive residences. Each five-star hotel reflects the strength and success of the Kempinski brand without losing sight of its heritage; each one imbues the quality guests have come to expect from Kempinski while embracing the cultural traditions of its location.

KEMPINSKI GLOBAL OPERATIONS

4 AMERICAS

29 EUROPE

19 MIDDLE EAST AND AFRICA

25 CHINA AND MONGOLIA

5 SOUTH EAST ASIA

Kempinski Hotel Gold Coast City Accra - **Ghana**
Kempinski Hotel Amman - **Jordan**
Kempinski Hotel Ishtar Dead Sea - **Jordan**
Kempinski Hotel Aqaba Red Sea - **Jordan**
kempinski Summerland Hotel & Resort Beirut - **Lebanon**
Kempinski Nile Hotel Garden City Cairo - **Egypt**
Royal Maxim Palace Kempinski Cairo - **Egypt**
Kempinski Residences & Suites Doha - **Qatar**
Marsa Malaz Kempinski - **The Pearl - Doha - Qatar**
Kempinski Hotel & Residences Palm Jumeirah - **Dubai**
Kempinski Hotel Soma Bay - **Red Sea, Egypt**
Djibouti Palace Kempinski - **Djibouti**
Kempinski Hotel Muscat - **Sultanate of Oman**
Olare Mara Kempinski - **Masai Mara**
Villa Rosa Kempinski Nairobi - **Kenya**
Bristoria Hotel Erbil - **Iraq**

Kempinski Seychelles Resort - **Seychelles**
Kempinski Residences Guangzhou - **China**
Kempinski Hotel Chongqing - **China**
Kempinski Hotel Changsha - **China**
Kempinski Hotel Chengdu - **China**
Kempinski Hotel Dalian - **China**
Kempinski Hotel Fuzhou - **China**
Kempinski Hotel Hangzhou - **China**
Kempinksi Hotel Yinchuan - **China**
Kempinski Hotel Guiyang - **China**
Kempinski Hotel Nanjing - **China**
Kempinski Hotel Beijing Yansha Center - **China**
Sunrise Kempinski Hotel Beijing - **China**
The One Executive Suites Shanghai - **China**
Grand Kempinski Hotel Shanghai - **China**
Kempinski Hotel Suzhou - **China**
Kempinski Hotel Shenzhen - **China**

Kempinski Hotel Jinan - **China**
Kempinski Hotel Taiyuan - **China**
Kempinski Hotel Khan Palace - **Mongolia**
Kempinski Hotel Xiamen - **China**
Universal NUO Resort Beijing - **China**
NUO Hotel Beijing - **China**
Beijing Hotel NUO (Chang An Avenue) - **China**
Yanqi Hotel managed by Kempinski - **China**
Universal Beijing - **China**
Siam Kempinski Hotel - **Thailand**
Sindhorn Kempinski Hotel Bangkok - **Thailand**
The Apurva Kempinski Bali - **Indonesia**
Hotel Indonesia Kempinski - **Indonesia**
Kempinski The Capitol Hotel - **Singapore**
Kempinski Hotel Bahia - **Spain**
Kempinski Hotel The Dome - **Turkey**
Hotel Adlon Berlin - **Germany**

Hotel Bristol Berlin - **Germany**
Kempinski Hotel Corvinus Budapest- **Hungary**
Kempinski Hotel Barbaros Bay - **Turkey**
Kempinski Palace Engelberg - **Switzerland**
Frutt Mountain Resort & Spa, Managed By Kempinski - **Switzerland**
Hotel Taschenbergpalais Kempinski - **Germany**
Kempinski Hotel Frankfurt - **Germany**
Kempinski Hotel Das Tirol - **Austria, Kitzbühel Alps**
Ciragan Palace Kempinski Istanbul - **Türkiye**
Kempinski Hotel San Lawrenz - **Gozo, Malta**
Hotel Baltschug Kempinski Moscow - **Russia**
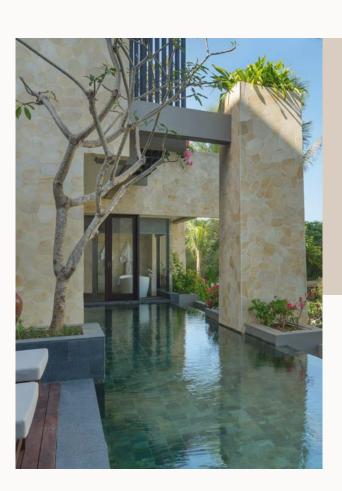Hotel Vier Jahreszeiten Kempinski Munich - **Kempinski**
Kempinski Palace Portoroz - **Slovenia**
Kempinski Hotel Adriatic Istria - **Croatia**
Grand Hotel Kempinski Riga - **Latvia**
Grand Hotel des Bains Kempinski - **Switzerland**

Kempinski Hotel Grand Arena - **Bulgaria**
Kempinski Hotel Berchtesgaden - **Germany**
Grand Hotel Kempinski High Tatras - **Slovakia**
The David Hotel Kempinski Tel Aviv - **Israel**
San Clemente Palace Kempinski Venice - **Italy**
Palais Hansen Kempinski Vienna - **Austria**
Grand Hotel Kempinski Vilnius - **Lithuania**
Cayo Guillermo Resort Kempinski - **Cuba**
Kempinski Hotel Cancun - **Mexico**
Gran Hotel Manzana Kempinski La Habana - **Cuba**
Kempinski Residences Astoria - **Turkey**
Bellevue Residences Istanbul - managed by Kempinski - **Turkey**
Macka Residences Istanbul - managed by Kempinski - **Turkey**

A sophisticated value chain encompasses guest experience pre-, during and post-stay, incorporates operational, human resource and infrastructure management, and encompasses the supply chain and civil society groups with sustainability embedded throughout. Kempinski is a founding member of the Global Hotel Alliance (GHA), the world's largest alliance of independent hotel brands.

The Kempinski Group extends beyond hotel management to include the following subsidiaries:

Resense

Concilio Labs

Drives the next generation of hotel personalisation through technology.

www.conciliolabs.com

BE Health

Improves the health of vulnerable people and communities around Kempinski operated hotels.

www.behealth.com

Resense

Provides global expertise in spa and wellness creation and experience.

www.resensespas.com

Kempinski Trading

Delivers a global procurement solution for the hospitality industry.
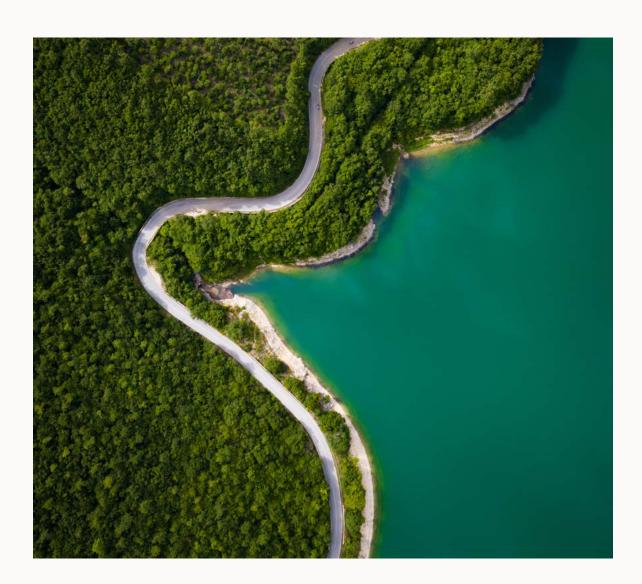
www.kempinski-trading.com

In 2023, Kempinski hotels hosted 7.6 million guest night stays (up 28% from 2022), with guests from 223 countries and territories worldwide and the top ten guest nationalities by number from China, Germany, USA, Indonesia, UK, Russian Federation, Switzerland, Australia, Republic of Korea and Singapore representing 62% of all guests.

Kempinski's efforts in 2023 were acknowledged by the Gallup Exceptional Workplace and Forbes' Best employers awards for the third year running, as well as the Best Luxury Hotel Brand from the TTG Travel Awards.

SUSTAINABILITY PURPOSE

The principles of sustainability have a long tradition at Kempinski Hotels, which has intensified since the publication of the first ESG report in 2021. Integral to business, sustainability acts as the bridge between heritage and a future-focused approach necessary to meet diverse and evolving needs and ensure long-term resilience for people and the planet.

The principles of reduce, reuse, refine and re-establish guide and underpin sustainability implementation, innovation, engagement and leadership ambition. Aligning corporate purpose with sustainability creates engagement, accountability, and transparency in effort and disclosure. A strong management foundation drives action to mitigate the greatest risks material to Kempinski operations around the globe, and leverage opportunities that maximise positive benefit and create shared value.
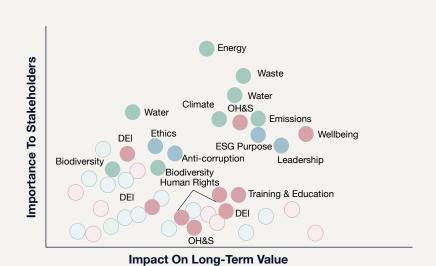
MATERIALITY ASSESSMENT

Environmental, social and governance issues relevant to Kempinski's value chain were identified and prioritised through a materiality assessment in 2021. Thirteen internal stakeholder groups and three external groups (suppliers, manufacturers and hotel owners) were engaged in 2022 to incorporate feedback, with 164 internal and external stakeholder perceptions validating the materiality assessment of the importance and impact of 43 ESG risks associated with Kempinski operations.

Risks ranked highest for impact on long-term value and to stakeholders are presented in this report. Following the Global Reporting Initiative (GRI) Standards, some risks

have been grouped for clarity in disclosure of approach and progress. For example, climate change includes issues related to greenhouse gas emissions, impact of greenhouse gas emissions and energy management. As a result, prioritised risks have been consolidated to four topics within each of the three pillars of ESG, with Governance including Sustainability Governance, Anti-corruption and Ethics, Supply Chain, and Data Privacy; Social including Human Rights, Diversity, Equity and Inclusion, Health and Wellbeing, and Training and Development; and Environmental including Climate Change, Waste, Water and Biodiversity. Each topic reports on prioritised material risks.

Accountability for these material topics rests with the Supervisory and Management Boards (Page 14) with the Supervisory Board approving selection, and implementation by individual properties creating shared

responsibility. Material issues are reviewed annually as part of a strategic risk management approach to ensure relevancy and consideration of emerging contemporary issues. Action for ESG risks and climate-change are included as part of a broader enterprise risk management assessment. An external review conducted in 2023 identified Data Privacy and Security as a contemporary risk that has subsequently been incorporated in to this report, along with a separate section for the Supply Chain due to its specific challenges.

In 2024, a new double-materiality assessment will be conducted to align with the EU's Corporate Sustainability Reporting Directive (CSRD) and ensure consideration of inside-out and outside-in perspectives. This will inform the creation of a robust and holistic organisational sustainability strategy to deliver progress and reduce impact on non-financial risks.

The matrix helps visualise the importance of different material risks to the Kempinski organisation, with risks in the top right highest in impact on long-term value and importance to stakeholders.

Risks are aggregated into topics since the last year for clarity of reporting. For example, water consumption and impact of water consumption are consolidated into one topic for reporting.

STAKEHOLDER ENGAGEMENT

Continuous engagement helps understand materiality impact, evolving stakeholder needs and concerns, gather feedback, and identify emerging solutions and best practice. Aligned with the Global Reporting Initiative, a stakeholder is defined as an "entity or individual that can reasonably be expected to be significantly affected by an organisations activities, products and services, or whose actions can reasonably be expected to affect the ability of an organisation to successfully implement its strategies and achieve its objectives". This broad definition is inclusive but also supports a focus on stakeholders who have a significant and direct interest in Kempinski operations.

Engagement is founded on the success achieved through Kempinski's long history from taking care of its employees. This philosophy extends to the company's stakeholders and communities in which it operates, with the whole greater than the sum of its parts within the organisation and society. Multiple communication methods are employed for each stakeholder group in an inclusive and participatory engagement approach for a shared sustainability journey that enhances accountability and transparency.

Partnership leverages the strengths, resources and expertise of various stakeholders with a collaborative approach that facilitates innovative solutions, resource efficiency and impact reach. Kempinski prioritises partnerships with stakeholders who share our values, to support tactical initiatives that promote sustainable business and positive impact for the United Nations Sustainable Development Goals (SDGs), with more

information on our key partnerships online. Stakeholder engagement is a journey of continual effort and improvement to ensure an inclusive and transparent approach, and in 2024 the proposed double-materiality assessment will help to better understand stakeholder issues and concerns.

FRAMEWORKS & SCOPE

This report is produced voluntarily referencing the Global Reporting Initiative (GRI) Standards (2021). As the world's most widely used sustainability reporting standards, GRI support transparency and comparison for stakeholders, with a content index available online.

There are presently no sector-specific disclosures for hospitality, and non-traditional metrics where used are defined within each material topic. Each material topic is presented within the ESG framework with some impacts grouped for ease of understanding, following GRI Standards.

Kempinski's sustainability efforts are aligned with the United Nations Global Compact Ten Principles for human rights, labour, environment and anti-corruption, embracing the precautionary principle seeking to do no harm. Efforts are also aligned with the 2030 Agenda for Sustainable Development and the call for tourism with alignment to relevant SDGs highlighted within each material topic section.

This report, the third for the current materiality assessment, presents the importance of each topic to Kempinski, the management approach, targets and key performance indicators where established, and progress for the calendar year from 1 January 2023 to 31 December 2023, with future plans in 2024.

Reporting scope is without change from the last report, includes all Kempinski-operated hotels, and does not include subsidiaries, except for BE Health, or the supply chain unless otherwise stated.

Please address any comments or questions to sustainability@kempinski.com.

GOVERNANCE

In an evolving ESG landscape there is increasing pressure to meet emerging stringent governance. A participatory governance approach founded on accountability and transparency engages from the bottom-up with support from the top-down to create shared responsibility and consistent action from all stakeholders to minimise negative impact and create shared value without compromising quality, comfort or service.
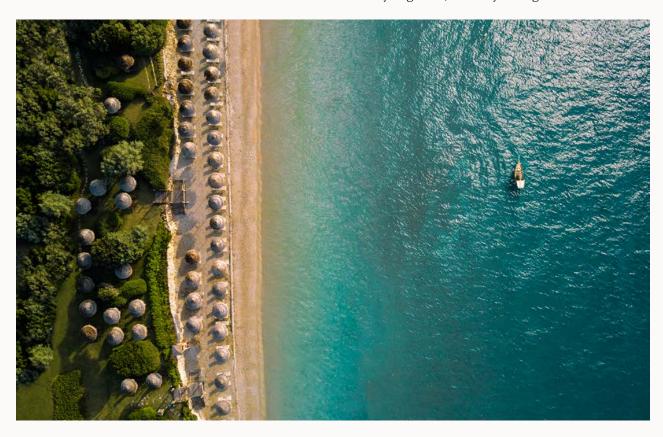
SUSTAINABILITY GOVERNANCE

16

Accountable and transparent leadership sets the tone and ambition for corporate culture including ESG, that permeates to all levels of an organisation. Purposeful leadership is necessary to steer the organisation and embed sustainable, ethical practices that support long-term economic, environmental and social success.

APPROACH

The Supervisory Board of Kempinski AG represent the most senior governance body and provide oversight of the Management Board. Consisting of five non-executive members, the Supervisory Board is segmented into the Audit and Compliance, and the Personnel Committees. The Supervisory Board are engaged in corporate risk assessments, with a new assessment conducted in 2023 ().

Board composition influences Kempinski's strategic direction and decision making process with significant benefit and insight from diverse members. Board members draw on domain expertise in hospitality are considered based on professional experience and diversity in gender, ethnicity and age.

The Sustainability Committee has empowered members from across the organisation and is accountable for managing organisational sustainability performance. Members of the three sustainability subcommittees (Governance, Social and Environmental) are selected based on their role and expertise, and tasked with managing the performance of Kempinski's material ESG impacts. Each subcommittee agrees its objectives and progress internally and reports to its peers on the Sustainability Committee which directly reports progress to the Chairman of the Kempinski Management Board.

This robust management structure drives accountability and transparency, facilitating top-down oversight and bottom-up stakeholder engagement to implement Kempinski's strategic sustainability ambition. The boards will be engaged in the development of a new group-level sustainability strategy founded on a stakeholder-engaged double materiality ([Page 9](#)), to further elevate and focus sustainability efforts against quantitative targets.

SUPERVISORY BOARD
(BOARD OF NON-EXECUTIVE DIRECTORS)

Audit and Compliance Committee

Personnel Committee

MANAGEMENT BOARD
(BOARD OF EXECUTIVE DIRECTORS)

SUSTAINABILITY COMMITTEE
(ESG TEAM)

Environment Subcommittee

Social Subcommittee

Governance Subcommittee

KEMPINSKI HOTELS AND RESIDENCES,
RESPONSIBLE FOR OPERATIONAL IMPLEMENTATION

SUSTAINABILITY COMMITTEE MEMBERS

Kempinski's dedicated Sustainability Committee is accountable for managing the sustainability performance reported herein. The Committee comprises three sub-committees: Governance, Social and Environmental with each member tasked with managing components of Kempinski's ESG impacts related to their expertise.

STUART DICKIE

CHIEF FINANCIAL OFFICER; ESG CHAIR

ANNE MARIE BETTEX-BAARS

MANAGING DIRECTOR, BE HEALTH, ESG LEAD; SUBCOMMITTEE: SOCIAL

ISABELLE CHARRIERE-BOUDART

SENIOR DIRECTOR OF HR – CORPORATE OFFICES; SUBCOMMITTEE: SOCIAL

JAD MOUKHEIBER

CHIEF LEGAL OFFICER; SUBCOMMITTEE: GOVERNANCE

JULIANE SCHULZ

VICE PRESIDENT INTERNAL AUDIT; SUBCOMMITTEE: GOVERNANCE

SUZANNE BARRETT

SENIOR LEGAL COUNSEL; SUBCOMMITTEE: GOVERNANCE

NOEL ATTARD

CHIEF EXECUTIVE OFFICER KEMPINSKI TRADING; SUBCOMMITTEE: ENVIRONMENT

SERGE KOSTRZEWSKI

CORPORATE CHIEF ENGINEER; SUBCOMMITTEE: ENVIRONMENT

MARC FELLER

SENIOR DIRECTOR CUSTOMER EXPERIENCE; SUBCOMMITTEE: ENVIRONMENT

EMMA DARBY

CHIEF OPERATING OFFICER RESENSE SPA; SUBCOMMITTEE: ENVIRONMENT

HELEN O'BRIEN

SENIOR DIRECTOR OF GLOBAL GROUP SALES, SUBCOMMITTEE: ENVIRONMENT

ANTI CORRUPTION

16

Corruption can undermine good governance by subverting formal processes, eroding ethical standards, trust and accountability, and lead to social inequality, inefficient services and misallocation of resources. Corruption poses significant financial, legal and reputational risks, and addressing corruption is essential to foster a transparent, fair and equitable business that ensures sustainable economic and social prosperity for all stakeholders.

APPROACH

Kempinski actively promotes a culture of integrity and zero tolerance for corruption. Measures are in place to educate, prevent, monitor, report and enforce consequences for corruption, and protect the ethical operation and brand reputation for integrity and transparency. This topic includes the identified risks: anti-corruption, ethics and whistleblowing, and losses from unethical behaviour.

Clear standards of conduct are defined in an anti-corruption policy designed to ensure internal and external stakeholders adhere to ethical business practices. Ethical code of conduct and reporting processes include external stakeholders who are expected to conduct business in compliance with all relevant laws and in an ethical manner, with anti-corruption training required for suppliers renewing or signing contracts.

A Global Whistleblowing Policy complies with the EU Whistleblowing Directive and includes a tool called "Speak Up" that provides protected means to report any concerns related to breaches of the Code of Conduct and Business Ethics directly with the highest management level. Whistleblowing cases are discussed during Audit and Compliance Committee meetings, with thorough investigations conducted when warranted while protecting complainant identity.

PROGRESS

Zero incidents of corruption or bribery were reported in 2023, and twenty-eight operations were assessed for corruption risk. Awareness and compliance was promoted through anti-corruption training for all new employees in 2023, with annual refresher training planned for 2024 onwards.

SUPPLY CHAIN

8

16

11

17

12

13

14

15

Tourism supply chains may be complex with potential for significant negative impact on people and the planet that may be an order of magnitude greater than direct operational impacts. Adopting sustainable practices in the supply chain allows businesses to minimise environmental impact, promote social equity and ensure economic viability by promulgating respect for people and the planet.

APPROACH

Kempinski's commitment to make a positive contribution to society and the environment extends through the supply chain. Suppliers are defined as "a person, business or entity that provides products or services". Kempinski favours business with suppliers that share sustainability values and are committed to making a positive contribution to society through responsible and ethical business practices. The development of collaborative relationships benefits suppliers, and where synergies exist more active partnerships to reach sustainability goals have been developed with vendors that share sustainability values, such as Diversey, Lavazza, Mühldorfer and Ferragamo.

A supplier Code of Conduct is applicable to all Kempinski Hotels and Residences worldwide as well as Corporate and Regional Offices. Moreover, Kempinski expects its business partners and suppliers to uphold this policy and abide to the practices and laws applicable in the countries where they operate. The Code of Conduct sets forth the standards and guidelines that all suppliers are expected to uphold under the three ESG pillars, including social (human rights, health and safety, discrimination and harassment, compensation, freedom of association, prevention of forced labour and human trafficking, child labour, community engagement); environmental (resource conservation, greenhouse gas emission reduction, waste, sustainable forestry and animal welfare); and governance (integrity, anti-corruption, gifts, competition and confidentiality).

The Code of Conduct requires compliance to evaluate risk by operation, type of supplier and geographic area. Suppliers are required to allow Kempinski, or an independent third-party appointed by Kempinski, access to verify compliance with the Code of Conduct. Suppliers are required to remedy verified non-compliance within a reasonable time, or risk termination of the contractual relationship with Kempinski.

PROGRESS

The first phase of Kempinski's corporate roll-out of a supplier Code of Conduct targeted suppliers defined as preferred vendors: "a supplier that is strong in their category globally or regionally". These suppliers were required in 2023 to sign or have an existing Code of Conduct that satisfies Kempinski's criteria, with 96.4% of preferred suppliers signing a Code of Conduct in 2023.

The Code of Conduct will be implemented for existing and new suppliers at the hotel level in 2024 and 2025. This process will map the full organisation supply chain and work towards 100% coverage under the Code of Conduct, and then evaluate companies that can audit and certify suppliers.

96.4%

OF PREFERRED SUPPLIERS SIGNED A CODE OF CONDUCT

DATA PRIVACY & SECURITY

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Businesses increasingly handle significant amounts of sensitive data and robust strategies are required to protect personal information, prevent financial losses and safeguard intellectual property. The importance of data privacy and security is increasingly a concern of customers and employees, and reflected by the emergence of many new data privacy laws worldwide in recent years such as the Global Data Protection Regulation (GDPR).

Data privacy and security have always been a top priority for Kempinski. While it was not prioritised in the materiality assessment, it was identified as a priority within the enterprise risk management assessment conducted in 2023 and therefore a summary of Kempinski's approaches is provided herein.

APPROACH

Protecting data in a world that is rapidly changing with technology and cloud computing requires a constant review of emerging legislation and privacy trends to ensure Kempinski's global privacy framework has the right approach to comply with all applicable laws and safeguard sensitive information of guests and employees. Confidentiality includes direct operations of Kempinski and its affiliates and extends to the supply chain (Page 18). Key policies and procedures include:

- **Access Management Policy:** ensures personal data is only accessed and processed where there is a legal basis and a business need.

- **Global Personal Data Breach Policy:** governs the steps to be taken when a hotel suspects a data incident in order to contain a potential data breach and take timely mitigation measures.

- **Employee Privacy Notice:** explains how Kempinski processes personal data in accordance with applicable privacy laws and Kempinski's accountability framework.

- **Kempinski Information and Communications System Policy:** details how employee personal data may be used and governs their use of information and communication systems.

- **Contract Approval Process:** engages the Technology team in system procurement and deployment to streamline system and data management architecture.

To support these polices, an employee app provides a protected internal communication channel to reduce the risk of impersonation through public applications, and Kempinski's Technology team conducts brand-specific system checks to complement internal or external audits.

PROGRESS

Security measures are most effective with employees trained and aware of risks, and 17,664 employees were trained in 2023 on data privacy that included the requirements of GDPR and Payment Card Industry Data Security Standard (PCI DSS). Training included employee onboarding and annual recertification to evaluate and test understanding of internal policies and procedures, and to ensure employees are well equipped to handle guests' personal data and identify areas for improvement.

TrustArc was deployed in 2023 to strengthen the privacy framework and anticipate new privacy legislation in companies where Kempinski operates, as well as more closely monitor data storage and transfer requirements that are increasingly challenging for global organisations.

Internal testing and training will be expanded in 2024, including a new programme for the Kempinski IT community to increase awareness of evolving threats, regional workshops on new and existing systems, and updated PCI DSS technical certification in anticipation of new version releases.

17,664
EMPLOYEES TRAINED

SOCIAL

People are central to the hospitality industry as service providers, consumers, and the community in which it operates. An emphasis on the rights, wellbeing and skills of people is fundamental to business success and creating shared value. Prioritising social responsibility can attract talent, mitigate risks and secure a competitive advantage creating long-term sustainable success.

HUMAN RIGHTS

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The protection and preservation of human rights is an ethical imperative. Upholding human rights has wide reaching benefits for business and society by contributing to dignity, equality, and quality of life. Business benefits include improved productivity and morale, and attracting talent and customers that share organisational values which promotes loyalty and brand strength. More broadly, respect for human rights supports sustainable development and reduces inequalities fostering stability and prosperity.

Defined by the United Nations (UN) Universal Declaration on Human Rights, human rights are "inherent to all human beings, whatever the nationality, place of residence, sex, national or ethnic origin, colour, religion, language or any other status". Everyone is equally entitled to interrelated, independent and indivisible human rights without discrimination.

Kempinski recognises its social responsibility as a renowned luxury hospitality operator to uphold and protect human and labour rights across its global operations and supply chains. A growing global presence presents an opportunity to leverage a commitment for human rights to eradicate child and forced labour, and drive sustainable development and social sustainability.

APPROACH

Kempinski's approach focuses on the proactive identification and mitigation of human rights risks and the integration of human rights considerations into decision-making processes, supply chain management and stakeholder engagement strategies. In addition to a Human Rights policy (page 23), a culture of respect for human rights is fostered by Code of Conduct (page 17), Business Ethics (page 17) and Whistle-Blowing policies, communicated as part of mandatory training to all employees when joining the organisation and to suppliers when signing the Code of Conduct (page 18). Policies are supported by a continual process of due diligence, annual policy and procedure review, capacity-building, training (page 34) and communication for both employees and suppliers, with attention to high risk geographical areas of business.

Kempinski's human rights policy is governed by internationally recognised standards, treaties, covenants and global norms including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, International Labour Organisation's (ILO) Core Conventions, United Nations Guiding Principles on Business and Human Rights, and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Executive oversight and responsibility for the human rights policy lies with the Chief Executive Office, Management Board Members and the Head of the Sustainability Committee (page 16). The Corporate Human Resources Department is responsible for establishing policies and regulations, and ensuring processes are in place to measure compliance. Coordination at a regional and hotel level ensures consistent understanding and implementation of practices.

Breaches of the human rights policy are subject to immediate corrective action and may lead to the termination of the relationship with the individual or party responsible. Whistleblowing cases are tracked by Deloitte in the Halo platform, including the number of incidents reported and resolved, while supplier compliance (page 17), is tracked with policies and audits are being considered.

PROGRESS

A company-wide child and forced labour policy was issued in 2023 to formalise Kempinski's continued commitment to eradicating child and forced labour. Thirty-seven whistleblowing cases were reported from diverse origin, with all successfully resolved.

COLLECTIVE BARGAINING AGREEMENTS	2023
Number of employees	5,131
Percent of employees	26.3%

DIVERSITY, EQUITY & INCLUSION

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Few elements within a company contribute to resilience and innovation as much as diversity, equity and inclusion (DEI). Each component empowers the other, and embracing DEI invites new ideas and creates unity as every individual is valued and respected, which in turn attracts and retains employees. DEI is more than policies, programmes or headcounts, acknowledging differences and respecting uniqueness creates a culture of belonging for every employee and stakeholder worthy of Kempinski's heritage.

APPROACH

Kempinski's approach focuses on proactive measures to promote diversity, ensure gender and pay equity, prevent discrimination and harassment, raise awareness and establish standards through training, and foster an inclusive culture. DEI considerations are integrated into recruitment, hiring, training, promotion, and performance evaluation processes. Training resources are provided to raise awareness, address biases, and promote unity and inclusivity at all levels of the organisation.

Human rights and whistleblower policies (Page 24) govern DEI and prohibit discrimination in all its forms to promote fair treatment and opportunities for all employees. Diversity is respected in all its forms, regardless of "nationality, place of residence, sex, national or ethnic origin, colour, religion, language or any other status" following the Universal Declaration of Human Rights. Diversity policy applies internally, while equity and inclusion (through discrimination and harassment policies) include all employees, contractors, suppliers, customers and other stakeholders globally, in order to create an equitable and inclusive environment where everyone feels valued, respected and empowered.

Diversity metrics, pay equity analyses, employee inclusion surveys, incident reports and resolutions were included in monthly HR Scorecard reports starting in 2023, with 68 properties registered. DEI is governed in the supply chain by the supplier Code of Conduct (Page 18), with the expectation of an inclusive environment that promotes respect, dignity and privacy, free of discrimination, abuse or exploitation.

Particular emphasis has been placed on gender and pay equity and transparency in pay salary structures to promote employee retention and competitive employment. Pay is based on objective merit of skills, experience, job level and market practice. Pay equality is evaluated annually at all properties and benchmarked with Red House International to identify any variance, but not compared between hotels due to different ownership or geographical laws and standards. Gender pay gap was calculated as: (average male salary – average female salary) / average male salary, multiplied by 100. Gender pay gap calculations were based on salary without bonus or service charge for all employees including part-time or casual labour.

Data is tracked to monitor continual progress and identify areas of improvement. In 2023, gender balance and pay equity was incorporated into HR Scorecards, and discrimination and harassment training implemented.

PROGRESS

Kempinski welcomes employees from diverse backgrounds including 124 nationalities (Page 8), with 84.3% of employees local-nationals. Of the 19,100 Kempinski employees in 2023, 38.7% were female, and this ratio was consistent across aggregated job levels. The pay gap between men and women remained close to equitable, but year-on-year increased in favour of women in Asia, and in favour of men in the Americas, mostly due to turnover and a challenging recruitment market. The pay gap closed at all aggregated job levels, with the greatest reduction at senior management levels with a reduction from 14% to 4% in favour of men.

Kempinski properties around the world demonstrated their support for DEI within local communities with initiatives supporting inclusion of special needs children in Ghana, orphans and underprivileged children in Egypt and Germany, and the elderly in China.

In 2024, regular awareness sessions will be implemented to communicate the importance and value of DEI, with ongoing support to address any non-compliant practices. An organisational level equal pay policy will be created to formalise this commitment within every Kempinski operation.

Employee Breakdown

Gender	Non-Supervisor	Supervisor	Senior Management
Female	38.5%	38.7%	35.3%
Male	61.5%	61.3%	64.7%

Age Group	Non-Supervisor	Supervisor	Senior Management
Below 30	31.2%	12.7%	0.6%
30-50	44.8%	62.5%	43.7%
Above 50	24.0%	24.8%	55.7%

Pay Gap

	% Pay Gap 2022	% Pay Gap 2023
Pay ratio		
Total	1%	2%
Pay ratio by location		
Europe	3%	1%
Asia	1%	4%
MEA	2%	1%
Americas	5%	13%
Pay ratio by job level		
Senior Management	14%	4%
Supervisor/Manager	4%	2%
Non-supervisor	3%	1%

0% 10%   0% 10%

HEALTH & WELLBEING

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As a people-centric business, the health, safety and wellbeing of employees and guests is paramount to success. Prioritising an organisational culture of safety and wellness not only reduces injuries and absenteeism, but it can also enhance job satisfaction, morale and productivity, promote employee engagement and continuous improvement, and attract talent.

APPROACH

Founded on a holistic view of health and wellbeing, Kempinski's approach integrates proactive measures to prevent workplace injuries and mitigate absenteeism. The Kempinski White Glove Services prescribe strict cleanliness guidelines for guests and employees that incorporate local health and safety guidelines to ensure a safe and hygienic environment. A health and wellbeing plan encompasses workplace safety and the physical, mental, and emotional health of employees, contractors, suppliers and stakeholders working within the company. Suppliers are expected to provide all employees with a safe and healthy work environment, including equipment maintenance, safety and risk assessment tracking (Page 18). Annual global fitness, mental health awareness, counselling and/or work-life balance initiatives support employee physical and mental health.

Health and wellbeing, including workplace injuries, medical attention, root causes, implementing corrective actions and absenteeism rates are tracked as part of monthly HR Scorecard reporting at 68 hotels. Absenteeism is defined as "time when an employee

is not at their place of work due to illness, accident, maternity, military or civilian service, civil protection, reduction of working hours, labour dispute, personal or family reasons and bad weather". Performance was benchmarked against industry standards and best practices such as Gallup's employee survey, to identify areas for improvement and implement effective strategies.

Employee feedback and engagement was solicited through surveys via Gallup, focus groups, and other local or corporate feedback mechanisms to assess the effectiveness of health and wellbeing initiatives and identify improvement opportunities. Employee turnover is reported as a measure of potential uncertainty or dissatisfaction.

PROGRESS

Data were tracked at the organisational level for the first time in 2023, providing a benchmark against which to measure progress and establish targets. Zero workplace fatalities and 1,513 recordable work-related injuries were reported in 2023. The most common workplace injuries were sprains, back, head and musculoskeletal. Total absenteeism was 5,780 workdays lost. In 2023, Kempinski received the Gallup Exceptional Workplace Award for the third year running for consistent engagement and good results globally.

Employee turnover increased year-on-year with on-going challenges. Turnover increased the most in the

Americas, over doubling from 2022 to 47% in 2023. This increase was mostly due to a national trend in Cuba with people emigrating to seek better prospects. Employee happiness is also reflected in the years of service, with 58% (11,163) employees with the company for three years or more, and 15% (2,870) with the company for ten years or more.

Extending support to local communities in 2023, Kempinski employees raised AED100,000 for the Emirates Red Cross, raised awareness of breast cancer in Ghana, and donated bone marrow to help combat leukaemia in Germany.

Each hotel currently has its own health and safety policies in place, but in 2024 a corporate-level policy will be formalised to govern and report progress, including risk assessments, safety training, and emergency preparedness protocols.

Average Percent Monthly Employee Turnover

2022
2023

CASE STUDY

KEMPINSKI HOTEL GOLD COAST CITY ACCRA

Together with Breast Care International Ghana, 2,000 people including breast cancer survivors, community members, hotel and BCI employees, walked around Accra including one of the largest markets in Africa, Makola market, to create awareness of breast cancer in the community, particularly within market women who often do not go to doctors for screening.

BE HEALTH

Business cannot function in isolation from the local community with both dependent on health as a shared value. Giving back to local communities is intrinsic to Kempinski's culture and values, and BE Health's activities have been the vehicle for positive impact by bridging healthcare partners and underprivileged individuals.

BE Health is a wide-reaching corporate social responsibility programme to empower members of local communities to protect themselves from communicable and non-communicable diseases and care for patients and their families. First established in 2013 to combat tuberculosis and HIV in underprivileged neighbourhoods in Bangkok and Djibouti, BE Health evolved in 2021 to a call to action for all Kempinski properties to initiate a social health programme that addresses local needs.

BE Health's vision is a world where health is contagious, with an approach that empowers people and builds capacity within local communities.

APPROACH

Each participating hotel creates its own health initiative, focussing on a local health issue identified by the hotel team. The hotel partners with a local health organisation to provide care, encourage positive changes in behaviour and early disease detection. The initiative's activities are funded either by hotel guests who are invited to donate €1 per room per night, or through special fundraising activities such as auctions or in-kind donations. All funds raised are allocated exclusively to the project partner for the benefit of local community health.

Oversight of project implementation, performance and quality, and annual evaluation of fundraising practices, employee involvement, training and activities with designated local partner(s) is conducted by BE Health, an independent legal entity, ruled under Swiss law and headquartered in Geneva, Switzerland. Hotels commit to the BE Health programme through a Letter of Intent signed by hotel management and BE Health's Chairman, with a local BE Health coordinator assigned who, alongside the hotel General Manager, sign BE Health's Code of Conduct.

PROGRESS

Twenty-seven BE Health projects, with 21 partner organisations have started since 2021, against a near-term target of 40 projects by 2024. Eight new projects joined BE Health in 2023 with five in China and one in each of Switzerland, Djibouti and Accra, while one project in Türkiye left the programme. Training has been provided about BE Health and the local project commitment to 77% of employees at hotels with BE Health projects.

In 2023, €276,205 raised through collections and in-kind donations, bringing the total to €446,888 raised since 2021. On average, 23% of guests donated to initiatives in 2023. In 2024, 13 new projects will be implemented to achieve the target 40 projects by 2024.

	2022	2023
Total Projects	20	27
New Projects	20	8
Donations	€ 170,683	€ 236,705
In-kind donations		€ 39,500

€276,205

RAISED THROUGH COLLECTIONS AND IN-KIND DONATIONS

CASE STUDY
THE DAVID KEMPINSKI TEL AVIV

To help fulfil the wishes of children with life-threatening illnesses, The David Kempinski Tel Aviv joined forces with Make-A-Wish Foundation. The charity grants wishes to children between the ages of 3 and 18 who are battling a critical illness. In doing so, it provides these children with a powerful and life-changing experience that gives them hope, strength and joy during the most difficult time of their young lives. Make-A-Wish Israel has been operating since 1996 and has granted more than 5,500 transformative wishes to children.

Thanks to the commitment of the hotel's team, €45,008 were raised in 2023 thanks to 56% of guests donating and three special fundraising events. To create awareness among their guests about their support to Make-a-Wish Israel, 70 employees (21%) received specific training on the initiative, while 80% of employees received an introductory training on BE Health activities.

TRAINING & DEVELOPMENT

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Investing in people development promotes economic growth and reduces poverty by enhancing job skills and employability. A culture of continuous learning and empowerment boosts employee skills and knowledge, enhancing productivity and innovation, and improving job satisfaction and retention. Training also supports inclusion through equal opportunities for marginalised groups, empowering employment, social mobility, and fostering a more equitable society.

APPROACH

A learning and development philosophy empowers hotels to onboard, equip and develop teams with the required skills and competencies to deliver quality guest service experience and support long term organisational success. A 70-20-10 approach to learning emphasises experiential and social learning by allocating 70% of learning to challenging assignments and on-the-job learning, 20% to developmental relationships, coaching and mentoring, and 10% to formal training and education.

Employees have access to bespoke learning solutions delivered by in-house trainers at every hotel, as well as area specialists and external expert facilitators. Learning tools include an online training library with over 250 hospitality based programmes on the Lobster INK and eCornell platforms, as well as key competency classroom programmes delivered at hotel and regional levels. Workshops are delivered on commercial and leadership topics such as service excellence, sales and revenue management, mentoring and management skills.

Formalised policies govern delivery and training by job role career development pathways, as well as establishing targets of a minimum yearly expenditure of 1.5% of total payroll and related expenses, 6 hours training per employee per month, and 3.8 hours per month using the online training platform.

PROGRESS

Over 175,000 hours of training were delivered in 2023, averaging 9.2 hours per employee per month. Progress was made towards training expenditure targets with annual increases for each of the past three years. In 2023, the "Flourish" management trainee programme was launched, with 13 high-potential candidates starting an 18-month development journey to prepare them for assistant manager roles within rooms and food and beverage disciplines. A senior development programme was also launched with 18 General Managers supported through bespoke online learning via eCornell.

Active users increased by 16% to just over 12,000 from 57 hotels in 2023, and while the online training target was not achieved in 2023, development of bespoke Kempinski courses are expected to enhance engagement with online learning and subsequently the target number of hours of training per employee will increase from six to eight hours in 2024.

Additionally, sustainability training and more regional training offerings are planned for 2024, with a target of an additional 30 new participants for the "Kempinski Flourish" programme, and roll-out of a new 12-month
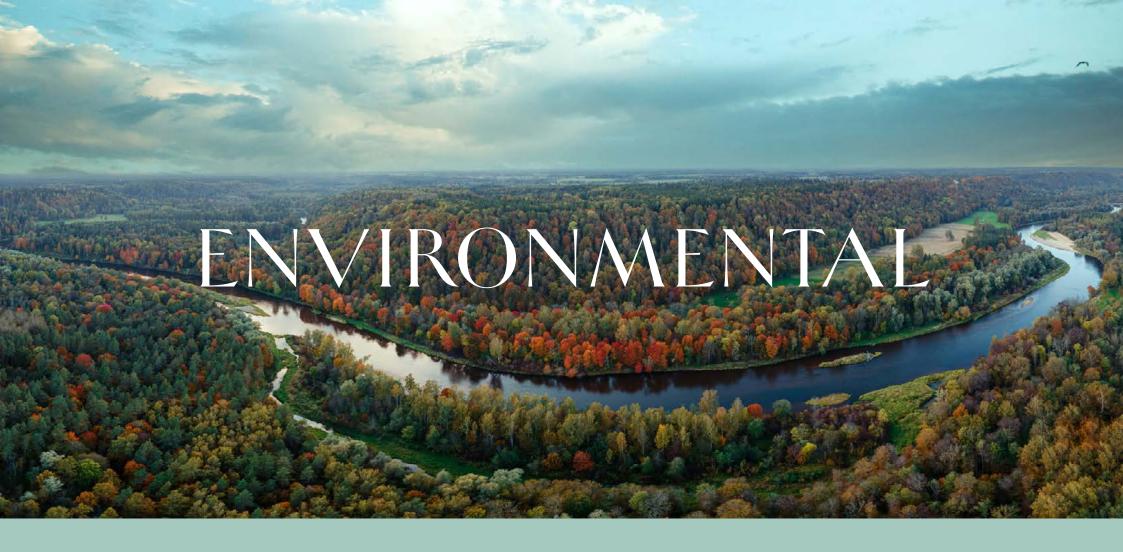
Hotel Manager and Executive Assistant Manager fast track development programme to support the pipeline of next generation General Managers.

TRAINING INVESTMENT	2023
Total training hours	175,582
Average training hours per employee per month	9.2
Training expenditure as percent payroll	0.79%
Hours online training per month	2.9

ONLINE TRAINING	2021	2022	2023
Active users	9,741	10,324	12,065
Registered hotels	54	58	57
Course completion	88.5%	88.1%	88.9%

KEMPINSKI HOTEL ISHTAR DEAD SEA

A commitment to learning extends to the community, with the team at Kempinski Hotel Ishtar Dead Sea in Jordan supporting a local school in nearby Swemeh, home to some of the employees. Over the period of a week, the team refurbished and repainted five classrooms and fixed the electric systems to improve the learning environment.

ENVIRONMENTAL

Society relies on the essential resources and services the environment provides. Over-consumption of resources and exploitation of the natural environment threatens global stability, with the World Economic Forum warning biodiversity and ecosystem loss is nearing the point of no return. Responsible use of natural capital can minimise impact, restore and enhance resilience of natural systems, and benefit people by reducing pollution and climate change, and promote natural heritage that enhances the experience of travellers and local communities.

CLIMATE CHANGE

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Climate change and extreme weather events, largely driven by human activities such as carbon emissions, remain a top risk in the World Economic Forum's Global Risk assessment (2023). Since record keeping began, the ten warmest years were all in the last decade, with 2023 the hottest on record. In the long-term this presents an existential threat to society and the planet that even in the short-term poses significant risks to business operations, supply chains and markets.
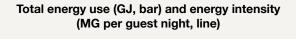
Impacts cut across environmental, social and governance risks to business, requiring sustainable practices and careful management of resources that benefit business, people and the planet. Increasing regulatory changes aim to reduce emissions requiring businesses to adapt and strategically transition to a lower carbon economy. The threats to business are clear, but benefits may be realised through cost reductions, reputation, competitiveness and resilience against climate-related risks.
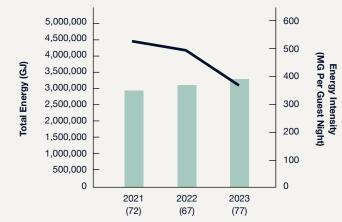
APPROACH

The interconnectedness of environmental impacts means efforts to reduce energy, water and waste all contribute positively to climate change action. However, as energy use and carbon emissions are the primary business contributor to climate change, water and waste are presented as separate topics. This climate change topic includes the material risks of GHG Emissions, Impact of GHG Emissions, Energy Management and TCFD Implementation.
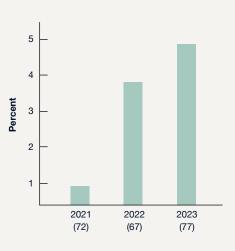
Kempinski's approach to climate change focusses on the holistic reduction of energy use and carbon emissions through sustainable buildings, energy efficiency and reductions, and the awareness, engagement and behaviour of stakeholders. Scope includes all hotels and residences, but corporate offices operated by Kempinski are not yet included. Operational carbon footprint is calculated from direct fuel combustion and consumption (Scope 1), and purchased energy from the grid (Scope 2).

What is measured can be managed, and a focus is placed on monitoring, data collection and performance analysis using facilities management systems like Hotel Optimizer implemented by MEA hotels since 2016. Certification is sought for newly built hotels e.g LEED or BREEAM, and for sustainable operations by EarthCheck which include on-site third-party audit and verification of performance. The target is for all hotels to register with EarthCheck and Hotel Optimizer. Properties using Hotel Optimizer establish annual energy reduction targets based on previous performance. An energy management policy sets standards for lighting, heating, cooling, HVAC systems and distribution, water, refrigeration and power distribution to control and minimise energy use, and recommends Guest Room Management Systems (GRMS) and Building Management Systems (BMS). Third-party energy audits and peer reviews identify energy efficiency solutions.

Total energy use (GJ, bar) and energy intensity (MG per guest night, line)

Percent Green/Renewable Energy

Values in parentheses indicate the number of hotels and residences that have submitted data.

PROGRESS

Ninety-four percent of hotels and residences (n=77) reported energy and emission data, up from 82% in 2022 but falling short of the 100% target for 2023.
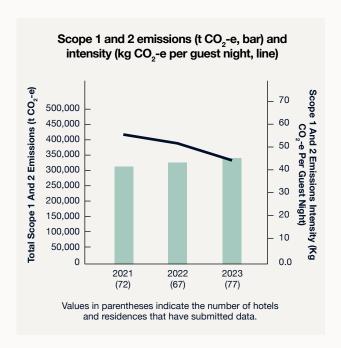
Total energy use by Kempinski hotels and residences increased by 5.9% to 3,276,020 GJ in 2023, of which 54.6% was electricity, 30.4% gas, 14.1% chilled water and 0.9% steam. Energy use per guest-night (GN) was 25.1% lower than 2022. Reductions were achieved in part due to improved efficiency at higher occupancies in 2023, but also a range of energy reduction initiatives across the group including incandescent light replacement, motion sensors, changes in operational timing, new more energy-efficient equipment such as boilers, chillers and AC inverters, as well as awareness campaigns such as celebrating Earth Hour. No energy audits were conducted in 2023.

Emission intensity reduced by 19% to 43.1 kg CO_2-e per guest night in 2023, despite a 14% year-on-year increase in Scope 1 and 2 emissions to 376,925 tonnes CO_2-e (carbon dioxide equivalent).

Fifty-six hotels and residences (68%) were registered with EarthCheck, with three new members in 2023. Two hotels attained gold and seven attained silver certification for the first time in 2023, with a total of six hotels gold certified, 22 silver, 14 bronze, and 14 hotels awaiting certification. Renewable and green power data was submitted by 49 EarthCheck registered properties. Onsite renewable energy generation increased almost 6-fold to 4,956 GJ attributed to projects in Seychelles

and Egypt, and green/renewable energy agreements covered 121,183 GJ of energy, an increase from 3.7% in 2022 to 4.3% in 2023.

The goal in 2024 remains to have all hotels enrolled in the Hotel Optimizer and EarthCheck programmes, and conduct energy audits of hotel operations when necessary. Currently a language and software barrier prevents engagement with Hotel Optimizer and Farnek software in China.

Scope 1 and 2 emissions (t CO_2-e, bar) and intensity (kg CO_2-e per guest night, line)

Values in parentheses indicate the number of hotels and residences that have submitted data.

Mr. Konstantin Zeuke, General Manager of Grand Hotel des Bains Kempinski St-Moritz, Switzerland, receives EarthCheck's silver certification.

WASTE

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Waste poses a significant global challenge and waste production in the travel and tourism industry often greatly exceeds that of local communities, with the potential to negatively impact the environment, communities and long-term sustainability of destinations. Over-production of waste can strain local infrastructure, degrade natural landscapes and pollute water sources, affecting local and visitor wellbeing and experience.

APPROACH

Kempinski's approach focuses on efficient and sustainable resource use to minimise waste and impact on climate and the environment. This is achieved by use optimisation to prevent waste with the principles of reuse and recycle to divert waste from landfill.

Not all waste is equal, so specific initiatives focus on reducing and seeking alternatives to plastic due to its persistence in and impact on the environment, and minimisation of food waste to both minimise impact on global food supply chains and due to its contribution to climate change from methane production. Hazardous waste produced by operations included ignitable waste are collected and appropriately disposed of or collected by the initial suppliers. Partnerships are sought and engaged to support awareness or projects that reduce or recycle food, plastic, and soap.

Waste data was only tracked by properties registered with the EarthCheck programme, of which 47 members submitted data for 2023.

96.4%
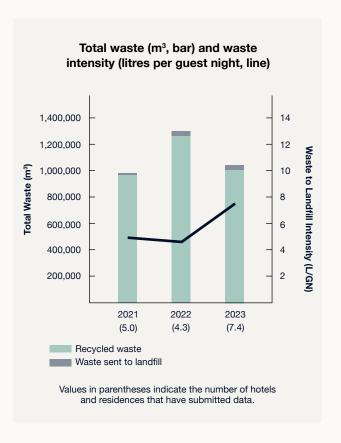**OF WASTE RECYCLED, REUSED OR COMPOSTED**

PROGRESS

Total waste and waste intensity per guest night declined by 20% and 19% respectively, with 233.3 kg of waste produced per guest night in 2023. Of the 1,043,854 cubic metres of waste produced by operations, 96.4% was recycled, reused or composted. A glass recycling initiative by the team in Budapest recycled over 33 tonnes of glass in 2023, totalling 57 tonnes recycled since 2022.

Seven-hundred cubic metres of hazardous waste were produced, 55% more than in 2022 but 78% less than in 2021. Hazardous waste produced by operations included , include ignitable waste, office products (photocopying, print toner etc.), cooling tower and chilled water chemicals, freon products, cleaning and disinfecting products (carpet cleaners, detergent, bleach, pool chemicals), oil based paints and varnishes, batteries, fluorescent lamps and computer components.

Two food waste reduction pilots were conducted over a six-month period in 2023 with KITRO, a food waste management solution. These pilots achieved savings but importantly the detailed measurement and monitoring helped better understand the source of waste produced from guest use in buffets rather than over-production. Additional solutions are being explored to reduce food waste. A food composter was implemented in Bangkok that is able to convert 100kg of green waste in to 10kg of fertiliser per day, reducing methane from food waste and waste to landfill. This approach will be considered on a case-by-case basis for implementation.

Over the past three years, a phase-out of single-use plastics has targeted all dry amenity packaging, straws, cocktail pickers, stirrers and other products, substituting with more sustainable alternatives. This process continues and more single-use plastic alternatives are being considered. Concerted efforts by the purchasing and engineering team in Jordan eliminated over 66,000 plastic water bottles compared to 2022. Water bottling solutions were explored in 2023 with a pilot project to be conducted in 2024 that uses an internal bottling plant to reduce plastic waste and encourage reuse of glass bottles.

Total waste (m³, bar) and waste intensity (litres per guest night, line)

Recycled waste
Waste sent to landfill

Values in parentheses indicate the number of hotels and residences that have submitted data.

CLEAN THE WORLD

A partnership with Clean the World (CTW) recycles plastic amenity bottles and soap bars which are then distributed to at-risk people with hygiene education. Hotels are encouraged to participate in either recycling programme where CTW operates, predominantly in Europe and the Americas, where local regulations permit. In other locations, suitable local partners are sought to recycle any waste produced. A target of 70% of European hotels participating was set for 2023, with 58% signing the partnership agreement and 34% implementing. In 2024, improved reporting via an online CTW portal will benefit impact tracking, and corporate partners will be sought in other regions to promote recycling.

Properties that purchase products from Diversey will have the option to partner with them on two programmes in 2024: Soap for Hope and Linens for Life. These programmes will be a substitute for Clean the World in regions where they do not operate: to recycle and distribute soap bars or linens to those in need via NGOs partnering with Diversey. Eight hotels are expected to participate in the Soap for Hope initiative in 2024.

WOODEN KEYCARDS

Elimination of plastic keycards at all hotels by 2026 is expected to save three tonnes of plastic. Hotels are expected to transition as stocks are depleted, with improvements in supply, quality and technology optimisation in wooden keycards assisting the transition. As of 2023, just over half of hotels have switched to wooden keycards, and a central policy will be issued in 2024 to formalise and drive this mandatory transition.

KEMPINSKI HOTEL MALL OF THE EMIRATES DUBAI

As part of a national campaign by the Emirates Environmental Group (EEG), the team of Kempinski Hotel Mall of the Emirates collected and recycled 12,094 kg of paper and 1,562 kg of glass during a two week period. In doing so, 13 Ghaf and Sidra trees were planted in the Al Naseem reserve forest in Ajman by the hotel team.

WATER

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Water is essential to all life on Earth with scarcity a critical concern for the health of people and ecosystems as pressure on water sources intensifies with population growth and climate change. Water scarcity may limit natural and economic production, and impact health and sanitation which may lead to malnutrition and disease.

Water scarcity poses a significant challenge for the travel and tourism industry, particularly in areas of high water risk or on small islands. High demand may put pressure on water supplies affecting local residents and ecosystems, and a disparity in use may lead to conflict and undermine the social license to operate in water-stressed areas. Water conservation is therefore vital for business to safeguard against water scarcity risk, as well as reducing operational costs, protect ecosystems, and support community health and wellbeing.

APPROACH

Kempinski recognises the essential value of water to all stakeholders and the environment. Water use is governed within the energy management policy due to its close relation to energy use in terms of operations utility management. A proactive approach implements water-efficient technologies and practices to reduce consumption and waste. The policy sets operational standards for laundry, rooms, landscape, and kitchen practices. Sustainable certification for buildings (LEED and BREEAM) and operations (EarthCheck) include water management standards.
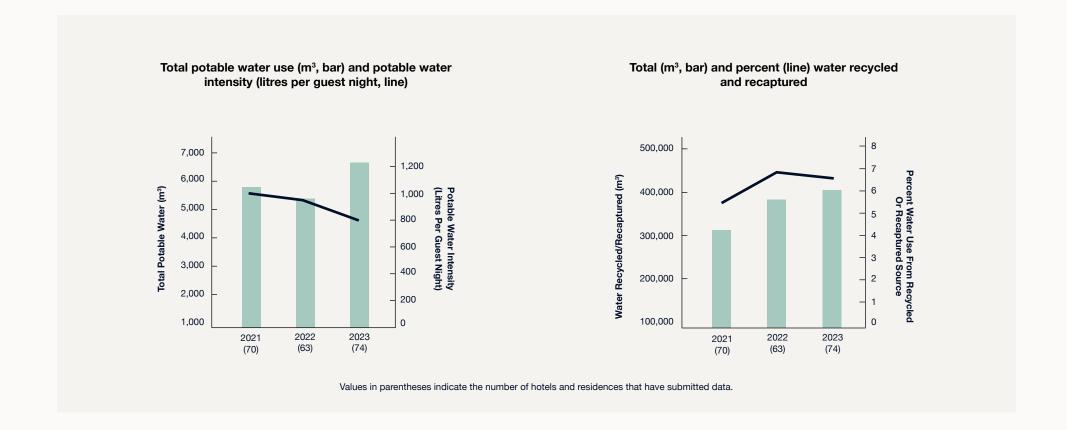
PROGRESS

Total water use increased by 23% to 6.5 million cubic metres in 2023, but water use intensity declined by 17% to 756 litres per guest night, the second consecutive annual decline in use intensity. A range of efforts achieved this decline, including sensors, submeters, aerators, pressure and operational adjustments and leak detection.

Water use data was reported for 74 hotels (90%), with recycle and recapture data submitted by 44 EarthCheck registered properties. Just under 400,000 m³ of water used was recaptured or recycled (6.5% of total water use), which despite 12 less properties reporting resulted in an annual increase of 3% from 2022.

Total potable water use (m³, bar) and potable water intensity (litres per guest night, line)

Total (m³, bar) and percent (line) water recycled and recaptured

Values in parentheses indicate the number of hotels and residences that have submitted data.

MEETINGS & EVENTS

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Events and functions may contribute significantly to organisational impact and present an opportunity to implement and promulgate sustainable practices for energy, emissions, water and waste. Kempinski aims to demonstrate its commitment to meet and exceed industry standards for sustainable event management by actively monitoring, measuring, and managing event impact.
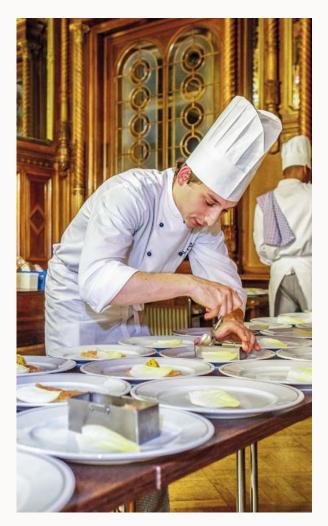
APPROACH

Meetings, incentives, conventions and exhibitions (MICE) accounted for 20% of Kempinski's revenue in 2023, and "Responsible Meetings & Events" by Kempinski will offer event organisers a verified, comprehensive process for planning and running more sustainable events from 2024 onwards.

Underpinned by EarthCheck VenueCheck, each participating Kempinski hotel will integrate sustainability across its event planning and execution including carbon footprint calculation, robust data collection and responsible resource management.

PROGRESS

The Sustainable Meetings and Events rollout timetable was launched to General Managers and hotel sustainability champions in 2023. Training webinars detailing documentation process for VenueCheck certification are planned for early 2024, targeting hotels already certified by EarthCheck.

BIODIVERSITY

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Biodiversity, the variety of life on Earth, supports ecosystem goods and services on which people depend such as food and agriculture, medicine, clean air and water, and climate regulation. Over-exploitation, destruction of habitats, pollution and climate change drive losses in biodiversity and ecosystem resilience that threaten human health and food security.

Travel and tourism often benefit from the natural heritage and biodiversity of a destination. Impacts from overtourism, pollution or land degradation directly from operations or indirectly through supply chains may reduce destination appeal and viability, which in turn affects the economy of local communities. Protecting and enhancing environmental health ensures resilience and adaptability to climate change.

APPROACH

Kempinski acknowledges each hotel is part of a larger interconnected ecosystem, and it is a shared responsibility to care for destinations and be stewards of their ecosystems. Biodiversity support ensures sustainable natural resources essential for long-term business and societal prosperity.

Operational impact is reduced through adoption of biodiversity-friendly practices including sustainable sourcing, careful use of land in the proximity of sensitive habitats, resource use conservation (Page 38), and the reduction of waste and pollution (Page 41), and a commitment to responsibly source 100% cage-free eggs. Properties certified by EarthCheck also have processes

to minimise disturbance of wildlife and ecosystems, govern ecosystem conservation and management, manage freshwater, stormwater, wastewater and environmentally harmful substances, and air quality, noise and light controls.

PERFORMANCE

Eight hotels operated in or near protected areas or habitats with high biodiversity, such as coral reefs, mangroves or seagrass, including two hotels near turtle nesting beaches in Seychelles and Mexico. Awareness of nesting areas are issued to guests and local partnerships provided training to 40 staff in Cancun. The cornerstone of the programme in Cancun is a nesting reservoir where turtle nests are carefully relocated, with over 12,000 turtle hatchlings released in 2023.

The cage-free egg initiative was fully implemented in 26 hotels (33%) in 2023, with a further 13 hotels (16%) partially implementing cage-free eggs in 2023 and 19 hotels (24%) planning to achieve the initiative by 2030. From a regional perspective, 62% of all European hotels achieved the highest level of commitment, ahead of 26% of all hotels in the MEA region and 20% in China & Mongolia. Engagement remains challenged by variation in regional supply and quality, requiring the group completion target to be shifted to 2030 while hotels work with local suppliers and international organisations to identify sources of cage-free eggs that meet quality and demand to achieve this target as soon as possible.

Region	Number Hotels 2023	100% Cage-Free In 2023				Partially Cage-Free In 2023		Implementation Plans	
		No. of Hotels	% Full Portfolio		% By Region	No. of Hotels	Engagement Cumulated By Region	No. of Hotels	Engagement Cumulated By Region
MEA	19	5	6%		26%	1	32%	7	68%
China & Mongolia	25	5	6%		20%	4	36%	5	56%
SEA	5	0	0%		0%	3	60%	2	100%
Europe	26	16	20%		62%	5	81%	5	100%
The Americas	4	0	0%		0%	0	0%	0	0%
Total	79	26	33%			13	48%	19	73%

KEMPINSKI SEYCHELLES RESORT

Kempinski Seychelles Resort has launched an innovative retail project for its branded merchandise. The hotel teamed up with Ocean R, a visionary company dedicated to recycling ocean plastic. Together, they created a collection of premium clothing items made from reclaimed materials, each of which helps to remove one kilogram of plastic waste from the ocean. Proceeds are directed into the Wise Oceans initiative which offers a range of sustainable activities and educational workshops, including turtle nest monitoring and hands-on coral reef restoration efforts, to guests and employees in the Seychelles.

LOOKING FORWARD

This first three years of ESG reporting have helped formalise and standardise Kempinski's sustainability approach. A continuous journey of improvement has revealed strengths, challenges, gaps and opportunities. While there is a long way to go, these first steps have created a foundation of policies, processes and practices that can support long-term benefit to people, society, the environment and the business.

ESG continues to mature, and emerging standards such as the EU's Corporate Sustainability Reporting Directive (CSRD), Green Claims Directives and the EU Taxonomy require businesses to standardise processes, formalise targets and improve. This provides an opportune juncture to reflect and learn from progress and the industry as a whole. As the next step, Kempinski will align with CSRD and the European Sustainability Reporting Standards (ESRS) with a double-materiality approach.

What is measured can be managed, and after the initial disturbance of identifying metrics and collecting data needed to benchmark non-financial performance, comes the opportunity to integrate sustainable processes in all aspects and roles of the organisation, such that they become part of the business approach, rather than an addition.

Supported by the experience acquired over the past three years, Kempinski will establish quantitative targets, set organisational ambition and develop a focussed and strategic sustainability roadmap. This will create accountability and engagement necessary to drive positive change that supports climate action and the United Nations Sustainable Development Goals for 2030. In doing so, Kempinski remains committed to preserve a legacy for future generations.

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