

# **FIVE CLIMATE CHANGE MITIGATION AND ADAPTATION STRATEGY**

FIVE shall strive to operate its business in an environmentally responsible manner in accordance with the highest international standards. The current activities of the company involve owning and operating luxury hospitality properties and residential buildings in several countries. FIVE group also undertake several new projects that may require new construction or major renovation of existing properties which are acquired as part of its growth strategies. The nature and scale of project always offers new opportunities for compliance with resilience and climate change.

FIVE is committed to minimizing emissions that may contribute to climate change and other short- and long-term risks and ensuring that new construction and major renovation projects are resilient. To be resilient, infrastructure must be informed, resourceful, robust, redundant, flexible, integrated, and inclusive.

Resilience includes the ability to withstand short-term risks, such as flooding or fires, and the ability to adapt to changing long-term conditions, such as changes in weather patterns, sea-level rise, or changes in climate. Maximizing resilience ensures a longer useful life and primes the project to meet the future needs of the community more fully.

## **CLIMATE CHANGE RISKS**

Climate change is defined as the shift in climate patterns mainly caused by unexpected natural calamities and, primarily within this context, human activities classified broadly as part of the Anthropocene.

FIVE identifies potential climate change risks affecting business as well as its communities. Identification and assessment of risks is a continuous process. As a part of FIVE's assessment of the environmental landscape it operates in, the following key risks have been identified:

Risk Category	Risk Type	Risk Description
Physical	Acute	Risk of Extreme weather events and natural disasters (e.g. hurricanes, floods, heatwaves) that damage property and disrupt operations
Physical	Chronic	Risk of sea-level rise, saltwater intrusion, increased temperatures, and freshwater scarcity leading to water availability issues
Transitional	Policy & Regulatory	Changes in government policies and increased regulatory requirements related to climate change, carbon emissions and energy efficiency
Transitional	Reputation	Negative impact on brand reputation due to perceived lack of action on climate change especially when FIVE's business is backed by its strong social media presence fueled by customer-created content
Transitional	Market	Changes in consumer preferences and demand for sustainable and climate-friendly products and services
Transitional	Technology	Costs and disruption of phasing out non-renewable energy sources and transition to low emission technologies

**MITIGATION AND ADAPTATION STRATEGIES**

**1. Risk of Extreme weather events and natural disasters (e.g. hurricanes, floods, heatwaves) that damage property and disrupt operations**

**a. Earthquakes and Heatwaves**

- FIVE conducts a regular risk assessment of all properties to identify potential hazards and vulnerabilities
- FIVE will ensure building designs plans include base isolating in areas of seismic risk. This engineering technique places bearings between a building and the ground to reduce seismic vibrations. This minimizes damage by significantly reducing the forces experienced during an earthquake.
- FIVE will provide real time information on seismic contractions or aberrations and alert facility users at an unexpected event of earthquakes

**b. Floods, droughts, hurricanes**

- FIVE will adopt flood resilient construction strategies as avoidance, water exclusion, and water entry, with the avoidance approach mainly through elevation and landscaping systems. On a given building plot, avoidance can be achieved through landscaping, drainage, and retention features and free-standing structures or barriers to prevent water reaching the building
- FIVE is committed to ensure redundancy and maintain a geographically diverse sourcing base that allows companies to shift production from one area to another in the event of flood /droughts
- FIVE also has a company-wide Business Continuity Management Plan to ensure emergency response plans are in place and business interruption is minimized
- Moreover, FIVE has a business interruption insurance which covers all properties for loss of business due to weather events and natural disasters. Further, FIVE invests in climate-resilient infrastructure and design of its properties

**2. Risk of sea-level rise, saltwater intrusion, increased temperatures, and freshwater scarcity leading to water availability issues**

- FIVE shall implement plans for future water needs by identifying available resources to reduce the risk of communities running out of water.
- FIVE adopts measures to advance water storage through small- scale retention structures, managed aquifer recharge (where water is pumped into underground reserves to improve its quality), and rainwater harvesting for its existing as well as newly constructed facilities.
- FIVE installs highly efficient fixtures and fittings for its existing as well as newly constructed facilities.

- FIVE is committed to work with key stakeholders at national and sub-national levels to understand the water requirements for domestic use and for health and sanitation, and advocate to ensure that this is reflected in national planning considerations.
- FIVE will support organizations that develop climate-resilient watersources, including the use of deeper groundwater reserves through solar- powered water networks.
- FIVE will support organizations that engaged in rehabilitating urbanwater distribution networks and treatment systems to reduce water leakageand contamination, promoting wastewater reuse for agriculture to protect groundwater.
- FIVE shall work with schools and communities to promote an understanding of the value of water and the importance of its protection,including by supporting environmental clubs in schools
- To conserve water, FIVE has created a group rainwater harvesting policy, water management policy, wastewater policy and implemented water reduction measures in its hotels which include greywater management, tap fixtures, motion timed sensors and water meters. As of March 2023, all of FIVE's operational hotels were certified LEED Platinum which includes assessments on water management.
- FIVE recognizes the value of standardizing across all its hotels its entire scope of operational measures to maximize its group portfolio's water savings and has set the intention to ensure full alignment, to this end, within its Sustainability Policy Objectives (Enhancing the energy, water, and resource efficiency of our operations), FIVE has set reduction of water consumed per capita targets which is supported by action plans and monitored as a part of ISO 14001 targets

### **3. Changes in government policies and increased regulatory requirements related to climate change, carbon emissions and energy efficiency**

- FIVE has implemented ISO 14001:2015 Environmental management system enabling visibility of the groups commitment to environmental responsibility. FIVE has also implemented ISO 50001:2018 -Energy Management practices for efficient use of energy in all facilities
- Further, the company is in the process of implementing digital files and signatures to minimize the use of paper
- FIVE has adopted recycling opportunities for glass, plastic, metal, paper and cardboard, organic and general waste at the facility by implementing waste segregation bins and contracting with external vendors for collection and recycling waste
- FIVE has formulated climate action and environmental targets (internal and external) as a part of ISO:14001 targets and monitored quarterly with the company's stakeholders
- Further, FIVE provides bus transportation facility for its employees (to and from company accommodation) to reduce the carbon footprint of travel done by the employees

- FIVE has implemented and prepared targets for energy upgradation through use of energy saving lighting, energy efficient appliances, enhanced insulation, and regular preventive maintenance of heating and cooling systems.
  - FIVE follows energy efficient strategies guide lined in Green Building Certification systems and will be targeted to achieve highest level of certification as well as future requirements
  - FIVE conducts energy audits that identifies the energy improvement opportunities through energy conservation measures
  - FIVE puts a great emphasis on compliance with all the relevant laws and regulations. The company has employed a compliance tool for achieving the same. FIVE also uses an ESG enterprise platform for monthly emission monitoring
  - FIVE will encourage use of sustainable transportation modes in personnel work travel and commuting in all facilities
  - FIVE has also adopted EV transportation for guests and uses a ride-share model for transporting employees between the hotel and accommodation to increase efficiency and reduce carbon footprint.
  - Since inception, FIVE has been investing in renewable energy sources and energy-efficient technologies and practices. As of March 2023, 100% of FIVE's operational assets were certified to LEED Platinum. FIVE has set the intention of certifying all its future assets to LEED Gold and equivalent or higher.
  - The company has Environment Management System and Energy Policies and is ISO 14001 and 50001 certified which signifies that FIVE adheres to the highest standards of environment and energy management.
  - FIVE's target to increase renewable power through on-site renewable projects, purchase of REC's, PPA's and VPPA's would reduce the company's scope 1 and 2 emissions, thereby representing a measure to adapt to potential regulatory changes in GHG emissions as well as reduce dependence on fossil fuels. FIVE has further set a target to begin defining and measuring limited categories of Scope 3 as per the GHG Protocol by 2024, which is in line with evolving regulatory landscape on GHG Emission reporting.
- 4. Negative impact on brand reputation due to perceived lack of action on climate change especially when FIVE's business is backed by its strong social media presence fueled by customer-created content**
- Sustainability and climate resilience is central to FIVE's brand and business strategy in sync with the broader social sentiment which is moving towards greater climate awareness. This is illustrated, in part, by its 2022 Integrated Report Theme 'Sustainability Without Compromise' which presents the company's present and future strategy as focused on providing luxury and entertainment value in line with sustainability measures in buildings and operations.
  - Moreover, FIVE has also hired a Creative Director to work with FIVE's CEO and Director of

Sustainability to develop the company's brand identity and customer engagement around sustainability. FIVE performs quarterly assessment of its brand's media exposure and tonality through a third-party agency to understand the customer sentiment, reputation and analyze trends to take appropriate measures on further enhancing the reputation of FIVE.

- Further, FIVE is a member of Global Sustainable Tourism Council, a signatory to the United Nations Global Compact and a member of WWF with Partner in Conservation status
- FIVE will ensure to meet customer expectations and will try to make sure that each member of the organization is trying to contribute to that goal.
- FIVE will implement measures to listen and respond to consumer needs via various communication channels in an honest and transparent way to gain consumer trust.
- FIVE will develop and implement reputational risk management plan to manage the public's perception of the company implemented by public relations department in collaboration with the sales, marketing, and customer service units.
- FIVE is committed to provide training employees on the right way to engage with the public and share information about the organization and right operational procedures as an organization.

## **5. Changes in consumer preferences and demand for sustainable and climate-friendly products and services**

- FIVE is committed to ensure price variations for the services meeting the quality expectations of the consumers
- FIVE is committed to provide quality-service factor sustaining the demand for the product/service even under tough competition times
- FIVE will address social issues and calculate the long-term viability for a market or product, to consider social sentiment and commitment in delivering services to meet utmost customer satisfaction.
- FIVE is committed to make progress on societal issues, including reducing carbon emissions, tackling air pollution, and making business supply chains more sustainable.
- As over 70% of FIVE's customers are under 35, the Gen Z and Millennial generations are key stakeholders to FIVE who are more conscious about sustainability. FIVE's sustainability strategy includes consideration for evolving consumer trends towards sustainable products and climate-friendly products and services.
- FIVE communicates the company's sustainability initiatives to guests and other stakeholders through various communication channels such as social media, website, hotel-room IPTVs and during check-in of the customer. Moreover, we obtain customer feedback to understand their changing needs and preferences and strive to incorporate those in the business.

- FIVE has conceived of a plan to offer voluntary carbon credit tariff when booking a stay at the hotel on a per pax per room night basis. The funds collected from this carbon surcharge would be collected in a registry used only in the purchase of carbon offset credits attached to certified projects and validated through a Carbon Credit Protocol. This would allow guests to contribute directly to emission offset as part of the product offering.

## **6. Costs and disruption of phasing out non-renewable energy sources and transition to low emission technologies**

- FIVE will adopt an educated approach throughout design and cost control processes, confirming which materials and construction methodologies minimize climate change through resource and labor minimization and modular construction by following internationally accepted Green building Certification systems and certifying facilities to highest levels.
- FIVE is committed to ensure redundancy and maintain a geographically diverse sourcing base that allows companies to shift production from one area to another in the event of disaster
- FIVE has a clear goal of gradually transitioning to lower emission technologies. The company regularly conducts energy audits to identify areas of energy consumption and potential savings. Along with that the company also keeps a track of new and upcoming technologies that can improve the efficiency of current processes. Keeping these in mind FIVE budgets for and invests in energy-efficient technologies and renewable energy.

FIVE continues to monitor key environmental and climate change risks as a part of its risk and environmental management initiatives under ISO 14001 in quarterly review meetings with relevant stakeholders. New action plans and initiatives will be undertaken based on environmental target