



FIVE



**HUMAN RIGHTS DUE
DILIGENCE REPORT**

HUMAN RIGHTS DUE DILIGENCE

A human rights due diligence report is an important tool that helps companies identify, prevent, and mitigate the risk of adverse human rights impacts in their operations and supply chains. FIVE has performed human rights due diligence through the identification of risks across the business landscape – the geography, sector, business it operates it and the stakeholders it interacts with viz. suppliers, employees, contracted staff, guests, and communities. We have adopted the ten principles of United Nations Global Compact (UNGC) which takes inspiration from the ILO, the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises (OECD guidelines) incorporating all key aspects and measures as a part of the Human Rights Policy. We have utilized the UNGP framework for identifying salient human rights risks applicable to our stakeholders.

1. Identification of salient human rights risks –

The UN Guiding Principles Reporting Framework encourages companies to focus their human rights disclosure on “the most severe actual and potential impacts on human rights associated with their activities and business relationships.” These risks are called a company’s salient human rights risks. FIVE conducted an internal human rights due diligence, risk, and impact assessment to identify the key human rights risk that have an impact on the organization and its various stakeholders. For identification of key risks that impact our organization, we followed the following sources –

- A. **Geographic region risks on human rights** – Performing CSR risk assessment through online sources for UAE and Switzerland
- B. **Sector specific risks on human rights** - Performing CSR risk assessment through online sources for Tourism & Catering and Construction and Architecture
- C. **Discussion with internal stakeholders** – As a part of meetings with the head of departments, the General Managers and Group Managers identify any issues existing in the business which adversely may cause to impact human rights
- D. **Stakeholder specific risks** – We have mapped our key stakeholders involved which include –
 - Internal stakeholders: Employees, Board of Directors, Executive Management team
 - External stakeholders: Contractors, Guests, Suppliers, Communities
- E. **Interaction with employees (through surveys and discussions)** – As a part of the company’s management reporting, the Human Resources team incorporates positive and negative feedback from the employees. Based on the type of feedback received, the HR team in co-ordination with the Hotel Managers implements some form of measures to mitigate the risks

For the identification of geographical region (UAE and Switzerland) and sector-specific risks (Tourism & Catering and Construction and Architecture), we undertook the CSR risk assessment which helped us identify key risks existing in our business landscape along with feedback on how we are monitoring and mitigating the impact of these risks in our organization.

Based on identified risks, we have put down the risks, its source, the mitigation plan (implemented/ to be implemented). We assess the severity of the risks as guided by the UNGP through the following - 1) scale (seriousness of impact), 2) scope (number of people and stakeholders impacted), and 3) irremediability (refers to any limit in the ability to restore those affected back to a situation at least the same as, or equivalent to, their situation before the adverse impact)

The detailed methodology of our human rights risk and impact assessment, grid for severity based on impact is incorporated in our *Human Rights Policy*.



Figure 1 - Key risks for UAE as of Apr 2023

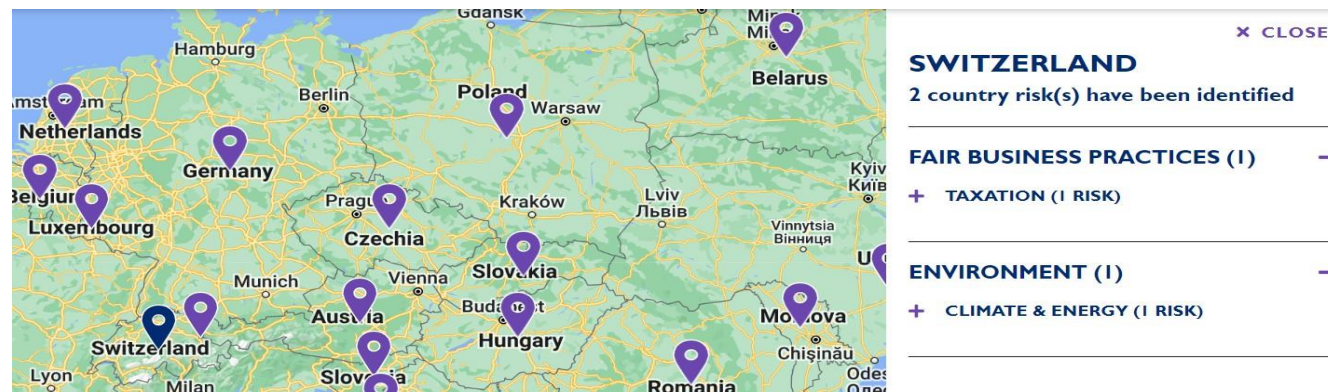


Figure 2 - Key risks for Switzerland as of Apr 2023

Some imminent human risk categories identified include –

- Labour Rights – Freedom of Association (FoA) and Collective Bargaining
- Labour conditions (Contracts and Working Hours)
- Forced Labour and Human Trafficking
- Child labour
- Discrimination
- Wages and Remuneration

Detailed risks along with their mitigation strategy have been incorporated in the section below.

2. Integrating and acting upon findings –

Based on the above scoping methodology, identification of risks, assessing its severity, the following risks are identified as salient based on internal discussion (Risk and Compliance, Human Resources, Sustainability along with the mitigation measures taken/ to be taken to reduce the adverse impact of such risks –

| Human Rights Topic | Risk | Source | Industry and Country | Severity | Mitigation Plan | Status | Responsible Department |
|--|---|----------------------|-------------------------------|-------------|--|---|--|
| Labour Rights – Freedom of Association (FoA) and Collective Bargaining | <p>a. No employee representation exists in the United Arab Emirates. Membership in an unauthorized trade union is a criminal offense for which an individual could be fined and imprisoned, and, in the case of foreign workers, deported.</p> <p>b. The United Arab Emirates score a 5 on the ITUC Global Rights Index (scale 1-5) for freedom of association and workers' rights, which stands for no guarantee of rights.</p> <p>c. According to the ITUC Global Rights Index, MENA countries receive a score of 4.5 (a score of 5 means there are no workers' rights). 94 percent of the countries violated the right to strike and the right to collective bargaining. All 18 countries excluded workers from the right to form and join a union.</p> <p>Impacted Stakeholders: Employees, Suppliers, Contractors</p> | CSR Risk Report, MVO | Tourism and Construction, UAE | High | <p>FIVE is a signatory to the UNGC principles on human rights, labour working conditions, environment and anti-corruption.</p> <p>FIVE has implemented a <i>Freedom of Association and Collective Bargaining</i> policy wherein we have addressed that if the employees have a grievance or concern, measures for which will benefit the larger section of the society, the employees may associate and bring up these concerns forth the respective committees set.</p> <p>All employees have been made aware of the FoA policy through townhalls and notice boards and are required to confirm their understanding of the policy. The Code of Conduct, Human Rights Policy have also been prepared in accordance to this clause.</p> | Implemented* <i>*ongoing assessments are conducted for suppliers</i> | Human Resources, Risk and Compliance, Sustainability, Purchasing |

| Human Rights Topic | Risk | Source | Industry and Country | Severity | Mitigation Plan | Status | Responsible Department |
|---|---|--|--|----------|--|--|--|
| | | | | | <p>Supplier Code of Conduct also addresses this topic. As a part of our supplier risk assessment, we identify any existing risks.</p> <p>Grievance and whistleblowing mechanism is in place through the Grievance Policy and employees are made aware of the helplines available to report any issues anonymously.</p> | | |
| Labour conditions (Contracts and Working Hours) | <p>a. Research into the working conditions of workers in the hospitality and construction sectors in the United Arab Emirates shows that many workers sign their contracts without understanding them, and therefore often end up being paid less than they were promised. Also, illegal fees are often charged by the intermediary who provides the job.</p> <p>b. The UNEP found that those employees often have to work long hours in the transport, tourism and facility management sector, including working involuntary overtime and a lack of rest days</p> <p>c. Employee feedback suggested cases where the employees believe they are working for longer hours and the teams are understaffed.</p> <p>Impacted Stakeholders: Employees, Suppliers, Contractors</p> | <p>CSR Risk Report, MVO</p> <p>Employee Feedback - Grievance</p> | Tourism and Construction, UAE, Switzerland | High | <p>We have put transparent employment contracts in place where all information is clearly mentioned.</p> <p>We have a Code of Conduct in place wherein clauses regarding functioning as per applicable laws and regulations have been mentioned. We provide training to our employees regarding these clauses.</p> <p>Our rosters are set out based on shift timings and employee working hours for all our employees.</p> <p>As a part of our Supplier Code of Conduct and risk assessments, we make our suppliers aware of the key requirements of the laws to ensure adherence to the labour law requirements. Any discrepancies or absence of policies is highlighted</p> <p>We will further strengthen our staffing by preparing granular staffing plans and meet any additional staffing requirements to reduce the impact of working hours.</p> | <p>Partially Implemented</p> <p>*We are in the process of staffing our teams more adequately to reduce work pressure on our employees.</p> | Human Resources, Risk and Compliance, Sustainability, Purchasing |
| Forced Labour and Human Trafficking | a. According to the UNEP, trafficking and bonded labour occurs in tourism, transport and facility management, mostly with women, children and migrant workers. Workers can be living in very poor | CSR Risk Report, MVO | Tourism and Construction, | High | FIVE has implemented policies in place internally to prevent any form of forced labour and trafficking following the ten principles of ILO | Implemented* | Human Resources, Risk and Compliance, |

| Human Rights Topic | Risk | Source | Industry and Country | Severity | Mitigation Plan | Status | Responsible Department |
|--------------------|--|----------------------|-------------------------------|---------------|---|--|--|
| | <p>conditions, working very long hours and receiving low or no wages.</p> <p>b. Migrant workers in the United Arab Emirates face exploitation and abuse</p> <p>c. According to an ILO report, modern slavery takes place in almost every country in the world and across ethnic, cultural, and religious boundaries</p> <p>Impacted Stakeholders: Employees, Suppliers, Contractors, Guests</p> <p>It should be noted that no cases of such human rights violation, forced labour and human trafficking have been reported in FIVE during the year 2022.</p> | | UAE, Switzerland | | <p>Employees are provided trainings to identify any instances which may be concerning or show suspicion of trafficking.</p> <p>All employees are made to understand their employee contracts prior to employment.</p> <p>This clause is incorporated as a part of supplier contracts and supplier code of conduct for prohibition of such practices. Supplier risk assessment is also performed to mitigate the impact of such risks.</p> | <i>*ongoing assessments are conducted for suppliers and the organization</i> | Sustainability, Purchasing |
| Child Labour | <p>According to the Children's Rights and Business Atlas, this country scores poorly when it comes to the extent to which the state regulates child labour and provides decent work for young workers, parents and caregivers.</p> <p>Impacted Stakeholders: Employees, Suppliers, Contractors, Guests</p> | CSR Risk Report, MVO | Tourism and Construction, UAE | Medium | <p>FIVE prohibits child labour and any form of sexual exploitation of children and adolescents in the value chain through the implementation of policies viz. <i>Human Rights, Prevention of Child Sex Tourism and Forced Adult Sex Tourism</i></p> <p>No child labour has been employed by FIVE.</p> <p>As per the supplier risk assessments performed through on-site audits, no child labour instances were noted.</p> <p>Employee training is provided to employees to identify any suspicious instances and report the same. FIVE practices zero-tolerance against any child labour or exploitation.</p> <p>All suppliers involved in dealing with guests/contracted employees involving direct interaction viz. travel agents, transportation agencies,</p> | <p>Partially Implemented</p> <p><i>*in conversation with 'The Code' for membership</i></p> <p>Supplier discussions are in progress</p> | Human Resources, Risk and Compliance, Sustainability |

| Human Rights Topic | Risk | Source | Industry and Country | Severity | Mitigation Plan | Status | Responsible Department |
|-----------------------------------|---|----------------------|--|---------------|---|--|------------------------|
| | | | | | housekeeping contractors, shall be made to sign the policies to affirm their understanding. FIVE is in the process of obtaining membership of the 'Code' as on date. | | |
| Discrimination (including gender) | <p>a. According to the UNEP, discrimination against workers from other cultures occurs in the tourism, transport, or facility management sector. Migrant workers may be subject to degrading treatment and/or lack of equal opportunity for promotion. This can also include discrimination with regard to working hours, proper training, housing conditions and access to health care or education.</p> <p>b. The so-called 'Emiratisation programme' in the United Arab Emirates sets a minimum quota of Emirati employees per sector. Nevertheless, the proportion of local employees remains low, due to the relatively low number of residents with local nationality.</p> <p>c. In the United Arab Emirates, there are laws criminalising homosexuality.</p> <p>No such cases have been reported for the period.</p> <p>Impacted Stakeholders: Employees, Suppliers, Contractors, Guests</p> | CSR Risk Report, MVO | Tourism and Construction, UAE, Switzerland | Low | <p>FIVE has implemented non-discrimination policy and the Equal Employment Opportunity Policy which prohibits discrimination on all grounds.</p> <p>FIVE advocates awareness of these policies and practices through the organization. These form a part of the Code of Conduct and individual policies on Human Rights.</p> <p>Based on internal assessment, no prominent gender pay gap was identified. FIVE believes in equality and pay offered based on role, experience and merit of the candidates.</p> <p>FIVE has prepared a gender diversity target as a part of its policy to improve the gender ratio of the organization. Refer <i>EEO policy</i> for details.</p> | Partially Implemented *Gender diversity target and action is an ongoing process | Human Resources |
| Wage and remuneration | <p>a. A research with workers in the construction and hospitality sectors in the United Arab Emirates found that workers often get a low salary, are not paid for overtime and that there is no paid sick leave.</p> | CSR Risk Report, MVO | Tourism and Construction, UAE, Switzerland | Medium | <p>FIVE has a Employee Benefits Policy and Leave policies (sick leave, annual leave, special leaves) in place which specifies the list of benefits provided to the employees including availability of applicable leaves. This includes ancillary benefits such as insurance, subsidized accommodation, employee meals and</p> | Partially Implemented *Overtime implementation | Human Resources |

| Human Rights Topic | Risk | Source | Industry and Country | Severity | Mitigation Plan | Status | Responsible Department |
|--------------------|--|--------|----------------------|----------|--|--------------------|------------------------|
| | <p>b. In the transport, tourism and facility management sector, low wages are common, and they sometimes do not meet minimum wage requirements.</p> <p>Impacted Stakeholders: Employees, Suppliers, Contractors</p> | | | | <p>transportation facilities available to all employees of FIVE.</p> <p>In addition, FIVE has incentives and bonus available to employees based on revenue and performance of the respective teams/ outlets/ departments.</p> <p>UAE does not have minimum wages applicable. However, FIVE ensures payment of minimum standard of wages in addition to the above benefits. FIVE does not pay overtime as on date in UAE. However, in lieu, compensatory offs and incentives for achievement of KPIs as per the incentives are provided which are above the industry standard.</p> <p>All overtime is paid as per applicable laws and regulations in Switzerland. Minimum wages are paid as mentioned in law.</p> | is pending for UAE | |

3. Tracking effectiveness

All measures of Human Rights implementation effectiveness shall be tracked against the above-mentioned risk and mitigation timelines. Certain key performance indicators have been identified which shall be monitored regularly to ensure compliance to the Human Rights requirements. Some key performance indicators for the current year indicate the following –

| Human Rights Issues | Human Rights Indicator | Result |
|---------------------|---|-----------------------------|
| Labour rights | Percentage of employees that are trained on issues of human rights | 100% |
| | Percentage of female employees in senior executive level (Board of Directors) | 20% |
| | Number of grievances or lawsuits related to human rights violation | 0 cases filed during FY2022 |

| | | |
|---------------------|--|--|
| Community | Percentage of operation or areas of operation that are assessed on human rights risks | 100% (all assets including under construction) are evaluated for the purpose of human rights violations |
| Supply Chain | Percentage of businesses conducting supplier risk assessments | 100% (Group wide policy is implemented) |
| | Percentage of suppliers that acknowledge the company's supplier code of conduct | 100% (Group wide policy and Code of Conduct is implemented) |
| | Number of suppliers whose operations are assessed on human rights performance | 80% of purchases (Sample suppliers are evaluated on human rights related parameters) |
| Safety and Security | Percentage of operation or areas of operation that are assessed on safety and security risks | 100% (Group wide policy is implemented, safety and security risks are implemented for all properties including construction sites) |
| | Percentage of subcontractor security staffs that are trained on human rights | 100% (All staff at the properties are trained on security and safety measure) |
| Environment | Percentage of areas of operations that risk assessment on biodiversity is conducted | 100% (This was conducted for all sites at the planning stage) |
| | Number of grievances due to the company's operations caused by non-compliance | No such cases reported during the period |
| | Number of community project initiatives | 5 projects (internal, external, donations, etc.) – Refer Sustainability report for further details |
| Customer Rights | Number of recurrent complaints on company products and services due to the same causes | As a part of the monthly MIS, Complaints are reported to the management. No such repeat complaint trend was observed with regards to human rights issues |
| | Number of incidents violating customer rights | No incidents noted during the period |

4. Communicating action

All employees are made aware of the Human Rights Initiatives through a host of policies and procedures. All policies and reports are hosted on the intranet portal and company website. Any key actions pertaining to respective stakeholders are provided as a part of quarterly meetings conducted with all head of departments. Any communication on awareness is made through mass mailers, flyers across the property and townhall sessions

Employees are trained on Human Rights risk through the Code of Conduct training sessions bi-annually. Any new employee is required to sign off on the relevant policies and procedures to confirm their understanding and ensure adherence in the organization. The Ethics and Compliance Committee is formed to review any discrepancies reported and all outcomes of such investigations are reported to the management. Grievance mechanism is in place for reporting of any human rights violation and is made available to employees, contractors as well as suppliers to report any concerns/ grievances pertaining to human rights.

FIVE continues to endeavour and make an effort in ensuring that human rights for all their stakeholders are safeguarded. We understand that this is a continuous improvement process. Thereby we continue to monitor and track effectiveness as per UNDP guidelines and keep our stakeholders updated of our progress. FIVE is committed to ensuring a safe, peaceful workplace for all its employees and promote employee well-being always.