

ARCHER | HOTELCAPITAL

LONG-TERM INVESTORS IN HOTEL REAL ESTATE

2021 ESG REPORT
JUNE 2022

WWW.ARCHERHOTELCAPITAL.COM

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1. About Archer

This report contains information about Archer Hotel Capital's 2021 Environmental, Social and Governance (ESG) performance. Our report has been prepared in accordance with the INREV (European Association for Investors in Non-Listed Real Estate Vehicles) and Greenhouse Gas (GHG) Protocol standards.

Our business

As a specialist European hotel investment vehicle, Archer Hotel Capital B.V. ("Archer") owns one of the best quality hotel portfolios in Europe. Archer was established in December 2018 and is jointly owned by affiliates of APG Asset Management and GIC. The company focuses on acquiring institutional quality assets of scale in gateway cities across Europe and has equity commitments and a mandate to expand the existing portfolio. Archer is competitively positioned in the European hotel investment market, with its specialist team, long-term horizon, and high-quality capital sources giving it opportunities to unlock complex investment and value enhancement opportunities.

Archer invests largely in operating assets but is also interested in repositioning opportunities. We have strong relationships with the leading international hotel brands but are also open to working with smaller, entrepreneurial operators who can demonstrate a unique selling point and sustainable competitive advantage.

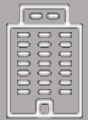
Archer's hotels are located in Paris, London, Madrid, Stockholm, Brussels, Barcelona, Amsterdam, Berlin, and Dublin. Archer aspires to build one of the highest quality, most environmentally and socially responsible hotel portfolios in Europe while creating long-term value and delivering commensurate risk-adjusted returns for our Shareholders. Operating with socially responsible business practices, we make these commitments to our employees, business partners & operators, and the communities in which we operate and invest. An overview of our hotels can be found at: www.archerhotelcapital.com.



1. About Archer – ESG Governance

To make sure we meet our aspirations we have an ESG committee. Ahead of hiring a sustainability specialist in early 2022 the committee was overseen by the Director of Capital Expenditures and comprises of the Head of Portfolio Management, Head of Human Resources and the Director of Finance. The committee informs the Operational Committee and all employees are provided relevant updates at least monthly during project update meetings. The OC defines Archer's strategic direction, monitors operations, and coordinates project implementation. All Directors are members of this Operational Committee.

ESG performance is also reviewed by the Board quarterly, reported to them by the Director of Capital Expenditures and the Head of Portfolio Management.



12
Hotels



3,970
Rooms



1,250,000
Room nights*
*approx. annual total



17
Employees



8
Countries



G R E S B[®]
88
Score in
2021

1. About Archer - Our Portfolio

3,970 ROOMS | 12 HOTELS | 9 GATEWAY CITIES



Renaissance Vendome



Renaissance La Defense



Marriott Brussels



The Dilly



Renaissance Amsterdam



Hilton Schiphol



Sheraton Berlin Esplanade Hotel



Sheraton Stockholm



Hotel Arts Barcelona



Westin Palace Madrid



Conrad Dublin



Madrid EDITION (opened March 2022)

2. Our stakeholders and material topics

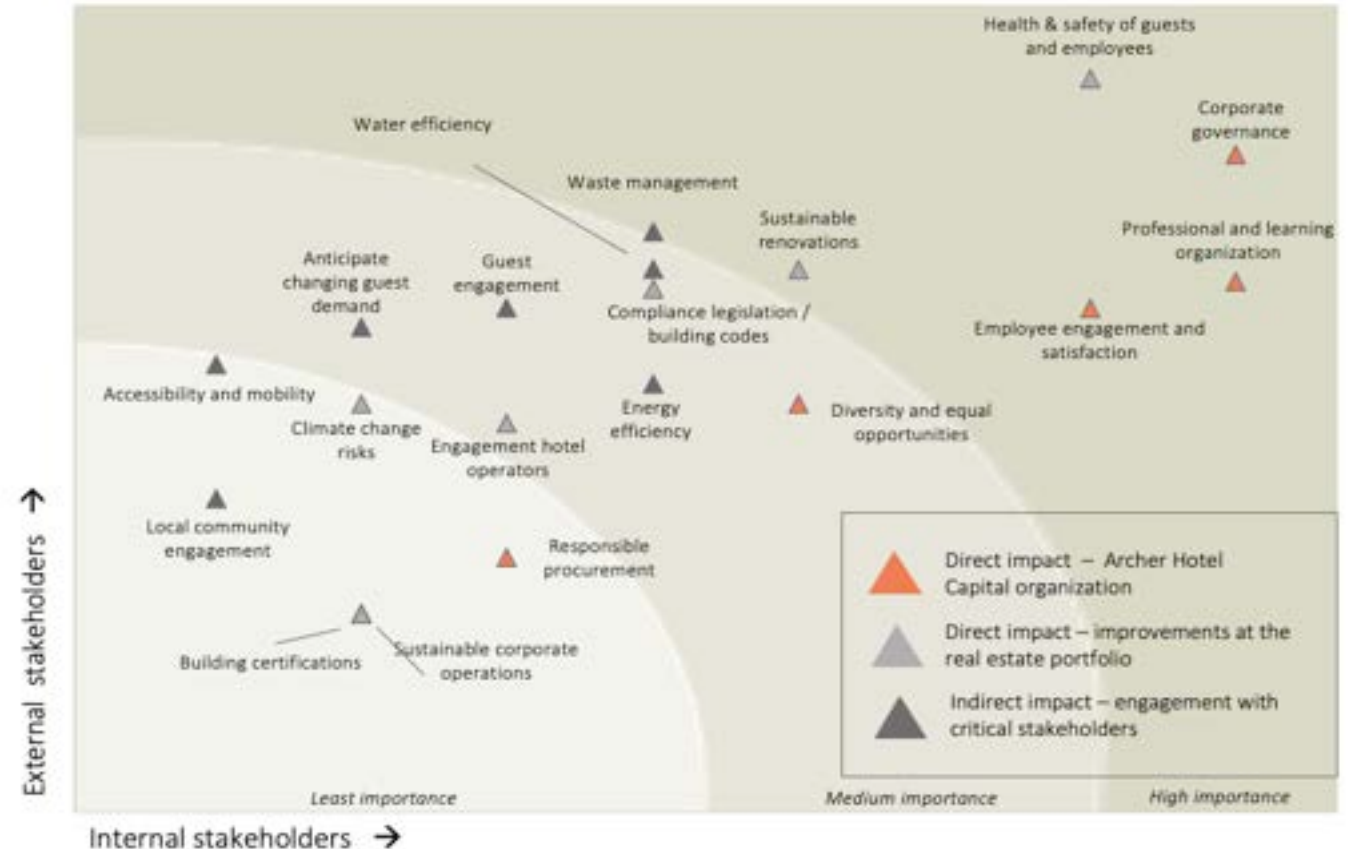
Archer's stakeholders

As a hotel asset manager, Archer has different stakeholders – not just investors, but also hotel operators, guests, employees, local governments, investors, regulators, community groups and non-governmental organisations. Archer is also aware of its wider obligation to society as a whole: to operate as a responsible company, help protect the environment, and support sustainable economic development. Ultimately, Archer aims to create value for all key stakeholder groups.

Materiality

In 2019, we conducted a detailed assessment to identify those sustainability topics most material to our organisation in order to inform our ESG strategy.

The aspects that are material to both Archer and external stakeholders are noted in the upper right-hand corner of the matrix. In this report, we explore and explain the performance of the most material aspects.





3. ESG STRATEGY

3. ESG strategy

Operating with socially responsible business practices, Archer is committed to its employees, business partners and operators and the communities in which they operate and invest. We closely monitor progress against our ambitious targets and benchmark performance both within the portfolio and externally. Dedicated to achieving the highest possible accreditations for our assets, we are working with industry leading sustainability assessors to ensure we are ahead of our peers. For 2020, Archer achieved a GRESB rating of 5 stars. GRESB assesses and benchmarks the ESG performance of real estate assets, providing standardised and validated data to the capital markets.



3. ESG strategy



Building a responsible organisation

Archer strives to provide an attractive place to work for employees. Through investing in talent we make more effective business leaders tomorrow. Entrepreneurial Curiosity, Collaboration, and Accountability define company culture and determine all behaviours internally and with key stakeholders.



Delivering sustainable asset value

We are determined to deliver sustainable asset value. Long-term success is achieved through active and positive working relationships with hotel operators and suppliers. By working together, Archer can operate with the lowest environmental impact possible to create lasting sustainable value for future generations.



Caring for our customers and community

Working closely with our operating partners, we aim to provide memorable stays for guests in our hotels. Any investments we make today should result in an improved guest experience, with sustainable choices.

3. ESG strategy - KPI overview 2021

	KPI	2021
Building a responsible organisation 	Improve upon, or at least retain, a net promoter score among direct employees of at least 71 by year end 2024	71
	Annual training on compliance and governance for direct employees	Achieved
	Annual assessment of training and development needs for direct employees	Achieved
	Implement appropriate wellness initiatives for direct employees including mental health awareness	Achieved
	Incorporate ESG clauses in all new contracts with third-party operators going forwards and commencing in 2020	Ongoing
Delivering sustainable asset value 	Improve upon, or at least retain, a net promoter score among hotel operators of at least 80 by year end 2024	80
	10% reduction in portfolio energy intensity by 2025 from a 2019 baseline	24%*
	36% reduction in portfolio Scope 1 and 2 greenhouse gas intensity by 2025 from a 2019 baseline	58%*
	Minimum recycling and anaerobic digestion/composting rate of 50% by 2025	19%
	All hotels certified BREEAM In-Use by 2022	27%
Caring for our customers and community 	Optimise customer experience and satisfaction scores in collaboration with hotel operators by establishing a common platform of comparable smart targets by 2025	Ongoing
	Include responsible supplier code of conduct in all new supplier contracts and monitor compliance with the code by 2025 for all suppliers	Ongoing
	Long term community investment programs in place at all hotels	Ongoing

**Performance significantly affected by Covid-19 so whilst target appears to have been reached, in the long term it has not been achieved.*



4. BUILDING A RESPONSIBLE ORGANISATION



4. Building a responsible organisation

Archer is committed to building an ethical and responsible organisation. Combining its core values of entrepreneurial curiosity, collaboration and accountability, all employees are committed to working together to achieve company goals and shared success.

Working at Archer

Archer's core values define expectations and behaviour for all employees and Archer as an employer. Archer believes in hiring the best talent to ensure long-term success of the business. From attracting the best talent to career development, training and growth opportunities, retaining and nurturing, Archer's values remain at the core.

Targets

- Improve upon, or at least retain, a NPS (net promoter score) among employees of at least 71 by year end 2024.
- All employees receive:
 - Annual training on compliance and governance
 - Annual assessment of training and development needs
 - Appropriate wellness initiatives including mental health awareness

Training and Development

Archer aims to provide personal and professional growth opportunities for all its employees at company level. During each annual review, all employees are given the opportunity to complete personal development plans. In addition, all employees completed mandatory compliance and governance training.

Diversity, Equality and Inclusion

Archer is committed to creating an inclusive workplace that promotes and values diversity and equality. We believe that diverse companies are better companies. We want employees to feel empowered to share their experiences and ideas, exploring their entrepreneurial curiosity. We understand the importance of creating a safe environment where everyone can bring their authentic selves to work and make it easy for others to do the same.



4. Building a responsible organisation

Code of Conduct

Archer expects the highest ethical standards from employees and other personnel in carrying out its business. Our code of conduct outlines expectations regarding employees' behaviour and applies to all employees and contractors. We expect everyone to foster a well-organised, respectful and collaborative environment.

Compliance Policies

In addition to the Code of Conduct, Archer also has full compliance manual which includes but is not limited to:

- Conflicts of Interest Policy and Inventory
- Inducements, Gifts, Benefits and Anti-Bribery Policy
- Anti-Bribery Risk Assessment
- Complaints Policy
- Data Security Policy
- Whistleblowing Policy
- Social Media Policy
- Business Continuity Plan

Health and Wellbeing

We care about the health and wellbeing of our employees, therefore we have introduced several initiatives to create a healthy and happy lifestyle. In 2021, we introduced 'Everymind at work', an app which provides tools to, manage and improve mental health. We also organise quarterly webinars on topics such as nutrition and mindfulness and in 2021 our Operational Committee completed 'Everymind at work' training. Our operators also run programs for their employees, for example Marriott's Take Care calendar where each hotel organises events from yoga to meet ups, cultural celebrations and mental health seminars.



Physical Health

All employees receive a gym allowance that can be used for gym memberships, local sports clubs or online fitness classes and meditation apps. Archer also offers a twice weekly bootcamp with a real-time instructor. Via these flexible and digital tools, we encourage our employees to take care of their wellbeing even during Covid-19 lockdowns and when on the move.



4. Building a responsible organisation

Mental Health Awareness Week

Archer participated in Mental Health Awareness Week from 10 -16 May 2021 and the theme was Nature. We sent grow your own kits to help bring nature into the home and garden, provided employees tips on connecting with nature such as visiting parks, gardens or forests and. We also organised a group bootcamp session to encourage everyone to get some fresh air.



Working with our Operators

We select hotel operators who share the same values in building a responsible organisation. They have strong governance procedures in place and manage their own extensive training and development, diversity, inclusion and wellbeing schemes for employees.

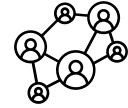
Archer aims to provide ESG specific training to both company level employees and all operators in 2022.

Case study: Marriott Brussels Diversity Label

Marriott Brussels has been awarded the Diversity Label by the Brussels Ministry of Employment. This involved submission and implementation of a diversity plan which was evaluated by third party ACTIRIS. The Diversity Label acknowledges action on gender, age, ability, ethnic diversity and equality as well as support for individuals out of school.

The hotel is very proud of this public acknowledgement of the hotel's efforts and the contribution of its diverse workforce.





4. Building a responsible organisation

Carbon Neutral Organisation

Archer is committed to operating with the lowest possible environmental impact. Archer has committed to offsetting carbon emissions at company level. In 2019 & 2020 we offset Scope 1, 2 & business travel emissions. From 2021 we also offset further Scope 3 emissions from employee commuting, working from home, water and energy consumption (see Appendix – Reporting Criteria.) Emissions from business travel in 2020 and 2021 were exceptionally low compared to 2019 due to Covid-19 travel restrictions.

Archer continues to strive to reduce its carbon footprint, targeting net zero operational carbon by 2030 for both hotels and group offices.



Archer appointed an independent third party, Terra Neutra, through which VCS/Gold Standard certified offsets have been purchased for a variety of environmental projects including:

- Low smoke cookstoves in Darfur, Sudan.
- Katingan Peatland preservation in Indonesia - preventing the release of carbon in both vegetation and that stored in the peatland.
- Reforestation in Madagascar - home to the second largest primary rainforest in the world (after Amazonia) and where trees planted have a carbon absorption capacity 10 to 15 times greater than those in highly developed regions.

In addition, we are supporting a more local initiative to restore UK soil through regenerative farming practices and have agreed to purchase carbon certificates representing 31 tons of carbon sequestered into the soil. These practices improve soil health and promote biodiversity whilst sequestering carbon.

All these projects support multiple UN Sustainable Development Goals providing tangible benefits to both environment and local communities.

5. DELIVERING SUSTAINABLE
ASSET VALUE



5. Delivering sustainable asset value

Our goal is to make Archer's hotels and operations as resource-efficient as possible to reduce our environmental footprint per hotel while at the same time growing the business. We do this by collaborating with our hotel operators and suppliers, embedding our environmental management system and benchmarking our performance against industry targets.

Targets

- Incorporate ESG clauses in all new contracts with third-party operators going forwards and commencing in 2020.
- Improve upon, or at least retain, a net promoter score among hotel operators of at least 80 by year end 2024
- All hotels to be certified BREEAM In-Use Part 1 (asset performance) and Part 2 (management performance) by 2022.
- Minimum BREEAM In-Use rating of Very Good by 2025 for all hotels.
- Net zero operational carbon emissions by 2030.

Collaboration with Hotel Operators

The partners we select, the policies we implement and the example we set all collectively determine our impact on our surroundings. Archer has high ESG expectations and asks all partners to combine efforts and actively participate in Archer's mission to improve the portfolio's ESG impact.

In 2019 we developed a Memorandum of Understanding (MoU), aimed at setting out how the hotel's ESG performance will be managed and improved collaboratively by Archer and hotel operators, including sharing initiatives. To date, ESG clauses have been signed by 2 of our 3 major hotel operators and we are working on extending this to other third-party operators across our food and beverage outlets.



5. Delivering sustainable asset value

Operator Engagement Survey

In 2020 we held our first engagement survey of hotel operators, designed to obtain feedback from hotel managers on how to improve the hotels, further collaborate and optimise the guest experience.

Archer received an exceptional Net Promotor Score (NPS) of +80. Our highest scoring aspects included communications and meetings with Archer whilst our lowest scoring aspects included building climate control and water management, many aspects of which will be addressed as part of planned renovations. Archer continues to explore initiatives to further improve engagement and will perform an engagement survey every two years. We aim to improve upon, or at least retain, a net promoter score of at least 80 by year end 2024.



Environmental Management System

Archer has developed and implemented an in-house Environmental Management System that is aligned with ISO 14001 standards. It is integrated into the same business management platform used for monitoring financial and asset management performance. Prior to Covid-19, Archer held annual 'Alpha days' where General Managers from the portfolio shared best practices in sustainable management with the most recent meeting focusing on energy reduction. Further workshops and training are planned for the future. In addition, every hotel has its own energy and water reduction objective, set by the operator, and tracked throughout the year.



5. Delivering sustainable asset value

Climate Change and Resilience

Climate change and the extreme weather events driven by these changes, is a global concern and a global problem. As a responsible organisation, Archer takes responsibility for its part in reducing the carbon footprint of its operations and hotels.

At company level, we have set revised carbon reduction targets in line with the latest guidance of the Sustainable Hospitality Alliance's Net Zero Carbon Methodology:

36% reduction in portfolio Scope 1 and Scope 2 GHG intensity by 2025 and 66% by 2030 from a 2019 baseline

In 2020 we developed science-based carbon reduction pathways at asset and fund level using CRREM (Carbon Risk Real Estate Monitor). The CRREM tool defines decarbonisation pathways (targets) in line with the EU commitment to limit global warming to well below 2 degrees Celsius (or even 1.5 degrees Celsius). These pathways help provide a roadmap for individual properties and for the whole portfolio until 2050. This has given us a better insight into when assets might be stranded and the impact of different energy investment options considered for renovations. Our pathways will be updated in 2022 as renovation plans become clearer.

At hotel operator level, we are proud to work with two major operators who have both made key carbon commitments: Hilton set Science-based Target Initiative (SBTi) approved carbon reduction targets in 2018 and this year Marriott International committed to setting SBTi targets and to reach net zero value chain GHG emissions by no later than 2050.

2021 Performance

In 2021 total energy consumption decreased by 24% and market based GHG emissions fell by 57% to 7,349 tonnes compared to our 2019 baseline. This has been primarily driven by the Covid-19 pandemic and subsequent periods of hotel closures. Whilst emissions increased between 2020 and 2021 as the hotel market started to recover, emissions are likely to rise further as we return to normal occupancy levels.

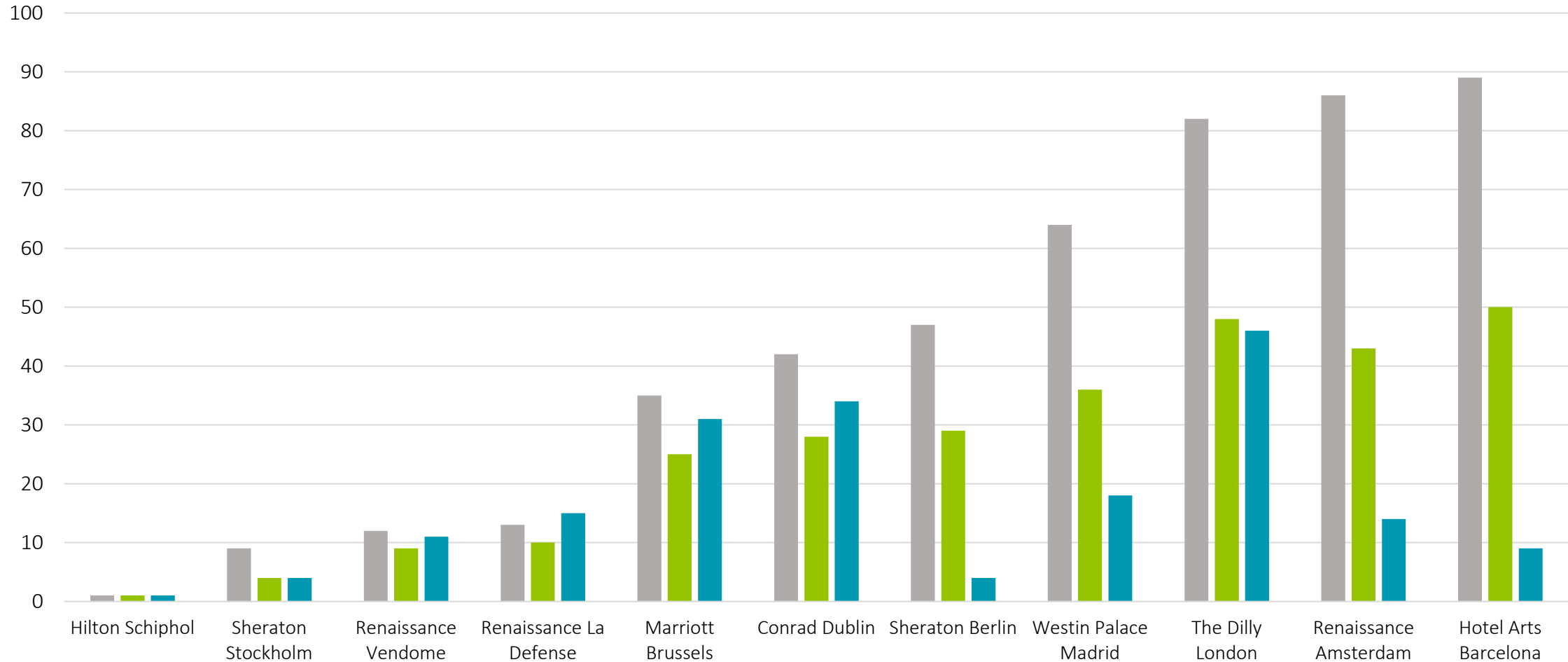
A total of 58,940 MWh energy was consumed – of which over 28,000 MWh was from renewable sources (see environmental table in the appendix for details).

The proportion of total electricity from renewable sources increased from 46% to 85% in 2021 due to switching Hotel Arts Barcelona, our largest energy consumer, on to a renewable electricity supply.

5. Delivering sustainable asset value

Greenhouse gas intensity (kg CO₂e/m²) from building energy*
(market based approach)

■ 2019 ■ 2020 ■ 2021



*The COVID-19 pandemic continued to have a significant impact on our energy, water and waste levels due to the reduced activity and temporary hotel closures, with 2021 levels still significantly below 2019 although higher than in 2020 due to increased occupancy. The Madrid EDITION is excluded as it was not yet operational.



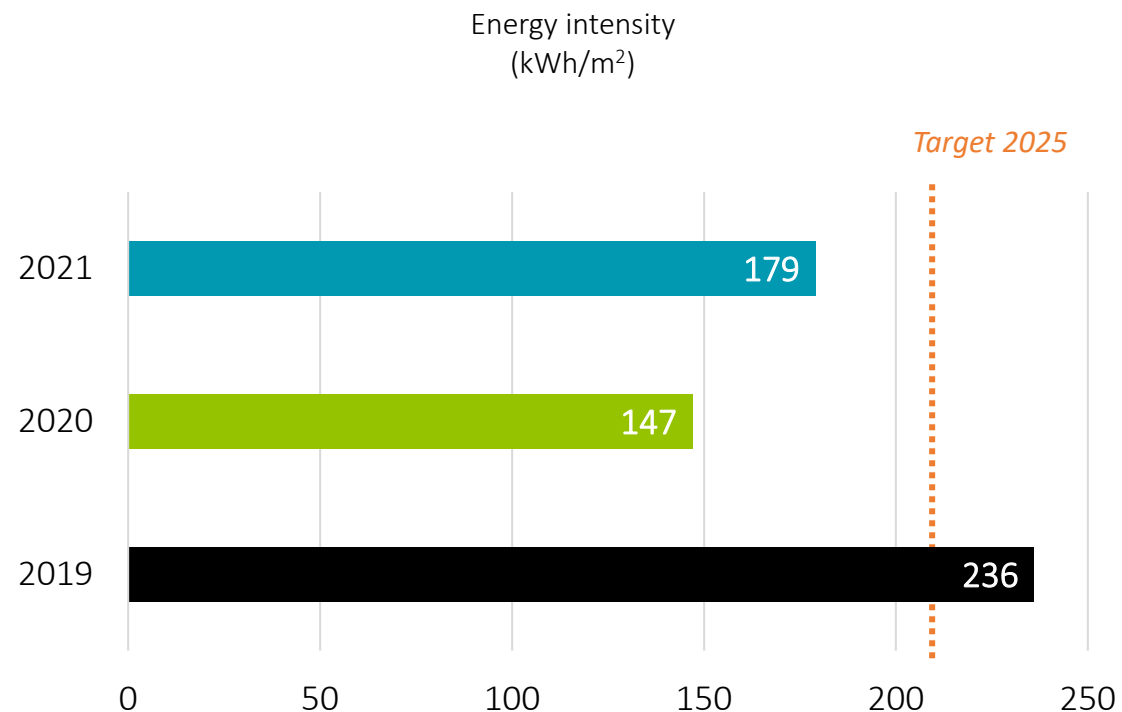
5. Delivering sustainable asset value

Energy Efficiency

Archer has been actively monitoring energy consumption and implementing measures to reduce both energy consumption and greenhouse gas emissions. During Covid-19 lockdowns this has included closing off parts of the hotel to reduce energy requirements and development of our renovation plans which include upgrades to more efficient building management, lighting, heating, ventilating and air conditioning systems.

Archer acknowledges that hotel guests have an important role to play in reducing energy usage and therefore promoting awareness and engagement in this area can improve energy efficiency.

We are targeting 10% reduction in portfolio energy intensity by 2025 and 20% by 2030 from a 2019 baseline. Due to the Covid-19 pandemic, local lockdowns and subsequent hotel closures, all hotels within the Archer portfolio used a significantly lower amount of energy in 2020 compared to 2019, with consumption rising in 2021 as the market has started recovering.

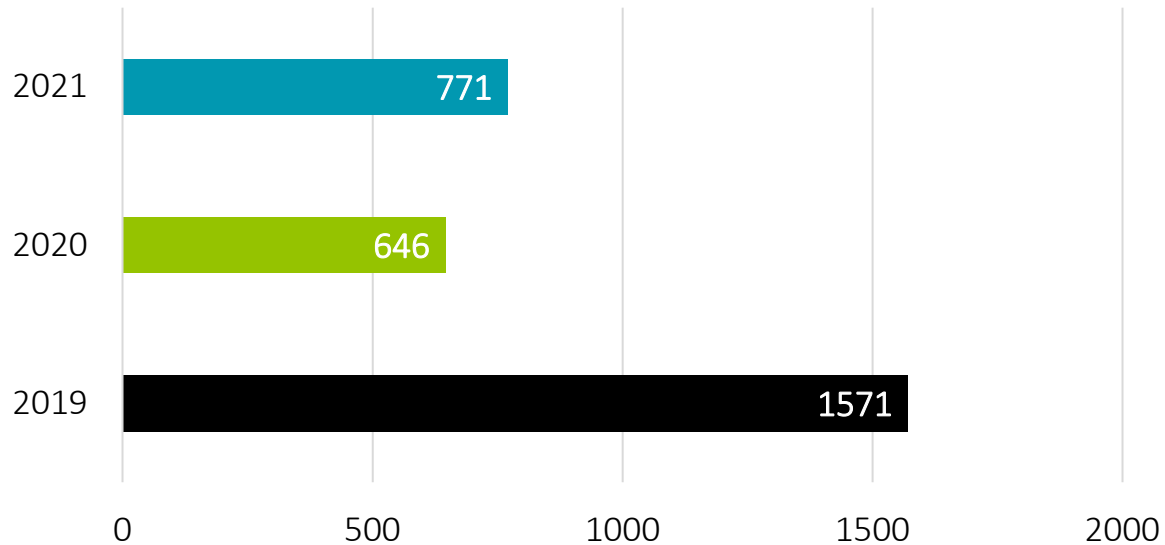


Our goal: 10% reduction in portfolio energy intensity by 2025 from a 2019 baseline



5. Delivering sustainable asset value

Water intensity*
(litres/m²)



**COVID-19 pandemic continued to have a significant impact on our water levels due to the reduced activity and temporary hotel closures, with 2021 levels still significantly below 2019 although higher than in 2020 due to increased occupancy.*

Water Efficiency

Efficient water management is an essential part of our stewardship of natural resources. Archer's hotel operators have implemented programs and set targets to reduce water consumption e.g. Marriott is targeting a reduction in consumption of at least 15% by 2025 (baseline 2016) and Hilton is targeting a reduction in water use intensity of 50% by 2030 (baseline 2008).

Archer closely monitors and evaluates water consumption and continues to identify opportunities to deploy capital expenditure to improve efficiency.

In 2021 our water consumption per square metre of floor area has reduced by 51% compared to 2020 due to the Covid-19 lockdowns.



5. Delivering sustainable asset value

Waste Management

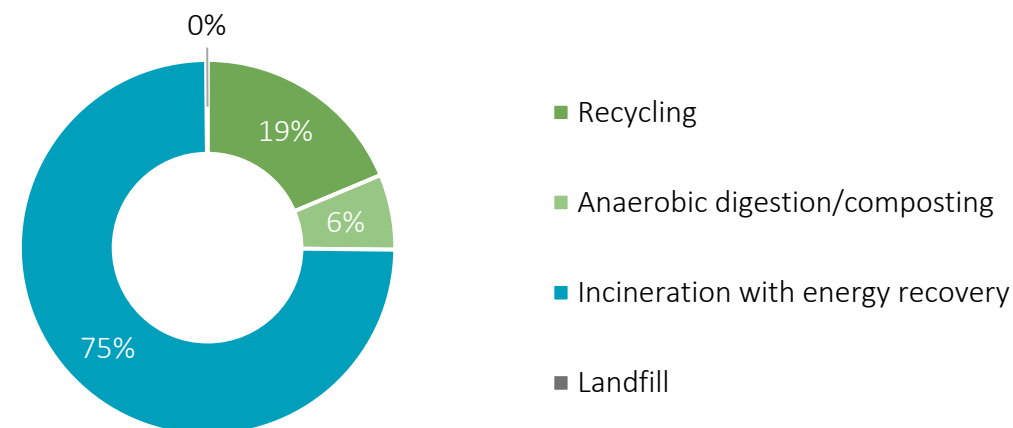
Being a responsible organisation means responsible use of natural resources. The hospitality industry is well known for waste production – from single use plastic toiletries to food waste and frequent refurbishments.

Reduction of waste produced, followed by reuse and recycling programs has been identified as an area with substantial scope for improvement. The majority of our assets have implemented single stream recycling; all food waste is sent to anaerobic digestion for energy and fertiliser production or to composting; cooking oil is recycled into biodiesel, and around half of the hotels have well established take back schemes with beverage suppliers, reducing our glass waste.

Recent initiatives include donation of excess food where regulations allow post Covid-19. For example, at the Hotel Arts Barcelona, 13.5 tonnes of excess food from banqueting events was donated to Nutrició Sense Fronteres in 2021, with 29,301 beneficiaries across Barcelona.

In 2021 the portfolio recycling and anaerobic digestion/composting rate was 19% for a total of 1,666 tonnes of waste collected (25% and 1,691 tonnes in 2020). This decrease is due to several factors including: previously, Renaissance Vendome data was not available, the ongoing effect of Covid-19 resulting in less inclination from guests to accept reusable/refillable items plus an increase in waste from personal protective equipment, and in some cases reduced availability of data from contractors.

Waste by disposal route 2021



5. Delivering sustainable asset value

Revised waste action plans for each asset will be formed in 2022. Key initiatives planned include:

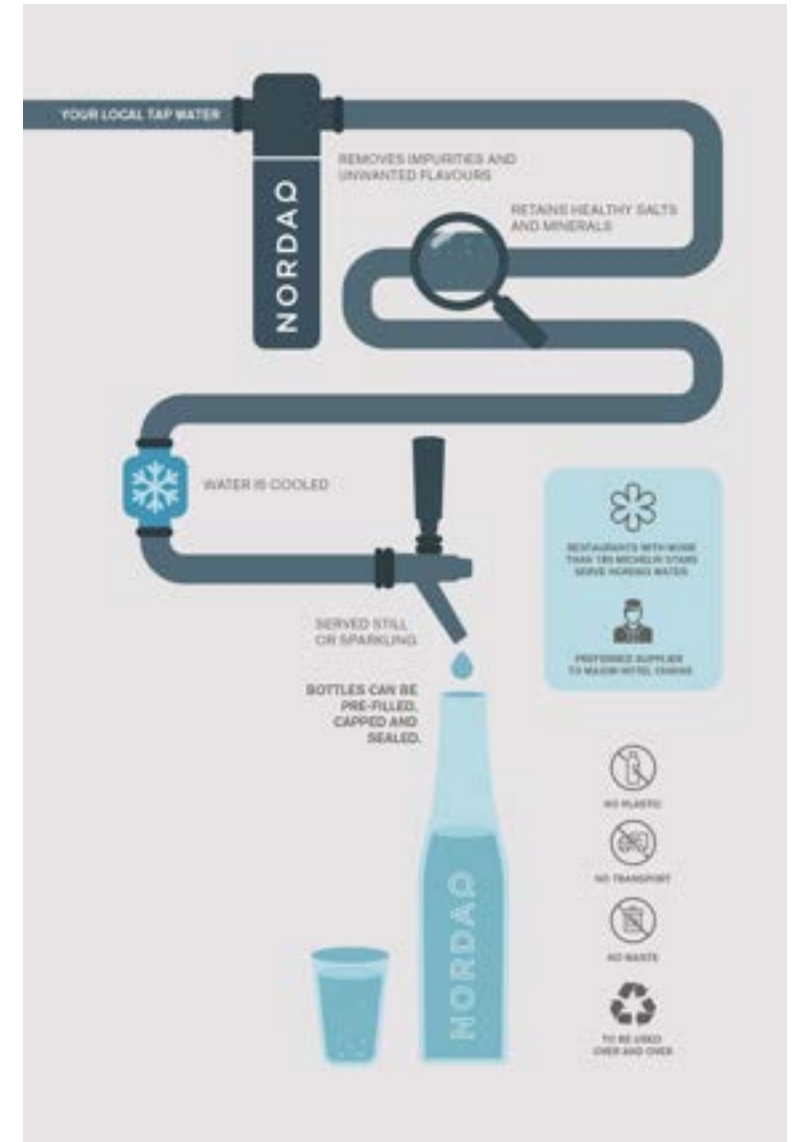
- Installation of bulk or refillable toiletries
- Collaborating with suppliers to reduce packaging waste and increase take back schemes
- Switching from plastic to glass or refillable drinking water bottles
- Offering further waste stream segregation facilities on-site both in guest rooms and back of house
- Detailed food waste analysis e.g. trial of Leanpath technology at Westin Palace Madrid
- Working with contractors to improve data quality and reduce waste to landfill to zero

Case study: Sheraton Stockholm On-site Water Bottling

Sheraton Stockholm was the first hotel in the world to install a Nordaq Water Filtering System in 2011. This enables the hotel to produce and bottle all the drinking water provided to guests directly on site. Fresh local water is filtered, chilled and can be still or sparkling. The bottles are glass, precision cleaned and reusable with a time stamp showing exactly when it was bottled. This avoids single use plastic, reduces the carbon footprint from waste processing and delivery.

So far the hotel has avoided over 1 million plastic bottles and saved over 540 tonnes of carbon.

A QR code and information in the guest room explains to guests the story of the water and shares the comfort of reducing their environmental impact.



5. Delivering sustainable asset value

Biodiversity

Archer is conscious of the impact its hotels have on the local ecosystems of which it is a part and on global ecosystems through its supply chain. Green building certification acts as a guide to better understanding our impact on biodiversity. Initiatives are incorporated into our renovation design considerations, for example the planned conversion of rooftop space at Renaissance Amsterdam into a community allotment and redesign of green space at Hotel Arts Barcelona.

In 2021, Hotel Arts Barcelona converted a roof terrace into a Mediterranean kitchen garden whose produce is used in the restaurant. Guests and staff can also access the garden and learn about the different plants.





5. Delivering sustainable asset value

Building and Energy Performance Certifications

Archer uses building certifications to better understand its hotels holistically, provide bench marking and develop sustainable action plans for both renovations and operations.

Objectives:

- Whole portfolio to be certified BREEAM In-Use Part 1 (asset performance) and Part 2 (management performance) by 2022.
- Energy Performance Certificates for all assets by 2022.
- All operational assets to achieve a minimum BREEAM In-Use rating of Very Good by 2025.
- Whole portfolio to be certified to Global Sustainable Tourism Council recognised hotel standards by 2025.

As of 31 December 2021, **3 out of 11** operational assets (27% by floor area) have completed BREEAM In Use certification with 6 undergoing pre-screening. Madrid EDITION (a turnkey development to be opened in 2022) has been designed to the LEED Gold standard and will be officially certified by the end of next year.

9 out of 11 assets have completed energy performance certificates.

Four hotels are certified to Global Sustainable Tourism Council recognised standards in 2021 – Renaissance La Defense and Vendome with Green Key, and Conrad Dublin and Hilton Amsterdam Schiphol through Hilton LightStay, meeting the highest sustainability standards specifically for travel and tourism. Previously, due to Covid-19, some hotels' certifications lapsed however there are plans for these to be refreshed.

In addition, several hotels are certified to ISO 14001 (Environmental Management) and ISO 50001 (Energy Management).



Case study: Booking.com Travel Sustainable Badge

In November 2021 Booking.com, one of the world's leading digital travel platforms, launched its Travel Sustainable Badge, which allows prospective guests to filter hotel searches based on sustainability. Guests can also see which sustainable practices each hotel engages in, from which types of single use plastic items are used, to whether showers and toilets are water efficient. **9 out of 11** of our hotels have secured the badge so far, with the remainder awaiting review.



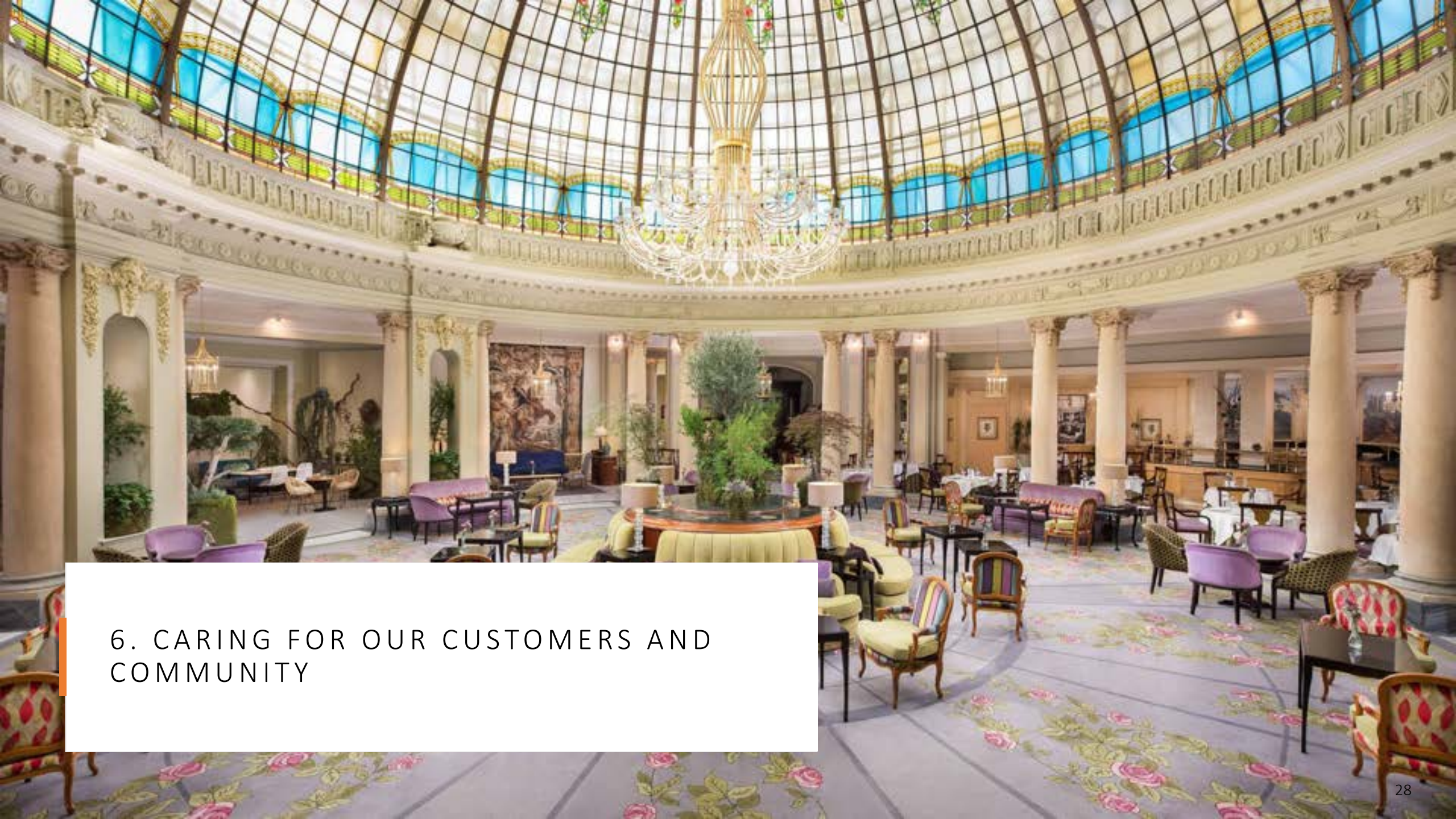
5. Delivering sustainable asset value

Case study: Hotel Arts Barcelona Biosphere

In 2021 Hotel Arts Barcelona was awarded the Biosphere Committed badge by the Responsible Tourism Institute for its efforts in sustainability. Biosphere is one of the certifications recognised by the Global Sustainable Tourism Council and is noted for its emphasis on social and cultural sustainability as well as environmental sustainability. It assesses the hotel's contribution to the 2030 UN Sustainable Development Goals and provides tailored action plans to help hotel management. For example, there are requirements to use refillable toiletry dispensers and to communicate sustainable practices to guests.

Hotel Arts Barcelona's Biosphere actions were reviewed at both the beginning and end of the year. Once all required actions are evidenced, the hotel will undergo a third-party audit to achieve fully Certified status.





6. CARING FOR OUR CUSTOMERS AND COMMUNITY



6. Caring for our customers and community

To build one of the highest quality hotel portfolios in Europe we collaborate with hotel operators, suppliers and service providers to measure and optimise customer satisfaction and share best ESG practices across the portfolio. Our customers' impact lasts beyond their hotel stay – through our hotels they reach the wider community and each environment throughout our supply chain.

Targets

- Optimise customer experience and satisfaction scores in collaboration with hotel operators by establishing a common platform of comparable smart targets by 2025.
- Include a responsible Supplier Code of Conduct in all new supplier contracts and monitor compliance with the code by 2025 for all suppliers.
- Long term community investment programs in place at all hotels.

Hotel Guest Satisfaction

Archer welcomes guest feedback and all hotel guests are invited to review our hotels after their stay. Most hotel reviews are directly posted online on platforms like Google reviews, Facebook, TripAdvisor and Booking.com. Our hotel managers track guest reviews that are published, or received directly, and the feedback is passed onto senior management.

Archer aims to keep guest satisfaction scores above market average. However, in 2021 it was sometimes harder to meet guest expectations due to the Covid-19 pandemic. On occasions we were forced to close amenities such as swimming pools and restaurants to comply with local restrictions. When the market re-opened, we were able to attract our guests again with flexible conditions such as free cancellations 24 hours before arrival and surprising food and beverage experiences such as pop-up restaurants, mixology classes and takeaway packages.



6. Caring for our customers and community

Guest Health and Wellbeing

The health and safety of our hotel guests and staff is paramount and our operators run stringent cleaning regimes to maintain comfort and provide guests extra reassurance since Covid-19 emerged. This included increased fresh air circulation and opt-in housekeeping during stays to so no one entered guestrooms unless requested). We assess the health, safety and air quality through assessments such as BREEAM In Use and checks to comply with local legislation.



Responsible Procurement

Archer is committed to working with partners who do business in a fair and responsible manner and to using its purchasing power to enable positive change. We have developed a Supplier Code of Conduct which is applicable to all contractors, subcontractors, consultants and other third parties. This includes ESG criteria such as minimisation of waste and anti-modern slavery practices.

We encourage local procurement and strive to continuously improve the proportion of spend with local companies and SMEs. This not only creates a more unique experience for guests but also benefits the community of which we are a part. Particular focus has been placed on food and beverage and also in design considerations for future refurbishment projects.

Our hotel operators also set and follow responsible procurement policies for their operational spend. For example, Marriott has committed by 2025 to responsibly source 95%, by spend, of its top 10 purchasing categories and to locally source 50% of all produce, in aggregate by spend.

Our Supplier Code of Conduct can be found at: <https://www.archerhotelcapital.com/archer-hotel-capital-esg-supplier-code-of-conduct/>



6. Caring for our customers and community

Community Investment

As a responsible corporate citizen Archer aims to positively contribute to the economic and social development of the communities in which we operate. Our program includes the strategic development of long-term relationships with local stakeholders. Together with our hotel operators we engage in a number of activities that address regional needs and create social value.

Company Level Volunteering

Archer at company level have a volunteering program whereby employees are encouraged to take paid leave (up to 1.5 days per year) to volunteer with local community or charitable projects. In addition, employees are encouraged to join events and initiatives organised by hotel operators. Archer also recognises and values that employees may wish to, or already do, undertake volunteer work in their free time. Where it is possible, support is given for employees to continue to do so.

In 2021, Archer organised community activities were postponed due to the pandemic. However, a program has been developed for 2022.



Staff at Hotel Arts Barcelona cleaning up the local beach



6 . Caring for our customers and community

Operator Level Community Investment

Volunteering

At operator level, many of our hotels organise volunteering activities for staff. For example, In 2021 Conrad Dublin, Hilton Schiphol and Hotel Arts Barcelona all supported Earth Day through local clean ups of our natural environment. And Hotel Arts Barcelona volunteered with Cáritas, their long-term charitable partner, across multiple areas such as providing administrative and warehousing support and organising special Christmas activities for disadvantaged children.

Employability

The hospitality industry has huge opportunity to support people into employment through its large workforce, variety of roles and customer facing nature.

Hotel Arts Barcelona provided internship opportunities to members of Fundació Aura which supports neurodiverse members of society into employment and to vulnerable young people through Casal dels Infants. Casal dels Infants' mission is to tackle social and educational inequality amongst children and young people. These internships improve self-confidence and provide encouraging environments in which to learn about working in hospitality.



Hotel Arts Barcelona interns through Casal dels Infants

Many of our hotel employees, including those at Conrad Dublin, Hilton Schiphol and Marriott Brussels volunteer their time to provide guidance and interview skill training to hotel management students and prospective students.



6. Caring for our customers and community

Cash Donations and Fund Raising

Sheraton Stockholm and Hotel Arts Barcelona hold annual flea markets to raise money for charities, beneficiaries included Situation Stockholm (which helps the homeless), the Swedish Childhood Cancer Fund – Barncancerfonden and Càritas, which supports vulnerable people in Barcelona.

Staff from Renaissance La Defense and Vendome fundraised through participating in sporting events for La Parisienne, which supports Breast Cancer victims, and Course des Heroes, one of the largest fundraising events in France whose beneficiaries include medical research to fulfilling the dreams of seriously ill children.

In-Kind Donations

The majority of our hotels regularly donate clothes, toiletries, furniture and food to community causes. This can both reduce waste and benefit the community.

For example, Hilton Amsterdam Schiphol organised a conference for a local toy company and noticed the opportunity to donate the toys left over from the conference to Stichting Jarige Job, a charity which provides birthday presents to children in poverty. This wonderful act led to the hotel facilitating a longer term partnership between the charity and the toy company.

In 2021, Hotel Arts Barcelona donated mattresses, bedlinen and pillows worth €200,000 to La Nau, a local charity which supports the most vulnerable members of society through a product distribution network.



6. Caring for our customers and community

Space Donations

Space is our largest asset and our hotels are proud to donate both guest rooms and event space for community needs. Examples in 2021 include:

- Hotel Arts Barcelona supported Fundació Aura and Fundació Síndrome de Down by providing ballroom space for annual staff parties, treating those who work tirelessly for these charities which support neurodivergent members of society.
- Marriott Brussels provided meeting space to SOS Villages Enfants for 8 days to enable them to train volunteers on how to mentor and care for traumatised children. They also worked with the local Hotel Management High School which did not have enough space to organise exams that met the social distancing rules during the pandemic. The hotel offered to support them by offering the ballroom as exam space.
- Renaissance Vendome created showcases of local artisanal businesses in the lobby including jewellers and bakers to support local business recover from Covid-19.



Christmas activities for vulnerable children at the Glamparetes centre in Barcelona. One of many in the partnership between Hotel Arts Barcelona and Càritas.

A modern living room interior featuring a curved dark blue sofa with a white cushion. The room has a high ceiling with a skylight and a large, textured orange pendant light. On the left, there is a tall wooden bookshelf filled with books. In the center, a fireplace is integrated into a wooden wall unit. To the right, a wooden tripod floor lamp with a white shade stands next to a small wooden side table. A patterned rug is on the floor, and several vases with dried flowers are on a table behind the sofa.

APPENDIX

Social impact - employees

Employee Diversity	Category	2019	2020	2021
Total number of employees	Number	15	16	17
Gender - Board	Male	87%	87%	87%
	Female	13%	13%	13%
Gender - Operational Committee	Male	100%	100%	100%
	Female	0%	0%	0%
Gender - All	Male	75%	75%	71%
	Female	25%	25%	29%
Age	Under 30 years old	18%	13%	13%
	Between 30 and 50 years old	64%	75%	75%
	Over 50 years old	18%	12%	12%
Ethnicity	Chinese	6%	6%	6%
	Not specified	25%	0%	0%
	White	69%	88%	88%
	Indian	0%	6%	6%

Social impact - employees

Impact Area	Indicator	2019	2020	2021
Training and development	% of employees for whom training requirements have been assessed	0%	100%	100%
	% of employees who received professional training	100%	100%	100%
	% of employees who received training on compliance and governance	100%	100%	100%
	% of employees that have a professional development plan	nr	20%	20%
	Annual performance appraisals	nr	100%	100%
Employee engagement	Employee turnover	nr	6.30%	0%
	Net Promotor Score	nr	71	-
	Employee performance	nr	4.2/5	-
	Organisation performance	nr	4.3/5	-
Employee health & safety	Workstation and / or workplace checks (%)	100%	100%	100%
	Absentee rate (%)	0%	0%	0%
	Injury rate (%)	0%	0%	0%
	Work-related fatalities (number)	0	0	0

nr= not reported

Environmental impact

Impact area	Indicator	Unit of measure	2019	2020	2021	% Change year on year
Benchmarking	GRESB Rating	Stars	-	3	5	+2
	GRESB Score	Overall score	-	76	88	+12
Green building certificates	BREEAM In-Use	% floor area	12%	18%	27%	50%
	BREEAM In-Use Rating Very Good or Higher	% floor area	12%	18%	18%	48%
	Global Sustainable Tourism Council recognised certificate	% floor area	42%	36%	34%	-14%
Energy performance certificates	EPC Rating A	% floor area	21%	21%	21%	
	EPC Rating B	% floor area	0%	0%	0%	
	EPC Rating <C	% floor area	21%	21%	50%	
	No Rating	% floor area	58%	58%	30%	
			2019 baseline	2020	2021	% Change from baseline
Energy	Hotels					
	Electricity	MWh	44,801	27,313	33,316	-26%
	From renewable sources	% of electricity	39%	46%	85%	121%
	Gas	MWh	23,900	15,846	18,513	-23%
	District heating and cooling	MWh	8,956	5,300	7,111	-21%
	Hotels Total	MWh	77,658	48,459	58,940	-24%
	Hotels Energy intensity	kWh/m ² /year	236	147	179	-24%
	Reduction from baseline	%		-38%	-24%	
	Group Offices	MWh	nr	nr	23	

Environmental impact

	Indicator	Unit of measure	2019 baseline	2020	2021	% Change from baseline
Greenhouse gas emissions	Hotels					
	Scope 1 Direct	tonnes CO ₂ e	4,449	2,948	3,448	-22%
	Scope 2 Indirect - Location based	tonnes CO ₂ e	13,138	7,129	7,594	-42%
	Scope 2 Indirect - Market based	tonnes CO ₂ e	10,255	5,172	2,666	-74%
	Scope 3 Indirect - Location based energy	tonnes CO ₂ e	3,176	2,402	2,989	-6%
	Scope 3 Indirect - Market based energy	tonnes CO ₂ e	2,285	1,675	1,121	-51%
	Scope 3 Indirect - Water	tonnes CO ₂ e	187	78	78	-58%
	Scope 3 Indirect - Waste Disposal	tonnes CO ₂ e	57	36	36	-37%
	<i>Hotels Total - Location based</i>	<i>tonnes CO₂e</i>	<i>21,006</i>	<i>12,594</i>	<i>14,145</i>	<i>-33%</i>
	<i>Hotels Total - Market based</i>	<i>tonnes CO₂e</i>	<i>17,233</i>	<i>9,910</i>	<i>7,349</i>	<i>-57%</i>
	Group Offices					
	Scope 1 Direct	tonnes CO ₂ e	18	18	8	-54%
	Scope 2 Indirect - Location based	tonnes CO ₂ e	4	3	2	-40%
	Scope 2 Indirect - Market based	tonnes CO ₂ e	4	3	1	-79%
	Scope 3 Indirect - Office operations	tonnes CO ₂ e	nr	nr	2	
	Scope 3 Indirect - Business Travel	tonnes CO ₂ e	123	16	19	-84%
	Scope 3 Indirect - Employee Commuting	tonnes CO ₂ e	nr	nr	1	
	<i>Group Offices Total - Location based</i>	<i>tonnes CO₂e</i>	<i>145</i>	<i>37</i>	<i>33</i>	<i>-77%</i>
	<i>Group Offices Total - Market based</i>	<i>tonnes CO₂e</i>	<i>145</i>	<i>37</i>	<i>32</i>	<i>-78%</i>
	Offsets purchased	tonnes CO ₂ e	(139)	(31)	(33)	
	<i>Net Group Offices Total - Market based</i>	<i>tonnes CO₂e</i>	<i>0</i>	<i>0</i>	<i>0</i>	
	Group Total - Location based	tonnes CO₂e	21,151	12,631	12,229	-42%
	Group Total - Market based	tonnes CO₂e	17,378	9,947	7,381	-58%

Environmental impact

Impact area	Indicator	Unit of measure	2019 baseline	2020	2021	% Change from baseline
Hotel GHG intensity	Scope 1 and 2 GHG intensity - Market based	kg CO ₂ e/m ² /year	44.7	24.7	18.6	-58%
	Reduction from baseline	%		-45%	-58%	
	Total GHG intensity - Market based	kg CO ₂ e/m ² /year	52.4	30.1	22.3	-57%
Water	Total	m ³	517,024	212,453	253,849	-51%
	Water intensity	m ³ /m ² /year	1.57	0.65	0.77	-51%
Waste	Recycling	%	18%	19%	13%	-26%
	Composting or digestion of food waste	%	7%	6%	6%	-14%
	Incineration with energy recovery	%	74%	75%	80%	8%
	Landfill	%	0.2%	0.1%	0.1%	-75%
	Total weight	tonnes	2,545	1,691	1,666	-35%
	Waste diverted from landfill	%	99.6%	99.8%	99.9%	
	Waste intensity	kg/m ² /year	7.7	5.1	5.1	-35%

Reporting criteria

Scope and Boundaries

The reporting period runs from 1 January 2021 to 31 December 2021. Archer owned 12 hotels within this period, of which 11 were operational. The Madrid EDITION is excluded from the reporting scope until its opening date in 2022 as the hotel was under construction controlled by the developer under a turnkey agreement. All operational hotels in 2021 were within the operational control of third-party hotel operators. However, Archer recognises its influence over these hotels and therefore includes them within the reporting boundary. We also report indicators relating to Archer's two leased office spaces. Archer is headquartered in Amsterdam and indicators are reported in line with INREV sustainability guidelines.

Employee Indicators

This covers all employees that work directly for Archer and do not include employees of our hotel operators. Due to the size of the business (17 headcount) these are the only metrics publicly reported. The Board includes non-executive as well as executive directors.

Energy Performance Certificates and Green Building Certificates

Ratings are reported as provided by certified assessors in formal reports and floor area is based on gross internal area.

Energy

This includes consumption of natural gas, electricity, district heating, cooling and steam at our hotels. 4 of our hotels operate on district heating and cooling (Renaissance La Defense and Vendome, and Sheraton Berlin and Stockholm). We also report on energy consumed in group offices – this is based on purchased electricity for the London office and estimated based on service charge apportionment for the Dutch office.

Energy and Greenhouse Gas Intensity

The gross internal area of the hotel is used as a denominator for intensity calculations. This excludes any units of the building which do not form part of the hotel and includes retail units which are within the hotel demise where we procure and report on their energy. Targets are currently based on those suggested Sustainable Hospitality Alliance's Net Zero Carbon Methodology. Archer is aware there might be a mismatch between the nominator and denominator in its methodology for calculating intensities, they may be revised as further analysis is performed.

Reporting criteria

Carbon Footprint – Basis of Reporting

Our Scope 1, 2 and 3 GHG emissions are reported in tonnes of CO₂ equivalent (tCO_{2e}) and have been prepared in accordance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. The scope of our reporting reflects the guidance for hotel owners from the Sustainable Hospitality Alliance's Net Zero Carbon Methodology. As per this guidance, emissions from insignificant sources have been excluded, such as fugitive emissions from refrigerants and liquid fuel used in on site machinery. Purchased goods and services such as upstream emissions from food and beverage, operating supplies & equipment and outsourced laundry fall within the scope of the hotel operators' reporting boundaries and are not reported here. Capital goods comprising embodied carbon from refurbishments will be reported in future years when projects occur.

GHG emissions and constituent consumption are significantly reduced during 2020 and 2021 compared to the 2019 baseline due to the impact of Covid-19 lockdowns and travel restrictions, which led to closures of the hotels for periods of time and reduced occupancy when open.

2019 and 2020 figures have been restated in line with the updated 2021 methodology outlined below for consistency and as data quality has improved.

Scope 1:

Fuel includes natural gas consumption at hotels and Archer's group offices.

Scope 2:

This reflects emissions from electricity and district heating/cooling and steam that we purchase.

Location based: Country level average grid intensity emission factors have been used to convert kWh of electricity.

Market based: Supplier specific emission factors and the residual mix factor from the AIB European Residual Mixes have been used.

Reporting criteria

Scope 3:

Energy:

Well-to-tank of gas: These emissions were calculated using local emissions factors where available, applied to Scope 1 gas consumption. Where unavailable, Dutch factors have been used.

Transport and Distribution losses: These emissions were calculated using local emissions factors where available, applied to Scope 2 energy consumption. Where unavailable, Dutch factors have been used.

Employee commuting and homeworking: Emissions from Archer employees commuting were estimated using distance data, average number of commutes per week and most common modes of commuting. Emissions from homeworking were estimated using the EcoAct Homeworking Whitepaper. Local emission factors have been used to reflect the two different office locations.

Business travel: emissions from Archer employees' air, rail and taxi travel. Calculated using origin and destination data from expenses where available and great circle distance. If unavailable, then taxi emissions have been estimated based on spend. Local emission factors have been used where possible. For international rail journeys the Netherlands' international rail factor has been used and for underground train journeys the UK BEIS London Underground factors have been used as a proxy.

Water

This includes water managed by our hotel operators and water consumed at group offices. The latter is managed by the landlord and is estimated based on service charge.

Waste

Waste data includes hazardous and non-hazardous waste managed by our hotel operators. Group offices' waste is excluded as this is managed by the landlords and no occupier level data is currently available. Waste sent to a Material Recovery Facility (MRF) is included within recycling, incineration and landfill figures based on each facility's average performance. Waste data for Marriott Brussels and food waste for Sheraton Stockholm is estimated based on bin volume as weight data is not available. Hazardous waste is assumed to be incinerated. Any resources taken back by suppliers such as drinks bottles and food crates are precluded from these figures.

Data verification

UpCycle Consultancy, an international sustainability consulting company for the real estate industry, has been appointed by Archer Hotel Capital to provide an independent third-party certification of environmental indicators. For the following corporate environmental indicators, UpCycle has reviewed the 2021 documentation provided by the local hotel operators and the information provided by the energy, water and waste suppliers:

- Energy consumption
- Water consumption
- Waste
- GHG emissions

The following steps have been taken by UpCycle Consultancy to assess these indicators:

- Perform consistency checks in relation to the energy, greenhouse gases, water and waste data collected annually by Archer Hotel Capital;
- Review the consolidation process and results of the data collected by Archer Hotel Capital;
- Perform a validation check for the above indicators on data accuracy for randomly selected properties in different countries that are a representative sample of the real estate portfolio for 2021.

UpCycle considers that the evidence they have obtained is sufficient and appropriate to form a basis for their opinion. Based on the scope of data and information provided by Archer Hotel Capital and the work performed by UpCycle Consultancy, nothing has come to their attention that causes UpCycle to believe that the selected environmental performance data described above are not fairly stated.

Thank you for reading our report

For questions regarding the report or its contents, please contact: info@archerhotelcapital.com

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