CIC Hospitality
Sustainability
Report
2023

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About us

CIC Hospitality (CIC), founded in 2018, is a fast-growing independent owner and operator of price-friendly hotels in the Nordics, operating both own hotels and externally owned hotels on behalf of real estate owners or other hotel chains.
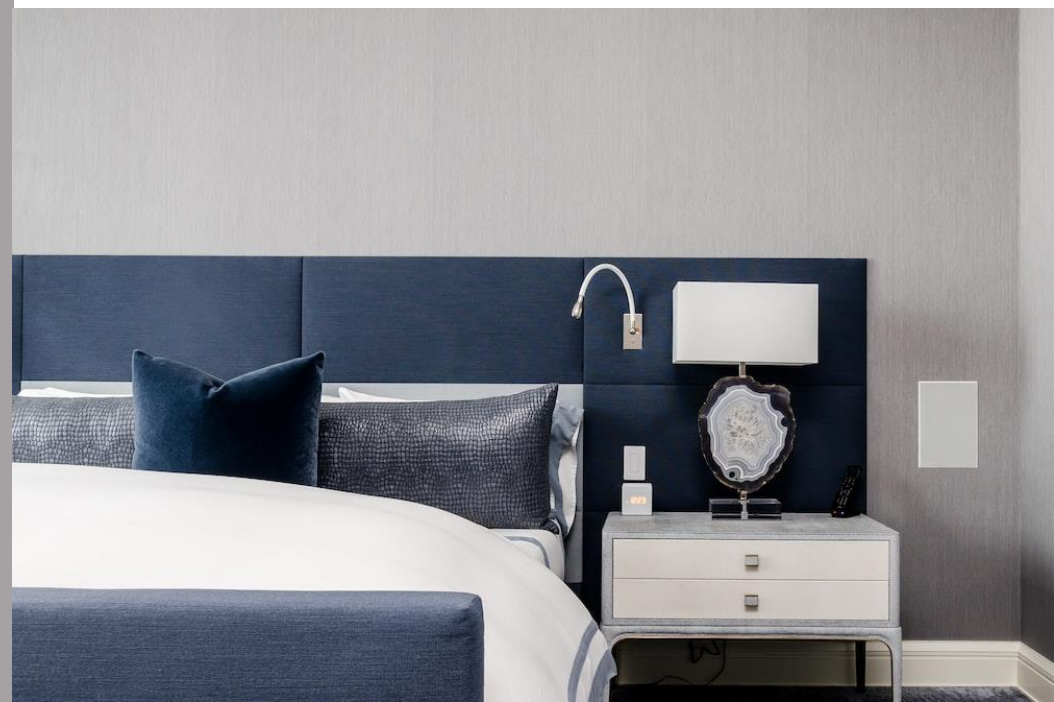
With a focus on best-in-class cost management and innovative solutions, CIC can offer accommodation in cities and locations with limited accommodation alternatives. The company's vision is to care, inspire and create experiences.

CIC is headquartered in Oslo, Norway and has over 190 individuals employed within the organization. The hotel portfolio currently consists of 20 hotels primarily based in Norway, though in 2022, international expansion was realized with opening of the first two locations in Denmark. CIC holds agreements with hotel chains such as Best Western, Thon Hotels, RHG and Scandic Hotels.

197	NOKm revenue
72	FTEs
100%	Renewable electricity consumed
65%	Female FTE

Areas of key sustainability-related risks and opportunities

- Energy & Carbon
- Material Efficiency & Waste
- Employee Health & Safety
- Service Quality
- Supply Chain Control
- Governance & ESG Strategy

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Introduction

We look at the relevance of sustainability from an industry perspective, and what a long-term vision looks like. We have identified material themes to focus on, taking a perspective of the full value chain and reviewing these at least annually.

We have identified some key performance indicators (KPI) on the identified material themes and reflect on these throughout this report. Finally, we have identified value creation opportunities and formulated an action plan to drive progress.

We seek to continuously align sustainability reporting with various international conventions and regulations, including the principles in the UN Sustainable Development Goals and the EU Corporate Sustainability Reporting Directive. In terms of internationally recognized reporting frameworks and standards, we seek to align with the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosure, IRIS+, the Greenhouse Gas Protocol and the Impact Management Project.

Sustainable tourism is a growing concern for both hotel guests and operators. With increased awareness of the impact of travel on the environment, biodiversity, and local communities, guests are seeking hotels that implement sustainable practices. Consequently, hotel operators are implementing measures to minimize their negative impact on the environment and communities while enhancing their resource efficiency. They recognize that their sustainability performance is becoming increasingly linked to their brand image and that their efforts to operate in an environmentally and socially responsible manner can have a significant influence on customer satisfaction and loyalty.
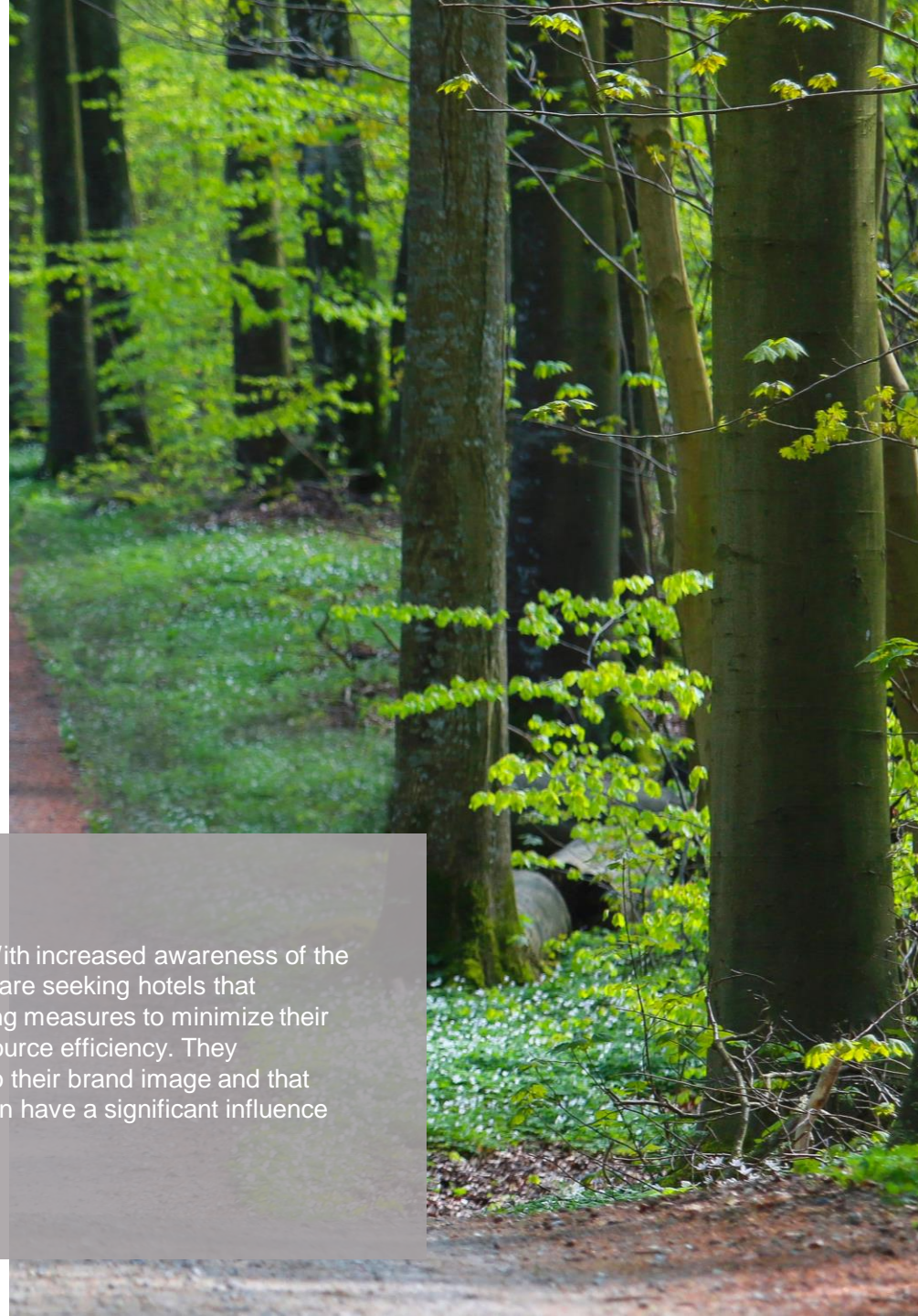
Key themes across our value chain

	SUPPLIERS	OPERATIONS	CUSTOMERS
ENVIRONMENTAL			
Climate & energy		Energy & Carbon	
Material circularity		Resource Efficiency & Waste	
Biodiversity & ecosystems impact			
SOCIAL			
Employee well-being		Employee Health & Safety	
Customer impact			Service Quality
Corporate citizenship			
GOVERNANCE			
Corporate governance			
Supply chain management		Supply Chain Control	
Business resilience & ESG		Governance & ESG Strategy	

Energy & Carbon
Emissions result from facility use (e.g. district heating). Insufficient management can expose firms to reputational and litigation risks, given the pressure to align with climate agreements.

Material Efficiency & Waste
Relates to reducing food loss and general waste across the value chain by developing metrics, setting targets and pioneering innovative new practices and technologies.

Employee Health & Safety
Due to the physical nature of service operations, employees can be exposed to health & safety risks – in turn, exposing companies to reputational damage and lower revenues.

Service Quality
Investing in optimal service to reduce social externalities and maximise positive impacts on people and planet is key to sustain the license to grow for hotel operators.

Supply Chain Control
With the complexities of supply chains, having good insights both in material sourcing and labour conditions can ensure companies reduce exposure to reputational, operational and litigation risks.

Governance & ESG Strategy
Integrating ESG and sustainability knowledge and establishing best practices throughout the company, enables ESG and value creation to coincide.

Energy & Carbon

CIC is focused on lowering its carbon footprint and has set initiatives to do so, such as limiting gas use in facilities. Since the company is already procuring 98% renewable electricity, the carbon footprint is predominantly driven by district heating within hotels. Solar panels have been installed at some hotels to generate renewable energy, and CIC is also exploring the possibility of adding geothermal energy to its procurement mix.

CIC focused on acquiring an energy management system and has implemented a business travel policy to minimize emissions related to employee travel. The company is committed to achieving net-zero emissions by 2025 and has set targets for this through a comprehensive carbon reduction roadmap.

CIC also exerts effort to motivate guests to limit their environmental impact in terms of carbon footprint and energy use. To minimize energy usage when rooms are empty, CIC has installed ventilation system in each hotel room. Also, to encourage the use of electric vehicles by guests, CIC has partnered with Tesla to install charging stations at multiple facilities.[2]
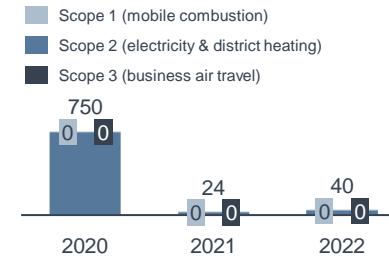
100% | Renewable electricity procured

Carbon footprint
tCO$_2$e

- Scope 1 (mobile combustion)
- Scope 2 (electricity & district heating)
- Scope 3 (business air travel)

750 | 24 | 40
2020 | 2021 | 2022

Carbon intensity
tCO$_2$e / NOKm revenue

21.1 | 1.1 | 0.2
2020 | 2021 | 2022

Energy consumption
MWh

1,866 | 6,388 | 9,654
2020 | 2021 | 2022

Energy intensity
MWh / NOKm revenue

52.6 | 73.1 | 49.1
2020 | 2021 | 2022
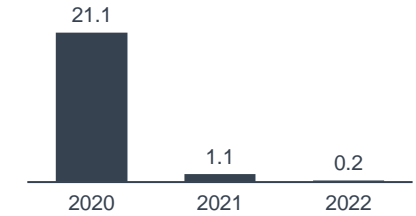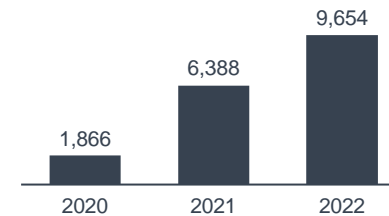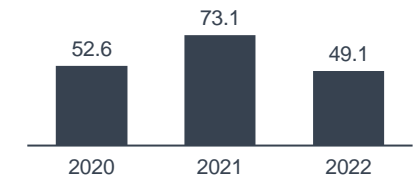
Electricity consumption
MWh

1 866 | 6 248 | 9 418
2020 | 2021 | 2022

Renewable electricity

0% | 100% | 100%
2020 | 2021 | 2022
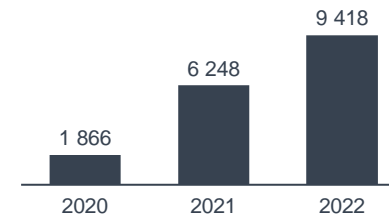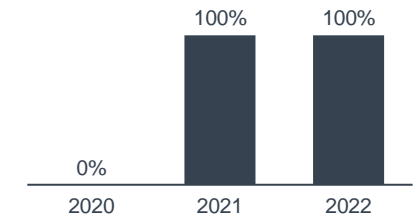
Material efficiency & waste

CIC is committed to minimizing the negative environmental impacts of its hotels in line with Eco-Lighthouse and Swan Ecolabel standards. Waste management procedures are in place at all CIC facilities to ensure responsible disposal practices. Furthermore, the company restricts hazardous waste streams to batteries and small electronics left behind by hotel guests, which are disposed of at public recycling facilities.

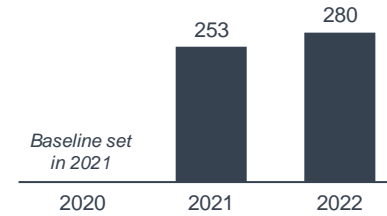To enhance sustainability efforts, CIC implemented a system to monitor, report, and communicate water and waste efficiency to both internal and external stakeholders. CIC is currently working to implement a monitoring system to track FSC certified and recycled materials used in hotels.

CIC actively works to limit food waste generation by collaborating with organizations and apps such as Too Good To Go. This partnership allows local residents to collect leftover food from CIC hotel kitchens. Moreover, CIC endeavours to encourage guests to engage in environmentally friendly practices such as water conservation. Initiatives to promote water conservation and recycling are already in place, including the adoption of Best Western's sustainable cleaning program.

25% | Reduction in waste intensity

Waste consumption
Tonnes

	253	280
Baseline set in 2021		
2020	2021	2022

Waste intensity
Tonnes/NOKm revenue

-52%

	2.9	1.4
Baseline set in 2021		
2020	2021	2022

Water consumption
1,000 m³

7	15	18
2020	2021	2022
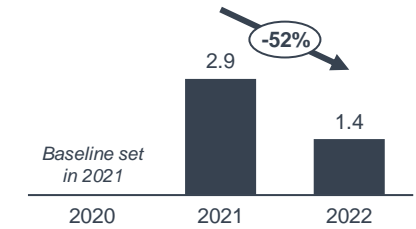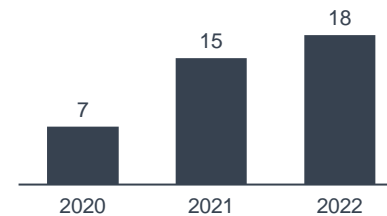
Water intensity
1,000 m³/NOKm revenue

0.2	0.2	0.1
2020	2021	2022
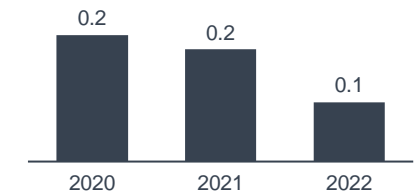
Employee health & safety

CIC prioritizes safe working conditions and a culture of inclusivity for all employees. The company aims to further improve working conditions by aligning its health and safety standards with ISO 45001. Additionally, CIC plans to implement a periodic employee survey tool, such as weekly pulses through the &Frankly program, to monitor employee satisfaction.

To support health and safety management, CIC utilizes 'TuDu' software, which documents all procedures and policies related to health and safety for all staff to access. Regular training is provided to staff on how to use this software system.

Annual assessments of safety risks are performed at all facilities, with follow-up action taken if deemed necessary by staff and management. CIC places significant emphasis on safety culture, as evidenced by a zero-accident rate over the past years. To further improve working conditions and address any employee dissatisfaction, annual individual dialogues and quarterly staff meetings are in place.

0 | Accident rate

Accident rate
accidents / 1,000 FTE

Industry average (7)[1]

2020	2021	2022
0	0	0
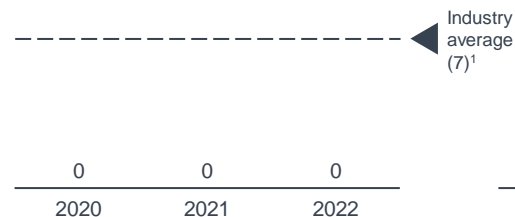
Health & safety inspection faults
#

2020	2021	2022
0	0	0

Absenteeism rate
%

Short-term
Long-term

Industry average (5.5%)[1]

2020	2021	2022
1.8%	3.4%	5.9%
0.6%	0.2%	2.3%
1.2%	3.2%	3.6%

Employee turnover
%

4%
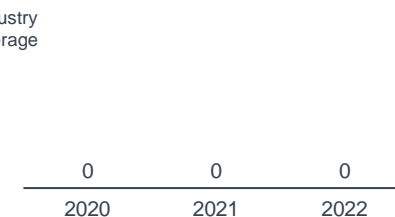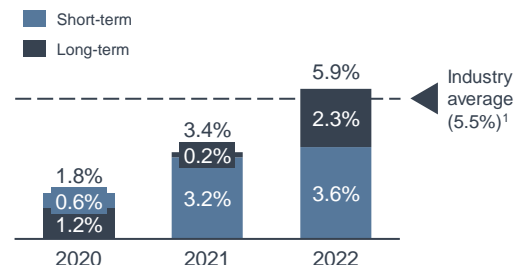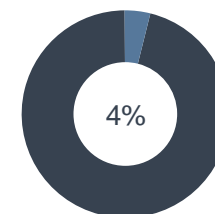
Gender diversity
% female FTE

2020	2021	2022
36%	55%	65%
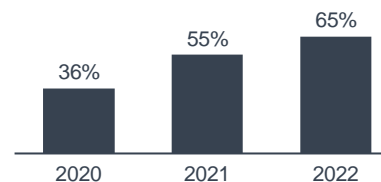
Service Quality

Providing best-in-class service quality is imperative for CIC, as evidenced by the digitalization of the customer journey, from self-check-in to the use of artificial intelligence to manage customer inquiries.

Customer satisfaction is monitored using hotel chain-based inspection systems, such as Best Western and Thon Hotels guest surveys. Routines are in place to monitor external surveying, such as TripAdvisor. All data is aggregated in TuDu, where CIC aims to respond to all customer feedback in an orderly fashion.

Regular room and food inspections are carried out locally by the hotel chains themselves. Although most chains have dedicated staff to monitor quality, CIC also has its own internal quality procedures.

Quality-related incidents that occur typically relate to room size and bed quality. Follow-up actions are taken accordingly to deal with these incidents appropriately.

Quality incidents
#

Baseline to be established in 2023

| 2020 | 2021 | 2022 |

Customer satisfaction
Score

Baseline to be established in 2023

| 2020 | 2021 | 2022 |

Supply chain control

CIC's key suppliers are based locally in Norway, Denmark and Estonia, and provide food, linen, energy, property management systems, and module construction services.

CIC places a strong emphasis on complying with environmental and human rights standards related to its supply chain. To this end, CIC has already aligned with the new requirements of the Norwegian Supply Chain Transparency Act, which came into effect this year. To mitigate procurement risk, CIC collaborates exclusively with National Procurement organizations in the context of joint agreements for the hospitality sector. While this approach limits CIC's ability to screen suppliers based on its own ESG criteria and influence their environmental impact, it does ensure compliance with supplier compliance requirements.

For the contracts that CIC does handle, company management vets all contracts and transactions across the hotel portfolio digitally from headquarters. Although no ESG selection criteria have been established, there is a Supplier Code of Conduct in place signed by all suppliers.

Purchased through national corporations
% of properties

97%
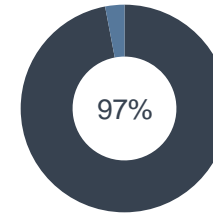
Signed Code of Conducts
% of suppliers

100%

100% | Suppliers signed Code of Conduct

Governance & ESG strategy

CIC has taken steps to integrate ESG considerations into its policies and procedures. Recently, CIC explored ESG-related memberships and obtained the Eco-Lighthouse certification. Currently, all sites have completed or are in the process of obtaining this certification, and CIC completes mandatory Eco-Lighthouse reporting annually.

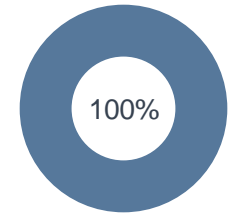While ESG is not yet fully formalized into processes and procedures, it is a high priority for management. As the company continues to grow, management aims to further integrate ESG considerations into operations. In the upcoming years, CIC plans to increase transparency on sustainability in external communications.

CIC has a compliance management system in place to review operations and ensure that responsibilities are carried out and new regulations are met in a timely manner. Currently, the company is compliant with all relevant environmental and social laws and regulations.

At present, the CIC board comprises five members, of which 40% are independent and 0% are female. To increase board diversity, the company plans to hire a female board member in the upcoming year. The board periodically discusses ESG matters during general meetings as an agenda item.

Giving back to the community is a focal point for CIC. Examples include partnerships with the NAV (Norwegian Welfare Authority) to recruit individuals who have been unemployed for an extended period and local community projects (e.g. baking with children).

Implemented policies

- Anti-corruption policy
- Anti-trust policy
- Code of conduct
- Compliance program
- Crisis management procedure
- Data/privacy/IT security policy
- Dawn raid guidelines
- ESG policy
- Sanctions and export control policy
- Social media guideline
- Third-party risk management procedures
- Whistleblowing policy
- Board instruction
- Diversity/anti-discrimination policy
- Health & safety policy
- Supplier code of conduct

Certifications

- Eco-lighthouse ('Miljofyrtårn) certification
- Swan Eco-label

Overview of climate-related risks & opportunities

Climate-related physical risks facing CIC Hospitality & its suppliers

Operations

Suppliers

Low risk — High risk
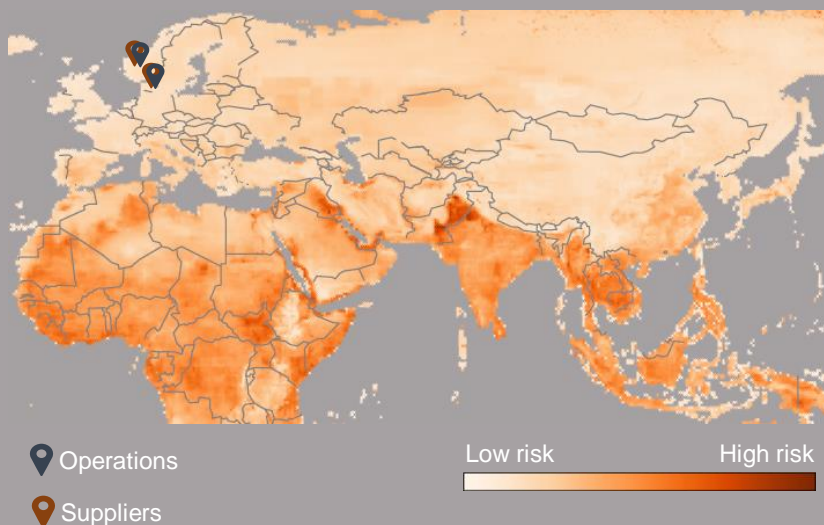
CIC and its operations are located in Northern Europe. The most pertinent physical risks for CIC and its suppliers include rising air temperatures, changing wind speed, precipitation, and snowfall patterns as well as an increased frequency of acute weather events (e.g., cyclones) along the coast of Norway. Despite these risks, the long-term impact of climate-related threats to CIC is low as operations and suppliers are located in the north, reducing the impact of physical risks (e.g., rising temperatures).

[1]Based on the three RCP scenarios: RCP 2.6 (very strong mitigation, <2 ºC), RCP 4.5 (strong mitigation, 2-3 ºC), and RCP 8.5 (business as usual, >3 ºC); [2]Out-of-10 risk scores, with a score of 10 denoting the highest long-term global risk or opportunity; [3]Based on three NGFS scenarios – Net Zero 2050 (1.5ºC), Below 2ºC (2ºC) and Current Policies (3.5ºC). Source: MJ Hudson analysis

Overview of climate-related transition risks & opportunities

CIC faces above-average long-term policy & legal risks due to the industry classification as governments are expected to apply strengthened legislation to the hospitality industry. Opportunity lies in shifting to renewable energy and developing low-carbon service offerings (e.g., smart technology).

Climate-related metric	Scenario	Short- & medium-term impact	Long-term impact
Physical risk score[1,2]	< 2 ºC	0.6	0.8
	2 ºC -3 ºC	0.6	1.1
	> 3 ºC	0.6	1.5
Transition risk score[2,3]	1.5 ºC	3.9	6.7
	2 ºC	3.5	6.0
	3.5 ºC	2.4	4.7
Opportunity score[2,3]	1.5 ºC	4.4	5.4
	2 ºC	4.1	4.8
	3.5 ºC	5.3	5.5

Climate-related risks & opportunities in the value-chain

Suppliers and customers are exposed to increasing legal & policy as well as technology risks with increasing climate regulation and pressure to innovate and develop low-carbon solutions. Investing in renewable energy and increasing resource efficiency provide opportunities for growth.

Type	Upstream 2025	Upstream 2050	Downstream 2025	Downstream 2050
Physical risks	Low (0.6)	Low (1.1)	Low (0.6)	Low (1.1)
Transition risks	Low (3.3)	Medium (4.2)	Medium (3.5)	Medium (5.5)
Opportunities	Medium (4.6)	Medium (5.3)	Medium (5.0)	Medium (5.5)

Overview of EU Taxonomy alignment

Taxonomy alignment (%)
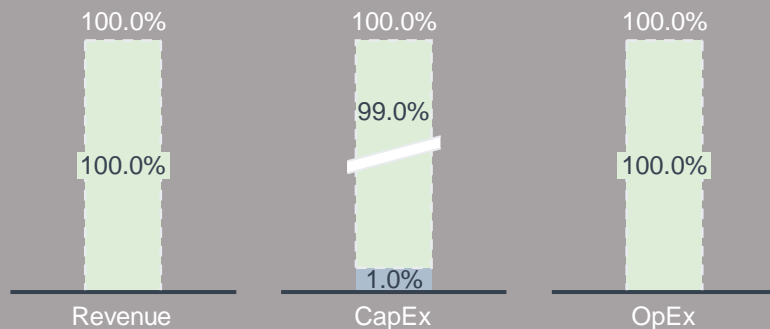
Specification of revenue alignment:

- Enabling activities: 0%
- Transitional activities: 0%

Eligible activities

Company activity	Taxonomy objective	Technical Screening Criteria
Operating of hotels	Biodiversity & ecosystems	✕
Leasing of building space	Mitigation	✕

Recommendations to increase alignment

Building energy performance
- Gain insight into the energetic performance of buildings. Take action to improve energetic performance in line with Taxonomy criteria
- Ensure that heating/ventilation systems with an output higher than 290kW are efficiently operated

Conservation and restoration measures
- Develop partnerships with local conservation areas about conservation and restoration that are formalized in a five-year agreement

Environmental management systems
- Procure 40% certified products
- For locations with over 50 employees ensure alignment with environmental standards (e.g., ISO 14001/ISO 14024 or a certificate meeting equivalent requirements)
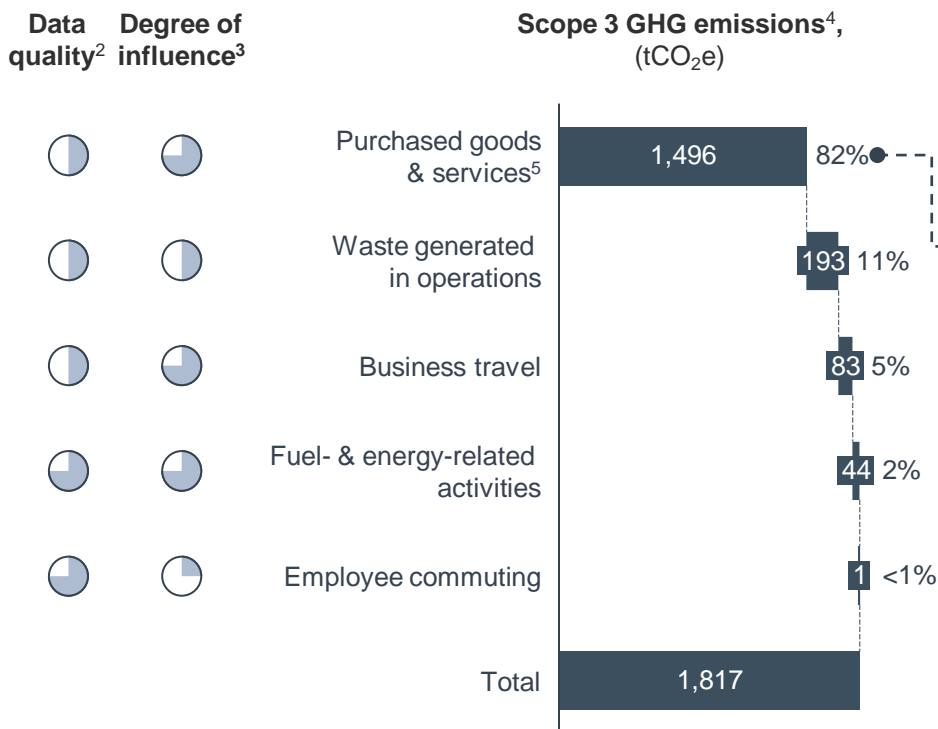
Supplier code of conduct
- Develop a supplier code of conduct and implement procedures to ensure compliance with the supplier code of conduct
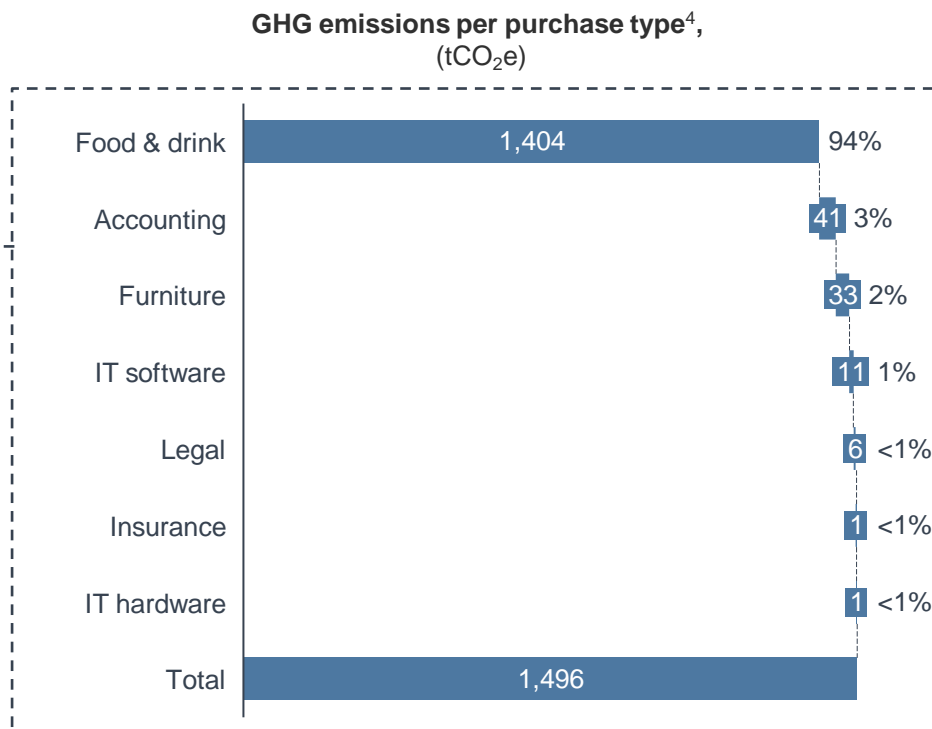
Environmental impact assessment
- Conduct an environmental impact assessment in accordance with Directive 2011/92/EU228

Overview of Scope 3 assessment

Scope 3 footprint 2022 – top emission categories[1]

Data quality[2]	Degree of influence[3]		Scope 3 GHG emissions[4], (tCO$_2$e)	
		Purchased goods & services[5]	1,496	82%
		Waste generated in operations	193	11%
		Business travel	83	5%
		Fuel- & energy-related activities	44	2%
		Employee commuting	1	<1%
		Total	1,817	

Breakdown of top emission category 2022

GHG emissions per purchase type[4], (tCO$_2$e)

Food & drink	1,404	94%
Accounting	41	3%
Furniture	33	2%
IT software	11	1%
Legal	6	<1%
Insurance	1	<1%
IT hardware	1	<1%
Total	1,496	

Main takeaways

- Purchased goods & services accounts for 82% of CIC's scope 3 emissions, with food & drink purchases making up 94% of these emissions.
- Waste generated in operations and business travel represent the second and third biggest emission categories, at 11% and 5% respectively. 80% of business travel emissions are caused by air-travel.

Key recommendations

- Aim to improve data quality by providing activity-based data, rather than spend-based data. Also report data for unassessed material categories[6].
- Engage with suppliers who track and monitor emissions for purchased goods & services, then prioritise low-carbon options (i.e. plant-based food).
- Introduce initiatives to reduce, re-use and then recycle waste in operations.

1As defined by the internationally accepted corporate accounting and reporting standard: The Greenhouse Gas Protocol; 2Indicates whether supplier specific (4/4), activity-based (3/4), spend-based (2/4), or estimation-based (1/4) data was used; 3Indicates how much control the reporting company has over the category of emissions generated, with 1/4 indicating little control and 4/4 indicating high degree of control.; 4The carbon footprint includes the GHG emissions CO2, SF6, CH4, N2O, HFCs, PCFS, and is usually expressed in equivalent tons of carbon dioxide (tCO2e); 5Spend-based expenditure data for professional laundry and cleaning services was not disclosed, so has been excluded from the GHG calculation; 6Pertaining to capital goods and upstream transportation & distribution, as detailed on page 11. Source: GHG Protocol, MJ Hudson analysis.

Targeted Sustainable Development Goals

CIC Hospitality contributes to the transition toward a sustainable society in terms of SDG 12 'Responsible Consumption and Production' through the commissioning of the construction of sustainable hotels, which implies that they are efficient in terms of (non-renewable) natural resource consumption and management. Furthermore, CIC's own operations align with SDGs 6, 8, and 12 given their relevance for the core business of the hospitality industry and given that Norway and Denmark still face significant challenges relating to reaching their targets for these SDGs.

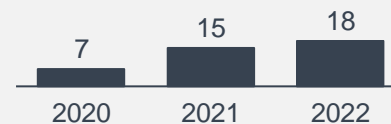| Company activity	SDG	SDG target	SDG indicator	Company KPIs
Sustainable hotel construction & acquirement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.	**12.2.2:** Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP.	**Cement used, tonnes p.a.** IRIS+ PI1290 *Baseline to be established in 2023* 2020 2021 2022
Reduce water consumption and increase water efficiency of operations	6 CLEAN WATER AND SANITATION	**6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater.	**6.4.1:** Change in water use efficiency over time.	**Water consumption, 1,000 m³** IRIS+ OI8060 7 (2020) 15 (2021) 18 (2022)
Reduce occupational accidents through safety measures and policies	8 DECENT WORK AND ECONOMIC GROWTH	**8.8**: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	**8.8.1:** Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status.	**Accident rate, # / 1,000 FTE** IRIS+OI3757 0 0 0 2020 2021 2022
Reduce food waste through initiatives such as repurposing of food scraps	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.3:** By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.	**12.3.1:** Global food loss index.	**Food waste, tonnes** IRIS+ OI7442 *Baseline to be established in 2023* 2020 2021 2022

Source: Sustainable Development Goals

IMP 5 dimensions of impact assessment

Company activity	SDG	□ **What**	☰ **How much**	○ **Who**	+ **Contribution**	△ **Risk**
Sustainable hotel construction & acquirement	**12 RESPONSIBLE CONSUMPTION AND PRODUCTION** ∞	When constructing new hotel sites, sustainability is top of mind at CIC. By carefully selecting and managing natural resources used in the construction process (in collaboration with the contractor), the company aims to showcase sustainable consumption and resource management.	CIC is still in the phase of identifying the practicalities as to how it will construct and acquire hotels sustainably. During 2023, CIC will introduce the KPI cement used to measure and track progress on an annual basis.	Constructing with sustainable materials, secured by certifications, helps the environment in many ways. For instance, certified materials may be produced in required volumes without depleting non-renewable resources and without disrupting the state of the environment. This impact indirectly translates to society, where humans may benefit from a living environment.	CIC actively engages with contractors and suppliers to push for sustainable solutions in the construction of its new hotels.	Risks include: • Inadequate management of materials in the construction process (e.g. not recovering and reusing as much as possible); • Claims on sustainable construction without valid standards, certifications (e.g. FSC), or transparency on management; • Claims on the positive impact of certain materials (e.g. wood, without quantification of impact or a type of concrete claiming an extensive lifecycle without substantial empirical evidence).

The SDG assessment highlighted impactful activities. Using the Impact Management Project's five dimensions of impact framework, the scope and potential of impact of company activities are assessed.

Indicative based on that CIC is still exploring opportunities to sustainably construct hotels.

GRI Index

KPI	Unit	GRI indicator	GRI number
Environmental			
Energy consumption	MWh	GRI 302: Energy	302-1
Energy intensity	MWh / NOKm revenue	GRI 302: Energy	302-3
Share of renewable electricity	%	GRI 302: Energy	302-1
Scope 1 – Carbon footprint	tCO2e	GRI 305: Emission	305-1
Scope 2 – Carbon footprint	tCO2e	GRI 305: Emission	305-2
Scope 3 – Carbon footprint	tCO2e	GRI 305: Emission	305-3
Carbon intensity	tCO2e / NOKm revenue	GRI 305: Emission	305-4
Waste	Tonnes	GRI 306: Waste	306-3
Hazardous waste	Tonnes	GRI 306: Waste	306-3
Social			
Employees	FTE	GRI 2: General Disclosures	2-7
Female employees	% female FTE	GRI 2: General Disclosures	2-7
Employee turnover	%	GRI 401: Employment	401-1
Members on the board	#	GRI 2: General Disclosures	2-9
Women on the board	%	GRI 405: Diversity and Equal Opportunity	405-1
People in management group	#	GRI 2: General Disclosures	2-9
Women in management group	#	GRI 405: Diversity and Equal Opportunity	405-1
Ratio of basic salary and remuneration of women to men	%	GRI 405: Diversity and Equal Opportunity	405-2
Total absenteeism rate	%	GRI 403: Occupational Health and Safety	403-9
Short-term absenteeism	%	GRI 403: Occupational Health and Safety	403-9
Long-term absenteeism	%	GRI 403: Occupational Health and Safety	403-9
Number of accidents with leave	#	GRI 403: Occupational Health and Safety	403-9
Accident rate	# Accidents / 1,000 FTE	GRI 403: Occupational Health and Safety	403-9
Training budget per employee	% of total payroll	GRI 404: Training and Education	404-1
Governance			
Incidents or breaches of customer privacy	#	GRI 418: Customer Privacy	418-1
Cyber-security incident plan	Yes/No	GRI 418: Customer Privacy	418-1
Anti-trust policy	Yes/No	GRI 2: General Disclosures	2-23
Gifts policy	Yes/No	GRI 2: General Disclosures	2-23
Health & safety policy	Yes/No	GRI 2: General Disclosures	2-23
Third-party risk assessment	Yes/No	GRI 205: Anti-corruption	205-1
Training on anti-bribery and corruption	Yes/No	GRI 205: Anti-corruption	205-2

Reporting parameters

Legal name	CIC Hospitality AS
Org. nr	920 356 389
NACE sector code	55 - Hotels & Accommodation
Location of headquarter	Professor Dahls gate 21A, 0353 Oslo, Norway
Nature of ownership	Privately owned. Majority owned by Norvestor, a leading Private Equity Fund
Reporting period	1/1/2022-31/12/2022
Publication date of the report	(April) 2023
Contact person	Andreas Buestad, andreas@cichospitality.com