



CENTRAL PLAZA HOTEL PUBLIC COMPANY LIMITED ("CENTEL")

SECOND PARTY OPINION : CENTEL'S SUSTAINABILITY-LINKED FINANCE FRAMEWORK

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures are provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not be detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 - Conformity Assessment – General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct during the assessment and maintain independence where required by relevant ethical requirements.

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

Central Plaza Hotel Public Company Limited ("CENTEL" or the "Customer") is a Thailand-based hospitality company founded by the Chirathivat family in 1980. Listed on the Stock Exchange of Thailand since 1990, CENTEL has grown to become a leading player in both the hotel and restaurant industries. As a member of the Central Group, a prominent retailer in Thailand, CENTEL has expanded its business through a combination of its own investments and asset-light strategies (acquiring management contracts), both domestically and internationally. CENTEL's two main businesses are Centara Hotels & Resorts, and Central Restaurant Group (CRG). CRG is one of the top chain restaurant operators in Thailand operating a mix of franchised brands, their own brands, and joint ventures.

Centara Hotels & Resorts is a leading hotel chain with a strong foundation for future success. Despite the challenges during the COVID-19 pandemic, they achieved significant milestones and remain optimistic about becoming a top 100 global hotel operator. As of June 2024, Centara Hotels & Resorts operated 50 hotels with over 11,000 rooms in 11 countries including Thailand, Vietnam, Maldives, China, and Oman. The hotels managed under their own brands include Centara Reserve, Centara Grand, Centara Life, and COSI.

As part of CENTEL's commitment to sustainability, CENTEL has created Sustainability-Linked Finance Framework ("Framework"), dated October 2024, to support their commitment to enhancing the sustainability profile by integrating its ESG strategy into various financing instruments. The Framework is intended to be aligned with the following standards and principles (collectively the "Standards & Principles"):

- Sustainability-Linked Loan Principles ("SLLP") issued by the Asia Pacific Loan Market Association ("APLMA") / Loan Market Association ("LMA") / Loan Syndications & Trading Association ("LSTA") in 2023
- Sustainability-Linked Bond Principles ("SLBP") issued by the International Capital Market Association ("ICMA") in 2024
- ASEAN Sustainability-Linked Bond Standards ("ASEAN SLBS") issued by the ASEAN Capital Markets Forum ("ACMF") in 2022

DNV (Thailand) Co., Ltd. ("DNV") has been commissioned by CENTEL to review and provide a Second Party Opinion on the alignment of CENTEL's proposed Sustainability-linked Financing Instruments ("SLFIs") with the Standards & Principles. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

DNV understands that CENTEL has proposed the following Key Performance Indicators ("KPIs") as part of its Framework:

- KPI 1: Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)
- KPI 2: Reduction of Water Consumption Intensity

The following Sustainability Performance Targets ("SPTs") are proposed by CENTEL in its Framework:

- SPT 1: 40% Reduction of Scope 1 and Scope 2 GHG emissions intensity, equivalent to 29.1 kgCO₂e per occupied room, by 2030 (from a 2019 baseline) and achieve net-zero GHG emissions by 2050. GHG emissions intensity measured per occupied room (kgCO₂e / occupied room).

- SPT 2: 20% Reduction of water consumption intensity, equivalent to 1,275 liters per occupied room, by 2030 (from a 2019 baseline). Water consumption intensity measured per occupied room (liters / occupied room).

No assurance is provided regarding the financial performance of instruments entered or issued via the Framework, the value of any investments, or the long term environmental & social benefits of the transaction. Our objective has been to provide an assessment that the SLFIs has met the criteria established on the basis set out below.

Responsibilities of the Management of CENTEL and DNV

The management of CENTEL has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform CENTEL's management and other interested stakeholders in the SLFIs as to whether the SLFIs are aligned with the Standards & Principles. In our work we have relied on the information and the facts presented to us by CENTEL. DNV is not responsible for any aspect of the nominated KPIs or SPTs referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by CENTEL's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's Opinion

We have adapted our assessment methodology to create a CENTEL-specific Eligibility Assessment Protocol ("Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the SLFIs has been reviewed are grouped under the five components as below:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The Borrower/Issuer of SLFIs should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed KPIs. The KPIs should be reliable, material to the borrower/issuer's core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful, and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Financial Characteristics.** The SLFIs will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The SLFIs documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential impacts to the SLFIs' financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** The Borrower/Issuer should publish at least once per annum the performance of the selected KPI(s), as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the SLFIs' financial and/or structural characteristics, with such information to be provided to those institutions participating in this securities/loan or to investors participating in the SLFIs at least once per annum.
- **Principle Five: Verification.** The Borrower/Issuer should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made available to lenders/investors in the SLFIs facility.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by CENTEL in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a CENTEL-specific Protocol, adapted to the purpose of the Standards & Principles, as described above and in Schedule 2 to this Assessment;
- Assessment of the Framework provided by CENTEL and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings on the alignment with the Standards & Principles are listed below:

1. Principle One: Selection of Key Performance Indicators (KPIs)

DNV confirms that the KPIs:

- KPI 1: Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)
- KPI 2: Reduction of Water Consumption Intensity

are core, relevant, material, and consistent with CENTEL's overarching sustainability position and strategy. The rationale, definition and process for KPI selection, as well as its measurability and verifiability, are deemed to be robust, reliable and in accordance with the criteria established under the Standards & Principles.

2. Principle Two: Calibration of Sustainability Performance Targets (SPTs)

DNV concludes that the SPTs:

- SPT 1: 40% Reduction of Scope 1&2 GHG Emissions Intensity, equivalent to 29.1 kgCO₂e per occupied room, by 2030 (from 2019 baseline) and net zero GHG Emissions by 2050.
- SPT 2: 20% Reduction of water consumption intensity, equivalent to 1,275 liters per occupied room, by 2030 (from 2019 baseline)

are ambitious and relevant in the context of CENTEL's broader sustainability and business strategy and represent a material improvement over a predefined timeline.

DNV has reviewed CENTEL's strategies to achieve the SPTs and can conclude that they are realistic for the industry practice. DNV confirms that the SPTs go beyond what is considered 'business-as-usual' and are in accordance with the criteria established under the Standards & Principles.

3. Principle Three: Financial Characteristics

DNV reviewed the characteristics related to the SLFIs stated in the Framework.

The Bond/Loan Characteristics section in the Framework provides details on how CENTEL will tie financing terms under this Framework to KPI performance against its SPTs. The SLFIs are tied to the individual KPIs, SPTs, and corresponding adjustments, and the mechanism and target observation date are specified in the documentation. CENTEL has also specified that for investors, this will be disclosed with the relevant documentation for specific terms.

DNV confirms that the financial characteristics outlined in the Framework are in accordance with the criteria established under the Standards & Principles.

4. Principle Four: Reporting

CENTEL commits to keeping up-to-date information on its performance against SPTs for financing under the conditions stipulated in the Framework. CENTEL will provide annual updates on KPI performance to maintain transparency and demonstrate alignment with the Standards & Principles. Reports will include KPI data, verification assurance reports, and relevant information for evaluating SPTs. CENTEL will also disclose reports publicly, on its website.

DNV concludes that the Framework includes the required information on reporting and is in accordance with the criteria established under the Standards & Principles.



5. Principle Five: Verification

CENTEL will appoint an external verifier to verify KPI progress and SPT changes. Prior to issuance, a Second Party Opinion will be obtained. After issuance, the external verifier will annually assess KPI performance. The performance verification against SPTs will be publicly accessible through annual updates and on CENTEL's website.

DNV concludes the above process on verification to be in accordance with the criteria established under the Standards & Principles.

On the basis of the information provided by CENTEL and the work undertaken, it is DNV's opinion that the proposed SLFIs meet the criteria established in the Protocol and that is aligned with the Standards & Principles. The SPTs are material and relevant to CENTEL's business strategy, operational environment and are considered to be ambitious and achievable in the context of their operational environment, history of operational upgrades and associated sustainability impacts.

For DNV (Thailand) Co., Ltd.

Bangkok, Thailand / 28th October 2024

A handwritten signature in black ink, appearing to read "Jerus D'Silva".

Jerus D'Silva
Quality Reviewer

A handwritten signature in black ink, appearing to read "Kobrat C".

Kobrat Chotruangprasert
Lead Verifier

Schedule 1. CENTEL's Sustainability Performance Targets

From Framework (dated October 2024):

	KPI1: Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions) Unit: kgCO ₂ e per occupied room	KPI2: Reduction of Water Consumption Intensity Unit: Liters per occupied room
Year 2019 (Baseline)	48.54	1,594.8
Year 2020	78.29	2,833.3
Year 2021	93.46	3,042.1
Year 2022	43.51	1,522.3
Year 2023	33.46	1,291.1
Year 2024	32.8	1,449
Year 2025	32.2	1,420
Year 2026	31.6	1,391
Year 2027	30.9	1,362
Year 2028	30.3	1,333
Year 2029	29.7	1,304
Year 2030	29.1	1,275
Year 2031	27.6	1,246
Year 2032	26.2	1,217
Year 2033	24.7	1,188
Year 2034	23.3	1,159

Notes:

- Performances for 2020, 2021, and 2022 have been excluded due to the impact of COVID-19 and associated shutdowns, which are not fully representative of normal business operations
- 2019 - 2023 is historical data

Schedule 2. Eligibility Assessment Protocol

1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The Borrower's sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the Borrower/Issuer's core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management's control.</p> <p>The KPI should be of high strategic significance to the Borrower/Issuer's current and/or future operations.</p> <p>It is recommended that the Borrower communicate clearly to lenders the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>DNV has reviewed documents published and provided by CENTEL including CENTEL's Framework, 2023 TCFD Report, Sustainability Report 2023, Sustainability Report 2022, and Sustainability Report 2021. CENTEL's Framework highlights the two KPIs which are considered in the context of CENTEL's core sustainability goals and objectives. The KPIs within the SLFIs include:</p> <p>KPI 1: Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)</p> <p>This KPI is material to CENTEL's commitment to achieve net-zero GHG emissions by 2050. From the perspective of a materiality assessment, climate change was identified as one of the key sustainability issues with high impacts which can affect all business units, as well as clients and communities. Consequently, CENTEL has established a risk assessment plan, and risk management guidelines for climate change. Impacts and opportunities arising from climate change have been analysed using Climate-related Scenario Analysis.</p> <p>KPI 2: Reduction of Water Consumption Intensity</p> <p>CENTEL's operations are significantly exposed to water-related risks, particularly water scarcity and rising water costs. These risks pose a direct threat to the company's profitability and operational efficiency. To mitigate these risks, CENTEL has implemented a comprehensive water management strategy. The initiatives include water risk assessment referring to the World Resources Institute's Aqueduct tool, efficient water usage policies, and water quality monitoring to ensure compliance with environmental standards and prevent adverse impacts on surrounding communities.</p>

			<p>DNV's assessment concludes that the KPIs established by CENTEL are consistent with CENTEL's strategic sustainability policies and plans and are aligned with the criteria outlined under the Standards & Principles.</p>
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPTs level of ambition.</p> <p>Borrowers are encouraged, when possible, to select KPI(s) that they have already been included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, Borrowers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<p>DNV's assessment of the KPIs being measurable using quantifiable performance data and established benchmarks are as follows:</p> <p>KPI 1: Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)</p> <p>This KPI is measured as a unit of emissions intensity per occupied room (in kgCO₂e/occupied room). The emissions intensity methodology was used to avoid fluctuations in the number of the hotels operated with occupancy rates over the years. In 2019–2021, the collection of environmental data covers CENTEL's 17 hotels. In 2022, this number doubled to 34. By 2023, CENTEL has expanded the data collection to cover 47 hotels. Being one of two core business operations, CENTEL's hotels and resorts are key to achieving their sustainability objectives, especially their commitment to achieve net-zero by 2050.</p> <p>KPI 2: Reduction of Water Consumption Intensity</p> <p>This KPI is measured as a unit of water consumption in liters per occupied room (liters/occupied room). Similar to KPI 1, water consumption intensity methodology was used to avoid fluctuations in the number of the hotels operated with occupancy rates over the years. CENTEL refers to the GRI 303-5 Standard for water consumption calculation in its methodology to calculate and measure achievements towards this KPI.</p> <p>As per the Cornell Hotel Sustainability Benchmarking Index (CHSB)¹ document, KPI 1 and KPI 2 can be benchmarked against the CHSB dataset of over 27,000 hotels globally. By benchmarking to peers, CENTEL is able to showcase the ambition of its KPIs' performance relative to its peers and comparable across international standards.</p>

¹ [Cornell Hotel Sustainability Benchmarking Index – Greenview](#)

			<p>DNV concludes that the KPIs are simple, measurable, based on quantifiable evidence and benchmarked externally with peers, both domestic and international. The measurement methodology is also confirmed by DNV to be robust and uses a reliable set of metrics to measure the KPIs that have been selected.</p>
1c	KPI – Clear definition	<p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology.</p>	<p>CENTEL's Framework provides clear definitions for both KPIs.</p> <p>KPI 1: Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)</p> <p>CENTEL provides reference to the GRI 305-1 Standard, and GRI 305-2 Standard for Scope 1 and Scope 2 GHG Emissions, respectively. The GRI 305-4 Standard is used for calculation of emissions intensity. Organizational boundaries are clearly defined in the Framework.</p> <p>The Hotels & Resorts business unit of CENTEL is included in the scope of emissions calculations and operational control is used in the measurement and definition of this KPI.</p> <p>DNV concludes that KPI 1 is clearly defined by CENTEL in its Framework.</p> <p>KPI 2: Reduction of Water Consumption Intensity</p> <p>CENTEL refers to the GRI 303-5 Standard for water consumption calculation. According to the conversation with CENTEL, laundry operations (normally seen as being one of the largest factors to water consumption) are carried out both on-site and through outsourcing. The data of water consumption is collected and calculated based on on-site operations at CENTEL's business units.</p> <p>DNV concludes that KPI 2 is clearly defined by CENTEL in its Framework.</p> <p>Overall, the KPIs have been clearly defined and are readily understood in the correct context. DNV can confirm that the KPIs are widely used in the field and are locally relevant.</p>

2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the Borrower's business and be consistent with the Borrowers' overall strategic sustainability/ESG strategy.	<p>KPI/SPT 1- Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)</p> <p>This SPT aims to reduce 40% of Scope 1&2 GHG Emissions Intensity, equivalent to 29.1 kgCO₂e per occupied room, by 2030 (compared to a 2019 baseline) and achieve net zero emissions by 2050. Based on the conversation with CENTEL, Scope 1&2 GHG Emissions Intensity reduction is not based on carbon offsetting.</p> <p>CENTEL has set SPTs that are ambitious for market standards and highly support Thailand's NDC goal of reducing GHG emissions by 30% from a business-as-usual scenario by 2030. DNV notes that CENTEL has already reported on Scope 3 Emissions and that CENTEL is establishing the roadmap to reduce Scope 3 emissions. CENTEL has also published a TCFD report which includes the summary of results from risks/opportunities identification, scenario analysis and implication analysis.</p> <p>DNV considers this SPT ambitious as this aligns with CENTEL's commitment to support Thailand's NDC goal of reducing GHG emissions, and the reduction of Scope 1&2 GHG Emissions Intensity is not based on carbon offsetting.</p> <p>DNV considers this SPT realistic as CENTEL has started implementing a comprehensive suite of strategies to reduce its GHG emissions intensity from operations, tailored to specific locations and operational activities. Key strategies include implementing energy-efficient technologies and practices, increasing the use of renewable energy sources, conducting regular energy audits to identify areas for improvement, transitioning to electric vehicles, and training employees.</p> <p>DNV considers this SPT meaningful as it demonstrates a clear commitment by CENTEL to achieve net-zero a GHG emissions target by</p>

		<p>2050. To accomplish this, CENTEL is conducting regular climate risk assessments and incorporating findings into its business plans.</p> <p>Overall, DNV considers SPT 1 as ambitious, realistic, meaningful, and aligned with the criteria outlined in the Standards & Principles. DNV also considers SPT 1 to be consistent with CENTEL's sustainability goals.</p> <p>KPI/SPT 2- Reduction of Water Consumption Intensity</p> <p>SPT 2 targets to reduce water consumption intensity by 20%, equivalent to 1,275 liters per occupied room, by 2030 from a 2019 baseline, or 1.8% on an annual basis from 2024 until 2034.</p> <p>DNV considers this SPT ambitious when comparing to its international peers. The goals of other industry players report on CDP Water Security Questionnaire 2023 include:</p> <ul style="list-style-type: none">- 2025 water intensity reduction goal aims to reduce water intensity per occupied room by 15% by 2025 from a 2016 baseline.- 9% reduction of water intensity per occupied room in 2022 compared to 2019 baseline despite hotel occupancy nearly recovering to 2019 levels. <p>Meanwhile, CENTEL's intensity of water consumption per occupied room in 2023 was 1,291.12 liters, marking a 19% decrease from the 2019 base year. CENTEL's commitment to providing luxurious amenities, such as swimming pools and spa services, presents unique challenges in reducing water consumption compared to non-luxury hotels. DNV considers this SPT ambitious comparing to peers that are in the same industry.</p> <p>DNV considers this SPT realistic as CENTEL's tailored approach to water conservation is likely to drive significant reductions in water intensity. By conducting location-specific water risk assessments, the company can identify and address unique challenges faced by each property. This allows them to implement the most effective strategies, such as water-</p>
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			<p>efficient fixtures, greywater recycling, and targeted education programs.</p> <p>This personalized approach ensures that CENTEL's water conservation efforts are not only effective but also relevant to the specific needs of each location. As a result, the company is well-positioned to achieve its water intensity reduction goals while minimizing environmental impact.</p> <p>DNV considers this SPT meaningful as reducing water consumption helps protecting ecosystems like wetlands and rivers, leads to better access to clean water for drinking and sanitation, and also helps stabilize water supply for agriculture.</p> <p>Overall, DNV considers SPT 2 as ambitious, realistic, meaningful, and aligned with the criteria outlined in the Standards & Principles. DNV also considers SPT 2 to be consistent with CENTEL's sustainability goals.</p>
2b	Target Setting - Meaningful	<p>SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the Loan.</p>	<p>KPI/SPT 1- Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)</p> <p>DNV considers this SPT to go beyond a business-as-usual ("BAU") trajectory. Hotel Decarbonisation Report (2017)² estimates the business-as-usual baseline of usual accumulated GHG emissions for the hotel industry to be more than 8,247 million MtCO₂e in 2050 compared to 663 million MtCO₂e in 2014, due to its significant growth by 2050.</p> <p>CENTEL is operating in countries in which carbon emissions per occupied room are categorized as 'high' (30.6 – 55.6 kgCO₂e/occupied room) or 'very high' (>55.6 kgCO₂e/occupied room) according to the Greenview Hotel Footprinting Tool³. Despite the difficult start in 2019 when CENTEL's Scope 1&2 GHG Emissions Intensity was 48.54 kgCO₂e/occupied room, in 2023 CENTEL could reduce more than 30% of its Scope 1&2 GHG Emissions Intensity, to 33.46 kgCO₂e/occupied room.</p>

² [Global Hotel Decarbonisation Report – World Sustainable Hospitality Alliance](#)

³ [Hotel Footprint Calculator \(hotelfootprints.org\)](#)

			<p>KPI/SPT 2- Reduction of Water Consumption Intensity</p> <p>DNV considers this SPT to go beyond a BAU trajectory. The Cornell Hotel Sustainability Benchmarking (CHSB) tenth annual report (dated 2024) summarized the findings of the data analysis from the 2022 calendar year. The median figure of water consumption intensity for resorts in Thailand, Vietnam, Maldives, China, UAE and Japan vary from the lower end (2,137.2 liters/occupied room) up to the higher end (5,625.7 liters/occupied room). CENTEL's water consumption intensity in 2022 was 1,552.3 liters/occupied room which can be classified as the lower tier for resort-type hotels.</p> <p>DNV concludes that the SPTs represents a material improvement in the respective KPIs and goes beyond a BAU trajectory; is compared to a benchmark and is determined on a predefined timeline. DNV concludes that SPTs are aligned with the criteria outlined in the Standards & Principles.</p>
2c	Target Setting – benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The Borrower's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI 2. The SPTs relative positioning versus the Borrower's peers where comparable or available, or versus industry or sector standards 3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best- 	<p>KPI/SPT 1- Reduction of GHG Emissions Intensity (Scope 1 and Scope 2 Emissions)</p> <p>The Framework provides a timeline on how CENTEL will achieve this SPT. Historical performance is provided from 2019 to 2023, with 2019 being the baseline. Targets are provided for 2024 to 2034, with a short-term target achievement by 2030 and a long-term target achievement (i.e., net-zero) by 2050.</p> <p>The target setting supports Thailand's NDC goal of reducing GHG emissions, is based on measurable standards to achieve in the hotel industry and is benchmarked to peers using references such as the Hotel Decarbonisation Report (2017) and Greenview Hotel Footprinting Tool, amongst others.</p> <p>DNV's assessment of KPI 1 / SPT 1 show that appropriate references to science-based scenarios are considered in the setting of targets. CENTEL has considered these in its overall sustainability objectives and goal towards achieving net-zero by 2050, by taking into consideration</p>

		Available Technologies or other proxies.	<p>international standards as well as local contexts in setting appropriate targets for KPI 1.</p> <p>DNV concludes that KPI 1 has set appropriate benchmarks to industry standards and comparisons against peers and this process is aligned with the criteria outlined in the Standards & Principles.</p> <p>KPI/SPT 2 - Reduction of Water Consumption Intensity</p> <p>The Framework provides a timeline on how CENTEL will achieve this SPT. Historic performance is provided from 2019 to 2023, with 2019 being the baseline. Targets are provided for 2024 to 2034, with a short-term target achievement by 2030 and a mid-term target achievement by 2034.</p> <p>The target setting is based on measurable standards to achieve in the hotel industry and is benchmarked to peers using references such as The Cornell Hotel Sustainability Benchmarking (CHSB) tenth annual report and the CDP Water Security Questionnaire.</p> <p>DNV's assessment of KPI 2 / SPT 2 show that appropriate references to science-based scenarios are considered in the setting of targets. CENTEL has considered these in its overall sustainability objectives and goal towards achieving its target by 2034, by taking into consideration international standards as well as local contexts in setting appropriate targets for KPI 2.</p> <p>DNV concludes that KPI 2 has set appropriate benchmarks to industry standards and comparisons against peers and this process is aligned with the criteria outlined in the Standards & Principles.</p> <p>Overall, DNV can confirm that the SPTs set out for the KPIs proposed by CENTEL are appropriately benchmarked and are aligned with the criteria outlined in the Standards & Principles.</p>
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2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. the timelines for the target achievement, including the target observation date(s)/ period(s), the trigger event(s) 2. and the frequency of review of the SPTs 3. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used 4. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place 5. Where possible and taking into account competition and confidentiality considerations, how the Borrower intends to reach such SPTs. 	<p>DNV has reviewed the Framework and supporting evidence provided by CENTEL on target setting and disclosures.</p> <ol style="list-style-type: none"> 1. Disclosures and target setting for both SPT 1 and SPT 2, are provided from 2024 to 2034. Historical performance is also provided from 2019 to 2023, with 2019 being the baseline. 2. CENTEL has mentioned in its Framework that annual reporting on the SPTs will be conducted to determine performance against the targets, until the specified end period. 3. The baseline year was selected based on the performance of CENTEL's business units prior to COVID-19. It was specified that the pandemic resulted in performance standards that were not measurable to actual standards. If CENTEL undergoes significant changes (such as mergers, acquisitions, or spin-offs), the SPT's baselines may need to be adjusted. These changes will be detailed in the relevant bond or loan documents and verified by an independent expert. 4. Given the straight-forward nature of the SPTs, DNV considers it unlikely that a recalculation of the KPIs would be necessary. 5. CENTEL has laid out plans on how the SPTs will be achieved. <p>With regards to SPT 1:</p> <ul style="list-style-type: none"> • Implement energy-efficient technologies and practices across all hotel operations • Increase use of renewable energy sources such as solar • Conduct regular energy audits and implement recommendations to reduce energy consumption • Upgrade infrastructure and equipment to more energy-efficient models • Train employees on energy conservation practices and encourage their participation in sustainability initiatives • Implement waste reduction and recycling programmes <p>With regards to SPT 2:</p> <ul style="list-style-type: none"> • Install water-efficient fixtures and appliances in all CENTEL's properties • Implement greywater recycling systems to reuse water for non-potable purposes
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		<ul style="list-style-type: none"> • Conduct regular waste usage audits and implement recommendations to reduce consumption • Educate guests and employees about water conservation practices • Monitor and repair leaks promptly to prevent water wastage • Encourage site-specific water management strategies <p>After review of CENTEL's overall sustainability strategy, approach and the Framework, DNV concludes that the SPTs are realistic, and appropriate target setting and disclosures have been put in place that are aligned with the criteria outlined in the Standards & Principles.</p>
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3. Financial Characteristics

Ref.	Criteria	Requirements	DNV Findings
3a	Bond / Loan Characteristics – SPT Financial / structural impact	The SLL/SLB will need to include a financial and/or structural impact based on whether the KPI(s) reach the predefined SPT(s).	<p>DNV has reviewed CENTEL's Framework, and it provides details on the financial characteristics of any bonds (SLB) and/or loans (SLL) issued which are linked to the KPIs and SPTs.</p> <p>The relevant financial and structural impacts are clearly described by CENTEL, such as coupon or margin adjustment, a premium payment, the purchase of Energy Attribute Certificates, the purchase of voluntary carbon offsets, additional covenants to CENTEL, or a combination of these options. Specific KPIs, SPTs, and associated bond (loan) condition changes will be outlined in each issuance's or borrowing's documentation</p> <p>DNV concludes that process indicated in the Framework is aligned with the criteria outlined in the Standards & Principles.</p>
3b	Fallback Mechanism	Any fallback mechanisms in the case that the SPTs cannot be calculated or observed in a satisfactory manner should be explained. Issuers may consider including, where needed, language in the bond	<p>CENTEL has provided clear details on the fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner.</p> <p>DNV reviewed this evidence in the Framework and understands that regardless of any changes or effects in the sustainability strategy and</p>

	<p>documentation to take into consideration potential exceptional events.</p>	<p>direction, the KPIs and SPTs will remain valid. The Framework also indicates measures to take if significant changes in CENTEL's operational structure occur. Changes due to activities including but not limited to mergers and acquisitions, spin-offs, or sales of companies may result in adjustments or recalculations of the SPT's baselines.</p> <p>Adjustments or recalculations will initially be verified an independent third party (i.e., external reviewer) and be outlined in specific documentation for of the bond (SLB) and/or loan (SLL). CENTEL will ensure transparency and strict adherence to its sustainability commitments.</p> <p>DNV can confirm that the process involved is aligned with the criteria outlined in the Standards & Principles, and appropriately describes the requirements under financial characteristics for both SLBs and SLLs.</p>
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4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Reporting	<p>Borrowers of SLLs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> 1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant 2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the Loan's financial and/or structural characteristics 3. Any information enabling lenders to monitor the level of ambition of the SPTs. <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLL's financial and/or structural characteristics.</p>	<p>DNV has reviewed CENTEL's Framework and understands that CENTEL commits to providing annual updates on the performance of the specified KPIs to maintain transparency and be in line with the criteria outlined in the Standards & Principles.</p> <p>CENTEL will provide the following through its Sustainability Reports and or any other official reports that may replace it in the future:</p> <ul style="list-style-type: none"> • The most up-to-date data on the performance of the selected KPIs, including any relevant baselines. • A verification assurance report, based on a limited assurance, providing details on the performance of the selected KPI against the relevant SPT. • Any other relevant information that is considered necessary to allow investors to monitor the progress of the selected KPIs. <p>DNV considers CENTEL's reporting standards to be aligned with the criteria outlined in the Standards & Principles.</p>



5. Verification

Ref.	Criteria	Requirements	DNV Findings
5a	External Verification	<p>Borrowers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year.</p>	<p>CENTEL has provided details in its Framework on the verification procedures it will follow.</p> <p>CENTEL has ensured that independent and external verification of its SPTs' performance will be conducted in line with the Standards & Principles. This type of verification will be conducted annually and carried out for the relevant time periods.</p> <p>DNV can confirm that this procedure is aligned with the criteria outlined in the Standards & Principles.</p>

About DNV

Driven by our purpose of safeguarding life, property, and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter, and greener.