

SUSTAINABILITY REPORT

2018



THE YEAR IN BRIEF

The aim of this sustainability report is to demonstrate our sustainability work over time and above all to highlight what we have achieved over the previous year. For example, we have introduced a range of new concepts to our hotels including Good Food at our Good Morning Hotels, Meetings by Ligula, etc.

Another highlight was that our two innovative Motel L brand hotels were nominated by Hotels.com as two out of the five best in all of Stockholm.

And then beyond these initiatives was the biggest event within Ligula Hospitality Group AB – that in 2018 we opened seven hotels in a brand new market: Germany.

You can read about all that and more in our 2018 sustainability report.



A WORD FROM THE CEO

Ligula Hospitality Group and its subsidiaries are active within the service industry and focused primarily on hotel and restaurant businesses. Our ambition is to be a hotel chain for everyone and so in order to meet the needs of the modern guest, we offer a range of hotels across various different categories. Different trips need different types of accommodation and thus also different categories of hotel. Even our restaurants need to have a wide selection in order to accommodate and appeal to different preferences.

So what does Ligula do for sustainability? We recognise that we are an intermediary: we can never force our guests to act against their will or insist upon individual responsibility for the future by introducing a whole host of restrictions that simply result is us being competed out of the market. There is nothing to be gained like that. That is why we try as carefully as possible to work actively on these issues – in our own way.

Digitisation and new values mean that we constantly need to adapt our business and stay abreast of new trends within society.

The UN's 17 sustainable development goals (also known as Agenda 2030) must naturally lead the way for Ligula in our sustainable society. In our report you can read all about how we address the different areas that concern us directly. At the same time, I am proud to say that Ligula has long since been working on its own initiative to ensure that equality, environmental issues, integration and resource economisation all figure as natural parts of our everyday work so that now when we look over the statistics we can confidently say that we are well out ahead. We have also taken the decision not to score marketing points from our work as we consider it to be self-evident for a modern company that such issues should be handled professionally. In the long run, it is not just about the environment for us but also about economics.

A great part of future sustainability comes down to biodiversity and that is why we have worked hard to establish the Ligula Foundation, which makes financial contributions to protect both children and animals. Children are our future and without animals in our forests our world will be a great deal worse off.

We have also made a number of other advances over the course of 2018, including the procurement of a new tool that allows us to measure our consumption of resources such as energy and water in a much more structured manner. This constitutes an important part of our work to establish a sustainable strategy that benefits both our planet and our future.

Ligula is currently active in three European countries and we are successively introducing the same procedures into all the countries we work in, provided that there are no local laws or ordinances which require otherwise.

With that said, there is of course still room for improvement here at Ligula and we are continuing in our own way to improve within many different areas so as to help build a more sustainable future..



Uwe Löffler CFO

TASTSINN IN BRIEF

Tastsinn and its subsidiaries are primarily active within the service industry, offering a range of services within tourism and hospitality that are targeted at businesses, organisations and private individuals. Our primary product is hotel businesses with their own associated restaurants.

Tastsinn AB is 100% owned by Uwe Löffler and is the parent company of its wholly owned subsidiaries. Tastsinn has several business areas which are run in close collaboration with one another and provides management support to its various operations within fields such as finances, sales and marketing, as well as development resources for further refinement.

Our hotel business is run via the subsidiary Ligula Hospitality Group AB (or simply Ligula) under brand names such as ProfilHotels, Collection By Ligula, Motel L, Good Morning Hotels and Apartments By Ligula. From 2013 onwards Ligula has also been operating two Park Inn by Radisson hotels through a franchise agreement with Rezidor Hotels.

The group currently has 39 properties in total and aims to expand to at least 50. This growth could be within any known markets and at present we are active in Sweden, Denmark and Germany. We are very active in our search for new properties both in Sweden and internationally. Internationalisation is something that we consider very important to the group going forward.

At its core, our business is anchored in knowledge and that makes our **employees** our most important resource. It is therefore absolutely crucial that we remain an attractive employer that is able to

recruit and maintain employees who understand our business concept and who can transform it into an excellent customer and guest experience.t.

OUR MISSION

"WE LAY THE RIGHT FOUNDATIONS".

Through the services we offer, our aim is to make it easier for our guests/customers to succeed.

OUR VISION

We endeavour to create a modern hotel group that places the guest/customer in focus while simultaneously operating as a good and responsible actor within society. Through the continued expansion of the company's various concepts both domestically and internationally, our goal is to double our turnover across each five-year period.

OUR BUSINESS CONCEPT

Tastsinn runs a consultancy and securities trading business and invests in ventures primarily within the service and real estate sectors and/or on the capital market.

Ligula's business is focused primarily on administrating and developing brands and concepts within the hotel and restaurant sector both in Sweden and internationally.

The Ligula business concept can be summarised as such:

"To humbly and through professional self-belief generate success by establishing, administrating and refining our brands and concepts within the hotel and restaurant sector."

Our businesses are operated under our own brands or as franchises of other known and established brands. We establish our presence primarily within northern Europe and secondarily in prominent hubs and locations that receive a large influx of Scandinavian guests where we consider there to be space for our concepts.

SUSTAINABILITY VISION

Through commitment and active participation, we hope to leave behind a better and more-balanced environment for future generations. The key is to adopt a long-term perspective that helps create a better world for all.

Across the group we all follow a common environmental policy which is based around the three Rs. Reduce, Reuse and Recycle. We have an overarching environmental policy for the group which all local units use to establish their own plans and targets to try and reduce our environmental impact by as much as we can.

SUSTAINABILITY

Sustainability is one of the single most important global issues that our planet is facing right now. Within the hotel industry, there has long since been a significant focus on the environment and sustainability and this kind of forward-thinking is now a prerequisite for long-term competitiveness in a world where eco-friendly companies, responsible workplaces and sustainable products are constantly on the rise.

Sustainability is also an important and natural part of our group in terms of our wider strategy, our daily operations and even our very business concept itself. Our sustainability efforts are largely focused on making continuous improvements and are rooted in a materiality analysis which we have used to identify areas that we consider to be of the utmost benefit to our world, our stakeholders and to a vital company and business.

The Group's most important areas within sustainability:

- Business ethics and financial results (economic value creation)
- Personal and social relations (social value creation)
- Environmental and quality responsibility (environmental value creation)

Identifying the most central sustainability areas for the group and its stakeholders is a process which we run on a continuous basis. In 2018 we formulated this work into an overarching strategy for the continued development of our sustainability work in practice.

ORGANISATION AND RESPONSIBILITY

Our continuous sustainability efforts are undertaken partly at group level and partly within the various business areas in close collaboration with customers and suppliers. Collaboration between our business areas together with centralised support and back-office functions enables high quality and the continuous exchange of experience. Development is followed up on by our CEO who bears ultimate responsibility for our sustainability efforts and who is also responsible for continuous reporting to the board. The responsibility for implementation is delegated to managers within each respective business area.

ECONOMIC VALUE CREATION

In order to be a sustainable company, we need to be a profitable company. But this does not mean pursuing profits at any price. One of our guiding principles is to pursue optimum profits for further development, rather than simply the highest profit margins we can possibly attain. The difference is that we want to see winners across all stakeholder groups.

Financial strength is, however, crucial for the group's long-term ability to survive and develop and so it is therefore also a prerequisite for our ability to continue developing our sustainability efforts.

The ability to continue expanding our business is crucial, particularly within Ligula. This is a long-term process, though, meaning that certain units may periodically report deficits at the same time as financial resources might be used to sustainably develop other branches of the business. This requires the group as a whole to be able to report profitable expansion and financial strength in terms of solidity and liquid resources.

Economic value creation is thus cumulatively important for several of the company's stakeholders, for present and future employees, and for society at large.

GROUP POLICIES

The group has several policies which serve to clarify its rules and instructions. All of our policies are available for staff to view and consult on our intranet.

Such policies include our code of conduct and our procurement policy which clarify our ethical standpoints both internally and when conducting business with our suppliers. Other examples include our environmental policy which describes our basic position on environmental issues as well as over-arching principles for the governance and monitoring of our environmental efforts. Then finally we also have our alcohol and narcotics policy which clearly describes our view on alcohol and narcotic substances with the basic rule here being that nobody may be under the influence of such substances when at work.

ETHICS AND ANTI-CORRUPTION

CODE OF CONDUCT

Ethics and morals are very important matters across the whole group. We place great emphasis on ethical responsibility at each and every stage of our entire business operation. The ethics and morals of what we do and what we aim to do must always be put to the test – every day, every minute and in every meeting with both guests and customers. The group's internal anti-corruption rules are available for all employees to view and consult via our intranet. It is the responsibility of each manager to disseminate this information and provide staff with guidance on such matters.

In the same way as we place strict internal requirements and expectations on our staff, we also place strict requirements on our partners and suppliers.

GDPR

On 25 May 2018, the new EU General Data Protection Regulation (GDPR) came into force. The purpose of this regulation is to protect the basic rights and freedoms of individuals, particularly with regards to their personal data. In order to comply with this legislation, Ligula has developed a programme that we can use to ensure compliance with the requirements that apply. The programme contains directives and educational information for our employees and was implemented across our business in the spring of 2018.

ANTI-CORRUPTION

Corruption leads to increased inequality and higher business costs at the same time as it brings down efficiency. We therefore work actively to prevent bribery and other forms of corruption.

Cash handling is in sharp decline across our business – just as it is for the industry at large – but must nonetheless continue to be regarded as a potential risk area for unethical actions. In order to reduce the risk of bribery and corruption and in order to counteract and eliminate individual elements of risk, we have placed significant focus on introducing closed electronic systems and on developing procedures for cash handling.

In addition to the external audits of our reports and administration that are required by law, the group also undertakes its own continuous internal auditing of compliance with established rules at each individual unit and at head and regional offices. Deviation reports within the above areas are regularly reported to senior managers and any serious deviations from our policies are raised with the CEO and the board.

SOCIAL VALUE CREATION

A SUSTAINABLE EMPLOYER



We take the same fundamental approach to our surroundings, guests and customers as we do to our employees and we make every effort to ensure the well-being of all. By creating the right prere-

quisites for development and by ensuring that we offer good employment conditions, we benefit both the individual employee and the company at large.

The group operates around a number of core values that all employees must abide by. For example, we all work to ensure equality and strive to combat all forms of discrimination based on factors such as gender, ethnicity or sexual orientation.

We also leave our politics at the door and take no professional view on political stand points or religious affiliations.

It is thanks to the commitment and energy of our employees that we are able to drive our sustainability efforts forward. It is therefore important we can offer an inclusive workplace where our employees are able to grow and develop. We work proactively to ensure a sustainable organisation in which all employees have the opportunity to get involved in different areas. This allows us to ensure that matters such as diversity, accessibility, healthcare and the working environment are always on the agenda and that they permeate everything that we do.

A SECURE FOUNDATION

Our employees are one of our most important resources. Satisfied and engaged employees contribute to business development and thus to our profitability. We strive to ensure a positive working environment for all of our employees characterised by good employment terms and effective leadership within a broad-minded environment where everyone is treated with respect.

We comply with all laws and collective agreements in our efforts to create a good and secure foundation for all, working regularly with work environment issues, conducting regular employee satisfaction surveys and holding annual reviews on an individual level. All of our employees are covered by a collective agreement.

FREEDOM OF ASSOCIATION

We respect the rights of all our employees to form

and join trade unions, just as we equally respect their right to refrain from doing so.

WORKING ENVIRONMENT

The working environment concerns the overall environment: the physical and mental space that all our employees work in. Motivated, healthy employees with balanced lives are of great strategic value and constitute really important assets for any employer. A firm grasp on the working environment results in happy and satisfied employees.

Our minimum goal with regards to the working environment is to ensure compliance with all requirements in the Working Environment Act (AML) and all related provisions and regulations. Our wider goal is to offer a safe and secure working environment where our employees can really thrive.

SYSTEMATIC WORKING ENVIRONMENT EFFORTS

We work continuously to improve our physical and psycho-social working environment so as to promote good physical and mental health among our employees and to drive up motivation and commitment in their work.

Across the group, we have delegated responsibility for systematic working environment efforts and all practical work in this regard to the local level. It is therefore in good part up to our managers and leaders to support and develop good working environments and not least to safeguard positive psycho-social conditions. Furthermore, our employees also have a fundamental responsibility for the working environment.

In addition to our recurring employee satisfaction survey, we also decided in Sweden in 2018 to place greater focus on the new directive of the Swedish Work Environment Authority regarding the so-called Organisational and Social Work Environment. Using a questionnaire developed by Prevent*, specifically designed to hone in on these specific issues, we begun following up on the efforts made among our employees and the results have only been positive.

At the time of writing, these questionnaires have not yet been completed at all of our units. Those which were completed in 2018 indicate an index of 75.1 – i.e. a good/very good result with a 72% response rate.

*www.prevent.se

DIVERSITY AND EQUALITY



Our equality and anti-discrimination policy clarifies our position that women and men must have equal opportunities in regards to their work, terms of employment, training, development and working

conditions, regardless of their origin or ethnic background. The goal of our equality work is to make the most of everyone's experience, knowledge and values in order to develop as a company and thereby generate high levels of job satisfaction and efficiency.

It is because of our active work on matters of equality over the years that we are an equal company today. 52% of our managers are female and group management consists of 50% women and 50% men.

It is the responsibility of every manager to undertake equality work and to ensure that our employees are well informed and aware of our position and efforts in regards to such matters. It is the board and the CEO, however, who bear ultimate responsibility for ensuring policy compliance.

ZERO TOLERANCE OF DISCRIMINATION

We see the enormous value in safeguarding an inclusive workplace climate where any differences are seen as strengths and advantages. We respect the rights of all our employees to equal treatment, integrity and respect on a personal level. We do not accept any form of unfair treatment, bullying and/or sexual harassment or any other negative action that is targeted towards individual employees or which may lead to an employee being isolated from the wider community of the workplace.

We take the same approach towards our guests and customers. Everyone who visits one of our hotels must be offered a secure and welcoming environment. We do not accept any form of direct or indirect discrimination against our guests or customers. Our rules apply to everyone.



50%
WOMEN IN OUR MANAGEMENT BODY

CIVIC PARTICIPATION

10 KR. PER BOOKING MADE VIA LUGLA.SE GOES TO THE LIGULA FOUNDATION!

The Ligula Foundation is a charity organisation aimed primarily towards helping animals and children. Our support takes the form of both long-term projects and smaller one-off activities. Our ambition is to help the world we live in and contribute to the development of society at large.

The Ligula Foundation was established in 2017 by the group owner as well as Tastsinn AB and its subsidiaries and sister companies; primarily Ligula Hospitality Group AB. The foundation was formed in order to collect, concentrate and coordinate various charitable initiatives in the best possible way.



"We have chosen to target our efforts primarily towards children and animals as we consider both groups to be important to future sustainability. Without a rich fauna and prosperous children, our future will look pretty grim indeed." Uwe Löffler, Chairperson of the Ligula Foundation.

The foundation's work is in no way limited to the countries in which we are active but rather screens the market in this part of the world once per year and then donates a sum of money to those organisation which we consider to be most in need of support or which are running an initiative we want to support.

Throughout the year we have supported organisation such as the Swedish Childhood Cancer Fund, Doctors Without Borders, SOS Children's Villages, Save the Children, UNICEF, Queen Silvia's Children's Hospital and many other similar organisations.



We have also been supporting the Nordens Ark project for several years now by acting as an animal caregiver. Nordens Ark is a private non-profit organisation which works to give endangered species a future. Their work involves breeding, rearing, research, education and working to spread knowledge about the importance of biodiversity. Through our support we hope to contribute towards increasing the population of the endangered wolverine and to support initiatives which seek to improve the environment we all share and live in.



Through financial support and visits to the field, Ligula has also got involved with the children who have suffered from one of the world's oldest armed conflicts – the persecution of Karen people, inclu-

ding many children, in Burma and the resulting stream of refugees into neighbouring Thailand that the conflict has caused.

We re active within an orphanage in Thailand where we primarily provide support in the form of food and clothing on site, as well as by helping with renovations and other daily needs.

By providing economic support to cover school fees and housing, we have also been able to help young people there to get a university education. After a great deal of hard work, the first two students to receive our support graduated with their degrees in November 2018.

FINANCING CONTRIBUTIONS

The foundation's work is financed in part through basic contributions from the family and by contributions and donations from businesses within Ligula Hospitality Group.

For every booking made via Ligula.se, ten kronor go directly to the Ligula Foundation. Over the course of 2018, online bookings generated a massive SEK 600,000 for the foundation to donate to various charities and/or organisations.

IN 2018, SEK

600.000

WAS DONATED TO CHARITABLE ORGANISATIONS ENVIRONMENTAL VALUE CREATION

SUSTAINABLE VALUE CHAIN

SUSTAINABLE VALUE CHAIN

We work continuously across the group to secure all sustainability aspects in all parts of the value chain: from procurement and range development through to our energy usage and resource consumption.

ENVIRONMENTAL POLICY

All businesses make use of resources such as capital, raw materials, labour and even our environment.

Our operations also have an impact on the environment; the way in which we manage our restaurants and hotels has an impact on the air, the soil and the water.

We comply with all applicable legislation and regulations relating to the environment and constantly keep abreast of new developments within this area so as to ensure we are always operating in line with current requirements.

Our staff undergo continuous training in environmental issues which means they are able to act as representatives for our daily improvement efforts.

OUR ENVIRONMENTAL STRATEGY

Our strategy is based partly on our ONE WORLD programme which is a programme that aims to improve the natural environment.

Within the group, we adopt a common environmental policy that is based upon the three Rs: Reduce, Reuse and Recycle. Each unit establishes local plans which support the overarching environmental policy with the aim being for all parts of the business to reduce their environmental impact by as much as possible.

We work towards annual environmental goals set out in an action plan that gives each individual unit the opportunity to reduce its negative environmental effects.

ONE WORLD

Based on the three Rs:

REDUCE, REUSE & RECYCLING

PROCUREMENT

When undertaking the central procurement of raw materials and other business necessities, the company requires all suppliers to submit their own environmental plans. We place carefully considered requirements on our suppliers when procuring raw materials and products and all suppliers must submit their own environmental plans for approval.

SUPPLIER SELECTION

Our direct environmental impact is primarily attributable to energy consumption, consumables, procurement and food. By improving our own procurement practises, evaluating our suppliers and subjecting them to strict requirements relating to business and environmental ethics that reduce their impact on the environment, we can



ensure that our partners are constantly working to reduce their environmental footprint by as much as possible.

WHAT WE OFFER OUR CUSTOMERS

We have an opportunity to exert a wider effect by involving our guests in more sustainable choices and by developing different solutions. For example, we encourage our hotel guests to use their hotel towels for longer than just one day.

GREEN KEY ENVIRONMENTAL CERTIFICATION

The majority of our hotels have Green Key certification and our goal is to achieve certification for every last one of our hotels before long. Future certifications will be assessed through a greater focus on the aspects that have the greatest impact.

Our hotels are continuously assessed and certified by Green Key Sweden which is an international environmental certification body that requires hotel to meet established criteria that are specifically adapted to accommodation providers. Green key certification is evidence of a hotel's efforts to reduce its environmental impact, to operate a sustainable business and to ensure systematic sustainability efforts. It gives us a tool which we can use to work both continuously and in a preventative manner. By attaining certification we are able to lay the foundations for our internal sustainability processes.

OM GREEN KEY



Green Key is an international environmental certification for the tourism industry which requires hotels to meet internationally established criteria that are then specifically adapted to accommodation

providers and conference facilities.

Green Key is operated on an international level by the Foundation for Environmental Education and its criteria and approaches are regulated by the Green Key International Steering Committee. Green Key is an initiative of the non-profit organisation Foundation for Environmental Education (FEE).

In order to secure Green Key certification, facilities need to develop an environmental policy, establish annual environmental goals for continuous improvement, implement energy and water-saving solutions and procedure and use environmentally certified cleaning products. Requirements on the use of organic, fair-trade and/or locally produced food products are also placed and revised each year. Certified facilities need to regularly train and educate their staff in environmental and sustainability issues and inform them about the ongoing work being done with Green Key.

There are a number of obligatory Green Key criteria which must always be met. These criteria are primarily designed to reduce the direct environmental impact of hotels but also to inform and encourage guests to take notice of the facility's actions and ambitions.

By providing information, facilities must strive to involve their guests in helping to bring down their environmental impact. Similarly, the criteria are also designed to encourage dialogue around product choice and product development with suppliers and other stakeholders. Even staff need to participate in the environmental work.

Another requirement is that criteria fulfilment needs to be documented. This documentation is then reviewed partly through an annual environmental report which is submitted to Green Key Sweden and more thoroughly through regular inspections of the facility itself.

Green Key Sweden has been running Green Key since 2016 through a partnership with the Keep Sweden Tidy Foundation and FEE. The Keep Sweden Tidy Foundation sits on the Steering Group and Jury of Green Key Sweden alongside other organisations such as Visita, SCR Swedish Camping, the Swedish Tourist Association and The National Association of Swedish Eco-Municipalities.

www.greenkey.se

REDUCED ENERGY CONSUMPTION



One of our environmental goals is to reduce our consumption of energy and water at each of our hotels. In order to better monitor our consumption, in autumn 2018 we implemented a tool by the

name of RestTool with a view to effectively measuring and following up on our resource consumption and our use of energy and water.



HYDROPOWER – AN ECO-FRIENDLY SOURCE FOR OUR ENERGY SUPPLY



At the end of 2018 we signed a new energy contract which ensures that our energy supply over the coming years will come exclusively from hydropower.

In 2019 we plan to make an energy declaration for the entire business which we hope will lay the foundation for continued improvement efforts in relation to our energy consumption across the business.

FEWER CHEMICALS

Our environmental policy encourages us to use eco-friendly products in all areas – products which can then be recycled at the next stage.

It is an initiative that aims to further build upon the work done in 2018 when we signed a new agreement for more eco-friendly products to be used in all of our hotel cleaning operations. These

products have been introduced into our business over the course of the year and implemented on a rolling basis across our units with the goal being to completely replace all previous products in the first months of 2019.

SUSTAINABLE BUSINESS TRIPS

In order to protect our environment we need to make sure that our travel is sustainable. We therefore do everything we can to curtail the impact of our business trips.

As travel by train is better for the environment, this is the method of transport we primarily use within the business. For each journey between our two head offices in Gothenburg and Stockholm, we save the environment 56 kg of CO2 according to SJ (www.sj.se/miljokal-kyl) by choosing to travel by train instead of car.

One of the train operators we use is SJ. Over the course of 2018, we travelled 156,555 km with SJ, producing a total of just 0.41 kg of CO2 in emissions which is the equivalent of 0.172 litres of petrol. By choosing to travel by train instead of car for the majority of our business trips in 2018, we have saved the environment 19,255 kg of CO₂.



GOOD FOOD

According to the UNDP, about a third of all food produced is thrown away. By creating our own food concepts we can reduce our ecological footprint and make our food consumption more sustainable, which is something that in turn yields both social and financial benefits.

We have launched a uniform food concept for our Good Morning Hotels brand which we call Good Food. The concept is based on simplicity. It is uncomplicated and waste-free.

The concept was developed in collaboration with our oven supplier who has produced a so-called self-cooking oven for simple food preparation. High quality ingredients are prepackaged into small containers meaning that we only use the exact ingredients that we need when cooking in our new special ovens. This allows us to reduce waste.

Thanks to a simple preparation process and clear instructions, many of our employees can prepare food without the need to hire specialists. In addition to self-cooking, the concept also includes a commitment to only using fair-trade coffee and meat/charcuterie products that are completely free from additives.

ORGANIC FOOD AND KRAV-CERTIFIED FISH

Increasing our range of organic food products is a natural step for our business and one of our environmental goals.

In 2018 we decided that all of our brands should only offer fish that has been certified by KRAV.

According to the WWF, approximately 90 percent of all fish stocks in the world are currently overfished or fished to their upper limits. As the global population has continued to grow, natural fish stocks have shrunk and the fish industry is now competing to quickly snap up their share of what still remains.

Our contribution to help reduce the impoverishment of our seas and to reduce emissions from farming operations is to only offer certified fish and seafood in our restaurants. In order to comply with our own requirements, we switched our fish and seafood supplier in 2018.

GOOD FOOD – pure and simple





SUMMARY OF OUR SUSTAINABILITY MILESTONES IN 2018

- Good Food concept was launched
- Green Key certification was renewed
- Eco-friendly cleaning products introduced
- Implementation of RestTool
- New energy contract exclusively from hydropower
- Start-up in a new market with seven hotels in Germany

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