

Better Future

Our Sustainability Plan 2022



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Our Better Future Plan

Travelodge seeks to be a responsible business in all we do. We have always placed a strong emphasis on safety and security, the environment, and our social responsibilities. However, we know that there is more we need to do. We also know that, until now, we haven't routinely shared what we are doing with our stakeholders.

Following extensive consultation with a wide range of stakeholders, we have developed a comprehensive sustainability plan 'Better Future' designed to mark a step-change in our sustainability agenda. The plan will help us to improve our sustainability focus and performance, and to share that progress transparently with our stakeholders.

We firmly believe that sustainability has a critically important role to play in shaping the future of our business. For that reason, our sustainability plan 'Better Future' is aligned with our Purpose - to provide affordable travel for everyone - and is integrated with our wider business strategy.

Our vision is to create a Better Future for our customers, colleagues and the planet and this is underpinned by the 3 core pillars of our plan.

Pillars	Our primary focuses	KPIs
Inclusive: Ensuring Travelodge is accessible, inclusive, and affordable to our colleagues and customers	Diversity & inclusion: Everyone should feel welcome and part of the Travelodge team Social mobility: Allow our colleagues to learn more, earn more and belong	<ul style="list-style-type: none"> 50/50 gender balance of senior level colleagues by end of 2025 10% of senior Level colleagues to be from an ethnic minority background by end of 2025 Increase the number of head office internal promotions to 40% by end of 2025
Caring: Creating a safe and healthy environment for our colleagues and customers, and ensuring their wellbeing	Wellbeing: Improve the physical, emotional, financial and work wellbeing of our colleagues Charity: Support our charity partners, Pennies and the British Heart Foundation	<ul style="list-style-type: none"> Increase "Your Voice" score "There are resources available to me at Travelodge to support my wellbeing" to 8.5 by 2025 Encourage a further 1,000 colleagues to train in CPR by 2023
Conscious: Being actively conscious of the waste we produce, the energy and resources we consume, and our carbon emissions	Net zero: Reduce our energy consumption through energy efficiency projects, migrate our residual supply to green sources and/or find other ways to offset any remainder New builds and our refurbishment programme: Build our new hotels and refurbish our existing hotels with sustainability as a key consideration	<ul style="list-style-type: none"> Conclude the route to operating our existing hotels in a net zero manner, aligned to SBTi and set KPIs and targets, during 2022 Conclude reviewing the hotel new build specification, aligned to delivering net zero, during 2022

A Letter from our CEO

Welcome to Travelodge's first Sustainability Report, our Better Future plan. As the UK's largest independent hotel brand, we have long been committed to doing business responsibly. However, the time has come to formalise our approach with the creation of a new sustainability plan. As part of that strategy, we have set ourselves KPIs (Key Performance Indicators) along with targets for improvement. We will continue to report on our progress against those targets in future versions of this report.

From the climate emergency and biodiversity loss, to social inequality and exclusion, we are operating in a world where challenges abound. Rising to meet those challenges will require every organisation to take a proactive, strategic approach to reducing the negative and amplifying the positive impacts of its operations. It will also require honesty and transparency.

In publishing this report, we are launching our vision to create a Better Future for our colleagues, customers and planet. That vision underpins the three pillars of our strategy, which are, Inclusive, Caring and Conscious.

In reviewing the year, it would be impossible not to mention the COVID-19 pandemic. The national lockdowns and travel restrictions had a serious impact on our business, but the dedication and resilience of our colleagues ensured we could keep our customers and colleagues safe through the cleaning and social distancing measures introduced as part of our TravelodgeProtect+ programme. I am tremendously proud of how our colleagues conducted themselves during the pandemic.

I am also proud of the work that's gone into our Better Future plan, and in particular, defining the KPIs and setting the performance targets. As you'll discover when you read the report, targets have not been chosen for their achievability, but for their ability to stretch and challenge us.

Of particular note is the work being done to complete our route to becoming a net zero hotel operator and how this can be aligned to Science Based Targets ("SBTI").

We have a long road ahead of us. There is much to do, especially as we consider how to lower the carbon impact of our hotel refurbishments and new builds, while also making hotels accessible to everyone. We know a better future is possible because we have already made change happen.

My commitment to you is that we will share our progress transparently. We will celebrate the targets we achieve, and reflect upon those we miss so that we are able to continually improve our performance and deliver our vision of a Better Future.

Please share any thoughts or feedback via BetterFuture@travelodge.co.uk



Jo Boydell CEO

About Us

Travelodge is the UK's largest independent hotel brand. Set up in 1985, we have c. 600 hotels and c. 44,500 guest bedrooms, across the UK, Ireland and Spain.

Over 80% of our hotels are in major city centres, towns and popular holiday destinations, serving business and leisure travellers alike.

Our mission is to provide affordable travel for everyone and we are positioned as the low-cost choice, offering our customers the best balance of location, price and quality to suit their travel needs.

We are a team of over 10,000 Travelodge colleagues who work together to look after our customers each day. For over thirty years, we have helped and supported thousands of people to progress their careers with Travelodge.



Listening to our stakeholders

Sustainability is a broad topic. In developing strategies, all organisations need to choose where to focus their efforts for maximum positive effect.

We asked stakeholders about the key issues they really care about. This process is called a materiality assessment and it helped us to identify and prioritise our most material issues.

Consulting our stakeholders

We used an independent sustainability specialist, Simply Sustainable, to conduct our materiality assessment. Simply Sustainable analysed ESG rating agencies, peer and comparators' reports, and conducted a detailed PESTEL analysis to identify 18 material issues for the business.

Through surveys and discussions, these 18 material issues were ranked by level of importance by over 40,000 users of our website, hundreds of our colleagues and a selection of key individual stakeholders including landlords, key suppliers, lenders, corporate customers, charity partners and a local council. To understand the risk posed by each material, the consultancy applied the Travelodge business risk assessment methodology, using both a 3 and a 10-year horizon.

The results were plotted on a materiality matrix on the following page (which reflects the 3-year horizon view). Those areas on the top right of the diagram indicate the priority issues for Travelodge to be addressing as part of its sustainability plan.

Our stakeholders

- Customers
- Colleagues
- Shareholders and investors
- Landlords
- Suppliers
- Local authorities
- Local communities



PESTEL

An analysis tool that helps a company understand what Political, Economic, Social, Technological, Legal and Environmental factors may be affecting the business either now, or in the future.

ESG Rating Agency

Research organisations that use publicly available information to assess the ESG risks of companies. This information is used by investors to help manage the risks in their portfolios.

Understanding our priorities

A wide spread of sustainability issues are material to Travelodge’s business, ranging from operational, environmental and security, to inclusivity, wellbeing, and safety for its customers and employees (3-year view)

Our materiality matrix

The materiality analysis and resultant Better Future plan are aligned and integrated into our wider business strategy.

In concluding our Better Future plan it was clear that there were no material omissions from or changes required to our existing business strategy, rather a change in emphasis, with sustainability underpinning our wider approach.



Our Better Future overview

Vision	To create a Better Future for our customers, colleagues and the planet		
Strategic objectives	<p>Inclusive</p>	<p>Caring</p>	<p>Conscious</p>
	<p>Ensuring we are accessible, inclusive and affordable to our colleagues and customers.</p>	<p>Creating a caring and healthy environment for our colleagues and customers and ensuring their wellbeing.</p>	<p>Being actively conscious of the waste we produce, the energy and resources we consume and our carbon emissions.</p>
Material Sustainability topics covered	<ul style="list-style-type: none"> • Training & development opportunities • Customer accessibility • Fair labour practices and decent work • Diversity & inclusion • Social mobility 	<ul style="list-style-type: none"> • Data security & customer privacy • Human trafficking & child abuse prevention • Health, safety & wellbeing • Charity partnerships • Wellbeing 	<ul style="list-style-type: none"> • Responsible sourcing & supply chain management • Carbon emissions and energy management • Waste management & recycling • Adapting to climate change • Water consumption • Business ethics

Measuring our progress

In order to stretch and challenge ourselves, the plan includes KPIs (Key Performance Indicators) and targets. We will measure our performance against these KPIs on a quarterly basis.

We will report that performance internally on a quarterly basis and externally, via both our Annual Report & Financial Statements and this report which will also be updated each year.



Better Future

We appreciate that the language of sustainability can be complex, and that not everyone has the time, or the inclination, to read detailed reports on the subject. However, that doesn't mean that they don't care about the environment, people, or local communities.

It doesn't help that the terminology changes. Sustainability, ESG, CSR and sometimes CR are all used interchangeably by companies. In essence, they all refer to doing business in an ethical and responsible way that takes into account the needs of a wide range of stakeholders, including society and the environment.

In order to make sure that we share our progress in a way that's quick and easy to understand, we developed 'Better Future', as a way of identifying everything we're doing under the sustainability banner.

While we will continue to report on our performance in this Sustainability Report and our Annual Report & Financial Statements, we will also include sustainability updates under 'Better Future' in any communications to colleagues, customers and stakeholders.



Sustainability:

In a corporate context, sustainability refers to the effect a business has on the environment, and on society, with the goal of having a positive impact in at least one of those areas.¹

ESG:

Environment, Social & Governance

CSR:

Corporate Social Responsibility

CR:

Corporate Responsibility

Governance:

The system by which a company is directed or controlled.²

KPI:

Key Performance Indicators (KPIs) refer to a set of quantifiable measurements used to gauge a company's overall long-term performance.³

[1] <https://www.investopedia.com/terms/s/sustainability.asp>

[2] <https://www.icaew.com/technical/corporate-governance/principles/principles-articles/does-corporate-governance-matter>

[3] <https://www.investopedia.com/terms/k/kpi.asp>

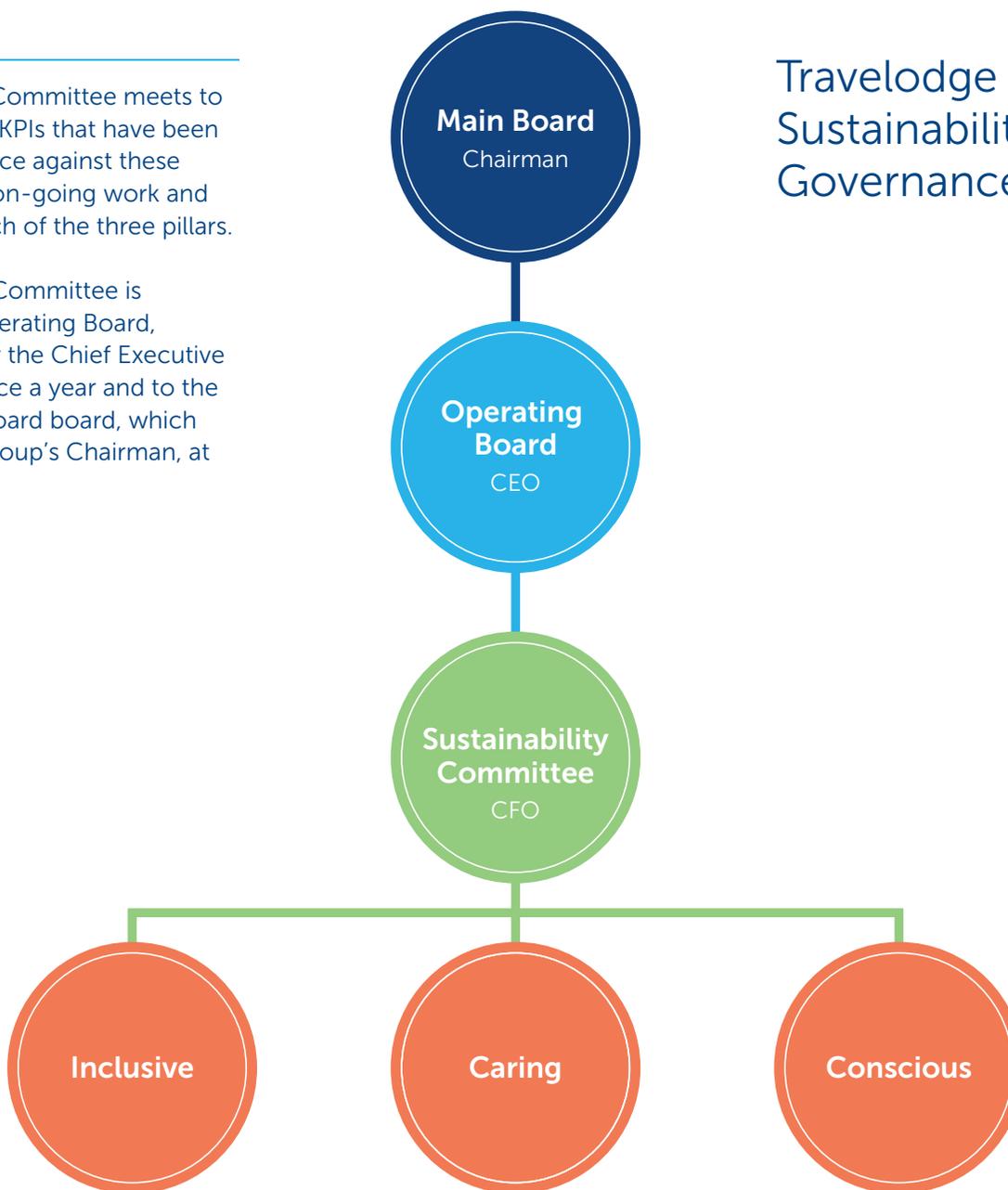
Better Future governance

In order to effectively monitor the implementation of and results from our sustainability initiatives we have put into place a governance model. This model ensures that we are effectively monitoring and directing the implementation of our Better Future plan in a way that builds trust.

The Sustainability Committee meets every quarter and is chaired by the Chief Financial Officer who sits on both our Operating Board (the highest executive board) and is a main board member (a director under the companies act).

The Better Future Committee meets to review targets and KPIs that have been set, and performance against these targets, alongside on-going work and progress under each of the three pillars.

The output of the Committee is reported to the Operating Board, which is chaired by the Chief Executive Officer, at least twice a year and to the Travelodge Main Board board, which is chaired by the group's Chairman, at least annually.



Travelodge Sustainability Governance

Our performance: Inclusive

We plan to improve both our gender and ethnicity splits of colleagues across the business to improve social mobility - allowing our colleagues to learn more, earn more and belong.

We also plan to further develop our customer accessibility procedures in conjunction with a third party external expert, the charity Disability Positive. All of this will make Travelodge a more inclusive place for our colleagues and customers.



Our Colleagues

Diversity & Inclusion

We believe that all of our colleagues must feel welcome and are part of the Travelodge team. Being inclusive with diverse representation throughout all areas of our business is important to us.

We monitor the diversity of our existing workforce in order to support a culture of equality, diversity and inclusion. We have both an Equality and Diversity Policy and a Trans Inclusion Policy in place.

We recognise the benefits of having a diverse workforce with different backgrounds, solely employed on ability.

In previous years we have held discussions on this topic by way of an equality & diversity governance group which met quarterly.

In 2021 we changed our approach, creating listening groups with different colleagues, to focus on specific topics such as gender diversity and our LGBTQ+ community.

So far, we have seen greater action as a result of these groups and therefore our aim is to continue this approach in the coming years.

Our focus on equality and diversity has helped us to a leading position where the majority of our hotel managers are female. We are also ahead of the target of 33% female representation for diversity in senior leadership roles, as set out by the Hampton-Alexander review for FTSE 350 companies.

However, we have more work to do, especially on gender. Despite our workforce being 73% female overall, at district manager level, just 22% of our colleagues are female. At Senior Levels (which is the Operating Board, Directors and heads of department), 41% of colleagues are female and 59% are male. Our operating board is 50/50 male to female.

Gender diversity

Our workforce is:
73% female
27% male



We typically see a higher percentage of females in hourly paid roles and up to Hotel Manager level.

Hourly paid colleagues account for **87%** of our workforce.

76% of these colleagues are female.



At hotel manager level, who are salaried:
63% of colleagues are female
37% are male



In comparison, at district manager level, just **22%** of colleagues are female

At senior levels,
41% of colleagues are female
59% are male

Throughout 2021, our focus has been on gender diversity with balanced shortlists at senior levels.

10 District Manager roles were filled in 2021. At the second interview stage our candidate split was 50% male and 50% female. 33% of roles were subsequently secured by females.

There were 11 senior level head office roles (Level 1 & 2) filled in 2021.

At the interview stage, 33% of candidates were female and 67% were male. 55% of roles were secured by females.



Ethnic diversity

In the UK, around 13.8% of the population identify as being from an ethnic minority background.

In London this number increases to around 40%

- 69% of our workforce identify as white
- 20.5% from ethnic minority backgrounds
- 10.5% prefer not to say

At senior levels (Board, Level 1 & 2) there is minimal representation from ethnic minorities:

- 79% identify as white
- 3% identify from ethnic minority backgrounds
- 18% prefer not to say

London hotels

- 49% of colleagues identify from ethnic minority groups

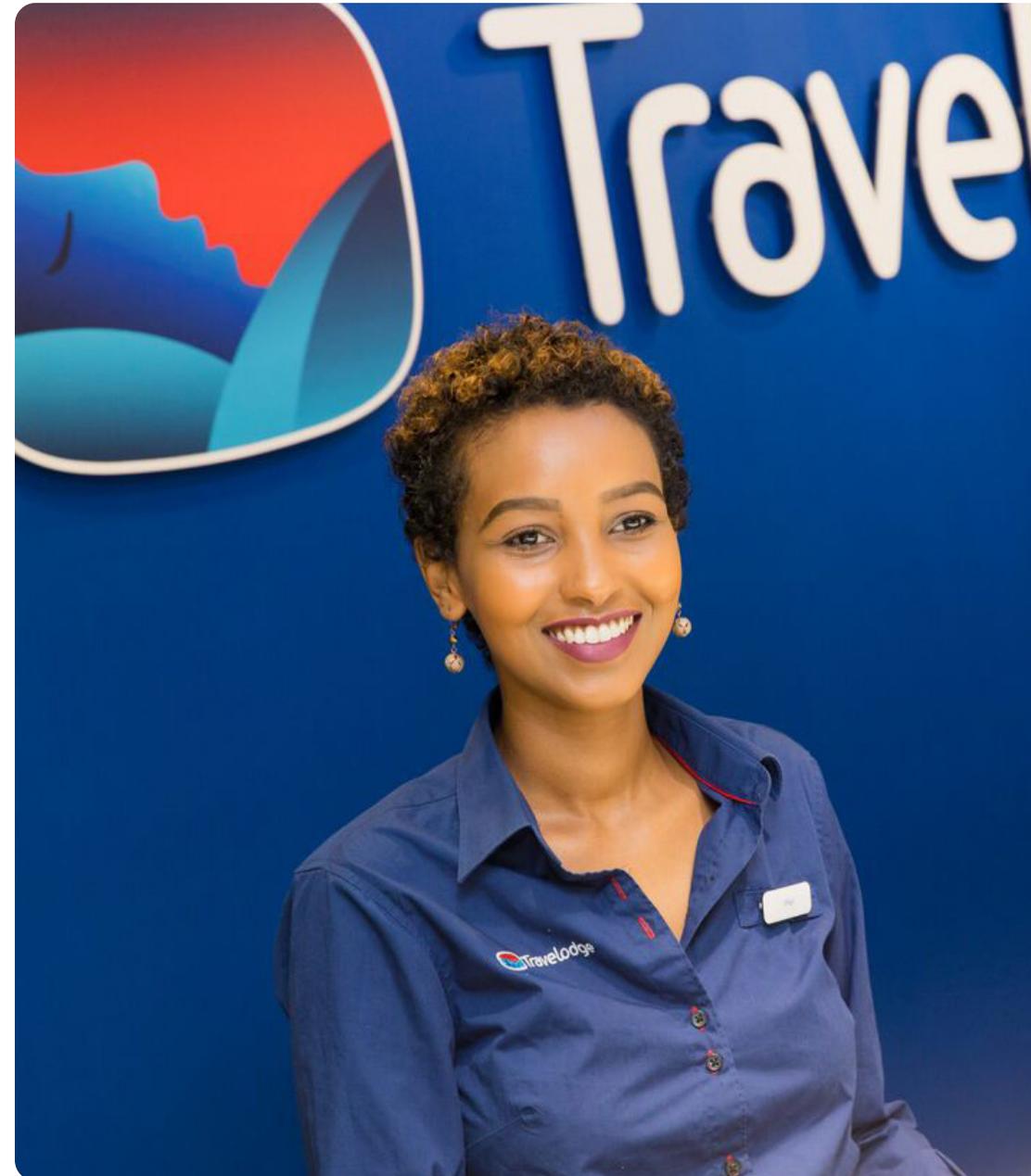
We have a lot of work to do to champion ethnic diversity, especially within Senior Level roles.



KPI

For 2022, we will continue to focus on balanced shortlists for gender and follow the same approach for ethnicity.

As part of our Better Future, our aspiration is that, by the end of 2025, 10% of our senior level colleagues (Operating Board, Level 1 & 2) will come from an ethnic minority background.



Fair labour practices and decent work

Travelodge pays the national living wage to all hourly paid Team Members as a minimum, irrespective of age.

All hotels are expected to operate to a Blueprint which enables hotels to recruit the optimum number of colleagues on greater contractual hours. During the pandemic, and due to the uncertainty, we saw an increase in the number of lower contractual hours contracts being issued.

In 2022 and beyond we need to reverse this trend to recover our core stable team.

Our data shows us that colleagues recruited on an 8 hour contract are much more likely to leave within 12 months compared to colleagues recruited on a 24 hour+ contract.

We are currently trialling pay for productivity schemes, one of which we expect to launch in early 2022. The schemes will give hourly paid colleagues the opportunity to earn more for doing more, therefore increasing their overall earning potential.



Case Study

In 2016 Travelodge made the step to remove all zero hour contracts, giving our colleagues more certainty of what they earn.



KPI

Hotels to achieve 90% compliance for 24 hour+ contracts according to Blueprint requirements by the end of 2025.



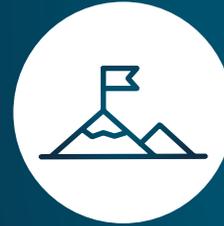
Training and skills development

We have a strong record of developing a diverse team of people, raising their average incomes and improving their career prospects. The vast majority of our hotel managers began their careers at entry-level and have successfully been promoted internally.

In our hotels, a larger percentage of females work in the lower paid roles compared to senior roles, however 80% of hotel management role vacancies were filled internally in 2021. Developing colleagues to enable them to progress into more senior roles will in turn support our gender diversity targets. Coupled with that, we are heading into an "applicants market" meaning it may become more difficult to recruit externally, particularly for more senior roles.

As we move forward the importance of housekeeping remains paramount, combined with the capability to assist customers when needed. Therefore having multi-skilled colleagues is critical. Being multiskilled may also mean colleagues have higher earning opportunities as they can work in more than one department meaning more shifts may be available to them.

Our People Pledge is "We are committed to creating an inclusive workplace, providing decent work with opportunities to learn more and earn more, where everyone can be their true self and belong". It is therefore essential our colleagues know what is available to them if they want to develop and progress, with the most beneficial way of doing this being through career conversations with their line manager.



KPI

In our head office roles we plan to increase the number of internal promotions from 35% to 40% by the end of 2025.

In hotel operations we aspire to have 35% of hourly paid colleagues skilled in more than 1 role by the end of 2025 and maintain the current high levels of internal promotions at 75%.

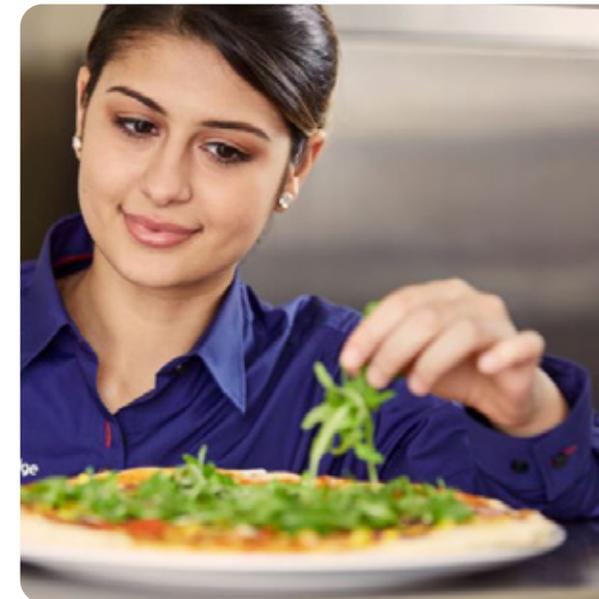
As a company, increase the Your Voice score for the question "If I want to, I know how to develop my career at Travelodge" from 7.6 to 8.5 by 2025.



Glossary of terms

Your Voice:

Our annual engagement survey, used to understand levels of satisfaction from all of our colleagues throughout our business, with the aim of informing future initiatives for improvement.



Our Customers

At Travelodge, our purpose is to provide affordable travel for everyone. We offer our customers the best balance of location, price and quality to suit their travel needs.

We use many tools to collate customer feedback on their experience with us and we plan to continue to engage with them to understand how we are responding to the sustainability issues that are important to them.



KPI

We want to do more to make our hotels accessible for everyone. From the start of 2022 we will be working with Disability Positive to review our accessibility strategy.

This will include a review of our policy and procedures, the equipment used at our hotels and the way we train our colleagues. We expect to conclude this review during Q1 2022.

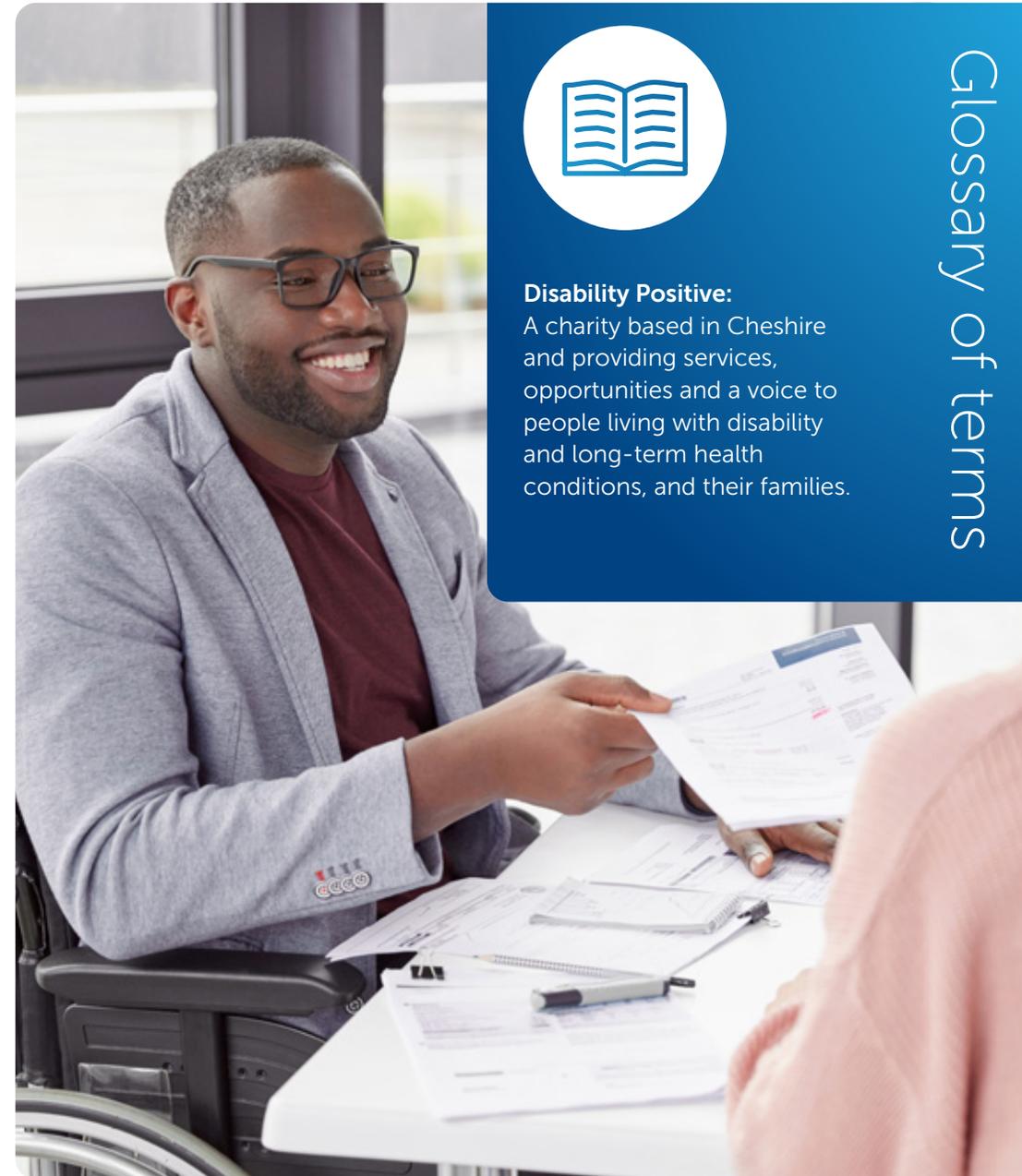
Customer accessibility

At Travelodge, we believe everyone should be treated fairly. In the UK, there are around 14.1m people with a disability.¹ We recognise the wide range of customers that use our premises and aim to make our hotels accessible and welcoming to everyone. There are currently 2,391 accessible rooms (5% of all rooms) within our portfolio.

We hold research groups to hear first-hand from our customers what their needs are, so these can be incorporated into both our service offering and our policies. We also retain a specialist accessibility consultant to help us consider accessibility in all product development.

Travelodge is committed to making our website accessible to all users, including people with disabilities. In order to achieve this, the UK website has been developed in accordance with the Web Content Accessibility Guidelines 1.0 where possible.

These guidelines have been published by the World Wide Web Consortium to promote accessibility.



Disability Positive:

A charity based in Cheshire and providing services, opportunities and a voice to people living with disability and long-term health conditions, and their families.

[1] <https://www.scope.org.uk/media/disability-facts-figures/>

Our performance: Caring

We plan to improve the wellbeing of our colleagues by encouraging an inclusive culture that promotes a positive approach to health, safety, wellbeing and security. We will continue to develop our relationships with our charity partners.



Health & Safety

Our number one priority is the safety and security of our customers and colleagues. We consider the safety of our customers and colleagues in all business decisions. We do this by having a comprehensive and proactive approach to risk assessment, clear policies, procedures and controls.

We regularly train our colleagues on our comprehensive range of safety and security policies and procedures.

In addition we have a nominated Safety Champion in every operational district to support hotel teams.

Our Safety Champions are operational colleagues, usually a member of the management team or an experienced senior colleague from within the operational district they represent, who can provide support and coaching on health and safety matters to others within the district.

The Safety Champions regularly meet throughout the year to discuss any issues or concerns or provide input and feedback on safety related processes

or procedural changes being considered or in the process of being implemented.

Our internal team actively monitors our audit, enforcement and accident and incident data, ensuring that all information is analysed and improvements are made where possible. This helps us to prevent recurrence and reduces risk to our customers and colleagues.

Our hotels are subject to routine inspections from local authority Environmental Health Officers, Fire Safety Officers and officers from other various enforcement agencies. In addition, we use an independent expert company to carry out unannounced safety audits at all our hotels.

As described in the governance section of this plan, one or more Board Directors who are also Operating Board members as well as at least one additional Operating Board member attend the monthly Safety, Security & Risk committee. The committee ensures the risks we face are understood, managed and monitored into the future.



Case Study

Safety during the COVID-19 pandemic

At the start of the pandemic, we created TravelodgeProtect+, a programme of cleaning and social distancing measures, designed to keep our customers and colleagues safe and give everyone peace of mind. The programme was developed by a dedicated cross functional hygiene strategy team, in discussion with our peers and bodies, such as the UK Hospitality Association.

We also fed into consultations run by the Ministry of Housing, Communities & Local Government as part of the government issuing guidance about how to safely operate hotels during the pandemic.



Wellbeing

The physical, emotional, financial and work wellbeing of our colleagues is important to us. In 2021 we launched our wellbeing platform Better Me, creating resources available to all colleagues to support 4 pillars of wellbeing below.

We will continue to evolve Better Me during 2022 and in future years. Our annual 'Your Voice' survey also monitors whether colleagues feel that there are resources available to them at Travelodge to support their wellbeing.

Our Employee Assistance Programme provides an online and 24 hour telephone helpline for any colleague and members of their family needing support.

The service covers 3 core areas of wellbeing - financial, emotional and physical.

Legal professionals can provide support on a range of financial issues. Colleagues and their family members can benefit from up to 6 free face to face counselling sessions to support mental health issues from depression to relationship problems, and registered nurses can assist with physical wellbeing.



KPI

Increase 'Your Voice' survey score for the question "There are resources available to me at Travelodge to support my wellbeing" from 7.4 to 8.5 by 2025



Charity partnerships

We work closely with our charity partners the British Heart Foundation¹ and Pennies.²

We became the first hotel brand to join Pennies in 2011, allowing customers the opportunity to add a few pennies to their hotel room bookings for charity.

Customers have raised over a million pounds so far by using the digital charity box. For the first two years, customers' online micro-donations supported KidsOut and Cancer Research UK. From 2013 to early 2017, donations benefited Macmillan Cancer Support.

Since March 2017, donations started supporting the British Heart Foundation, as they fight for every heartbeat.



KPI

To encourage a further 1,000 colleagues to train in CPR.



Case Study

British Heart Foundation

We have partnered with the British Heart Foundation since 2017 and plan to continue the relationship during 2022.

We expect to train a further 1,000 colleagues in CPR during the year using a new phone app that teaches CPR using only the app and a pillow, removing the need for a traditional CPR dummy.

This will help keep both our colleagues and customers safe.



Human trafficking and child abuse prevention

Human trafficking is a modern form of slavery. It occurs when men, women, children and young people are forced, tricked, or persuaded to leave their homes and then exploited, forced to work or even sold.

Worldwide, 40.3 million men, women and children were victims of modern slavery on any day in 2016. Children account for 1 in 4 victims – a total of 10.1million.¹ In the UK, Home Office statistics reveal that 10,613 potential victims of human trafficking were identified in 2020.²

The use of hotels for child trafficking and use associated with criminal activity is a recognised issue throughout the hotel industry. Police and children’s charities advise us that criminal groups will often move vulnerable children to locations outside of their known local area to minimise the child’s ability to access help.

All our hotel teams are trained according to national guidelines supported by the NSPCC, which have also been approved by the National Working Group on child sexual exploitation, South Yorkshire Police and the MET Police. Training is delivered via eLearning every 6 months.



KPI

Maintain 100% of hotel colleagues to undergo child trafficking and human rights training during 2022.



Data security and customer privacy

We are committed to ensuring that all personal data, relating to both our customers and colleagues is held in a safe and secure manner and is used in an ethical manner.

It is our policy to manage and store personal information of both its colleagues and customers in compliance with all relevant Data Protection Legislation in the jurisdictions in which it operates, in particular but not exclusively; The Data Protection Act 2018 and the EU General Data Protection Regulations (GDPR).

We implement “privacy by design” into everything we do as evidenced by ongoing privacy impact assessments and the translation of these into development plans and actions.

We contract our key supply chain to stringent auditable standards (predominantly ISO27001) which cover all aspects of privacy including subject rights, transfer legality, information security controls, sub-processing and applicable standards.

We also have appointed an independent Data Protection Officer to arbitrate on behalf of our customers and colleagues.

We only collect and maintain sensitive personal information data which is strictly necessary for protection of life such as for Health and Safety reasons or consistent with maintaining good employment practices. Such usages are subject to mandatory privacy assessment.

We assess our cyber security maturity using the CIS control framework. During 2022 we plan to review whether this framework continues to be appropriate based on our size and complexity and will review whether there are alternatives that would be more suitable moving forward.

We also conduct a wide array of scheduled and ad hoc technical security testing using a range of security tooling and independent third party specialists alongside a Responsible Disclosure programme.

We maintain, train and support data privacy champions in each of our business functions whose role is to ensure ongoing compliance with ethical business practices with regard to our customer and colleague data.



Case Study

Phishing attacks and awareness training

In 2020 we introduced a third party tool to measure the phishing susceptibility of our colleagues through a programme of live phishing simulation testing which delivers education and guidance in real time to any colleague who falls victim to the phishing test.



KPI

Maintain a phishing susceptibility rate of less than 10% across the business.



Our performance: Conscious

Our long-term goal is to become a net-zero business. In the coming year, we will set out the roadmap towards achieving this target, and ensure that our new build and refurbishment specifications are redesigned to reflect the strategic importance of sustainability.

Every organisation, in fact, every human being, has an impact on the world. For us being actively conscious means being aware of those impacts and working to minimise the negative, while increasing the positive.



Travelodge London Central Docklands

Climate change and carbon emissions

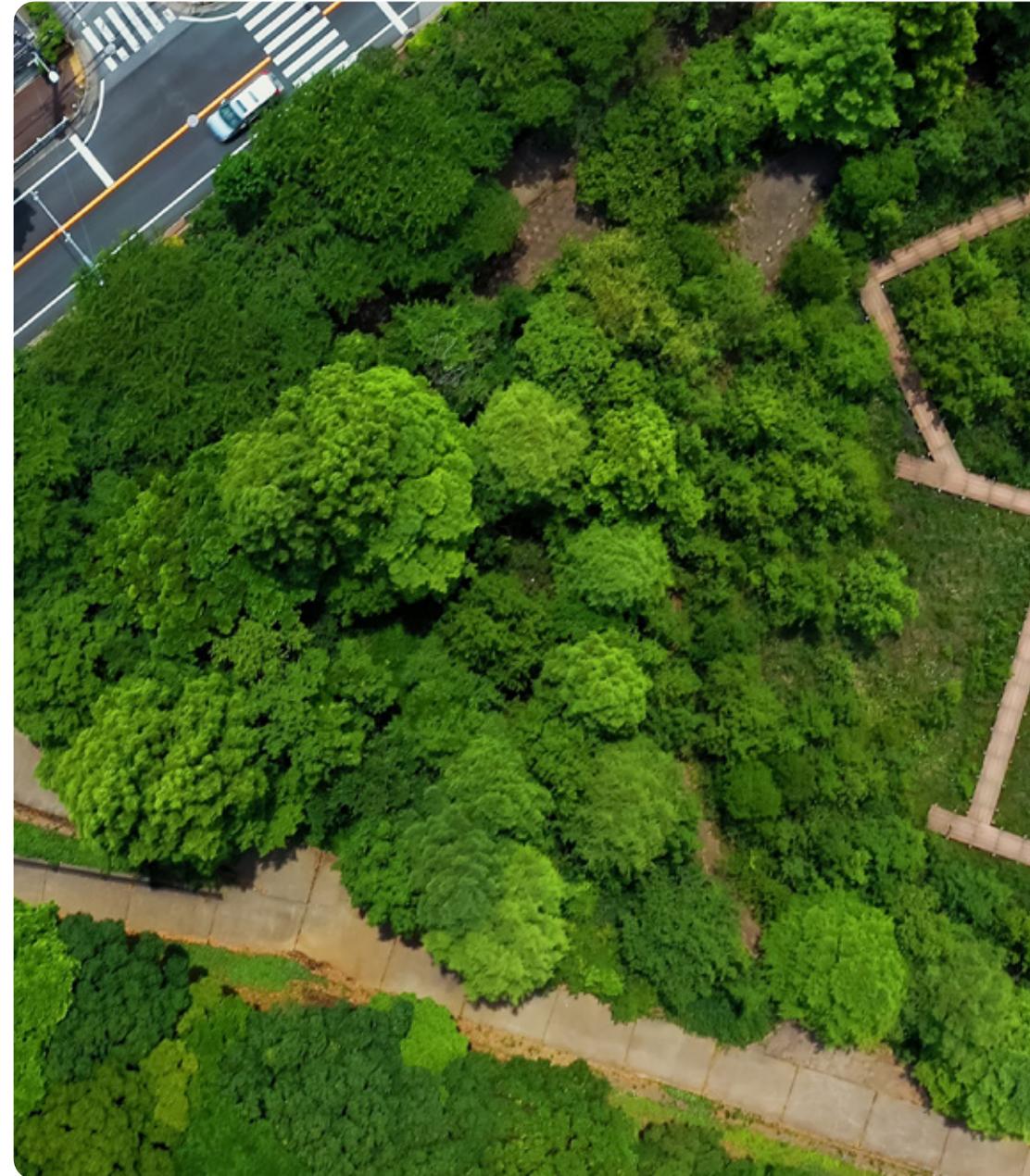
Described as the existential challenge of our time, the effects of our changing climate are already in evidence around the world. Despite the global efforts at COP26 to keep global temperature rises below 1.5C by the end of the century, recent analysis shows that, based on the short term goals already set out by countries, the temperature rise will top 2.4C.¹

Carbon emissions reduction

We recognise that we have a part to play in reducing carbon emissions. In 2019, we set up an Energy Governance Group with responsibility for monitoring the changing energy landscape and providing guidance and recommendations to the business. We also expect to have reduced our electricity consumption by 14% compared with 2017 levels by the end of 2022.

Recognising the importance of our impact on the environment we voluntarily adopted in part the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 for the year ended 31 December 2019.

In line with Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013, we are now reporting our greenhouse gas (GHG) emissions as part of both our annual strategic report and annual sustainability report.

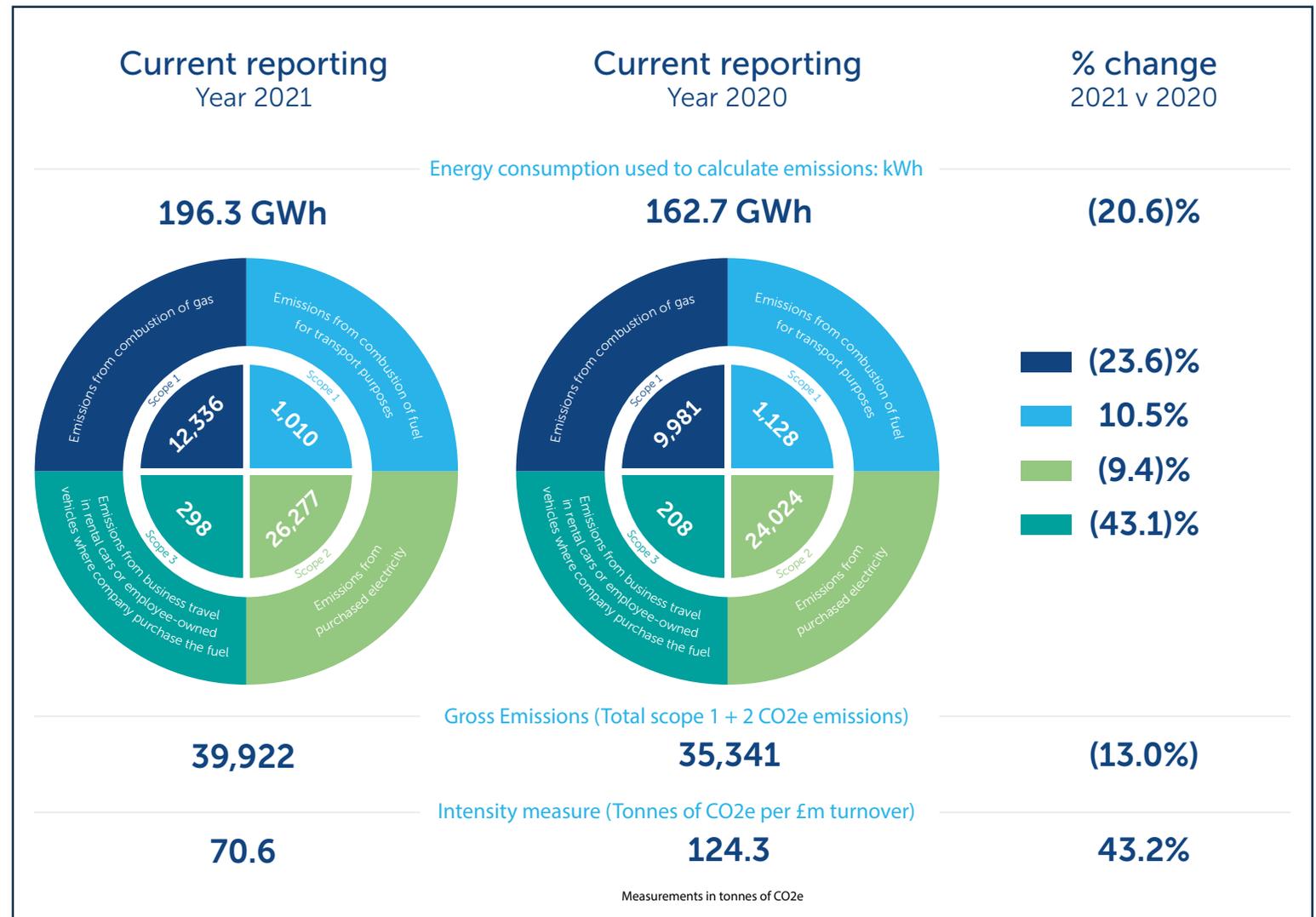


Our carbon footprint

Our net carbon footprint for the 2021 financial year was 39,922 tonnes of carbon dioxide and equivalent gases (CO2e), with an intensity of 70.6 tonnes of CO2e per £million turnover.

Although we used 21% more energy overall for 2021 vs 2020, the tonnes per £million metric reduced because during 2020 our hotels were all open during the first quarter, when typically we consume the most electricity to heat our hotels but generate relatively lower sales than in the summer season. At this time, the majority of our hotels were closed due to the covid-19 pandemic. Historically we would have consumed the least electricity and generated a larger proportion of our sales. In 2021 all of our hotels were fully reopened from May 2021.

We have reported on all of the emission sources which we deem ourselves to be responsible for, as required under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013. These sources fall within our operations control and financial boundaries and include emissions from manufacturing, retail and distribution sites and the operation of our distribution fleet.



The methodology used to calculate our emissions is based on the UK Government's Environmental Reporting Guidance (2013) and is in line with the methods used previously for reporting under ESOS and the CRC Energy Efficiency Scheme. Emissions factors are taken from the UK Government's GHG Conversion Factors for Company Reporting (2021 & 2020).

Energy management

During 2021 we progressed our energy efficiency programme by delivering projects that reduce energy consumption, as well as continuing to develop our technical understanding of the estate to identify future projects that will facilitate the reduction of energy consumption.

During 2020, we engaged an energy specialist to conduct audits of c.80 hotels each year to identify inefficient energy consumption and make recommendations to remedy this. We are also reviewing other more significant capital works such as air source heat pumps to replace traditional boilers.



Case Studies

Lighting

Our energy efficiency programme was set up in 2017, with the first project being to install LED bulbs in hotel common areas along with motion sensors that automatically switch off lights when they're not needed. We have now converted the majority of our hotels and have reduced our annual electricity consumption by 20.2 GWh or 4,283 tonnes of CO₂e.

Our next focus during 2022 will be on installing LEDs into customer rooms as part of our ongoing refurbishment programme.

Quick wins

Energy saving needn't be complex. Sometimes simple changes can make a big difference. In 2019, we changed our room set up policy, which previously asked our housekeepers to set up a room with the bed lights on between September and May.

This often meant that lights were left on from set up at 10am until customers checked in sometime after 3pm. Flagged as a potential issue by our colleagues, changing our policy to remove this requirement was a quick and straightforward way of avoiding energy waste. We estimate this saves about 70MWh annually, which equates to 16 tonnes of CO₂e.

Heating and cooling

This is the major energy project delivered throughout the year, having started in 2019, which is focused on installing new controls to hotel heating, cooling and ventilation systems. The new units can be controlled centrally, allowing for min. and max. temperatures to be set at different times of the day. This prevents rooms from being overheated or the heating being left on when the room isn't occupied.

The new control system can be applied to our in-room air-conditioning and common area air-conditioning ventilation systems.

The pace of this project has been slowed due to the impacts of the pandemic but installations were completed at 44 hotels in 2021. At the end of 2021 we had installed these systems in 124 hotels (c.25% of the estate), saving 12.6 GWh annually, which equates to 1,428 tonnes of CO₂e.

Once rolled out to the whole estate, we expect the project will save about 23 GWh annually of energy equating to 5,170 tCO₂e.



KPI

During 2022 we will finalise our route to operating our hotels on a net-zero basis, and consider how this can be aligned to Science Based Targets ("SBTi").



Building new hotels and refurbishing our existing hotels

Growth through new hotels is key to our strategy and in 2021, we opened 17 new hotels and plan to open a further 6 hotels during 2022 before returning to more normal levels of 15 to 20 hotels per annum thereafter.

We already develop new hotels considering our impact and include the following features:

- Low energy lighting and motion sensing controls
- Aerated showers and taps
- Full insulation
- Windows and external fixtures fitted accurately for minimum energy leakage
- Smart automatic utility meters installed
- Variable Refrigerant Flow (VRF) heating and cooling system
- Dual flush toilets

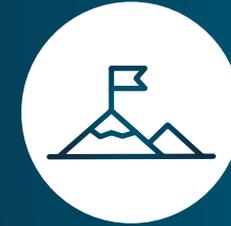
In addition, some sites may have other features such as combined heat and power boilers.

However, carbon emissions are generated beyond the equipment installed within the building and are impacted by the very fabric of the building itself.

As part of our refurbishment programme we want to use products that have sustainable credentials, use as little CO2 as possible to make and that generate as little waste to landfill as possible. We also want to make sure that we reuse or recycle as many of the things we replace in this process as possible.



Travelodge Thurrock Lakeside



KPIs

During 2022 we plan to review how our hotels are built from the ground up and based on the conclusions of the review, adjust our new build specification where possible, and build our hotels in a more sustainable manner.

During 2022 we will ensure that the sustainability credentials for all material suppliers of goods or services associated with the refurbishment of our hotels are reviewed, including their progress on reducing carbon emissions, the volume of renewable energy they use and the volume of product recycling they undertake, including progress to zero to landfill.

As we develop our sustainable procurement process (see Responsible sourcing and supply chain management), we will ensure contracts with new refurbishment suppliers follow a standardised route to acceptance which formally aligns with our own sustainability agenda.



Case Studies

Refurbishment of our hotels

The recycled fishing nets used to produce the yarn in our replacement carpets are part of a project supporting clean ocean initiatives, tackling over 640k tonnes of discarded fishing nets currently impacting marine life. The carpet backing is also made of old plastic bottles.

Every 10 of these bottles recycled rather than being sent to landfill saves enough energy to power a laptop for 25 hours.

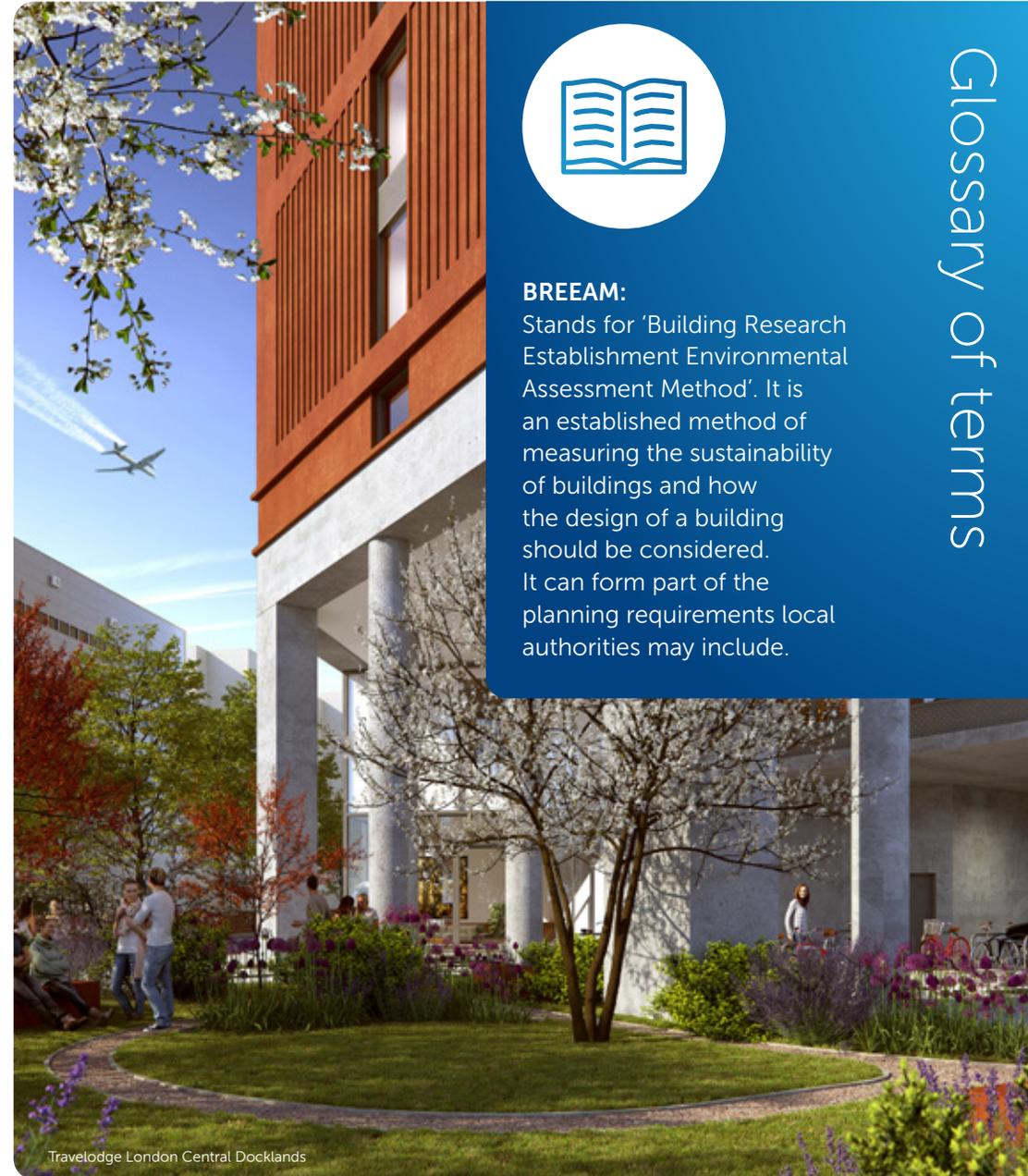
In addition, Sleepzee, the provider of our beds, was the first UK bed supplier to be awarded the Planet Mark Accreditation which recognises outstanding achievements and actions in organisations that are committed to reducing their carbon emissions.

New hotel build - London Docklands

Due to open later this year, our new hotel at London Dockland is designed to an 'Excellent' BREEAM rating and will have an Energy Performance Certificate ("EPC") rating of A.

The hotel will minimise fossil fuel usage with the introduction of Air Source Heat Pumps to heat water and with gas only used as a top up. It will also have 40m2 of solar panels on the roof equating to over 3,000kg of carbon saving per year.

To provide customers the opportunity to reach the sites in more sustainable ways, 50% of all car parking spaces will offer electric vehicle charging and there will also be space for 26 bicycle stands."



Travelodge London Central Docklands



Glossary of terms

BREEAM:

Stands for 'Building Research Establishment Environmental Assessment Method'. It is an established method of measuring the sustainability of buildings and how the design of a building should be considered. It can form part of the planning requirements local authorities may include.

Adapting to climate change

Even if the world stopped emitting greenhouse gases (GHGs) tomorrow, the effects of climate change would be felt for many centuries to come. Efforts today to reduce the amount of GHGs entering the atmosphere will help to limit impact to future generations. For people alive today, adaptation means learning to live with the changes that are already locked in.

All organisations need to understand how climate change will affect their businesses, customers and supply chains. For example, in the UK, hotter summers, wetter winters and the increased risk of flooding are widely reported risks. The switch to electric vehicles will also change how some of our customers travel. Planning for these changes will be a key focus for the business during 2022.



KPI

In the coming year, we also intend to:

Conduct a flood risk review on our existing estate and understand the impact of a future world where temperatures are hotter and colder for longer periods of time.

Conclude a review of the TCFD (Task Force on Climate-related Financial Disclosures) in readiness for future Annual Reports & Financial Statements.

Water management

Water is such a vital resource and yet around 40% of the world's population is affected by water scarcity.¹ The challenge isn't just global. The supply of water in the UK is becoming more unpredictable² and issues around taking water from surface sources alongside water infrastructure mean that within the next 20 years, demand for water in parts of southern England will probably outstrip supply.

Water consumption is mainly driven by use in bedrooms (showers, sink, toilets) bar cafes and cleaning throughout our hotels.

Our third party specialist energy brokers monitor and report on our water consumption, benchmarking our use against similar sized businesses and advising on measures to reduce our use. These include installing aerated showerheads and taps, which reduce water consumption by up to 50%. We also collect rainwater at certain sites which is used to irrigate green spaces.



KPI

We have set a target to reduce our overall water consumption to 100 litres per customer by 2025. We are extending our maintenance programme, adjusting excessive shower flow rates, repairing leaks and addressing plant room issues.

We will also be assessing the opportunities for further water conservation and, where appropriate, water reuse.

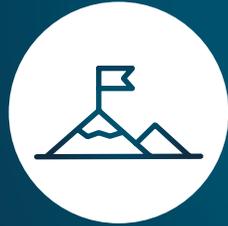
[1] <https://www.bbc.com/future/article/20210816-how-water-shortages-are-brewing-wars>

[2] <https://www.edie.net/news/4/Parts-of-England-could-run-short-of-water-within-20-years--NAO-warns/>

Waste management & recycling

Waste comes in many forms and is generated from within our business, within our supply chain and by our customers. Plastics, electronic waste, leftover food – everything no longer needed has to go somewhere. While recycling has its place, the best way of dealing with waste is not to create it in the first place.

We are working with our waste management suppliers to assess how we can set targets to reduce waste across our business. We are also talking to our suppliers about the opportunities to re-think and re-design processes to avoid waste altogether.



KPI

We still have work to do on waste and in 2022 we intend to conclude our review of this area with a view to agreeing a more detailed action plan.



Responsible sourcing & supply chain

We, like all organisations, rely on our supply chain. From providers of mattresses to energy, carpets to laundry services, companies within our supply chain are a key part of the Travelodge ecosystem.

Responsible sourcing and supply chain management covers how the business selects and engages with its suppliers in a fair and ethical way. It also considers what policies and processes the supplier has in place to ensure that its own organisation is well run and driving its own sustainability agenda.

Working together with our suppliers to share best practice on sustainability will be a key part of our plan.



KPI

In 2022, we will be reviewing our responsible sourcing criteria and looking at how we can embed them into our procurement processes and procedures.



Case Study

Removing single use plastics

In 2018, we started working with laundry services provider Elis to eliminate single use plastic from the supply chain. Previously, clean linen was shrink wrapped in plastic before being placed into cages for delivery to our hotels. Annually, this accounted for 60 tonnes of plastic waste. We are working alongside Elis to change the system to allow linen to be collected and returned in reusable and washable fabric cage liners and have completed this project at 2 out of 12 factories so far with a further 2 factories expected to transition during 2022.



Each cage liner can be used for up to 3 years and can be recycled or reclaimed at the end of its life. By the end of 2021 we have reduced our plastic use by 10 tonnes per annum. During 2022 we expect up to 16 tonnes will be removed and the aim is to remove all 60 tonnes per annum over the next three years.

In addition to the benefits of removing single use plastic, the volume of rejected linen has reduced therefore saving water and energy from reducing the need to re-wash products.

Our Business ethics

As a large private organisation we aren't subject to the statutory obligations regarding business ethics that apply to publicly listed companies. However, we believe that managing our business to a set of clear governance criteria is the right thing to do for all of our stakeholders. That is why, in 2019, we voluntarily adopted the Wates Governance Principles for Large Private Companies. The principles provide a framework for the Group to demonstrate how the Board makes decisions for the long term success of the company and its stakeholders, while complying with the Companies Act 2016. More information can be found in our Annual Report & Financial Statements.

It is our policy to conduct all business fairly and in an honest and ethical manner. The business takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly, and with integrity¹ in all business dealings and relationships. We implement and enforce effective systems to counter bribery and corruption (e.g. Anti-Corruption and Anti-Bribery Policy, Business and Ethics Policy, and Whistleblowing Policy).



KPI

As part of our plan, we will review the options to provide ethics training to all Operating Board members on induction and at least annually by 2023.



Our performance: measuring our impact

2021 has, in many ways, been a challenging year for us as we emerge from the pandemic and learn to navigate a new normal for everyone. However, we have much to be proud of, not least the dedication and commitment of our colleagues.

The development and deployment of our sustainability plan, Better Future is a significant milestone. We hope that this plan has provided a useful overview of our performance, progress and future plans. We welcome your views and feedback.

You can contact us via:
BetterFuture@travelodge.co.uk



Scorecard

This scorecard summarises the KPIs and targets we will be measuring. We will report our progress versus this scorecard within our next annual Better Future report.

Pillar	Topic	Activity	KPIs
Inclusive	Gender and ethnic diversity		<ul style="list-style-type: none"> 50/50% gender balance of Senior Level colleagues by end of 2025 10% of Senior Level colleagues to be from an ethnic minority background by end of 2025
	Labour practices and decent work		<ul style="list-style-type: none"> 90% compliance for 24+ hours contracts by end of 2025
	Training and development		<ul style="list-style-type: none"> Increase the number of head office internal promotions to 40% by end of 2025
Caring	Wellbeing		<ul style="list-style-type: none"> Increase "Your Voice" score "There are resources available to me at Travelodge to support my wellbeing" to 8.5 by 2025
	Charity	<ul style="list-style-type: none"> Encourage a further 1,000 colleagues to train in CPR by 2023 	
	Human trafficking and child abuse prevention		<ul style="list-style-type: none"> Maintain 100% of hotel colleagues to be trained in human trafficking and child abuse
	Cyber security		<ul style="list-style-type: none"> Maintain a phishing susceptibility rate of less than 10%
Conscious	Climate risk	<ul style="list-style-type: none"> Conduct a flood risk review of the existing estate and build climate risk into new hotel lease processes by the end of 2022 Develop TCFD disclosure requirements in preparation for 2023 	
	Carbon emissions and net zero	<ul style="list-style-type: none"> Conclude the route to operating our existing hotels in a net zero manner, aligned to SBTi and set KPIs and targets, during 2022 Conclude reviewing the hotel new build specification, aligned to delivering net zero, during 2022 	
	Water	<ul style="list-style-type: none"> Reduce water consumption to on average 100 litres per guest by 2025 from c.120 litres in 2021 	
	Procurement	<ul style="list-style-type: none"> Implement sustainable processes aligned to this plan into our Procurement processes during 2022 	
	Waste	<ul style="list-style-type: none"> Conclude review of waste production and prepare a detailed action plan with KPIs and targets 	
	Ethics	<ul style="list-style-type: none"> Implement an appropriate form of ethics training for the Operating Board by 2023, with a review to consider wider implementation to other Senior Level colleagues thereafter 	

About this report

Date of publication: 1 April 2022

This is our Better Future plan. It describes our progress and the direction of travel we are going to take over the coming years.

The reporting period covers the time from 1 January 2021 to 31 December 2021 unless otherwise stated. The content of this report is based upon the sustainability focus areas deemed material through comprehensive stakeholder engagement and in-depth strategic analysis of Travelodge, its wider industry and external factors.

Contact details

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