



PESTANA
HOTEL GROUP

Sustainability-Linked Bond Framework

October 2025

Table of Contents

1. Business Overview	2
2. Sustainability Strategy	2
2.1 Climate Change	3
2.2 Carbon footprint	3
3. Rationale for establishing a Sustainability-Linked Bond	3
4. PHG Sustainability-Linked Bond Framework.....	4
4.1 Selection of Key Performance Indicators (KPIs)	4
4.2 Calibration of Sustainability Performance Targets (SPTs)	5
4.3 Bond characteristics	6
4.4 Reporting	6
4.5 Verification	7
Disclaimer	8

1. Business Overview

Pestana Hotel Group (PHG) is the largest multinational group of Portuguese origin in the tourism sector. It operates in 16 countries, manages 12,000 rooms directly, employs a global team of 5,000 professionals, and is chosen by over 3.5 million guests annually.

With a solid track record of more than 50 years, this family-owned group has built a history marked by continuous growth both nationally and internationally. The group started with resort operations in Madeira in the 1970's and then in Algarve in the late 1980's. The internationalization was initiated in the 1990's through investments in Portuguese speaking countries, first in Africa and then in Brazil. In 2003, Pestana Hotel Group won the tender to manage the concession of the "Pousadas de Portugal" network. In the last 10 years the development strategy has focused on enlarging the group's footprint throughout major European and North American cities such as London, Berlin, Miami, Amsterdam, Barcelona, Madrid and New York.

Driven by a strategic vision that combines innovation, excellence and sustainability, the group has been a pioneer in the modernization of the tourism sector, developing projects that respect the environment and promote the well-being of local communities.

With a purpose to provide memorable experiences that create value for our clients, the group maintains its focus on service excellence, hospitality and innovation.

2. Sustainability Strategy

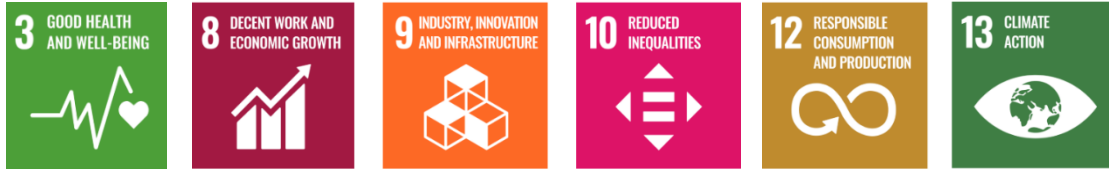
Rooted in tradition and driven by innovation, Pestana Hotel Group embraces sustainability as a guiding principle, shaping a global hospitality experience that respects people, communities, and the planet. We are committed to address sustainability topics every day by reducing impact and leading change.

The signature "*We are only guests of the Planet*" reflects our deep respect for the Planet and the awareness that the appreciation of natural resources is decisive for the future of our business. Planet Guest, our sustainability program, also includes a social pillar which includes activities to support local communities and promote education and culture.

In PHG we believe that our position in the market gives us a unique ability to pursue transformative changes across tourism sector and lead action to tackle some of the biggest challenges we face today and that are reflected in our sustainability strategy:

1. Climate Change | Environment (E)
2. Talent, Development and Diversity | Employees (S)
3. Community Engagement | Communities (S)
4. Customer Experience and Wellbeing | Business (G)
5. Business Conduct | Governance (G)
6. Innovation and Technologies | Governance (G)

Our strategy was developed to positively contribute to United Nations Sustainable Development Goals and also keep in mind our commitment to take care of what guide us, with integrity, ethics and transparency, to take care of our guests, to take care of our people, to take care of local communities and also to take care of the places that receive us.



2.1 Climate Change

PHG has been strengthening its commitment to climate change mitigation and adaptation by implementing strategic and operational measures aimed at reducing its carbon footprint and promoting resource efficiency.

To address this topic an action plan for the Reduction of Greenhouse Gas (GHG) Emissions was presented, setting targets for 2030. This plan includes actions for scope 1 and 2 emissions and integrates measures for scope 3, structured around five strategic pillars:

Energy – Reduce energy and fuel consumption (with electrification of equipment) and prioritize the use of renewable energy.

Water – Reduce water consumption and increase the use of alternative sources.

Waste – Prevent waste production and promote recycling and reuse.

Purchasing – Promote the acquisition of food with a lower carbon footprint and responsible suppliers.

Mobility – Reduce the environmental impact of business travel and the group's fleet.

2.2 Carbon footprint

Our carbon footprint measurement journey was divided into three phases. We started in 2022 with hotel operations in Portugal, in 2023 we integrated hotels in Europe, and in 2024 the remaining geographies, namely the United States, Brazil, Argentina, and Africa. We have now the carbon footprint for all of the group's hotel operations and we have been working in data quality improvements every year.

Our aim is to actively contribute with Paris Agreement to limit global warming to well below 2°C by reducing our GHG emissions.

Scope 1 & 2 Emissions Historical Data

PIH	2024	2023	2022	2019
Scope 1 and 2 (tCO ₂ e)	24,437	23,790	26,180	33,022
kgCO ₂ e/occupied room	10,49	10,85	13,00	17,09

3. Rationale for establishing a Sustainability-Linked Bond

In 2019 Pestana Hotel Group issued the world's first green bond in the hotel industry, this transaction reinforced PHG's commitment to environmental responsibility. As this bond is approaching the end of its six-year maturity, we aim to continue financing the transition to low-

carbon operations and economy. By issuing a sustainability-linked bond, it will ensure alignment between financial resources usage and sustainability targets, encouraging others to do the same.

Sustainability-Linked Bonds (SLBs), as stated by the International Capital Market Association (ICMA), aim to further develop the key role that debt markets can play in funding and encouraging issuers that contribute to sustainability (from an Environmental and/or Social and/or Governance (ESG) perspective). The Sustainability-Linked Bond Principles (SLBP) are voluntary process guidelines that outline best practices for financial instruments, emphasize the recommended and necessary transparency, accuracy and integrity of information that will be disclosed and reported by issuers to stakeholders.

Pestana Hotel Group is aligned with the five core components for alignment with SLBP:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Bond characteristics
4. Reporting
5. Verification

4. PHG Sustainability-Linked Bond Framework

4.1 Selection of Key Performance Indicators (KPIs)

PHG selected the following KPIs, which are core, relevant, and material to our business and measure progress against our sustainability commitments.

Key Performance Indicator	Rationale
<p>KPI: Group Greenhouse Gas (GHG) Emissions reduction for hotel operations (Scope 1 and 2, in kgCO₂e/RN)</p> <p>SPT1: Reduce GHG Emissions by 10% by 2030 with respect to 2023</p>	<p><u>Scope 1</u> are related to direct emissions like, for example car fleet, AC refrigerants and gas consumption</p> <p><u>Scope 2</u> are related to indirect emissions purchased electricity (location-based)</p> <p><u>RN</u> are Room Nights i.e. occupied rooms</p>
<p>Materiality: Scope 1 and Scope 2 represents 24% of our total GHG emissions based on our most recent calculations of carbon footprint for hotel operations and</p> <p>This KPI includes all hotel operations owned by PIH (Pestana International Holdings), in line with financial consolidation perimeter.</p>	

In recent years, significant investments have been made in energy efficiency projects, resulting in a 39% reduction in kgCO₂e per room night between 2019 and 2024. The objective is to maintain hotel operations within the lowest carbon emissions range and to continue efforts to further reduce emissions, even as the pace of improvement is expected to slow in the coming years.

According to [GreenViewHotelFootprintTool](#) it is considered Very Low carbon emissions per occupied room (kgCO₂e) if we are below 11.9 kgCO₂e.

Note on Scope 3

PHG's recognizes the importance of reducing its Scope 3 emissions. Our scope 3 covers GHG emissions from purchased goods and services, capital goods, fuel and energy related activities, waste generated in operations, business travel and employee commuting. While we continue to progress in the collection of scope 3 emissions data and the development of our strategy to reduce them, obtaining accurate and robust emissions data across all geographies remains challenging today, and we expect our methodology to evolve in the next years. For this reason, we have chosen not to include our scope 3 emissions in our KPI for the purpose of this SLB Framework.

4.2 Calibration of Sustainability Performance Targets (SPTs)

SPT1: Reduce GHG Emissions by 10% by 2030 with respect to 2023

Baseline 10,85 kgCO₂e/RN in 2023

The year 2023 was chosen as the baseline because it was the first year fully recovered after COVID-19 pandemic.

Target Ambition

SPT1 implies that PHG shall reduce Scope 1 & 2 GHG emissions from 10,85 kgCO₂e in 2023 to 9,76 kgCO₂e in 2030, which corresponds to an average annual decrease of approximately 1%.

Strategy to reach the SPTs:

- A dedicated team composed by Executive Committee, sustainability and energy team members to oversee the PHG decarbonization roadmap;
- Climate change strategy and targets have been and shall continue to be communicated/reported;
- The introduction of measures to increase energy efficiency and improve regular monitoring of consumption, to effectively prevent energy waste and associated costs;
- The implementation of internal awareness campaigns and *calls to action* for all employees to adopt good practices in energy saving and environmental management;
- The gradual reduction of dependence on fossil fuels and consequently the carbon footprint associated with the group's activity, through the electrification of equipment, namely air conditioning, kitchen and fleet equipment, and through the use of renewable energy sources for self-consumption, in particular photovoltaic production;
- Investment in efficient equipment in new projects and refurbishments.

Factors that might put at risk the achievement of the targets:

- Variability in the emission factors due to external events and methodological updates;
- Operational changes such as expanding activities to locations with higher emission factors and more fossil fuel dependent;
- Unexpected increases in energy use due to external meteorological events;
- Supply chain or technological disruptions that can cause business inefficiencies;
- Malfunctions or failures in high-consumption equipment.

4.3 Bond characteristics

Unless otherwise stated, the proceeds of PHG's Sustainability-Linked Bonds will be used to finance or refinance activities or assets related to PIH hotel operations.

Each Sustainability-Linked Instrument will incorporate the KPI (and respective SPT) outlined in this Framework.

The failure by PHG's to satisfy the selected SPT(s) or to provide the externally verified reporting of the performance of the KPI as of the respective Target Observation Date will trigger a premium payment, or a step-up coupon margin until the Maturity Date of the financial instrument.

The step-up margin or premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction.

4.4 Reporting

Performance of the KPI towards the SPT(s), will be reported annually in the PIH Sustainability-Linked Bond Report and publicly available on the group's website: www.pestana.com. Any relevant information on the trigger event or premium payment or adjustment to the coupon step-up as applicable will also be provided.

In order to provide stakeholders with adequate and updated information about the progress made on the KPI and the achievement or not of the SPTs, we will communicate on the KPI and SPTs annually at least until we have reported on the performance of the KPI on the SPTs Observation Date, publishing and keeping readily available and easily accessible up-to-date information and reporting on our website (www.pestana.com).

We intend to include in our annual Sustainability Report made publicly available on our website:

- Up-to-date and externally verified information on the performance of the KPI;
- Other relevant information enabling stakeholders to monitor the progress of the KPI towards the SPTs and to observe the level of ambition in respect of the SPTs, which may include updates in our sustainability strategy, governance considerations having impact on the KPI and/or the SPTs, and, more generally, information relevant to the analysis of the KPI and/or the SPTs.

Information may also include, when appropriate and feasible:

- Quantitative and qualitative explanations on the performance;
- Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities;
- Illustration of the positive sustainability impacts of the performance improvement;

- Updates on new or proposed regulations from regulatory bodies relevant to the KPI and the SPT.

Additionally, following an SPT Observation Date, we shall make publicly available on our website a report outlining the actual performance of the KPI relative to the respective SPTs as well as the related impact, and the timing of such impact, on the financial characteristics of Sustainability-Linked Instruments issued under this Framework.

Recalculation Policy

In order to accurately track progress towards our GHG targets, we may recalculate in good faith our base year emissions inventory in case of a recalculation event, as defined below, driving a significant increase/decrease in emissions. Recalculation events are:

- A significant structural change in our organizational or operational perimeter as a result of an acquisition, a merger, a demerger or other restructuring, an amalgamation, a consolidation, a spin-off, a disposal or a sale of assets;
- An amendment to any applicable laws, regulations, rules, guidelines and policies relating to the business of the group and relevant to our KPI, if such amendment has a significant impact on the level of the Baseline and/or on the attainability of the SPTs;
- A change of methodology for the calculation of our KPI including to reflect changes in the market practice or the relevant market standards, including updated emission factors, improved data access or updated calculation methods or protocols, if such amendment has a significant impact on the level of the Baseline and/or on the attainability of the SPTs;
- Discovery of a significant error, or a number of cumulative errors that together are significant.

4.5 Verification

Stakeholders' confidence is of utmost importance for Pestana Hotel Group. We ensure independent verification and assurance of our Sustainability Report. In connection with this Framework and the Sustainability-Linked Instruments issued under it, we will further ensure:

Pre issuance

PHG's Sustainability-Linked Financing Framework has been reviewed by ISQ who has provided a Second Party Opinion (SPO), confirming the alignment with the ICMA Sustainability-Linked Bond Principles 2024. The SPO will be available on PHG's website (www.pestana.com).

Post issuance

PHG's annual performance KPI will be included in our annual Sustainability Report and will be verified to at least a limited level of assurance by an appropriately qualified independent party as part of the independent verification and assurance of our Sustainability Report. Additionally, following an SPT Observation Date, PHG's actual performance of the KPI relative to the respective SPTs will be verified to at least a limited level of assurance by an appropriately qualified independent party, which shall issue a Verification Assurance Certificate. Our annual Sustainability Report as well as the Verification Assurance Certificate confirming the performance of the KPI relative to the respective SPTs will be made publicly available on PHG's website (www.pestana.com).

Disclaimer

This Sustainability-Linked Financing Framework (“Framework”) is intended to provide non-exhaustive, general information. This Framework may contain or make reference to public information not separately reviewed, approved or endorsed by Pestana International Holdings S.A. (“Pestana Hotel Group”) and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Pestana Hotel Group as to the fairness, accuracy, reasonableness or completeness of such information.

Certain statements, estimates and opinions made in the Framework are forward-looking statements. Forward-looking statements are based on current expectations and assumptions which may or may not prove to be correct and are subject to a number of risks, uncertainties and other important factors that could cause actual results, performance, achievements or events to differ materially from what is expressed or implied by those statements. Many of the factors that could cause actual results, performance, achievements or events involving Pestana Hotel Group to differ materially from the expectations of Pestana Hotel Group are outside of its control and not predictable. As such, undue reliance should not be placed on the forward-looking statements contained herein. Any forward-looking statement is based on information available as of the date of this statement.

This Framework is not intended to be and should not be construed as providing legal, financial or technical advice.

This Framework does not constitute or form part of and should not be construed as any offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities of Pestana Hotel Group or provide financing to Pestana Hotel Group, and nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any regulatory authority.

Any bonds or other debt instrument that may be issued by Pestana Hotel Group from time to time, including any sustainability-linked securities, shall be offered by means of a separate prospectus or offering document (including any supplement thereto) in accordance with all applicable laws (including any selling restrictions). Any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document (including any supplement thereto) provided in connection with the offering of such securities, and not on the basis of this Framework.

Neither this Framework nor any other related material are intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. People who might come into possession of such documents must inquire as to the existence of such restrictions and comply with them.

The information in this Framework has not been independently verified.

The addressee is solely liable for any use of the information contained herein and Pestana Hotel Group, or its representatives, directors, officers and employees shall not be held responsible for any damage, direct, indirect or otherwise, arising from the use of this Framework by the addressee.