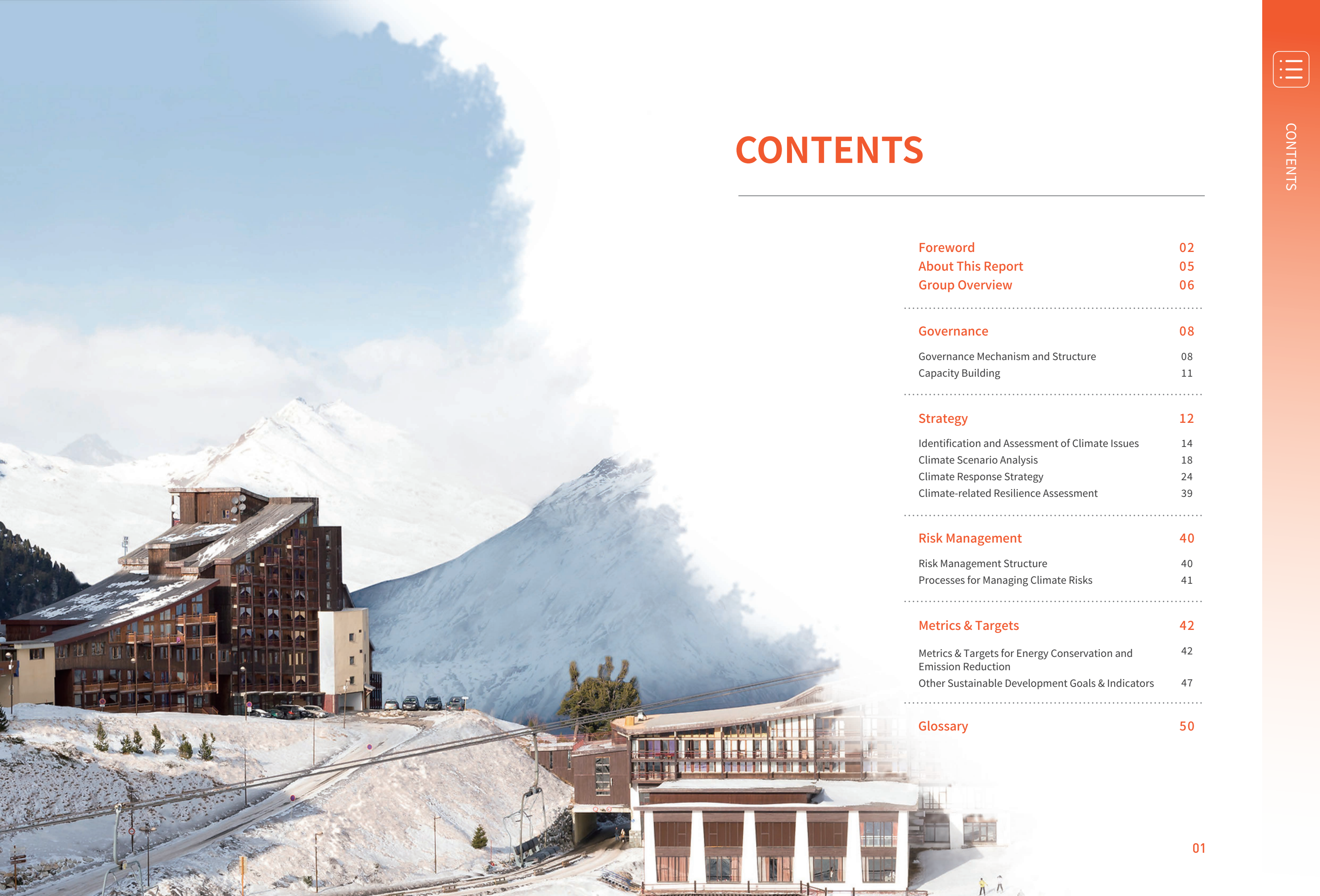


# 2023 CLIMATE-RELATED DISCLOSURES REPORT







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# FOREWORD

In recent years, climate change, such as frequent extreme weather events, has become a significant factor affecting the global economy. According to UN World Tourism Organization (UNWTO) latest research, released at the 25th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP 25), CO<sub>2</sub> emissions from tourism are forecasted to increase by 25% by 2030 from 2016 levels. The increasing climate change risk is adding more vulnerability and sensitivity to tourism. As the industry is a major contributor to greenhouse gas (GHG) emissions, it is imperative for enterprises to implement climate policies and take climate actions.

Following the European Commission's carbon neutrality goal by 2050 proposed in 2018, the Chinese government officially announced in September 2020 that it would strive to "achieve carbon peaking by 2030 and carbon neutrality by 2060", with the *Action Plan for Carbon Dioxide Peak Before 2030* released as well. In the meantime, the international community has also accelerated the pace of climate governance and action. Sticking to the vision of sustainable development, we keep strengthening our climate resilience management across Fosun Tourism Group and work to make positive contributions to climate. We have customized the target of "compared to the base year of 2019, reduce Scope 1 and 2 carbon intensity by 40% by 2030, reduce energy consumption intensity by 30% by 2030, and maximize the use of renewable energy". Also, in response to the dual-carbon goals of the parent company, Fosun International, we have made a commitment to "achieving carbon neutrality by 2050". Besides, we have published a series of management policies such as the *Climate Change and Energy Policy*, and established a sound climate governance structure, in an endeavor to accomplish our goals in a well-organized manner.

As the leader in the leisure tourism industry for families worldwide, Fosun Tourism Group is committed to satisfying consumers' needs for safe, healthy, and green travel. We work closely with member companies to build a strategic framework for climate change management and create a sustainable ecosystem for the industry. Besides, we continue to forge ahead with the vision of "bringing greater happiness to global families", providing world-leading new green holiday lifestyle services. In the future, we will continue to create value and contribute to society, and work with our member companies to push forward the implementation of climate strategies and realize the sustainable development of the Group.

Fosun Tourism Group has made great efforts to "mitigate" and "adapt " to the effects of climate change, including actions for energy conservation and emission reduction, green certification for products and services, and adoption of business continuity plans. Additionally, we have developed the "carbon neutral and net-zero strategy" based on the 2030 Sustainable Development Goals and implemented a range of "innovative" initiatives to support sustainable development, such as urban vacation strategy, green tourism products, and sustainable financing.

To address the challenges posed by climate change, Fosun Tourism Group has prepared the first climate-related disclosures report, which covers the Group's climate governance framework, assessment of climate-related risks and opportunities, climate strategies and responses, as well as targets and metrics management. This can increase our understanding of the effects of climate change and help us build our long-term climate resilience.







# ABOUT THIS REPORT

This is the first Climate-related Disclosures Report (hereinafter the "Report") of Fosun Tourism Group, covering the period from January 1, 2023 to December 31, 2023. However, description in some parts goes beyond the aforementioned time frame. This Report gives an overview of our approach to addressing climate risks and opportunities and presents the Group's major progress in climate action.

## Standards of the Report

This Report is prepared from four aspects, namely Governance, Strategy, Risk Management, and Metrics and Targets, in alignment with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) and the Guidance on Climate Disclosures by the HKEx.

## Report Availability

The Report, in both English and traditional Chinese versions, is available on the Sustainability page (<https://fosunholiday.com/article/kcxfz>) of Fosun Tourism Group's official website.

## Scope of the Report

Unless otherwise specified, the scope of the Report is consistent with that of the Company's 2023 Annual Report, covering Fosun Tourism Group and its subsidiaries.

## Contact Information

We welcome any feedback through the following contact details. Your opinions will help us further improve the Report and enhance the Group's overall performance on sustainable development.

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## Data of the Report

The financial data mentioned in the Report all come from the Group's consolidated financial statements for the year ended December 31, 2023, which have been independently audited by Ernst & Young. Other data are sourced from internal statistical reports and other official documents of the Group. Unless otherwise stated, all monetary amounts quoted in the Report are presented in Renminbi ("RMB"). The Group undertakes that there is no false record or misleading statement in the Report, and bears responsibility for the truthfulness, accuracy, and completeness of its content.





# GROUP OVERVIEW

Fosun Tourism Group is a world-leading leisure-focused integrated tourism group, and was listed on the Main Board of the HKEx in 2018 (01992.HK). It is an integral part of Fosun's Happiness Ecosystem, one of the four strategic segments - Health, Happiness, Wealth, and Intelligent Manufacturing. Throughout our mission, "Better Holiday, Better Life", we endeavor to pioneer holiday lifestyle and create a world-leading family leisure and tourism ecosystem.



more than  
**40** countries and regions



more than  
**60** resorts and hotels

## In 2023



the Group achieved revenue of  
RMB **17,151.8** million



adjusted EBITDA of  
RMB **3,729.9** million

After years of development, the Group owns brands and products including Club Med, the global leader operating more than 60 resorts that offers exquisite "all-inclusive" holidays; Atlantis Sanya, a one-stop ocean-themed integrated high-end tourism destination; Taicang Alps Resort and Lijiang Club Med Resort, two one-stop global leisure and tourism destinations; Foryou Club that serves members of Fosun Tourism Group worldwide, etc.







# GOVERNANCE

## Governance Mechanism and Structure

We have established a top-down mechanism to manage climate-related risks and opportunities. The Board, as the highest responsible organization for climate governance, guides and monitors the Group's climate-related work and risks, and approves the final release of climate-related policies. To further enhance the Group's climate change governance, the ESG Committee under the Board is responsible for assessing the Group's climate-related risks and opportunities, overseeing the implementation of climate actions and reviewing the progress of climate-related targets. The ESG Working Group is accountable for implementing climate-related management, including the identification, assessment and management of climate-related risks and opportunities in daily operations.



### Board Oversight

The Board, as the highest governance body in response to climate change, plays a major leadership and supervision role in climate-related work. It is responsible for nominating chairman and members of ESG Committee, managing climate-related risks and opportunities, and reviewing and approving climate-related policies and reports.

The Group's ESG Committee comprised three members, including two independent non-executive Directors, Mr. Guo Yongqing (Chairman) and Ms. Katherine Rong Xin, and one executive director, Mr. Choi Yin On. The ESG Committee reviews and assesses climate risks, and manages and oversees the matters related to climate change and carbon neutrality in an all-around manner, including but not limited to, climate change and energy management, carbon neutrality, ecological protection, and public and transparent disclosure of non-financial information. Meanwhile, it also performs other functions related to climate change responses specified by the Board. For specific duties, please refer to the Group's *Terms of Reference of the ESG Committee*.

The ESG Committee shall meet at least once a year. The ESG Committee held 2 meetings in 2023, and the outcomes of the meetings were as follows:

- Reviewed the latest global ESG and climate-related regulations and disclosure requirements, assessed the Group's potential climate risks and opportunities, and reported to the Board;
- Reviewed and evaluated the adequacy and effectiveness of the Group's existing ESG and climate governance structure, and reviewed and approved the revision of some climate-related policies;
- Reviewed the Group's ESG strategies, goals and progress;
- Reviewed and approved the Group's annual ESG plan;
- Reviewed and approved the Group's ESG report and climate-related disclosures report.

The Group has formulated the *Climate Change and Energy Policy*, the *Biodiversity Policy*, the *Fosun Tourism Group Hotel/Resort EHS Audit Program* and other policies as guidelines.





## Management Responsibilities

We have set up an ESG Working Group under the ESG Committee to drive the implementation of specific work related to climate actions and carbon neutrality. We include the responsible persons of each functional department at the headquarters and relevant departments of our major subsidiaries in the ESG Working Group, so that they can jointly develop the strategic vision, goals and strategies on climate change, energy management, water use, etc. For specific duties, please refer to the *Fosun Tourism Group Scope of Responsibility of ESG Working Group*. During the Reporting Period, the ESG Working Group continued to implement the Group's climate strategies and goals, reviewed climate-related ESG rating gaps, global trends and potential climate risks, and provided recommendations for the ESG Committee.

The Group has established an EHSQ risk audit mechanism, whereby the EHSQ Department regularly identifies risks of subsidiaries and operation locations and investigates and audits their potential risks. The risk audit covers climate change, environmental protection, fire safety, operation safety, food safety, etc. Climate-related audit mainly focuses on climate risk management, climate action implementation, carbon emissions and energy performance. Based on the issues identified in the audit, we will inform corresponding subsidiaries and operating locations of corrective suggestions, and require them to report the progress of corrective actions within the specified time.

## Capacity Building

The Group places a high value on popularizing climate knowledge and building capacity to address climate change. At the meetings of the ESG Committee, the Board consistently follows and learns the latest international and domestic climate laws and regulations as well as disclosure requirements, and actively grasps the hot spots of climate investment and financing in the capital markets. We also encourage employees to proactively engage in relevant knowledge promotion and learning the latest industry developments, thus enhancing their awareness to build capacity on climate change. To honor and inspire the departments and individuals that made outstanding contributions to the Group in response to climate change, we will recognize and award them. The Group, as one of the co-organizers, participated in the ESG Culture Week jointly arranged with Fosun Group in November 2023. A series of activities such as ESG Ambassadors' Talk, ESG knowledge popularization and ESG knowledge competitions were organized, which contributed to the dissemination of ESG culture and knowledge among all employees. The topics shared by ESG Experts included but not limited to, establishing forestry funds to increase carbon sink and promote biodiversity, integrating the concept of sustainability into community building, and preserving the natural environment.

We make full use of internal and external experts and information resources to enhance the capabilities of all employees to identify climate risks and respond to climate change. In addition to incorporating climate-related courses into the orientation training to ensure that all new employees participate in the training, we also encourage them to take part in special training on climate risks during the ESG Culture Week, so that they can better understand climate change and its relevance to our business, learn how to assist in managing climate risks, and strengthen their personal protection capability against extreme weather when working outdoors.

Our employees also, through Fosun ESG Academy, an online learning platform launched by the Fosun Group, learn about relevant rules and regulations on climate change, responses and other knowledge and hot topics.

### ★ Sustainability Training for Employees

Atlantis Sanya, a subsidiary of the Group, has made it mandatory for the newly recruited staff to learn basic knowledge about environmental protection and complete the test through the online program "Earth Evaluation" hosted by Academy Vschool. In the meantime, they are also required to accept the online one-hour courses "Awareness of Energy Conservation and Emission Reduction". By the end of 2023, the completion rate of all training courses reached 100%. In addition, all departments at Atlantis Sanya have organized training sessions on carbon peaking, carbon neutrality and climate change, as well as special training to promote green office, and energy and electricity saving, so as to further raise the awareness of green and low carbon among employees.

In addition, Club Med provides Green Globe course in the orientation training for new employees and provides all GO® and GE with training on environmental issues and eco-friendly behaviors related to their position and resort life, including but not limited to "Happy to Care" and low-carbon practices.



# STRATEGY

The Group recognizes that climate-related risks and opportunities will have an ongoing impact on our businesses for a long time to come. To comprehensively enhance the ability to respond to climate-related risks, the Group has identified key climate risks and opportunities, assessed the relevant impacts thereof and the Group's climate resilience through scenario analysis, internal and external stakeholder communication, expert consultation, internal workshops, etc. Moreover, we have developed a targeted climate risk response plan and incorporated it into the Group's strategy for addressing climate change. The main steps are as follows:



Taking into account the Group's business planning, the 2030 Sustainable Development Goals, the 2050 Carbon Neutrality Goal and the climate policies of the regions or countries where the Group operates, the Group has determined the short-, medium- and long-term time horizons and critical timepoints:

Short term	Medium term	Long term
2023 2025	2026 2030	2031 2050

The Group also refers to the methodology to identify value chain business activities, such as the *Guidance on Climate Disclosures* of the HKEx. Furthermore, based on the business characteristics of the industry and the historic GHG emissions of the Group's value chain, we have identified the value chain activities that the Group needs to focus on in terms of climate-related risks and opportunities:

- 1 Supply chain
- 2 Hotel and resort operations and management
- 3 Consumer services

## Identification and Assessment of Climate Issues

The Group has identified a total of 15 climate-related risks, including 10 transition risks and 5 physical risks, as well as 8 climate-related opportunities. We held internal climate workshops, inviting representatives from the ESG Committee, ESG Work Group, relevant business departments of member companies, and external experts to participate, identified the specific business impacts and countermeasures related to climate risks and opportunities, and quantitatively assessed and prioritize the short-, medium- and long-term impact levels<sup>1</sup> of such risks and opportunities.

According to the identification and assessment results, six risks ("Mandates on and regulation of existing products and services", "Changing customer behavior", "Typhoons", "Floods", "Water scarcity and droughts", and "Rising average temperatures") and four opportunities ("Increase energy efficiency in operation", "Use of lower-emission sources of energy", "Diversification of financing", and "Shift in consumer preferences") demonstrated a relatively high impact level in the medium to long term.

<sup>1</sup>Calculate based on the importance of the risk/opportunity multiplied by its probability of occurrence, and classify the impact level into low, medium, and high impact based on the risk/opportunity threshold.



Type	Climate-related Risks and opportunities		Level of Impact of Risks and opportunities on Business <sup>1</sup>			
			Short-term 2023-2025yrs	Mid-term 2026-2030yrs	Long-term 2031-2050yrs	
Transition risks	Policy and law	Mandates on and regulation of existing products and services				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> </ul>
	Market	Changing customer behavior				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> <li>Consumer services</li> </ul>
Physical risks	Acute	Typhoons				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> </ul>
		Floods				<ul style="list-style-type: none"> <li>Consumer services</li> </ul>
	Chronic	Water scarcity and droughts				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> </ul>
		Rising average temperature				<ul style="list-style-type: none"> <li>Consumer services</li> </ul>
Opportunities	Resource efficiency	Increase of energy efficiency in operation				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> </ul>
	Energy source	Use of lower-emission sources of energy				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> </ul>
	Markets	Diversification of financing				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> </ul>
	Products and services	Shift in consumer preferences				<ul style="list-style-type: none"> <li>Supply chain</li> <li>Hotel and resort operations and management</li> <li>Consumer services</li> </ul>

Low risk

Medium risk

High risk

Low opportunity

Medium opportunity

High opportunity



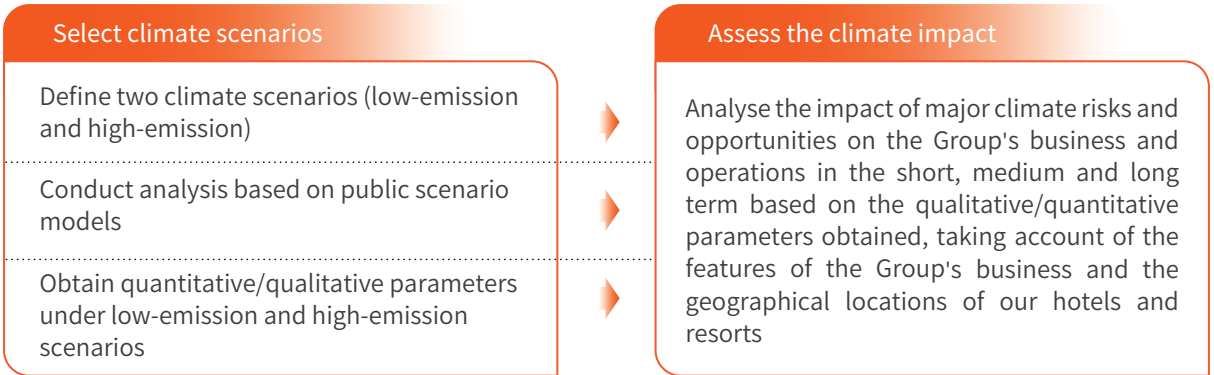


Key Risks/Opportunities		Description	Assessment of Operational and Financial Impacts	Responses
Physical risks	Typhoons	<ul style="list-style-type: none"> <li>Increased risks of transportation difficulties and supply chain disruption</li> <li>Vulnerability of physical assets and facilities to physical losses</li> <li>Increased management requirements and difficulties in dealing with extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain disruptions and increased transportation costs</li> <li>Damage to hotel assets and facilities due to extreme weather, leading to impairment of assets</li> <li>Increased costs because of more investment in flood and disaster prevention and compensation for tourist losses</li> </ul>	<div>1</div> Climate change adaptation
	Floods	<ul style="list-style-type: none"> <li>Interruption to hotel and resort operations</li> <li>Increased safety risks for consumers and employees due to extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>Longer hotel downtime leading to lower revenue</li> </ul>	
Physical risks	Water scarcity and droughts	<ul style="list-style-type: none"> <li>Impact on eco-tourism resources that rely on oceans and lakes</li> <li>Increased water safety risks for hotels and resorts</li> <li>Increased water conflicts and safety risks at operating locations</li> <li>Deterioration of water quality or contamination of water sources leading to the spread of disease</li> </ul>	<ul style="list-style-type: none"> <li>Impact on the operating hours of water projects, leading to increased maintenance costs and reduced revenue</li> <li>Decreased hotel revenue due to the reluctance of tourists to travel</li> <li>Increased transportation and hotel maintenance costs due to increased risks of water conflicts in certain areas</li> <li>Increased medical compensation costs due to water contamination affecting the health of resort staff and guests</li> </ul>	
Physical risks	Rising average temperature	<ul style="list-style-type: none"> <li>Coastal hotels and resorts threatened by rising sea levels</li> <li>Ski resorts facing lower snowfall and shorter snow season</li> <li>Shorter operating cycle of hotel facilities</li> <li>Outdoor activities less attractive to consumers</li> <li>Reluctance of tourists to travel</li> </ul>	<ul style="list-style-type: none"> <li>Increased risks of damage to coastal hotel assets</li> <li>Reduced operating hours of ski resorts, making them less attractive to tourists and resulting in lower revenue</li> <li>More investment in equipment purchases (e.g., air conditioners) and electricity costs to maintain hotel comfort</li> <li>Increased medical and insurance costs to ensure the health of tourists participating in outdoor activities and outdoor workers</li> </ul>	<div>2</div> Climate change mitigation
Transition risks	Mandates on and regulation of existing products and services	<ul style="list-style-type: none"> <li>More stringent regulatory requirements in the medium to long term, including international and regional carbon emission reduction and carbon neutrality programs, carbon tariffs, energy-efficient buildings and green buildings</li> <li>More robust laws and regulations on climate-related practices, such as plastic bans and green labels</li> </ul>	<ul style="list-style-type: none"> <li>Increased risks of fines for non-compliance leading to higher operating costs</li> <li>Media exposure on penalties jeopardizing brand reputation, leading to lower occupancy rate and reduced revenue</li> <li>Potentially greater production costs for suppliers and increased procurement costs for the Group as a result of fulfilling regulatory requirements</li> </ul>	
Climate-related opportunities	Increase of energy efficiency in operation	<ul style="list-style-type: none"> <li>Improving energy efficiency to promote technology upgrading</li> <li>Conforming to domestic and international policy trends to enhance brand image</li> <li>Expanding the distribution of clean energy to reduce carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>Increased operating costs due to short-term energy equipment replacement and upgrades</li> <li>Reduced energy consumption leading to lower operating costs in the medium to long-term</li> <li>Upgrading technology and keeping competitiveness in the industry to support long-term operations</li> </ul>	
Climate-related opportunities	Use of lower-emission sources of energy	<ul style="list-style-type: none"> <li>Using clean energy actively to stay competitive in the long run against the background of sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the use of clean energy equipment to obtain state subsidies</li> <li>Upgrading technology and improving products and services to attract emerging investments</li> <li>Reducing carbon emissions to minimize potential compliance risks and carbon costs</li> </ul>	<div>3</div> Climate-related innovations
Transition risks	Changing customer behavior	<ul style="list-style-type: none"> <li>Increased consumer preference for green brands, including hotels and resorts with green certifications</li> <li>Increased consumer willingness to travel in a low-carbon manner, including taking trains instead of higher-emission planes</li> </ul>	<ul style="list-style-type: none"> <li>Higher operating costs in the near term as a result of green transformation and investment;</li> <li>Risk of losing customers and falling revenues as a result of lower sustainability performance than peers in the medium term;</li> </ul>	
Climate-related opportunities	Shift in consumer preferences	<ul style="list-style-type: none"> <li>Changes in consumer diet habit and increased demand for local ingredients, organic, certified sustainable, and plant-based food products</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable revenue growth for the Group in the long term, fueled by increased competitiveness in sustainable products and services</li> </ul>	
Climate-related opportunities	Diversification of financing	<ul style="list-style-type: none"> <li>Growing investor appetite for sound climate management performance</li> <li>Increased access to low-cost finance thanks to better-than-peer environmental performance</li> <li>More initiatives in the carbon emissions trading market</li> </ul>	<ul style="list-style-type: none"> <li>Increased up-front investment costs to maintain good sustainability performance</li> <li>Access to special financing support such as green credit and green bonds.</li> <li>Increased economic returns from the disposal of excess carbon credit from energy savings and carbon reduction</li> <li>Increased fund sources for new investors acquired</li> </ul>	



# Climate Scenario Analysis

The Group is aware that climate-related risks and opportunities will have a significant impact on our business, finance and strategic planning, and a detailed analysis and assessment of the potential impact will help improve our risk response and management and guide our strategic planning. Therefore, the Group has conducted a forward-looking analysis of climate-related risks and opportunities through scenario analysis, and further assessed the Group's climate resilience based on the results of the analysis.



## Scenario Analysis Principles

The Group has selected two climate scenarios, namely low-emission and high-emission, for assessment based on the TCFD recommendations:

- 1 A low-emission scenario, where ambitious climate action limits global warming to 1.5°C or well below 2°C;
- 2 A high-emission scenario, where the global temperature may rise by over 4°C by the end of this century for inadequate response to climate change.

### Low-emission scenario (1.5°C or well below 2°C)

With the growing awareness of sustainability, the world recognizes the significance of proactively addressing climate change, and countries and regions worldwide are stepping up climate action efforts. They have set emission reduction targets and introduced stringent emission policies, hoping to limit the scale of global warming to 1.5°C or well below 2°C by the end of the century. Increasing investment in the low-carbon sector will promote progress in energy efficiency, new energy applications and other technologies and in turn accelerate the low-carbon transition. In addition, consumers will be more inclined to opt for green and low-carbon products and services, further motivating the green transformation of enterprises. We choose this scenario to assess the impact of ambitious climate action that aims to achieve the 1.5°C target or "well below 2°C" target under the Paris Agreement. Our scenario parameters are largely based on the NGFS Net Zero 2050 scenario which limits global warming to 1.5°C through ambitious climate action, with certain developed countries achieving carbon neutrality by 2050. The parameters are also based on IPCC SSP 1-2.6 Scenario, meaning a sustainable society relying on clean energy, where climate policies are launched to keep global warming well below 2°C.

### High-emission scenario (above 4°C)

The world is not yet aware of the gravity of climate change: countries are not taking effective actions to mitigate climate change, and fossil fuels still dominate energy use, leading to rising greenhouse gas emissions and atmospheric greenhouse gas concentrations. Physical impacts brought by climate change will significantly escalate over time. By the end of this century, the global average temperature is projected to rise by more than 4°C, and extreme weather will be more frequent and severe. We choose this scenario to assess the impact of intensified climate change due to ineffective or failed climate action. The scenario parameters are largely based on the Current Policies scenario of NGFS, meaning maintaining the current status without any additional policy introduced to control GHG emissions. The parameters are also based on the IPCC SSP 5-8.5 Scenario, meaning GHG emissions rise steadily as economic growth highly relies on fossil fuels, and no additional climate policy is introduced.



## Climate Impact Assessment

The Group analyzed the potential impact of the identified material climate-related risks and opportunities under low- and high-emission scenarios respectively. We introduced scenario analysis for the discussion and assessment of every climate related risk and opportunity to better understand the impacts of climate change on the operation and finance of the Group in the medium and long term (2030, 2050). Under the low-emission scenarios, ambitious climate action will result in stringent policies, faster technological advancements and market changes. Therefore, transition risks are our main concern under the low-emission scenario, while physical risks have higher priority under the high-emission scenario.

Meanwhile, Club Med, a subsidiary of the Group, has collaborated with professional third-party organizations to conduct a comprehensive and detailed assessment on all resorts around the world to understand their level of exposure to physical risks under the IPCC SSP 5-8.5 scenario. According to the assessment, there are four resorts exposed to extreme risk in 2030, two of which are located in China while others in Malaysia and Mexico. In 2023, Club Med's resort business accounted for 82.7% of the Group's total revenue. France, where Club Med is headquartered, is home to 18 resorts, with a significantly higher asset share and revenue contribution than that of other countries and regions. Accordingly, we have prioritized France and China as our main operating locations in the Group's climate-physical risk analyses and discussions.

## Physical Risks



### Typhoons

Under the NGFS Current Policies scenario, the losses caused by typhoons or tropical cyclones in France, our main operating location, will go up by 12.9% and 27.9% in 2030 and 2050 respectively, and by 5.6% and 10.9% in China.

As a hotel and resort operator, harsh weather conditions such as typhoons may force our premises to shut down temporarily for safety reasons, disrupt logistics and traffic and damage our facilities, resulting in negative impacts such as lower revenues and impairment of assets. On the other hand, to cope with typhoons and other bad weather, we would have to invest in reinforcing our buildings, construct disaster prevention facilities, and spend more on insurance, procurement and logistics, resulting in the undesirable consequence of higher operating costs.



### Floods

Under the NGFS Current Policies scenario analysis, the losses caused by river floods in China, our main operating location, will go up by 22.2% and 44% in 2030 and 2050 respectively, and in France, they will increase by 10.1% and 18.8%. This will weigh on our business operations in the medium and long term.



### Water scarcity and droughts

In 2023, the Group had 9 resorts located in areas defined by extremely high baseline water stress values. According to the IPCC SSP 5-8.5 scenarios, the number of resorts located in such areas will amount to 7 and 10 in 2030 and 2050 respectively. Climate change-induced increases in average temperatures and decreases in precipitation in certain areas will expose these resorts to the risks of water scarcity and drought in the medium to long term.

The Group's resorts will likely be forced to close or reduce the opening hours of recreational facilities such as Waterpark and swimming pools due to water shortages. The resorts will therefore become less attractive to tourists, which in turn will decrease room bookings, resulting in a decrease in revenue. In addition, to ensure adequate water supply, the resort would have to pay exorbitant prices for fresh water from external sources, resulting in rising operating costs.



### Rising average temperature

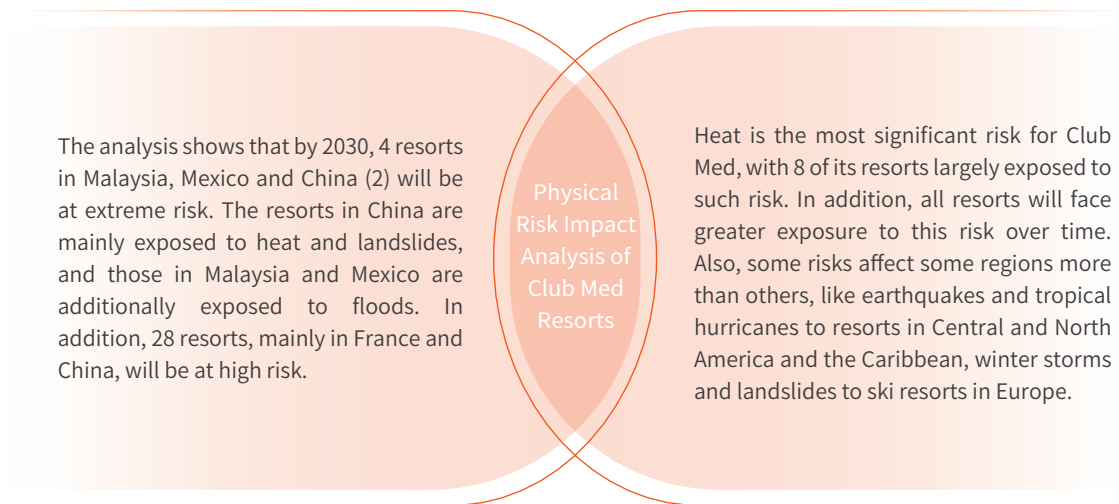
As the atmospheric carbon dioxide concentration increases, the greenhouse effects become more pronounced, further driving up the global average temperature. The first 20 years of the 21st century already witnessed a 1°C increase in average temperature compared to the pre-industrial revolution level, manifested in increasing extreme high temperatures and more hot days per year. Under the IPCC SSP 5-8.5 Scenario, the global average temperature will increase by 1.6°C by 2030 and 2.5°C by 2050. By the middle of this century, in most regions of the world, the number of extreme heat days (above 41°C) will increase by more than 30 days a year.

With the average global temperature rising as a result of climate change, the Group will have to spend more to purchase air-conditioners and other equipment as well as on electricity expenses to provide a comfortable environment for consumers and employees. The frequency and severity of extreme heat will continue to escalate, putting the health of tourists and workers participating in outdoor activities at risk, and rendering the resorts less attractive to tourists. This will result in lower revenues and higher insurance premiums for the Group. In addition, the Group has a number of ski resorts where an increase in average temperatures will reduce the duration of the ski season, exposing the Group to a decline in revenue as well as impairment of the ski resorts' assets.



★ Physical Risk Impact Analysis of Club Med Resorts

Club Med, a subsidiary of FTG, worked with a third party to assess the impact of climate-related physical risks on the resort by 2030 and 2050 under the IPCC SSP 5-8.5 scenario. The assessment gave consideration to the magnitude of risks, the level of exposure to risks, and the vulnerability of the resorts to related physical climate risk. The physical risks assessed include high and low temperatures, heatwaves, fires, typhoons/hurricanes, storms, water stress, precipitation, droughts, floods, landslides, earthquakes, volcanoes, and tsunamis, etc.



Transition Risks and Opportunities



Mandates on and regulation of existing products and services

As countries are adopting increasingly stringent climate policies and carbon reduction requirements including net-zero emission plans, strengthening regulation on existing products and services, implementing carbon tariffs, and promoting energy-efficient and green buildings, all of our global operations will have to go on under higher policy pressure in the medium to long term. Increasingly stringent regulatory requirements may subject us to penalties for non-compliance, which once made public may further damage our brand reputation, lower occupancy rates and reduce revenues, while increasing our operating costs.

Under the IPCC SSP 1-2.6 scenario, the global average carbon price will reach USD32.7/tonne around 2030 and USD100/tonne by 2050. Although such price increase is not expected to have a direct impact on the Group, our suppliers may raise the prices of their products in response to the increased costs resulting from the increased carbon price and regulatory requirements, which may further drive up the Group's purchasing costs.



Increase of energy efficiency in operation

Hotel and resort operations are one of the most energy and resource-intensive businesses in the tourism industry. Energy costs account for a small portion of overall operating costs but a significant portion of controllable costs. According to a study by ENERGY STAR, the economic benefit of a 10% reduction in a hotel's energy consumption is equivalent to an increase in the average daily room rate by USD0.62-USD1.35. Enhancing energy efficiency is also critical to improving hotel facilities and services, increasing consumer comfort and honoring corporate climate management commitments.

The Group has been actively improving energy efficiency to reduce energy consumption and lower energy-related operating costs by adopting green hotel and resort design, applying the latest technology for energy-saving renovation, establishing energy management platforms and digital tools, and raising awareness of energy conservation among staff and consumers. In addition, improving energy efficiency helps the Group to reduce CO<sub>2</sub> emissions, which in turn reduces the potential compliance risks associated with the emissions and reduces the potential carbon expenses.



Changing customer behaviors and shift in consumer preferences

The concept of sustainability is widely embraced. In the long run, consumers have indicated a preference for green vacation models like green accommodation, travel and catering. To address the risk of changing customer behavior, we will need to invest heavily in environmental protection and energy-saving renovations, acquire new energy power generation equipment, purchase green electricity and procure green raw materials at a higher price, etc., which will increase our operating costs. Or, if our hotels and resorts fail to meet the green demands of consumers or if we are outperformed by competitors in sustainability, we may lose customers and face declines in revenue. However, we can also strengthen the Group's competitiveness and drive revenue growth through undertaking proactive green transformation, creating a low-carbon vacation experience, and build a green brand image.



Use of lower-emission sources of energy

According to the NGFS Net Zero 2050 Climate Scenario Analysis, to achieve net zero by 2050, the global share of clean energy use will reach 30% in 2030 and 63% in 2050. The revised EU Renewable Energy Directive again calls for an increase in the share of renewable energy to 42.5% by 2030. The Group is actively expanding the use of low-carbon energy by purchasing green electricity and installing photovoltaic panels, solar thermal panels and heat pumps. By the end of 2023, the Group's share of clean energy was 10%. Although these new energy projects will increase operating expenses at the initial stage, they can significantly reduce the risks associated with rising fossil energy prices in the medium and long term, and reduce potential carbon and energy expenses. In addition, the burden of their application on operating expenses will gradually diminish as low-carbon technologies continue to evolve.



Diversification of financing

As the concept of responsible investment is increasingly embraced by investors, financial institutions will incorporate subjects' climate and sustainability performance in their decisions on investments and lending. Continuous outstanding performance in sustainable development will give us access to low-cost capital, such as special government funding for energy conservation, green bonds, and green funds.



## Climate Response Strategy

The Group has formulated a sustainability strategy of "Creating a Happy & Sustainable Holiday Life", and is committed to enhancing the Group's sustainability performance under the five strategic pillars of responsible operation, care for the earth, giving back to society, diversity and equality, and coordinated development. Climate change response is one of the priorities of the strategy. We have formalized a set of 2030 Sustainable Development Goals (including targets for energy conservation and emission reduction), and track their progress on a regular basis. This reflects Fosun Tourism Group's ambition to become a world-leading enterprise in sustainable development.

The Group believes that proactive climate response will improve our resilience and help control the impact of climate-related risks on us. It will also help us to seize climate-related opportunities and improve our operational performance. Our climate response strategy includes three pillars: climate adaptation, climate change mitigation, and climate innovation.



### 1 Climate Adaptation

#### Water Stress Management

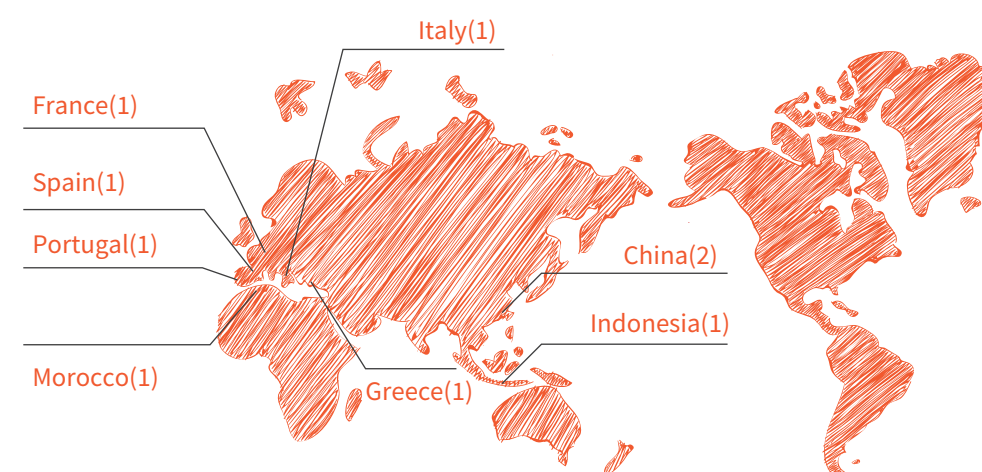
Water scarcity and drought are among the significant climate-related risks identified by the Group. We believe that identifying the risks of water stress<sup>2</sup> at each of our premises and managing them in a targeted manner is critical to addressing the risks of water scarcity and drought.



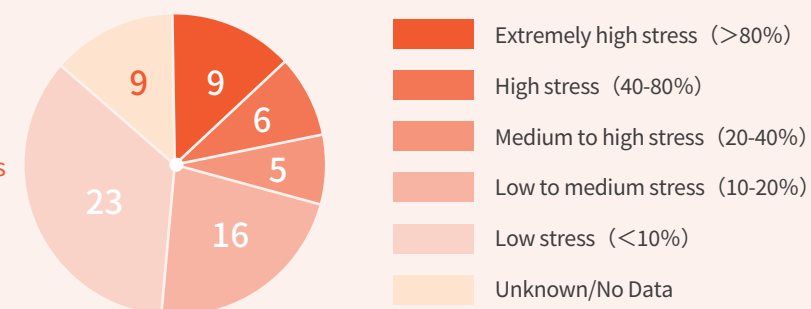
<sup>2</sup>The ratio of freshwater withdrawals to renewable surface and groundwater resources.

The distribution map of resorts located in water stress areas defined by the extremely high base line water stress value and the number of resorts located in each water stress area defined by various base line water stress values are as follows:

★ Resort locations in the water stress areas defined by the extremely high base line water stress value(>80%)



Number of operation locations (quantity)

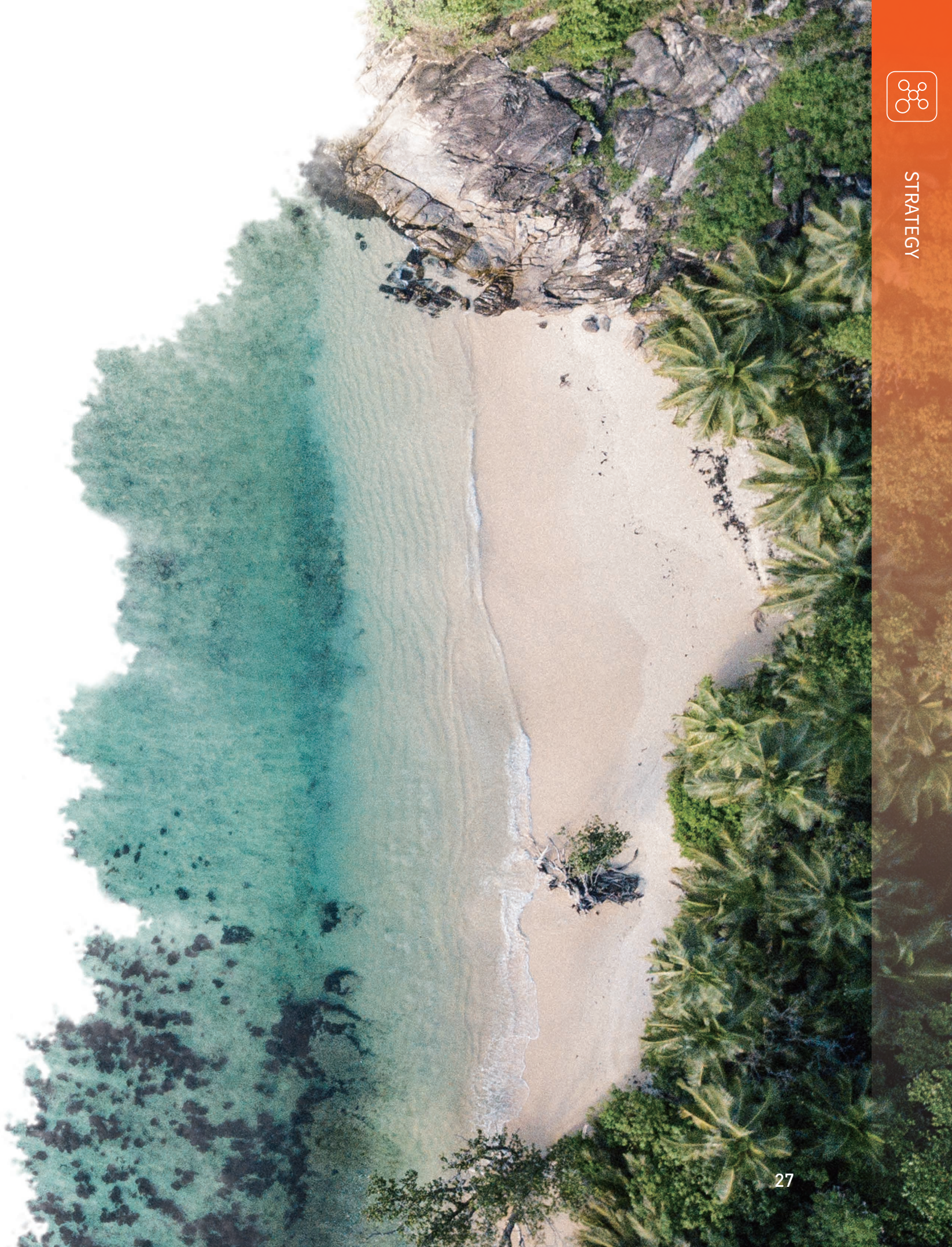


We regularly analyze the water use at all operating sites located in each water stress area, thereby comprehensively assessing the related business operation risks and impacts, and formulating management measures accordingly. We have installed rainwater and water recycling systems at all Club Med resorts and Atlantis Sanya to promote water recycling and reduce water consumption. We have also equipped every resort and hotel with the best water-saving technologies and regularly review the effectiveness of water-saving measures, continually look for ways to recycle water and act proactively to address the risks of water scarcity and drought.





Water-saving measures	
Water recycling	<p>► <b>Club Med:</b> Always promotes the recycling of water in its resorts, saving water by night-time watering, reusing treated wastewater, etc., especially in resorts with green spaces where almost all treated water is reused for irrigation:</p> <ul style="list-style-type: none"><li>- <b>41%</b> of resorts with green areas recycle their water for irrigation</li><li>- <b>49%</b> of resorts with green areas use their own or purchased recycled water for irrigation</li></ul> <p>In 2023, Club Med installed an automated drip and sprinkler irrigation system, as well as the recovery of water used to clean swimming pool filters in Marbella, Spain; and installed new, more efficient watering systems at Albion, Mauritius and Seychelles.</p> <p>► <b>Atlantis Sanya:</b> Nearly 191,594 cubic meters of water can be saved every year through various measures, including rainwater collecting tanks, optimal use of seawater, recycling overflow of fish tanks, refurbishment of the flushing system of the protein skimmer, garden pipeline refurbishment, refurbishment of family pool overflow ditch, recycling tower condensate, utilizing the treated wastewater from integrated wastewater treatment system of the Waterpark for landscaping and other purposes,etc.</p>
Upgrading of water-saving equipment and technology	<p>► <b>Club Med:</b> Daily monitoring of water consumption is conducted to promptly identify and repair any issues with the water supply network. All village facilities and equipment have been designed to control water consumption (flow regulators on taps, pressure reducers, water-saving flushing, centralized irrigation management systems, drip irrigation, etc).</p> <p>► <b>Atlantis Sanya:</b> Entrusted professional institutions to conduct water balance tests and rectified the problems identified in time; built an online remote meter reading system to realize remote monitoring of water consumption data and dynamic management of water consumption; promoted the use of water-saving appliances in hotel with a popularization rate of 100%; upgraded the flushing system of the protein skimmer by installing ozone and ultraviolet disinfection devices in the two freshwater fish tanks in the aquarium, which improve the efficient of water saving. In 2023, Atlantis Sanya started to gradually replace original showerheads and washbasin faucets with water-saving types.</p>
Promote water conservation awareness	<p>We actively encourage our employees and customers to practice responsible water use habits. We provide EarthCheck training for new hotel employees, combined with themed events such as "World Water Day" and "Water Conservation Week", to provide them with knowledge of water conservation in their daily work. We also encourage hotel guests to participate, posting water conservation slogans, reducing the frequency of cleaning sheets and towels, and conserving water as much as possible.</p>





## Emergency Management

To effectively prevent and respond to various catastrophic events caused by extreme weather conditions such as typhoons and floods, the Group has established appropriate early warning and response mechanisms and formulated contingency plans. We are also increasing our investment in disaster prevention infrastructures, and carrying out regular safety training and emergency drills. This ensures our business continuity and sustainability.



The Group has promulgated the *FTG Emergency Response & Reporting Management Program*. In this way, we have clarified the organizational structure and roles & responsibilities for disaster response. We also developed a disposal mechanism for disaster events and clarified the reporting process as well as the rewards and punishments mechanism.



To further strengthen the disaster response capability of the staff, we established safety training systems at the group level, the hotel and resort level and the department and position level, and formulated a training matrix comprising general training and special trainings, in which different training contents and frequencies are specified for employees from different departments based on risk requirements, so as to ensure the effective implementation of safety policies and systems. We have also formulated a safety emergency drill plan including severe weather and unexpected disasters, and require all member companies to develop their own emergency drill plans according to their operational risks, so as to improve all employees' emergency response and handling capabilities.



We require our member companies to establish emergency management mechanisms based on their own operations and geographical locations. For example, Atlantis Sanya and Club Med, subsidiaries of the Group, have formulated a number of contingency plans, including the *Emergency Response Plan for Storm and Flood Control*, *Emergency Response Plan for Flood and Typhoon Control* and *Emergency Response Plan for Major Power Disruptions*, to safeguard the staff and customers and ensure business continuity.

## Site Selection and Climate Monitoring

In addition, considering the risk of increasing average temperature, the Group has considered the risks of floods, snow reduction and coastal erosion during the design and site selection stage of the resort and responded to the risks caused by temperature rise through strict development management and long-term monitoring of snow mountains and coastal conditions.

## 2 Climate Change Mitigation

As our carbon emissions are largely derived from indirect energy consumption in our business operations, we are committed to reducing the carbon emissions generated from our assets under management and business operations in the following ways:

- 1 Adopt green design at the project development phase, and obtain green building certifications
- 2 Apply new technologies or upgrade technical equipment to improve the energy efficiency of facilities and operations
- 3 Optimize energy structure, and promote and increase the use of renewable energy
- 4 Use low-carbon and energy-saving products and materials

## Green Building Certifications

The Group applies a project lifecycle management method to integrate low carbon concepts in every stage of projects, including investment planning, asset design and construction, and business operations. As our carbon emissions are mainly derived from indirect energy consumption in our business operations, having our hotels and resorts certified to green design and green operation standards will help us reduce emissions while satisfying consumer demand for green vacations.



The Group has set a green building certification target of "100% resorts get or obtain an certified to BREEAM or LEED (silver) or equivalent recognitions for new built and deep renovations by 2030".

67% of newly opened or renovated resorts are certified or in the process of being certified since 2018.



## Energy Conservation and Emission Reduction

The Group has established the target of "Reduce carbon intensity by 40% (GHG scope 1&2) by 2030 (2019 baseline), Reduce energy consumption intensity by 30% by 2030 (2019 baseline), and Maximize the use of renewable energy" as well as the goal to become carbon neutral by 2050. The Group's subsidiaries have also set energy saving and emission reduction targets, established corresponding management systems based on their own operations and implemented emission reduction measures at all locations of operation.

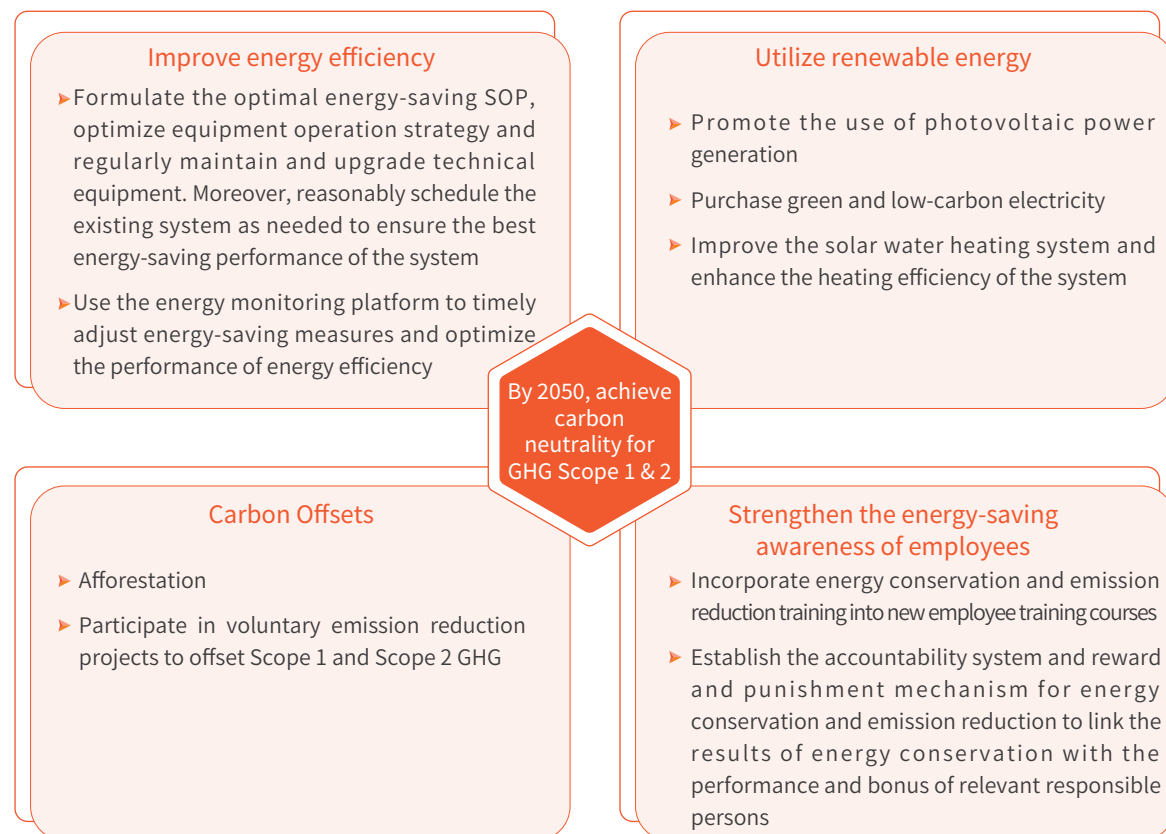
### ★ Atlantis Sanya, leader of low-carbon hotels

Atlantis Sanya has been adhering to the design concept of green development, and fully incorporated the concept of "Green and Sustainability" into the life cycle of building to endeavor to build up green, ecological, environmental and sustainable resorts in modern times. It has obtained the National Certificate of Three-star Green Building Design and Operation Label, LEED (gold) Certification issued by the U.S. Green Building Council, "China Five-leaves Green Hotel", "Water-saving Hotel in Hainan Province" and other honors and awards. It won the EarthCheck silver certification and other honors for four consecutive years since 2020, setting a new benchmark for domestic sustainable development.

#### Atlantis Sanya has set clear targets and roadmap for emission reduction:

**Target: By 2050, achieve carbon neutrality for GHG Scope 1 & 2.**

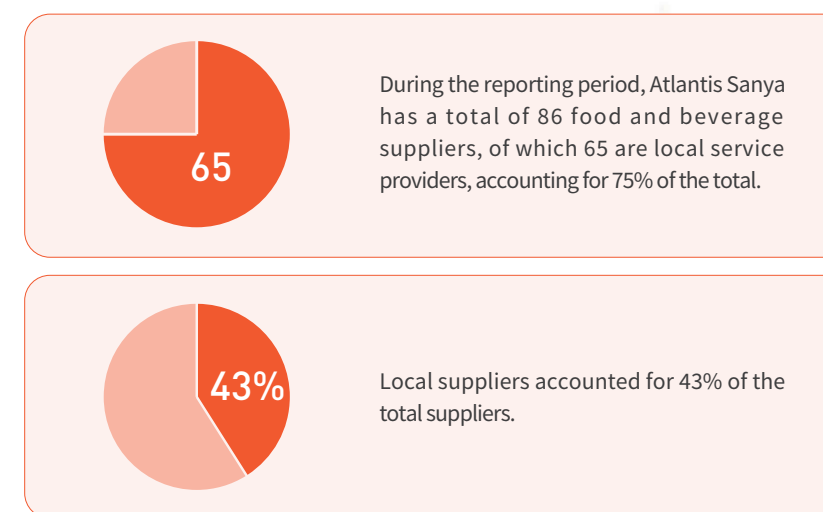
Atlantis Sanya continuously made progress in energy conservation and emission reduction work and has achieved a significant reduction in energy consumption intensity and GHG emissions through technological innovation, technological investment, equipment optimization, and employee awareness enhancement.



After setting emission reduction targets in 2021, Atlantis Sanya has gradually completed various energy-saving renovation and optimization projects, which further reduced the energy consumption and GHG emissions and also lowered the operating costs by over RMB 3.6 million. These projects include upgrade of the ozone generator cooling system in the seawater pre-treatment station, installation and renovation of water pump inverters in the water features outside the lobby, upgrade of intelligent control over air-conditioners in the staff kitchen, optimization of operation strategy for the life-support system, recovery of laundry hot water, installation of steam solenoid valves for ironing machines, and connection of the chilled water channels between Dolphin Cay and Waterpark.

During the Reporting Period, Atlantis Sanya launched a GHG inventory project along its value chain to better understand the underlying data for carbon emissions and its environmental protection situation, as well as provide favorable data support for formulating reasonable carbon emission reduction plans in the future.

In addition, Atlantis Sanya is committed to increasing the proportion of local procurement to reduce upstream and downstream carbon emissions in the value chain.



In the future, Atlantis Sanya will actively seek suppliers that provide green electricity to further reduce carbon emissions throughout the whole chain.

Based on its operation status and technical feasibility, Atlantis Sanya will also continue to make renovations and explore alternatives for energy conservation, emission reduction as well as clean energy. Besides, efforts will also be made to raise energy saving and emission reduction awareness among employees and customers. The scope of carbon emission accounting and carbon neutrality will be extended further to the upstream and downstream of the value chain. Atlantis Sanya strives to achieve its targets of emissions reduction and carbon neutrality and actively leads the industry in energy conservation and carbon reduction.



★ Club Med's Journey to Reduce Carbon Emissions

2006

In 2006, Club Med did the first Life Cycle Assessment (LCA) to estimate GHG emissions and other environmental impacts of its activities in a scientific and effective manner. It was the first player in resort hotel industry to conduct LCA.

2018

Since 2018, Club Med has been developing energy-saving and emission-reduction implementation paths based on the Science Based Target (SBT) , in response to the *Paris Agreement's* target of limiting global warming to below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C above pre-industrial levels. It completed the survey and accounting for Scope 1 and Scope 2 GHG emissions in 2018.

2019

In 2019, it defined what would be SBTi (Science Based Targets initiative) compatible trajectory.

2021  
2022

In 2021 and 2022, it improved its carbon footprint calculation tools and developed a simulator to emulate different scenarios, thus facilitating reflection and decision-making.

2022

In 2022, with the audit and support from EDF (Électricité de France), Club Med began to define the methods for bringing French villages into compliance with the Tertiary Decree of France (set 2022 as the base year, -40% energy by 2030, -50% by 2040 and -60% by 2050). These studies will also feed into the work of refining an operational definition of a decarbonisation trajectory (scope 1+2) for Club Med. In addition, all French sites (offices and villages) have submitted their plans to reduce energy consumption for the winter of 2022-2023, in accordance with the target set for companies by the French government.

2023

In 2023, Club Med adopted "limiting carbon emissions from resorts" in its "Happy to Care "strategy, aiming to finalise the carbon trajectory and activate the actions identified for all existing resorts, as well as define a level of ambition for new resorts and define the renewable energy policy.

Club Med implemented GHG emissions reduction plans in the selection, construction and operation of all resorts by:

Improving energy efficiency

Reducing energy needs:

- By adopting bioclimatic design for new buildings, using strong insulation, dual-flow ventilation, heat pumps, heat recovery systems for renovating old buildings, and implementing building management systems, the energy efficiency of resort buildings can be improved.

Regularly upgrading facilities:

- A refurbishment program was launched for the energy facilities of all resorts in China in 2022, scheduled to be completed by the end of 2030, which is expected to reduce energy consumption by 15% and GHG emissions by 20%. In 2023, the comprehensive energy-saving and carbon reduction refurbishment has been finished in Club Med Anji Resort, and achieved a 36% reduction in monthly energy consumption.
- During the Reporting Period, Club Med's resorts across the world upgraded the domestic hot water pipeline system, and adopted high-performance thermal insulation materials, building energy management system (BEMS) and heat pumps. By the end of the Reporting Period:
  - 54% of resorts were equipped with building energy management system
  - 18% of resorts used a "smart-room" system to control room energy use
  - 15% of resorts were equipped with systems recovering unavoidable energy in cold rooms
  - 29% of resorts were equipped with high-performance heat pumps (2022:24%)
  - 22% of resorts were equipped with energy recovery systems for air treatment to preheat domestic hot water

Using renewable energy

Club Med continued to promote the schemes of using renewable energy:

By the end of the Reporting Period

- 21% of all electricity consumed by resorts came from renewable sources (EDF green certificates and photovoltaic electricity either produced in resorts or purchased)
- 12% of resorts were equipped with photovoltaic panels (14,000 sqm) (2022: 12%)
- 28% of resorts (2022: 22%) were equipped with solar thermal panels (4,400 sqm ) meeting an average of 25% of resorts' hot water demand
- 35% of resorts were equipped with refrigeration heat recovery units (2022: 32%)
- 3% of resorts used geothermal energy
- 44% of the villages' fleets were electric vehicles







## Other energy saving and carbon reduction measures

Reducing GHG related to logistics and goods transportation:

- ▶ Prioritize local procurement
- ▶ Optimize the product delivery portfolio within certain region
- ▶ Set and evaluate transportation suppliers' performance of emissions
- ▶ Work with suppliers to minimize packaging by collective provision of products

Reducing GHG related to food:

- ▶ Promote vegetarian food and agroecology
- ▶ Minimize food waste

Raising customers' awareness:

- ▶ Posters regarding energy-saving and environmental protection were placarded at resorts

Promoting carbon offset:

- ▶ Purchase certified carbon credits

GM® and GO® transportation policy:

- ▶ Work with environmentally responsible companies, propose alternatives to road transportation for all resorts accessible by train, build new resorts to shorten travel distance, seek to maximize occupancy on its charter flights, and encourage longer stays

## 3 Climate-related Innovations

In addition to climate change mitigation and adaptation, the Group has adopted various innovative responses to climate risks and opportunities, including new vacation models, new tourism products and new fund sources.

### Urban Vacation Product Line

Consumer transport is one main source of carbon emissions across the Group's value chain. Recognizing consumer demands for green and short-haul travels, as well as the potential risk of transport disruption due to typhoons or floods in the future, the Group took the initiative to integrate sustainability strategies with business strategies. As part of this commitment, in 2023, the Group managed to create an urban vacation experience by launching a new product line "Club Med Urban Oasis".

Exploring new urban vacation market is Fosun Tourism Group's strategy for the future.

—Xu Xiaoliang

### ★ Club Med Urban Oasis

In October and November 2023, the first urban vacation product line of the Group, Club Med Urban Oasis Nanjing Xianlin Resort and Taicang Resort opened. By building resorts within 1 hour's drive away from city centers, we are committed to delivering an exciting urban vacation experience while reducing carbon emissions of travels.



Club Med Urban Oasis Nanjing Xianlin Resort



Club Med Urban Oasis Taicang Resort



## New Tourism Products

### Sustainability-certified resorts

Recognizing that green and low-carbon travel will be a major trend in the future, we have been improving the environmental performance of our hotels and resorts, and have set a target to have "100% resorts obtain or maintain Green Globe/EarthCheck/Green Hotel or equivalent certifications by 2030".

By the end of 2023, 86% of the Group's eligible resorts and hotels were Green Globe certified or EarthCheck Silver certified, with some of the resorts in China were China Five-leaves Green Hotel certified in addition to the the above sustainability certifications.

### Local food ingredients

Following the Group's policy of prioritizing local sourcing, Club Med has made a commitment to purchase 65% of its fresh ingredients from local sources by 2030. We believe that increasing local procurement not only reduces transport costs and carbon emissions, improves supply efficiency, but also reduces the risk of supply chain disruption and caters to consumers' preference for local green ingredients.

### Vegetarian options

Club Med is also committed to providing customers with diets good for environment, its restaurants have been offering customers with vegetarian and other options since 2018. Club Med has committed to offering vegetarian options at all meals and in all restaurants.

### Sustainable travel

Booking.com's *2023 Sustainable Travel Report* states that 63% of consumers express a desire to be more knowledgeable on eco-friendly practices and environmental protection. We designed and integrated various environmental awareness campaigns into our travel business to raise customers' awareness of sustainable living along their journey.

### ★ Promotion of Sustainability Knowledge

In response to the growing demand for green travels, we share our knowledge of sustainability and promote eco-friendly behaviors with consumers in multiple ways.

- ▶ In Atlantis Sanya, reminders are visible in the electronic displays in the hotel lobby and placards in rooms, encouraging customers to reuse towels and other toiletries, save energy and water and minimize waste generation. Moreover, Atlantis Sanya promotes the sustainable tourism philosophy of rejecting disposable supplies to customers through the page of every booking platform. Information boards and cards are visible in Club Med's resort rooms, outlining the actions taken by the resort for energy conservation and emission reduction. Moreover, customers are encouraged to take environmental protection actions during their stay in guest rooms or other eco-certified areas to raise their awareness of green, low-carbon, and sustainable tourism.
- ▶ Club Med has been offering its customers, through its commercial website, travel-related carbon emissions offset program since 2008. During the Reporting Period, Club Med continued to push forward the program, providing customers with more detailed information. Meanwhile, Club Med is considering diverse levers to reduce the carbon intensity of the stays and travel packages. For example, it offers packages such as replacing travel by air with travel packages by train when possible, thus helping customers choose greener and low-carbon products and services.
- ▶ Resorts operated by Club Med in China were able to join the "Red Flower Program", conducted by the giant of internet, Tencent, thanks to its worldwide environmental in-room practices that allow customers to choose green and low-carbon stay choices, including not replacing bedding sets and bath towels, reducing disposable supplies, etc.



## ★ Eco-education and Experience Activities

To further convey the concept of eco-environmental protection to consumers, our member companies have launched various eco-education programs.

- ▶ Since 2014, Club Med has set up "Educational Vegetable Garden" in several resorts across the world, where children and their parents can explore local plants or products. As of the end of the Reporting Period, the program had been carried out in a number of resorts, including those in Indonesia, Maldives, Malaysia, China, Dominican Republic and Seychelles.
- ▶ Club Med resorts provide customers and employees with experience of "Green Activities", including "Discovering nature: educational paths and walking tours" and treasure hunt game on "Club Med Play" APP. Club Med has made a commitment that 50% of its resorts will carry out "Green Activities" by 2025 and 100% by 2030.
- ▶ During the Reporting Period, Atlantis Sanya launched a series of marine education activities to celebrate World Oceans Day. In June 2023, Shanghai Fosun Foundation, the Education Department of Hainan Province, and Atlantis Sanya jointly held the Hainan Fosun Brilliance Education Incentive Fund Summary and Exchange Meeting and "Emerging Visionaries Workshop". During this event, 36 representatives of the sponsored students took part in activities such as exchange and sharing, crafts making, picking up marine rubbish, and joining marine environmental protection workshop. Atlantis Sanya also worked with Sanya Haitang District Party Service Center to carry out the public welfare event of 2023 World Oceans Day: Care for Hope - Meet the "Future" Blue Ocean. 20 primary school students were invited to visit the Lost Chambers Aquarium, where they watched mermaid shows, interacted with beluga whales, and guessed fish names. This allowed them to gain a deeper understanding of the ocean and marine life, and to raise their awareness of ocean protection.

By actively conveying the concept of green living to our employees, we constantly enhance their awareness of sustainability and help them integrate it into their work and life. With these efforts, we strive to make contributions to mitigating climate change.

## Access to Green Funds

As the concept of responsible investment becomes more recognized around the world, the funding size of responsible investments is growing. As a result, entities that adhere to the green development principle will have greater access to low-cost fund sources. We have been actively improving our ESG performance and maintained an AAA ESG rating by MSCI since 2023 and the Hang Seng Sustainability A rating for consecutive years. Our S&P CSA ESG score continuously improved over the years and ranked top 10 in our industry, and we were included in S&P Global's Sustainability Yearbook 2023 (China Edition) and recognized as an "Industry Mover". With a strong ESG performance, the Group has a good chance of attracting more fund sources, and access to low-cost financing, such as government funds for energy conservation, green bond issuance, and investments from green funds.

Club Med under the Group has been using four sustainable development indicators as credit cost adjustment variables since 2019, including Green Building certification and Green Globe Green Operation certification to its resorts, phasing out single-use plastic, and its support for local sustainable eco-agriculture. Due to the excellent performance in such areas, Club Med is highly recognized in the market. In 2019, the Group issued sustainability-linked loans amounting to EUR300 million.

## Climate-related Resilience Assessment

Results of the climate scenario analysis and risk & opportunity impact assessment show that Fosun Tourism Group will be exposed to different levels of transition risks and physical risks under different climate scenarios, where the impact level will increase within a medium-to-long term. Fosun Tourism Group operates 60+ resorts and hotels in 40+ countries and regions. Due to the characteristics of the hotel and resort industry, typhoons, floods, water shortages, droughts, and rising average temperature will be the major risks to the Group. In light of past experience, the Group has never encountered disruptions to the operation or supply chain due to weather-related disasters.

To ensure the safety of our employees and customers and avoid disruptions to the operation, we have been improving the digital and intelligent warning mechanism and emergency response mechanism, improve emergency response systems, advancing infrastructure development, and conducting employee training and emergency drills. Additionally, we promote local sourcing and have established a supplier back-up mechanism to withstand the impact of climate-related risks on our supply chain. The 2030 Sustainable Development Goals and the carbon neutrality goals by 2050, as well as the top-down climate change management mechanism as set by the Group have promoted energy saving and emission reduction within the Group and the green certification of resorts. We have been working hard to improve our sustainability performance, responding to the challenges from changing customer behaviors, and further enhancing our climate-related resilience.



# RISK MANAGEMENT

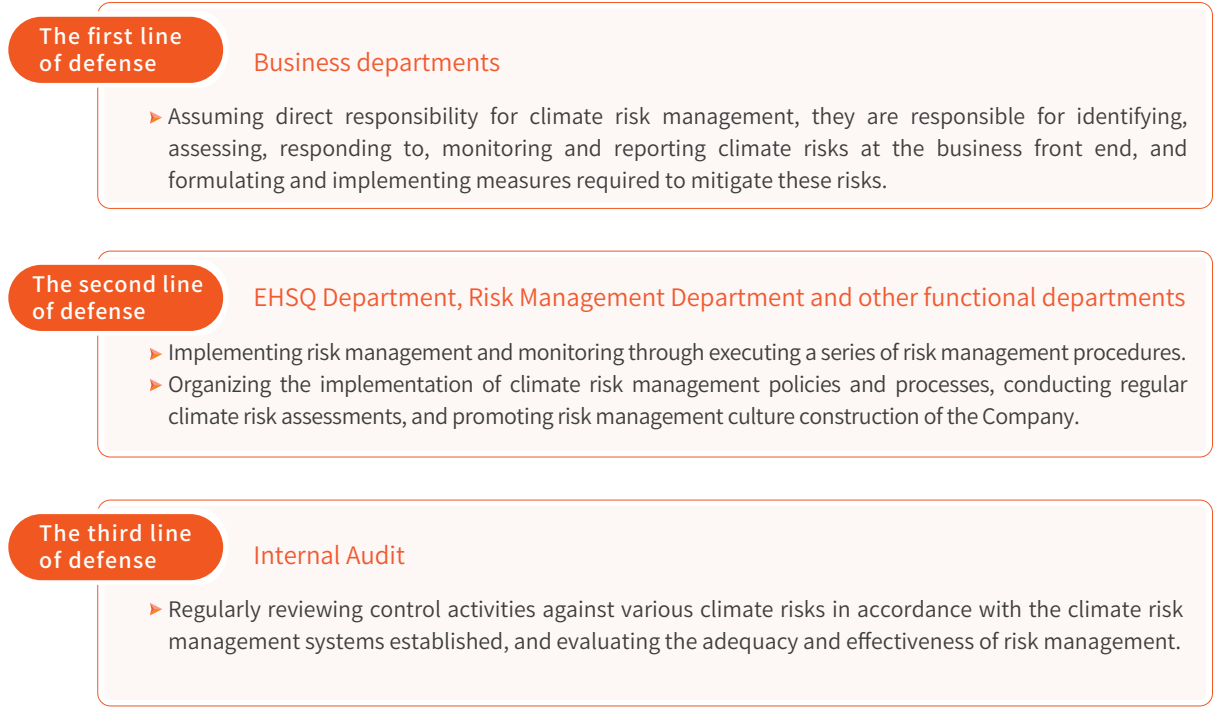
Climate-related risks may potentially impact our assets, operations, supply chain and brand value. Therefore, by integrating climate-related risk factors in risk management, we have incorporated significant risks into our overall risk management process and developed structured procedures. We regularly identify and assess business-related climate risks and have implemented mitigation measures to effectively control them.

## Risk Management Structure

We have formulated and implemented the *Fosun Tourism Group Guidance on Enterprise Risk Management* with reference to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) enterprise risk management integration framework, which helps to establish a comprehensive risk management and control mechanism for the Group. We have incorporated climate considerations into the comprehensive risk management, regularly identify and assess climate-related risks, and build a climate risk culture across the Group.

The Group has integrated climate changes with the "four lines of defense" for risk management of Fosun Tourism Group to establish the "three lines of defense" for climate-related risk management, which serve as a guideline for all company strategies and business operations. By making the climate risk management an integral part of company operations, the Group ensures long-term sustainable returns for all stakeholders.

As the highest decision-making organization for the Group's comprehensive risk management, the Board is responsible for approving the climate risk management policies, overseeing the management's effectiveness in climate risk, and reviewing the effectiveness of the overall objectives and strategies for climate risk management. The Board also oversees the CEO and the Executive Committee in design, implementation and communication of climate risk management and internal control systems.



## Processes for Managing Climate Risks

Our climate risk management model has been continuously improved based on the Company's comprehensive risk management mechanism. It comprises six key steps: climate risk identification, climate risk assessment, climate risk response, climate risk management communication, climate risk management supervision and improvement, and climate risk culture construction. The Group regularly analyze the design and implementation results of the climate risk management system to ensure effective implementation, and identify vulnerable links in climate risk management through supervision to constantly improve the climate risk management mechanism. We review the important climate risk management regulations on an annual basis and make necessary updates.







# METRICS & TARGETS

## Metrics & Targets for Energy Conservation and Emission Reduction

The Group has established the target of "Reduce carbon intensity by 40% (GHG scope 1&2) by 2030 (2019 baseline), Reduce energy consumption intensity by 30% by 2030 (2019 baseline), and Maximize the use of renewable energy". Additionally, in 2023, the Group formalized a goal to become carbon neutral by 2050 and will progressively develop a roadmap to achieve this goal.



Reduce Scope 1 and Scope 2 carbon intensity by 40% by 2030, reduce energy consumption intensity by 30% by 2030 (2019 baseline), maximize the use of renewable energy



Strive to achieve the carbon neutrality targets (Scope 1 and Scope 2) of the Group by 2050


Guiding Targets for Climate Change Response

### Performance Appraisal

We take active steps to improve climate governance capability, develop strategies for mitigating and adapting climate change, improve climate-related risk management, enhance the disclosure of our climate-related information, track the effectiveness of our work, and review and disclose progress towards targets on an annual basis. By doing so, we contribute our efforts for achieving the Group's targets, the government goal of "Carbon Peaking and Carbon Neutrality", as well as the targets under *Paris Agreement*.

To promote the further implementation of the ESG management system in the Group and continuously promote the sustainable development of Fosun Tourism Group, we have established relevant mechanisms to link the ESG performance, including carbon emission reduction, with the performance of each responsible persons in the Group, promoting the improvement of climate-related issues management and its close integration with business operations.

Atlantis Sanya, a subsidiary of FTG, whose EHSQ Department is fully responsible for overseeing emission reduction. A dedicated team has been established to push energy conservation and emission reduction forward. Moreover, Atlantis Sanya has established an accountability system and a reward and punishment mechanism for energy conservation and emission reduction. The results of energy conservation are linked to the salary, reward and punishment of the corresponding responsible person.

Atlantis Sanya's carbon neutrality targets	Club Med's carbon reduction targets
<p>Atlantis Sanya has set clear targets and roadmap for emission reduction:</p> <ul style="list-style-type: none"><li>▶ By 2030, reduce Scope 1 and Scope 2 GHG emission intensity by 40% (2019 baseline), and strive to reduce carbon emissions in Scope 3;</li><li>▶ By 2040, reduce Scope 1 and Scope 2 GHG emission intensity by 70% (2019 baseline), and continue to reduce GHG emissions in Scope 3;</li><li>▶ By 2050, achieve Scope 1 and Scope 2 carbon neutrality.</li></ul>	<p>Club Med has made a commitment to climate change protection in response to the NGO's Act4Nature program, namely, to</p> <ul style="list-style-type: none"><li>▶ By 2025, reduce emissions of GHG Scope 1&amp;2 by at least 20% (2019 baseline).</li></ul> <p>In 2022, Club Med defined the following energy conservation targets for bringing French resorts into compliance with the Tertiary Decree of France:</p> <div><ul style="list-style-type: none"><li>▶ Reduce energy consumption by 40% by 2030 (2022 baseline)</li><li>▶ Reduce energy consumption by 50% by 2040 (2022 baseline)</li><li>▶ Reduce energy consumption by 60% by 2050 (2022 baseline)</li></ul></div> <p>In addition, in response to the initiatives in <i>Paris Agreement</i>, Club Med refined the roadmap for carbon reduction (GHG Scope 1 &amp;2).</p>



Performance Indicators

Environment-related metrics have been disclosed in Fosun Tourism Group's annual ESG Report, which covers all Club Med resorts that have been in operation for at least one season and Atlantis Sanya. Please refer to the following three tables for metrics on GHG emissions and energy consumption of Fosun Tourism Group in 2019 and from 2021 to 2023.

Table 1 Direct GHG Emissions of Fosun Tourism Group(2019、2021 - 2023)

Direct GHG Emissions	Unit	2019	2021	2022	2023
Scope 1	Tonnes of carbon dioxide equivalent	62,349	74,777	78,546	77,462
Scope 2	Tonnes of carbon dioxide equivalent	170,585	118,047	133,084	157,390
Reduced GHG emissions	Tonnes of carbon dioxide equivalent	/	15,139	/	/
Total GHG Emissions	Tonnes of carbon dioxide equivalent	232,934	177,685	211,630	234,852
GHG emission intensity (by bed capacity)	Kg carbon dioxide equivalent/bed	17.63	19.77	15.98	16.77
GHG emission intensity (by hotel night sold)	Kg carbon dioxide equivalent/night	28.01	42.78	30.08	29.27
GHG emission intensity (by revenue)	Kg carbon dioxide equivalent /RMB10,000 of revenue	134.36	191.85	153.60	136.93

Note:

(1) Based on operating characteristics, our GHG emissions are composed mainly of carbon dioxide, which include the direct GHG emissions (Scope 1) released from fuel combustion, added with energy indirect GHG emissions (Scope 2) from purchased electricity and purchased heat. Total GHG emissions include all Club Med resorts and Atlantis Sanya (Waterpark, Show C Theatre, hotel, shopping street and Aquarium) of Fosun Tourism;

(2) GHG emissions contain only carbon dioxide and are presented in carbon dioxide equivalent. According to the sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change, the global warming potential of carbon dioxide is 1. Based on the characteristics of the industry, Sanya Atlantis's GHG emissions are calculated by referring to the Guide of Accounting and Report of Greenhouse Gas Emissions of Public Building Enterprises released by the NDRC, the average carbon dioxide emission factors of grid in China or the IEA 2017 database. Club Med's GHG emissions are calculated by referring to GHG Protocol, and emission factors from the French Agency for Ecological Transition (ADEME), French carbon calculator Bilan Carbone, DEFRA (for transport) and IEA (for electricity by country) databases;

(3) GHG emission reductions mainly represent the participation of Atlantis Sanya, a subsidiary of the Group, in a forestry carbon sink project in Le'an County, Jiangxi Province to purchase and write off Verified Carbon Units (VCUs) based on international Verified Carbon Standard to complete the carbon neutralization of a total of 15,139 tons of Scope 1 and Scope 2 GHG emissions generated from 1 April 2021 to 30 June 2021.

Table 2 Indirect GHG Emissions of Fosun Tourism Group(Scope 3) (2022 - 2023)

Indirect GHG Emissions	Unit	2022	2023
Travel of customers carried by the Group (Catogery 1)	Tonnes of carbon dioxide equivalent	478,406	498,054
Food purchases (Catogery 1)	Tonnes of carbon dioxide equivalent	169,748	187,381
Purchased municipal water (Catogery 1)	Tonnes of carbon dioxide equivalent	2,173	762
Other purchases of goods and services (Catogery 1)	Tonnes of carbon dioxide equivalent	69,924	94,571
Fuel and energy related emissions (Catogery 3)	Tonnes of carbon dioxide equivalent	37,114	44,859
Waste generated in operations (Catogery 5)	Tonnes of carbon dioxide equivalent	10,436	9,336
Sewage discharged to municipal pipe network (Catogery 5)	Tonnes of carbon dioxide equivalent	2,904	957
Employee business flight travel (Catogery 6)	Tonnes of carbon dioxide equivalent	17,804	20,694
Shuttle bus arranged for employees (Catogery 7)	Tonnes of carbon dioxide equivalent	42,440	22,310
Travel of customers (not carried by the Group)	Tonnes of carbon dioxide equivalent	587,418	810,883
Total Scope 3 GHG emissions	Tonnes of carbon dioxide equivalent	1,418,367	1,689,806

Note:

(1) Employee business flight travel includes the travel of employees of Fosun Tourism's headquarters and Club Med;

(2) Shuttle bus arranged for employees, purchased municipal water, sewage discharged to municipal pipe network, fuel and energy related emissions and waste generated in operations include statistics of Atlantis Sanya and Club Med;

(3)Travel of customers food purchases, and other purchases of goods and services in operations include only statistics of Club Med;

(4) GHG emissions are calculated by referring to GHG Protocol and ISO 14064-1:2018 Greenhouse gases- Part1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and emission factors from DEFRA.



Table 3 Energy Consumption of Fosun Tourism Group (2019、2021 - 2023)

Energy Consumption	Unit	2019	2021	2022	2023
Direct energy consumption	MWh	168,659	190,946	206,912	250,253
Indirect energy consumption	MWh	354,640	256,759	321,356	366,396
Total energy consumption	MWh	523,299	447,705	528,268	616,649
Energy consumption intensity (by bed capacity)	kWh/bed	39.61	49.82	39.88	44.04
Energy consumption intensity (by hotel night sold)	kWh/night	62.94	107.79	75.09	76.85
Energy consumption intensity (by revenue)	kWh/RMB10,000 of revenue	301.84	483.41	383.42	359.52

Note:

- (1) Total energy consumption includes the consumption volume of all the Club Med resorts under Fosun Tourism and Atlantis Sanya (Aquaventure Waterpark, show C theater, the hotel, the shopping street, the Aquarium);
- (2) Direct energy includes fossil fuels such as natural gas, liquefied petroleum gas, liquefied natural gas and fuel oil; indirect energy includes electricity and purchased heat;
- (3) Calculation is based on default value of fossil fuel in the *Guide of Accounting and Report of Greenhouse Gas Emissions* released by the NDRC;
- (4) During the Reporting Period, total energy consumption included 59,139.2 MWh of renewable energy, mainly from Club Med resorts.

## Other Sustainable Development Goals & Indicators

We are committed to promoting sustainable development of the Group in all aspects. In addition to setting energy conservation and emission reduction targets, we also established measurable and traceable performance indicators at various stages of our supply chain, operations, and consumer services. The management over these targets and indicators also contributes to the implementation of our climate strategy.

FTG's 2030 Sustainable Development Goals	Progress made in 2023
10% reduction in water use intensity (2019 baseline)	Compare to 2019, water use intensity decreased by 22% (by bed capacity), decreased by 19% (by hotel night sold) and decreased by 21% (by revenue)
30% reduction in waste generation (2019 baseline)	Compare to 2019,non-hazardous waste generation decreased by 22%,non-hazardous waste indensity decreased by 19%(by hotel night sold)and decreased by 21%(by revenue)
Protect biodiversity both during construction and operation stage	100% of eligible resorts and hotels have undergone an EIA(including biodiversity impact) before project construction, and protected biodiversity throughout the operation 100% of Club Med new projects have obtained support from external experts (such as ecologists)
Continuously improve local procurement	The local procurement ratio in Atlantis Sanya and Taicang Alps Resort has reached 67%, and the local procurement ratio of Club Med has reached 64%
Encourage suppliers to set environmental goals and validate through a supplier audit program	ESG Regulation for Suppliers of Fosun Tourism Group has been developed, and suppliers are audited on ESG compliance every year





The Sustainable Development Goals and Progress of Club Med

In 2023, Club Med's "Happy Caring" strategy, in addition to the explicit goal of reducing carbon emissions, also sets out objectives for climate mitigation and adaptation in terms of the preservation of biodiversity and the responsible and sustainable use of resources.

Topics	Objectives	Achievement
Preservation of an exceptional biodiversity	Carry out an Environmental Impact Assessment (EIA) for 100% of new or deeply renovated projects since 2022	In 2023, <b>100%</b> resorts that meet the requirements have already undergone environmental impact assessments
	Partner with an environmental protection association in 100% of villages by 2030	By the end of 2023, Club Med has partnered with <b>44</b> environmental organisations covering <b>31</b> resorts, accounting for <b>45%</b> of the total number of resorts
	Managing 100% of landscaped areas without chemical pesticides by 2030	In 2023, <b>57%</b> of resorts used no nitrogen fertilizers or external pesticides
	Offering green activities in 100% of Club Med's resorts by 2030	In 2023, <b>72%</b> of resorts (excluding China) offer "green activities"

Topics	Objectives	Achievement
Responsible and sustainable use of resources	Offer local products with 65% of fresh products (fruit and vegetables, seafood, meat) from local sources by 2030	In 2023, <b>64%</b> of fresh food purchased locally

Topics	Objectives	Achievement
Remove single-use plastics	Reducing plastic bottle consumption by 50% by 2024 through the "Bye-bye plastic" programme (2019 baseline)	By the end of 2023, excluding managed resorts, bottle consumption had been reduced by <b>30%</b> per Hotel Day compared with 2019
	Phase out single-use plastic for catering (straws, cups, mugs, as well as plates, cutlery and trays)	<b>100%</b> of Club Med resorts have achieved target by the end of 2019 (excluding the cutlery in Brazil)
	Phase out plastic packaging of accessories in guest room by the end of 2021	<b>100%</b> of Club Med resorts have achieved target by the end of 2021
	Starting in 2023, gradually replace single-use plastic items in rooms with products made from alternative materials	Since 2023, single-use plastic accessories in rooms have been replaced by accessories made primarily of alternative material





# GLOSSARY

Term	Definition
Aquarium	The Lost Chambers Aquarium in Atlantis Sanya
Atlantis Sanya	The tourism destination established by Fosun Tourism Group on the Haitang Bay National Coast of Sanya, Hainan province, People's Republic of China
Bed Capacity	The number of beds available during the operational period of the hotel (without regard of the actual number of rooms occupied)
Board	Board of Director of the Company
BREEAM	Building Research Establishment Environmental Assessment Method
China or People's Republic of China	The People's Republic of China, but for the purposes of the Report and for geographical reference only, unless the context otherwise requires, excluding Hong Kong, Macau and Taiwan
Club Med	A global leisure and tourism resort of the Group featuring the idea of all-inclusive creative holidays
The Company	Fosun Tourism Group (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), an exempted company with limited liability incorporated in the Cayman Islands on September 30, 2016
Director(s)	The director(s) of the Company
EarthCheck	A global leading certification, consulting and advisory group for sustainable destinations and tourism.
EBITDA	Earnings before interest, tax, depreciation and amortization
EHS	Environment, Health and Safety
EHSQ	Environment, Health, Safety and Quality management over services and products
ESG	Environmental, Social and Governance
ESG committee	The ESG Committee under the Board
Foryou Club	Our member management system in China, the management and operation of the system is aimed to provide the members and customers registered under the FTG ecosystem with services and activities
Fosun Group, Fosun International	Fosun International Limited and its subsidiaries
GE	A Gentil Employ�� is a Club M��diterran��e employee, originating in the country where the village is located. GEs' job is in a fixed location and they have a status different from that of a GO��

Term	Definition
GHG	Greenhouse Gas
GM��	Gentil Membre: Club Med customer
GO��	Gentil Organisateur: a Club Med employee in direct contact with customers. A Gentil Organisateur is above all a link creator within the village
Green Globe	An international sustainable tourism certification system.
HKEx	The Stock Exchange of Hong Kong Limited
IPCC	Intergovernmental Panel on Climate Change
LEED	Leadership in Energy and Environmental Design
Listing	Listing of shares on the Main Board
Main Board	The stock market (excluding the option market) operated by HKEx which is independent from and operated in parallel with GEM
MSCI	MSCI Inc.
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
Reporting Period	January 1, 2023 to December 31, 2023
RMB	Renminbi, the lawful currency of the PRC
SSP	Shared Socioeconomic Pathways
Subsidiaries	Has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
TCFD	Task Force on Climate-related Financial Disclosures
The Group, Fosun Tourism Group(or FTG), We (or us)	Our Company and our subsidiaries at the relevant time or, where the context so requires, or if the context requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
Waterpark	The Aquaventure Waterpark in Atlantis Sanya





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