

Hotel Shambala's Sustainability Report

November 2024 to October 2025.

Prepared by Bedant Rayamajhi

Front Office Revenue Manager on 12th December 2025

Introduction

This report summarizes Hotel Shambala's sustainability performance for 2025. It includes a comparison of our current environmental performance against previous years, detailing the progress we have made toward achieving the specific sustainability goals and actions set at the beginning of the year. Furthermore, the report outlines recommendations for actions we should prioritize in the coming year, based on the results of our environmental performance assessment and the outcome of the annual sustainability assessment conducted last month.

Environmental Performance

| Energy consumption | Total kWh | Average kWh per guest night | Total kg CO ₂ e | Average kg CO ₂ e per guest night |
|--------------------|----------------|-----------------------------|---------------------------------|--|
| 2025 | 826,245.94 kWh | 71.61 kWh | 219,952.18 kg CO ₂ e | 19.31 kg CO ₂ e |
| 2024 | 901,744.27 kWh | 66.36 kWh | 241,034.08 kg CO ₂ e | 17.98 kg CO ₂ e |

What worked well?

We successfully surpassed our energy goals by achieving a substantial **8.37% reduction** in total annual energy consumption (kWh) compared to the previous year 2024, significantly exceeding the **5%** reduction target set in anticipation of maximum occupancy for 2025 - 2026. This confirms the effective implementation of energy-saving measures and a genuinely lower absolute environmental footprint. Similarly, overall liquid fuel consumption decreased by **-10.24%** due to the addition of two new EV vehicles and the removal of two conventional vehicles, validating a positive strategic trend. However, this environmental benefit was partially offset because the remaining fuel composition shifted dramatically: while petrol consumption dropped by **-40.14%** in 2025 (resulting in a **50.43%** share in 2025 vs. **75.97%** in 2024), the diesel share increased to **49.57%** for 2025. This high reliance on diesel was largely unavoidable, driven by rampant and unforeseen NEA load shedding which led to a significant **85.15%** dependency on diesel generators, ultimately complicating the CO₂e impact due to diesel's higher emission rate. Despite all the above considerations, **fixed and variable costs for electricity and gas** must also be kept in mind. These essential utility costs are always present, regardless of whether occupancy goes up or down. While increased occupancy certainly impacts the **variable energy consumption**, the **fixed costs** and other operational factors remain influential irrespective of the occupancy trend.

Recommended improvements

Conducting a detailed audit to identify systems that consume energy regardless of guest occupancy, such as HVAC for common areas, back-of-house equipment (e.g., servers, large refrigerators), and continuous lighting would provide us the insights of possible leakages or

faults to which we can place counter measure. Installing motion sensors and occupancy-based scheduling for lighting, heating, and cooling in low-traffic areas like conference rooms, storage facilities, and staff corridors should be implemented effectively. These areas often contribute heavily to fixed energy use. Inspect the building's envelope (windows, doors, insulation) to minimize heat loss/gain, which forces HVAC systems to run constantly, contributing to high fixed energy consumption and eventually explore options for high efficiency diesel generators or alternative power sources to mitigate.

| Water consumption | Total m3 | Average m3 per guest night | Total kg CO ₂ e | Average kg CO ₂ e per guest night |
|-------------------|-----------|----------------------------|----------------------------|--|
| 2025 | 9,545 m3 | 0.83 m3 | 0 kg CO ₂ e | 0 kg CO ₂ e |
| 2024 | 10,577 m3 | 0.78 m3 | 0 kg CO ₂ e | 0 kg CO ₂ e |

What worked well?

The hotel successfully achieved a substantial reduction of over **10%** in its total water consumption m3. This is a clear indicator that our measures taken to conserve water such as fixing major leaks or implementing water-efficient landscaping are working effectively at an aggregate level which was our initial plan; however we still have more room for improvements in the coming days.

Recommended improvements

Despite potentially lower occupancy, the hotel did not meet its **10%** specific sustainability goal for water reduction per guest night; instead, the Average m³ consumed per guest night saw a worrying **6.4%** increase. This disproportionate consumption suggests that a large, fixed baseline of water usage (e.g., common areas, kitchen, or laundry) is driving up the per-guest metric, indicating that total water consumption is not declining proportionally with guest nights. To fully address this trend and achieve future targets, the current analysis must expand beyond guest nights to incorporate usage from major operational outlets such as Cloud 9, Erma, the Spa, and the Laundry. Furthermore, while Food & Beverage (F&B) revenue decreased by **-15.07%**, the substantial **18.70%** increase in covers signals a higher volume of services rendered, which is a potential factor contributing to the increased demand on the overall water supply. We commit to undertaking a detailed overview and implementing more effective measures to address this high fixed water consumption baseline for achieving future targets/goals. Another factor influencing the report is the transition from single-use plastic water bottles to reusable glass bottles across all guest rooms and onsite facilities. This initiative is supported by the existing infrastructure for bottle washing and refilling. We anticipate the installation and implementation of the glass water bottle program will significantly reduce our overall environmental impact in the days to come.

| Solid Waste | Total Kg | Total Solid Waste emissions (Kg CO ₂ e) |
|-------------|--------------|--|
| 2025 | 20,880.88 kg | 2879.48 |
| 2024 | 28,231.13 kg | 3361.83 |

HOTEL SHAMBALA

P.O. BOX 5831, BANSBARI, KATHMANDU, NEPAL

TEL: +977 1 4650251 / 4650351 EML: info@shambalahotel.com

www.shambalahotel.com



What worked well?

We achieved an exceptional result with a major absolute reduction in Total Kg of solid waste down by 26.04%. This is a highly successful waste minimization program. The recommendations below focus on leveraging this success for further gains, maximizing efficiency, and formalizing the program.

Recommended improvements

Currently, the solid waste reduction is noted in absolute terms. To align with the overall strategic recommendation of focusing on efficiency per guest, we should calculate and track the Average kg of Waste per Guest Night. This will confirm that the reduction is due to improved practices, not just lower occupancy. Conducting a mandatory, recurring training for all staff (especially Food & Beverage, Housekeeping, and Kitchen) on advanced sorting, minimization techniques, and food waste prevention would be a added benefit for further reducing the wastages in the property. Nevertheless, the outstanding solid waste reduction is a key feature in marketing and guest communications to promote the hotel's sustainability commitment.

| Total emissions | Total kg CO ₂ e | Average kg CO ₂ e per guest night |
|-----------------|---------------------------------|--|
| 2025 | 219,952.18 kg CO ₂ e | 19.06 kg CO ₂ e |
| 2024 | 241,034.08 kg CO ₂ e | 17.74 kg CO ₂ e |

What worked well?

The hotel achieved a absolute reduction in Total kg CO₂e down 8.74%, which is a commendable achievement driven largely by the absolute reductions in energy, water, and waste.

Recommended improvements

The average emissions increased from 17.74 kg CO₂e in 2024 to 19.06 kg CO₂e in 2025. This represents an increase of approximately 7.4%. Decouple Emissions from Low Occupancy: Implement the general strategic recommendation to shift the focus to efficiency per guest. This requires aggressively reducing the fixed-load emissions (Scope 1 and Scope 2) that do not decrease when guest occupancy is low. Review energy-intensive equipment run-time in low-occupancy periods (e.g., reducing operational hours for swimming pool pumps or central boilers).

Executive Summary

Hotel Shambala successfully achieved significant **absolute reductions** in total energy kWh, total water m³, and total solid waste kg compared to the previous year. This demonstrates effective control over overall resource consumption. However, the hotel's efficiency, measured **per guest night**, declined for energy, CO₂e emissions, and water. This suggests that while absolute usage decreased, it did not decrease proportionally to the potential drop in occupancy which is implied by the higher per-guest metrics.

Progress towards Achieving Goals

Goal: Achieve an overall **5% reduction** in total annual energy consumption (kWh) compared to the previous year **2025**.

Status: Total energy consumption for the 12-month period saw a significant decrease, falling from **901,744.27 kWh** in **2024** to **826,245.94 kWh** in **2025**. This reduction of approximately **8.37%** is already ahead of the targeted **5%** reduction goal set for **2026**. However, the analysis and final determination of this reduction must be solely evaluated against achieving both the occupancy target and the reduction goal.

Goal: Reduce water consumption by **10% per guest night** on all guestroom and public area.

Status: We successfully achieved a significant reduction in Total Water Consumption m³ of over **10%** this year. Despite this progress, reducing consumption per occupied room night remains an area we are actively focusing on. The recent installation and implementation of the glass water bottle program are expected to positively impact these consumption-per-night results.

Goal: Assign a senior manager to attend quarterly Ward (Wada) meetings or relevant local business association meetings to stay abreast of community concerns.



Status: Work in Progress.

Other progress:

The recent GenZ Movement demonstrations resulted in significant property damage in the whole country. A huge portion of property, businesses and public offices were torched and damaged severely. Recognizing the crucial role of the Maharajgunj Police Circle Office plays in maintaining public safety and order, **Hotel Shambala** eager to help out in the restoration of the office contributed an essential office equipment to assist the office in resuming full operational capacity of the office.

Other recommendations

The primary strategic recommendation for the coming year is to shift the focus to **efficiency per guest** to ensure that overall total reductions are driven by improved practices rather than potentially lower occupancy.

| SENIOR MANAGER APPROVAL OF ANNUAL SUSTAINABILITY REPORT | | |
|---|-------------------------|--------------------------------|
| Signature | First and last name | |
|   | Mr. Tseten Tsatultsang | |
| | Job title | Date of approval |
| | Chief Executive Officer | 14 th December 2025 |