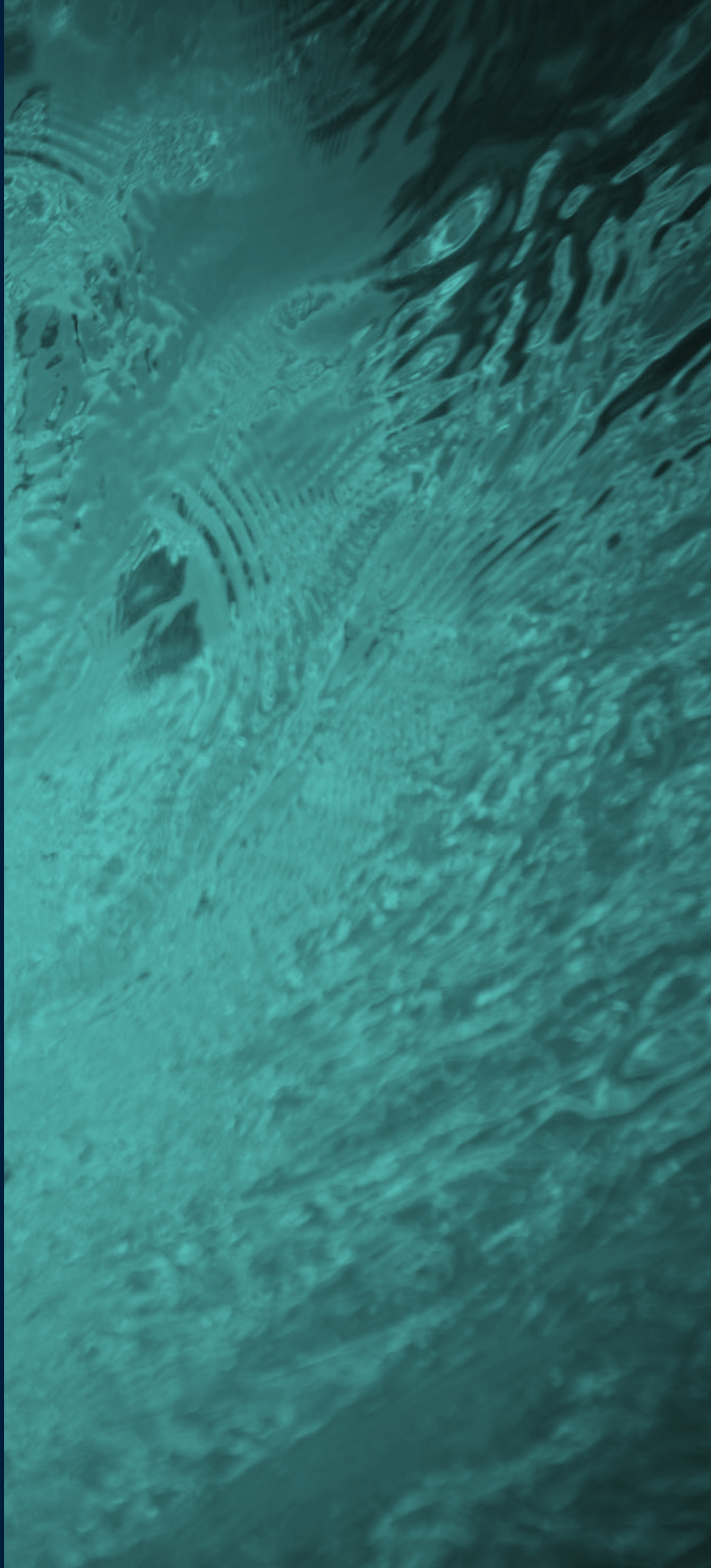


Iberostar Group Sustainability Report 2018



IBEROSTAR
GROUP





IBEROSTAR
GROUP







Preamble



This Sustainability Report reflects the current state of non-financial affairs of Sayglo Holding, S.L. and Affiliated Companies (hereinafter the Iberostar Group), and forms part of the Consolidated Management Report for the 2018 financial year. Compliance is hereby also achieved with the requirements established in Law 11/2018 of 28 December 2018, which modifies the Commercial Code and the consolidated text of the Capital Companies Act, approved through Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July, on Account Auditing, regarding non-financial affairs and diversity.

It takes into account the Guidelines on non-financial reporting from the European Commission (2017/C 215/01), derived from Directive 2014/95/EU and the provisions of the *Global Reporting Initiative Standards* (GRI Standards).

In this context, through the Sustainability Report, the Iberostar Group fulfils its goal of reporting on environmental and social issues, along with topics related to employees, human rights, the fight against corruption and bribery and general societal issues, all of which are inherent in the company's business activities. In drafting this Report and selecting its contents, the Iberostar Group took into account the results of the materiality analysis that it carried out in 2018 (see the "Materiality Analysis" section). In this way, this report on the current state of non-financial affairs touches on each of the points stipulated in Law 11/2018, including the relevance of each point for the company, the associated policies, the related risks and the reference indicators used for monitoring and evaluation.

Finally, as stated in Law 11/2018 on non-financial information and diversity, this report on the current state of non-financial affairs is subject to the verification of an independent information verification service provider.

Letter from the President



It is my honour to present you with the 2018 Sustainability Report from the Iberostar Group. This document summarises the three spheres of action through which the company tackles its sustainability challenges: environmental, social and financial. This document demonstrates our commitment to the 10 Principles of the United Nations Global Compact, which we adhered to in November 2016. It also reflects what we consider the multidimensional core of the company, as it determines the way we work and encompasses all of our activities, pushing them toward responsible growth.

We draw from our sixty years of experience in the tourism sector. We are a family-owned company with values that have been passed on from generation to generation. We believe in generating shared value and we link our business success to the social and economic progress of the countries that embrace us. We work with drive and effort to build a better world. We want to contribute what we have and what defines us to improve the planet where we live. We understand that this effort requires the collaboration of all our stakeholders.

We have focused our action plan on looking after people and their environments, without which our business activities couldn't exist. By putting to work our capabilities—whose limits we understand and use to their fullest—we have developed a patronage movement for the oceans called “*Wave of Change*”. This initiative works toward its conservation and preservation, in line with the Sustainable Development Goals of the United Nations, especially Goal 14: Life Below Water. The “*Wave of Change*” movement

drives three lines of action: moving beyond plastic, responsible fish consumption and coastal health.

Through the Iberostar Foundation, the Iberostar Group also pays special attention to Sustainable Development Goal 8, Decent work, which promotes job creation and economic growth and drives initiatives centred around children, education, vulnerable communities and social innovation. People are our *raison d'être*. Our commitment to human rights and the fight against the sexual exploitation of children in the tourism sector goes to the core of our company, and we aim to build young employees' qualifications, so they can grow with us.

We aspire to be an international benchmark for responsible tourism, with a business model that is cost-effective and sound. We aim to be a leader in quality and achieving customer satisfaction with an open organisational culture that encourages innovation and teamwork. Our growth is based on quality, rather than quantity. We don't aim to be the biggest. We simply want to work consistently and with integrity, while always maintaining our responsible way of working, with every group we have the chance to interact with.

In 2018, our big Iberostar family included more than 32,000 employees, looking after more than 8 million customers each year. Hospitality is the company's core business. We have more than 120 hotels with four and five star ratings in 19 countries across three continents.

There are two further business units, in addition to hotels: The Club holiday club and the travel and inbound agency. Our hotel portfolio is split into three segments under a single Iberostar brand: beachfront hotels, which include our sea front holiday hotels; city hotels, located in the centre of highly attractive touristic cities; and heritage hotels, dubbed Iberostar Heritage, which invite you to immerse yourself in the culture, art and history of unique places. The beachfront hotels and city hotels make up the largest portion of our portfolio and are divided into three categories: Grand, the highest form of luxury; Selection, which brings added value to five star quality; and Iberostar, which encompasses four and five star hotels. Hotels in the Iberostar Heritage category can be classified as Grand and Iberostar. The Selection category has significantly grown in the last few years through our investment plan, aimed at developing and elevating our hotels to this superior category.

I would therefore like to welcome you to the Iberostar Group, and invite you to learn more about our current situation and challenges. We encourage you to join our efforts in working for, and on behalf of, our future generations.

Mr. Miguel Fluxà Rosselló
President of the Iberostar Group

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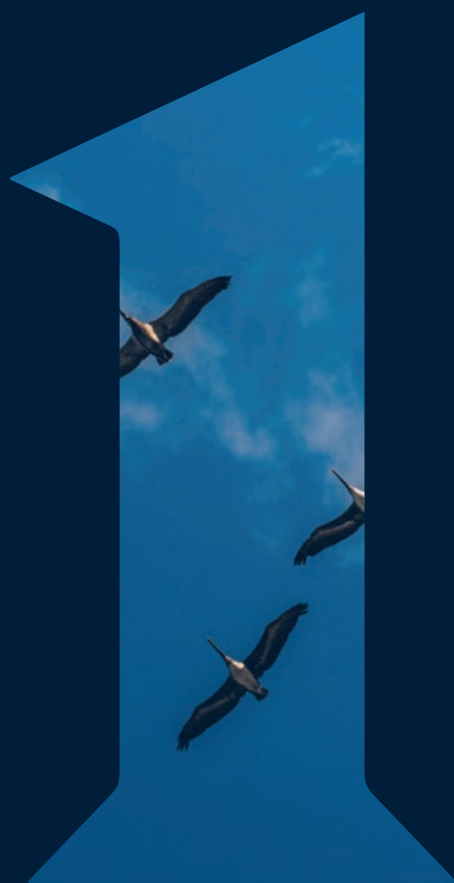
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Introduction



About the Iberostar Group

1.1

The Iberostar Group is a family-owned, Spanish company which has been involved in the tourism industry since 1956, but whose beginnings in business go back to 1877. With its headquarters in Palma de Mallorca (Spain) and a presence in 35 countries throughout Europe, Africa and the Americas, the company's core business is the hospitality industry, where it has more than 120 four and five star hotels in 19 countries. There are two further business units, in addition to hotels: *The Club* holiday club and the travel and inbound agency. Through these areas, the Iberostar Group offers a wide range of holiday experiences to 8 million guests each year. We rely on innovation and one-of-a-kind synergies between guests and the environment.

The Group's more than 32,000 employees' share values that promote a warm and fair environment in the hospitality sector, making the Group's services a global benchmark in the industry.

The Iberostar Group applies its Corporate Social Responsibility to its entire range of holiday experiences, as a driver of its actions and the foundation of its corporate culture. In particular, the Group is a hospitality sector pioneer in promoting the protection of oceans, through its revealing "Wave of Change" initiative. This comprehensive and ambitious movement is centred around preserving these essential bodies of water and ensuring the sustainability of the resources we obtain from them.

Vision

We aspire to be an international benchmark for sustainable tourism, with a business model that is 100% family-run, cost-effective and sound. We aim to be a leader in offering quality and achieving customer satisfaction with an open organisational culture that encourages innovation and teamwork.

Mission

To provide our guests with an unforgettable holiday experience in the best destinations, while offering an excellent quality of service from a highly qualified team who are committed to a responsible tourism model that respects both people and the environment.

Why?

The Iberostar Group wants to promote this change through a series of defined goals, in keeping with the Group's family values.

How?

The Iberostar Group works to implement change through different programmes and initiatives, like the "Wave of Change" movement to protect the oceans.

¹ Jobs directly created by the Iberostar Group as of 31/08/2018 under the different contractual categories, including hotel management staff.

Values

We are a family company with values that have been refined over generations. These values have served as a base for our business culture and the Group's management style.



Description of the Group's business model (business environment and organisation)

1.2

“Our greatest asset is our strong commitment to quality. This is demonstrated by our excellent long-term performance”

Mr Miguel Fluxà, President

The Iberostar Group is a world-renowned prestigious brand within the tourist services industry, with an image that is backed up by its extensive international presence. In 2018, it served over 8 million guests in 35 countries: Germany, Argentina, Aruba, Belgium, Brazil, Bulgaria, Cape

Verde, Canada, Chile, Colombia, Costa Rica, Cuba, Egypt, United Arab Emirates, Spain, United States, France, Greece, Hungary, Italy, Jamaica, Malta, Morocco, Mexico, Montenegro, Peru, Portugal, Dominican Republic, Russia, Sweden, Thailand, Tunisia, Turkey, United Kingdom and Ukraine.

**Iberostar
Group: more
than 60 years
of leadership in
international
tourism**

Private
company
100%
family owned

+ **120**
Hotels around
the world

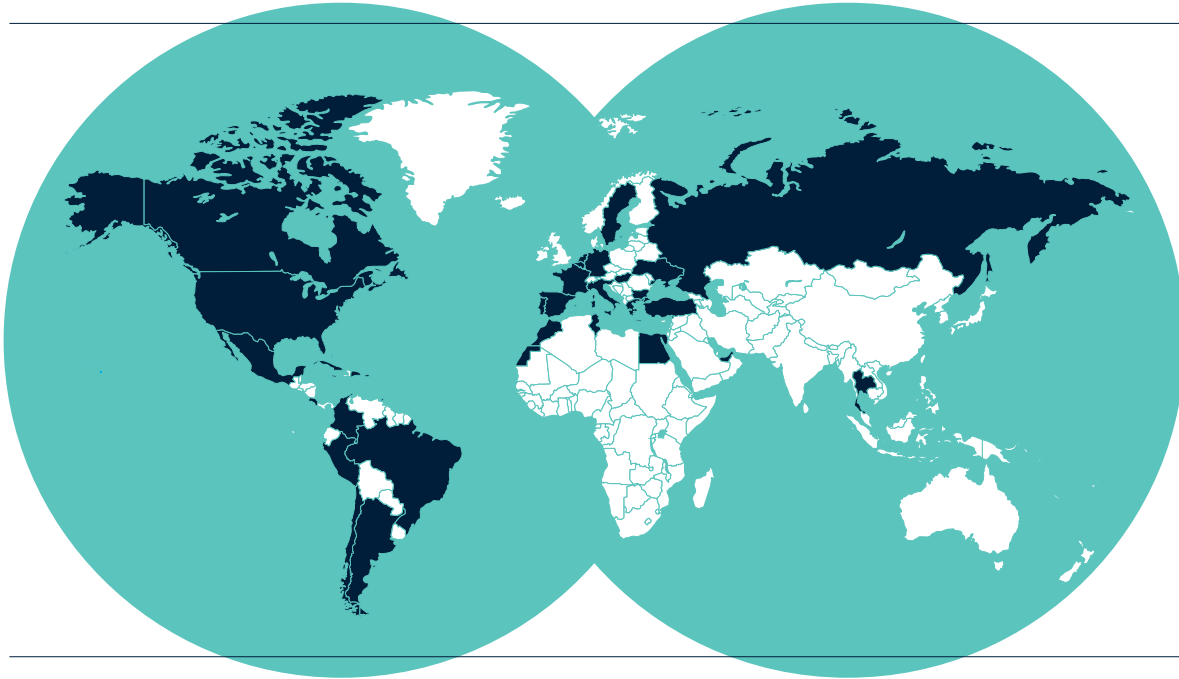
+ **32,000**
employees

A presence in
35
countries

37,100
Rooms

COUNTRIES WHERE THE
IBEROSTAR GROUP OPERATES

Operating in 35 countries



Germany, Argentina, Aruba, Belgium, Brazil, Bulgaria, Cape Verde, Canada, Chile, Colombia, Costa Rica, Cuba, Egypt, United Arab Emirates, Spain, United States, France, Greece, Hungary, Italy, Jamaica, Malta, Morocco, Mexico, Montenegro, Peru, Portugal, Dominican Republic, Russia, Sweden, Thailand, Tunisia, Turkey, United Kingdom and Ukraine.

The lead and parent company of the Iberostar Group is a company incorporated under the legal structure of limited liability company, under Spanish law. This parent company is the majority shareholder, direct or indirect, over the other Spanish and foreign companies in the Group that are identified as being within the consolidated corporate group.

All of the business areas are managed under the same umbrella of responsibility and commitment to good governance, with business ethics being among its main identifying characteristics. Corporate Social Responsibility and sustainability are two important elements the company promotes within the different activities and initiatives it

develops. The Iberostar Group also involves its guests, employees, suppliers, local communities, administrations, public entities, travel agencies, tour operators, business partners, ad agencies, the academic community and other social agents in the company's policies and actions, which continuously promote dialogue. All of them are considered essential for the changes that a responsible mindset can promote on a local and global scale.

In addition, the Iberostar Group has a Code of Ethics that establishes its values, principles that uphold its employees' professional behaviour, the commitments of its stakeholders, its compliance channel, its promotional and monitoring arms and the culture of values that supports it.

Organisational objectives and strategies

1.2.1

Organisational objectives and strategies include:

1 Being leaders in quality.

2 Being a point of reference for responsible tourism.

3 Directed toward profitability.

4 Focus on digital development and innovation, with a culture based on ethics, communication and transparency.

As a whole, collaboration and transparency are fundamental to achieving the company's objectives. At the same time, the business model seeks to

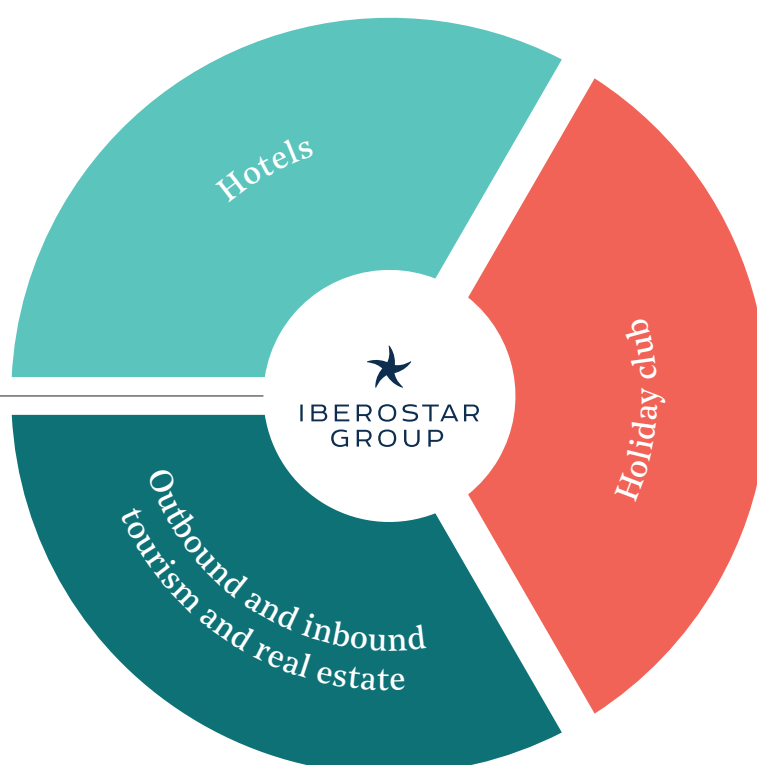
positively influence the communities where the Group operates by creating jobs and preserving their cultural identity.

Business areas of the Iberostar Group

1.2.2

The company's three business areas are: hotels; holiday clubs; and travel and inbound and real estate.

Iberostar Group, three business areas



Hotels and Resorts

The hospitality business is the Group's core activity. The Iberostar Group has beach holiday resorts, city hotels and heritage hotels, which offer cultural experiences in sites filled with

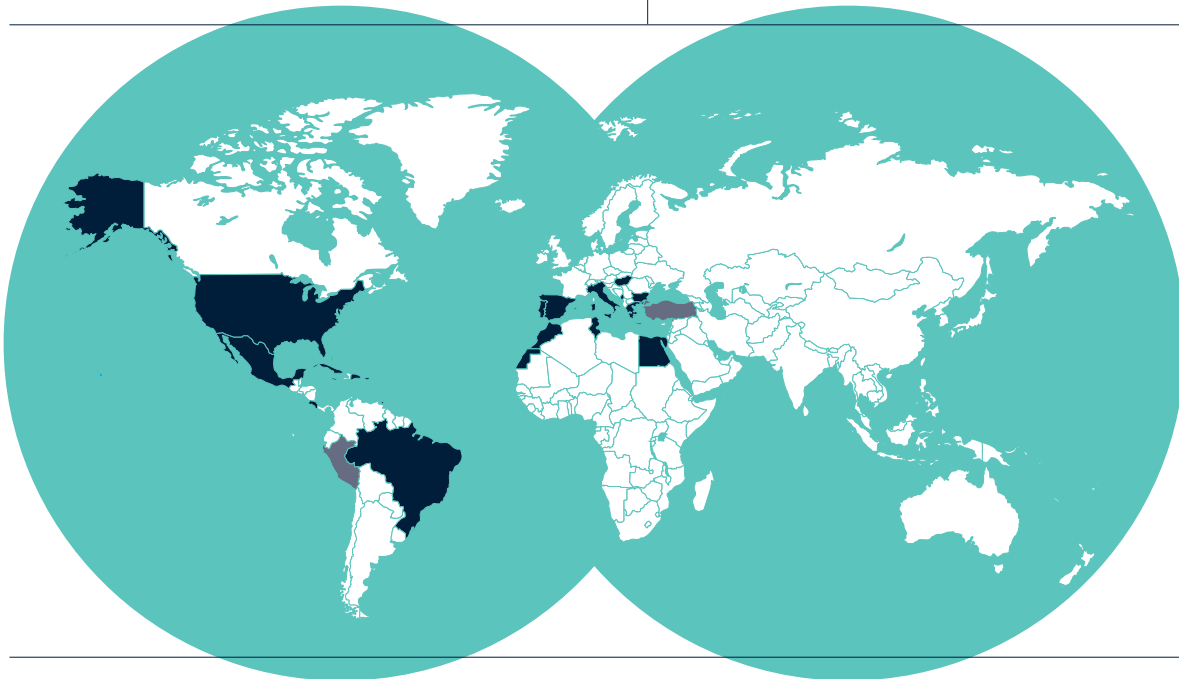
tradition and history. In total, the Group has more than 120 four and five star hotels and resorts in the main beaches and cities around the world.

LOCATION OF THE IBEROSTAR GROUP'S HOTELS AND RESORTS

More than 120 four and five star hotels and resorts in the main beaches and cities around the world

*And more than **70** destinations*

*A presence in **18** countries*



Brazil, Bulgaria, Cape Verde, Cuba, Dominican Republic, Greece, Hungary, Jamaica, Mexico, Montenegro, Morocco, Portugal, Spain, Tunisia, USA.

THE IBEROSTAR GROUP'S HOTEL CATEGORIES

Under our single Iberostar brand, we have divided our portfolio of hotels into three distinct groups:

Beachfront hotels, which include our sea front holiday hotels.

City hotels, located in the centre of some of the most appealing and touristic cities in the world.

Heritage hotels, dubbed Iberostar Heritage, which invite you to immerse yourself in the tradition of unique places and allow you to enjoy culture, art and history, all at your own pace.

The beachfront hotels and city hotels, which make up the largest portion of our portfolio, are divided into three categories: Grand, the hotels with the Group's highest value experience; Selection, which brings added value to five star quality; and Iberostar, which encompasses four and five star hotels. Hotels in the Iberostar Heritage category are classified as Grand and Iberostar.

Multiple experiences under one prestigious brand

City hotels

Grand
Selection
Iberostar



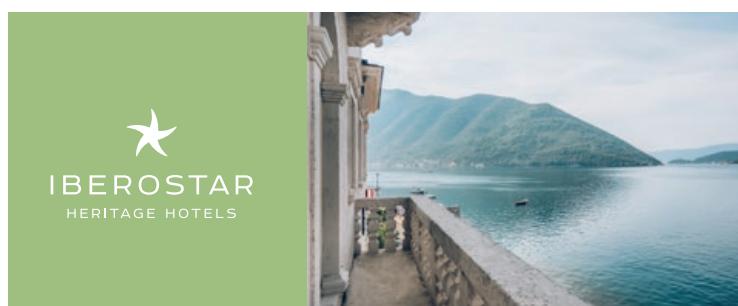
Beachfront Hotels

Grand
Selection
Iberostar



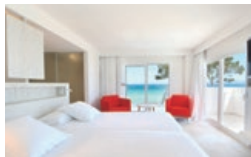
Heritage hotels

Grand
Iberostar



The pillars of the Iberostar Group

Quality



Sustainability



Location

Cuisine

Service

RECOGNITION OF THE
QUALITY OF THE HOTELS IN
THE IBEROSTAR GROUP

**Our guests
consistently
recognise our
quality...**



91%

satisfaction rate
for "location"



90%

satisfaction rate
for services



*Online reputation index,
based on data from 175
online travel agencies and
opinion websites in more
than 45 languages*

More than

80%

of our hotels
received awards
in 2017



*The largest travel website in
the world, with more than
500 million reviews*

More than

70%

of our hotels have
a recommendation
rate of between
90% and 100%



*The leading online review
site in Germany, Iberostar's
2nd largest market*

More than

50%

of the hotels in
the EMEA region
are among the
first 3 positions in
regional rankings



*The largest accommodation
ranking website in the
Benelux area, with
information on more than
300,000 accommodation
options in more than 45,000
destinations*

6

Four Diamond
awards for hotels
in Mexico and
Jamaica



*Largest travel club
in the USA, Iberostar's
largest market*

Holiday Club

The Holiday Club offers an exclusive programme to provide its most sophisticated travellers with special treatment and personalised services in the most gorgeous holiday destinations in the world. The Holiday Club has around 10,300 members in Mexico, the Dominican Republic and Jamaica, along with eight points of sale throughout the Americas.



Travel and inbound

The Iberostar Group operates travel agencies, tour operators, bed banks and inbound services through the Almundo.com, World2Meet (W2M) and Iberoservice International companies.



almundo.com

One of the main players in trips to Latin America

Almundo.com is a travel agency based in Argentina, with 25 years of experience. The company follows a multi-channel strategy through affiliates that it owns and through franchises, with an online presence in the Latin American market. It combines technology and personal service to make the tourism experience more accessible and comfortable. It offers services in Argentina, Brazil, Colombia and Mexico, and has more than 785 employees in more than 50 of its own affiliates and franchises.



W2M World2meet

Global supplier of tourism services

World2Meet (W2M) is one of the largest inbound agencies in Spain. It has three business areas: W2M Pro is a tour operator and booking platform for travel agencies; W2M DMC is an inbound agency with offices around the world; and W2M API is a B2B bed bank that provides direct hiring with third-party products. W2M operates in 15 countries and served 6.1 million travellers in 2018.



**WORLD2MEET
BUSINESS AREAS**

30 offices in 15 countries	175 destinations	4.1M Passengers
---	----------------------------	---------------------------

+345K hotels in its global portfolio	+22K hotels with direct hiring
---	---

**Iberoservice
International****Leading international
inbound services company**

Iberoservice International is an international inbound services company that offers direct assistance to customers, organises excursions and assists in hiring in the hospitality sector. It has 20 offices in 6 countries: Costa Rica, Mexico, Dominican Republic, Cuba, Brazil y Jamaica.



Awards given to the Iberostar Group

1.2.3

Iberostar Hotels & Resorts have received numerous awards and distinctions, which highlight the company's passion and effort to achieve the maximum satisfaction of its guests. These awards are also an acknowledgement of the quality service

offered by the Group and helps reinforce the Iberostar Group's positioning, based on a job well done. The following are the most relevant awards the Iberostar Group received in 2018:



64 hotels were awarded with the TripAdvisor 2018 Certificate of Excellence



20 hotels were given the TripAdvisor 2018 Traveller's Choice award



16 hotels were given the 2018 HolidayCheck Award

Evolution of the Iberostar Group

1.3

History of the Iberostar Group: from footwear to tourism, an entrepreneurial endeavour

1.3.1

The Iberostar Group is a 100% family-owned Spanish company. It was founded in 1956 when a small travel agency was acquired by a Majorcan footwear company with origins stretching back to 1877.

Currently, the company is continuing to grow and evolve. Its efforts are focused on sustainability, the innovation of its products and services and technological development.

EVOLUTION OF THE IBEROSTAR GROUP (1877-2018)



1877

Mr Antonio Fluxà founds a footwear business in Majorca



1973

The Iberojet tour operator was created



2005

Sabina and Gloria Fluxà join the company



2014

The Club is launched



1930

The Viajes Iberia travel agency is founded



1979

Iberotravel expands to England and signs an exclusive agreement with Neckermann and Intasun



2006

The Group sells its issuing companies to focus on the hotel business



2015

NT Incoming and New Travellers are acquired and merge to become World2Meet; Al mundo is acquired



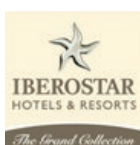
1956

Mr Lorenzo Fluxà acquires Viajes Iberia, with 8 offices and 40 employees



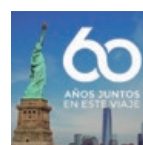
1983

Mr Miguel Fluxà creates the Iberostar brand with the first hotels in Majorca and the Canary Islands



2007

Launch of the luxury brand The Grand Collection



2016

The Group celebrates its 60th anniversary and opens its first hotel in New York



1962

Mr Miguel Fluxà joins Viajes Iberia



1993

The hotels begin to expand abroad in the Caribbean



2009

The expansion of urban hotels begins



2018

Launch of the new brand

Innovation: digital development in the Iberostar Group

1.3.2

Technology is key in the transformation of the tourism sector. Factors like *big data*, robotics and artificial intelligence are important to offering customers personalised service and a *seamless* experience (no complications and minimum bureaucratic procedures). The Group adds to this process of innovation by investing in technological development and by implementing new automated

and digitised processes aimed at ensuring customer satisfaction. Some examples of this include internal monitoring processes for room cleanliness, the convenience of *online check-in*, the mobile app and the hotel's automated entry control system. Additionally, the company has been able to reduce its paper consumption by 79%, thanks to these digitisation projects.

DIGITAL DEVELOPMENT IN THE IBEROSTAR GROUP

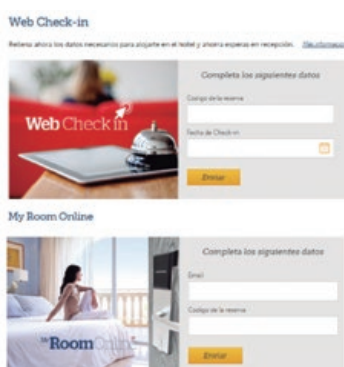
Mobility management

Internal processes for monitoring room cleanliness, special needs



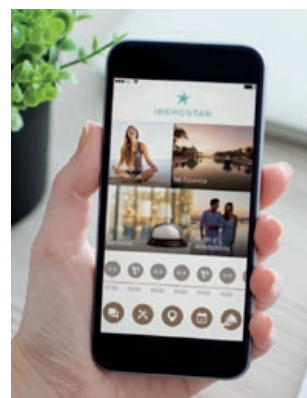
Web experience

Iberostar was a pioneer in *online check-in*. Room selection, extra services and upgrades



App

Guest relationship before, during and after their stay



Automation of Facilities

Iberostar was a pioneer in automated entry control in hotels (since 1987)



Sustainability in the Iberostar Group

1.4

Corporate Social Responsibility is multidimensional within the Iberostar Group and, as such, encompasses all of its branches and activities. We understand business success as shared growth that provides value to the social and economic progress

of the communities where we operate. In this light, the Grupo has developed a common vocabulary that enunciates its shared ethics and values and extends throughout our hotels, employees and clients and is projected to our stakeholders.

Committed to sustainable development

1.4.2

The Iberostar Group looks to the future by embracing a comprehensive and global perspective. Long-term and continuous employment that sets down roots in the places it operates has been a cornerstone of the company's culture throughout its history. This way of viewing its business activities means taking on the large global challenges of sustainable development and climate change. In this sense, the Iberostar Group's commitment to sustainable development was reinforced in November 2016, when it adhered to the United Nations Global Compact and its 10 principles regarding human rights, labour, the environment and the fight against corruption.

In general, the following principles govern the Iberostar Group's sustainability policies:

Evaluate environmental and social impacts and **comply with applicable legislation** and codes of ethics.

Integrate sustainable strategies into business decisions.

Strive for continuous innovation, understood as the care to improve products and services in a way that is sustainable, profitable and respectful to people and the environment.

Involve our customers, employees, suppliers and the local community in the efficient use of resources.

Ensure the proper management of the waste that is generated, while always promoting reuse and recycling, with a view toward the circular economy.

Promote the rational use of energy by integrating energy-efficient technology and renewable energy sources.

Commit to environmental preservation and respect for local flora and fauna in all the destinations where we operate, under the belief that the sustainable economy is the only path to follow.

Provide an optimal work environment that supports professional development, equal opportunities, plurality of functions and diversity in the workplace.

Carry out initiatives that promote the participation of local associations and workers, share knowledge and provide supportive actions to the community.

Create partnerships and promote the consumption of **locally sourced products and services and responsible commerce**.

From this point of view, the Iberostar Group has a strategic Corporate Social Responsibility (CSR) approach that includes a road map aligned with the United Nations Sustainable Development Goals (SDGs). These global objectives are aimed at eradicating poverty and protecting the planet, with specific goals established for the time

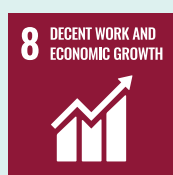
frame between 2015 and 2030. Its execution requires the collaboration and involvement of actors in the private sector, public sector and civil society.

SUSTAINABLE DEVELOPMENT GOALS



The Iberostar Group is committed to contributing to fulfilling the SDGs through the ethical management of its activities and by promoting sustainable development. From this point of view, it works directly and indirectly to

contribute to the fulfilment of each and every one of the SDGs. Nonetheless, the Iberostar Group devotes most of its efforts to two lines of action, included as objectives 8 and 14 of the SDGs: people and the environment.



SDG 8 seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Job creation: The Iberostar Group looks after people by creating jobs (more than 32,000 jobs directly created, alongside indirectly created ones), that promote social inclusion and drive the economic development of the communities where it operates.

Communities: The Iberostar Group supports the local communities where it operates and

promotes local culture. It focuses its social actions toward guests, employees and other stakeholders, including projects related with childhood. It also carries out internal training to create alignment with the Group's values.

The Iberostar Foundation: The Foundation carries out social and educational actions focused mainly around childhood. It also participates in cooperative projects with world-renowned institutions. Additionally, the Employee Aid Fund promotes employee collaboration with different social action entities. For more information about the Foundation, see section 6.1.1 of this Report.

The Iberostar Foundation: number of projects and people benefited

200

Projects



350,000

people who have benefited



Organisations that the Iberostar Foundation works with



Some of the Iberostar Group's projects include the Employee Aid Fund, the collaboration with UNICEF in Cuba and the collaboration with Save the Children for childhood support

Unicef Cuba

*A new agreement signed
with UNICEF in Cuba*



Employee aid fund

*Presentation of the fifth edition
of the "Employee aid fund"*

Save the Children

*Agreement with Save the Children to
support children in emergency situations*

The Iberostar Group also works actively for human rights and the fight against sexual exploitation in the tourism sector. In this respect, in 2011, the Iberostar Group adhered to

the Global Code of Ethics for Tourism from the WTO and the ECPAT Code of conduct for the protection of children from sexual exploitation in travel and tourism.



SDG 14 promotes the conservation and preservation of underwater life by promoting the sustainable use of the oceans, seas and marine resources.

One of the company's most ambitious initiatives related to this SDG is "Wave of Change", a movement for the conservation and preservation of the oceans and underwater and coastal life.

“Wave of Change”: The Iberostar Group’s commitment to protecting the oceans

1.5



The Iberostar Group believes that economic progress must go hand-in-hand with social and environmental progress. It also understands the need to tackle future goals proactively and knows that all contributions combine to build a society that is more fair and sustainable. That’s why one of the main foundations of the company involves fighting climate change and its effects on ecosystems and biodiversity. These approaches are embodied through the “Wave of Change” movement and are a central pillar in the Group’s management.

“Wave of Change”: movement and circularity

“Wave of Change” is the Group’s effort to contribute to protecting the oceans by eliminating single-use plastics, promoting responsible seafood consumption and improving coastal health. These three lines of action are rolled out through tangible actions that gives this pioneering initiative solidarity. “Wave of Change” was designed to align with Goal 14 of the United Nations Sustainable Development Goals (“Life Below Water: conserve and sustainably use the oceans, seas and marine resources for sustainable development”) and was born out of a desire to unite employees, customers, service providers and society as a whole in the common effort to create tourism that is ever more sustainable.

The oceans are an essential source of life and biodiversity. Conserving the oceans ensures a solid and healthy future for our future generations and in turn contributes to the Group's viability and sustainability. According to a special report on the impacts of climate change, published in 2018 by the Intergovernmental Panel on Climate Change (IPCC), ocean ecosystems are experiencing unprecedented changes. Sea and ocean temperatures are expected to rise by 1.5°C by the middle of the century. This

will bring irreparable consequences to a wide array of marine organisms and ecosystems, as well as to the aquaculture and fishing sectors. Species that cannot move around are especially vulnerable, such as coral, sea grass meadows and mangroves. With this reality in mind, the Iberostar Group is working to help preserve the oceans by considering the global consequences of climate change and focusing its efforts at a local level. It has thus adopted a perspective that can only be described as "*glocal*".

"Wave of Change" is a movement

Waves move water in a direction, continuously—always ahead of their point of departure. In this sequence of actions, the water acts as a single, cohesive body, thus giving consistency to the wave. The taller the wave, the more intense its

movement. Similarly, "Wave of Change" is an ambitious initiative that has been introduced in all the countries where the Group operates. It is a comprehensive plan that always moves forward, working for a more sustainable future.

THE THREE LINES OF ACTION OF "WAVE OF CHANGE"



“Wave of change”: moving beyond plastic

1.5.1

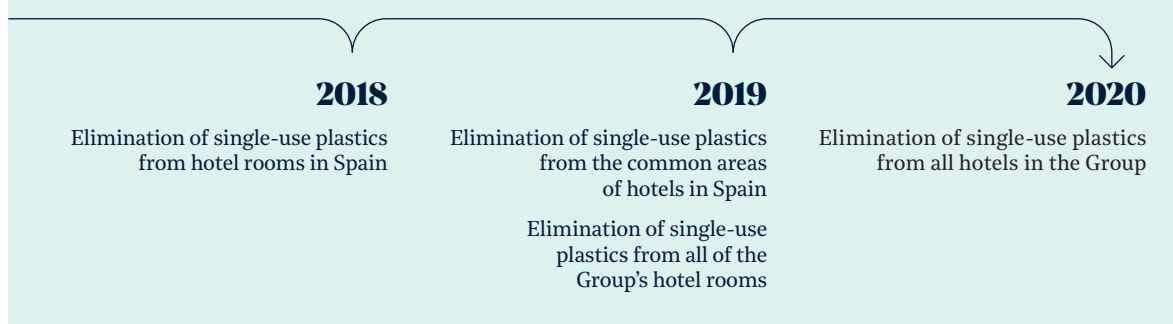


Plastics are one of the main sources of sea pollution. This pollution causes a loss of biodiversity and affects coastal communities. According to the United Nations Environment Programme (UNEP), more than 6.3 billion tonnes of plastic waste have been produced since 1950 and each year around 8 million tonnes of plastic waste reach our oceans. There will be more plastic than fish in our oceans by 2050. The Iberostar Group is

a pioneer company in the elimination of single-use plastics. It was the first hotel company in Spain with rooms without single-use plastics, with no effect on the quality of the guest experience.

In Spain in 2018, we avoided producing **200 tonnes of plastic** and stopped using **11.7 million pieces of single-use plastic**.

Iberostar Group's plastic use elimination goals (2018–2020)



The measures implemented in Spain to remove plastics from hotels has included installing more than **50,000 post-consumer dispensers** (soap dispensers made from recycled plastics, which are also recyclable themselves) filled with high-quality BIO toiletries. Thanks to these different measures, the company has been able to stop consuming around **470,000 plastic bottles that would have ended up in landfills or in the ocean**. Below, we will outline the single-use plastics that we have eliminated in Spain:



² Non-woven fabric bags are made of textile material created through mechanical, thermal or chemical processes, but without changing the fibres into thread, which stops them from unravelling and gives them increased durability.

In 2018, the Iberostar Group also formally adhered to the European Strategy for Plastics, a strategy based on the voluntary commitments of businesses from every industry and sector. Currently, more

than 70 businesses and industrial associations from around Europe form part of this initiative, including the Iberostar Group—the first company in the hospitality sector to adhere to the strategy.

EUROPEAN STRATEGY FOR PLASTICS



“Wave of Change”: responsible seafood consumption

1.5.2



The initiative to promote responsible seafood consumption is an effort to prevent over-seafood and contribute to preserving marine resources. The Iberostar Group is the first hotel company in Spain and the fifth in Europe to receive the Chain of Custody certification from the Marine Stewardship Council (MSC) and the Aquaculture

Stewardship Council (ASC). The MSC and ASC are independent, not-for-profit organisations that have established standards for sustainable fishing and the responsible aquaculture of sea-based products, respectively. The Iberostar Group also has MSC certifications in seven of its restaurants in Spain, Mexico and the Dominican Republic.

Along with the MSC certification, the Iberostar Group has redesigned its restaurant menus to promote a culinary offering of fish that ensures that the most sensitive species are captured in a responsible way. Additionally, the Iberostar Group makes sure that the menus in its restaurants are free of endangered seafood species, in accordance with lists from the International Union for Conservation of Nature (IUCN) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). These actions, along with training employees and communicating with guests, help create responsible consumption habits that do not compromise the conservation of species and their ecosystems and help prevent and reduce their over-exploitation. In one year, the Iberostar Group has driven 20 of its service providers

to obtain this certification, thus promoting an increase in responsible consumption and a larger awareness among its service providers.



“Wave of Change”: coastal health

1.5.3



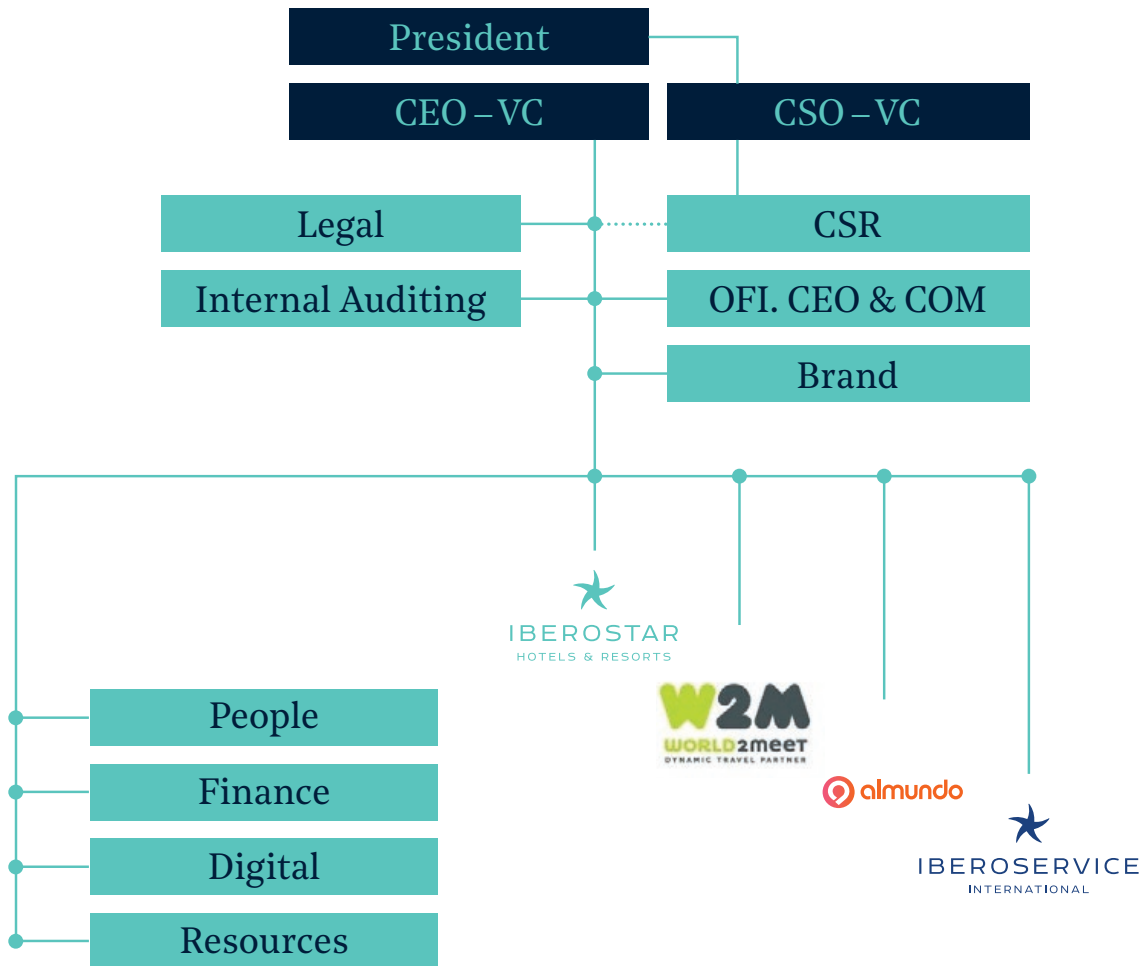
The Iberostar Group has tackled coastal protection through different projects centred on three factors: reefs, mangroves and sea grass meadows. And for each of these factors, three areas of action: discovery, protection and restoration. “Wave of Change” drives research in coral reefs and has created the “Iberostar Marine Professorship”, a collaboration agreement with the University of the Balearic Islands, whose goal is to promote professional training on research, conservation and marine environment management.

The Iberostar Group also carries out awareness and educational activities like beach cleanings and has created the Dominican Republic’s first coral nursery, the *Coral Lab*. The main objectives of the *Coral Lab* are: to carry out scientific research on the benefits of multispecies coral nurseries and their resistance to climate change, to create a coral gene bank that is protected from hurricanes and to raise awareness and educate on sea coral. For more information on the actions of “Wave of Change” in promoting coastal health, see section 3.7 of this Report.

Corporate governance

1.6

IBEROSTAR GROUP'S ORGANISATIONAL STRUCTURE



The senior governing body is the Executive Committee (EC). Its function is to define, set and implement the company's strategies, policies and initiatives. It acts responsibly based on the Code of Ethics and the Compliance Programme that it itself approved. The Committee is made up of the President, the two Vice Presidents and the Group's other senior management staff. It meets weekly and issues directives and guidelines on financial, environmental and social impact issues.

The President of this senior governing body is Mr Miguel Fluxà. The EC is led by the *Chief Executive Officer* (Ms Sabina Fluxà) and the *Chief Sustainability Officer* (Ms Gloria Fluxà). The other members of the EC are: *Chief Operations Officer*,

Chief Strategy and Finance Officer, *Chief Resources Officer*, *Chief Human Resources Officer*, *Chief Digital Officer*, *General Counsel*, *Corporate Director* *CEO Officer*.

The EC develops strategic plans and later evaluates their deployment and results. The Iberostar Group's values are not the responsibility and jurisdiction of just one department, but of every functional area of the company. That's why the CEO's role as a cohesive force is fundamental. The Executive Committee establishes the values, while the different areas of business—under the leadership of the CEO—provide strategic capabilities (brand architecture) and operational methods to put them into practice that go above and beyond customer expectations.



Stakeholders

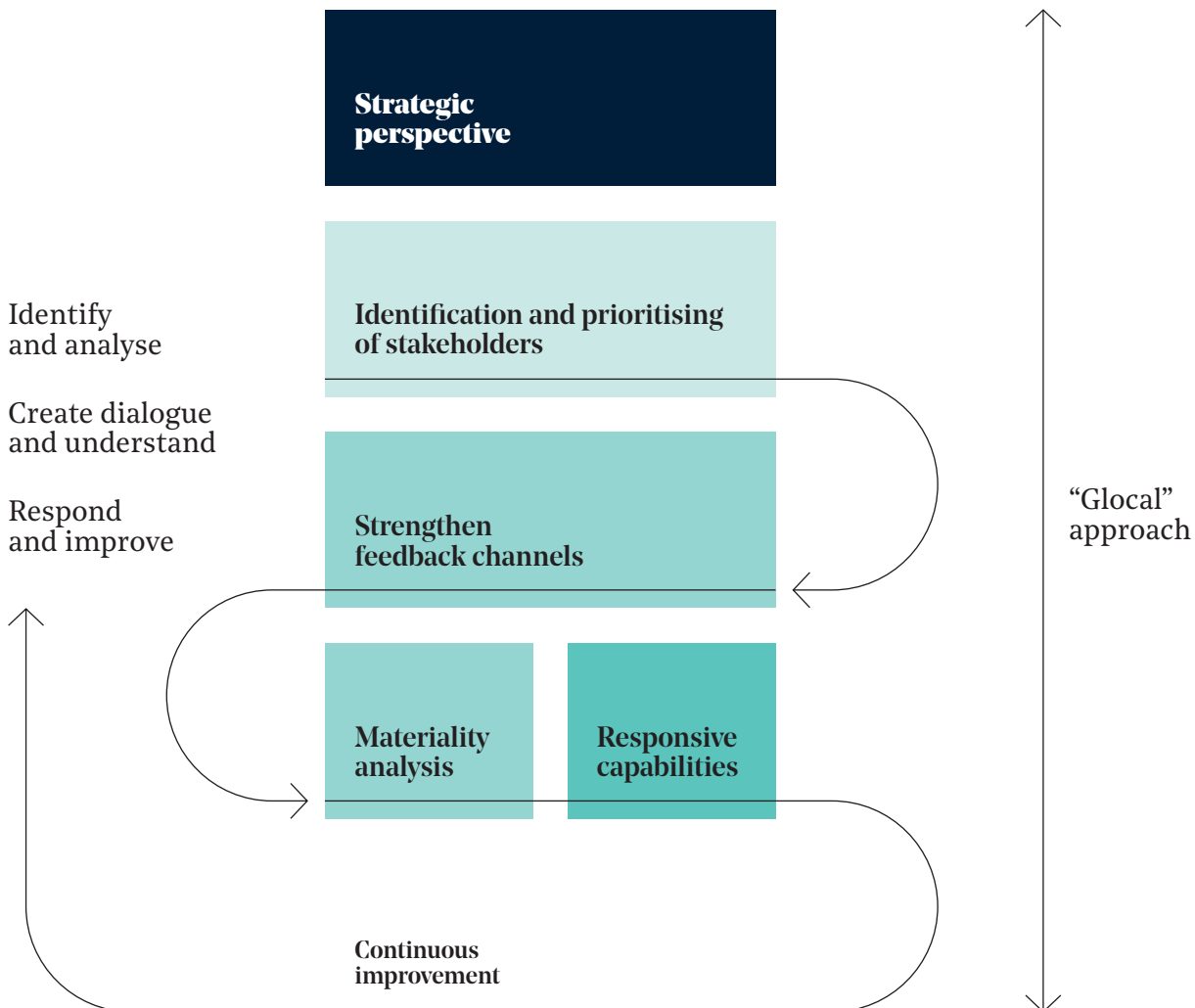
1.7

The Iberostar Group considers dialogue with its stakeholders a valuable and necessary action. Creating consistent dialogue with a wide variety of stakeholders allows it to identify priority areas of sustainability and tackle them efficiently. There is an open dialogue with stakeholders that drives the development of *win-win* relationships and builds an underlying “network” of transformative effects

in the area of Corporate Social Responsibility; these are essential for launching movements like “Wave of Change”. This approach reveals additional insights into our relationships with stakeholders in each phase of the value chain. This integrated approach drives both daily contact and formal dialogue, helping us understand the needs and expectations of the stakeholders in a detailed way.

THE IBEROSTAR GROUP'S DIALOGUE MODEL WITH STAKEHOLDERS

Key factors in the Iberostar Group's dialogue model with stakeholders



The Iberostar Group's dialogue model with its stakeholders consists of:

- 1 A strategic and comprehensive perspective** on dialogue and CSR.
- 2 Identifying and prioritising** stakeholders.
- 3 Strengthening feedback channels** and channels specifically related to CSR issues, which makes driving dialogue a continuous effort.
- 4 Periodically updating** the Iberostar Group's **materiality analysis**, for which the feedback from stakeholders plays a decisive role.
- 5 A “Glocal” approach** that takes the social and cultural contexts of the Iberostar Group's different countries and destinations into account. This also includes a dialogue model launched from the corporate area.
- 6 Continuously improving** and reviewing the different factors within the dialogue model.

The company's main stakeholders are:

Guests	Local communities
Employees	Public administrations
Travel agents	Academic community
Tour operators	Organisations in the third sector
Ad agencies	Sector-specific associations
Business partners	Financial community
Product and service providers	

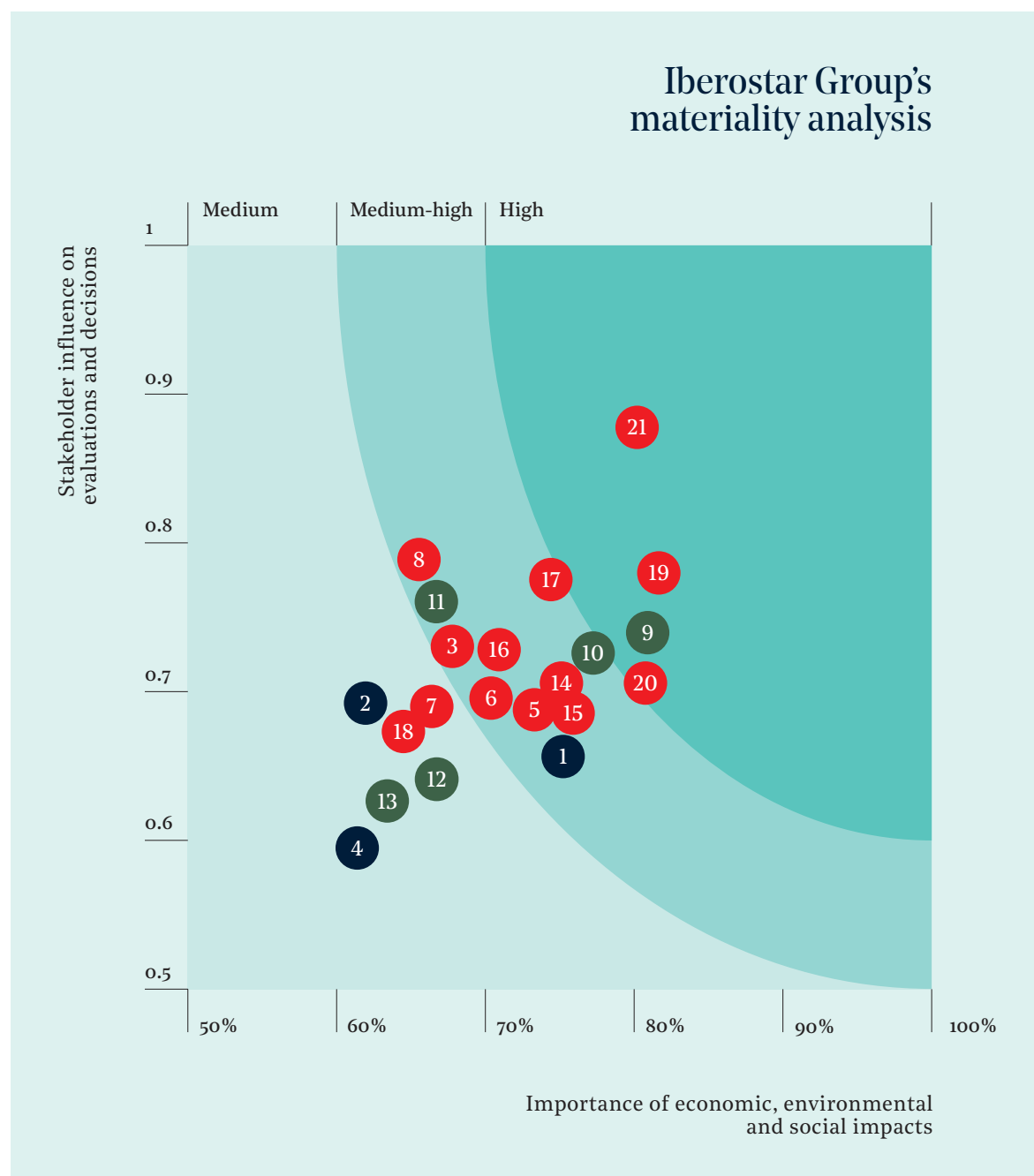
Materiality analysis

1.8

In 2018, the Iberostar Group carried out a materiality analysis for the company and its stakeholders in order to steer communication on issues related to sustainability and Corporate Social Responsibility (CSR). This assessment established priorities for advancing in the creation of monetary, social and environmental value, along

with ensuring that the needs of its stakeholders are met, all while developing the business and generating value. The 2018 analysis had an expanded scope and more topics than the 2015 materiality analysis. Interviews were also done with *focus groups* with representatives of each of the stakeholders.

The results of the materiality analysis can be seen in the following chart:



The following is a complete list of topics, ordered by relevance:

ID	Topic
21	Respect of human rights
19	Quality and customer management
9	Use of materials and waste creation
20	Responsible sourcing practices
17	Diversity, inclusion, integration, equal opportunities
10	Impact on water resources
16	Occupational health and safety
14	Responsible hiring
8	Protection of and commitment to local development
15	Professional development and talent management
1	Business strategy and model
11	Biodiversity and safeguarding the environment
5	Ethics and integrity
3	Stakeholder participation
6	Creating and distributing value
7	Management of socioeconomic impacts on local communities
18	Responsible and transparent communication
12	Energy, emissions and climate change
2	Analysis of business risks and opportunities
13	Other environmental impacts
4	Corporate governance

For more information on the material topics, see Annex I.

Iberostar Group risk management

1.9

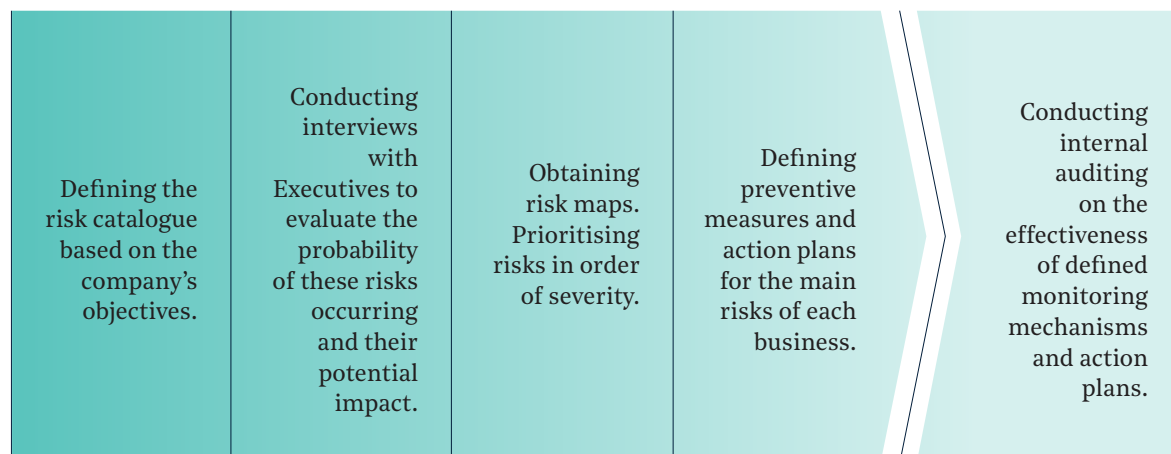
Identifying the risks that the company is exposed to is necessary in order to properly evaluate and prioritise them. A risk management system allows it to effectively implement its corporate strategy, drives coordination and communication between the areas of business and helps the decision-making process in a context that is always changing and ever more complex.

The Iberostar Group considers risk management and internal monitoring as key factors in the organisation's success. They also help identify ways to reach strategic business goals. In this context, the Iberostar Group implemented a global risk management model in 2018. Based on this, it launched its systematic risk management procedure, in line with the benchmark global standards on those issues (COSO II ERM – *Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management*) and led by the Management Team.

All of this is intended to maintain and improve business performance and value and to favour the Group's sustainable growth.

In addition, its risk management governance model established a Risk Committee. This committee reviews the risk monitoring and management policy, the risk catalogue, risk maps and action plans and submits them to the Executive Committee for final approval. There is also a *Global Risk Manager*, who heads the implementation of the risk management system, advises the Group's departments on responding to risks and monitors action plans. There are also Risk Managers, who execute the processes and action plans, and an Internal Auditing department that reviews the management of key risks, the efficiency of the internal monitoring mechanisms and the action plans, along with the annual internal monitoring plan.

The Iberostar Group developed its risk map through the following methodology:



In the 2018 risk analysis, 81 risks were evaluated and 71 executives participated. Five risk maps were created for individual businesses, along with two consolidated maps.

After carrying out the risk analysis, the most relevant ones are those that could pose a threat. The following are the main identified risks:

Category	Risk
Strategic	Exposure to climate change/natural disasters.
Strategic	Macroeconomic and geopolitical factors.
Operations	Effects related to political instability and unsafe situations.

Through this risk management model, which includes coordination between different teams, the Iberostar Group continuously works to prevent and mitigate identified risks. All of this is based on an ethical culture fostered by the values of a family-owned company whose ambition is to provide maximum quality. As a result, the Iberostar Group carries out

targeted actions that reduce detected risks and prevent their potential negative effects. As far as impacts from climate change are concerned, the Group addresses the most significant risks through its compliance with environmental legislation and through measures that favour environmental protection (like the “Wave of Change” movement).

2019 risk management objectives

1.9.1

Align the risk management model with the new organisational model, including new areas of responsibility like Communications, Branding and Sustainability.

Review the risk catalogue to include new communications, branding and sustainability-related risks to better align it with the Group’s strategic goals.

Develop action plans, preventive measures and indicators for the main risks of each business.

Update the risk maps for the businesses on a periodic basis.

Iberostar Group risk management

1.10

The Iberostar Group is aware of its environment, both on a local and global scale, and takes into account the changes occurring at such a fast pace.

Therefore, being dynamic and having the ability to react are two important factors to consider when planning for the future.

Apart from the company's risk analysis and its materiality analysis, the Iberostar Group evaluates its situation from five main viewpoints:

Economic: characterised by the recent economic crisis that has worsened world inequality in an ever more developed world. Two factors stand out in the economic viewpoint: (i) the leadership of tech companies and (ii) the growing presence of Asia.

Technological: centred on the increased presence of technology and the changes that it has caused in our lives in such a multidimensional digital world centred around Big Data.

Social: our society is segmented by generation, according to their respective relationships with technology. We must keep this in mind regarding new types of customers, new work positions, skills and performances.

Environmental: this allows the Iberostar Group, with the information available about environmental risks, to act responsibly and implement the principals of the circular economy.

Geopolitical: characterised by the instability and changes in international leadership, the shift in political affiliations of Latin American governments and risks related to terrorism, amongst other variables.

Keep in mind that these aspects allow the Group to undertake a CSR strategy that is more aligned with the problems and realities of its places of operation and with future challenges.

Alliances and partnerships

1.11

The Iberostar Group has established alliances and agreements with various organisations, both at a national and corporate level. Relationships have been established with organisations including the World Tourism Organization (WTO), Exceltur (association of companies related to the tourism value chain), the Spanish Tourism Institute, the

Instituto Tecnológico Hotelero, ITH (Institute of Hospitality Technology), the Confederación Española de Hoteles y Alojamientos Turísticos, (CEHAT) (Spanish Confederation of Hotels and Tourist Accommodation), and/or Turistec (cluster dedicated to tourism technology), among others.





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inspire the Iberostar
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Ethical management



The values that inspire the Iberostar Group identity

2.1



All of the Group's employees, to the extent that they represent Iberostar Group through their daily functions, undertake to carry out their professional activities with integrity and in compliance with the principles and values of the Iberostar Group.

The Iberostar Group does its utmost to promote the following values: Responsibility, Transparency, Humility, Passion and Creativity.

Iberostar Group

Code of Ethics

2.2

The Iberostar Group Code of Ethics, whose drafting was approved by senior management in April 2015, establishes the ethical standards, principles and values of the Iberostar Group that must be the benchmark for both internal management and for relationships with the different stakeholders.

The Code of Ethics is part of the internal regulatory system of the Iberostar Group, which is the set of internal policies, procedures, programmes, regulations, codes and standards approved by the Group's relevant bodies and compulsory for all employees.

The regulatory system includes, among others: (i) the Code of Ethics; (ii) the internal regulations on Data Protection; (iii) the Crime Prevention Programme; and (iv) the internal regulations on Quality and Occupational Risk Prevention.

The Group promotes the widespread dissemination of the Code of Ethics through the proper tools and by organising training courses. The Iberostar Group is also committed to disseminating the principles and values established in the Code to third parties with whom it maintains relationships.

Dissemination: it is the responsibility of the Group's Executive Committee, or the equivalent management body from any other company in the Group, to disseminate the Code of Ethics to its employees. In addition, the Code of Ethics is publicly available on the Iberostar Group website, so all employees and stakeholders can have access to it.

Monitoring: to monitor the compliance rate with the Code, the Internal Auditing Department creates a draft annual report of incidents and on the compliance rate. It sends this to the Risk Committee for approval and later to the Executive Committee and the administrative body of the Group for its evaluation.

Compliance: Code violations are corrected and punished, if necessary, subject to applicable labour regulations.

To guarantee the appropriate, objective, secure and confidential management of consultations, complaints or incidents, the Iberostar Group has a channel for ethics complaints that is accessible through an email address.

Policies against all types of discrimination and diversity management

2.3

The Iberostar Group guarantees the respect of human rights and has a zero tolerance policy with its employees for discrimination based on race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other condition. In addition, any affirmative action policies that the Iberostar Group could implement would be aimed at protecting society's most disenfranchised groups.

The Iberostar Group is committed, alongside its employees, to promoting and developing policies that safeguard the principles of equity and equal opportunity and which allow for

adequate advancement in a quality and safe working environment. The Group's Code of Ethics recognises that employees must be selected objectively and in accordance with the capabilities and skills of each candidate. Promotions and career progressions must be based on qualifications and performance, without any types of discrimination.

In the 2018 financial year, no cases of discrimination were reported through the Iberostar Group Complaint Channel. There were also no human rights violations reported or confirmed through the Iberostar Group Complaint Channel.



Protocol against sexual and/or gender-based harassment

2.4

The Iberostar Group has a Protocol for cases of sexual and gender-based harassment, which reaffirms the company's commitment to launching a procedure of action in cases of sexual and gender-based harassment complaints. In addition, the Code of Ethics expressly rejects sexual and gender-based harassment.

The Protocol establishes that every worker has the right to privacy and dignity, including to protection from harassment based on gender, racial or ethnic origin, religion or beliefs, disability, age or sexual orientation, along with sexual and gender-based harassment. The Iberostar

Group has the responsibility of guaranteeing a work environment where sexual and gender-based harassment is both unacceptable and undesirable. Through the Protocol against sexual and/or gender-based harassment, the Iberostar Group undertakes to solve sexual and/or gender-based harassment problems within work relationships by establishing a method of preventing and quickly solving complaints related to sexual and/or gender-based harassment. This must include the due guarantees and take constitutional and labour-specific regulations into consideration, along with declarations related to fundamental workplace principles and rights.



Measures adopted to prevent corruption and bribery

2.5

The Iberostar Group is firmly committed to strictly complying with the law and acting ethically while providing its services, along with providing transparency in the widest sense of the word. The Iberostar Group rejects any form of corruption and defends the need to protect free and fair

competition within the market, as well as to ensure that public services operate with the highest level of objectivity and impartiality. In its rules, the Iberostar Group includes multiple situations related with corruption and bribery and establishes measures to prevent or address them:

Code of Ethics

Conflicts of interest: the Code of Ethics stipulates that if a conflict of interest occurs, the affected personnel must: (i) inform the Legal Department of this; (ii) abstain from becoming involved in decision-making that could affect the conflict; and (iii) act with loyalty to the Iberostar Group at all times.

Gifts and other privileges: according to the Code of Ethics, employees may not directly or indirectly receive, request or accept gifts, benefits or advantages of any kind from the executives, employees or personnel of another company, foundation or association in the context of their work. This is unless they have a symbolic value or are given as a gesture of courtesy, and as long as they do not condition the professionalism or independence of those who accept them. From the opposite perspective, it is also prohibited to directly or indirectly promise, offer or give remunerations, gifts, benefits, any types of advantages or other privileges to third parties.

Appropriate use of resources: all employees must properly and responsibly use the facilities and tools provided to them by the Group. They must not delete, harm, alter, remove or make inaccessible the Group's data, software or documents in any way.

Business opportunities: employees and people linked to them must not use business opportunities that by their nature correspond to the Group, for their own personal benefit.

Crime Prevention Programme:

The Crime Prevention Programme, implemented in Spain, establishes a regulatory framework to prevent corruption-related crime. It includes, among other documents, the Protocol on measures against corruption, bribery and influence trafficking, the Purchasing Protocol to prevent crimes of corruption between individuals and the Protocol against money laundering.

Protocol on measures against corruption, bribery and influence trafficking

The goal of this Protocol is to establish specific measures aimed at preventing and, in such a case, detecting and reacting to any form of public or private corruption. The provisions of the Protocol apply to all professionals within the Iberostar Group.

Purchasing Protocol to prevent crimes of corruption between individuals

The goal of this Protocol is to consolidate the extensive existing internal regulations on this topic and prevent behaviours that could entail an infringement of some precepts of the Penal Code.

Protocol against money laundering

The goal of this Protocol is to identify the main operations or activities that could be the object of this crime and which should be taken into account by professionals within the Iberostar Group. This Protocol establishes guidelines on the professional, administrative and financial relationships that the Group's representatives should maintain with individuals and legal entities. It also includes guidelines on topics including invoicing, payments and authorised payment methods, along with guidelines on the separation of functions between the people who authorise, pay and carry out accounting.

Prevention of unfair competition

Regarding the prevention of unfair competition and monopolistic practices that counteract free market competition, both the Code of Ethics and the Iberostar Group Compliance Programme stipulate strategies or practices that could be qualified as unfair competition and/or threaten free market competition.

The risk of corruption is addressed in the Iberostar Group's global risk map, among others. This risk is listed under the area of low probability and impact.

In the 2018 financial year, no cases of corruption were reported through the Iberostar Group Ethics Complaints Channel.





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Environment

The Iberostar Group is firmly committed to environmental protection through responsible tourism and developing initiatives that promote the sustainability of the planet. This commitment extends to defending the environment as a multidimensional and essential factor in the Group's policies, and which permeates the different activities and areas of the company. The Iberostar Group management model is based on the principles of the circular economy and its environmental management is centred on three main foundations: the conservation of the oceans, the fight against climate change and the preservation of biodiversity. The Group is also committed to continuously improving in these areas, to applying environmental criteria to grow its operations and to complying with the environmental legislation applicable in each and every one of the countries where it operates. To do that, the Iberostar Group, led by the Group's senior management, is working to consolidate an environmental policy. Actions related to the environment are centred mainly on hotels, given that it considers that area has the largest potential impact on the environment.

Defending the oceans:

the oceans, which make up more than 70% of the planet's surface, help regulate the climate and produce the largest amount of oxygen in our atmosphere. They are also a source of wealth and development and an important global economic tool. The Iberostar Group drives conservation through the "Wave of Change" movement, which promotes responsible seafood consumption, minimises the use of plastics to stop them from reaching the seas, creates partnerships with the scientific community and implements other actions to improve coastal health.

Fight against climate change:

climate change poses risks to the health and well-being of everyone, causes the acidification of seas and causes sea levels to rise. It also causes droughts and extreme weather phenomena, among other effects. To fight this, the Iberostar Group is putting procedures and policies into place that stipulate an efficient use of energy, water and other natural resources. It also works to buy locally, promote the use of renewable energy and raise awareness and educate on the environment and our natural heritage. It is creating spaces for dialogue and driving the respectful use of beaches and coastal areas.

Conservation of biodiversity:

the destruction of ecosystems, the excessive use of natural resources, global warming and pollution are the main threats to biodiversity. To contribute to preserving biodiversity, the Iberostar Group aims to prevent pollution at its source. It promotes the conservation of natural resources through waste-reduction practices, reuse and recycling. It also works to protect the local flora and fauna and raise awareness among its guests and employees over the importance of preserving them.

As a whole, the Iberostar Group believes that climate change is a decisive phenomenon that must be made an utmost priority and forcefully counteracted. That's why it is implementing actions centred around defending the environment, both as a precaution and from an active approach to protect and strengthen habitats that are already endangered. With these foundational approaches, the Group is casting a hopeful view towards a future with a more resilient, fair and sustainable planet. By joining forces now, the planet can become a more hospitable place for everyone in the future.







The “Wave of Change” movement

3.1

**“A movement
that promotes
sustainability
and helps protect
the planet”**

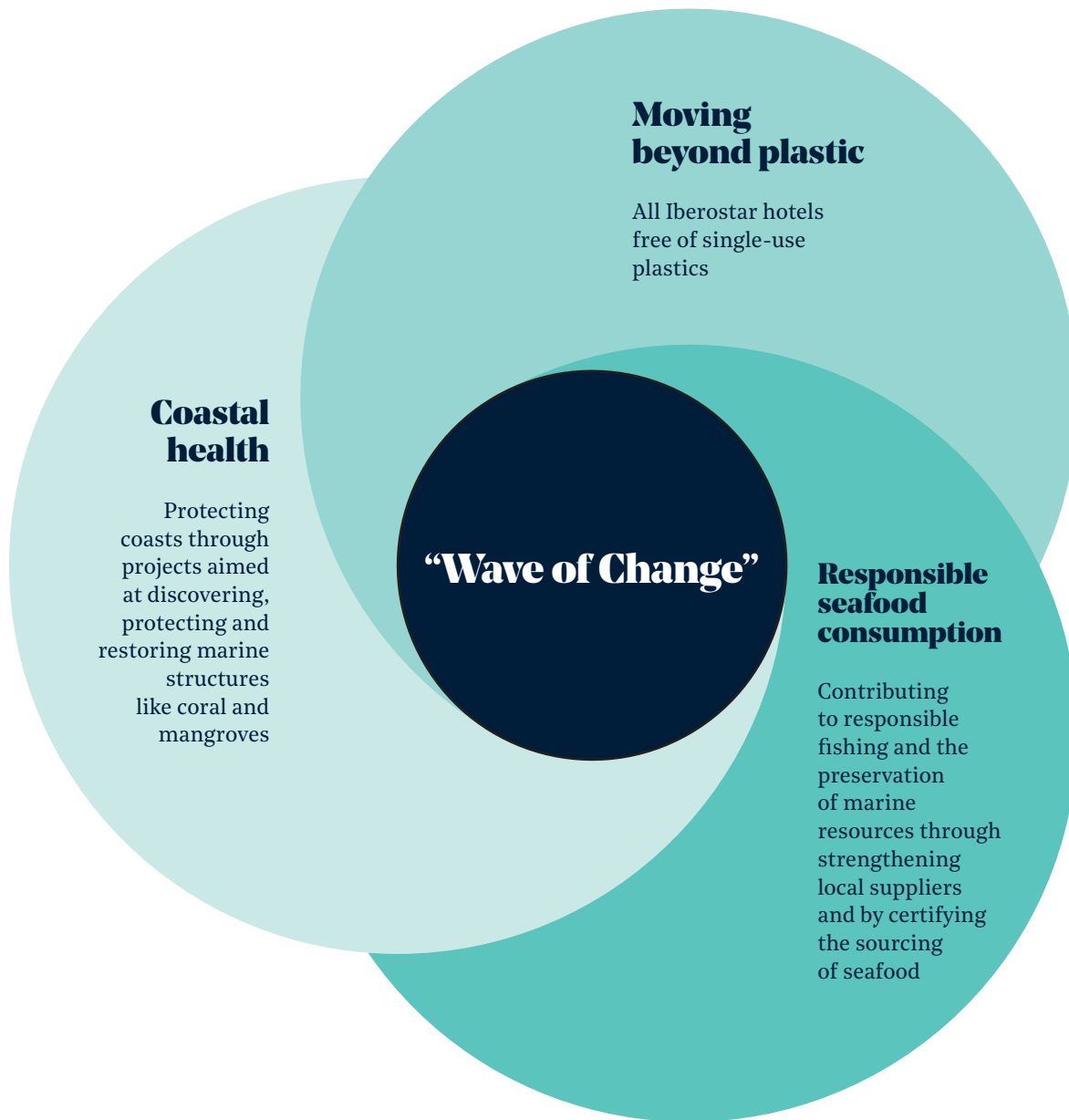
**“A movement
made reality
through
the actions
of people:
employees,
suppliers,
guests and other
stakeholders”**

As stated in section 1.5 of this Report, the “Wave of Change” movement is a fundamental pillar in the Iberostar Group’s sustainability strategy³. The movement is expanding throughout all areas of the company and becoming a true business philosophy: a way of steering and making

decisions. The initiative is designed to unite employees, guests, suppliers and society as a whole to work together to create an increasingly responsible tourism industry.

³ For more information on “Wave of Change”, see section 1.5 of this Report

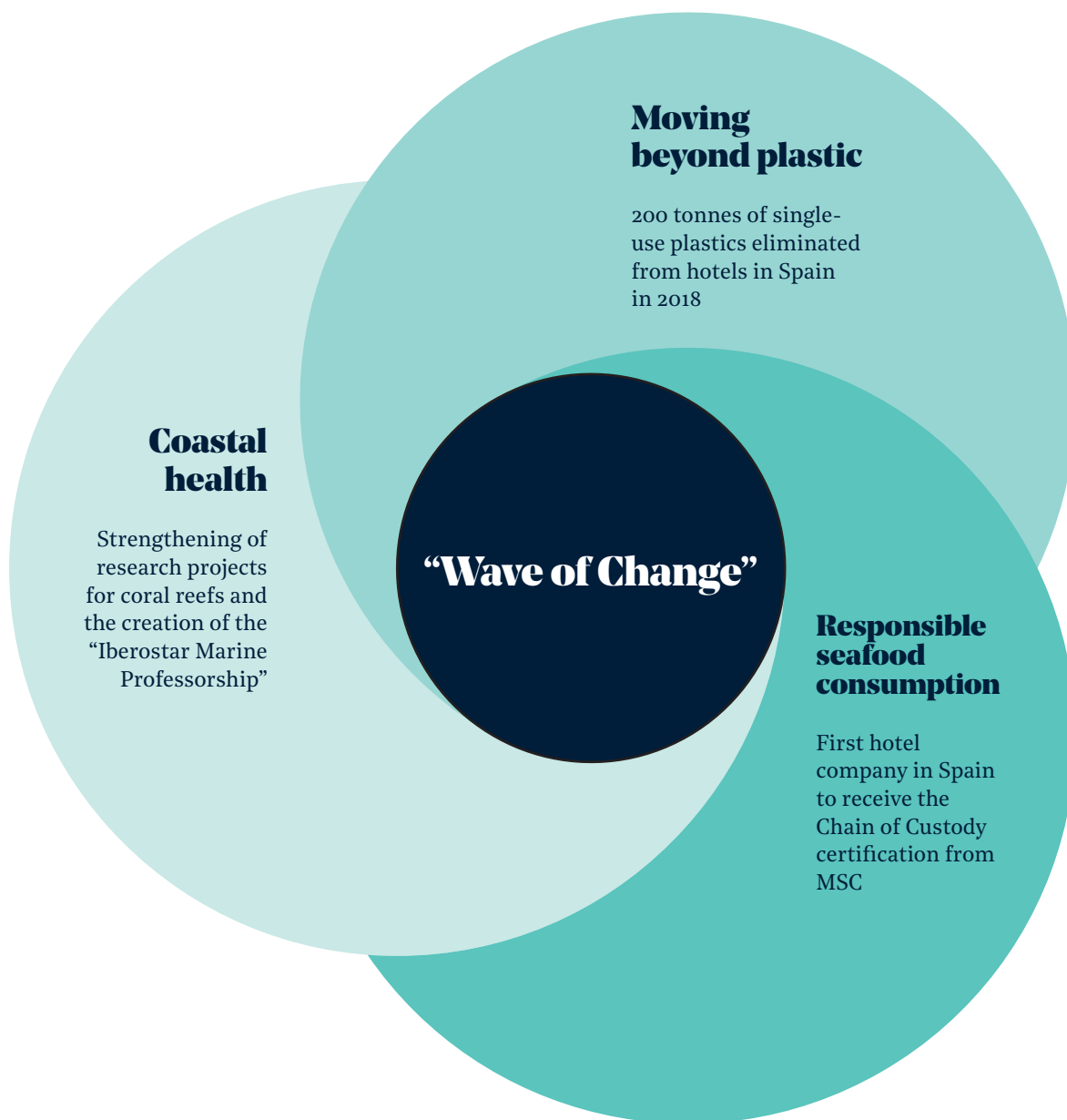
The following diagrams are a summary of WOC's three areas of action, their general objectives and the most remarkable milestones of 2018:



“Wave of Change”: general goals

The Iberostar Group is leading with a purpose and has become a reference in responsible tourism. One of Iberostar's pioneering initiatives is Wave of Change, which is based on three pillars: going beyond plastics, promoting the ever more responsible consumption of seafood and improving coastal health. Wave of Change was designed in accordance with Goals 12 and 14 of the Sustainable Development Goals (SDGs) established by the United Nations: “Sustainable consumption

and production” and “Marine life”, respectively. The oceans are home to more than 80% of life on the planet and Iberostar is committed to protecting them. Through the measures it has adopted, it is contributing to reducing greenhouse gas emissions. In addition, through measures aimed at stopping plastic use, it is contributing to reducing the greenhouse gas emissions that are created during the manufacturing and transportation of plastics.



“Wave of Change”: main actions in 2018

To bring to fruition the ambitious goals of the three “Wave of Change” lines of action, the Iberostar Group has taken many aspects into account, including creating solid partnerships and

selecting suppliers that guarantee environmental protection and carrying out actions that align with the movement’s goals and principles.

“Wave of Change” partnerships.

“Wave of Change” is a movement defined by its strength, values and its open commitment to the planet’s sustainability. From this viewpoint, the Iberostar Group is aware that the transformative potential of an initiative is not driven through exclusion. It is essential to join forces and build it together through the active

and multidimensional involvement of different stakeholders. “Wave of Change” is precisely that: an example of a collaborative project that creates a network of strong and complimentary partnerships. Below, we will show some of the organisations that participate in the “Wave of Change”:

“WAVE OF CHANGE” PARTNERSHIPS



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Considerations for suppliers in “Wave of Change”:

“Wave of Change” applies rigorous criteria in selecting new products, demanding internationally renowned certifications for products and requesting analyses and technical

data sheets while it carries out real tests of material's effects in waste treatment plants.

CERTIFICATIONS CONSIDERED IN “WAVE OF CHANGE”



Actions driven by “Wave of Change”:

The transformative potential of the “Wave of Change” movement is magnified through awareness-raising actions and education on the

oceans, with the biggest potential effect being the protection of these masses of water. Some of these actions are:

Actions to guarantee biodiversity

Awareness-raising and guest education actions

General information-spreading actions

Employee training actions

Actions to guarantee biodiversity



Coral nurseries in the Dominican Republic: two coral nurseries have been installed to be studied and regenerated, one in water and one on land. The goal is to put a solid coral restoration programme into action. For more information, see section 3.6.

Cleaning of beaches and oceans: The Iberostar Group carries out cleaning initiatives on beaches and oceans. It is worth noting, for example, the participation of yachtsman from the Sofia-Iberostar Tournament on the cleaning of beaches in the Balearic Islands. The Iberostar Group also contributed to the IV Grand Nationwide Sea Floor Cleaning in Majorca, and provided biodegradable bags made of potato starch for the activity.

Sea turtle conservation programmes: Caribbean hotels from the Iberostar Group carry out programmes for the protection and conservation of sea turtles by installing sea turtle sanctuaries that allow sea turtles to nest, give birth and reach the sea, and where they can be monitored. It also carries out awareness-raising and educational activities with guests about sea turtles.

Awareness-raising and guest education actions



Star Camp Programme: “Star Camp” is an activity programme for children offered in family hotels. It is based on the idea of learning through leisure and fun. Its starting block is the theory of multiple intelligences, which defends the development of intelligence through interactions and cooperation. The programme also promotes awareness-raising and educational activities related to marine habitats.

World Oceans Day: throughout the entire weekend of 8 June (World Oceans Days), the hotels in the Group staged a full range of fun and original activities to raise awareness over how to care for the oceans. Hotel lobbies were filled with murals marked with the fingerprints of guests and the beaches became art galleries filled with ocean-related shapes drawn in the sand.

World Fisheries Day: within the framework of World Fisheries Day (21 November), the Iberostar Group hosted two meetings of international renown at the Iberostar Cristina hotel: the network of Marine Protected Areas in the Mediterranean (MedPAN) and the marine-based biogeographical seminar on the Natura 2000 network. The main issues in these workshops included the role of protected marine areas and small-sized fisheries in the Mediterranean.

Communication actions



Reef Futures 2018: The Iberostar Group sponsored Reef Futures 2018, a symposium about the restoration of sea coral, held in Key Largo (Florida) in December 2018.

“Posidonia” Exhibition: The Iberostar Group, alongside Fundació Sa Nostra, sponsored the “Posidonia” exhibition in Palma de Mallorca. The goal of this exhibition was to raise awareness and educate on the importance of preserving the *posidonia oceanica*, an endemic species of Mediterranean sea grass.

FITUR: The Iberostar Group participated in the 2018 Feria Internacional de Turismo, (FITUR) (International Tourism Fair) in Madrid. It emphasised the sustainability of tourism complexes and awareness of the impact they have on ecosystems.

Employee training actions



Training for employees on “Wave of Change”: The Iberostar Group considers it essential that its employees and workers understand what “Wave of Change” is and its purpose. That is why it has developed training with the purpose of spreading the values of the movement, both from the operational and hotel perspectives, sending that wave beyond the workplace and promoting long-lasting and solid sustainability.

“Wave of Change” from the inside

“Wave of Change” marks a turning point for the company. It unfurls new standards and procedures and instils solid values that promote caring for the planet. Nonetheless, in order for the Wave to stay its course, it is essential for all employees to get involved. They will drive the movement on a daily basis through their work activities. They do this through actions that are directly related with the initiative, such as preparing responsibly sourced seafood, putting operations into practice that guarantee the elimination of single-use plastics or by raising awareness with guests.

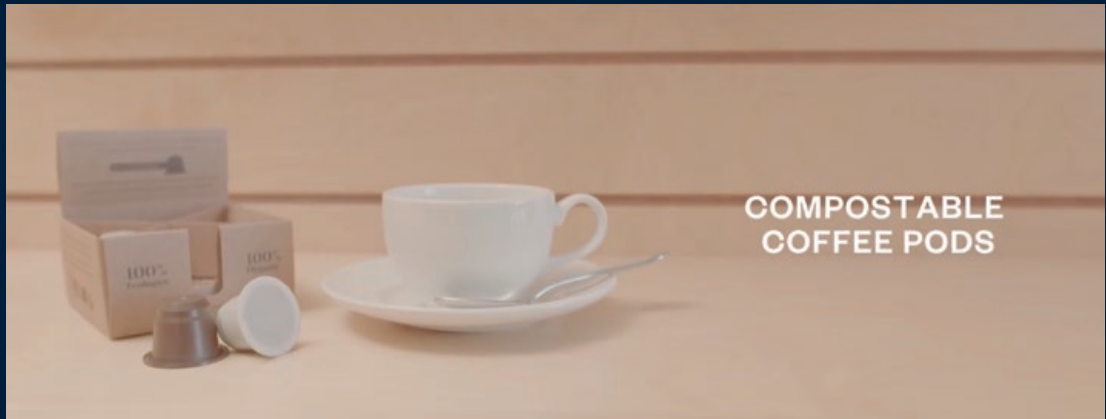
Likewise, the employees in the Group's hotels receive training on “Wave of Change”, which allows them to widen their knowledge on the movement and to take stronger and more comprehensive actions. In general, the goal of “Wave of Change” is to move beyond hotels and to promote sustainability as a key and multidimensional concept in the daily lives of employees and guests. The people, therefore, are the drivers of the “Wave of Change” movement. The people within the Iberostar Group make “Wave of Change” shine. In this sense, a specific “Wave of Change” training plan is being developed.



For me, “Wave of Change” is a major shift in the way we usually do things.



It means getting used to using sustainable products and helping the planet.



At first we complained, because it changed everything. But you get used to it and it's easy.



Internally, it has worked out well. Our guests and our staff have completely accepted it.



Ultimately, guests come to our hotels for an experience, and that encompasses absolutely everything.



It is also a really nice way to make an impression on our guests about how we, as a company, care about sustainability.

Presence at conferences

As part of the publicity activities for the “Wave of Change” movement, the Iberostar Group has participated in multiple conferences. The following are some of the most relevant:

CONFERENCES IN WHICH THE IBEROSTAR GROUP HAS PUBLICISED THE “WAVE OF CHANGE” MOVEMENT



Environmental management

3.2

The Iberostar Group recognises that humans should condition and limit their activities around the environment, but that it is also a competitive factor in the sector where it operates. Implementing environmental protection measures strengthens not only the natural environment, but also improves relationships with guests and benefits the economic sustainability of the Group in the long term. This is because a fundamental part of the value of its hotels comes from the natural environments where they are located.

The Iberostar Group's environmental management, which is based on three pillars (conserving the oceans, fighting climate change and preserving biodiversity), includes applying current policies, dedicating resources to risk prevention and obtaining environmental certifications for its establishments. These factors have been defined by the Group's senior management. This scope applies to Hospitality, Restaurant and Spa services. In addition, it establishes and manages processes that are essential for guaranteeing the effectiveness and continuous

improvement of its environmental management. The Iberostar Group applies the precautionary principle through its environmental policies, environmental management actions and the "Wave of Change" movement. This principle implies adopting a cautionary position, in which a lack of absolute scientific certainty should not justify not taking measures to protect the environment. The precautionary principle forms part of multiple international and domestic-level legal instruments, such as the 1992 Rio Declaration on Environment and Development.

Environmental management, first off, entails **planning**, in which the environmental factors that are key to the activity and services must be defined. I.e., those that could cause significant impacts to the environment. In addition, the planning process takes into account the legal environmental requirements, along with other requirements the organisation has agreed to. Subsequently, objectives and goals are established and the periods, resources and people set to carry out the actions are defined.

The second phase is the **implementation** of environmental management processes. For this, the Iberostar Group has benchmark procedures and tools. Specifically:

it pays special attention to waste management;

it controls its consumption and use of resources;

it limits and measures atmospheric emissions;

it ensures water quality in its facilities through control processes;

it carries out sound level measurements in its facilities;

it has a preventive and corrective plan for machinery in its hotels;

It has work instructions for the proper storage and handling of chemical and cleaning products;

it defines environmental action criteria applicable to suppliers and contractors.

The Group has also established actions to follow in situations of environmental emergency. It also takes different aspects like training employees and informing stakeholders into account, specifically customers, suppliers and contractors.

During the **verification** of the actions, it monitors and measures the objectives and goals in order to evaluate the completion rate of the planned actions. For example, it carries out a regular review of its legal compliance evaluation to ensure that it is always up to date. Other procedures also exist to detect anomalies and correct them.

Stages of the Iberostar Group’s environmental management



Environmental evaluation and certification procedures

3.2.1

The majority of the Iberostar Group's hotels have environmental certifications. Many hotels in Spain have ISO 14001:2015 and EMAS Regulation certifications. In addition, 8 hotels in the Group received ISO 14001:2015 certification in Spain in 2018.

Hotels in the Americas also have environmental certifications like Green Globe, EcoCheck and Green Key. We are working on increasing the number of hotels in this region with environmental certifications.

In 2018, the Iberostar Group also entered into an agreement in Spain with EarthCheck, an international sustainability certification

organisation that helps support the Group's sustainability commitments in the long term. It measures the company's operational performance in this area through on-site audits.

In 2019, this certification was given to 16 hotels in Spain. In 2019, this system was also implemented in hotels in the Americas that already had environmental certifications.

In addition, 26 hotels in the Group received the *Green Leader* recognition from TripAdvisor: 6 in the silver category, 11 in the gold category and 9 in the platinum category. This recognition demonstrates the Group's strong commitment to sustainable practices in the tourism environment.

IBEROSTAR GROUP CERTIFICATIONS (2018)

Certification		Number of certified hotels
ISO 14001:2015		31
Green Globe		10
Green Key		6
Travel Life		4
EMAS		3
Ecocheck		3

In turn, when it comes to designing and building hotels, the Iberostar Group respects the regulations applicable in those destinations, performs refurbishments in accordance with sustainable purchasing policies and applies sourcing standards that comply with certifications that demonstrate business ethics and environmental protection (FSC, Fair trade, EU Ecolabel certification, Energy Star USA and LEED, among others).

In addition, the Iberostar Group seeks solutions in the hotel design and refurbishment phases that respect the environment and are sustainable, thus guaranteeing construction systems and materials in the project that adapt to this concept.

It also carries out environmental studies, which form part of the execution of the design and construction projects for new hotels.

These include identifying flora and fauna and protected areas, among other measures.

The Group also has a master Civil Liability policy that covers liability in the case of sudden and accidental contamination and for damages to people, materials and associated harm.

The Iberostar Group Code of Ethics also carries the strong commitment to preserving the environment and respecting the local flora and fauna in all of the destinations where it operates. The Iberostar Group's care for the environment extends to the relationships that it maintains with employees, who must be aware of the environment's importance for the performance of their mission and the fulfilment of their business vision. While obeying the established values and principles, they should:

Be responsible and lead with their actions on a daily basis. This means respecting the environment, responsibly consuming resources, energy and water, avoiding the unnecessary creation of waste and promoting recycling.

Understand, respect and drive others to respect all of the environmental protection policies and commitments applicable to the Iberostar Group in general, and particularly to hotels.

Understand the environmental impact and respect environmental regulations applicable to their daily activities. To do this, it has established the necessary training and action plans.

Consider environmental impacts and risks as a factor when making decisions, including when selecting suppliers. In addition, it will select alternative options if they adequately respond to environmental efficiency criteria.

Waste management and the circular economy

3.3

The rational and responsible use of natural resources is an essential premise for the Iberostar Group. Given the size of the company, specific procedures and actions are essential for reducing the consumption of materials and minimising waste creation. In addition, the Group carries out the proper management of all types of waste through authorised managers and online through the legislation applicable to every country of operation, which promotes reuse and recycling. For this purpose, we provide our employees and suppliers with information and training on minimising and sorting waste and ask our guests to collaborate in ensuring proper waste management.

In 2018, our hotel activities produced approximately 44,400 tonnes of waste (estimate based on information provided by the different hotels). Of this waste, 99.2% was non-hazardous and non-specialised waste, mostly cardboard and paper, containers, glass, non-contaminated and organic waste. The most notable type of specialised waste was the used oil from the kitchens. Other special and hazardous wastes, generated in small quantities, were the containers that held paint and hazardous products, leftover paint and varnish, absorbent materials, batteries, some fluorescent lights, toners and leftover electric and electronic devices. In addition, debris and other waste generated during works and refurbishments were managed in accordance with the current legislation of each country and were removed to authorised landfills.

To strengthen the circular economy, the Iberostar Group is determined to eliminate single-use plastics, one of the three pillars of the “Wave of Change” movement. The different measures carried out allowed it to avoid more than 200 tonnes of plastic in hotel rooms in Spain; this plastic would have ended up in landfills or even



the sea. This measure was also a determining factor in increasing the environmental efficiency of the hotels, as it did not alter whatsoever the high quality of service offered to its guests, and on the other hand represented a significant reduction in natural resource consumption and waste generation. It also avoided the greenhouse gases that would have been released during the manufacture, transport and distribution phases of the plastics that were not used. The Iberostar Group's goal in 2019 is to eliminate single-use plastics from the common areas of all hotels in Spain and to eliminate single-use plastics from all hotel rooms in all other countries. The goal for 2020 is to definitively eliminate single-use plastics from all Iberostar Group hotels.

On the other hand, in 2018, the Iberostar Group adhered to the European Strategy for Plastics. This strategy consists of voluntary commitments by businesses to reduce plastic consumption and to implement measures to replace traditional plastics with recyclable plastic. The Iberostar Group is the first hospitality sector company in the whole of Europe to adhere to the strategy, and is one of over 70 European businesses and industrial associations that form part of this initiative.

Actions to combat food waste

3.3.1

The Group's hotels work to reduce food waste in its restaurants and dining areas by planning meals based on forecasted occupancy and taking historical consumption data from its restaurants into account. In addition, it is working more and more toward innovative decision-making regarding resource management. In some hotels, new initiatives are being implemented to help curb food waste.

For example, the “Winnow” pilot Project was initiated in the Iberostar Cristina hotel in 2018, which monitored un-consumed foods by registering their weight and categorising them by type. This allowed it to implement actions to reduce waste. This project, as a whole, boosted the team's creativity.



Sustainable use of resources

3.4

The Iberostar group is aware of the impact its activities generate. Inadequate and inefficient use of natural resources, especially electricity and water, can lead to future situations of scarcity that could put in jeopardy the economic activity and well-being of the communities where the Group

operates. For this reason, it carries out rigorous resource use monitoring in all of its facilities. This monitoring allows it to optimise its resources and implement measures that promote environmental efficiency.

Water consumption

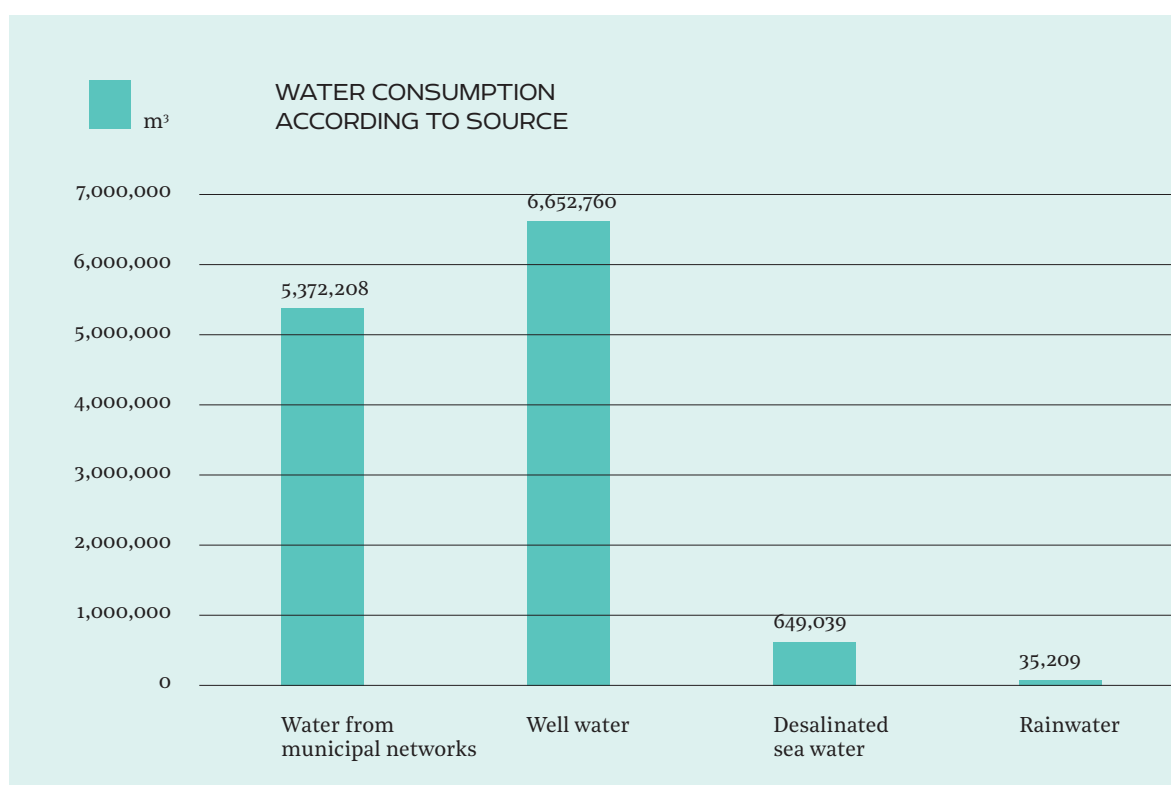
3.4.1

The Iberostar Group is aware of the value of our natural resources and understands the importance of our water resources, which are becoming continuously scarcer due to over-use by humans and their activities in different sectors. For this reason, the Group carries out exhaustive monitoring of consumption in all of its hotels, and can thus manage it more precisely and efficiently.

The specific measures to improve water-use efficiency include the use of water-saving taps, making use of rainwater, the desalination of seawater and centralising steam generation. A general example is the planting of our gardens with native plants, which adapt better to each

destination's climate and help optimise water use when watering the gardens. In addition, in the Dominican Republic, Mexico, Jamaica, Brazil, Cape Verde and Greece, we water our gardens with water that has been previously treated in wastewater purification centres. Also, in the Dominican Republic and Brazil, the large majority of the water we use to maintain our golf courses comes from wastewater purification centres.

In 2018, water consumption in our hotels came in at 12.7 million cubic metres, with 42.3% coming from municipal water networks, 52.3% coming from well water, 5.1% coming from desalinated sea water and 0.3% coming from rainwater.



On the other hand, the wastewater generated in the hotels are always sent through the most optimal system available in each country of operation.

In total, 69% of the hotels send their wastewater to purification centres, 28% send it to the sewer and sewage system of the country of operation, and 3% manage wastewater through septic tanks.

The wastewater our hotels generate is not dumped into standing bodies of water or the sea.

It is also worth noting that in 2018, the Iberostar Group built a wastewater purification centre in Montenegro to prevent wastewater from being dumped into the sea.

Energy consumption and energy efficiency

3.4.2

The Iberostar Group is raising energy efficiency in its hotels in order to improve environmental sustainability and offer guests a stay that is more comfortable and adapted to their needs.

For this reason, it has improved the monitoring of its consumption and efficiency for the majority of its processes in recent years.

These improvements are centred on changing old light fixtures for LED lighting and installing smart systems that allow improved heat regulation in rooms and common areas. This is along with other

measures, such as improving the lighting in the common areas and the general air conditioning systems of each hotel.

In addition, the hotel refurbishments are aimed at raising standards of comfort. In many cases, this means raising the hotel category from 4 to 5 stars, along with the resulting rise in occupational capacity and offered services.

The main actions in 2018 related with improving the hotels' energy efficiency, according to their types, were:

Passive systems

Improving building construction systems (coverings, closing mechanisms and sealings).

Update and improvement to passive duct, plumbing and heating and cooling systems.

Active systems

By bringing modernised and more efficient systems together with smart monitoring that adapts to on-demand consumption, we

greatly raised our facilities' efficiency and reduced energy consumption. The most relevant points are:

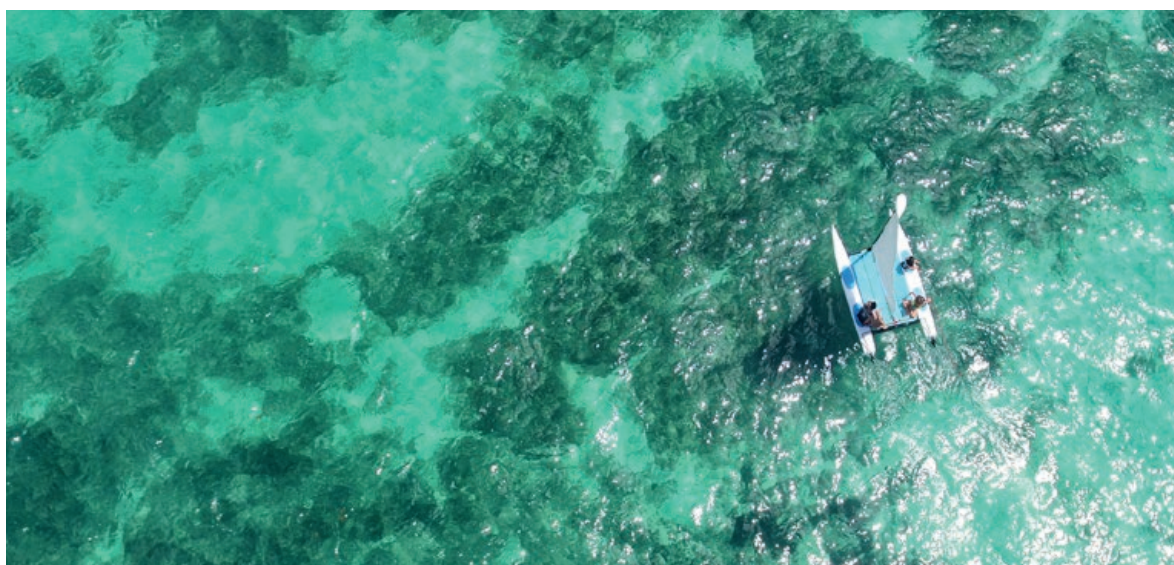
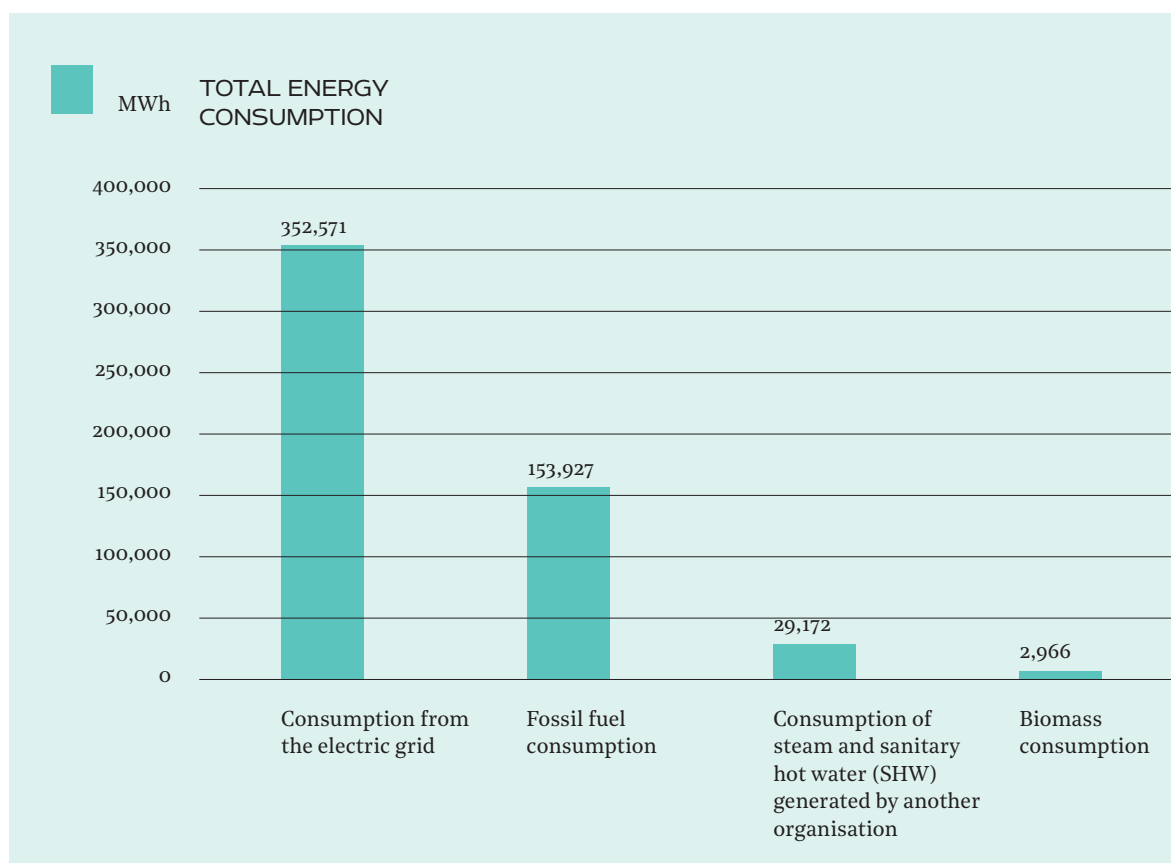
LED lighting: all of the lighting in the hotels refurbished in 2018 work 100% with LED bulbs, with much higher energy efficiency than previous ones (an improvement of around 70%).

Temperature control: more efficient systems for temperature-based comfort (heating or cooling of air, water, etc.) that allow the temperature to be adjusted according to demand, thanks to smart monitoring. These improvements were implemented mostly in common areas. In addition, in hotels in Mexico, magnetic levitation chillers (the most efficient system on the market) have been implemented for cooling needs.

Energy-saving measures were also implemented by modifying operational processes. Energy control teams were formed, and were tasked with evaluating consumption on a weekly basis, with responsibilities divided by area. They also began evaluating compliance with the defined action plans. These actions not only impact

electricity and gas consumption, but water consumption as well. Investments were also made in expanding electricity measurement and metering systems, allowing us to receive real-time data in the centres with the highest energy consumption and providing the necessary tools to make decisions and improve action plans.

The Iberostar Group's energy consumption in 2018 was as follows:



In addition, the Iberostar Group carries out different projects and actions to strengthen the use of renewable energy in its hotels, which also contributes to reducing greenhouse gas emissions.

It has specifically implemented energy decentralisation programmes with renewable and reusable energies, working with:

Biomass: implementation of pellet biomass boilers in five hotels in Spain (Iberostar Playa de Palma, Andalucía Playa, Marbella Coral Beach, Fuerteventura Palace and Lanzarote Park). In some of these hotels, thermal energy generation is used to heat the pools. Despite having been recently implemented, biomass consumption in hotels in Spain in 2018 represented 10% of the Group's fossil fuel consumption in Spain.

Solar panels to capture solar thermal energy in Iberostar Alcudia Park and in the Iberostar hotel complex in Brazil.

Reuse in the Iberostar Alcudia Park and Paseo de Gracia hotels, through systems that increase efficiency and apply leftover primary-use energy to secondary uses. For example, in Iberostar Alcudia Park, energy from the refrigeration system is used to heat the pool.

On the other hand, in Brazil in 2016, three-year electricity contracts were negotiated with clean energy sources. The agreement states that the energy supplied must be clean and have the corresponding certificates.

From 2019, clean energy electricity contracts are set to be signed for hotels in Mexico and for energy guaranteed as having renewably sourced energy for hotels in Spain.

In 2018, the Iberostar Group in Spain also moved to electric vehicles by installing charging stations for electric vehicles in the following centres:

Balearic Islands

Iberostar Alcudia Park

Iberostar Bahía de Palma

Iberostar Cristina

Iberostar Playa de Palma

Andalusia

Iberostar Andalucía Playa

Iberostar Marbella Coral Beach

Iberostar Royal Ándalus

Canary Islands

Iberostar Fuerteventura Palace

Iberostar Sábila

Iberostar Bouganville Playa

Electric vehicles are also available in the hotel complex in Brazil and in Iberostar Club Cala Barca. In addition, the vehicles used on the golf courses and in The Club are also electric.

It is worth pointing out that the Iberostar Grand Hotel Portals Nous in Majorca, opened in 2017,

received the *Best Sustainable Hotel* in Spain award and was named an *International Five Star Standard* hotel by *The International Hotel Awards*, as one of the best five-star hotels in the world. As a result, Grand Hotel Portal Nous stands out as an example in the sector of a hotel designed with environmental efficiency in mind.

Resources dedicated to improving energy efficiency

3.4.3

As explained in the previous section of this Report (section 3.4.2), the Iberostar Group has invested in this area and used the most recent technology on the market. In 2018, these investments amounted to more than 10 million euros. The majority of

these investments are related with the installation of LED lighting, improvements in the thermal insulation of buildings, the insulation of heating and cooling ducts and systems, and also systems to generate hot water with thermal solar panels.

Greenhouse gas emissions

3.5

We understand that we cannot manage what we cannot measure. That’s why, as a key action to move forward in fighting climate change, in 2018, the Iberostar Group worked to measure its greenhouse gas (GHG) emissions based on the *Corporate Accounting and Reporting Standard* and the *GHG Protocol Scope 2 Guidance* standards from *Greenhouse Gas Protocol* (GHG Protocol). GHG Protocol is an organisation formed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), with more than 20 years of experience working to develop frameworks to measure and manage GHG emissions.

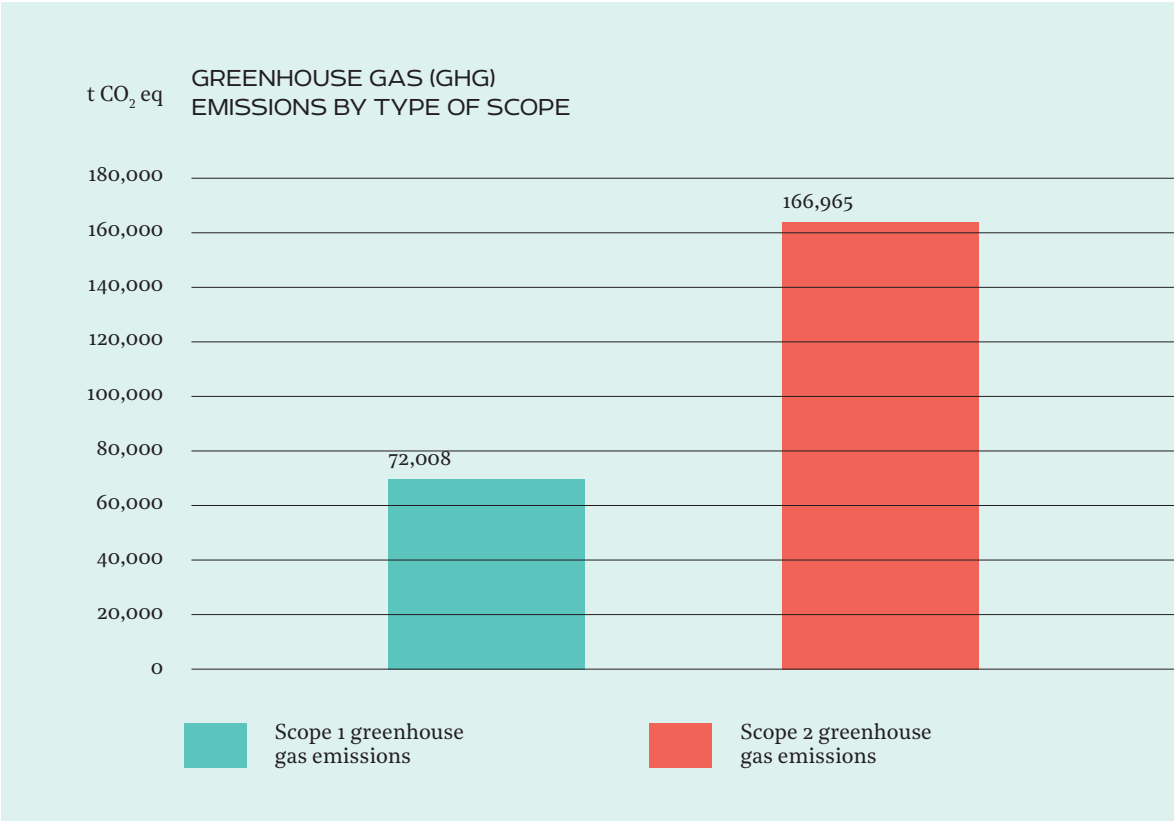
In line with this standard from GHG Protocol, in 2018, the Iberostar Group carried out a preliminary inventory of Scope 1 and Scope 2 greenhouse gas emissions (the concept of “Scope” allows us to differentiate between direct and indirect greenhouse gas emissions and avoid counting the emissions twice).

The Scope 1 GHGs emissions considered by the Iberostar Group are those generated in the

hotels and hotel complexes themselves through the consumption of fossil fuels and through the refrigeration gas emissions diffused by the cooling equipment. Consumption data for fossil fuels and refrigerant recharges in the cooling equipment were taken into account.

The Scope 2 GHG emissions taken into account by the Iberostar Group correspond to indirect GHG emissions generated through electricity consumption from the electrical grid and through purchases of steam and Sanitary Hot Water (SHW) from other organisations for use in the hotels. Steam and SHW purchasing from other organisations only took place in Mexico and the Dominican Republic.Scope 2 GHG emissions associated with electricity consumption were calculated in accordance with the location-based method, i.e. by taking GHG emissions into account in proportion to the electricity mix of each country. The proportion of GHG emissions within the electricity mix of each country is calculated through data published by the International Energy Agency (*CO₂ Emissions from Fuel Combustion 2018*).

The following Scope 1 and 2 GHG emissions were associated with hotel activities in 2018:



If we take into account the certificates for the clean-sourced energy that in Brazil, the Scope 2 emissions fall by the equivalent of 2,581 tonnes of CO₂.

From the GHG emission data supplied by each hotel and destination, the Iberostar Group will work with different areas of the company to monitor changes in the GHG emission data inventory.

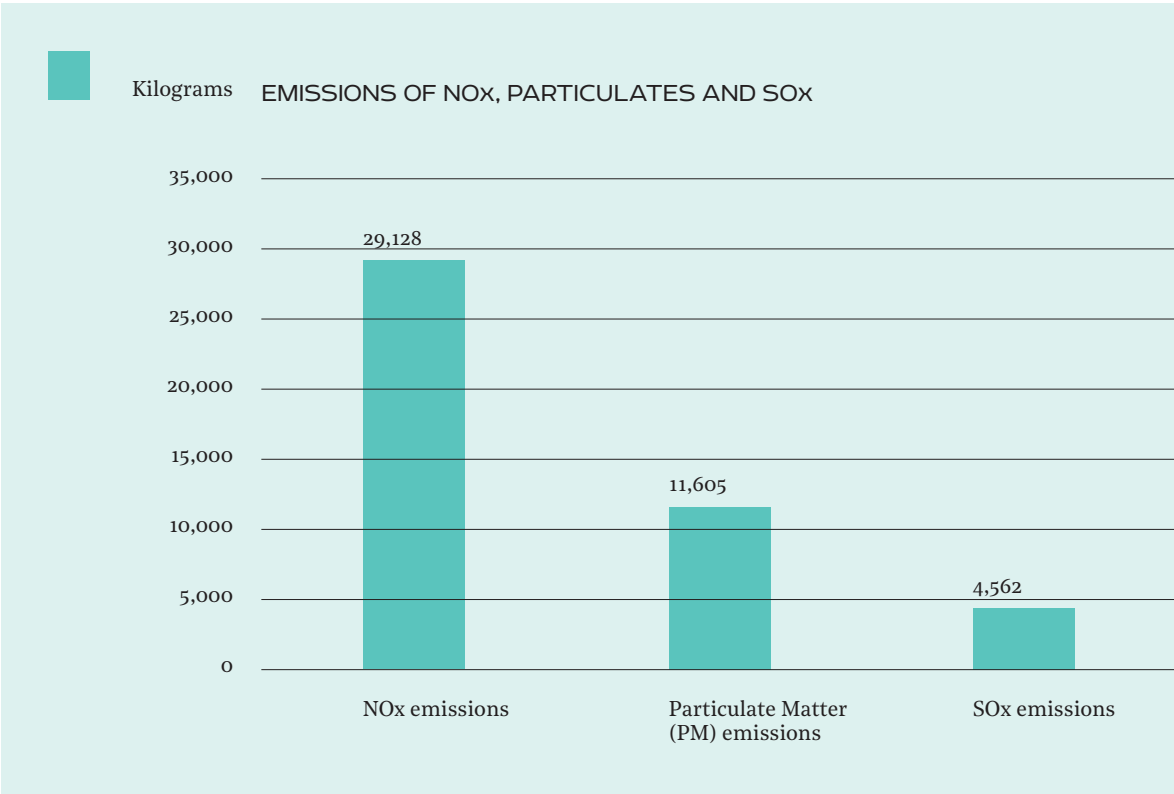
Reduction goals can then be established for GHG emissions, based on the registered change. Different measurements are analysed for that purpose, including existing ones regarding energy efficiency, in order to progressively achieve significant reductions.



Other atmospheric emissions

3.6

The Iberostar Group also monitors other atmospheric emissions, including all NOx, SOx and particulate matter (PM) emissions associated with fossil fuel consumption in its facilities. Taking each type of fossil fuel consumption into account, the number of kilograms emitted has been estimated. In 2018, those emissions were the following:



Protection of biodiversity

3.7

Many of the locations of the Iberostar Group's hotels stand out for the remarkable natural environment and biodiversity that surround them. Local flora and fauna are thus very valuable assets in these places, and conservation activities are essential in their preservation.

It is particularly important for the Iberostar Group to care for the beaches, coasts and oceans, given that many of the Group's hotels are located near seas, such as the Caribbean and the Mediterranean.

Iberostar Selection Paraíso Maya



Iberostar Albufera Park



Iberostar Punta Cana



The Group's efforts to preserve the biodiversity of these areas include a wide range of initiatives, like the protection of coral driven

by the “Wave of Change” movement, actions to ensure the conservation of sea turtles and the cleaning of beaches and the sea floor.

Coral nurseries in the Dominican Republic



One of the most remarkable actions of “Wave of Change” is the protection of corals. To promote this, the Iberostar Group is collaborating with experts in the field and is developing ambitious programmes to strengthen their preservation. One of these programmes is the research and communication initiative for the restoration of

coral reefs in the Dominican Republic.

At Iberostar Selection Bavaro, the Iberostar Group has constructed aquarium facilities and a technical room to conduct scientific research. These facilities include a laboratory that collaborates with the Institute of Marine Biology from the University of Hawaii, and its main goals are:

- 1 Scientific research:** in general, most of the efforts made in reef restoration are centred around a specific species and contain a few colonies of individual coral. The project, led by the Iberostar Group, researches the benefits of nurseries that are home to multiple individual coral colonies, given that diversity drives the capability to adapt to rising ocean temperatures. In this sense, the aquarium facilities hold compartments that can change the water to highly precise temperatures, which allow researchers to accurately simulate coral bleaching events.
- 2 A gene bank, protected from hurricanes:** hurricane damage is one of the largest threats to any coastal restoration project. Maintaining a land-based coral facility allows researchers to store a copy of the genotype for every type of coral growing in the water, as part of a land-based gene bank.
- 3 Awareness-raising and education on a local and global level:** The Iberostar Group has the unique opportunity to share scientific progress with a wide audience, through its facilities and guests. Therefore, the coral facilities in the Dominican Republic allow us to raise awareness and educate on these marine species. The nursery is also a meeting point for international collaborators and other initiatives with local NGOs.

Protection and conservation of sea turtles

Grupo Iberostar's hotels and other holiday destinations are committed to protecting and conserving sea turtles. This commitment can be seen through the turtle sanctuaries that allow

for the nesting, birth and release of sea turtles in different hotels in the Group, along with sea turtle conservation and monitoring programmes.

The Iberostar Group has programmes implemented in the following hotels:

Mexico

Iberostar Selection Cancún

Iberostar Playa Mita

Iberostar Playa Paraíso

Brazil

Iberostar Selection Praia Do Forte



The Iberostar Group collaborates in preserving sea turtles in the municipality of Solidaridad, Mexico

As part of its sea turtle conservation work, the Iberostar Group carries out training for employees and workers that is intended to raise awareness on the importance of protecting these species. It also carries out educational activities with guests when the season for releasing turtles comes around.



SANCTUARIES FOR TURTLE NESTING AND BIRTH IN IBEROSTAR GROUP HOTELS



Tips if you see a turtle arrive



Do not approach it.

Do not shine a light around it or take flash photos.

If you must walk along the beach at night for some reason, use a red or yellow filter on the flashlight and only light your pathway.

If you see an arrival, let hotel security know.

Obligations of the hotel during nesting season



Remove any object that could obstruct the path of the turtle and its babies.

Remove, redirect or modify any installation or equipment that reflects light onto the beach at night.

Avoid excessive noise at night.

Number of nests and released babies at Iberostar hotels in Mexico

Playa Mita				
	2014-2018	2017	2018	Monitoring area (km)
Nests	1,763	982	297	3.2
Babies released	110,970	57,233	16,635	

Playa Paraíso				
	2014-2018	2017	2018	Monitoring area (km)
Nests	2,150	982	231	5.8
Babies released	147,004	57,233	19,559	

Cancún				
	2014-2018	2017	2018	Monitoring area (km)
Nests	455	87	73	0.45
Babies released	30,861	6,898	7,234	

Number of nests and released babies at Iberostar hotels in Brazil

Iberostar Complejo Praia Do Forte		
	2006-2018	Monitoring area (km)
Nests	5,463	14
Babies released	329,229	



4.1

Jobs

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4.2

Work organisation
and measures to aid
work-life balance

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4.3

Health and safety

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4.4

Social affairs

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4.5

Training

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4.6

Equality and access
to employment

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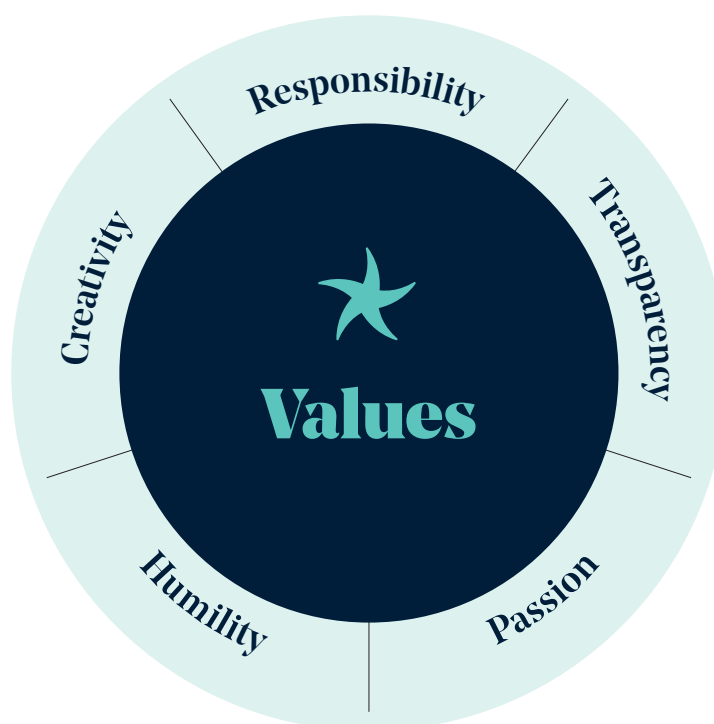
The people behind the Iberostar Group: a star team



Iberostar Group DNA

The Iberostar Group strives to receive the maximum involvement possible from all of its employees, in order to satisfy guests and strengthen a positive work environment that encourages professional growth. In all areas of work, we carry out improvement actions necessary to achieve the quality levels established by Management and driven by the

managers of every department. The Iberostar Group's philosophy is aimed at preserving and respecting the environment and personal health. This philosophy extends to employees and also encompasses a continuous investment in training, equality and personal development by driving and encouraging the professional and personal development of employees.



People who form part of the Iberostar Group make the company's excellent service and management possible. In their daily tasks, the employees transmit the Group's benchmark values by doing their work with professionalism and commitment, in groups which stand out for their collaboration and positive, proactive attitudes. We promote learning and individual appreciation, which helps each employee do their best and offers guests the best service and attention. At the same time, we protect workers by looking after their occupational health and safety and by promoting professional development.

In managing its talent, the Iberostar Group engages in responsible hiring and ethical personnel management. It understands that the people who work for the company are diverse and different, but together form a star team. We look for qualified

candidates with an entrepreneurial spirit and a drive to learn and grow professionally. The Group understands that its employees are the ones who offer one-of-a-kind experiences to guests and provide added value to guests and to stakeholders. The cohesion and coordination developed by this star team is what will build solid and long-lasting relationships. The Iberostar Group knows that it must keep the needs and expectations of its employees in mind, as they are the foundation of the know-how and spirit of this family company.

In turn, the Iberostar Group offers a stable environment to its workers within the framework of a company that strives to be a leader and to generate opportunities in different countries. Our employee selection process is vigorous and objective, and we guarantee confidentiality and equal opportunities among candidates.

Jobs

4.1

The Iberostar Group's workforce data presented in this section represents average values for employees in 2018. This data belongs to the Group and does not include hotel management staff.

This information pertains to Spain (including the hotels and the Iberostar Group headquarters), hotels from the Group around the world (excluding Spain) and World2Meet, Almundo.com and Iberoservice International.

Workforce in hotels in Spain and the Iberostar Group central headquarters

The following average workforce data table for the Iberostar Group in Spain for 2018 includes both the Group's hotels and the company headquarters.

The information is presented by gender, age, professional category and employment contract type (permanent, temporary and part-time contracts).

	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
Senior Management	34.11	9.37	33.53	9.37	0.58	0.00	0.00	0.00
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-34 years old	0.96	0.96	0.96	0.96	0.00	0.00	0.00	0.00
35-44 years old	10.79	3.91	10.79	3.91	0.00	0.00	0.00	0.00
45-54 years old	18.86	4.50	18.28	4.50	0.58	0.00	0.00	0.00
>55 years old	3.50	0.00	3.50	0.00	0.00	0.00	0.00	0.00
Management	64.14	33.10	58.27	29.42	5.87	3.68	0.10	0.83
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-34 years old	10.03	17.74	6.20	14.28	3.83	3.46	0.08	0.63
35-44 years old	24.67	13.00	23.18	13.00	1.49	0.00	0.00	0.20
45-54 years old	19.35	2.36	18.82	2.14	0.53	0.22	0.00	0.00
>55 years old	10.09	0.00	10.07	0.00	0.02	0.00	0.02	0.00
General Service Staff	2,293.25	2,224.53	1,589.03	1,568.25	704.22	658.89	47.05	160.20
<25 years old	165.09	168.52	53.49	59.90	111.61	108.62	10.71	11.53
25-34 years old	582.08	538.98	298.32	298.03	283.76	240.95	12.70	32.17
35-44 years old	741.84	740.64	559.54	558.48	182.30	182.16	12.11	71.75
45-54 years old	560.57	555.25	462.48	449.36	98.09	105.89	5.36	33.92
>55 years old	243.67	223.75	215.20	202.48	28.46	21.27	6.17	10.83
Total	2,391.50	2,269.61	1,680.83	1,607.04	710.67	662.57	47.15	161.03



Workforce in Iberostar Group hotels outside of Spain

The following average workforce data table for the Iberostar Group in 2018 includes the Group's hotels located outside of Spain. The information is presented by gender, age, professional category and employment contract type (permanent,

temporary and part-time contracts). The data used for this table is workforce data as of 31 December 2018, and this data has been calculated on an overall annual average.

	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
Senior Management	7.33	2.90	7.33	2.90	0.00	0.00	0.00	0.00
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-34 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35-44 years old	3.60	0.99	3.60	0.99	0.00	0.00	0.00	0.00
45-54 years old	3.73	1.00	3.73	1.00	0.00	0.00	0.00	0.00
>55 years old	0.00	0.91	0.00	0.91	0.00	0.00	0.00	0.00
Management	139.62	63.38	83.67	28.52	55.95	34.86	0.00	0.00
<25 years old	8.02	8.02	0.00	0.00	8.02	8.02	0.00	0.00
25-34 years old	23.32	16.55	7.29	3.60	16.03	12.95	0.00	0.00
35-44 years old	38.12	17.28	29.24	8.40	8.88	8.88	0.00	0.00
45-54 years old	54.18	19.53	31.16	14.52	23.02	5.01	0.00	0.00
>55 years old	15.98	2.00	15.98	2.00	0.00	0.00	0.00	0.00
General Service Staff	8,647.41	5,125.37	5,513.51	3,113.50	3,133.90	2,011.87	113.81	57.11
<25 years old	1,851.27	1,016.06	787.46	405.88	1,063.81	610.18	50.89	14.64
25-34 years old	3,457.19	2,121.34	2,035.35	1,195.84	1,421.84	925.50	41.33	33.93
35-44 years old	2,001.73	1,286.49	1,552.48	965.70	449.25	320.79	11.58	8.54
45-54 years old	1,018.76	582.87	861.31	456.47	157.45	126.40	10.01	0.00
>55 years old	318.46	118.61	276.91	89.61	41.55	29.00	0.00	0.00
Total	8,794.36	5,191.65	5,604.51	3,144.92	3,189.85	2,046.73	113.81	57.11

Workforce at Almundo.com, World2Meet and Iberoservice International

The following tables show average data for 2018 for the workforces of Almundo.com, World2Meet and Iberoservice International. The information

is presented by gender, age, professional category and employment contract type (permanent, temporary and part-time contracts).

Workforce of Almundo.com

	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
Management	46.00	12.00	46.00	12.00	0.00	0.00	3.00	0.00
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-34 years old	22.00	1.00	22.00	1.00	0.00	0.00	3.00	0.00
35-44 years old	18.00	10.00	18.00	10.00	0.00	0.00	0.00	0.00
45-54 years old	6.00	1.00	6.00	1.00	0.00	0.00	0.00	0.00
>55 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Service Staff	313.00	414.00	313.00	414.00	0.00	0.00	5.00	20.00
<25 years old	38.00	50.00	38.00	50.00	0.00	0.00	4.00	8.00
25-34 years old	191.00	276.00	191.00	276.00	0.00	0.00	0.00	8.00
35-44 years old	72.00	68.00	72.00	68.00	0.00	0.00	1.00	0.00
45-54 years old	11.00	17.00	11.00	17.00	0.00	0.00	0.00	3.00
>55 years old	1.00	3.00	1.00	3.00	0.00	0.00	0.00	1.00
Total	359.00	426.00	359.00	426.00	0.00	0.00	8.00	20.00

World2Meet Workforce

	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
Management	125.00	108.00	120.00	101.00	5.00	7.00	0.00	0.00
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-34 years old	25.00	20.00	23.00	18.00	2.00	2.00	0.00	0.00
35-44 years old	55.00	54.00	52.00	49.00	3.00	5.00	0.00	0.00
45-54 years old	33.00	27.00	33.00	27.00	0.00	0.00	0.00	0.00
>55 years old	12.00	7.00	12.00	7.00	0.00	0.00	0.00	0.00
General Service Staff	218.00	397.00	128.00	195.00	90.00	202.00	1.00	11.00
<25 years old	12.00	19.00	6.00	4.00	6.00	15.00	0.00	2.00
25-34 years old	94.00	122.00	50.00	58.00	44.00	64.00	1.00	1.00
35-44 years old	72.00	135.00	51.00	78.00	21.00	57.00	0.00	3.00
45-54 years old	31.00	88.00	17.00	44.00	14.00	44.00	0.00	4.00
>55 years old	9.00	33.00	4.00	11.00	5.00	22.00	0.00	1.00
Total	343.00	505.00	248.00	296.00	95.00	209.00	1.00	11.00

Iberoservice International Workforce

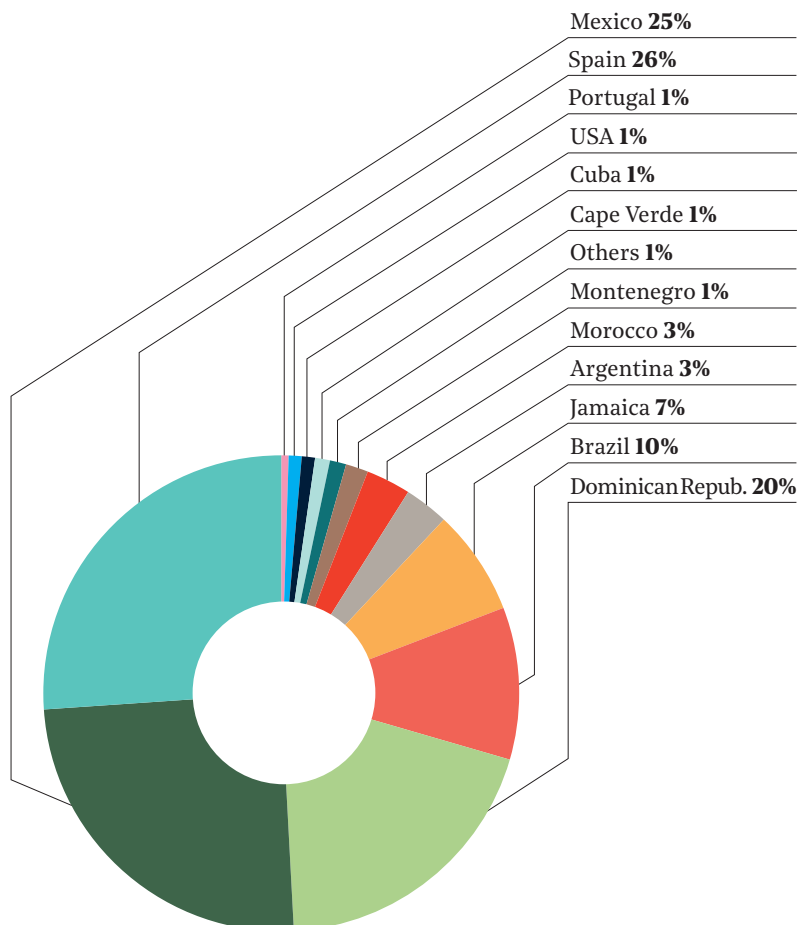
	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
Management	12.66	9.66	12.66	9.66	0.00	0.00	0.00	0.00
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25–34 years old	1.83	1.00	1.83	1.00	0.00	0.00	0.00	0.00
35–44 years old	6.83	2.83	6.83	2.83	0.00	0.00	0.00	0.00
45–54 years old	1.00	4.83	1.00	4.83	0.00	0.00	0.00	0.00
>55 years old	3.00	1.00	3.00	1.00	0.00	0.00	0.00	0.00
General Service Staff	85.91	69.08	85.91	69.08	0.00	0.00	0.00	0.00
<25 years old	0.83	0.83	0.83	0.83	0.00	0.00	0.00	0.00
25–34 years old	53.58	31.25	53.58	31.25	0.00	0.00	0.00	0.00
35–44 years old	5.67	14.00	5.67	14.00	0.00	0.00	0.00	0.00
45–54 years old	14.83	18.00	14.83	18.00	0.00	0.00	0.00	0.00
>55 years old	11.00	5.00	11.00	5.00	0.00	0.00	0.00	0.00
Total	98.57	78.74	98.57	78.74	0.00	0.00	0.00	0.00

Iberostar Group workforce by country of operation

The following graph shows the distribution of the Iberostar Group employees in accordance with their country of operation. It includes the employees of all Iberostar Group hotels on a global basis, plus those of the companies Almundo.com, World2Meet and Iberoservice International. The main countries of operation (according to the number of employees) are shown.

The category “Others” (1% of employees) includes the following countries: Andorra, Bulgaria, Colombia, Costa Rica, Dubai, Egypt, Hungary, Malta, The Netherlands, Thailand, Tunisia, Turkey and Uruguay.

DISTRIBUTION OF EMPLOYEES
BY COUNTRY OF OPERATION



Average salaries

The remuneration of the Iberostar Group employees presented below considers the average salaries of 2018 (in euros) and includes the employees of all the Group's

hotels around the world, from the Iberostar Group headquarters, and from Almunido.com, World2Meet and Iberoservice International.

Iberostar Group salary by professional category and sex (€)

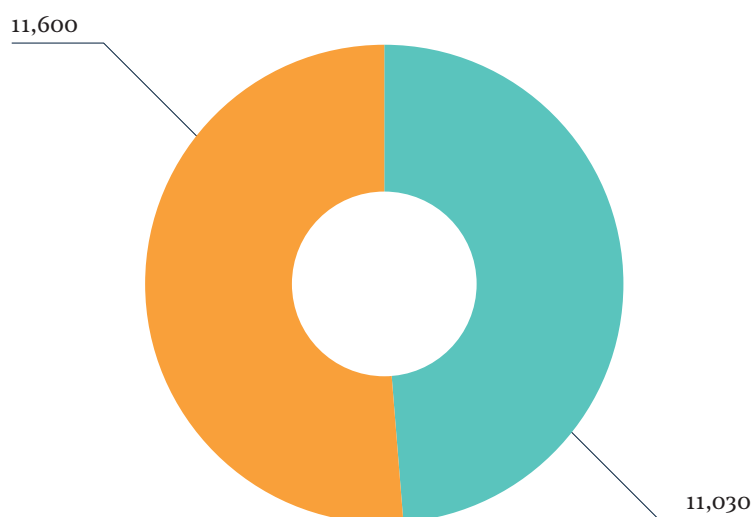


Average salary includes fixed and variable remuneration, per diem expenses, compensation, payment into long-term savings programmes and any other earned income. The average salary of female Iberostar Group employees is €96,450 for the Senior Management category, €38,072 for the Management category, and €10,500 for General Services Staff.

The average salary of male Iberostar Group employees is €168,209 for the Senior Management category, €46,256 for the Management category, and €9,168 for General Services Staff.¹

On a global level, the average Iberostar Group salary for female employees is €11,710 and €11,124 for male employees.

IBEROSTAR GROUP
AVERAGE SALARY (€)



The salary gap between Iberostar Group employees is -5.2%, which is calculated by subtracting the average salary of female employees from that of male employees and dividing the result by

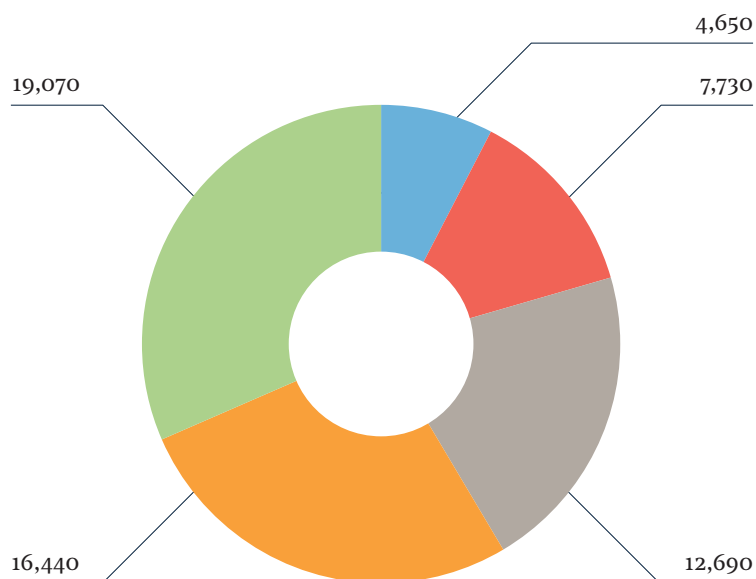
the average salary of male employees. That is to say, throughout the entire Group **the average salary of female employees is 5.2% higher** than that of the average salary of male employees.

⁽¹⁾ The "Senior Management" category salary is average salary, including variable remuneration, per diem expenses, compensation, payment into long-term savings programmes and any other earned income.

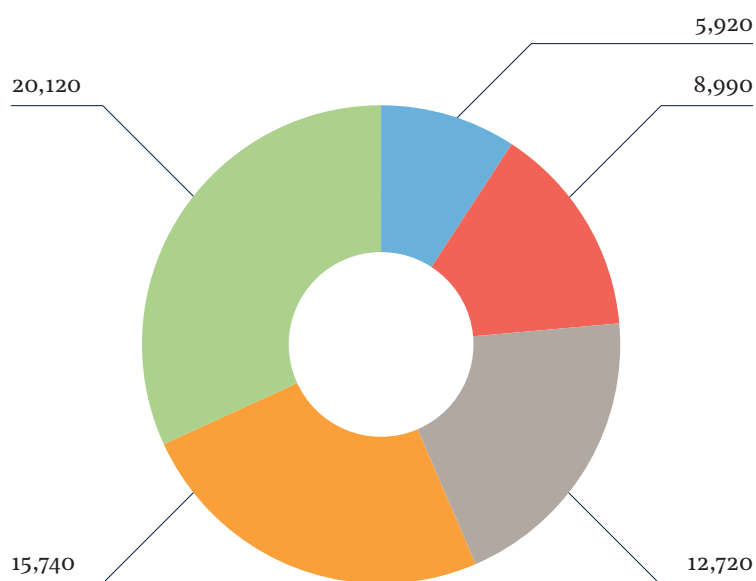
Iberostar Group salary by age group and sex (€)

- < 25 years
- 25–34 years old
- 35–44 years old
- 45–54 years old
- > 55 years

AVERAGE SALARY OF MALE
EMPLOYEES BY AGE (€)



AVERAGE SALARY OF FEMALE
EMPLOYEES BY AGE (€)



Dismissals in 2018

The number of dismissals by sex, age and professional category is outlined below:

	< 25 years	25-34 years old	35-44 years old	45-54 years old	> 55 years	Total
Total	69	209	163	78	31	550
Senior Management	0	0	1	0	0	1
Women	0	0	1	0	0	1
Men	0	0	0	0	0	0
Management	0	2	15	6	0	23
Women	0	0	6	4	0	10
Men	0	2	9	2	0	13
General Service Staff	69	207	147	72	31	526
Women	27	103	68	37	21	256
Men	42	104	79	35	10	270



Work organisation and measures to aid work-life balance

4.2

With regard to work-life balance and the organisation of working time, the Iberostar Group applies the provisions set forth in the collective agreements that are applicable in each region of operation, in addition to the legislation established in the countries where the Group operates. Furthermore, the Iberostar Group implements specific measures to enable balance between work and the personal and family life of its employees.

For example, measures such as monthly hours to accompany minor children to specialist medical visits have been implemented in some of the Group's hotels in Spain. What's more, requests for voluntary international job mobility for the care of dependent individuals are handled and processed. In addition, reductions to working hours due to legal guardianship are accepted and all days of paid leave regulated under applicable collective agreements are granted.



Right to disconnect policies

As a general rule, the Group has not implemented a right to disconnect policy. Taking into account the nature of the activity carried out by the large majority of Group employees, many do not possess company devices, such as a company

telephone or computer, via which they could be contacted outside of working hours. For this reason, the Group considers that the employees' right to disconnect is widely guaranteed.

Health and safety

4.3

The health and safety of workers is a priority for the Iberostar Group and it is constantly working towards developments in this area. Respect for dignity, non-discrimination, safety, protection and the promotion of workers' health is implicit in the Group's corporate ethics.

With this in mind, efforts are focused both on risk prevention and workplace health promotion. In this field, the Iberostar Group Healthy Company project and the Occupational Risk Prevention Plan constitute two of the most important processes.

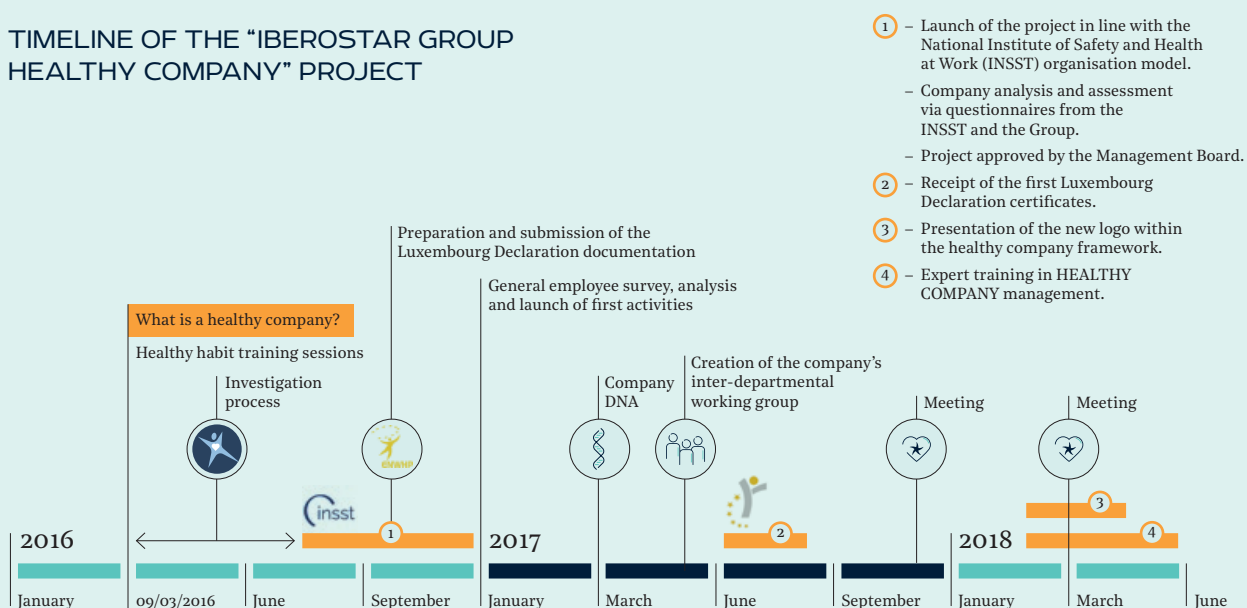
Workplace Health Promotion Project: Iberostar Group Healthy Company



The Iberostar Group has been part of the European Network for Workplace Health Promotion since 2017. The Group promotes workplace health by means of the Iberostar Group Healthy Company project and through its signing of the Luxembourg Declaration of 1997. This document outlines the basic strategies and framework for ensuring the good management of workers' health. The Iberostar Group Healthy Company project encompasses the creation of a Workplace Health Promotion Group (WHPG), formed by members of the Iberostar Group Occupational Risk Prevention (ORP) Service, as responsible parties, and by workers belonging to various

company departments, as collaborating parties. In addition, the Group works with other internal and external collaborators who intervene in specific ORP measures and help to organise and give training sessions. All the individuals involved in the various phases of the process, from the design to evaluation phases, promote collaborative decision-making to ensure that the project is in line with the company's DNA. Furthermore, as part of this plan, Occupational Health and Safety assessments are conducted at the company, with the purpose of detecting risks and areas for improvement.

TIMELINE OF THE "IBEROSTAR GROUP HEALTHY COMPANY" PROJECT



Likewise, a road map has been drawn up to include the United Nations Sustainable Development Goals, the Occupational Risk Prevention Law and

the National Institute of Safety and Health at Work (INSST) online promotion portal, putting special emphasis on the following four points:

CSR/Sustainability

Promoting responsible business practices and constantly implementing new management practices for sustainable work.

Health

Promoting the practice of healthy habits in the areas of diet, physical activities, mental health, tobacco prevention, alcohol and other drugs, and the prevention and control of diseases.

Personal development

Advocating the personal development of Iberostar Group employees through work-life balance, return to work assessment, work organisation and age management.

Occupational risk prevention

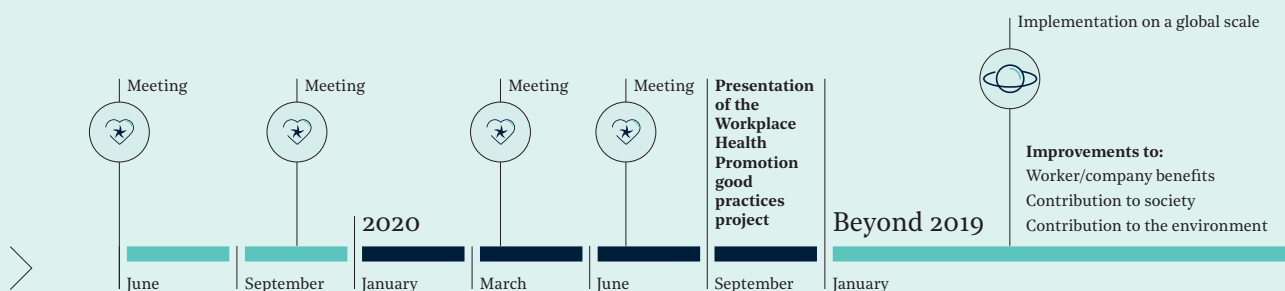
Protecting those employees who suffer from damages due to working conditions, by means of compliance with prevention regulations.

In particular, one of the activities that the Group organises with a view to improve the health of workers is training in the theory and practice of musculoskeletal disorder prevention. Here, workers are taught warm-up and stretching exercises that they can do during their working day. A total of 85% of the workers who took part in this activity saw a reduction in aches and pains in their daily routines.

Additionally, the Group also uses posters with diet recommendations to promote healthy eating to employees, in addition to offering promotions and

discounts on gyms and excursions. Notifications and ORP information is available to employees on the online portal.

At the same time, the Iberostar Group is working on a range of projects to meet the National Institute of Safety and Health at Work (INSST) criteria as a best practices company in workplace health promotion.





The Iberostar Group Occupational Risk Prevention Plan

Adequate prevention in the workplace allows for risk control, effective preventive measures and the detection of shortcomings that could lead to additional risks. To minimise the occupational health and safety risks that its workers are exposed to, the Iberostar Group has in place an Occupational Risk Prevention Plan that additionally encompasses the Iberostar Group Prevention Plan, and which was established in line with Occupational Risk Prevention regulations. The Occupational Risk Prevention policy is applicable to all workers and Group premises, and undertakes to ensure compliance with fundamental standards. These include having in place a policy with integrated and participative strategies, which prioritises the health and safety of individuals. This policy is available online on the Human Resources portal.

In the same regard, since 2001, the Iberostar Group companies in Spain have formed part of the Group's

"Joint Prevention Service". This management body was created with the purpose of preventing and avoiding occupational risks to workers. Among its main goals, the Prevention Service endeavours for all Iberostar Group companies to implement management strategies that promote an ongoing commitment to high health and safety standards in the workplace. In this way, the health and well-being of all individuals who work at the company is guaranteed.

The Iberostar Group's annual budget includes all the necessary activities in the field of Occupational Risk Prevention. Furthermore, the company structure encompasses an organisational management model to ensure prevention is intrinsic to all company activities and across all levels of hierarchy. The following are some of the elements included in this structure:

Prevention Service: this service assumes all functions and responsibilities under Prevention Law and Prevention Service Regulations.

Human Resources and Administration Department: this department assumes the task of implementing occupational risk prevention in company management strategies.

Workplace management teams and regional ORP coordinators: these positions ensure ORP policy is applied at ground level.

Iberostar Group workers can exercise their right to participate in occupational risk prevention-related matters through the Prevention Representatives and the Health and Safety Committee.

The Health and Safety Committee provides constant advice and information on the ORP actions taken by the company.

In line with the provisions set forth in article 2.2 of R.D. 39/1997, the main objectives of the prevention management system are as follows:

a / Prevent or minimise risks in order to reduce the workplace accident rate.	f / Cultivate a sense of responsibility towards prevention across all organisational levels.
b / Guarantee satisfactory health and safety standards in the workplace for workers.	g / Establish safety instructions, rules and procedures.
c / Cultivate and promote a culture of prevention in the workplace.	h / Collaborate with ORP bodies and institutions.
d / Incorporate prevention at all company levels.	i / Strive for greater efficacy in the coordination of the Prevention Service and in the workplace.
e / Provide training and information on ORP.	j / Work continuously to reduce the occupational accident rate.

What's more, compulsory Occupational Risk Prevention and Quality training sessions are organised in the hotels and headquarters in Spain, as required by law.

With regard to Work-related Diseases, during the year 2018, eight work-related diseases were diagnosed in Spain. All the cases concerned female employees; in seven cases,

sick leave was taken for the work-related disease and in one case it was not taken.

In the year 2018, there was a total of 1,059 occupational accidents with sick leave at Iberostar Group hotels, with 55% of cases located in Spain. This data includes accidents during travel to and from work.

Number of accidents (including travel to and from work)		
Total	Women	Men
1,059	533	526

The accident frequency rate in Spain in 2018 is shown below.

Accident frequency rate (including travel to and from work)		
Total	Women	Men
70.1	75.9	64.7

The severity rate of accidents that occurred in 2018 throughout the whole of Spain (including accidents during travel to and from work) was 1.5. At the moment it is not possible to provide a breakdown of the severity rate for men and women, as there is no record of working days

lost categorised by sex. Neither is it possible to provide severity and frequency rates for other countries, given that there are no comparable data to the management criteria in place for occupational risk prevention in Spain.

The following formulas are used to calculate accident severity and frequency rates:

$$\text{Frequency rate} = \frac{\text{Accident with sick leave}}{\text{Number of hours worked}} \times 10^6$$

$$\text{Severity rate} = \frac{\text{Number of working days lost due to accident}}{\text{Number of hours worked}} \times 10^3$$

The total number of hours lost due to work absence in 2018 was 1,131,428.36.

Social affairs

4.4

The Iberostar Group holds various collective agreements and complies with the provisions set forth in the legislation of the countries in which it operates. In Brazil, for example, all personnel are covered by a collective agreement. There are two collective agreements: one for the hotel staff and another for the Sales Department. In the Dominican Republic, the Collective Agreement for Workers and Hoteliers covers the entire hotel workforce. In Morocco, Tunisia, Montenegro, Greece and Portugal all workers are covered by collective agreements. At Almundo.com in Argentina, Collective Workers' Agreement 547/08 on tourism activities is applicable. In Spain, the regional collective agreement and the State Labour Agreement for the Hospitality Sector (ALEH) is applicable. The following are some of the regional collective agreements that are applicable in Spain:

Collective Agreement for the Hospitality Sector in the Balearic Islands, applicable in all Balearic Island hotels and the Head Office.

Collective Labour Agreement on a state level for the travel agency sector, applicable to the Head Office.

Collective Agreement for the Hospitality Sector in the province of Santa Cruz, Tenerife.

Collective Agreement for the Hospitality Sector in Las Palmas.

Collective Agreement for Accommodation in the Community of Madrid.

Collective Agreement for the Hospitality Industry Sector of Huelva.

Collective Agreement for the Hospitality Sector of Cádiz.

Collective Agreement for the Hospitality Sector of Málaga.

Interprovincial Collective Agreement for the Hospitality Industry and Tourism Sector of Catalonia.



In complement to the above, all hotels in Spain have a Workers' Committee except the following hotels: Iberostar Paseo de Gracia, Iberostar Grand Portal Nous, Hotel Cartago, Hotel San Miguel, Hotel Ole Galeón and Iberostar Las Letras. Article 64 of the Workers' Statute sets forth the rights of Workers' Committees (for example, the right to information and consultation on employment situations, plus company and workplace structures).

Training

4.5

The Iberostar Group takes various measures in the field of training with a view to further the professional development of its employees and their performance in the workplace. Training is considered a key factor to be able to offer a service that is renowned for its quality and excellence.

The training sessions that the Iberostar Group organises focus on two main aspects. On the one hand, training is offered to employees in the values and general activities of the Group. On the other, training with a focus on the various company branches and departments is given in order to develop specific skills and abilities that employees can use in their everyday work.

In Spain, employees can take online training on the Iberostar University platform. Furthermore, in 2018, the Group implemented a training plan in its hotels in Spain and at the Head Office. These plans included training needs surveys and meetings with advisers and hotel directors. Training schemes were drawn up using the

results from these surveys and the Head Office published the available training sessions on the communication portal. Likewise, the Iberostar Group, together with other hotel groups, is a council partner of the JSF Travel & Tourism Business School. In addition to collaborating with the school, the Iberostar Group also helps to promote professional development.

In other companies belonging to the Group, various other training plans were put in place for employees. For example, Almundo.com has in place a Training Policy that is aligned with three different areas of interest (management tools, languages, development technologies, etc.). The objective of this policy is to generate value for the company by means of knowledge acquisition.

In 2018, the Iberostar Group employees took part in a total of 241,879 hours of training (these hours do not include training carried out in Cuba or Almundo.com). The distribution of training hours by professional category is as follows:

Number of training hours	
Management	3,870
General Service Staff	238,009
Total	241,879

Equality and access to employment

4.6

The Iberostar Group strives to ensure equal opportunities and pluralism and diversity in the workplace, in addition to enabling access to employment for underrepresented groups. Likewise, the Group promotes gender equality and forbids all types of manifestation or behaviour in the work environment that intimidates or offends the dignity or personal rights of collaborators. The Group's Code of Ethics guarantees respect for human rights in the workplace and does not tolerate discrimination on the grounds of national origin, social origin, age, sex, civil status, sexual orientation, ideology, political opinions, religion or any other condition. Furthermore, the Group is working on updates to the Equality Plan in Spain, in accordance with the latest amendments to current applicable legislation.

On the other hand, the Iberostar Group enables access to employment positions in Iberostar Group workplaces for people with disabilities, and promotes their integration in the performance of daily tasks. Likewise, the Iberostar Group enables access to employment via job offers that the Group publishes. At present, the Iberostar Group workforce, both in hotels and other company centres, includes disabled persons.

In 2018, there were 182 Iberostar Group employees with some type of recognised disability. A strict protocol is followed during the hiring process for people with disabilities to ensure that employees with disabilities can integrate fully into their position in the workplace. Before starting the hiring process, a meeting with the parties involved (corresponding management department, candidate with disabilities and the Inclusion Worker) is held. In this meeting, the responsibilities of the job vacancy are explained and the parties will plan for any needs the candidate may have in order to perform their tasks. Once the



employment relationship has been established, the person with disability is guided and accompanied by the Inclusion Worker, who is external to Iberostar and normally belongs to an NGO or a not-for-profit organisation. The Inclusion Worker is responsible for ensuring that the new employee's needs are met and that they can carry out their tasks in their position. What's more, the Iberostar Group has assigned a Mentor to each department, who helps to onboard the employee with a disability in the tasks they must carry out. In this way, colleagues of the employee with disabilities are made aware of their situation so they can pay special attention to their needs. Additionally, the Management of the workplace follows up with the Mentor in question to ensure the success of the employment relationship over time.

Likewise, the Iberostar Group Prevention Service completes a risk assessment report of the workplace for vulnerable personnel with disabilities and takes measures to adapt the workplace where necessary. Finally, it is worthy of mention that all hotels in Spain comply with the Technical Building Code in terms of accessibility. All hotels that have been recently refurbished do not have any physical barriers.







The Iberostar Group's commitment to human rights



The Iberostar Group is firmly committed to respecting and promoting human rights in all of the countries in which it operates, in addition to complying strictly with the law of such countries. The topic of human rights is of great importance to Upper Management, employees, business partners, clients, governments and local communities. The Group strives to promote human rights, both inside and outside of its hotels. There are both internal and external regulations and bodies that form a consistent framework to ensure that all

Group activities are undertaken ethically. The main ones are: the Iberostar Group Code of Ethics, the Iberostar Group Protocol for the Prevention of Prostitution Exploitation, the ECPAT Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism, which the Iberostar Group joined in 2011, the Global Code of Ethics for Tourism of the World Tourism Organization (WTO), which the Iberostar Group joined in 2011, and the UN Global Compact, which the Iberostar Group joined in 2016.

The Iberostar Group Code of Ethics: promoting and guaranteeing the protection of human rights is one of the Iberostar Group principles and as such is reflected in the Group's Code of Ethics. The Iberostar Group undertakes to respect, defend and promote the protection of fundamental human rights and public freedoms as recognised in the Universal Declaration of Human Rights and, in particular, the rights of children and adolescents and to not dispute, deter and condemn any form of exploitation of human beings.

Protocol for the Prevention of Prostitution Exploitation: this Iberostar Group protocol was created within the framework of the Crime Prevention Programme (see section 2.5 of this report), with a view to prevent criminal conduct as set forth in the Penal Code, related to the exploitation of prostitution. In particular, the aim of this protocol is to prevent the prostitution and corruption of minors and to put into place prevention measures.

The ECPAT Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism: the mission of ECPAT (which stands for End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) is to put a stop to the sexual exploitation of children in tourism. It focuses on gaining better insight into the problem through research and prioritising the needs of children who are victims of sexual exploitation. The ECPAT Code of Conduct is an initiative that encompasses a range of sectors and aims to raise awareness and provide tools and support to the tourism industry in the fight against the sexual exploitation of children and adolescents. For more information visit: <http://www.thecode.org>.

In line with the ECPAT mission, in 2017 the Iberostar Group took part in the creation of a video about the risks of the sexual exploitation of minors in hotels, in collaboration with other Majorcan hotel chains, the support of ECPAT and the Federation of Associations for the Prevention of Child Abuse (FAPMI). This video, aimed at employees and collaborators, intends to raise awareness on the importance of reporting the possible sexual exploitation of children and adolescents. On the basis of this video, the Iberostar Group has provided induction training for hotel staff, above all in the destinations that present the greatest risks.

Furthermore, the Iberostar Group provides specific training in its hotels, focusing on those in the Dominican Republic and Mexico given the risks of these countries in this regard. All of this is in line with the Group's efforts to

comply with ECPAT guidelines. In Mexico, all new employees took part in a training session in which a large part of the content is related to ECPAT. Furthermore, in the Dominican Republic in 2018, more than 700 hours of training sessions were held specifically about the prevention of the sexual exploitation of children in tourism.





Photographs taken at the ECPAT training sessions organised by the Iberostar Group in the Dominican Republic

The Global Code of Ethics for Tourism of the WTO: as a signatory to the Global Code of Ethics for Tourism, the Iberostar Group undertakes to comply with the ten principles of the Code, which encompass economical, social, cultural and environmental aspects related to the travel and tourism industry.

The UN Global Compact: as a member of the UN Global Compact, the Iberostar Group strives to adopt, support and enact a series of fundamental values in the fields of human rights, labour regulations, the environment and the prevention of corruption.

In this same vein, the Group is working to establish a human rights policy in line with the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organisation (ILO) Declaration on the Fundamental Principles and Rights at Work.

Through this human rights policy, the Group's aim is to focus on three main fields of action: labour rights, the rights of children and development in local communities.

On the other hand, no areas of activity or operations with risks to the freedom of association and collective bargaining were detected at a company level or with regard to suppliers and distributors.







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The Iberostar Group's commitment to local communities

6.1

Just like everywhere in the world, the destinations where the Iberostar Group operates are brimming with culture and tradition. The Group is aware of this and undertakes to preserve the social and cultural identity of the communities that welcome its presence. In order to do so, the Group supports these populations by including them in both the various activities the company undertakes and in the Iberostar Foundation contributions and actions. What's more, the

Group works with a carefully selected group of providers and promotes the "Wave of Change" movement. As a whole, the presence of the Iberostar Group contributes to the creation of shared values and to the social development of its destinations. From this perspective, the Iberostar Group adopts, with pride and responsibility, a catalytic role in socio-economic development, enriching the business network and linking our business success to social progress.

The Iberostar Group and its commitment to local communities



+ **80**

Nationalities employed



40% | **60%**

Women

Men



+ **90%**

Local jobs



+ **92%**

Local suppliers

An example of Iberostar's commitment to local communities is the Iberostar Playa Mita hotel and its connection with local artisans through decoration and design. In the lobby of this hotel, there is a huge, colourful jaguar head, made by local Huichol artisans.



The following are examples of specific actions taken by the Group to promote well-being and development in local communities:

Young Apprentice Programme, State of Bahía, Brazil

This programme supported by the Brazilian Apprenticeship Law (Law No. 10.097/2000), promotes professional inclusion and education for young people in the State of Bahía, Brazil. Specifically, the Iberostar Group has taken on 76 young students to study and work in the Group's hotel complex located in Praia do Forte.



Chance Project, Bávaro, Dominican Republic

This training initiative is aimed at young Dominicans who are at risk of exclusion, with a view to enhance their future job prospects. This project is carried out in conjunction with four other Spanish hotel chains and provides training in hospitality theory and practical guidance in hotels. The first three editions of the programme saw a total of 219 participants.



Project Chance participants in the Dominican Republic

Iberostar Foundation

6.1.1

The Iberostar Foundation is a not-for-profit organisation, founded in 2004, dedicated to social action and education. Since its beginnings, the Foundation has engaged in a variety of actions and projects that are akin with the Group's values. The Foundation has launched more than 200 projects that have helped over 350,000 people, representing a total investment of 4.42 million euros.



+200
projects



+350.000
people helped



+4.4 million
euros
invested in projects



IBEROSTAR
FOUNDATION

The Iberostar Foundation initiatives endeavour to improve the social, healthcare and education situation of the most vulnerable populations. It pays special heed to children and promoting

the cultural development of communities. In this way, the work the Foundation does is divided into three lines of action: Education, People and Social Innovation.

DETAILS OF THE IBEROSTAR FOUNDATION (2004–2018)

Iberostar Foundation (2004 – 2018)		
Involvement in 219 projects		354,167 people helped
People line of action	Education line of action	Social innovation line of action
92% of projects 294,604 people helped	6% of projects 52,163 people helped	2% of projects

DETAILS OF THE IBEROSTAR FOUNDATION (2018)

Iberostar Foundation (2018)	
Investment in projects: €454,750	
Involvement in 13 projects	2,688 people helped

The Education line of action

The Education line of action aims to use education to promote knowledge, attitudes and values that create a culture of solidarity, committed to the fight against poverty and exclusion, and promoting human and development. Worthy of mention are the initiatives launched by the Foundation in developing countries, including the social inclusion programme in Cuba for children with disabilities, undertaken with the support of UNICEF. This programme, launched in 2015,

aims to raise awareness, develop and provide tools and resources for greater accessibility, improve the quality of education and support the inclusion of people with disabilities. The programme is divided into three strategic areas: the first of which aims to raise awareness and provide tools to educational governing bodies and teachers of schools with and without children with disabilities; the second area focuses on improving the conditions of vocational schools, specifically

by upgrading equipment in 63 multi-purpose workshops and providing training for teachers in nine vocational schools; and the third area fosters opportunities in sport to overcome

differences. In 2018, the following actions were taken within the framework of the Social Inclusion Project:

Creation of teacher guides and other resources, together with providing leaflets and copies of the Convention on the Rights of Persons with Disabilities.

Providing resources for six vocational schools in Havana, Villa Clara, Camagüey and Las Tunas and support for teacher training.

Training for teachers of schools in the municipalities of Sancti Spiritus, Ciego de Ávila and Las Tunas.

Promotion of sport activities as a valuable means of social inclusion. Namely, organising annual football and badminton events.

Another action worthy of mention is the rehabilitation of the Polytechnic Sabino Pupo Institute and the Rolando Valdivia Pre-University Centre in the province of Camagüey in Cuba, in collaboration with UNICEF. Both of these centres were severely damaged by hurricane Irma in 2017. Thanks to the work of the Iberostar Foundation, over 900 affected students were helped.



IBEROSTAR FOUNDATION PROJECTS IN CUBA IN COLLABORATION WITH UNICEF



The People line of action

The action and projects under the **People line of action** aim to improve the lives of the most vulnerable populations.

The Iberostar Foundation has created a Child Protection Fund with a view to support child protection in emergencies and deliver humanitarian assistance. A large part of this Fund goes toward the assistance provided by Save the Children. Bearing in mind that schooling provides children with the guarantee of protection, food and health, this Fund also supports action in the sphere of education and, in this way, contributes to improving their future opportunities.

In another notable action, the Iberostar Foundation Emergency Fund has also supported projects by Save the Children in the Syrian refugee crisis, in this way providing immediate aid to thousands of displaced children and families. Other emergency situations in which the Iberostar Foundation

has intervened are the Irma and Maria hurricanes in 2017 and the earthquakes in Mexico in September of the same year. In the latter case, the Fund mobilised to support a post-disaster needs assessment for victims and help with the supply of essential items. Efforts were also made to provide shelter to those individuals who lost their homes and to set up safe spaces for children. More recently in 2018, the Fund destined aid to the population of Eastern Ghouta in Syria to cover extreme emergency basic needs with the supply of personal hygiene kits and clothing, and the distribution of approximately 1,000 hot meals per week. In 2018, aid efforts were made in the region of Sulawesi, Indonesia, after an earthquake. The Iberostar Foundation helped with the provision of tarpaulins, tents and schooling kits, and assisted in psychological first aid in communities and schools. Finally, the Foundation backed the efforts of Save the Children in the “Mexican Migrant Caravan”, by providing infrastructure and material to create safe shelters for children.

Fund annual contribution to children in emergency situations

 March €25,000	 June €25,000	 September €25,000	 December €25,000
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The project “Destinations” also stands out in the Iberostar Foundation People line of action. The aim of this project is to fulfil the basic and educational needs of under-represented populations, with a special focus on support for children through projects of one year in duration. In 2018, two projects were selected to be carried out in 2019: one in the Dominican Republic and the other in Tunisia. The project chosen for the Dominican Republic consisted of the construction of a school kitchen in suitable conditions with basic utensils at the Segunda Milla centre for education in the district of Bávaro. This centre provides free education to 414 children, the majority of which are from Haitian backgrounds and live in extreme poverty. The school canteen

is currently only able to feed 40 children, as the kitchen facilities are not suitable nor are there sufficient resources to buy food.

The second project that the Foundation launched in 2018 consisted of upgrading the facilities of the “ETTAF AOUL” Association for Persons with Disabilities in Tunisia. The refurbishment of the centre included new equipment, renovating some rooms and installing a new heating system. The ETTAF AOUL Association helps 280 users and aims to provide social, healthcare and socio-cultural guidance to people with disabilities between 5 and 18 years, promoting better integration.

"ETTAFAOUL" ASSOCIATION FOR PERSONS WITH DISABILITIES (TUNISIA)



**ASSOCIATION
DES HANDICAPÉS
D'HAMMAMET
ETTAFAOUL**



CONSTRUCTION OF SCHOOL CANTEEN (DOMINICAN REPUBLIC)



Another notable initiative is the Employee Solidarity Fund; this internal project aims to encourage Head Office employees to collaborate with organisations whose scope of action is aligned with that of the Iberostar Foundation. This Fund promotes a culture of solidarity and allows employees to work together to choose initiatives in local spheres and use said fund for such purpose. Since the Employee Solidarity Fund was created in 2015, a total of 67,000 euros has been donated to 18 projects and associations in

Majorca, helping more than 9,000 people. In 2018, 12,000 euros was allocated to four associations in Majorca. This donation contributed to the funding of associations that work with persons at risk of social exclusion, promoting social reintegration, including an association dedicated to improving quality of life and independence of individuals with cerebral palsy. What's more, the Iberostar Foundation matches the donations made by employees, in this way doubling the funds allocated to these social projects.

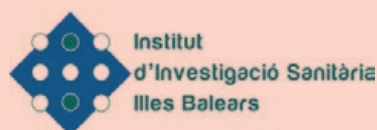
The Social Innovation line of action

The **Social Innovation line of action** supports initiatives that strive for social transformation, global improvement and/or progress in the community or shared benefit. This line of action was launched in the year 2017 and focuses on two areas in particular: medical research and entrepreneurship. In the field of medical research, the Group has launched projects that

are aligned with the priorities of the European Commission's Framework Programme "Horizon 2020", in addition to signing collaboration agreements with organisations such as the Biomedical Research Clinic Foundation, the Palma Healthcare Research Institute and the Francisco Luzón Foundation.



With the support of the Luzón Foundation, the Group has contributed to research into nutrition by donating to the “Luzón Foundation Nutritional Diet Research”. This project is expected to run from July 2016 to July 2019 and its main goal is to improve the quality of life of patients with amyotrophic lateral sclerosis (ALS). It aims to do so through studies into the symptoms associated with such disease, such as dysphagia, and using the results to offer personalised nutritional diets. In this way, it aims to raise awareness and expand on the importance of an optimum diet in patients with dysphagia (caused by ALS) and their health condition, providing simple tools for appropriate nutritional care. At the same time, this research can also be considered useful in helping other populations with dysphagia that would benefit from good nutrition, such as the elderly or patients with other neurodegenerative diseases. The three phases of the research programme are conducted in collaboration with the ALS Unit of the Bellvitge University Hospital, the Nutrition Department, the University of Barcelona Food Sciences and Gastronomy Department and the Alicia Foundation. A total of 4,000 ALS patients and their families were helped by this project in Spain.



The collaboration with the Healthcare Research Institute Foundation of the Balearic Islands (IdISBa) promotes the health and well-being of citizens. Through the “Innovation” programme, it provides funding for innovative projects in the healthcare field. This call for projects aims to promote

innovation culture at the IdISBa, raise the visibility of innovative projects in the healthcare field and encourage researchers to participate in healthcare tasks at the Healthcare Centre of the Balearic Islands. The project is expected to run for three (3) years from July 2017 to December 2020.



The Group is collaborating with the Clinic Foundation on the study “The function of the immune system during and after direct acting antiviral (DAA) treatment for hepatitis C”. The study’s main goal is to provide an in-depth analysis of the immunological aspects that may explain the liver complications that occur after DAA treatment is stopped in patients with hepatitis C. A total of 100 patients with chronic hepatitis are participating in the study in Spain, which is expected to run for five years (2015–2020).



In the field of entrepreneurship, the Iberostar Foundation promotes and supports entrepreneurial projects that aim to have a social and economic impact on society. An example of this is the support it gives to the ENDEAVOR Foundation. This association seeks out, selects and supports high-impact entrepreneurs in Spain, who are at the forefront of scaleups or, in other words, companies that are transitioning from small startups to multinational players. The Foundation lays great emphasis on sustainability and projects that seek to have a positive impact on the local ecosystem. What’s more, the project’s goal is to establish a “movement” and raise awareness of the role that entrepreneurs play in the ecosystem. The ENDEAVOR Foundation supports and guides entrepreneurs in gaining access to markets, talent and capital.

Partnerships and sponsorships

6.1.2

For the Iberostar Group, sport is one of its main means of communication. Effort, passion, dedication and commitment are values that sport captures and transmits, and values that it shares with the Group and its identity. In this line of action, in 2018 the Iberostar Group has held a strong presence in the world of sport by means of various collaboration and sponsorship agreements:

Iberostar Tenerife C.B Canarias

Since the end of 2013, the Iberostar Group has been the official sponsor of the C.B. Canarias basketball team. This black and gold club, which serves in the highest category in Spain, competes under the name IBEROSTAR Tenerife C.B Canarias. This sponsorship constitutes a huge boost to the sport and strengthens the Canarian club's sporting venture.

Dami Edibson

Since the year 2012, the Iberostar Group has sponsored Dami Edibson, a young Majorcan tennis player who has shown great progress in the latest seasons, becoming one of Spanish tennis' newest promising stars.

Iberostar Princess Sofía Sailing Regatta

The Iberostar Group sponsored the 49th edition of the IBEROSTAR Princess Sofia Annual Olympic classes Sailing Regatta, held from 30 March to 7 April 2018 in the Bahía de Palma, Majorca. This Olympic classes sailing regatta is highly regarded all over the world and is one of Spain's biggest sailing events.

Laura Quetglas

Not losing sight of its commitment to the world's seas and oceans, since 2017 the Iberostar Group has sponsored the Majorcan paddle surfer, Laura Quetglas. In this way, the Group's commitment is combined with the dedication and desire to excel, values that are inherent to sport. Laura competes at a national and international level and, in 2018, she was proclaimed champion of Europe in the long-distance category.

3rd APD Sailing Regatta

The Iberostar Group sponsored the 3rd edition of the APD Sailing Regatta held on 17 May 2018, which takes place between Palma and Ibiza.

Subcontracting and suppliers

6.2

Throughout 2018, the Iberostar Group has made purchases from over 3,100 suppliers. A total of 92% of these were local suppliers (representing 90% of all purchases) and 8% were international suppliers. The term local suppliers encompasses all providers within the same country as the requesting site.

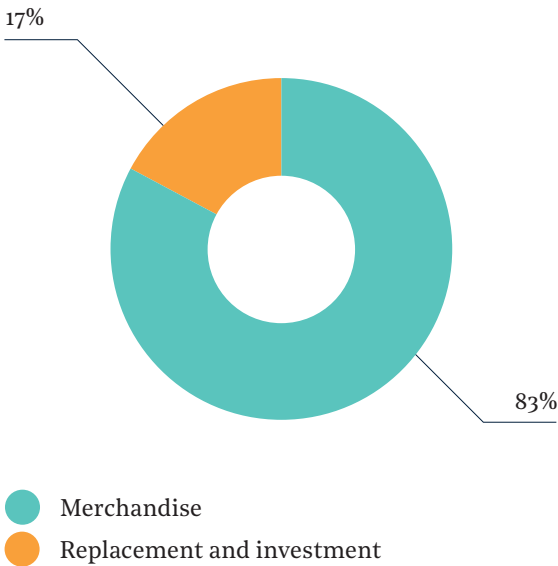
TYPES OF SUPPLIER BY LOCATION*



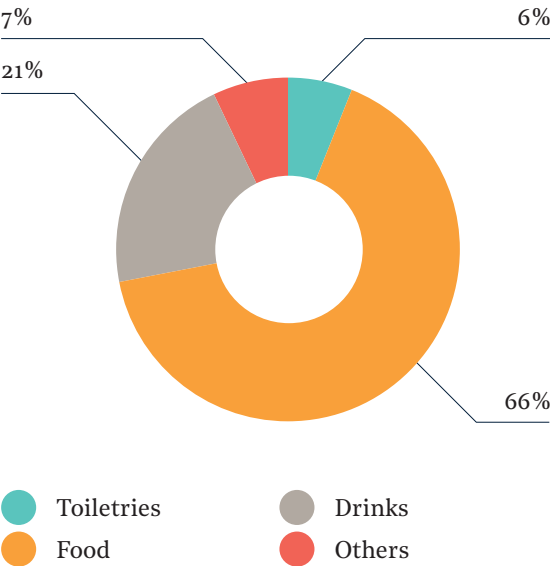
* Percentage in accordance with the number of suppliers.

Approximately 83% of the purchases budget for hotels was used to buy merchandise (food, drink, toiletries, etc.), and the remaining budget was used for replacement and investment items, such as furniture, textile products, small machinery and electronic equipment.

PURCHASES BY ITEM TYPE



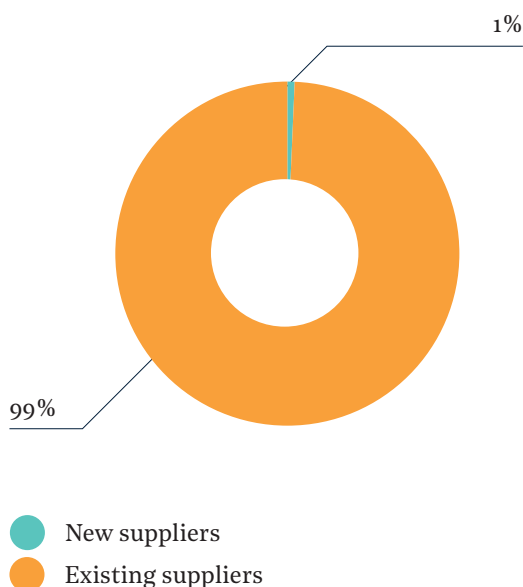
PERCENTAGE WEIGHT OF PURCHASES BY MERCHANDISE ITEM GROUP IN 2018



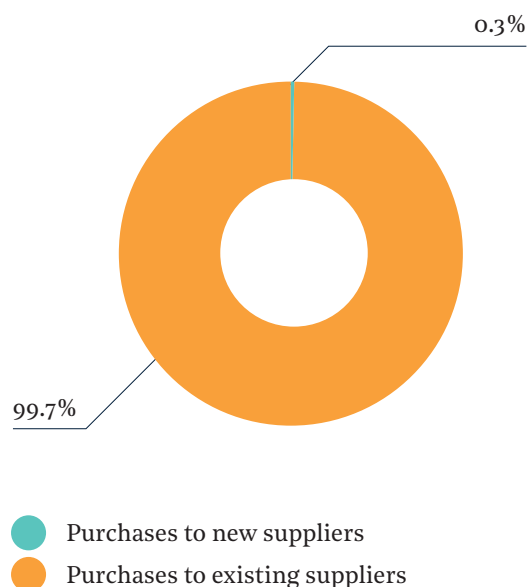
Significant changes in the supply chain

With the constant expansion and growth of the Iberostar Group on a global level, and the opening of new sites in different countries, the Group's supplier pool has expanded to include 34 new suppliers (approximately 1%) in 2018, representing 0.3% of purchases made to suppliers in the year.

NEW AND EXISTING SUPPLIERS IN 2018



PURCHASES TO NEW AND EXISTING SUPPLIERS IN 2018



Promoting sustainability in the supply chain

In general, the Iberostar Group strives to ensure that transparency, equal treatment and the application of objective, justified assessment criteria is guaranteed when screening, selecting and hiring suppliers. The goal here is to select those suppliers whose product and services offer the best conditions for the Iberostar Group. In accordance with company policy, all suppliers must register on the Iberostar Group online portal. To do so they must fill out an environmental

questionnaire about the policies and practices they have in place in terms of the environment. What's more, all new suppliers must accept the Iberostar Group terms and conditions to complete the registration process. These include, among others, the social and environmental policy and criteria outlined in the Sustainable Progress Iberostar Agreement. Upon agreeing to these criteria and policies, the suppliers also undertake to comply with the following obligations:

- 1 Guarantee the utmost respect for and compliance with national and international laws** and regulations applicable to their business activity, above all in terms of human rights.
- 2 Observe and comply with applicable labour regulations** in terms of syndicates, salaries and social security, in addition to ensuring a healthy and safe working environment for workers.
- 3 To not use child labour**, any form of slavery or forced work.
- 4 Zero tolerance of sexual exploitation**, especially of children and adolescents, in any way whatsoever, and the active promotion of the eradication of this form of social evil.
- 5 Minimise the environmental impact** of the supplier's activity and implement techniques, materials and procedures to guarantee the preservation of the environment and its natural resources. The supplier will operate with respect for the environment and in line with environment protection regulations in the country in which it operates and in other countries in which it holds presence or influence.
- 6 All the products and services the supplier offers** must be suitable and safe for their use or consumption, and must comply with the safety and quality criteria set forth in applicable regulations in the destination and manufacture countries.
- 7 Guarantee non-involvement in and the active fight against** any corrupt or fraudulent behaviour.
- 8 Promote and share information about these values** to their own workers and suppliers who will actively apply them.

Operations and suppliers with a significant risk of child labour and/or forced labour

Child labour and forced labour are strictly prohibited in all the countries in which the Group operates. Nevertheless, it is a risk that must be taken into account, above all in developing countries. To mitigate the risks of child labour, the Iberostar Group requests that all its suppliers confirm that they do not have any child labour risk factors. In 2018, no suppliers were identified with this type of risk via the channels of information available to the Iberostar Group.

With regard to forced labour, the most significant risk in the supply chain is possible non-compliance with labour regulations (e.g. working hours). In order to identify risks like these, visits are made to the suppliers' premises to speak with the employees. In the case of a significant risk or severe non-compliance, the Iberostar Group has the right to cease all collaboration with the supplier in question. In 2018, no suppliers were identified as having risks of forced or compulsory labour via the channels of information available to the Iberostar Group.

“Wave of Change” in the supply chain

In 2018, the Iberostar Group launched various projects to reduce the supply chain's possible negative impact on the environment. The following actions and projects that are part of the “Wave of Change” movement are of note:

Responsible fishing initiative: promoting the purchase of seafood caught in authorised areas and using sustainable methods that respect habitats and marine life, as part of the “Wave of Change” movement. During 2018, the Group worked with 23 suppliers to obtain the MSC and ASC (Marine Stewardship Council and Aquaculture Stewardship Council, respectively, in addition to other responsible fishing certificates. Of these suppliers, 11 collaborate actively in this responsible fishing initiative.



Elimination of single-use plastic" por "Moving beyond plastic: to avoid the use of single-use plastics (more than 200 tonnes in 2018), the availability, technical specifications and internationally recognised certificates of various materials were assessed from an environmental point of view (dispensers, eco-friendly bracelets, natural-fabric bags, etc.). In this way, the quality of these sustainable products and excellent service can be guaranteed.

“o km” suppliers: With the aim of reducing the carbon footprint of transport and distribution of products consumed at the Iberostar Group sites, the Group encourages purchases from “o km” suppliers (suppliers located in the proximity of Iberostar Group hotels and centres). The Group currently works with approximately 130 suppliers that supply “o km” items.

Cleaning products: in collaboration with companies that supply cleaning products, the Iberostar Group promotes the responsible use of such products and offers training to staff on how they should be used. What's more, the responsible consumption of these products is controlled with the suppliers.

Our guests

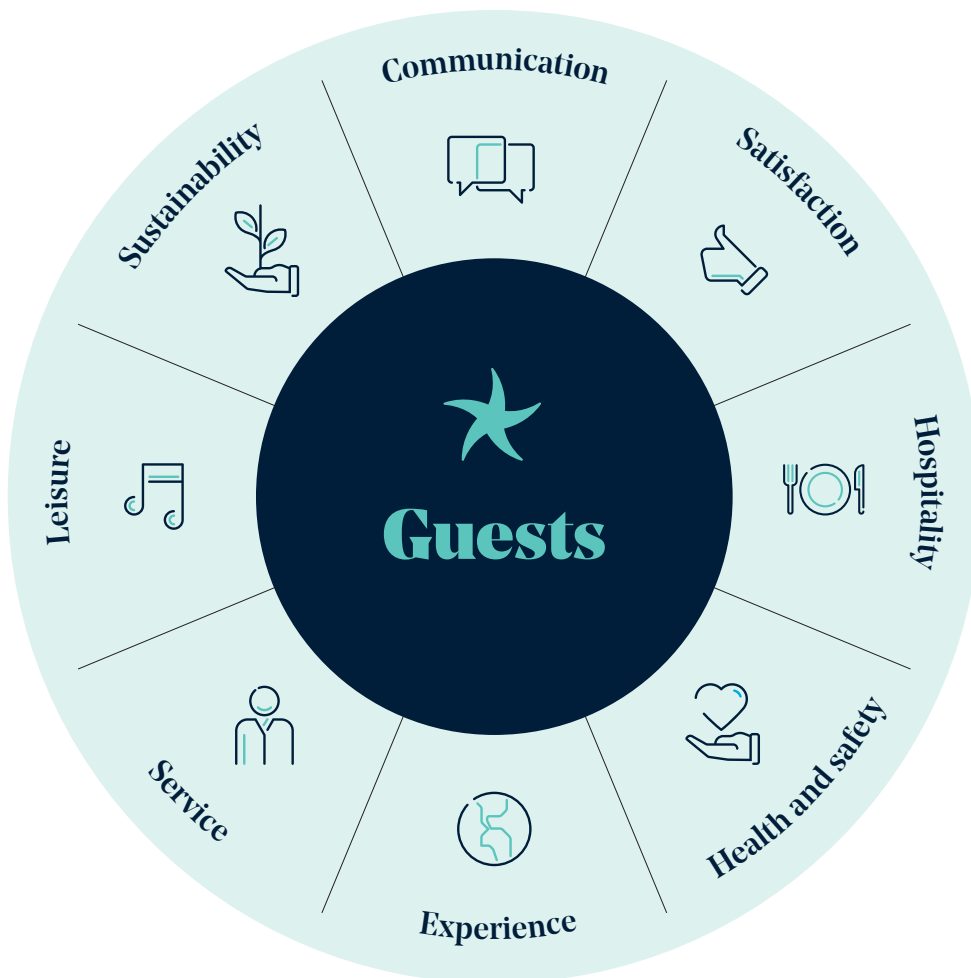
6.3

The Iberostar Group is a renowned brand of considerable prestige that aspires to maintain and go beyond the quality of its services. It is a company priority that the over 8 million guests who place their trust in the Iberostar Group every year have an experience that is exceptional. Efforts are ongoing to ensure optimum satisfaction so that guests continue to choose Iberostar hotels time after time for their holidays.

The loyalty of guests whose expectations are increasingly higher, and who live in a world that is becoming ever more globalised, is a challenge that the Iberostar Group faces with ambition, looking towards the family values of the company. These values advocate a guest-focused culture

based on ethics and responsibility. The Iberostar Group's responsibility to the needs and wishes of its guests is reflected in the company management and the emphasis on health and safety.



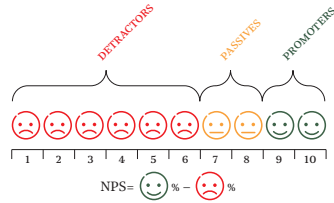
With this objective in mind, the Iberostar Group engages in programmes that transform the experience of its guests all around the world. Star Camp, the children's activity programme, employs pedagogical methods based on the Theory of Multiple Intelligences and combines universal values such as encouraging healthy habits, respect for the environment, technological awareness, and the values of diversity, cooperation and fun as a life philosophy.



Guest satisfaction

Being able to measure and quantify guest satisfaction is essential in order to introduce improvements with the aim of providing a better service. These processes identify

those areas where greater effort is required and those areas that receive the best ratings. The Group has various tools in place to assess guest opinion, among which are:

		
<p>GRI <i>Global Review Index</i></p> <p>This global score index measures the online reputation score for a hotel, based on data taken from 150 online travel agencies (OTA) and review sites in more than 45 languages.</p>	<p>GSI <i>Guest Satisfaction Index</i></p> <p>A satisfaction index taken from surveys conducted at the dinnertime buffet. This index monitors the quality of individual hotels.</p>	<p>NPS <i>Net Promoter Score</i></p> <p>This score measures the loyalty of customers to a company, based on their recommendations. Comparisons can be made between companies and various sectors.</p>

The Global Review Index (GRI) is based on opinions and scores of search engines such as Holiday Check, TripAdvisor, Expedia, Booking.com and Google. In the case of Google, at the moment only negative comments are taken into consideration.

The languages included in this index Spanish, English, German, French and Russian. The results are displayed as a percentage and in three different categories: positive, neutral and negative.



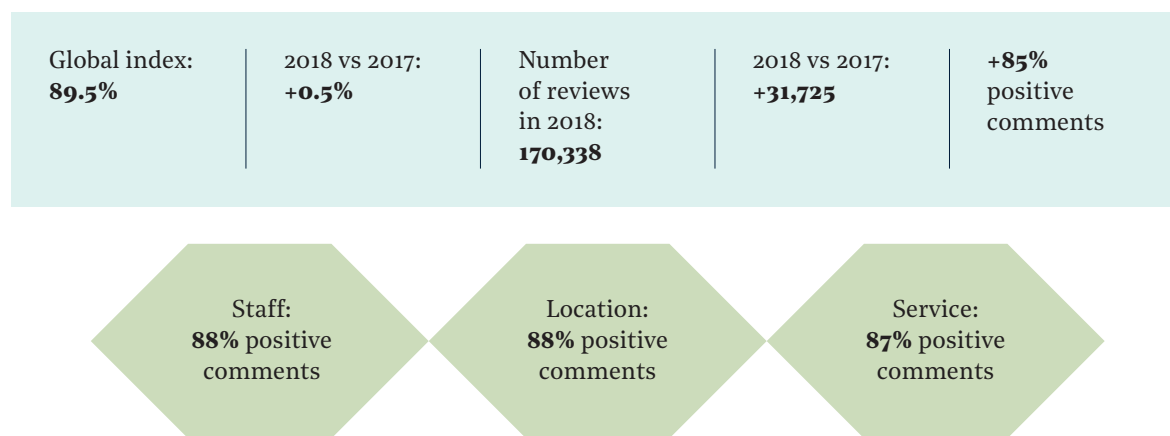




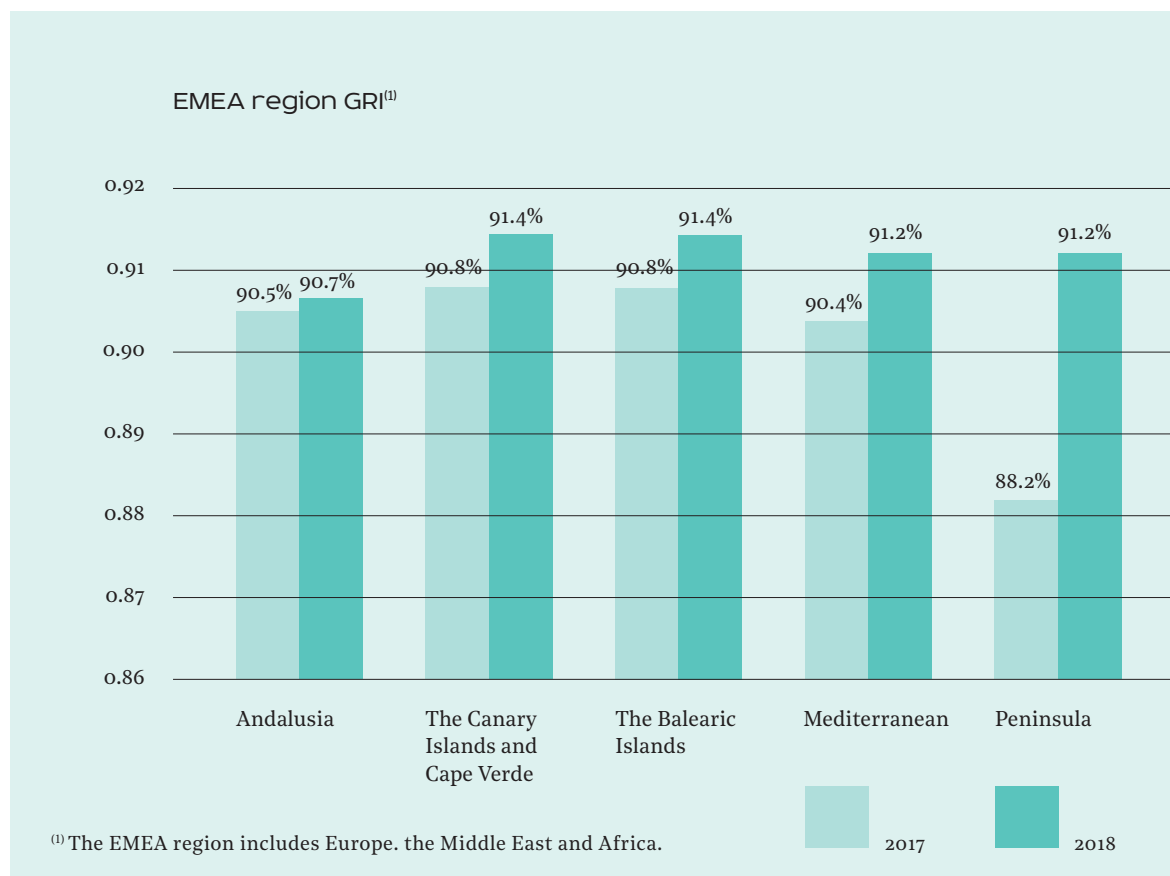

Worldwide, the Iberostar Group GRI was 89.5%, representing a total increase of 0.5% with respect to 2017. The number of reviews in 2018 was 170,338 – 31,725 more reviews than 2017 – and more than 85% of comments were positive.

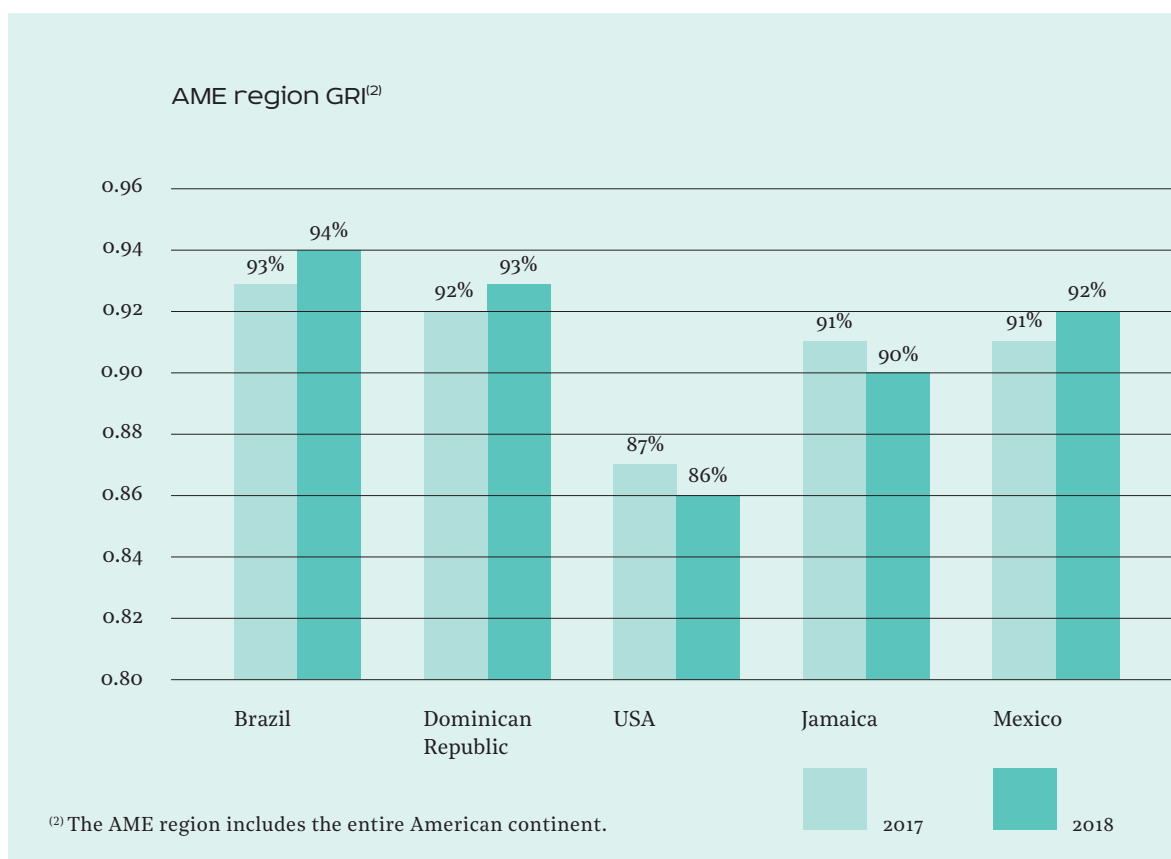
The categories that received the most positive mentions were the treatment received by hotel staff, the service and location.

Iberostar Group GRI Results



The Iberostar Group GRI Results in 2017 and 2018 by region were:





Engaging with guests on social media

The focus on guest relationships has various perspectives in order to establish fluid communication with a range of guests. The Iberostar Group considers the contributions by all guests to be valuable and, in turn, believes that the latest information and new services should be shared with guests in an accessible and clear way. Social networks comprise a particularly useful medium to encourage ongoing and two-way communication between the Group and its guests. This media is becoming increasingly relevant in today's globalised world. Information can reach a large number of people, giving messages an immediate boost and establishing links between different parts of the planet. The Iberostar Group believes in sharing content that is authentic and transparent, with Engagement Rate being the Group's main objective. In this way, it is possible to measure the reactions of the online community to the content and whether or

not the content is of interest to them. The aim is for the guest experience to go beyond their stay in the Group's hotel and to create an enriching community for all. The Group shares content that depicts real situations in a natural and intimate way, without forgoing the brand's quality image. The content is based on a series of themes related to the Group, all developed in line with an established strategy.

Iberostar currently has a community of more than 1,100,000 followers across the brand's 51 social media profiles. The profiles are varied and include corporate profiles that share the Iberostar global vision, in addition to more exclusive profiles for representative hotels and profiles created specifically to promote the company's restaurants and beach clubs. The Iberostar Group boasts a range of social profiles on Instagram, Twitter, Facebook, Pinterest and LinkedIn.

The Iberostar Group communication channels



Brand profiles

Profiles for global communication related to the brand



Hotel profiles

Individual and exclusive hotel profiles



Complementary business profiles

Profiles specifically for restaurants and beach clubs of the Group



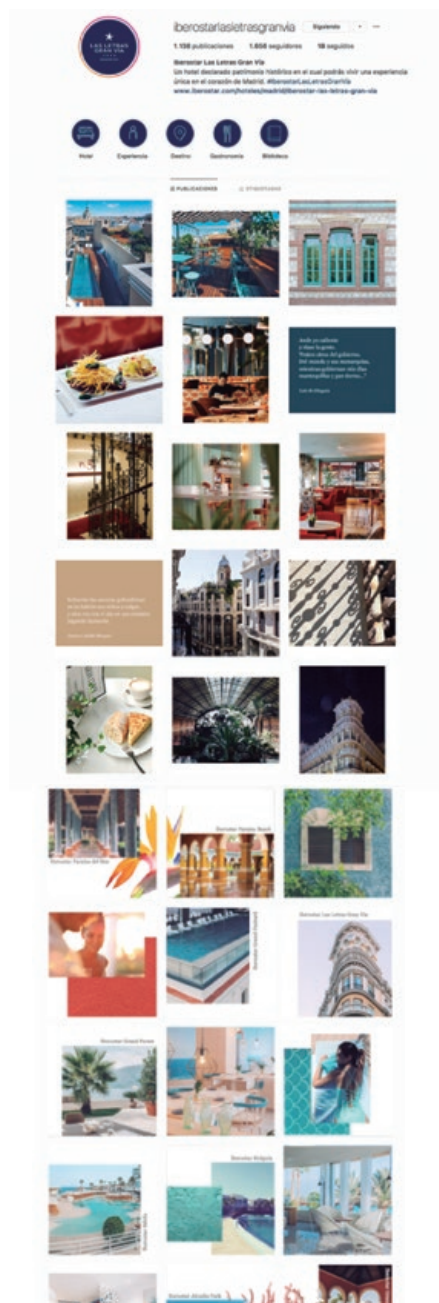
Location pages

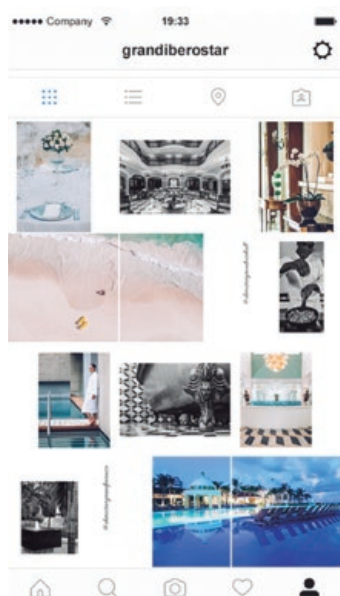
Alternative profiles for geolocation purposes

The Iberostar Group on Instagram

The Iberostar Group uses Instagram profiles for global communication centred on the brand (Iberostar) and on the most exclusive category (Grand Iberostar). Both of these profiles post content in English and Spanish.

The Group also uses hotel-specific profiles and profiles for businesses of the brand (beach clubs, restaurants, etc.). Various creative resources are used on this channel to create a brand personality, from textures, concepts related to other content and storylines in a range of colours and tones. More specifically, the Iberostar Group seeks to share content that reflects the experience its hotels offer.





The Iberostar Group on Twitter

The Iberostar Group's global Twitter profile shares and centralises messages in English and Spanish. The objective is to create an interactive community and a form of immediate communication with guests.



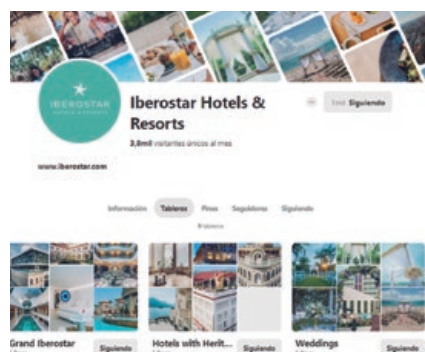
The Iberostar Group on Facebook

The Iberostar Group holds a global Facebook profile that is available in six different languages (Spanish, English, German, French, Portuguese and Russian). What's more, the Group has a second profile for the brand's most exclusive category – Grand Iberostar – and other hotels and businesses of the brand. The Group has over 880,000 followers all around the world on this channel.



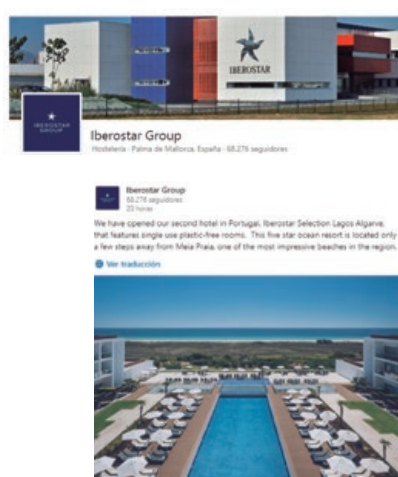
The Iberostar Group on Pinterest

On Pinterest, the Iberostar Group aims to capture and share the brand essence through various boards that represent the personality of the different hotel segments and categories, in addition to the company's most distinguishing services. The profile is characterised by inspirational images that share details of hotels as well as experiences.



The Iberostar Group on LinkedIn

On LinkedIn, the Iberostar Group has a corporate profile with more than 68,000 followers. The main language used on this social network is English. In contrast with the other channels, the content posted on LinkedIn focuses on brand communication.



The health and safety of guests

6.3.1

Guaranteeing the health and safety of guests is fundamental; it is one of the Iberostar Group's main priorities and a decisive factor in ensuring guest satisfaction.

The Iberostar Group health and safety standards comply with national and regional regulations applicable in each of the regions where its hotels operate. These standards are reviewed on an annual basis. In the case that opportunities for improvement or an upgrade in new technologies are detected, the pertinent changes are introduced to help improve the health and safety of guests.

Food safety

With regard to food hygiene and safety, there is a hazard analysis and critical control points (HACCP System) in place to control critical points detected in establishments after hazard analysis. The procedures of this system are documented and adapted to each establishment. Monthly samples are taken from food, surfaces and food handlers with a view to ascertain the effectiveness of this system. This sampling process is adapted to the characteristics of each establishment. Additionally, an external company conducts monthly audits to corroborate and verify that health regulations and internal protocols are adhered to, plus to identify areas of improvement. Furthermore, the Iberostar Group has an internal department to supervise and control compliance with health regulations and to establish guidelines for food and health safety.

Recreational waters

A fundamental aspect of the Iberostar Group health and safety system is the control of recreational water. The prevention and maintenance team who manage recreational water hold the necessary qualifications and training to undertake these tasks. The tasks and maintenance this team undertakes are documented and recorded in the Internal Control Plan belonging to each establishment. What's more, information about how to prevent falls and injuries, plus warnings about prolonged exposure to sun, are made available to all guests, in addition to information about the physical, chemical and biological properties of the water. There are safety teams present at all establishments to avoid accidents due to physical, chemical or biological causes. Likewise, at certain establishments, a stop button can be found to stop machinery in case of incidents.

Biological control

Each establishment has a Legionella Prevention Plan adapted to its facilities. This plan outlines the action and control checks taken by qualified staff who have been trained in this area. These tasks aim to reduce the risk of Legionella in the hotel facilities and fulfil applicable regulations. Additionally, the various tasks and measurements are reviewed and recorded on a weekly checklist at each establishment. This checklist is then submitted to the corresponding Quality Department to verify regulations are followed.

Fire protection systems

When it comes to fire protection, all guidelines specified by law are followed and, every week, the system is checked against a checklist to verify the fire protection controller is working correctly, and the status of emergency stairway and doors. What's more, in accordance with Spanish regulations,

fire drills must be performed at hotels in Spain. At Iberostar Group hotels in Spain, two fire drills a year are carried out.

Likewise, all Iberostar Group centres in Spain have in place an Internal Protection Plan.

Guest privacy and advertising

Guaranteeing guest privacy and the safe processing of their data is essential. Compliance with data protection legislation is of the utmost importance to the Iberostar Group. The Group's handling of personal data in the course of its activity is characterised by lawfulness, loyalty and transparency. The Group's IT Department is responsible for safeguarding information, namely the *Chief Information Officer* (CIO) in coordination with the *Data Protection Officer* (DPO) of the Iberostar Group. The department follows several General Data Protection Regulation (GDPR) procedures and policies, in addition to national Data Protection regulations. Among these, the safety risk management and evaluation procedure is essential to detect, evaluate and manage risks to privacy. This procedure encompasses, among other measures, the organisational support necessary to apply and control compliance with policies, regulations and procedures to safeguard privacy. Likewise, the Group adheres to various specific policies with a range of purposes, such as the guest privacy policy. The majority of these policies are available on the privacy portal that can be found on the Group's website, in line with the GDPR principle of transparency.

In the year 2018, no significant complaints were made with regard to violation of guest privacy or the loss of guest data at the level of the Spanish Data Protection Agency.

The Group strives to use advertising that is ethical and responsible. In Spain, it follows a protocol designed to prevent misleading advertising under the Crime Prevention Programme. This Protocol gives examples of conduct and behaviour that goes against legislation, such as omitting specific product information. It also outlines the legal regulations, such as the duty to publish transparent, complete information that does not mislead or confuse guests. The regulations outlined in this Protocol apply to all Iberostar campaigns and

offers, including: catalogues, websites, radio slots, flyers, etc., with an aim to promote or introduce the public to the Iberostar Group products and services.

Likewise, the Group's Code of Ethics states as follows: "The Iberostar Group will ensure that offers, adverts for products and services, and other information provided to guests by the Iberostar Group professionals is true

and aims to establish relationships based on mutual trust". The work of the Group's Risk Committee ensures compliance with the Protocol and encourages incidences to be reported via the avenues of communication outlined in the Code of Ethics. In the year 2018, no complaints about breaches in marketing communication, or product and service information, were reported via the Complaint Reporting System.



Customer complaint management

6.3.2

At the Iberostar Group, complaints are seen as opportunities for improvement. In all cases, efforts are made to foresee and prevent complaints from being made, with a view to ensure the best quality and promote guest loyalty. The Group has a complaint management system that is monitored and controlled by the Operations Department, whereby complaints are recorded, classified and resolved. Furthermore, in the necessary cases, the complaint is monitored over time and/or compensation is offered to the guest.

The hotel management handles complaints that are managed and registered at the hotel reception. Likewise, the complaint classification system differentiates between minor, moderate

and serious complaints. Depending on the complaint category, the way in which it is managed and compensated can vary.

Complaints are also recorded on the intranet. In this way, complaints can be traced in a history log.

When a guest makes a return visit to a Group hotel, all the information is accessible and it is possible to foresee any complaints or needs specific to them. What's more, the database serves to improve guest management on a global basis.

In 2018, the Iberostar Group received and successfully handled 9,491 complaints and offered compensation in a total of 1,025 cases.

Tax information

6.4

Iberostar Group's profit for the 2018 financial year, by country, was as follows:

Country	Profit (thousands of euros)
Spain	60.135.838
Netherlands	34.587.191
Mexico	17.366.893
Cuba	5.382.187
Dominican Rep.	2.682.903
Egypt	1.543.714
Greece	960.882
Morocco	918.111
Tunisia	799.837
Uruguay	751.125
Bulgaria	213.350
Portugal	200.324
Costa Rica	49.982
Hungary	31.894
Others*	-43.311.385
Total	82.312.846

Income tax corresponds to corporate tax paid during the 2018 financial year and totals 21,660 euros for countries where a profit was made, and 1,496 euros for countries classified above as Others.

Country	Amount (thousands of euros)
Spain	2.786

The total of the public subsidies received in 2018 corresponds to the subsidy received from the Government of the Canary Islands for the renovation of the Iberostar Selection Lanzarote Park Hotel.

(*) Group of countries which registered a loss during the 2018 financial year





Annexes

Annex I: List
of material topics
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Annex II: Index of
contents in accordance
with Law 11/2018
on Non-financial
Information and
Diversity
/ p. 153



Annex I:

List of material topics

Applicable CSR topic	Relevant aspects of the CSR topic
<i>Business strategy and model</i>	Have in place a business plan and strategy adapted to the surrounding market
	Ensure strategic management and integration in line with CSR. Establish CSR policies and strategies adapted to the business model
<i>Analysis of business risks and opportunities</i>	Conduct a business risk and opportunities analysis for economic, environmental and social aspects
	Manage business development risks in relation to climate change
<i>Participation of Stakeholders</i>	Have processes in place that define Stakeholders groups and the commitments each group assumes
	Make available channels for active dialogue with stakeholders (clients, employees, suppliers, local communities, public administration bodies, investor communities, etc.), in addition to internal and external communication policies and an approach to respond to their queries
<i>Corporate governance</i>	Have in place an organisational structure and governance bodies. Establish and regularly update the responsibilities and functions of upper management in the field of CSR and the delegation of such tasks
	Have prevention and management methods for conflicts of interest
<i>Ethics and integrity</i>	Have a code of ethics and systems for the prevention of corruption and bribery
	Have in place mechanisms for compliance with the code of ethics (e.g. ethics committee, code of ethics training, anonymous reporting, staggered communication to senior management, reporting channel, etc.)
	Ensure compliance with legislation and regulations
	Extend the code of ethics to suppliers and other business partners



	Implement formal complaint systems for environmental, labour and social issues, and complaint management
<i>Creating shared value</i>	Ensure economic performance and the creation of value that goes beyond the company's financial situation
<i>Management of social and economic impacts on local communities</i>	Analyse and measure positive and negative impacts on communities (e.g. creation of jobs locally, training, outreach, etc.)
	Analyse and measure positive and negative impacts on communities (e.g. social impact due to the operations of tourist establishments, participation in social development programmes in local communities depending on their needs, etc.)
<i>Protection of and commitment to local development</i>	Contribute to the protection of the local natural and cultural heritage
	Establish local development initiatives
	Promote social action, volunteering by employees and partnerships
	Promote use of local suppliers
<i>Responsible consumption and waste management</i>	Encourage the responsible use and consumption of natural materials and resources (e.g. certified raw materials, recycled materials, wood and paper-based products from certified forests, elimination of plastics, etc.)
	Responsible consumption of chemical products (e.g. cleaning products, pools, gardens, etc.) and procedures to control their use
	Ensure appropriate waste management (plastics, organic waste, hazardous waste, etc.)
<i>Impact on the water environment</i>	Guarantee the responsible use of water (responsible consumption, reuse, etc.)
	Ensure appropriate management of waste water
<i>Biodiversity and safeguarding the natural environment</i>	Contribute to preserving biodiversity and safeguarding the natural environment of hotel locations
<i>Energy, emissions and climate change</i> 	Ensure efficient energy consumption (responsible consumption, use of renewable energy sources, etc.)


	Monitor and reduce air emissions
	Have strategies in place for climate change adaptation
	Promote sustainable and responsible use of transport (by employees, guests, etc.)
<i>Other environmental topics</i>	Have in place environmental management and hold environmental certifications
	Avoid noise pollution
	Encourage guests to gain awareness in sustainable forms of tourism for the environment
<i>Responsible recruitment practices</i>	Develop employee recruitment practices
	Guarantee impartial employment relationships and promote collective bargaining
	Ensure appropriate compensation (salaries and social benefits) and work-life balance
<i>Professional development and talent management</i>	Promote talent attraction and retention
	Evaluate employee performance
	Promote training, professional development and employability
<i>Health and safety in the workplace</i>	Manage workplace health and safety (workplace risk assessment, health and safety training, monitoring of accident rates, etc.)
<i>Diversity, inclusion, integration and equal opportunities</i>	Promote diversity, inclusion, integration and guarantee equal opportunities
<i>Responsible communication and transparency</i>	Guarantee transparency in information provided by the company
	Promote responsible and ethical advertising and promotion of services
<i>Quality and customer management</i> 	Provide clear, truthful and transparent information about services


	Ensure maximum guest satisfaction and management of their needs
<i>Responsible sourcing practices</i>	Develop responsible supplying practices (criteria, policies, agreements, etc.)
	Conduct a risk/impact analysis on the supply chain for risks to the environment, and labour, social and human rights
	Add clauses on the environment and labour, social and human rights to the supply contracts for products and services
	Implement measures to ensure suppliers comply with requirements regarding the environment, and labour, social and human rights (e.g. assessments, audits, certification systems, etc.)
<i>Respect for human rights</i>	Support the prevention of human trafficking and the sexual exploitation of minors
	Support the prevention of the violation of the rights of local communities and indigenous populations

Annex II:

Table of contents in accordance with Law 11/2018 on Non-financial Information and Diversity

The following table lists the sections of this Sustainability Report that comply with the content required under Law 11/2018 on Non-financial Information and Diversity.

Content in accordance with Law 11/2018	Section of the Sustainability Report	Reporting criteria
Business model		
<i>Description of the business model</i>	Preamble Letter from the President 1.1. About the Iberostar Group 1.2 Description of the Group's business model (business framework and organisation) 1.2.2 Business areas of the Iberostar Group	GRI 102-1: Name of the organisation GRI 102-2: Activities, brands, products, and services GRI 102-5: Ownership and legal form GRI 102-7: Scale of the organisation GRI 102-14: Statement from senior decision-maker GRI 102-45: Entities included in the consolidated financial statements
<i>Organisation and structure</i>	1.6 Corporate governance 1.6.1 Role of highest governance body in setting purpose, values, and strategy	GRI 102-18: Governance structure GRI 102-20: Executive-level responsibility for economic, environmental, and social topics GRI 102-22: Composition of the highest governance body and its committees GRI 102-23: Chair of the highest governance body GRI 102-26: Role of highest governance body in setting purpose, values, and strategy
<i>Geographical reach</i> 	1.1. About the Iberostar Group 1.2 Description of the Group's business model (business framework and organisation)	GRI 102-3: Location of headquarters GRI 102-4: Location of operations

	1.2.2 Business areas of the Iberostar Group	GRI 102-6: Markets served
<i>Objectives and strategies</i>	Letter from the President 1.2 Description of the Group's business model (business framework and organisation) 1.2.1 Organisational objectives and strategies 1.3 Evolution of the Iberostar Group 1.4 Sustainability in the Iberostar Group	GRI 102-14: Statement from senior decision-maker GRI 102-15: Key impacts, risks, and opportunities
<i>Key factors and trends affecting future business growth</i>	1.8 Materiality analysis 1.9 Iberostar Group risk management 1.10 Key factors and trends affecting future business growth	GRI 102-15: Key impacts, risks, and opportunities
Management approach		
<i>Description of company policies</i>	1.4 Sustainability in the Iberostar Group 1.7 Stakeholders 2. Ethical management 3. The environment 4. The people behind the Iberostar Group: a star team 5. The Iberostar Group's commitment to human rights 6. Company information 6.2 Subcontracting and suppliers 6.3 Our guests	GRI 103-1: Explanation of the material topic and its Boundary GRI 103-2: The management approach and its components
<i>Results of company policies</i>	1.4 Sustainability in the Iberostar Group 1.7 Stakeholders 1.9 Iberostar Group risk management 2. Ethical management 3. The environment 4. The people behind the Iberostar Group: a star team 5. The Iberostar Group's commitment to human rights 6. Company information 6.2 Subcontracting and suppliers 6.3 Our guests	GRI 103-2 The management approach and its components GRI 103-3: Evaluation of the management approach

<i>Key risks associated with business activity</i>	1.9 Iberostar Group risk management	GRI 102-15: Key impacts, risks, and opportunities
<i>Materiality analysis</i>	1.8 Materiality analysis	GRI 102-47: List of material topics GRI 103-1: Explanation of the material topic and its Boundary
Reporting framework used		
<i>Reporting framework used</i>	Preamble	GRI standards
Environmental topics		
Environmental management		
<i>Current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety</i>	1.4 Sustainability in the Iberostar Group 1.5. "Wave of Change": The Iberostar Group's commitment to protecting the oceans 3. The environment 3.1 The "Wave of Change" movement 3.2 Environmental management	GRI 103-3: Evaluation of the management approach
<i>Environmental impact assessment and certification procedures</i>	3.2 Environmental management 3.2.1 Environmental impact assessment and certification procedures	ISO 14001:2015 EMAS Green Globe Green Key Travel Life Ecocheck
<i>Resources for environmental risk prevention</i>	3.2 Environmental management 3.4.3 Resources to improve energy efficiency	Environmental expenses and investments based on completed projects
<i>Application of the precautionary principle</i>	3.2 Environmental management	GRI 102-11: Precautionary Principle or approach
<i>Quantity of provisions and guarantees for environmental risks</i>	3.2.1 Environmental impact assessment and certification procedures	The Iberostar Group civil liability policy

Pollution		
<i>Measures to prevent, reduce or offset carbon emissions that have a severe effect on the environment</i>	3.5 Greenhouse gas emissions	GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions
<i>Any other form of atmospheric pollution specific to an activity, including light and noise pollution</i>	3.6 Other atmospheric emissions	GRI 305-7: Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions
Circular economy and the prevention and management of waste		
<i>Prevention measures, recycling, re-use, other forms of recovery and waste elimination</i>	3.1 The “Wave of Change” movement 3.3 Waste management and circular economy	GRI 301-2: Recycled input materials used GRI 306-2: Waste by type and disposal method
<i>Actions to combat food waste</i>	3.3.1 Actions to combat food waste	GRI 306-2 Waste by type and disposal method
Sustainable use of resources		
<i>Consumption of water and the supply of water following local restrictions</i>	3.4.1 Water consumption	GRI 303-1: Water withdrawal by source GRI 303-3: Water recycled and reused GRI 306-1: Water discharge by quality and destination
<i>Consumption of raw materials</i>	3.3 Waste management and circular economy	GRI 301-1: Materials used by weight or volume GRI 301-2: Recycled input materials used
<i>Direct and indirect consumption of energy</i>	3.4.2 Energy consumption and energy efficiency	GRI 302-1: Energy consumption within the organisation
<i>Measures to improve energy efficiency</i>	3.4.2 Energy consumption and energy efficiency 3.4.3 Resources to improve energy efficiency	GRI 302-4: Reduction of energy consumption

<i>Use of renewable energies</i>	3.4.2 Energy consumption and energy efficiency	GRI 302-1: Energy consumption within the organisation
Climate change		
<i>Emission of greenhouse gases</i>	3.5 Greenhouse gas emissions	GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions
<i>Strategies for climate change adaptation</i>	1.9 Iberostar Group risk management 1.10 Key factors and trends affecting future business growth	GRI 201-2: Financial implications and other risks and opportunities due to climate change
<i>Greenhouse gas reduction targets</i>	3.1 The “Wave of Change” movement 3.5 Greenhouse gas emissions	GRI 305-5: Reduction of GHG emissions
Protection of biodiversity		
<i>Measures to preserve and restore biodiversity. Impact of business activity</i>	3.7 Protection of biodiversity 3.4.1 Water consumption	GRI 304-2: Significant impacts of activities, products, and services on biodiversity GRI 304-3: Habitats protected or restored GRI 306-5: Water bodies affected by water discharges and/or runoff
Aspects concerning personnel and social issues		
Employment		
<i>Number and distribution of employees by country, sex, age, professional category and employment type</i>	4.1 Employment	GRI 102-8: Information on employees and other workers
<i>Annual average contract by type of contract, broken down by sex, age and professional category</i>	4.1 Employment	GRI 102-8: Information on employees and other workers

<i>Number of dismissals by sex, age and professional category</i>	4.1 Employment	GRI 401-1: New employee hires and employee turnover
<i>Average salary by sex, age and professional category</i>	4.1 Employment	GRI 405-2: Ratio of basic salary and remuneration of women to men
<i>Salary gap: salary by equivalent positions or company average</i>	4.1 Employment	[average salary of male employees – average salary of female employees]/ average salary of male employees
<i>Average salary of directors and executives</i>	4.1 Employment	GRI 102-38: Annual total compensation ratio GRI 405-2: Ratio of basic salary and remuneration of women to men
<i>Application of right to disconnect policies</i>	4.2 Work organisation and measures to aid work-life balance	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees
<i>Employees with disabilities</i>	4.6 Equality and access to employment	GRI 405-1: Diversity of governance bodies and employees
Work organisation		
<i>Organisation of working time</i>	4.2 Work organisation and measures to aid work-life balance	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees
<i>Number of hours of work absence</i>	4.3 Health and safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
<i>Measures to aid work-life balance</i>	4.2 Work organisation and measures to aid work-life balance	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 401-3: Parental leave

Health and safety		
<i>Health and safety conditions in the workplace</i>	4.3 Health and safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
<i>Frequency rate, severity and occupational diseases by sex</i>	4.3 Health and safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
Social affairs		
<i>Organisation of social dialogue</i>	4.4 Social affairs	GRI 102-41: Collective bargaining agreements
<i>Percentage of employees covered by collective agreements by country</i>	4.4 Social affairs	GRI 102-41: Collective bargaining agreements
<i>Health and safety agreements</i>	4.3 Health and safety	GRI 403-1: Workers representation in formal joint management-worker health and safety committees
Training		
<i>Policies implemented in the field of training</i>	4.5 Training	GRI 404-2: Programs for upgrading employee skills and transition assistance programmes
<i>Total number of hours of training by professional category</i>	4.5 Training	GRI 404-1: Average hours of training per year per employee

Equality		
<i>Universal access for people with disabilities</i>	4.6 Equality and access to employment	GRI 405-1: Diversity of governance bodies and employees
<i>Measures adopted to promote equal opportunities and equal treatment of men and women</i>	2.3 Policies against all types of discrimination and diversity management 4.6 Equality and access to employment	GRI 405-1: Diversity of governance bodies and employees
<i>Equality plans (Chapter III of Organic Law 3/2007 of 22 March, on effective equality of men and women) and measures adopted to promote employment, and protocols against sexual and gender-based harassment</i>	2.4 Protocol against sexual and/or gender-based harassment 4.6 Equality and access to employment	GRI 102-16: Values, principles, standards, and norms of behaviour GRI 405-1: Diversity of governance bodies and employees
<i>Integration and universal accessibility of people with disabilities</i>	4.6 Equality and access to employment	GRI 405-1: Diversity of governance bodies and employees
<i>Policies against all types of discrimination and, where applicable, diversity management</i>	2.3 Policies against all types of discrimination and diversity management 4.6 Equality and access to employment	GRI 406-1: Incidents of discrimination and corrective actions taken
Information on respect for human rights		
<i>Application of due diligence procedures in the area of human rights</i>	2. Ethical management 5. The Iberostar Group's commitment to human rights	GRI 102-12: External initiatives GRI 102-16: Values, principles, standards, and norms of behaviour GRI 102-17: Mechanisms for advice and concerns about ethics GRI 412-2: Employee training on human rights policies or procedures GRI 102-17: Mechanisms for advice and concerns about ethics GRI 412-2: Employee training on human rights policies or procedures

<i>Prevention of risks for human rights violations and, where appropriate, measures to mitigate, manage and compensate possible abuse</i>	2. Ethical management 2.2 The Iberostar Group Code of Ethics 5. The Iberostar Group's commitment to human rights 6.2 Subcontracting and suppliers	GRI 414-1: New suppliers that were screened using social criteria GRI 414-2: Negative social impacts in the supply chain and actions taken
<i>Reports of cases of human rights violations</i>	2.3 Policies against all types of discrimination and diversity management 5. The Iberostar Group's commitment to human rights 6.2 Subcontracting and suppliers	GRI 102-17: Mechanisms for advice and concerns about ethics GRI 406-1: Incidents of discrimination and corrective actions taken
<i>Promotion of and compliance with the provisions of the fundamental principles of the ITO regarding respect for freedom of association and collective bargaining</i>	5. The Iberostar Group's commitment to human rights 6.2 Subcontracting and suppliers	GRI 407-1: Operations and suppliers whose freedom of association and collective bargaining may be at risk GRI 414-1: New suppliers that were screened using social criteria
<i>Elimination of employment and occupational discrimination</i>	2.3 Policies against all types of discrimination and diversity management	GRI 406-1: Incidents of discrimination and corrective actions taken
<i>Elimination of forced or compulsory labour</i>	5. The Iberostar Group's commitment to human rights 6.2 Subcontracting and suppliers	GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour
<i>Effective abolition of child labour</i>	5. The Iberostar Group's commitment to human rights 6.2 Subcontracting and suppliers	GRI 408-1: Operations and suppliers at significant risk for incidents of child labour
Information regarding the fight against corruption and bribery		
<i>Measures to prevent corruption and bribery</i> ▽	2.2 The Iberostar Group Code of Ethics 2.5 Measures adopted to prevent corruption and bribery	GRI 102-16: Values, principles, standards, and norms of behaviour GRI 102-17: Mechanisms for advice and concerns about ethics

		<p>GRI 102-25: Conflicts of interest</p> <p>GRI 205-1: Operations assessed for risks related to corruption</p> <p>GRI 205-3: Confirmed incidents of corruption and actions taken</p>
<i>Measures to fight against money laundering</i>	2.5 Measures adopted to prevent corruption and bribery	GRI 102-16: Values, principles, standards, and norms of behaviour
<i>Contributions to not-for-profit foundations and bodies</i>	<p>6.1 The Iberostar Group commitment to local communities</p> <p>6.1.1 The Iberostar Foundation</p>	GRI 201-1: Direct economic value generated and distributed
Company information		
Company commitment to sustainable development		
<i>Impact of business activity on local employment and development</i>	<p>1.4 Sustainability in the Iberostar Group</p> <p>6.1 The Iberostar Group commitment to local communities</p> <p>6.1.1 The Iberostar Foundation</p> <p>6.2 Subcontracting and suppliers</p>	<p>GRI 204-1 Proportion of spending on local suppliers</p> <p>GRI 413-1: Operations with local community engagement, impact assessments, and development programs</p>
<i>Impact of business activity on local populations and on the region</i>	<p>6.1 The Iberostar Group commitment to local communities</p> <p>6.1.1 The Iberostar Foundation</p>	<p>GRI 413-1: Operations with local community engagement, impact assessments, and development programs</p> <p>GRI 413-2: Operations with significant actual and potential negative impacts on local communities</p>
<i>Relationships with individuals in local communities and types of dialogues</i>	<p>1.7 Stakeholders</p> <p>6.1 The Iberostar Group commitment to local communities</p> <p>6.1.1 The Iberostar Foundation</p>	<p>GRI 102-12: External initiatives</p> <p>GRI 102-43: Approach to stakeholder engagement</p> <p>GRI 413-1: Operations with local community engagement, impact assessments, and development programs</p>

<i>Partnerships and sponsorships</i>	6.1.2 Partnerships and sponsorships	GRI 102-13: Membership of associations
Subcontracting and suppliers		
<i>Inclusion in the purchasing policy of aspects regarding social and environmental issues and gender equality</i>	6.2 Subcontracting and suppliers	GRI 308-1: New suppliers that were screened using environmental criteria GRI 414-1: New suppliers that were screened using social criteria
<i>Consider the environmental and social responsibility of suppliers and subcontractors</i> +	3.1 The “Wave of Change” movement 6.2 Subcontracting and suppliers	GRI 102-9: Supply chain GRI 204-1: Proportion of spending on local suppliers GRI 308-1: New suppliers that were screened using environmental criteria GRI 414-1: New suppliers that were screened using social criteria
<i>Systems for supervision, audits and results</i>	6.2 Subcontracting and suppliers	GRI 308-1: New suppliers that were screened using environmental criteria GRI 414-1: New suppliers that were screened using social criteria
Consumers (our guests)		
<i>Health and safety measures for consumers</i>	6.3 Our guests 6.3.1 Guest health and safety	GRI 416-1: Assessment of the health and safety impacts of product and service categories
<i>Complaint systems</i>	6.3 Our guests 6.3.2 Customer complaint management	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services
<i>Complaints received and resolutions</i>	6.3 Our guests 6.3.1 Customer health and safety (subsection “Customer privacy and advertising”) 6.3.2 Customer complaint management	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

Tax information		
<i>Profit obtained country by country</i>	6.4 Información fiscal	GRI 201-1: Direct economic value generated and distributed
<i>Income tax paid</i>	6.4 Información fiscal	Income tax paid based on accounting criteria
<i>Public subsidies received</i>	6.4 Información fiscal	GRI 201-4: Financial assistance received from government

INFORME DE VERIFICACIÓN DE LA INFORMACIÓN INCLUIDA EN EL ESTADO DE INFORMACIÓN NO FINANCIERA

A los socios de SAYGLO HOLDING, S.L.

En virtud de lo establecido en la ley 11/2018 de 28 de diciembre (en lo sucesivo la "Ley 11/2018"), hemos procedido a la verificación de la información incluida en el estado de información no financiera ("EInF") de SAYGLO HOLDING, S.L. y sociedades dependientes.

En nuestra opinión, con base en los procedimientos aplicados y las evidencias obtenidas durante el proceso de verificación que hemos llevado a cabo, objeto de este informe, no ha llegado a nuestro conocimiento ninguna cuestión que nos lleve a pensar que la información verificada contiene incorrecciones materiales.

Metodología y equipo verificador

La metodología del proceso de verificación a que se refiere este informe ha consistido en procedimientos de auditoría y mecanismos de verificación de información e indicadores, comúnmente aceptados en el ámbito de actuación de los Organismos de la Evaluación de la Conformidad (según la definición del Reglamento (CE) n.º 765/2008), como son las directrices de auditoría contenidas en la norma ISO 19011, y en particular:

- Entrevistas con el personal responsable de la obtención y preparación de los datos
- Revisión por muestreo de documentos y registros (tanto internos como públicos)
- Comprobación por muestreo de la fiabilidad y trazabilidad de los datos
- Evaluación de los sistemas para la obtención, gestión y tratamiento de la información e indicadores

El equipo verificador estuvo formado por personal calificado por SGS International Certification Services Ibérica, S.A.U.

Independencia

Somos independientes de **SAYGLO HOLDING, S.L.** de conformidad con los requerimientos de ética, incluidos los de independencia que resultan aplicables a nuestras actividades.

Responsabilidad de los administradores con relación a la información no financiera

De conformidad con lo establecido en el apartado 6 del artículo 44 del Código de Comercio aprobado por Real Decreto de 22 de agosto de 1885 (según redacción dada por la Ley 11/2018) los administradores de la sociedad a que se refiere este informe de verificación responden de la veracidad del estado de la información no financiera.

Responsabilidad del verificador independiente

El objetivo de la misión que nos ha sido encomendada se ha limitado a obtener una seguridad limitada de que la información no financiera está libre de incorrecciones de carácter material y a emitir un informe de verificación de la información incluida en el estado de información no financiera que contiene nuestra opinión.

22 de Julio de 2019



SGS ICS Ibérica, S.A.

Firmado: Juan José Fontalba
SGS International Certification Services Ibérica, S.A.U





