

# **Sustainability Report**

**IBEROSTAR  
GROUP  
2019**



**IBEROSTAR  
GROUP**



IBEROSTAR  
GROUP



# Contents

## Preamble

p. 7

## Letter from the President

p. 8

# 1

## Introduction

p. 10

**1.1** / p. 13

About Iberostar Group

**1.2** / p. 15

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

**1.3** / p. 22

Evolution of Iberostar Group

**1.4** / p. 24

Sustainability at Iberostar Group

**1.5** / p. 27

Wave of Change: Iberostar Group is committed to the oceans

**1.6** / p. 34

Corporate governance

**1.7** / p. 36

Stakeholders

**1.8** / p. 38

Materiality analysis

**1.9** / p. 40

Iberostar Group risk management

**1.10** / p. 42

Key factors and trends that could affect future business growth

**1.11** / p. 43

Alliances and partnerships

# 2

## Ethical management

p. 44

**2.1** / p. 47

The values that inspire Iberostar Group's identity

**2.2** / p. 48

Iberostar Group Code of Ethics

**2.3** / p. 49

Policies against all types of discrimination and diversity management

**2.4** / p. 50

Protocol against sexual and/or gender-based harassment

**2.5** / p. 51

Internal regulation system of Iberostar Group: measures taken to prevent corruption and bribery

# 3

## The environment

p. 54

**3.1** / p. 61

Environmental Management

**3.2** / p. 63

The Wave of Change Movement

**3.3** / p. 79

Environmental impact assessment and certification procedures

**3.4** / p. 81

Sustainable use of resources

**3.5** / p. 88

Emission of greenhouse gases

**3.6** / p. 91

Measures to prevent, reduce and repair carbon emissions

**3.7** / p. 92

Other atmospheric emissions

**3.8** / p. 94

Waste management

**3.9** / p. 96

Protection of biodiversity

# 4

## The people behind Iberostar Group: a star team

p. 102

**4.1** / p. 106

Employment

**4.2** / p. 115

Work organisation and measures to aid work-life balance

**4.3** / p. 116

Health and safety

**4.4** / p. 123

Social affairs

**4.5** / p. 124

Training

**4.6** / p. 125

Equality and access to employment

# 5

## Iberostar Group's commitment to human rights

p. 126

# 6

## Company information

p. 132

**6.1** / p. 125

Iberostar Group's commitment to local communities

**6.2** / p. 144

Subcontracting and suppliers

**6.3** / p. 150

Our guests

**6.4** / p. 158

Tax information

## Annexes

p. 164

p. 165

Annex I: List of material topics

p. 169

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



## Preamble



This Sustainability Report reflects the current state of Consolidated Non-financial Affairs of Sayglo Holding, S.L. and Affiliated Companies (hereinafter Iberostar Group), and forms part of the Consolidated Management Report for the 2019 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. This report has been approved by Vice-Chairman and CEO, Ms Sabina Fluxà and the Vice-Chairman and CSO, Ms Gloria Fluxà.

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, 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, 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 2019 Sustainability Report from 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 our planet. We understand that this effort requires the collaboration of all our stakeholders.

We have aligned our corporate responsibility objectives with the Sustainable Development Goals issued by the United Nations for 2030 (SDGs 2030). That way, we can demonstrate our commitment to people and the environment. Our goal is to promote changes in interest groups and in society as a whole to create a more responsible tourism sector. 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 actions: moving beyond plastics, responsible fish and seafood consumption and coastal health.

Through the Iberostar Foundation, we have committed to various pacts to achieve a more ethical and responsible management model that promotes job creation and economic growth and drives initiatives that support childhood, education, vulnerable communities and social innovation.

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 2019, our big Iberostar family included more than 34,500 employees, looking after more than 9 million guests each year. Hospitality is the company's core business. We have more than 100 hotels with 4 and 5-star ratings in 16 countries. There are two further business units, in addition to hotels: The Club holiday club and the Travel, inbound and real estate business. Our hotel portfolio is split into three segments under a single Iberostar brand: beachfront resorts, which include our sea front holiday hotels; city hotels, located in the centre of highly attractive touristic cities; and heritage hotels, dubbed 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 5-star quality; and Iberostar, which encompasses four and five star hotels. The city hotels and heritage hotels, meanwhile, have hotels in both the Grand and Iberostar categories. 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 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 Fluxá Rosselló**  
*President of Iberostar Group*



<b>1.1</b>	About Iberostar Group / p. 13
<b>1.2</b>	Description of the Group's business model (business environment and organisation) / p. 15
<b>1.3</b>	Evolution of Iberostar Group / p. 22
<b>1.4</b>	Sustainability at Iberostar Group / p. 24
<b>1.5</b>	Wave of Change: Iberostar Group is committed to the oceans / p. 27
<b>1.6</b>	Corporate governance / p. 34
<b>1.7</b>	Stakeholders / p. 36
<b>1.8</b>	Materiality analysis / p. 38
<b>1.9</b>	Iberostar Group risk management / p. 40
<b>1.10</b>	Key factors and trends that could affect future business growth / p. 42
<b>1.11</b>	Alliances and partnerships / p. 43

# Introduction

## About Iberostar Group

1.1

We are a family-owned, Spanish company with more than 60 years of history in the tourism industry. With our headquarters in Palma de Mallorca (Spain) and a presence in 23 countries throughout Europe, Africa, Asia and the Americas, the company's core business is the hospitality industry, where we have more than 100 4 and 5-star hotels in 16 countries. There are two further business units, in addition to hotels: The Club holiday club and the Travel, inbound and real estate business. Through these areas, we offer a wide range of holiday experiences to 9 million guests each year. We rely on innovation and one-of-a-kind synergies between guests and the environment.

The Group's more than 34,500 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.

We apply Corporate Social Responsibility (CSR) to our entire range of holiday experiences, as a driver of our actions and the foundation of our corporate culture. In particular, since 2017, the Group has promoted the protection of oceans in the hospitality sector through its 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

We offer unforgettable holiday experiences in the best locations throughout the world, through a sustainable tourism business model that encourages respect for individuals and the environment.

### Values

We are a family company with values that have been refined over generations. These values have shaped our corporate culture and serve as a model in all areas of business. Our values are grouped together into three main areas:

<sup>1</sup> Jobs directly created by Iberostar Group as of 31/07/2019 under the different contractual categories, including hotel management staff.



These values express who we are:

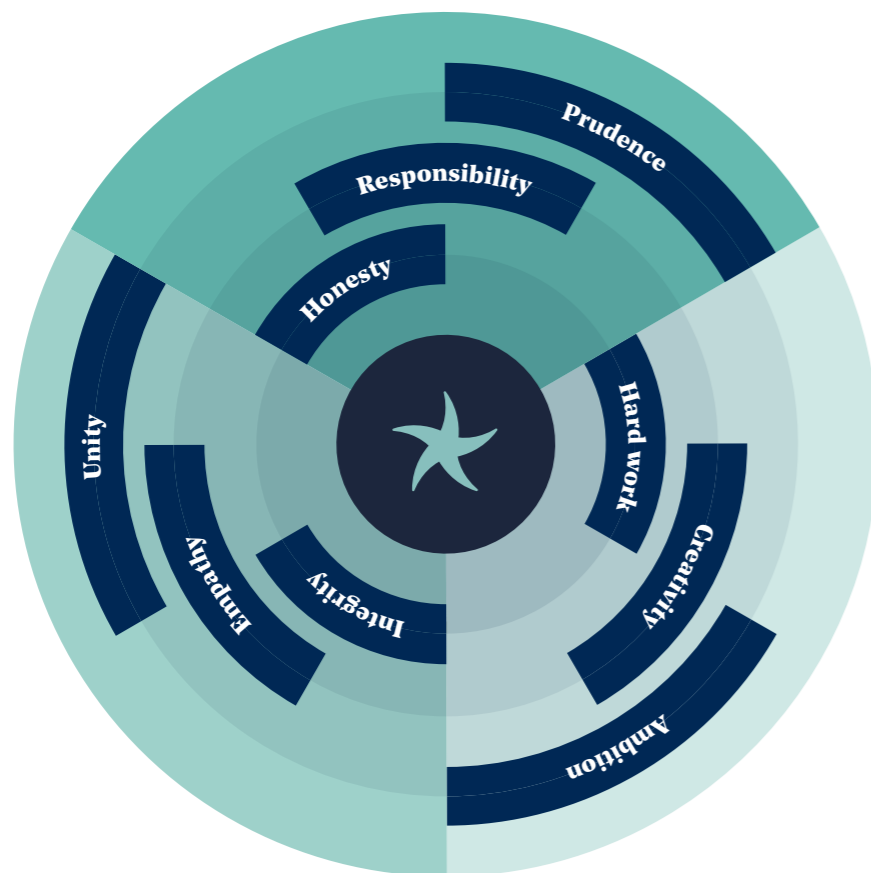
- Honesty:** the foundation for the solid reputation we have today.
- Responsibility:** to act with integrity, a sense of commitment and in an ethical way.
- Prudence:** as a synonym for wisdom, good judgement and reflection in decision-making processes.

Values that express how we interact:

- Integrity:** wherever we go, we are committed to sustainability.
- Empathy:** encourages an atmosphere of trust, respect and collaboration, supported by a strong and ever-growing culture of teamwork.
- Unity:** giving our identity coherence and soundness.

Values that express how we work:

- Hard work:** with high-quality service as our goal.
- Creativity:** expressed by the capacity to be innovative and search for original solutions in an ever-changing digital world.
- Ambition:** demonstrated by our global presence and desire for further expansion.



## 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

We are a world-renowned prestigious brand within the tourist services industry, with an image that is backed up by our extensive international presence. In 2019, we served over 9 million guests in 23 countries:

Aruba, Brazil, Bulgaria, Cape Verde, Cuba, Egypt, Spain, United States, Greece, Hungary, Jamaica, Malta, Morocco, Mexico, Montenegro, Peru, Portugal, Dominican Republic, Thailand, Tunisia, Turkey.

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

**100%**  
 Family owned

**+100**  
 Hotels around the world

**34,504**  
 employees  
 (95 Nationalities employed)

A presence in  
**23**  
 countries

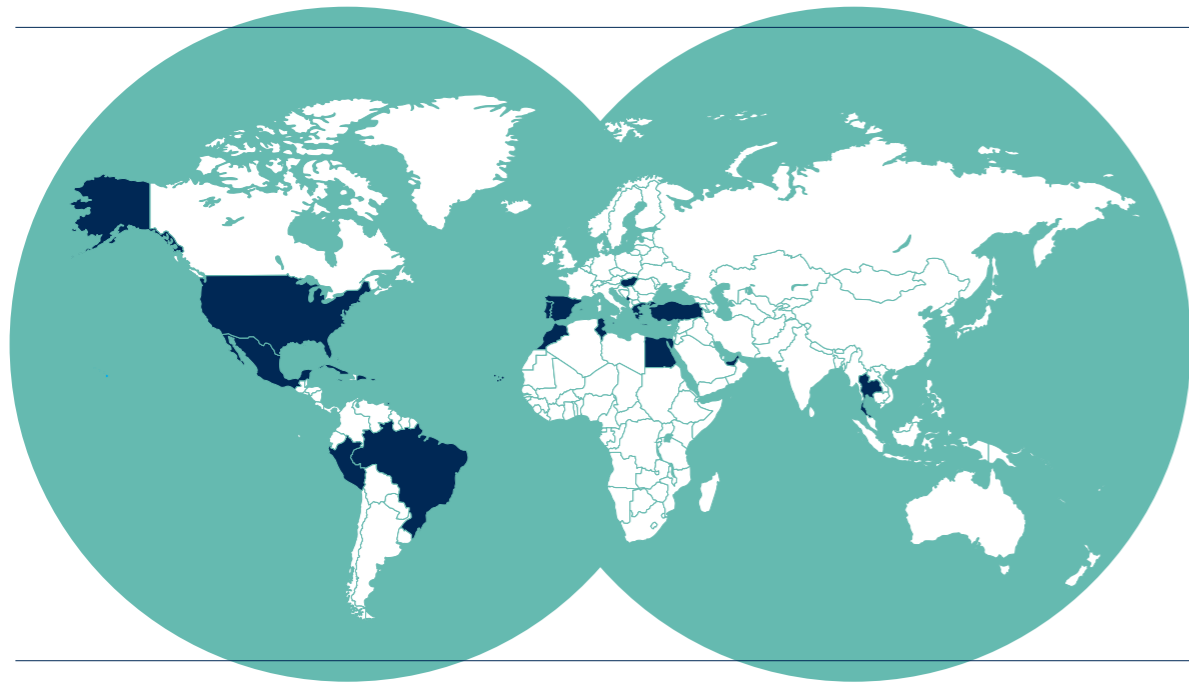
**2,352\* MILL.**  
 Revenue 2019

\* Iberostar Group Revenue (in€m)  
 Almundo excluded (+5% YTY)

**34,352**  
 Rooms

COUNTRIES WHERE  
IBEROSTAR GROUP OPERATES

# Operating in 23 countries with over 9 million guests



*Andorra, Aruba, Brazil, Bulgaria, Cape Verde, Dubai, Egypt, Spain, United States, Greece, Hungary, Jamaica, Malta, Mexico, Montenegro, Morocco, Peru, Portugal, Dominican Republic, Thailand, Tunisia, Turkey.*

The lead and parent company of Iberostar Group is a company incorporated under the legal structure of a 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. Sustainability and Corporate Social Responsibility (CSR) are two important elements the company promotes within the different activities and initiatives it develops. Iberostar Group also involves its

guests, employees, suppliers, local communities, administrations, public entities, travel agencies, tour operators, business partners, ad agencies, the academic and scientific community and other social agents in the company's policies and actions, which continuously promote dialogue. We consider all of them essential for the changes that a responsible mindset can promote on a local and global scale.

In addition, we at Iberostar Group have a Code of Ethics that establishes our values, principles that uphold our employees' professional behaviour, the commitments of our stakeholders, our 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 Being focused on profitability.
- 4 Focus on digital development and innovation, with a culture based on ethics, communication and transparency.

This vision defines our objectives and action plans. Collaboration and transparency, as the axes of our work model, are closely associated with meeting

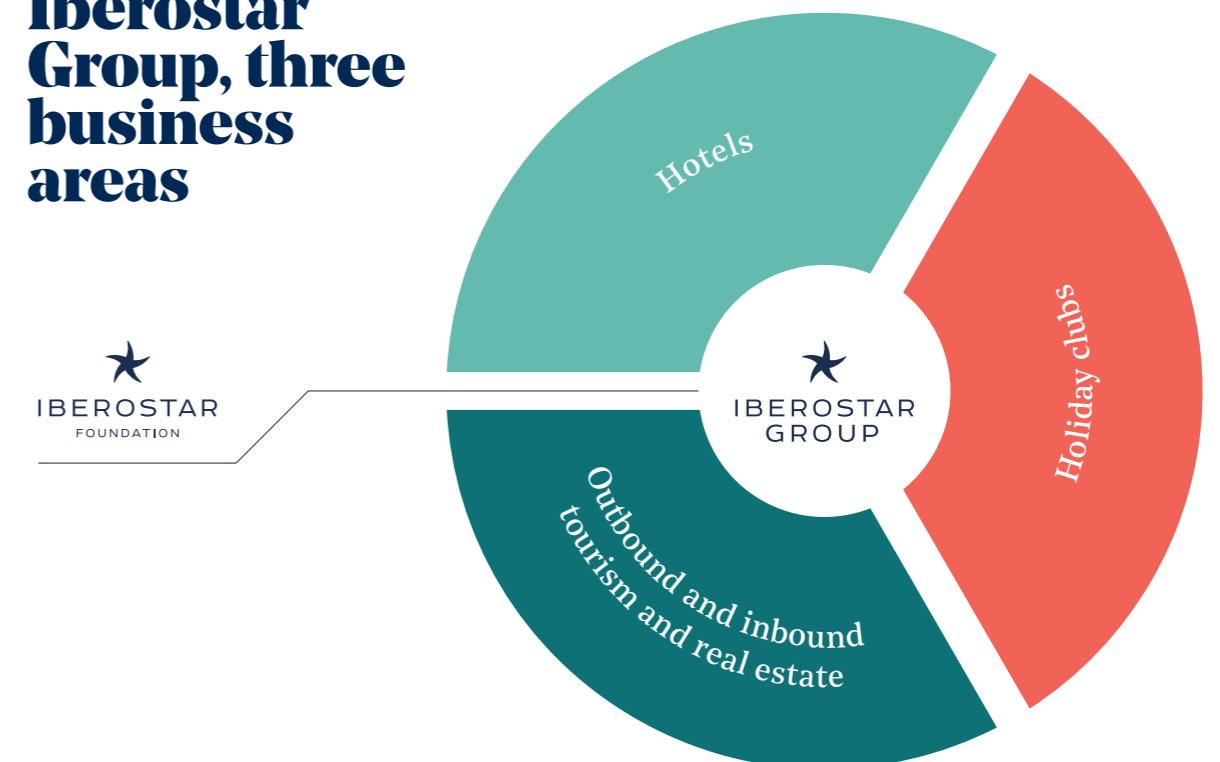
our business objectives. They drive our contribution to transforming society and the communities where we operate.

## Business areas of Iberostar Group

1.2.2

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

### Iberostar Group, three business areas



## Hotels and Resorts

The hospitality business is the Group's core activity. We have beachfront hotels, city hotels and heritage hotels. In total, the Group has more than

100 4 and 5-star hotels and resorts around the world's main cities and beaches in 16 countries and on three continents.

### 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 seafront holiday resorts.

**City hotels**, located in the heart of some of the most appealing and most visited 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 its 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

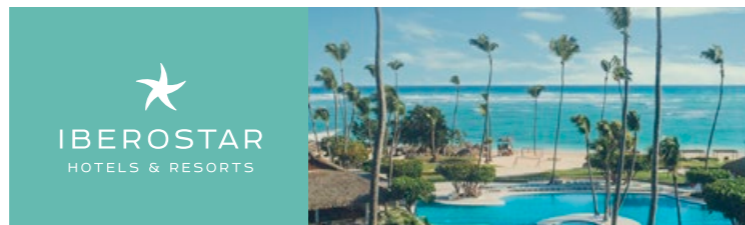
### City hotels

Grand  
Selection  
Iberostar



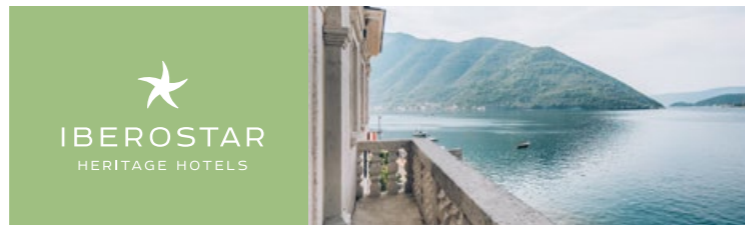
### Beachfront hotels

Grand  
Selection  
Iberostar



### Heritage hotels

Grand  
Iberostar



## The pillars of Iberostar Group hotels

We seek to create a sustainable tourism model based on excellent service. In unique places, decorated to enhance their true essence. With outstanding gastronomy

### Iberostar The Club

The high percentage of repeat guests is the best reward for our work. At Iberostar Hotels & Resorts, we wanted to respond to this faith in us by creating Iberostar The Club, an exclusive meeting point where members can enjoy the privileges they deserve.

Iberostar The Club has more than 13,000 members in Club Destinations, with maximum benefits in Mexico, Dominican Republic, Jamaica and Brazil. Membership offers privileges such as exclusive amenities, private Star Prestige areas, as well as preferential rates at Iberostar Hotels & Resorts around the world.



### Travel and inbound

To offer our guests the best travel experience, we have a tour operator, bed bank and inbound services provided by the company World2Meet (W2M). In August 2019, Almundo.com was sold and separated from Iberostar Group. On the other hand, the Iberoservice International business unit merged with W2M.



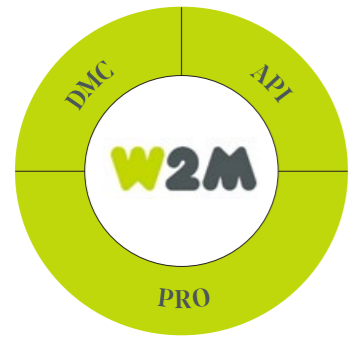
### W2M World2meet

#### Global provider tourist 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 7.3 million travellers in 2019.



THREE BUSINESS AREAS



REAL ESTATE

**Iberostate**

Represents the real estate division of Iberostar Group, specialised in building and developing high category residences alongside golf courses, which are built with the greatest respect for the surrounding environment. This innovative option allows residents to enjoy spacious villas and welcoming apartments at several privileged Iberostar resorts in the Dominican Republic and Brazil, as well as benefit from its 5-star services.



**30** offices in 15 countries | **205** destinations

**+500K** hotels in its global portfolio | **+50K** hotels with direct hiring



**Awards and recognitions received by Iberostar Group**

**1.2.3**

Our Iberostar hotels and resorts have received numerous awards and distinctions, which highlight our passion and effort to ensure maximum satisfaction for our guests. These


awards are also an acknowledgement of the quality service offered by the Group and helps reinforce our positioning, based on a job well done. Our guests consistently acknowledge our quality:



**90%** Location and service satisfaction



**5** awards for hotels in Jamaica and Mexico



**+75%** of our hotels received awards in 2019 (76,7%)



**+80%** of our hotels have a recommendation rate of between 90% and 100%

THE FOLLOWING ARE THE MOST RELEVANT AWARDS IBEROSTAR GROUP RECEIVED IN 2019:



**86 hotels received the TripAdvisor Certificate of Excellence**



**24 hotels received the TripAdvisor 2019 Travellers' Choice**



**21 hotels received the 2019 HolidayCheck Award**

# Evolution of Iberostar Group

# 1.3

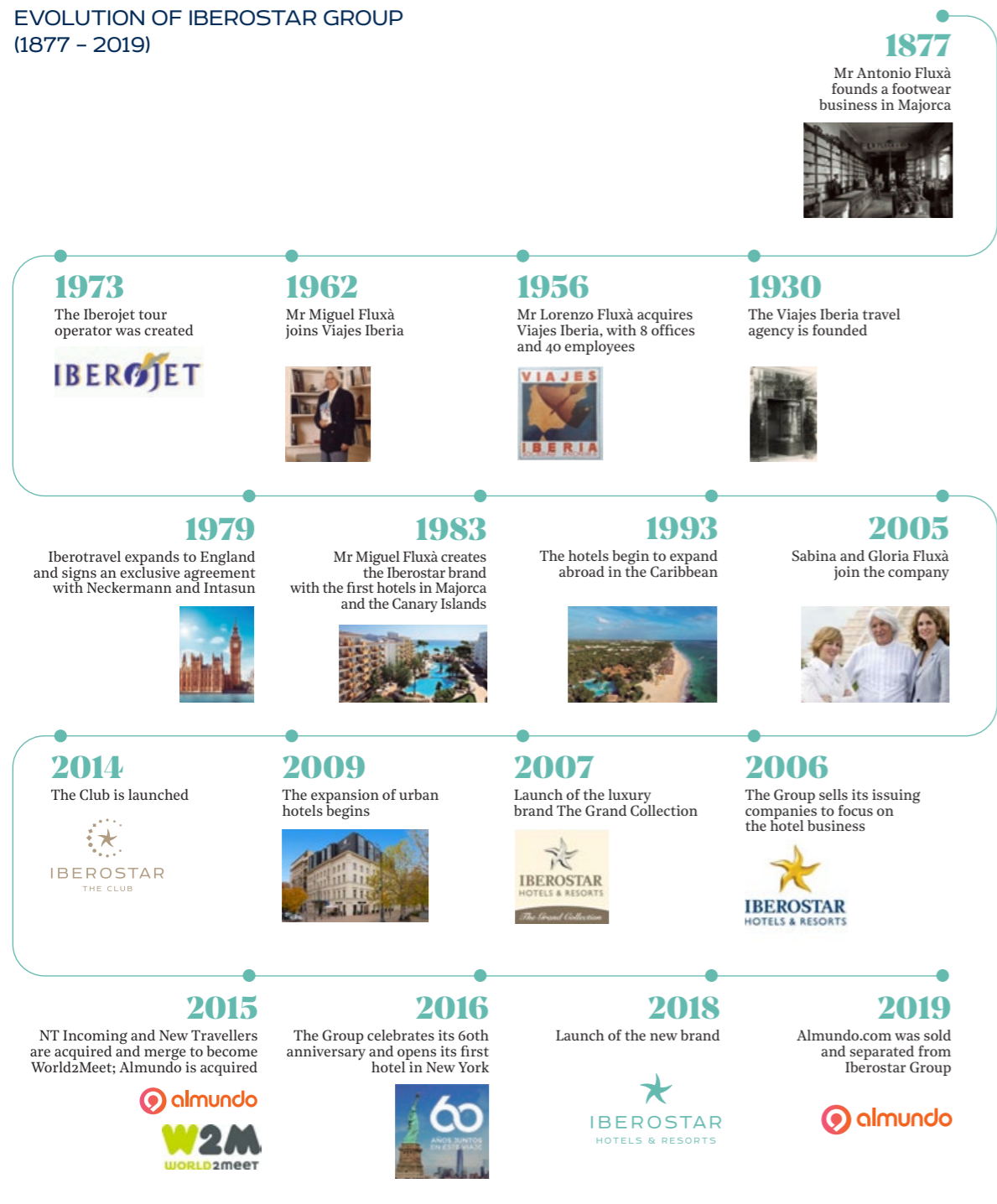
## History of Iberostar Group: from footwear to tourism, an entrepreneurial endeavour

### 1.3.1

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 IBEROSTAR GROUP (1877 - 2019)



## Innovation: digital development in Iberostar Group

### 1.3.2

Technology is key in the transformation of the tourism sector. Over the course of 2019, we at Iberostar Group implemented important digitisation projects which directly involve various departments at our hotels, including Management, Guest Service, Bar and Dining Area, Floors and Technical Services. This was made possible through the rollout of a mobility solution fully integrated into the Hotel Management System.

We completely re-engineered all of our price and availability management systems to consolidate them into a single platform and automatically integrate them into all of the distribution systems. This is going to generate high levels of efficiency.

Similarly, we designed the 2020 Digital Hotel programme. Through this, our goal is to implement a dynamic of open digital innovation in which 20 first-class companies are set to partic-

ipate, such as IBM, Google, Microsoft, Deloitte, KPMG, Accenture, Telefónica and Vodafone, among others.

We established the Advanced Analytics Unit, DATO (acronym for Data Analytics and Transformation Office). Through this, we have centralised the analytic profile of all staff spread throughout the different company areas. We also created a technological platform based on Azure, with the functionalities necessary to correctly organise and manage the data and analytic models.

We also created two new roles, Director of Cybersecurity and Director of Systems Architecture, in order to tackle the massive rollout of platforms on various Clouds.

Work has been very intense for the Technology and DATO Departments, given the implementation of 226 projects with an average length of 4 months.

### LA DIGITALIZACIÓN EN GRUPO IBEROSTAR

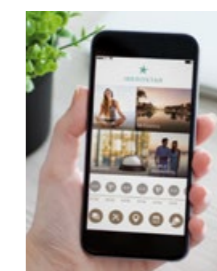
#### Mobility management

Internal processes for monitoring room cleanliness, special needs



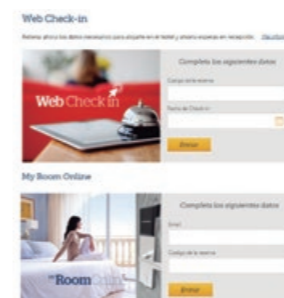
#### App

Guest relationship before, during and after their stay



#### Web experience

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



#### Automation of Facilities

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



# Sustainability at Iberostar Group

# 1.4

Corporate Social Responsibility (CSR) is multi-dimensional within Iberostar Group and encompasses all of its branches and activities. We believe that corporate success equates to shared growth. That is, a continuous journey of learning that provides value and promotes social and

economic progress in local communities. This transversality has allowed the group to develop a common vocabulary that enunciates our ethics and values, and extends throughout our hotels, offices, employees and guests, and is projected to our different stakeholders.

## Committed to sustainable development

### 1.4.2

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

At Iberostar Group, we are confident that sustainable development is a driving force in our business. That is why we are committed to making our company's growth compatible with environmental protection and cultural heritage, along with promoting the social and economic well-being of our areas of influence. All of this is based on solid ethics and good corporate governance. In 2019, we strengthened our sustainability policy, which was implemented in every destination where we operate. This policy is governed by the following principles:

**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 guests, 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 a 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 employees**, in order for them to share knowledge and for us to support community support actions.

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

From this point of view, our sustainability and CSR goals are in line with the Sustainable Development Goals established by the United Nations for 2030 (SDGs 2030) to eradicate poverty and protect the planet. This requires the participation of public and private stakehold-

ers and members of civil society. That way, we can demonstrate our commitment to people and the environment. Our goal is to promote changes in interest groups and in society as a whole to create an increasingly responsible tourism sector.

## SUSTAINABLE DEVELOPMENT GOALS



At Iberostar Group, we are committed to contributing to fulfilling the SDGs through the ethical and responsible management of our activities. From this point of view, and by understanding that to be leaders in responsible tourism we must work and contribute to each

and every one of the 17 SDGs, we have maximised our efforts to achieve this and explore different lines of action. Given that Iberostar Group devotes most of its efforts to two lines of action (people and the environment), we pay special attention to goals 8 and 14 of the SDGs.



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

**Job creation:** at Iberostar Group, we look after people by creating jobs (more than 34,500 jobs directly created in 2019), promoting social inclusion and driving the economic development of the communities where we operate.

**Communities:** at Iberostar Group, we support the local communities where we operate and promote local culture. We focus our social

actions toward guests, employees and other stakeholders, including projects related with childhood. We also carry out internal training to promote the Group's values.

**Iberostar Foundation:** the Foundation carries out social and educational actions focused mainly on childhood. It also participates in cooperative projects with internationally recognised institutions. On the other hand, 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

228

Projects



359,000

people who have benefited



Organization that  
the Iberostar Foundation  
works with



Some of Iberostar Group's projects  
include the Employee Aid Fund  
and the collaboration  
with UNICEF in Cuba.

© UNICEF Cuba



**Employee aid fund**

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

**Unicef Cuba**

*Sign a new agreement  
with UNICEF in Cuba*

In addition, at Iberostar Group, we work  
actively for human rights and the fight against  
sexual exploitation in the tourism sector. In  
this respect, in 2011, we adhered to the Global

Code of Ethics for Tourism from the World  
Tourism Organization (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.

At Iberostar Group, we promote our contribution  
to SDG 14 through the Wave of Change movement,  
for the conservation and preservation of the  
oceans and coastal health.

**Wave of Change:  
Iberostar Group  
is committed to the oceans.**

1.5



We know that our seas and oceans are essential to the planet. As well as being the source of most of the oxygen we breathe, they provide us with materials and food and are the source of numerous economic activities.

At Iberostar Group, which has more than 80% of our hotels on the seafront, we have always had a policy of responsible and sustainable management in the environments in which we operate, because we understand the valuable and priceless exchange of resources provided by the seas and oceans. Since 2017, we have implemented a movement we call Wave of Change, which represents an essential pillar in the Group's management.

The Wave of Change movement has three lines of action. Each one complements the other, but is clearly different:

**Wave of Change:  
movement  
and circularity**



**Moving  
beyond plastics**



**Promoting  
the responsible  
consumption of seafood**



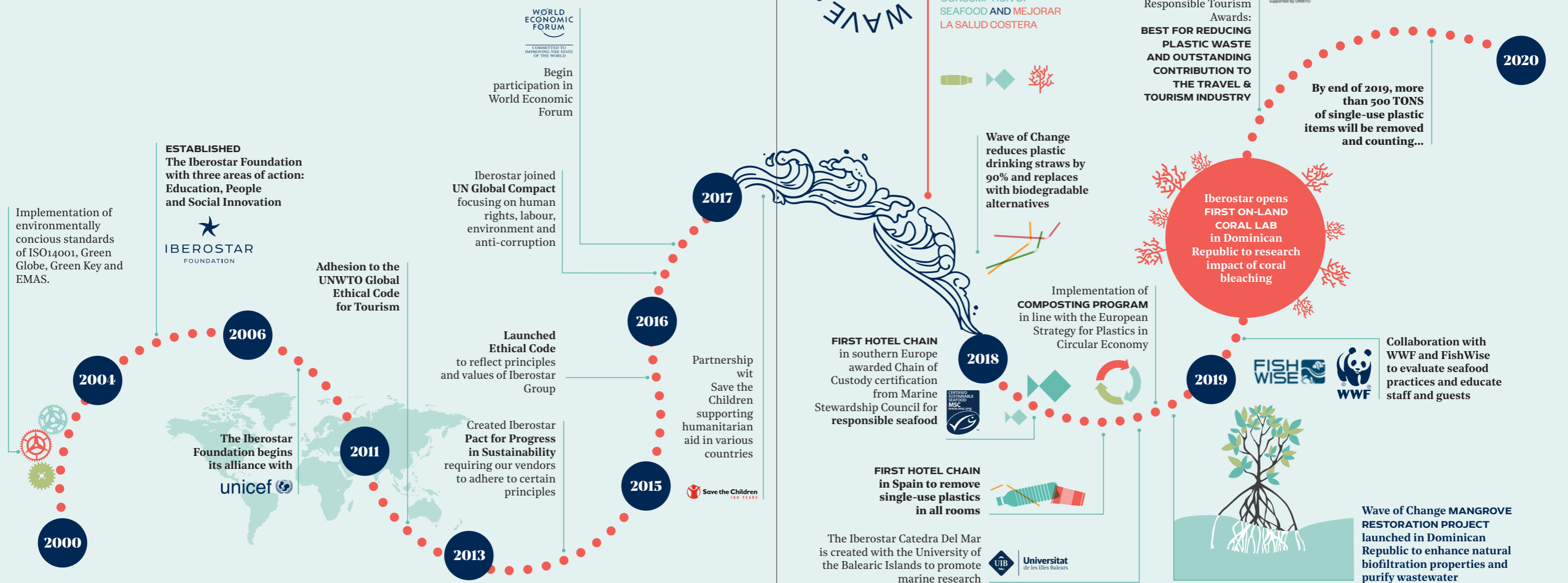
**Improving  
coastal health**

These three lines of action, based on rigorous science and ambitious objectives, are rolled out through tangible actions that are the very backbone of this pioneering initiative.

As stated in the previous section, Wave of Change is mainly intended to contribute to achieving 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”). It was born out of a desire to unite employees, guests, service providers and society as a whole in the common effort to create tourism that is ever more responsible.

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# Iberostar Sustainability Timeline





## The three lines of action of Wave of Change

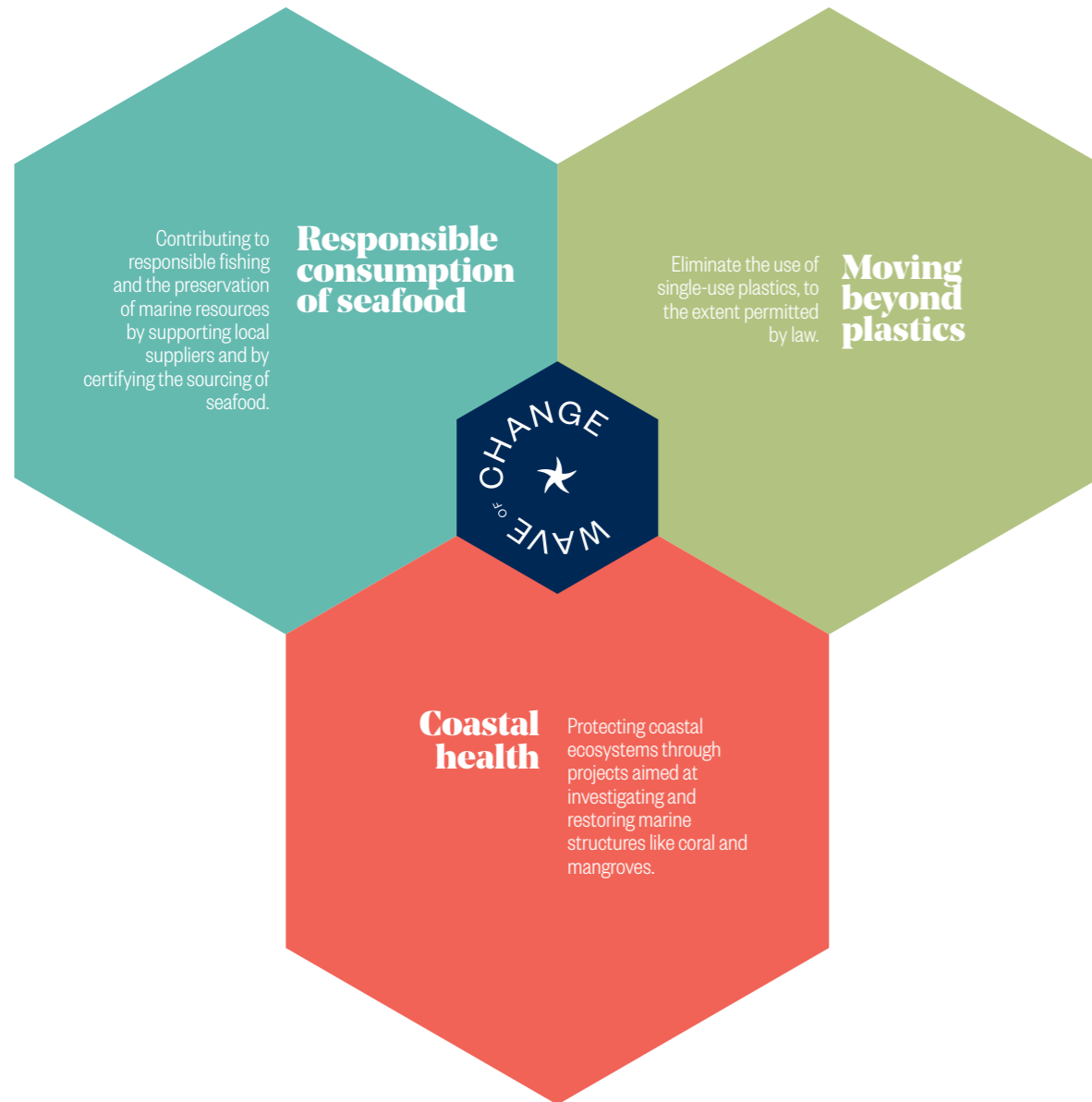
Many human activities negatively affect the oceans, including those that cause plastic pollution, among others. Plastics have revolutionised our way of life and are essential for our current society. Nonetheless, the excessive use of plastics—especially single-use plastic containers—has caused unnecessary pollution in the environment. Approximately 8 million tonnes of plastic are dumped in our oceans each year. 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, which will reduce the levels of oxygen dissolved in the water. This, along with an increased concentration of CO<sub>2</sub> in seas and oceans and their resulting acidification, would cause irreversible damage to a wide range of marine organisms and ecosystems, not to mention economic sectors like fishing and aquaculture, which depend on healthy seas. Species that cannot move around are especially vulnerable, such as coral, seagrass meadows and mangroves. For this reason, working to preserve our oceans means working to ensure a future for the next generations, while also ensuring the viability and sustainability of Iberostar Group.

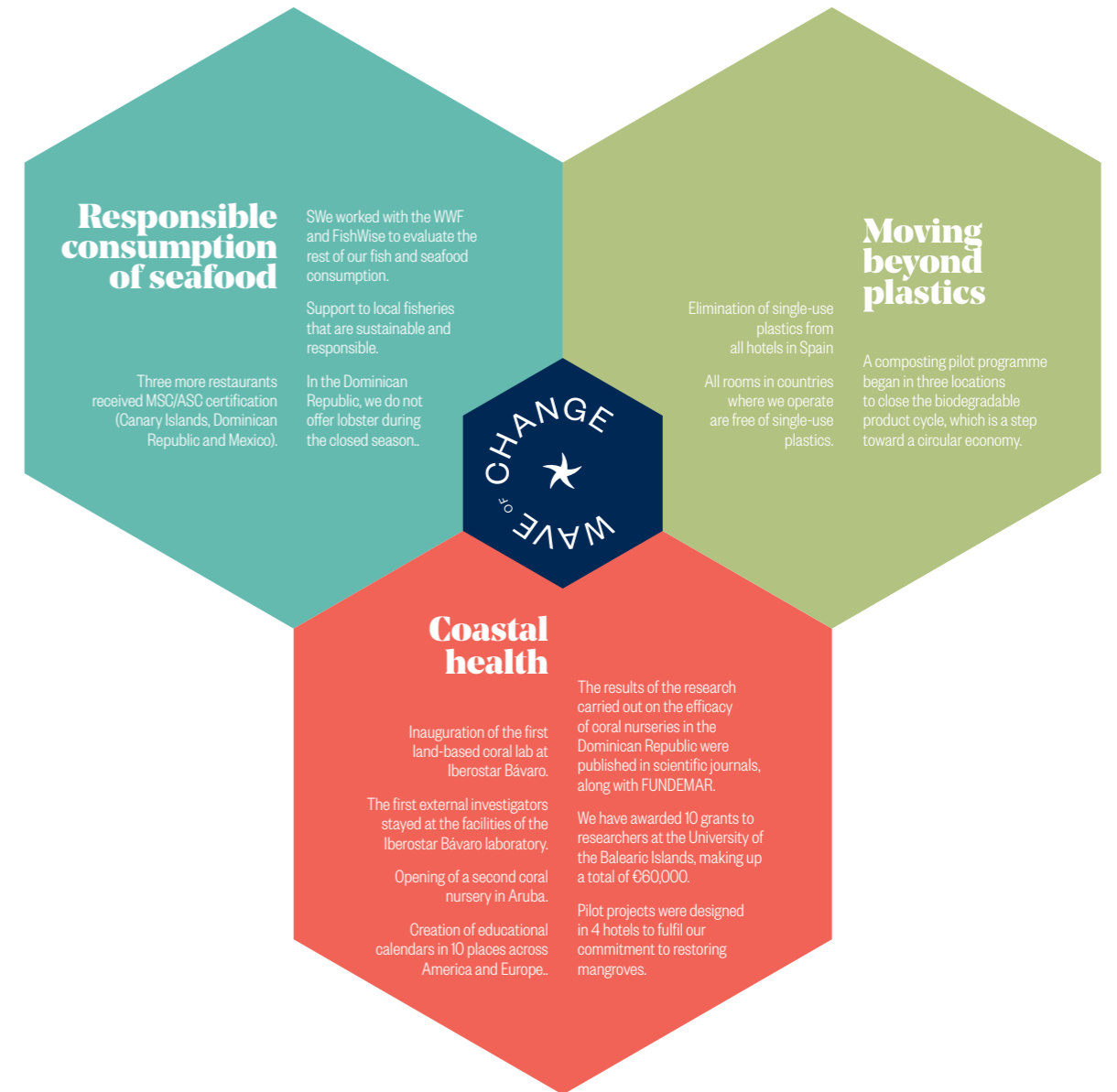


Below, we will summarise the three areas of action of Wave of Change, its general goals and the most noteworthy milestones of 2019:

## Wave of Change goals



## Main actions carried out in 2019 for each line of action of Wave of Change.

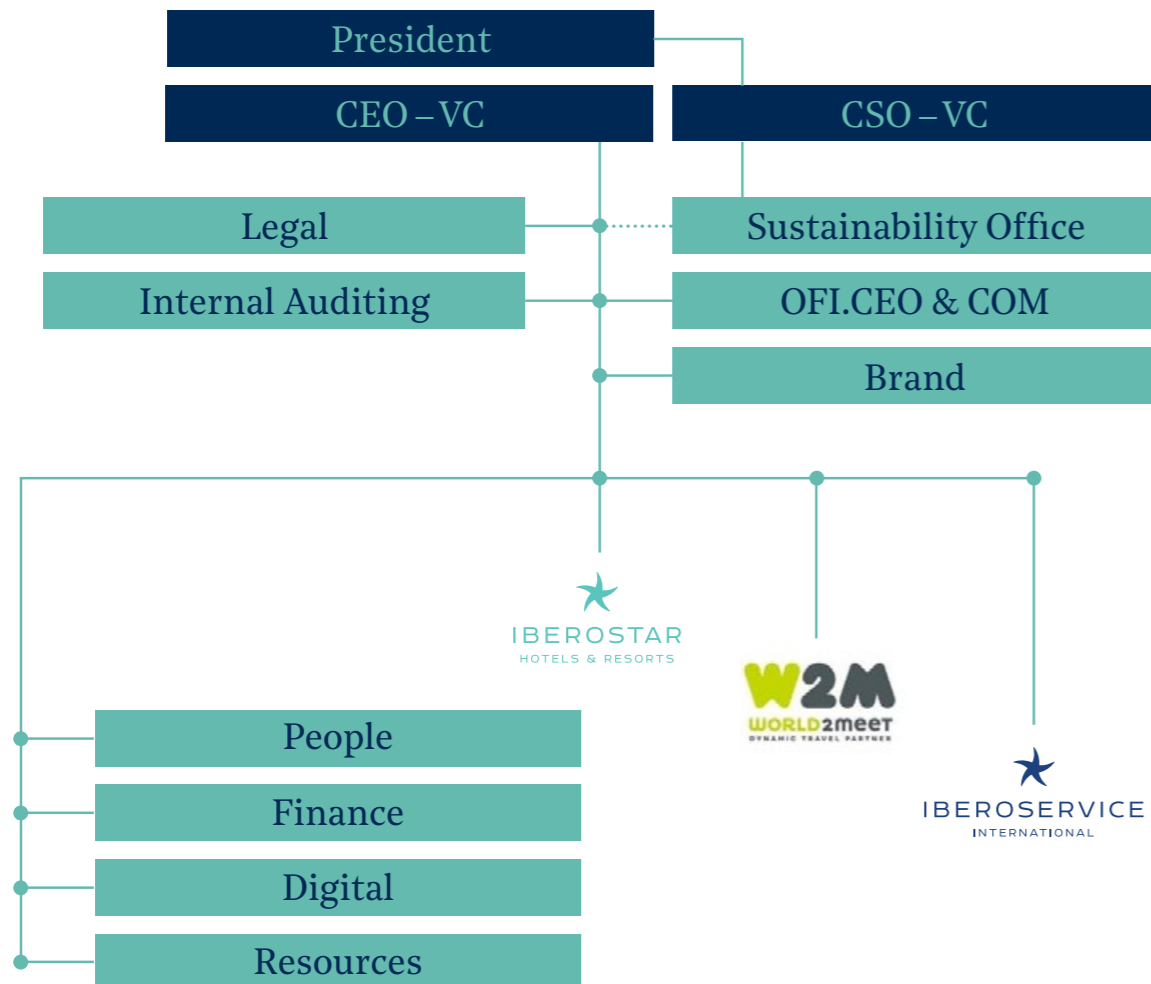


For more information on Wave of Change, see section 3.5 of this Sustainability Report and [waveofchange.com](http://waveofchange.com).

# Corporate governance

# 1.6

IBEROSTAR GROUP'S ORGANISATIONAL STRUCTURE IS AS FOLLOWS



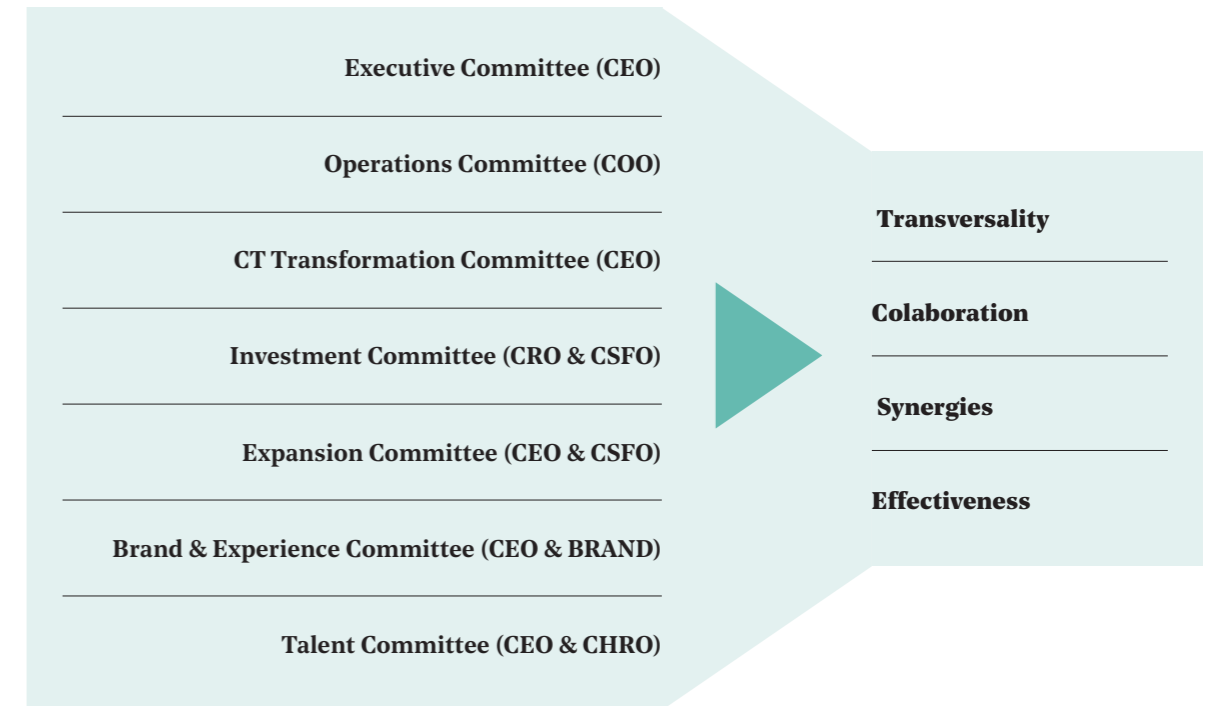
The senior governing body is the Executive Committee (EC). Its function is to define, set and implement the company's strategies, policies and initiatives. It acts responsibly based on the Code of Ethics and the Compliance Programme that it itself approved. The Committee is made up of the President, 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 Fluxá. The EC is led by the Vice-Chairman & Chief Executive Officer (Ms Sabina Fluxá) and the Vice-Chairman & Chief Sustainability

Officer (Ms Gloria Fluxá). The other members of the EC are: Chief Strategy and Finance Officer, Chief Commercial and Digital Officer, Chief Operations Officer, Chief Resources Officer, Chief Legal Officer and General Counsel, Chief People Officer, Corporate Director CEO Office Communication and Public Affairs and Chief Financial Officer.

Governance is spread among different Committees made up of the managers of each of the areas involved. The committees are organised under the overall authority of the Executive Committee. This structure allows us to be more effective and transversal and to establish collaboration and synergy within the different areas of Iberostar Group.

## GOVERNING BODIES



### Role of highest governance body in setting purpose, values, and strategy

1.6.1

The CEO leads the strategic plans of the group's different lines of businesses and drives their profitability. He assures compliance with Iberostar Group values and monitors the development of the organisational capabilities necessary to meet its business goals.

The EC develops strategic plans and later evaluates their deployment and results. 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 our guests' expectations.

# Stakeholders

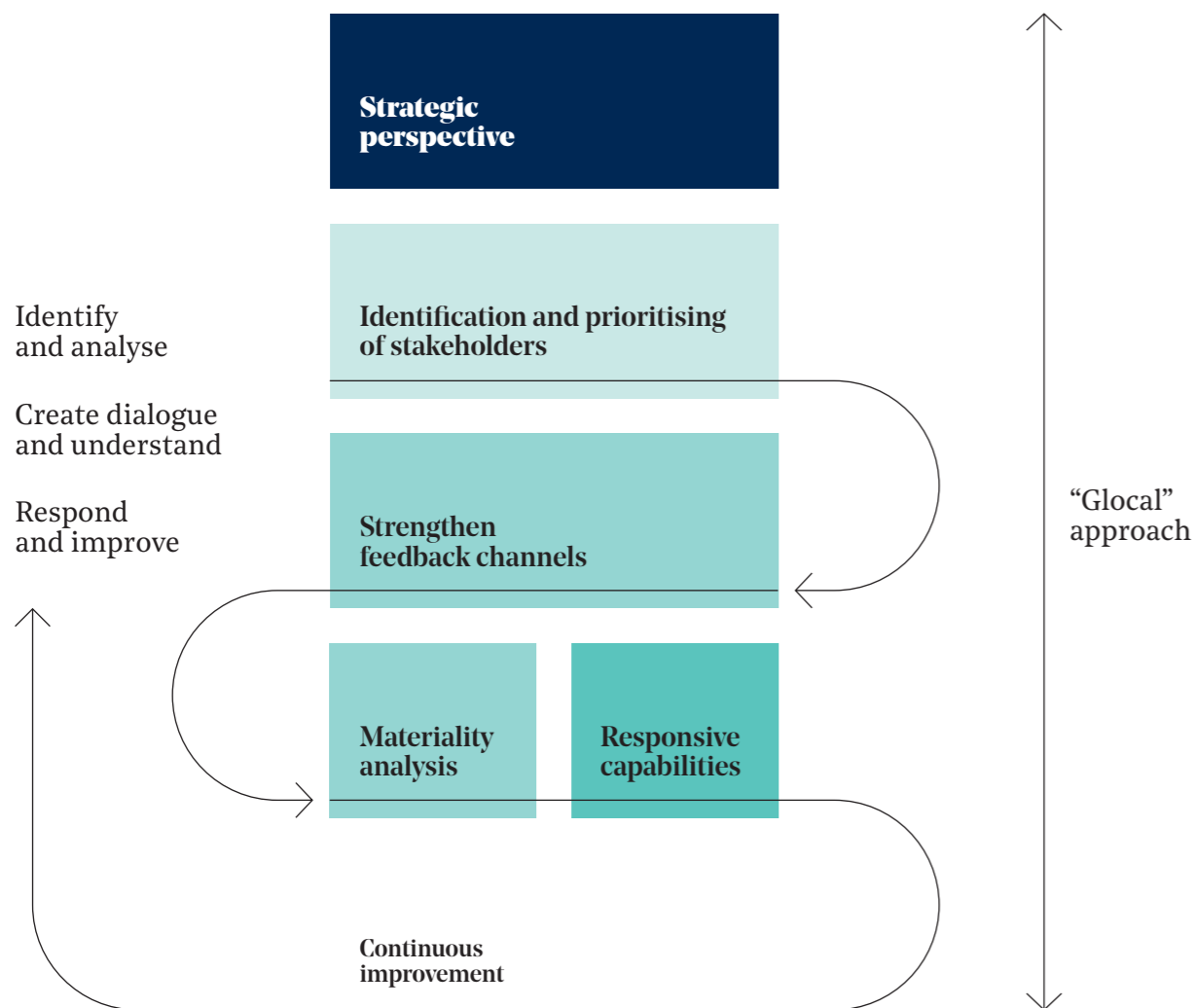
# 1.7

At Iberostar Group, we consider dialogue with our stakeholders a valuable and necessary action. Creating consistent dialogue with a wide variety of stakeholders allows us to identify priority areas of sustainability and tackle them efficiently. Open dialogues with our stakeholders drive the development of win-win relationships and build an underlying “network” of transformative effects

in the area of sustainability and CSR. 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 our different stakeholders in a detailed way.

## THE DIALOGUE MODEL WITH IBEROSTAR GROUP'S STAKEHOLDERS

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



At Iberostar Group, we have implemented a dialogue model with our stakeholders that consists of:

- 1 A strategic and comprehensive** perspective on dialogue, sustainability and CSR.
- 2 Identifying and prioritising** our stakeholders.
- 3 Strengthening feedback channels** and channels specifically related to sustainability and CSR issues, which continuously drives dialogue.
- 4** Periodically updating Iberostar Group's **materiality analysis**, for which the feedback from our stakeholders plays a decisive role.
- 5 A “Glocal” approach** that takes the social and cultural contexts of 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.

Our main stakeholders are:

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

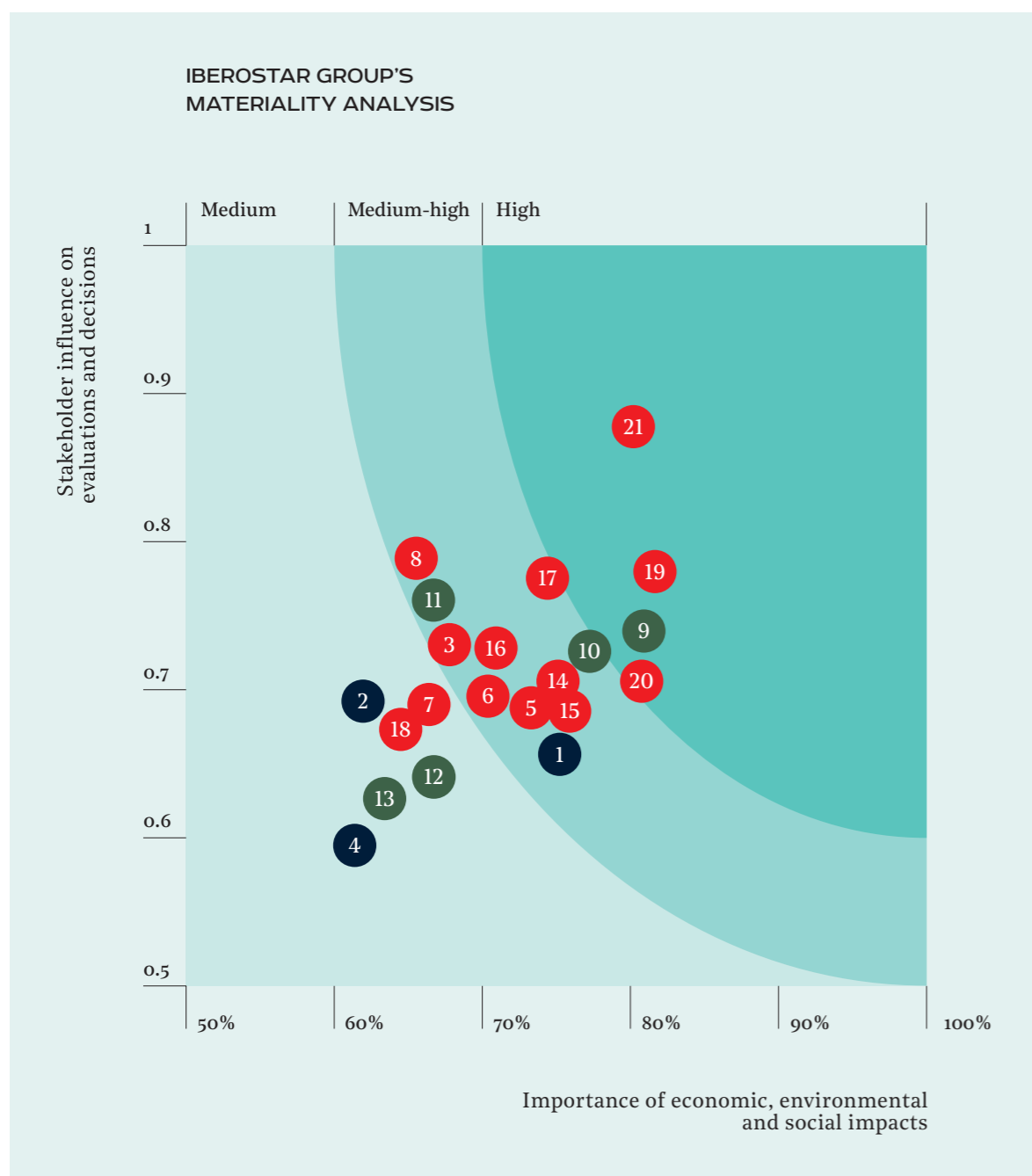
# Materiality analysis

# 1.8

In 2018, we at Iberostar Group carried out a materiality analysis to steer communication and efforts on issues related to sustainability and 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. For the materiality analysis carried out in 2018, we organised interviews and focus groups with representatives of each one of our stakeholders and extended the scope and the topics, compared to those considered in the previous materiality analysis carried out in 2015.

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 for human rights
19	Quality and customer management
9	Use of materials and waste creation
20	Responsible sourcing practices
17	Diversity, inclusion, integration and equal opportunities
10	Impact on the water environment
16	Occupational health and safety
14	Responsible recruitment practices
8	Protection of and commitment to local development
15	Professional development and talent management
1	Business strategy and model
11	Biodiversity and safeguarding the natural environment
5	Ethics and integrity
3	Participation of Stakeholders
6	Creating shared value
7	Management of social and economic impacts on local communities
18	Responsible communication and transparency
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

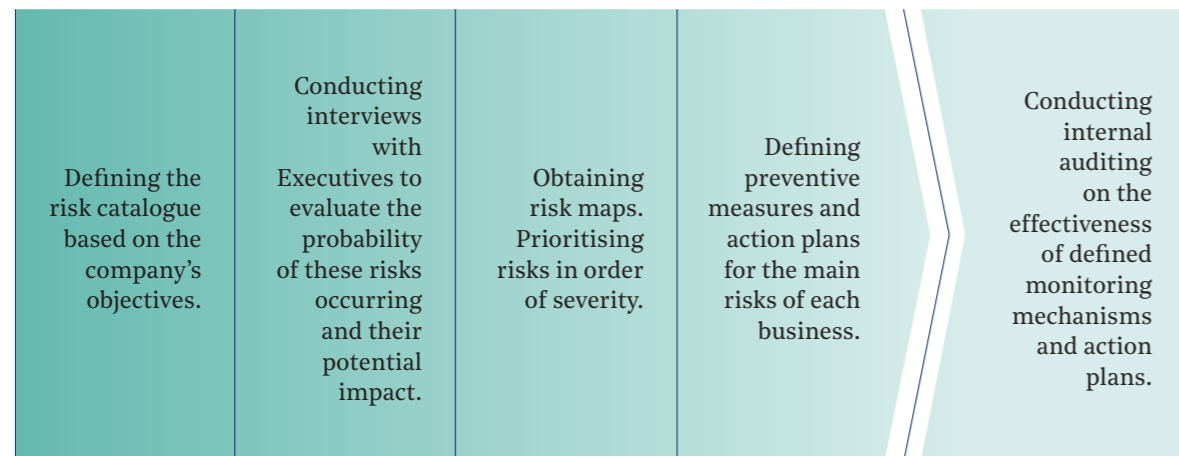
Identifying the risks that the company is exposed to is essential for properly evaluating and prioritising them. A risk management system allows us to effectively implement its corporate strategy, drives coordination and communication between the areas of business and helps the decision-making process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

At Iberostar Group, we consider risk management and internal monitoring to be key factors in the organisation's success. They also help identify ways to reach strategic business goals. In this context, we implemented a global risk management model in 2018. Based on this, we launched our 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. Through this risk management

model, which includes coordination between different teams, we continuously work to prevent and mitigate identified risks.

In addition, at Iberostar Group, we have implemented a risk management governance model that includes a Risk Committee, which reviews the risk monitoring and management policies, the risk catalogue, risk maps and action plans and forwards them to the Executive Committee for final approval. We also have 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. We also have 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.

We at Iberostar Group developed our risk map through the following methodology:



In 2019, we monitored the risk management model and updated a few specific risk maps. All of this allows us to maintain and improve business performance and value and to favour sustainable business growth. In the analysis performed in 2019, we evaluated 77 risks. These included risks in new

areas of responsibility, including Communication, Sustainability and Brand. From among the five individual business risk maps and two consolidated risk maps created in 2018, we updated the maps for the main lines of business (EMEA and AME) in 2019, along with the Group's consolidated map.

<sup>2</sup>The EMEA region includes Europe, the Middle East and Africa.  
<sup>3</sup>The AMES region includes the entire American continent.

Upon completion of the risk analysis, the most relevant ones are those that could pose a threat. The following are the main risks identified in 2019:

- Without any variation in risk perception
- Risk perception decreases
- Risk perception increase

Category	Description	Evolution 19 vs 18	Actions
Strategics	Exposition to climate change, natural disasters or extreme weather	➤	Wave of Change Strategy: - Single-use plastic removal - Circular economy policies - Ocean protection and responsible fish consumption
	Exposition to macroeconomic factors	➤	Diversify our scope of business and financial markets
	Personal management, retention and attraction of talent	➤	- Management development project / career plans. - Development of a global database of employees to improve data analytics. - Creation of a mobility office for displaced / expatriates.
Digital	Digital security	➤	- Cyber crisis plan - Cyber insurance policy.
	Identification and implementation of new technologies / data reliability	➤	- Creation of the DATA area (Data Analytics Transformation Office)
Operational	Crime, Epidemics and Terrorist Attacks	➤	- Development of Security Protocols in hotels. - Crisis protocols (communication plan)
	Management of rates, reservations and limited allocations	➤	IRate Project - Internal software development for the management of rates, quotas and global reservations

This risk management model 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, at Iberostar Group, we carry out targeted actions that reduce detected risks and prevent their potential neg-

ative 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).

## 2020 risk management objectives

## 1.9.1

Give **continuity** to the risk management model that is implemented.

**Update** the risk maps for those lines of business that weren't updated in 2019.

**Review** the risk catalogue, including new risks and eliminating/combining other risks.

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

## Key factors and trends that could affect future business growth

# 1.10

The playing field is international. In a global VUCA environment (Volatility, Uncertainty, Complexity & Ambiguity) like this one, where environmental uncertainty and volatility require decisions and

adaptation to occur at great speeds, organisations must be constantly aware in order to adapt when the rules of the game change.

We are aware of the reality around us and have identified five dimensions of analysis:

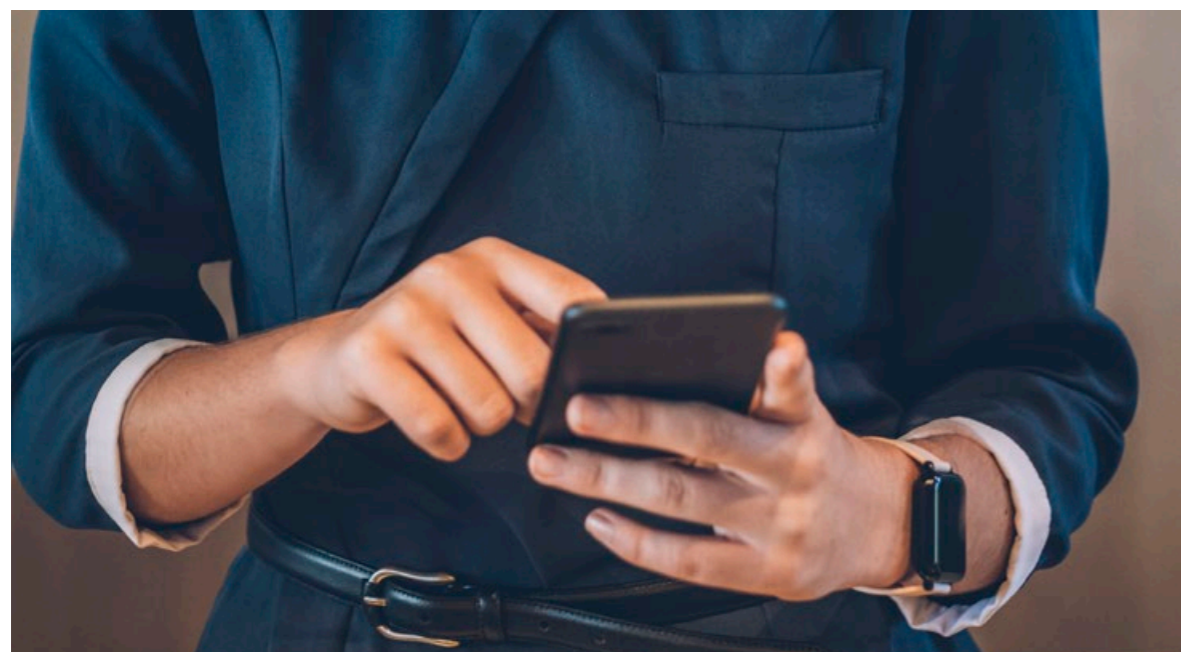
**Geopolitical:** characterised by the instability and changes in international leadership, the shift in political affiliations of Latin American governments and new forms of terrorism related to the Arab world, amongst other variables.

**Economic:** characterised by the recent economic crisis between world powers that has clearly had an impact on the hospitality sector.

**Technological:** focused on the increased presence of technology and the changes that it has caused in our lives in such a multidimensional digital world that is centred around Big Data as the main driver of efficiency.

**Social:** segmentation by generation, according to their respective relationships with technology. We must keep this in mind regarding new types of guests and new work positions, skills and performances.

**Environmental:** this allows us, with the information available about environmental risks, to act responsibly and with conviction toward sustainability and the circular economy.



## Alliances and partnerships

# 1.11

At Iberostar Group, we have established alliances and agreements with various organisations, both at a national and corporate level. We have established relationships 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 Turistec (cluster dedicated to tourism technology).





- 2.1**  
The values  
that inspire  
Iberostar  
Group's identity  
/ p. 47
- 2.2**  
Iberostar Group  
Code of Ethics  
/ p. 48
- 2.3**  
Policies against  
all types of  
discrimination and  
diversity management  
/ p. 49
- 2.4**  
Protocol against sexual  
and/or gender-based  
harassment  
/ p. 50
- 2.5**  
Internal regulation  
system of Iberostar  
Group: measures taken  
to prevent corruption  
and bribery  
/ p. 51

# Ethical management



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## The values that inspire Iberostar Group's identity

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# 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 Iberostar Group.

We singularly promote the following values: responsibility, transparency, humility, passion and creativity.

## Iberostar Group Code of Ethics

# 2.2

Iberostar Group's Code of Ethics, whose drafting was approved by senior management in April 2015, establishes the ethical standards, principles and values of Iberostar Group that must be the benchmark for both internal management and for relationships with our different stakeholders. In 2019, we updated the Code of Ethics and implemented it in Brazil, Cape Verde, Spain, Hungary, Jamaica, Morocco, Mexico, Montenegro, Portugal, the Dominican Republic, Tunisia and the United States.

The Code of Ethics is part of the internal regulatory system of 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 our 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.

At Iberostar Group, we promote the widespread dissemination of the Code of Ethics through the proper tools and by organising training courses. In addition, we are also committed to disseminating the principles and values established in the Code to third parties with whom we maintain 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 our employees. In addition, the Code of Ethics is publicly available both on the Iberostar Group website and Iberostar Group Employee Portal (Star Team), so all our employees and stakeholders can have access to it.

**Monitoring:** to monitor the compliance rate with the Code of Ethics, 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. Later, it is forwarded to the Executive Committee and the Group's administrative body for evaluation.

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

Iberostar Group's Risk Committee periodically reviews and updates the Code of Ethics, taking into account the annual reports and suggestions from the Compliance & Risk areas and from employees. It proposes the changes that the administrative body should carry out, if appropriate, and the changes and adaptations it considers necessary. The Group's administrative body is responsible for approving the proposed changes to the Code of Ethics.

At Iberostar Group, we are committed to establishing the mechanisms necessary to ensure that

all of our employees follow it in its entirety. To do that, the administrative body instructs the Human Resources Department to dictate procedures that ensure that all of our employees know and accept the Code of Ethics.

To guarantee the appropriate, objective, secure and confidential management of consultations, complaints or incidents, Iberostar Group has a channel for ethics complaints that is accessible through the following email address: [ppd@grupoiberostar.com](mailto:ppd@grupoiberostar.com).

## Policies against all types of discrimination and diversity management

# 2.3

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

At Iberostar Group, we are committed, alongside our 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 our employees must be selected objectively and in accordance with their capabilities and skills. Promotions and career progressions must be based on qualifications and performance, without any types of discrimination.

In the 2019 financial year, just as in the 2018 financial year, no cases of discrimination were reported through Iberostar Group Complaint Channel. There were also no human rights violations reported or confirmed through Iberostar Group Complaint Channel.



## Protocol against sexual and/or gender-based harassment

# 2.4

At Iberostar Group, we have a Protocol for cases of sexual and gender-based harassment, which protects all employees from sexual harassment and reaffirms our commitment to launching a procedure of action in cases of sexual and/or gender-based harassment complaints.

At Iberostar Group, we take responsibility for guaranteeing a work environment where sexual and any other harassment is both unacceptable and undesirable. Through the Protocol against sexual and/or gender-based harassment, we undertake to resolve these problems with-

in work relationships by establishing a method of preventing and quickly solving complaints related to these types of 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.

This protocol is implemented within the Group in the following countries: Spain, Portugal, Morocco, Tunisia, Montenegro, Cape Verde, Greece, Mexico, Brazil, the United States, Jamaica and for The Club employees in the Dominican Republic.



## Internal regulation system of Iberostar Group: measures taken to prevent corruption and bribery

# 2.5

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

petition within the market, as well as to ensure that public services operate with the highest level of objectivity and impartiality. We keep an eye out for multiple situations related with corruption and bribery and establish measures to prevent or address them, which apply to all of our employees:

### 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 Iberostar Group at all times.

**Gifts and other privileges:** According to the [Code of Ethics](#), our 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 our 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:** Our employees and people linked to them must not use business opportunities that by their nature correspond to the Group, nor use the name of Iberostar Group or their position for the benefit of themselves or people linked to them.

### 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.

### 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. This is complemented with the Policy on Measures against Corruption, Bribery and Influence Trafficking

## Internal Data Protection Regulations and Protocols

**Iberostar Group General Rules.** This consists of a series of regulations regarding personal data processing that our employees must follow when accessing personal data or Iberostar Group systems.

**Rules for Iberostar Group department managers.** This consists of a series of rules regarding personal data processing that the Group's department managers must follow, along with people designated as Data Protection Coordinators and personnel authorised to hire services.

**Protocol on Social Media use.** This protocol allows us to avoid infractions regarding trademark, privacy and data protection issues, and protects Iberostar Group brands, its principles and its values.

## Protocol against money laundering

Even though the Group is not included in the list of entities legally obliged by Law 10/2010 to prevent money laundering and terrorism financing, we have developed an Anti-Money Laundering Protocol. Its goal is to identify the main operations or activities that could be the object of this crime and which our professionals should take into account. 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 Iberostar Group Compliance Programme stipulate strategies or practices that could be qualified as unfair competition and/or threaten free market competition.

In the 2019 financial year, just as in 2018, no cases of corruption were reported through Iberostar Group Ethics Complaints Channel.





- 3.1**  
Environmental  
Management  
/ p. 61
- 3.2**  
The Wave of Change  
Movement  
/ p. 63
- 3.3**  
Environmental  
impact assessment  
and certification  
procedures  
/ p. 79
- 3.4**  
Sustainable use  
of resources  
/ p. 81
- 3.5**  
Emission  
of greenhouse gases  
/ p. 88
- 3.6**  
Measures to prevent,  
reduce and repair  
carbon emissions  
/ p. 91
- 3.7**  
Other atmospheric  
emissions  
/ p. 92
- 3.8**  
Waste management  
/ p. 94
- 3.9**  
Protection  
of biodiversity  
/ p. 96

# The environment

We are 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 our policies, and which permeates the different activities and areas of the company.

In 2019, we consolidated two policies: the Environmental Policy and the Sustainability Policy. Both were spearheaded by the Group's Management and apply to every destination where we have a presence. The first relies on a management model based on the principles of the circular economy and environmental management. It is centred around three main axes: conserving the oceans, fighting against climate change and preserving biodiversity. At the same time, the Sustainability Policy is governed by principles like integrating sustainability strategies in all of our business decisions, ensuring the proper management of the waste we generate or creating partnerships and promoting projects to consume locally sourced products and services, as well as responsible commerce.

Actions related to the environment are centred mainly on our hotels, given that they have the largest environmental impact. To create this Report, we compiled environmental data from 2019 and, in some cases, updated data from 2018 after receiving more accurate information from our destinations.

## CENTRAL ISSUES IN IBEROSTAR GROUP'S ENVIRONMENTAL POLICIES

### Defending the oceans:

The oceans 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. We drive their conservation through the Wave of Change movement, which minimises the use of plastics to stop them from reaching the seas, promotes responsible fish consumption, 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, we are putting procedures and policies into place to ensure the efficient use of energy, water and other natural resources. We also work to buy locally, promote the use of renewable energy and raise awareness and educate on the environment and our natural heritage. We are creating spaces for dialogue.

### 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, we aim to prevent pollution at its source and promote the conservation of natural resources through waste-reduction practices, reuse and recycling. We also work to protect the local flora and fauna and raise awareness among our guests and employees over the importance of preserving them.

As a whole, we at Iberostar Group believe that climate change is a decisive phenomenon that must be made an utmost priority and forcefully counteracted. We are implementing actions centred around defending the environment with an active approach to protect and strengthen habitats that are already endangered. With these approaches, we are 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.

Implementing environmental protection measures strengthens not only the natural environment, but also fortifies relationships with guests and benefits the economic sustainability of the Group in the long term, along with our suppliers and the communities where we operate. This is because a fundamental part of the value of our hotels comes from the natural environments where they are located.

We adopt the precautionary principle in our business activities and integrate it into our Environmental and Sustainability Policies. We also apply it to our 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

# 3.1

We aim to base our environmental management on the principles of the circular economy, which has three main foundations: the conservation of the oceans, the fight against climate change and the preservation of biodiversity. In this way, we are also committed to continuous improvement, to applying environmental criteria to grow our operations and to complying with the environmental legislation applicable in each and every one of the countries where we operate. The scope of our environmental management applies to

Hospitality, Restaurant and Spa services.

We carry out an annual review of our environmental performance and compare it with the best practices in the sector. If necessary, we issue recommendations and improvement opportunities to continuously strengthen our environmental management practices. Later, we work on **planning** the key environmental and social aspects of the activities and services. These aspects comprise different areas:

- 01 Emission of greenhouse gases
- 02 Energy efficiency, conservation and administration
- 03 Resource and drinkable water management
- 04 Ecosystem conservation and management
- 05 Social and cultural aspect management
- 06 Planning for the use and management of land
- 07 Protection of air quality
- 08 Wastewater management
- 09 Waste management
- 10 Harmful substances for the environment

Later, we carry out a risk evaluation to maintain our long-term focus on sustainability and meet our policy objectives. If necessary, we implement specific action plans for each centre in order to minimise risks.

Finally, during the verification of the actions, we monitor and measure the objectives and goals in order to evaluate the completion rate of the planned actions. We periodically review our legal compliance to ensure that it is always up to date. Other complementary procedures also exist to detect anomalies and correct them.

This entire process is strengthened by an Environmental Management System that is based on ISO 14001 standards, an Energy Management System, a complaint management procedure, a communication and training plan and a waste minimisation plan.

On the other hand, we have established actions to take in the case of environmental emergencies. We also take different aspects like training employees and informing stakeholders into account, specifically guests, suppliers and contractors.



## Stages of Iberostar Group's environmental management



## The Wave of Change Movement

# 3.2

As stated in section 1.5 of this Report, the Wave of Change movement is a fundamental pillar in our sustainability strategy. 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.

We are aware of how vulnerable our oceans are nowadays and the importance of conserving them to ensure a future for the next generations. That's why we are working to help preserve the oceans by considering the global consequences of climate change and focusing our efforts at a local level. We have thus adopted a perspective that can only be described as glocal.

Wave of Change was born out of the philosophy of our family-run business: we believe in people and natural resources, without ever forgetting to provide the best quality of service. Our presence is not limited to just one location and one environment. Coastal health is very important to us everywhere, given that 80% of our hotels are located on

the seafront. We have extended our commitment to sustainability to all of our stakeholders to accompany us on this journey. For example, we work actively with our suppliers to involve them in this task. We believe that the key is not in changing suppliers, but rather in re-imagining dynamics.

We must make the most of these strong points and our business philosophy, along with our facilities, agility and high rate of repeat guests. That way, we can spread this model of responsible tourism, which helps mitigate the negative impacts of climate change, over-fishing and the pollution of our oceans.

In addition, with this movement, we are looking to create connections with the scientific and academic communities in order to serve as catalysts for solutions in the communities where we operate.

The Wave of Change movement has three lines of action, which are implemented through tangible actions and ambitious long-term goals. They consist of (1) moving beyond plastics from a circular point of view; (2) the responsible consumption of fish and seafood; and (3) protecting coastal health.



<sup>4</sup> For more information on Wave of Change, see section 1.5 of this Report and [waveofchange.com](http://waveofchange.com).

## Wave of Change: Moving beyond plastics

3.2.1



Plastics are one of the main sources of sea pollution, which 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. At this pace, there will be more plastic than fish in our oceans by 2050.

### Elimination of single-use plastics in rooms

We are a pioneer company in the elimination of single-use plastics. We were the first hotel company to remove them from all of our rooms in Spain, with no effect on the quality of our guests' experience. In 2019, we eliminated single-use plastics from the rooms of all the hotels in our portfolio. To do this, we analysed a large number of items and looked for possible alternatives for each of them. Wave of Change applies rigorous selection criteria for new products. We require international-

ly accepted certifications for the products we implement and request the technical information sheets in order to correctly analyse them. To make this possible, we gave specific training to 12,359 employees, in accordance with their positions. We adapted our processes and have worked to inform our guests of this through an informative note in every bathroom and a WOC brochure in every room. We have also worked closely with 92 suppliers, who have adapted what they offer to the new requirements.

### Elimination of single-use plastics in common areas

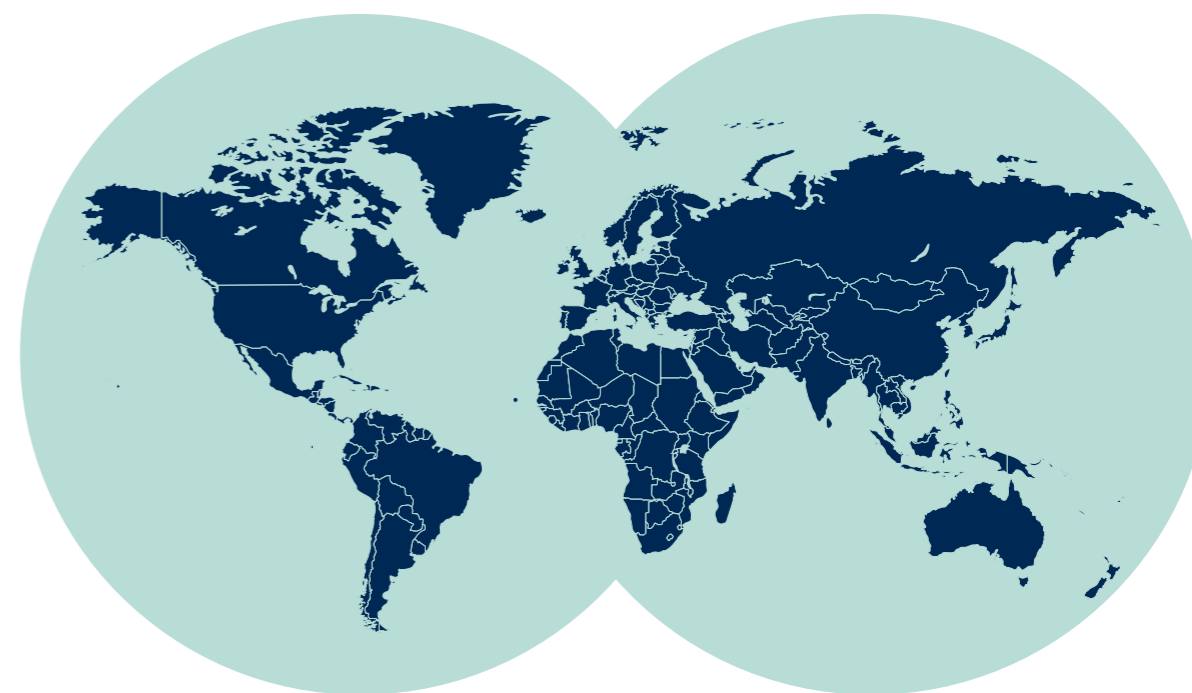
We wanted to go further than what we achieved in 2018 in Spain. In 2019, we analysed all of the items in our hotels to identify which ones contained plastics. In 2019, we were able to eliminate single-use plastics from all products permitted by law in the common areas of our hotels in Spain. This is something we want to apply to all of the common areas of our hotels throughout 2020.

### Water fountain project

We know that we need to go further than just eliminating single-use plastics. That's why we are concentrating our efforts on a clear model that is ever more circular. In 2019, we installed 447 water fountains in 24 hotels in the Dominican Republic, Mexico, Jamaica and Spain, thus avoiding the use of 7.2 million plastic bottles.

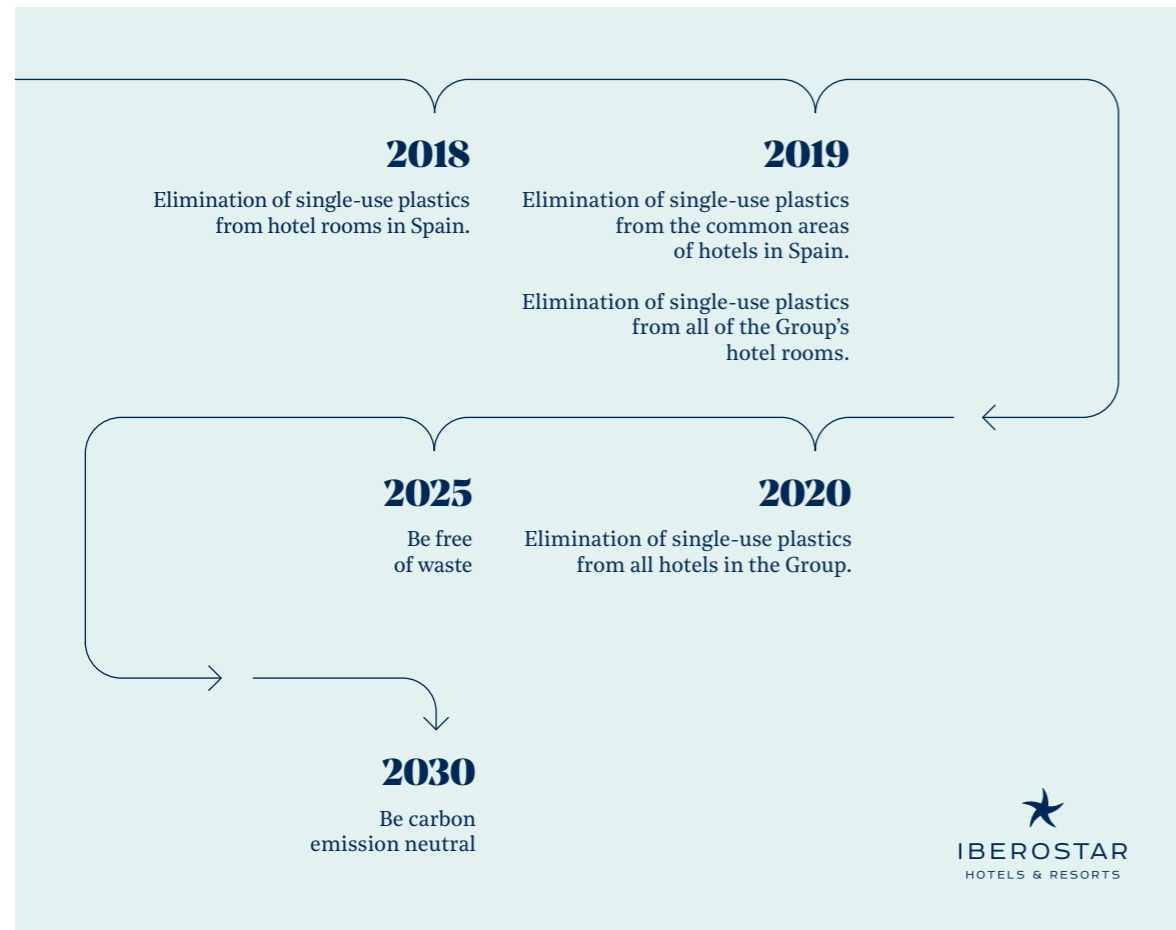
Through the three projects described above, we were able to avoid an annual consumption of 607 tonnes of single-use plastic (in 2018, we avoided generating 200 tonnes of plastic). This quantity is equivalent to 70 million 1.5-litre plastic bottles, which in turn is equal to the annual plastic consumption of 12,140 people on a global scale.

12,140 



70M 

## Iberostar Group's plastic use elimination goals (2018–2030)



### Before

Plastic bottles

Plastic amenities

Plastic waste bags

Pens

Plastic laundry bags

Snacks wrapped in plastic

Plastic bracelets

### After

Refillable glass bottles

Multi-use dispensers

Plant-based bags

Pencils

Cotton laundry bags

Snacks in glass with paper packaging

Fabric bracelets

## European Plastics Strategy



At Iberostar Group, at the behest of the European Commission, we participated in the first meeting of the work group for European companies committed to reducing plastic use and promoting the circular economy through the use of recycled plastics. The meeting took place at the European Commission headquarters in Brussels on 5 May 2019. At this meeting, the 70 companies in attendance confirmed their commitment to working together to recycle 10 million tonnes of plastic by 2025, a goal set by the European Union.

Different work groups were formed during the meeting, which dealt with topics such as the collection and classification of plastic waste, the use of recycled plastics in creating products, R&D investments in this field or monitoring the recycled plastics sold in the European Union. Along with Iberostar Group, the meeting's participants included plastic manufacturers, packaging companies, associations in the food and beverage sector and large distribution companies.

## Composting

As the Group works toward a more circular economy, we continue to contemplate the main levers to pull. Specifically, those that could have the greatest impact and that could allow us to move forward with our goal of being leaders in respon-

sible tourism in an effective and efficient way.

To do that, in 2019, we launched three composting pilot projects that have allowed us to continue moving forward in our goal of zero waste.

**1 BAV Pilot** (Iberostar Bávaro in the Dominican Republic). The composting plant was built in the hotel's storage area. It processes organic waste from the employee kitchen, the hotel complex's bakery, the mud from the wastewater plants and the trimmings from gardening. The pilot project was a complete success and in two months, we obtained the first compost, whose quality levels were higher than expected. At the beginning of 2020, we will be able to apply the process to the entire complex, as we have acquired the necessary materials and machinery. In 2019, a total amount of approximately 3,900 tonnes was sent to the compost plant, which generated around 1,900 tonnes of compost.

**2 "Circular Hotels" Pilot** (Iberostar Cristina in Majorca). This project consists in a public/private collaboration with the waste treatment company in Majorca. Different hotel chains are participating in this project, along with companies in the farming sector, technological companies and local administrations in charge of selective collection. The first part consists in using new technologies at the hotels to separate the organic part from the rest (sensors in the final containers, which calculate the hotel's organic waste). This waste is collected by the municipal company and transported to a composting plant. The resulting compost is used on one of our fruit and vegetable suppliers' land. With this project, we make a commitment to the supplier to purchase the produce grown on the land fertilised with the compost that was produced. In 2019, Hotel Cristina produced 197.5 tonnes of organic waste. This allowed us to obtain 60 tonnes of compost, which can be used as soil conditioner.

**3 Garden Composting Plant.** This is an automatic composter where the gardening team leaves its clippings, along with the compostable coffee capsules collected from the Palma Beachfront Hotels. The compost will be used to fertilise the hotel gardens and the organic vegetable garden.



## Wave of Change: Responsible consumption of seafood



We are aware that a high percentage of the fish and seafood that is caught is subject to overfishing. For us, it is essential to work toward the sustainability of these species. With this action, we hope to promote responsible fish and seafood consumption to avoid overfishing and contribute to the preservation of our marine resources. We are the first hotel

chain in Southern Europe, the Dominican Republic and Mexico to receive chain of custody certification from the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC).

We have these certifications in seven of our restaurants in Spain, Mexico and the Dominican Republic.

### Spain



MSC-C-56777  
ASC-C-01934



MSC-C-56782  
ASC-C-01938



MSC-C-56686  
ASC-C-01970



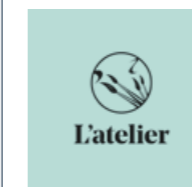
MSC-C-57423  
ASC-C-02393

### Dominican Republic



MSC-C-56777  
ASC-C-01934

### Mexico



MSC-C-56782  
ASC-C-01938



We feel very proud that 15% of our suppliers have also obtained Chain of Custody certification. This percentage represents our main suppliers, making up 60% of the total volume of our purchases. This fact shows the company's steadfast commitment to promoting and developing ever more responsible fish and seafood consumption. In total, 152,800 kilos of certified fish and seafood were served in 2019.

Along with the MSC certification, we have redesigned our restaurant menus to promote a culinary offering of fish that ensures that the most sensitive species are captured in a responsible way. We put increased emphasis on local and seasonal fish, thus promoting the local economy.

In 2019, we made great progress by working with partners like WWF-US and FISHWISE, thus paving the way toward increasingly responsible consumption. We eliminated all species appearing on red lists from our global portfolio. These are species in danger of extinction or in critical danger, as listed by the International Union for Conservation of Nature (IUCN). They appear in appendix I or II of the Convention on International Trade in Endangered

Species of Wild Fauna and Flora (CITES) or have been identified as being at risk by the WWF. These actions, along with training our employees and communicating with our 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 2019, we also began our journey toward the traceability of different products. To make this possible, we adapted our system to identify different indicators for each product (Key Data Factors). These indicators consist of, among others, the supplier reference, the Latin name of the species, the source (aquaculture or wild fishing), the method used, the country of origin and the IUCN classification.

On the other hand, we became the first hotel chain committed to observing the closed season for lobster in the Dominican Republic. We eliminated four species of local lobster and another 30 species of fish and seafood included in the closed season stipulated by the Dominican Fishing and Aquaculture Council (Consejo Dominicano de Pesca y Acuicultura, CODOPESCA).

Especies	Ene	Feb	Mar	Abr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dic
LARSI <i>Lobster gigas</i>												
BURINAO <i>Chelonia pila</i>												
BURINAO SANTA MARÍA <i>Arenaria costalis</i>												
BATA DE MULO <i>Coccoloba adamsi</i>												
FOFOTO <i>Choroneo viragente</i>												
LANGOSTA ESPINOSA <i>Alpheidae sp.</i>												
LANGOSTA PIRATA <i>Alpheidae garibai</i>												
LANGOSTA DE PIEDRA <i>Scudinella sp.</i>												
MANE LANGOSTA <i>Alpheidae caribbea</i>												
JABA DE RIO <i>Alpheidae caribbea</i>												
ZUNNÁ O PELO <i>Alpheidae caribbea</i>												
MONO <i>Alpheidae caribbea</i>												

Closed season for lobster in the Dominican Republic

In 2019, we decided against offering lobster during the closed season in order to demonstrate the importance of this action to the tourists visiting the country. To do this, we created a work group made up of different departments. This ensured that the initiative was a success.

Our goal is to guarantee that by 2025 100% of the fish and seafood consumed at Iberostar comes from responsible sources.

## Wave of Change: Coastal health

### 3.2.3



Working to guarantee the health of coastal ecosystems is one of the main lines of action of the Wave of Change movement. For us, improving coastal health implies knowing about, protecting and restoring the coral reefs, mangroves and the seagrass surrounding our properties. In 2019, we continued working on coral nurseries and 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. In 2019, we awarded 10 grants to young students for research ranging from the study of microorgan-

isms that are key to the nutritional process of marine plants to research on microplastics in the Mediterranean. In addition, we also carry out awareness and educational activities, like beach cleanings, and have created the Dominican Republic's first coral nursery, the Coral Lab. The main goals of the Coral Lab include being a coral gene bank, an awareness raising centre for guests, employees and the community, as well as being a space where we can recreate coral bleaching situations through temperature control systems. For more information on the actions of Wave of Change in promoting coastal health, see section 3.8 of this Report.




## Wave of Change partnerships:

As a movement committed to the planet's sustainability, Wave of Change has transformative potential. It stands out for its strength and values, thanks to its ability to unite through different parties' active and multidimensional involvement. Wave of Change is precisely that: an example of a collaborative project, which creates a network of strong and complementary partnerships.

At Iberostar Group, we work as responsible tourism advisors in the World Tourism Organisation's (WTO) Global Tourism Plastics Initiative and for the

High Level Panel for a Sustainable Ocean Economy. The company has established partnerships with international bodies like the Ellen MacArthur Foundation, the Marine Stewardship Council, the United Nations Global Compact, the European Commission and EarthCheck, along with local entities like Tirme and the Impulsa Foundation (Majorca), Seascape Caribbean (Jamaica) or Fundemar (Dominican Republic), among others. In addition, partnerships have been established with academic organisations like the University of the Balearic Islands.

### WAVE OF CHANGE PARTNERSHIPS



UN GLOBAL COMPACT

APOYAMOS AL PACTO MUNDIAL

Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del Pacto Mundial de las Naciones Unidas.

Agradecemos cualquier comentario sobre su contenido.



## Actions driven by Wave of Change:

The transformative potential of Wave of Change shines through with awareness-raising and educational actions that promote a responsible tourism model, which helps mitigate impacts on our oceans. 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



**Beach and ocean clean-ups:** we carry out initiatives to clean up our beaches and oceans. Each week in the Star Camp programme, we have Ocean Day, which is when we do a clean-up activity on the beach near the hotel. For example, employees and guests at Iberostar Royal Andalus participated in the Great National Seabed Clean-Up, which took place on Barrosa Beach (Cádiz). In total, the group of volunteers collected 4 kilos of waste from the beach's seabed and 2 kilos from the sand. This activity was made possible thanks to the scuba divers from the Red de Vigilantes Marinos (Marine Watchmen's Network). This Network is an initiative from the NGO Océánidas.

### **Sea turtle conservation programmes:**

Caribbean hotels from Iberostar Group carry out programmes for the protection and conservation of sea turtles by installing sea turtle sanctuaries that allow them to nest, give birth and reach the sea, as well as provide a place where they can be monitored. They also carry out awareness-raising and educational activities with our guests about sea turtles.

**School visits:** in 2019, we began visiting schools close to our facilities. These schools are attended by the children of many of our employees. We had the chance to explain the importance of coastal health and its ecosystems to kids up to ten years old. Our goal is for them to understand, through dynamic and fun activities, the role these ecosystems play and what we should do to protect them. At the end of each visit, the children were asked to draw pictures conveying what they had learned, with the best ones chosen to appear on a calendar.

## Awareness-raising and guest education actions



**Star Camp Programme:** "Star Camp" is an activity programme for children offered at our 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. In 2019, we visited schools that are close to the facilities and are attended by our employees' children in Brazil, Jamaica, the Dominican Republic and Mexico.

**World Oceans Day:** on 8 June 2019 (World Oceans Day), the Coral Lab was officially inaugurated in the Dominican Republic.

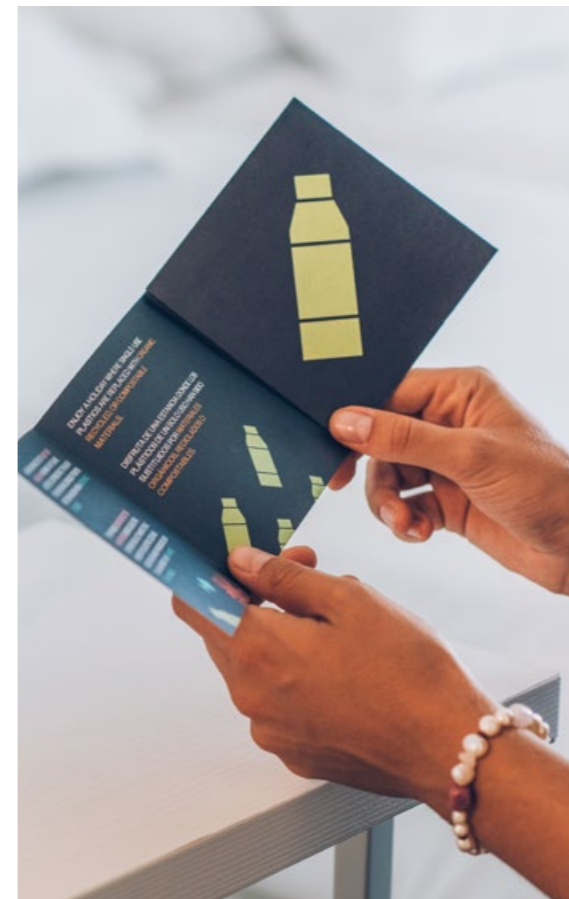


## Communication actions



**Reef Futures:** In 2018, we sponsored Reef Futures 2018, a symposium about the restoration of sea coral, held in Key Largo (Florida), which was successfully celebrated again in December 2019.

**FITUR:** Iberostar Group participated in the 2019 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 our employees on "Wave of Change":** Iberostar Group considers it essential that our employees and workers understand what the movement is and its purpose. That is why we have developed training with the purpose of spreading the movement's values, both within our hotels from an operational standpoint, as well as externally, sending that wave beyond the workplace and promoting long-lasting and solid sustainability.

### **Responsible seafood consumption training:**

Iberostar Group contacted the WWF-US and FishWise to ensure that this training rigorously covered the different aspects of responsible fish and seafood consumption. A training plan was developed for chefs, Sustainability teams and other areas of the company. We implemented training workshops for both executives and employees with more functional roles. This training was carried out in Spain and Mexico.



## Presence at conferences

As part of the publicity activities for the Wave of Change movement, Iberostar Group has participated in multiple conferences. In 2019, we sponsored the United Nations Climate Change

Conference (COP25), where we presented our Wave of Change movement and participated in various conferences. The following are some of the most relevant:

### CONFERENCES IN WHICH IBEROSTAR GROUP HAS SPOKEN ON THE WAVE OF CHANGE MOVEMENT



## Awards given to Wave of Change

**“These awards are yet another incentive on our journey to define a more responsible tourism model. We are very proud of how our Wave of Change movement has progressed. No business effort can be made nowadays without marking a purpose and generating value. It is important for companies to find a way to do this within their business and to share it with their clients and stakeholders.”**

Sabina Fluxá, Vice-president and CEO of Iberostar Group.

At the **World Travel Market 2019** in London, we were awarded the top prize in the **International Travel & Tourism Awards**, in the category of **“Outstanding Contribution to the Travel & Tourism Industry”**, along with the prestigious World Responsible Tourism Award 2019 in the category **Best for Reducing Plastic Waste**.

Both awards recognised our company’s efforts in working toward more responsible tourism and in preserving the environment and the oceans in each of the destinations where we are present. The awards are a testament to our effort and work in the Wave of Change movement, which we have been driving forward since 2017.



## Environmental impact assessment and certification procedures

# 3.3

The majority of our hotels have environmental certifications. Those certifications are a testament to our commitment to proper environmental management. In 2018, we began a partnership with EarthCheck, in order to standardise and be able to scale all of our actions up in every destination where we are present. EarthCheck is the world leader in consulting, scientific benchmarking and certifications for the tourism and travel industry. Our objective is to coordinate the sustainability initiatives that we are implementing in more than 100 hotels within the hotel chain.

The EarthCheck certification available in all of the countries where we operate allows us to improve our environmental performance, to better interact with the community and to save







money by more efficiently using our resources.

Iberostar has been working hard to adapt to these new standards. In 2019, six of our EMEA<sup>2</sup> hotels have a SILVER certification and 15 AME<sup>3</sup> hotels have a BRONZE certification. We are working for the rest of our hotels to be EarthCheck certified within the next few years. This will keep us on the path toward ever more responsible tourism.

As in 2018, 25 of the Group's hotels received the Green Leader award from Tripadvisor in 2019. This recognition demonstrates the Group's strong commitment to sustainable practices in the tourism environment.

Iberostar Group's most relevant certifications are the following:

### IBEROSTAR GROUP CERTIFICATIONS (2018-2019)

Certification		Number of certified hotels 2018	Number of certified hotels 2019
ISO 14001:2015		<b>31</b>	<b>34</b>
Green Globe		<b>10</b>	<b>0</b>
Green Key		<b>6</b>	<b>2</b>
EMAS		<b>3</b>	<b>3</b>
Ecocheck		<b>3</b>	<b>3</b>
EarthCheck		<b>0</b>	<b>6</b>

<sup>2</sup> The EMEA region includes Europe, the Middle East and Africa.

<sup>3</sup> The AMES region includes the entire American continent.

On the other hand, at the Group we have a Civil Liability master insurance policy that covers our liability in the case of sudden and accidental pollution, with a sublimit of €10 million per accident, per year. Iberostar Group's Code of Ethics also carries the strong commitment to preserving the environ-

ment and respecting the local flora and fauna in all of the destinations where we operate. The Group's care for the environment extends to the relationships that we maintain with employees, who must be aware of the environment's importance for the performance of their mission and the fulfilment of our 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 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.



## Sustainable use of resources

# 3.4

We understand the impact our activity has. 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 we operate. That's why we believe it is essential to carry out rigorous controls on the use of resources in all our hotels. Monitoring this use allows us to optimise and reduce resource consumption and implement measures that favour environmental efficiency.

On the other hand, we at Iberostar Group have been working for years on sustainable design and construction initiatives, both for new construction works and in refurbishments of EMEA and AMES hotels, while adhering to country-specific regulations. These initiatives, in which we analyse every phase of the building life-cycle, are crucial for properly applying sustainability criteria and for making sure that the construction systems and materials used are appropriate for these project concepts. Subsequently, they allow us to better reduce and optimise our resource consumption. We also carry out environmental studies, which form part of the execution of these projects. These include identi-

fying flora and fauna and protected areas, among other measures.

On the other hand, during construction, we prioritise, as much as possible, the use of recycled materials, as well as materials that are sourced from and native to each area. We also prioritise sustainable purchasing based on standards such as FSC, fair trade, EU Ecolabel certification, Energy Star USA and LEED, among others.

In 2019, we developed a Comprehensive Work Plan to strengthen the "Iberostar Responsible Construction Standards". These are based on environmental legislation and regulations in each country, on standards of reference in the framework of sustainable construction, such as LEED and Cradle to Cradle (to apply circular economy criteria), as well as on the manuals and guides for Construction Works and Projects which already exist within Iberostar Group in order to minimise environmental impact.

The Investments, Works and Projects Department, along with the participation of other departments (Purchasing, Operations, Sustainability Office, among others), created the 2019-2020 plan, through which aspects such as the following were put forward:

Training days for teams on sustainable construction standards of reference.

Drafting of documents, like Iberostar Group Sustainable Project Guide, the Manual on efficient water use, the Manual on materials, construction products, construction systems and waste management, the Indoor quality and comfort manual and the Manual on energy and the atmosphere.

Drafting of analyses and reports of existing buildings, new projects and finished works in order to compare our buildings and works to internationally recognised sustainable construction standards.

## Water consumption

### 3.4.1

We at Iberostar Group know the value and importance of water resources. These resources are increasingly limited due to overuse through human activities. For this reason, we carry out exhaustive monitoring of consumption in all of our hotels, and can thus manage it more precisely and efficiently.

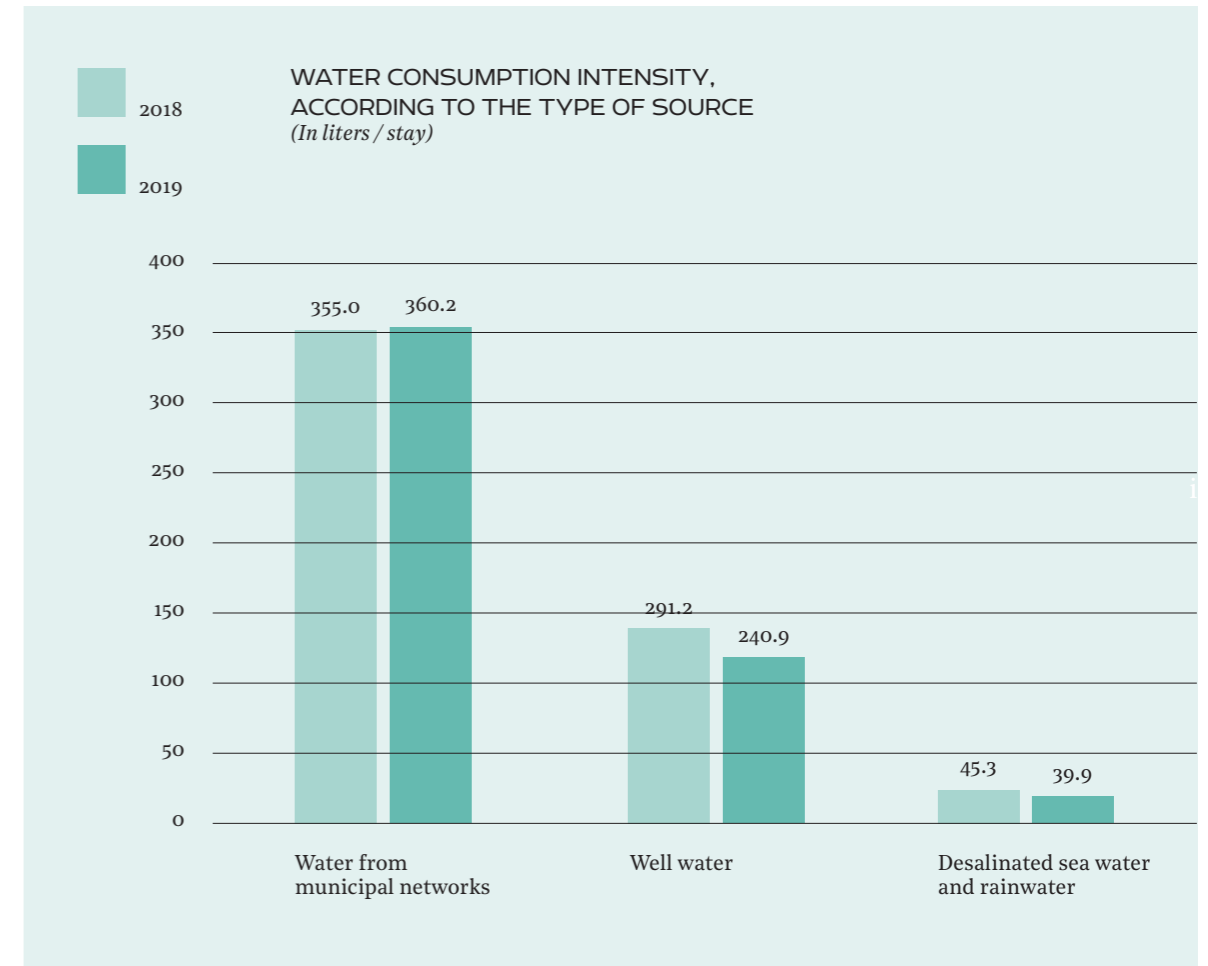
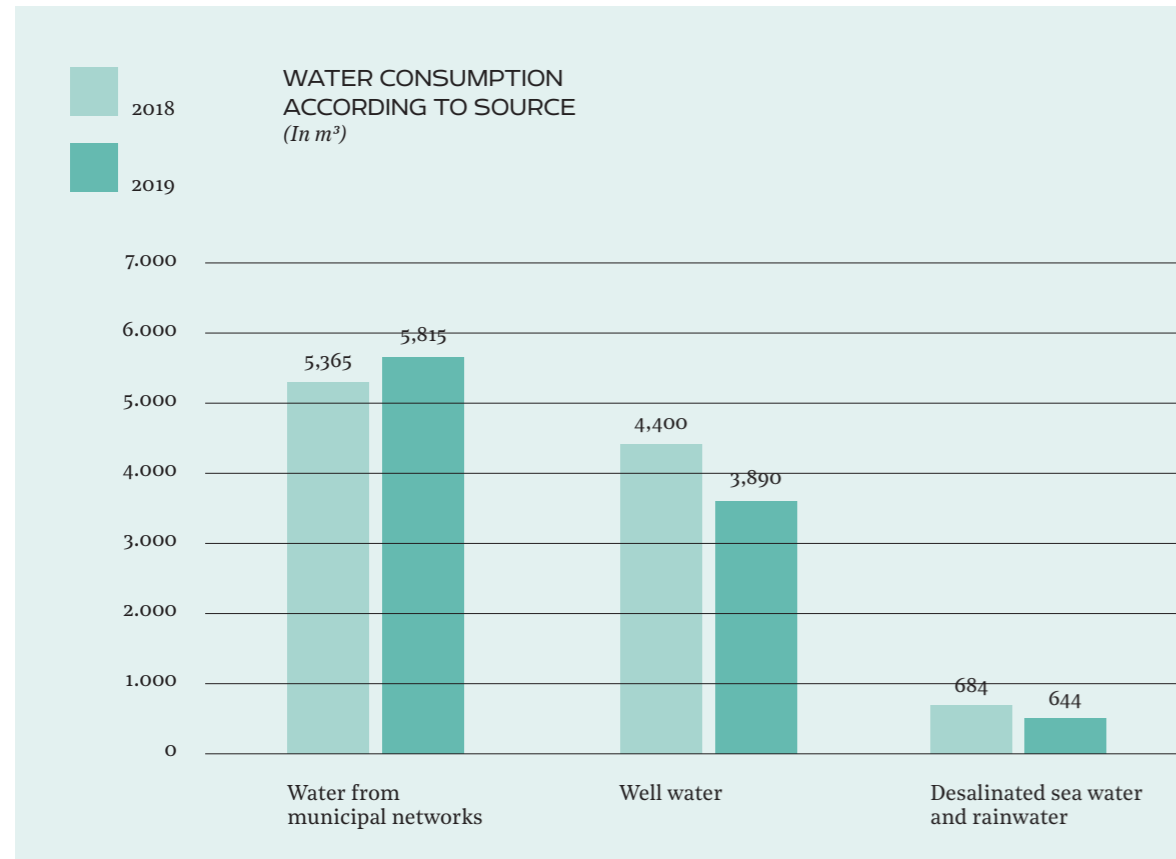
Among the measures applied to improve the efficiency of water consumption in our hotels is the use of taps with integrated water saving systems, dual flush toilets, toilet tanks with less water storage capacity and centralised steam generation. A general example is the planting of our gardens with native 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, Brazil and Spain, the large majority of

the water we use to maintain our golf courses comes from wastewater purification centres.

In 2019, water consumption in our hotels came in at 10.35 million m<sup>3</sup>, with 56.2% coming from municipal water networks, 37.6% coming from well water and the rest coming from desalinated seawater and rainwater. In 2018, water consumption in our hotels came in at 10.45 million cubic metres, with 51.3% coming from municipal water networks, 42.1% coming from well water and the rest coming from desalinated seawater and rainwater.

Nonetheless, to better understand changes in these data, we should analyse water consumption intensity—i.e., water consumption compared to the number of rooms in our hotels. This shows us how environmentally efficient we have been and allows us to evaluate if we have been able to improve. Thus, in 2019, the average water consumption in our hotels was 641 litres per room, while in 2018 it was 691.5 litres per room. This means a 7.3% increase in environmental efficiency.

The following graphs reflect water consumption in 2019 and 2018, both in total consumption and water consumption intensity, according to the type of source.



It is worth noting that in 2019, water consumption from the municipal network increased, thus reducing our dependence on groundwater and other sources of water.

On the other hand, noteworthy projects regarding water management in 2019 include the construction of a wastewater treatment

plant during the refurbishment of Iberostar Herceg Novi in Montenegro, thus avoiding an impact from dumping this wastewater into the sea. This project was continued into 2020. In the same vein, in 2019 we continued construction of the wastewater treatment plant at Iberostar Bouganville in Adeje, Tenerife.

## Energy consumption and energy efficiency

### 3.4.2

We are raising energy efficiency in our hotels in order to improve environmental sustainability and offer our guests a stay that is more comfortable and adapted to their needs. For this reason, we have improved the monitoring of our consumption and efficiency for the majority of our processes in recent years. These improvements are centred around replacing old light fixtures with LED lighting and installing smart systems that allow improved and more efficient heating and cooling regulation in rooms and common areas. We also replaced outdoor joinery with double layers and dual-pane

safety windows to improve energy savings, added more efficient and smarter heating and air conditioning systems, pipe insulations and hot water systems heated by thermal solar panels. In addition, our 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. In addition, we carry out different projects and actions to strengthen the use of renewable energy in our hotels, which also contributes to reducing greenhouse gas emissions.

We have specifically implemented energy decentralisation programmes with renewable and reusable energies, working with:

**Biomass:** 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, in 2019 biomass consumption represented 14.7% of fossil fuel consumption in Spain, while in 2018 this was close to 10%.

**Solar panels to capture solar thermal energy** at Iberostar Alcudia Park in Majorca and at the Iberostar Hotel Complex in Brazil.

**Hybrid solar panels:** at Iberostar Bouganville in Tenerife, we replaced the solar thermal energy system with hybrid solar panels, which use the same unit area to produce both thermal energy and electric energy. It also maintains the electricity-producing part at a lower temperature, thus improving its performance and durability.

**Reuse** at Iberostar Alcudia Park in Majorca and Paseo de Gracia in Barcelona, through systems that increase efficiency, applying leftover primary-use energy to secondary uses. For example, at Iberostar Paseo de Gracia, we installed two high-performance condensation boilers in order to cover all of the establishment's energy needs in an efficient, compact and reliable way. In addition, we installed an autonomous micro-cogeneration system, which generates electric and thermal energy at the same time.

On the other hand, in 2019, Iberostar Group purchased electricity guaranteed to have been sourced with renewable energy (Garantía de Origen, GdO), which represented 52% of the electricity consumption of our hotels in Spain.

In Mexico in 2019, we entered into an agreement to purchase electricity through a PPA agreement (Power Purchase Agreement) for all hotels in the country. We expect the greenhouse gas emissions generated per kWh linked to this contract to be below Mexico's average energy mix.

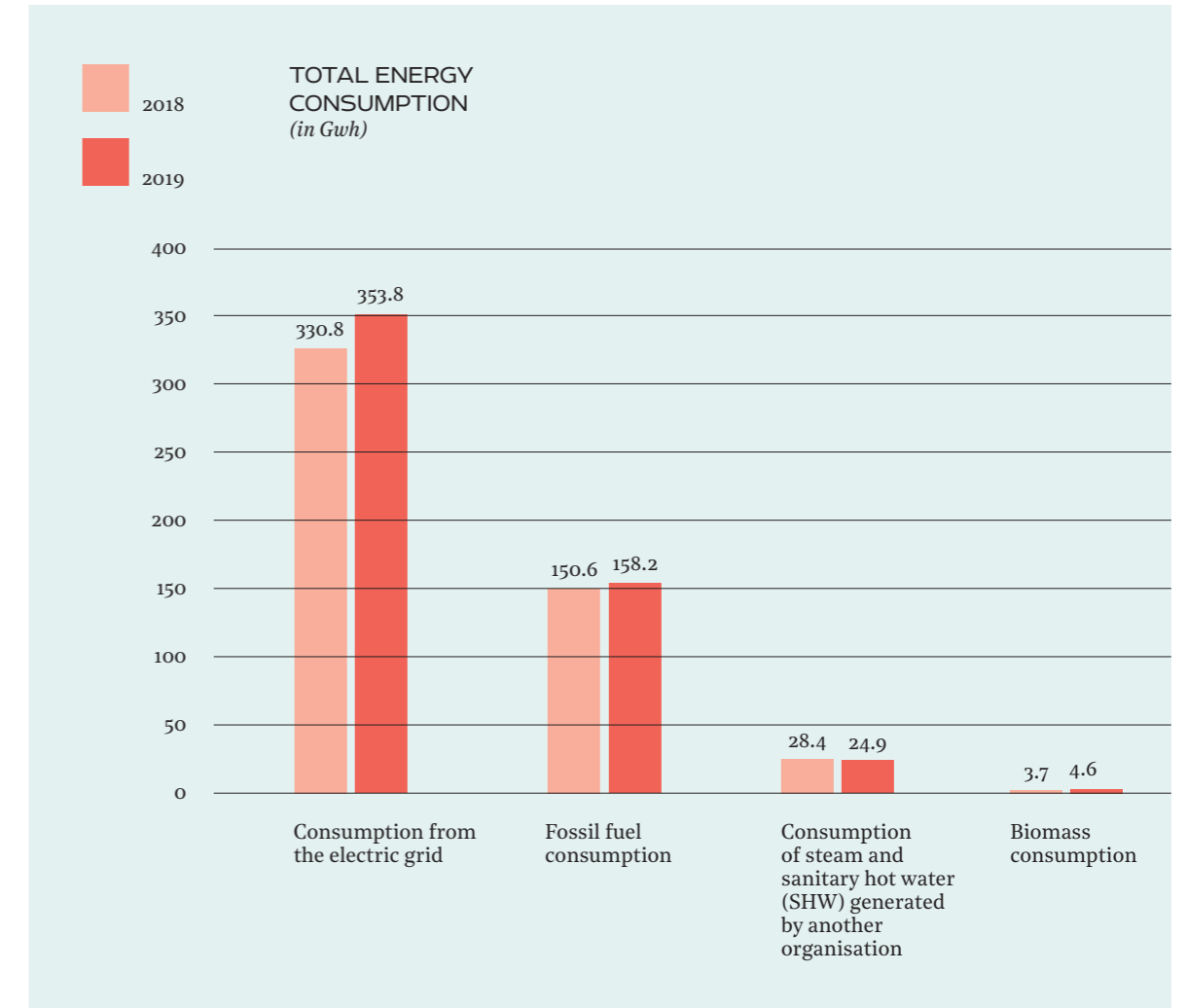
Also, as of 2018, there are electric vehicle charging stations at multiple hotels in the Balearic Islands, Andalusia and the Canary Islands.

In 2019, energy consumption in our hotels amounted to 541.5 GWh, of which 65.34% was electricity consumption; 29.21% was fossil fuel

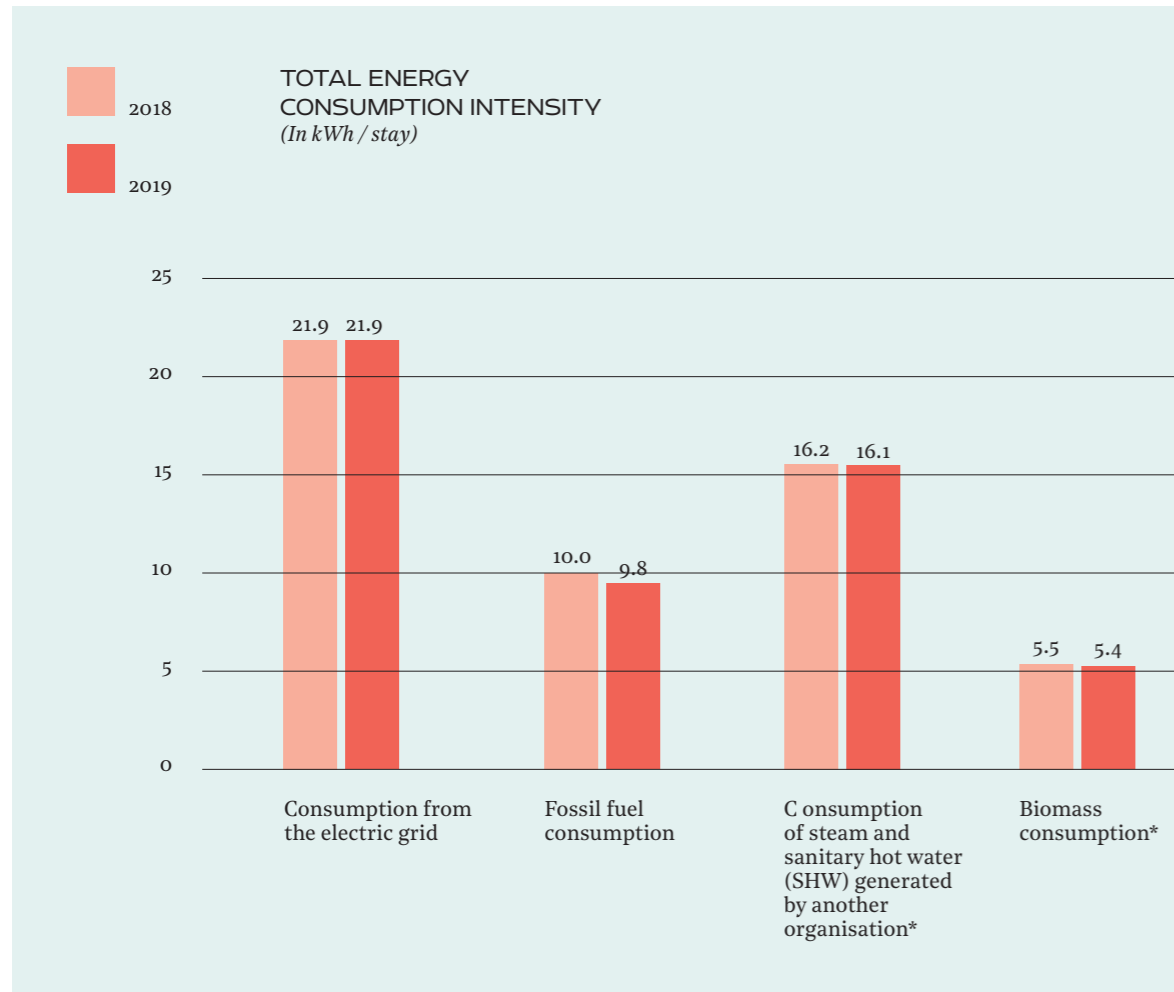
consumption for boilers, kitchens and generators; 4.60% was steam and sanitary hot water (SHW) purchased from a third-party company (in four hotels in the Dominican Republic and two in Mexico); and 0.85% was biomass consumption in boilers (in five hotels in Spain). In 2018, energy consumption in our hotels amounted to 513.5 GWh, of which 64.42% was electricity consumption; 29.33% fossil fuel consumption; 5.53% steam and sanitary hot water; and 0.72% was biomass consumption.

Even though there was a 5.45% increase in total energy consumption in 2019, if we take into account the intensity of energy consumption—i.e. the energy coefficient—in 2019, this was 33.54 kWh per room, compared to 33.98 kWh per room in 2018. This means that average energy consumption per room in 2019 was slightly lower than in 2018 (1.3% lower)

The following graphs show energy consumption and consumption intensity in 2019 and 2018.



Electricity consumption intensity in 2019 was steady, whereas it reduced slightly in the case of other energy sources compared to 2018.



\*Please note: The consumption intensity of steam and SHW generated by a third-party company and the biomass consumption intensity on this graph were calculated with regard to the hotel rooms where these types of energy consumption occurred.



### Resources dedicated to improving energy efficiency and other environmental improvements

### 3.4.3

As explained at the beginning of the previous section of this Report (section 3.4.2), we at Iberostar Group have invested in energy efficiency, using the best technology available on the market. In 2019, these investments amounted to more than 2.7 million euros. In 2018, these investments amounted to more than 10 million euros.

On the other hand, we installed 447 water fountains in Resorts in the Americas, which allowed us to eliminate the use of plastic bottles for water consumption. This was an investment of 4.3 million euros in 2019. The purchasing of glass bottles and delivery carts, along with the works to install them, generated additional costs of 2.6 million euros in 2019.



## Emission of greenhouse gases

# 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, we worked to measure our 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 for the measurement and management of GHG emissions.

In line with these GHG Protocol standards, we calculated our Scope 1 and Scope 2 greenhouse gas emissions from our inventories (the concept of "Scope" allows us to differentiate between direct and indirect greenhouse gas emissions and avoid counting the emissions twice).

Scope 1 GHG emissions are those generated in our hotels and hotel complexes themselves through the consumption of fossil fuels and through the diffusion of refrigerants in cooling equipment. For the latter, we took into account the refrigerant replacements in the cooling equipment.

In 2019, Scope 1 GHG emissions generated at our

hotels amounted to 73,197 tonnes of CO<sub>2</sub> equivalent (t CO<sub>2</sub>-eq), around 4.53 kg CO<sub>2</sub>-eq per room. In 2018, these amounted to 71,820 tonnes of CO<sub>2</sub>-eq, around 4.75 kg CO<sub>2</sub>-eq per room. That is to say, even though Scope 1 GHG emissions increased by 1.9% in absolute terms, they were 4.6% lower if we compare them to the number of rooms.

Meanwhile, Scope 2 GHG emissions correspond to indirect GHG emissions generated through electricity consumption from the electrical grid and, in a small portion, through purchases of steam and sanitary hot water (SHW) from another company. In two hotels in Mexico and four in the Dominican Republic, steam and SHW are purchased from another company.

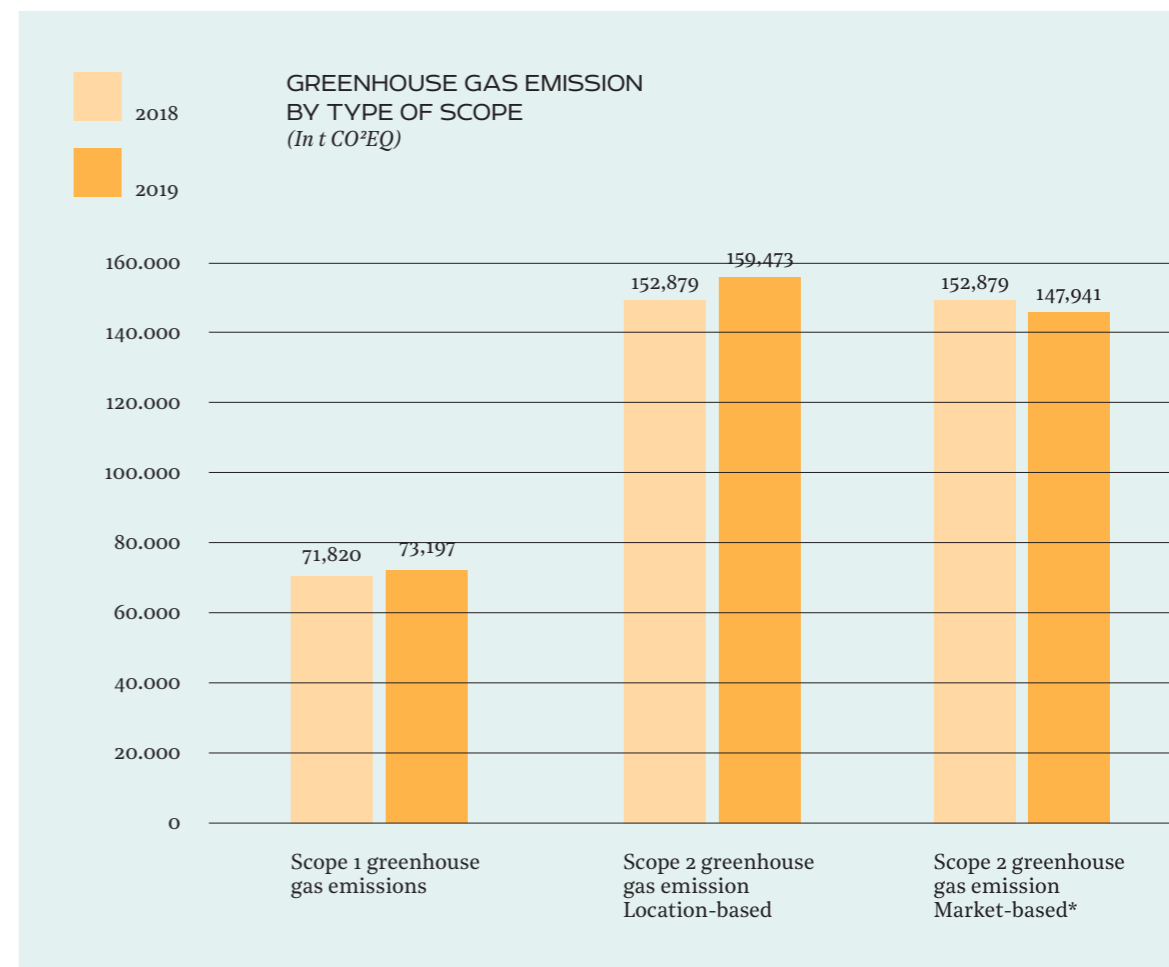
Scope 2 GHG emissions can be calculated using two methods: location-based and market-based methods. The location-based method takes into account the GHG emission factor of the energy mix of each country (i.e., the emission factor associated with the energy source mix that the electricity system of each country uses to produce electricity). To calculate Scope 2 GHG emissions associated with electricity consumption using the location-based method, the GHG emission factors published by the International Energy Agency were used (CO<sub>2</sub> Emissions from Fuel Combustion 2018 and 2019).

According to the location-based method, Scope 2 GHG emissions in 2019 amounted to 159,473 tonnes of CO<sub>2</sub>-eq, approximately 9.88 kg CO<sub>2</sub>-eq per room. In 2018, these amounted to 152,879 tonnes of CO<sub>2</sub>-eq, around 10.12 kg CO<sub>2</sub>-eq per room. In other words, even though Scope 2 GHG emissions increased by 4.3% in absolute terms, they were 2.4% lower if we compare them to the number of rooms.

The market-based method takes into account renewable energy and cleaner energies used to generate electricity purchased in a certified way (through renewable origin guarantees, GdO, and Power Purchase Agreements, PPA). These types of energy increase demand for energy generated in a more sustainable way. In 2019, Iberostar Group purchased 40,039,002 kWh of GdO electricity in Spain. According to the market-based method, this means that Scope 2 GHG emissions in 2019 amounted to 147,941 tonnes of CO<sub>2</sub>-eq, approximately 9.16 kg CO<sub>2</sub>-eq per room. Given that there were no GdO or PPA electricity purchases in 2018, Scope 2 GHG emissions according to the market-based method were equal to those deduced according to the location-based method in 2018.

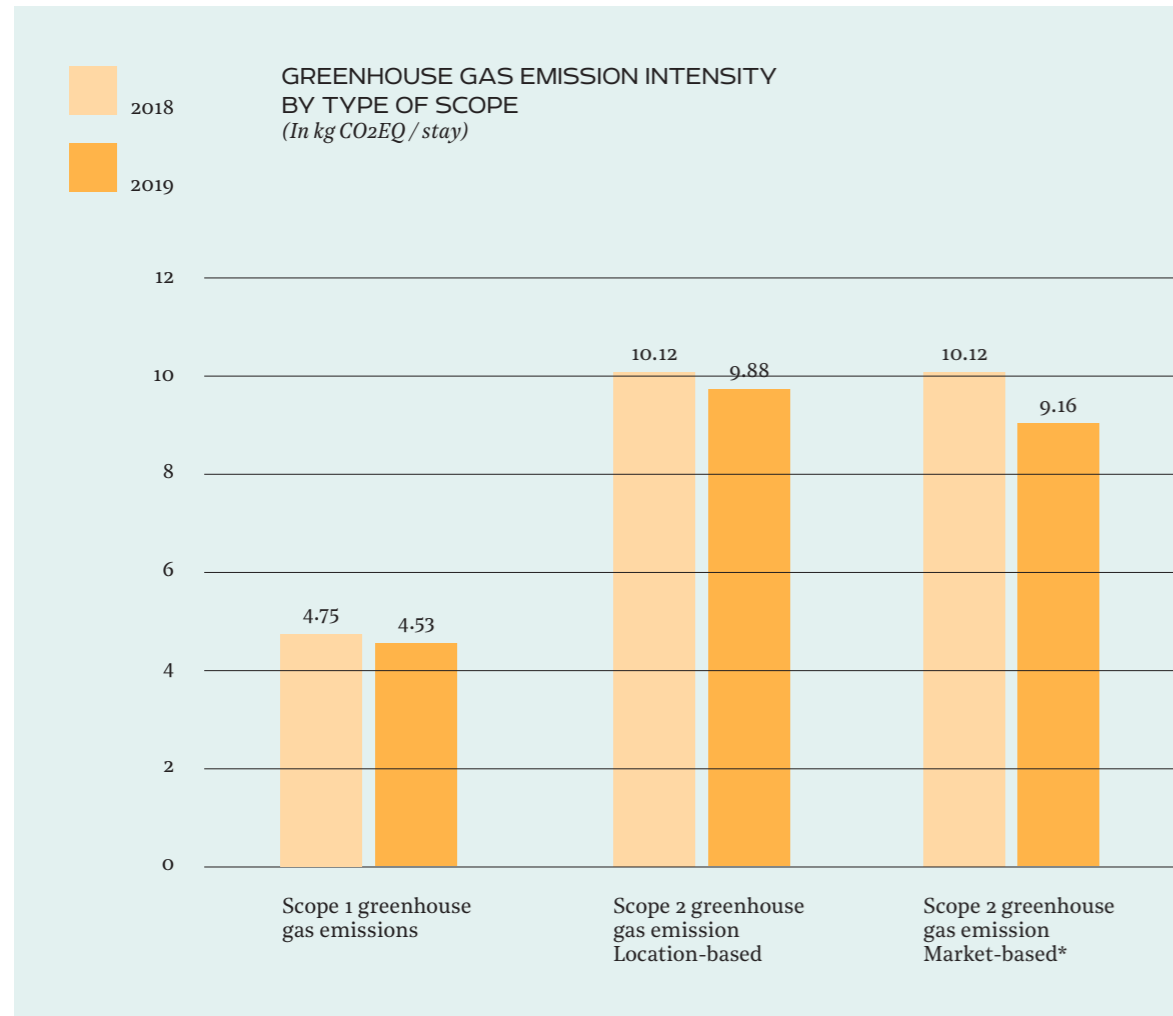


The following graphs present our hotels' GHG emission generation and the GHG emission generation intensity in 2019 and 2018.



\*Please note: Given that there were no GdO or PPA electricity purchases in 2018, Scope 2 GHG emissions according to the market-based method were equal to those estimated according to the location-based method in 2018.





\*Please note: Given that there were no GdO or PPA electricity purchases in 2018, the intensity of Scope 2 GHG emissions according to the market-based method were equal to the intensity of those estimated according to the location-based method in 2018.

From the GHG emission data supplied by each hotel and destination, Iberostar Group is continuing to work with different areas of the company to monitor changes in its GHG emissions. Reduction goals can then be established for GHG emissions, based on the registered change. Different measures are analysed for this purpose, including existing ones regarding energy efficiency, in order to progressively achieve reductions in our carbon footprint.

## Measures to prevent, reduce and repair carbon emissions

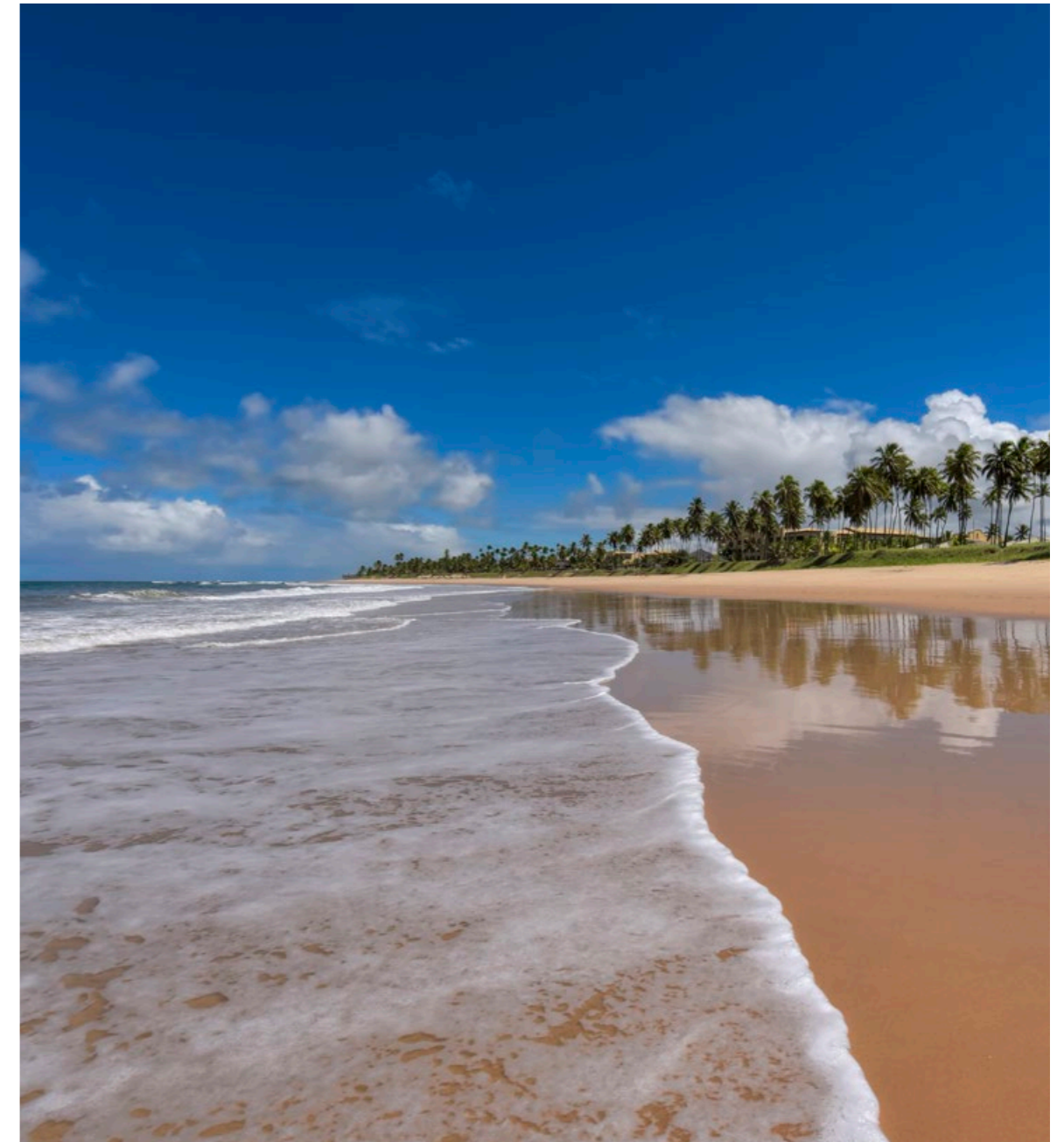
# 3.6

Through the Wave of Change movement, we are contributing to the preservation of the environment and to the sustainability of the planet. The effects of Wave of Change are wide-ranging and visible both through measurable data and other awareness-raising actions within every area of the Group. It is taken into consideration in each and every one of our decisions and projects.

In addition, our Investments, Works and Projects Department is in charge of launching multiple

energy efficiency initiatives, presented in section 3.4.2 of this Report. These measures contribute to reducing our direct and indirect greenhouse gas emissions.

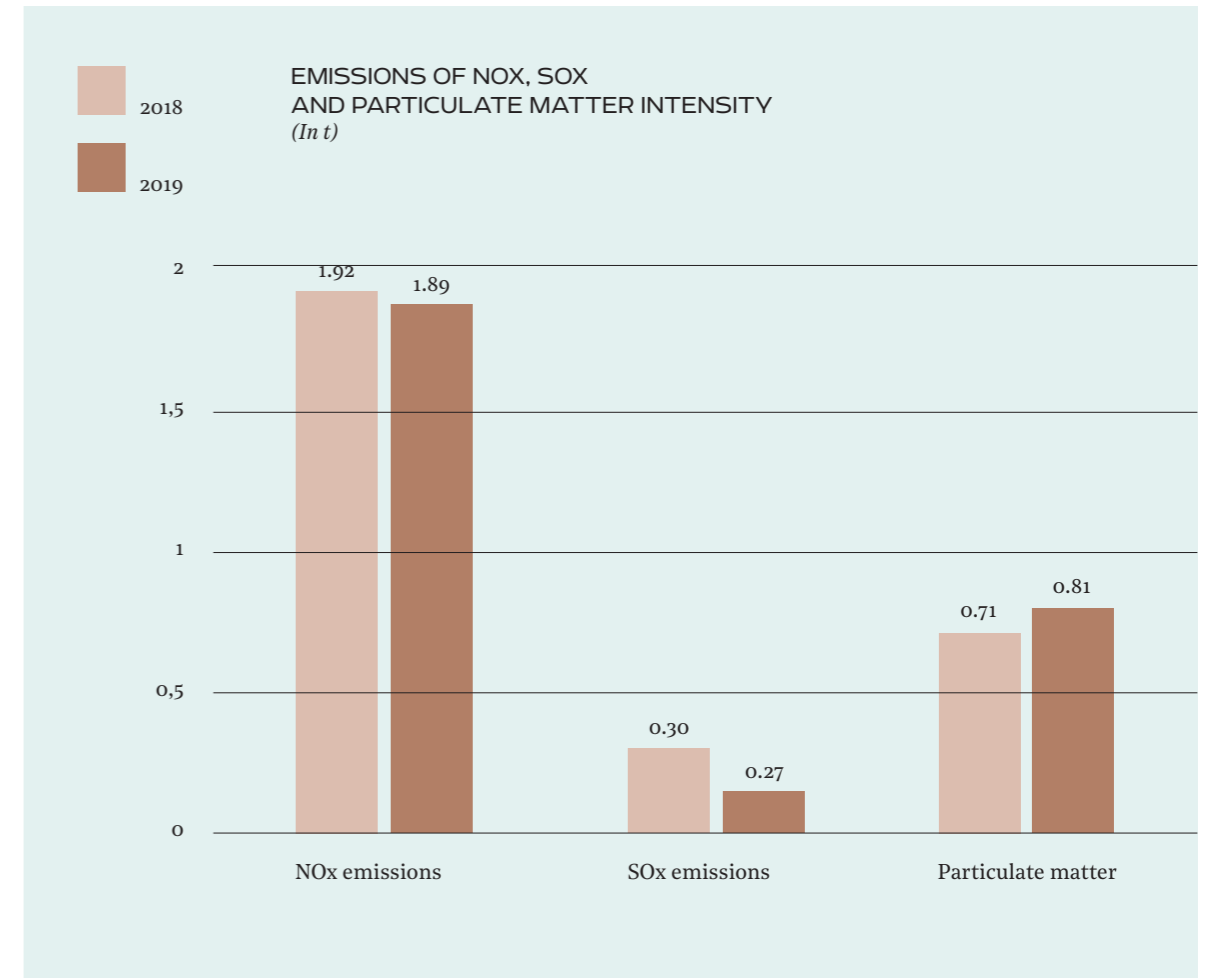
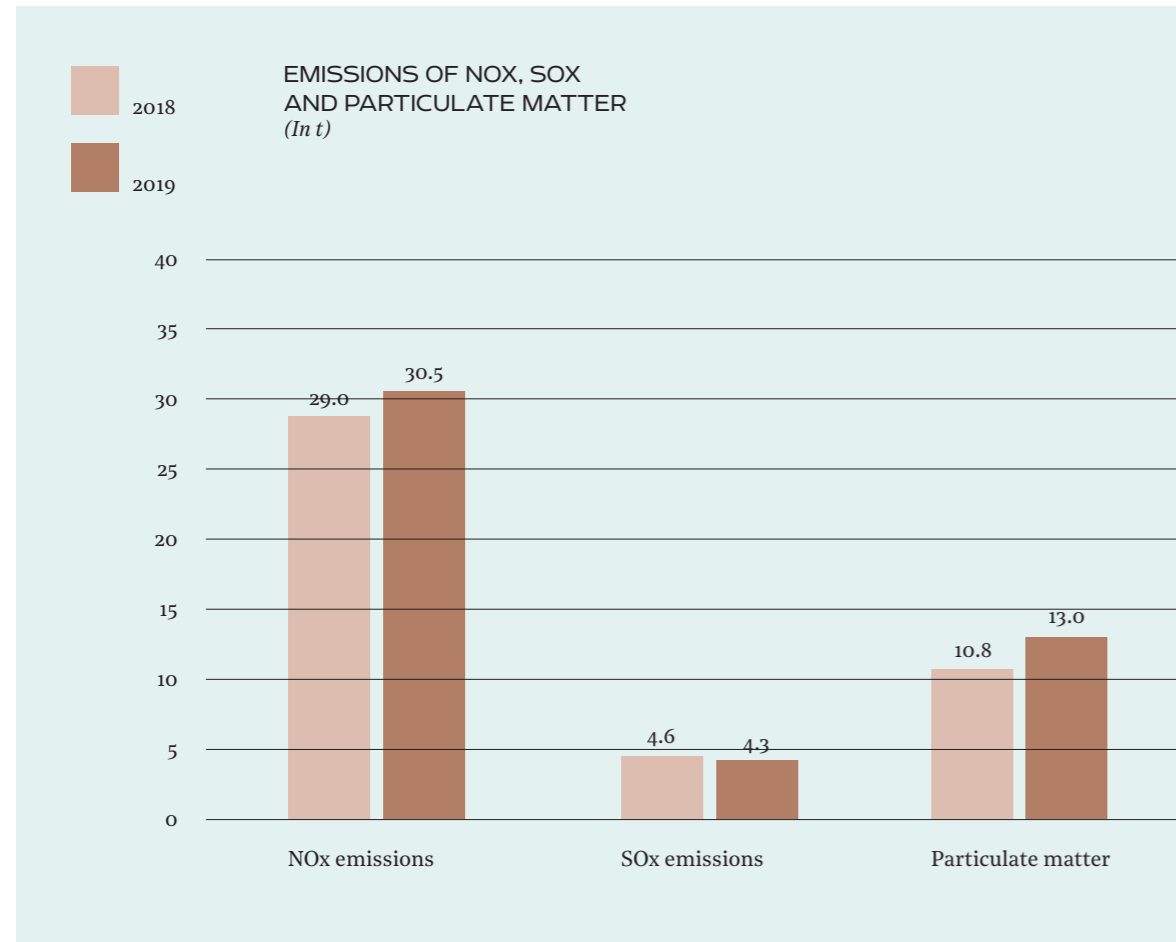
On the other hand, we are committed to efficiently designing our refurbishments and new hotels by taking into account all of the phases of its useful life and searching for solutions that are not only aesthetically pleasing, but also respectful to the environment.



## Other atmospheric emissions

# 3.7

We also monitor other atmospheric emissions, including all NOx, SOx and particulate matter (PM) emissions associated with fuel consumption in our hotels. These emissions and their intensity in 2019 and 2018 are presented in the following graphs:



The increased intensity in the emission of particles is mainly due to our increased consumption of biomass.

On the other hand, as much as possible, we are making efforts in some centres to replace the hotels' outdoor lighting with lights pointing only downward. In other words, they don't disperse

light around the entire surrounding area and thus reduce light pollution.

In relation to sound pollution, we are replacing our conventional garden machinery with electric machinery, which is much less noisy. In addition, some centres have limiters, which limit the noise levels of all our entertainment activities.





## Waste management

# 3.8

The rational and responsible use of natural resources is an essential premise for Iberostar Group. Given the size of the company, we believe it is essential to establish measures in order to reduce the consumption of materials. Noteworthy examples include initiatives to reduce single-use plastic consumption or developing projects based on the circular economy, including the composting pilot projects, among others, which ensure we minimise the amount of waste we generate. In addition, we carry 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 2019, our hotels' activities generated 41,200 tonnes of waste, 98.9% of which was non-hazardous and non-special (mainly cardboard and paper,

containers, glass, inert waste and organic waste), with the rest being special waste. In 2018, 42,300 tonnes of waste was generated, 99.2% of which was non-hazardous and non-special waste. The most notable type of special waste in our hotels is the oil used in the kitchens. Other special and hazardous wastes, generated in small quantities, are empty paint and chemical product containers, leftover paint and varnish, absorbent materials, batteries, some fluorescent lights, toners and leftover electric and electronic devices.

In addition, we managed the debris and other waste generated in works and refurbishments in accordance with the current legislation of each country by removing it to an authorised landfill. However, as much as possible, we prioritised the sorting of waste and the re-use of materials. For example, in 2019, during the construction of new pools at Iberostar Selection Bávaro in the Dominican Republic, we re-purposed 3,300 tonnes of sand by sending it to the golf course.

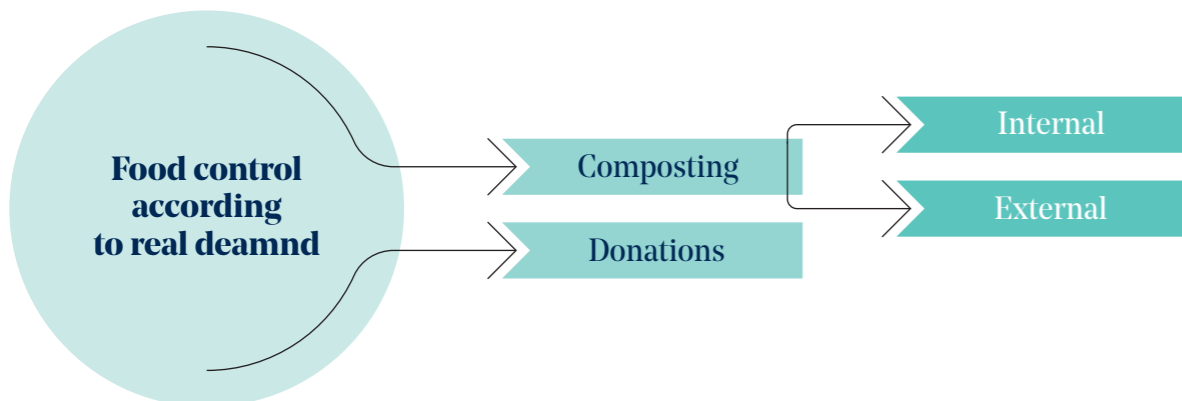
## Actions to combat food waste

### 3.8.1

Reducing food loss and food waste is essential for achieving the Sustainable Development Goals (SDGs), especially SDG12 (Ensure sustainable consumption and production patterns). Our hotels work to reduce food waste in their restaurants and dining areas by planning meals based on forecasted occupancy and taking historical consumption data into account.

In addition, we are working more and more

toward innovative decision-making regarding resource management. Some hotels are carrying out initiatives developed and led by the executive chefs of each of the regions. One example is the "Winnow" pilot project, developed at Iberostar Cristina in Majorca. This consists in monitoring foods that are not consumed by categorising and weighing them. According to the resulting reports, they make decisions according to cur-



rent needs. The implantation of the "Winnow" system has saved 55,440 meals and prevented 22.2 tonnes of waste from being generated.

In our hotels in the Americas, we have also carried out multiple initiatives aimed at reducing food waste. This includes adding a new show-cooking station to the hot buffet so that meals can be prepared on the spot, thus reducing the amount of pre-cooked dishes. It also includes preparing daily salads and introducing different pilot projects to adapt production on a daily basis, depending on the guests.

In addition, we have collaborated with different soup kitchens and food banks to contribute to SDG2 (zero hunger). In March 2018, we

signed an agreement with the Mexican Food Bank (Banco de Alimentos de México, BAMX). This agreement gave rise to the "Iberostar to the Rescue" programme, which consists in "rescuing" foods that were not used and are still in optimal hygienic and temperature conditions and delivering them to different vulnerable sectors of society where Iberostar is present.

In Spain, we signed a collaboration agreement in October 2017 with the Tardor Association, in which we commit to donating food to help people in severe poverty who go to the association's day centre and soup kitchen. This donation is usually made on a daily basis. In the period from April to December 2019, we donated 16,753.8 kilos of food.

## Food donation



### 2019 Playa Paraíso



Delivered **3,455 kg** of food, to the community soup kitchen "San Juan Diego" in support of the homeless and people with difficult access to food.

### 2019 Tucán and Quetzal



Delivered **2,818 kg** of food, to the community dining room "Niño Maya, Forava and Mash Barille" associations that support children in situations of abandonment and / or with disabilities.

### 2019 Iberostar Cristina



Delivered **16,753,8 kg** of food to l'Associació Tardor, who help people in severe poverty in their soup kitchen.

## Protection of biodiversity

# 3.9

Many of the locations of our hotels stand out for the remarkable natural environment and biodiversity that surround them. Local flora and fauna are very valuable assets and conservation activities are essential in their preservation. At Iberostar Group, we consider it particularly important to care for the beaches, coasts and oceans, given that many of our

hotels are located near seas, such as the Caribbean and the Mediterranean.

Our 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 restoration of mangroves.

### Coral nurseries in the Dominican Republic



One of the most remarkable actions of Wave of Change is the protection of corals. To promote this, we are collaborating with experts in the field and developing ambitious programmes to strengthen their preservation. At Iberostar Selection Bávaro in 2017, Iberostar Group constructed aquarium facilities and a technical

room to conduct scientific research. In 2019, alongside FUNDEMAR and Dressel Divers, we expanded the coral nursery to include the first land-based coral laboratory in the Dominican Republic. Its opening on 8 June 2019 (World Oceans Day) strengthened its place as a state-of-the-art research centre focused on three goals:

- 1 Scientific research:** many of the efforts done in reef restoration are centred around a specific species and contain a few colonies of individual coral. This project that we are spearheading 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. The coral lab is the perfect venue to facilitate communication between researchers and promote scientific research. For example, in 2019, coral reef experts Megan Morikawa and Steve Palumbi demonstrated that it is possible to restore reefs to make them more resistant to climate change.
- 2 Gene bank:** 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, as part of a land-based gene bank, which would remain safe in the case of a hurricane. On the other hand, a gene bank is essential for maintaining a high rate of diversity in the case of stony coral tissue loss disease (SCTLD), detected in recent years.
- 3 Awareness-raising and education on a local and global level:** we have a unique opportunity to share scientific progress with a broad audience through our facilities and guests. The coral facilities in the Dominican Republic allow us to raise awareness and educate people about these marine species—not only our guests, but also our employees, their families and the Dominican community. The nursery is also a meeting point for international collaborators, as well as a way to promote initiatives with local NGOs.

In 2019, it contained eight exhibit tanks with coral gene banks and coral acclimating for experiments, along with four tanks to conduct temperature control experiments for bleaching studies.

We believe it is essential to maintain complete transparency regarding our achievements by publishing peer-reviewed scientific articles about genetic diversity within the coral reef restoration programme. That's why we offer our facilities to the scientific community for them to move their own studies forward. In 2019, the "Reef Futures" conference took place once again. It was the perfect chance to introduce the more than 400 scientists who attended to the advances of our first coral lab in the Dominican Republic. We invited them to participate in a draw for a week's stay at our complex in Bávaro to use our laboratory and share their experiences and know-how with our scientific team while they moved forward with their research. As a result, three renowned researchers visited the laboratory.

We continue to work and carry out restoration

work in other destinations in the Americas, like Cozumel and Playa Paraíso (Mexico). Specifically, we have expanded the restoration of coral reefs in Aruba, where we are planning the installation of an on-land facility alongside the construction of our new hotel.

All of these advances have allowed us to expand the science team, which not only works to advance their research, but also allows the company to make correct decisions that are backed-up by science when real-life situations occur. Scientific publications are an essential tool for making these advances accessible. That is why the science team collaborates with entities, other scientists, universities, organisations, etc., to create quality publications that can be read in the most prestigious scientific journals on their specific topics.

On the other hand, to protect the coral, we have expanded the offer of oxybenzone-free sun creams in our hotel shops, given that this substance can increase the risk of coral bleaching.

### Protection and conservation of sea turtles

Our hotels and our other holiday destinations have been committed to protecting and conserving sea turtles for years. 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.

We have programmes implemented in the following hotels:

#### Mexico

Iberostar Selection Cancún

Iberostar Playa Mita

Iberostar Playa Paraíso

#### Brazil

Iberostar Selection Praia Do Forte

SANCTUARIES FOR TURTLE NESTING AND BIRTH IN IBEROSTAR GROUP HOTELS



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

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



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

Iberostar Playa Mita					
	2014-2018	2017	2018	2019	Monitoring area (km)
Nests	1,763	982	297	188	3.2
Babies released	110,970	57,233	16,635	4,833	

Iberostar Playa Paraíso					
	2014-2018	2017	2018	2019	Monitoring area (km)
Nests	2,150	982	231	526	5.8
Babies released	147,004	57,233	19,559	41,844	

Iberostar Selection Cancún					
	2014-2018	2017	2018	2019	Monitoring area (km)
Nests	455	87	73	71	0.45
Babies released	30,861	6,898	7,234	8,719	

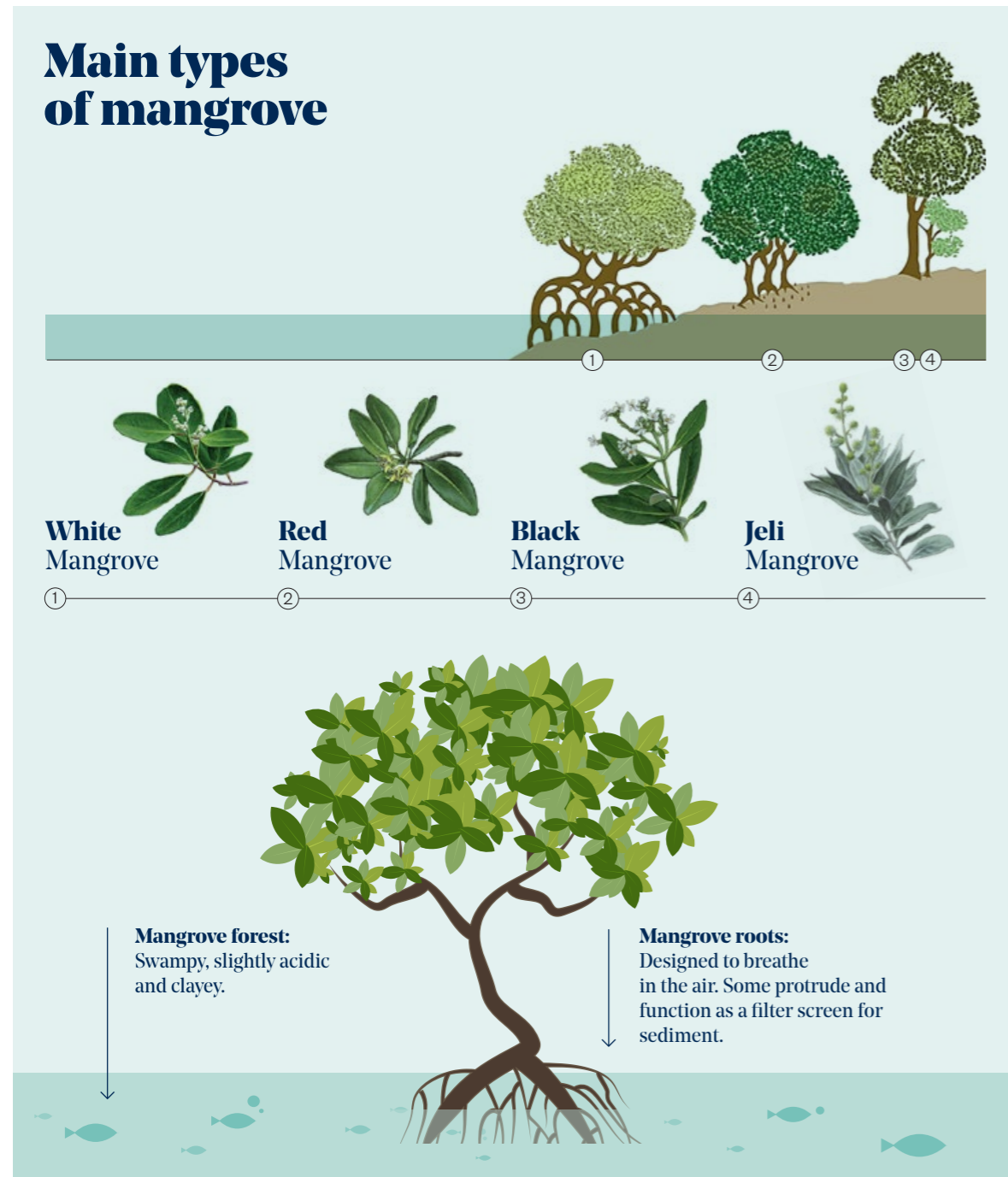
Number of nests and released babies at Iberostar hotels in Brazil

Iberostar Praia do Forte Hotel Complex			
	2006-2018	2019	Monitoring area (km)
Nests	5,463	1,006	14
Babies released	329,229	56,007	

## Mangrove restoration pilot project

Mangroves have very valuable qualities, including acting as natural barriers against strong winds and storms. They sustain biodiversity, given that they are areas where species nest, reproduce and seek refuge. They protect coastal populations from flooding and waves caused by hurricanes and tsunamis and capture greenhouse gases.

There are only four species of mangrove in the world:



There is a large wetland area inside our Bávaro Hotel Complex in the Dominican Republic and we wanted to know its history. That's why we launched a research project with local sources to find out what type of vegetation was there before these wetlands deteriorated. We determined that it had been a mangrove area. Thus, we began the recovery project to return the wetlands to their original state.

We had the full collaboration of our Gardening department and of the Environmental Ministry of the Dominican Republic, who provided us with red mangrove seeds. At the same time, we collaborated with Los Haitises National Park to collect redder mangrove seeds. In 2019, we planted 1,555 red and button mangroves. (*Rhizophora mangle* and *Conocarpus erectus*, respectively) restoring a total of 10,830 m2.



Iberostar Group aims to expand this programme in 2020 to show the mangroves' great capabilities to trap carbon and filter nutrients.



**4.1**  
Employment  
/ p. 106

**4.2**  
Work organisation and  
measures to aid  
work-life balance  
/ p. 115

**4.3**  
Health and safety  
/ p. 116

**4.4**  
Social affairs  
/ p. 123

**4.5**  
Training  
/ p. 124

**4.6**  
Equality and access  
to employment  
/ p. 125

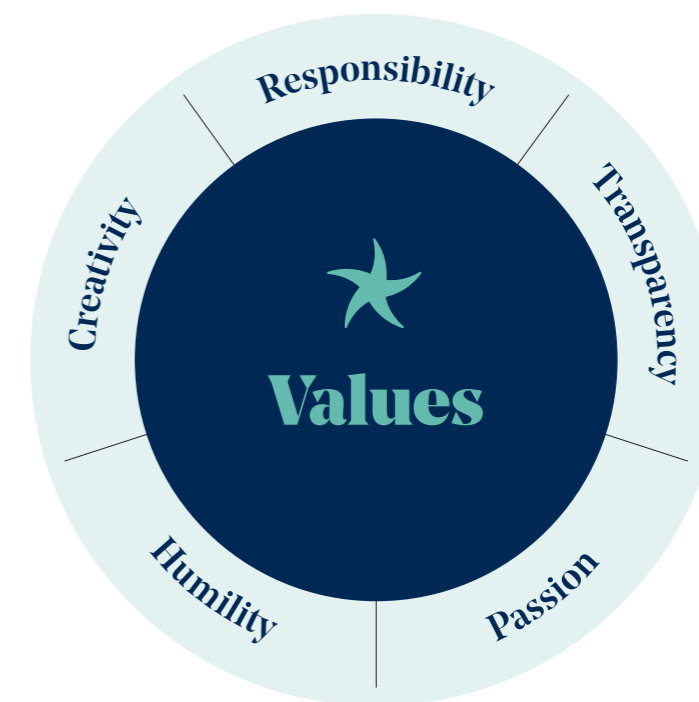
## The people behind Iberostar Group: a star team



## Iberostar Group DNA

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

driven by the managers of every department. Our philosophy is aimed at preserving and respecting the environment and personal health. This philosophy extends to our employees and also encompasses a continuous investment in training, equality and personal development by driving and encouraging their professional and personal development.



People who form part of the Group make the company's excellent service and management possible. In their daily tasks, our employees transmit the Group's benchmark values by doing their work with professionalism and commitment, belonging to 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 our employees by looking after their health and safety.

In managing talent, we engage in responsible hiring and ethical personnel management. We understand 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. We understand that our employees

are the ones who offer one-of-a-kind experiences to our guests and provide them with added value, along with providing value to our other stakeholders. The cohesion and coordination developed by this star team is what will build solid and long-lasting relationships. We know that we must keep the needs and expectations of our employees in mind, as they are the foundation of the know-how and spirit of this family company. Thus, each and every member of this star team is essential.

In turn, the Group offers a stable environment to our employees 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.

## Employment

# 4.1

Iberostar Group's workforce data presented in this section represents average values for employees in 2019. This data belongs to the Group and does not include hotel management staff. This information pertains to Spain

(including the hotels and Iberostar Group headquarters), hotels from the Group around the world (excluding Spain) and W2M. The data variation compared to 2018 is also due to the sale of Almuendo.com in 2019.

### Workforce in hotels in Spain and Iberostar Group central headquarters

The following average workforce data tables for Iberostar Group in Spain in 2019 and 2018 include both the Group's hotels in Spain and the company headquarters.

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

2019	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)
<b>Senior Management</b>	<b>38.58</b>	<b>16.52</b>	<b>38.58</b>	<b>16.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.31</b>
<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	1.00	0.00	1.00	0.00	0.00	0.00	0.00
35-44 years old	13.41	10.07	13.41	10.07	0.00	0.00	0.00	0.31
45-54 years old	22.31	5.45	22.31	5.45	0.00	0.00	0.00	0.00
>55 years old	2.86	0.00	2.86	0.00	0.00	0.00	0.00	0.00
<b>Management</b>	<b>120.08</b>	<b>95.13</b>	<b>113.83</b>	<b>87.6</b>	<b>6.25</b>	<b>7.53</b>	<b>0.25</b>	<b>2.53</b>
<25 years old	0.76	0.93	0.39	0.12	0.36	0.81	0.00	0.00
25-34 years old	27.24	33.63	25.42	28.04	1.82	5.59	0.00	0.00
35-44 years old	49.58	42.82	45.98	41.69	3.60	1.13	0.16	1.97
45-54 years old	28.32	16.75	27.89	16.75	0.43	0.00	0.05	0.56
>55 years old	14.19	1.00	14.15	1.00	0.04	0.00	0.04	0.00
<b>General service staff</b>	<b>2,141.09</b>	<b>2,217.89</b>	<b>1,445.97</b>	<b>1,432.92</b>	<b>695.12</b>	<b>784.97</b>	<b>30.36</b>	<b>123.13</b>
<25 years old	164.35	169.95	44.52	39.84	119.83	130.11	7.50	7.93
25-34 years old	604.47	618.52	326.43	324.91	278.04	293.61	8.56	23.50
35-44 years old	600.24	654.85	431.21	454.95	169.03	199.90	6.74	56.88
45-54 years old	523.83	534.83	423.44	402.02	100.39	132.81	5.36	27.84
>55 years old	248.20	239.74	220.37	211.20	27.83	28.54	2.20	6.98
<b>Total</b>	<b>2,299.76</b>	<b>2,329.55</b>	<b>1,598.38</b>	<b>1,537.04</b>	<b>701.37</b>	<b>792.5</b>	<b>30.61</b>	<b>125.97</b>



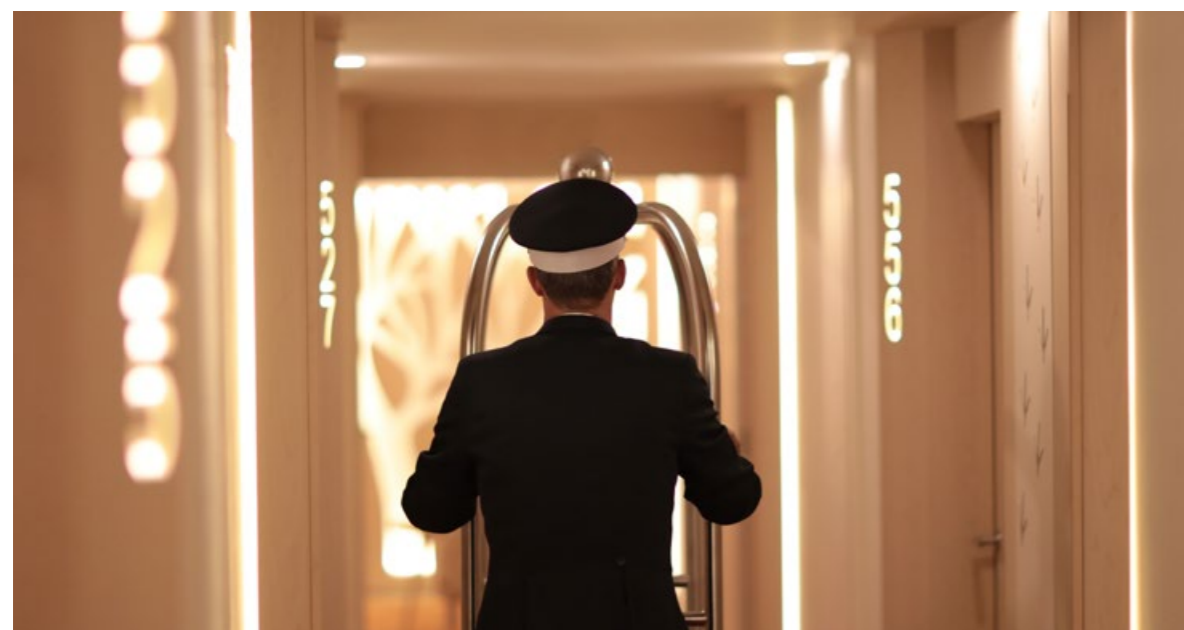
2018	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
<b>Senior Management</b>	<b>34.11</b>	<b>9.37</b>	<b>33.53</b>	<b>9.37</b>	<b>0.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<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
<b>Management</b>	<b>64.14</b>	<b>33.10</b>	<b>58.27</b>	<b>29.42</b>	<b>5.87</b>	<b>3.68</b>	<b>0.10</b>	<b>0.83</b>
<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
<b>General service staff</b>	<b>2,293.25</b>	<b>2,224.53</b>	<b>1,589.03</b>	<b>1,568.25</b>	<b>704.22</b>	<b>658.89</b>	<b>47.05</b>	<b>160.20</b>
<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
<b>Total</b>	<b>2,391.50</b>	<b>2,269.61</b>	<b>1,680.83</b>	<b>1,607.04</b>	<b>710.67</b>	<b>662.57</b>	<b>47.15</b>	<b>161.03</b>

## Workforce in Iberostar Group hotels outside of Spain

Las siguientes tablas de plantilla promedio de Grupo Iberostar en 2019 y 2018 incluyen los hoteles del Grupo que se encuentran fuera de España. Se presenta la información por sexo, edad,

clasificación profesional y modalidad de contratos de trabajo (contratos indefinidos y temporales y contratos a tiempo parcial).

2019	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)
<b>Senior Management</b>	<b>19.51</b>	<b>4.84</b>	<b>18.53</b>	<b>4.84</b>	<b>0.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<25 years old	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-34 years old	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
35-44 years old	5.72	0.92	5.00	0.92	0.72	0.00	0.00	0.00
45-54 years old	10.78	2.00	10.53	2.00	0.25	0.00	0.00	0.00
>55 years old	2.00	0.92	2.00	0.92	0.00	0.00	0.00	0.00
<b>Management</b>	<b>134.16</b>	<b>88.83</b>	<b>127.01</b>	<b>78.27</b>	<b>7.16</b>	<b>10.56</b>	<b>0.00</b>	<b>0.00</b>
<25 years old	1.05	0.00	0.50	0.00	0.55	0.00	0.00	0.00
25-34 years old	27.66	26.97	24.66	19.74	3.01	7.22	0.00	0.00
35-44 years old	58.17	33.87	54.74	31.79	3.43	2.08	0.00	0.00
45-54 years old	36.60	22.99	36.43	21.73	0.17	1.25	0.00	0.00
>55 years old	10.68	5.00	10.68	5.00	0.00	0.00	0.00	0.00
<b>General service staff</b>	<b>9,331.15</b>	<b>5,666.72</b>	<b>5,582.47</b>	<b>3,176.54</b>	<b>3,748.68</b>	<b>2,490.18</b>	<b>1.00</b>	<b>6.31</b>
<25 years old	1,904.51	1,067.43	736.36	397.34	1,168.15	670.09	0.00	0.00
25-34 years old	3,791.90	2,342.97	2,036.39	1,168.13	1,755.51	1,174.84	1.00	0.34
35-44 years old	2,171.86	1,441.12	1,594.90	991.55	576.96	449.57	0.00	4.97
45-54 years old	1,093.23	670.94	894.41	512.94	198.82	158.00	0.00	0.00
>55 years old	369.65	144.26	320.41	106.59	49.24	37.67	0.00	1.00
<b>Total</b>	<b>9,484.82</b>	<b>5,760.39</b>	<b>5,728.01</b>	<b>3,259.66</b>	<b>3,756.81</b>	<b>3,756.81</b>	<b>1.00</b>	<b>6.31</b>



2018	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)
<b>Senior Management</b>	<b>7.33</b>	<b>2.90</b>	<b>7.33</b>	<b>2.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<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
<b>Management</b>	<b>139.62</b>	<b>63.38</b>	<b>83.67</b>	<b>28.52</b>	<b>55.95</b>	<b>34.86</b>	<b>0.00</b>	<b>0.00</b>
<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
<b>General service staff</b>	<b>8,647.41</b>	<b>5,125.37</b>	<b>5,513.51</b>	<b>3,113.50</b>	<b>3,133.90</b>	<b>2,011.87</b>	<b>113.81</b>	<b>57.11</b>
<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
<b>Total</b>	<b>8,794.36</b>	<b>5,191.65</b>	<b>5,604.51</b>	<b>3,144.92</b>	<b>3,189.85</b>	<b>2,046.73</b>	<b>113.81</b>	<b>57.11</b>

## W2M and Iberoservice International Workforce

The following tables show average data for the workforces of W2M in 2019 (in 2019 Iberoservice International was absorbed by W2M) and W2M and Iberoservice International in 2018. The information

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

W2M 2019	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)
<b>Management</b>	<b>59.40</b>	<b>42.71</b>	<b>59.40</b>	<b>42.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>
<25 years old	0.00	0.00	0	0	0.00	0.00	0.00	0.00
25-34 years old	8.33	4.00	8.33	4	0.00	0.00	0.00	0.00
35-44 years old	23.08	17.50	23.08	17.5	0.00	0.00	0.00	1.00
45-54 years old	21.66	17.21	21.66	17.21	0.00	0.00	0.00	1.00
>55 years old	6.33	4.00	6.33	4	0.00	0.00	0.00	0.00
<b>General service staff</b>	<b>323.88</b>	<b>533.50</b>	<b>287.98</b>	<b>460.64</b>	<b>35.90</b>	<b>72.86</b>	<b>13.75</b>	<b>30.15</b>
<25 years old	19.82	37.50	10.32	24.05	9.50	13.45	1.00	0.00
25-34 years old	123.60	178.25	108.74	146.73	14.86	31.52	8.00	9.15
35-44 years old	118.30	193.50	112.38	178.55	5.92	14.95	4.75	16.10
45-54 years old	49.91	90.64	47.04	81.08	2.87	9.56	0.00	3.90
>55 years old	12.25	33.61	9.50	30.23	2.75	3.38	0.00	1.00
<b>Total</b>	<b>383.28</b>	<b>576.21</b>	<b>347.38</b>	<b>503.35</b>	<b>35.90</b>	<b>72.86</b>	<b>13.75</b>	<b>32.15</b>



W2M 2018	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)
<b>Management</b>	<b>125.00</b>	<b>108.00</b>	<b>120.00</b>	<b>101.00</b>	<b>5.00</b>	<b>7.00</b>	<b>0.00</b>	<b>0.00</b>
<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
<b>General service staff</b>	<b>218.00</b>	<b>397.00</b>	<b>128.00</b>	<b>195.00</b>	<b>90.00</b>	<b>202.00</b>	<b>1.00</b>	<b>11.00</b>
<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
<b>Total</b>	<b>343.00</b>	<b>505.00</b>	<b>248.00</b>	<b>296.00</b>	<b>95.00</b>	<b>209.00</b>	<b>1.00</b>	<b>11.00</b>

### Iberoservice International Workforce 2018

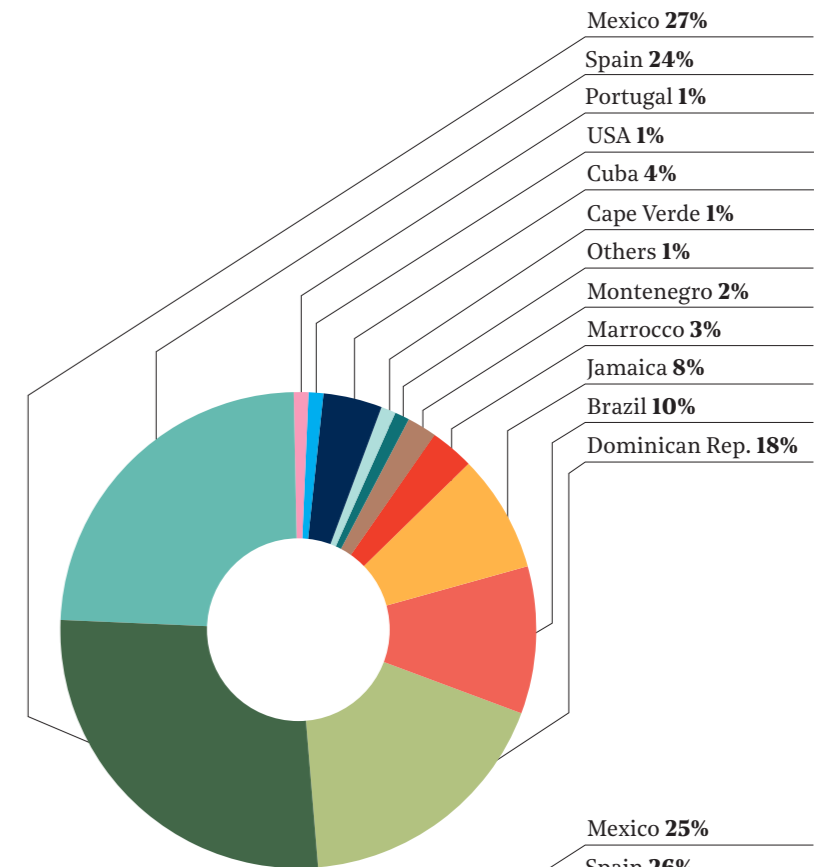
2018	Men	Women	Permanent employment contracts (men)	Permanent employment contracts (women)	Temporary employment contracts (men)	Temporary employment contracts (women)	Part-time employment contracts (men)	Part-time employment contracts (women)
<b>Management</b>	<b>12.66</b>	<b>9.66</b>	<b>12.66</b>	<b>9.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<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
<b>General service staff</b>	<b>85.91</b>	<b>69.08</b>	<b>85.91</b>	<b>69.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<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
<b>Total</b>	<b>98.57</b>	<b>78.74</b>	<b>98.57</b>	<b>78.74</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### Iberostar Group workforce by country of operation

DISTRIBUTION OF EMPLOYEES BY COUNTRY OF OPERATION 2019

The following graphs show the distribution of Iberostar Group employees in accordance with their country of operation in 2019 and 2018. The difference between countries in 2019 compared to 2018 is mainly due to Almun-do.com not being considered in 2019, as it was sold that year. The main countries of operation (according to the number of employees) are presented.

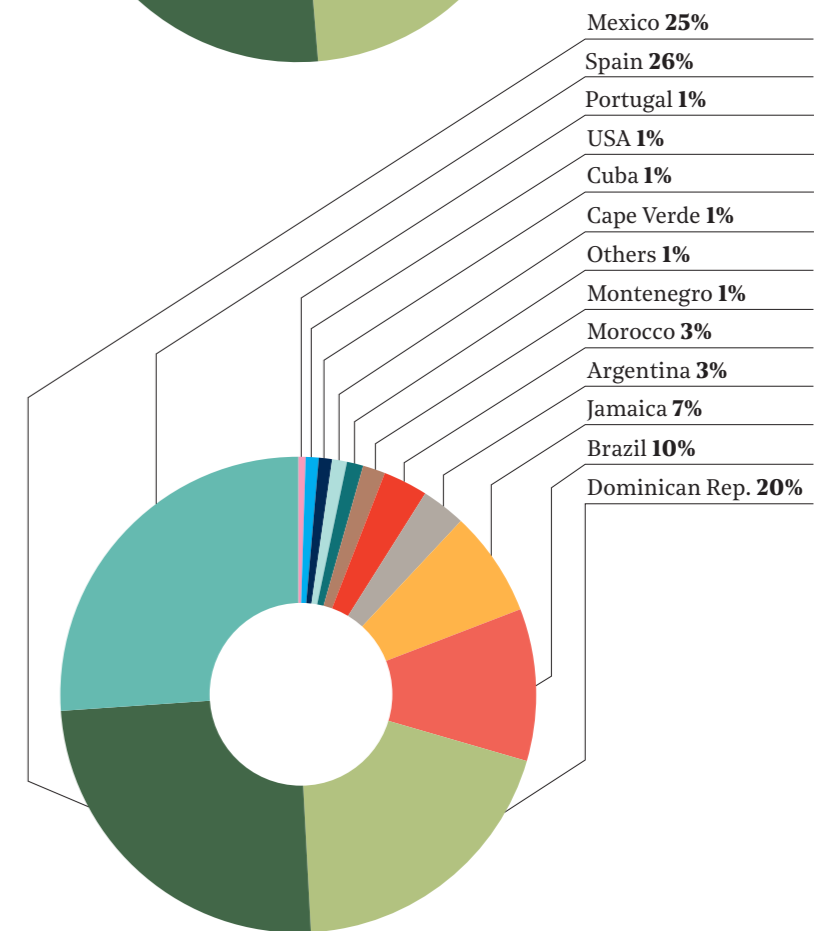
In 2019, the category "Others" (2% of employees) includes the following countries: Andorra, Bulgaria, Canada, Curaçao, Dubai, Egypt, Greece, Hungary, Italy, Malta, Morocco, Netherlands, Portugal, Thailand, Tunisia and Turkey.



DISTRIBUTION OF EMPLOYEES BY COUNTRY OF OPERATION 2018

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 Almun-do.com, World2Meet and Iberoservice International. The main countries of operation (according to the number of employees) are shown.

In 2018, the category "Others" (1% of employees) included the following countries: Andorra, Bulgaria, Colombia, Costa Rica, Dubai, Egypt, Hungary, Malta, The Netherlands, Thailand, Tunisia, Turkey and Uruguay.



## Average salaries

Below, we present the average salaries of the employees working in Iberostar Group in 2019 and 2018 (in thousands of euros). This includes employees at the company's hotels around the

world, at Iberostar Group headquarters and at W2M (Almundo.com is only considered for the 2018 average salary, as it was sold in 2019 and no longer belongs to Iberostar Group).

## Iberostar Group salary by professional category and sex (€)



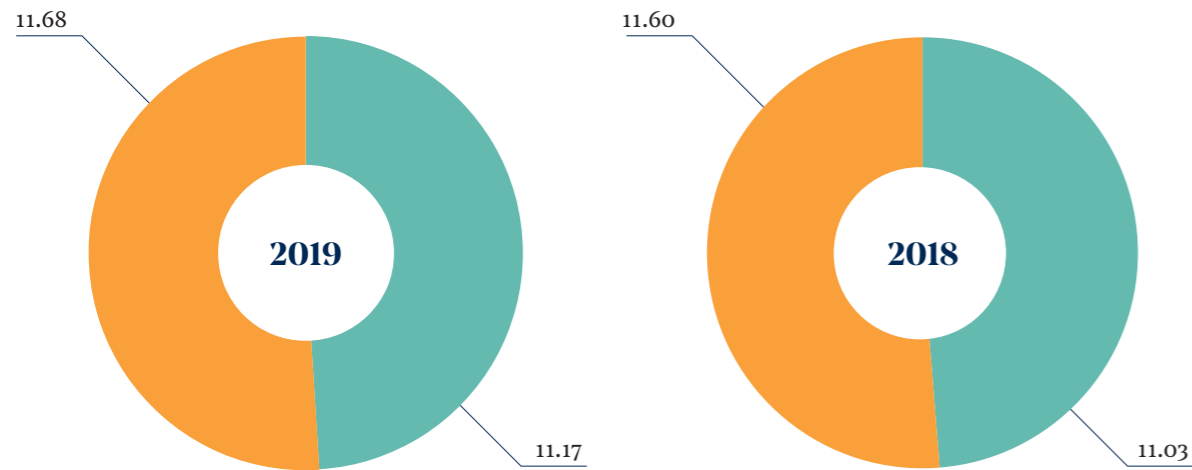
In 2019, the average salary of male Iberostar Group employees was €140,344 for the Senior Management category, €38,528 for the Management category, and €10,626 for General Services Staff. In 2019, the average salary of male Iberostar Group employees was €158,589 for the Senior Management category, €53,051 for the Management category, and €9,329 for General Services Staff. For the entire Iberostar Group, in 2019, the average salary was €11,675 for women and €11,168 for men.

In 2018, the average salary of women Iberostar Group employees was €96,450 for the Senior Management category, €38,072 for the Management

category, and €10,500 for General Services Staff. In 2018, the average salary of male Iberostar Group employees was €168,209 for the Senior Management category, €46,256 for the Management category, and €9,168 for General Services Staff. For the entire Iberostar Group, in 2018, the average salary was €11,710 for women and €11,124 for men.

It is worth noting that the average salary for Senior Management, corresponding to the company's Board Members and Executives, includes variable compensation, expenses, indemnities, long-term payment to savings plans and all other payments.

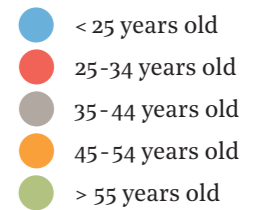
### IBEROSTAR GROUP AVERAGE SALARY



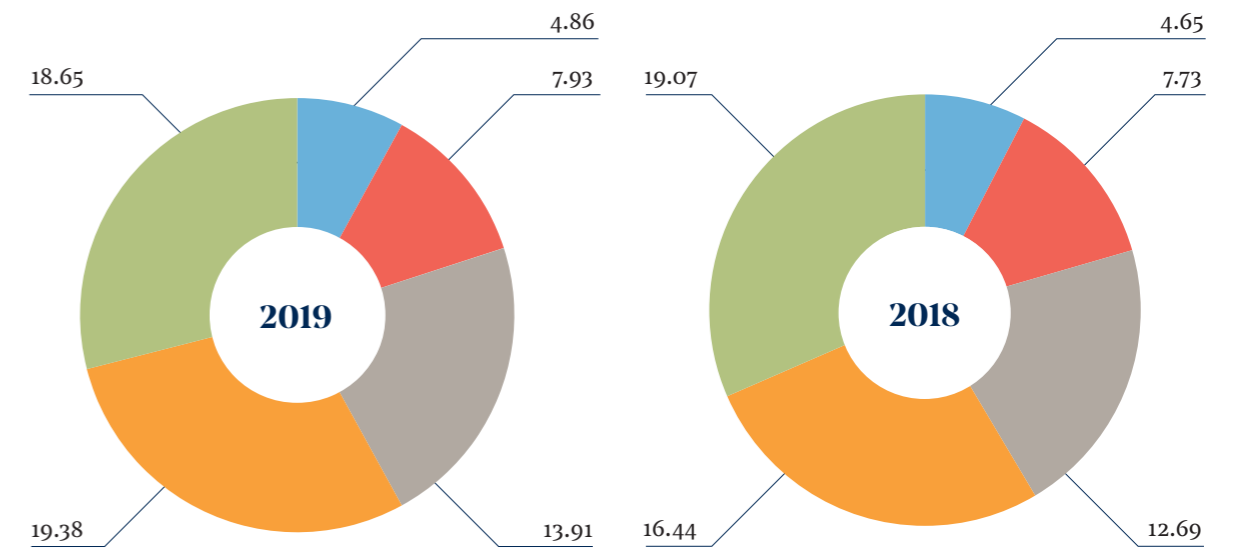
The pay gap between Iberostar Group employees in 2019 was -4.5%, which is calculated by subtracting the average salary of female employees from that of male employees and dividing the result by the average salary of male employees. That is to say, in 2019, throughout the entire Group,

the average salary of female employees was 4.5% higher than the average salary of male employees. The pay gap in 2018 was -5.2%. That is to say, in 2018, throughout the entire Group, the average salary of female employees was 5.2% higher than the average salary of male employees.

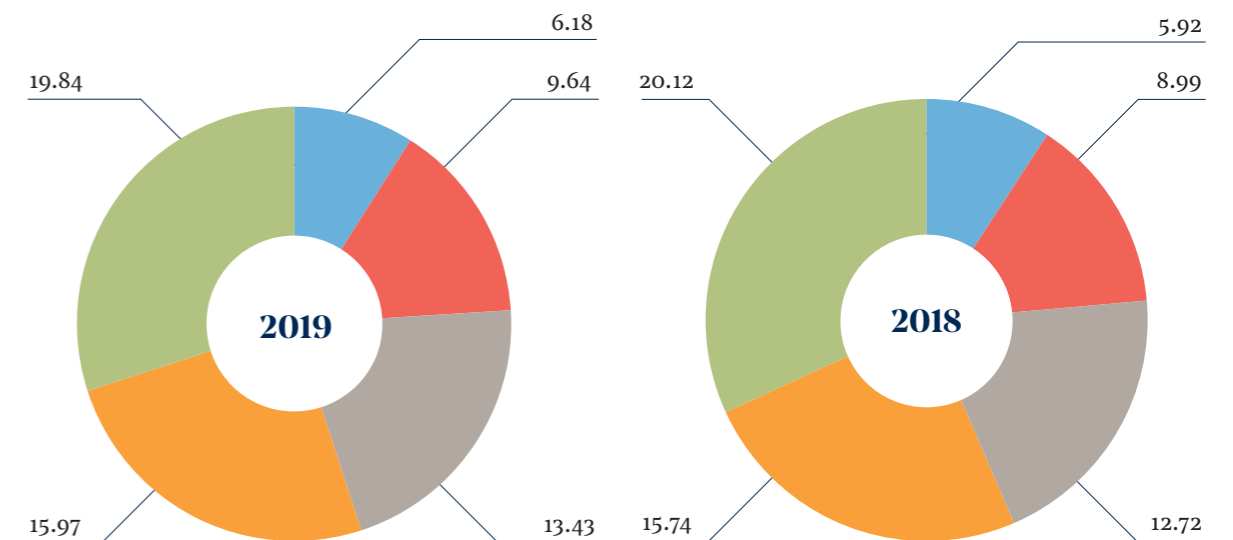
## Iberostar Group salary by age group and sex (€)



### AVERAGE SALARY OF MALE EMPLOYEES BY AGE



### AVERAGE SALARY OF FEMALE EMPLOYEES BY AGE



## Dismissals in 2019

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

	< 25 years old	25-34 years old	35-44 years old	45-54 years old	> 55 years old	Total
<b>Total</b>	<b>103</b>	<b>215</b>	<b>181</b>	<b>90</b>	<b>32</b>	<b>621</b>
<b>Senior Management</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>
Womem	0	0	1	0	0	1
Men	0	0	0	3	1	4
<b>Management</b>	<b>0</b>	<b>3</b>	<b>11</b>	<b>13</b>	<b>6</b>	<b>33</b>
Womem	0	1	3	5	0	9
Men	0	2	8	8	6	24
<b>General service staff</b>	<b>103</b>	<b>212</b>	<b>169</b>	<b>74</b>	<b>25</b>	<b>583</b>
Womem	53	104	63	27	9	256
Men	50	108	106	47	16	327

The number of dismissals by sex, age and professional category in 2018 is outlined below:

	< 25 years old	25-34 years old	35-44 years old	45-54 years old	> 55 years old	Total
<b>Total</b>	<b>69</b>	<b>209</b>	<b>163</b>	<b>78</b>	<b>31</b>	<b>550</b>
<b>Senior Management</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
Womem	0	0	1	0	0	1
Men	0	0	0	0	0	0
<b>Management</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>6</b>	<b>0</b>	<b>23</b>
Womem	0	0	6	4	0	10
Men	0	2	9	2	0	13
<b>General service staff</b>	<b>69</b>	<b>207</b>	<b>147</b>	<b>72</b>	<b>31</b>	<b>526</b>
Womem	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, we apply 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, we implement specific measures to enable balance between work and the personal and family life of our employees. For example, measures such as monthly hours to accompany minor children to specialist medical visits have been implemented in some of our 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.

In Morocco, employees with children who wish to take their days off during half term holidays are given preference. In Tunisia, all employees with children receive an assistance payment in the month of September. In case of need or special conditions, we allow them to arrive later or leave earlier. In Montenegro, measures are in place for female employees with minor children and for employees requiring special schedules for health reasons. In Cuba, pregnant employees are allowed to attend medical visits without their pay being cut. Additionally, paid prenatal maternity leave is granted from the 34th week of pregnancy up to the birth, while paid postnatal parental leave (both for mothers and fathers) is granted up to the child's first birthday. In Jamaica, different measures exist to allow for schedule flexibility and to ensure employees' holiday period.



### Right to disconnect policies

As a general the 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 our employees, many do not possess company

devices, such as a company telephone or computer, by 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 our employees is a priority and we constantly work towards developments in this area. Respect for dignity, non-discrimination, safety, protection and the promotion of our employees' health is implicit in the Group's corporate ethics.

Under this premise, efforts are focused both on occupational risk prevention (ORP) and workplace health promotion. In this field, Iberostar Group's Healthy Company project and the Occupational Risk Prevention Plan constitute the two most important processes.

## Workplace Health Promotion Project: Iberostar Group Healthy Company



We have belonged to the European Network of Healthy Companies since 2017 and promote workplace health by means of Iberostar Group's Healthy Company project, as well as through signing the Luxembourg Declaration of 1997. This document outlines the basic strategies and framework for ensuring the good management of employees' health.

Iberostar Group's Healthy Company project encompasses the creation of a Workplace Health Promotion Group (WHPG), formed by members of Iberostar Group Occupational Risk Prevention (ORP) Service, as responsible parties, and by

employees 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.

Likewise, we have drawn up a road map to include the United Nations Sustainable Development Goals, the Spanish Occupational Risk Prevention Law and the National Institute of

Safety and Health at Work (Instituto Nacional de Seguridad y Salud en el Trabajo, INSST) online promotion portal, for which we have put special emphasis on four main points of focus:

### CSR/Sustainability

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

### Health

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

### Personal development

Achieve the maximum state of health and well-being of our employees in their positions, based on a balance of work and family life, pregnancy management and breastfeeding, return to work, employee aging and the organisation of each work position.

### Occupational risk prevention

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

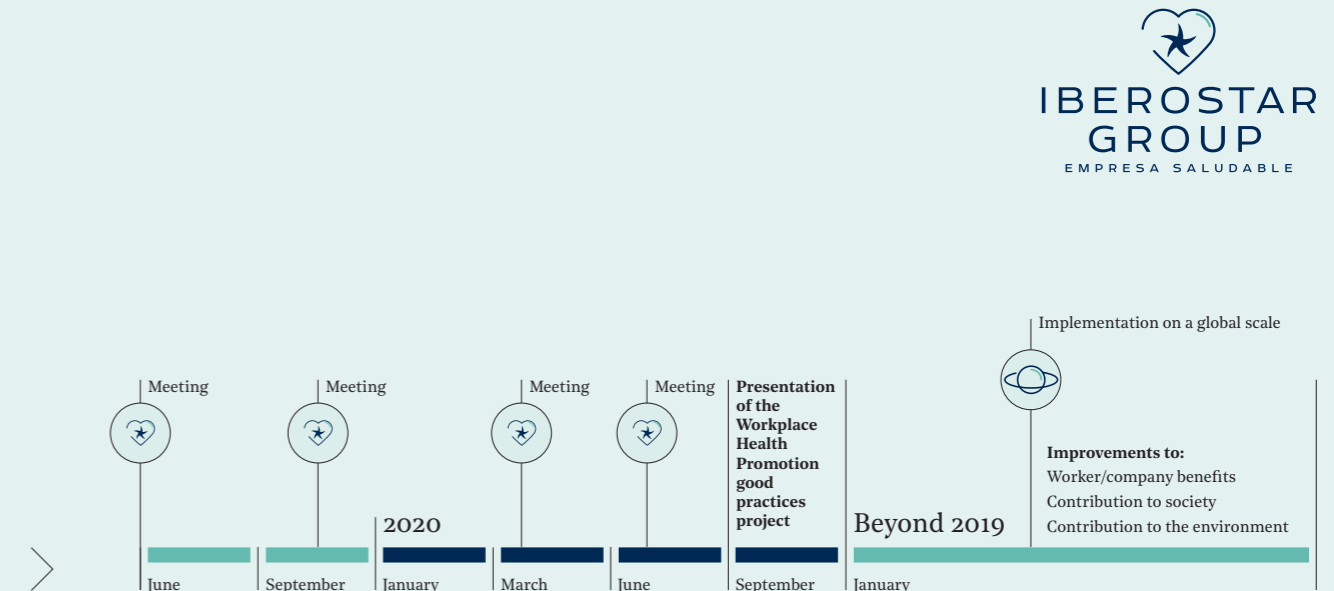
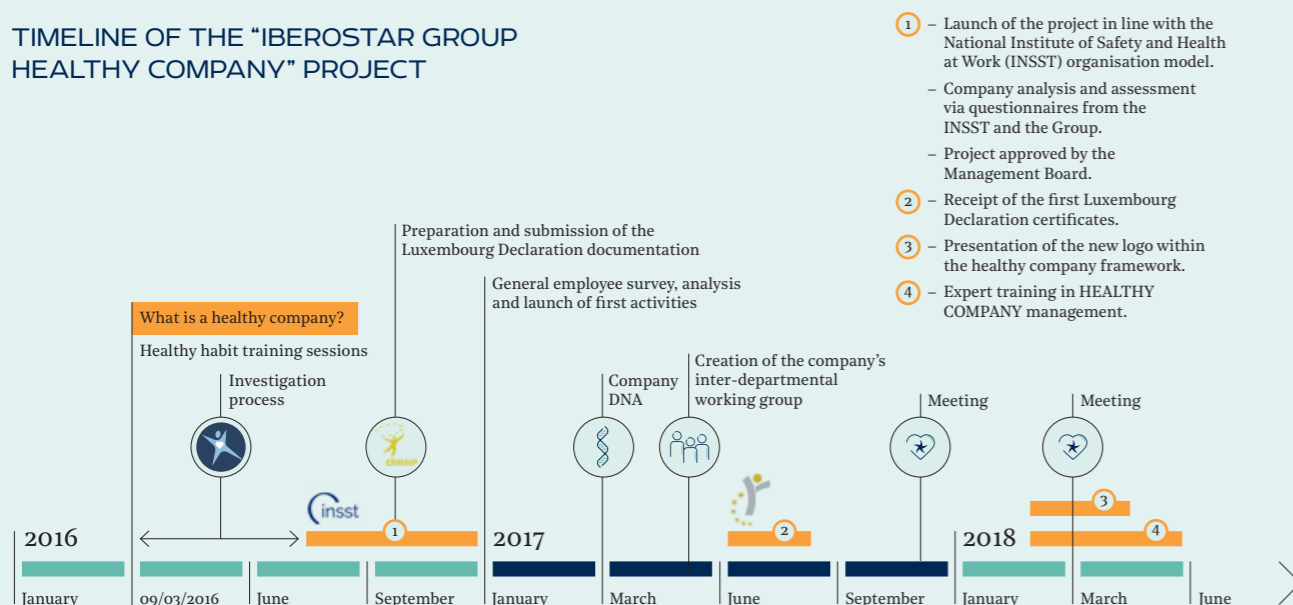
Specifically, through Iberostar Health, we give theoretical and practical training on the prevention of musculoskeletal disorders to improve our employees' health. We teach them warm-up exercises and stretches that they can perform on a daily basis. A total of 75% of the employees who took part in this activity saw a reduction in aches and pains in their daily routines.

We also promote healthy eating with efforts like "fruit day", which consists in providing our employees with fruit baskets free of charge twice a month, and by offering healthy alternatives

in the dining areas. 40% of our employees state that their fruit consumption has increased, and 64% of them said they have chosen the healthy option. Another effort is the monthly newsletter on current topics regarding health in the Star Team Healthy Company section, complete with summarised and easy-to-read information.

In 2019, we developed a new project called the "Healthy Company Snapshot", aimed at training and informing our employees about healthy life habits. With this project, we hope to train more than 30% of our employees between the end of 2019 and 2020.

## TIMELINE OF THE "IBEROSTAR GROUP HEALTHY COMPANY" PROJECT



In Iberostar Personal Development, we promote work organisation through the “Time Management Snapshot”, a training programme which aims to teach employees how to effectively manage their time. We also offer advice sessions on pregnancy and breastfeeding, aimed at protecting our female employees from the risks they may be exposed to in their positions. For a better work-life balance, we allow as many employees as possible to have flexible work schedules according to their needs.

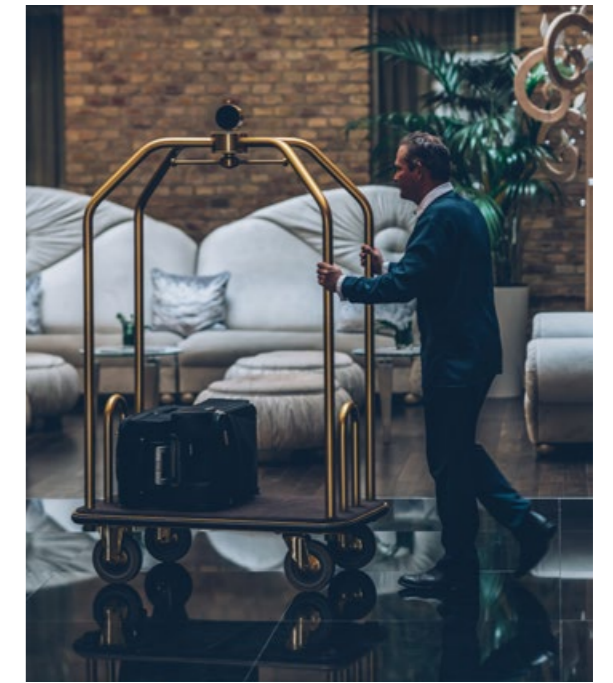
In Iberostar ORP, we train our employees on work ergonomics in order to avoid musculoskeletal injuries, on basic fire prevention measures and on road safety. We launched a first aid project for our employees to acquire the basic skills necessary to help somebody, if need be. In addition, we ramped up the medical consultation service at our headquarters and, on a less frequent basis, at our hotels, for our employees to have access to medical consultations with Iberostar Group Medical Service.



## 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 our employees are exposed to, we have in place an Occupational Risk Prevention Plan that additionally encompasses Iberostar Group's Prevention Plan, which was established in line with ORP regulations. The Occupational Risk Prevention policy is applicable to all our employees and facilities 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 published on Star Team.

In the same regard, since 2001, 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 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.

We earmark an annual budget for the necessary activities in the field of ORP. Furthermore, we have established an organisation and 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 ORP in company management strategies.

**Dirección de centros de trabajo y coordinadores de PRL en zonas:** se encargan de aplicar sobre el terreno la política de PRL.

Our employees 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 Royal Decree 39/1997 in force in Spain, the main objectives of the prevention management system are as follows:

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

What's more, compulsory ORP and Quality training sessions are organised at the hotels and headquarters in Spain, as required by law. In 2019, 15,783 hours of training were completed on this subject through 440 training initiatives.

With regard to Work-Related Illnesses (WRI), during 2019, eight WRI were diagnosed in Spain. One case concerned a male employee and seven concerned female em-

ployees. Six of these cases were subject to sick leave and two were not. In 2018, eight WRI were also detected, all of them in women.

In 2019, there were a total of 1,036 occupational accidents with leave at Group hotels, with 53% of cases located in Spain. The number of accidents went down with respect to 2018, when a total of 1,059 accidents occurred. This data includes accidents during travel to and from work.

Number of accidents (including travel to and from work)			
	Total	Women	Men
<b>2019</b>	<b>1,036</b>	491	545
<b>2018</b>	<b>1,059</b>	533	526

The accident frequency rate in Spain is shown below:

Accident frequency rate (including travel to and from work)			
	Total	Women	Men
<b>2019</b>	<b>66.5</b>	73.4	59.4
<b>2018</b>	<b>70.1</b>	75.9	64.7

In 2019, the severity rate of accidents that occurred throughout the whole of Spain (including accidents during travel to and from work) was 1.59, while in 2018 it 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:

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

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

A total of 1,929,794 total hours were lost due to absenteeism in 2019, while in 2018 that number was 1,131,428.36.

## Social affairs

# 4.4

At Iberostar Group, we act under the protection of various collective agreements and comply with the provisions set forth in the legislation of the countries in which we operate. 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 Spain, Portugal, Morocco, Tunisia and Montenegro, all employees are covered by collective agreements. In Spain, the regional collective agreement and the Acuerdo Laboral Estatal para el Sector de la Hostelería (ALEH [State Labour Agreement for the Hospitality Sector]) 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.

Below, we present a table with the percentage of employees covered by a Collective Agreement by country:

Country	% of employees covered by a collective agreement in 2019
Spain	100%
Portugal	100%
Montenegro	100%
Greece	90%
Tunisia	100%
Dominican Republic	100%
Cuba	100%
Mexico	100%
Brazil	100%

There is no collective agreement in force in Andorra, Bulgaria, Cape Verde, Dubai, Egypt, the United States, Hungary, Jamaica, Malta, Morocco, Thailand and Turkey, but we follow the provisions of labour laws there.

In complement to the above, all of our 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. Even so, we hold meetings with this group of hotels upon their request. 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). Other countries in which employees have representation include Tunisia, Morocco, Montenegro, Greece, Mexico, Jamaica and Cuba.

## Training

# 4.5

We take various measures in the field of training with a view to further the professional development of our employees and 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 we organise focus on two main aspects. On the one hand, we offer training to employees in the values and general activities of the Group. On the other, we offer training focused on the various company branches and departments in order to develop specific skills and abilities that our employees can use in their everyday work.

In Spain, employees can take online training sessions on the Iberostar University platform and the Wave of Change Learning platform. Furthermore,

in 2019, we implemented a training plan at our hotels in Spain and at the Head Office. These plans included training needs surveys and meetings with advisers and hotel directors. We have used the results of these surveys to propose training plans, and we have published the available training sessions on Star Team. In AMES, we have also carried out online and in-person training. The latter included training on skills (in terms of new products, services and languages), Human Resources (a Senior Management training plan was developed) and ORP. There was also specialised training on hygiene, safety and sustainability, among others.

In 2019, our employees received a total of 365,202.5 hours of training. The distribution of training hours by professional category is as follows:

Number of hours of training		
	2019	2018
Senior Management	1,015	–
Management	14,712.7	3,870
General Service Staff	349,474.8	238,009
<b>Total</b>	<b>365,202.5</b>	<b>241,879</b>

Senior Management has training activities that are different from those carried out in all other categories. These activities are part of a continuous training process carried out through team-building sessions, team meetings and expert sessions, among others. At the same time, employees in the Senior Management category lead training sessions for different work teams within the Group.

## Equality and access to employment

# 4.6



We strive to ensure equal opportunities, pluralism and diversity in the workplace, in addition to enabling access to employment for underrepresented groups. Likewise, we promote gender equality and forbid all types of attitudes or behaviours that threaten or offend the dignity and personal rights of our employees in the workplace. The Group's Code of Ethics guarantees respect for human rights in the workplace and does not tolerate discrimination on the grounds of sex, national origin, social origin, age, civil status, sexual orientation, ideology, political opinions, religion or any other condition. Furthermore, we are working on updates to the Equality Plan in Spain, in accordance with the latest amendments to current applicable legislation.

On the other hand, 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, we enable access to employment via job offers that the Group publishes. At present, our workforce, both in hotels and other company centres, includes disabled persons.

In 2019, there were a total of 267 Iberostar Group employees with some type of recognised disability. This figure is considerably higher than in 2018, when we had 182 employees with some type of disability. A strict protocol is followed during the hiring process for people with disabilities to ensure that they can fully integrate into their position in the workplace. Before starting the hiring process, a meeting with the parties involved (corresponding management department, candidate with a disability and the inclusion worker) is held. In this meeting, the responsibilities of the job vacancy are explained and the parties plan for any needs

the candidate may have in order to perform their tasks. Once the employment relationship has been established, the person with a 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, we have assigned a Mentor to each department, who helps the employee with a disability to ease into the tasks they must carry out. In this way, the employee's colleagues 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, our Occupational Risk Prevention Department 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 our 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.





**Iberostar Group's  
commitment to  
human rights**



We are firmly committed to respecting and promoting human rights in all of the countries in which we operate, in addition to complying strictly with the law in these countries. The topic of human rights is of great importance to Upper Management, our employees, business partners, guests, governments and local communities.

We strive to promote human rights, both inside and outside our 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: Iberostar Group Code of Ethics, 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 Iberostar Group joined in 2011, the Global Code of Ethics for Tourism of the World Tourism Organization (WTO), which Iberostar Group joined in 2011, and the UN Global Compact, which Iberostar Group joined in 2016.

**Iberostar Group Code of Ethics:** promoting and guaranteeing the protection of human rights is one of our principles and as such is reflected in our Code of Ethics. We undertake 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. We also undertake to dispute, deter and condemn exploitation of human beings in all its forms.

**Protocol for the Prevention of Prostitution Exploitation:** this 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 2016 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 (Federación de Asociaciones para la Prevención del Maltrato Infantil, FAPMI). Newly onboarded employees at our hotels receive training related to ECPAT on orientation day, especially at our hotels in the Dominican Republic, Jamaica and Mexico, which are countries considered especially relevant in this aspect.





Images of the ECPAT trainings taught by Iberostar Group in the Dominican Republic

**The WTO's Global Code of Ethics for Tourism:** As an adhering party to the Global Code of Ethics for Tourism, we are committed to following the Code's ten principles, which cover economic, social, cultural and environmental components relevant to the travel and tourism sector.

**The United Nations Global Compact:** As a member of the United Nations Global Compact, we strive 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, we are 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 Funda-

mental Principles and Rights at Work. Through this human rights policy, we aim 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.





**6.1**  
Iberostar Group's  
commitment to local  
communities  
/ p. 125

**6.2**  
Subcontracting  
and suppliers  
/ p. 144

**6.3**  
Our guests  
/ p. 150

**6.4**  
Tax information  
/ p. 158

## Company information



## Iberostar Group's commitment to local communities

# 6.1

Just like everywhere in the world, the destinations where we operate are brimming with culture and tradition. We at Iberostar Group are aware of this and undertake to preserve the social and cultural identity of the communities that welcome our presence. In order to do so, we support these populations by including them in both the various activities we undertake and in the Iberostar Foundation contributions and actions. What's more, we

work with a carefully selected group of providers and promote the Wave of Change movement. As a whole, the presence of the Group contributes to the creation of shared values and to the social development of its destinations. From this perspective, we adopt, with pride and responsibility, a catalytic role in socio-economic development, enriching the business network where we operate and linking business success to social progress.

### Iberostar Group and its commitment to local communities



**95**

Nationalities employed



**40% | 60%**

Women

Men



**+90%**

Local jobs



**90%**

Local suppliers

## 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, in 2019, we took on 80 young students to study and work in the Group's hotel complex located in Praia do Forte.



## Proyecto Chance, 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 five editions of this programme saw a total of 379 participants.



Proyecto 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 228 projects that have helped over 359,000 people, representing a total investment of 4.7 million euros.

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.

Some of Iberostar Group's projects include the Employee aid fund, our collaboration with UNICEF in Cuba and the Destinations Project, which involves searching for social projects through project proposals submitted through the operations managers.



# 228

Projects



# + 359,000

People helped



# + 4.7M€

Investment 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 (2004–2019)

Iberostar Foundation: (2004 – 2019)		
Involvement in 228 projects		More than 359,000 people have benefitted from our service
People line of action	Education line of action	Social innovation line of action
89% of projects 305,945 people helped	8.9% of projects 53,103 people helped	2.1% of projects

#### DETAILS OF THE IBEROSTAR FOUNDATION (2019)

Iberostar Foundation (2019)	
Investment in projects: € 267,213	
Involvement in 9 projects	3,038 people helped

## Education line of action

**Education line of action:** this 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, as well as promoting human and sustainable 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 Spíritus, 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.

As a result of the Iberostar Foundation's contribution, 942 teenagers were supported in returning to safe learning spaces, given that two educational centres were refurbished (a rural university preparatory school and a polytechnic institute) in the city of Florida and the Camagüey province.



## People line of Action:

**People Line of Action:** actions and projects aiming to improve the lives of the most vulnerable populations.

In 2019, we carried out multiple projects in this line of action, such as the Employee Aid Fund. This project aims to get our employees at the headquarters involved in the Iberostar

Foundation by including them in management and decisions regarding the allocation of resources for the Aid Fund. The different social projects are put forward by the employees themselves and must meet the objectives and commitments of the Iberostar Foundation. The following entities were supported in 2019:

**sonrisa  
médica**

**Sonrisa Médica:** this team of clowns work on hospital floors in Paediatric Oncology and need training to be able to deal with the critical situations they encounter every day. Managing these situations in an appropriate way is essential for the children's well-being. In 2019, we collaborated with these clowns to get them the necessary training in this regard.

**Fundació  
aspac**  
Illes Balears

**Fundación Aspace:** This entity works to improve the quality of life and social integration of people with cerebral palsy. In 2019, we financed the acquisition of an "Accessible Hygiene" kit. This project involved acquiring a hydraulic shower bed for the new care home for people in need of its services.

**fundación  
rana**  
www.fundacionrana.org

**Fundación Rana:** A collaboration with the child sexual abuse prevention project called "Explorando con Nil" (Exploring with Nil), targeted at children aged four and five at schools. The aim of this project is to offer tools to young children to avoid future situations of abuse, encouraging them to say NO in the case of uncomfortable situations and to ask for help from people they trust.

**ELA  
BALEARS**

**ELA Baleares:** (Asociación Balear de Esclerosis Lateral Amiotrófica [Balearic Islands Association for Amyotrophic Lateral Sclerosis]): the creation of a care and guidance service for ALS patients and their families. This service aims to support people with ALS and their families starting from the moment they are diagnosed. It includes: offering information and guidance about the disease and its development; help in accessing social health resources; psychological support and fostering links for solidarity and self-help; loan of support products, raising awareness and training.

Within the People Line of Action from the Iberostar Foundation, the "Destinations" project is also key. It consists of searching for social projects through proposals from operations managers, as they know the priorities and necessities of the local communities where we operate. The goal of this initiative is to meet the basic and educational needs

of underserved communities, especially in relation to childhood assistance.

In 2019, a Refurbishment and expansion project began for the school kitchen at the Segunda Milla educational centre in the Dominican Republic. This free educational centre is located in the area of the Bávaro Hotel Complex and hosts 414 children, the

majority of which come from Haitian families who live in extreme poverty. Before, there was a small canteen that provided lunch to 40 children, given that it did not have the proper facilities nor the resources to purchase the

food needed to provide more. The project's aim was to finance the construction of a kitchen/canteen with proper conditions and basic utensils in order to provide lunch to the children who attend the centre.



Construction of a school canteen  
(Dominican Republic)

Other noteworthy initiatives are the funding collaborations with different social associations and entities working in the fields of social, educational and cultural inclusion and assistance, as well as environmental protection. In the 2019 financial year, we collaborated with the following entities:



**Padres Franciscanos Tor:** collaboration to implement International Organ Week (concert programme) at the Sant Francesc church in Palma de Mallorca.

**Amics de  
l'infància**

**Amics per la Infància:** collaboration for a charity event organised by the entity.



**Fundación Lo que de verdad importa:** collaboration to organise the youth conference in Palma de Mallorca aimed at imparting universal values such as self-improvement, effort, optimism and generosity through different speakers.



**Associació Tardor:** collaboration with the soup kitchen that the entity manages by purchasing and donating a refrigerated cart for their food pick-ups, along with financing a Christmas charity dinner for its users, managed through a food distribution company.

## Social innovation line of action

**Social Innovation Line of Action:** medical investigation programme centred around supporting and promoting clinical investigation and innovation through projects aligned with

the priorities of the European Commission, as described in the Horizon 2020 programme. It also focuses on social health challenges for the sustainable development of society.



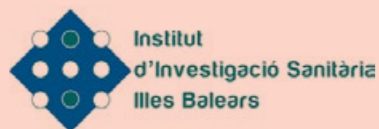


In 2019, a collaboration was launched to create an online platform intended for ALS patients, caretakers and their families. This project intends to create a trusted space for people affected by ALS and their environment (sick people, family members, caretakers) in which they can share and find responses in an organised way to the different questions and needs they have regarding the disease. Along with having a space that is accessible at any time of day and from anywhere in the country, it also complements the services provided by regional and local associations.

It is a forum run by Fundación Luzón, although it is self-managed by the patient-focused entities and associations interested in collaborating with people with ALS.

The forum is separated into specific online communities and discussion groups, organised around topics of interest related to the disease or general topics affecting different aspects of the disease.

A study has also been performed on nutritional and gastronomic needs. This is an innovative initiative, as no research currently exists around the topic. The research will allow us to address the proper nutritional needs of people with problems swallowing, which is a source of great difficulty and discomfort for those who suffer from this disease.



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 programme aims to promote health innovation through the partial or complete financing of innovative projects, driving collaborations with the health sector, the

university community and the private sector.

The project's aim is to prevent diseases related to food and nutrition by launching the development of a participation strategy and by empowering companies working in the food supply chain to quantify their food security and make it visible through a web portal and open data provider for third parties, and to carry out a health impact evaluation.



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 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. The ENDEAVOR Foundation is a not-for-profit organisation that supports high-impact entrepreneurs around the world with a "mentor capitalist" model, helping entrepreneurs to overcome economic and cultural obstacles through mentorships with globally prestigious business leaders.

## Partnerships and sponsorships

6.1.2

For us, sport is one of our key 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 2019, we held a strong presence in the world of sport by means of various collaboration and sponsorship agreements:

### Iberostar Tenerife C.B Canarias

Desde finales de 2013 somos el patrocinador oficial del C.B Canarias. El club aurinegro, que milita en la máxima categoría en España, compite por el título bajo el nombre de IBEROSTAR Tenerife C.B Canarias. Este patrocinio supone un impulso fundamental en la consolidación del actual proyecto deportivo del club canario.

### Laura Quetglas

Siguiendo su compromiso con los mares y océanos, vinculado además a los valores de esfuerzo y afán de superación intrínsecos al deporte, patrocinamos a la surfista de remo mallorquina Laura Quetglas desde 2017. Laura compite en torneos nacionales e internacionales y en 2018 se proclamó campeona de Europa en la carrera de larga distancia.

### Dami Edibson

Desde el año 2012 patrocinamos a Dami Edibson, una joven tenista mallorquina que ha experimentado una gran progresión en las últimas temporadas y se ha convertido en una de las promesas del tenis español

### IV APD Sailing Regatta

Grupo Iberostar patrocinó la III Regata de travesía APD, una regata de vela que tiene lugar entre Palma e Ibiza y que se celebró el 16 de mayo de 2019.

### Iberostar Princess Sofía Trophy

Hemos patrocinado la 50 edición del Trofeo Princesa Sofía Iberostar, una regata de vela olímpica disputada del 29 de marzo al 6 de abril de 2019 en Bahía de Palma de Mallorca. Es la regata de vela olímpica más importante de España y tiene gran prestigio a nivel internacional.

### Club Baloncesto B the travel brand Mallorca Palma

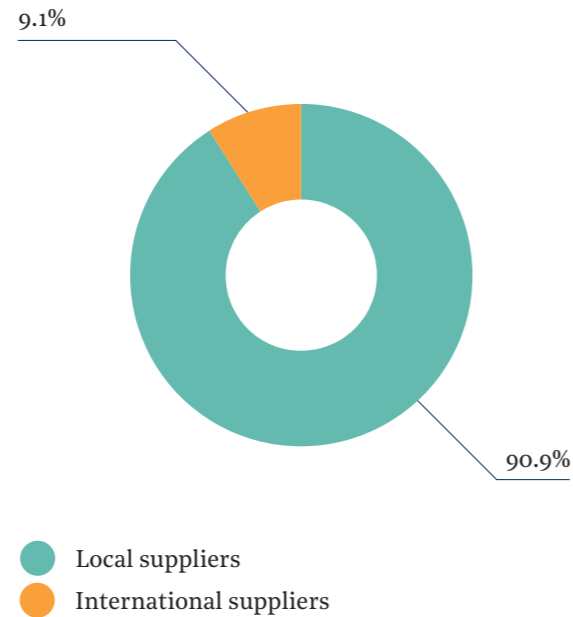
La pasión, la responsabilidad, la humildad, el trabajo en equipo y la creatividad que demuestra un deporte de equipo como el baloncesto son valores que compartimos y conforman la identidad de nuestra marca. En Grupo Iberostar colaboramos así en un proyecto deportivo dentro de la isla de Mallorca.

# Subcontracting and suppliers

# 6.2

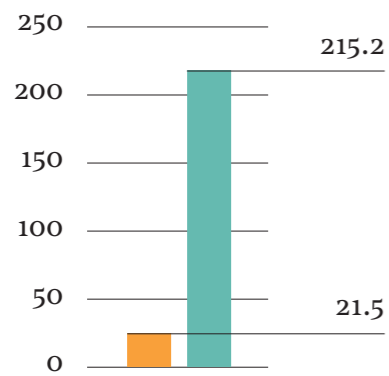
In 2019, we made purchases from 2,970 suppliers for an approximate value of €236.7 million. 91% of our purchasing volume corresponded to local suppliers, while 9% was from international suppliers. The term local suppliers encompasses all providers within the same country as the requesting site.

TYPES OF SUPPLIERS ACCORDING TO THEIR ORIGIN



PURCHASES 2019 LOCAL SUPPLIERS VS INTERNATIONAL SUPPLIERS

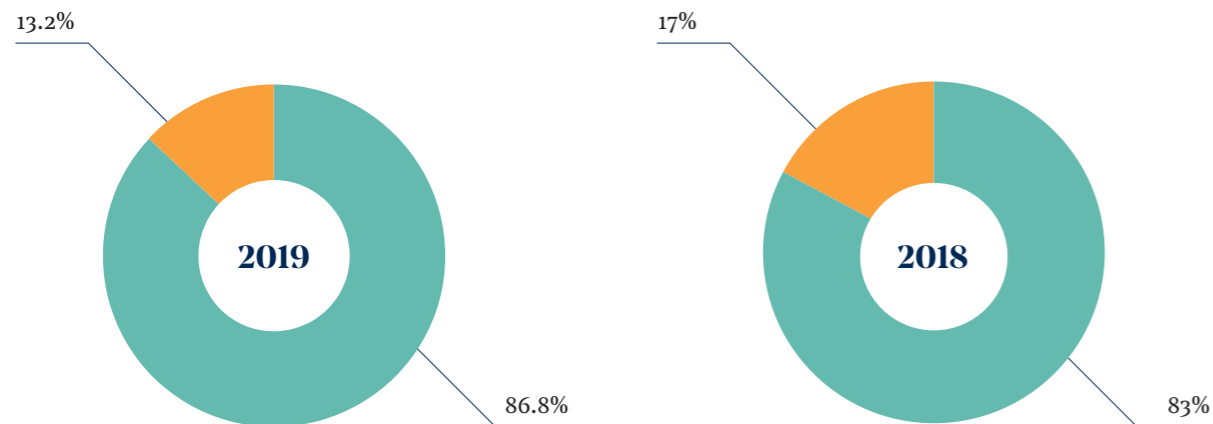
Millions of €



Approximately 86.8% of the purchases budget for hotels was used to buy merchandise (food, drink, toiletries, etc.), and the remaining budget was used for restock and investment items, such as crockery, furniture, textile products, small machinery and electronic equipment. More than 95% of merchandise expenses were used for food, beverages, toiletries, maintenance, fuel and amenities.

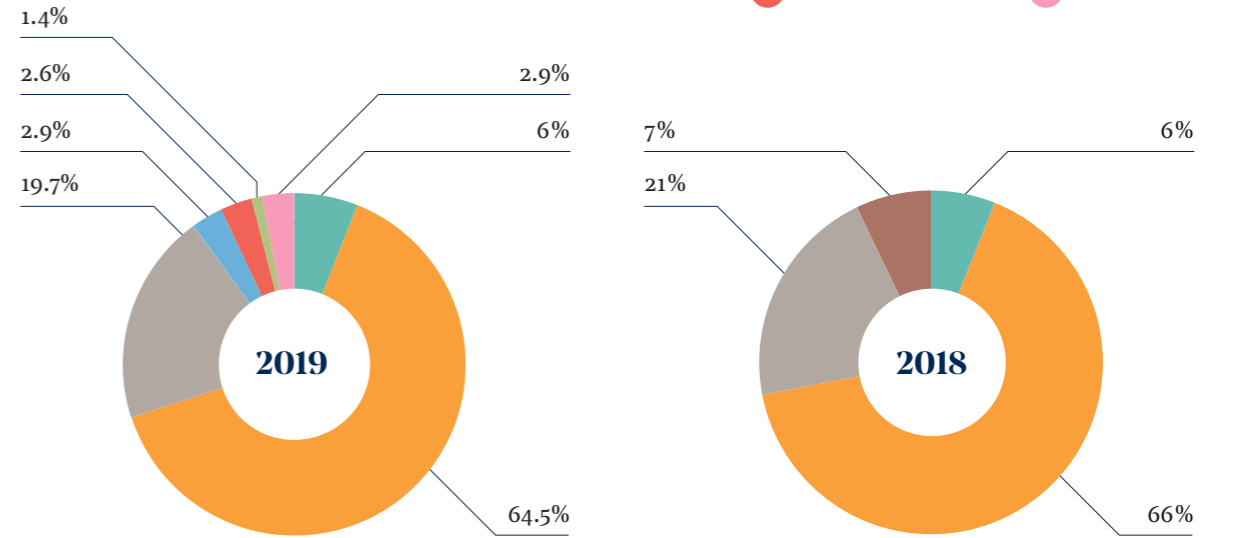
PURCHASE BY ITEM TYPE

- Commodity
- Replacement and investment



PERCENTAGE WEIGHT OF PURCHASES BY MERCHANDISE ITEM GROUP

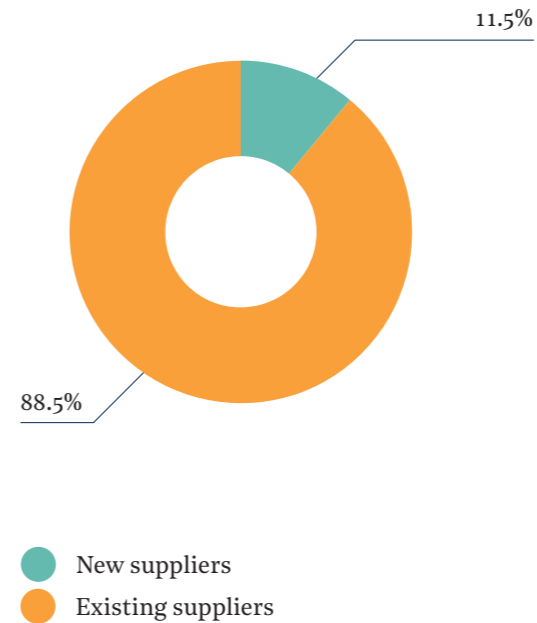
- Drugstore
- Food
- Maintenance
- Fuels
- Drink
- Others
- Amenities
- Rest



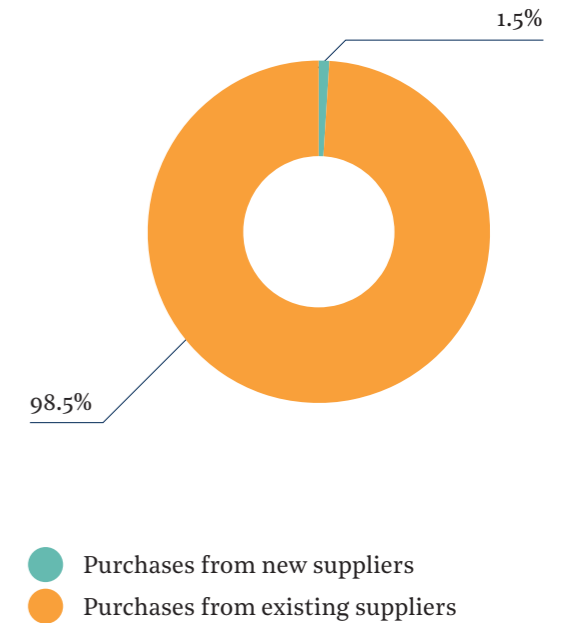
## Significant changes in the supply chain

With the constant expansion and growth of the Group on a global level, and the opening of new sites in different countries, our supplier pool increased by 342 suppliers (approximately 11.52%) in 2019, representing approximately 1.5% of annual invoicing on a chain level.

NEW AND EXISTING SUPPLIERS IN 2019



PURCHASES TO NEW AND EXISTING SUPPLIERS IN 2019



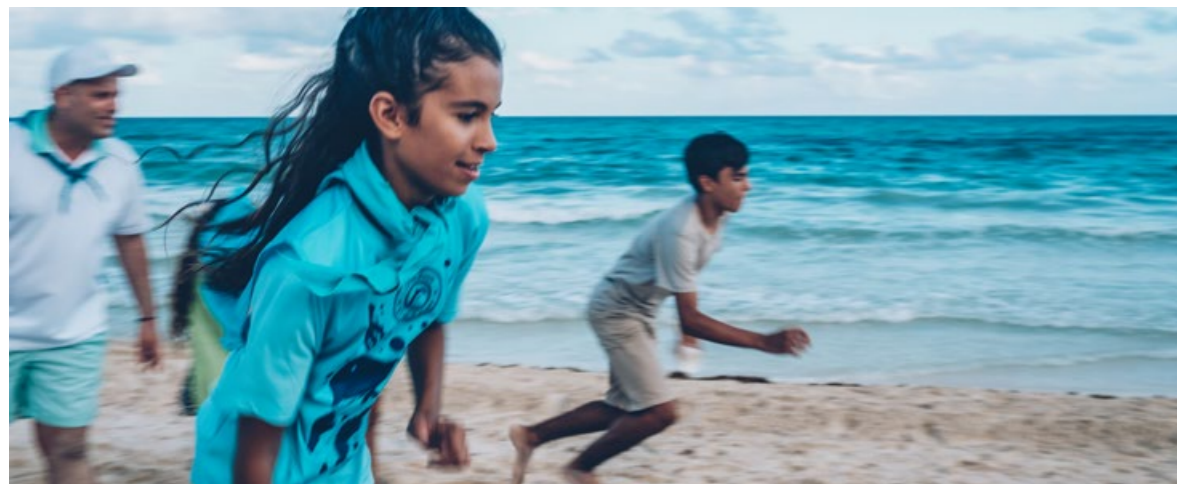
## Promoting sustainability in the supply chain

In general, we strive to guarantee transparency, equal treatment and the application of objective, justified assessment criteria when screening, selecting and hiring suppliers. The goal here is to select those suppliers whose products and services offer the best conditions.

In accordance with company policy, all of our suppliers must register on Iberostar Group online portal for suppliers. To do so they must fill out an environmental questionnaire about the poli-

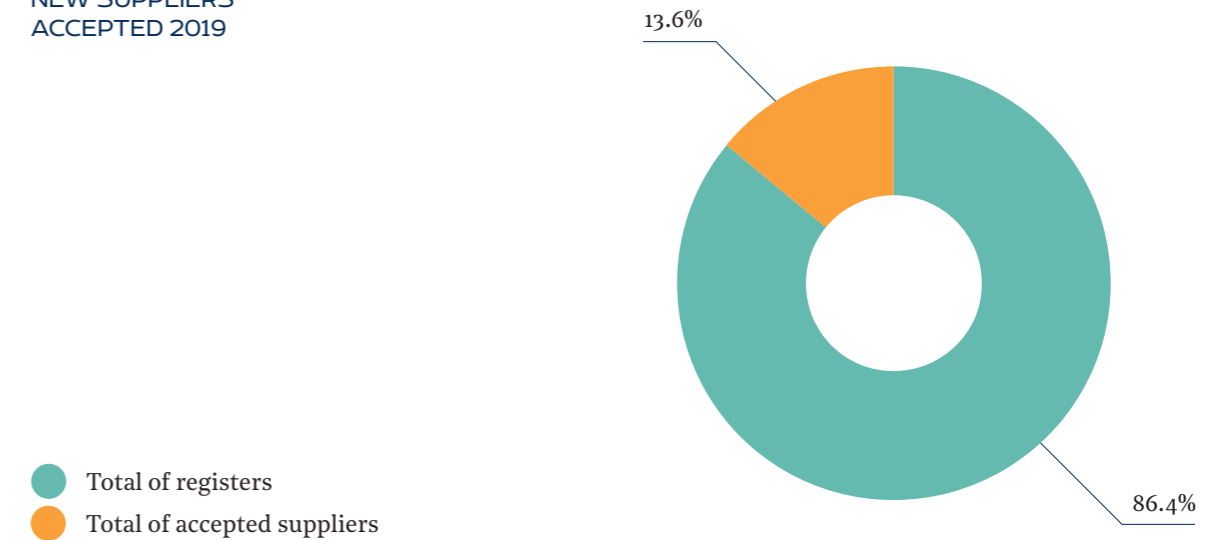
cies and practices they have in place in terms of the environment. What's more, all new suppliers must accept the Group's terms and conditions to complete the registration process. These include, among others, the social and environmental policies and criteria outlined in the Iberostar Sustainable Progress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

- 1 Full respect and adherence to international and national laws and regulations** applicable to its business activities, especially regarding 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 employees.
- 3 Not to 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 Promote and share information about these values** to their own employees and suppliers, who will actively apply them.



In 2019, we registered a total of 2,175 new suppliers, 342 of which were selected (approximately 13.6%), with invoicing reaching 1.5% of the purchases made throughout the year. All of the registered suppliers have accepted the Iberostar Sustainable Progress Agreement.

### NEW SUPPLIERS ACCEPTED 2019



We at Iberostar Group carry out additional monitoring of our suppliers to evaluate aspects like supplies and invoicing. In 2019, we did not audit any suppliers.

## 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 we operate. Nevertheless, it is a risk that must be taken into account, above all in developing countries. To mitigate the risks of child labour, we request that all of our suppliers confirm that they do not have any child labour risk factors. In 2019, we did not identify any suppliers with this type of risk via the

available channels of information.

With regard to forced labour, the most significant risk in the supply chain is possible non-compliance with labour regulations (e.g. working hours or pay). In the event that we identify a significant risk or severe non-compliance, we have the right to cease all collaboration with the supplier in question.

## Freedom of association and collective bargaining and social impact in the supply chain

We have not identified any areas of activity or operations that put freedom of association and collective bargaining at risk on a company level, nor within our suppliers. Neither have we identified any negative social impact within our supply chain.

## Wave of Change in the supply chain

In 2019, we launched various projects to reduce the supply chain's possible negative impact on the environment. We particularly highlight the following actions and projects defined within the Wave of Change movement:

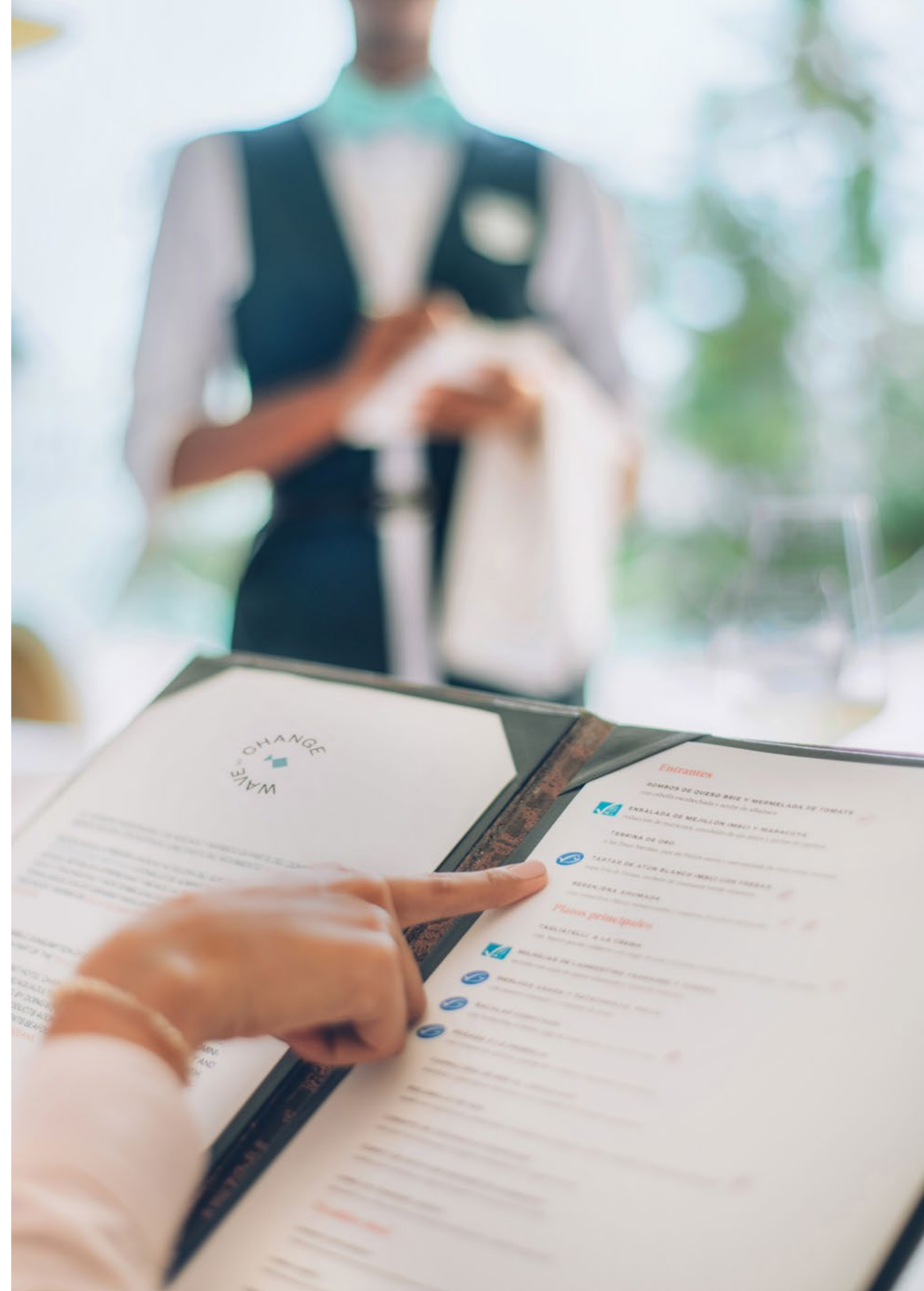
**Responsible fishing initiative:** we aim to protect the health of our seas and oceans by promoting the purchase of fish harvested through sustainable methods in authorised areas. In order to meet the proposed guidelines, alongside certain suppliers, we ensured that MSC/ASC certifications were obtained and that the closed seasons established by the competent bodies were observed. During 2019, 15% of our seafood suppliers obtained the MSC and ASC (Marine Stewardship Council and Aquaculture Stewardship Council, respectively) Chain of Custody Certification, in addition to other responsible fishing certificates.



**Elimination of single-use plastics:** with this initiative, we hope to reduce the use of single-use plastics whenever food regulations allow. As explained in the Wave of Change section, in 2019, we eliminated single-use plastics from the rooms and common areas of all our hotels in Spain, thus saving approximately 607 tonnes from being generated, compared to the 200 tonnes saved in 2018. This action has been possible thanks to purchasing materials with a smaller environmental impact.

**“o km” suppliers:** With the aim of reducing the carbon footprint of transport and distribution of products consumed at Group sites, we encourage purchases from “o km” suppliers (suppliers located in the proximity of our Group's hotels and centres, subject to different considerations, based on the country and product characteristics). The Group currently works with approximately 282 suppliers that supply “o km” items.

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



## Our guests

# 6.3

Iberostar Group is a recognised and prestigious brand. We aspire to maintain and continue improving the quality of our services. Our priority is for the over 9 million guests who place their trust in the Group every year to have an exceptional experience. Efforts are ongoing to ensure optimum satisfaction so that guests continue to choose our 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 we face with ambition, looking towards the family values of the company. These values advocate a guest-focused culture based on ethics and responsibility. Our responsibility to the needs and wishes of our guests is reflected in the company mana-


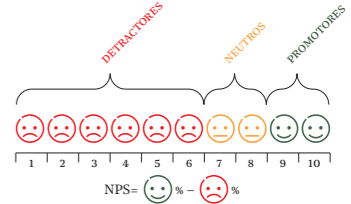
gement and the emphasis on health and safety. With this objective in mind, we engage in programmes that transform the experience of our guests all around the world. Star Camp, the children's activity programme, employs pedagogical methods based on the Theory of Multiple Intelligences and combines universal values such as encouraging healthy habits, respect for the environment, technological awareness, and the values of diversity, cooperation and fun as a life philosophy. Another programme is Aliveness, whose goal is for our guests to connect with themselves and with nature. Finally, with our Honest Food program, we want our guests to feel at home. That's why we strive to serve quality, responsible and locally sourced food.



## Guest satisfaction

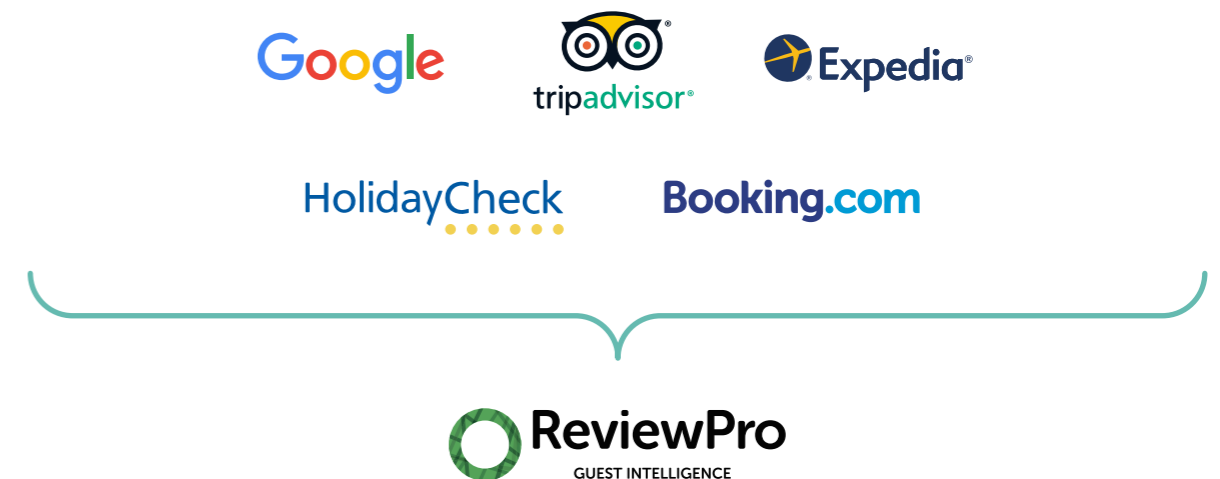
Being able to measure and quantify our guests' satisfaction is essential in order to introduce improvements and provide a better service. These processes identify those areas where greater effort

is required and those areas that receive the best ratings. In addition, we have several tools to assess our guests' opinions, including the following:

		
<p><b>GRI</b> <i>Global Review Index</i></p> <p>This global score index measures the online reputation score for a hotel, based on data taken from 175 online travel agencies (OTA) and review sites in more than 45 languages.</p>	<p><b>GSI</b> <i>Guest Satisfaction Index</i></p> <p>A satisfaction index taken from surveys conducted at the dinnertime buffet. This index monitors the quality at individual hotels.</p>	<p><b>NPS</b> <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 are: Spanish, English, German, French and Russian. The results are displayed as a percentage and in three

different categories: positive, neutral and negative. We conduct guest satisfaction surveys through an external company (Geshotel). The guest evaluates on a scale of very good, good or bad. Later, this information is analysed and improvement actions are proposed when we detect negative results or do not reach our department goals.



Our goal is to highlight our leadership in responsible tourism and we make sure to inform our guests about the fundamental pillars of the Wave of Change movement upon their arrival. We provide information on the goals of the Beyond Plastics initiative through digital platforms and in hard copy in the rooms, as well as through replacing amenities and communicating projects. Information about which spaces have MSC and ASC certifica-

tions is communicated through physical and digital letters. We also identify the types of sustainable fish we have to offer in said spaces. Finally, we display digital illustrative documents related to Coastal Health in the form of digital slides projected on screens or hard copies in the rooms.

In addition, we use platforms like Tripadvisor, HolidayCheck, StarAgents and Pro to give more visibility to the Wave of Change movement.

## Engaging with our guests on social media

The focus on relationships with our guests has various perspectives in order to establish fluid communication with a range of guests. We consider all our guests' contributions to be valuable and, in turn, believe 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 with our guests. These mediums are 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. We at Iberostar Group believe in sharing content that is authentic and transparent, with Engagement Rate being our main objective. In this way, it is possible to measure how the online community reacts to the content and whether the content is of interest to them. We aim for our guests' experience to go beyond their stay at our hotels and to create an enriching community for all.

We share 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 that reflects our leadership in responsible tourism. We currently have a community of more than 1,411,722 followers across the brand's 49 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. We boast a range of social media profiles on Instagram, Twitter, Facebook, Pinterest and LinkedIn.

1,411,722 👤



49 ★

## 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 our restaurants and associated beach clubs



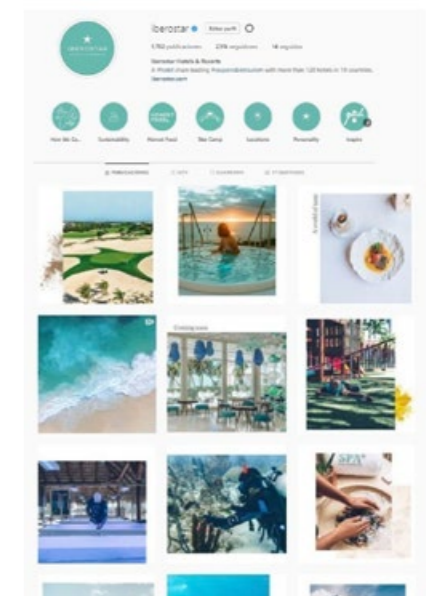
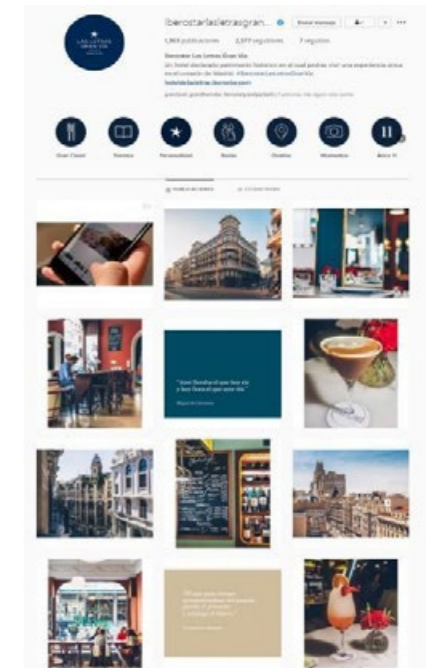
### Location pages

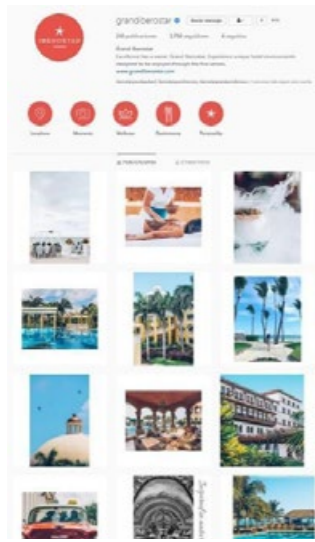
Alternative profiles for geolocation purposes

## IBEROSTAR GROUP ON INSTAGRAM

We use two Instagram profiles for global communication. One focuses on the brand (Iberostar), while the other is centred 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.).

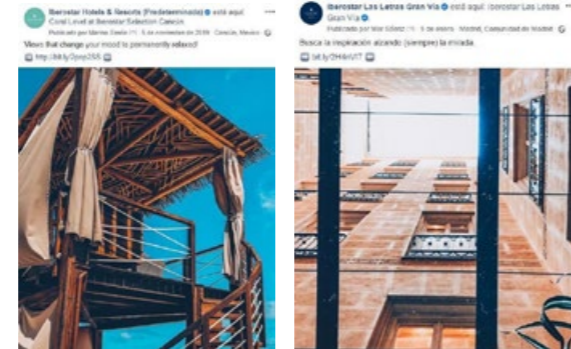
Various creative resources are used on this channel to create a brand personality, from textures, concepts related to other content and storylines in a range of colours and tones. More specifically, we seek to share content that reflects the experience we offer at our hotels.





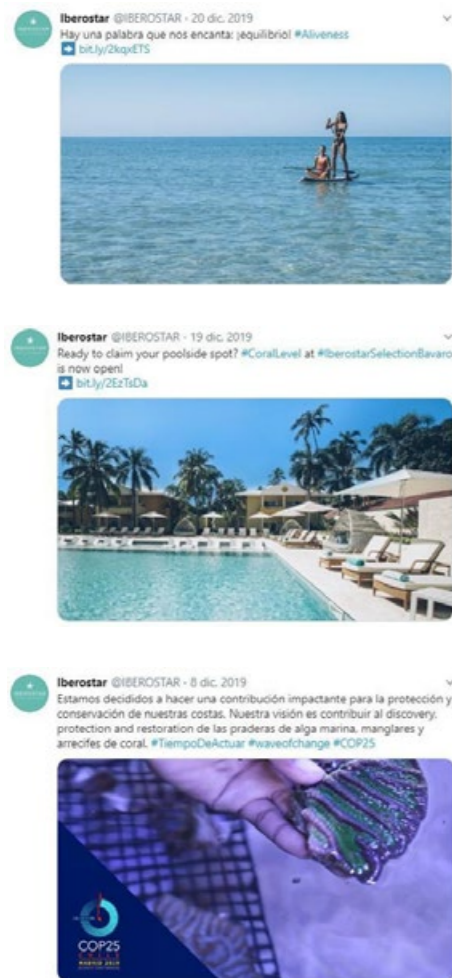
**IBEROSTAR GROUP ON FACEBOOK**

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



**IBEROSTAR GROUP ON TWITTER**

Our 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.



**IBEROSTAR GROUP ON PINTEREST**

On Pinterest, we aim 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.



**IBEROSTAR GROUP ON LINKEDIN**

On LinkedIn, we have a corporate profile for which the main language is English. In contrast with the other channels, the content posted on LinkedIn focuses on brand communication.



**Health and safety of our guests**

Guaranteeing the health and safety of our guests is fundamental, as it is one of our main priorities and a decisive factor in ensuring guest satisfaction.

The Group's health and safety standards comply with national and regional regulations applicable in each of the regions where our 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 our guests

**Food safety**

With regard to food hygiene and safety, there is a Hazard Analysis and Critical Control Points System (HACCP System) in place to control critical points detected in facilities after hazard analysis. The procedures of this system are documented and adapted to each of our establishments. We take monthly samples from food, surfaces and food handlers to ascertain the effectiveness of this system. This sampling process is adapted to the characteristics of each of our establishments. Additionally, we perform audits through an external company to corroborate and verify adherence to health regulations and internal protocols, as well as to identify areas of improvement. Furthermore, we have an internal department to supervise and control compliance with health regulations and to establish guidelines for food and health safety. All of these actions are complemented by continuous training given to the personnel in charge of handling food.

## Recreational waters

A fundamental aspect of the Group's health and safety system is the control of recreational waters. The prevention and maintenance team who manage recreational waters 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 our guests, in addition to information about the physical, chemical and biological properties of the water. There are safety teams present at all facilities to avoid accidents due to physical, chemical or biological causes. Likewise, at certain facilities, a stop button can be found to stop machinery in case of incidents. All of these actions are complemented by the monthly analyses we carry out through an external laboratory of the chemical and biological parameters necessary to guarantee that they meet what is stipulated by regulations.

## 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. We carry out analyses through an external laboratory at the frequency stipulated by regulations and in the applicable facilities in order to ensure the absence of Legionella.

## Fire protection systems

When it comes to fire protection, we follow all guidelines specified by law. Every week, we check the system against a checklist to verify the fire protection controller is working correctly, along with the state of emergency stairways and doors. In addition, regulations applicable to our hotels in Spain require fire drills to be performed. At our hotels in Spain, we perform two fire drills a year. In addition, all of our centres in Spain have a Self-Protection Plan.

## Guest privacy and advertising

Guaranteeing our guests' privacy and the safe processing of their data is essential. Compliance with data protection legislation is of the utmost importance to us. 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 Iberostar Group. We follow 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, we adhere to various specific policies with a range of purposes, such as the privacy policy for our guests. The majority of these policies are available on Star Team, in line with the GDPR principle of transparency.

In the year 2019, no significant complaints were made with regard to violation of our guests' privacy or loss of data at the level of the Spanish Data Protection Agency.

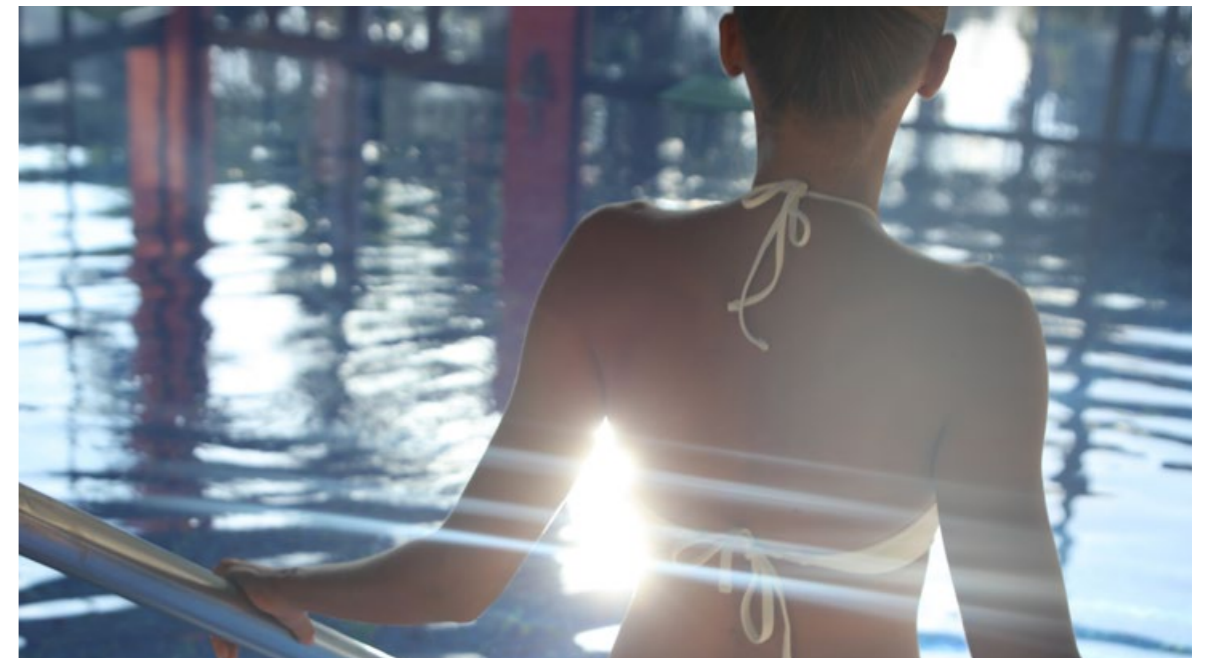
We at Iberostar Group strive to use advertising that is ethical and responsible. In Spain, we follow a protocol designed to prevent misleading advertising under the Crime Prevention Programme. This Protocol gives examples of conduct and behaviour that

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., aimed at promoting or introducing the public to Group products and services.

Likewise, the Group's Code of Ethics states as follows: "Iberostar Group will ensure that offers, adverts for products and services,

and other information provided to guests by 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 2019, no complaints about breaches in marketing communication or product and service information were reported via the Complaint Reporting System.



## Customer complaint management

We see complaints as opportunities for improvement. In all cases, we make efforts to foresee and prevent complaints from being made to ensure the best quality and promote our guests' loyalty. We have 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. Each hotel has the autonomy to manage complaints.

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 one of our hotels, 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 2019, we properly received and managed 6,580 complaints and offered a total of 647 compensations, while in 2018 these figures were 9,491 complaints and 1,025 compensations.



## Tax information

# 6.4

Our profit for the 2018 and 2019 financial year across its various lines of business, by the locations in which we operate, is as follows:

Income before tax (thousands of euros)	
Line of business	2019
Spain	43,821
Dominican Republic	16,110
Mexico	14,078
Jamaica	10,865
Netherlands	7,099
Morocco	2,899
Cuba	2,710
Tunisia	1,228
Brazil	657
Egypt	394
Bulgaria	284
Montenegro	234
Hungary	161
Thailand	18
Netherlands*	54,518
Otros**	-14,095
<b>Overall total</b>	<b>140,981</b>

\* Netherlands (capital gains for selling financial instruments) / Capital gains not subject to taxation

\*\* Group of countries that declared a loss during the 2019 financial year.

Resultado antes de impuestos (miles de euros)	
Line of business	2018
Spain	60,136
Netherlands	34,587
Mexico	17,367
Cuba	5,382
Dominican Republic	2,683
Egypt	1,544
Greece	961
Morocco	918
Tunisia	800
Uruguay	751
Bulgaria	213
Portugal	200
Costa Rica	50
Hungary	32
Others*	-43,311
<b>Total</b>	<b>82,313</b>

\* Group of countries that registered a loss during the 2018 financial year.

Country	2019
Spain	9,384
República Dominicana	4,221
Mexico	5,870
Jamaica	9
Netherlands	1,470
Morocco	26
Cuba	1,139
Brazil	1,487
Bulgaria	21
Others*	215
<b>Overall total</b>	<b>23,842</b>

The income tax corresponding to the corporate tax paid during the 2019 financial year totals €23.842 million, while that figure in 2018 was €21.660 million for countries where a profit was made, and €1.496 million for countries classified above as others.

We received the following public subsidies in the 2018 and 2019 financial years:

Subsidies (thousands of euros)		
Location	2018	2019
Spain	2,786	4,064

The total public subsidies in 2019 correspond to those granted by the Government of the Canary Islands to the management company Activo Leasing, S.L.U. for the refurbishment of Iberostar Selection Sábila and the one granted by the Autonomous Government of Andalusia to the company Royal Cupido, S.L., for the refurbishment of Iberostar Selection Andalucía Playa. In 2018, the Government of the Canary Islands granted us a subsidy to refurbish Iberostar Selection Lanzarote Park.

\* Group of countries that declared a loss during the 2019 financial year.





## 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 (guests, 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

**Annex I:** List of material topics / p. 165

**Annex II:** Table of contents in accordance with Law 11/2018 on Non-financial Information and Diversity / p. 169

# Annexes

∨	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>Use of materials and waste creation</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
<b>Business model</b>		
<i>Description of the business model</i>	Preamble Letter from the President 1.1. About Iberostar Group 1.2 Description of the Group's business model (business framework and organisation) 1.2.2 Business areas of 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 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 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 Iberostar Group 1.4 Sustainability in 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
<b>Management approach</b>		
<i>Description of company policies</i>	1.4 Sustainability in Iberostar Group 1.4.1 Committed to sustainable development 1.9 Iberostar Group risk management 2. Ethical management 3. The environment 4. The people behind Iberostar Group: a star team 5. 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
<i>Results of company policies</i>	1.4 Sustainability in Iberostar Group 1.9 Iberostar Group risk management 2. Ethical management 3. The environment 4. The people behind Iberostar Group: a star team 5. Iberostar Group's commitment to human rights 6. Company information 6.2 Subcontracting and suppliers 6.3 Our guests	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
<b>Reporting framework used</b>		
<i>Reporting framework used</i>	Preámbulo	GRI standards
<b>Environmental topics</b>		
<b>Environmental management</b>		
<i>Current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety</i>	1.4 Sustainability in Iberostar Group 1.5 Wave of Change: Iberostar Group is committed to the oceans 3. The environment 3.1 Environmental Management 3.2 The Wave of Change Movement	GRI 103-3: Evaluation of the management approach
<i>Environmental impact assessment and certification procedures</i>	3.1 Environmental Management 3.3 Environmental impact assessment and certification procedures	ISO 14001:2015 EMAS Green Globe Green Key EcoCheck EarthCheck
<i>Resources for environmental risk prevention</i>	3.1 Environmental Management 3.4.3 Resources dedicated to improving energy efficiency and other environmental improvements	Environmental expenses and investments based on completed projects
<i>Application of the precautionary principle</i>	3. The environment	GRI 102-11: Precautionary Principle or approach
<i>Quantity of provisions and guarantees for environmental risks</i>	3.3 Environmental impact assessment and certification procedures	Iberostar Group civil liability policy

<b>Pollution</b>		
<i>Measures to prevent, reduce or offset carbon emissions that have a severe effect on the environment</i>	3.5 Greenhouse gas emissions	GRI 103-2: The management approach and its components 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>	3.7 Other atmospheric emissions	GRI 305-7: Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions
<b>Circular economy and the prevention and management of waste</b>		
<i>Prevention measures, recycling, re-use, other forms of recovery and waste elimination</i>	3.2 The Wave of Change Movement 3.8 Waste management	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
<b>Sustainable use of resources</b>		
<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>	3.2 The Wave of Change Movement 3.4 Sustainable use of resources 3.8 Waste management	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
<b>Climate change</b>		
<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>	3.2 The Wave of Change Movement 3.5 Greenhouse gas emissions	GRI 305-5: Reduction of GHG emissions
<b>Protection of biodiversity</b>		
<i>Measures to preserve and restore biodiversity Impact of business activity</i>	3.2 The Wave of Change Movement 3.4.1 Water consumption 3.9 Protection of biodiversity	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
<b>Aspects concerning personnel and social issues</b>		
<b>Employment</b>		
<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 GRI 405-1: Diversity of governance bodies and employees
<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 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
<b>Work organisation</b>		
<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

<b>Health and Safety</b>		
<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>Accidentes de trabajo, índice de frecuencia, gravedad y enfermedades profesionales por sexo</i>	4.3 Health and safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities
<b>Social affairs</b>		
<i>Organisation of social dialogue</i>	4.4 Social affairs	GRI 103-2: The management approach and its components 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
<b>Training</b>		
<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. 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
<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 Iberostar Group Code of Ethics 5. Iberostar Group's commitment to human rights 6.2 Subcontracting and suppliers	GRI 102-17: Mechanisms for advice and concerns about ethics 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. Iberostar Group's commitment to human rights	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. Iberostar Group's commitment to human rights	GRI 102-16: Values, principles, standards, and norms of behaviour GRI 407-1: Operations and suppliers whose freedom of association and collective bargaining may be at risk
<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. 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. 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 Iberostar Group Code of Ethics 2.5 Internal regulation system of Iberostar Group: measures taken 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 GRI 102-25: Conflicts of interest GRI 205-1: Operations assessed for risks related to corruption GRI 205-3: Confirmed incidents of corruption and actions taken
<i>Measures to fight against money laundering</i>	2.5 Internal regulation system of Iberostar Group: measures taken 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>	6.1 Iberostar Group commitment to local communities 6.1.1 The Iberostar Foundation	GRI 201-1: Direct economic value generated and distributed
<b>Company information</b>		
<b>Company commitment to sustainable development</b>		
<i>Impact of business activity on local employment and development</i>	1.4 Sustainability in Iberostar Group 6.1 Iberostar Group's commitment to local communities 6.1.1 The Iberostar Foundation 6.2 Subcontracting and suppliers	GRI 204-1 Proportion of spending on local suppliers GRI 413-1: Operations with local community engagement, impact assessments, and development programs
<i>Impact of business activity on local populations and on the region</i>	6.1 Iberostar Group's commitment to local communities 6.1.1 The Iberostar Foundation	GRI 413-1: Operations with local community engagement, impact assessments, and development programs GRI 413-2: Operations with significant actual and potential negative impacts on local communities
<i>Relationships with individuals in local communities and types of dialogues</i>	1.7 Stakeholders 6.1 Iberostar Group's commitment to local communities 6.1.1 The Iberostar Foundation	GRI 102-12: External initiatives GRI 102-43: Approach to stakeholder engagement GRI 413-1: Operations with local community engagement, impact assessments, and development programs
<i>Partnerships and sponsorships</i>	6.1.2 Partnerships and sponsorships	GRI 102-13: Membership of associations
<b>Subcontracting and suppliers</b>		
<i>Inclusion in the purchasing policy of aspects regarding social and environmental issues and gender equality</i>	6.2 Subcontracting and suppliers	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>Consider the environmental and social responsibility of suppliers and subcontractors</i>	3.2 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
<b>Consumers (our guests)</b>		
<i>Health and safety measures for consumers</i>	6.3 Our guests (subsection "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 (subsection "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 (subsection "Guest health and safety") (subsection "Guest privacy and advertising") (subsection "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
<b>Tax information</b>		
<i>Profit obtained country by country</i>	6.4 Tax information	GRI 201-1: Direct economic value generated and distributed
<i>Income tax paid</i>	6.4 Tax information	Income tax paid based on accounting criteria
<i>Public subsidies received</i>	6.4 Tax information	GRI 201-4: Financial assistance received from government





