

2022

SUSTAINABILITY REPORT
Executive Summary



IBEROSTAR
GROUP

01

Letter from the President
Organization chart
Timeline 2022 /Milestones 2022



03

Sustainability at Iberostar Group **Environment**

1. Wave of Change
2. Agenda 2030
3. Environmental impact management
 - 3.1. Defense of the oceans
 - 3.2. Fight against climate change
 - 3.3. Biodiversity conservation

People

1. Promotion of a fair and equal work place
2. Training
3. Reconciliation of work and family life
4. Health and safety
5. Social relations

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Creating value beyond our business

1. Local communities
2. Sponsorships, suppliers
and open innovation

In 2022 we live in a time of **recovery and consolidation of tourism at the international level**. The figures speak for themselves: according to the INE in the first eleven months of 2021, 67 million international tourists visited Spain, which is **85% of the figure reached in 2019** for the same period. Cumulative spending also speaks to us of recovery, with a figure that reaches **94% of the spending made in 2019**.

The United Kingdom led the outbound tourist market in 2021, with 19.1% of the total, while Catalonia was the Autonomous Community that received the most tourists (with almost 14.0 million), followed by the Balearic Islands (almost 13.1 million) and the Canary Islands (more than 11.1 million). The most interesting aspect of this recovery is the **strength that Spanish tourism has once again shown** and the way in which it has faced the challenge: we have recovered the pulse of tourism, committed to **quality and sustainability**.

At Iberostar Group **we continue to work to promote a tourism model we believe in**, responsible from both the environmental and people's point of view.

Regarding the **environment**, we continue to **make progress on our 2030 Agenda** and we have set out our Group's firm commitment to be **waste-free** by 2025, **carbon neutral** by 2030 and **100% responsible in our seafood supply chain** by 2025, while **also improving the health of the ecosystems** surrounding our hotels, among other objectives.

In 2022 alone, **we managed to reduce our carbon footprint by 10%**, which meant the elimination of 24,500 tons of CO2 emitted into the atmosphere in one year. Similarly, thanks to implementation of artificial intelligence in the kitchens of twenty of our hotels, **we avoided 213 tons of food waste** -equivalent to 533,000 meals-, which allowed us to reduce 916 tons of CO2.

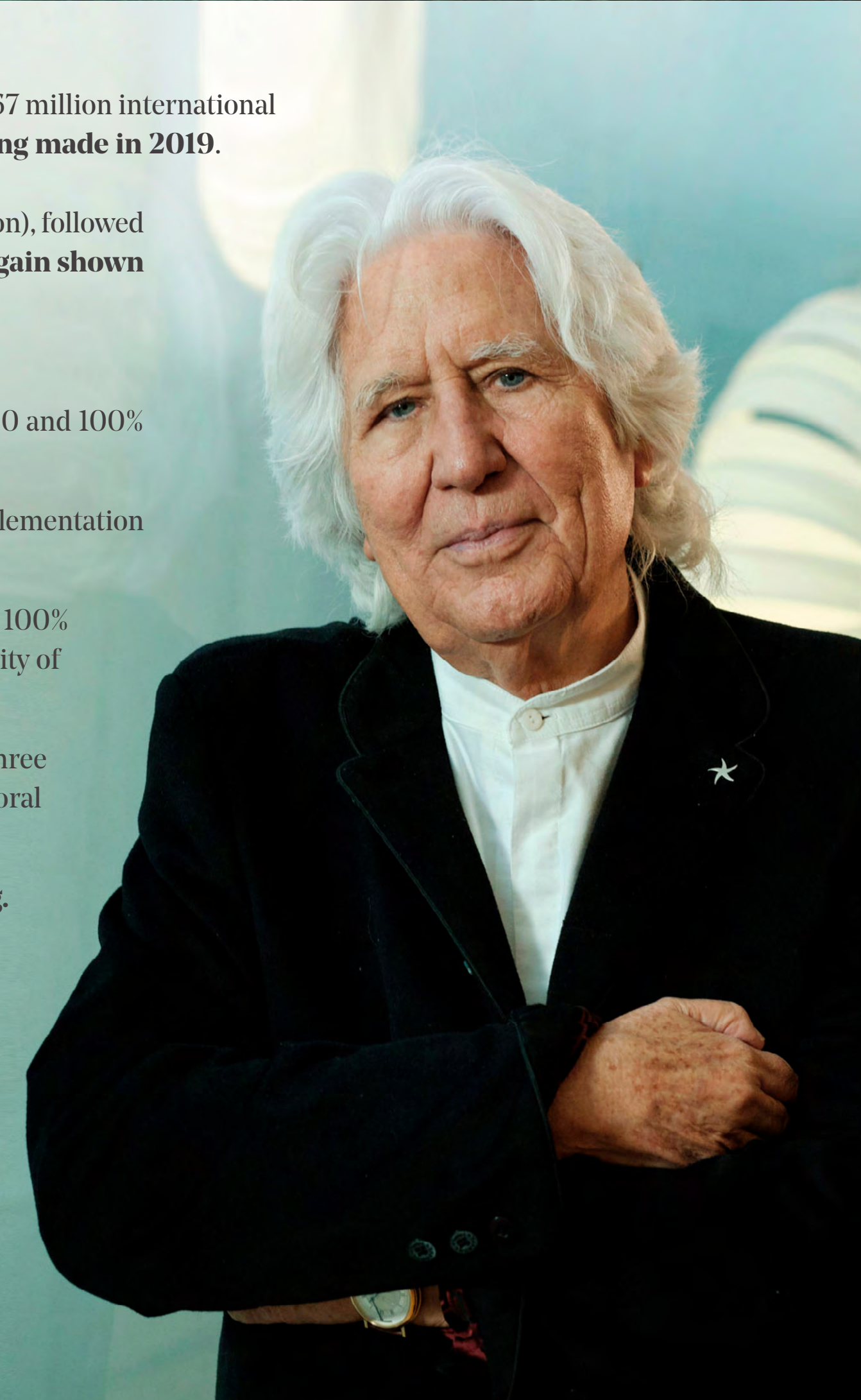
In addition, we have internal 3R (Reduce, Reuse and Recycle) teams: more than **250 people globally** who are dedicated exclusively to waste management. Also in 2022 we have achieved that 100% of the **fish and seafood we consume** in our hotels in Mexico **comes from responsible sources**, while in Spain it has already reached a percentage of over 90%, exceeding 78% traceability of the origin of responsible fish globally.

In order to increase the quality of tourism in our destinations, we have also set out to **improve the health of the ecosystems surrounding our hotels**. Thus, by the end of 2022, we have three mangrove nurseries with more than 14,400 mangroves in the Dominican Republic, four coastal dune nurseries in Mexico with 9,000 plants, and we have already inaugurated our fifth coral nursery in Mexico.

In the **area of people**, we are working to **attract talent and facilitate its qualification with an investment in training of 1.4 million euros in 2022 and more than 135,000 hours of training**.

We have deployed a powerful program in three specific areas. Firstly, by offering specific learning itineraries by segment through our **Iberostar Campus** digital platform. Secondly, we have a specific dimension for **leadership training with the support of prestigious business schools**. Thirdly, we have an area focused on **general continuous training** that includes a **Corporate Development Plan** with **coaching and mentoring** options, language learning and specific courses according to needs. We also strive for **transparency**, which begins, among other things, with listening and which we work on thanks to the **work climate survey**: last year the Iberostar Group's survey had an **86% participation rate** and received more than 7,000 comments. **Ninety percent of the participants** rated their **level of commitment** to the company with an average of **8.7 out of 10**.

We look to the future with optimism. The challenges facing the industry are numerous, but we are looking for **creative ways to strengthen our position**. In November 2022, we signed a **long-term strategic commercial agreement with InterContinental Hotels Group PLC (IHG)**, the world's third largest hotel company, to market part of our resorts and all-inclusive hotels in the Caribbean, the Americas, Southern Europe and North Africa. It is an **opportunity for growth** that, among its many benefits, offers us the possibility of becoming a **driving force in sustainability through this powerful global platform**. We face it with enthusiasm and responsibility, thinking of those who come after us and the footprint we want to leave.



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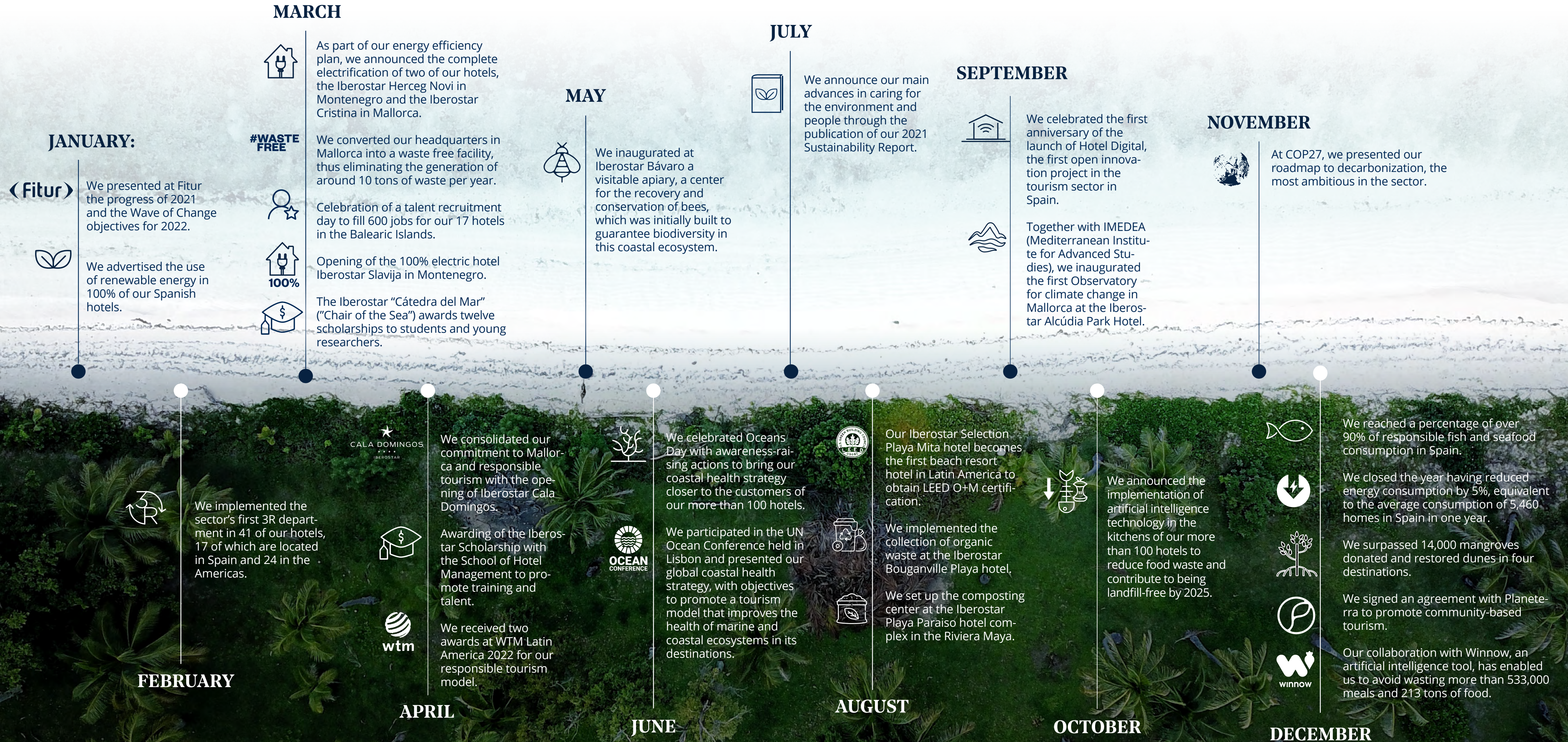
The highest governance body is the Executive Committee (CEJ). Its function is to define, specify and carry out the company's strategy, policies and initiatives within the Group's Strategic Framework.

The Committee is comprised of the two Vice Chairpersons and the Group's senior management.



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Iberostar Group is a 100% family-owned Spanish company with more than 65 years of experience in the tourism sector and a business legacy dating back to 1877. Our core business is Iberostar Hotels & Resorts, whose portfolio **exceeds 100 4 and 5 star hotels in 16 countries**. We have become an international benchmark by promoting a **responsible tourism business model** that focuses on caring for people and the environment. Our pioneering **Wave of Change** movement reflects our commitment to the environment and the oceans, and our effort to share it with society.

Sustainability is the driver and lever of our business. With the **circular economy at the center of** our strategy, we are working to meet the goals of our demanding Agenda 2030, which include being waste-free by 2025, carbon neutral by 2030 and 100% responsible in our seafood supply chain by 2025, among others.

Our Group is made up of a global team of **more than 30,000 people of 95 nationalities**. Thanks to this talent, we are **leaders in quality** and drive differentiation in our customers' experience through constant product **innovation** and **digital engagement**.

On November 21, 2022, Iberostar Hotels & Resorts and **InterContinental Hotels Group PLC (IHG)** announced the signing of a **long-term commercial agreement** for the marketing of all-inclusive resorts and hotels in the Caribbean, the Americas, Southern Europe and North Africa. Through this strategic agreement, Iberostar will market up to **70 hotels (24,300 rooms)** located on the beachfront integrated into the IHG system under the **Iberostar Beachfront Resorts** brand, making it the **18th brand** for IHG.

Objectives and strategies of Iberostar Group

We are a **family-owned company with strong values** that have been maintained for more than 65 years. These values have helped to create our corporate culture and shape the Group with a vision for the future.



VISION

To work towards a responsible tourism model that cares for and protects people and the environment.



MISSION

To provide, in the world's best locations, vacation experiences that leave a lasting impression.



VALUES

For years they have built our current corporate culture and shape all areas of the business. They express how we are, how we relate and how we work:

Among the organization's objectives are the following:

To be leaders in **quality**

Responsible tourism benchmarks

Focused on **financial profitability**

Focus on **digitalization and innovation**, with a culture based on ethics, communication and transparency.

Responsibility. We are committed to people and the environment.

Transparency. We show integrity in our decisions and actions.

Humbleness. We are aware of our limits.

Passion. We love what we do.

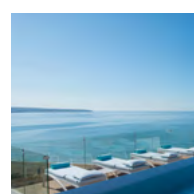
Creativity. We are constantly evolving and looking for original solutions.



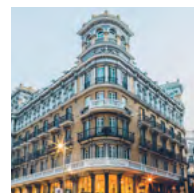
Iberostar Hotels & Resorts

This is the Iberostar Group's hotel division and the core of our business. It has more than 100 four- and five-star hotels in 16 countries across three continents.

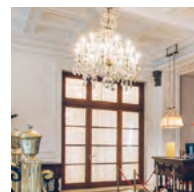
3 SEGMENTS



Beachfront hotels



City hotels



Heritage hotels

3 CATEGORIES

GRAND SELECTION IBEROSTAR



The Club

We offer a full experience and à la carte-services to both loyal and first-time guests.

This exclusive club has options for membership in Mexico, the Dominican Republic, Jamaica and Brazil.



Iberostate Golf Villas & Condos

We construct and manage high-end residences alongside golf courses which are built with the utmost respect for the surrounding environment.



World 2 Meet

This is the Iberostar Group's travel division, a vertically integrated tour operator (VITO) focused on our new global context. It features the following brands:

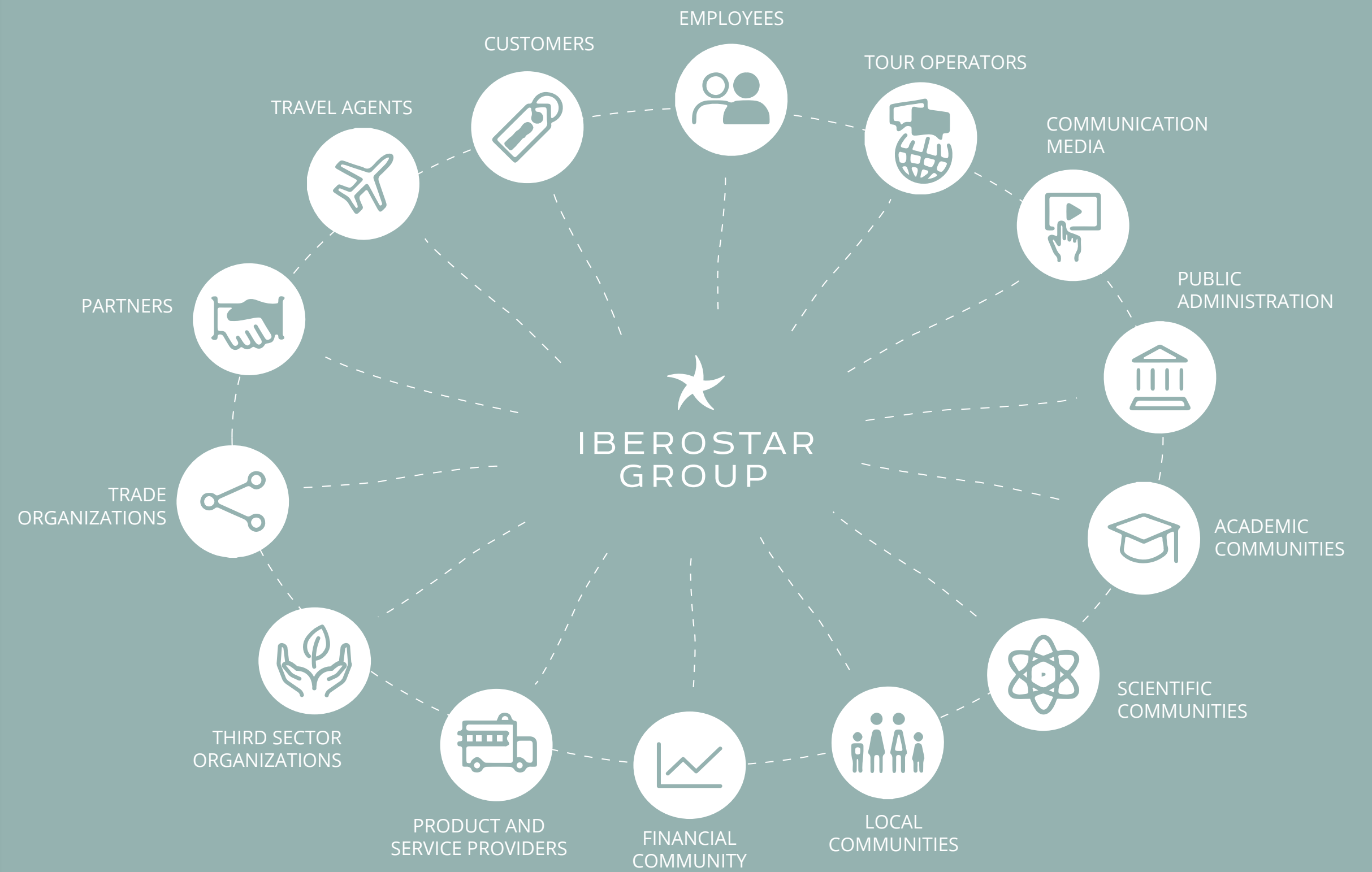
- **World2Fly:** airline
- **Newblue:** general operator
- **Icáron:** operator of great trips
- **E-North Safaris:** travel operator in Lapland and Finland
- **Úbico:** corporate mobility company
- **The Sphere:** boutique service
- **Dakari:** creative experience agency
- **W2M:** bed bank and inbound services
- **Azul Marino Viajes:** agency network
- **Club Marco Polo:** active, adventure and experience travel operator



At Iberostar Group we consider **dialogue** with our stakeholders as an essential part of developing actions that demonstrate our **commitment** to caring for the **environment and people**. Maintaining **fluid communication** with all of them allows us to identify priority sustainability areas and address them efficiently, taking into account their needs and expectations.



Our main stakeholders include:



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Sustainability

At Iberostar Group, sustainability is key and **permeates our value chain in a transversal manner**. All our business areas are managed under the umbrella of responsibility and commitment to good governance, making ethics a hallmark of our own identity.

We are convinced that the tourism industry is a driving force for building a profitable and responsible business model that cares for the oceans and mitigates climate change. For this reason, we integrate environmental **protection and social and economic well-being** in our areas of influen-

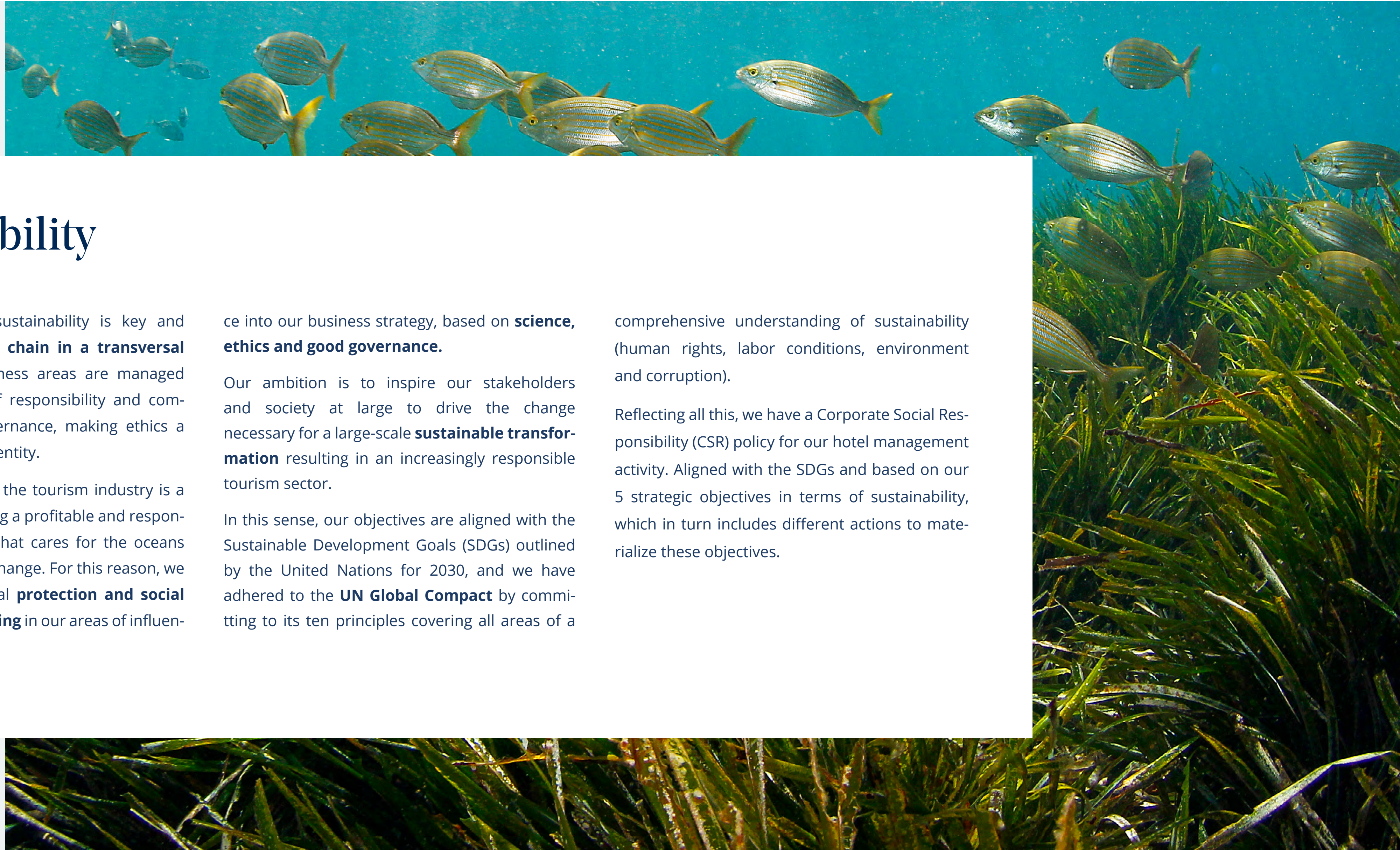
ce into our business strategy, based on **science, ethics and good governance**.

Our ambition is to inspire our stakeholders and society at large to drive the change necessary for a large-scale **sustainable transformation** resulting in an increasingly responsible tourism sector.

In this sense, our objectives are aligned with the Sustainable Development Goals (SDGs) outlined by the United Nations for 2030, and we have adhered to the **UN Global Compact** by committing to its ten principles covering all areas of a

comprehensive understanding of sustainability (human rights, labor conditions, environment and corruption).

Reflecting all this, we have a Corporate Social Responsibility (CSR) policy for our hotel management activity. Aligned with the SDGs and based on our 5 strategic objectives in terms of sustainability, which in turn includes different actions to materialize these objectives.



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Given the importance of the seas and oceans not only for the support of various economic activities, but for life-supporting activities such as the generation of oxygen and the provision of raw materials and food, in 2018 we initiated our **Wave of Change movement**.

We launched the Wave of Change movement with a firm **commitment to mitigate the negative impacts of climate change**, as well as the dangers and practices that affect biodiversity and pollution in our **oceans and coasts**. Over time, it has not only become a **pioneering movement for the promotion of responsible tourism**, but also a **collaborative movement that unites employees, customers, suppliers, the scientific and academic community, as well as society in general, and forms a fundamental pillar of the Group's management**.



To achieve these strategic objectives and in line with Sustainable Development Goal 14, which promotes underwater life, Wave of Change focuses on three main lines of action:



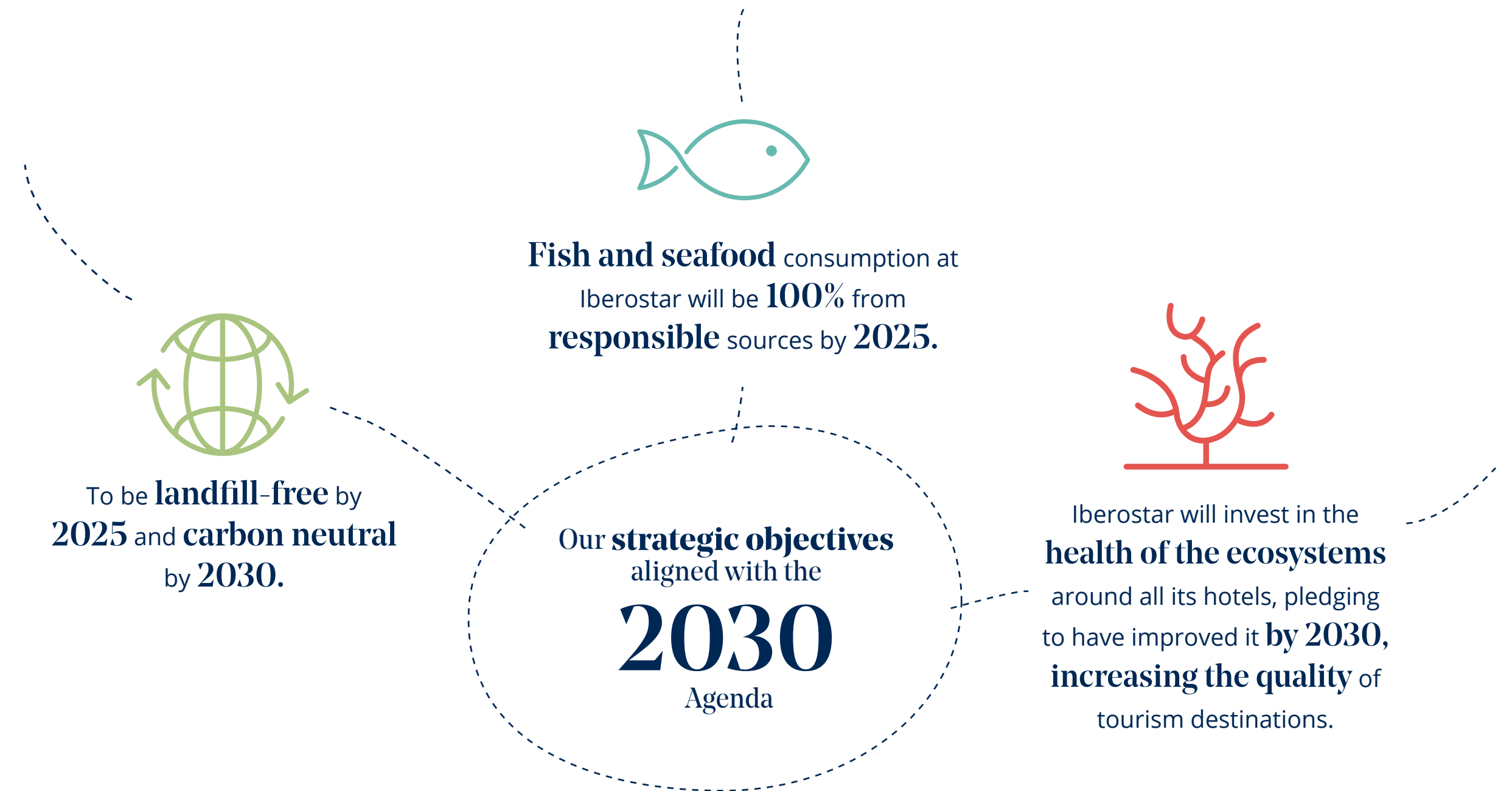
Moving towards a circular economy



Promoting responsible consumption of fish and seafood



Improving coastal health



IN 2022, WE HAVE REACHED THE FOLLOWING MILESTONES:

- In June, we announced our State of the Coastal Health **Roadmap**, outlining **how we will improve ecosystem health by 2030**.
- In November, we announced our **decarbonization Roadmap** outlining how we will achieve carbon neutrality in Scopes 1, 2 and 3 by 2030. In turn, our decarbonization target received the endorsement of the Science-Based Targets Initiative (SBTi) in October.

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Environmental impact management

Our ambition to promote a responsible tourism model and the promotion of the Wave of Change movement are a clear reflection of our vision of the relevance of **contributing proactively to environmental protection**. Therefore, in addition to ensuring compliance with all legal provisions on environmental matters, we continually encourage the improvement of the management of our activities and promote initiatives that help us to achieve this commitment.

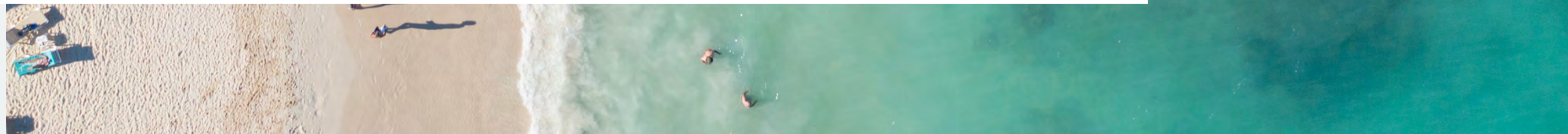
Care for the planet and the oceans thus plays a key role in our policies and main decision-making processes. It should be noted that, although policies, procedures and initiatives may vary depending on the line of business, the commitment to environmental protection is **transversal and multidimensional** for all Group companies; applying the same principles of action in environmental protection to all the geographies in which we operate.

Within the framework of our hotel operations, we have an **Environmental Policy** which, developed under the direct supervision of our highest governing body and with a **global geographic scope**, presents a management model based on the principles of the circular economy and the best environmental management practices, defining three priority areas of action:

1. DEFENSE OF THE OCEANS

2. FIGHTING CLIMATE CHANGE

3. BIODIVERSITY CONSERVATION



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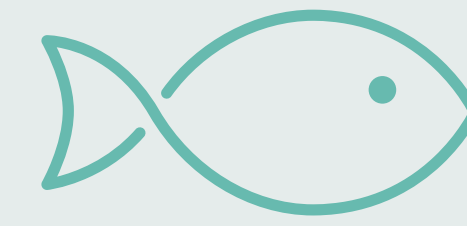


Food

*Given the nature of our main activity, hotel operation, food consumption is one of our main consumptions. We therefore promote, as far as possible, the **sourcing of food with responsible origins and provenance**. In particular, in line with our commitment to care for the oceans, we are aware that the **responsible consumption of fish and seafood** promotes marine biodiversity, while promoting the livelihood of local communities and ensuring the long-term viability of fisheries and fishing activity.*



STRATEGIC OBJECTIVE



Fish and seafood consumption at Iberostar will be **100%** from **responsible** sources by **2025**.

In line with our objective, by 2022 more than 75% of seafood products have been responsibly sourced. We have made progress on the roadmap established for the achievement of the target. The roadmap and details of the measures can be found in our Wave of Change Report.

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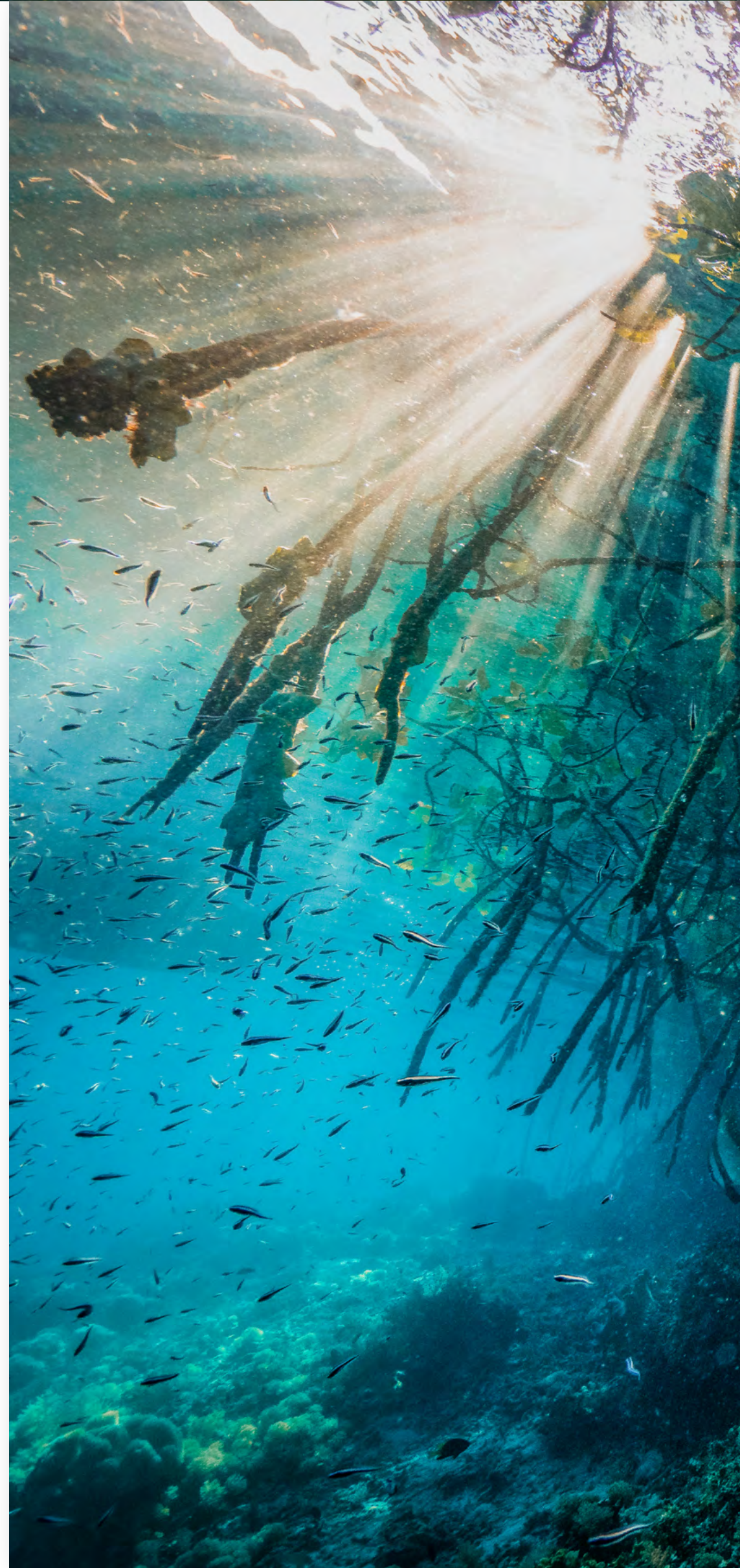


Protecting Biodiversity

*The locations of our hotels stand out for the natural environment and the biodiversity that surrounds them. The **local flora and fauna** are very valuable assets and therefore, actions that promote their conservation are of special relevance to us.*

*Specifically, we consider the **care of beaches, coasts and oceans** to be of vital importance, given that most of our hotels are located near seas, such as the Caribbean and the Mediterranean. Furthermore, we understand that any imbalance in an ecosystem contributes to climate change, species extinction and can harm the livelihoods of local communities.*

*Reflecting this commitment, we have shared our **Coastal Health Strategy Roadmap “Mapa de Ruta de la Estrategia de Salud Costera de Iberostar”**.*



AREAS OF ACTION AND KEY OBJECTIVES IN THE PROTECTION OF BIODIVERSITY

- **Restoration of coral reefs** at, or close by, to Iberostar properties.
- **Restoration of dune vegetation.**
- **Restoration of mangroves** for nutrient filtration in properties that have their own treatment plants.
- Achieve **25% green coverage** in and around our properties.

MAIN IMPACTS IDENTIFIED:

- Potential contribution to habitat and ecosystem degradation due to infrastructure construction and remodeling actions.
- Degradation of vegetation in dune systems due to tourism activities.
- Overexploitation of local aquifers due to consumption from hotel facilities.
- The discharge from untreated water, which can affect the loss or degradation of marine ecosystems.
- Introduction of non-native plants during the construction and landscaping phase that may affect native animals associated with the original native plants by reducing food and/or shelter sources.
- In areas with seagrass meadows and shallow coral reefs, swimmers may crush these communities by stepping on them or striking them with fins or other equipment.
- Disturbance of sea turtle nesting areas, for example, with the change of vegetation on the first coastline, exposure and placement of lights that confuse turtles in their nesting process, which can lead to the loss of reproductive events.
- Bird strike incidents with aviation.
- Noise pollution from aviation that can affect the surrounding ecosystems and their quality of life.

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ACTIONS TAKEN 2022

EMEA

- Creation of the position of **“Coastal Health Strategy Coordinator”** for Spain to implement the Coastal Health Strategy.
- Definition of **environmental indicators** to assess improvement in ecological health and monitor biodiversity and ecosystem status around Iberostar’s properties in the region (seagrass beds, rocky reefs, coastal lagoons, salt marshes, dune systems, coastal forests, etc.).
- Inventory of all plants used in hotel gardens in Spain as part of the **greening strategy**.
- Establishment of **collaborations to identify possible invasive species** in Iberostar hotels in Spain and determine which plant species can be considered autochthonous or allochthonous in the different destinations.
- Funding of the **“Posigenome” program** and collaboration with the “Instituto Mediterráneo de Estudios Avanzados” (IMEDEA), to evaluate the genetic diversity of Posidonia oceanica meadows (endemic plant) in the western Mediterranean and to identify Posidonia populations that may be more resistant to an increase in water temperature.

ARUBA

- Construction of an **interactive educational center** to educate children and youth about the importance of biodiversity.
- **Development of an academic curriculum** focused on conservation and restoration of native habitats and ecosystems.
- Opening of 3 **new protected areas** without construction.

BRAZIL

- Establishment of baselines for the main coastal ecosystems in the region.
- Identification of **priority sites for nesting sea turtles** and promote their conservation on beaches, coastal areas, “restinga” and dunes.
- Development of actions in collaboration with the Federal University of Bahia, Institute of Geosciences and consultants specialized in spectral data (SeaEagle).
- Collaboration with the TAMAR group, a local organization dedicated to the conservation of sea turtles and plant species in the area.

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ACTIONS TAKEN 2022

DOMINICAN REPUBLIC

- **Inauguration of a mangrove nursery** in northern Dominican Republic with more than 3,000 red mangroves planted so far.
- **Reforestation** of more than 0.32 hectares of wetlands in the Bávaro complex with three local mangrove species, in collaboration with the Ministry of the Environment of the Dominican Republic and the German Development Agency (GIZ).
- Establishment of a **second coral nursery** in the north of the Dominican Republic with the participation of GIZ.
- Use of 69 elkhorn corals (*Acropora palmata*) to **populate the new nursery**.
- Future **plan to transplant corals to local reefs** to contribute to the recovery of the species, biodiversity and coastal reef structure.
- Official submission of application to **co-manage a lagoon sanctuary on land** near the Iberostar property in Bávaro with the objective of protecting an endemic fish species by securing its habitat, the recovery of the mangrove population and improving water quality.
- Inauguration of an **apiary accessible to guests** at the Iberostar Bávaro resort. Guests have the opportunity to learn about the species and processes and enjoy the honey extracted from the 92 hives in different areas of the hotel.

JAMAICA

- Signed a memorandum of understanding with a local fishing association to encourage the Jamaican government to **legalize a fish sanctuary** in front of its properties.
- Use of **photomosaic methodology** to obtain high quality 3D images of the coral reef in front of Iberostar's properties, allowing to assess and monitor changes in reef composition and coral recovery through conservation and restoration initiatives.

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ACTIONS TAKEN 2022

MEXICO

- Identification of coral species best adapted to survive thermal stress and ocean warming, with the objective of **developing proactive management strategies and recovery practices**.
- Use of techniques that take advantage of the existing substrate in coral reefs and at the same time increase coral growth rates, preserving the structural function of these ecosystems. The technique known as **reskinning** reduces costs and generates benefits for restoration programs.
- Conduct biannual **ecological monitoring** to know the status of the reefs before, during and after active restoration interventions.
- Integration of the **use of photomosaics to ecological monitoring** for large-scale spatio-temporal analysis.
- Use of **spectral signatures** to identify correlations between symbiotic organisms and their hosts, finding organisms that can better adapt to environmental changes.
- Collaboration in **local dune conservation** efforts led by a multi-institutional team establishing nurseries and producing 6,000 coastal dune plants in Cozumel.
- Start of the **dune restoration** project in the three destinations where we operate in the Yucatan Peninsula: Paraiso (Riviera Maya), Playa del Carmen and Cancun. Recovery areas have been identified and marked, and **reforestation** has begun with 4,000 plants.

In turn, given that one of the transversal impacts in all locations is due to the practice of building and landscaping, 3 pillars have been defined to articulate a **specific strategy for the built environment**:

- **Materials:** build with low-polluting materials and encourage material efficiency to minimize carbon footprint.
- **Supply chain engagement:** obtain commitment from key suppliers and get them to conform to Iberostar's internal protocols for constructing circular buildings.
- **Net zero and circular buildings:** net zero operations, reduced embodied carbon and circular buildings: Establish new construction protocols on net zero buildings, circularity plans.

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Efficient resource management

Given the limited nature of the resources provided by our planet and the impacts generated by our activities, we work to promote **efficient resource management** that minimizes the impact we generate and does not compromise the planet's capacity to generate future resources. To ensure this efficient management, we carry out a series of controls that allow us to advance in the responsible consumption of the main resources for the performance of our activity: **water, energy and materials.**



Water

In recent years we have seen that the availability of water extraction sources has decreased significantly, mainly due to the increase in extreme weather events and the overexploitation of existing sources.

OBJECTIVES

- Reduce consumption
- Contribute to the improvement of wastewater and greywater purification and reuse systems.

INITIATIVES 2022

Initiatives to reduce consumption:

- Installation of aerators and percolators in faucets, pedals in kitchen faucets and double push buttons in toilet cisterns.
- Modernization of the wastewater treatment system for **reuse** in garden areas.
- Introduction of **dry urinals and flow diffusers** as innovative measures to improve water efficiency.
- Water treatment by **reverse osmosis system** to ensure quality and safety for human consumption.
- Implementation of **procedures to optimize water use** among our employees.

Initiatives for discharged and treated water:

- We use grease decanters to contribute to the improvement of wastewater purification and reuse systems.
- We strictly comply with all the regulations in force in each of the countries in relation to water treatment.
- Monthly analyses are performed by certified laboratories to evaluate both water quality and the precise recording of the volume extracted from each well through flow meters.

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Energy

Given the relevance of energy consumption in our activities, we consider it our duty to work continuously to **improve energy efficiency** and advance in the accuracy of our **measurement tools**.

In 2022, we published our action plan to achieve the **decarbonization of the company by 2030**. This plan includes a series of intermediate targets that will progressively enable us to achieve two major goals related to our energy consumption: to reduce **our energy consumption by 35%** and, in turn, to reduce **our Scope 1 and 2 emissions by 85%**.

OBJECTIVES

- Investments of up to **EUR 15 million in new, more modern and efficient machinery** by 2023
- Launch of a series of **best practices for energy savings**, internally audited to evaluate results and efficiency
- **Operational changes** and purchase of energy-efficient equipment and appliances

INITIATIVES 2022

Iberostar Albufera Park and Albufera Playa:

- **Buffet and kitchen automation:** Automating buffets and kitchens allows guests to have access to fresh, high-quality food at all times. It also improves efficiency and productivity in the kitchen, which can reduce costs and improve hotel profitability.
- **Hybrid solar energy installation:** The installation of hybrid solar energy significantly reduces the hotel's energy costs and carbon footprint. In addition, the use of renewable energy improves the hotel's image in the eyes of guests and the general public.
- **Pump and motor modernization:** Modernizing the hotel's pumps and motors improves energy efficiency and reduces costs. It also increases guest comfort by ensuring a constant supply of water and air conditioning.
- **Pool filtration system replacement:** replacing the pool filtration system improves water quality and reduces the hotel's maintenance costs. It also ensures that the pool is always clean and safe for use.

Iberostar Herceg Novi:

- **Replacement of gas boilers** with heat pumps for the production of heat and domestic hot water (DHW).

In several of ours hotels:

- Installation and integration of electric meters.
- Efficient ice production systems.

By 2022, 100% of the hotels in Spain will have energy with guaranteed renewable origin (GoO).

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Emissions and actions against climate change

Climate change is a determining phenomenon against which we must act forcefully and as a matter of priority, as it generates risks to people's health and wellbeing, causes acidification of the sea and a rise in sea levels, and is the cause of droughts and extreme weather events, among other effects.



Analysis

Therefore, in 2022 we have conducted an **analysis in** which we focused on **identifying the main risks and opportunities** we face in terms of climate change, aligned with the **framework of TFCD**.

RISKS

- Disappearance of Posidonia oceanica, the basis of the Mediterranean underwater ecosystem, due to the gradual increase in temperature.
- Damage to coastal infrastructure due to sea level rise and sea storms on the island of Mallorca.

MEASURES IMPLEMENTED

- Iberostar in collaboration with the Mediterranean Institute for Advanced Studies (IMEDEA), funded the Posigenome project with the ultimate goal of identifying different Posidonia oceanica meadows in the western Mediterranean that may be more resilient to rising water temperatures. See the biodiversity section for more details.
- **Hotel observatory for climate change.** In collaboration with the Mediterranean Institute for Advanced Studies, Iberostar created a coastal observatory at **Iberostar Alcudia Park**. The aim of this project is to create high-resolution spatial and temporal models to assess when sea level rise will be an imminent risk for coastal infrastructures in "Playa de Muro" (Mallorca) and suggest different measures to avoid or mitigate its effects.
- **Lite Adapta Cala Millor.** In collaboration with the hotel association in Cala Millor (Mallorca), Iberostar joined the EU funded project **Life Adapta**, which aims to provide short, medium and long term solutions to minimize the impact of sea level rise on coastal infrastructures in Cala Millor (Mallorca). The project is coordinated by the regional government of the Balearic Islands and other project partners include relevant research centers, universities and landscape planners.

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Our 2030 carbon neutrality targets

1 Reducing our scope 1 and 2 emissions by 85% against our 2019 baseline.

2 Reducing our scope 3 emissions by 50% against our 2019 baseline

3 Becoming carbon neutral by 2030. This goal is based on the first two objectives listed and offsetting our carbon footprint via our own carbon sequestration projects.

decarbonization Roadmap

In the second half of 2022, we published our decarbonization roadmap, which allowed us to detail the following lines of action for each of the goals:

1. Energy saving: 3 lines of action:

- Optimization of operations and processes.
- Behavioral changes/good practices for each of the major energy consuming departments (i.e. kitchen, Bars and Restaurants, spa, flooring and maintenance).
- Investments for energy savings (mainly replacement of motors and pumps, automation of kitchens and Bars and Restaurants, replacement of industrial refrigeration production equipment and modernization of refrigeration plants).

2. Reduction of emissions caused by fossil fuels.

3. Electrification of heat and DHW production, substitution of fuels for others with lower emission factors, use of solar thermal energy for DHW production and biofuels.

4. Reduction of emissions caused by our electricity consumption through three instruments:

- Maximize renewable self-consumption.
- Renewable energy purchase and sale agreements.
- Renewable energy certificates (GdOs in Europe, RECs in the USA and I-RECs in other destinations).

5. Regarding **W2fly**, we highlight the creation of a **Fuel Efficiency Team** made up of representatives from each area who will propose reduction measures and the contracting of an environmental management tool specialized in airplanes (Skybreathe) that will reduce net emissions by a maximum of 3% due to efficient piloting techniques.

6. The **Icárium (W2M)** brand has **offset all traveler flights** (4169,804 tCO₂) through an agreement with the Government of Costa Rica.

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Circular economy

Iberostar's commitment to responsible tourism and the protection of our oceans is the backbone of our sustainability movement.

*In 2022 we have continued on our path towards a circular economy with key projects, with the strategic objective that **all Iberostar hotels will be free of landfill waste by 2025.***



In 2022 we have focused our actions on the following pillars:

1. CIRCULAR SOURCING STRATEGY

Main objective:

to prioritize circular and low-emission products and services in our hotels, ensuring customer satisfaction.

Initiatives 2022:

- Comprehensive analysis of our supply chain in order to determine how to improve and build our **Supply Chain Program**, through which we aim to work together with our suppliers and partners to promote sustainable practices, foster the circular economy and reduce our environmental footprint throughout the supply chain.
- Better materials: In addition to promoting the reuse and recycling of the materials we use in the performance of our activities, we work to minimize as far as possible the waste we generate, by searching for alternative materials that allow us to eliminate the waste from the beginning or minimize its impact at the end of its life.

2. BUILT ENVIRONMENT - FOR NET ZERO AND CIRCULAR CONSTRUCTION

In 2022, we made progress in three main lines of action:

1. Leading the demand for **sustainable materials and products.** **2022 Milestones:**

- Development of working groups with our material suppliers to learn about their catalogs and sustainable product lines.
- Evaluation of samples of materials for works in progress.
- Increased relationships with new suppliers or manufacturers that supply more sustainable and circular materials.

2. Establish an **Iberostar standard of responsible purchasing** for new construction or refurbishment of Iberostar Buildings and Facilities. **2022 Milestones:**

- Specific training on circular economy applied to works and buildings for the entire AME-EMEA team and investments and projects.
- Obtaining the **LEED Gold Certification**, in the category of Materials and in some of our hotels.

- Request for proposals from external collaborators to finalize the **Iberostar Sustainable Projects Manuals.**

3. Implementation of the environmental documentation request protocol for suppliers. **2022 Milestones:**

- Inclusion of environmental documentation requirements as an annex to contracts with our suppliers.

4. Implementation of **tools to improve efficiency and management** of materials information. **2022 Milestones:**

- Launch of a pilot with a tool that allows us to characterize products through **circular passports** and enable the selection of those that are the best in terms of material health, circularity, energy and carbon management, water management and social impact.

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In 2022 we focused our actions on the following pillars:

3. WASTE MANAGEMENT

In order to reduce environmental impact and ensure proper management, we are committed to **treating all hazardous waste correctly** and to working to avoid landfilling non-hazardous waste.

Objective:

to be **free of waste sent to landfill by the year 2025** within our hotel operation activity.

Initiatives carried out to comply with it:

- 3R Equipment
- Partnerships to improve the final destination of waste: we understand that waste management is not a venture we can tackle alone. In 2022, we investigated locally how to improve our goal to stop sending waste to landfill in Tenerife and Montenegro.
- Promotion of composting for organic fractions: as of the end of August 2022, a composting center was put into operation at the Iberostar Playa Paraiso hotel complex in the Riviera Maya, Mexico, which has successfully transformed 100,000 kg of waste.

4. FOOD WASTE

Reducing food loss and waste is fundamental to achieving the UN's SDG 12.

Objective:

to reduce food waste globally.

Initiatives carried out to comply with it:

- Create internal guidelines for our kitchens to maximize food in our operations and minimize food waste.
- Continuously monitor and conduct on-site audits to identify key challenges, opportunities, best practices and necessary changes.
- Train chefs and internal teams to reduce food waste.
- Create partnerships to donate food to local communities.

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People

At the Iberostar Group, we believe in caring for and protecting the environment and people. Our **employees** are one of our most important stakeholders. Every single day, our employees transmit our Group's values to our guests in a professional and enthusiastic way. Thanks to them, we are able to offer our guests unique travel experiences. That is why we constantly seek to improve employee and planet management through our responsible tourism model.

OBJECTIVES

- **Transparency** is the fundamental pillar we use to manage our business.
- Create a work environment that meets our employee's expectations and needs. In this sense, we hold **feedback and evaluation** conversations and run work environment and engagement surveys.
- Attract and maintain **talent** in order to ensure the success of our business.
- Create a network of opportunities for professional growth for each member of our **Star Team**.

INITIATIVES 2022

- Professional development for our employees through **training**.
- Working to **provide opportunities for professional growth within our company**.
- Reinforcing personnel health initiatives with **How We Care**.



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Promotion of a fair and equal work place

Part of our vision of leading a responsible tourism model is our firm commitment to promoting **fair and equal employment**.

Our Code of Ethics guarantees **respect for human rights** in the workplace and does not tolerate discrimination based on gender, nationality, social origin, age, marital status, sexual orientation, ideology, political opinions, religion or any other condition.



REFLECTING THIS COMMITMENT:

- In 2022 Iberostar Group joined the **CEO Alliance for Diversity**, driven by Adecco Foundation & CEOE Foundation an more than 80 Spanish CEOs.
- We have created **the first Diversity and Inclusion Committee in Brazil**.
- In Mexico, attendance at conferences to raise awareness and inclusion of LGBTBI+ groups has been promoted.

GENDER EQUALITY

Objectives:

- Promote the defense and application of the principle of equal treatment among all professionals.
- Prevent gender discrimination and situations arising from sexual harassment.
- Promote a culture of awareness of diversity, equality and work-life balance.
- Study measures to reduce the wage gap.

Spheres of action:

- Communication and awareness
- Recruitment and hiring
- Classification and promotion
- Training and development
- Remuneration
- Co-responsibility and reconciliation
- PRL and harassment
- Gender violence

UNIVERSAL ACCESS

At Iberostar Group, we facilitate access to jobs for people with disabilities and thus promote their inclusion in the performance of daily tasks.

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Training

Our **commitment to talent** is one of our most important commitments. In line with this commitment, we strive to ensure that our personnel have **both professional and personal development**, as we believe that the merit of people lies in their knowledge and skills, as well as in their human qualities.



OBJECTIVES

- To promote the learning and professional development of employees and improve their well-being and job performance.
- Promote knowledge management, maximizing human wealth in the organization by creating a culture of continuous learning among employees.
- Evolve in the dynamization of our learning model (in line with the 70/20/10 model).

INITIATIVES

- Review and alignment of competencies by department and transversal groups of people for organizational and career development.
- Strengthen the **Iberostar Leadership model through** continuous leadership training for our leaders.
- The definition of a **Hotel Management Development Program** to develop the necessary competencies and meet current and future challenges.
- The launch of a **new language learning model** that fosters continuous progress, combining E-learning with virtual classes.
- Encouraging team meetings through specific team-building activities to promote **team cohesion and the alignment of Iberostar's values**.
- Creation of more than 15 schools and more than 170 new training courses on the Iberostar Campus Platform, highlighting department-specific training, soft skills and digital competencies.
- Implementation of specific programs and actions oriented to **customer experience**.

COURSES AND INVESTMENT 2022

- CORPORATE: **leadership, hybrid ways of working, effective communication, project management, introductory and advanced CX**
- HOTELS: **ORP, protocols and procedures, customer service, induction, sustainability, equality**



+235.000 h
of training



1.400.000
euros invested in training

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MEASURES IMPLEMENTED 2022

SPAIN

- Monthly hours to accompany minor children to specialized medical visits.
- Applications for voluntary international labor mobility for the care of dependent persons.
- Reduced working hours due to legal guardianship.

MOROCCO

Preference is given to employees with children who wish to take time off during the half-quarter vacation.

MONTENEGRO

There are measures in place for female employees with minor children and for employees who require special schedules for health reasons.

TUNISIA

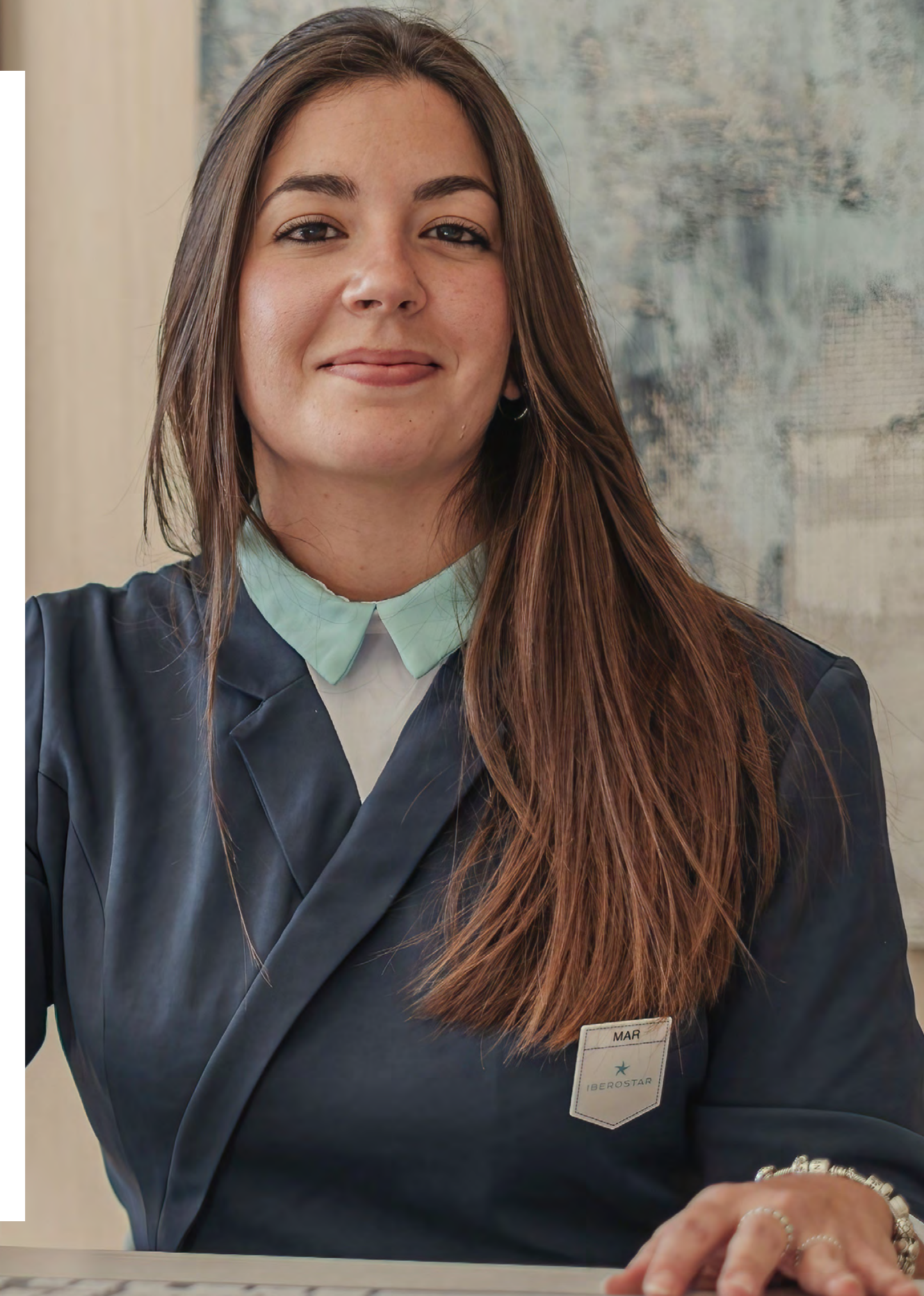
- All employees with children receive an attendance payment in September.
- In case of need or special conditions, we allow them to have flexible working hours. A bonus is also granted for Eid holidays.

UNITED STATES

- Employees can use accrued sick time not only for their own medical care, but also for their family's health care.
- Promotion of teleworking.

CUBA

Flexible working hours and adjustments to work shifts so that employees can attend to personal or family situations.



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Health and safety

*The health and safety of our employees is a priority for us and is aligned with our philosophy that **places the care of people at the center of our activity**. Thus, we understand that responsible management of our employees includes **ensuring their well-being, safety and integrity at all times**. Therefore, one of our most important objectives is to offer the best health and safety conditions to all our employees.*



ROADMAP

We have also **drawn up a roadmap** aligned with the United Nations SDGs, the Spanish Law on Occupational Risk Prevention and the Portal for the Promotion of Health at Work of the National Institute for Occupational Safety and Health (INSST), for which special attention has been paid to four focuses:

- **Sustainability and Corporate Social Responsibility:** to promote responsible business practices by constantly updating management in order to work in a sustainable manner.
- **Health:** to encourage the practice of healthy habits in the areas of nutrition, physical activity, mental health, prevention of tobacco, alcohol and other drugs, and disease prevention and control.
- **Personal Development:** to achieve the maximum state of health and well-being of our employees in the workplace, based on work-life balance, pregnancy and breastfeeding management, return to work, employee aging and organization in each workplace.
- **Occupational risk prevention:** to protect our employees from harm arising from working conditions by complying with the regulations stipulated in prevention matters.

ACTIONS TO BE HIGHLIGHTED IN 2022

- Fruit for our employees at the facilities.
- Promotion of a healthy gastronomic offer in the canteens for our employees.
- Promotion of yoga classes at the headquarters.
- Trainings to improve sleep and mindfulness.
- Discounts in gyms and sports activities.
- Implementation of a platform called **Iberostar Vitality**, where we launch most of the wellness initiatives for employees, which they can also make use of outside working hours.

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In addition, in order to gain a more detailed understanding of our employees' needs, we carry out various initiatives that are not subject to the provisions of collective bargaining agreements on an annual basis:

Social relations

*Ensuring **two-way communication** is an essential element in guaranteeing the well-being of our employees. This allows us to know their needs and expectations, as well as to understand in which areas we need to improve.*

01

As a result of conversations with employees, we have established work objectives for the fulfillment of which we follow up through **systematic surveys with the collaborators**. The duration of these objectives is annual, so at the end of the year a feedback session is held with employees to agree on points of improvement and achievements that will nurture the objectives for the next year.

02

We have conducted **work climate surveys** in our different work centers. Using the results obtained, in 2022 we developed an **action plan** that we began implementing this year and will continue throughout 2023.

03

We have held departmental meetings and used established communication channels to keep our employees informed through newsletters, emails, the Star Team employee portal and bulletin boards. We have ensured that **information is transmitted in an effective and timely manner** to keep our employees updated and engaged with our company.



1. Local communities
2. Sponsorships, suppliers and open innovation



Commitment to local communities

*We are committed to preserving the **cultural and social identity** of the communities that surround and host us in all our destinations. We assume a proactive role in the **socioeconomic development** of these communities and to this end, we work to promote a tourism model that integrates our business successes with the social development of local communities.*



DONATIONS

- **689** activities in Brazil, Mexico, the Dominican Republic, and Jamaica
- Monetary donations totaling **532,864 €**.
- We have created a new edition of the Cátedra del Mar Iberostar (Iberostar Foundation).
- Collaboration agreement with the Planeterra Foundation (Iberostar Foundation)



TRAININGS

Throughout the year we carry out various trainings with the aim of **informing and raising awareness** among our employees on **social and environmental issues** of great importance and sensitivity in our environment, such as addictions, violence, equality, inclusion, self-defense, sea turtle season, mangrove conservation, endangered species, hazardous waste management, waste recycling and circular economy, among others.



ACTIVITIES

Environmental education activities in which we also present our sustainability commitments and short-, medium- and long-term objectives. These initiatives are aimed at our **customers, employees and members of the communities** with which we work through **community development programs**.

Creating value beyond our business

1. Local communities
2. Sponsorships, suppliers and open innovation



SPONSORSHIPS

We rely on **sports** as one of our communication platforms. **Effort, passion, dedication and commitment** are values projected by sports and are also reflected in the **Group's values and identity**. As a result, in 2022, we have been present in the world of sports through different collaboration and sponsorship agreements:

- APD 2022 Regatta Sponsorship
- Princess Sofia Sailing Trophy
- Laura Quetglas



SUPPLIERS

We base our relationship with our suppliers on the **principles of transparency and equal** treatment. We apply objective supplier selection criteria that aim to select those suppliers that offer the best conditions in their products or services and are aligned with our ambition to promote more sustainable and responsible models.

OPEN INNOVATION:

- We have launched the **Digital Hotel** project, **the first open innovation project** in the tourism sector in Spain, which serves at the foundation for our digital transformation strategy.
- **The first Sustainability hackathon was held with Microsoft** and Iberostar.





IBEROSTAR
GROUP



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Leading responsible
tourism

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