

SUSTAINABILITY REPORT

2019



LOPESAN
HOTEL GROUP



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01.

About this report

For the fourth year in a row, we are publishing our Lopesan Sustainability Report as a key instrument for the company's stakeholders. With it, we not only make all our **advances concerning sustainability** public. We also show the challenges we must face, as the drafting of this report is directly linked to further reflections on where we are standing and which direction we should take in order to be more and more responsible.

After 48 years in business, we could position ourselves as the **leading hospitality company** on the Canary Islands and among the top ten hotels chains in Spain. From our beginnings in this industry we have been working on our identity to be a synonym for highest quality and utmost attention in order to achieve excellence.

This quality is obviously related to the surroundings of our hotels which we are also depending on when guaranteeing the sustainable development of the company.

The natural landscape and the cultural offer of the areas we are operating in are a major incentive for our guests, too. Therefore, in order to maintain these, at Lopesan we are promoting the conservation of the environment as well as the cultural and social development of the local communities. We are aiming to set a

benchmark in **sustainable tourism** so that our clients can keep putting their trust in us when choosing a sustainable destination.

For years, apart from internationalisation of our hotel activity, our work has also been concentrating on **business diversification**: we created ancillary services that are able to offer our hotel guests an added value, we are undertaking our own agricultural work that provides our hotels with quality produce and we are still maintaining our construction business with which the Group started its path.

We are a multinational and dynamic company that incorporates sustainability in its business model, as we certainly know that this is the necessary road to confront new social challenges and continue operating successfully. In this sense, putting focus on our activity in hospitality, being a sustainable company allows us to adjust to the new demands of travellers who are more and more environment- conscious and looking for accommodations that are aligned with responsible tourism.

In short, in this report we are gathering the most relevant last year's actions in order to let you know how we are embedding a culture of social responsibility in our activities.

Key factors of sustainability 2019 in our hotel division



1.5 million
sold rooms



31%
of economic profitability



2,419 employees
♀ 1,240 ♂ 1,179



+ 14,600 hours
of staff training courses



2.3 million
kWh of renewable energy production



+ 1,000 tons
of fruit production



+ 5 million
euro of environmental investment

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Other areas of business

Extent of the report

In the 2019 issue of our **Sustainability Report**, as in the years before, the provided information refers mainly to our activity in tourism, focussing on the 11 hotels of the Canary Islands. Nevertheless, in order to present a more complete transparency exercise, we also sketch out how we are implementing criteria for sustainability in the management of our other businesses, like our non-hotel establishments as well as our agricultural and industrial division.

In order to ensure the quality of this report, we followed the guidelines of the Global Reporting Initiative (GRI) having selected the essential **GRI standards**. These were complemented with approaches provided by the principles of the United Nations Global Compact and the UN Sustainable Development Goals (SDGs).

With our Sustainability Report 2019, we are inviting you to get an insight into our performance that is gearing towards a more and more sustainable business model.

Hotels included in the report	 LOPESAN BAOBAB RESORT	 LOPESAN VILLA DEL CONDE RESORT & THALASSO	 LOPESAN COSTA MELONERAS RESORT & SPA
 Abora -CATARINA- by LOPESAN HOTELS	 Abora -CONTINENTAL- by LOPESAN HOTELS	 Abora -BUENAVENTURA- by LOPESAN HOTELS	 Abora -INTERCLUB ATLANTIC- by LOPESAN HOTELS
 Corallium · BEACH · by LOPESAN HOTELS	 Corallium · DUNAMAR · by LOPESAN HOTELS	HOTEL FARO A LOPESAN COLLECTION HOTEL MELONERAS - GRAN CANARIA - SPAIN	 IFA ALTAMARENA HOTEL

You can also learn more about Lopesan Group and its activities on our website



[lopesan.com](https://www.lopesan.com)

02. Words from our CEO



Committed to sustainability

The year 2020 will not be remembered as just another year. In history, it most definitely will always be associated with COVID-19 and its impact on our way of engaging, not only with other human beings but also with our environment. If there was something we have learned during months of global lockdown, it was that any economic model or development must always be aware of the fact that we are living on a **planet that is alive**, that we are fragile as a species and that sustainability along with biodiversity protection is not just a trend but a critical factor which should be part of each and every corporate DNA.

The numerous proofs of the actual existence of climate change must serve humanity as a warning in order to identify the problems our species is going to face. It is a wake-up call from our planet telling us to be prepared for having to **create complex and shared formulas** that allow us to mitigate the impact of the committed excesses during the last decades.

The economic stagnation caused by COVID-19 must be a signpost for us to learn how to start, test and professionalise private management models that are required in a post-pandemic, new normal. Lopesan Hotel Group has always been committed to the environment when developing new tourism projects but today more than ever, **sustainability must be prioritised**.

Neither should environmental protection be a feature that is at odds with profitability in hospitality, nor should **consideration for nature** be disconnected from economic systems. By representing the core of the future, companies like the Lopesan Group must be aware of the importance of sustainability. Therefore, it is essential to undertake digital transformation and take the chance of getting the best out of the automation of procedures, artificial intelligence and big data management. All of this linked to neuroscience, small data or extended reality and the opportunities of displacement without consumption.

All these elements that seem to be part of a trend and also seem to be permeating all business models, on a technological level, will allow us to develop strategies equally advantageous, scalable and profitable. But with a necessary additional ingredient that is related with **sustainability and the reduction of our ecological footprint**. Here, Lopesan Hotel Group has been acting ahead of the European legislation by eliminating all single use plastic utensils and providing guests with only cutting edge biodegradable materials.

The increase of alternative energy production and the diminution of our dependency on fossil fuels keeps being related to the reduction of freshwater usage, water recycling and improvements in water purification policies. We have also been cooperating with the decrease of greenhouse gas emissions by being successfully involved in our own agricultural production and landscaping as well as by enhancing the consumption of zero km products.

In this report we have tried not only to gather statistical facts and figures but also to describe all actions that have been taken by Lopesan Hotel Group in the year 2019 in order to achieve **higher business sustainability**. We are experiencing a crucial moment of these times we are living and it would not be fair to be talking about sustainability and blaming the companies for all resource management problems. It's essential that Public Administration speeds up the procedure of different permits we applied for in order to start the very interesting projects our company is working on.

The more than 4,000 employees of Lopesan Group make a daily effort to internalise the corporate ideals and make the next economic model of hospitality come true. This will be the legacy we are going to leave behind for our future generations.



Francisco López | CEO at Lopesan Hotel Group

03.

Welcome to Lopesan Group

1972 was the year when Lopesan initiated its activity with the mother company "Hijos de Francisco López Sánchez", a construction company for public works. From its beginnings, our firm has been characterised by a strong projection of **corporate diversification**. This is why we started, years later, our path in tourism until this became the Group's main activity.

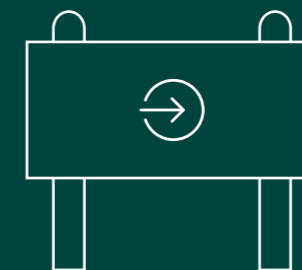
Our roots lie in Gran Canaria, where the main part of our hotels are located. This island saw us growing and progressing our way up to being one of the **main Spanish hospitality companies**. Nowadays, thanks to our touristic expansion, we are operating in Germany, Austria and Dominican Republic.

All of this has been part of our consolidation process in tourism, our main business area, which is being completed by all other divisions of the company. In this sense, we offer ancillary hotel and leisure services enriching the guest experience at our hotels.

We also do run an **agricultural division** that is focussing on sustainable agriculture and that provides our guests with local fruit and vegetables. Last, we have also been maintaining our activity in construction, being this together with our activity in property development, the company's industrial division.

Having gotten here, where we are today, is mainly thanks to **all the professionals** who are making all of our activities possible and who deserve special mention. Currently, more than 4,000 people are being part of this grand team and striving to offer excellence in everything we do.

At Lopesan we are looking for excellence in every little detail of daily life.




03.1. Our mission, vision and values

Developing a business **model based on sustainability** is necessary for the Group's future. Not only for added value and economic growth but also because we depend on a healthy natural environment being able to host our activity as well as on a prosperous local community enhancing our corporate development.


This way of looking at the business has been included by the Management of the Group which translates into getting incorporated into the mission, vision and values of the company in which the commitment of the team is the key to our path towards sustainability. Therefore, through a **culture of social responsibility** we are looking to achieve total client satisfaction by offering excellence and quality. Here, sustainable management and a safe and healthy work environment are fundamental.

Our mission 

Develop activities in hospitality that provide our guests with **high quality products and services**, always aiming to add value to the company as well as to society.

Our vision 

Be a global company that **creates happy memories**.

Our values 

Behaviour and attitude are based on:

-  Professional Rigour.
-  Integrity.
-  Sincerity and Transparency.
-  Quality, Respect for Environment & Preventive Culture.
-  Internal Promotion.

Sustainability is the backbone of our business strategy in order to meet the new challenges we are facing at Lopesan.



03.2. Our approach to sustainable management

We have developed a corporate culture that centres upon a solid **commitment to quality and client satisfaction**. Therefore, it is essential to meet the needs and requirements of our stakeholders in order to build a more stable and resilient business.

In this sense, **sustainable management** is based on the respect for the environment, concern for the people and the promotion of social and cultural development on the Canary Islands, where the majority of our shares are located. This allows us to continue with our operations at the same time we are facing the challenge of climate change and we are adapting to the social patterns of humanity.

We have also included **innovation** in our corporate strategy to develop solutions that are able to increase productivity, improve processes and obtain new products and services to enrich our clients' experience. In short, adjust ourselves to constant transformation of the industry.

To make all these things happen, we believe in a corporate philosophy with seven main lines that are bolstering our business model.



Main lines of our corporate philosophy

- 1 Quality**
 - Ensure **client satisfaction**
 - Be **rigorous** in order to achieve our goals
 - Improve constantly** by innovating and considering client suggestions
- 2 Environmental protection**
 - Reduce **waste**
 - Optimise the **use of natural resources**
 - Keep the **Environmental Management System** up to date
 - Establish **pollution prevention measures**
- 3 Health and safety**
 - Establish a **risk prevention system**
 - Integrate **preventive activities** into all levels
 - Promote a **preventive culture**

- 4 Human resources**
 - Guarantee appropriate **remuneration and employment policy**
 - Develop systems of **two-way communication**
 - Fulfil the **established equality protocols**
 - Favour the professional development of **our employees**
 - Promote the **labour integration of persons with disabilities**
- 5 Society and stakeholders**
 - Establish relations of **reciprocity, responsibility and mutual benefit**
 - Participate actively in the **development of the local community**
 - Avoid any kind of repression, discrimination or exploitation of **minors**
 - Prioritise **local purchasing**
 - Contribute to achieve **sovereignty levels set by the FAO**

- 6 Innovation**
 - Promote a **culture of innovation**
 - Introduce improvements** into productivity
- 7 Information security**
 - Disseminate good practices in information security
 - Establish **resource protection measures and information assets**
 - Create **dissimulation channels** of our corporate philosophy

The Travelife certification endorses our commitment to sustainability

All our hotels have been awarded with this certification after having evaluated, verified and communicated the achievements in sustainability in order to comply with the International Standards of Travelife. This innovative certification **vouches for our sustainable performance** scoring it as excellent. It therefore is a great utility tool for the Group in order to reinforce the company's commitment to sustainability and communicate our excellence in sustainability to our clients and other stakeholders.

It is worth mentioning that all of our hotels have been awarded with the **Travelife Gold Certification**, the highest achievable certification of the company, which requires complying with the most stringent sustainability standards.



03.3. Our strategy

After analysing challenges and opportunities of our future business development, we recently defined a strategy plan in order to cope with the prospective growth of the global hospitality industry, identifying the opportunity of business diversification.

We have studied the risks related to geopolitical instability, economic growth in competitor destinations like Egypt, Tunisia or Turkey, and the increase of fuel prices. Nevertheless, 2020 marks a turning point in the global order due to the COVID-19 pandemic. For the first time, the tourism industry did not generate anything which led us to rethink our strategy, business model and goals, getting to the conclusion that these should all stay the same. We believe in the recovery of the industry and that our specific strengths are **aligned with the new touristic models** whose pillars are safety, respect for environment and client experience.

From our point of view, one of our strong points is the **broad experience** we were able to acquire along our way, that could also be reinforced by very efficient numbers. Though, there are weaknesses we are aware of and working on, in order to turn these into opportunities: an operational model in the Canaries based on volume, a trade capacity concentrating on the current Canarian micro-destination, the lack of a strong relational model B2B, B2C (not CRM) which hinders upselling and cross-selling strategies and the capture of extra revenue.

As a result of the mentioned analysis, we establishes **five strategic goals**:

1. Business expansion

On one hand the Lopesan expansion plan intends the construction of micro destinations with a new signature architecture that present value to the investors/ tour operators, focussing on Latin America. On the other hand it intends the consolidation as an operating firm of hotels that are not owned by the Group. We like to call them micro destinations, as we not only build hotels but also offer extra services like leisure, restaurant and commercial areas in order to create unique experiences.

In this sense, the construction of the **Lopesan Costa Bávaro** in Bavaro Beach, Dominican Republic was a major milestone in our ambitious and to be continued expansion plan, as it is our first creation of a micro destination.

2. Customer- focussed: definition of our business model

- Complete review of the **marketing plan and budget** according to the criterias of application, distribution and feedback.
- Determination of **CRM model** (B2C and B2B) according to the criterias of segmentation and client contact policies.
- Launching of a **loyalty programme** for B2C and B2B.
- Determination of a **management and customer relationship model** and redefinition of sales & marketing structure.
- Development of **channel strategy and reduction of acquisition costs** (segment, product and geography).
- Definition of a **digital strategy** in order to seize opportunities through digital channels and improve the experience.
- Redefinition of **price strategy** by customer segment, brand, destination and room type as well as enhancement of revenue management capacity building.

3. HR culture and strategy. Capacity management

The core and priority of our strategy is to **attract and conquer talent**. At Lopesan we are very aware of the fact that our employees are the key to leading us towards excellence. Therefore, our Human Resource strategy is transforming and converting the staff experience into something unique.

We are developing our own corporate culture based on a **technological and human ecosystem**. We are initiating faster and safer processes, a more efficient organisation, and most importantly, putting the people in the centre of our strategy by proposing new solutions, initiatives and tools that were designed for the benefit of all.

4. Evolution of the organisational model

We are working towards adjusting our operational model to the needs of the company as an asset management firm. Therefore, it is necessary to **align the Group's organisational**

and functional model with this new corporate strategy, bearing in mind organisational charts, profiles, delegation of responsibilities, etc.

This **new organisational model** will be essential in order to achieve expansion goals outside the Canaries and also to be managing the hotels that are not owned by Lopesan.

5. Brand consolidation, unique experiences and efficient repositioning

One of the main goals of the company is **to gain excellence** in everything we do. Therefore, we are constantly developing new approaches and new ways of marketing.

In order to achieve this goal, we created different brands based on the experience of the Group. Thus, through our brands Lopesan, Abora by Lopesan, Corallium by Lopesan, Lopesan Collection Hotels and the new brand Kumara by Lopesan Hotels we are able to cover offers and services that have been segmented for different types of guests in order to meet their needs. This segmentation of our portfolio also contributes to another goal of the Group, the **expansion**.



03.4. Certifications

Our commitment and dedication to achieve excellence are being endorsed by the different certifications we obtained regarding different matters.

	<p>Travelife Gold Certification for the commitment to sustainability of our hotels.</p>
	<p>Certification ISO 9001:2015 for the Quality Management System.</p>
	<p>Certification ISO 14001:2015 for the Environmental Management System.</p>
	<p>ISO 45001:2018 for the Occupational Health and Safety Management System.</p>
	<p>Safe Tourism Certified, certification issued by the Spanish Institute for Tourism Quality (<i>Instituto para la Calidad Turística</i>) that guarantees the fulfilment of safety protocols in order to prevent COVID-19 transmission at all of our hotels.</p>

03.5. Lopesan Brands

Along our way we created different **prestigious brands** in order to provide our guests with exceptional experiences. Based on our innovative culture and given the know-how we have been able to achieve since we started our path in hospitality in 1991, we could identify different client segments depending on their demands. This allows us to offer services and products that are well adjusted to the needs of every type of guest with distinctively themed hotels and leisure areas.

Our exclusive hotel catalogue is being divided into six brands with **their own personality** and the matching products. With them, we are attracting thousands of happy holidaymakers who we were able to conquer and who repeatedly choose us.

In total, more than **15,800 beds are available in 22 hotels** located in Gran Canaria, Fuerteventura, Germany, Austria and Dominican Republic, all of them being managed by the chains Lopesan Hotels & Resorts and IFA Hoteles.

Number of beds



Austria	
IFA ALPENROSE HOTEL	200
IFA ALPENHOF WILDENTAL HOTEL	102
IFA BREITACH APARTMENTS	84

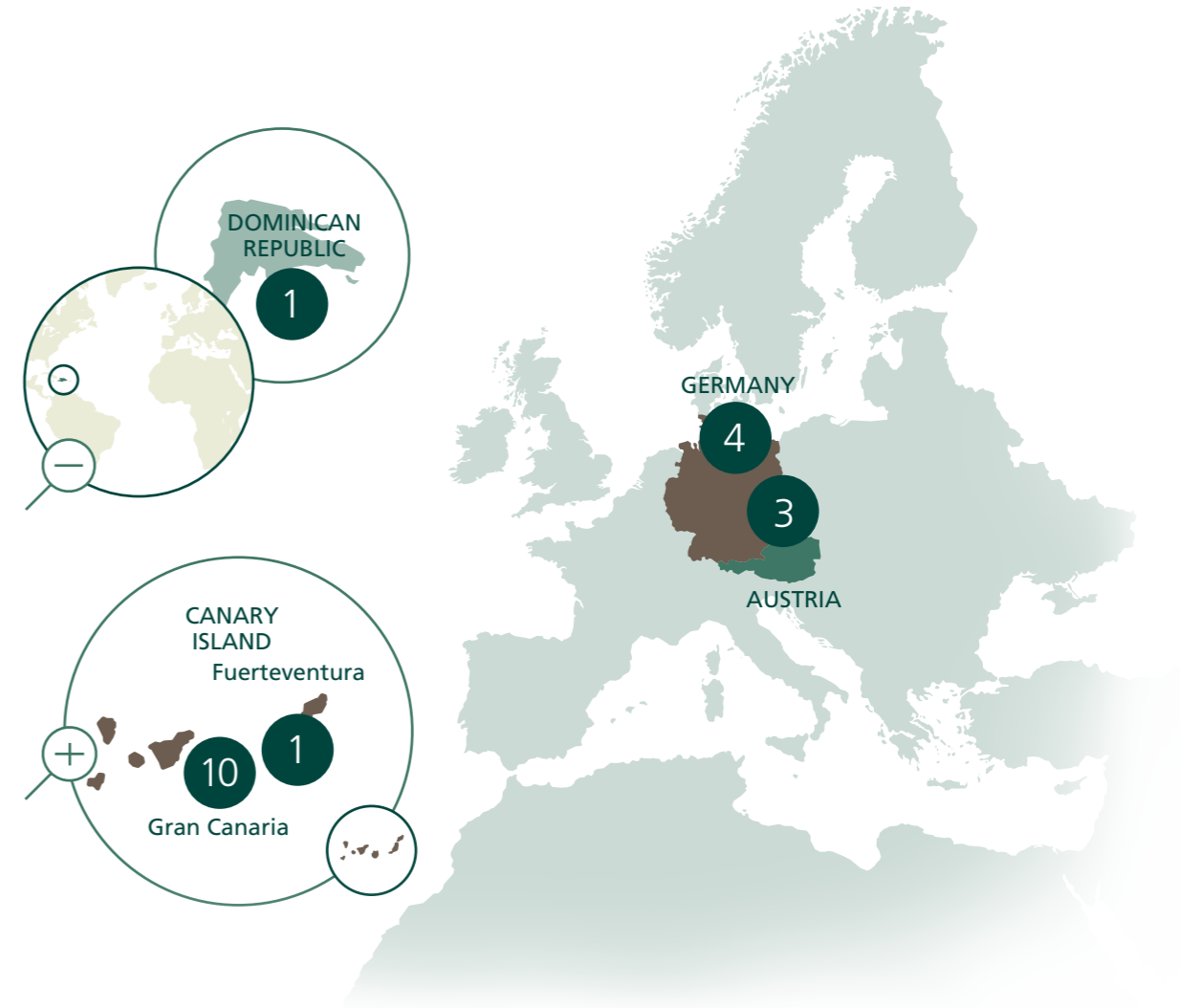
Gran Canaria	
LOPESAN COSTA MELONERAS RESORT & SPA	2,177
ABORA BUENAVENTURA BY LOPESAN HOTELS	1,448
LOPESAN BAOBAB RESORT	1,354
LOPESAN VILLA DEL CONDE RESORT & THALASSO	1,122
ABORA INTERCLUB ATLANTIC BY LOPESAN HOTELS	1,039
ABORA CATARINA BY LOPESAN HOTELS	812
ABORA CONTINENTAL BY LOPESAN HOTELS	728
CORALLIUM DUNAMAR BY LOPESAN HOTELS	506
CORALLIUM BEACH BY LOPESAN HOTELS	380
FARO LOPESAN COLLECTION HOTEL	356
KUMARA BY LOPESAN HOTELS	348

Fuerteventura	
IFA ALTAMARENA HOTEL	426

Dominican Republic	
LOPESAN COSTA BÁVARO	2,050

Germany	
IFA RÜGEN HOTEL & FERIEPARK	1,176
IFA FEHMARN HOTEL & FERIE-CENTRUM	916
IFA SCHÖNECK HOTEL & FERIEPARK	646
IFA GRAAL-MÜRITZ HOTEL, SPA & TAGUNGEN	290

Our hotels



Our brands

Lopesan Hotels & Resorts

Is the entity representing the hotels that were built by the Group as well as the management of those and the leisure centres on Spanish and foreign coasts. This brand offers **highly distinguished hospitality products and services** for every segment.



Lopesan Collection Hotels

Is an assortment of hotels with **great personality and a high level of service**. Their refined and modern architecture as well their location in natural surroundings are key features. Carefully chosen lighting, excellent facilities, the offer of the best local and international cuisine, and the hint of luxury as well as exclusivity do assure our guests an unforgettable experience.

LOPE SAN COLLECTION HOTELS



Abora by Lopesan Hotels

Is the brand for the hotels located in tourist hotspots. They have been recently refurbished to maximise **guest comfort** and offer separate areas for families and adults only. Their aim is to make holidays an unforgettable experience, where fun and relaxation are absolutely in harmony.



IFA Hotels

Are all the hotel **properties that were taken over** by the Group. These hotels are not included in any of the brands, as they all require an investment to adjust their facilities to our standards.



Corallium by Lopesan Hotels

Is the name for the hotels that specialise in offering **exclusive wellness services**, addressed to those guests who want to keep up their well-being during their holidays. Aim is to establish a benchmark for Adults Only hotels that focus on a healthy and natural lifestyle.



Kumara by Lopesan Hotels

By the time finishing this report we had just opened a new hotel under the brand Kumara by Lopesan Hotels. These hotels, positioning themselves in the medium- range, are seeking to offer an outstanding relation between functionality and comfort as well as a personalised customer experience by valuing the essence of a service that is able to adjust to the needs of the guests.



04.

Protecting our environment

The location of the Group's hotels is usually associated with charming natural landscapes that are another attraction for our clients. This fact invites us to continually strive to be increasingly efficient in the use of the resources we use and to try to contribute to **improving the environment**.

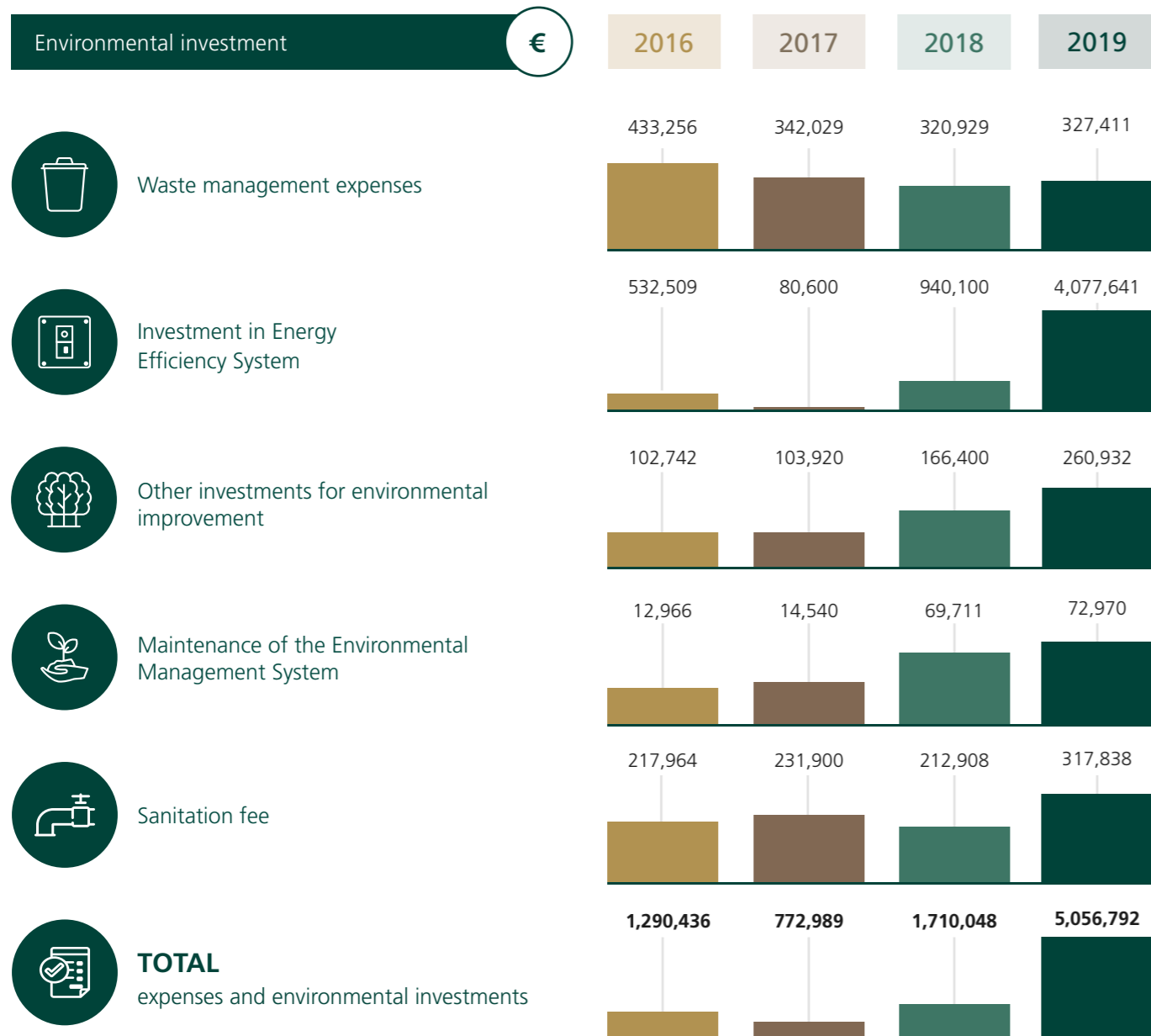
For years, we have had an **Integrated Management System** through which we apply environmental criteria to improve this dimension of sustainability. It is a system that incorporates the management of quality, the environment and health and safety at work from the same perspective, which allows us to manage all our centres more efficiently.

In environmental matters, the system has been implemented and certified according to **ISO 14001: 2015 on environmental ma-**

agement. Through its application, we optimize the natural resources we use and manage the waste generated, in addition to minimizing any negative impact that may arise from our activity. This also implies a reduction in costs by having more efficient processes and avoiding possible penalties for non-compliance with environmental regulations.

Likewise, each year we dedicate part of the budget to the incorporation of **environmental improvements** in our centres, making a significant environmental investment that we are able to make profitable in the short and medium term. In 2019, this item has acquired great relevance, since we have tripled the investment of the previous year, mainly, that destined to the installation of efficient air conditioning systems and the incorporation of energy efficiency systems, especially, low voltage installations with new lighting LED.





04.1. We're working on reducing our emissions

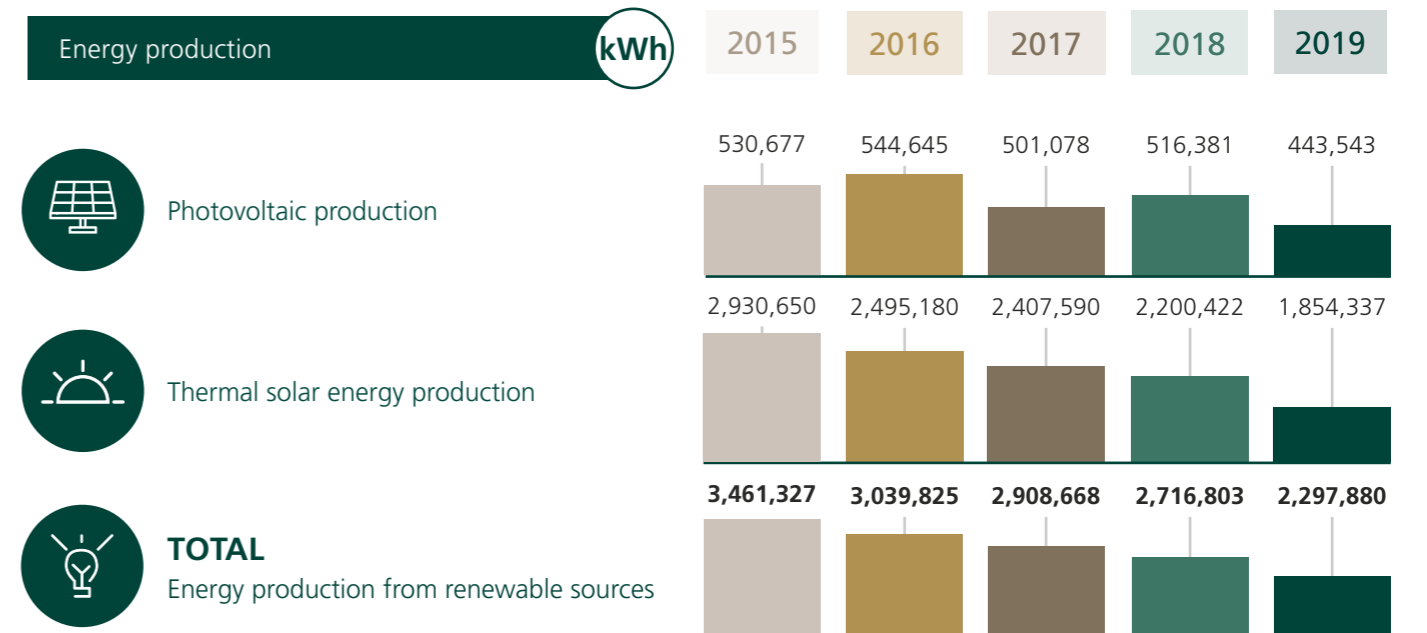
We're committed to renewable energy and energy efficiency

Reducing energy consumption and using clean energy is key to tackling the biggest environmental challenge our society has ever faced: climate change. On the Canary Islands, where many of our hotels are located, we face the added difficulty of being some distance from the peninsula's electricity network, which means we have a peculiar electricity supply.

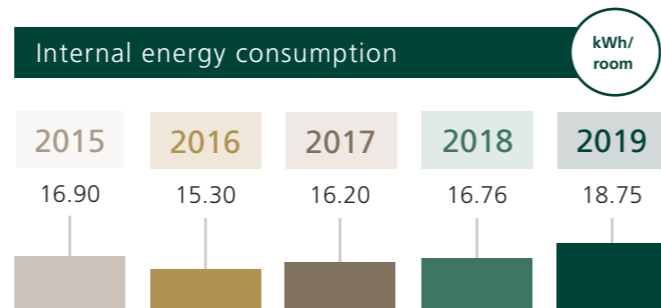
This is an important opportunity to foster the use of **renewable energies** on the archipelago, which we here at Lopesan consider to be crucial in our management and we are already implementing measures to become more self-sufficient.

That way, we also adapt to the effects of climate change to continue with business in a sustainable way. Taking advantage of the fact that hotels are located on islands receive favourable solar incidence and have surfaces suitable for the installation of photovoltaic and thermal panels, we see the sun as a renewable source with great potential for self-sufficiency. That's why we have **photovoltaic and thermal solar energy production systems** in nine of our hotels, and photovoltaic installations located in the wells of the Veneguera estate for the extraction of water.

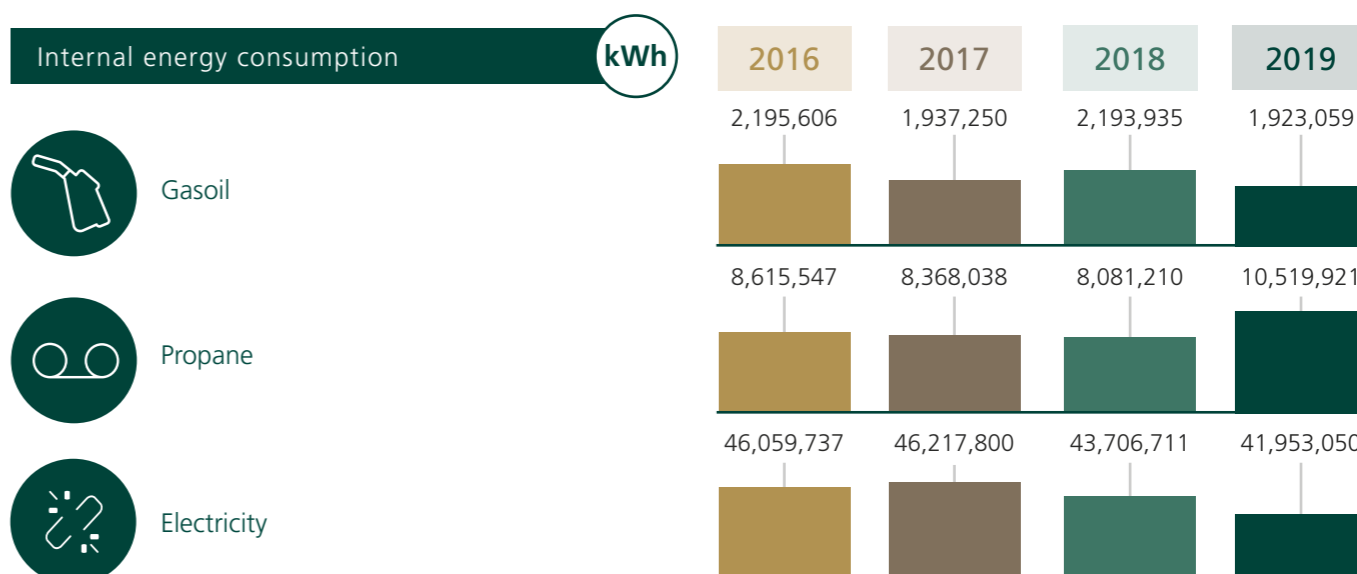
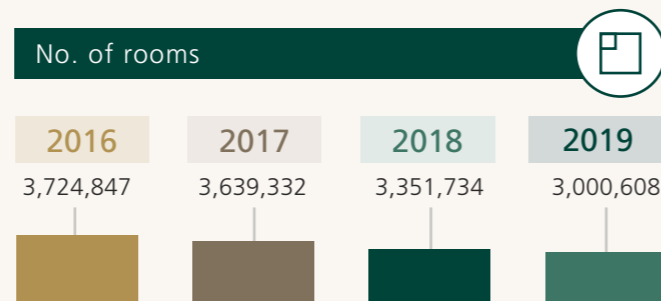
The photovoltaic solar production we generate is transferred directly to the electricity system while thermal solar is consumed at our own hotels. In 2019, we have detected a fall in energy production in both systems.



The rest of energy requires. The rest of the energy required by our facilities is supplied using gasoil, propane and electricity, in accordance with the needs in each case. In 2019, there was a reduction in the number of rooms due to hotel renovations and increased comfort thanks to the incorporation of air conditioning improvements in our Buenaventura and Interclub hotels after reopening meant a 12% increase in the intensity of energy consumption, from 12% to **18.7 kWh/room**.



In absolute terms, even though propane consumption has increased, gasoil and electricity consumption have been reduced with respect to the 2018 data. This reduction, however, is due to the fact that room numbers were down 10.48% due on the previous year as some of our hotels were closed for renovations.



Gasoil



Propane



Electricity

Nevertheless, we continue to apply energy efficiency measures to optimise our energy consumption. We have been working on some of these measures since 2018, including:

- Installation of more **efficient lighting**.
- Improvement of the **energy monitoring system**.
- Development of a plan for the **replacement of thermal generation equipment** with other, more efficient equipment with a better coefficient of performance (COP).

In 2020, despite the current difficulties we had the objective of **certifying our energy management system** in line with ISO 50001, a tool that helps us improve the Group's control and energy performance.



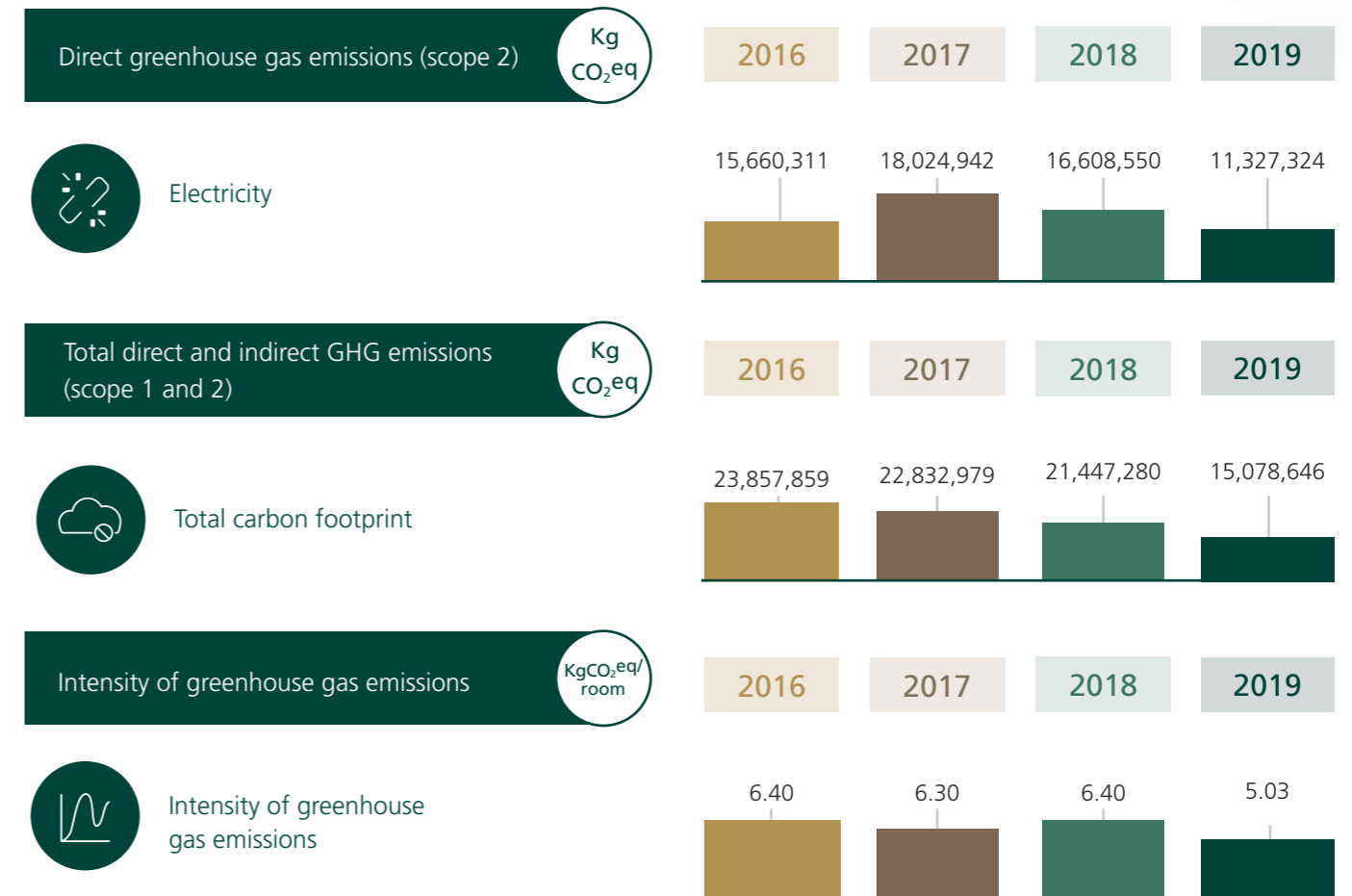
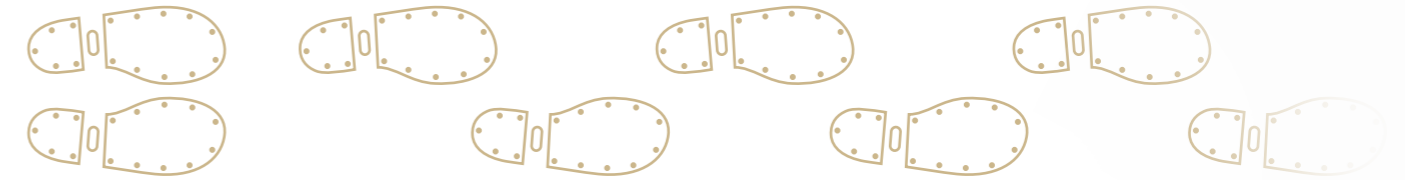
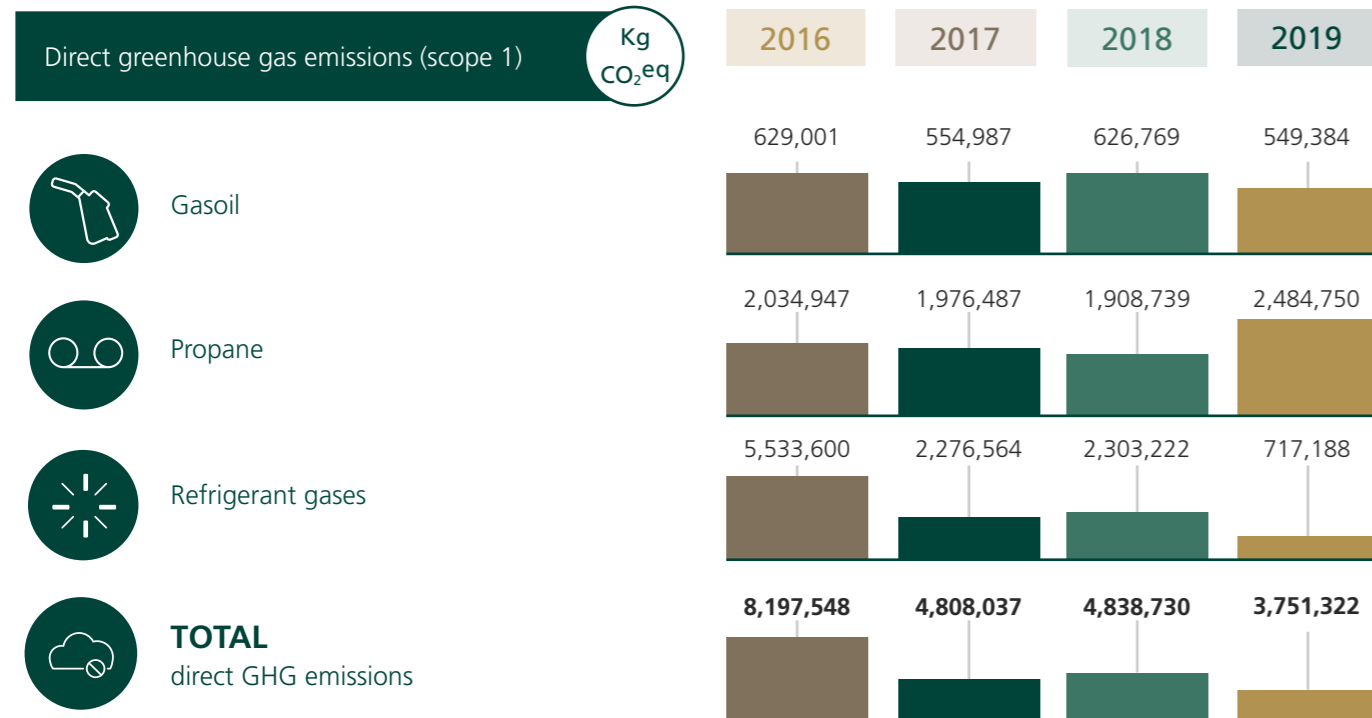
Our carbon footprint

Here at Lopesan we maintain our commitment to combating climate change. It starts with **calculating our carbon footprint**, an essential indicator for identifying the measures that are obtaining effective results and those areas where need to dedicate more efforts to improve energy efficiency. As part of that calculation, we take into account all greenhouse gas emissions (GHG) arising from our activity.

To measure the Group's carbon footprint, we assess the **scope 1 or direct emissions** we can control, such as those arising from gasoil and propane consumption and those produced by the leak of refrigerant gas leaks used for air conditioning and scope 2 or indirect emissions due to the electricity consumption we acquire.

The 2019 results show a **reduction in the intensity of emissions of 21%**, from 6.4 Kg CO₂/room in 2018 to 5.03 Kg CO₂/room. The main reason for this reduction is a lower emission factor for electricity published by the Ministry for the Ecological Transition, as well as having consumed "an inferior volume of refrigerant gases".

In absolute terms we note a reduction in emissions of both scope 1 and scope 2 emissions. These results encourage us to continue to advance in our efforts to **minimize the environmental impact** of the Group, which is why we will continue to apply measures that allow us to reduce the carbon footprint of our hotels.



04.2. We use water responsibly

Our water consumption

Water is another one of the main resources necessary in our hotel activity and one to which we must pay special attention and attempt to manage in the most efficient way possible. While it is an **essential and limited resource** in general, on the Canary Islands, being a group of islands, we are in an area with a special water stress, further conditioning this resource.

We are conscious that that **responsible use of water** is fundamental to maintaining its present and future availability and especially considering the projections for different climate change scenarios in which the resources would be limited even further.

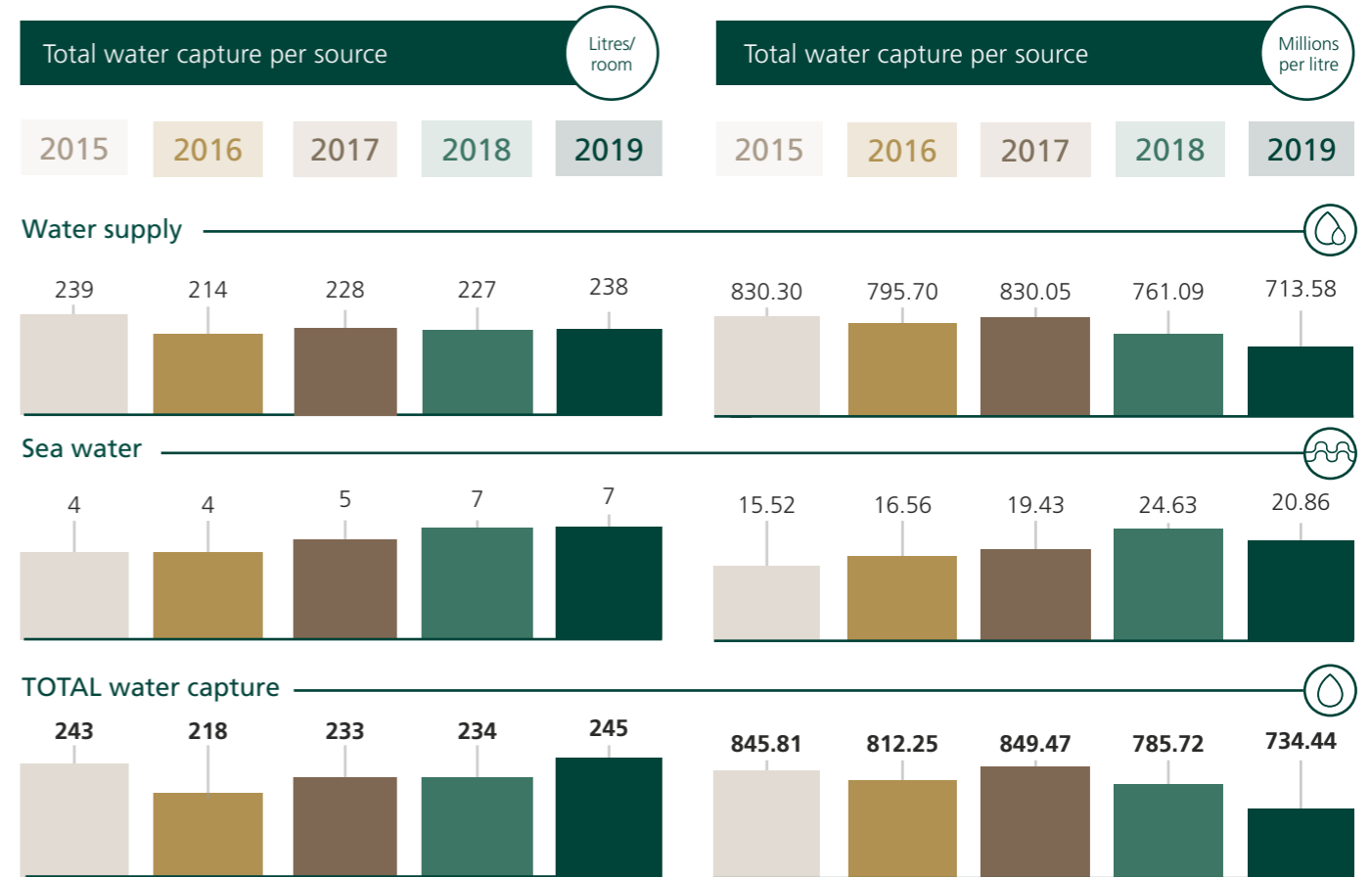
Our facilities require a significant volume of water for operation and maintenance. That's why we're taking strict measures to **use only what is strictly necessary**, as we endeavour to ensure the efficient use of water in rooms, common areas like

pools and gardens and leisure areas like the spa and Thalassotherapy centre.

In 2019, we saw a relative increase in our **consumption of network or supplied water** (per guest room) of 4.73 on 2018, due to the renovations carried out at some hotels, as the renovation requires water consumption but the rooms are excluded from the calculation. In absolute terms, there was a reduction of 6.24% on the previous year.

In the case of **sea water**, consumption was also lower in absolute terms, although the same consumption rate of **0.007 m³/room** was maintained. It is used for Thalassotherapy treatment on offer at the Thalassotherapy centre at the Hotel Villa del Conde.

Starting with these results, we continue to apply stricter measure to **improve our efficiency in the use of water** and reduce the volume we regularly demand.



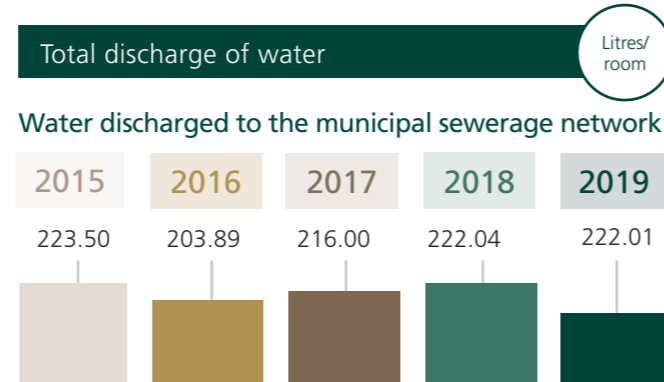
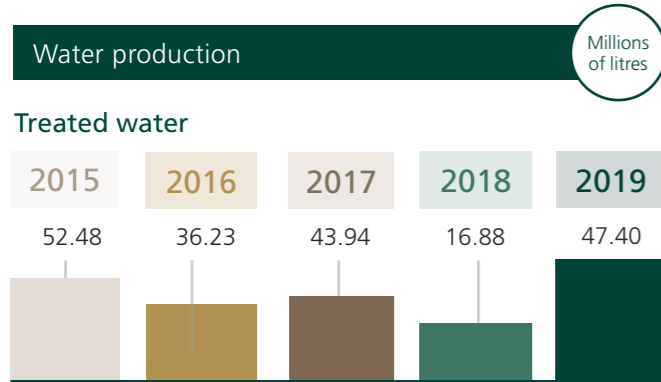
We treat and take full advantage of discharges

Another way in which we can **conserve water sources** and ensure the availability is to manage the discharges generated by the hotels. As well as reducing the volume, we have waste water treatment systems at the Costa Meloneras and Villa del Conde hotels.

These treatment systems allow us to **reuse treated water** for other uses such as irrigation of green areas, thus reducing the capture required by the water network. In 2019, the volume of water recycled and reused has **increased by 7%** with respect to 2018.

In terms of **treated water**, we have exceeded the 2017 volume (a meter breakdown in 2018 meant we did not obtain real data with which to make comparisons). Once that breakdown was repaired, we recorded 47.4 million litres of water treated in 2019, the biggest volume in the last four years and the result of the improvement implemented at treatment plants over the last year.

In terms of **water discharged** to the municipal sewerage network, this was the same volume as in 2018 in relative terms, on the same line as the last five years.



04.3. We manage our waste

Our hotel generates different types of waste arising from the generation of the facilities. That's why it is key to carry out **adequate management** to foster the correct separation at source so waste can be processed as applicable in each case.

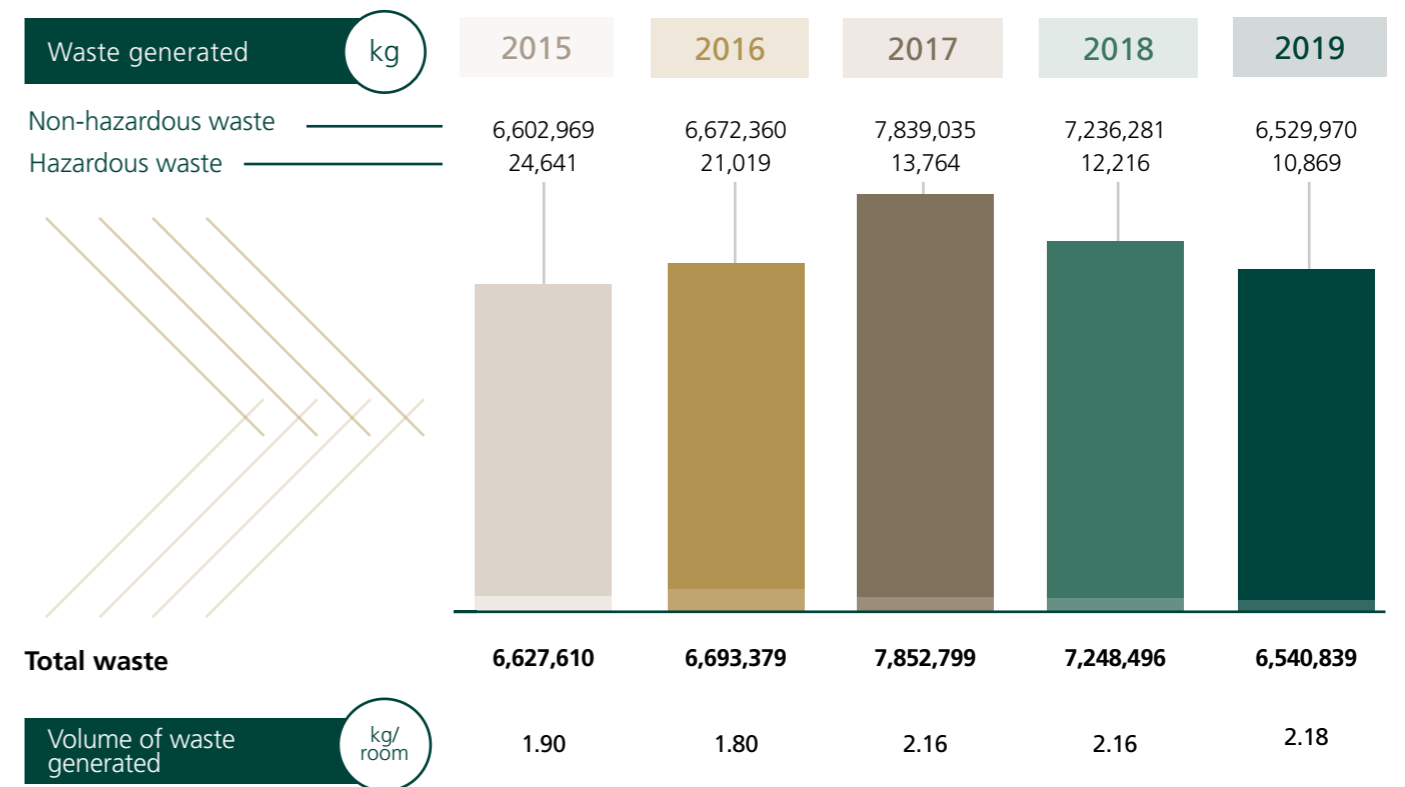
We have an **integrated waste management system** linked with a series of measures to be applied by all stakeholders to achieve greater efficiency. These measures include the following:

- We develop policies and initiatives aimed at minimizing waste.** These include the "zero paper" project, sustainable purchase policies, waste control at our buffet and the reuse of materials.
- We install waste management resources.** Our centres are fitted with containers, vertical presses and compacters that facilitated the management are reduction of volume of waste.

- We train and educate our employees.** They are the key to ensuring correct waste management at our hotels.
- We involve our suppliers.** If we collaborate, we can obtain the best results in waste management.
- We inform our clients.** They also play a crucial role when it comes to using the containers located at our hotels to allow the segregation of different categories of waste.

In 2019, we **reduced the volume of waste generated by almost 10%** in absolute terms, although in relative terms the quantity was similar to 2018. This reduction was for both hazardous waste and non-hazardous waste and was due to the lower number of rooms sold over the past year.

Of this waste, 37% was delivered to authorised managers for recycling, while the remaining 63% was taken to an environmental complex, where a large proportion is recovered for use in biogas and bio-stability production and for the recovery of recyclable elements.



We also continued to make progress with our plan to **reduce single-use plastic**, applying measures such as the following:

- We **reduced the use of plastic packaging**, replacing essential items with cardboard packaging.
- We **have removed straw and stirrers**, using paper straws for certain products.
- We use **reusable polycarbonate and polypropylene glasses** at swimming pools.
- We replace plastic plates with **cardboard plates** and plastic cutlery with certified sustainably-sourced wooden cutlery.
- We swapped the use of plastic bottles of water for a **dispenser system**.

We fulfilled our objective to reduce the final quantities of single-use plastics purchased in 2019 compared to 2018. We achieved a **reduction of 45.75%** in number of units (**7,304,819 fewer units**). In relative terms, we went from 4.76 units per room to 2.89 units per room; a reduction of 39.41%.

We reduce food waste

The growing problem relating to food waste, a high cost in economic and environmental terms, is also worthy of special attention. In our hotels' restaurant we are very aware of this issue, and we endeavour to **minimise waste**.

In 2019, we managed to **reduce waste to 0.139 kg/room**, compared to 0.262 kg/room in 2018. This achievement has enabled us to continue in our efforts to reduce this rate and we are also currently analysing a tool that allows us to calculate waste in more detail in order to take more specific measures.



04.4. Finca de Veneguera Recovery Project

We continued with the management and recovery project at the popular **Finca de Veneguera** estate on the island of Gran Canaria, which we have owned since 2014. It is a space with an agricultural tradition and home to the Nublo Rural Park where there are several zones belonging to protected areas such as the Biosphere Reserve.

The estate has more than 2,800 hectares allocated to agricultural activity for more than a century, and it boasts the perfect micro climate for tropical plants. We have maintained this tradition, applying **sustainable agricultural** techniques that contribute to the local development of the community and foster the conservation of the environment, by bringing about increases biodiversity and soil protection.

The main activity we carry out at the state is the **recovery of the agricultural landscape** of this emblematic environment to increase the environmental value with reforestation activities in which our employees participate along with their families as volunteers. Nevertheless, in 2019 we did not develop any actions of this kind due to the limited availability of water.

That's why we are working on **the commissioning a desalination plant** that will allow us to increase the volume of water available without requiring the extraction of groundwater.

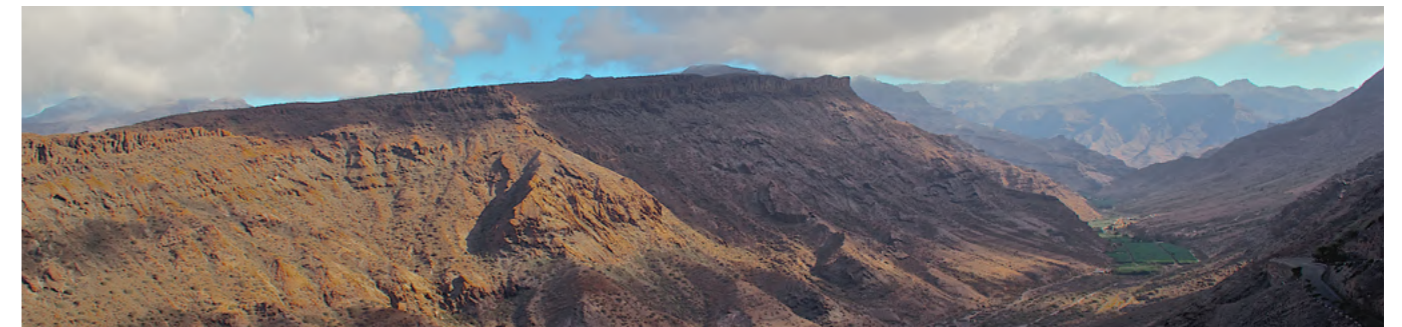
Another new feature at the estate in 2019 was the development of **bee-keeping activity** with the introduction of 200 hives in the area.

We are also collaborating on a project with the University of Barcelona for the **monitoring and study of the Cory's shearwater**, one of the most vulnerable species on the planet at present, which nest in the ravine of the Veneguera estate, where there some 200 pairs breeding. The results of the studies allow the researchers to establish the habits of these birds to contribute to their protection.

We foster local and sustainable production

In 2019, we continued to work to strengthen our commitment to **purchasing from local and sustainable suppliers** through whom we have managed to supply 480,000 kg of fruit from agricultural production on our Veneguera estate.

This way we promote the cultivation of local produce within the framework of our **Zero Kilometre Project**. With this supply, we reached 200,000 kg of bananas, 58,000 kg of lemons, 51,000 kg of mangos, 22,000 kg of oranges, 18,000 kg of pineapples and 12,000 kg of papayas, as well as other lesser consumed products like avocados, pumpkins, grapes, pomegranates and prickly pears.



Surface are of fruit grown on the Veneguera estate (Ha)

Banana tree	31	Lychee	0.78
Avocados	8.63	Longan	1.86
Lemon	2.1	Pomegranate	0.91
Mango	11.36	Loquat	0.65
Soursop	1.23	Mamey + Star fruit	0.5
Orange	7.3	Atemoya	0.76
Prickly pear	0.03	Canistel	0.25
Grapefruit	0.15	Figs	2.6
Persimmon	0.23	Tropical pineapple	4.4
Mandarin	0.5	Papaya	1.17
Lime	0.36	Sapodilla	0.2

Surface area of tropical garden species at the Veneguera estate (Ha)

Mango	1.67	Wild sweetsop	0.68
Chirimoya		Annona Glabra	
Coffea		Malay rose apple	
Finger Lime		Atemoya	
Beach cherry		Peanut butter fruit	
Strawberry guava		Key apple	
Lemon guava		Rose apple	
Guayabo Stone Ruby		Guama	
Common guava		Lilly pilly	
Cuban guava		Feijoa	
Neem		Noni	
Water Berry		Beach cherry	
Star fruit		Mulberry	
Black sapote		Black sapote	
White sapote	Soursop	0.4	
Suriname cherry	Purple guayabito		
Longan	Canistel		





05. Commitment to society

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Our professionals are the **best ambassadors of the Lopesan philosophy** and they make it possible to be who we are. They are in direct contact with the customer, making them a key element in making sure they are satisfied.

That's why their work compensated with the motivation and satisfaction, ensuring the best wellness conditions possible and

attempting to offer the best **working conditions** and facilitating their daily performance.

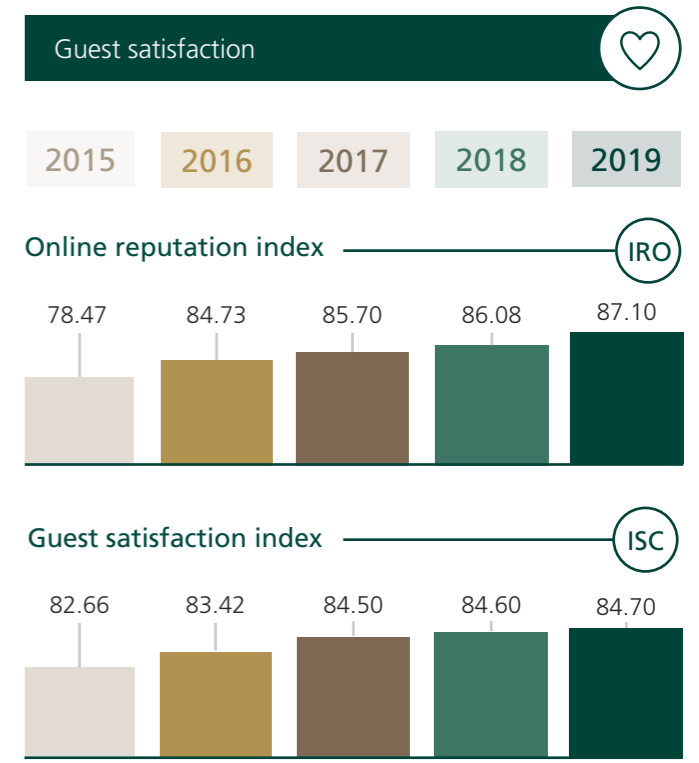
We also stress importance of delivering our activity in a **prosperous community**, which is why we dedicate part of our resources to developing social and cultural initiatives to allows us to create shared value.

05.1. Quality service

Our customers are at the centre of the corporate strategy we develop because our priority is to obtain maximum satisfaction and return guests. We offer **quality facilities and services** at the level of their demands.

To analyse the **degree of guest satisfaction**, we conduct a number of different surveys, the results of which allow us to continue improving, detecting those areas in which we have to demand more. The results obtained in 2019 show we are making progress with progressive increases in guest satisfaction since 2015. Nevertheless, we continue to work hard so that our satisfaction indices are higher every time.

In all the surveys we carry out, we take special care in handling the personal data provided voluntarily by our guests to **guarantee their privacy**. Thanks to this, we have never received any complaints relating to data privacy.



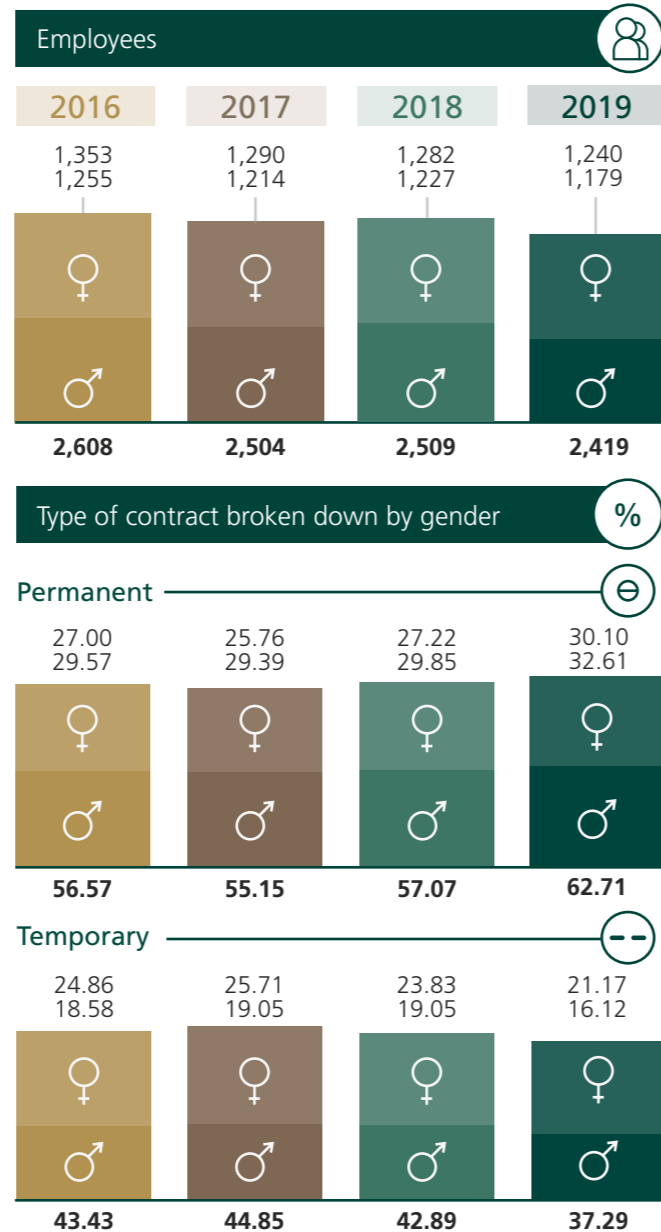
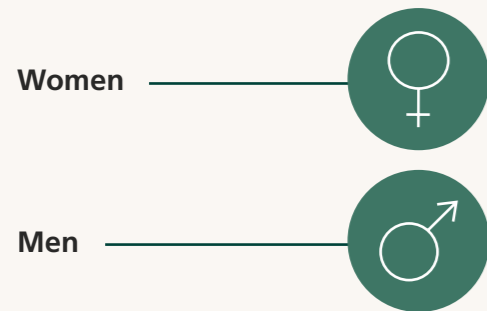
05.2. Our team

In 2109 a total of **2,419 people** formed part of the Lopesan team at our Canary Islands hotels, working tirelessly to achieve maximum guest satisfaction. Once again, they demonstrated their professionalism, friendliness, concern and excellent work.

We strive to maintain a stable team that assumes the values of the Group as their own to transmit them to guests in the course of their work. Our team also stands out in terms of equality, with **51.3% of the team made up of women**.

The consolidation of our team is evident in the fact that every year we reduce the number of temporary contracts. In 2019, 62.71% of our staff employees were on permanent contracts. The number of people working part-time has also fallen.

In 2019 we granted maternity leave to 35 employees and paternity leave to 20, 100% of whom have returned to work after their corresponding period of leave.



We offer benefits to our employees

To maintain and progressively improve the working conditions of our professionals we compensate them with benefits for their efforts and the degree of dedication to maintain motivation. These include.

- Health insurance with Sanitas.** Since 2017, the possibility of access to complete health coverage, with hospital and community healthcare, dental coverage and other services.
- Accommodation and food and drink benefits.** We offer discounts at the restaurants, hotels, SPA circuits and Thalassotherapy centres we manage.
- Titan Gym Meloneras Offer.** We offer a special rate at our gym for employees and their families.

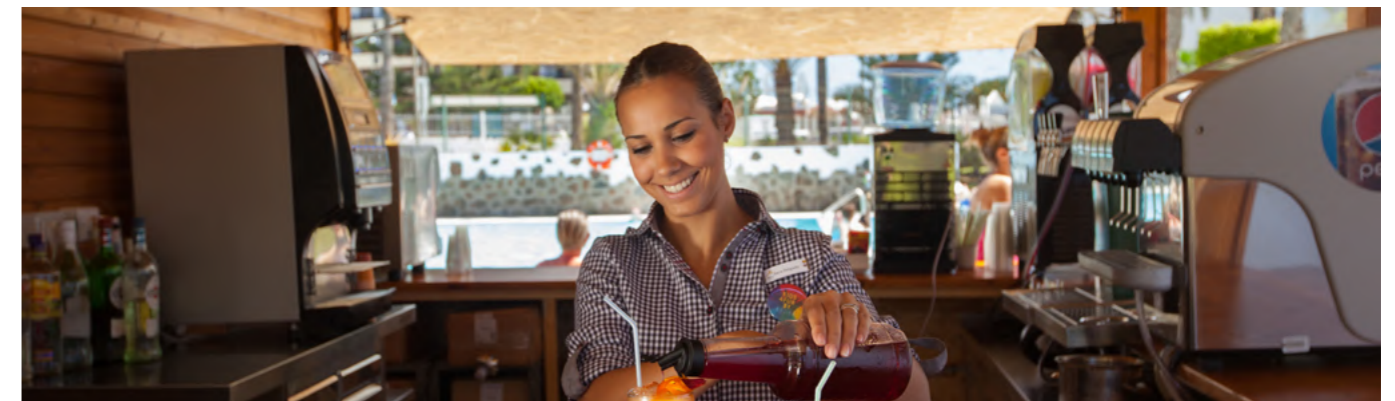
We also run the **Contigo Más** programme, through which we offer advantages at partner business where our employees can use discounts at stores and businesses, primarily in the travel, hotel, health, clothing and beauty sectors among others.

Launching the BeinGlobal Project!

The Human Resources Department has developed this project, developing the **"Employee Portal"** to channel team management processes and offer relevant initiatives to improve working conditions.

The project also considers the development of **improvements in four areas**: a corporate culture that is more ours, more agile and secure processes, more efficient organisation and management of human resources based on new solutions and tools designed for the benefit of all.

Our principal objective is to continue to build a great place to work together.



We also make the whole team participants in the Group's commitments which is why we have created the **"Lopesan Commitment"** initiative, which decidedly strengthens our commitment to society and our social involvement by promoting social and volunteering initiatives in which our professionals can participate. Specifically, Lopesan has begun to support the "Integrated Canaries Programme" through which the Randstad Foundation advises hundreds of persons with disabilities every year, with over 450 having found jobs to date.

In 2019 our activities included:

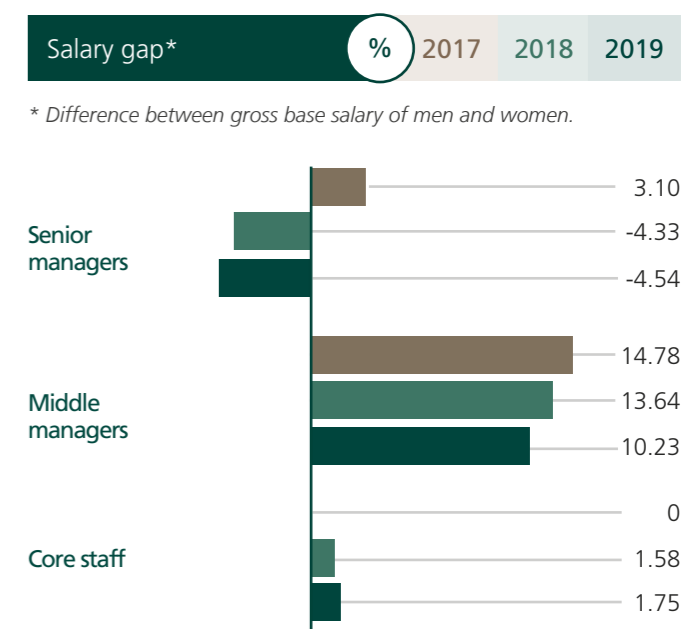
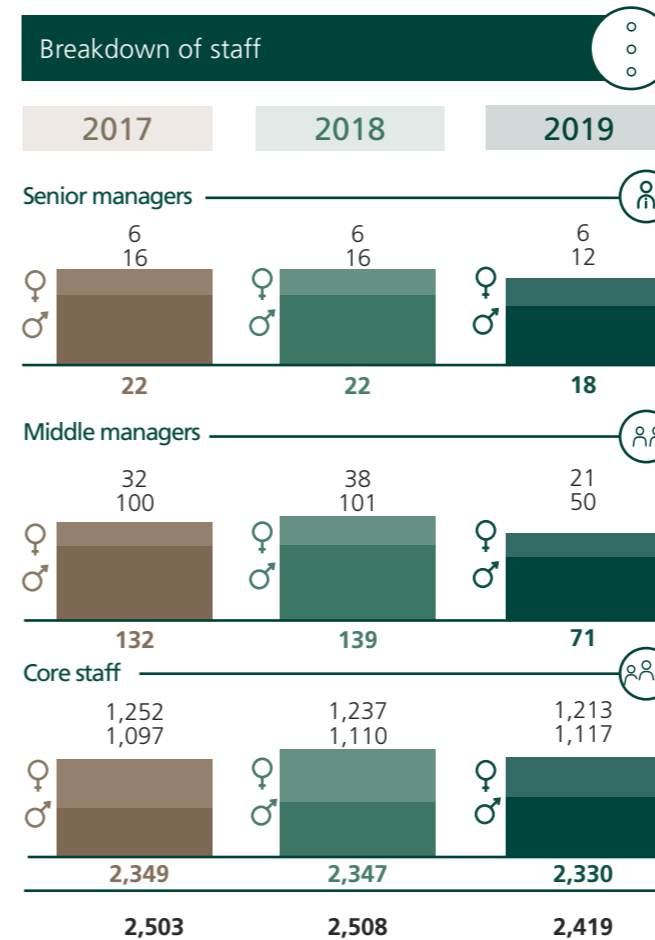
- The "Lopesan Commitment" with disability.** Our employees, together with their families, participated as **volunteers at a day of hippotherapy sessions** run by Apadis and developed in collaboration with Randstad Foundation. Those participating had the opportunity to support those to receive hippotherapy while enjoying the activities held alongside the sessions including games and arts and crafts.
- Awareness day.** Blind tasting with David Casinos, Paralympic medallist with visual disability.
- "Diversidad en primera persona"** (Diversity in the First Person) Conference with Pablo Pineda to raise awareness of the social integration of persons with disability in collaboration with the Adecco Foundation.
- The "¿Te vienes?"** (Are you coming?) programme, developing knowledge of German through job offers at the company's German hotels.
- Participation in the "CANARIAS7 Carrera de las Empresas"** run, representing the Lopesan Hotel Group.



We have an Equality Plan

The team at Lopesan is characterised by its diversity and equality. We care about providing **equality of opportunity** to all members of the team as they all deserve the same treatment and respect.

That's why we evaluate our professionals according to their **skills and knowledge**, regardless of their gender, religion, sexuality, ethnicity or any other social characteristic.



In terms of being inclusive, we also try to offer opportunities to those people who have difficulties accessing the labour market. We have **38 persons with disability** on our staff who we support to reach full employment integration.

Our facilities are equipped to ensure accessibility for all persons, **removing access barriers** where possible. We also have elevators, ramps and services adapted for persons with disabilities to ensure our hotels don't have any obstruction for anyone.

We are committed to risk prevention

To guarantee health and safety of our professional is a key area of action of the Group's human resources strategy. We have an integrated workplace risk prevention system which is applicable to all areas of activity of the company.

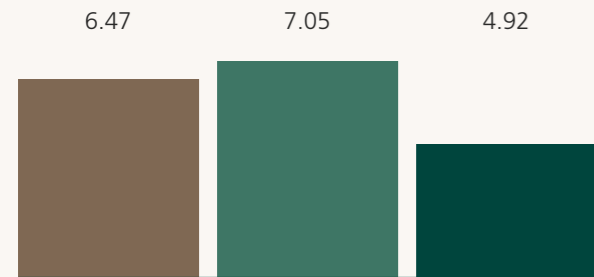
The entire staff is represented by **formal health and safety committees**, with four meetings held annually to deal with different important questions.

This year, it is worth highlighting the **reduction in the number of workplace accidents** among both men and women, ensuring a lower incidence index. What's more, 100% of the injuries suffered by our employees were classified as mild and all were linked to activity-related accidents. The number of days lost on leave due to work accidents also fell.

6 women took leave due to **mild upper-limb occupational illnesses**, a similar figure to 2018.

Incidence index

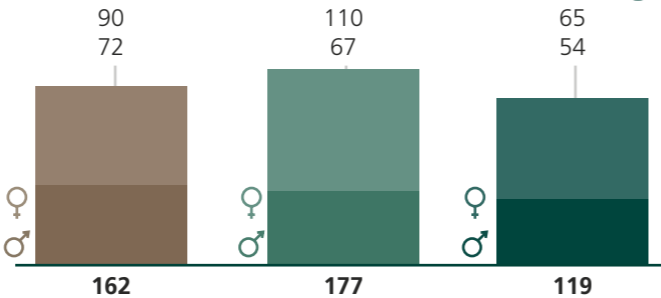
Represents the number of workplace accidents compared to the total employees



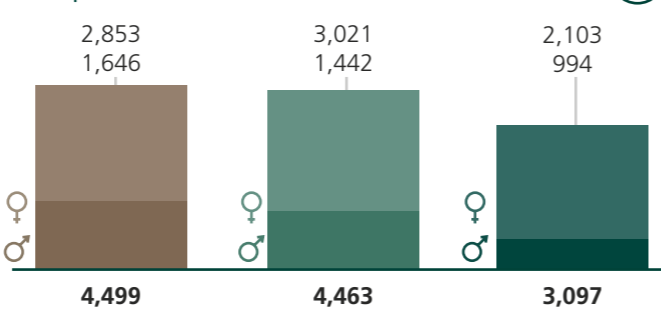
Workplace accidents

2017 | 2018 | 2019

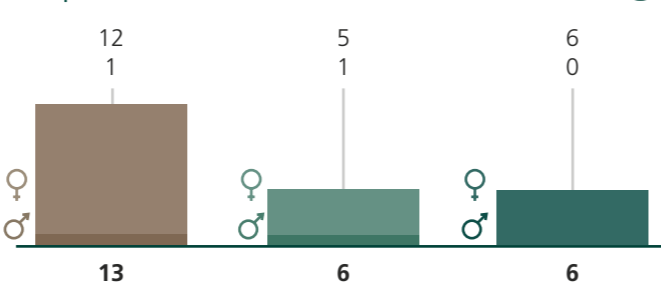
No. workplace accidents with leave



No. of days lost on leave due to workplace accidents with leave



No. of employees with occupational illnesses

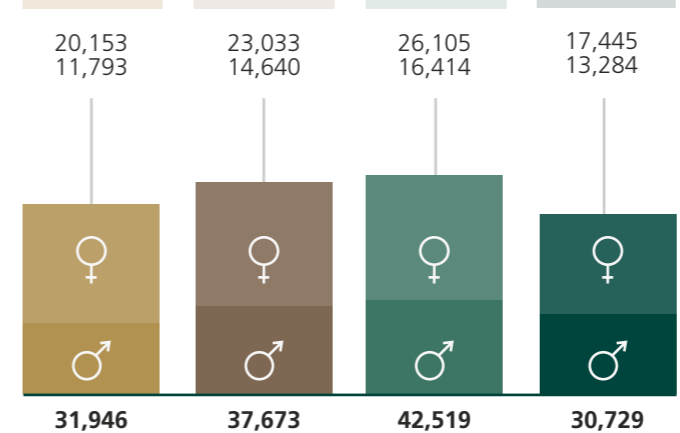


As a result, there was also a reduction in **workplace absenteeism** data over the past year, both among men and women. This was a very positive result as it broke the upward trend of recent years, recording the lowest number in the last four years.

Therefore, we can say that the measures we are applying to improve the safety of our team are positive, which encourages us to continue in our efforts to improve these data even further.

Workplace absenteeism by gender

2016 | 2017 | 2018 | 2019



Training plans

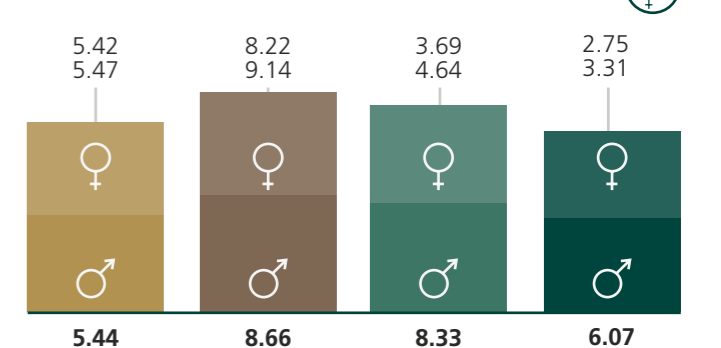
At Lopesan we seek talented professionals capable of adapting to new trends in the sector but we also make sure that all existing members of the team have access to continuous training, which allows them to acquire the knowledge and skills necessary to tackle their work in the best possible way.

Every year we implement a series of training actions adapted to the needs of the team according to the trends in the sector. In 2019, we offered a total of **14,673 hours of training** to our employees, an average of 6.1 hours per person per year.

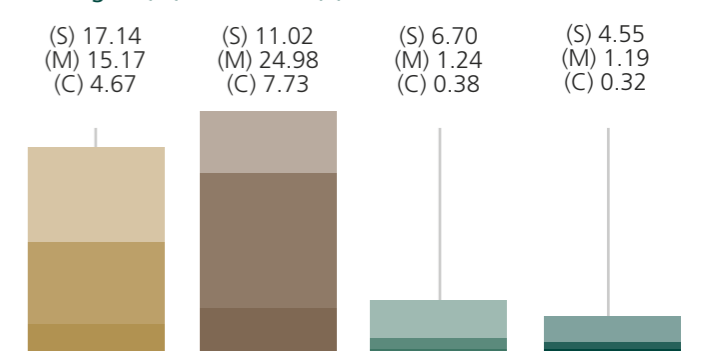
Average hours of annual training per employee, gender or professional category

2016 | 2017 | 2018 | 2019

Women and men



Senior Managers (S). Middle Managers (M). Core Staff (C)





Hotel Faro & Beach Club, Lopesan Collection Hotel.
Las Palmas.

05.3. Respect for human rights

A company that cares about guests' satisfaction and offering maximum quality in everything it does cannot violate the human rights of any person, paying special attention in the case of employees. We have a company policy that includes a series of mechanisms and procedures to identify, evaluate, prevent and mitigate any significant risk or impact in relation to **respect for human rights**.

This policy compiles a series of risks that allows us to identify and **take the necessary measures** in the event of any violation. These risks related to inequality, discrimination, harassment, abuse of authority, degrading treatment or abuse, workplace exploitation or child abuse.

In order to ensure that there are no violations at our hotels, we have created a number of committees that allow us to carry out monitoring of any conduct or situation that may arise from this risk. They include the **Company, Health and Safety, Equality Plan Monitoring and Child Protection Committees**.

Our procedure is complete with three key actions design to prevent the violation of human rights:

- **Identification or human rights violation risks.** Through the Equality Plan, Workplace Harassment Plan and the Child Protection Protocol.
- **Definition of actions and measures.** Some of these are to raise awareness and train the staff in equality, eliminate sexist communication, prevent discrimination and foster equality of opportunity, establish channels to present suggestions and ensure total objectivity in selection and contracting processes.
- **KPI Measures segregated by gender and category.** These indicators include total contracting carried out, total promotions and total number of contracts made permanent. Furthermore, each plan includes a **monitoring and evaluation protocol** for those cases presented or reported.

In 2019 we received just **five reports from employees** in Spain for employment issues, which were duly resolved. Four of those related to dismissal and one with the objection to disciplinary sanction of a worker.

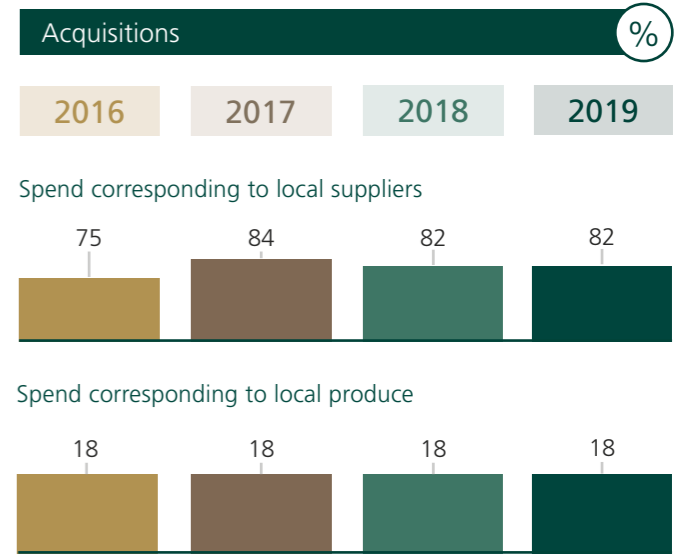
However, we have not been significantly sanctioned for breach of social or economic legislation of regulation.

05.4. Support for local development

Here at Lopesan have deep roots in our homelands and we haven't stopped growing, thanks to the support from the community. We have also returned this support to local suppliers to **contribute to the prosperity of our society** through the joint creation of a sustainable development model.

In 2019, 82% of our spend was on local **suppliers**, while the corresponding spend on local suppliers and produce was 18%, maintaining the same percentage as the previous year.

Another way to contribute to the progress of our community is through support for **cultural and social development**.



Below we describe the main **social projects** we have supported over the past year:

Charity Lunch with the Alejandro Da Silva Foundation

Once again, this year, we hosted the traditional benefit lunch organised by the Alejandro Da Silva Foundation, with the presence of 400 guests at Hotel Lopesan Baobab. The purpose of the lunch is to **raise funds** for the foundation's work in combating leukaemia, to improve the quality of life of patients suffering from the disease and their families.



850 kilos of food raised

Our team collaborated on the **food drive benefit** over Christmas, contributing to the campaign run annually by the Diocesan Caritas foundation at this time of year.

Rocasa Remudas dinner in Gran Canaria

Hotel Lopesan Villa del Conde in Meloneras hosted the **celebration of the Rocasa Remudas** women's handball team after they won the Liga Guerreras Iberdrola title and the EHF Challenge Cup. The event was a tribute to the team, recognising their effort and commitment over the course of the season.



Canary Islands Breast and Gynaecological Cancer Association Benefit Fashion Show

We collaborated in hosting the 14th edition of this fashion show which saw the participation of women affected by the Association. It is an initiative with which we intend to **strengthen the self-esteem of participants** and break the social stigma associated with breast and/or gynaecological cancer.



4th Mogán Mango and Avocado Fair

In 2019, once again, we participated in the Mogán Mango and Avocado Fair, with a stand showcasing **products from our own harvest** at the Veneguera estate. Members of the Lopesan team offered attendees mangos and avocados harvested in the past year.



Audi Golf Night by Mahou & Lopesan

As in other years, we sponsored this event, one of the most anticipated nights of the summer on Gran Canaria, combining **sport, gastronomy, fun and music** to create a meeting point that brings together important figures. It is the only golf tournament on the Canary Islands that offers close to 120 participants the opportunity to enjoy an idyllic environment.



Proyecto Ancor Benefit Gala. Sonríele a la Vida

This was the **first benefit gala** run by the people behind this project in aid of NEN (Children Suffering from Neuroblastoma) to combat child cancer. We helped contribute by providing the prizes for the draws that took place during the gala.



SOS Children's Villages Las Palmas Draw

We were invited the 2019 Annual Party of the organisation and also sponsored the event. It was a pleasure to be part of the **70th anniversary of the SOS Children's Villages** initiative across the world to help protect and care for thousands of children.



Support for talent at the 5th Conectando Fulp event

We were present as guests at this **networking space** that offers companies the opportunity to discover potential new candidates for selection processes in a more laid back and informal environment than a traditional job interview, allowing young people to show who they really are and display their interpersonal skills.

Colaboración con el Instituto Canario de Hemodonación y Hemoterapia

We collaborated with the project launched by this body, part of the Canarian Regional Department of Health, travelling around the islands to raise awareness with the **“Donation Effect” campaign**, and spreading the message that **“Many people need your blood NOW”**. We offered the Hotel Lopesan Villa de Conde as the venue for one of their days of action.

We received the Schauinsland Reisen Top Hotel Award

The German tour operator, through its Canaries branch, presented their **Top Hotel Partner Awards** in the Las Palmas province, recognising the flexibility and loyalty of the hotels they collaborate with over the long term, and based on the trust and positive opinions of customers. All our hotels are recognised, with the Hotel Lopesan Baobab receiving the special **Partner in Excellence Award**.



Aspeyo award for ensuring the safety of our employees

The workplace accident insurance company, which collaborates with the Social Security, awarded us the bonus certificate and the **7th Aspeyo Awards**. The award is an incentive to continue improving our safety management in the workplace to reduce workplace accidents even further and take effective action to prevent workplace accidents and occupational illnesses among our professionals.



05.5. Recognitions

Our effort was recognised once again this year with a number of awards. These encourage us to continue with our efforts to **continue improving in search of excellence**.



Our CEO chosen young entrepreneur of the year

Francisco López, CEO of Lopesan Hotel Group, was honoured to receive the **National Young Entrepreneur Award 2019** presented by the Spanish Confederation of Young Entrepreneur Associations (CEAJE). This award is a recognition for his key role in changing the company's business model, our expansion into the Caribbean market, the creation of new brands and the digitalisation of different processes in the company, among other landmarks.



Recognition of Lopesan Costa Meloneras as one of the top 100 hotels in the world

German tour operator DER Touristik included the hotel on the list for the eighth consecutive year, with **ITS Red Star Award**, which highlights both the quality of service received by guests of the entity and their satisfaction with the Lopesan experience.



06. Economic performance



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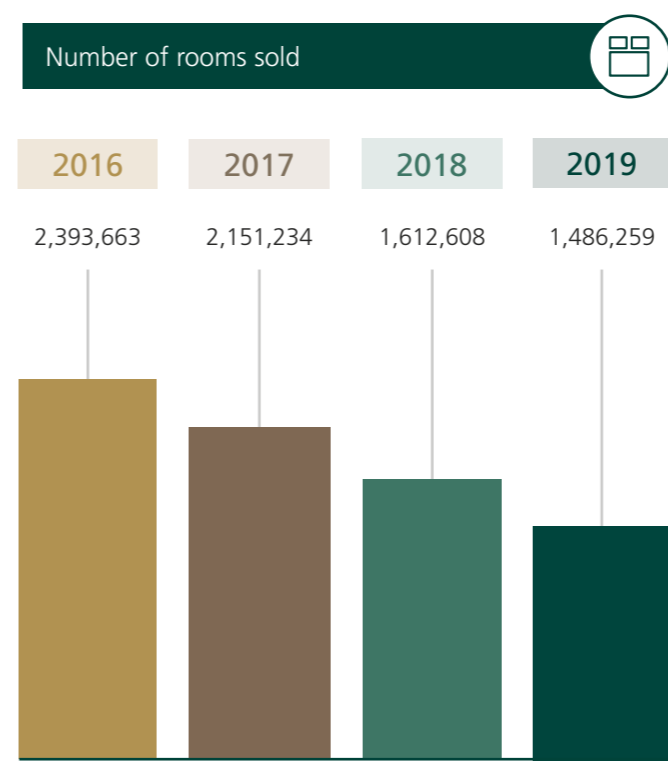
The financial aspect is also crucial to ensuring our sustainable development model and our goal is to **grow sustainably** in all our divisions.

The start of 2019 in the hotel sector was dominated by the crisis on one of the principal global tour operators, leading to significant losses in the first quarter. From the second semester, we took important measures to readjust the economic structure for the year ahead and managed to **maintain profitability**.

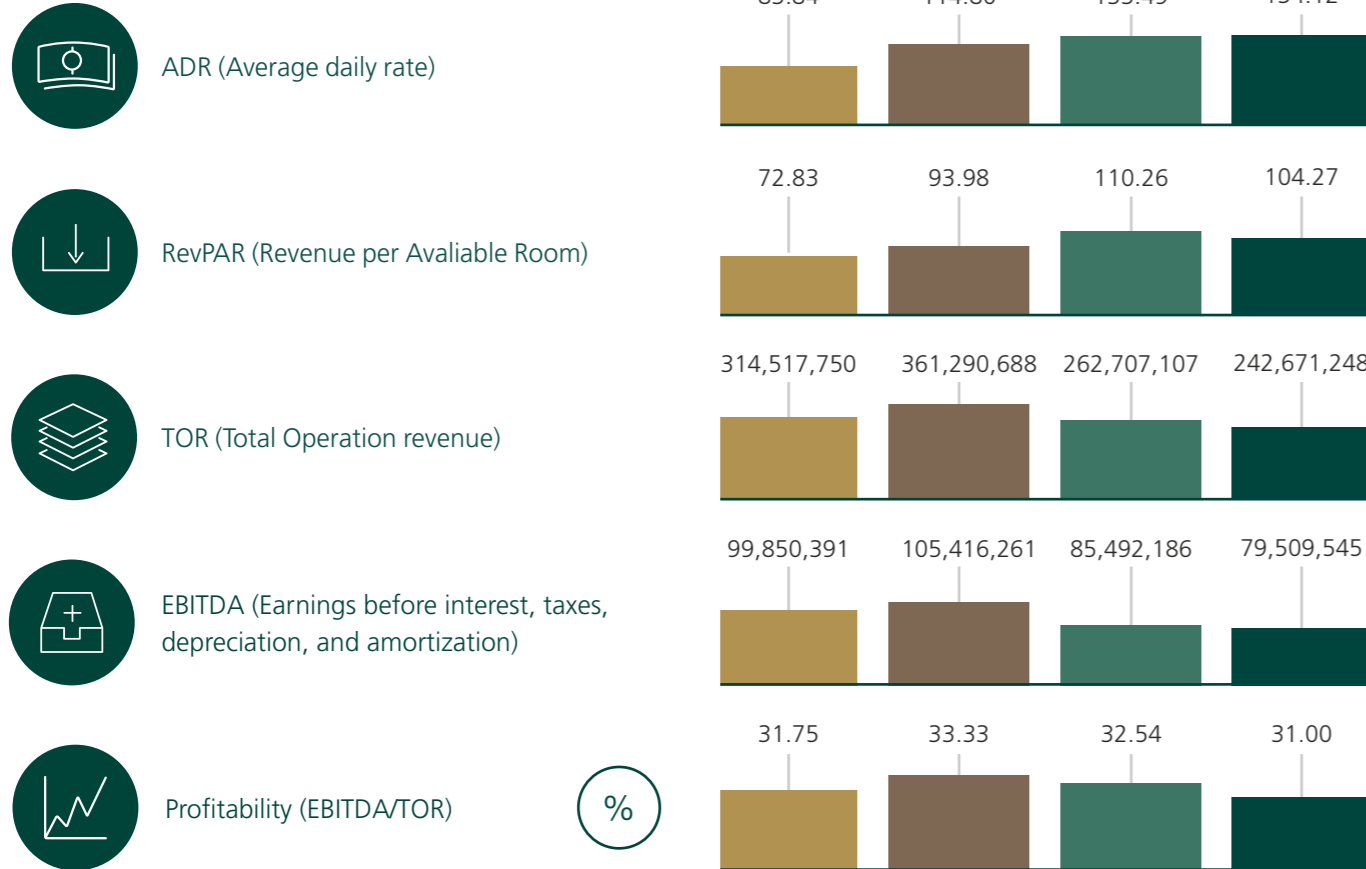
Nevertheless, those losses meant a slight decrease in the economic indicators for the year, albeit not significant. There was also a fall in the **number of rooms sold**, due to the closure of several hotels for renovations in 2019.

Fortunately, the measures implemented led to **profitability of 31%**, compared to 32.54% in 2018, which was a good result in maintaining stability. For its calculation we consider EBITDA, a financial indicator that reflects gross earnings before the deduction of financial costs, and TOR, and indicator that reflects total earnings.

So, although there was a slight increase in the average price per room, according to the Average Daily Rate (ADR), the KPI RevPar was also slight lower than the 2018 figure. This final indicator enables us to **assess the financial performance of the chain**, that is, earnings per room taking into account the percentage occupation of the hotels measured. It is calculated by multiplying the average daily rate of rooms by the occupation.



Our financial performance €



We can conclude, therefore, that in relation to financial issues the company has maintained constant consolidated growth over recent years and we will continue to work to ensure that growth in more efficient to contribute to the **sustainable development model** we pursue.



07.

Other areas of business

Our **diversification strategy** was defined some years ago and forms part of the essence of Lopesan. Hotel activity, the principal business of the group, is completed with complementary tourist services, sustainable agriculture and the original activity of the company, construction and industrial production.

We maintain a continuous **process of transformation and innovation** in all sectors with the development of new pro-

ducts, processes and services, with which we can access new market and expand the company internationally.

We also have a **commitment to sustainability** in our hotel activity and also in our other divisions, applying environmental and social criteria to development.

We straddle the three sectors of the economy



Primary sector

We are engaged in **sustainable primary agriculture**, growing autochthonous Canarian produce.



Secondary sector

We have a segment dedicated to **construction and industrial production**.



Tertiary sector

We complement guests' experience at our hotels with a broad range of quality **tourism and leisure services**.



07.1. Non-hotel tourist activity

This division is acquiring increasing importance within the Group, as it allows us to enrich our offering for guests through **in-house products and services**. We can ensure quality and exclusivity by managing them in line with same principles as the tourism area.

It's comprised of a series of **non-hotel tourism activities** like hospitality, events, operation of the conference centre, industrial laundry services for hotels, golf courses, spas and Thalassotherapy, textiles, swimming pools and carparks. It also includes the management of the hotels themselves.

We conduct our non-hotel tourist activities in:

Cook and Event	Corallium Thalasso Lopesan Villa del Conde
ExpoMeloneras	Lopesan Hotel Management
Inter-hotel laundry	Sewing Center
Meloneras Golf	IFA Canarias Pool
Corallium Spa Lopesan Costa Meloneras	Parking Oasis

This segment continues to grow with **progressive increases in profits**. In 2019, turnover was € 67,536,329, 1.36% higher than the previous year.

Environmental performance

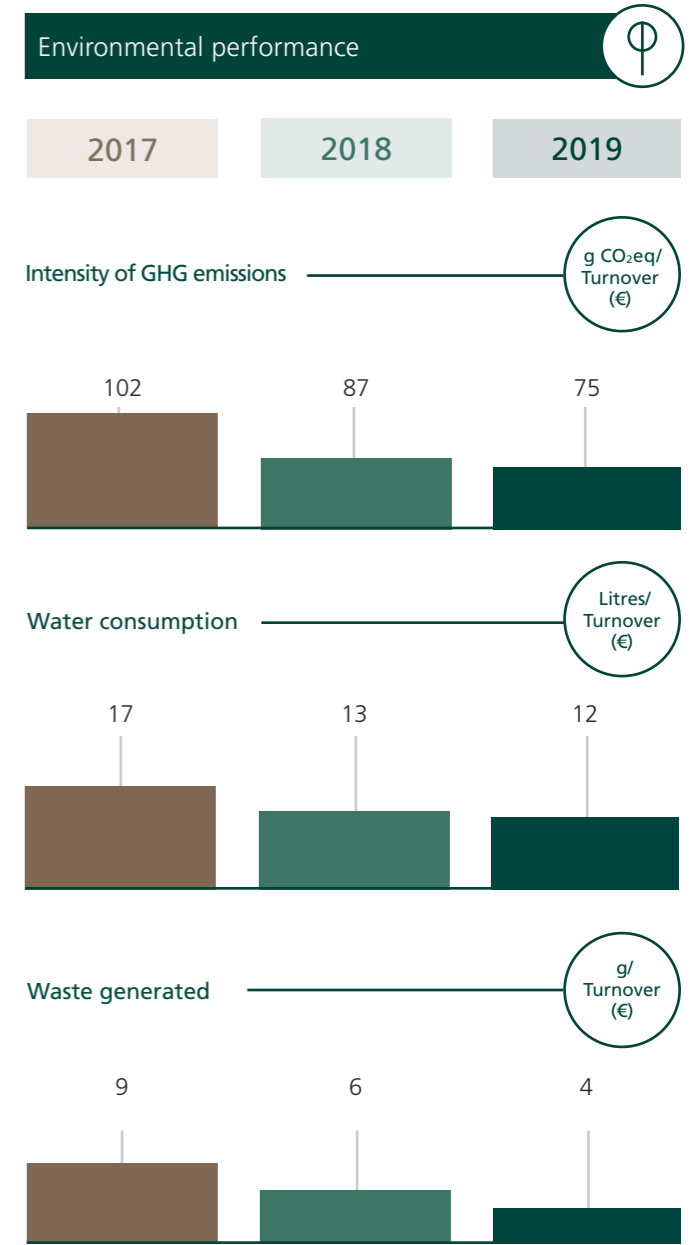
We endeavour to ensure that this division has a **minimal impact on the environment**, applying measured to make efficient use of resources, reduce emissions generated by the activities and manage resources appropriately.

In this regard, we have managed to reduce internal energy consumption (gasoil, propane and fuel oil) both in absolute and relative terms, with a **reduction of 2% in energy intensity**. Electricity consumption was also lower.

This lower consumption translated into a **14% reduction in the intensity of emissions** of greenhouse gases compared to 2018.

In terms of water consumption, improvements were made in one of the laundry washing tunnels, which require large volumes of water, achieving a **slight reduction in consumption**. We also increased the reuse of supply water by 6%, compared to 2% in 2018. As a result, the quantity of water discharged to the municipal sewerage network was reduced by 16.6% on the previous year.

Finally, we also obtained improvements in waste generation, with the rate up to **31.6% lower** than in 2018 thanks to the lower volume of non-hazardous waste, principally in solid urban waste, metal and construction and demolition waste.

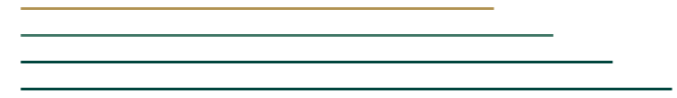


Our contribution to society

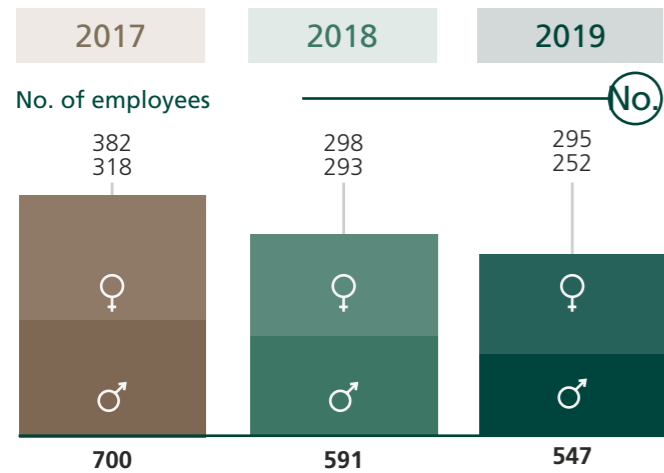
In 2019 we maintained a staff similar to the year before, comprised of **547 men and women**, with women slightly better represented. It is a consolidated team, where the percentage of permanent staff remains stable at more than 67%.

In this division, we also dedicate part of our resources to training staff, with **2,474 hours of training** over the cost of the last year, for an average of 4.5 hours per employee.

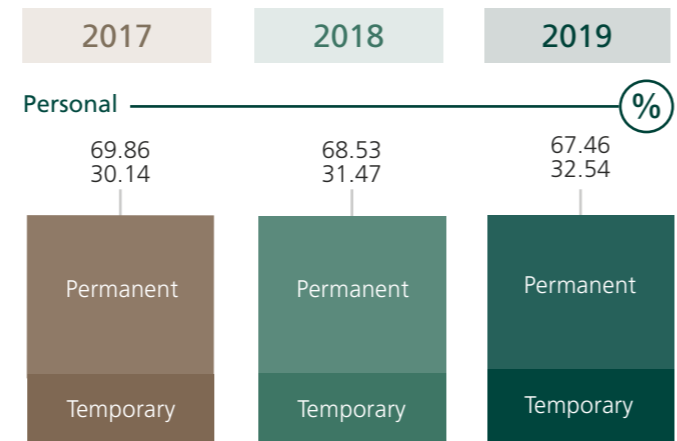
There was also a **notable reduction in the incident of workplace accidents** to half the number recorded in 2018. It is clear, therefore that the workplace health and safety measures we apply are bearing fruit.



Our staff in the non-hotel tourism division



Average training hours per employee



Index of incidence of workplace accidents



07.2. Agricultural division

Our hotel guests can enrich their experience by enjoying our traditional island cuisine, for which we have **local agricultural products** we obtain from our farms on the Veneguera estate. This enables us to offer a wide variety of fruit characteristic of the Canaries that are produced sustainably, protecting the environment and supporting the local community while also guaranteeing fresh, quality local produce.

Our commitment to this activity continues to grow every year, increasing the surface area under cultivation for greater production and greater variety. In 2019 our total harvest was **1,060 tons**. It is worth noting here, moreover, that last year we introduced 200 beehives, from which we harvested **550 kg of honey** for consumption at our hotels. This production will increase progressively over the coming years, as the productivity of the hives increases.

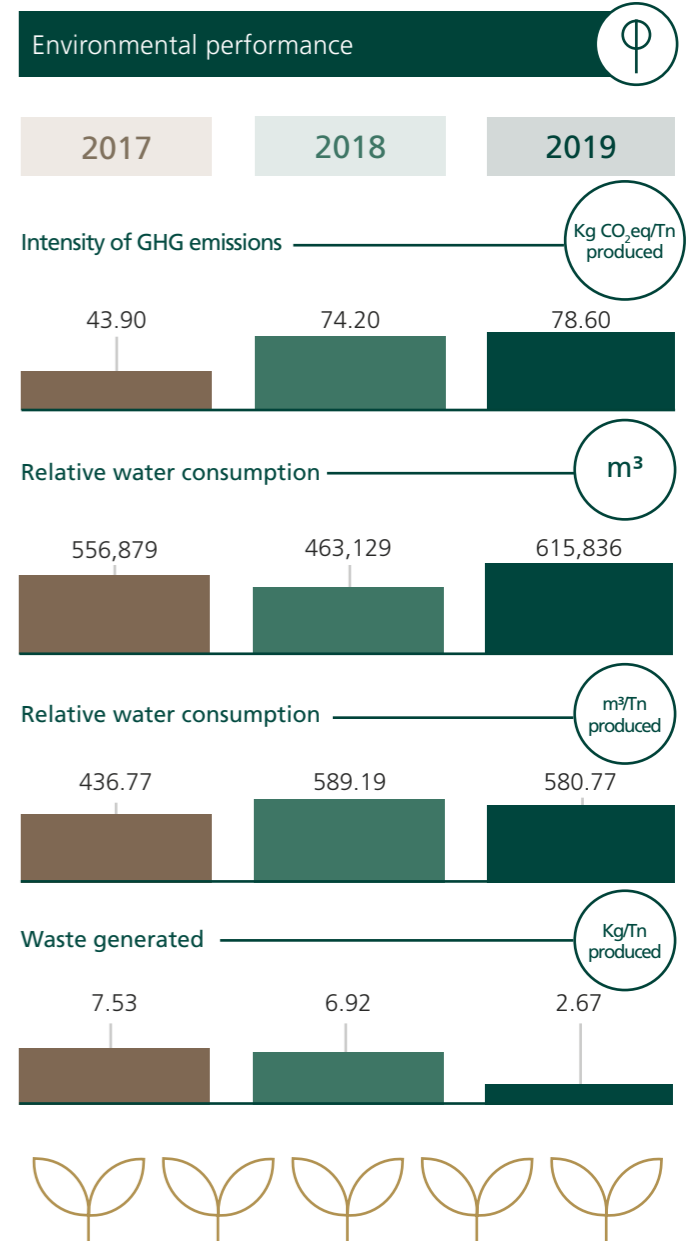
Environmental performance

In 2019, we required a greater quantity of water due to the larger area cultivated. The energy intensity also increased on 2018, although production was higher, as the new plantation have not yet been harvested. This also resulted in an increase in the intensity of **greenhouse gas emissions**, of around 6%.

The installation of **photovoltaic panels** with power of 156.24 KWh, helped with the improvement on this indicator.

In terms of water consumption, although the total volume increased, we managed to **reduce relative consumption** by 1.4% on the 2018 figure.

That data also reflected a reduction in the volume of waste generate, both for hazardous and non-hazardous waste. In relative terms, this was 61.3% lower than in 2018 (due to cleaning of irrigation and other material that year, leading to a greater volume of non-hazardous waste).

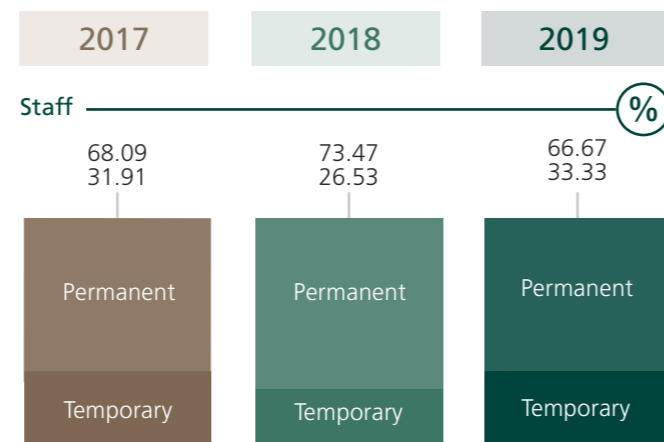
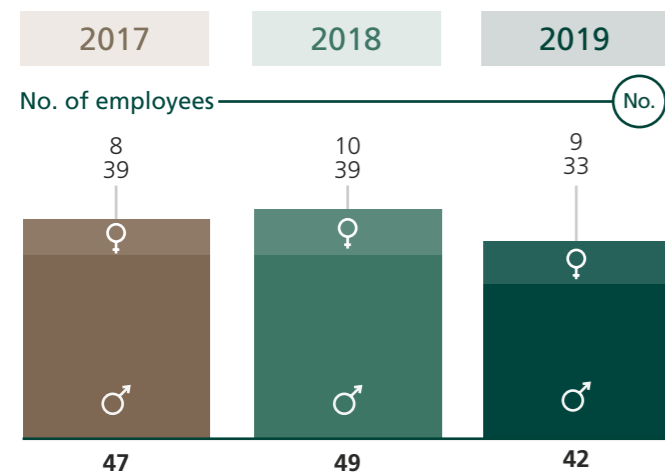


Our contribution to society

We **have a team 42 professionals** in this division, maintaining a similar level to recent years, with 67% of those on permanent contracts.

This team is also trained to improve performance. In 2019, we maintained a similar level of average training hours per employee, at 3.6. In total, 152.5 hours of training was delivered to the team.

Our agricultural division team



Average training hours per employee



07.3. Industrial division

This area of the Group is responsible for the activities relating to construction, such as our construction company, the asphalt, emulsion, prefabrication and cement plants and a machinery workshop. It closed 2019 with turnover of € 30,101,648 €, in line with the levels reached in previous years.



Industrial performance

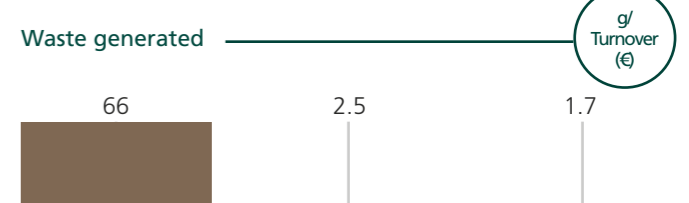
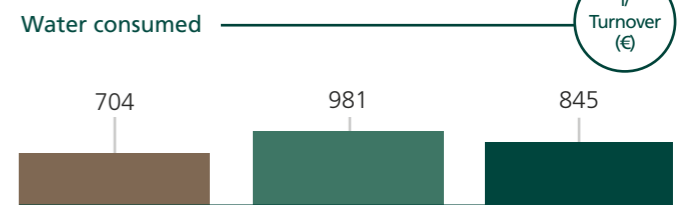
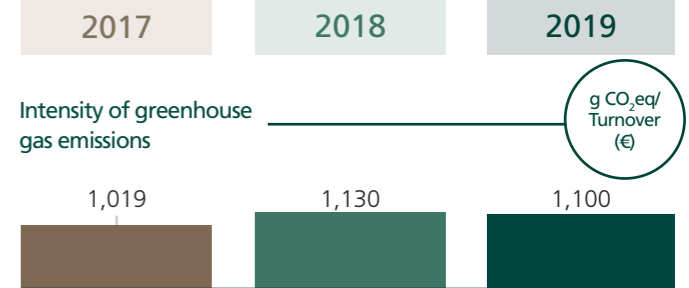
In 2019, we applied a series of measures aimed at improving environmental efficiency in this division to reduce the environmental impact associated with the activity. These measures proved satisfactory, resulting in a 6% reduction of energy consumption and, consequently, a reduction of 3% in the **intensity of greenhouse gas emissions**.

There was also positive news in relation to **water consumption**, with a reduction of 13.8% on 2018 thanks to the reduction in the number of sites with earth movements requiring irrigation.

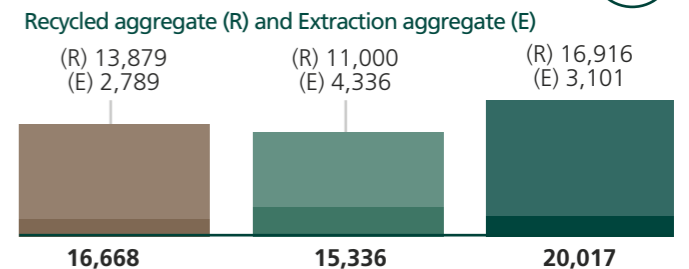
In the case of **waste**, the volume generated was 33.1% lower than 2018, principally due to the fact that there were fewer earth movement works, which generate earth and stone waste.

Finally, in terms of the non-renewable raw materials used, aggregate was the most important, given the types of activity. In this case, consumption of **recycled aggregate** increased, accounting for 8.3% of production.

Industrial performance



Consumption of non-renewable raw materials

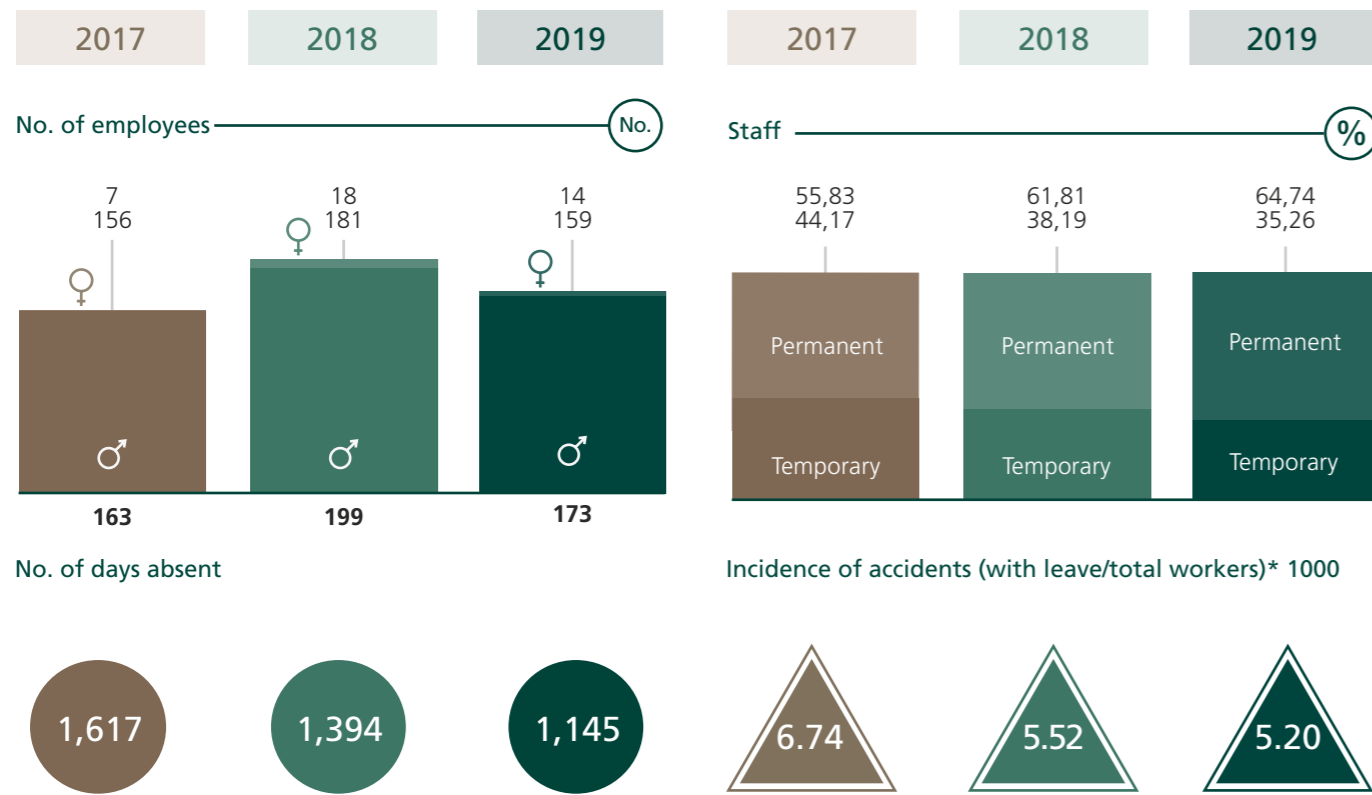


Our contribution to society

This team has consolidated over recent years, maintaining a similar number of employees. In 2019, the **number of professionals was 173**. Temporary staffing was also reduced, with the percentage of permanent contracts rising to 64.7%.

There was also a **reduction in the incidence of workplace accidents**, which was 5.9% lower than in 2018. The number of days absent was also reduced by 17.9% compared to the data for the previous year.

Our industrial division team



Sustainability has been consolidated as an essential pillar of the development of Lopesan. Sustainability has become ingrained in our very essence and is fundamental as we continued to build the healthy planet we all want.



GRI Table

Indicador GRI Standards	Description	Location / Direct answer
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102 General Disclosures

Organisational profile

102-1	Name of the organisation	Lopesan Group
102-2	Activities, brands, products and services	https://www.lopesan.com/en/
102-3	Location of headquarters	3. Welcome to Lopesan Group
102-4	Location of operations	3. Welcome to Lopesan Group
102-6	Markets served	3.5. Lopesan Brands
102-7	Scale of the organisation	3.5. Lopesan Brands
102-8	Information on employees and other workers	5.2. Our team
102-9	Supply chain	5.4. Contribution to local development
102-12	External initiatives	3.3. Our strategy

Strategy

102-14	Statement from senior decision-maker	2. Words from our CEO
102-15	Key impacts, risks, and opportunities	2. Words from our CEO 3.3. Our strategy

Ethics and integrity

102-16	Values, principles, standards, and norms of behavior	3.1. Our mission, vision and values
102-17	Mechanisms for advice and concerns about ethics	3.1. Our mission, vision and values

Governance

102-21	Consulting stakeholders on economic, environmental, and social topics	In 2019, the same inquiries made to stakeholders during the previous year have remained in force, since there have been no substantial changes
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Stakeholder engagement

102-40	List of stakeholder groups	The same list has been maintained as in the previous year
102-43	Approach to stakeholder engagement	The same approach as in the previous year has been maintained

Reporting practice

102-50	Reporting period	January 1, 2019 - December 31, 2019
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Himar Rodríguez: hrodriguez@lopesan.com
102-54	Claims of reporting in accordance with the GRI Standards	1. About this Report
102-55	GRI content index	8. Table GRI
102-56	External assurance	This Sustainability Report 2019 has not obtained external assurance

103 Management approach

103-2	The management approach and its components	3.2. Our approach to sustainable management
103-3	Evaluation of the management approach	3.3. Our strategy

201 Economic performance

201-1	Direct economic value generated and distributed	6. Economic performance
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203 Indirect economic impacts

203-1	Infrastructure investments and services supported	7. Other areas of business
203-2	Significant indirect economic impacts	6. Economic Performance 7. Other areas of business

204 Procurement practices

204-1	Proportion of spending on local suppliers	5.4. Contribution to local development
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301 Materials

301-1	Materials used by weight or volume	7. Other areas of business
301-2	Recycled input materials used	7. Other areas of business
301-3	Reclaimed products and their packaging materials	7. Other areas of business

302 Energy

302-1	Energy consumption within the organisation	4.1. Working to reduce our emissions
302-3	Energy intensity	4.1. Working to reduce our emissions
302-4	Reduction of energy consumption	4.1. Working to reduce our emissions
302-5	Reductions in energy requirements of products and services	4.1. Working to reduce our emissions

303 Water

303-1	Water withdrawal by source	4.2. Using water responsibly
303-3	Water recycled and reused	4.2. Using water responsibly

304 Biodiversity

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.4. Restoration project Veneguera Estate
304-3	Habitats protected or restored	4.4. Restoration project Veneguera Estate

305 Emissions

305-1	Direct (Scope 1) GHG emissions	4.1. Working to reduce our emissions
305-2	Energy indirect (Scope 2) GHG emissions	4.1. Working to reduce our emissions
305-4	GHG emissions intensity	4.1. Working to reduce our emissions
305-5	Reduction of GHG emissions	4.1. Working to reduce our emissions

306 Efluentes and waste

306-1	Water discharge by quality and destination	4.2. Using water responsibly
306-2	Waste by type and disposal method	4.3. Managing our waste
306-3	Significant spills	No significant spills were observed in 2019
306-5	Water bodies affected by water discharges and/or runoff	Wastewater of most of our hotels is being discharged into the municipal sewage system, although some hotels already have treatment systems installed

307 Environmental compliance

307-1	Non-compliance with environmental laws and regulations	No significant fines have been received in 2019
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308 Supplier environmental assessment

308-1	New suppliers that were screened using environmental criteria	5.4. Contribution to local development
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401 Employment

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2. Our Team
401-3	Parental leave	5.2. Our Team

403 Occupational health and safety

403-1	Workers representation in formal joint management-worker health and safety committees	5.2. Our Team
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, number of work-related fatalities	5.2. Our Team

404 Training and education

404-1	Average hours of training per year per employee	5.2. Our Team
404-3	Percentage of employees receiving regular performance and career development reviews	100%

405 Diversity and equal opportunity

405-1	Diversity of governance bodies and employees	5.2. Our Team
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406 Non discrimination

406-1	Incidents of discrimination and corrective actions taken	There have been no such cases in 2019
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412 Human Rights assessment

412-1	Operations that have been subject to human rights reviews or impact assessments	5.3. Respect for human rights
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413 Local communities

413-1	Operations with local community engagement, impact assessments, and development programs	5.4. Contribution to local development
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414 Supplier social assessment

414-1	New suppliers that were screened using social criteria	100%
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416 Customer health and safety

416-1	Assessment of the health and safety impacts of product and service categories	5.1. Quality service
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There has been no such breach in 2019

417 Marketing and labelling

417-2	Incidents of non-compliance concerning product and service information and labelling	No non-compliance has been reported
417-3	Incidents of non-compliance concerning marketing communications	No non-compliances with regulations and voluntary codes concerning marketing communications, advertising, campaigns or sponsorships have been produced

418 Customer privacy

418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	None in 2019
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419 Socioeconomic compliance

419-1	Non-compliance with laws and regulations in the social and economic area	None in 2019
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