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This Sustainability Report, which we are publishing for the fifth consecutive year, provides a **comprehensive overview** of the company's economic, social and environmental performance during the 2020 financial year.

This is an essential document for our **stakeholders**, as it identifies needs and keeps them informed of the most relevant issues, as well as monitoring the commitments and fulfilment of the challenges that we are facing.

The report reveals how we have managed both the positive and negative sustainability impacts during a year beset by the **global pandemic** that has affected everyone on the planet. Throughout the report, we detail the measures and actions we have taken to address the biggest global health crisis in 100 years and the worst economic crisis to hit the tourism sector to date.

In this extremely difficult context, at Lopesan we have not given up, and we have continued to work not only to remain leaders in the Canary Island tourism sector, but also to be a **benchmark** for sustainability. Thus, in addition to guaranteeing our customers the highest quality service as our hallmark, we work to ensure a **responsible**, **sustainable** and **safe management** model that integrates all areas of the business and sets out the path forward for an organisation that is strongly committed to society and the environment.

Through these commitments, we are able to meet the expectations of **customers** who are increasingly aware of the need to be environmentally friendly and for sustainable tourism. The protection of the environment and the natural landscape in which our establishments are located and cultural promotion and development in the regions where we are present ensure we can guarantee our company's sustainable development.

In short, the purpose of the **2020 Sustainability Report** is to be a document where we can accurately and transparently share the company's performance, achievements and commitments in the area of corporate social responsibility with our stakeholders.

Our impact in numbers on the hotel division in 2020



493,077 rooms sold



10.8% economic profitability



46% reduction in electricity consumption



485,942 kWh of renewable energy production



67% reduction in waste generation



75% expenditure on local/regional suppliers



2,059 employees ♀ 1,045 ♂ 1,014



4,963 hours of training for employees

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Scope of the Report

This report includes the economic, environmental and social information for the financial year 2020 of our 11 hotels located in the Canary Islands. We also provide relevant data on our sustainable performance in the other business divisions that also form part of the Lopesan Group: non-hotel tourism activities, agricultural division and industrial division.

Moreover, this report is a reflection of our commitment to achieving the Sustainable Development Goals (SDGs) and the Ten Principles of the United Nations Global Compact.

The report has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI) based on its GRI Standards version, which establishes the fundamental reporting principles for writing sustainability reports.

Hotel establishments included in the report























You can learn more about the Lopesan Group and the activity we carry out on our website



lopesan.com

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Making up for lost time

In our 25-plus years of history in the hotel sector, we have never experienced a situation as adverse as the one caused by the Covid-19 health crisis. Despite the difficulties and new challenges we have had to face, we have managed to continue and wisely find the alternatives required to guarantee the continuity of our business, as well as ensuring the employability of the people on our team.

With the gradual return to normality, both the policies implemented by different public institutions and the efforts of the business world must be aimed at making up for lost time and trying to improve the relationship with our surroundings.

One of the effects of the current crisis, which has been taken into account when designing the future strategic plans of the Lopesan Hotel Group, is the added value and importance that consumers attach to **sustainability and safety policies** as a differentiating feature.

It is increasingly common for small details, linked to sustainable development, to become the deciding factor when it comes to choosing a specific product from among a wide range of similar products. In this new scenario, we must be able to communicate, effectively and clearly, all the measures the company has implemented with the aim of ensuring that our customers and employees are safe, of generating a positive social and local community impact, based on responsibility and mutual benefit, and minimising the environmental impact of the tourism business, guaranteeing respect for the ecosystem where our hotels are located.

In addition to our lines of action for minimising waste, improving our energy management system, using 'Km zero' local and sustainable produce from our Veneguera Farm, and the modernisation and renovation plan for centres and facilities – via which we have achieved improvements in comfort and efficiency – new projects have been added, such as the installation of new wind farms, which we have been working this year.

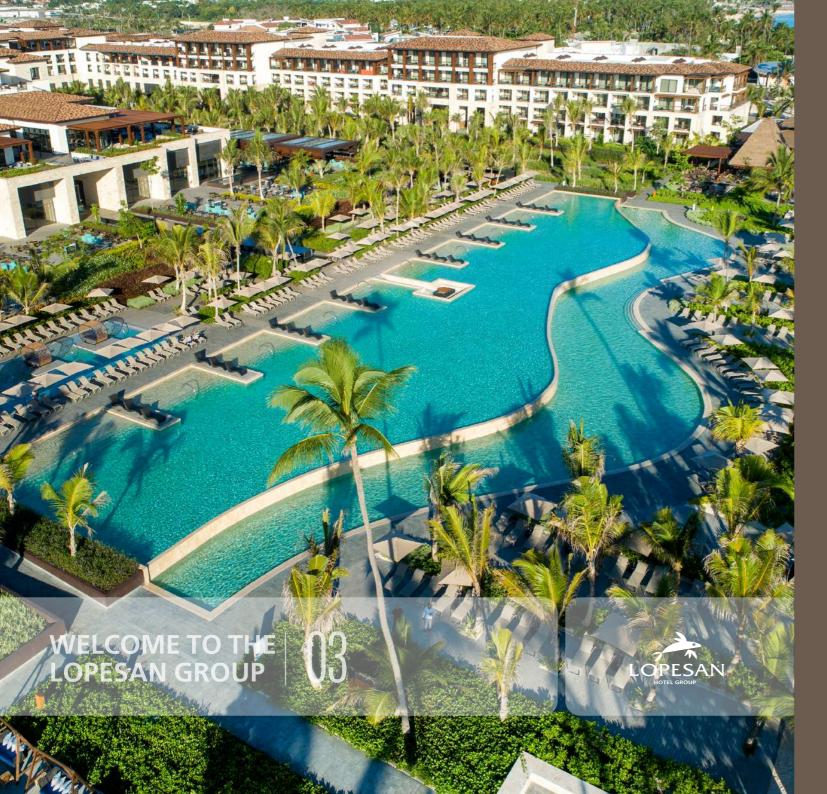
The Lopesan Hotel Group must occupy a prominent position among the innovative companies that are benchmarks in the tourism sector for making the changes required to refocus the current production model and take it to the next level. A priority is the protection of our natural environment, which is not at odds with the desires of those conscientious consumers who reward, with their trust, the efforts made by companies concerned with preserving the **balance** between human activity and biodiversity.

Resilience is a term that, in psychology, defines a person's ability to overcome a traumatic event and recover after a shock. This phenomenon also applies to our society, which is going through a global crisis unprecedented in modern times, so there is no formula for success that can help us recover. We must be able to create it ourselves, starting from scratch.

At the Lopesan Hotel Group we firmly believe that we should not only try to get back to normality. As a collective, we must be more ambitious and, to this end, our company is firmly committed to promoting measures that will help us achieve complete environmental care and protection and try to create the automations needed so that the tourism industry can once again become a decisive economic driving force and, in parallel, environmentally friendly.



Francisco López | CEO Lopesan Hotel Group



We started our business in 1972 through the company Hijos de Francisco López, parent company of the current Lopesan Group, specialising in the public works construction sector. Over the years, we began a process of business diversification and international expansion, with **hotel activity** becoming our main business within the Group.

We are currently the **leading** company in the **tourism industry in the Canary Islands** and one of the main companies in Spain, with more than 16,000 beds distributed across 20 hotels located in the destinations of Gran Canaria, Fuerteventura, Germany, Austria and the Dominican Republic.

International expansion has ensured that we could consolidate our hotel activity as our main business area over the years, which is complemented by the **non-hotel and leisure services** divisions, which enrich our guests' travel experience.

We also have an **agricultural division**, focused on sustainable farming, from which we obtain local fruit and vegetables that we serve to our guests. Finally, we continue to work in the

construction sector, which is part of the company's industrial division, and in **real-estate development**.

Finally, we must not forget to make a specific mention of our staff. Lopesan's professional success would not be possible without the professionalism, commitment and talent of our **employees**, thanks to whom we can offer the best service to our customers and consolidate Lopesan's leading position in the tourism sector in the Canary Islands.

Quality, excellence and sustainability are our ingredients to create memorable experiences.



commitment

03.1. Mission, vision and values

We are firmly committed to integrating our sustainable business model into the organisation's strategy as a core area for strategic management.

Our commitment to contributing to the development and prosperity of the towns and cities in which we are present, as well as reducing the environmental impact of the activities we carry out, are the basis of our sustainability strategy, which is fully integrated into the company's mission, vision and values.

This enables us to **create value** and drive the economic and social development of the community in which we operate, as well as establishing a strong commitment to quality and customer and stakeholder satisfaction.

At Lopesan, our commitment to people translates into a constant concern to ensure that the working conditions of our professionals are safe, healthy and optimal. We are also concerned about equal opportunities and respect for human and labour rights.



Our mission

To achieve customer satisfaction, profitable production units and sustainable facilities.



our vision

- To aspire to be the benchmark company in the sector in terms of managing tourism activities.
- To achieve **customer satisfaction** through continuous improvement models as a path to excellence.
- To strengthen our reputation as an innovative organisation with an inclusive and collaborative spirit.
- To be a benchmark for our corporate culture of environmental friendliness and protection, as well as for protecting our workers' health and safety, guaranteeing respect for human and labour rights.



Our values

They are based on 5 basic behaviours and guidelines:

- Professional meticulousness.
- Quality, respect for the environment and a culture of prevention.

Honesty.

- Internal promotion.
- Sincerity and clarity.

The involvement of our human team is essential to keep advancing on the path towards sustainability, through a culture of social responsibility and respect for and protection of the environment.

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03.2. Business strategy

Our strategic objectives are defined in a four-year plan up to 2022. However, the enormous impact that COVID-19 has had on tourism, with a dramatic drop in hotel occupancy, has irremediably slowed down progress on the strategic lines we had set. Our efforts have focused on adapting to the requirements of the health authorities to avoid infection and to work in untraditional markets to minimise the impact of the pandemic on the Group.

Furthermore, in order to face this great challenge, we have committed to sustainability and digitalisation as basic strategic mainstays for the recovery of the Canary Islands tourism sector, areas that have been promoted as a result of the pandemic and that will ensure that we can provide greater value to traveller's tourism experiences.

In the coming years, the business environment will be based on global markets, with an increasingly complex competitive en-



vironment and a dichotomy between global thinking and local action. We also believe that **new technologies** will accelerate the concept of real-time information and the teleworking of teams, with resource optimisation and higher quality results.

Therefore, for improvement and development efforts to be successful, the members of our organisation must be aligned towards a **common purpose**, forming part of a single vision, mission, values and a clear and shared organisational strategy.

We are currently facing a number of challenges and opportunities that we intend to take full advantage of in order to achieve consolidated future growth.

We will take advantage of our strengths, based mainly on our proven experience in the efficient management of resorts, and we will work on our weaknesses, such as a volume-based operating model in the Canary Islands and the lack of a powerful B2B relationship model.

We see encouraging growth ahead for the global hotel sector, which will enable us to put the health and economic crisis behind us that was caused by the pandemic.

As a result of this analysis, we set the following strategic objectives:

1. Group expansion

Our expansion targets are focused on two main actions:

- The construction of micro-destinations, with a new architecture that provides value for investors/tour operators. We will especially focus on the Latin American destination, providing a complementary offering of leisure, restaurants and shopping areas.
- Consolidation as a management company for assets not in the Group's portfolio.

An example of our commitment to micro-destinations was the opening of the Lopesan Costa Bávaro on Playa Bávaro, Dominican Republic, in 2019, which marked the beginning of this ambitious expansion plan.





2. Customer-centric: Lopesan's commercial model

We base our excellence in customer service on a number of initiatives, including:

- Full review of the marketing plan and budget based on implementation, delivery and return criteria.
- Definition of the **CRM model** (B2C and B2B), with segmentation criteria and customer contact policies.
- Launch of a loyalty plan for B2B and B2C.
- Definition of the management and customer relationship model, and redefinition of the commercial structure.

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- Development of channel strategies and reduction of acquisition costs (segment, product and geography).
- Definition of a **digital strategy** to garner opportunities from digital channels and improve the experience.
- Redefining the pricing strategy by customer segment, brand, destination and room type, and enhancing revenue management capabilities.

3. HR culture and strategy: Capacity management

The people who form part of Lopesan are our strategic mainstay and the bedrock for the company's professional success. That is why we are firmly committed to transforming and revolutionising the employee experience through our **Human Resources strategy**.

We work to ensure that our employees have the best possible working environment, with a corporate culture that is fully peoplecentric to ultimately achieve a more motivated and efficient team.

4. Evolution of the organisational model

Our objective is to ensure that the management model evolves towards a more **operational** model adapted to the company's management needs.

To do this, we must align the governance and functional organisational model to the company's **new strategic vision**. Our aim is to expand beyond the Canary Islands and to manage assets outside the Lopesan portfolio.

5. Brand building, unique experiences and efficient repositioning

Since the company's earliest days, achieving service **excellence** has been one of our top priorities. To this end, we develop different ways to market our offers and services through different brands, including Lopesan, Abora By Lopesan, Corallium by Lopesan, Lopesan Collection Hotels, IFA and Kumara by Lopesan, which also contribute to achieving our target for **Group expansion**.



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03.3. Lopesan brands

We work to ensure the excellence of our services, with a commitment to **user satisfaction** and constant innovation. Based on the experience we have acquired over the years, we have created different brands that adapt to the needs of each customer group.

We are committed to the creation of hotels and leisure spaces with large, original structures and with very different themes, which create a **special and unmistakable atmosphere** for the thousands of travellers who visit us every year.

Our portfolio of hotels is divided into **six exclusive brands** through which we manage to attract increasingly more loyal customers, who repeat their experience with us.

In total, we have more than **16,100 beds in 20 hotels** in Gran Canaria, Fuerteventura, Germany, Austria and the Dominican Republic, which we manage through our Lopesan Hotels & Resorts and IFA Hotels chains.

Our hotels •

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

LOPESAN COSTA MELONERAS RESORT & SPA LOPESAN COSTA MELONERAS RESORT & SPA ABORA BUENAVENTURA BY LOPESAN HOTELS LOPESAN BAOBAB RESORT LOPESAN VILLA DEL CONDE RESORT & THALASSO ABORA INTERCLUB ATLANTIC BY LOPESAN HOTELS ABORA CATARINA BY LOPESAN HOTELS ABORA CONTINENTAL BY LOPESAN HOTELS CORALLIUM DUNAMAR BY LOPESAN HOTELS CORALLIUM BEACH BY LOPESAN HOTELS SOB FARO LOPESAN COLLECTION HOTEL 356 KUMARA SERENOA BY LOPESAN HOTELS 348

Fuerteventura IFA ALTAMARENA HOTEL 426

Dominic Republic	
LOPESAN COSTA BÁVARO	2,050

Germany	
IFA RÜGEN HOTEL & FERIENPARK	1,176
IFA FEHMARN HOTEL & FERIEN-CENTRUM	916
IFA SCHÖNECK HOTEL & FERIENPARK	646
ifa graal-müritz hotel, spa & tagungen	290

Our hotels o DOMINICAN **REPUBLIC GERMANY ISLAS CANARIAS AUSTRIA** Fuerteventura Gran Canaria

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Our brands

The Lopesan Collection Hotels

Based on an avant-garde and highly-original concept, in which we are committed to offering personalised and exclusive services according to the needs of each guest. This brand includes our 5-star hotels, set in natural surroundings that offer travellers a haven of relaxation to escape from the daily routine for absolutely luxurious holidays.



Lopesan Hotels & Resorts

Focused on luxury tourism and premium quality, they are characterised by the comfort and quality of first class hotels and resorts, with the staff's attentiveness and service as a differentiating value. The original architecture and leisure areas of our hotels are of the highest quality, with an authentic Canary Island ambience and design.



Kumara by Lopesan Hotels

Renowned for its **unique identity** and astounding features, with a minimalist and modern style, these hotels seek to emanate a feeling of absolute peace and relaxation. The excellent cuisine is a high point, with top quality products and local raw materials.



Corallium by Lopesan Hotels

Associated with the sea and its environment, this brand is synonymous with quality, well-being and personal care. The Corallium Hotels, located on the beachfront in the Canary Islands, have been completely renovated to offer high quality facilities to our guests, under the 'Adults Only' category.



Abora by Lopesan Hotels

Renowned for the **contemporary architecture and aesthetics** of its buildings, located in tourist areas by the sea. They have a wide variety of entertainment options and an all-inclusive offer to enjoy all the culinary variety we have to offer.



IFA Hotels & Resorts

Characterised by hotels located in **privileged tourist areas** of Fuerteventura, Austria and Germany. The first IFA hotels emerged in Germany and Austria in the 1980s, and years of experience have made us one of the leading brands in the hotel industry.



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03.4. Sustainable management approach

Lopesan's committed nature favours a culture of social responsibility focused on sustainability, upholding the utmost respect and protection of the environment, creating economic value and promoting social development in the communities in which we operate.

We are following the roadmap set by the 2030 Agenda and the United Nations Sustainable Development Goals (SDGs), convinced that we are on the right track. This approach means that we can keep progressing towards our goals, while addressing the major global challenges of climate change and adapting to humanity's new social patterns.



Lopesan's corporate culture establishes a solid commitment to quality and customer satisfaction, engaging in active dialogues with our stakeholders to understand their demands and needs first-hand, and ensure that we can better respond to their concerns and opinions.

We embrace the principle of continuous improvement and the need to adapt to change. Therefore, we integrate innovation into our corporate strategy to offer new and better products, processes and services to our customers.

We have developed Lopesan's sustainability policy based on these principles:

Our sustainability policy

Service excellence

Guaranteeing customer satisfaction

Adapting processes to achieve our targets

> Ensuring continuous improvement in our processes

Caring for the planet

Integrating the principle of pollution prevention into all processes prevention into all processes

Optimising the use of recursos naturales

Improving environmental and energy performance

Moving towards a circular economy

Keeping the Environmental and Energy Management System up to date

Risk prevention

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Ensuring health and safety at work

Integrating the principle of occupational prevention

Promoting training, and that all agents are informed, participate and consulted

Human resources

Ensuring a correct wage and employment policy

Promoting participatory management styles and two-way communication

Ensuring compliance with equality

Supporting our employees' professional development

Fostering the integration of people with disabilities



Society and other stakeholders

Employing the principles of reciprocity, accountability and mutual benefit

Participating in local community development

Preventing the discrimination and exploitation of minors

Prioritising the procurement of **local products**

Contributing to food sovereignty

Innovation

Fostering a **culture** of innovation

Improving productivity and process efficiency

Information security

Disseminating good practices

Establishing information protection and **security** measures

Creating channels for disseminating our corporate philosophy



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At Lopesan, we are firmly committed to respecting and protecting the environment and therefore place **sustainability** at the heart of our strategy. We are aware of the impact associated with the organisation's activity and we work tenaciously to ensure that the resources available in the regions where our hotels are located are managed efficiently.

We believe it is essential to conduct meticulous controls of Lopesan's environmental performance, monitoring our activity so that we can move towards sustainability. We achieve this through the implementation of an **Integrated Management System** for Quality, Environment, Occupational Health and Safety and Energy Management.

This environmental system has been implemented and certified in accordance with **ISO 14001:2015**. This certification guarantees that we optimise the use of resources such as energy and water, and improve the management of the waste we produce. It also helps us to identify opportunities for improvement and to anticipate any negative impacts related to our activity.

In 2020, we kept working towards certification of our energy management system pursuant to the international standard ISO 50001, achieving the target in April 2021.

Special mention should be made of the circumstances arising from the **COVID-19 crisis**, which have had a huge impact on the

environmental data obtained during 2020. In general, absolute consumption dropped. However, the ratio of associated impacts per room in many cases increased due to the drastic decrease in hotel occupancy.

By our commitment to environmental protection, we contribute to SDGs 6, 7, 11, 12, 13 and 15













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Other impact on GRI table business our CEO staff commitment report governance performance Group the planet areas **Environmental investment** 2016 2017 2018 2019 2020 327.411 270,708 433,256 342,029 320,929 **Expenditures on waste** management 532,509 80,600 940,100 4,077,641 2,500,248 Investment in energy efficiency systems 102,742 103,920 166,400 260,932 19.800 Other environmental improvement investments 72,970 12,966 14,540 69,711 29,427 **Maintenance of the Environmental Management System** 217,964 231,900 212,908 317,838 113.231 ┌╌ᡱ **Sanitation charges** 1.710.048 5,056,792 2,933,414 1,290,436 772.989 TOTAL ENVIRONMENTAL EXPENSES **AND INVESTMENTS**

This year, despite the difficulties, we have maintained a high level of **environmental investment** to execute improvements to our hotel complexes and infrastructures so that we can further reduce our impact. The high investment in energy efficiency systems merits mention.

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We have made technological improvements for greater control of the facilities, such as air conditioning in the rooms and watering programmes. We procured new and more efficient appliances and fittings for kitchens, bars and rooms, installed a new hydraulic network in the Hotel Lopesan Costa Meloneras, as well as air conditioning via water use at the Hotel Baobab, changed the heat exchangers at the Hotel Baobab, and replaced the hot water pumps and cooling equipment at the Hotel Lopesan Costa Meloneras, among others.

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04.1. Fighting climate change

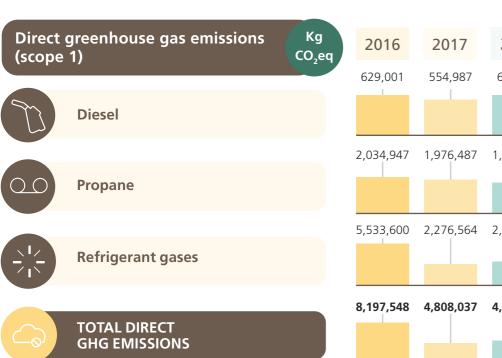
Climate change is the greatest **environmental threat** facing humanity and its consequences can be devastating, not only environmentally but also economically and socially. That is why combating its effects is a priority in our environmental management.

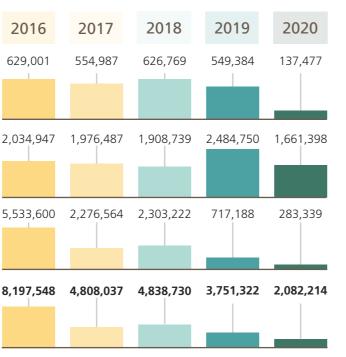
At Lopesan, our strategy to combat climate change starts by calculating our carbon footprint and is implemented based on a firm commitment to **renewable energies and energy efficiency**.

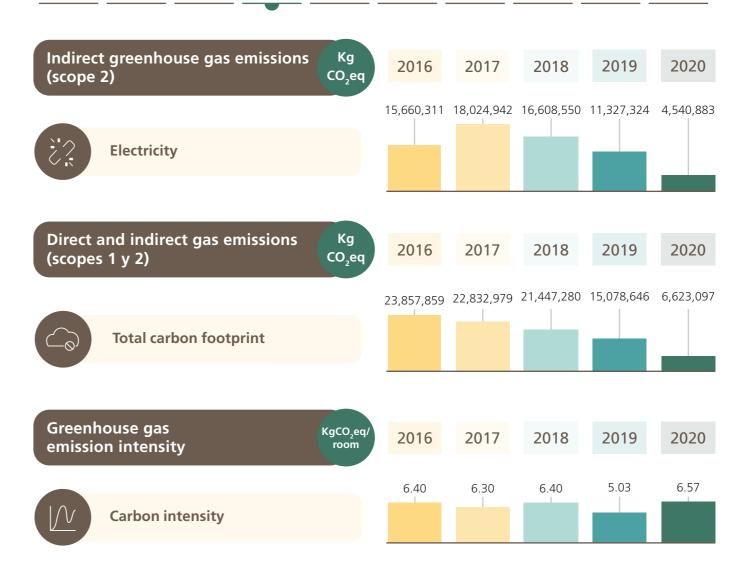
04.1.1. Calculating our carbon footprint

The carbon footprint is an environmental indicator that helps us to calculate the greenhouse gases (GHG) emitted directly or indirectly through our activity, giving rise to an inventory of emissions expressed in kg of CO₂ equivalent. The resulting information lets us identify improvement opportunities to **optimise and adapt** our reduction and compensation strategies.

To calculate the Group's carbon footprint, we take into account **scope 1** or direct emissions, such as fuel consumption or from the leakage of refrigerant gases associated with air conditioning, and **scope 2** or indirect emissions, which are the GHGs emitted by the producers of the energy used at our resorts.







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As a result of the significant decrease in hotel activity during 2020, the total GHG emissions associated with our activity **reduced by 56%** compared to 2019, from 15,078,646 kg CO_2 eq. to 6,623,097 kg CO_2 eq. However, emission intensity registered a year-on-year increase of 31% from 2019 data due to the decrease in the number of nights, so it is not considered relevant data in this year's environmental performance and it is not comparable with the results of previous years.

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04.1.2. Energy efficiency

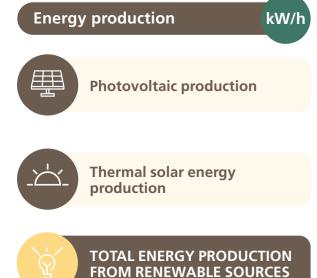
In the framework of our strategy to combat climate change and with the firm intention to reduce the Group's carbon footprint, we are carrying out actions to promote the good use of electricity and to implement **energy efficiency** measures at our hotel centres.

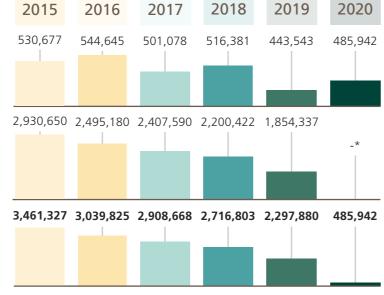
In particular, in 2020, despite our resorts being closed, we continued to work on energy efficiency measures to optimise our energy consumption. Notable measures include:

- Installation of more efficient lights.
- Control of the use of refrigerant gases.
- Review of the Energy Management System, with improvements such as:

- o Detailed definition of operational control parameters and best practices to improve energy performance.
- Assessment of significant energy uses.
- o Identification of new opportunities for improvement.
- o Improvement in monitoring and measurement indicators.

Likewise, for the 2021 financial year, we have defined several specific objectives, such as adding half-load washing machines, installing alarms on cold room doors when they are open, and reducing energy consumption in thermal facilities, among others.





*The number could not be obtained for 2020 due to a failure in the meters.

We also implemented several projects and actions to promote the use of renewable energies in our hotels and thus continue to move towards self-sufficiency, an increasingly more tangible target.

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We plan to build three new wind farms, one in the municipality of Santa Lucía and two more in Agüimes.

In 2020, in line with our commitment to renewable energies, we have begun work on the construction of three wind farms for power generation, which, once completed, will offset the electricity consumption of our resorts. We have already started up the Santa Lucía del Mar Wind Farm, which will be responsible for the production of up to 27,152.12 MWh/year owing to the installation of 10 wind turbines.

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The Montaña de Arinaga Wind Farm, which has 20 wind turbines and an annual production of 59,525.39 MWh, is also operational. Both projects entailed an investment of €23,108,644, with the execution of a third wind farm pending, whose construction is scheduled for 2021.

Our wind farms*

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Santa Lucía del Mar Wind Farm





Facilities: 10 wind turbines of 9 MW total capacity

Annual production: 27,152.12 MWh equivalent to 3,017 hours



Execution:

Montaña de Arinaga Wind Farm

Municipal district: Agüimes

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Facilities: 20 wind turbines of 18.9 MW total capacity

Annual production: 59,525.39 MWh equivalent to 3,291 horas

Espinales Wind Farm



Facilities:



10 wind turbines of 9 MW total capacity

Annual production: 28,198.48 MWh equivalent to 3,131.9 horas



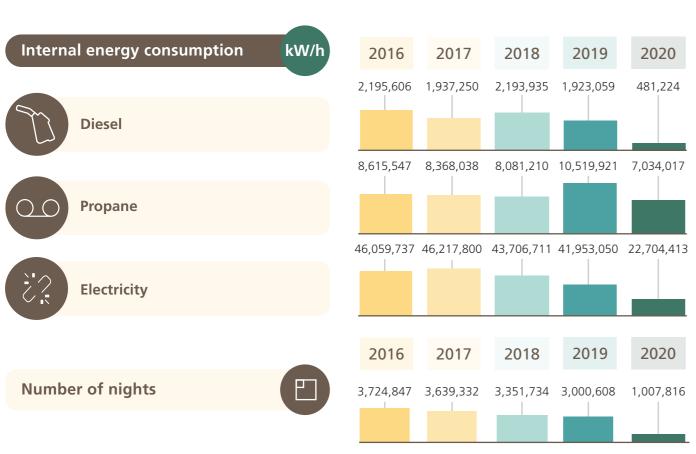
2021 (pending)

^{*}Total investment for the three parks is 43,773,529 euros.

We have also been taking advantage of the high hours of sunlight on the Canary Islands for years and nine of our hotels already have photovoltaic and thermal installations. Photovoltaic solar energy production is fed into the electricity grid and solar thermal energy is consumed in situ. We also have photovoltaic installations on the wells at the Veneguera Farm to extract water.

The rest of the energy needs of our hotels are covered by the consumption of diesel, propane and electricity. **Internal energy consumption** is the total kWh calculated from the sum of these three indicators and the production of solar thermal energy which, as mentioned, is consumed directly in the hotels.

In 2020, the production of solar photovoltaic energy had a year-on-year increase of 10%



In 2020, as a direct consequence of low business, the **internal energy consumption** indicator underwent a very sharp decline. In particular, diesel, electricity and propane consumption dropped by 75%, 46% and 33% respectively.

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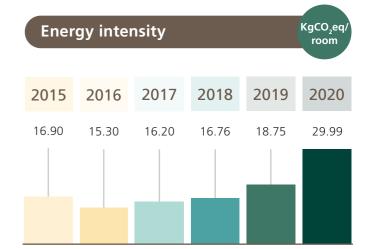
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Energy intensity, which indicates the energy consumption of hotels per room, increased by 60%, from 18.75 kWh/room to 29.99 kWh/room. Like in other cases, this increase can be explained by the decline in occupancy and is therefore not considered representative in the current context.

In addition, in 2020 we kept working towards the **implementation of ISO 50001**, a management system that will enable us to continuously and systematically improve energy efficiency, safety and consumption.



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04.2. Responsible water use

We are aware of the great value and importance of **water resources**, which are becoming increasingly scarce globally and are especially relevant in an environment such as the Canary Islands, an area characterised by high water stress and where most of our hotels are located.

For this reason, we incorporate **measures to save** water consumption in all our hotels, such as aerators on taps, systems to reduce cistern consumption and the acquisition of water-efficient machinery, as well as providing training and

awareness-raising actions among employees and suppliers. In addition, we engage hotel guests through various communication strategies.

Water is one of the most important resources for our daily activities to run smoothly and well. Hotel facilities require a significant volume of water for their operation and maintenance, from guests' direct consumption in their rooms to the water used in swimming pools, gardens and spa centres. For this reason, we promote the **rational use of water** among our employees and customers, and we meticulously monitor consumption at all our hotels, thus enabling us to manage this resource more precisely and efficiently.



Total water intake by source Total water intake by source of litres room 2017 2018 2019 2020 2016 2017 2018 2019 2020 Water supply Water supply 238 382 795.70 830.05 761.09 713.58 385.09 239 214 228 227 Seawater **Seawater** 20.86 4.37 15.52 24.63 Total water intake Total water intake 812.25 849.47 785.72 734.44 389.46 243 218 245

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The downward trend caused by the COVID-19 health crisis is also seen in the 2020 water intake data.

This indicator includes the collection of mains or supply water, as well as seawater intake, whose use is earmarked for our Thalasso Centre at the Hotel Villa del Conde.

Thus, the total water intake decreased by 47% to 389.46 million litres of water. In particular, the total consumption of drinking water has fallen by 46% compared to the previous year and seawater intake dropped sharply, by 80%.

However, the figure for total water intake per room increased by almost 60%, caused by low occupancy. Moreover, this difference is accentuated by the renovations carried out at some of our resorts which, being closed to the public, do not add rooms, but do increase total water consumption.

With regard to the management of wastewater generated in the hotels, we have our own wastewater treatment systems in

the Costa Meloneras and Villa del Conde Hotels. These treatment plants let us, on the one hand, reduce the volume of water discharged into the sewerage network and, on the other hand, to reuse treated water for watering green areas, thus reducing the need for mains water intake.

Despite the pandemic, the treatment plants continued to operate, producing **7.59 million litres of treated water**, significantly less than in previous years because the plants were not in operation when the centres were closed. It merits mention that the aforesaid low consumption of supply water has a direct impact on the volume of treated water produced, which has also been lower than in previous years.

In absolute terms, the volume of wastewater discharged to the sewerage network in 2020 decreased, but as with other environmental indicators, low hotel occupancy means that in relative terms per room, this rate increased significantly.

Water production

of litres

Treated water



Relative water discharge

Litres/ room

Water discharged to the municipal sewerage network



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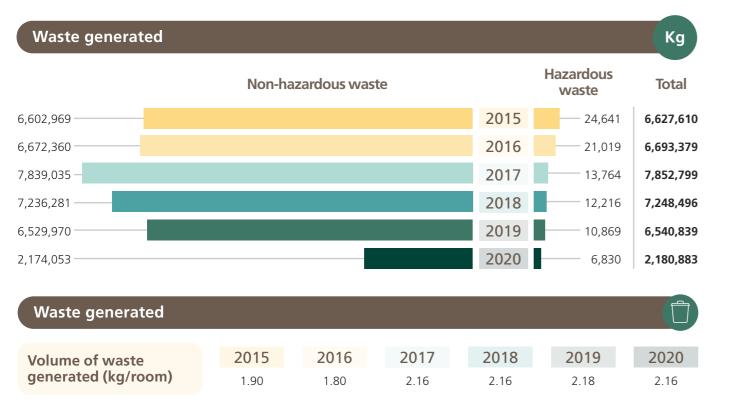
04.3. Circular economy

At Lopesan we work consistently to transfer the principles of the **circular economy** to our processes and thus contribute to the reduction of **raw material** consumption and the minimisation of **waste generation**.

We start from the premise that the best waste is that which is not generated and, for that which is produced, we look for the best solution, considering the different alternatives available, from **reuse and rehabilitation to recycling**. The circular economy is not only about waste management, but its proper management is an indispensable part of it.

Over the years, we have developed and implemented a series of initiatives aimed at **minimising waste**, including the 'Zero Paper' project, sustainable purchase policies and the reuse and rehabilitation of furniture and other materials.

All our hotels have a **waste separation** system at source that facilitates its subsequent **recycling and/or recovery**, and are equipped with containers, vertical presses and self-compactors that facilitate the management and reduction of the volume of waste on site.



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This year we produced 67% less waste due to the low activity of our hotels, and the relative waste generation has also reduced slightly compared to last year, at 2.16 kg per room.

Of the total waste produced, 99.69% corresponds to **non-hazardous** waste, mainly paper and cardboard, packaging and plastics, glass, used oil and pruning waste. The remaining percentage, 0.31%, is made up of **hazardous waste**, which in each case has been separated, stored and managed in accordance with current regulations.

We deliver 41.63% of total waste to authorised waste managers for **recycling**, while the remaining 58.37% is sent to the Juan Grande Environmental Complex, where we proceed to the **recovery** of fractions of recycled items and their **energy recovery** through the production of biogas and bio-stabilised organic material.

Moreover, we continue to encourage and promote initiatives to **reduce single-use plastics** by implementing measures such as reducing the use of plastic containers, eliminating straws and stirrers, using reusable polycarbonate and polypropylene cups in swimming pools, replacing plastic plates and cutlery with cardboard plates and wooden cutlery, and incorporating water dispensers to replace plastic bottles.

However and **exceptionally**, to guarantee our guests' health safety during the pandemic, in 2020 we purchased a whole range of single-use products such as face masks, plastic bags, sanitary towels and bottles of hydroalcoholic gel.

We should remark that an important feature for achieving our objectives and keep progressing towards a circular economy is the **involvement of participating agents**. In this regard, we provide information and training to employees, involve and raise awareness among our suppliers and inform customers on how to correctly separate waste and rationally use resources.

With regard to the problem of **food waste**, it should be noted that this involves not only the loss of these resources, but also a significant economic and environmental cost. To minimise this impact, our hotel restaurants apply strict processes to optimise every stage of the production chain.

In 2020, as a result of lower hotel activity, we generated 52.20% less food waste than in 2019. However, the wastage rate, which we calculate by dividing the kg generated by the total number of occupied rooms, increased to **0.20 kg/room**, compared to 0.14 kg/room in 2019, due to the low occupancy caused by the pandemic.

For 2021, we plan to implement **artificial intelligence software** so that we can control and optimise the consumption of raw materials based on a detailed analysis of the waste generated in our restaurants and bars.

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04.4. Biodiversity protection

Most of our hotels are located in areas that stand out for their natural wealth in privileged environments. Thus, the local flora and fauna are an extremely valuable resource for us that must be preserved.

Currently, our main project in this area is the sustainable management of the well-known Veneguera Farm, which we have owned since 2014. Located in the southeast of Gran Canaria, in the Nublo Rural Park, the estate covers an area of over 2800 hectares and is home to several areas recognised as biosphere reserves.

Historically, it has been an area dedicated to traditional agriculture, and today, some 30 farmers are responsible for maintaining the estate's plantations, particularly growing banana, mango, avocado, citrus and vegetable crops.

Our intention is to further enhance the rural nature of the farm and preserve its landscape environment via sustainable farming techniques that contribute to local community development, biodiversity enhancement and soil protection. This activity is complemented by reforestation activities in which our employees and their families participate as volunteers.

In 2019 we started a process to build a desalination plant on the farm in order to increase the volume of water available without affecting groundwater extraction. We are currently handling the official procedures needed to implement the project.



Area of fruit trees grown on the Veneguera Farm

Area of fruit trees grown on the Veneguera Farm (Ha)



report

Banana



Avocado 8.63



Mango 11.36



Soursop 1.23







Persimmon

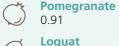
Mandarin

0.5

0.36

0.78

Longan 1.86





Mamey+Star fruit

Atemoya 0.76

Canistel 0.25

2.6

Tropical pineapple

Papaya 1.17

Thanks to our venture at the Veneguera Farm, we continue to support the local and sustainable production of fruit and vegetables. This year, we produced a total of 279,511 kg of fruit, which we sold for consumption in the hotels that continued to provide service. Thus, we have continued to promote the consumption of local products. We also collected 255 kg of honey from our hives.

Area of tropical garden species at the Veneguera Farm (Ha)

Chirimoya

Coffee



Strawberry guava Lemon guava

Stone Ruby guava

Supreme guava Cuban

guava

Neem

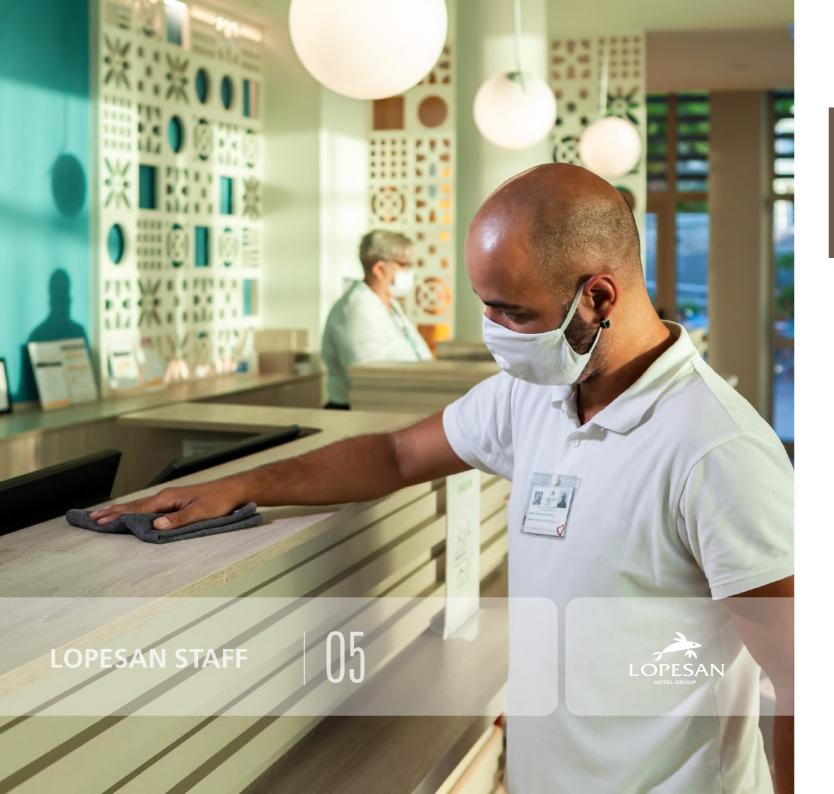
Water berry

Star fruit

Black sapote White sapote

Suriname cherry (o) Longan

Annona Glabra Malay rose apple **Atemoya** Peanut butter fruit 0.68 Key apple Rose apple Guama Lilly pilly **Feijoa** Noni Noni 0.5 Beach cherry Mulberry Black sapote Soursop **Purple** forest quava **Canistel**



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Our employees are the **backbone** of the Group's business model. We promote a corporate culture of leadership, managing the attraction and development of talent and working to achieve our employees' motivation and pride in belonging to the Lopesan Group.





Through our commitment to people we contribute to SDGs 3, 5 and 8.

05.1. Impact of COVID-19 on the team

During 2020, due to the serious consequences that COVID-19 had on the Lopesan Group's business, we were obligated to implement a series of measures to adapt to the situation. The aim of these measures has been to secure long-term employment and bring costs in line with business realities. They consisted mainly in suspending contracts and reducing the working hours of almost all of our employees as of March 2020, when a state of emergency was declared in Spain as a result of COVID-19 and we had to close our hotel centres.

They were very difficult decisions, so we have tried to make them as bearable as possible for our employees. To this end, we have endeavoured to ensure transparent and accurate communications on ERTE processes (Temporary Redundancy Plans), as well as cutbacks in working hours, which have affected the Group's workforce. Specifically, we carried out these actions:

- Creation of the 'Lopesan Responde' document, in which we answer the most common questions that employees have about the ERTE and the steps to take with the State Public Employment Service (SEPE).
- **ERTE Queries**: We activated a channel for specific questions where they could email consultasERTE@lopesan.com. In total, we responded to 450 plus gueries received via this channel.

- **Communications**: We sent regular communications to employees informing them of any new developments affecting the employee situation, especially those related to the extensions of the ERTEs.
- **News on #BeLopesan**: We publish both the most relevant and less important news on our employee portal so that the entire team can have access to valuable information about their situation at all times.
- Motivational messages: We send our employees messages of encouragement and hope for the future, notifying them of new projects, progress on COVID-19 vaccination and company strengths, among others.

In addition, during the confinement phase and in the following months, we implemented **teleworking** for all employees who were able to work from home, providing them with all the necessary technical support and office supplies.

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05.2. Our staff

Throughout 2020, we experienced a slight decrease in staff numbers compared to the previous year, with a total of **2059 employees forming part of the Lopesan Group** team at our hotels on the Canary Islands. It is a balanced team, with 50.75% of the total staff being women, who occupy 28% of all management positions.





The decrease in the number of workers on temporary contracts is also noteworthy, which fell by 13.2%. The number of **part-time** employees also decreased slightly, from 11.41% to 10.20%.

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In addition, in 2020 we granted 9 maternity and 21 paternity leaves.

Committed to equality

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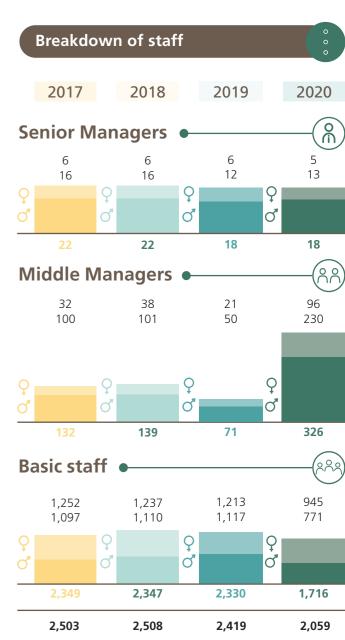
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At Lopesan, diversity and equal opportunities are a fundamental mainstay of our corporate culture. We work to ensure equal treatment between men and women, promoting internal equity, inclusion and respect among employees. We also have a zero-tolerance policy towards discrimination of any kind. To this end, we foster a working environment where employees feel recognised for their talent and uniqueness, regardless of race, gender, religion or sexual orientation. This effort is reflected in the results obtained in 2020, as no cases of discrimination were recorded for this reason.

We also have an action protocol in the event of **sexual harass-ment**, which establishes the procedure to be followed in such cases, as well as the necessary measures to prevent them from occurring.

50.75% of our staff are women, 72% of whom have permanent contracts.



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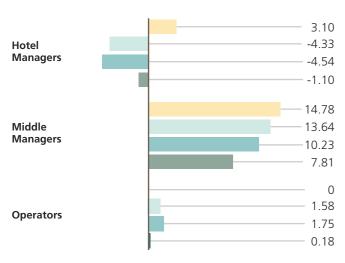
We also strive to ensure fair and suitable remuneration for all our employees and work to ensure that all professionals in the same professional category receive equal pay, irrespective of gender.

Our compensation policy is established according to the degree of complexity and responsibility taken on by each of the people who form part of the Group, and is adjusted according to their effort and performance, always seeking to encourage the achievement of the best results.

An example of this commitment is the significant decrease in the salary gap between men and women, which is almost non-existent in the operator category and favourable to women in the hotel director category. For middle management, we managed to reduce the gap by 2.42% compared to the previous year.



* Difference between gross base salary of men and women (%).



Moreover, at the Lopesan Group we are committed to complying with the **principles of universal accessibility**, particularly for employees and customers with disabilities. Our priority is to ensure that all workplaces meet the functional requirements that enable independent use for people with disabilities. Thus, we have lifts, ramps and services adapted for people with reduced mobility to eliminate any type of obstacle.

At Lopesan we have **41 people with disabilities**, whom we help to achieve full integration into the workplace, promoting inclusive environments and jobs adapted to the abilities of each person.

On the International Day of Persons with Disabilities, we launched a pioneering initiative to support people with disabilities or with family members with disabilities.

With the collaboration of experts from the Randstad Foundation, we started up the 'Tú Sumas' project, through which employees with disabilities and their families can opt for comprehensive programmes adapted to their needs, the cost of which is covered by the Lopesan Group.

With this initiative, we want to **help people** who face additional difficulties due to their disabilities, which can grow during times of a health, social and economic crisis such as the one we are living through.

We also work to ensure that our employees implement measures to facilitate the work and family life balance, with special emphasis on co-responsibility. The plans we negotiate within the Group function as instruments aimed at facilitating the achievement of this objective: to see co-responsibility as a right and a duty.

05.3. Occupational health and safety

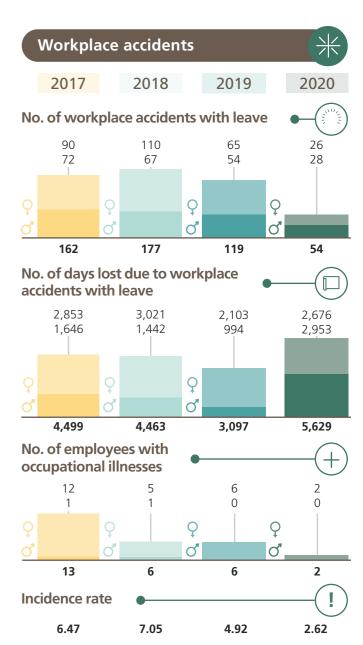
This year, marked by the pandemic that has swept the world, the safety and health of our workers has become more important than ever.

At the Lopesan Group, we are aware that the activities we do must be carried out without harming the health of our employees or third parties who come to our facilities. For this reason, we have an occupational risk management system that is fully integrated into the company's activity, the aim of which is to achieve the highest levels of health and safety and to promote a preventive culture through the training and participation of all the agents involved.

Our entire workforce is represented by **formal health and safety** committees, which meet four times a year to handle a range of relevant issues.

Throughout the year, the **number of occupational accidents** dropped for both men and women, achieving a much lower incidence rate, although this figure is not entirely representative given the impact of COVID-19 on daily work activity. In addition, 100% of the injuries suffered by our employees were minor.

Two women took leaves related to minor professional illnesses, a significantly lower figure than in 2019, with 7 leaves for this reason.



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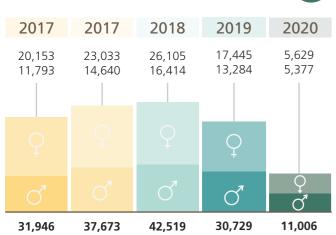
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Consequently, there was also a highly significant decrease in yearon-year numbers for workplace absenteeism, both for men and for women.

Workplace absenteeism by gender



In addition, as a result of the pandemic, the Group implemented the COVID-19 Prevention Protocol, endorsed by the international consultancy HS Consulting, which guarantees the application of the highest standards of quality, hygiene and safety, through the Lopesan Health and Safety Quality Seal. Specifically, we carried out these actions to prevent COVID-19:

- Preparation of the COVID-19 Prevention Manual and Contingency Plans for each centre.
- Redefinition of the pertinent work processes and procedures for compliance with the measures set out in the Prevention Manual.
- Implementation of specific protocols for the opening of centres.

- Training of staff and collaborators on the new protocols.
- Obtaining certifications that accredit our hotels' compliance with international standards on COVID-19 prevention. Specifically, eight of our Canary Island hotels have obtained these certifications.
- Attainment of the 'Safe Tourism Certified' seal, awarded by the Institute for Spanish Tourism Quality (ICTE), as a hallmark guaranteeing and certifying the implementation of the COVID-19 Health Risk Prevention System, highlighting the concept of safe tourism. The centres that have obtained this seal are: Buenaventura, Catarina, Interclub, Altamarena, Baobab and Villa del Conde Hotels.
- Conducting monthly internal inspections to ensure compliance with the COVID-19 Prevention Protocols at our centres open to the public.



05.4. Talent retention

Within the Human Resources strategy of the Lopesan Group, the development, education and training of our employees is key to the company's success. To this end, we promote our team's motivation and commitment by offering them opportunities for personal and professional development, enabling them to acquire the knowledge they need to perform their work as well as possible.

> In line with our ongoing commitment to professional development, Lopesan en Forma was launched in April 2020, with the aim of offering all employees in Spain and the Dominican Republic free and accessible online training activities.

We have also done several actions on the employee portal draw attention to, improve and increase the use of the portal and training initiatives. These include the new design of the portal, a news section and constant references to the main training courses.



Our main objective is for all of us together to keep building a great place to work.



Average hours of annual training by employee, gender and professional category 2020 2019 Women and men 2.75 1.10 5.42 8.22 5 47 9 14 4 64 3.31 1.30 5.44 8.66 8.33 6.07 2.40 Senior Managers (S), Middle Managers (M), Basic Staff (B) (M) 1.19 (M) 1.00 (M) 24.98 (M) 1.24 (B) 0.38 (B) 0.32 (B) 1.20 (B) 7.73 (B) 4.67

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In 2020, due to the home confinement period at the beginning of the pandemic and the consequent closing of all our resorts, our employees' average number of training hours was lower compared to previous years. At the Lopesan Group, we also believe it is extremely important to compensate our employees for their hard work and dedication through a series of **social benefits**, as a reward for the enormous efforts they made, especially during this difficult year. Below are some of the initiatives we have started up to offer a range of benefits to our employees:

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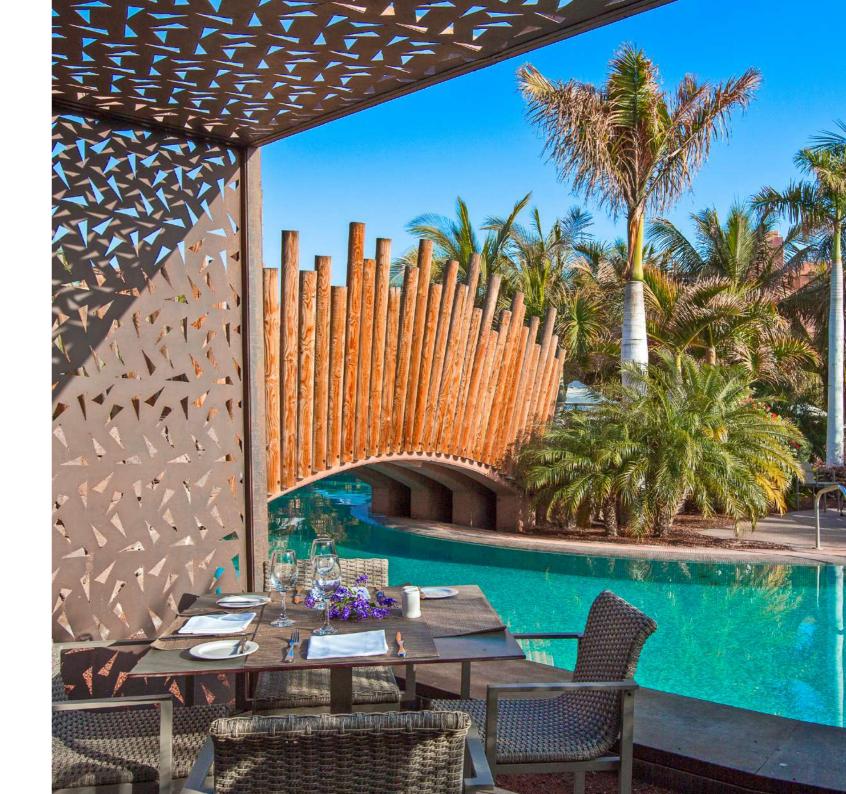
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- Free hotline for medical questions: Via the Mapfre Savia service, our employees can make free medical consultations 24 hours a day.
- Concilia with Lopesan: We offer discounts at children's camps, day care and leisure centres during the summer, to help ensure that work-family life balance during the school holidays.
- Save with Lopesan: We offer discounts from 10% to 13% on diesel and petrol refuelling through the company Suministros Santana Domínguez.
- COVID-19 testing: In collaboration with ASINCA and the Perpetuo Socorro Hospital, we offer special prices to employees and family members who wish to voluntarily have a COVID-19 test.
- **Health insurance**: We assist employees with obtaining complete health coverage, for outpatient care, as well as hospital care, dental coverage and other healthcare services.
- Benefits for accommodation, food and drinks: We offer discounts at the restaurants, hotels and SPA and thalassotherapy circuits that we manage.
- Deal at Titan Gym Meloneras: We offer Lopesan employees and their families a special rate at this gym.



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Through our commitment to society we contribute to SDGs 8 and 17.





One of the main objectives of Lopesan's sustainability strategy is to **establish solid and long-lasting relationships** with our local communities, contributing to their economic and social development and handling any specific needs that we may detect through our activity.

It is very important for the Group to leave its mark and have a positive impact on society. We firmly believe that by dedicating time, expertise and resources we can help to improve the economic and social capability of the communities in which we operate and contribute through our work to **improving the quality of life** of local residents.

At Lopesan we seek synergies and establish new links with **local non-profit organisations**, so that we can extend hospitality beyond our hotels and contribute our grain of sand through involvement and participation in social and charity initiatives.

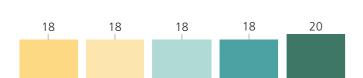
The COVID-19 health situation has directly affected the normal running and operations of our business. However, it has given us even **more arguments and motivation** to continue supporting the local community and emerge even stronger from this unprecedented crisis.

We work every day to strengthen the links that make us all progress as a society.

06.1. Support for local development

We are aware that our community plays a fundamental role in the company and has contributed significantly to Lopesan's success. We also know that as a business group we play a dynamic role in the economy. For this reason, we work primarily with **local suppliers**, who also share our values and principles, to contribute to sustainable local development, promoting economic, social and environmental connections that generate a positive impact.





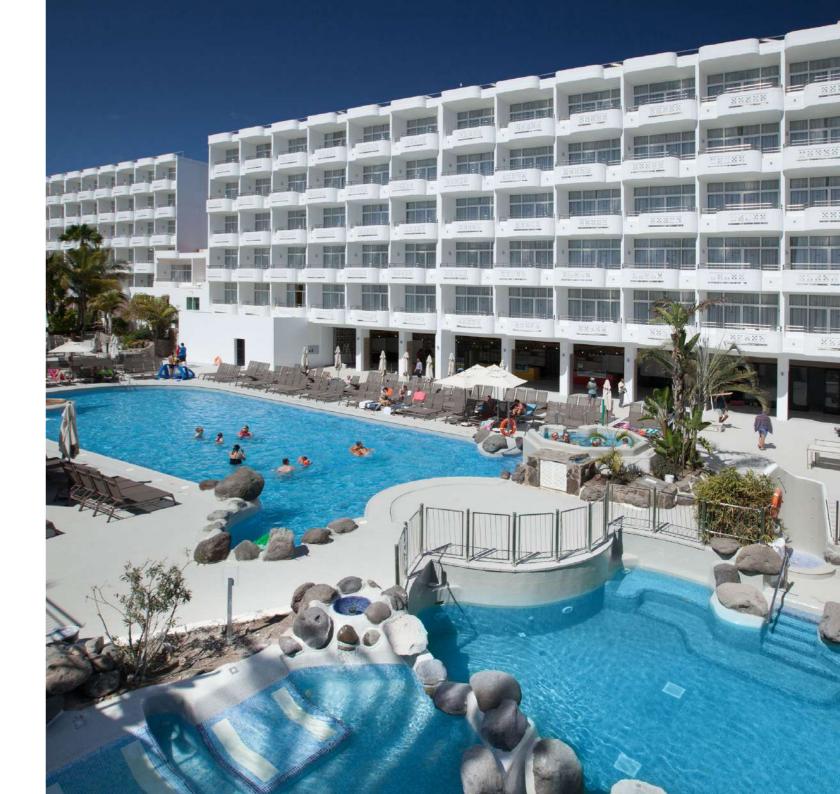
Expenditure for local produce and products

This year we allocated 75% of our budget to purchases from **local suppliers**, of which 20% corresponds to suppliers that work exclusively with local products. This indicator increased slightly for the first time since 2016.



06.2. Social initiatives

Today more than ever, we stand firm in our **commitment to society**, and we are dedicated to supporting the most vulnerable groups. In this regard, the impact of the COVID-19 pandemic has inevitably led to the delay and even the cancellation of many of the social initiatives we normally work with. Nevertheless, despite the difficulties, we were able to provide a bit of assistance for these projects:



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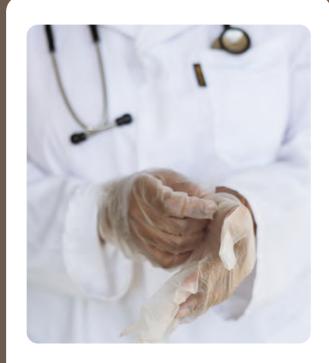
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Asdownsur Charity Bingo

We collaborated in this project organised by the Asdownsur Association, a non-profit organisation committed to seeking solutions, development and improvement of the particular difficulties that Down's Syndrome entails. Specifically, we contributed to its charity bingo event by providing two free nights accommodation at the Lopesan Costa Meloneras Spa and Lopesan Villa del Conde Thalasso Hotels as prizes. The funds raised go to support the organisation's social work, which directly benefits children, young people and adults with this disability and their families.





Distribution of coronavirus protective supplies

Throughout the year, we distributed disposable, single-use protective gloves and other protective materials to the Regional Ministry of Health so they can be used by the different health centres in Gran Canaria. At the end of March, we made an initial delivery of 200,000 pairs of gloves, which was followed by other shipments of materials from the establishments that were closed due to the pandemic.

Free stays for health workers in Gran Canaria

'There have been tough times and you've always been there, looking after us... now let us look after you'. With this message, at the end of April we launched an initiative to reward the efforts and dedication of the health workers of Gran Canaria, who have worked tirelessly during the state of emergency to help infected people.

In recognition of their work, we gave these professionals the gift of two free nights at the Lopesan Villa del Conde Resort & Thalasso, Lopesan Baobab Resort and Lopesan Costa Meloneras Resort & Spa Hotels. So, people who wanted to enjoy this gift simply had to choose two consecutive nights in standard double rooms, breakfast included, in one of our hotels in the Meloneras area.





Delivery of food to the Red Cross and the Food Bank Association

With the aim of supporting the most vulnerable people, especially in such difficult times as those we have experienced in 2020 due to the pandemic, this year we have contributed with a donation of food for both associations worth more than €27,800.

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06.3. Recognitions

A year as atypical as 2020 did not prevent us from being rewarded for our **constant efforts to improve** and offer the best experience to our customers. Thus, over the course of this year, we were honoured with these recognitions:

Our CEO, one of the 100 Most Creative Spaniards according to Forbes

With a view to boosting the Spanish tourism industry, Forbes magazine publishes its Top 100 most creative people in business, this year compiled exclusively within Spain. Francisco López, our CEO at Lopesan, was included on the list, in recognition of his role in changing the company's business model, its expansion into the Caribbean market, the creation of new brands and for closing the last three years with record numbers in the Group's history.

Lopesan Costa Meloneras, best European casino resort 2020

In its 27th edition, the World Travel Awards honoured Lopesan Costa Meloneras Resort & Spa as the Best European Casino Resort for 2020. These prestigious awards, also known as the Oscars of tourism, recognise the quality and good work of tourism professionals and companies worldwide, as well as promoting the development of the industry by recognising excellence.

Travellers recognise the excellence of Lopesan service

Many online platforms organise annual programmes that recognise customer satisfaction, based on travellers' comments and ratings. As this is one of the cornerstones of our philosophy, receiving distinctions of this kind fills us with pride and encourages us to continue on the path of excellence and continuous improvement.

In this regard, our Group was also honoured in 2020 with several awards by the tour operator Apollo, the online booking platforms Booking and Hotels.com and the review website TripAdvisor.

We received the InnoBankia 2020 Award for the best tourism company

For the third consecutive year, the InnoBankia business awards were held, which were created to support and give greater visibility to the companies that make up the productive fabric in Las Palmas de Gran Canaria, Mallorca. Murcia and Barcelona.

Our organisation was recognised with the award for the **best tourism company**, which recognises the work of companies that carry out innovative tourism initiatives and projects and that help to identify new business opportunities.

Four Group hotels receive Apollo Customers **Choice Awards**

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- 1. Lopesan Villa del Conde Resort & Thalasso, Bronze and Silver Customers Choice Awards in the Best Food & Beverage category
- 2. Lopesan Baobab Resort, Bronze and Silver Customers Choice Awards in the Best Food & Beverage category
- 3. Lopesan Baobad Resort, gold diploma in the Apollo Mondo Family category
- 4. Abora Catarina by Lopesan Hotels, gold diploma in the all-inclusive range

Lopesan awarded with 11 Travellers Choice from TripAdvisor

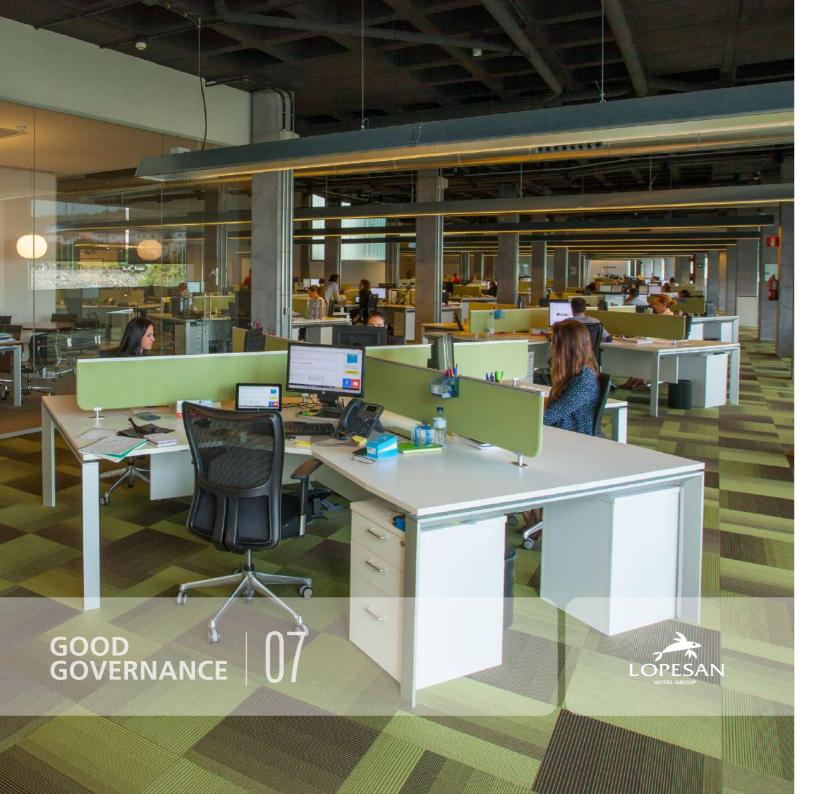
- 1. Lopesan Baobab Resort
- 2. Lopesan Costa Meloneras Resort & Spa
- 3. Lopesan Villa del Conde Resort & Thalasso
- 4. Hotel Faro, a Lopesan Collection Hotel
- 5. Abora Buenaventura by Lopesan Hotels
- 6. Abora Interclub Atlantics by Lopesan Hotels
- 7. Abora Catarina by Lopesan Hotels
- 8. Abora Continental by Lopesan Hotels
- 9. Corallium Beach by Lopesan Hotels
- 10. Corallium Dunamar by Lopesan Hotels
- 11. Lopesan Meloneras Golf

We received four Loved by Guest Awards from Hotels.com

- 1. Lopesan Baobab Resort: 8.8/10
- 2. Lopesan Villa del Conde Resort & Thalasso: 9/10
- 3. Lopesan Costa Meloneras Resort & Spa: 8.6/10
- 4. IFA Altemarena by Lopesan Hotels: 8.2/10

Booking awarded us 13 Traveller **Review Awards**

- 1. Lopesan Baobab Resort: 8.8/10
- 2. Lopesan Costa Meloneras Resort & Spa: 8.7/10
- 3. Lopesan Villa del Conde Resort & Thalasso: 8.8/10
- 4. Hotel Faro, a Lopesan Collection Hotel: 8.8/10
- 5. Abora Interclub Atlantics by Lopesan Hotels: 8/10
- 6. Abora Catarina by Lopesan Hotels: 8/10
- 7. Abora Continental by Lopesan Hotels: 8.7/10
- 8. Corallium Beach by Lopesan Hotels: 8.6/10
- 9. Corallium Dunamar by Lopesan Hotels: 8.1/10
- 10. IFA Villas Altamarena: 9.3/10
- 11. IFA Alpenhof Wildental Hotel Kleinwalsertal: 8.6/10
- 12. IFA Breitach Apartments Klenwalsertal: 8.3/10
- 13. IFA Rügen Hotel & Ferienpark: 8.2/10



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By our commitment to good governance, we contribute to SDG 16.



07.1. Governance management

The **executive management** of the company is the responsibility of the Chief Executive Officers Mr Roberto López and Mr Francisco López, who lead our business in three economic sectors through a set of companies within the Group dedicated to the hotel sector, construction, the agri-food industry and sustainable agriculture.

The Executive Committee and Board of Directors are the main executive management bodies. The Executive Committee meets regularly with the three corporate areas and the managing directors.

From senior management, we promote a culture of social responsibility integrated into the company's activity, creating value and promoting our commitment to the social and cultural progress of the Canary Islands. Respect for human and labour rights, the application of good practices in corporate governance and the commitment to keep improving governance are priority aspects for Lopesan on which we are working.

We also have a Criminal Risk Prevention and Compliance Mo**del** designed by the parent company of the Lopesan Group and upheld by all our subsidiaries.

Thus, in accordance with the legal requirements established in article 31 bis of the Criminal Code, the Group companies have implemented a Criminal Risk Prevention and Compliance Model which, broadly speaking, includes the definition of (i) the criminal risks affecting each of the different departments, as well as the review of the Group's critical activities, (ii) the general and specific controls in place to prevent the commission of crimes, (iii) the functions and responsibilities attributed to the Compliance Officer, as well as to other bodies and persons involved, (iv) the financial resources management system, (v) the process of supervision and monitoring of the model, (vi) the implementation of a Whistleblower Channel in the company, (vi) the disciplinary system, and (vii) the training of staff, managers and directors.

All this, together with our Compliance and Criminal Risk Prevention Policy and the Code of Ethics, is aimed at ensuring an ethical and compliance culture within the Group, as well as the effectiveness of control standards and procedures that minimise the risk of illegal behaviour by Lopesan's administrators, directors and employees.

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Respect for human rights

Human rights are basic and must be protected in all cases, ensuring dignity, equality and respect for the fundamental rights and freedoms of all people. At the Lopesan Group, we make it a priority to ensure that there is no breach of human rights, both within our organisation and in our supply chain.

In this respect, we take the Declaration on Fundamental Principles and Rights at Work and the Conventions of the International Labour Organisation (ILO), the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Global Compact, among others, as basic guidelines for our behaviour.

We promote respect for these fundamental rights through a human rights policy, which guides us in our commitment to ensure compliance with these rights and to ensure that no human rights violations occur, especially among our employees.

The policy identifies a number of risks that may lead to human rights violations and identifies measures to prevent and remedy them in the event of a breach. These risks are related to inequality, discrimination, harassment, abuse of authority, degrading treatment or abuse, workplace exploitation and child abuse.

In addition, and to ensure that no type of violation occurs at our hotels, we have several **committees** in charge of mitigating, handling and implementing measures if any behaviour or action



is detected that could lead to a breach of these rights. The enforcement bodies are:

- Workers Committee.
- Health and Safety Committee.
- Equality Plan Monitoring Committee.
- Child Protection Committee.

The procedure for ensuring compliance is completed with three key actions aimed at preventing the violation of human rights:

- Identification of risks of human rights violations, through different plans such as the Equality Plan, the Workplace Harassment Plan and the Protocol to Protect Minors.
- Risk prevention, mitigation and management, through a series of actions and measures such as raising awareness and training staff on equality, elimination of sexist language, promotion of equal opportunities with impartial and transparent selection and recruitment processes and the creation of an internal channel for submitting proposals related to equality.
- **Impact assessment**, through the measurement and analysis of a series of indicators such as total number of hires. promotions and conversions to permanent contracts divided by gender and professional category. In addition, each plan defines the protocol for monitoring and evaluating the cases identified

We also have a **Policy to Prevent and Handle Harassment at** the Workplace, which reflects our firm respect for the dignity of the people who make up the organisation and zero tolerance of any behaviour that threatens the physical or mental health of our employees. In this policy, we include an action protocol



that establishes the cases that may be the subject of a complaint, as well as the scope of application, the channels available to employees to report this type of occurrence, and the process for handling and resolving the complaint.

Finally, we have a **Child Protection Protocol** with the aim of guaranteeing the protection of children's rights in all Lopesan Group facilities through clear procedures for the prevention, detection and immediate intervention in the event of any form of child abuse (physical, psychological, gender violence, sexual abuse, prostitution/ sexual exploitation/trafficking, child pornography, among others).

In 2020, we investigated four cases of possible human rights violations related to dismissals and one marriage leave, a slightly lower number than in 2019, which stood at five cases. At Lopesan, we are firmly committed to continue reducing this number to attain an organisation free of this type of violation.

It also merits mention that we have never been significantly penalised for noncompliance with laws or regulations on social or economic matters related to this subject.

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07.2. Service excellence

At the Lopesan Group, we design our management strategies with a focus on customer satisfaction and a commitment to continuous improvement models as a path to excellence. Through our different brands, we try to respond to the needs of the most demanding guests, to ensure that they find what they are looking for at our establishments for their holidays.

To this end, we place the customer at the centre of our corporate strategy, striving to offer top quality services and facilities to ensure that they enjoy an unforgettable experience and want to return to our hotels.

Our customers' good opinions are the best publicity for us. For this reason, we analyse their degree of satisfaction through different user opinion platforms and conduct different surveys, whose results let us better understand their needs and identify improvements on which we must continue to work.

In 2020, we managed to slightly increase our customer satisfaction rating and continue to work towards an even higher online reputation ranking.





Moreover, at Lopesan we guarantee high quality standards and comply with current regulations and legislation to ensure proper food and beverage service at each of our establishments. Our aim is to offer safe, healthy and nutritious meals, aligned with the strictest animal health and wellbeing requirements.

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07.3. Certifications

Our commitment to excellence and quality of service is endorsed by a series of certifications in several fields, which entail compliance with strict requirements established by internationally recognised standards.

Specifically, our hotels on the Canary Islands hold these certifications:



UKAS

Certificate ISO 9001 Quality Management System.

Lopesan





Certificate ISO 14001 Environmental management System.





Certificate ISO 45001 Occupational Safety and Health Management System.



Certificate ISO 50001 Energy Management System.

In 2020 we adapted our energy management system to ISO 50001, achieving our goal of certification in April 2021. This tool will help us to improve the Group's energy control and performance.

Travelife certification - the seal that endorses our commitment to sustainability

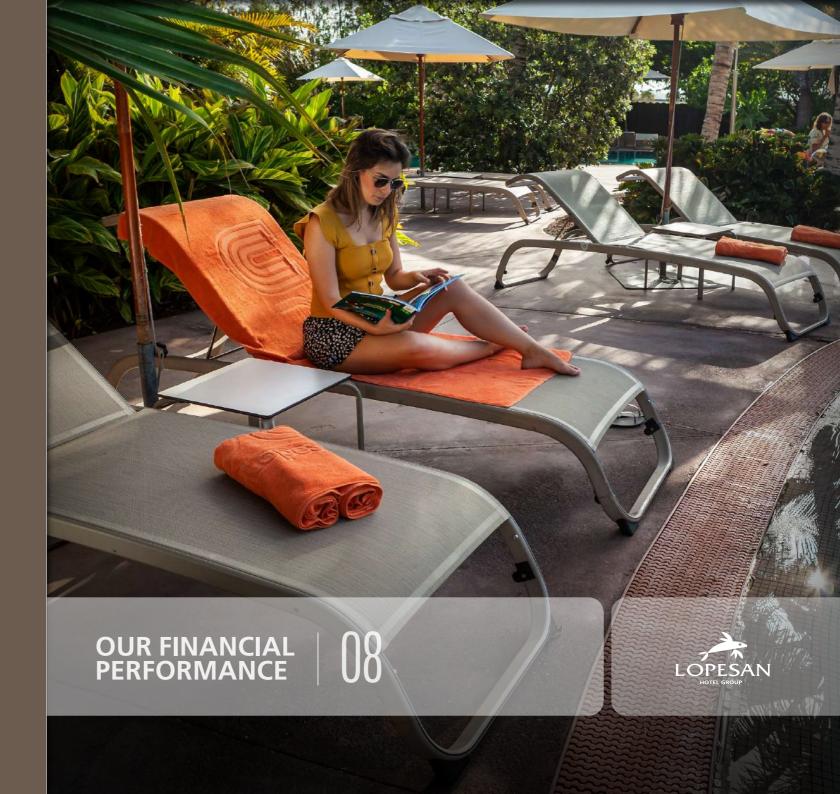
All our hotels have obtained Travelife certification, which assesses and verifies the **company's achievements in sustainability**, based on the Travelife International Standards.

This certification recognises our commitment to **sustainable tourism** on the Canary Islands and qualifies it as excellent. It is a very useful tool for strengthening the Group's commitment to sustainability and making it known to customers and other stakeholders.

It is worth noting that all our hotels hold the highest certification awarded by this entity, **Travelife Gold Certification**, which requires compliance with the most demanding sustainability standards.



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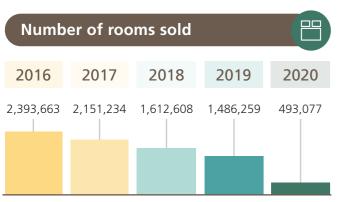
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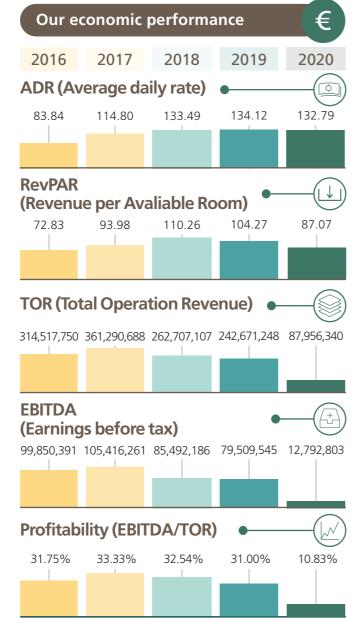
Through our commitment to local communities we contribute to SDG 8.



Due to the economic crisis caused by the COVID-19 pandemic, the global economy has suffered a widespread recession in 2020, and there is still a long way to go to return to pre-pandemic levels of activity.

Global tourism has been hit hard by the unprecedented slump in demand and worldwide travel restrictions. As a result, destinations have recorded sharp drops in the rate of domestic and international arrivals, directly affecting our activity.







Thus, the pandemic has had a significant impact on the **econo**mic results of the Lopesan Group, with total revenues decreasing by 63% and a drop in profits of some 10.83%, due to the fact that our hotels had to remain closed for several months as a result of the health restrictions. Consequently, the number of rooms sold had a significant year-on-year drop of 66%.

Nonetheless, it merits mention that in a context as adverse as that of 2020, the company has maintained a positive EBITDA (earnings before tax) of over 12 million euros, although this represents a year-on-year decrease in revenue of 83%. In this regard, it is important to highlight the effort we have made to reduce the company's current expenses and to be able to face the significant drop in revenues to protect jobs.

Looking ahead to next year, and based on the gradual restoration of consumer confidence with the arrival of vaccines and the easing of travel restrictions, we are confident of a turnaround that will let us resume our activity to keep progressing towards a sustainable economic development model.

Ultimately, uncertainty about health and mobility restrictions have led to a sharp decline in economic activity. We are therefore working on a long-term strategic planning process with the aim of optimising the Group's recovery prospects.



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The innovative and entrepreneurial spirit that characterises the Lopesan Group led us to carry out a **diversification process** of economic activities that today determines our business model.

In addition to **professional growth** and economic benefit, this strategy means that we can generate synergies, make better use of resources and reduce the risks inherent to the activity itself, as well as to strengthen our brand image and access new markets.

Thus, we have **three divisions** besides the hotel business, the Group's main business area. At present, we have:

- A division for construction and industrial production.
- An innovative complementary offering for our customers at the destination via our **non-hotel tourism division**.
- Sustainable agricultural production and local consumption on our islands through the agricultural project we are developing at the Veneguera Farm.

Across the board, we reassert our commitment to sustainability in all our divisions and, to that end, apply environmental and social criteria in all our divisions.

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09.1. Non-hotel tourist activity

One of our main objectives is to become the best choice for our guests when they are looking for accommodation. Therefore, in order to encourage loyalty, we offer an exclusive range of activities and complementary services so they can make the most of their experience in our hotels.

Through the non-hotel division, we work to offer a wide range of quality complementary tourist activities, including catering services, events, conference centre, industrial laundry service for hotels, golf courses, spa and thalassotherapy, tailoring, swimming pool and car park.



Our non-hotel tourist activities



Cook and Event



Lopesan Hotel Management



ExpoMeloneras



Velvet by Lopesan



Inter-hotel laundry



IFA Canaries Swimming Pool



Meloneras golf



Parking Oasis



Corallium Spa Lopesan Costa Meloneras

del Conde

Corallium Thalasso Lopesan Villa



Titan Gym



As a direct consequence of the COVID-19 health crisis, we experienced a significant 52% drop in profits in this sector this year.

Nevertheless, turnover was positive, exceeding 32 million euros.

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TOTAL ENVIRONMENTAL EXPENDITURE & INVESTMENTS

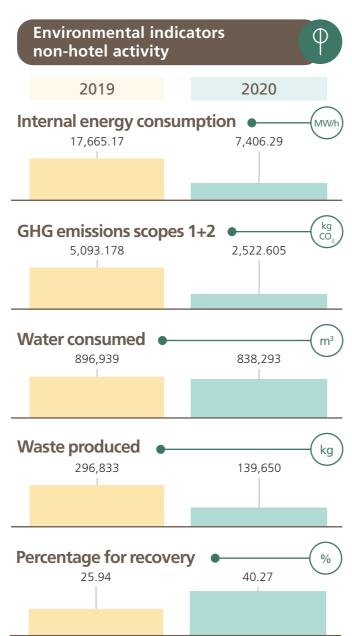
Despite the difficulties and the reduction in profits, we do not neglect the environmental aspects of the division, allocating more than 130,000 euros to **environmental investments**. One of the most important was to keep the Environmental Management System up to date, so that we could monitor the performance of our activity in such an atypical scenario as the one experienced in 2020 and know the capacity of our processes and procedures to respond to such a critical situation.

At the Lopesan Group, we work to incorporate **environmental criteria** into the daily running of our complementary offer that bring us closer to circularity, contribute to progressing in the fight against climate change and help us minimise its negative impacts. Thus, we optimise the use of resources, minimise emissions and focus on good waste and effluent management.

Overall, environmental performance in 2020 was affected by the pandemic as, on the one hand, the decline in economic activity has meant **lower resource consumption** and, on the other, the closing of centres made it difficult to obtain the proof needed for monitoring as accurately as in previous years.

It should be noted that, although the data was obtained in a very low activity scenario, it provides **valuable information on the environmental performance** of this division in such atypical circumstances.

Nevertheless, despite the difficulties and accepting a certain degree of deviation, we offer a summary of the **main indicators** obtained this year.



With regard to **internal energy consumption**, which is calculated by considering the consumption of diesel, propane, fuel oil and electricity, it dropped by 58.07% compared to the number for 2019, 7,406.29 MWh. Consequently, in 2020, GHG emissions experienced a significant decrease, producing 2,522,605 kg of $\rm CO_2$ emissions, 50.47% less than in 2019. However, this is not comparable with previous years due to the exceptional conditions.

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Conversely, the **consumption of supply water** remained at similar figures to those of 2019, with a total consumption of 838,293 m³. This is because, although our centres have been closed, we had to continue to carry out the necessary maintenance actions, which require a certain amount of water consumption.

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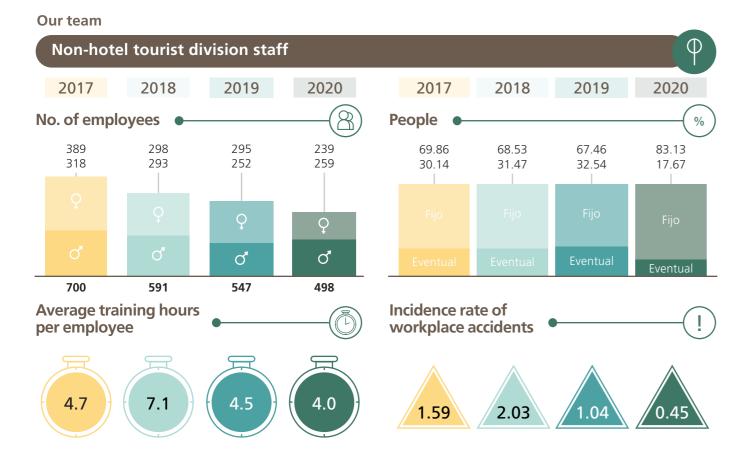
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Finally, the low activity in our centres led to less waste generation.



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We currently have **498 employees**, 82% of whom are on permanent contracts. Compared to the previous year, our employees took leaves as a direct consequence of the healthcare crisis, which has been cushioned as far as possible thanks to the implementation of employment flexibility mechanisms (ERTE). We also expect a recovery in employability as the effects of the pandemic on tourism activity subside.

The **accident rate** shows the same downward trend, with the incidence rate dropping to 0.45 points, with 100% of the

injuries minor. In this respect, we would like to point out that all the people working in this division are represented on the health and safety committees.

Also, despite the difficulties, we have made an effort to keep the team's **training initiatives**. Thus, in 2020 we offered 1975 hours of training, which represents an average of four hours per employee, very similar to the previous year.

09.2. Agricultural division

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The well-known **Veneguera Farm**, which we have owned since 2014, is the setting for our **sustainable agriculture** project for the local production of tropical fruit.

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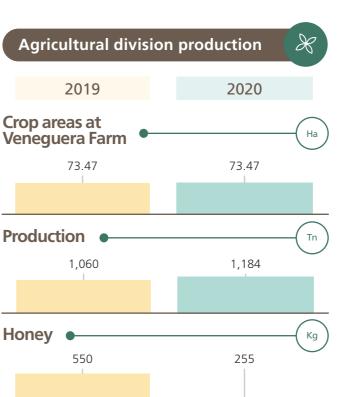
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This initiative allows us, on the one hand, to move towards **more environmentally responsible** consumption and production methods and, in parallel, to offer our guests zero-kilometre products and local varieties from the islands, which enrich their experience in our hotels.



This year the area for crops remained at 73.47 hectares. However, the planting from recent years are beginning to bear fruit, so that in 2020 we recorded a **12% increase in production**, having harvested a total of 1184 tonnes of vegetables.

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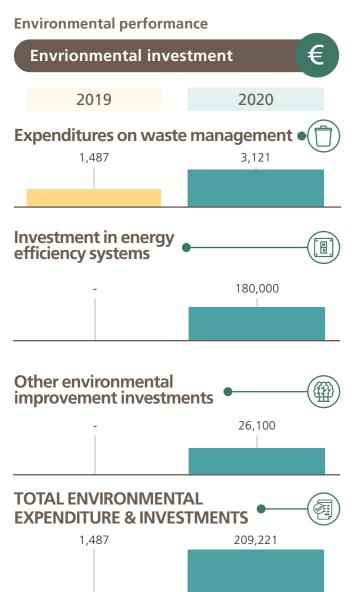
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We won the 2nd Miel Ámbar Prize in the category of Multi-flower Amber Honeys at the 15th Official Gran Canaria Honey Competition organised by the Gran Canaria Town Council.

We have also continued with our **beekeeping project** and today we have a total of 200 hives that have produced 255 kg of honey. In addition to the honey itself, beekeeping contributes to sustainable development, favouring the pollinating function of bees, which is essential for the production of flowers and fruits on plants, and helps create new jobs associated with the maintenance of this activity.





Executing proper environmental management is one of the Lopesan Group's priorities, which is why in 2020 we allocated a significant portion of this division's budgets as **environmental investment** to improve its performance.

In 2020 we made an important commitment to **energy efficiency**, with the installation of a photovoltaic park on the farm. In addition, one of the improvements we invested in this year was the purchase of an irrigation head to use water more efficiently.

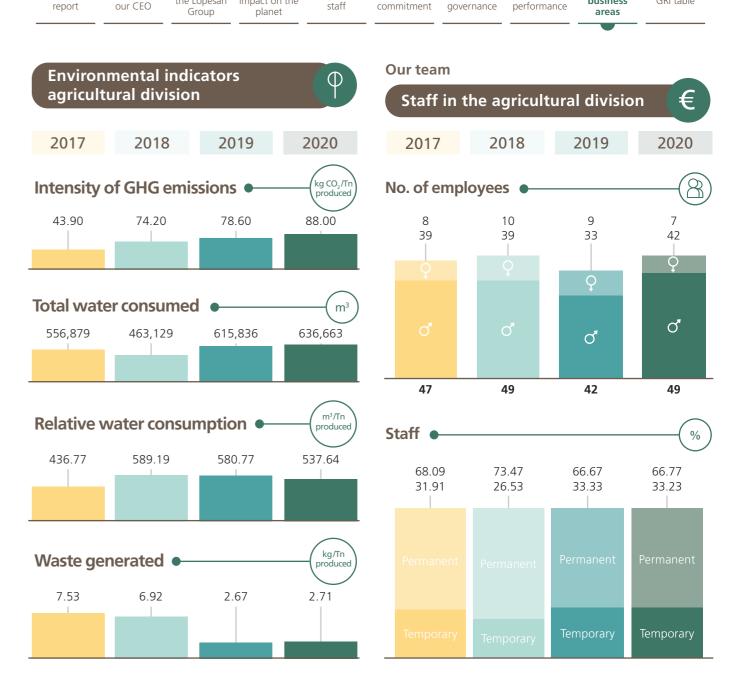
The **incorporation of environmental criteria** takes on great relevance in this division, as its actions have a direct impact on such important aspects as soil conservation, sustainable management of aquifers, the promotion of biodiversity and the prevention of pollution.

It is important to note that, despite the pandemic, our agricultural activity remained stable and, as we have seen, production even increased. This did lead to an increase in the consumption of raw materials and waste generated.

In 2020 we required more energy, which had a direct impact on **GHG emission intensity**, which increased by almost 12% to 88 kg CO₂ per tonne produced.

In terms of **water consumption**, the indicators point to a better use of this resource as, although the total volume of water intake did increase, the relative consumption per tonne produced decreased by 7%.

Finally, relative **waste generation** remained at similar figures to 2019, standing at 2.71 kg of waste per tonne produced, which is significantly lower than in previous years. In addition, 100% of the waste has been managed through an authorised waste manager.



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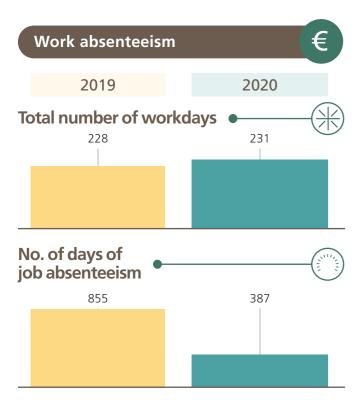
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In 2020, despite the difficulties, we managed to **increase the workforce** in this sector with the hiring of seven new workers, for a new total of 49 people, 60.63% of whom have permanent contracts.

We would like to point out that, despite the pandemic, which has generally negatively affected employment indicators, the agricultural division upheld its normal work levels and there has been no need for **employment redundancy measures**.



Despite an increase in workdays in 2020, the **number of days of absenteeism** dropped by 55% compared to last year, with 387 days not worked for this reason.

09.3. Industrial division

We complete our economic activity with a division working in **construction and industrial development**, which was the original business of the Lopesan Group and includes a whole series of activities related to the secondary sector: construction company, asphalt, emulsion, precast and concrete plants, construction company and a machine shop.

Despite the pandemic, this division managed to close the 2020 financial year in the black with a turnover of **23,875,205 euros**, which represents a year-on-year drop of 20.7%.

The circular economy, the minimisation of resource and energy consumption and the reduction of the carbon footprint are some of the parameters that we take into account in the day-to-day running of our industrial division.

Because of the type of activity we carry out, we need to make use of non-renewable raw materials, mainly aggregates for construction. In this regard, we are committed to using recycled aggregates that we obtain from the recovery of construction and demolition waste from our works. In 2020 we used **74% recycled aggregates** compared to the total consumed.

Environmental performance Environmental indicators Consumption of Tn industrial division non-renewable raw materials 2017 2020 2020 2018 2019 2017 2018 2019 Greenhouse gas emission g CO₂/ Recycled aggregate • intensity (€) 119 79,5 104 110 13,879 11,000 16,916 16,644 **Extraction aggregate** Water consumed turnovei 2,789 4,336 3,101 704 981 1.526 1.317 g/ turnover Waste generated Total aggregate 653 420 1,169* 795 16,668 15,336 20,017 22,417

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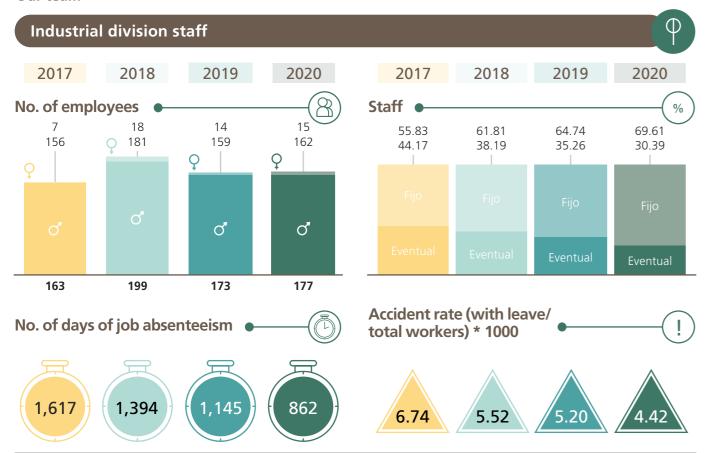
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*Increased waste in 2018 due to land and stones in Veneguera.



Our team



As a driver of the economy, this division contributes to local employment and community development. Our workforce has continued to grow and now numbers **177 people**, 2 more than in 2019, 70% of whom have permanent contracts.

In terms of **workplace accidents**, the incident rate dropped by 4.42 points and 100% of the injuries were classified as minor. All

those working in this sector are represented on formal joint health and safety committees.

In addition, the number of days of **workplace absenteeism** dropped by 25%.

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GRI Standards Indicator	Description	Location / Direct answer						
102 General contents								
Organizatio	nal 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 the Lopesan Group						
102-4	Location of operations	3. Welcome to the Lopesan Group						
102-6	Markets served	3.3. Lopesan brands						
102-7	Scale of the organisation	3.3. Lopesan brands						
102-8	Information on employees and other workers	5.2. Our staff						
102-9	Supply chain	6.1. Support for local development						
102-12	External initiatives	3.2. Business srategy						
Strategy								
102-14	Statement from senior decision-maker	2. Letter from our CEO						
102-15	Key impacts, risks, and opportunities	Letter from our CEO 3.2. Business srategy						
Ethics and in	ntegrity							
102-16	Values, principles, standards and norms of conduct	3.1. Mission, vision and values						
102-17	Advisory mechanisms and ethical concerns	7. Good goverment						

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
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 p	ractice	
102-50	Reporting period	January 1, 2020 - December 31, 2020
102-51	Date of most recent report	2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Himar Rodríguez: <u>hrodriguez@lopesan.com</u>
102-54	Claims of reporting in accordance with the GRI Standards	1. About this Report
102-55	GRI content index	10. GRI table
102-56	External assurance	This Sustainabilty Report 2020 has not obtained external assurance
103 Manag	gement approach	
103-2	The management approach and its components	3.4. Sustainable managament approach
103-3	Evaluation of the management approach	3.2. Business srategy3.4. Sustainable managament approach
201 Econoi	mic performance	
201-1	Direct economic value generated and distributed	8. Our financial performance

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203-1	Infrastru	cture investm	ents and service	ces supporte	ed	9. Other busi	ness areas			
203-2	Significant indirect economic impacts					8. Our financ 9. Other busi	ial performano ness areas	re		
204-1	Proportio	on of spendin	g on local supp	oliers		6.1. Support	for local devel	opment		
301 Mater	ials									
301-1	Material	s used by wei	ght or volume			9. Other business areas				
301-2	Recycled	l input materi	als used			9. Other business areas				
301-3	Reclaime	ed products a	nd their packa	ging materia	als	9. Other business areas				
302 Energy	y									
302-1	Energy c	consumption v	within the orga	nisation		4.1. Fighting climate change				
302-3	Energy in	ntensity				4.1. Fighting climate change				
302-4	Reductio	on of energy o	consumption			4.1. Fighting climate change				
302-5	Reduction services	ons in energy	requirements o	of products	and	4.1. Fighting climate change				
303 Water										
303-1	Water w	ithdrawal by	source			4.2. Responsible water use				
303-3	Water re	cycled and re	used			4.2. Responsible water use				
304 Biodiv	ersity									
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas					4.4. Biodivers	ity protection			
304-3	Habitats	protected or	restored			4.4. Biodivers	ity protection			
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01	02	03	04	05	06	07	80	09	10
About this report	Letter from our CEO	Welcome to the Lopesan Group	Positive impact on the planet	Lopesan staff	Social commitment	Good governance	Our financial performance	Other business areas	GRI table

305 Emissions

305-1	Direct (Scope 1) GHG emissions	4.1. Fighting climate change		
305-2	Energy indirect (Scope 2) GHG emissions	4.1. Fighting climate change		
305-4	GHG emissions intensity	4.1. Fighting climate change		
305-5	Reduction of GHG emissions	4.1. Fighting climate change		
306 Efluer	nts and waste			
306-1	Water discharge by quality and destination	4.2. Responsible water use		
306-2	Waste by type and disposal method	4.3. Circular economy		
306-3	Significant spills	No significant spills were observed in 2020		
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		
07 Enviro	nmental compliance			
307-1	Non-compliance with environmental laws and regulations	No siginificant fines have been received in 2020		
308 Suppl	ier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	6.1. Support for local development		
401 Emplo	pyment			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4. Talent retention		
401-3	Parental leave	5.2 Our staff		

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4. Talent retention
401-3	Parental leave	5.2. Our staff

O1 About this report	O2 Letter from our CEO	Welcome to the Lopesan Group	Positive impact on the planet	05 Lopesan staff	O6 Social commitment	Good governance	Our financial performance	Other business areas	10 GRI table
403 Occu	pational l	health and	l safety						
403-1	Workers worker h	representation	n in formal joi ety committee	nt manager s	ment-	5.2. Our staf	f		
403-2	Types of injury and rates of injury, occupational diseases, lost days and abseteeism, number of work-related fatalities					5.3. Health a	nd safety		
404 Train	ing and e	ducation							
404-1	Average	hours of train	ing per year p	er employee	9	5.4. Talent re	tention		
404-3		ge of employer developme	ees receiving re	egular perfo	ormance	100%			
405 Dive 405-1		equal opp of governance	ortunity e bodies and e	employees		5.2. Our staff	:		
406 Non-	discrimin	ation							
406-1	Incidents	of discrimina	tion and corre	ctive action	s taken	There have be	een no such ca	ises in 2020	
412 Hum	an rights	assessme	nt						
412-1	•	ns that have be sessments	en subject to hu	man rights r	eviews or	7. Good governance			
413 Loca	l commur	nities							
413-1			community en		impact	6.2. Social ini	tiatives		
414 Supp	lier social	assessme	nt						
414-1	New sup	pliers that we	re screened us	ing social cı	riteria	100%			

05 10 Welcome to Positive Other About this Letter from Social Good Our financial Lopesan the Lopesan impact on the business **GRI** table our CEO staff commitment governance performance report Group planet areas

416 Customer health and safety

416-1	Assessment of the health and safety impacts of product and service categories	7.3. Certifications
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There has been no such breach in 2020
417 Marke	eting and labelling	
417-2	Incidents of non-compliance concerning product and service information and labelling	No non- compliance has been reported

7-3 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

417-3

418-1	Substantiated complaints regarding concerning breaches	None in 2020
	of customer privacy and losses of customer data	

419 Socioeconomic compliance

419-1	Non-compliance with laws and regulations in the social	None in 2020	
	and economic area		

88 Sustainability Report 2020 Sustainability Report 2020 Sustainability Report 2020

We trust that a business model
Sustainable is the key to achieving the green
recovery necessary to continue offering
unforgettable experiences.



