



2021 Sustainability Report





About this report	Letter from our CEO	Get to know the Lopesan Group	Positive impact on the planet	The Lopesan Hotel Group Staff
01	02	03	04	05
Social commitment	Good governance	Our financial performance	Other business areas	GRI Table



01 About this report



[About this report](#)

[Letter from our CEO](#)

[Get to know the Lopesan Group](#)

[Positive impact on the planet](#)

[The Lopesan Hotel Group Staff](#)

[Social commitment](#)

[Good governance](#)

[Our financial performance](#)

[Other business areas](#)

[GRI Table](#)

SUSTAINABILITY REPORT 2021

For yet another year, we at Lopesan are pleased to present our 2021 Sustainability Report.

This highly useful document is **of great importance to our stakeholders**, as it allows them to learn about the initiatives and actions we've carried out throughout this year to consolidate our social responsibility.

Through it, **we highlight the challenges and objectives** we tackled in 2021, making it possible for stakeholders - especially our customers - to continue placing their trust in us as we contribute to increasingly responsible, sustainable tourism.

In this report, we also demonstrate our commitment to integrating the 2030 **Sustainable Development Goals (SDGs)** prepared by the United Nations as part of the Group's business strategy, thereby contributing to creating a more just society that's committed to protecting the planet.

Throughout this report, we provide information from 2021 on the **social, environmental, and good governance aspects of our 13 hotels located in the Canary Islands**. In the final chapters, we report on the rest of the business divisions that make up the Lopesan Group: non-hotel tourism activities, the agricultural division, and the industrial division.

We published it for the first time six years ago, and in it, **we reaffirm our deep commitment** to sustainable development and taking care of the environment.

Through this report, we will share the **advances Lopesan has made in areas that are significant** for the company, providing detailed information on our commitment to the environment, support for the local community, protecting employees, and managing good governance during the 2021 financial year.

SUSTAINABILITY REPORT 2021

Specifically, the **Lopesan Group hotels** included in this report are:



Similarly, we followed the guidelines set forth by the international reporting standard **Global Reporting Initiative (GRI)** in its most up-to-date version, GRI Standards, to prepare this report.



02 Letter from our CEO



02. Letter from our CEO



Francisco López
 CEO Lopesan Hotel Group

We must interact with our habitat from respect and conciliation through sustainability

LEAVE NO TRACE

Each person's aspirational ideology should include a few key goals: aiming to leave this world better than they found it, contributing something special during their life, relating more closely to family and friends, building a brilliant professional career, and trying to transform their entire surroundings to create a better place.

This is what is commonly known as leaving one's mark. However, things change when we talk about the relationship we need to develop with our surroundings and the impact our activity has on the environment. From that lens, we at Lopesan Hotel Group have proposed **leaving no trace**; all of our efforts are aimed at being invisible to the planet.

The COVID-19 pandemic has created a before and after in humanity's collective memory, forcing us to witness the power of nature from a place of powerlessness. We have seen for ourselves the fragility of a system we thought would keep us invincible. Reality has reminded us yet again that we have to interact with our habitat with respect and balance, highlighting **sustainability as a non-negotiable criterion**.

Lopesan Hotel Group holds the deep conviction that we must **focus our efforts on continual improvement**. For this reason, we set a calendar for 2021 that was filled with important challenges which we have strived to complete successfully. That's not enough. In terms of environmental economics, we cannot be complacent; there are always new challenges to be met, innovations to be tested, and more efficient technologies to be implemented.

As tangible examples of the green policies put in place recently, I would highlight the **plan drawn up to reduce our carbon footprint**, carrying out actions that encourage using electricity wisely, as well as the implementation of energy efficiency measures at our hotel centres. We can't forget

that water is one of the most precious and scarce resources, so we must consolidate our commitment to continue incorporating savings measures.

Some of the key points that have shaped our roadmap, which is detailed in this report, have focused on investing and incorporating **energy efficiency systems**, especially in low-voltage installations with new LED lighting. We have also decided to automate lighting systems, implementing low consumption systems at all our centres and incorporating new, more efficient machinery.

The individuals who make up our different work teams are such an important part of the ecological management system that Lopesan Hotel Group has put in place. Without their **commitment and work**, it wouldn't be possible to meet the goals of preserving our surroundings - both environmental and social.

We have moved towards carrying out economic activity that is respectful of the global ecosystem and based on an integrative tourism model and will continue to do so, ensuring that the business's profitability and sustainable development are not at odds with one another. This is the only way we can be proud of **our ecological legacy** as a whole. Whenever you might have questions about what you can do as an individual to protect the ecosystem you live in, remember: leave no trace.

Francisco López
 CEO Lopesan Hotel Group



03 Get to know the Lopesan Group



About this report

Letter from our CEO

Get to know the Lopesan Group

Positive impact on the planet

The Lopesan Hotel Group Staff

Social commitment

Good governance

Our financial performance

Other business areas

GRI Table

SUSTAINABILITY REPORT 2021

03. Get to know the Lopesan Group

03.1. Our company

We are a family business group with an international presence based in Gran Canaria; we work in construction, tourism, real estate development, leisure, and services.

Let's go back to **1972**, the year the company was founded. From the start, we focused on the construction sector, infrastructure, and promoting housing developments and real estate land.

Since then, we have managed to **expand and diversify our areas of activity** through our tenacity and work ethic. We've achieved solid international expansion, positioning ourselves as one of the largest and most diversified business groups in the Canary Islands.

Our **foray into the tourism sector** began in 1991, when we acquired the Altamarena hotel complex in Fuerteventura, creating the Lopesan Hotels & Resorts brand in 1995.

Today, hotel activity is our primary business area, making us the **leading hotel group in the Canary Islands** and one of the ten most recognised nationally, with more than 6,000 rooms across our hotels in the Canary Islands, the Dominican Republic, Germany, and Austria.

In 2021, we had a **portfolio of 21 hotels** - 14 we owned and 7 we managed. We recently added the Eden Beach Resort & Spa, located in southern Thailand. We acquired it in 2022 – our first hotel located on the Asian continent.

>5,000

Our staff is made up of more than 5,000 professionals worldwide. With their talent and dedication, they make our excellence and differentiation in customer service possible.

We also have an **agricultural division**; through it, we promote sustainable agriculture, producing local fruit and vegetables that we share with customers. In addition, we're continuing to work in the **construction sector**, where we first started out. This is part of the Group's industrial division, as well as the **real estate development activity**.

At Lopesan, we are also concerned about conducting a **sustainable business model** that's focused on providing value to society in order to contribute to social well-being, as well as protecting our environment by committing to reducing our environmental impact through measures for greater efficiency and responsible use of resources.

This way, we manage to **integrate our sustainability strategy** as a fundamental pillar of the company. This strategy functions as an engine for change and a lever of the business.

History of our company



Hijos de Francisco López Sánchez, the parent company of the current Lopesan Group, was founded



Acquisition of Hotel Buenaventura and Hotel Catarina



Opening of the first hotel we built ourselves: Hotel Lopesan Costa Meloneras



Opening of the third hotel we built: Hotel Lopesan Baobab



Creation of a new portfolio of brands in the Group: Abora by Lopesan Hotels and Corallium by Lopesan Hotels



Renovation of the Faro Hotel under the new brand The Lopesan Collection Hotels, and creation of the Group's sixth brand, Kumara by Lopesan Hotels



Creation of Lopesan Hotels & Resorts



Acquisition of majority shareholding of the German Group IFA Hotels & Touristik



Acquisition of Hotel Garonda Jandia in Fuerteventura, which has been renamed the Hotel Altamarena



Commissioning of the second hotel we built: Hotel Lopesan Villa del Conde



Share increase from 51% to 75% in LS Invest AG



Opening of the fourth hotel we built: Lopesan Costa Bávaro Resort, Spa & Casino



Our mission, vision and values

Mission

Achieving customer satisfaction, profitable production units, and sustainable facilities.

Vision

- Being the leading company in the sector in managing tourist activities.
- Achieving customer satisfaction through continual models of improvement as a path to excellence.
- Establishing ourselves as an **innovative** organisation with a participatory spirit.
- Being a leader in **corporate culture**, based on respect and care for the environment and protecting the occupational health and safety of our workers, ensuring respect for human and labour rights, and a commitment to the social and cultural progress of the Canary Islands.

Values

- Professional meticulousness.
- Honesty.
- Sincerity and clarity.
- Commitment to quality, respect for the environment, and a culture of prevention.
- Internal promotion.



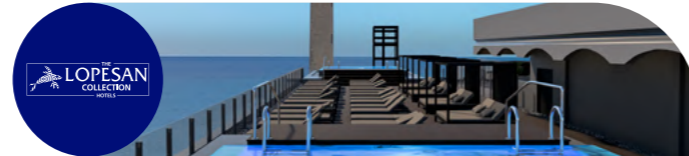
WE INTEGRATE SUSTAINABILITY IN A SUSTAINABLE WAY TO ACHIEVE OUR GOALS.

Our brands' value

At Lopesan, we work tirelessly to improve our services through ongoing innovation and the creation of a special, welcoming atmosphere at the hotels.

We are committed to creating **innovative spaces** that are functional, each with its own theme, and offering our clients a wide variety of possibilities to enjoy their holidays and relax as they put their full trust in us.

To this end, we have **six exclusive brands** for each of our 21 hotels, some of which we own and some we manage. These are located in Fuerteventura, Gran Canaria, Germany, Austria, and the Dominican Republic.



The Lopesan Collection Hotels

Through this brand, which encompasses our five-star hotels, we offer customers a cutting-edge, innovative concept to enjoy an unforgettable vacation in exclusive spots where they can find peace and get away from it all. The collection also boasts thoughtful, innovative decorations with an aesthetic that sets it apart, bringing the warmth and harmony our guests are looking for.



Abora by Lopesan Hotels

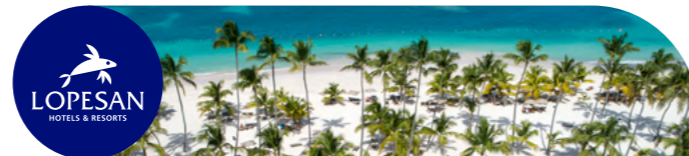
This is a new hotel concept where light, colour, and fun prevail in renovated, carefree spaces that offer the best services, with contemporary architecture and well-planned aesthetics. We have a wide range of entertainment, with all-inclusive options to enjoy the wide range of gastronomic selections we offer.



Corallium by Lopesan Hotels

The tranquillity, comfort, and well-being offered by these hotels, which are located in the Canary Islands, allow guests to enjoy an unforgettable vacation in a relaxing, peaceful environment. These hotels are located on the seafront and have been completely renovated, offering high-quality features and exclusive views.

Our top priority is achieving customer satisfaction and ensuring an unforgettable experience for the thousands of tourists who stay with us every year.



Lopesan Hotels & Resorts

The commitment to quality, technology, and personalised attention are the hallmarks of this brand, which is characterised by unique architecture and luxurious, spectacular facilities. One of our differential values is our commitment to the staff's thoughtful, warm disposition and the comfort and quality of these first-class hotels.



IFA Hotels & Resorts

Our most international brand, and one of the Group's insignia, has a variety of hotels, resorts, and tourist complexes that are tailored to guests' needs, offering a unique experience in exclusive tourist areas with an unbeatable location. Excellence in service and customer satisfaction are our main objectives to offer an unforgettable stay.



Kumara by Lopesan Hotels

These hotels are characterised by their own identity, as well as their originality, modern feel, and functionality. In this way, they create cosy environments that are tailored to guests' needs. Each establishment has its own features that set it apart from the others, transforming them into unique, surprising hotels that offer a perfect balance between price and quality.

Portfolio of hotels and number of rooms

Gran Canaria	Number of rooms
LOPESAN COSTA MELONERAS RESORT & SPA	1,138
LOPESAN BAOBAB RESORT	677
LOPESAN VILLA DEL CONDE RESORT & THALASSO	561
ABORA BUENAVENTURA BY LOPESAN HOTELS	724
ABORA CATARINA BY LOPESAN HOTELS	410
ABORA CONTINENTAL BY LOPESAN HOTELS	404
ABORA INTERCLUB ATLANTIC BY LOPESAN HOTELS	397
CORALLIUM DUNAMAR BY LOPESAN HOTELS	273
CORALLIUM BEACH BY LOPESAN HOTELS	210
FARO LOPESAN COLLECTION HOTEL	182
KUMARA SERENOA BY LOPESAN HOTELS	174

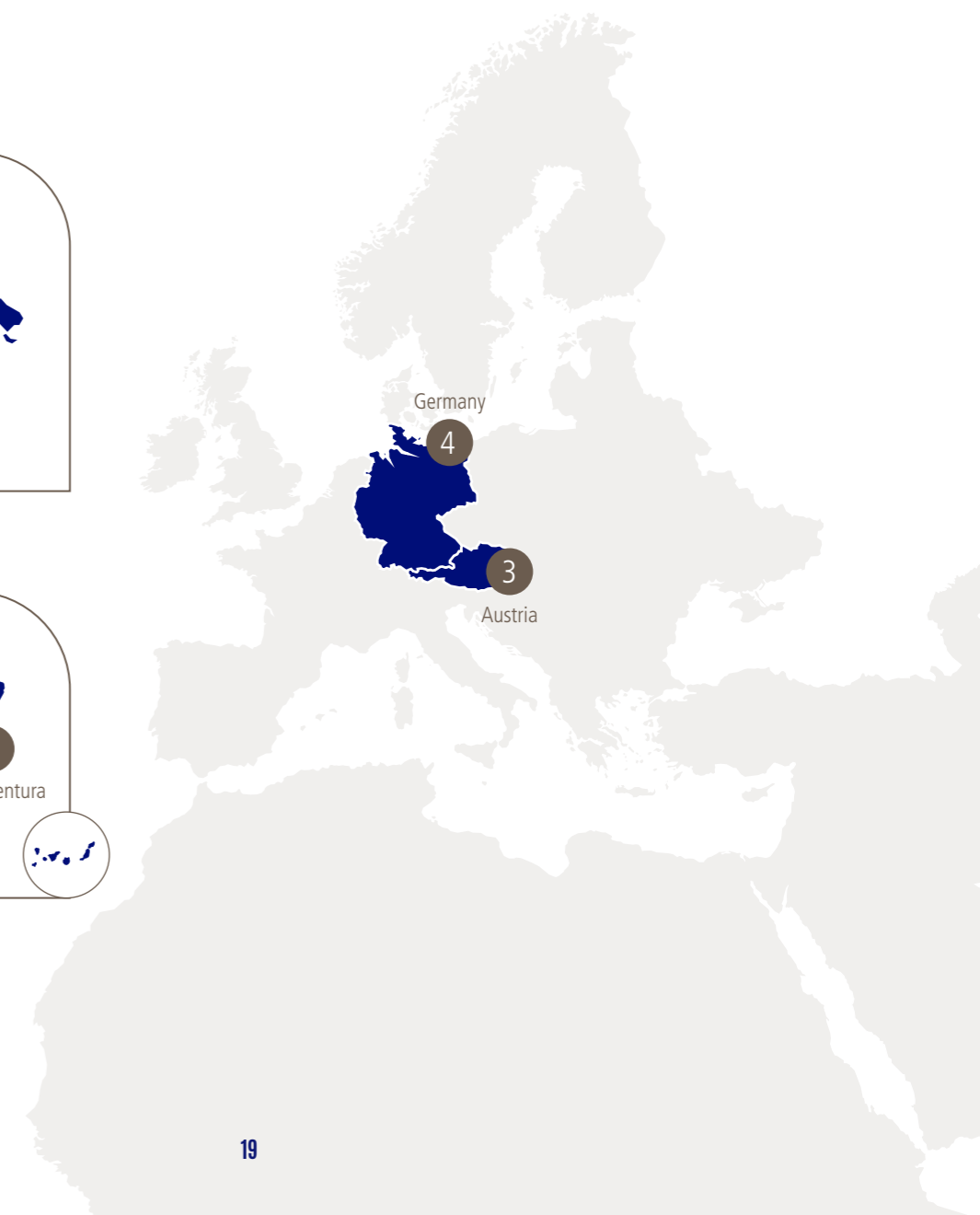
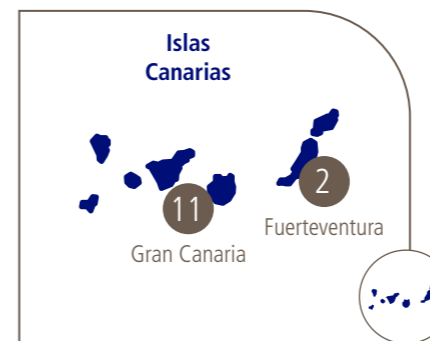
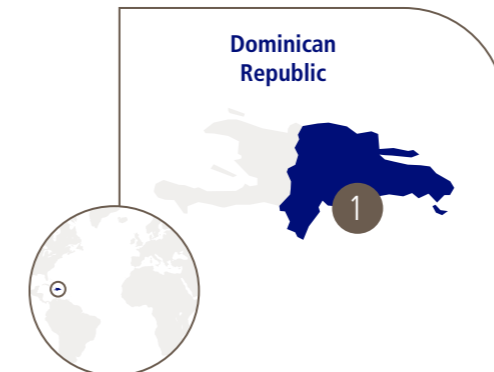
Fuerteventura	Number of rooms
IFA ALTAMARENA HOTEL	238
VILLAS ALTAMARENA	12

Austria	Number of rooms
IFA ALPENROSE HOTEL	100
IFA ALPENHOF WILDENTAL HOTEL	57
IFA BREITACH APARTMENTS	32

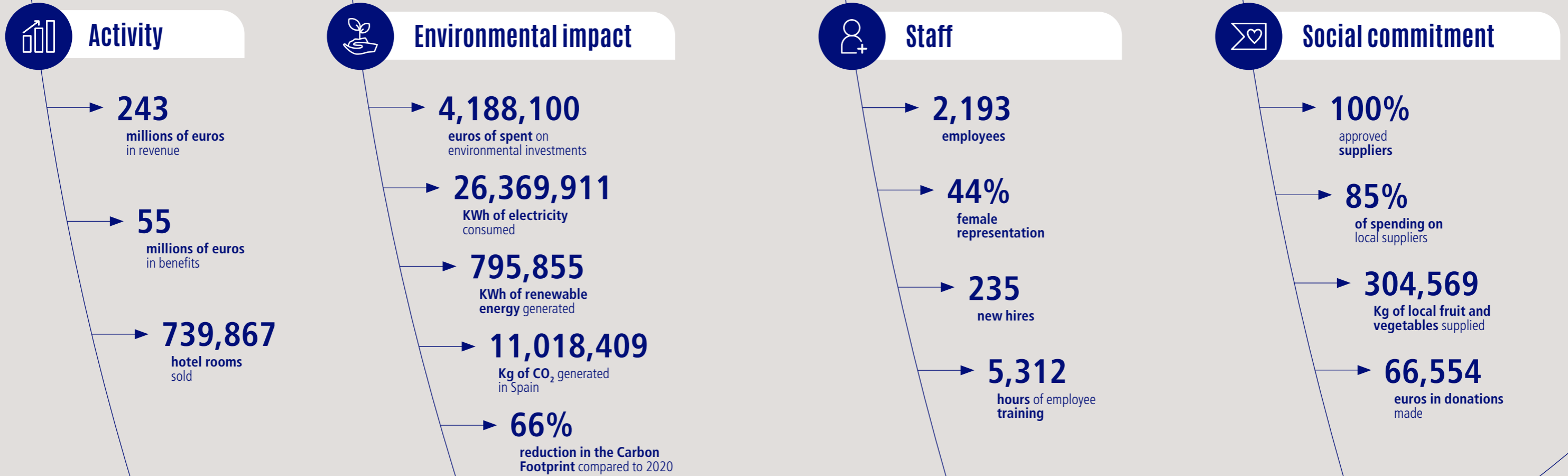
Germany	Number of rooms
IFA RÜGEN HOTEL & FERIENPARK	546
IFA FEHMARN HOTEL & FERIEN-CENTRUM	422
IFA SCHÖNECK HOTEL & FERIENPARK	318
IFA GRAAL-MÜRITZ HOTEL, SPA & TAGUNGEN	150

Dominican Republic	Number of rooms
LOPESAN COSTA BAVARO	1,042

Our hotels



03.2. Impact in numbers





03.3. Business strategy

One of our greatest concerns in this global context of political, social, and economic uncertainty that has spiked as a result of COVID-19's global impact is ensuring **the business's rapid adaptation** and proper decision-making.

Based on this, our business strategy, which is set forth in a four-year plan that goes through 2022, has been revised and redefined to **respond to an increasingly competitive and changing environment**, with a dichotomy between thinking globally and acting locally.

As a result, all of our team members are aligned around the common aim of achieving the company's **success and sustainability**, in line with the business's values and vision. This way, we can turn challenges into opportunities, strengthening the company with consolidated long-term growth.

We're also committed to **innovation** as an essential pillar to promote the company's digital transformation, with new technological tools to be implemented in the Group's marketing and communication areas.

We are deeply committed to sustainability and digitalisation as transformative levers to move towards a responsible, sustainable model of tourism.

Our strategic objectives

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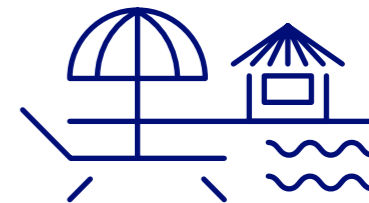
1. Group expansion

- **Building micro-destinations**, that are mainly focused on Ibero-America; these will allow us to provide a complementary selection of leisure, restaurants, and shopping areas.
- **Consolidation as a third-party property management company.**


In line with this important strategic objective, we at Lopesan plan to double the selection of international accommodation in the next five years.

The hotel complex **Eden Beach Resort & Spa** is scheduled to join our portfolio in mid-2022; this will be accompanied by a major collaboration with tactical suppliers that will provide some of the most powerful tools on the market, creating a high-performance ecosystem of innovation.

In September 2020, we also started managing the Kumara Serenoa by Lopesan Hotels, a 4-star hotel located in southern Gran Canaria; it's located in an exclusive spot, with avant-garde architecture set in a unique natural environment.



We have become the first Canarian hotel chain with a presence in Asia on the imminent opening of our first hotel in Asia, the 5-star luxury Eden Beach Resort & Spa, located in Khao Lak.



2. Customer-centric

- A complete review of the **marketing plan and budget** based on criteria for application, distribution, and return.
- Defining the **CRM model** (B2C and B2B), with segmentation criteria and customer contact policies.
- Launching a **loyalty plan** for B2B and B2C.
- Defining the **management and customer relationship models** and redefining the business structure.
- Developing the **channel strategy and reducing acquisition costs** (segment, product, and geography).
- Defining a **digital strategy** to capture 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. Human Resources culture and strategy. Capacity management


Our Human Resources strategy is the backbone of **protecting our employees and providing their professional development** in the best possible working environment. This leads to more motivated, better-prepared professionals who make the company's success and leadership possible. Our top priority is attracting the best talent and making the employee experience unique and transformative.



4. Evolution of the organisational model

We are working to evolve towards a more operational and efficient model that adapts to 100% of the company's management needs.

Our goal is to establish the Group's international expansion, promoting the management of non-owned real estate assets.



5. Consolidating brands, unique experiences, and efficient repositioning

We focus our efforts on **offering the best products and services**, constantly striving for excellence to achieve our customers' complete satisfaction. To this end, we are committed to the value and character of our distinctive brands, which offer travellers an unparalleled environment.



03.4. Sustainable management approach

At Lopesan, our commitment to permeate every business area with sustainability in a crosscutting way is one of our highest ambitions. We try to maximise this aim by getting stakeholders involved.

As a fundamental part of our corporate culture, we promote the commitment to **quality and customer satisfaction**, as well as the satisfaction of inter-related stakeholders. This ensures environmental protection, supporting a safe, healthy work environment and the social and cultural progress of the Canary Islands.

Therefore, in order to meet our ambitious sustainability objectives and ensure adequate, effective management, we have carried out a **Materiality Analysis** throughout 2020 and 2021 to identify the company's priority issues in environmental, social, and good governance matters.

To carry out this analysis, which was done following the GRI methodology, we have taken two main elements into consideration: the **internal vision** of the organisation's different areas, and the **external perspective** through studying informational sources from leaders in sustainability like the EU Non-Financial Reporting Directive.

Our Materiality Analysis has allowed us to identify **7 highly significant aspects and 7 significant ones**. These are the priorities the Group's sustainability strategy is based on and which we must focus on to ensure total alignment with the needs and expectations of stakeholders.

Our main stakeholders

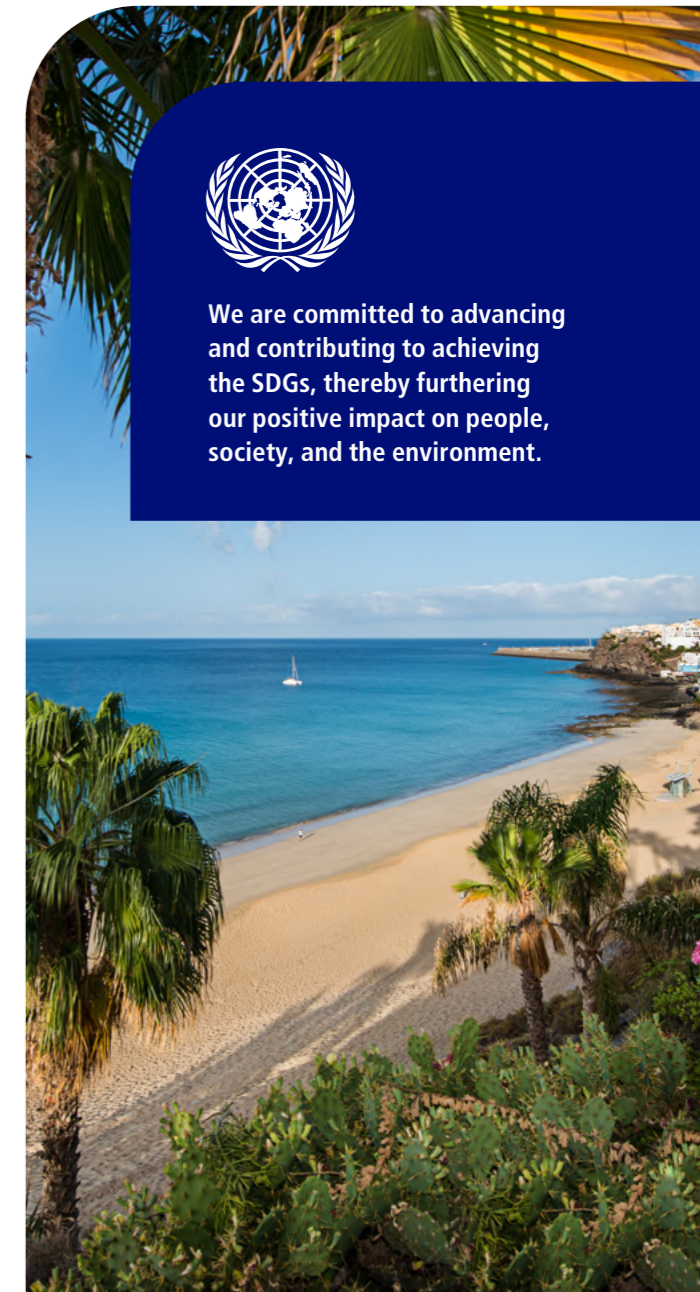
-  CUSTOMERS
-  EMPLOYEES
-  LOCAL COMMUNITY
-  SUPPLIERS
-  THIRD SECTOR ORGANISATIONS
-  PUBLIC ADMINISTRATIONS

In addition, to ensure an adequate response to the company's material matters, we have a **risk management and control system** in every area of the organisation. This way, we can identify, assess, and manage the main short- and medium-term risks that may affect our strategic objectives in a way that's based on homogeneous criteria. This will help us take the relevant steps for adapting and mitigation measures.

Our risk management system

-  RISK IDENTIFICATION
-  RISK ASSESSMENT
-  RISK RESPONSE
-  MONITORING AND CONTROL
-  COMMUNICATION

It is also of great importance for us to incorporate the **Sustainable Development Goals (SDGs)** as a fundamental part of our sustainability strategy. The SDGs were mapped out by the United Nations for the year 2030 to address the social, economic, and environmental challenges of the present and the future.



We are committed to advancing and contributing to achieving the SDGs, thereby furthering our positive impact on people, society, and the environment.

To reinforce our sustainability strategy, we also have a set of policies in place, including the Lopesan Group Sustainability Policy. It contains our commitments and objectives for caring for the environment, protecting employees, and supporting the local community's development, all while promoting innovation and competitiveness in the sector.

In this policy, we also set forth the fundamental axes that guide our actions:

- Ensuring customer satisfaction by implementing mechanisms for measurement and improvement.
- Adapting the processes to clients' needs and legal requirements in order to achieve the objectives set.
- Guaranteeing continuous improvement by promoting innovation and integrating suggestions from our customers and stakeholders.

Through our Sustainability Policy we materialize our commitment in this matter.



Guidelines of our Sustainability Policy



SERVICE EXCELLENCE



CARING FOR THE PLANET



EMPLOYEE PROTECTION AND RISK PREVENTION



DEVELOPMENT AND SUPPORT FOR SOCIETY



DRIVING INNOVATION



INFORMATION SECURITY



Caring for our environment, employees and society, together with innovation, are the keys to defining a sustainable business.



04 Positive impact on the planet



SUSTAINABILITY REPORT 2021

04. Positive impact on the planet

04.1. Managing our environmental impact

At Lopesan, we know just how important it is to play a proactive role in protecting the environment by promoting a model of responsible tourism and getting all stakeholders involved.

This way, **caring for the planet** is the central axis of our environmental commitment; this contributes to providing a more sustainable and liveable environment and preserving the value of natural resources like water and biodiversity. This is shown in our **Sustainability Policy**, where we highlight the importance of caring for the natural environment - one of Lopesan's strategic commitments.

In order to achieve adequate environmental management that's aligned with the highest environmental quality standards, we have implemented an **Integrated Management System** for Quality, the Environment, Occupational Risk Prevention, and Energy Management.

We have a certified Environmental Management System in accordance with **ISO Standard 14001:2015**, which allows us to manage environmental risks, identify opportunities for improvement, and anticipate any negative impacts derived from our activity. In addition, we have the **ISO 50001:2018** environmental certification. It was implemented with the aim of ensuring



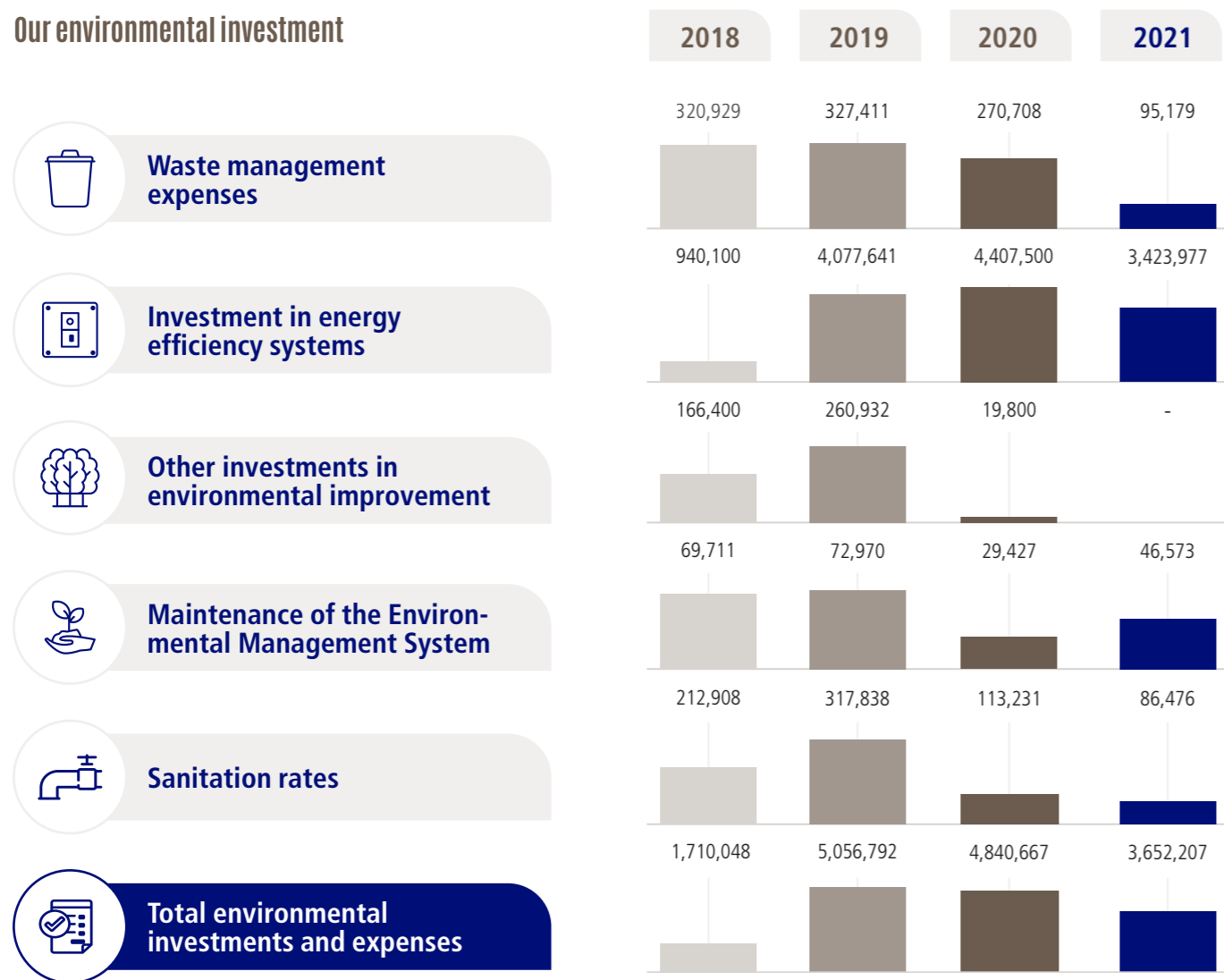
We've demonstrated our commitment to sustainability and the desire for continuous improvement by obtaining the Travelife Gold certification for hotels in Spain. This is the highest distinction granted by that entity, and it has allowed us to evaluate, verify, and communicate the company's achievements in sustainability.

continuous improvement in energy management and promoting energy efficiency at the organisation.

For our Industrial Division, we are also certified according to ISO 50001:2018, which lets us ensure adequate environmental management of the activity.

The Travelife certification, which ensures **compliance with high international standards in the tourism sector**, endorses our sustainable performance; we obtained the "excellent" rating by implementing good practices. It is, therefore, a distinction that reinforces the responsibility we have been demonstrating to promote sustainable development at our organisation.

Our environmental investment




04.1. Calculating our carbon footprint

At Lopesan, we're aware of the need to face the challenge of climate change resolutely. Therefore, it is essential to focus our efforts on promoting the **transition to a low-carbon activity** while mitigating the environmental impact we generate.

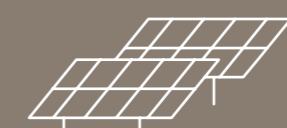
To advance in measuring and **monitoring the impact** of our activity, one of our main actions is calculating the company's carbon footprint, which lets us identify the greenhouse gases (GHG) generated directly or indirectly by our organisation.

This way, we can identify opportunities for consumption reduction and mitigation measures, adapting these actions to our sustainability strategy.


Our pillars in the fight against climate change



Investing in clean, efficient technology.

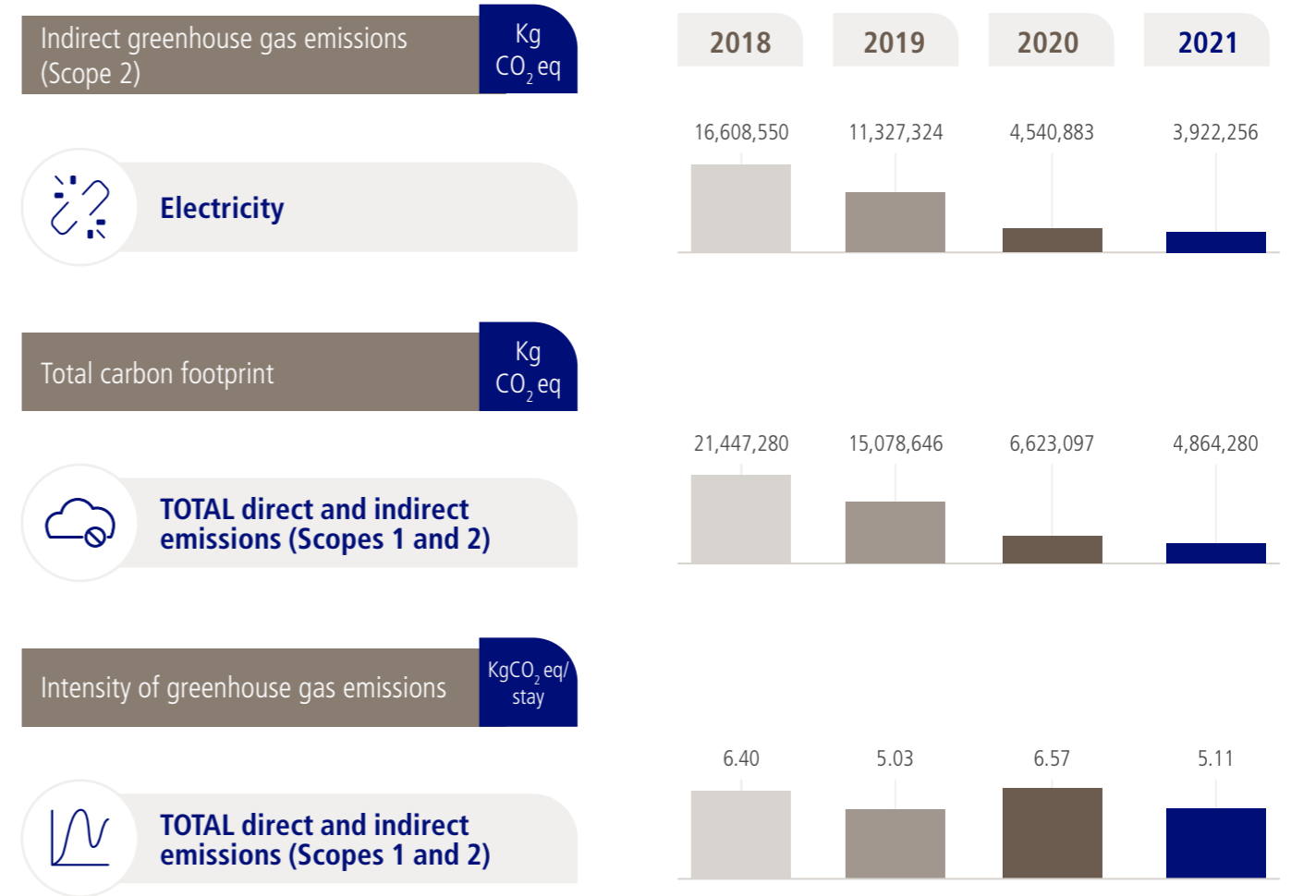
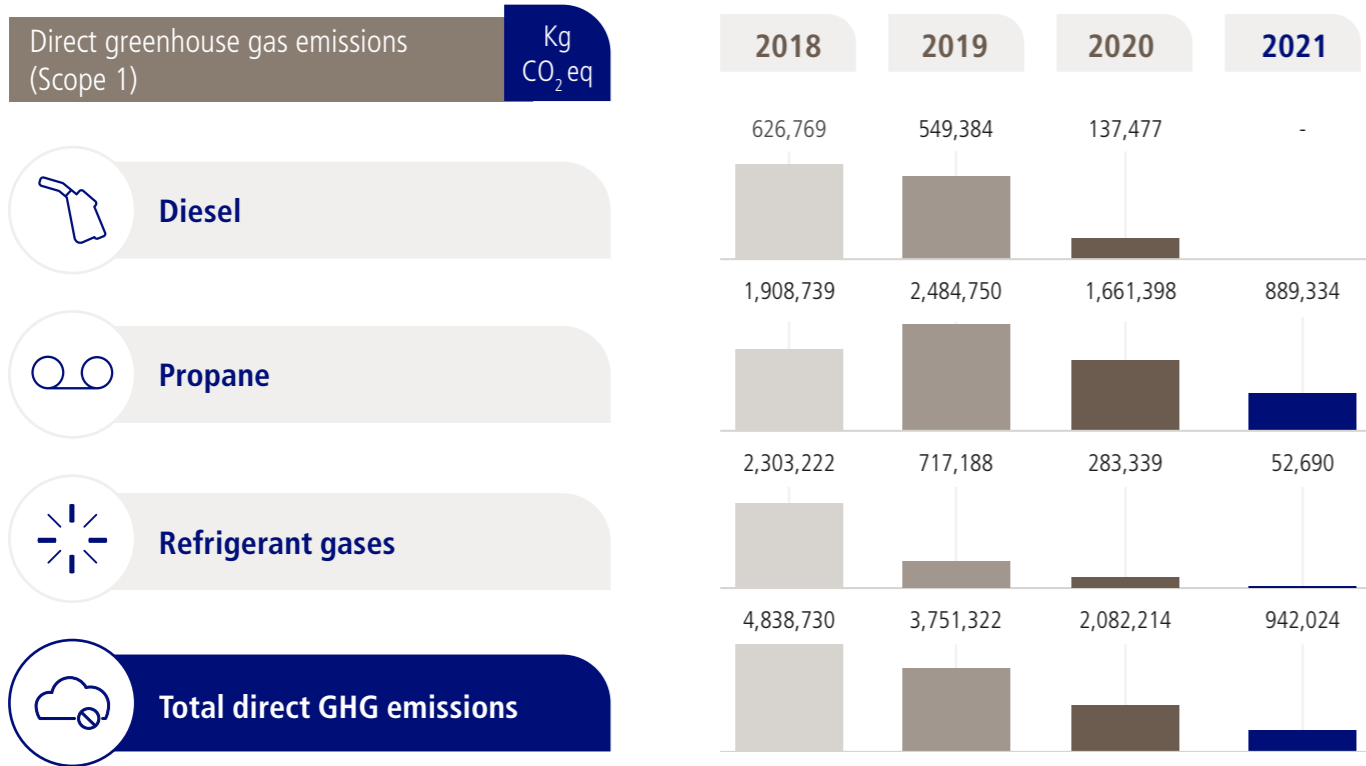


Increasing the use of renewable energies, with the resulting reduction in emissions.



Raising awareness among stakeholders about responsible, efficient use of resources and energy savings.

Our greenhouse gas emissions



SUSTAINABILITY REPORT 2021

As the graph shows, the emissions generated by electricity consumption (Scope 2) represent 80% of the total. Therefore, we have identified a set of measures to be implemented in order to **reduce our energy consumption**.

Throughout 2021, we have also managed to **reduce our carbon footprint** by 26% compared to the previous year. This backs our commitment to continue developing environmental impact mitigation strategies.

In this regard, to strengthen our goal of continuous improvement in the organisation's environmental performance, we have set the following **goals for 2022**:

- 5% savings of electrical energy through progressive replacement of conventional bulbs with LED technology.
- Installing door opening alarms in cold storage rooms.
- Separating measurement points in electrical energy to improve the quality of consumption data.
- Reducing energy consumption in thermal installations.
- Purchasing concrete and aggregate on site with an environmental product declaration.
- Improved process control using ISO Tools.



SUSTAINABILITY REPORT 2021

04.1.2. Energy efficiency

In Lopesan, achieving energy efficiency and replacing fossil fuels with **renewable energy sources** are fundamental aspects that we integrate into our environmental strategy to promote a more sustainable business model.

As a result of our commitment to promoting renewable energies within the company, we'd like to highlight the **installation of three wind farms** for producing green energy; they're located in Santa Lucía del Mar, Montaña de Arinaga, and Espinales.

These farms, which have a production capacity of up to 112,000 megawatts, have entailed an **investment of over €40 million**, partially financed by

the European General Development Fund (ERDF) through the Low Carbon Economy aid line.

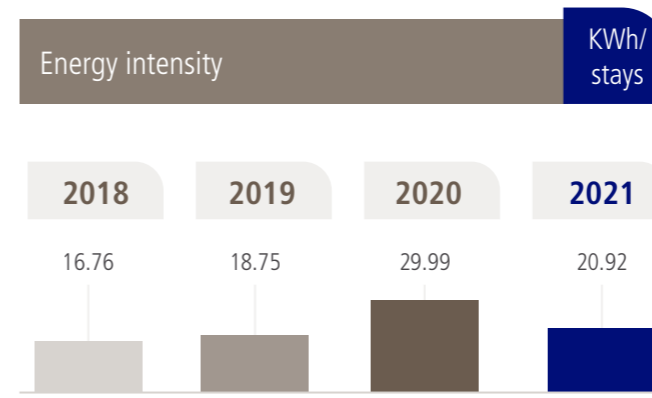
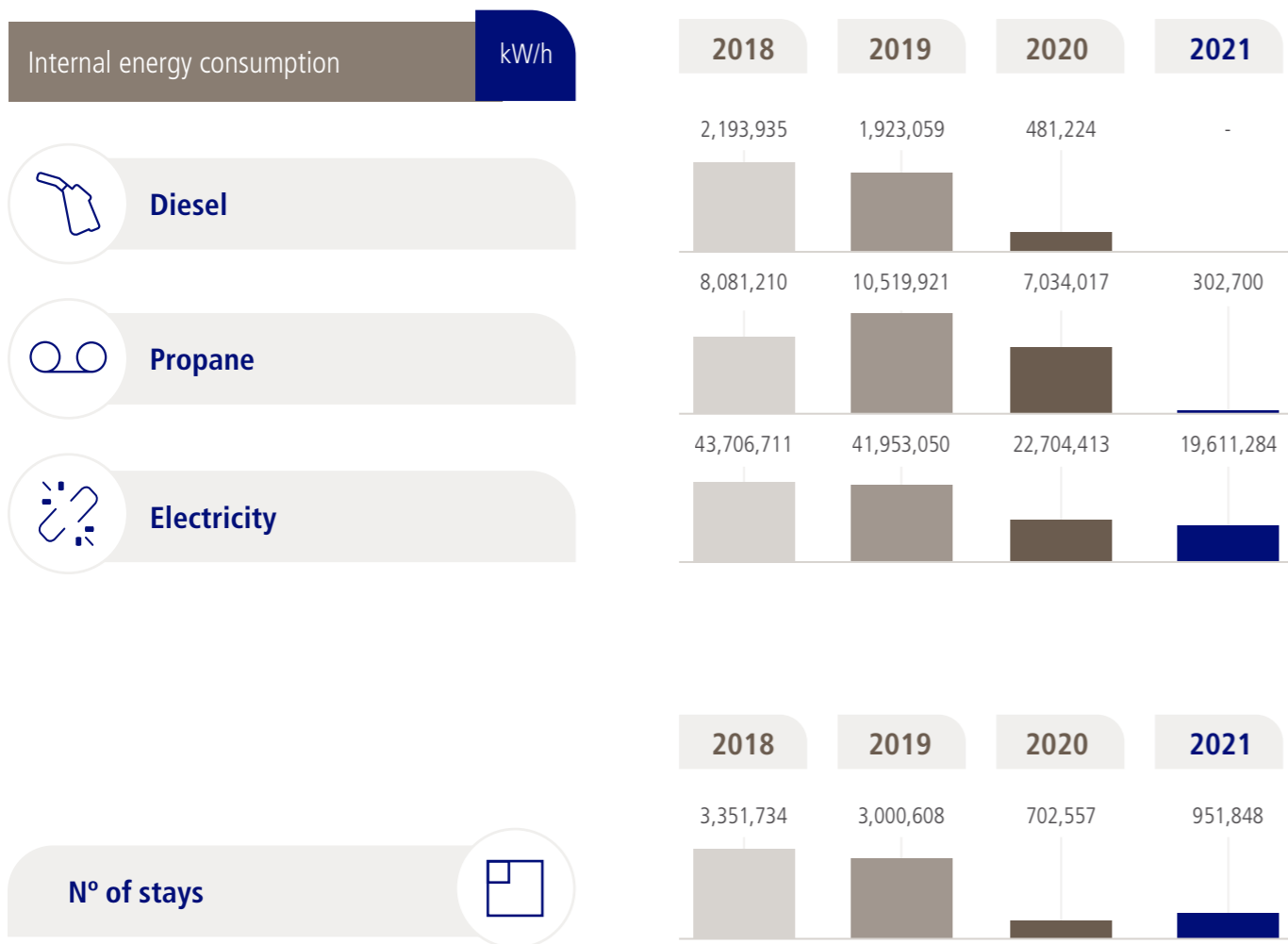
In our commitment to renewable energies, we'll also note the **solar and thermal installations** that nine Lopesan hotels have. This way, we have solar thermal energy that is consumed at our own facilities and photovoltaic solar energy that's dumped directly into the grid.

In addition, we are starting the procedures to install another photovoltaic solar plant at our hotels in San Bartolomé de Tirajana; these will have a power of 5 megawatts.



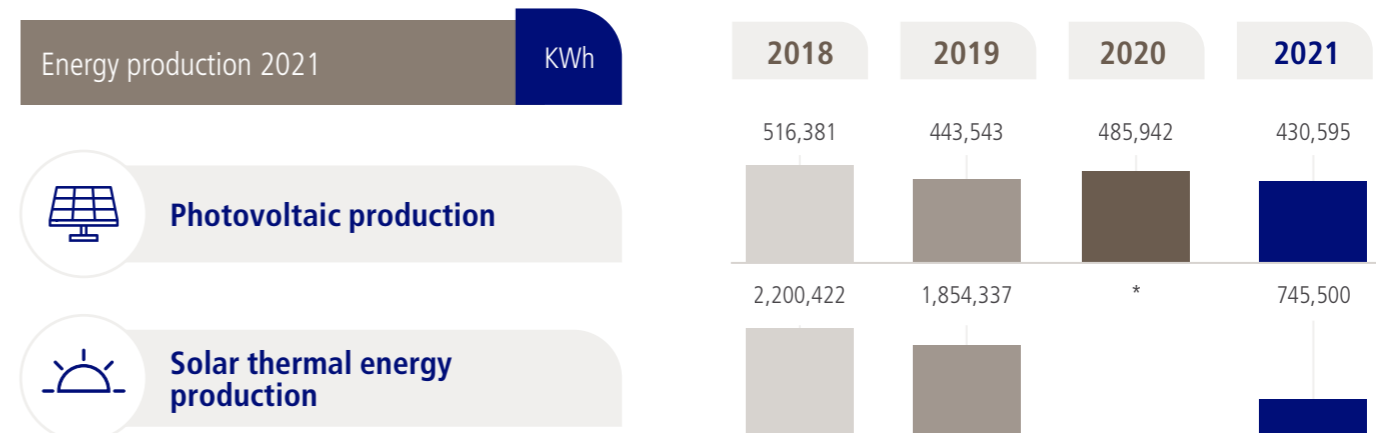
Our goal is to achieve optimal use and management of energy to achieve maximum efficiency, in line with SDG 7: Affordable and clean energy.

Our energy consumption



As the graphs show, both propane and electricity consumption and energy intensity have decreased compared to the previous year. The **sharp decrease in propane consumption** - some 95% - is mainly due to the installation of heat pumps and the recovery of heat from chillers for swimming pool air conditioning. On the other hand, electricity consumption has been reduced by 13% and energy intensity by 5%.

Our energy production



*2020 data unavailable due to a meter breakdown.



Through the application of energy measures we manage to continue reducing our carbon footprint.

Throughout 2021, we also reinforced our commitment to energy efficiency by **carrying out various actions** which we are still working on in 2022:

- Installing the LED lighting system, which offers high energy consumption savings.
- Improving the energy monitoring system and expanding measurement points.
- Monitoring refrigerant gases.
- Developing monthly energy consumption reports with energy efficiency indicators and analyses of deviations from the proposed objectives.

04.2. Sustainable use of water

In recent years, we have faced a **real challenge** globally due to the unsustainable use of resources to meet basic needs around the world.

As part of our commitment to contribute to meeting SDG 6: Clean Water and Sanitation, we at Lopesan assume responsibility for achieving **maximum use and optimisation** of the valuable, scarce resource that water is, especially since its availability has been further reduced by extreme weather events.

This **commitment has great importance** for us, considering our location in an area experiencing high water stress: the Canary Islands, where most of the Lopesan hotels are located. Thus, we promote **proper water management** to reduce consumption and raise awareness among stakeholders about the importance of using this resource rationally.

As we're aware that our activity requires a significant volume of water for proper operation, including direct consumption in rooms and the water used in gardens and swimming pools, we encourage **responsible use among customers and employees**, which lets all of us achieve our reduction objectives.

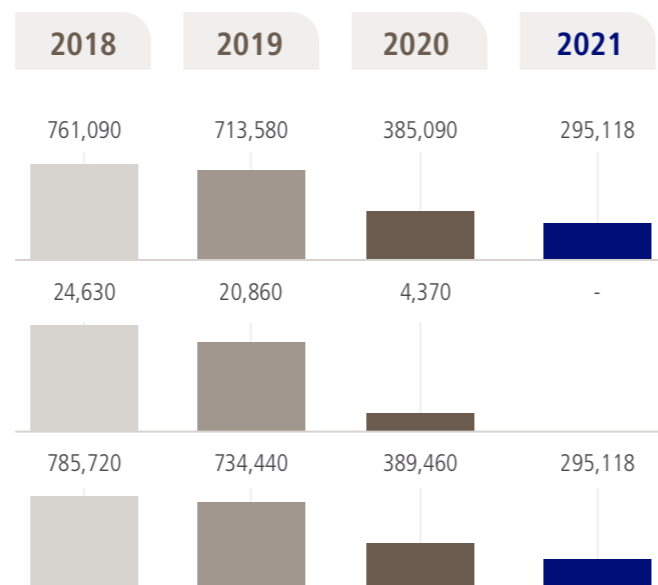
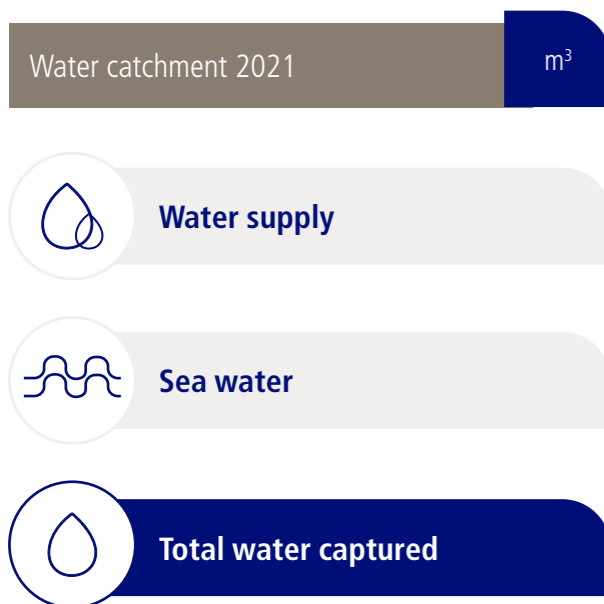
To this end, we're carrying out a set of **savings measures** for water consumption; notable among these are the installation of aerators in taps, double discharge systems in cisterns, and the acquisition of efficient machinery. In addition, we implement measures for efficient use in rooms, as well as common areas such as gardens and swimming pools or leisure areas such as the spa or thalassotherapy.



One of the main aspects we are working on within our sustainability strategy is to ensure a responsible, sustainable use of the resources available by minimising consumption and waste generation.

The supply water captured has decreased by **23%** compared to the previous year.

Our water consumption



At Lopesan, we have our **own wastewater treatment systems** at the Costa Meloneras and Villa del Conde hotels. This lets us reduce the volume of water discharged into the sewer network and reuse the purified water for irrigating green areas. This way, we can reduce the need for collecting water from the grid and, therefore, our consumption.

It should be noted that, throughout 2021, we have produced 12,945 m³ of purified water - 70% more than the previous year.

On the other hand, we carry out **wastewater disposal** at all times, avoiding the risk of contamination, and we recycle grey and garden irrigation waters as much as possible.

04.3. Circular economy

We're working to integrate circularity into our business model, promoting waste reuse and recycling and contributing to its minimisation.

The circular economy is an **opportunity to contribute to sustainable development** while also mitigating the effects of climate change; at Lopesan, we carry out various actions that reaffirm our commitment to circularity.

On the one hand, we're continuing to make progress on our project "Zero paper" by promoting new technologies and the use of digital tools. This allows for optimising the use of this resource through the implementation of various initiatives:

- Electronic billing process.
- Digitisation of health records by App.
- Client communication via SMS or WhatsApp.

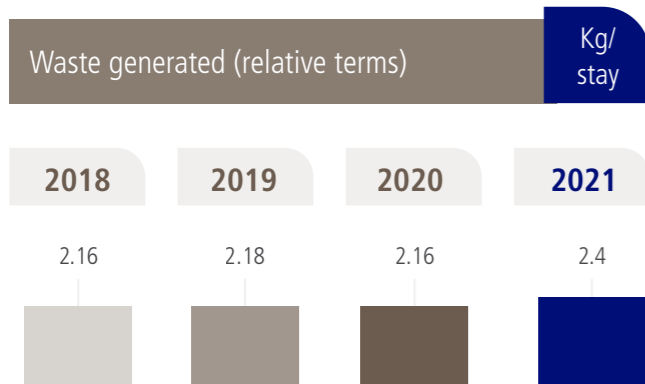
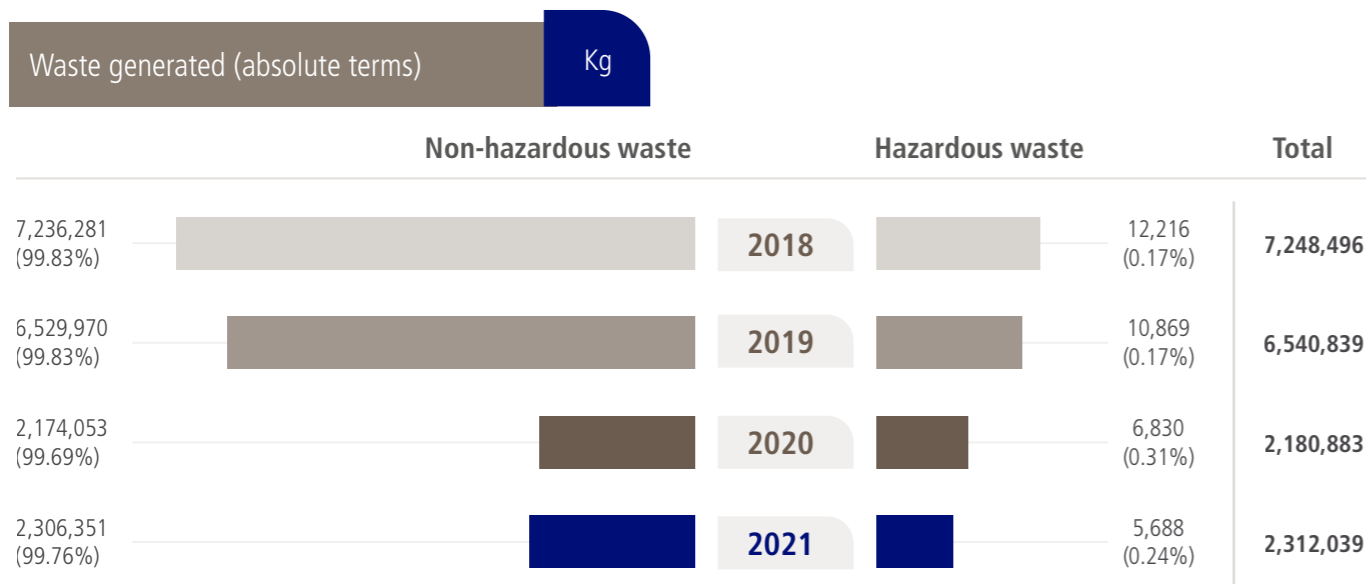
In addition, we have a **sustainable purchasing policy** through which we promote good practices with our suppliers to achieve their alignment with the sustainability commitments we've made at Lopesan.

We're working to achieve the goal of eliminating single-use plastics in our establishments; we must use this highly polluting material as little as possible.

For the sake of hitting our **plastics reduction target**, we have eliminated straws and stirrers, in addition to using cardboard containers and plates, wooden cutlery, and reusable polycarbonate and polypropylene cups as much as possible at pools, as well as water dispensers to replace plastic bottles.

All of our hotels also have **waste separation** systems at the origin; this allows for subsequent recycling or valorisation, with containers, vertical presses, and auto-compactors for better management.

Waste generated at Lopesan



We have reduced our hazardous waste by 16% compared to the previous year.



Non-hazardous waste, which accounts for 99.76% of the total, basically consists of paper and cardboard, packaging and plastics, glass, and pruning scraps. On the other hand, **hazardous waste**, which constitutes 0.24%, primarily consists of contaminated packaging, aerosols, batteries, fluorescents, discarded electrical appliances, and solvents.

Of the total waste we generate, it should be noted that 41.62% is delivered to an **authorised manager** for proper treatment, while the remaining 58.38% is delivered to the Juan Grande Environmental Complex. There, some is assessed to recover recyclable items, and the rest is sent to the landfill.

Similarly, in order to contribute to achieving SDG 12: Responsible Consumption and Production, we're working to reduce **food waste**. This is an issue we take very seriously, given its social and humanitarian impact, as well as the significant negative consequences it has on the environment.

To minimise this impact, we carry out various actions in our restaurants and dining rooms to **adjust supply to the demand for services as much as possible**, ensuring the quantity and quality of our selection. This way, we strive to plan meals according to the actual need, based on occupancy predictions and monitoring of consumables through monthly inventories.

We are also working on implementing a waste monitoring system that uses **artificial intelligence software**, allowing detailed analysis and monitoring of the waste generated in our hotels' restaurants and bars.

Throughout 2021, we at Lopesan have generated a total of 160,463 kg of food waste, with a **waste rate** per stay of 0.16%; we managed to reduce food loss by 24% over the previous year.

04.4. Protecting biodiversity

At Lopesan, we have the firm intention of generating a positive impact on biodiversity, contributing to the conservation and protection of our environment.

Our hotels are located in exclusive settings with great natural wealth and landscapes, so protecting biodiversity is of great importance to us.

In line with SDG 15: Life of terrestrial ecosystems, our project for the **sustainable management of the Veneguera Estate** reflects this commitment. It is located in south-eastern Gran Canaria, in the municipality of Mogán, and it occupies an area of more than 2,800 hectares.

This estate was historically dedicated to traditional agriculture, and we have owned it since 2014. There, farmers are currently focused on promoting sustainable agriculture with fields where bananas, mangoes, avocados, citrus

fruits, and vegetables are the main crops. This way, we contribute to the development of the local community, improving biodiversity, and protecting the soil.

In 2019, we also started the process of **building a desalination plant** on the estate, which would make it possible to increase the volume of available water without affecting the extraction of groundwater.

Currently, we have 73.47 hectares for cultivation on the farm; 5.50 of these are dedicated to organic agriculture. In all, we have supplied 304,569 Kg of fruit and vegetables to our customers, thereby promoting local, sustainable production and favouring the consumption of local products within the framework of the Zero Kilometre Project.

It should also be noted that we carried out restoration work at the **Piedra Grande quarry** in Gran Canaria in 2021; thus, we contributed to conserving the environment in this area.



Our actions at the Veneguera Estate centre on enhancing the rural character of the estate and preserving its landscape environment.



05 The Lopesan Hotel Group Staff

05. The Lopesan Hotel Group Staff

It is our employees who **transmit the company's values** through their daily work; this makes them the key to continuing to offer extraordinary vacation experiences for our customers. Therefore, human capital is positioned as one of the fundamental pillars of our strategic management.

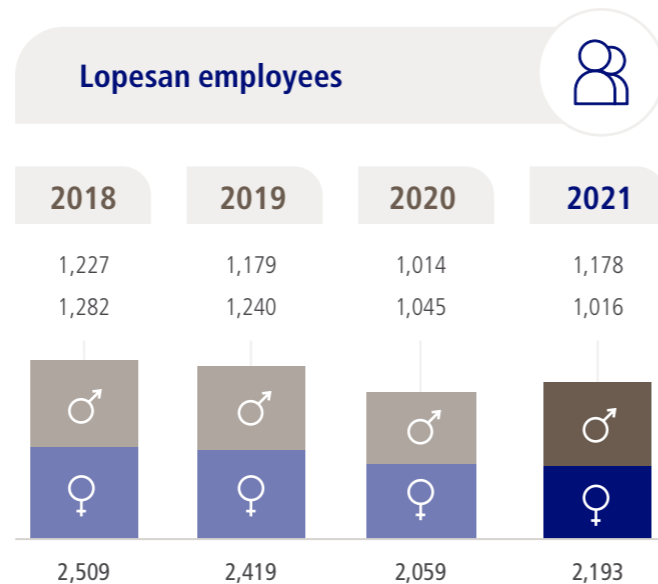
The Human Resources strategy we use at Lopesan focuses on offering people a space to be able to grow and develop professionally as well as personally. This is how we encourage the **motivation and sense of belonging** that we look for in all of our employees.

05.1. Lopesan's staff

Our team of individuals is made up of a total of **2,193 employees** in Spain, including all three divisions (hotel, non-hotel, industrial and agricultural), with female representation at 46%.

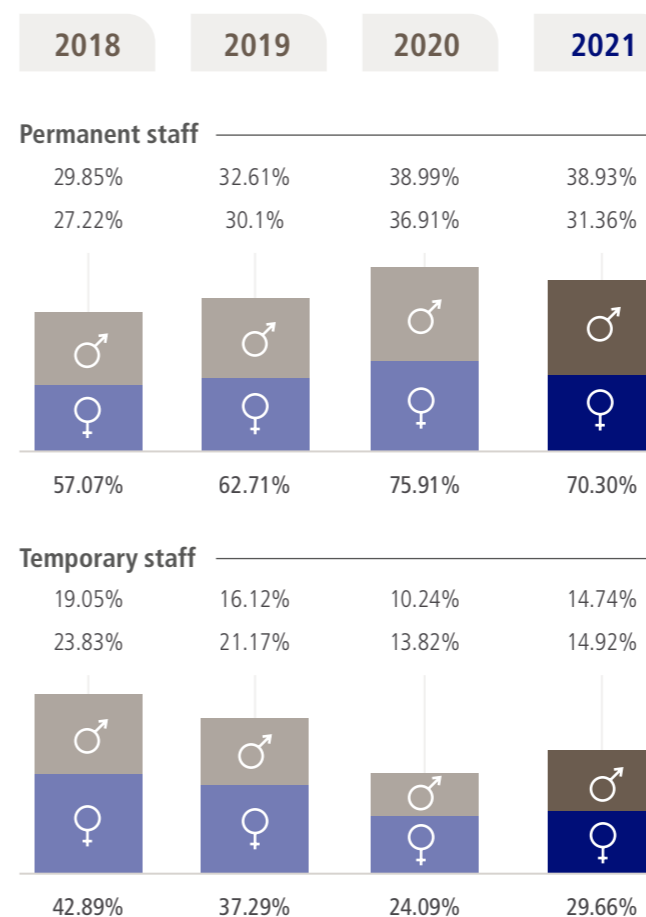
Throughout this year, the staff has continued to adjust to the new reality following the pandemic; the teams have been adapted to each country's needs while always looking toward **protecting long-term employment** and ensuring the company's sustainability.

Our employees



Of the total number of Lopesan Group employees in Spain, 64% provide services in the hotel division.

Type of hiring by gender



At Lopesan, we are committed to our teams' stability, as reflected in the high percentage of employees with **permanent contracts** - some 70.30%. This way, the number of workers with temporary or part-time contracts stays low, especially for those working part-time, where there has been a significant decrease from 10% to 5%.

Promoting equal opportunities

Diversity and equal opportunities are essential priorities at Lopesan. This is reflected in our **Code of Ethics**, where we set forth our commitment to promote non-discrimination based on race, sex, language, religion, disability, or any other personal and/or social condition or circumstance.

In addition, we are finalising the preparation of our **Equality Plans** to establish the necessary measures to prevent, mitigate, and manage the possible risks associated with situations of inequality and promote equity within the organisation. Notable actions among those included in these plans are awareness-raising and training sessions on equality, selection and hiring processes based on objective criteria, and total elimination of sexist language in communications.

We're working in line with these commitments to ensure that our employees' recruitment and promotion are based exclusively on **criteria around ability, competence, and professional merits**, entirely regardless of any personal conditions or circumstances.

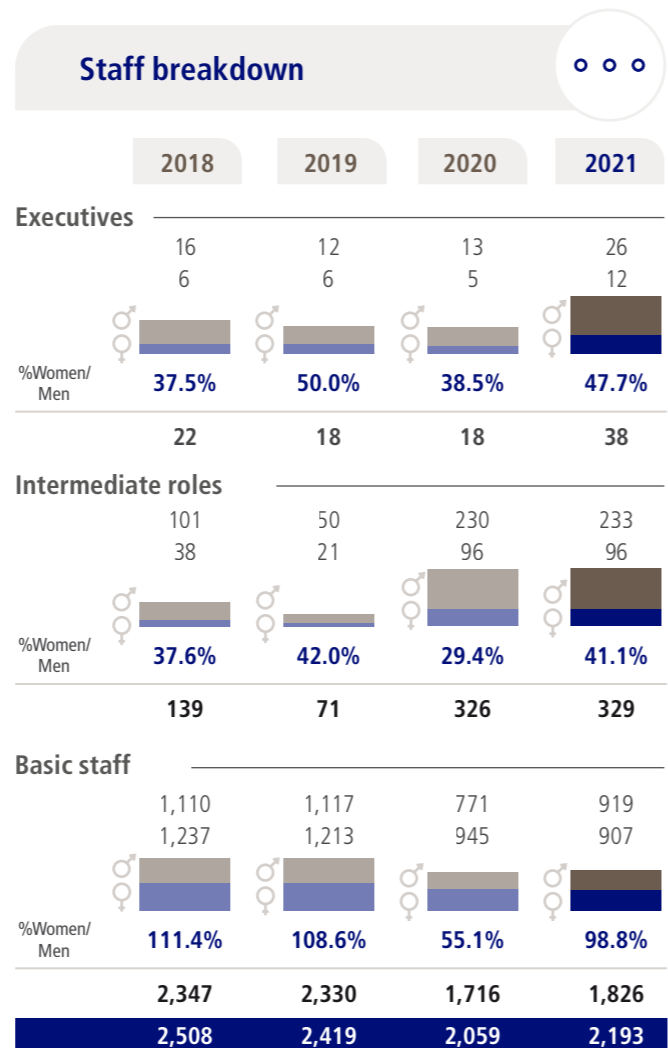
We also have an action protocol in case of sexual harassment; this guide sets forth the procedure to be followed in such cases.



We promote equal treatment between men and women, fostering equity, inclusion, and respect.

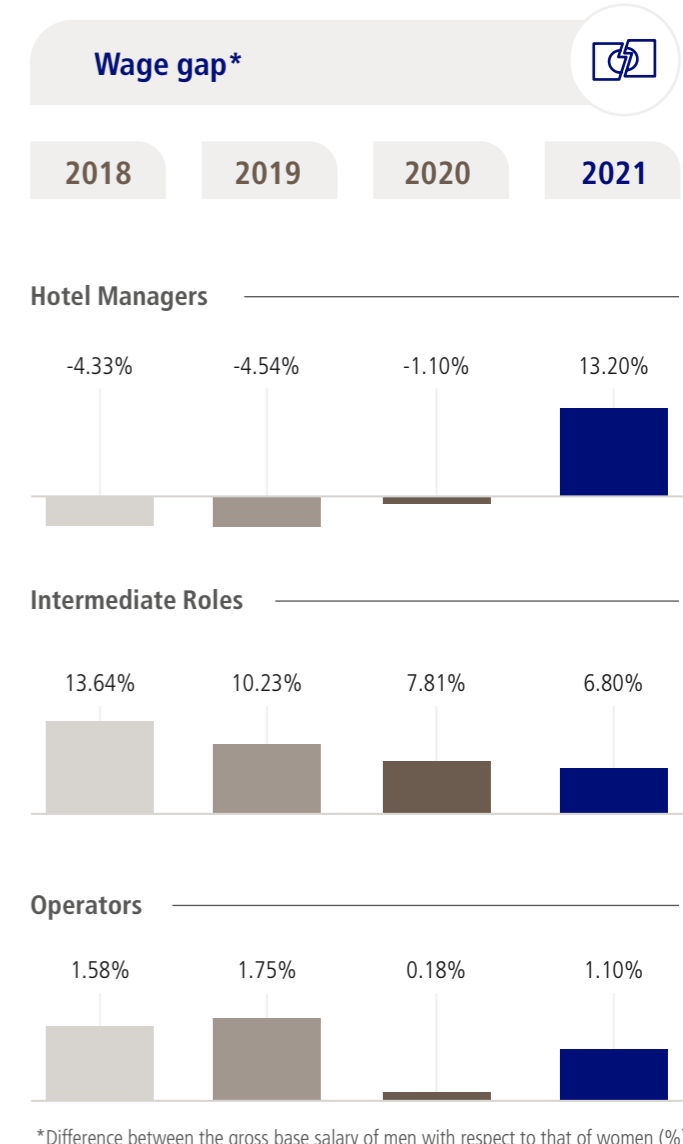
46% of our total workforce are women, who also occupy **32%** of executive positions.

Our employees per professional category, broken down by sex



Regarding our commitment to ensuring **quality job creation**, we're working on applying fair, proper remuneration for all our employees. Our aim is to ensure that all our professionals receive remuneration that's appropriate for their position without gender-based discrimination.

With regard to the **wage gap** between men and women, we're continuing to work to reduce their values. In 2021, the salary difference in the operator category was minimal, and we have managed to reduce it among middle managers by 1.01% compared to the previous year.





SUSTAINABILITY REPORT 2021

Universal access and support for functional diversity

In 2021, we had 49 people with functional diversity in the organisation, and we help ensure full labour integration for them.

At Lopesan, we are committed to following the principles of **universal accessibility**, especially for employees and customers with functional diversity.

All our work centres meet functional requirements that enable **autonomous use** by people with disabilities or reduced mobility. In this regard, we have lifts, ramps, and services adapted to individuals with disabilities to eliminate any obstacles.

During the year, we started a new collaboration with the **Randstad Foundation** through the "Integrados Canarias" Program, encouraging our Gran Canaria employees' participation in volunteer activities aimed at the social and occupational integration of those with functional diversity and disabilities.

Work-life balance

We have a Digital Disconnection Policy that applies to all our employees to ensure effective balancing of personal, family, and work life, as aligned with the provisions of the corresponding regulations.

We respect the personal and family lives of our employees. We encourage **work-life balance policies** that encourage an equilibrium between their personal and work spaces, with particular emphasis on co-responsibility as a right and a duty.

In terms of balancing personal and professional life, we also have various measures aimed at ensuring that **maternity and/or paternity leave**, as well as any other absences linked to family situations, do not penalise employees in their professional life.

As for the organisation of the operational work that requires staff on continuous schedules, we have **work shifts** that allow distributing holidays and nights off among the entire workforce, as long as this does not affect workers with some type of medical impairment.

In 2021, we granted three maternity and seven paternity leaves, with 100% of those workers returning to their jobs.

05.2. Health and safety

At Lopesan, we know that offering people a **safe, healthy working environment** is an indispensable requirement to ensure their proper professional and personal development. Thus, we understand managing health and safety to be a process of raising awareness and training, which requires the continuous identification of risks and mitigation measures to achieve an effective reduction of occupational accidents.

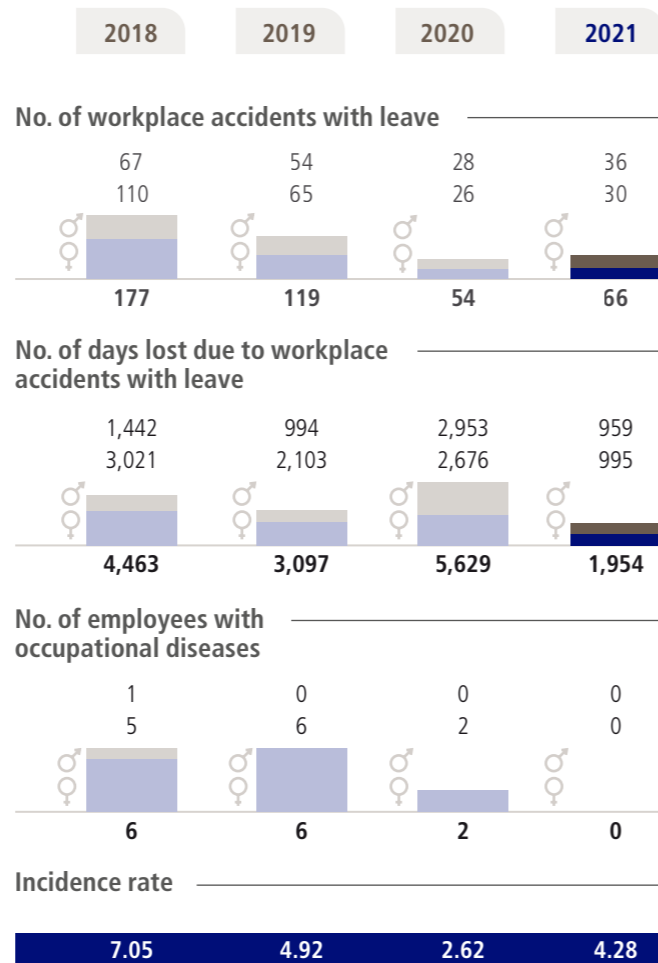
We have developed a certified occupational risk management system according to the requirements of the international standard ISO 45001:2018.

This system allows us to minimise accidents in our workplaces, promote a preventive culture, and guarantee an adequate level of occupational safety and health, among other objectives.

In this regard, we have two key instruments to strengthen our commitments in the field of occupational health and safety:

- **Our Occupational Risk Prevention (PRL) policy**, which lays the foundations for all the steps taken in the field of occupational health and safety that we carry out at our centres.
- **Training and awareness-raising plans**, which allow us to provide occupational health and safety instructions, standards, and procedures for the entire workforce.

Occupational accidents

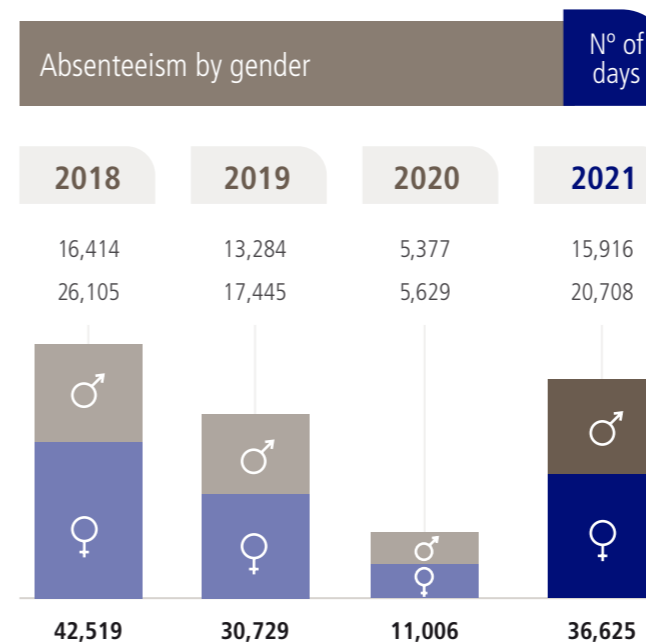


This year, we can highlight the **mild nature** of 100% of the injuries that took place. In addition, the number of days lost due to a workplace accident with leave has decreased markedly compared to previous years.

The number of accidents, however, has increased slightly, though remaining around the values reached in 2020 and well below the figures for 2018 and 2019. Likewise, no occupational illness has been diagnosed.

In 2021, absenteeism from work increased sharply, returning to 2019 levels.

It should be noted that we maintained the hygiene and safety measures set forth in the **COVID-19 Prevention Protocol** in 2021; the launch of this protocol took place during the pandemic. Throughout the year, these measures have been progressively adapted to the disease's evolution and the new knowledge that we have acquired about it. At all times, we stay aligned with the regulations and recommendations made by health authorities.



The safety and health of our employees comes first at Lopesan.



05.3. Talent development and promotion

Our employees are the most precious resource we have at Lopesan, so we pay special attention to the entire **process of talent identification, recruitment, and retention**. We are looking for people who want to work with us and who develop a sense of belonging that makes them feel proud of the company they are part of.

Within the framework of our Human Resources strategy, we understand training to be an essential tool for adaptation and **continual improvement**. It allows us to equip our employees with the necessary skills and knowledge to carry out their daily work in the best way possible.

To this end, we have an **Annual Training Plan** with in-person and online versions; it brings together a wide array of subjects to improve and develop our staff's professional skills.

The total number of training hours was 5,312, and 68% of that total was given to basic staff. In 2021, the average number of training hours per employee was 3.05 hours.

The courses are given during the work day at our headquarters - one of the measures offered to promote the development of staff talent.

Employee training

Average annual training hours by gender and professional category



Employee benefits

Como parte de nuestra política de retención del talento y con el objetivo de **gratificar el esfuerzo y dedicación de la plantilla**, en Lopesan disponemos de una serie de beneficios sociales dirigidos a empleados, entre los que destacamos las siguientes:

- Medical insurance with full health coverage.
- Discounts on accommodations, spa days, food, and beverages.
- Special rates for employees and family members at our Titan Gym Meloneras.
- "Contigo Más" program, through which our staff can enjoy commercial advantages at partner companies related to travel, hotels, health, textiles, and aesthetics, among others.
- Initiatives to improve working conditions through the "Employee Portal".

We compensate the effort and dedication of our team to maintain a consolidated team.



06 Social commitment



SUSTAINABILITY REPORT 2021

06. Social commitment

06.1. Support for local development

Our main purpose in the company's social strategy is to **contribute to social and economic progress** in the communities where we're present, promoting their development through job creation and boosting the local economy.



We help strengthen the economic and social capacity in our environment and contribute to improving quality of life for its residents by promoting their progress and economic well-being.

Our commitments to the local community



As a consolidated business group, we know that we play a fundamental role in the economic development of the territories where we operate. Therefore, we encourage **hiring local suppliers** who are also aligned with our high-quality standards and sustainability commitments to achieve our community's sustainable development together.

We also have a **Purchasing Policy** at Lopesan that we use to communicate our sustainability objectives and commitments to suppliers, thereby promoting sustainable supply chain management. To this end, we **evaluate 100% of our suppliers**, which allows us to measure their performance and verify that they meet the required quality and sustainability standards, in line with SDG 12: Responsible Consumption and Production.

Based on this commitment to local, sustainable suppliers, we have supplied more than 304,570 kg of fruit and vegetables from our agricultural farm in Veneguera within the framework of the **Zero Kilometre Project** (farm-to-table).

In Spain, 81% of our spending on purchases in the hotel division and 100% in the industrial division goes to local suppliers.

06.2. Impact on society

At Lopesan, we're deeply committed to **contributing to improving quality of life** for people, helping to reduce social inequalities, and working towards the integration of the most vulnerable groups.

To this end, we work on **identifying local needs** so that we can contribute to social development through specific actions and initiatives at the social, environmental, and economic levels.

Specifically, as reflected in our Sustainability Policy, the objectives we set to achieve a **positive impact on society** are as follows:

- Basing relationships with society on the **principles of reciprocity, responsibility, and mutual benefit**, establishing channels of dialogue with stakeholders for this purpose.
- **Actively participating** in the development of the local community through sponsorships and agreements with universities or foundations.
- Prioritising the **acquisition of local products** to strengthen the economic and social development of the community.
- Contributing through agricultural activities to achieve **levels of food sovereignty** close to those set by the Food and Agriculture Organisation of the United Nations (FAO).

However, it should be noted that the **economic impact stemming from the COVID-19 pandemic** has continued to be present in our business throughout 2021. Therefore, the social actions we have carried out at Lopesan over the years have been irretrievably limited this year, with cancellations or delays for the planned initiatives.

Below, we detail the **solidarity initiatives** we have participated in to contribute to improving quality of life for those who need it most through our own small actions:



Solidarity bingo for the Down Syndrome Association of Las Palmas, a non-profit organisation focused on addressing the needs and concerns of those who have Down Syndrome. This initiative was created to help raise the funds needed to achieve the goals set, and through it, we have done our part by providing two free spa and massage vouchers at our hotels.



Paddle tennis charity tournament for the Gran Canaria Diabetes Association (ADIGRAN), a non-profit organisation created to improve quality of life for those on the island who have diabetes. At Lopesan, we have contributed to supporting this important cause by delivering a spa voucher and a massage voucher at our hotels.

SUSTAINABILITY REPORT 2021

Recognitions

Our **hard work and dedication** in what we do every day, promoting continuous improvement in our actions, are rewarded and reflected in the recognitions and awards we've received from various organisations in the sector.

Specifically, our work has been recognised for yet another year in the **Traveller Review Awards 2021**, held by Booking.com. Along with other entities in the sector, Lopesan's excellence in service has been awarded at 14 of our hotels, based on customer reviews. The establishments that have received this award are:

In addition, four of our hotels have been recognised by Hotels.com (Expedia) through its initiative **Loved by Guests 2021**, where hotel establishments that have obtained the best ratings and reviews from their customers are awarded. This annual recognition is made by Hotels.com to reward the exceptional hospitality of its partners. The Lopesan hotels that have received this distinction are:

Traveller Review Awards 2021

- Villas Altamarena
- Corallium Beach
- Abora Catarina
- Hotel Faro, a Lopesan Collection Hotel
- Abora Continental
- Lopesan Villa del Conde Resort
- Lopesan Costa Meloneras Resort
- Abora Interclub
- Corallium Dunamar
- Lopesan Baobab Resort
- IFA Alpenhof Wildental
- IFA Rügen
- IFA Alpenrose
- IFA Breitach Apartments

Loved by Guests 2021

- IFA Altamarena
- Lopesan Costa Meloneras Resort
- Lopesan Villa del Conde Resort
- Lopesan Baobab Resort



07 Good governance

07. Good governance

07.1. Governance management

At Lopesan, we're working to ensure a culture of social responsibility in each of our actions, promoting compliance within the organisation with the principles of good governance and the criteria of professionalism and integrity.

To ensure proper management and direction of the company, we have several governing bodies:

- **Executive Council**, which is in charge of decision-making that affects the day-to-day management of the Lopesan Group, including the hotel division; it is led by the Managing Directors Mr. Roberto López, Mr. Francisco López, and Mr. Diego López.

In the Code of Ethics, we also inform our employees of the existence of a **Complaints Channel**, through which the Group's staff can relay any possible inappropriate conduct or non-compliance with this code. When any communication is received, it will be managed by the company's Compliance Officer, along with a specialised external company; there, the possible application of sanctions will be assessed.

In line with the aim of ensuring **compliance with ethical principles and good corporate governance**, we focus our actions on strengthening and promoting a corporate culture of regulatory compliance so that corporate values are the frame of reference for behaviour and decision-making.

For this purpose, we have approved our **Compliance and Criminal Risk Prevention Policy** this year, with the aim of preventing and mitigating any criminal acts from being committed within the organisation. This policy is reinforced with the implementation of a Compliance and Criminal Risk Prevention Model to strengthen an ethical business culture, establish control mechanisms, and reduce the possibility of criminal offences being committed within the organisation.

This way, we're highlighting our desire to **prevent and combat all criminal actions** within the company, sharing general principles of behaviour with employees that should guide their actions at all times.

To ensure effective compliance with this model, we rely on four **basic principles**:

- Preventing the materialisation of non-compliance risks.
- Detecting possible non-compliance with criminal offences through the Complaints Channel.
- Reacting to the criminal act by applying the corresponding disciplinary procedure.
- Carrying out the appropriate follow-up and supervision.

Respect for human rights

At Lopesan, we're deeply invested in ensuring **respect for the human rights and public freedoms** recognised in national and international legislation and in the United Nations' Universal Declaration of Human Rights within the organisation.

To this end, our basic behavioural guidelines are primarily based on the contents of the **Declaration on Fundamental Principles and Rights at Work** and the ILO Conventions, the OECD Guidelines for Multinational Enterprises, and the United Nations Global Compact.

To ensure that these rights are effectively fulfilled, we carry out a set of actions at the company that allow us to **reinforce this commitment**. These include informational campaigns for employees about the corresponding protocols and policies, awareness days to promote appropriate, upstanding behaviour, and communications to suppliers about anti-harassment policies.

At the company, we also have a **Protocol to Prevent and Handle Workplace Harassment**; in it, we reaffirm our respect for the dignity of individuals and zero tolerance for any behaviour that threatens the physical or mental health of employees. To this end, we have an action protocol where we identify any cases that may be the subject of a complaint, the scope



In 2021, we approved our Code of Ethics. Through this code, we foster the corporate values that should guide our employees' behaviour and reinforce the company's commitment to the principles of transparency and business ethics.



SUSTAINABILITY REPORT 2021

of application, the channels for reporting, and the relevant procedure for resolving and processing the situation.

We also have a **Protocol to Protect Minors**, with the aim of guaranteeing the protection of the rights of children at all the Group’s facilities, in addition to promoting our staff’s and partners’ proper response to any possible violation of these rights.

In 2021, we received a total of six complaints for human rights violations from the hotel division; four of these procedures have already been resolved. Therefore, we’re continuing to work seriously on reducing these cases to zero at the organisation.

07.2. Commitment to our customers

At Lopesan, we put the customer at the heart of what we do.

This is a strong commitment that we take on at the organisation. It is reflected in the corporate vision and in our Sustainability Policy, and it’s shared by the organisation’s entire staff.

This commitment entails us striving to **get to know each customer and their needs**; this allows us to offer them the services to best meet their expectations through the different brands that make up our hotel division.



Our goal is to make sure that guests have an unforgettable experience at our hotels, guaranteeing maximum quality in the services provided.

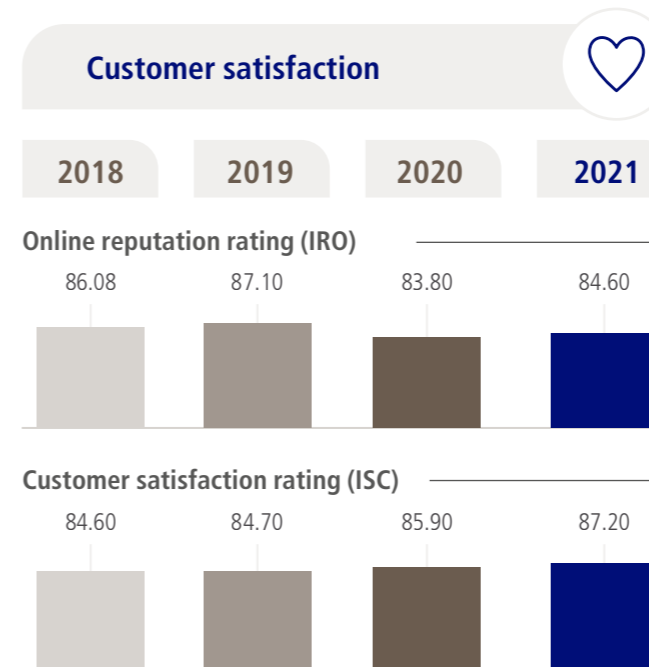
SUSTAINABILITY REPORT 2021

In short, we strive for full customer satisfaction and promote continual improvement in our actions.

To do so, we must know **what our customers think** so that we can fully align with their needs. We use various opinion platforms and conduct satisfaction surveys for this purpose, which allows us to identify improvements and guarantee the success of our work.

Given the nature of our activity in the hotel division, we’re also working to ensure the highest quality standards in **offering meals and beverages** at our hotels. This way, we promote healthy, responsible, and nutritious options that also guarantee animal protection and welfare at all times.

Satisfaction rates among our customers

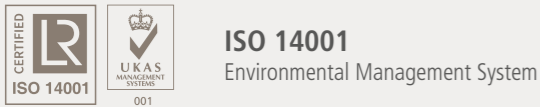
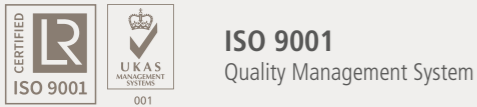


We have managed to increase our customer satisfaction rating slightly and progressively, and we’re continuing to work on improving it every year.

07.3. Certifications

The commitments we make and the objectives we set to achieve excellence in our service are endorsed by our **Integrated System for Quality Management, the Environment, Occupational Risk Prevention, and Energy Management**.

Our management system is backed by a number of **accredited certifications** for the Tourism Division; these demonstrate our organisation's compliance with high international standards, which are based on commitments to continual improvement and legal compliance:



Through this system, we can therefore globally control and monitor the actions necessary for the company's proper functioning, **optimising our processes** and responding to stakeholders' requirements.

It should also be noted that we have the **Lopesan Health and Safety quality seal** as part of our commitment to ensuring health and safety at work. This tool serves to verify the continual updates to the protocols we implement at the company.

It also has the support of **Safe Tourism Certified**, granted by the Institute for Tourism Quality (ICTE), guaranteeing that our hotels have the necessary protocols for preventing the spread of COVID-19. The main axes of this program are based on three core principles: ensuring social distancing, implementing cleaning and disinfection protocols, and applying measures to identify those who are at risk.

Finally, we also have the Travelife certification at all our hotels: this guarantees compliance with internationally recognised environmental, social, and ethical standards. We've obtained the highest qualification granted by this entity, the **Travelife Gold Certification**.



08 our financial performance



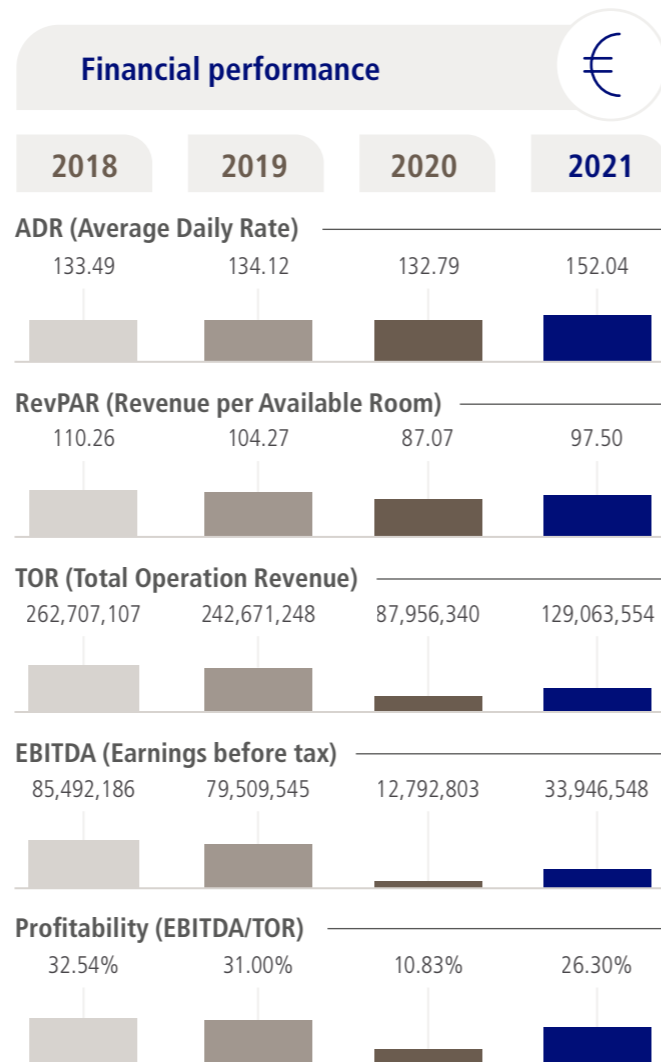
08. Our financial performance

Throughout this year, we have experienced a **slight improvement** in the company's hotel division after the enormous financial impact we saw in 2020 as a result of the COVID-19 pandemic. This improvement is mainly due to advances in vaccination, as well as in the relaxation of travel restrictions.

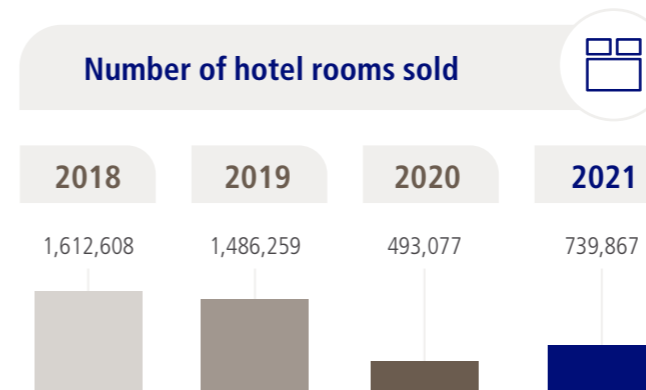
However, the **consequences arising from COVID-19** have still been present within the organisation in 2021. This has led to some of our hotels staying closed throughout the year or in certain seasons.

In 2021, we increased our profits by 46% compared to the previous year, with an increase in the number of rooms sold by 50%.

Our financial performance in the hotel division



Number of hotel rooms sold



As shown in the graphs, we saw progressive recovery in activity throughout 2021. This has also led to an **improvement in economic results**, with an increase in all economic indicators compared to the previous year: profitability increased by 15.47%, and EBITDA (earnings before tax) increased by 46%.

To achieve these results, we have worked intensively throughout the year, adapting our business progressively to the current context and minimising costs as much as possible to guarantee the company's sustainability.

This way, the results obtained throughout this year make us optimistic and confident that 2022 will be a year of full economic recovery at our company and in the sector. The aim is to **progressively reach and exceed the 2019 figures**, supported by the full reactivation of the tourism sector. At the same time, we're fostering a sustainable economic development model that will allow us to continue generating prosperity and employment.





09 Other business areas



SUSTAINABILITY REPORT 2021

09. Other business areas

In line with the entrepreneurial spirit that characterises us, our business’s diversification lets us **move towards a more circular model**, where we can generate new synergies and make better use of resources. We’re also reducing risks, encouraging business growth, and enhancing the brand’s image.











Thus, we’re branched into three other lines of business in addition to the hotel activity at Lopesan:

- **Non-hotel tourism division:** Focused on offering an innovative, complementary selection to our customers at their destination.
- **Agricultural division:** Geared toward sustainable production, which encourages local consumption on our islands.
- **Industrial division:** Mainly focused on the industrial production and construction sector.

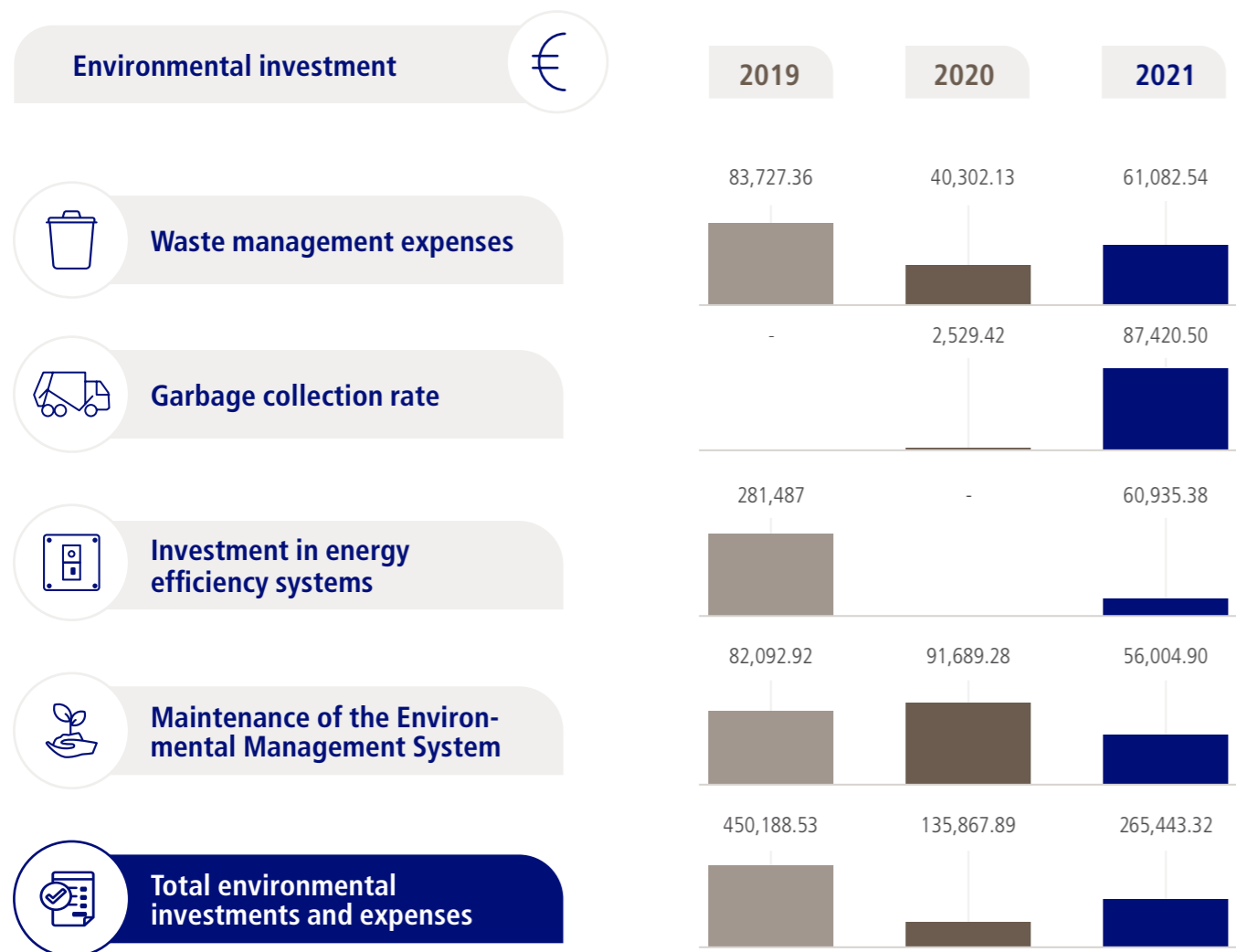
09.1. Non-hotel tourist activity

Through this division, we’re working to offer our customers unforgettable experiences at destinations thanks to a wide range of high-quality **complementary tourist activities**. We provide exclusive options, including catering services and industrial laundry, a conference centre and event planning, golf courses, a spa and thalassotherapy, a swimming pool, and parking, to name just a few.

Our non-hotel tourist activities

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

Our environmental investment



In 2021, we allocated more than €265,000 to initiatives related to environmental management; that's almost twice as much as in 2020. Specifically, we have dedicated more than 56% of the total **environmental investments and expenses** to proper waste management and invested €61,000 in implementing **energy efficiency measures** aimed at reducing our energy consumption and associated GHG emissions.

Environmental performance

Environmental sustainability is also a fundamental element that guides our actions in our complementary options. Therefore, the actions we take are aimed at optimising the use of resources, minimising emissions, and ensuring proper waste and dumping management.

The activity recovered in the tourism sector is clearly reflected in the main indicators, which show values close to those recorded in 2019, prior to the pandemic.

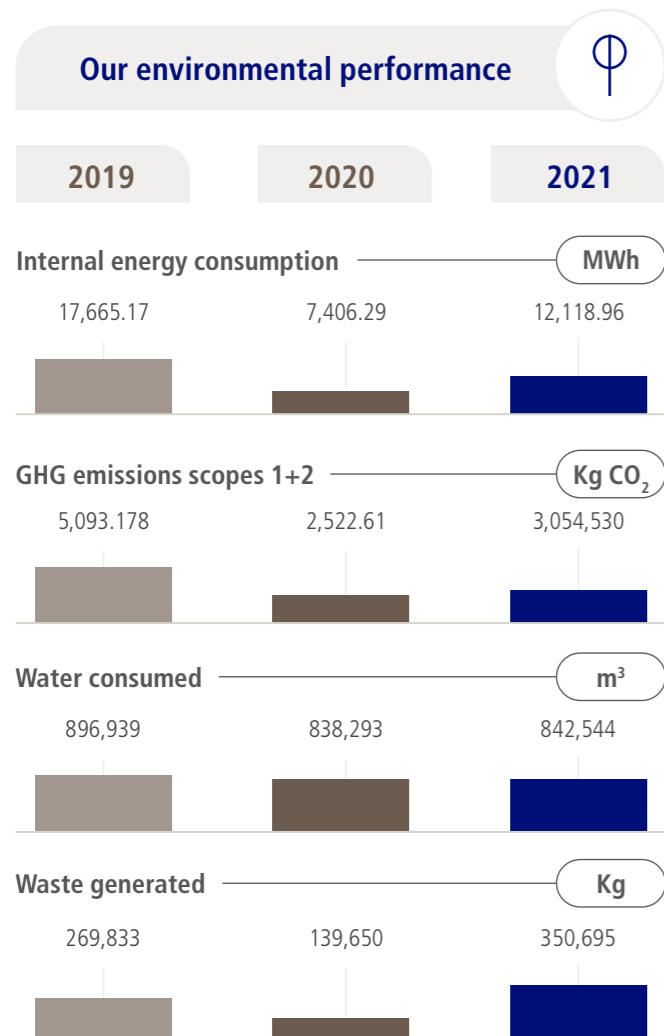
Internal energy consumption is an indicator we calculate based on the consumption of diesel, propane, fuel oil, and electricity consumption from the grid and from our own production of solar thermal energy. This value has decreased by more than 30% compared to the 2019 values, partly as a result of the implementation of energy-saving measures.

In line with lower power consumption, the scope 1 + 2 **greenhouse gas emissions** have also seen a notable decrease of 40% compared to the 2019 values; this also holds true for water consumption, which has also slightly decreased compared to the same period.

Finally, we're continuing to work on improving our **waste management system** to support proper separation at the source and progressively reduce the percentage of waste sent to landfill.



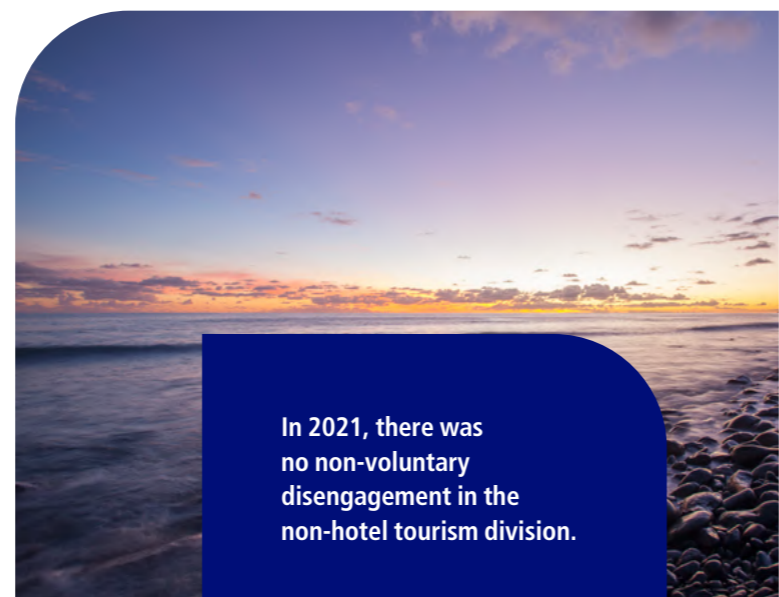
Environmental indicators of non-hotel activity



Our team

This year, our staff in the non-hotel tourism division of Lopesan was composed of an average of **402 employees**, a figure that continues to remain below pre-COVID figures. However, we want to sustain our commitment to our employees' **job stability**, so we encourage permanent positions. Thus, in 2021, 84% of the employees in this division had a permanent employment contract, while only 0.78% worked part-time.

Of our total workforce, 47% are women; regarding the **wage gap**, we can affirm that our numbers stand at 2.33% in favour of women in the Executive category.



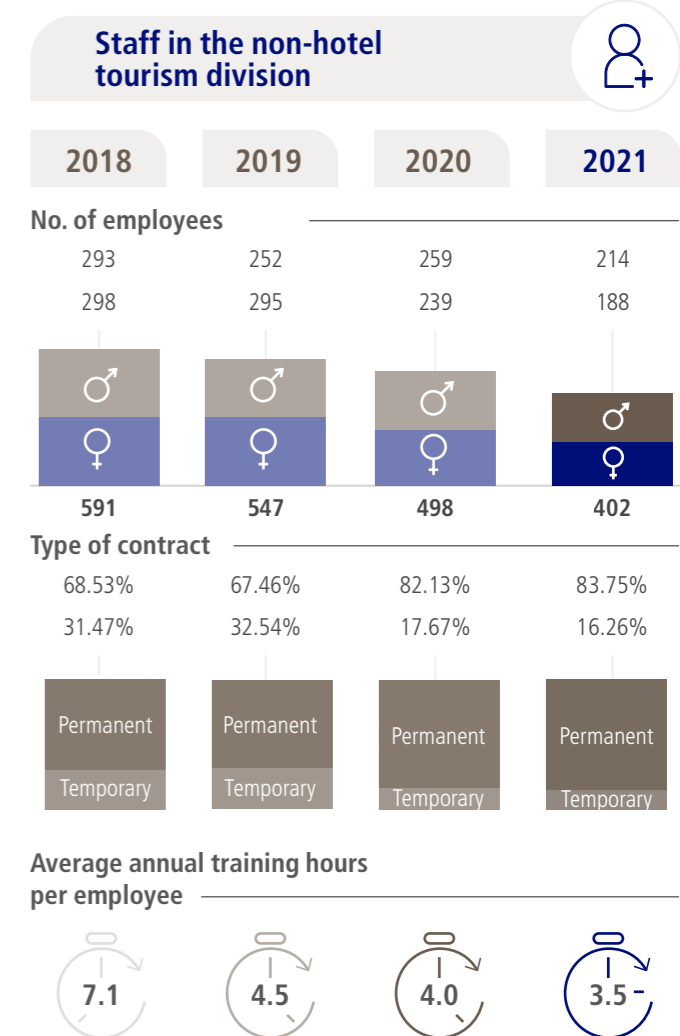
In 2021, there was no non-voluntary disengagement in the non-hotel tourism division.

Equal opportunities, as well as plurality and diversity in the workplace, are of great importance to us, so we try to **facilitate job access** to the least advantaged groups, including those with disabilities. In 2021, we had 12 employees with some type of recognised disability.

In 2021, the number of **training hours** taken by our professionals in this division was 3.5 hours per employee, slightly above the Lopesan Group's overall average.

The entire staff in the non-hotel tourism division is represented on the Health and Safety Committees.

Our staff





09.2. Agricultural division

Our agricultural division's activity is focused on the use and management of the **Veneguera Estate**, located in southwest Gran Canaria in the municipality of Mogán. We have owned the property since 2014.

The farm has a total of 2,800 hectares, and we allocate 73.47 hectares to cultivating native fruits; this is how we achieved a production of 776 tons in 2021. This initiative lets us offer **local, zero-kilometre products** to our customers in the hotel division while also reducing the associated emissions and highlighting the varieties that are typical of our surroundings.

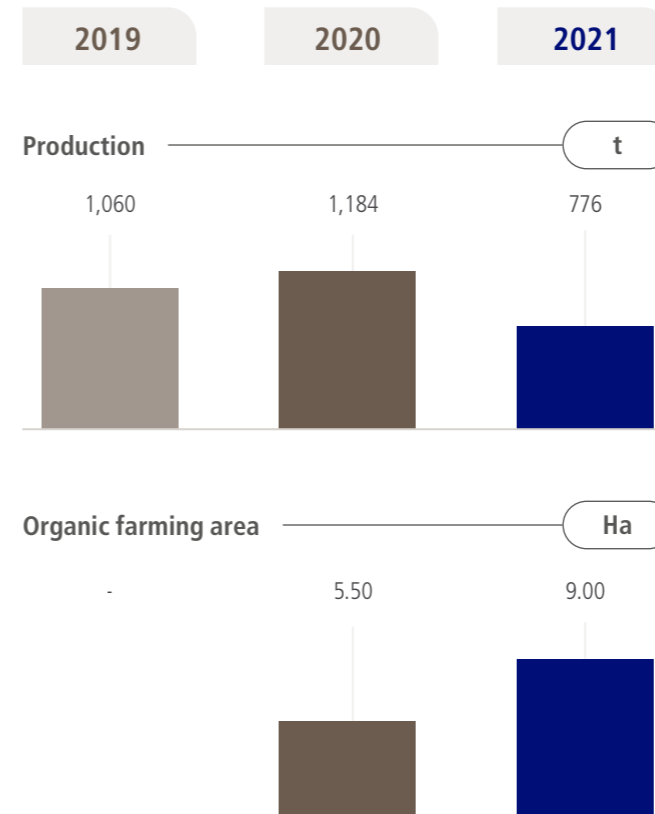
The estate's perimeter includes some **9 hectares of organic farming**, through which we promote and implement various environmentally friendly cultivation measures. Notable among these is the recent implementation of a biological pest control system to minimise the use of chemicals on crops.



Our Veneguera Estate is home to several areas classified as a Biosphere Reserve.

Our agricultural production

Agricultural division production



Environmental performance

Incorporating environmental criteria is of high significance in this division since carrying these out has a direct impact on important aspects such as soil conservation, sustainable aquifer management, fostering biodiversity, and preventing pollution.

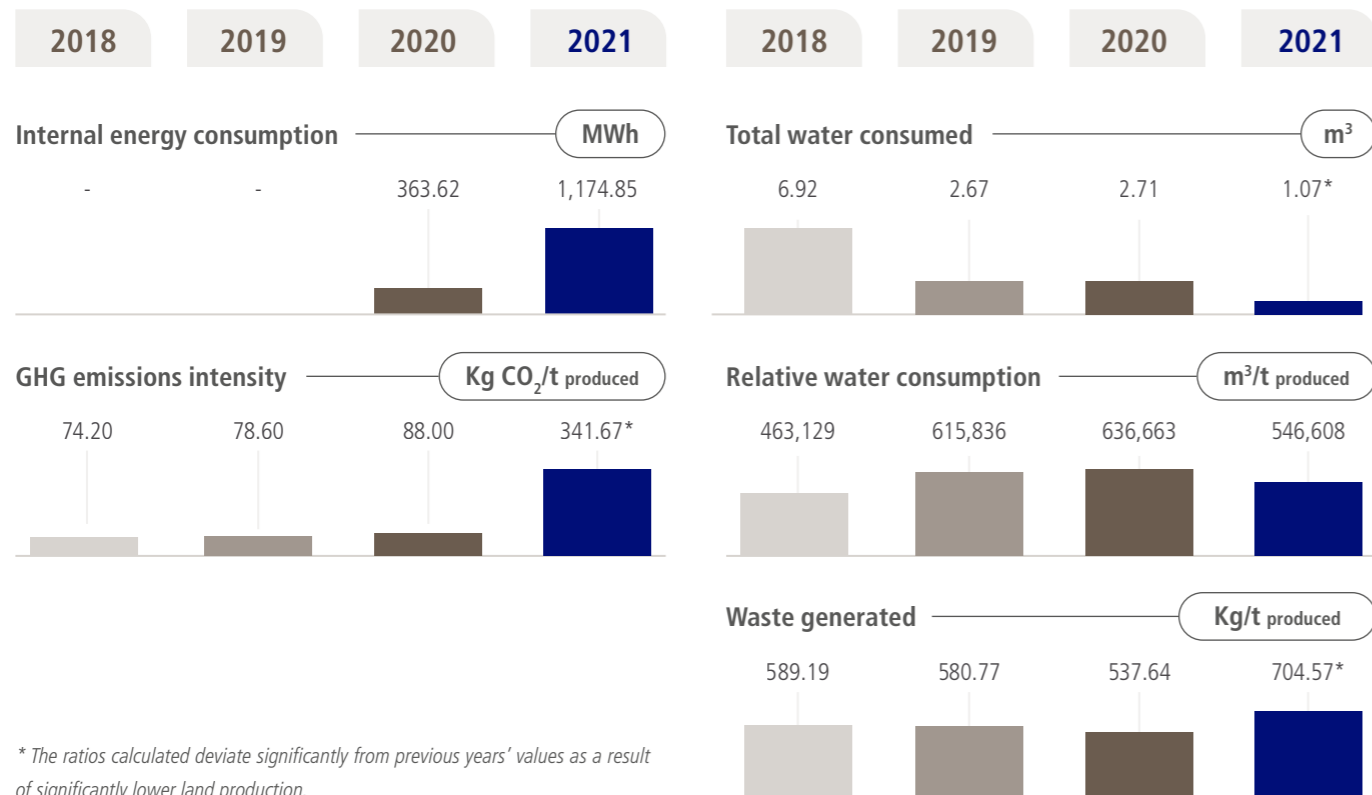
This year, we managed to reduce groundwater consumption thanks to the implementation of **savings measures** such as the installation of a drip irrigation system that optimises the use of this resource, as well as the construction of a new desalination plant.

We have also managed to generate **less waste**. This is partially related to the lower level of activity on the farm and partly to the implementation of good practices among our employees. It should be noted that 100% of the waste generated in this division is handled through an authorised manager.

Finally, the **internal energy consumption**, as well as the intensity of emissions, have increased considerably during this year. With the goal of reducing these values, we are already working on various reduction measures in our agricultural division.

Environmental indicators of our agricultural division

Environmental performance



* The ratios calculated deviate significantly from previous years' values as a result of significantly lower land production.

Our team

For several years now, we have managed to maintain a **stable workforce** of around 50 employees in our agricultural division; this year saw a total of 46 workers, of which 67% have a permanent contract.

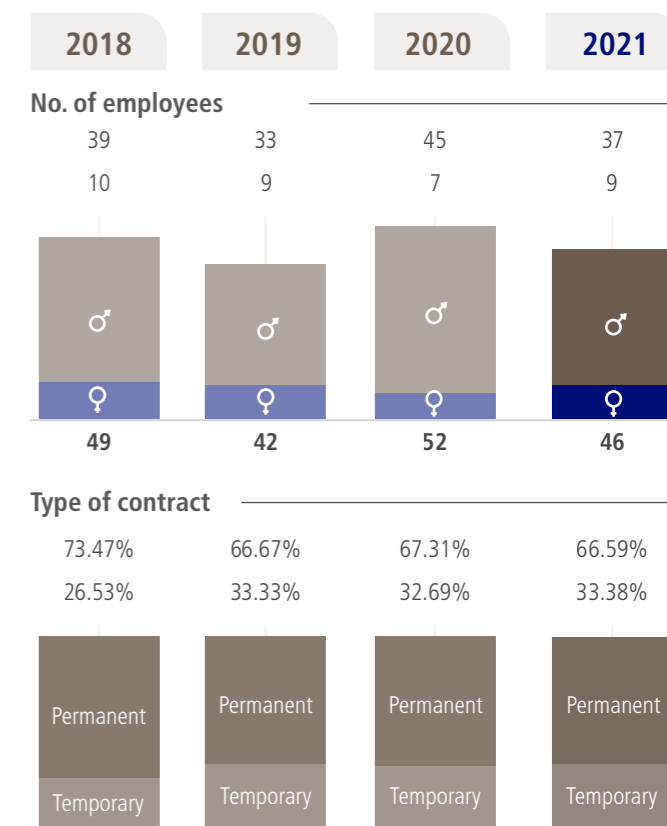
It is generally a mostly male workforce, though female representation increased slightly this year with the hiring of 2 women.

As for the indicators for **absenteeism from work**, we have managed to reduce the number of days not worked to 300.



Our staff

Our staff in the agricultural division

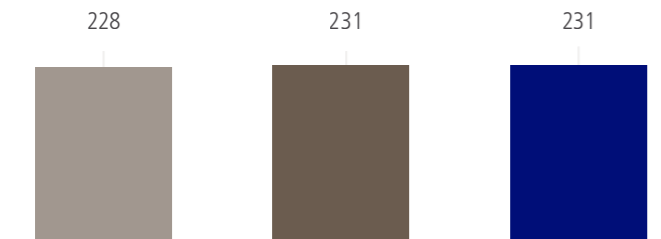


Absenteeism from work

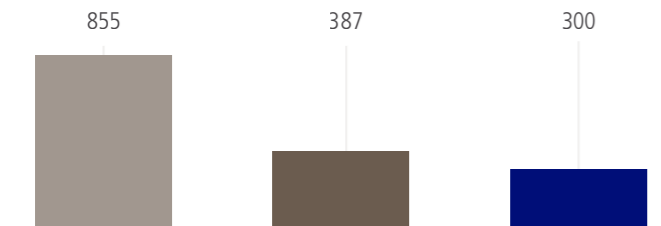


2019 2020 2021

Total no. working days



No. days of absenteeism from work



+99%

More than 99% of our waste is managed by an authorised manager.

09.3. Industrial division

In 1972, we started our journey in the construction sector at Lopesan. This is a field where we're still working hard to this day. It's a **fundamental pillar of our business** that saw turnover of more than €74.7 million in 2021 and profitability of almost 35%.

To this end, our industrial division currently has a construction company, as well as various asphalt, concrete, emulsion, and prefabrication plants, as well as a machine shop.

Environmental performance

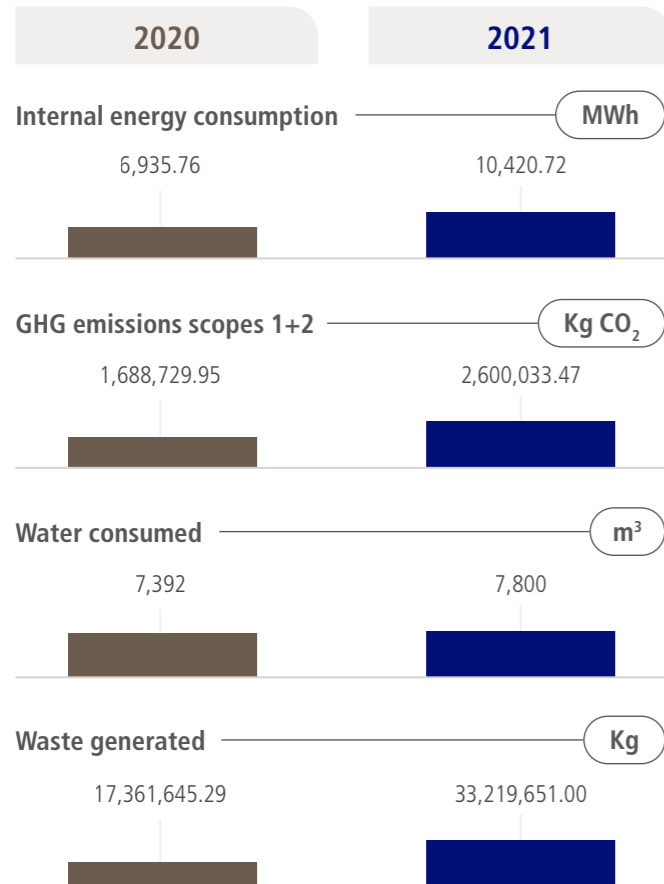
The recovery and reactivation of this division's activity are also reflected in the environmental indicators, which have generally increased their values.

We'd like to emphasise that **water consumption** has barely increased despite the higher activity seen; this is a result of better use of the resource, thanks to the implementation of savings measures and awareness among the workforce.

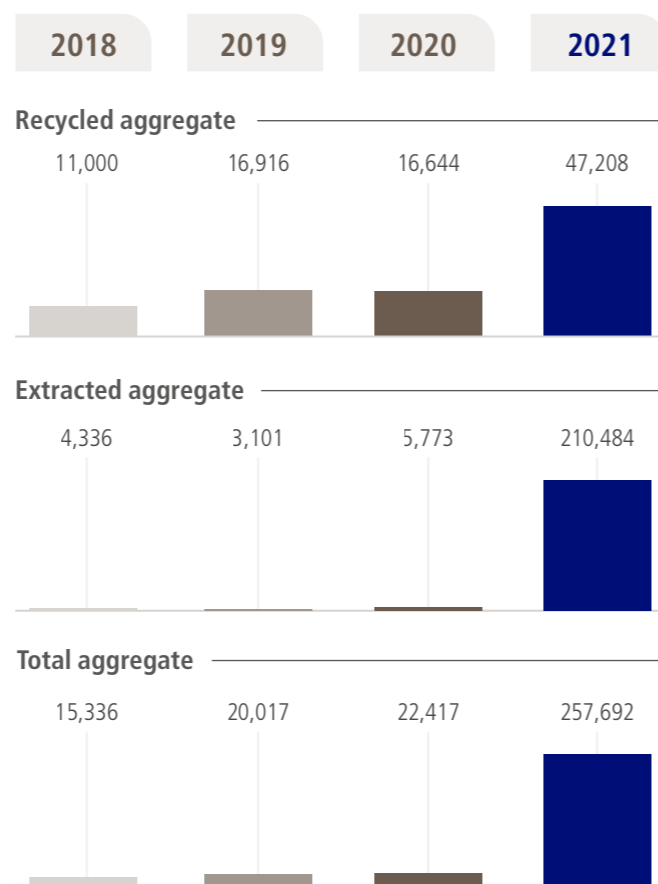
At Lopesan, we're aware of the significant impact that construction-related activities can have on their surroundings; they require intensive use of raw materials like aggregates. For several years, we have been committed to **using recycled aggregates** that we obtain from recovered waste from our construction and demolition sites.

Environmental indicators in our industrial division

Environmental performance



Consumption of non-renewable raw materials



Our team

Through this division, we contribute to **generating local employment** and to the development and prosperity of the communities where we're present as an engine of the economy.

Currently, our staff consists of **176 people**, 60% of whom have a permanent contract. We have also incorporated an individual with a disability into the team to support workplace integration.



0.14%

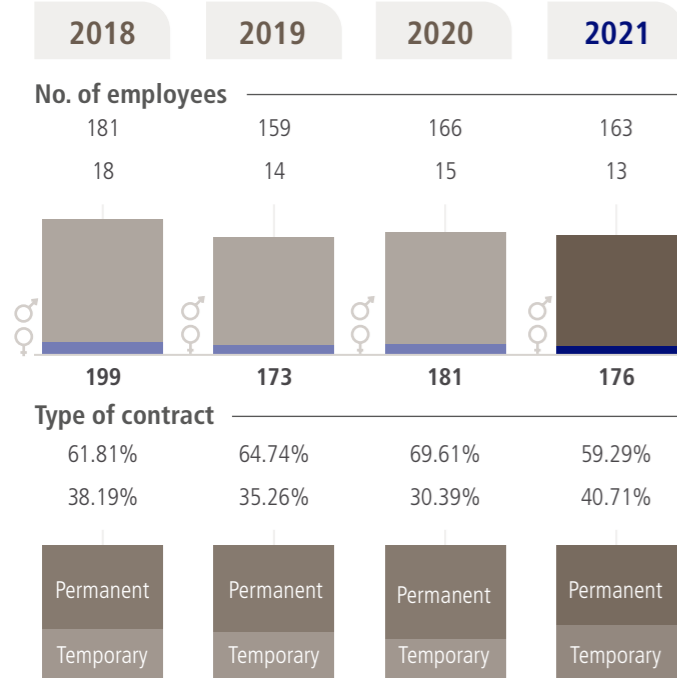
The industrial division has only 0.14% part-time contracts.



SUSTAINABILITY REPORT 2021

Our staff

Staff in the industrial division



No. days of absenteeism from work



The number of days of **absenteeism from work** has also decreased by 19% compared to the previous year, following the trend of recent years. This is in part thanks to the implementation of stricter measures to ensure our workers' health and safety.

Finally, it should be noted that a total of 4 workers enjoyed **maternity or paternity leave** in 2021.



10 GRI Table

GRI Standards Indicator	Description	Location / Direct answer
102 General Disclosures		
Organisational profile		
102-1	Name of the organisation	Lopesan Hotel Group
102-2	Activities, brands, products and services	https://www.lopesan.com/en/
102-3	Location of headquarters	3.1 Our company
102-4	Location of operations	3.1 Our company
102-6	Markets served	3.1 Our company
102-7	Scale of the organisation	3.1 Our company
102-8	Information on employees and other workers	5. The Lopesan Hotel Group Staff
102-9	Supply chain	6.1. Support for local development
102-12	External initiatives	6.2. Impact on society
Strategy		
102-14	Statement from senior decision-maker	2. Letter from our CEO
102-15	Key impacts, risks, and opportunities	2. Letter from our CEO 3.3. Business strategy
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	3.1. Our company 7.1. Governance management
102-17	Mechanisms for advice and concerns about ethics	7.1. Governance management

GRI Standards Indicator	Description	Location / Direct answer
Governance		
102-21	Consulting stakeholders on economic, environmental, and social topics	3.4. Sustainable management approach
Stakeholder engagement		
102-40	List of stakeholder groups	3.4. Sustainable management approach
102-43	Approach to stakeholder engagement	3.4. Sustainable management approach
Reporting		
102-50	Reporting period	January 1, 2021 - December 31, 2021
102-51	Date of most recent report	2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Elizabeth Socorro: esocorro@lopesan.com
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 Sustainability Report 2021 has not obtained external assurance
103 Management		
103-2	The management approach and its components	3.4. Sustainable management approach
103-3	Evaluation of the management approach	3.3. Business strategy 3.4. Sustainable management approach

GRI Standards Indicator	Description	Location / Direct answer
201 Economic performance		
201-1	Direct economic value generated and distributed	8. Our financial performance
203 Indirect economic impacts		
203-1	Infrastructure investments and services supported	9. Other business areas
203-2	Significant indirect economic impacts	8. Our financial performance 9. Other business areas
204 Procurement practices		
204-1	Proportion of spending on local suppliers	6.1. Support for local development
301 Materials		
301-1	Materials used by weight or volume	9. Other business areas
301-2	Recycled input materials used	9. Other business areas
301-3	Reclaimed products and their packaging materials	9. Other business areas
302 Energy		
302-1	Energy consumption within the organisation	4.1. Managing our environmental impact
302-3	Energy intensity	4.1. Managing our environmental impact
302-4	Reduction of energy consumption	4.1. Managing our environmental impact
302-5	Reductions in energy requirements of products and services	4.1. Managing our environmental impact
303 Water		
303-1	Water withdrawal by source	4.2. Sustainable use of water

GRI Standards Indicator	Description	Location / Direct answer
303-3	Water recycled and reused	4.2. Sustainable use of water
304 Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.4. Protecting biodiversity
304-3	Habitats protected or restored	4.4. Protecting biodiversity
305 Emissions		
305-1	Direct (Scope 1) GHG emissions	4.1. Managing our environmental impact
305-2	Energy indirect (Scope 2) GHG emissions	4.1. Managing our environmental impact
305-4	GHG emissions intensity	4.1. Managing our environmental impact
305-5	Reduction of GHG emissions	4.1. Managing our environmental impact
306 Efluent and waste		
306-1	Water discharge by quality and destination	4.2. Sustainable use of water
306-2	Waste by type and disposal method	4.3. Circular economy
306-3	Significant spills	No significant spills were observed in 2021
306-5	Water bodies affected by water discharges and/or runoff	Wastewater of most of our hotels is being discharged into the municipal sewage system, although some hotels already have treatment systems installed
307 Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	No significant fines have been received in 2021

GRI Standards Indicator	Description	Location / Direct answer
308 Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	6.1. Support for local development
401 Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3. Talent development and promotion
401-3	Parental leave	5.1. Lopesan's staff
403 Occupational health and safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, number of work-related fatalities	5.2. Health and safety
404 Training and education		
404-1	Average hours of training per year per employee	5.3. Talent development and promotion
404-3	Percentage of employees receiving regular performance and career development reviews	100%
405 Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	5.1. Lopesan's staff
406 Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	There have been no such cases in 2021
412 Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	7.1 Governance management

GRI Standards Indicator	Description	Location / Direct answer
413 Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	6. Social commitment
414 Supplier social assessment		
414-1	New suppliers that were screened using social criteria	100%
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 2021
417 Marketing and labelling		
417-2	Incidents of non-compliance concerning product and service information and labelling	No non-compliance has been reported
417-3	Incidents of non-compliance concerning marketing communications	No material breach has been reported
418 Customer privacy		
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	None in 2021
419 Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	No non-compliance has been reported



**We're continuing to work on making our
small contribution to our community's
sustainable development.**