

# 2023



IBEROSTAR  
GROUP

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## Sustainability Report

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EXECUTIVE SUMMARY



# Index

## 1 WHO WE ARE

1.1.	About Iberostar Group	8
1.2.	Iberostar Group business units	10
1.3.	Purpose, vision and values	11
1.4.	A Responsible Tourism Model	12
1.5.	2023 Timeline	13

## 3 PEOPLE

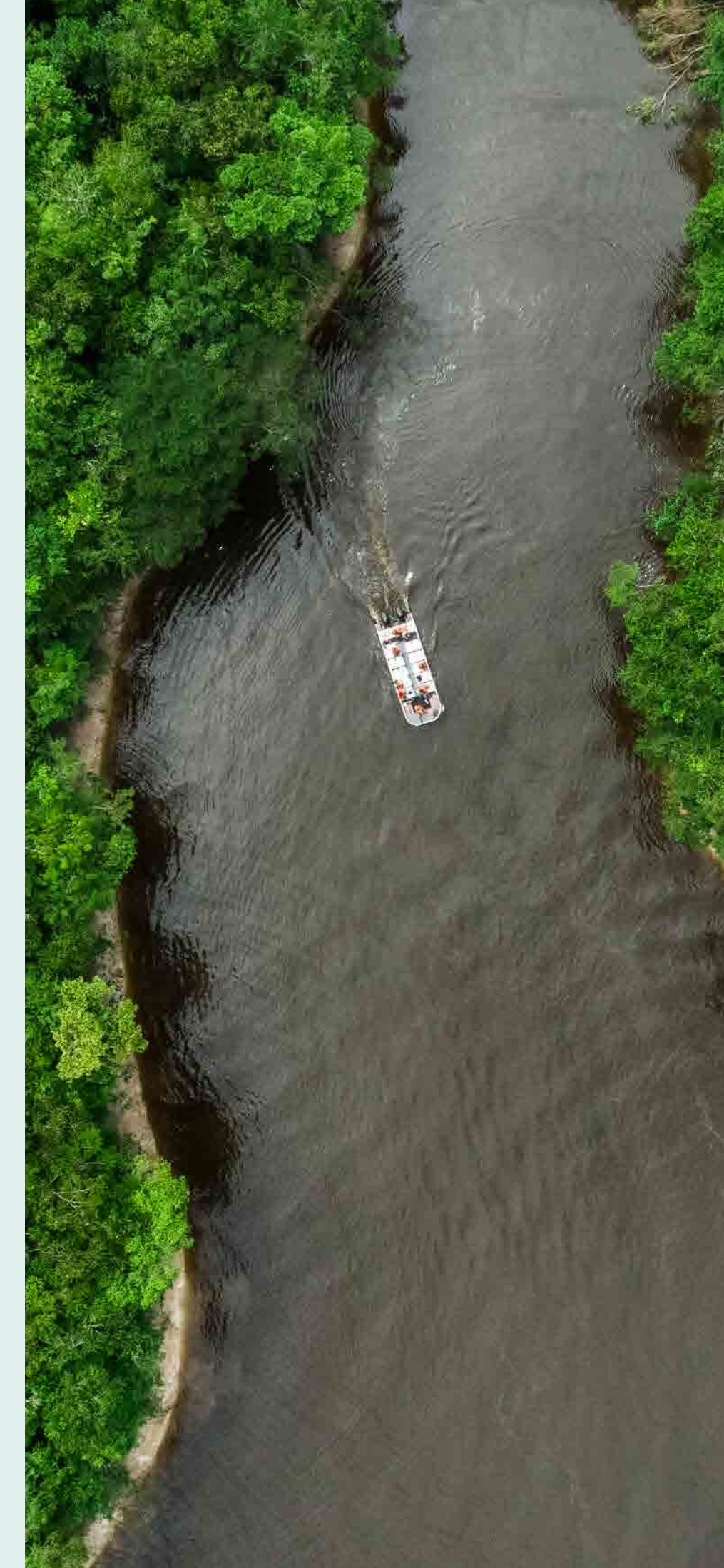
3.1.	People #WeAreIberostar	24
3.2.	A Family Business	25
3.3.	Training	26
3.4.	Professional Development	27
3.5.	Employee Well-being	28
3.6.	Diversity, Equality and Inclusion	30
3.7.	Suppliers	32
3.8.	Guests	33
3.9.	Engagement with Local Communities	34

## 2 GOVERNANCE

2.1.	Governance	16
2.2.	Trends and risks	17
2.3.	Sector Trends	18
2.4.	Materiality	19
2.5.	Integrated innovation at Iberostar Group	20
2.6.	Dialogues, alliances and partnerships	21

## 4 ENVIRONMENT

4.1.	Environment	38
4.2.	Circular Economy	39
4.3.	Climate action	41
4.4.	Blue foods	43
4.5.	Nature-based solutions	44
4.6.	Destination Stewardship	45





## Letter from the Chairman



“ **The year 2023** was significant for tourism. Globally, our sector reached **88% of pre-pandemic levels in international travelers, totaling 1.3 billion, and 93% of revenue, amounting to 1,28 trillion euros.** In 2023, the travel and tourism sector accounted for 9.1% of global GDP, an increase of 23.2% from 2022, and only 4.1% below the 2019 level (WTTC).

In Spain, tourism has established itself as **a major economic driver, historically accounting for 12.8% of GDP, 70.8% of GDP growth, and 17% of job creation.** This means that in the upcoming year, **one out of every four jobs created in the country will be in tourism.**

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**At Iberostar Group, we are dedicated to building a responsible business model centered on quality, fostering the well-being of people, and protecting and regenerating natural ecosystems and biodiversity**

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**People have always been at the heart of our vision:** they are the soul of a business made by them and for them. Responsibility begins with our teams, as there **can be no responsible tourism without a responsible employer.** Faced with a shortage of skilled workforce we need, more than ever, to attract, retain, and train the necessary talent. To this end, Iberostar Group is making progress in three essential areas: **the well-being of our employees, their training, and the creation of diverse, equitable, and inclusive work environments.**

This report provides a detailed account of the progress made in these areas and the challenges we face in the future. In 2023, we delivered more than 330,000 hours of training globally, a 37% increase from last year. We have

also become a **pioneering company in promoting Dual Vocational Training in Spain.** This model achieves teaching-learning excellence and reflects the **potential of public-private collaboration** to support the youngest members of our workforce.

Also in 2023, **we joined the Empowering Women's Talent Program,** reflecting our commitment to women's leadership and development, and we received the Diversity Leading Company seal in recognition of **our efforts to strengthen and improve diversity and inclusion.** Regarding wellness, we are driving activities that strengthen health and social connections among our professionals. Additionally, we have invested more than **38 million euros** in our hotels to improve services and facilities for employees.

We continue to **work tirelessly on our 2030 Agenda in order to care for the environment.** This report captures our journey in 2023 to send no waste to landfill by 2025, **become carbon neutral** by 2030, and source 100% of **our seafood responsibly** by 2025, while **also improving the health of the ecosystems** surrounding our hotels, among other goals. In 2023, we made progress **towards carbon neutrality, reducing our Scope 1 and 2 emissions by 12% globally** compared to 2019. Similarly, we **reduced energy consumption (kWh) by 6.5%** compared to 2019. The use of renewable energy is key to energy savings and our contribution to decarbonization. **Responsibility in the seafood supply chain** is also achieving remarkable goals: we are pleased to share that **83% of the seafood** consumed in Iberostar hotels comes from responsible sources. We have also made **progress on improving the health of coastal ecosystems** with **two new coral nurseries in the Dominican Republic,** bringing the total number of nurseries to eight.

The road is long. **We acknowledge how far we have come,** but we are aware of what remains to be done. We have many challenges ahead. First, we strive to continue professionalizing our industry by **strengthening Dual Vocational Training in other destinations** where we operate and maintain our **commitment to invest in training.** We also need to make progress in attracting talent with welfare and work-life balance **policies that allow us to connect with the labor market,** and we will continue to establish a solid **diversity, equity, and inclusion** strategy that opens up opportunities for all. We are also exploring how to offset the most challenging emissions to decarbonize through **innovative carbon capture projects,** with a particular focus on **blue carbon** initiatives. We will continue to **electrify hotels and build quality partnerships** along the value chain to reduce Scope 3 emissions. We will also continue to **foster collaboration and innovation** with other companies that join us with creativity and generosity on this **beautiful journey to build positive tourism.**

At a time when artificial intelligence is making significant strides and already **aiding us in many ways,** we aim to **harness the full potential of human intelligence within the Iberostar Group.** We want to **put this human intelligence at the service of our people, employees, and the communities in which we operate, as well as the places that welcome us.** By taking small, thoughtful steps, **guided by science,** we can achieve meaningful progress. We recognize that we cannot do everything, but we will not shy away from what we can accomplish. Together, **we will forge a path we can be proud of,** planting seeds for future generations.

”  
**Miguel Fluxá**

Chairman of Grupo Iberostar

# Who We Are

- 1.1. About Iberostar Group**
- 1.2. Iberostar Group business units**
- 1.3. Purpose, vision and values**
- 1.4. A Responsible Tourism Model**
- 1.5. 2023 Timeline**



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**We are a 100% family-owned Spanish multinational based in Palma de Mallorca (Spain), with more than 68 years of history in tourism and business origins dating back to 1877**

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## 1.1. About Iberostar Group

We currently have **three business units**. **Iberostar Hotels & Resorts is our hotel division and core business**, with a portfolio of 100 4- and 5-star hotels in 14 countries. In addition to hotels, we have two other business units: **our holiday club, Iberostar The Club; and World2Meet, our travel division**. It is a vertically structured tourism group comprising 17 brands specialising in the entire tourism value chain. With a turnover of **3.9 billion euros in 2023**, our commercial presence extends to **20 countries**, and we receive **8 million guests a year**, whom we serve thanks to the talent of more than **35,000 employees from 95 nationalities**. Thanks to them, we drive differentiation in our guests' experiences through constant product innovation and digital engagement.

We work to inspire a responsible and positive business model that focuses on caring for people and the environment. **Quality, sustainability and innovation are key business levers for Iberostar**. Building upon this framework, we place the circular economy at the heart of our strategy and work towards **our own Agenda 2030** to send no waste to landfill by 2025, become carbon neutral by 2030, source 100% of our seafood responsibly by 2025, and improve the health of the ecosystems surrounding our hotels, among other goals. Miguel Fluxá Rosselló is our founder and Chairman. His daughters, Sabina and Gloria Fluxà, are the fourth generation of the Fluxà family. Sabina Fluxà Thienemann is Vice-Chairman & Chief Executive Officer of the Group (CEO) while Gloria Fluxà Thienemann is Vice-Chairman & Chief Sustainability Officer (CSO).

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+ **3.900**  
MILLION EUROS IN 2023




+ **95**  
NATIONALITIES

+ **8**  
MILLION GUESTS A YEAR

+ **35.000**  
EMPLOYEES



 <b>3,9BN €</b> TURNOVER IBEROSTAR GROUP	 <b>8,1M guests</b> 96% POSITIVE EXPERIENCE	 OPERATIONS IN <b>20 countries</b>	<b>60%</b> OF EXPENSES GO TO <b>local suppliers</b>
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 <b>+35k</b> People	 <b>95</b> Nationalities		
 <b>8,6/10</b> EMPLOYEE EXPERIENCE	<b>5</b> Generations WORKING TOGETHER	<b>338k</b> training hours (*34% 2023 VS 2022)	<b>24,4%</b> internal promotion
<b>+38M €</b> Investment in our hotels to improve services and facilities for our employees			

<b>16.100</b> mangroves planted OF DIFFERENT VARIETIES	 <b>8</b> coral nurseries	
 <b>-6,5%</b> reducing energy consumption RELATIVE TO 2019	<b>83%</b> seafood is responsibly sourced 	<b>-12%</b> global emissions REDUCING SCOPE 1 AND 2, RELATIVE TO 2019
<b>921.824,04 kg</b> of food waste reduction	<b>250</b> people IN OUR HOTELS WORKING to send no waste to landfill	

<b>1.132</b> ACTIVITIES WITH local communities		<b>269</b> projects	BENEFITING <b>+380.000</b> people
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## 1.2. Iberostar Group Business units

### IBEROSTAR HOTELS & RESORTS

Our hotel division and the core business of our Group. We have a portfolio of 100 4- and 5-star hotels located on the best beaches in the world, including hotels under the Iberostar Beachfront Resorts brand. More than half of this portfolio is owned. Our hotel presence spans 14 countries and more than 35 holiday destinations in Brazil, Aruba, Cuba, the Dominican Republic, Spain, the United States, Greece, Jamaica, Morocco, Mexico, Montenegro, Peru, Portugal, and Tunisia.

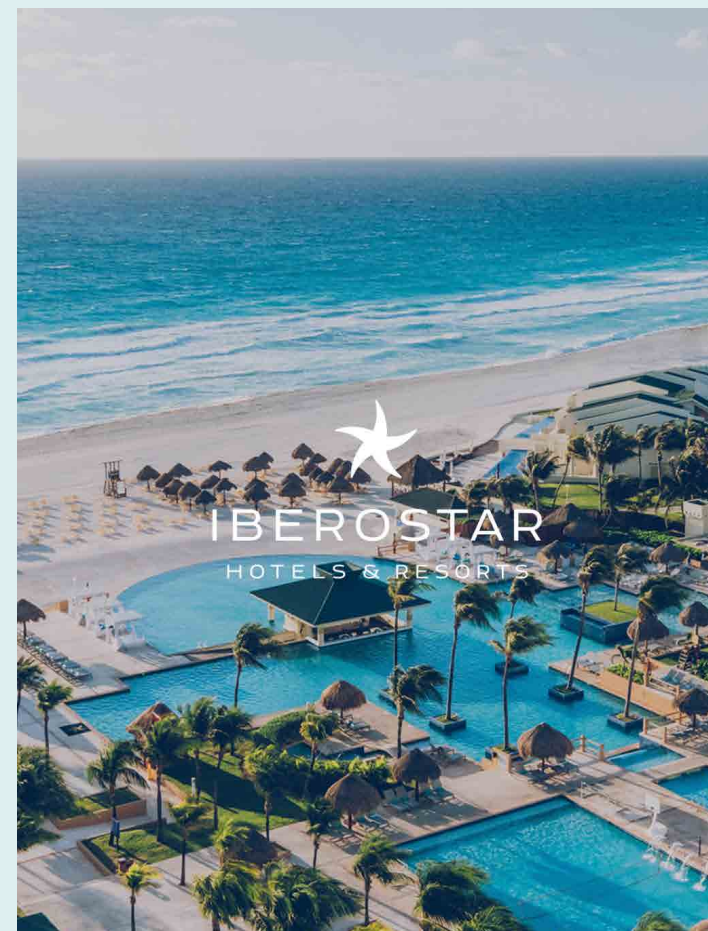
### IBEROSTAR THE CLUB

Created in 2017, Iberostar The Club is a membership club in Mexico, Dominican Republic, Jamaica and Brazil that we offer to our guests. Our members enjoy associated benefits when purchasing and during their stay at our hotels, golf courses and spa, exclusive areas in the hotels and a variety of à la carte services. The Club has more than 21,000 members.

### WORLD2MEET

World2Meet is the travel division of the Iberostar Group. As a vertically integrated operator (VITO), our goal is to meet the needs of modern travelers and address the entire market's demand, focusing on leadership in volume, profitability, and quality. We have 17 unique and specialized brands across the entire tourism value chain, including transport, product, distribution, accommodation and inbound services that allow us to offer a holistic experience to both tourism intermediaries and travelers. These brands include World2Fly, Azul Marino Viajes, GRAND azulmarino, Flowo, Viajes Cibeles, Úbico, The Sphere, Dakari, Bytour, Newblue, Icáron, Club Marco Polo, World2Meet Pro, Kannak, Escape Home, O7 Hotel World2Meet DMC and E-North Safaris. Through these brands, World2Meet consolidates its presence in Spain, Finland, Jamaica, Morocco, Portugal, Dominican Republic, and Turkey.

**3** BUSINESS  
AREAS

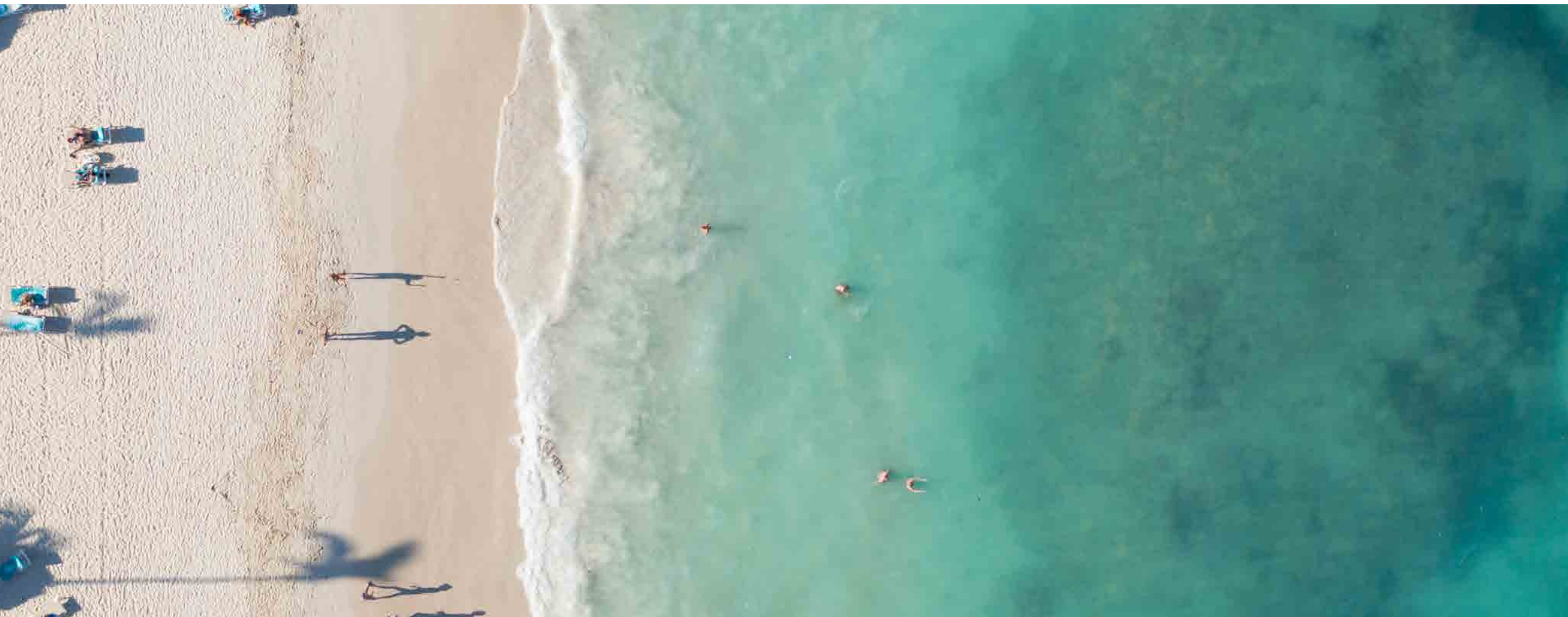


### 1.3. Purpose, vision and values

As a family business with a deep sense of history, we have inherited values that we nurture and pass down through generations. We have five corporate values, which we have cherished for more than 100 years of business.

The greatest inheritance we have received is to live with **responsibility**, which for us means commitment to people and the environment; **transparency**, defined as **integrity** in our decisions and actions; **creativity**, because we are constantly evolving and looking for creative solutions; **passion**, which drives us to love what we do; and **humility**, which helps us recognize and accept our limitations.

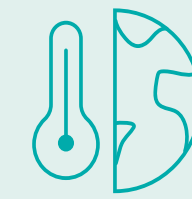
We operate with a long-term vision, focusing on building a profitable company as a cornerstone of sustainability, while also considering the positive impact that our activity generates in the communities and ecosystems that host us. Our work creates a social and environmental legacy that we enjoy today and that will be part of our legacy for the future.



CIRCULAR  
ECONOMY



INCLUSIVE  
TOURISM



CLIMATE  
ACTION



RESPONSIBLE  
GROWTH

## Responsible Tourism



NATURE-BASED  
SOLUTIONS



DESTINATION  
STEWARDSHIP



BLUE FOODS

## 1.4. A Responsible Tourism Model

At Iberostar Group, we want to drive positive change through positive tourism.

**Positive tourism is about care:** for oneself, for people, and for the environment. It means connecting with communities, embracing cultural diversity and fostering a virtuous circle where people care for both each other and the environment.

**Positive tourism** is about a shared passion for travel, nature, and culture. It means promoting talent and personal development, spreading professional excellence through continuous training, research and development of professional skills, all for the benefit of the communities where we operate.

**Positive tourism is about sustainability and the environment.** It brings together science and expertise to improve ocean health and restore its critical services. This includes studying and restoring coral reefs, mangroves, seagrasses, and dunes; promoting a circular economy and sharing best practices to reduce plastic and waste; and seeking responsible seafood alternatives, while also supporting local fisheries.

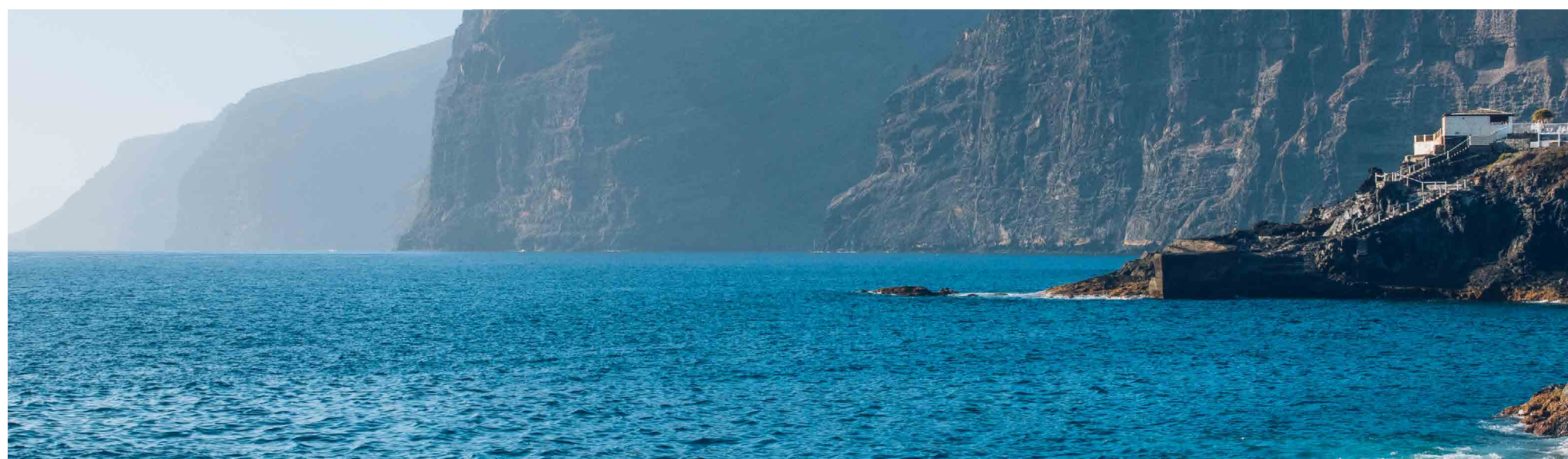
**Positive tourism is about biodiversity and nature.** It means caring for the environment, discovering it and getting closer to what surrounds us through local experts who are passionate about their land and culture and share their knowledge with guests. It's about the Wave of Change movement, which is dedicated to regenerative tourism based on scientific principles, and seeks to reduce emissions, manage waste, manage water, and conserve and sustainably manage natural environments within our hotels.

**Positive tourism is about supporting and empowering local economies and cultures.** It aims to create opportunities with long-term benefits and make the tourism sector a space for diversity and inclusion.

**Positive tourism is about evolution and innovation** driven by science, allowing us to adapt quickly and effectively to a changing world.

**Positive tourism is about reconnecting** with loved ones, taking time to recharge, and continuing to contribute to society with passion and peace of mind.

Our vision of responsible tourism is both multidimensional and global, and it is integrated into all our operations and business areas. Through this vision, we seek to actively contribute to achieving the Sustainable Development Goals (SDGs) set out in our Agenda 2030. This approach demonstrates our commitment to communities and their environment, while addressing the most relevant challenges of our time: preserving the planet and promoting social well-being. Our strategic objectives and actions are specifically linked to **the following Sustainable Development Goals (SDGs):**



## Sustainable Development Goals



### GOOD HEALTH AND WELLBEING

As a responsible employer, we prioritize the health and well-being of our professionals through programs designed to help them perform their work in optimal physical and mental conditions.



### REDUCED INEQUALITIES

We advance equity by implementing strategies that enable personal growth within a diverse framework.



### QUALITY EDUCATION

We are committed to enhancing the skills of our professionals through continuous training, promoting research and study in the sector, and establishing Dual Vocational Training partnerships focused on the specialization of younger individuals.



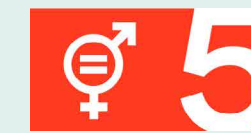
### RESPONSIBLE CONSUMPTION AND PRODUCTION

We emphasize responsible consumption throughout our supply chain, working to improve practices within the organization.



### CLIMATE ACTION

We are committed to achieving carbon neutrality by 2030 and are actively working to reduce and offset emissions from our operations.



### GENDER EQUALITY

We focus on developing diversity, equity, and inclusion strategies that ensure merit-based development and prevent any form of discrimination.



### LIFE BELOW WATER

We pay special attention to this goal through our Wave of Change movement, investing in the care, protection, restoration, and sustainable management of the ocean and its resources.



### AFFORDABLE AND CLEAN ENERGY

On our path to carbon neutrality, we increasingly rely on renewable energy sources with certifications.



### PARTNERSHIPS FOR THE GOALS

We recognize that responsible tourism requires collaborative effort, so we work to build international and local partnerships. We engage with the scientific and academic communities and all stakeholders, fostering dialogue that drives progress.



### DECENT WORK AND ECONOMIC GROWTH

We are dedicated to the economic and social development of our employees and the communities where we operate by fostering entrepreneurship and promoting social inclusion.

## 1.5. 2023 Timeline

<b>January</b>	<ul style="list-style-type: none"> <li>- Reopening of Iberostar Selection Hacienda Dominicus, in Bayahíbe, Dominican Republic, after a complete renovation.</li> <li>- Kannak, W2M's new tour operator, is born.</li> </ul>
<b>February</b>	<ul style="list-style-type: none"> <li>- W2M, through its online agency Flowo, joins the Iberia Cards partner program.</li> </ul>
<b>March</b>	<ul style="list-style-type: none"> <li>- Iberostar Group launches the first sustainable mobility plan for the hotel sector in the Balearic Islands.</li> </ul>
<b>April</b>	<ul style="list-style-type: none"> <li>- W2M launches a training program for travel agents through the Travelsapiens platform.</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>- Iberostar Hotels &amp; Resorts opens Iberostar Selection Albufera in Mallorca, introducing our new all-inclusive resort concept in Europe.</li> </ul>
<b>June</b>	<ul style="list-style-type: none"> <li>- World2Fly receives its third A350-900 aircraft, which will operate flights to Caribbean destinations from its base at Adolfo Suárez Madrid-Barajas airport.</li> <li>- Icarion obtains its EarthCheck certification for its measurement and monitoring of sustainable practices.</li> </ul>
<b>July</b>	<ul style="list-style-type: none"> <li>- Iberostar implements the IHG One Rewards loyalty program in a selection of its hotels.</li> <li>- World2Fly finalizes an agreement with the Czech wholesale agency Fischer Reisen to operate three routes from Prague Airport to the Caribbean and Southeast Asia with its A350 aircraft.</li> </ul>

<b>August</b>	<ul style="list-style-type: none"> <li>- W2M launches an internal training program on sustainability in the tourism sector through its online campus.</li> </ul>
<b>September</b>	<ul style="list-style-type: none"> <li>- Iberostar and Hecansa launch the first FP Dual in the tourism sector in the Canary Islands.</li> <li>- Iberostar Foundation and Planeterra join forces to promote community-based community tourism in destinations with Iberostar hotels</li> <li>- The Iberostar Bahia de Palma hotel in Mallorca will be the first in the world to use green hydrogen through a pioneering agreement with Redexis.</li> <li>- W2M announces the addition of Aloe Club in Fuerteventura to the portfolio of O7 Hotels, the group's hotel management company.</li> <li>- Iberostar Hotels &amp; Resorts has been recognised as one of the brands with purpose during the third edition of the Marie Claire 2023 UK Sustainability Awards.</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>- Newblue holds its first awareness day for travel agents in Illetas (Mallorca).</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>- Azul Marino Viajes and Viajes Eroski join forces to create the new Azulmarino.</li> <li>- Iberostar and W2M hold the first sustainability Fam Trip for travel agents in Tenerife.</li> </ul>
<b>December</b>	<ul style="list-style-type: none"> <li>- We present our circular economy roadmap at COP28</li> <li>- O7 Hotels will manage nine BlueBay hotels.</li> <li>- W2M signs the SBTi commitment to carry out the decarbonisation of all of its business areas.</li> </ul>

# Governance

- 2.1. Governance
- 2.2. Trends and risks
- 2.3. Sector Trends
- 2.4. Materiality
- 2.5. Integrated innovation at Iberostar Group
- 2.6. Dialogues, alliances and partnerships





## 2.1. Governance

Good corporate governance is a fundamental component of any organization's success and sustainability. It ensures transparency, accountability, effective risk management, sound business performance, investment appeal and regulatory and legal compliance — all vital for our long-term growth and prosperity.

To achieve these commitments, corporate governance is managed by the Group Executive Committee and various governance bodies. This structure enhances efficiency and promotes collaboration, generating synergies across different areas.

### Executive Committee

Role: to lead, land and implement the company's strategy, policies and initiatives within our strategic framework.

Members: Miguel Fluxá (Chairman), Sabina Fluxá (Vice-Chairman & CEO), Gloria Fluxá (Vice-Chairman & Chief Sustainability Officer), Gabriel Subías (CEO W2M), Phil McAveety, (CEO Iberostar Hotels & Resorts) Luis Mota (Chief Strategy & Growth Officer), Rafael Rosselló (Chief Financial Officer), Alberto Llopart (Chief Legal Officer) y Luis Zamora (Chief People Officer)

MAIN GOVERNANCE BODIES	FUNCTION
IBEROSTAR GROUP EXECUTIVE COMMITTEE	<p style="text-align: center;"><b>Promote and advocate policies and new programs, conduct regular evaluations and identify areas for improvement</b></p>
IBEROSTAR HOTELS & RESORTS EXECUTIVE COMMITTEE	
WORLD2MEET BOARD OF DIRECTORS	
SUSTAINABILITY COMMITTEE	
TALENT COMMITTEE	
INVESTMENT COMMITTEE	
RISK COMMITTEE	
TRANSFORMATION TEAM	
GLOBAL MANAGEMENT TEAM	

### CODE OF ETHICS

Our Code of Ethics and Ethics Channel reflect our core values and help uphold the principles that guide the behavior of all employees, regardless of their position, location, or role within the Iberostar Group. This code serves as the cornerstone of our internal regulatory system and a comprehensive guide for all staff.

### CRIME PREVENTION MEASURES

The Iberostar Group's Crime Prevention Plan consists of rules, principles, and values designed to govern the actions of all company members and prevent crimes such as corruption, bribery, influence peddling, money laundering, and other illicit activities.

### CORRUPTION AND BRIBERY

As a member of the United Nations Global Compact, we adhere to Principle 10, which calls for fighting corruption in all forms, including extortion and bribery. In line with this, Iberostar Group regularly updates its criminal risk map to identify and manage potential risks associated with corruption and bribery. In 2023, we extended our protocol for preventing corruption, bribery, and influence peddling to all countries where we operate.

### MONEY LAUNDERING

Our commitment to transparency and ethics is reflected in the regulations drawn up internally that ensure financial management with integrity and in accordance with the ethical principles of our company. As a result of the effective operation of our internal controls and our ongoing commitment to sound financial and ethical practices, no incidents related to money laundering have been identified within the Iberostar Group.

### COMMITMENT TO HUMAN RIGHTS

We are committed to ensuring that human rights are respected and promoted in all countries where we operate. To this end, we have our Global Human Rights Policy, which was revised and strengthened in 2023. This policy is based on the International Bill of Human Rights (including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

### ADVICE, COMMUNICATION, AND WHISTLEBLOWING CHANNELS

We maintain a whistleblowing channel that allows employees to report non-compliance and seek guidance on compliance policies. In 2023, no incidents related to human rights violations, money laundering, corruption, or bribery were reported through this channel.





## 2.2. Trends and Risks

Risk management is crucial to our sustainability and adaptability. It helps us protect against threats while fostering efficiency, innovation and trust. Our risk catalog, updated annually, follows the COSO ERM 2017 methodology and includes 75 risks in five categories: Compliance, Strategic, Operational, Digital, and Reporting.

In 2023, we updated the risk maps of our hotel regions and consolidated them with the World2Meet business to create a Group risk map. We focused on mitigating key risks, especially in environmental, social and governance areas, which account for 66% of our portfolio.

This year our Sustainability, Compliance and Digital areas deepened their risk analyses:

### CLIMATE CHANGE

Our primary focus remains climate change and extreme weather risks, particularly their impact on biodiversity.

### CRIMINAL RISKS

We assessed criminal risks across our global operations, addressing data protection vulnerabilities with specific preventive measures.

### DIGITAL SECURITY

We have enhanced cyber risk management through updated internal policies, staff training and a dedicated cyber risk management policy.

This summary outlines the key categories, highlights the changes from 2022 to 2023, and details the action plans for each category.

CATEGORY	2023 VS 2022	RISK ACTION	2023 PLANS
COMPLIANCE	↓	CRIME PREVENTION PLAN	• New internal Human Rights policy.
		HUMAN RIGHTS	• Compliance Committee and evolution of the Whistleblowing Channel.
		DATA PROTECTION (GDPR)	• Development of new PPD protocols and their adaptation to local legislation in operational destinations.
		ENVIRONMENTAL REGULATIONS AND INTERNAL SUSTAINABILITY POLICIES	• Development of data protection policies in operational destinations by adapting them to current local legislation. • Actions for the implementation of the TCFD methodology for environmental risk management.
STRATEGIC	↓	CLIMATE CHANGE AND EXTREME WEATHER	• Development Actions Agenda 2030 / Wave of Change.
		RETENTION AND TALENT ATTRACTION	• Continuous training and management development programs.
		CHANGES IN TRENDS AND CUSTOMER DEMAND	• Digital Hotel Project (new measures to improve the customer experience; Keyless / assisted check-in / virtual map Iberostar App complexes).
		AWARENESS OF OUR POTENTIAL CUSTOMERS	• Evolution of the Customer Insights area (customer knowledge) and interface of operational applications with CRM (improvement of customer data quality).
DIGITAL	↑	INFORMATION SECURITY	• Update of the Strategic Cybersecurity Plan 2023-25. • Ongoing training and regulation of cybersecurity risk management along the supply chain (third party risks).
		IMPLEMENTATION, USE AND DEPENDENCE OF NEW TECHNOLOGIES (AI, IOT, ROBOTIZATION AND AUTOMATION PROCESS AUTOMATION)	• Digital Business Partners to determine technological needs and priorities. • Process automation through new robotization technologies.
		DIGITALIZATION OF PROCESSES	• Alignment of IHG procedures for common technology implementation. • Internal policy on acceptable use of Generative AI tools.
OPERATIONS	↑	PANDEMICS AND EPIDEMICS	• Energy efficiency projects: Electric Hotel, investments in renewable energy, energy measurements and internal audits.
		ENERGY CRISIS AND EFFICIENT MANAGEMENT OF ENERGY SOURCES	• Implementation of auctioning tools for major goods with suppliers, and recovery of materials for reuse in construction and refurbishment.
		SHORTAGES OR INCREASES IN RAW MATERIAL PRICES	• Circular economy projects (internal workshops for the repair and reuse of furniture and machinery in hotels).
		REVENUE / MARKETING	• Implementation of the Go Supply tool (third party risk management) to measure suppliers' ESG compliance.
		QUALITY STANDARDS	• Definition of quality standards for the Iberostar Beachfront Resorts brand, following an alliance with IHG.
		INTERNAL / EXTERNAL COMMUNICATION PROCESSES	• Implementation of the IHG 'One Rewards' loyalty program. • Update the communication plan for emergency situations.
		FINANCIAL RISKS - INFLATION, EXCHANGE RATES, INTEREST RATES	• Projects linked to waste management (centralized waste collection, composting, and use of AI to monitor food waste in hotels: Winnow). • Hedging financial risks through derivatives.
		BUSINESS PROFITABILITY	• Development of initiatives to provide staff housing at hotels.
		COST OF LIVING CRISIS	• Operational crisis plan in hotels (customer safety, extreme weather, health and hygiene, ORP).
		EMPLOYEE TURNOVER	• Employee loyalty programs using technological tools (remuneration in kind / advance payment management).
REPORTING	↓	DATA RELIABILITY	• Evolution of analytical universes from our DATO area (Data Analytics Transformation Office). Migration to Power BI and measurement of data quality through data quality applications.

## 2.3. Sector Trends

In today's rapidly changing world, organizations must make quick decisions and adapt swiftly. We recognize this reality and have assessed it based on the key trends of 2023 affecting our industry across the following six areas:

### Geopolitics

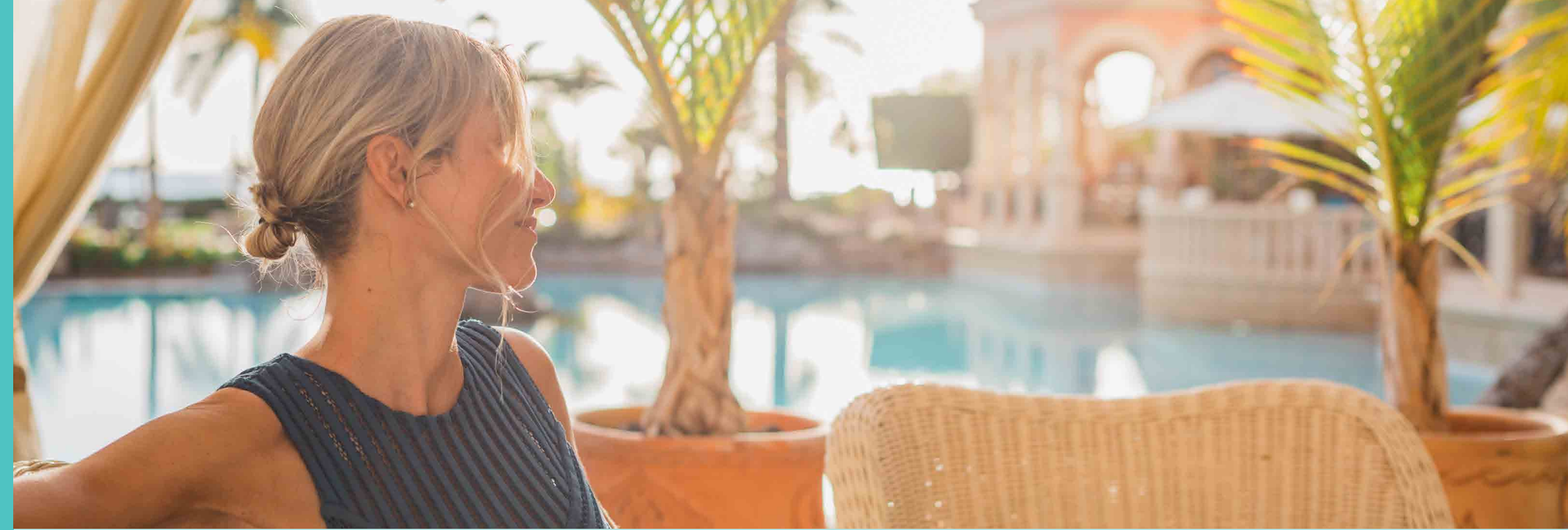
In 2023, the geopolitical landscape remained highly complex, with the ongoing war in Ukraine and instability in the Middle East. Other factors led to continued trade disruptions and changes in production and transportation costs, contributing to a rise in the cost of living, impacting both employees and consumers.

### Economy

Despite global indications of an economic downturn, the tourism sector demonstrated remarkable resilience, recovering to 88% of pre-pandemic levels (UN Tourism). Europe outpaced America in this recovery, showcasing the sector's ability to bounce back amid economic challenges.

### Innovation

Innovation in 2023 was significantly driven by the transformative impact of AI on the travel industry, enhancing personalization and efficiency. Other innovations such as Sustainable Aviation Fuel (SAF) and fuel-efficient technologies, began to support both sustainability goals and efficiencies.



### Social

Understanding Generation Z as future customers and employees was further discussed in 2023. Research delved into their preferences, while the industry contended with skill and employment gaps, particularly youth employment, in many countries. Efforts were made to improve training and address accommodation issues to attract and retain talent.

### Consumer

Consumer trends in 2023 saw a rise in Bleisure, Wellness Travel, and Cultural Tourism. There was a growing demand for authentic cultural experiences and a shift towards respecting social and cultural aspects of destinations. Consumers continued to shift towards sustainable choices. While sustainability wasn't the primary factor in travel decisions, there was a growing intention to make a positive impact through their travels.

### Environmental

The environmental debate in 2023 underscored the urgent need for accelerated action, with many countries failing to meet global decarbonization goals discussed at COP28 in Dubai. However, the tourism sector saw increased dialogue and collaboration on issues such as energy, waste, and biodiversity, pushing the development of scalable solutions.

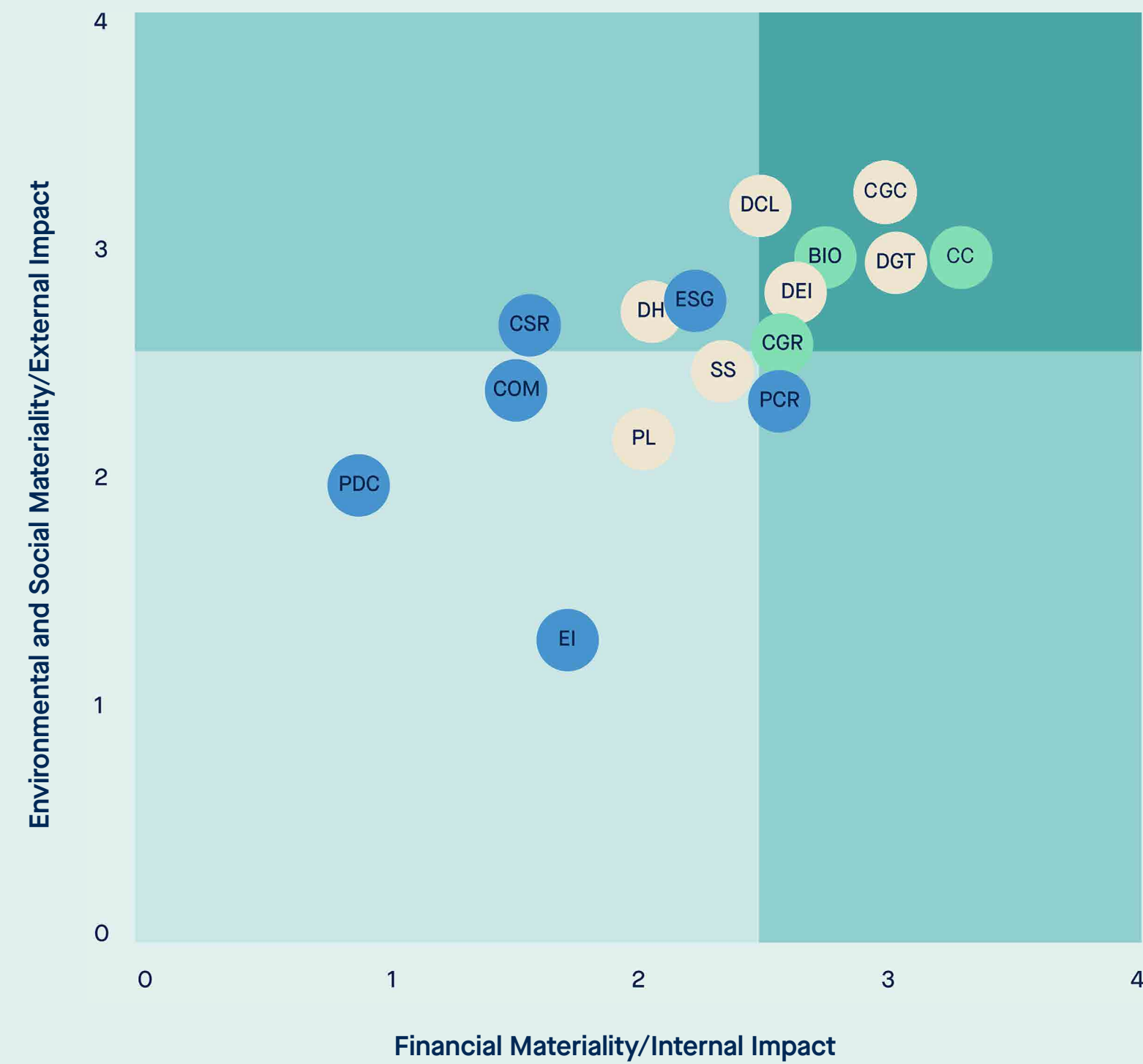
## 2.4. Materiality

In 2022, we conducted a comprehensive review of our materiality assessment to align it with the dual materiality concept mandated by the new EU Corporate Sustainability Reporting Directive (CSRD).

TEMAS MATERIALES	CÓDIGO
HIGH PRIORITY	
CLIMATE CHANGE	CC
CAREER DEVELOPMENT AND TALENT MANAGEMENT	DGT
QUALITY AND CUSTOMER MANAGEMENT	CGC
BIODIVERSITY AND ENVIRONMENTAL CARE	BIO
DIVERSITY, EQUITY AND INCLUSION (DEI)	DEI
CIRCULARITY AND RESOURCE MANAGEMENT	CGR
CONTRIBUTION TO LOCAL COMMUNITY DEVELOPMENT	DCL
MEDIUM-HIGH PRIORITY	
PARTICIPATION AND RESPONSIBLE COMMUNICATION	PCR
ESG CULTURE AND GOVERNANCE	ESG
RESPECT FOR HUMAN RIGHTS	DH
RESPONSIBLE SUPPLY CHAIN	CSR
MEDIUM PRIORITY	
OCCUPATIONAL HEALTH AND SAFETY	SS
LABOR PRACTICES	PL
COMPLIANCE	COM
DATA PRIVACY AND CYBERSECURITY	PDC
ETHICS AND INTEGRITY	EI

● environmental ● social ● governance

## Analysis of materiality of Iberostar Group



## 2.5. Integrated Innovation at Iberostar Group

We drive innovation across our products and services, customer experience, management of processes and people, and our commitment to sustainability. We innovate by collaborating with companies from other sectors.



### EDUCATION

Dual training is a cornerstone of our long-term strategy to professionalize the sector, combat unemployment and build strong connections between institutions, educational centers and Iberostar. This approach allows young talent to develop their skills within our hotels.

#### Key initiatives 2023:

**Agreement with Hoteles Escuela de Canarias (HECANSA).** In partnership with this public entity under the Regional Ministry of Tourism and Employment of the Government of the Canary Islands (Spain), we have created real-world learning opportunities in our hotels for apprentices in the Intensive Dual Vocational Training courses in the Tourism Sector. This pioneering and innovative training program, developed collaboratively with HECANSA, integrates both educational and work environments. In September 2023, we launched the first cohort of this dual vocational training in Tenerife, with **40 students** in our hotels starting in January 2024.

**Collaboration with the National College of Professional Technical Education (CONALEP) in Mexico:** Initiated in 2023, this collaboration involves the Playa del Carmen and Cancun locations, where **94 students** participated in the dual education program.

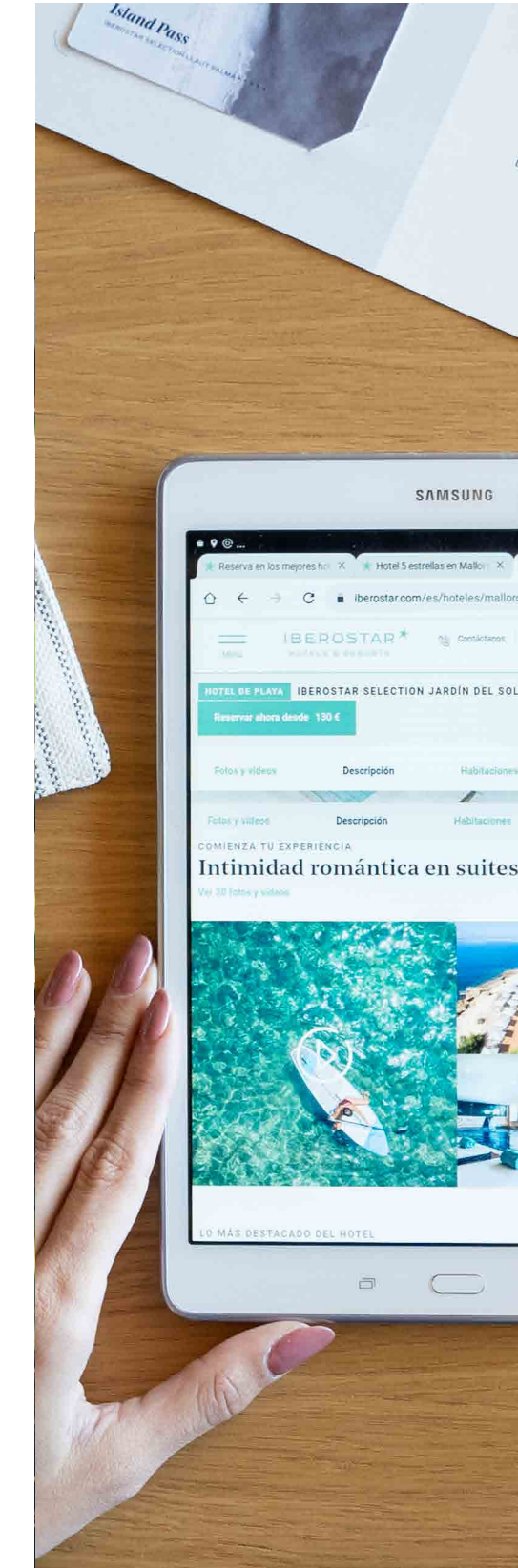


### ENVIRONMENT

Wave of Change was launched in early 2017 as an innovative initiative designed to engage everyone within the company, as well as stakeholders and society at large, in promoting a responsible tourism model. This movement represents our firm commitment to mitigating the negative impacts of climate change, addressing threats to biodiversity, and tackling pollution in our oceans and coastal areas.

Wave of Change has become a key driver of the Iberostar Group's sustainability efforts, achieving significant milestones that highlight our dedication to ocean conservation. It has fostered collaborations with intergovernmental organizations, national and regional governments, sustainability experts, non-profit organizations, the scientific and academic communities, and the general public.

Evolving from its initial role as a catalyst for the Iberostar Group's sustainability, Wave of Change has grown into the tourism industry's first innovation hub, creating transformational strategies to driving a sustainable ocean economy. By combining creative thinking with the expertise of specialists, and collaborating with key players in the public sector, private sector, and scientific community, Wave of Change is setting the stage for pioneering solutions that redefine sustainability in the tourism industry. We remain committed to continuous improvement and innovation.



### HOTELS

Two years ago, we launched the Hotel Digital project, Spain's first Open Innovation initiative in the tourism sector and a cornerstone of Iberostar's digital transformation strategy. Hotel Digital drives our leadership in responsible tourism, improving the hotel's key processes and reinforcing our position as a pioneering company in innovation and digitization. The initiative already involves around twenty major international tech companies, such as Google, Microsoft, Amazon, Telefónica, Vodafone, Ilunion Accesibilidad, and Deloitte. In 2023, we launched seven new projects aligned with our ambitious Agenda 2030 goals.

In our travel division, we have established a team dedicated to smart process innovation and automation. This team is focused on integrating technologies like artificial intelligence, generative AI, automation, and process robots to improve the efficiency and productivity of our operations.

## 2.6. Dialogues, Alliances and Partnerships

Dialogue with our stakeholders is essential for implementing actions that reflect our commitment to environmental preservation and the well-being of people.

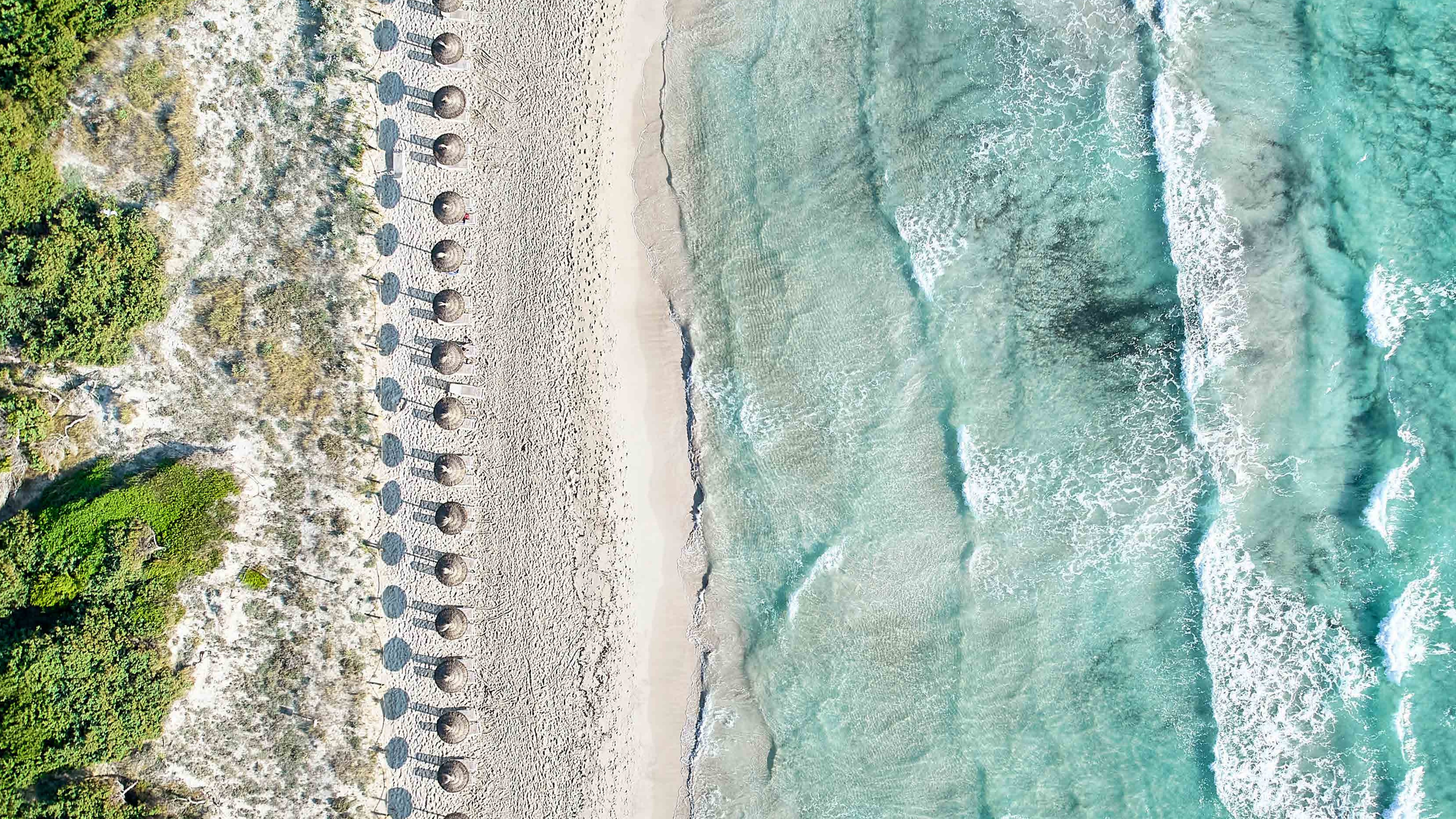
PARTNERS WITH	SPEAKERS/ LECTURES IN	CERTIFICATION ALIGNMENT
CINVESTAV GIZ GSSI IMEDEA Impulsa Balears Planeterra Reef Futures University of the Balearic Islands Winnow	World Economic Forum Davos WTTC Annual Summit The Economist World Ocean Initiative UN Ocean Decade Conference Our Ocean Reef Futures FITUR ITB COP 25, 26, 27, 28 Phocuswright Harvard University IESE IE Stanford University World Bank Webinars Food Tank	Earthcheck Blue Flag
<b>MEMBERS OF</b>		<b>CO-LEADS OF</b>
Global Compact World Sustainable Hospitality Alliance Ocean Risk and Resilience Action Alliance Sustainable Markets Initiative		Tourism Action Coalition for a Sustainable Ocean
		<b>ADVISORS TO</b>
		World Economic Forum WTTC UN Tourism Endeavor Spain



# People

- 3.1. People #WeAreIberostar
- 3.2. A family business
- 3.3. Training
- 3.4. Professional development
- 3.5. Employee well-being
- 3.6. Diversity, equality and inclusion
- 3.7. Suppliers
- 3.8. Guests
- 3.9. Engagement with local communities





## 3.1. People

### #WeAreIberostar

Iberostar Group's commitment to its stakeholders includes enhancing employee well-being and professional development, fostering sustainable relationships with suppliers, and strengthening community connections through responsible tourism

and customer loyalty programs. This collaborative approach underpins the transition towards a responsible tourism model, ensuring that all stakeholders are engaged in achieving shared goals.



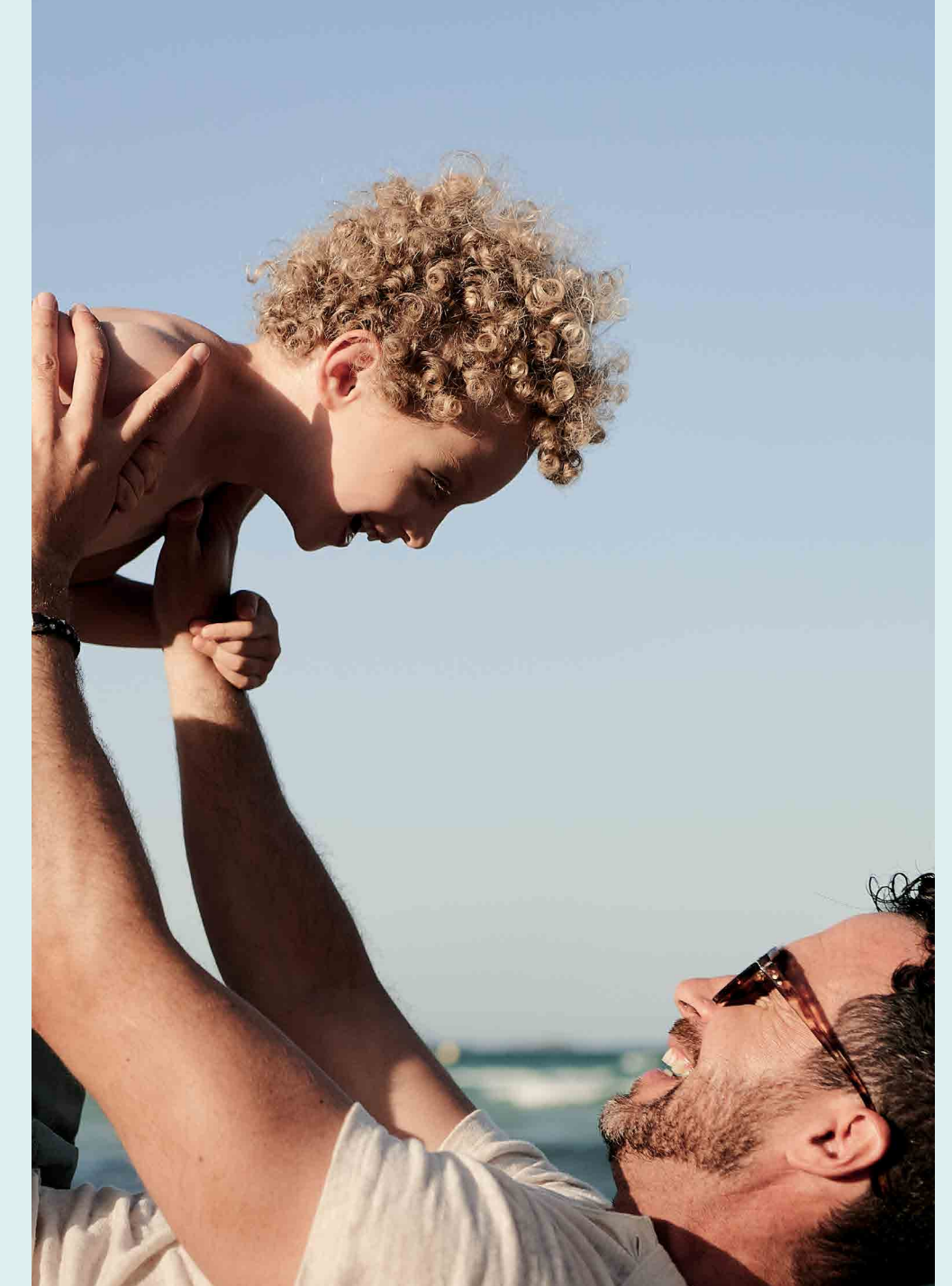
#### Responsible Growth

- Addressing current labor challenges in the tourism sector as a responsible employer to create a positive social impact.
- Developing a responsible tourism model through collaboration across the value chain, aiming to improve and reduce impacts both directly and indirectly.
- Investing in the professional development of our talent.
- Promoting the well-being of our professionals.



#### Inclusive Tourism

- Upholding our spirit as a family business that welcomes everyone without distinction.
- Focusing especially on developing diversity, equity and inclusion strategies with a focus on gender equality and opportunities for young people.





## 3.2. A Family Business

Given the shortage of skilled professionals in our sector, we work on three key dimensions as an employer brand:

- The well-being of our people
- Their professional development
- The creation of diverse, equitable and inclusive work environments

**Our goal is not only to provide quality jobs, but also to establish a network of professional growth opportunities for each team member in an optimal environment and in an equitable manner**

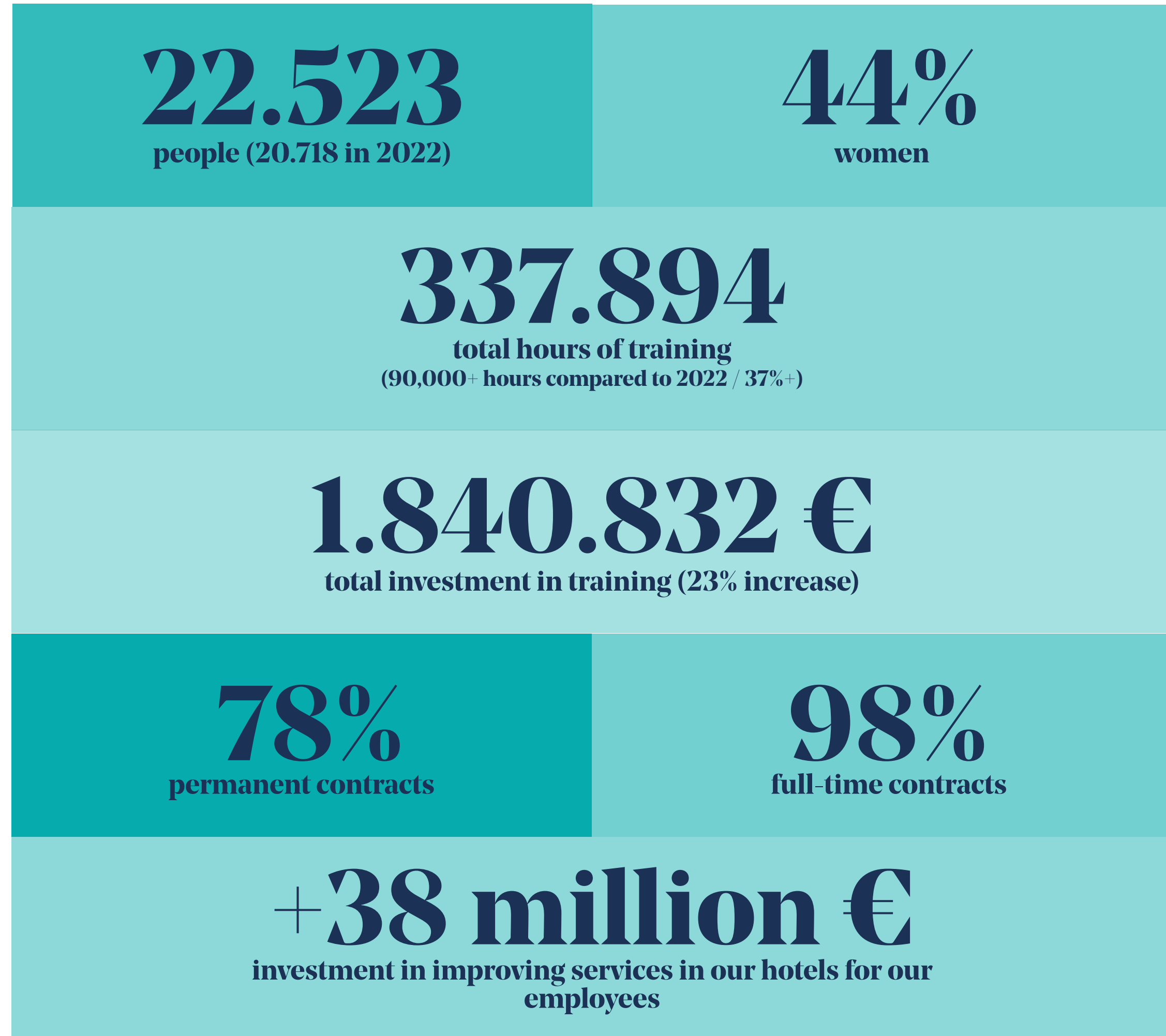
Our talented workforce spans five generations. This intergenerational collaboration facilitates mutual learning and the development of collective intelligence.

Each individual's unique value contributes to the greater whole. We strive to provide quality jobs and foster professional growth opportunities for every team member in an optimal and equitable environment.

Our action plans are informed by insights and data from our work climate survey:



**We listen: Employee well-being starts with knowing your employees' needs**



### 3.3. Training

For Iberostar Group, training is a core component of our transformational vision. Our goal is to support the personal and professional growth of our team members. We focus on four strategic pillars:



- Encourage employee learning and development, and enhance their well-being and job performance.
- Promote knowledge management by cultivating a culture of continuous learning and maximizing the organization's human resources.
- Develop leadership and organizational skills aligned with our strategic ambition.
- Build capabilities and skills to address current challenges and prepare for future disruptions.

#### 2023 Main Achievements:

In 2023, we invested 23% more in training and delivered over 330,000 hours of training, representing a 37% increase in hours compared to the previous year.

Successful launch of Dual Vocational Training programs in collaboration with leading educational institutions in Spain and Mexico.

Expansion of digital training initiatives through Iberostar Campus, with high user satisfaction (17,000 users) and the development of more than 100 new courses in four languages.

Launch of the first edition of the Iberostar Hotel Leadership Program, a training program for 32 hotel managers and assistant managers from eight countries.

Implementation of comprehensive continuous training plans, including sustainability, cybersecurity awareness, and guest loyalty programs.

#### IBEROSTAR CAMPUS

Recognizing that new generations require tailored learning approaches, our Campus offers accessible, scalable, dynamic, and flexible training that adapts to real-world needs. It includes microlearning and gamification elements, along with a variety of internal and external audiovisual resources.

Despite the challenges of digitalizing work in the service sector, we have successfully integrated our digital training platform across all age groups, including younger and older generations, as reflected in user feedback.

Regarding course quality, 75% of users have rated them positively, with an average score of 4 out of 5, ensuring continuous improvement of the platform. Additionally, we value recognizing our employees' achievements to encourage their career growth and acknowledge their efforts. Thus, the Iberostar Campus platform also provides certifications and tracks their educational progress.



+ **23%**  
MORE IN TRAINING

+ **330.000**  
HOURS OF TRAINING

**A 37% increase in hours compared to the previous year**

## 3.4. Professional Development

Personal development at Iberostar Group has a dual dimension: helping professionals to improve the quality of their daily performance on the one hand, and opening up new professional challenges on the other.



### TALENT DEVELOPMENT

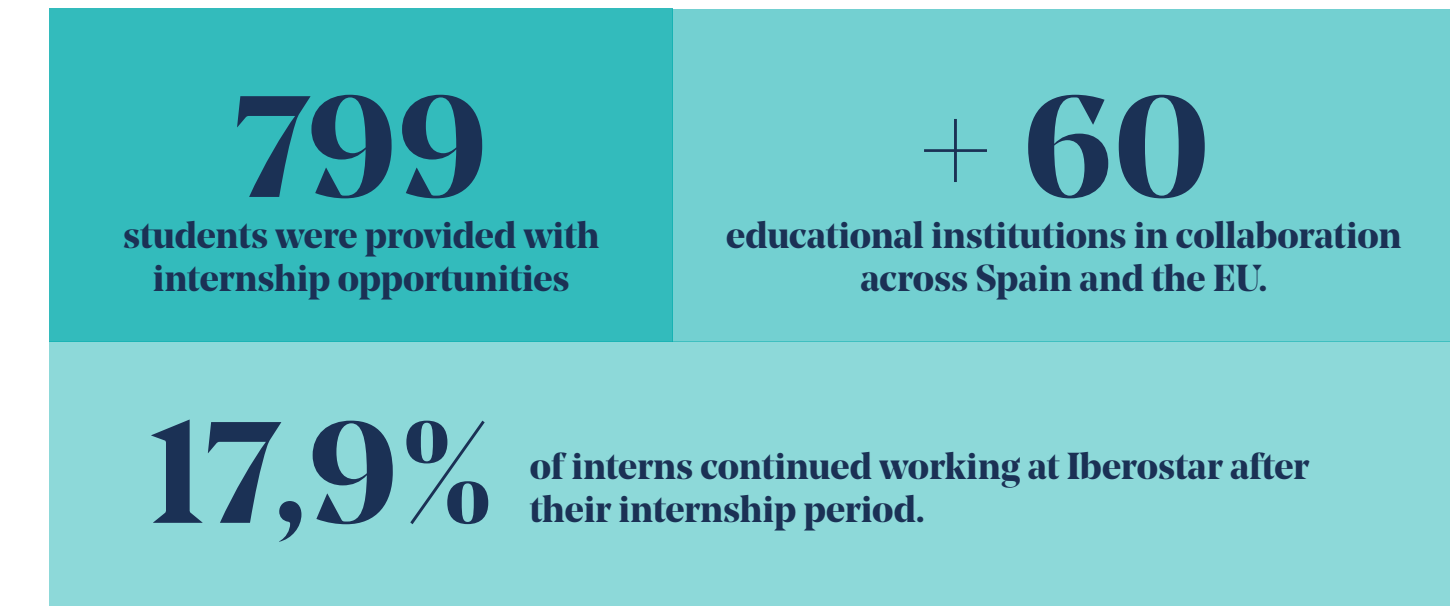
We need **inspirational team leaders** who can motivate others, transmit passion and foster commitment. We seek **transformational leaders** who encourage creativity and innovation, as well as **transversal leaders** who excel at working within teams and collaboratively. Finally, we need **responsible leaders** who advocate for a sustainable tourism model.



### PROFESSIONAL OPPORTUNITIES

Our goal is to foster progress and **develop the potential** of individuals who decide to develop their careers in the sector. Among the professional opportunities, two aspects stand out for enhancing growth and development: internship agreements with schools and internal promotion.

#### Internship agreements



Internship agreements provide opportunities for those entering the workforce for the first time. By partnering with educational institutions, we offer students valuable practical experience.

#### Internal promotion

At Iberostar, we are committed to internal promotion, supporting our professionals in their career growth.

- A prime example is that vacancies for directors in our hotel division have been filled through internal promotions.

**In the 2023 financial year, 24.4% of vacancies were filled with internal staff.**

### 3.5. Employee Well-being

Team well-being is one of a company's most valuable assets. It impacts the quality of life of each individual and the success and productivity of our organization. Well-being in the company goes beyond the mere absence of illness or work-related stress. It is about cultivating an environment where each person can develop physically, emotionally and socially.



#### EMOTIONAL WELL-BEING

##### Work-Life Balance

Through flexible working hours, remote working policies for office positions and shift management initiatives that accommodate personal needs while ensuring ample time for employees.

##### Disconnection Policy

For the EMEA region, we have a policy to protect employees whose roles may involve frequent contact outside of regular working hours. This policy aims to ensure that they can fully rest and maintain a healthy work-life balance.

##### Financial Health

We have implemented measures to provide financial education, personal financial management tools and benefits to support the financial stability of our employees.

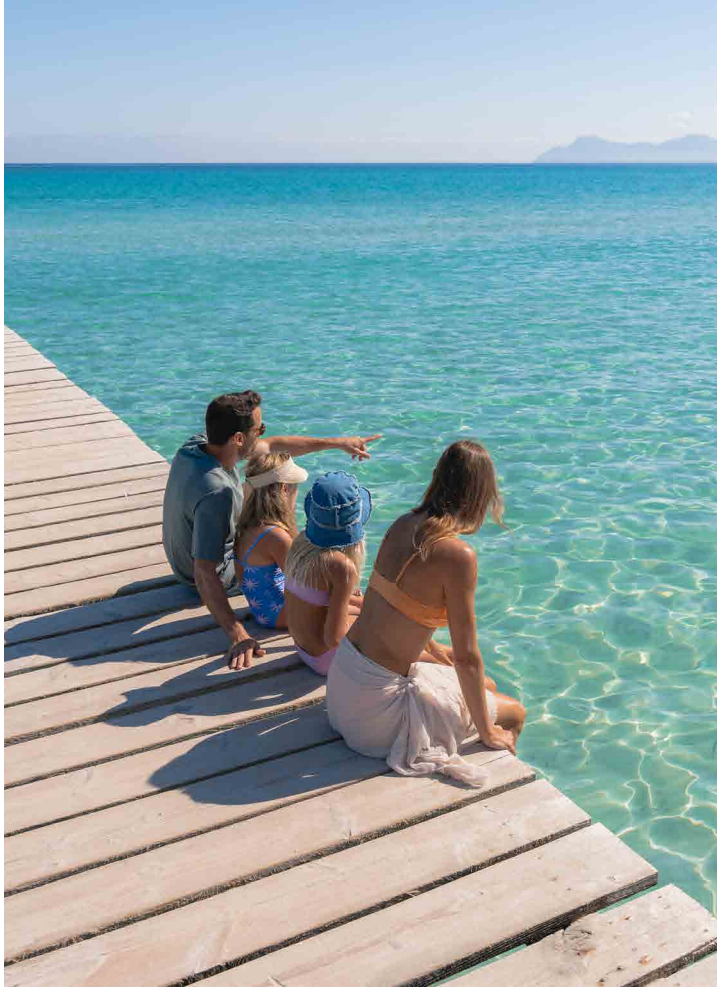
##### Mental Health

Iberostar is committed to mental health through personalized recognition, such as birthday greetings, celebrations of work anniversaries and layettes for new parents, all of which contribute to a supportive workplace culture.

#### PHYSICAL WELL-BEING

From a physical perspective, and through Workplace Health Promotion, well-being involves promoting healthy lifestyle habits, providing an ergonomic and safe working environment, and encouraging physical activity and adequate rest. Here are the projects we carry out:

<p><b>Healthy Company</b></p> <p>A group focused on promoting health in the workplace, composed of members from the Joint Prevention Service.</p>	<p><b>Iberostar Vitality</b></p> <p>A platform where we launch most of the wellness activities for employees. In 2023, we expanded the content and created a section dedicated to mental health.</p>
<p><b>Energy Teams</b></p> <p>A meeting point for employees who share a passion for sports. Currently, more than 20 Energy Teams are active throughout the company.</p>	<p><b>Sustainable Mobility</b></p> <p>We have Ciclogreen, a digital platform to encourage sustainable commuting to work. In 2023, we launched 6 different global challenges.</p>
<p><b>Health and Safety at Work</b></p> <p>Iberostar's Joint Prevention Service ensures compliance with rigorous safety standards globally, including continuous training and risk assessments. In 2023, we conducted 21,101 hours of Occupational Health and Safety (OHS) training through 26 training sessions.</p>	



### SOCIAL WELL-BEING

Well-being involves creating a culture in which each individual feels valued, respected and supported in their authenticity. Central to this is the promotion of social relationships based on genuine, two-way communication.

#### Social Relationships

We recognize the importance of fostering a sense of belonging and connection with others.

#### Two-Way Communication

Ensuring effective two-way communication is crucial as it helps us understand people's needs and expectations, and identify areas where we need to improve.

Other channels that allow us to maintain an active dialogue with our teams, in addition to regular meetings, include the following:

- **Star Team** (our employee portal)
- **My Opinion Matters** mailbox
- **Monthly newsletter**
- **Internal communications**
- **Signage in common areas for employees**
- **Communication via screens and other digital devices**

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**More than 450 specific reports serve as the foundation for the action plan to be implemented in each work center and area in 2024**

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**In 2023, our investment in enhancing services and facilities for employees across our hotels exceeded 38 million euros**

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## 3.6. Diversity, Equality and Inclusion

### DIVERSITY

We view diversity as a catalyst for innovation, ensuring workplaces with diverse teams, experiences, cultures, ages, backgrounds and perspective. This diversity promotes creativity, cohesion and acceptance. Cognitive diversity — encompassing diverse thoughts, values, and personalities — is crucial for a thriving and innovative workplace.

**Equality**, on the other hand, is about providing each individual with what they deserve based on merit and ensuring that treatment does not favor some at the expense of others.

**On this ongoing journey, it is essential to promote active and empathetic listening, which removes barriers, welcomes everyone and integrates differences.**



### EQUALITY

At Iberostar Group, our equality initiatives focus on equal opportunity recruitment, promoting gender equality, developing equality policies and plans, and implementing measures to ensure fair and equitable workplaces.

**Promotion of gender equality, development of equality policies and plans.** During FY2023, we made significant progress on our Equality Plans.

- For our Hotels division, the EMEA Equality Plan has been completed for signature and publication in early FY2024.
- For our W2M travel division, the Equality Plan has been implemented.
- Adherence to Teams & Talent's Empowering Women's Talent program. As part of this program, we received the Diversity Leading Company seal in recognition of our commitment to developing projects that promote diversity.
- Inclusion of gender and diversity issues in all leadership training.
- Participation in management development programs aimed exclusively at women with high levels of responsibility, such as Progresá and Promociona (ESADE + CEOE).
- Participation in the 'Women Cross Mentoring' program of Equipos & Talento, focused on female leadership.
- Implementation of workshops and training focused on the gender perspective in the training plans of our destinations.
- Establishment in Spain of an economic complement that covers the difference between the maternity / paternity allowance that is legally received according to the regulatory base and the real salary of those people who face these circumstances.



### Recruiting Talent on an Equal Opportunity Basis

From the outset of the talent recruitment process, we strive to ensure neutrality and objectivity by clearly defining the position and the required professional profile without bias.

### Fair and Equitable Jobs

Our remuneration policies are based on the principle of fairness and non-discrimination, with the aim of eliminating any pay gap based on gender, age or other factors.

- To assess the effectiveness and objectivity of remuneration, and to make any necessary adjustments, we periodically evaluate and audit fixed remuneration programs in each country, whether externally or internally, as needed, and regardless of any voluntary improvements made locally.
- In all the countries where we operate, we match, and in most cases even exceed, the interprofessional salary established by the regulations in place.

### INCLUSION

We view inclusion as a vital aspect of creating enriching work environments. It involves the welcoming, respecting, and valuing of individual differences and diverse perspectives within the workplace.

#### Working with Vulnerable Groups

- Collaboration agreement with the Amadip Esment Foundation to promote the social and occupational integration of people with intellectual disabilities in 15 hotels in the Balearic Islands.
- Project with the La Caixa Foundation, through its Incorpora program, and the Deixalles Foundation to promote the integration of people at risk of social exclusion into the labor market. This project is scheduled to begin in February 2024.
- Employee Solidarity Fund.
- Project aimed at improving the working conditions of our hotel housekeepers.

#### Universal Access

- Agreement with the Fundação AFID Diferença in Portugal to support the integration of young people with disabilities in the labor market.
- Contracts with various special employment centers for the purchase of products and contracting of services, such as our agreement with the Amadip Esment Foundation.
- At World2Meet, we maintain agreements and declarations of exceptionality in hiring individuals with disabilities, including three collaboration agreements with associations for the integration of this group, in addition to contracts with Special Employment Centers.
- In Mexico, we held sessions to raise awareness on inclusion for all staff, supported by foundations that offer talks and workshops in each of the hotels.

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**All our hotels in Spain comply with the accessibility standards established in the Technical Building Code, and those that have undergone recent renovations are free of physical barriers.**

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Also during 2023, we began collaborating with Ilunion, which has advised us on accessibility audits in four of our hotels. These audits will help us identify areas for improvement and develop action plans for the continuous enhancement of accessibility across our facilities.



## 3.7. Suppliers

We establish partnerships with suppliers who offer the highest quality products or services and share our commitment to promoting sustainable and responsible practices.

Our purchasing department has defined a comprehensive purchasing policy applicable to our hotel operations. This policy considers economic and quality aspects along with labor, health and safety conditions as well as local development, human rights and environmental sustainability. Acceptance of this policy is mandatory for all suppliers who register on our supplier portal, as well as adherence to the Iberostar Group's terms and conditions, which include the social and environmental criteria set out in the Iberostar Pact for Sustainable Progress. In addition, suppliers must complete a short questionnaire on working conditions and health and safety at work. For suppliers with a significant business volume in Spain, a more detailed questionnaire covering a wide range of social and environmental issues is required.

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**In 2024, we will advance our value chain strategy to strengthen our approach as we work towards our scope 3 decarbonization roadmaps and additional social aspects.**

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**1.040**

suppliers assessed on environmental and social aspects in 2023

(127 suppliers in Iberostar and 913 suppliers in W2M)

**30%**

The 127 suppliers evaluated at Iberostar account for 30% of our total purchases

(20% in 2022)

**We have not identified any negative**

environmental or social impacts during these approval and assessment processes

**We have collaborated with FAADA**

to select responsible suppliers for our travel division



## 3.8. Guests

Our customers are at the heart of our mission, which drives us to continuously improve the services and relationship models we offer.

Through personalized service, we aim to make our customers feel valued and choose us again and again. In FY2023, we implemented two major loyalty programs: **Horizons and One Rewards (IHG)**.

### Hygiene and Safety

Ensuring optimal health and safety conditions for our guests during their stay is one of our top priorities. To this end, we strive to be a guarantee of quality in this area, and our hotels obtain various certifications that endorse this commitment.

All hotels have hygiene manuals and process documentation by areas aligned with Intertek's Cristal standards of hygiene and quality. Part of the process of obtaining these Cristal standards involves taking random laboratory samples to verify that the microbiological parameters are correct and to take preventive and corrective actions if necessary.

Cristal continuously monitors the quality standards by **conducting periodic audits**. In particular, one of the most relevant audits, **Food Check**, is carried out on a monthly basis.

Additionally, most of our hotels are certified under the ISO 9001 standard.

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**In 2023, there were no cases of non-compliance with the health and safety and safety conditions of our products and services**

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**332.280**

satisfaction surveys received from our guests in 2023, of which only 9.92% related to unsatisfactory experiences

**96%**

187.684 comments received through opinion portals - 96% were positive

### Launch of the Instant Recovery Service

A service aimed at identifying improvements in the customer experience during their stay at our hotels

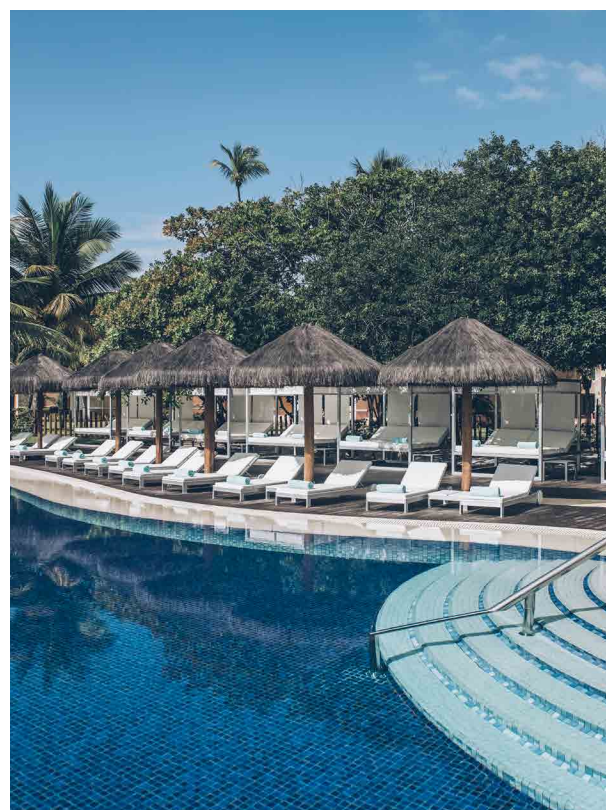
### Implementation of a Voice of the Customer Program in our travel division

To align the needs of our customers with the service provided, differentiating types of potential customers

### 3.9. Engagement with Local Communities

In 2023, Iberostar Group continued its commitment to local communities through various initiatives aimed at environmental conservation, cultural preservation, and socio-economic development. This has been possible thanks to efforts in operational and value chain activities, as well as initiatives by **Wave of Change** and the Iberostar Foundation.

Iberostar's dedication to value creation goes beyond business, integrating sustainability, community engagement, and ethical practices into its core operations:



#### ABOUT THE IBEROSTAR FOUNDATION

Created in 2004 by Iberostar Group, its objective is to contribute to the development of destinations that are more resilient to climate change, promoting a positive impact on people and the environment.

Three lines of action:

- **Communities:** Empowering and integrating local communities into the tourism sector value chain.
- **Education:** Connecting future generations to the surrounding natural spaces.
- **Research:** Creating training opportunities and supporting research in coastal and marine ecosystems.

#### COMMUNITY-BASED TOURISM

In 2023, through the Iberostar Foundation, Iberostar joined forces with Planeterra, a non-profit organization that uses tourism to improve communities, to launch an ambitious program that promotes community-based tourism initiatives. This initiative aims to **boost the social and economic development of local communities and protect their ecosystems**. Its first project in Mexico, in the Caribbean community of Chemuyil, facilitated by the Bejil-Ha Riviera Maya cooperative society.

Created by seven passionate locals, this project focuses on the conservation of more than 50 cenotes and the protection of the Yucatan peninsula's endemic flora and fauna. The initiative, which benefits more than 30 local families, promotes conservation and awareness through unique itineraries that guide guests away from typical tourist routes to explore the community and its natural environment.

# Environment

- 4.1. Environment
- 4.2. Circular Economy
- 4.3. Climate action
- 4.4. Blue Foods
- 4.5. Nature-based solutions
- 4.6. Destination Stewardship

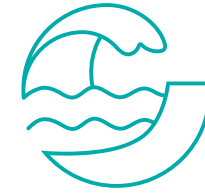






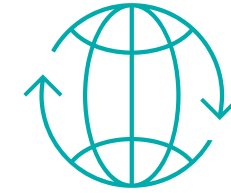
**DESTINATION STEWARDSHIP**

- Understanding the priorities and needs of the destination
- Connecting the private sector and communities
- Developing pre-competitive partnerships and collaboration involving private and public partners.



**NATURE-BASED SOLUTIONS**

- Restoring ecosystem services for risk reduction and mitigation
- Improving beach and water quality in destinations
- Improving green spaces for well-being by investing in nature-based solutions



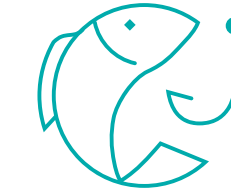
**CIRCULAR ECONOMY**

- Evolving operations towards circularity
- Contributing to regenerative destinations
- Driving partnerships across the value chain



**CLIMATE ACTION**

- Decarbonizing Scopes 1 and 2 in the built environment and destinations
- Decarbonizing the value chain
- Mitigating climate change through actions such as renewable energy use and carbon offsetting
- Adapting to climate change by investing in nature-based solutions



**BLUE FOODS**

- Defining a pathway towards sustainable seafood
- Improving traceability in the supply chain
- Supporting local fishing communities



## 4.1. Environment



### Circular Economy



- We have **established a sustainable** construction standard for the construction or refurbishment of Iberostar buildings and facilities that has been implemented in the Aruba hotel, Albufera Park and Albufera Playa.

### +250 people in the 3R department

- We are growing our **3R department**. In 2023, this team has more than 250 people worldwide.



- We have fostered **partnerships to improve the final destination of waste through donation**, composting and waste-to-energy solutions.

### 57 hotels with AI technology

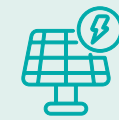
- We implemented **AI-based technology** in 57 of our hotels to collect surplus food data and conducted on-site audits to improve efficiency and reduce food waste in our operations.



### Climate Action



- Agreement with Redexis for the **installation and commissioning of a fuel cell system** at Iberostar Bahía de Palma (Mallorca), which will become the first hotel in Europe to be supplied with renewable hydrogen.



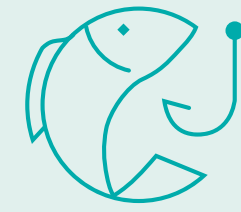
- Construction of a photovoltaic **plant at the Iberostar Rose Hall Resort in Jamaica**.



- Establishment of a **renewable energy purchase agreement (PPA)**, which guarantees a green electricity supply for all our hotels in Spain and our headquarters.



- Reduced emissions of fluorinated gases by upgrading refrigeration equipment in **Mexico, the Dominican Republic, Jamaica and Brazil**.



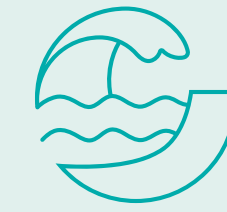
### Blue Foods



- We diversify our **species portfolio** in favor of low-impact Blue Foods, promoting undervalued and underutilized fish stocks and providing a market for alternative fish products.



- We encourage the adoption of responsible practices through closer trading relationships with our local suppliers and fishing communities via **Lifting up Local** initiatives.



### Nature-based solutions



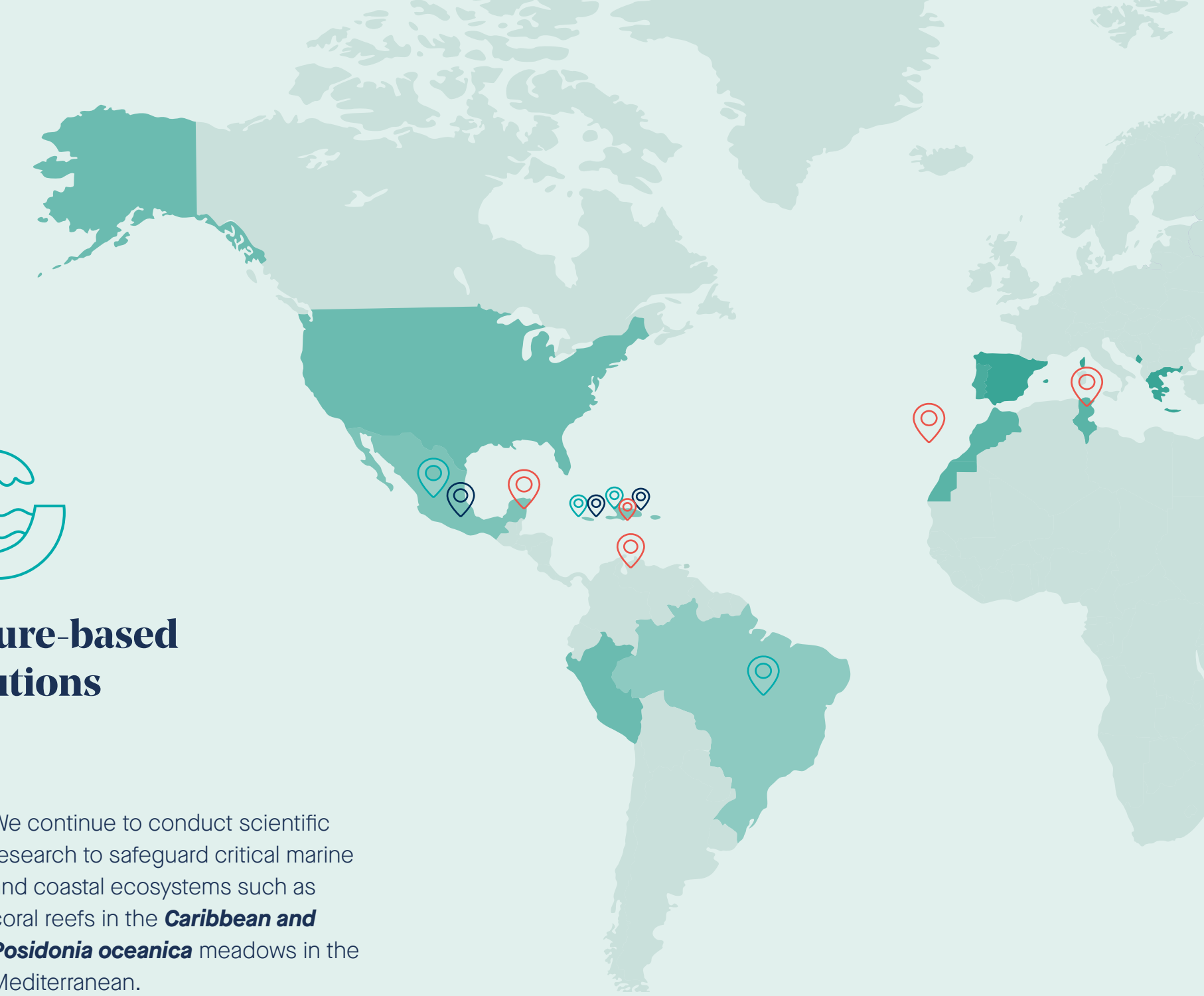
- We continue to conduct scientific research to safeguard critical marine and coastal ecosystems such as coral reefs in the **Caribbean and Posidonia oceanica** meadows in the Mediterranean.

### 67 hotels analyzed

- We conduct baseline analyses of all coastal areas in Iberostar destinations and identify risks and mitigation measures.



- We are expanding our **multi-country program** to restore reefs, mangroves and coastal dunes in the Caribbean.



### Destination Stewardship



- We initiated materiality assessments in five of our destinations (**Tunisia, Aruba, Quintana Roo in Mexico, the Canary Islands in Spain, and the Dominican Republic**) with expertise provided by the Travel Foundation.

## 4.2. Circular Economy

### WASTE MANAGEMENT AND 3R

The correct management of waste generated by hotel operations is crucial to avoid aggravating the negative impacts of tourism. At Iberostar, we advocate a circular approach, which seeks to eliminate waste and pollution, prolong the useful life of products and regenerate the environment.

#### 2023 Highlights:

- **Growth of our 3R department.** By 2023, we have increased the team's headcount to more than 250 people worldwide. It is responsible for collecting, measuring and analyzing waste to identify the changes needed to gradually reduce waste generation.
- **Promoting organic waste composting.** We have composting initiatives in Mexico, Dominican Republic, Brazil and Mallorca (Spain). We are testing different systems, from in-house composting to helping external companies finance composting areas, as well as collaborations with other companies that already compost, as in the case of the Garden Hotel in Mallorca.
- **Extending the life of products.** We have started working on the reuse of textile waste with the company Resuinsa in the Canary Islands (Spain).
- **Alliances to improve the final destination of waste.** We seek to collaborate with managers that guarantee adequate recycling, organizations or foundations such as Deixalles, which accept donations of furniture or food. We also seek to partner with farms or companies that use organic waste for animal feed or composting. Finally, we partner with waste management companies that carry out energy recovery or co-processing of non-recyclable waste

#### THANKS TO THESE EFFORTS

**24,325 tons**  
OF WASTE GENERATED AND SAVED

**2,37 kg/stay**

### BUILT ENVIRONMENT

Construction and refurbishment activities have a major impact on the environment, which is why we have incorporated the circular economy vision into our built environment strategy. In 2023, we implemented the 'Sustainable Building Manuals' at our hotel in Aruba, Albufera Park and Albufera Playa (Mallorca, Spain).

The sustainable construction strategy focuses on:

- Reduction of packaging materials and choice of recyclable packaging.
- Design and construction of prefabricated building systems to reduce waste production.
- Inventory and organization of existing furniture to identify items that could be reused or donated.
- Implementation of a dismantling process for building systems to facilitate proper waste management.
- Inclusion of contractual measures with collaborating companies to guarantee the proper management of waste generated during the work.
- Implementation of a waste management plan on site to ensure the correct classification, handling and final disposal of waste generated during the construction process

**Thanks to various actions, including work during construction, 78% of the waste from Iberostar's major projects was diverted in 2023.**

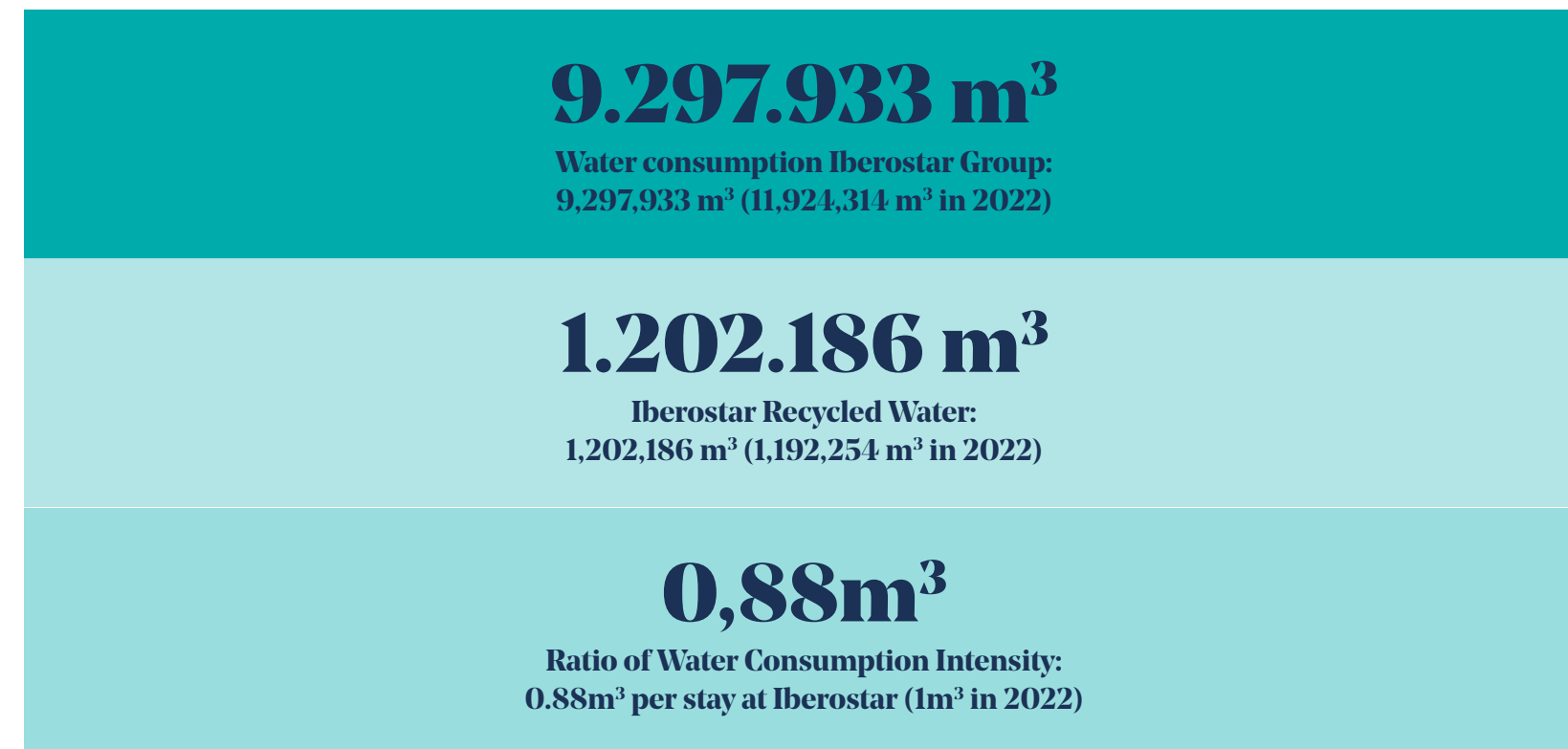


**WATER MANAGEMENT**

Aware of the current situation and the high value of water as a natural resource, we are firmly convinced that proper water management is essential. Therefore, **we are implementing strict water reuse measures in our hotels.** Priorities focus on reducing the freshwater abstraction required for our hotels and ensuring that wastewater effluents from our hotels can be properly managed by local treatment facilities or participate in destination management programs aimed at strengthening local infrastructure.

**2023 Highlights:**

- We used reverse osmosis systems to ensure the quality and safety of water for human consumption.	- We modernized the wastewater treatment system for reuse in landscaped areas.
- We used technology and digitalization to measure water consumption and expand analysis to focus actions and investments on areas of greatest impact.	- We introduced of innovative measures to improve the efficiency of water consumption in outdoor cleaning and pool filters in our hotels.



**FOOD WASTE**

A key step towards our goal of zero waste to landfill is to reduce the amount of waste we generate. To achieve this, we need to understand the nature of the waste we produce and where it goes. Having discovered that organic waste accounted for more than 50% of our waste, we have focused on reducing food waste in our hotel buffets and restaurants.

**2023 Highlights:**

- We implemented AI-based technology, Winnow Solutions, in 34 hotels in the EMEA region and all 23 hotels in the Americas region. This system helps us fine-tune our food production, reducing waste and maximizing operational efficiency.	- We continuously monitored and conducted on-site audits to identify key challenges, opportunities, best practices, and operational changes needed to reduce waste.
- We implemented an automated buffet access control system to monitor the flow of diners and predict the amount of food needed.	- We trained cooks and internal teams to reduce food waste.
	- We partnered with local organizations to donate food to communities in our destinations.





### 4.3. Climate action

We broadened our approach to climate action and incorporated it into our circularity journey. To this end, we have developed one of the most ambitious decarbonization strategies in the hospitality sector, validated by the Science Based Targets Initiative (SBTi), with the aim of achieving carbon neutrality by 2030.

- **Highlights 2023**

- Commitment to green or renewable hydrogen: Agreement with Redexis for the installation and commissioning of a fuel cell system at Iberostar Bahía de Palma (Mallorca).
- Construction of a photovoltaic plant at the Iberostar Rose Hall Resort in Jamaica, and preparation of the land for the construction of two other photovoltaic plants in the Dominican Republic.
- Progressive replacement of gas boilers with heat pumps at several destinations in Mexico and partial electrification at Albuferas resort, specifically in the buffet and in the production of hot water for the entire resort.
- Establishment of a Renewable Energy Purchase Agreement (PPA), ensuring a green electricity supply for all our hotels in Spain and our headquarters.
- Launch of a pioneering emissions offsetting project in Salla (Lapland).
- Offsetting of all Icarion branded flights.
- Creation of a Fuel Efficiency Team at World2Fly to propose and implement measures for emission reduction.
- Contracting Skybreathe, an environmental management tool specialized in aircraft, to promote efficient piloting techniques.
- Reduction of fluorinated gas emissions, through the modernization of refrigeration equipment in Mexico, the Dominican Republic, Jamaica and Brazil, as well as the introduction of a protocol to control and minimize the use of fluorinated gases.

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### As of 2019, Iberostar Hotels & Resorts reduced its Scope 1 and 2 emissions by 12% globally

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Thanks to these initiatives, we have achieved:

**Energy Consumption:**

**Emissions:**

<p><b>1.397,79 Gwh</b> total energy consumption <small>(7% from renewable sources: 98.33 GWh)</small></p>	<p><b>12,74 kgCo2eq</b> Emissions per stay of /stay at Iberostar.</p>
<p><b>100%</b> of hotels in Spain use energy guaranteed to be of renewable origin</p>	<p><b>58,10 gr.</b> Emissions per RPK at W2Fly <small>(-11.10 gr CO2eq/RPK from the start of its activity in 2021)</small></p>
<p><b>37,25 kwh</b> per stay at Iberostar</p>	<p><b>98.049.310,54 L</b> of fossil fuels</p>
<p><b>0,24 kwh</b> per RPK at W2Fly</p>	<p><b>98.049.310,54 L</b> of fossil fuels</p>

**Scope 1 (Iberostar Hotels & Resorts): 4.75 kg CO2eq per stay**

**Scope 2 per Market (Iberostar Hotels & Resorts): 7.98 kg CO2eq per stay**

**2023 Highlights**

- Currently, 50 of the Iberostar Group's properties are certified by Earthcheck, a world leader in certification for the tourism industry, and are approved by the Global Sustainable Tourism Council (GSTC). These properties also comply with the ISO 14001:2015 Environmental Management Standard. In addition, six of the Group's properties have Blue Flag certifications. We also hold ISO 9001:2015 Quality Management certifications.
- In our travel division, the Ubico brand also has ISO 14001 and 9001 certifications, and World2Fly is in the process of obtaining environmental certification from the IATA Environmental Assessment Program (IEnvA). The Azul Marino agencies have the Q for tourism quality and Icarion has renewed its bronze level with EarthCheck for 2023 and continues to work to obtain the next levels of certification.



## 4.4. Blue Foods

At Iberostar, our commitment to *Blue Foods* goes beyond seafood, representing a shift in perspective that recognizes the connection between our actions and the health of our ocean. Our commitment in this area is not just a matter of sustainable sourcing, it is a commitment to **rethinking our connection to the sea.**

### 2023 Highlights

- We are diversifying our species portfolio in favor of low-impact Blue Foods, promoting undervalued and underutilized fish stocks and providing a market for alternative fish products.
- We are incentivizing improvements through closer trading relationships with our local suppliers and fishing communities through **Lifting up Local** initiatives:



**Collaboration with Aliança Kirimurê in Brazil**, a collective of fishermen and seafood gatherers focused on improving the quality and sustainability of seafood production. This collaboration promotes not only environmental but also social development by supporting approximately 200 fishing families.

**Collaboration with FishWise** to develop a seafood assessment protocol based on the UN Guiding Principles and OECD Due Diligence Standards. The training aims to strengthen the resilience of our seafood supply chain by aligning with sustainability goals

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**Thanks to these efforts, we have managed to improve the percentage of responsible seafood sourcing in our hotels to 83%**

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## 4.5. Nature-based solutions

In line with our commitment to innovation and the fight against climate change, our coastal health strategy is based on developing nature-based solutions. .

**To address these challenges, we focus on protecting and restoring the coastal ecosystems in which we operate through innovative solutions.**

### 2023 Highlights

- PosiGenome project to fight against the disappearance of posidonia, in collaboration with the Mediterranean Institute for Advanced Studies (IMEDEA).
- Hotel Observatory for Climate Change in collaboration with IMEDEA at the Iberostar Alcudia Park (Mallorca) and Life Adapt Project, in collaboration with the Cala Millor Hotel Association (Mallorca), with the aim of providing solutions to minimize the impact of rising sea levels on coastal infrastructures.
- In collaboration with the Junta de Andalucía, we have launched a project with the aim of re-establishing tidal water flow and restoring local vegetation on more than 200 hectares of currently dry marshland in the Bay of Cadiz Natural Park, under a carbon sequestration project in alliance with four additional companies.
- We continue to work with eight coral nurseries located in the Dominican Republic, Mexico and Jamaica.
- We carried out various coral recovery actions in Jamaica, Mexico and the Dominican Republic to address the visible consequences of climate change on coral health and ensure the resilience of these vital ecosystems.
- We conducted baseline analyses of all coastal areas in Iberostar destinations and identified risks.
- We analyzed the flora of our hotels to eradicate invasive species in green areas and propagate native species more resistant to weather patterns, promoting water consumption reduction and creating ecosystems favorable to the biodiversity of the area.
- We signed a Strategic Alliance agreement with the industry to develop a strategy for the management and utilization of sargassum seaweed in Quintana Roo, Mexico.
- We developed three carbon sequestration projects in Nayarit, Puerto Vallarta and Quintana Roo, with the aim of restoring and sustainably managing 35,000 hectares of land for an estimated capture of 32,000 metric tonnes per year.
- We implemented several impact initiatives in Mexico and Brazil to contribute to increasing coastal resilience through dune ecosystems. We highlight the Iberostar Alliance in Mexico to implement nature-based solutions for coastal ecosystems, with a primary focus on coastal dunes.
- Our mangrove restoration program continues to achieve significant successes. By 2023, we will have planted 16,116 mangroves and donated another 3,500. In addition, we continue to raise awareness and share the knowledge gained with guests, students and partner institutions.

## 4.6. Destination Stewardship

*Destination Stewards* play a crucial role in fostering effective communication between Iberostar and key stakeholders in the sustainable development of tourism destinations. The Destination Stewards maintain an ongoing dialogue to ensure that Iberostar listens to and understands the community's opinion, while conveying Iberostar's perspective to the community. Through this role, Iberostar

seeks to actively promote pre-competitive collaboration to support the achievement of Agenda 2030 goals that build on destination-specific efforts. Among the locations where we will have Destination Stewards are **Aruba, the Canary Islands (Spain), the Balearic Islands (Spain), Mexico, Aruba, the Dominican Republic and Tunisia.**

### 2023 Highlights

- We have initiated materiality assessments in five of our destinations (Tunisia, Aruba, Quintana Roo in Mexico, the Canary Islands in Spain, and the Dominican Republic) with expertise provided by the Travel Foundation..

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**We look forward to collaborating with local partners to improve decision-making processes and achieve objectives that may be beyond our reach as an individual entity.**

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IBEROSTAR  
GROUP