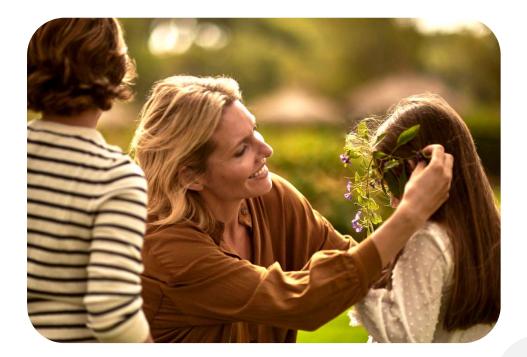
ESG Report 2022 SUMMARY ARABELLA HOSPITALITY ESPAÑA





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INTRODUCTION

As part of our commitment to the ESG criteria that guide Arabella Hospitality España's actions, we are publishing this report so that our stakeholders can see our performance in the fields of sustainability and social responsibility, our desire to be an active and positive influence on our surroundings, and our committed alignment with the United Nations 2030 Agenda Sustainable Development Goals. This document is an extract from the Statement of Non-Financial Information, which is part of the audited financial statements of the Arabella Group and its subsidiaries in Mallorca. It shows, in the required detail, the environmental and social aspects concerning people management, diversity, respect for human rights and the fight against corruption and bribery, as well as the risks and policies linked to all of these matters. It has been drafted according to the methodology of the Global Reporting Initiative (GRI) 2022 Sustainability Report Presentation ("Standards" version) to respond to the Non-Financial Information and Diversity requirements provided for in Act 11/2018 of 29 December.





MESSAGE FROM THE CEO



In a constantly changing world with increasing demand for responsible business practices, we are pleased once again to set out the progress we have made as part of our commitment to keep creating value in social, environmental and governance aspects.

There is a general consensus that 2022 was the year of the recovery for the tourism sector, our main business. Despite the dark clouds that were expected due to economic and geopolitical circumstances that cooled the economy -especially from the second half of the year- the flow of tourists to Mallorca has actually developed very positively, which has been reflected in the record figures achieved by our establishments.

This has enabled us to further strengthen our performance towards a model that generates positive impacts for all those around us. In 2022 we made giant strides in a wide range of sustainability projects that have a crosscutting aspect in common with other economic and social sectors on the islands.

We also made progress in governance issues with improvements in technology and digitisation. The increasing international visibility of our activities, which have been abundantly recognised with various awards and certifications received during the year, particularly stands out. Examples of all this can be seen below in this report.

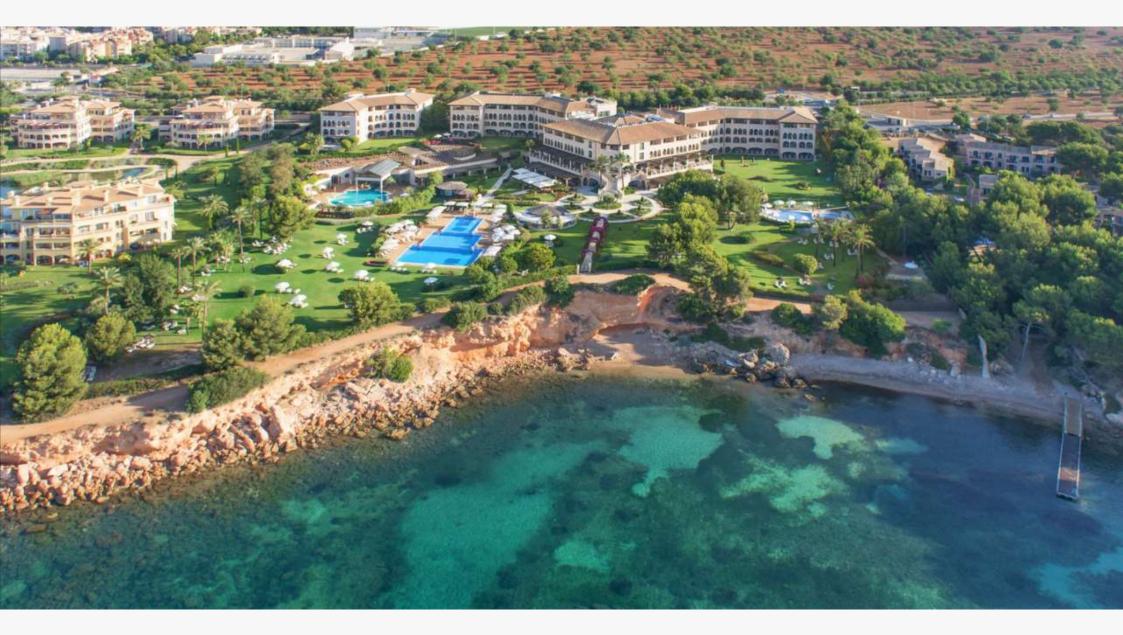
The challenges we face in 2023 will continue to include the possible consequences of the war in Ukraine, and locally, the threats that were foreseen last year, such as the feeling of saturation and the tremendous difficulties with recruiting staff and retaining talent in our sector, as well as growing competition in the sector. We all view these factors as a stimulus to continue improving our skills. You will see that, in order to minimise these challenges, we have continued to intensify areas of business management focused on identifying and mitigating risks. We have also strengthened our commitment to society and especially our employees, providing enhanced training to continue offering, through our greatest asset, the service quality that characterises us and makes us stand out.

We have an opportunity to develop a new concept of responsible tourism. Despite global uncertainties, we will remain faithful to our goal of continuous improvement, and we will keep making great strides in environmental and social sustainability, since we view this as an integral part of our strategy, as another lever to create value and actively participate in our community.

I would like to conclude by thanking our shareholders for the trust they have placed in us, our repeat customers for their loyalty, and above all, all of our employees and partners for their extraordinary commitment and dedication.

On behalf of the Board of Directors, thank you very much.

1. WHO WE ARE

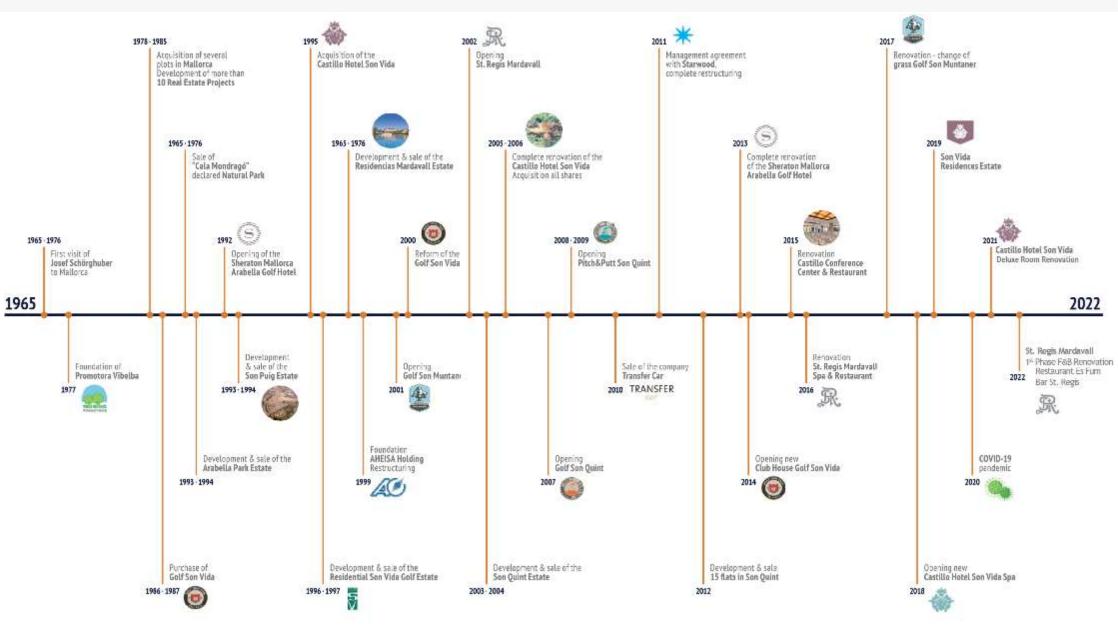


1.1. ARABELLA HOSPITALITY ESPAÑA

FIRST CLASS PRODUCTS AND SERVICES IN THE HOSPITALITY, LEISURE AND PROPERTY DEVELOPMENT SECTORS



1.2. HISTORY OF THE GROUP MORE THAN 50 YEARS OF EXPERIENCE IN DIFFERENT SECTORS



1.3. SERVICES AND LOCATIONS ARABELLA GROUP HIGHLIGHTS





At Arabella Hospitality España we focus our business on excellence with high standards of service and quality. Our **Strategic Plan** encompasses developments and continued growth, creating a reputation and brand positioning that has enabled us to become a local benchmark.



We offer unforgettable experiences, personalisation and exquisite service.

KEY ASPECTS OF OUR STRATEGY



We integrate environmental and social sustainability into our corporate governance model as drivers of value creation.



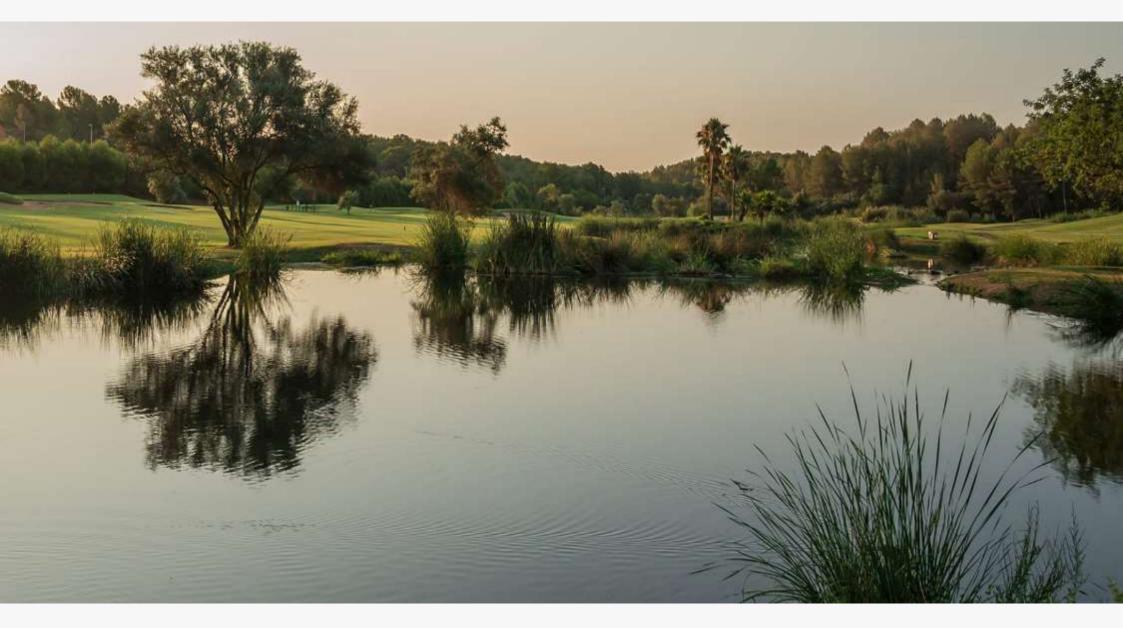
THE PRODUCT

We apply continuous improvements and modernisation for the luxury segment.



To achieve the business objectives as well as customer and employee satisfaction, while creating value for the local area.

2. SUSTAINABILITY AND THE ENVIRONMENT



2.1. COMMITTED TO THE ENVIRONMENT OUR VALUES



At Arabella Hospitality España we promote a culture of **responsible tourism.**

As part of our concern for the environment, we pursue various strategies with a commitment to have a positive and sustainable impact.

GOLF STRATEGY

Our **Green Evolution** programme has a sustainable mission focused on 4 strategic areas:

- Sustainable consumption and production
- Water management
- Energy management
- Natural environment.

HOTEL STRATEGY

The **SERVE360** programme focuses its priorities and actions on three areas:

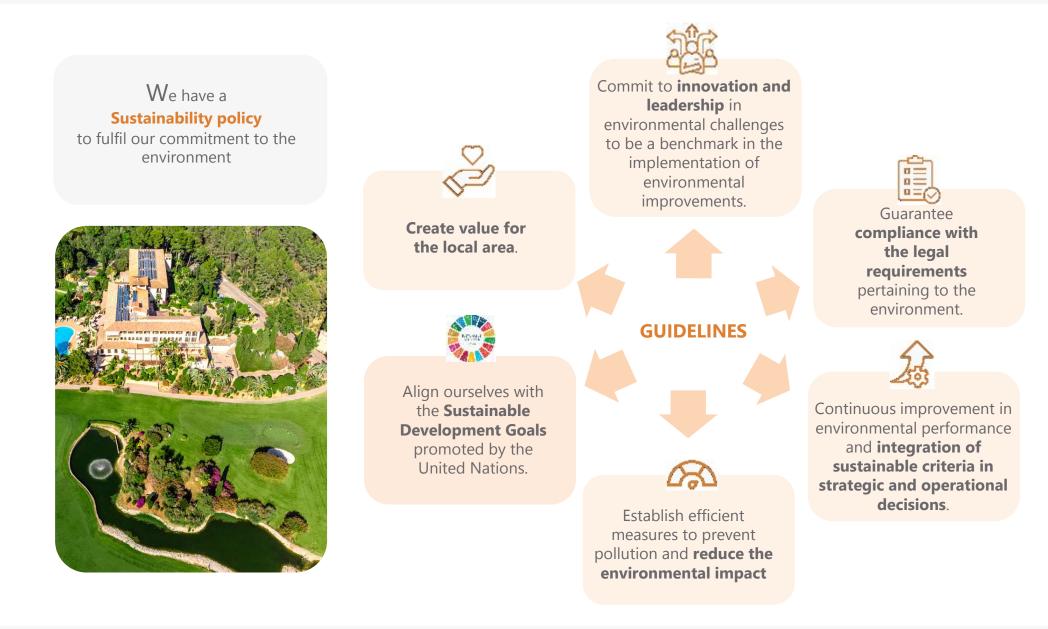
- Reduction in water and fuel consumption,
- Reduction in food waste,
- Use of renewable energies.



DOING GOOD IN EVERY DIRECTION

Our programmes are fully aligned with the **Sustainable Development Goals** of the United Nations.





2.3. COMMITTED TO THE ENVIRONMENT CERTIFICATIONS



We are committed to a business model in which we integrate environmental sustainability in all our processes in addition to regulatory compliance, carrying out multiple local initiatives.

Various certifications endorse this commitment.





UNE-EN ISO 14001:2015 certification in all our golf courses.



EMAS Certification, in all our golf courses.



In the financial year 2022, we worked to obtain **GEO Certification** in the near future.

> https://sustainable.golf/di rectory/arabella-golf



All of the Group's hotels in Mallorca have obtained the **Green Key seal** that guarantees the highest quality standards.

AWARENESS-RAISING AND OUTREACH

We conduct various **awareness-raising campaigns and educate** all of our employees about the actions carried out, as well as the biodiversity in the golf course ecosystem.





2.6. SUSTAINABLE USE OF RESOURCES - HOTELS

SERVE360 PROGRAMME AND THE SUSTAINABLE HOSPITALITY ALLIANCE

Through Marriott, our hotels have set targets for 2025, which include major environmental actions in terms of energy saving and optimisation of resources and consumption:

- Reducing the carbon footprint by taking the following measures:
 - Water: 15% reduction in consumption.
 - Fuel: 30% reduction in consumption.
 - Waste: 45% reduction in waste and 50% reduction in food waste.
 - Renewable energies: achieving a minimum of 30% renewable electricity use
- Obtaining environmental and sustainable building certificates.
- Responsible sourcing of 95% of the main categories.

Sustainable

Hospitality Alliance

• Establishing contracts with 50% of suppliers that comply with the approved sustainability, social impact and human rights measures.

Aalongside the rest of the hotels in the Arabella Hospitality SE group, our hotels have strengthened their commitment to environmental sustainability and social responsibility by joining the **Sustainable Hospitality Alliance**, a global sustainability network that continues to drive change in the industry and create impact both locally and at a large scale.





2.6. SUSTAINABLE USE OF RESOURCES - HOTELS

SERVE 360 PROGRAMME, ENVIRONMENTAL STRATEGIC PLAN AND ACTIONS CARRIED OUT





STRATEGIC ENVIRONMENTAL PLAN

In order to meet the goals set out in the SERVE360 programme, the hotels drew up a **Strategic Environmental Plan 2021-2023** to structure environmental decision-making.



WATER MANAGEMENT

- Sectorisation of meters to monitor consumption and leaks, as well as metering and monitoring tools.
- Usage of reclaimed water for watering gardens.
- Drip irrigation system and improvement to irrigation points in the gardens.
- Reorganisation of water flows.

SUSTAINABLE DEVELOPMENT GOALS

Our actions and strategic areas for hotels are aligned with 12 of the 17 sustainable development goals to be achieved by 2030.



ENERGY MANAGEMENT

- 100% green energy consumption.
- Installation of photovoltaic panels at Sheraton and Castillo.
- Installation of electric car charging points.

M Arabella Hospitality España | ESG Report 2022 Summary

2.6. SUSTAINABLE USE OF RESOURCES - HOTELS

SERVE 360 PROGRAMME, ENVIRONMENTAL STRATEGIC PLAN AND ACTIONS CARRIED OUT

WASTE

- Sorting of waste for recycling with a weighing system using blockchain technology.
- Installation of green points in all areas and recycling bins in the offices.
- Donation of furniture as part of the circular economy programme with the Deixalles Foundation.

SUSTAINABLE CONSUMPTION AND PRODUCTION

- Creation of small urban gardens.
- Installation of osmotic water fountains.
- Replacement of all single-use plastics with biodegradable material.
- Eco-labelled printing paper.
- Recycling of coffee capsules.
- Use of amenities with biodegradable or compostable packaging.
- Use of paraben-free spa cosmetics.







SUSTAINABLE MOBILITY

• Electric *llaüt* boat and car sharing platform with Wattzer (electric scooters, bicycles and cars).







2.6. SUSTAINABLE USE OF RESOURCES – GOLF GREEN EVOLUTION PROGRAMME



Our golf courses are continuing with their pioneering environmental programme called **Green Evolution**, based on: **FOUR STRATEGIC PILLARS**



In 2021, **Fomento de Turismo**, an institution that promotes tourism in Mallorca, awarded a **special mention to Arabella Golf Mallorca for its commitment to the environment through its "Green Evolution" environmental sustainability programme.**

SUSTAINABLE DEVELOPMENT GOALS

Our actions and strategic areas for golf are aligned with 9 of the 17 sustainable development goals to be achieved by 2030.



As part of the Green Evolution sustainability programme, the group is a member of the United Nations Global Compact.



2.6. SUSTAINABLE USE OF RESOURCES – GOLF GREEN EVOLUTION PROGRAMME AND THE ACTIONS TAKEN





SUSTAINABLE CONSUMPTION AND PRODUCTION

- Installation of osmotic water fountains and replacement of plastic packaging with aluminium or glass bottles.
- Use of items made of recycled materials and reduction in paper use by implementing digitalisation.
- Production of sustainable oil from the olive trees on the golf courses.
- Sale of items made from recycled or sustainable materials.
- Replacement of chemicals with organic phytosanitary products.
- Selective waste sorting.
- Creation of an organic kitchen garden.





WATER MANAGEMENT

- Reuse of 900,000 m³ of reclaimed water to replenish the aquifers.
- New irrigation system to optimise water use on the Son Vida golf course.
- Re-turfing work at the Son Muntaner golf course to reduce the amount of chemicals used and save water.

2.6. SUSTAINABLE USE OF RESOURCES – GOLF GREEN EVOLUTION PROGRAMME AND THE ACTIONS TAKEN





NATURAL ENVIRONMENT

- Offsetting of CO2 emissions thanks to the extensive green surface area of our three golf courses.
- Replanting on the golf courses, consisting of casuarinas, carob trees and kentias.
- Activities to preserve the habitats of existing species.
- Improvement of holes at the Son Muntaner golf course to reduce the consumption of chemical products.
- Sheep clear the undergrowth on the Son Muntaner golf course, thereby preventing the risk of fire in an eco-friendly manner and renewing the autochthonous flora.



ENERGY MANAGEMENT

- 100% green energy consumption
- Installation of electric car charging points.
- Use of electric buggies and hybrid machinery.
- Use of aerothermal energy for air conditioning in the Son Muntaner Golf clubhouse as well as improvements in the building envelope for greater thermal insulation.









The Organic Kitchen Garden at Arabella Golf Mallorca arose from a proposal based on the quality, proximity and sustainability that characterises us.

It opened in mid-2022 as part of the sustainable Green Evolution programme with the aim of transforming Arabella Golf Mallorca into a circular business.

Vegetables, aromatic plants and small fruit trees are grown there without the use of chemicals, pesticides or artificial fertilisers. They are totally organic and locally sourced and our chefs pick them at just the right ripeness.

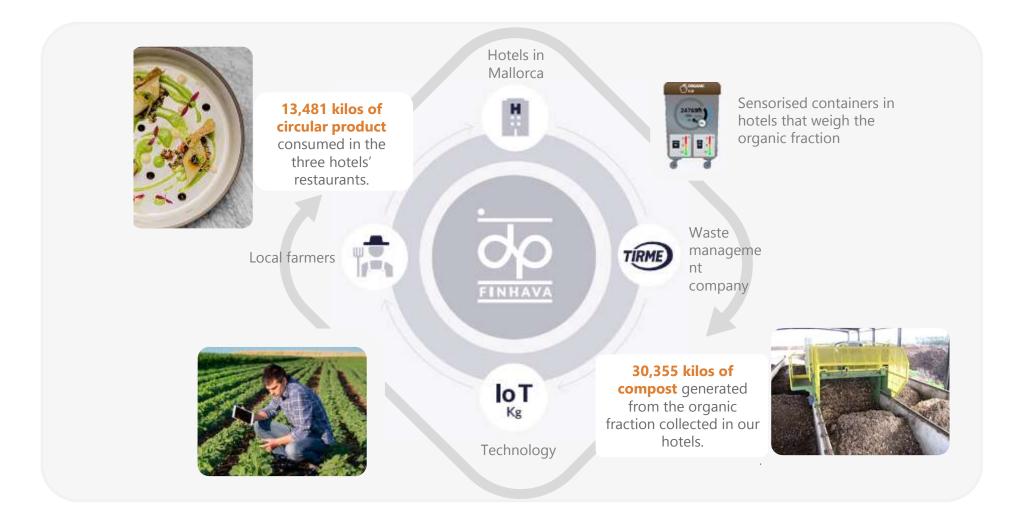
The restaurant menus highlight the value of products from the kitchen garden, which are increasingly used in our dishes, a luxury available to all our customers.

BIENVENIDOS AL HUERTO ECOLÓGICO DE ARABELLA GOLF

WELCOME TO THE ARABELLA GOLF VEGETABLE GARDEN

> Green evolution

Our hotels are part of FINHAVA, a pioneering project promoted by the Consell de Mallorca together with Tirme to convert organic waste into compost used to grow fruit and vegetables that are then consumed in our establishments.



2.7. CIRCULAR ECONOMY AND SUSTAINABLE USE OF RESOURCES FUTURE ACTIONS IN HOTELS AND GOLF COURSES

VINEYARD

At Golf Son Muntaner. The rights have been assigned and the land preparation process has begun.



OWN PRODUCTION OF HONEY

At Castillo Hotel Son Vida The honeycombs will be surrounded by honey plants and flowers, fertilised with the 'circular compost'.



SOLAR PANELS

In the Golf Son Muntaner carpark.

CIRCULAR EGGS

The 'circular compost' will be used to fertilise the grain that will then be fed to the hens.



FIRST CIRCULAR WINE

The 'circular compost' will be used to fertilise local vineyards to add to the hotels' circularity process.



100% ELECTRIC BUS

To transport customers between our hotels and golf courses with capacity for 26 people.



2.8. CLIMATE CHANGE CARBON FOOTPRINT

WE ARE TAKING ACTION TO MINIMISE CLIMATE CHANGE

At Arabella Hospitality España we are fully aware of the problem of global warming, so **we are taking measures to reduce our CO₂ emissions**



As of 2020, our **electricity consumption comes from 100% renewable sources**, so there are no Scope 2 emissions.

Carbon footprint - Hotels Scope 1+2 (Tons of CO₂ eq)

2018	1.526
2019	4.398
2020	1.835
2021	852
2022	897

Carbon footprint – Golf courses Scope 1+2 (Tons of CO₂ eq)



Estimated data for 2022. Final calculation in April 2023



We have received the seal for "Carbon footprint registration, offsetting and CO_2 absorption projects" by having reduced, for scopes 1+2, average emissions in the three-year period 2019-2021 compared with the three-year period 2018-2020.

By 3.3% for hotels

By **29.6%** for golf courses

2.9. ENERGY CONSUMPTION MAIN INDICATORS



CONSUMPTION OF RECLAIMED IRRIGATION WATER



0,43

0,65

0,70

0,79





3. POSITIVE SOCIAL IMPACT



3.1. SOCIAL ISSUES MOTIVATION, COMMITMENT AND INVOLVEMENT

Arabella Hospitality España takes care of its employees, seeking to motivate them and identify them with the company's objectives and strategy, so that they feel involved, promoting smooth communication and recognising their responsible commitment.

POLICIES AND INITIATIVES

We have an onboarding programme in which the commitment begins with our **service standards**.

The **welcome manual** details the Group's corporate values as well as the rules of conduct, coexistence and courtesy.



SUGGESTION OF THE MONTH AWARD



Our employees have their own voice in the company. With a focus on continuous improvement, we collect their ideas and suggestions, rewarding the best of them monthly. This has a very positive impact on their motivation and commitment.

HOTELS	Average headcount 2021 476 employees	GOLF	V	HOTELS	Average headcount 2022 646 employees	GOLF 136
175 (48%)	Men	83 (75%)		237 (46%)	Men	96 (71%)
190 (52%)	Women	28 (25%)		273 (54%)	Women	40 (29%)
85%	Permanent contracts	91%		94%	Permanent contracts	96%
3,320	Training hours	1,593		5,669	Training hours	1,849
€40,400	Training costs	€6,600		€77,800	Training costs	€19,900

The training covers different areas and topics such as leadership, management and direction, technical services and maintenance, the environment, health and safety, languages and customer service.

3.3. SOCIAL ISSUES EQUALITY AND DIVERSITY



EQUALITY PLAN

In order to guarantee real and effective equal opportunities, the group has an Equality Plan applicable to the group's employees. This includes the positive actions required to strengthen the steps towards full equality of opportunity.

PROTOCOL AGAINST PSYCHOLOGICAL/SEXUAL OR GENDER-BASED HARASSMENT

Based on the conviction that respect for the dignity of the people who make up the organisation is an essential part of the Group's corporate culture and values, an Action Protocol to prevent and deal with sexual harassment has been drawn up. The aim is to raise awareness and eradicate harassment in the workplace.

INTEGRATION OF PEOPLE WITH DISABILITIES AND UNIVERSAL ACCESSIBILITY

The Group is committed to ensuring full accessibility for both its customers and employees with disabilities.



2021 2022 Employees with disabilities

As part of our **commitment to staff wellbeing**, certain actions are made available to all of our staff: healthy menus in the canteens, physiotherapy sessions, golf lessons and weekly personal training classes.









CAEB and Sanitas have recognisedArabella Golf Mallorca as one of the **finalists in the Second Healthy SME Awards**.



We collaborate with Workplace Risk Prevention companies to assess workplace risks as well as psychosocial factors, draw up a **Prevention Plan** and train employees in Health and Safety.

We have made **working hours more flexible** to **create a better work-life balance.** When necessary, **working from home** is enabled.



We maintain **dialogue** with employees throughout their working lives through various actions and policies aimed at achieving a climate of trust, involvement, commitment and satisfaction.

We offer employeesinternal and external benefits to enjoy leisure and family time, such as discounts at our own hotels, restaurants, spa, gym and golf courses.





Son Muntaner golf course hosted the **Mallorca Golf Open**, a tournament in the PGA European Tour circuit, as part of the DP World Tour. This event was supported by public institutions (Balearic Government, Island Council and Palma City Council).

It was the first event in the history of the DP World Tour where **no plastic bottles were used.** Refillable aluminum bottles were given to players, caddies and the entire organising team.



We work on various social projects to contribute to the progress of the communities in which we operate.



We create partnerships and alliances to contribute to the progress of communities, creating synergies and joining forces to achieve a tourism sector that is more responsible towards people and the environment:



4. GOVERNANCE



4.1. KEY TOOLS OUR MANAGEMENT PRINCIPLES

The environmental and social policies we develop are integrated into the Group's governance through a set of tools and procedures that focus on improving our services, foreseeing problems or weaknesses, and achieving the objectives of our ESG strategy.



Management control focused on excellence in business monitoring, decision-making and impact assessment.



Risk Management System integrated across all of the Group's operations. It is also an instrument to prevent corruption in all its forms and to prevent possible cases of bribery and money laundering.

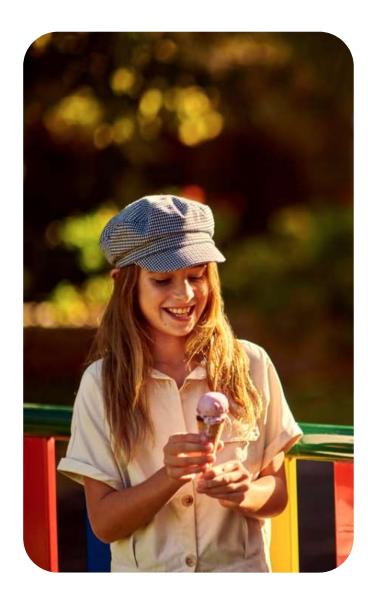
Whistleblower channel available to all employees, customers, suppliers and business partners, in 6 languages, so they can send anonymous or personalised messages about possible infringements of legal regulations or internal policies.

4

Code of Conduct to lead our commitment to ethics and ensure regulatory compliance by all the people who are part of the Group.

5

Corporate **purchasing manual**, which enables us to establish links with our suppliers based on ethical relationships, sustainable attitudes, fairness and trust.



4.2 RISK MANAGEMENT – POLICIES AND RESULTS

IDENTIFYING, PLANNING, REPORTING, ANALYSING AND MONITORING GOALS

The wide range of activities carried out at Arabella Hospitality España means that the achievement of its goals may be affected by various risks.

Appropriate monitoring of the business is carried out to minimise them.

MONITORING

Ongoing assessment of the business performance and possible impacts that may affect it.

RISK MANAGEMENT SYSTEM

IDENTIFICATION

Defining targets

Consolidated risk matrix

PLANNING

A 3-year strategic plan by business unit and by company, including:

- Business plan
- Marketing plan
- Income and expenses budget
- Cash flow forecast
- Investment plan



REPORTING

Monitoring the planning with financial indicators, KPIs, and quality, customer satisfaction and environmental indicators.

Decision-making and correction of deviations.

ANALYSIS

We analyse the operating profits monthly by business unit to monitor and assess the Group's businesses and associated risks.

Identification of new risks and mitigation of existing ones.

4.3. COMMITMENT TO CUSTOMERS OUR TOP PRIORITY





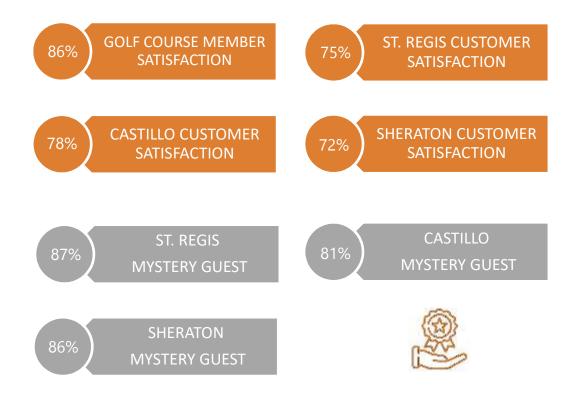
At Arabella Hospitality España we work to

take your feedback into account.

4.3. COMMITMENT TO CUSTOMERS OUR TOP PRIORITY



The sustainability of our business depends on **quality of service and customer satisfaction** by ensuring we deliver on the brand promise, meet their needs and exceed their expectations, offering them unique and personalised experiences to make them fans. The results of audits and satisfaction surveys endorse our efforts:



4.4. COMMITMENT TO CUSTOMERS CUSTOMER AND COMPANY SATISFACTION AND RECOGNITION

HOTELS



NOMINET 2021

World Travel Awards Hotel St. Regis Mardavall "Best Resort in Spain" <u>World Golf Award</u> Sheraton Mallorca Arabella Golf Hotel **"Best Golf Hotel in Spain"**



World Luxury Awards

Hotel St. Regis Mardavall "Best General Manager" "Luxury Seaside Resort"

Castillo Hotel Son Vida "Luxury Adults Only Hotel" ES FUM RESTAURANT, in St. Regis Hotel Mardavall



Its Michelin Star, which it has held since 2011, has been renewed



Tripadvisor Traveler's Choice Winner





Among the top 100 in Spain and first in Mallorca



It has been included in the **Repsol Guide** for the first time, awarded 1 Sun

World Luxury Restaurant Awards

Es Fum Restaurant "Luxury Scenic Setting Global World" "Best Global Head Chef"

4.4. COMMITMENT TO CUSTOMERS

CUSTOMER AND COMPANY SATISFACTION AND RECOGNITION

GOLF COURSES



<u>World Golf Award</u> Golf Son Muntaner as **"Best golf course in Spain"** Arabella Golf Mallorca Resort as "**Best Eco-friendly Golf Course**"



59 Club Awards - Golf Golf Son Muntaner **Gold flag**



Today's Golfer Magazine

included Arabella Golf Mallorca in its ranking of the 100 best resorts in Spain (position 32)

and Golf Son Muntaner among the 100 best golf courses in Spain (position 52).

59 club | EMINENT COLLECTION

In recognition of the **best people and facilities in golf**: Golf Son Muntaner and its manager Bernat LLobera



Our golf courses are recognised among the TOP 100 best Golf Clubs in Spain and the TOP 10 in Mallorca.



Na Capitana Restaurant in the Banquet Category

#WeddingAwards2022

4.5. COMMITMENT TO CUSTOMERS

ALEXANDRA SCHÖRGHUBER, "AMBASSADOR OF THE BALEARIC ISLANDS" AWARD

Alexandra Schörghuber had the honour of receiving the **"Ambassador** of the Balearic Islands" Award at the Tourism Awards 2022 from the President of the Government of the Balearic Islands, Francina Armengol.

This award recognises the work of outstanding personalities in public life who, due to their special roots and identification with the Balearic Islands, contribute to publicising the Balearic Islands' value for tourism.





Una Nit del Turisme para reforzar la sostenibilidad y calidad en las Islas

Embajador/embajadora

Alexandra Schörghuber: Presidenta y propietaria del Grupo Arabella, el jurado premia su compromiso y su apuesta por un turismo de calidad en Mallorca. A través de su propuesta turistica, ha logrado vincular el reconocido prestigio de sus establecimientos con la marca Mallorca como destino turístico de calidad.

Alexandra Schörghuber has contributed to strengthening the tourism brand of the "Balearic Islands" as a destination as the owner and chairperson of Arabella Hospitality, and through our Hotels and Golf Courses. She has created a strong bond between our establishments and the Balearic Islands, exerting great influence on the promotion of the destination.



