ESG SUMMARY REPORT 2023

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



Arabella Hospitality España

I am very pleased to present this summary of the sixth edition of our Statement of Non-Financial Information, which demonstrates our long-standing commitment to continuing to drive shared value creation.

In the following pages we detail our governance structure, which ensures tools for control and accountability.

In the following pages we detail our governance structure, which ensures tools for control of risks, transparency in decision-making, always based on integrity and ethical behaviour, and accountability at all levels to build trust and stability in an increasingly volatile and changing environment.

Our sustainability strategies are also addressed, as at Arabella we are committed to a quality tourism model, open all year round, and, therefore, to a Responsible Tourism Model which means generating a positive contribution to our Environment.

This is not achieved by merely carrying out one-off actions, but by ensuring that social and environmental aspects are integrated as a matter of course into our strategy as another lever of competitiveness, as are promotion, training, investment and innovation, all of which are present every time we take business initiatives. Another part of the added value lies in the social approach, being fully aware that we must contribute to the social welfare of the environment in which we operate. In short, during our business practice, we always consider the impact we generate on the environment and on people, which must obviously be positive.

In short, our business model philosophy involves generating shared value, that is, improving our results and our value as a company, and at the same time, improving our immediate environment, which is essential in our value proposition of quality tourism.

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.

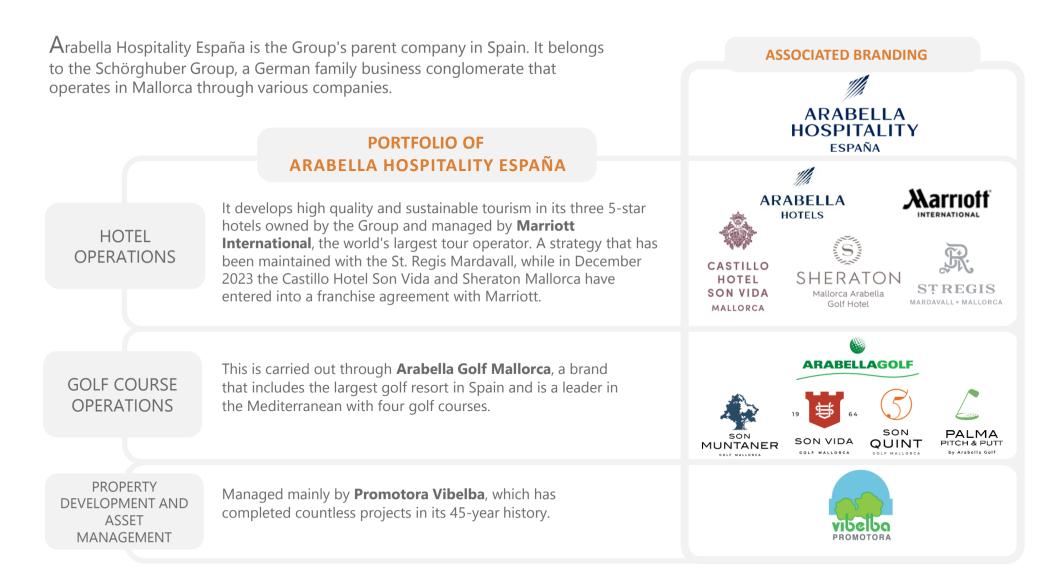
On behalf of the Board of Directors, thank you very much.

1. WHO WE ARE

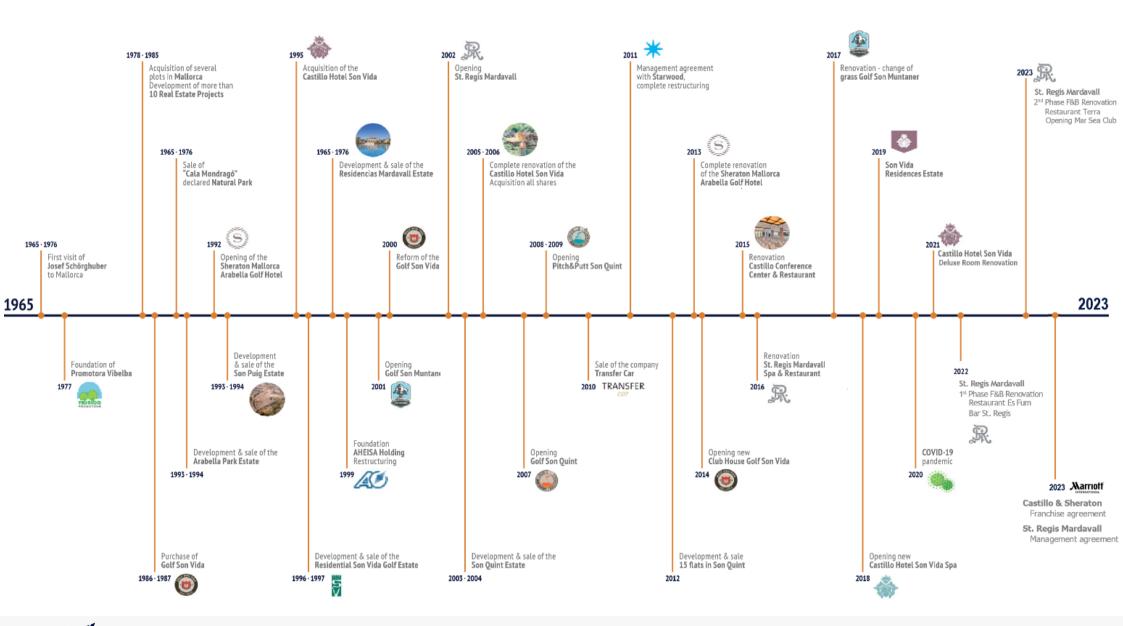


1.1. ARABELLA HOSPITALITY ESPAÑA

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





THE CUSTOMER

We offer unforgettable experiences, personalisation and exquisite service.

At Arabella Hospitality España <u>we focus</u> <u>our business on excellence</u> with high standards of service and quality.

Our Strategic Plan includes four keys focused on development and continued growth, generating a brand positioning that makes us a reference at a local level.

THE PRODUCT



We apply continuous improvements and modernisation for the luxury segment.

(**Ģ**)

THE ENVIRONMENT

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

THE PURPOSE

To achieve the business goals 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.



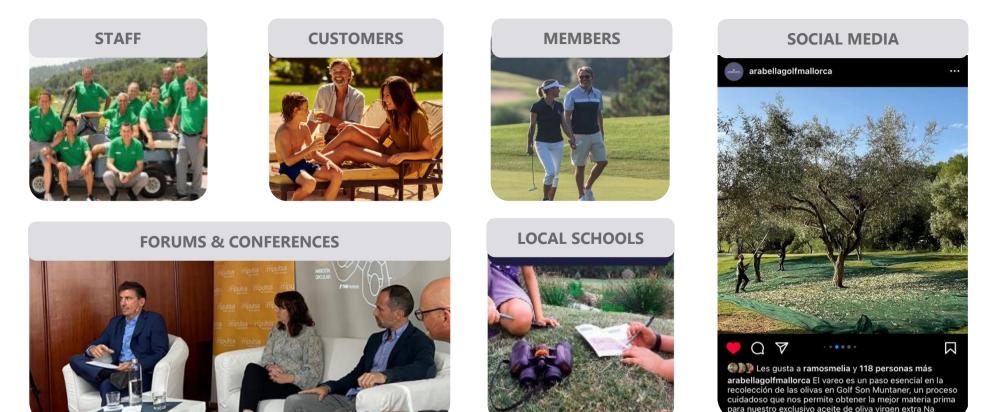
GEO Certification in all our golf courses.



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 participate in **forums and conferences** explaining the initiatives carried out and we organise various **campaigns to raise awareness and train** our staff on their responsibility for environmental management, as well as to inform members and clients of the hotels and golf courses about the activities we develop and the biodiversity that exists in the ecosystem of the golf courses.



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SERVE360 PROGRAMME AND THE SUSTAINABLE HOSPITALITY ALLIANCE

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.

Alongside 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.



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.



WATER MANAGEMENT

- Irrigation of gardens with regenerated water in the three hotels, by agreement with the municipal water suppliers.
- Installation of sectorised meters to control consumption and leaks.
- Drip irrigation system and improvement of irrigation points in the hotel gardens.
- Reorganisation and optimisation of water flows.

2.6. SUSTAINABLE USE OF RESOURCES - HOTELS

SERVE 360 PROGRAMME, ENVIRONMENTAL STRATEGIC PLAN AND ACTIONS CARRIED OUT





ENERGY MANAGEMENT

- 100% green energy consumption.
- Installation of electric car charging points.
- Installation of photovoltaic panels at Sheraton and Castillo.
- Installation of 4-tube machinery for energy efficiency in Castillo Hotel Son Vida and St. Regis Mardavall.
- Internal audits for energy saving and energy efficiency improvement projects.





SUSTAINABLE MOBITILITY

- Shuttle service via a modern 100% electric bus connecting the four Arabella golf courses with the resort's two hotels: the Sheraton Mallorca Arabella Golf Hotel and the Castillo Hotel Son Vida.
- Car sharing platform Wattzer (scooters, bicycles and electric cars).
- Recharging points for electric cars and scooters.
- 100% electric Llaüt.





2.6. SUSTAINABLE USE OF RESOURCES - HOTELS

SERVE 360 PROGRAMME, ENVIRONMENTAL STRATEGIC PLAN AND ACTIONS CARRIED OUT







SUSTAINABLE CONSUMPTION AND PRODUCTION

- Placement of beehives in the Castillo gardens and consumption of local honey.
- With the "circular compost" local vineyards have been fertilised to add to the circularity process of the hotels, obtaining the first bottles in collaboration with Macià Batle.
- This compost also replaces the chemical substrate used to fertilise the gardens of the three hotels.
- Creation of small circular urban vegetable gardens.
- Installation of osmosis water fountains.
- Replacement of all single-use plastics with biodegradable material.





WASTE

- Sorting of waste for recycling with a weighing system of paper and cardboard waste fractions, packaging, refuse and pruning.
- Installation of green points in all areas and recycling bins in the offices.
- Substitution of water in plastic bottles for water bricks in the three hotels.
- Donation of furniture as part of the circular economy programme with the Deixalles Foundation.

2.6. SUSTAINABLE USE OF RESOURCES - GOLF



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

- Construction of a vineyard at Golf Son Muntaner that will be irrigated with regenerated water, hence closing the complete water cycle.
- 100% recycled flags as part of <u>Ocean Tee's</u> ocean plastic clean-up programme.
- Installation of osmotic water fountains and replacement of plastic packaging with aluminium or glass bottles.
- Production of sustainable oil from the olive trees.
- Sale of items made from recycled or sustainable materials.
- Replacement of chemicals with organic phytosanitary products.
- Organic vegetable garden that supplies our restaurants.





WATER MANAGEMENT

- Reuse of 730.000 m³ of regenerated water to irrigate the courses.
- Modern 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

- Compensation of CO2 emissions through the extensive vegetation on our golf courses.
- Continuous reforestation of the golf courses and activities to preserve the habitats of existing species.
- Installation and renovation of information panels along the courses.





ENERGY MANAGEMENT

- 100% green energy consumption.
- Solar panels in the Golf Son Muntaner car park to supply the needs of its clubhouse.
- Charging points for electric cars.
- 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.

2.7. CIRCULAR ECONOMY ECOLOGIAL PRODUCTS OF ARABELLA GOLF



The **Organic Garden** at Arabella Golf Mallorca was born from the proposal based on quality, proximity and sustainability.

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.

Throughout 2023, **550 kg** of tomatoes, peppers and other vegetables have been harvested, as well as almost **1,000 bunches/units** of various lettuces and aromatic herbs, totally organic, grown and cared for without the use of chemicals and free of pesticides or artificial fertilisers.

They are harvested daily by our chefs at the optimum moment of ripeness and are included in the dishes prepared in the restaurants.





Na Capitana extra virgin olive oil has been extracted from the olive trees of Son Muntaner for some years now, with an exceptional flavour. This oil is now joined by a new series of first-class products: almonds, olives, capers, honey and gin, under the same brand.

Arabella Golf Mallorca's firm commitment to care for and maintain the environment is the origin of these zero-kilometre products, natural and of the highest quality, produced in a sustainable and efficient way so that the carbon footprint is ever smaller.

2.7. CIRCULAR ECONOMY

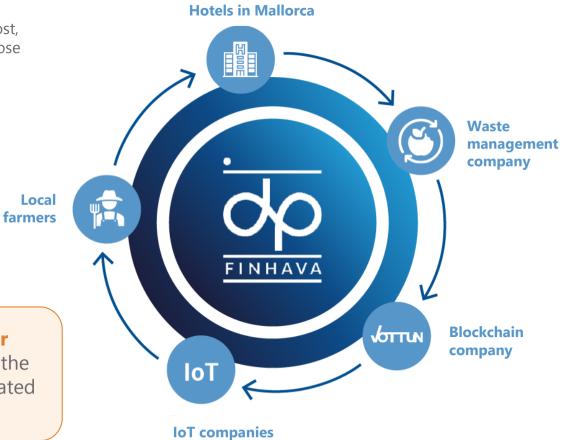
PROJECT FINHAVA IN THE HOTELS

Since 2021, our hotels are part of the pioneering project in Mallorca called **FINHAVA**, promoted by the Consell de Mallorca together with Tirme, the main hotel chains on the island and various companies in the primary agricultural, technological and transport sector, to promote the **circular economy**, **local agriculture** and **sustainable tourism**.

The organic material from the hotel establishments is stored and transported to Tirme's plants to be transformed into organic compost, which is then received by local farmers to fertilise the crops and whose products return to the hotels to be consumed, so that the food is reintroduced into the chain to close the circular economy chain. Guests are part of this gastronomic experience thanks to the implementation of QR codes that collect information about the products.

In 2023, **67,710 kg** of compost was produced from the **compost** generated from the **199,095 kg of organic waste collected** at the hotel (both food and pruning and garden waste), and **8,119 kilos of circular product** were obtained and consumed in the restaurants of the 3 hotels.

Therefore, our hotels **compensate 100% of their organic waste emissions,** completely neutralising the environmental footprint of the organic waste generated by our hotels.



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.





The golf courses have received the seal for "Carbon footprint registration, compensation and CO_2 absorption projects" for scope 1+2, having **reduced** the average emission intensity **by 33.3%** in the three-year period 2020-2022 compared to the three-year period 2019-2021.

The hotels are awaiting their seal by 2022, with the latest data on the number of hotels to be certified by 2022, a **3.3% reduction** in average emission intensity

in the three-year period 2019-2021 compared to the three-year period 2018-2020, for Scope 1+2.



Estimated data for 2023. Final calculation in April 2024.

2.9. ENERGY CONSUMPTION

MAIN INDICATORS









3. POSITIVE SOCIAL IMPACT



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.



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.

NEW COMMUNICATION PLATFORM

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Arabella Group has created a new communication platform for employees where current news are posted and the exchange of information is promoted.



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.



3.2. SOCIAL ISSUES STAFFING AND TRAINING

| HOTELS | Average headcount 2022 646 employees | ۲۵ GOLF |
|--------------|---|-------------|
| 510 | | 136 |
| 237 (46%) | Men | 96 (71%) |
| 273 (54%) | Women | 40 (29%) |
| | | |
| 94% | Permanent contracts | 96% |
| | | |
| 5.669 | Training hours | 1,849 |
| | | |
| 77.800€ | Training costs | 19.900€ |



| HOTELS | Average headcount 2023 664 employees | GOLF 148 |
|--------------|---|--------------|
| 234 (45%) | Men | 110 (74%) |
| 282 (55%) | Women | 38 (26%) |
| | | |
| 94% | Permanent contracts | 96% |
| | | |
| 6.719 | Training hours | 2,465 |
| | | |
| 87.250€ | Training costs | 24.700€ |

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

With the aim of guaranteeing real and effective equality of opportunities, the group has developed an Equality Plan that includes the positive action measures necessary to guarantee full equality of opportunities.

PROTOCOL AGAINST PSYCHOLOGICAL/SEXUAL OR GENDER-BASED HARASSMENT

With 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, there is an action policy for the prevention and treatment of sexual harassment with the aim of raising awareness and eradicating harassment in labour relations.

INTEGRATION OF PEOPLE WITH DISABILITIES AND UNIVERSAL ACCESSIBILITY

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



2022 2023 Employees with disabilities

3.4. SOCIAL ISSUES WORKPLACE HEALTH AND SAFETY

As part of **our commitment to staff wellbeing**, certain actions are made available to all staff: healthy menus are prepared in the canteens, physiotherapy sessions, golf lessons and weekly personal training classes. In addition, group activities such as running, paddle tennis tournaments, golf tournaments and a charity cycling trip are organised throughout the year, promoting sport, companionship and solidarity.



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.



The Group widely recognises the importance of taking care of mental health and has therefore made available to employees and their immediate family members a free support platform, **STIMULUS CARE SERVICES**, which includes psychological assistance for both work and personal matters.

2

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.



CAEB recognises Arabella Golf Mallorca as a Safe, Healthy and Sustainable Company.

It was also a finalist in the 2nd edition of the Healthy SME 2022 Awards.

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

3.5. SOCIAL ISSUES MAIN EVENTS

After the great success of the Mallorca Golf Open 2022, the Son Muntaner golf course hosted in November 2023 the Mallorca Ladies Golf Open, the first women's tournament held in Mallorca as part of the Ladies European Tour (LET), as part of the LPGA 2023 calendar.

This event represented a major milestone for the promotion of sport in Mallorca and support for tourism, strengthening the deseasonalisation of tourism in Mallorca. It also had the support of public institutions (Conselleria Turisme, Cultura i Esports, Fundació Mallorca Turisme, AETIB, and Palma Town Hall).

As part of its commitment to sustainability, the event was carried out with electric mobility and without plastic bottles.



El Mallorca Ladies Golf Open alza el telón en Son Muntaner

El circuito europeo recala por primera vez en la Isla en una cita clave para la clasificación de la gran final del año en Marbella





The Castillo Hotel Son Vida became the venue for the 15th edition of the **Road to Awareness**, a solidarity initiative by Marriott International.

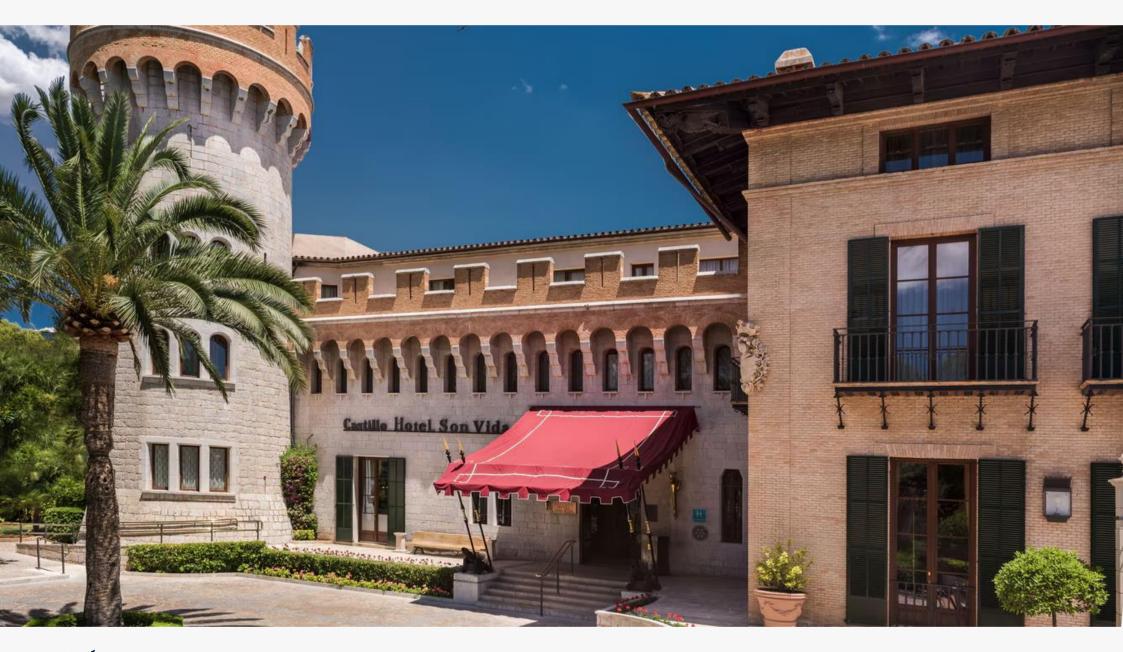
Over three days, more than 30 employees of the company cycled more than 500 km along the most beautiful routes of Mallorca with the aim of raising more than 50,000 euros for the complete renovation of the children's playground at the Es Convent children's home of the Sant Joan de Déu Foundation in Palma de Mallorca. 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



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.

1

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

2

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.



IDENTIFICATION

Defining targets. Consolidated risk matrix.

MONITORING

Ongoing assessment of the business performance and

possible impacts that may

affect it



RISK MANAGEMENT SYSTEM

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



ANALYSIS

of results at the operational level by business unit, enabling monitoring and evaluation of business progress and associated risks.

REPORTING

Monitoring of planning through financial indicators, kpi's, quality, customer satisfaction and environmental indicators.

4.3. COMMITMENT TO CUSTOMERS OUR TOP PRIORITY



At Arabella Hospitality España we work to provide an **excellent service and an innovative offer** to our customers, ensuring their wellbeing and safety while they enjoy their experience at our hotels and golf courses.

Therefore, we have a wide range of tools that allow us to measure and take their 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.

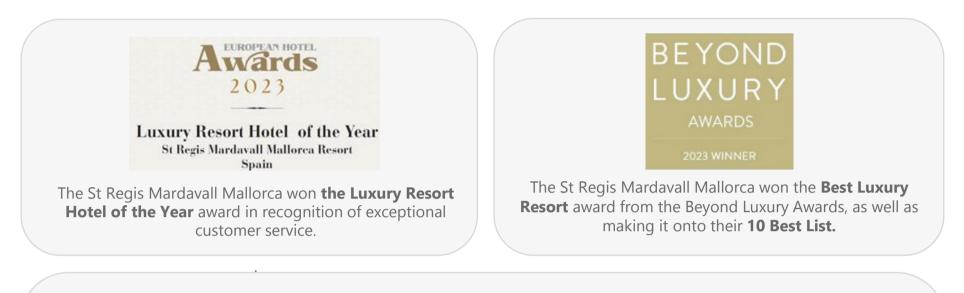
The excellent results of audits and satisfaction surveys confirm our efforts:





CUSTOMER AND COMPANIES SATISFACTION AND RECOGNITION

HOTELS



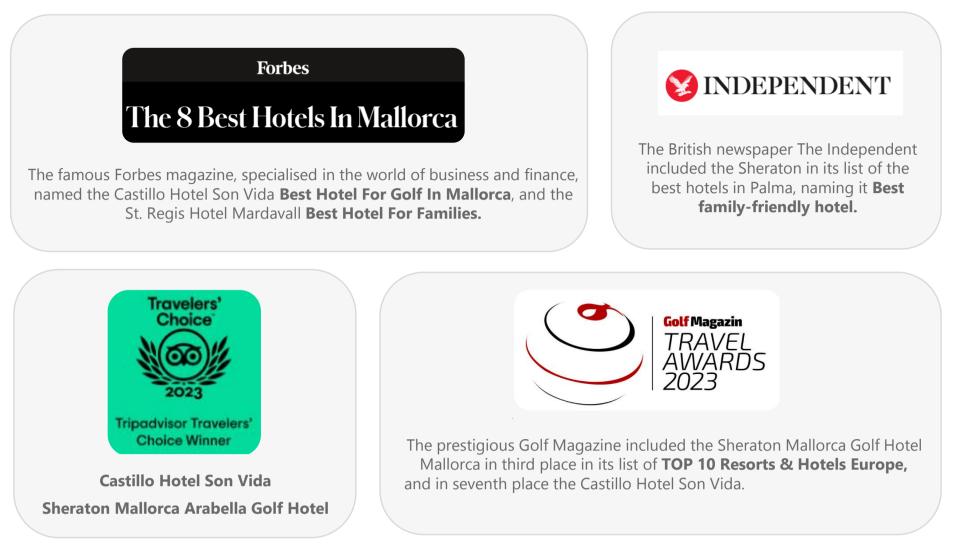
At the Marriott Business Conference, the teams of Arabella Hospitality Spain and Arabella Hospitality SE won two awards:

1st prize went to Castillo Son Vida as **"Property Sales Team of the Year Luxury Franchise".** 2nd prize for all as **Sales Special Achievement Award** for the entire sales team of the group.



CUSTOMER AND COMPANIES SATISFACTION AND RECOGNITION

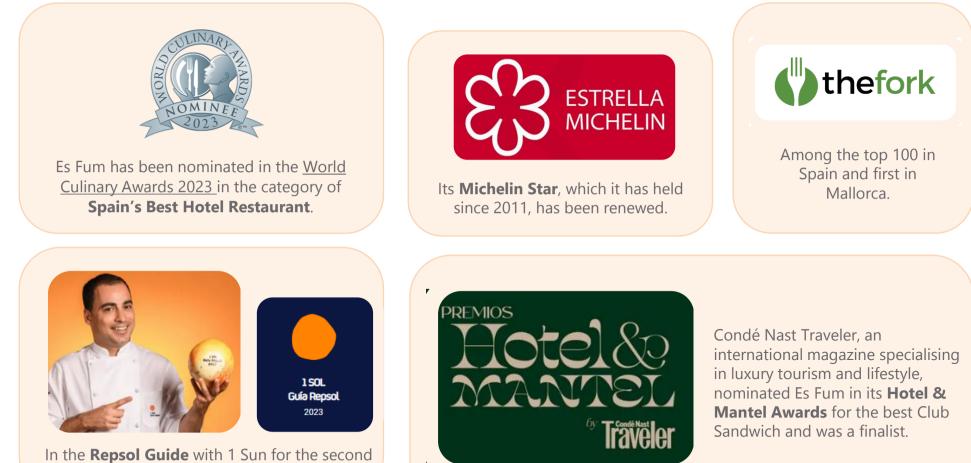
HOTELS



CUSTOMER AND COMPANIES SATISFACTION AND RECOGNITION

RESTAURANT ES FUM,

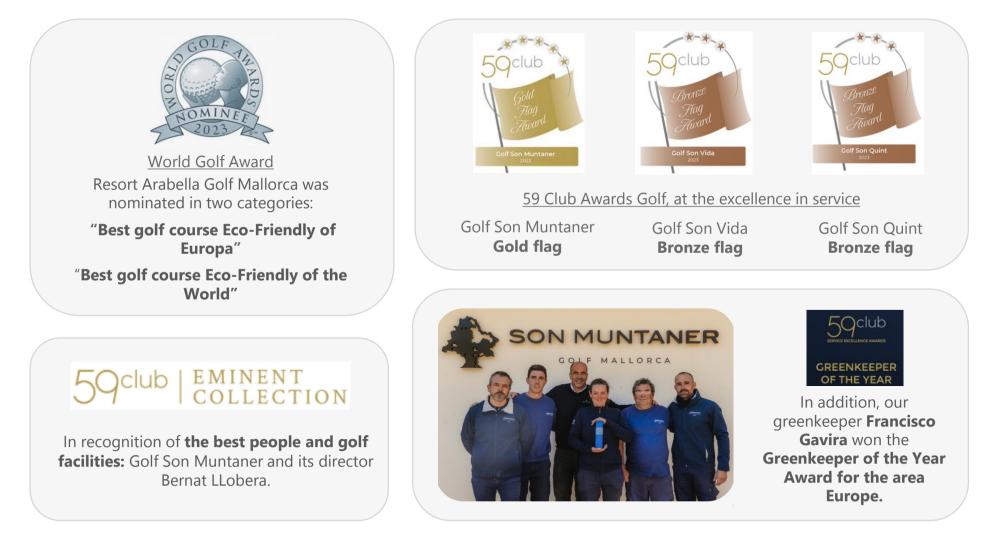
in The St. Regis Hotel Mardavall



consecutive year.

CUSTOMER AND COMPANIES SATISFACTION AND RECOGNITION

GOLF COURSES



CUSTOMER AND COMPANIES SATISFACTION AND RECOGNITION

GOLF COURSES



Our colleague Eustaquio Lorite, Caddy master at Golf Son Vida since 1973, was awarded with the **prestigious award to the employee of the tourism sector** in the VII edition of the Nit del Turisme 2023 awards, highlighting his exceptional contribution through **more than 50 years of continuous service at Arabella Golf Mallorca.**



The prestigious Golf Magazine included Son Vida Golf Course in third place in its list of **TOP 10 Best Golf Courses in Europe.**

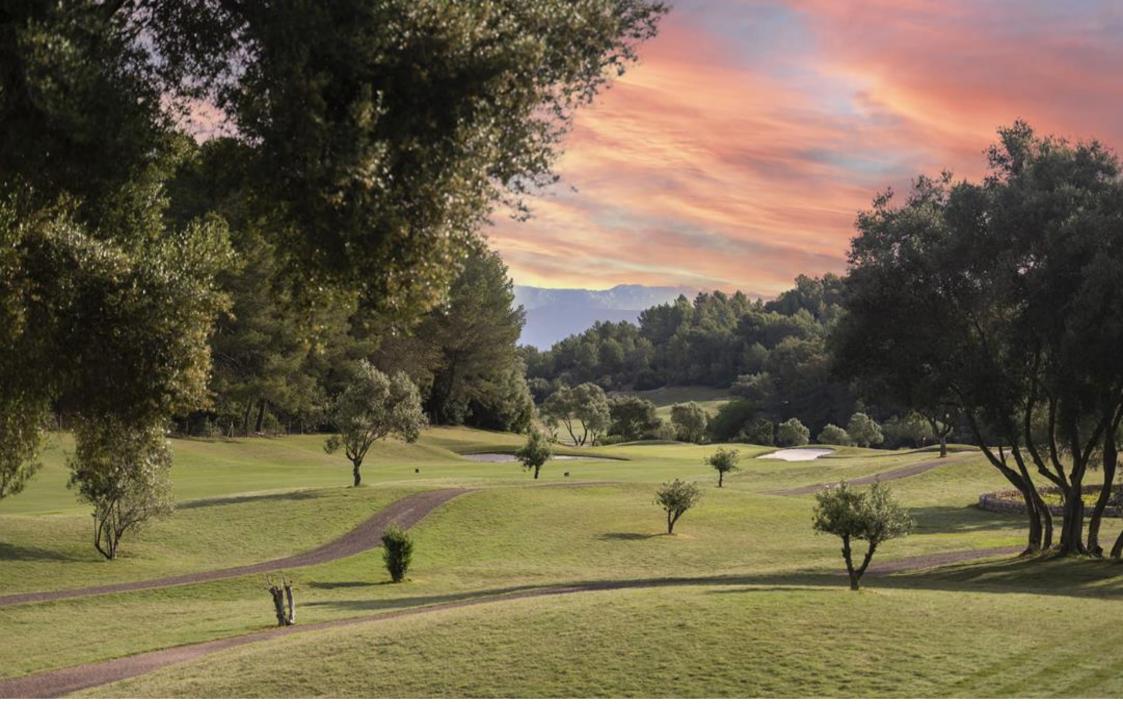
Magazine Today's Golfer

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).









Arabella Hospitality España | ESG Summary Report 2023