

1 ENGAGEMENT LETTER

I am pleased to present this progress report detailing the actions carried out over the last few years to implement our sustainability policies.

Our aim is to operate our business based on an approach of sustainable development and commitment to responsible tourism. To achieve this, since 2011, we have committed ourselves to implementing the 10 core principles of the UN Global Compact. In addition, in 2018, we have started working with sustainable certification programmes, such as Travelife.

This report summarises the social, business-related and environmental work carried out in recent years, which enables us to analyse our achievements and opportunities for future improvement.

Among the activities carried out over the last year, we have made a great effort to reduce our environmental impact through the following actions:

- Contracting our power supply from providers that hold a 100% Renewable Energy Guarantee of Origin Certificate
- Commitment to R&D&I through sponsorship of the Innova 2020 Programme
- Promoting a culture of recycling among our staff and clients
- Minimising the use of hazardous chemicals by replacing them with European Ecolabel products.

The creation of employment, promoting a good working environment and the constant training of our workers are what we consider to be fundamental actions in sustainable management. To that end, we have worked on the following:

- Organisation of more recreational events for our workers
- Increase in the resources dedicated to training our workers
- Collaboration with local and international training entities

Transparent management and the fight against corruption are essential to an organisation. For this reason, we have developed a Corporate Compliance procedure.

The opinion of our clients is what matters most to us. In this regard, we are pleased to have received TripAdvisor Certificates of Excellence in three of our establishments throughout this year.

To finish off, we want to reiterate Servatur's firm commitment to the 10 Principles of the Global Compact and our sincere support for the values it promotes.



Anders Lindvall
CEO, Servatur S.A.

2 ENTITY PROFILE

Founding year: 1976

Sector: Hotel Industry

Address of Corporate Headquarters: c/ Doramas nº 4. Patalavaca, Mogán. Gran Canaria, Canary Islands, Spain.

Work centres: Servatur has 7 establishments in Gran Canaria, Canary Islands.



Countries where it is present: Spain

Website: www.servatur.com

Number of workers: 532

Significant groups of interest: Local community, clients, providers, employees and partners.

3 AWARDS AND RECOGNITIONS

In 2018, we received the following recognitions:



Servatur Casablanca | 6 Awards:

Travelife GOLD (2019)
 Water Efficiency Certificate
 Loved by Guests on Hoteles.com
 Recommended by HolidayCheck
 Guest Review Awards Booking.com
 Tripadvisor Certificate of Excellence



Servatur Green Beach | 2 Awards:

Guest Review Awards Booking.com
 Water Efficiency Certificate



Servatur Montebello | 1 Award:

Tripadvisor Certificate of Excellence



Servatur Terrazamar&Sunsuite | 2 Awards:

Tripadvisor Certificate of Excellence
 Guest Review Awards Booking.com



Servatur Puerto Azul | 1 Award:

Travelrepublic Hotel Awards 2018



Servatur Waikiki | 6 Premios:

Travelife GOLD
 Water Efficiency Certificate
 Loved by Guests on Hoteles.com
 Recommended by HolidayCheck
 Guest Review Awards Booking.com
 Gold Medal of TUI Northern Region Hotel Awards

4 SCOPE AND DIFFUSION

The entire company is included in the scope. Dissemination is carried out, internally, through business meetings, communications and corporate events, and externally, through emailing, social networks, and the website.

5 IMPLEMENTATION OF THE 10 PRINCIPLES

The 10 Principles are divided into four main blocks detailed in the following sections.

6 HUMAN RIGHTS

Principle 1: Companies must support and respect the protection of internationally recognised fundamental human rights within their scope of influence.

Principle 2: Companies must ensure that they are not complicit in human rights abuses.

6.1 Actions

Servatur S.A. complies with these principles by means of the following actions:

CSR Policy

The CSR policy forms the basis of all our actions and is focused on key areas such as the environment, innovation, our staff, the surrounding areas, and our shareholders and investors.

Local Community Policy

We engage with the local communities where we carry out our activity, promoting:

- Local employment: many of the workers at Servatur are neighbours from the municipalities where the establishments are located.
- Collaboration with different training companies, receiving students in internships. In 2018 we collaborated with 64 students and 13 job placements through internships (20.3%).

Purchasing Policy

- We are committed to local providers: 85% are local providers.
- 12% of our providers possess some form of quality, job security or environmental certification.

Donations

Every year Servatur makes donations to the Doctors Without Borders organisation.

Innovation

We believe that research is necessary and, therefore, we participate as sponsors of the Innova Canarias 2020 Programme.

Communication

100% of our workers are aware of the principles of the Global Compact.

Throughout 2018, we started the process of sending our company policies to our suppliers: so far, the policies have been sent to 2% of our suppliers.

Safety

We are committed to the safety of everyone and to that end we have installed defibrillators in two of our hotels, Servatur Waikiki and Servatur Puerto Azul, and we have trained our workers in Basic Life Support and SAED management, so that they can use the new equipment if needed.

Social and cultural projects

- We are the official sponsor to offer housing to the athletes of Riders Throwdown.
- We carry out special events and contests for Canary Islands Day (30th May)
- We carry out special events connected to Gay Pride, Carnival, Christmas, World Breast Cancer Day, etc.
- We participate in the Gran Canaria Company Race
- We carry out paddle and football tournaments with our staff

- We sponsor the 2nd regatta of Jóvenes Promesas in Puerto Rico, Gran Canaria
- We sponsor the San Agustín Paddle Tournament, organised by Club Family Padel
- We sponsor the 13th Charity Meal for Fundación Canaria Yrichen, the objective of which is to collect funds for projects focused on social integration of people in social exclusion, treatment and training programmes
- We sponsor the Canarian sports sailor Tara Pacheco for the 2020 Olympic Games in Tokyo
- We sponsor the International Forum of Canarian Coastal Tourism.



13th Charity Meal for Fundación Canaria Yrichen



2nd Championship of Jóvenes Promesas

6.2 Objectives

The objectives for the year 2019 are:

- Share the company policies of Servatur with all of our providers
- Continue with the investment in innovation, focusing it on the study of our carbon footprint and measures to reduce it
- Install defibrillators in all Servatur hotels



Event for World Breast Cancer Day

7 LABOR STANDARDS

Principle 3: Companies must support the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Companies must support the elimination of all forms of forced or compulsory labour.

Principle 5: Companies must support the abolition of child labour.

Principle 6: Companies must support the eradication of discriminatory practices in employment and occupation.

7.1 Actions

Affiliation with unions

Workers are fully entitled to join a union.

Child protection

At Servatur, we implement a child protection policy. This policy is communicated to our employees through internal communication channels and also made available to our clients at hotel reception desks.

One of the principles of this policy is that all Servatur staff must be over 18 years old. Likewise, any students who are minors are not accepted for internships.

Providers

We ensure that our providers comply with their obligations regarding employment and the prevention of occupational hazards by requesting the appropriate supporting documentation and adding clauses in this regard in the contracts we sign with them.

Employment indicators

Every year we monitor our employment indicators: percentages of men and women, women in management positions, domestic/foreign staff, staff according to ages and type of contract. As can be seen from the data, Servatur is committed to

local employment and its workers, with 70.69% of contracts being open-ended.

	2017	2018
N° workers	530	532
% Women	59.56	51.68
% Men	40.44	48.32
% Female managers	13.00	17.00
% Male managers	87.00	83.00
% Over 45 years old	50.98	46.50
% Under 30 years old	20.77	13.22
% Non-nationals	12.78	11.65
% Nationals	87.22	88.35
% Fixed-term contract	69.00	70.67
% Temporary-term contract	31.00	29.33

At Servatur, we implement an Equality Plan and an *Anti-Workplace Harrassment Protocol*.

Occupational hazard prevention

The protection of workers and continuous training is essential to prevent incidents and accidents. Therefore, Servatur's *Occupational Hazard Prevention Training Plan* has been adapted to each job position.

Year	N° Trainings	Incidence rate(*)
2017	213	74.76
2018	322	64.15

(*)The incidence rate reflects the number of occupational accidents with leave for every thousand workers.

In the year 2018, we managed to lower the incidence rate by 10%. The number of workers who received specific training on occupational hazard prevention adapted to their job position was 20% higher than the previous year.

Training

At Servatur, we have a constant *Training Plan*. In 2018, 2171 hours of voluntary training were given to our workers, with a participation of 121 people. The number of training hours has been increased by 62% compared to 2016.

We also collaborate with local and foreign training entities. In the year 2018, we carried out training internships with our 64 students coming from local training entities and 21 students from foreign entities.

7.2 Objectives

The objective for 2019 is to increase training in sustainability with a specific *sustainability training plan*.



Team building and motivation course for the Housekeeping department. Hotel Servatur Green Beach.



Patricia is a student from Sweden, from the Elof Lindälvs Gymnasium centre, with which we have been collaborating for years.

8 ENVIRONMENT

Principle 7: Companies should maintain a preventive approach that favours the environment.

Principle 8: Companies should undertake initiatives to promote greater environmental responsibility.

Principle 9: Companies must promote the development and dissemination of environmentally friendly technologies.

8.1 Actions

Travelife

Travelife is a certification system based on compliance with 163 criteria that ensure sustainable tourism. Currently, two Servatur hotels hold the Gold certification: Servatur Waikiki and Servatur Casablanca.

Providers

Currently, 6% of our providers have some form of environmental certification.

One of our main objectives is to reduce the amount of plastic waste we produce. Therefore, we are committed to bag-in-box products. In 2018, we used an average of 77% bag-in-box products for cleaning products and 65% for drinks. In our all-inclusive hotels, the percentage of bag-in-box drinks consumed was 84%.

Regarding the cleaning products that we use, both in dishwashing products and the main products used by the flats department have Ecolabel certification.

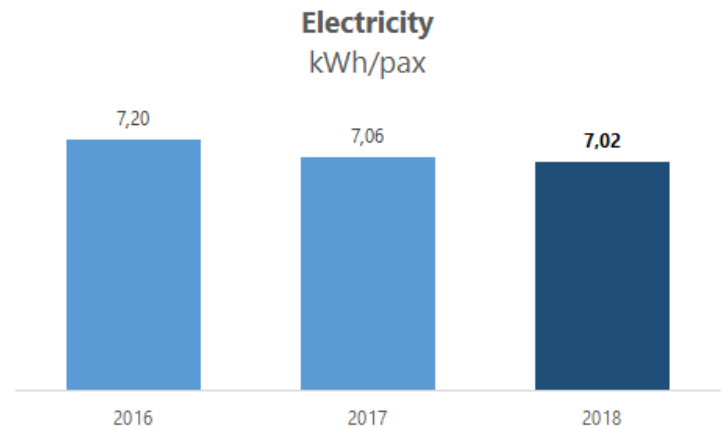
Electricity

At Servatur, we are committed to renewable energy and energy savings. The actions carried out in this sense in 2018 are as follows.

Since 2018, the electricity consumed in Servatur is certified with 100% renewable guarantee of origin (REGO).

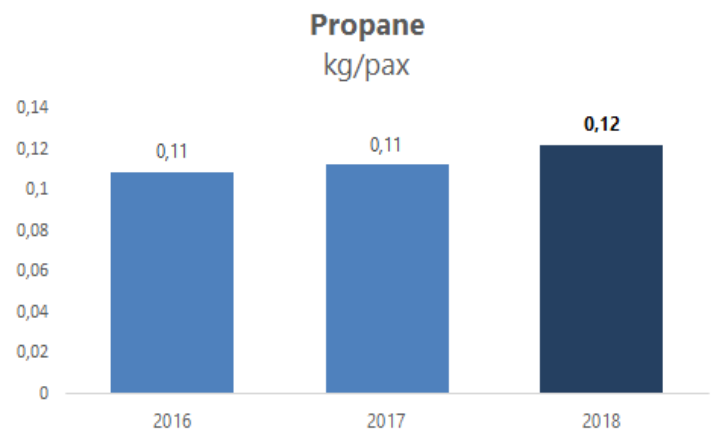
Servatur sponsors the Innova 2020 project titled *Monitoring the energy performance of a hotel in*

the South of Gran Canaria. The study shall be carried out during the year 2019 in the hotel Servatur Green Beach.



Propane

Propane is consumed in the kitchen and boilers. The consumption has been stable in the last years.



Gasoil

At Servatur, we only consume gasoil in a boiler at Servatur Casablanca. This boiler is used to support DHW production, when the installed solar panels do not generate enough energy to meet the demand. The consumption was 15660 litres in the year 2017 and 19432 litres in 2018.

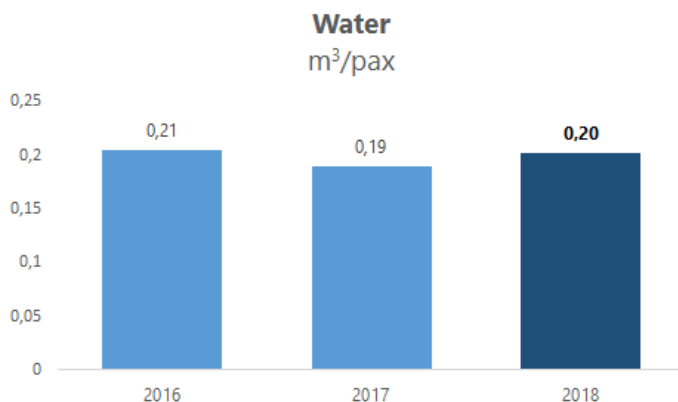
Carbon footprint

The calculated carbon footprint is 3.2 kg CO₂/stay in 2017 and 2.1 kg CO₂/stay in 2018. The 34% reduction is due to the August 2018 hiring of consumed electricity with a company with 100% renewable guarantee of origin certification.

Water

Water is a scarce resource on the Canary Islands.

In the summer of 2017, we implemented a water footprint reduction plan at Servatur Waikiki. Subsequently, in the summer of 2018, the same system was implemented at Servatur Casablanca and Servatur Green Beach. This plan consists of installing water-saving devices in showers, taps, and toilets. With this plan, we managed to reduce our average water consumption by 6%.



At the end of 2018, we started to treat our swimming pools with the installation of saline chlorinator systems. These systems have already been installed in all the swimming pools at five of our establishments. This system allows us to reduce our usage of chemical reagents.

Paper

In mid-2018, a document management system was implemented in the company with the aim of reducing our paper consumption.

In 2017, 3588 kg of paper was consumed at Servatur. In 2018, this figure stood at 4275 kg. In central services, where the document management system was initially implemented in May 2018, paper

consumption was reduced by 1063 kg compared to the previous year.

Residues

In addition to workers in all departments, clients also actively collaborate by separating their waste in the waste bins available in the common areas of the hotels.

Glass: The majority of our glass containers are returnable and, those that are not, are recyclable. Thus, Servatur hotels are part of the Glasstar Hotels network, created by Ecodivrio and the Canary Islands Government to record the amount of glass recycled by the Canary Islands hotels.

Year	Glass recycled (kg)	Nº returnable bottles
2017	-	20171
2018	60090	22932

* The average weight of empty returnable bottles is 245 g.

Cardboard and plastic: At Servatur, we recycle any cardboard and plastic that arrives at our facilities. In some establishments, there is an agreement with the municipal waste manager for removal and, therefore, we do not have any removal data. In others, specifically, Servatur Puerto Azul, Servatur Waikiki, Servatur Green Beach, and Servatur Casablanca (cardboard only), the waste is managed by a specialised company. The amount of waste removed in these establishments is shown below.

Year	Plastic recycled (kg)	Paper and cardboard recycled (kg)
2017	3782	38280
2018	16178	43210

At Servatur, we are aware of the reduction of plastics and that is why most of the containers used in the apartments and food and beverage departments are bag-in-box.

Kitchen oil: 7682 kg were removed in 2017 and 9940 kg in 2018. This oil is sent to biodiesel plants to be assessed.

Others: This includes toner, electronic equipment, lamps, aerosols, batteries, etc. This waste is removed by an authorised manager, collecting 2420 kg in 2017 and 303.52 kg in 2018.

RECYCLED YEAR 2018



8.2 Objectives

- Once the document management system has been implemented throughout the company, in 2019 it is expected to reduce paper consumption by 25% compared to the year 2018.
- Continue to invest in R&D&I projects focused on energy efficiency and sustainable development.
- Continue to work on Travelife certification for all of our establishments.
- Installation of solar panels in Servatur Terrazamar to increase self-sufficient energy consumption.

9 ANTI-CORRUPTION

Principle 10: Companies must fight against all forms of corruption, including extortion and bribery.

9.1 Actions

The chain strictly complies with current Spanish legislation and maintains the highest levels of compliance by undergoing internal and external audits in the different areas of the company: HR, administration, sustainability, operations, etc.

Corporate Compliance

In Servatur, since 2017, there has been a protocol to prevent, combat and pursue crime in all its forms.

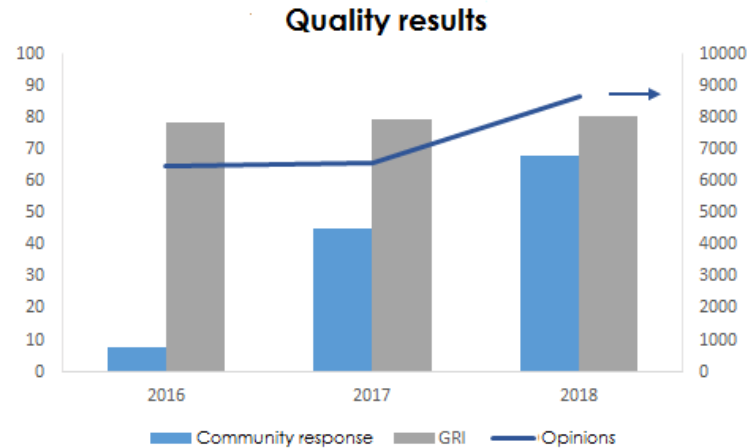
Coordination of company activities

At Servatur, we strictly comply with the law on coordination of business activities, monitoring the execution of contracts signed with our providers or contractors.

Quality

The opinions of our clients are fundamental to us. Therefore, we monitor customer satisfaction through internal and external surveys. Furthermore, we monitor the ratings and comments received online.

Communication with our clients is essential. Therefore, in recent years, our goal has been to respond to the opinions left by clients (online as well).



9.2 Objectives

- To increase the management of responses to online comments by 2%
- To launch the new online internal questionnaire for clients