

ANNUAL REPORT 2022

Sustainability
Report

ADH
HOTELS & RESORTS

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LETTER FROM THE CEO



Mr. Carlos Fernando Martins

I am pleased to be writing this letter as it signifies the beginning of 2023, a year full of new challenges and opportunities for ADH Hotels & Resort.

The aim of the 2022 Sustainability Report is to reflect our Company's values and commitments to sustainability, while strengthening our commitment to providing full corporate transparency to our stakeholders.

Our commitment to sustainability entails, once again this year, the commitment to the protection of human rights, the health of our professionals and the environment, and taking care of relationships with our suppliers to ensure that our values are aligned and to make a positive contribution to society, working with small companies and supporting the professional development of young people and people at risk of exclusion.

We also take responsibility for the negative impact of our activities and, through continuous analysis, we work every day to reduce our emissions and the waste produced.

However, as we strive to continue to make improvements every day, we aim to reduce our waste volume in the coming year by 15% compared to last year's volume to reduce our impact on the environment on a daily basis.

Carlos Fernando Martins.
CEO

01. GENERAL CONTENT

1.1 PROFILE OF THE ORGANISATION

1.1.1. Activities, brands, products and services

ADH Hotels & Resorts is the hotel company of the Apollo Global Management Group.

The Company was founded in 2014 to develop and apply a different business model within the hotel sector.

This way of taking on projects and being involved in the results goes beyond normal business practices. Our mission in every project is to demonstrate that our alternative strategic solutions deliver better results in terms of returns and hotel asset value.

Our headquarters are located at Calle Albasanz, 15 B, 3º-A, Madrid, 28037, and all operations are currently carried out in Spain.

We are a hotel company that specialises in international multi-brand management and that is focused on the conceptualisation and positioning of different products, strengthening alliances with major operators such as Meliá, Hilton, Accor and Marriot, among others, and adapting the business model either as managers, a franchise or asset management to achieve these objectives.

At ADH Hotels & Resorts we implement a working methodology based on detailed asset analysis and operational knowledge, providing a high degree of specialisation by outsourcing services and through a highly experienced interdisciplinary team that drives top line revenue, manages costs and delivers solid returns.

Our know-how, innovation and financial capacity make us your best partner in hotel operations.

1.1.2. Ownership and legal form

A private limited company that is registered as a *Sociedad Limitada* (S.L.).

1.2.5. Markets served

All hotels are located in Spain, although the core markets are the Spanish, British, German and Irish markets.

1.1.4. Scale of the organisation

ADH Hotels & Resorts has a total of 243 employees.

Net sales for 2022 amounted to EUR 29,279,105.01, which is an increase of 217% compared to the previous year. *

ADH Hotels & Resorts' capitalisation amounts to a total volume of EUR 190,742,169.68, of which equity amounts to EUR 72,608,703.03 and short- and long-term debt account for EUR 118,133,466.65. *

Lastly, our business is based on offering accommodation to guests, either permanent residents or those passing through, and the management of these hotels.

* Financial data currently being audited.



1.1.5. Information on employees and other workers



Permanent employment contract

Men: 131
Woman: 112



Duration of contract

Indefinite: 131
Temporary: 112



Type of contract: Full-time

Men: 99
Woman: 86

1.1.6. Supply chain

At ADH Hotels & Resorts we advocate values based on social, local and environmental care for our surroundings, and that are in line with those of our suppliers.

Supplier selection processes comply at all times with the values of competition, transparency, equality and non-discrimination, among others, and always seek to ensure the best value.

Our supply chain starts with the sourcing of local raw materials from small businesses in the area, thus making a positive contribution to the local community.



1.2.11 Precautionary principle or approach

The activities of ADH Hotels & Resorts do not cause any serious or irreversible damage to the environment or to public health.

To protect the environment, and in accordance with Principle 15 of the United Nations Rio Declaration on Environment and Development, ADH Hotels & Resorts implements the precautionary principle when planning its operations and carrying on its activities, conducting periodic reviews of energy and water consumption and efficiently managing waste by separating it to be recycled, among other actions.

1.2.12 External initiatives

At ADH Hotels & Resorts we are very much aware of the crisis of the three Cs: climate change, COVID-19 and armed conflict, and especially how this impacts the most defenceless and affected, such as children. That is why, at ADH Hotels & Resorts, we wanted to do our part for the NGO Action Against Hunger through the launch of the “Hotels against Hunger” campaign.

Taking advantage of the refurbishment and change in branding of one of our properties, we had the opportunity to collaborate with the Asnimo foundation, dedicated to the comprehensive care of people with Down syndrome, by donating computer equipment for their facilities and classrooms.

1.2. DEFINITION OF THE CONTENT OF THE REPORTS AND TOPICS COVERED

Stakeholder inclusiveness

This Report presents the stakeholders that are linked to ADH Hotels & Resorts (professionals, customers, suppliers, the environment, society, educational centres and associations) and the way in which we relate to each of them to identify those aspects that need to be updated.

Sustainability context

We are at the forefront of current issues that are of concern to society and are therefore our concern. By analysing our impact on these issues, we implemented an action plan to contribute to generating value and to reduce our environmental footprint.



Materiality analysis

The most important material topics are identified by the Board of ADH Hotels & Resorts to help us to take decisions and to understand the performance, results and situation of ADH Hotels & Resorts in terms of its environmental, social and corporate impact, in relation to the fight against climate change, respect for human rights and the fight against corruption and bribery, and measures to promote equality, quality work and non-discrimination.

Completeness

The material topics identified in 2022 cover the commitment to sustainability from a social, environmental and corporate perspective and cover the period from 1 January 2022 to 31 December 2022.

The materiality analysis for 2022 conducted at ADH Hotels & Resorts included a study conducted by management of the current social, environmental and corporate situation, so as to be at the forefront of the most relevant concerns regarding sustainability, the economy and new regulations.

In addition, we consulted our stakeholders, through questionnaires and interviews, and our heads of department and a sample of our professionals, to be able to compare our analyses with their needs and concerns.



- Economic performance
- Market Presence
- Energy
- Water and Effluents, Environmental Compliance and Occupational Health and Safety,
- Emissions
- Waste and Customer Health and Safety
- Supplier Environmental Assessment
- Employment
- Labour-Management Relations
- Training and Education
- Diversity and Equal Opportunity
- Non-Discrimination
- Freedom of Association and Collective Bargaining
- Supplier Social Assessment
- Marketing and Labelling
- Customer Privacy

1.3. LIST OF STAKEHOLDERS





1.4.3. Approach to stakeholder engagement

Stakeholder engagement was not required to draft this report, but we have a fully transparent internal dialogue that provides us with clear and truthful information.

1.4.4. Key topics and concerns raised

At ADH Hotels & Resorts we continue to be concerned about the uncertainty caused by COVID-19 and, therefore, we have analysed and assessed the risks assumed regarding this matter, as we are committed to and take great care of the health of our professionals and the action procedures to prevent outbreaks, which is reflected in the materiality analysis that we have prepared.

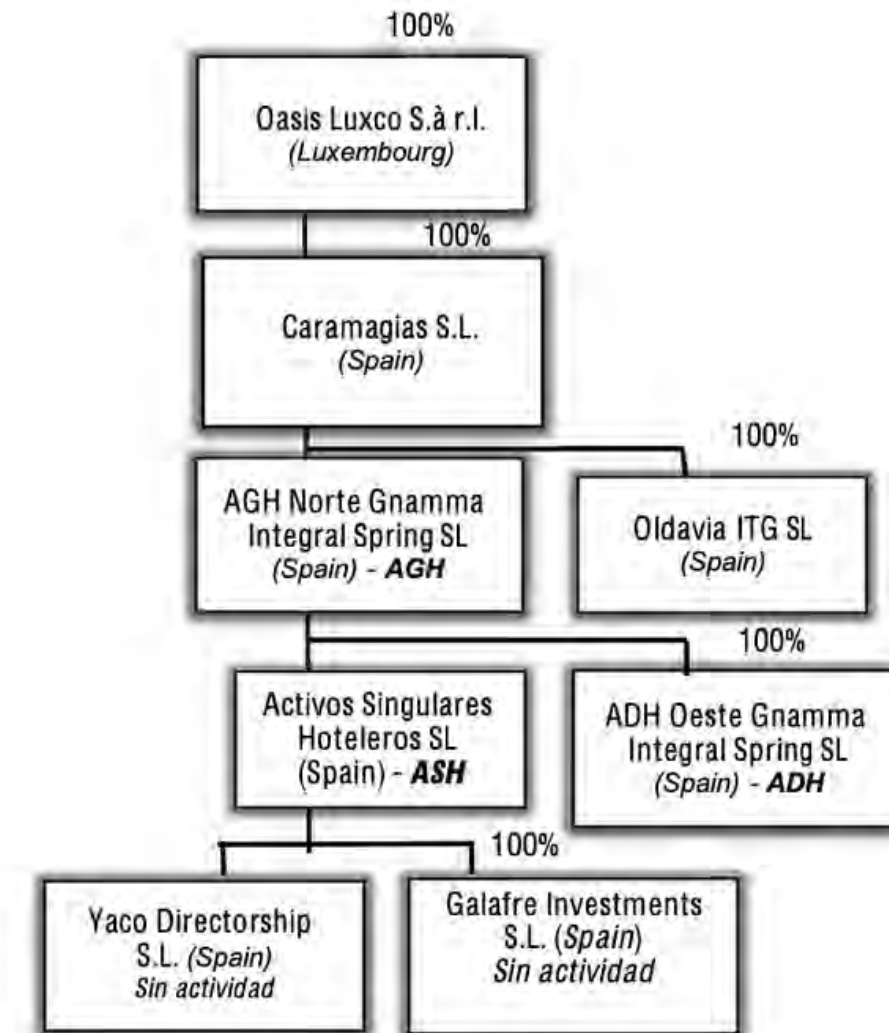
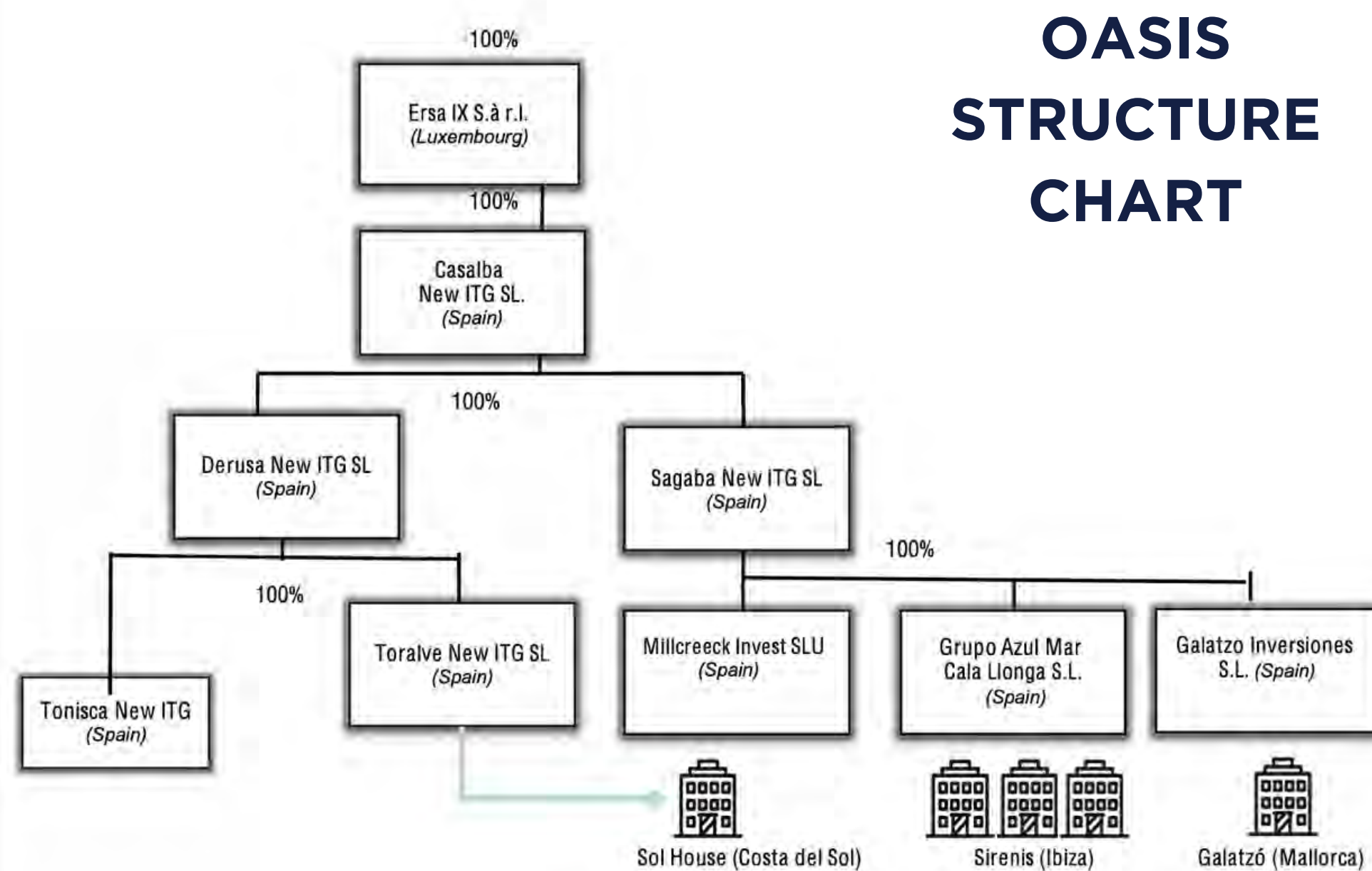
New pressures have appeared while preparing this report, namely the armed conflict in Ukraine, which affects the world at a global level, causing uncertainty in society, and forces us to consider measures and seek solutions to minimise the socio-economic effects caused by the conflict.

We have contacted Bioscore to obtain a roadmap for our sustainability report in accordance with the GRI standards and to prepare the report in an appropriate and transparent manner for subsequent verification.

Senior management of ADH Hotels & Resorts contracted the external firm Bioscore. Each of the companies that form part of the ADH Group has a board of directors that discusses and, if necessary, approves the matters indicated in applicable regulations.

 sostenibilidad@adhoteles.com

OASIS STRUCTURE CHART



02. ENVIRONMENTAL DIMENSION



2.1. ENERGY CONSUMPTION

Energy use in establishments is one of the largest contributors to global energy consumption and greenhouse gas (GHG) emissions.

It is therefore important for ADH Hotels & Resorts to account for total electricity consumption and improve the energy efficiency of our properties to reduce the environmental impact of the activities carried out and contribute to sustainable tourism. In addition, identifying energy hotspots within ADH Hotels & Resorts and ensuring proper and regular maintenance of the electricity system is critical to achieving these goals.

At ADH Hotels & Resorts we have established a protocol based on the PDCA (Plan-Do-Check-Act) cycle to achieve optimal and efficient control of our energy consumption based not only on the needs of the accommodations to operate with the best possible quality for our customers, but also to carry out operations in harmony with the environment and causing the least possible impact.

In short, the main sources energy consumption at our establishments are identified below.

Total fuel consumption from non-renewable sources (including types of fuel used).

Total fuel consumption from renewable sources (including types of fuel used).



Electricity consumption



Heating consumption (total energy consumption)



Cooling consumption



Total fuel consumption

With the aim of being an active part of the urgent and necessary transformation to a low-carbon economy, we calculated the organisation's total energy consumption.

At ADH Hotels & Resorts we understand that, according to a report published in 2017 by the European Commission, electricity accounts for approximately 40% of the total energy consumed in a hotel, of which 45% would be for lighting. Our aim is therefore to increase the energy saving potential of our facilities by 15% by improving the energy efficiency of the equipment installed, creating a Maintenance Plan for the facilities, and ensuring proper energy use by our employees.

Our aim is to guide energy consumption towards savings, optimisation of consumption, efficiency and continuous improvement of the facilities.

Most establishments of ADH Hotels & Resorts have an energy supply contract with ENDESA. Last year we consumed a total of 4,079,779 kWh.

Given that lighting is the greatest source of electricity consumption in accommodations, we now have LED and energy-saving light bulbs installed.



Energy consumption is expected to decrease by 10% in 2023. To achieve this goal, we aim to install major infrastructure improvements and enhance our maintenance programme to enable smart management and avoid excessive and inefficient lighting to increase the cooling requirements.



To calculate the energy consumed at the facilities of ADH Hotels & Resorts, a detailed record has been kept of daily, weekly and monthly consumption, with a breakdown of the origin of this energy according to whether it is from renewable or non-renewable sources, and the type of fuel used to obtain it.

It is worth noting that annual energy consumption is not spread out evenly over the 12 months of the year, but rather is highest during peak tourist seasons, while there is a significant decrease during the off seasons.

This disparity is evident in the consumption records obtained from the monitored meters we have in our hotel rooms, since energy consumption in the common areas, such as reception and restaurants, is independent of the volume of guests.

2.1.1. Energy consumption outside of the organisation

Given the importance of energy consumption both in the hotel business and in many other activities, at ADH Hotels & Resorts we seek to implement our energy policy and objectives in terms of savings and reducing the negative impact outside our organisation. The reason that we seek to do so is based on the desire to bring our values and objectives closer to those stakeholders associated with our activity and, therefore, to extend our responsibility towards society and the environment.

We therefore consider that customers, employees, subcontractors, suppliers and even civil society, among others, should be able to adopt measures and good practices in terms of savings, optimisation, efficiency and continuous improvement in the use of resources.

From this starting point, at ADH Hotels & Resorts we control the energy consumption outside our facilities through upstream and downstream actions associated with our activity and, therefore, we can calculate our indirect scope 3 greenhouse gas (GHG) emissions and increase our commitment to mitigate and adapt to climate change.

2.1.2. Energy intensity

At ADH Hotels & Resorts we use energy intensity as a measurement that allows us to understand the energy requirements to carry out our activity and to fulfil our commitment to provide the best customer experience, in addition to helping us to contextualise the efficiency of our organisation.



It should be noted that energy consumption at our hotels is linked to the type of stay, whereby we establish energy intensity ratios based on the different rooms, classifying them as follows:

- Guest rooms.
- Reception.
- Offices.
- Restaurants.
- Bars.

This differentiation is based on the fact that rooms, such as guest rooms, will require varying energy intensity depending on the occupancy of the hotel, with this intensity being much higher in peak seasons and lower in off seasons.

On the other hand, the activities carried out in rooms such as reception and offices are not influenced by the volume of customers, so their energy intensity ratio remains stable throughout the twelve months of the year.

Once we know the energy requirements of our different rooms based on these energy intensity ratios, our aim at ADH Hotels & Resorts is to implement a series of measures to be able to reduce these requirements and meet our energy commitments.

All facilities of ADH Hotels & Resorts keep a detailed record of energy consumption by means of monitored meters or, where applicable, by our employees.

To standardise these records, energy intensity measurements are established in kWh/room. These rooms, as already mentioned above, are broken down into guest rooms, reception, offices, restaurants, etc.

The purpose of these records is to be able to control, monitor and trace energy consumption, to know which rooms have greater energy requirements and, therefore, be able to establish the appropriate savings and efficiency measures.



Given the strong results, at ADH Hotels & Resorts we continue to carry out these controls and implement new measures.

2.1.3. Reduction of energy consumption

At ADH Hotels & Resorts, with the aim of bringing our values into line with the Sustainable Development Goals (SDGs) of which our activities also form part, we reviewed all activities carried out at our facilities throughout the day, and became aware that energy usage is present in the vast majority of them.

We then realised both that the use of energy is essential for the hotel business (and any other business), and that its irrational use – along with the fact that most comes from non-renewable sources – poses a significant problem.

For ADH Hotels & Resorts, reducing energy consumption represents a challenge and a guide for the actions that are and will be carried out in our organisation over the coming years, with the aim of increasing performance, savings and energy efficiency, which will have environmental, social and economic benefits, while always involving our stakeholders.



In line with the above, and with the firm commitment at ADH Hotels & Resorts to reduce our energy consumption as one of our priorities, we have implemented an energy policy that aims to guide our consumption towards savings, efficiency, process optimisation and continuous improvement in our practices and equipment.

As part of this policy, an energy savings and efficiency plan has been implemented, which includes measures not only to control consumption, but also includes other measures that we believe can improve the way in which we consume energy and the amount consumed.

These measures include changing to more efficient equipment and carrying out awareness-raising campaigns.

As a result of our efforts to achieve these objectives — even though we are unable to make an exact comparison with the years of the COVID pandemic —, at ADH Hotels & Resorts we have reduced our consumption in relation to past records for 2020, most notably including the good performance of our employees, customers and other stakeholders. Although the occupancy rate tripled in 2022 compared to the previous year, energy consumption only increased by 50%.

To calculate the reduction in energy consumption at our organisation, we have established a procedure where, based on consumption records from the previous year to the current year, the savings are measured both in % and in kWh, differentiating between gas and electricity consumption.

This gives us a broader view of our improvements and compliance with objectives, and allows us to establish more ambitious measures and resolve any incidents that may occur.

2.2. WATER AND EFFLUENTS

2.2.1. Interactions with water as a shared resource

Although 70% of the planet is water, this is no longer a resource of unlimited use for ADH Hotels & Resorts, where its intensive use and the effects of climate change with the decrease in rainfall make it one of our greatest concerns.

At ADH Hotels & Resorts we are aware of the need for comprehensive water management to achieve savings and optimisation of this resource.



2.2.2. Water consumption

Responsible and optimised water consumption is not only a measure of economic impact, but also of environmental improvement.

The mechanisms adopted by ADH Hotels & Resorts to optimise water consumption are as follows:

- Raising awareness among our customers and employees through posters to achieve responsible consumption.
- Monitoring of consumption to ensure that there are no hidden leaks.
- There are a number of water-saving devices already installed on the taps.

Total water consumption for all areas: 74,209 m³

To record our consumption data, at ADH Hotels & Resorts we take readings of the various meters on a daily basis so as to have control, ensure responsible use and be able to identify opportunities for improvement in our activities and operations.

2.3. BIODIVERSITY

Tourism is highly dependent on biodiversity, and a loss of biodiversity is worrying for the sector. ADH Hotels & Resorts is committed to moving towards a sustainable tourism model, and preserving biodiversity is one of our objectives.

The loss of biodiversity can lead to significant deterioration of tourist destinations or increases in resource constraints, and scarcity of water resources.

2.4. EMISSIONS

2.4.1. Direct greenhouse gas emissions (scope 1)

Global warming, the basis of climate change, has been worrying organisations and institutions worldwide for decades, and is one of the main strategic challenges that will be faced to protect the future and the planet.

Climate change has and will have an even greater direct impact on businesses and their activities. Therefore, the task of the different sectors is to make progress on and prioritise sustainable initiatives with a circular approach to comply with current law and international and EU agreements.

The tourism and hotel sector is highly vulnerable to climate change and, in turn, contributes to GHG emissions. Data from 2019 show that tourism contributes 8% of total GHG emissions, which dropped during the COVID-19 pandemic, however these emissions are expected to increase in the coming years if no action is taken.

The calculation of the carbon footprint, which measures the amount of greenhouse gases generated directly or indirectly by an activity, has become a key tool to identify the organisation's emission sources and to be able to establish the appropriate measures for controlling and reducing emissions.

At ADH Hotels & Resorts, as part of the hotel sector, we play a key role in the fight against climate change, implementing actions aimed at reducing our carbon footprint and the decarbonisation of the economy, which starts with calculating this footprint and reducing scope 1 emissions.

This scope refers to direct emissions from sources that belong to or are controlled by our organisation, which are those that are released on-site at the location where we operate, mainly from fuel combustion and leaks in our cooling systems.



In line with Sustainable Development Goal (SDG) 13. Climate Action of the 2030 Agenda, at ADH Hotels & Resorts we are committed to the fight against climate change and contribute with our initiatives to achieving the objectives of the Paris Agreement.

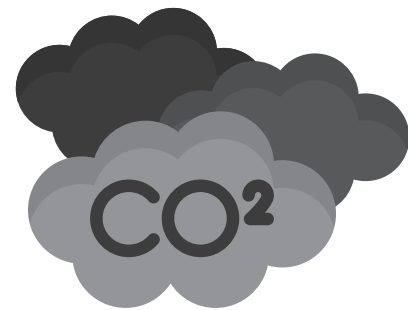
Since 2017 we have had a strategy in place to measure, control and reduce our direct scope 1 GHG emissions (measured in tonnes of CO2 equivalent), which are generated by our activities and are under our control. These emissions mainly come from fuel combustion and leaks in our cooling systems, so implementing a prevention policy is the best way to control these types of emissions.

Therefore, keeping the facilities in all our establishments well maintained has become standard practice and a priority for us.

We inspect our heating and cooling equipment on a regular basis, paying special attention to boilers and air conditioning equipment, and refrigerators and cold-storage rooms in restaurants to ensure everything is properly adjusted and avoid the emission of cooling gases.

SCOPE 1

Gross value of indirect GHG emissions in metric tonnes of CO2 equivalent:
269,85 Tn CO2eq.



To calculate our direct GHG emissions (scope 1), 2021 was used as the base year, since it is the year before this report was prepared, resulting in emissions of 712.34 tonnes of CO2 equivalent. We are therefore able to see the results obtained after these measures and improvements are implemented in our organisation.

The emission factors and global warming potential (GWP) rates used to calculate scope 1 direct emissions are those provided by the Ministry for Ecological Transition and Demographic Challenge (MITECO), based on official sources.

The approach adopted by ADH Hotels & Resorts to consolidate emissions is financial control.

To calculate scope 1 emissions, we apply an approach of monitoring the emissions generated at our organisation on a regular basis, mainly related to the combustion of stationary gas sources and cooling gases.

2.4.2. Indirect greenhouse gas emissions

In line with calculating the carbon footprint, a key tool for adopting measures to reduce the emissions generated by an organisation, this includes direct and indirect emissions, which are classified into scopes 1, 2 and 3.

Scope 1 includes direct emissions, and scopes 2 and 3 include indirect GHG emissions, which are those emissions generated as a result of the organisation's activities but that are not generated by the organisation itself, whereby the source is owned or controlled by another organisation.

Scope 2 therefore includes the indirect GHG emissions associated with generating the electricity acquired and consumed by the organisation, with the source of emission being those organisations that produce this electricity.

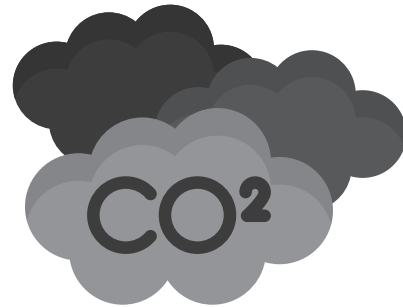
At ADH Hotels & Resorts we are committed to calculating and reducing our carbon footprint and, therefore, calculate and control our scope 2 emissions through our electricity consumption records and the information provided by the contracted electricity supplier, with an emphasis on guarantees of renewable origin.

The purpose of calculating our carbon footprint using scope 2 emissions is mainly to identify our indirect emissions related to the electricity purchased and consumed at our facilities to be able to establish a reduction strategy.

We have a mechanism for controlling and recording electricity consumption data from the invoices issued by the supplier contracted by ADH Hotels & Resorts, which provides us with the attributable emission factor and its green origin validated through the Guarantee of Origin (GoO), which ensures a certain number of MWh of energy from renewable energy sources and high-efficiency cogeneration.

SCOPE 2

Gross value of indirect GHG emissions in metric tonnes of CO2 equivalent:
442,48 Tn CO2eq.



When calculating our scope 2 indirect emissions, we take into account the following greenhouse gases (GHG):

- Electricity consumption.

To calculate our indirect GHG emissions (scope 2), 2021 was used as the base year, since it is the year before this report was prepared, resulting in emissions of 442.48 tonnes of CO2 equivalent. We are therefore able to see the results obtained after these measures and improvements are implemented in our organisation.

The emission factors and global warming potential (GWP) rates used to calculate scope 2 direct emissions are those provided by the supplier contracted and by the Ministry for Ecological Transition and Demographic Challenge (MITECO), based on official sources.

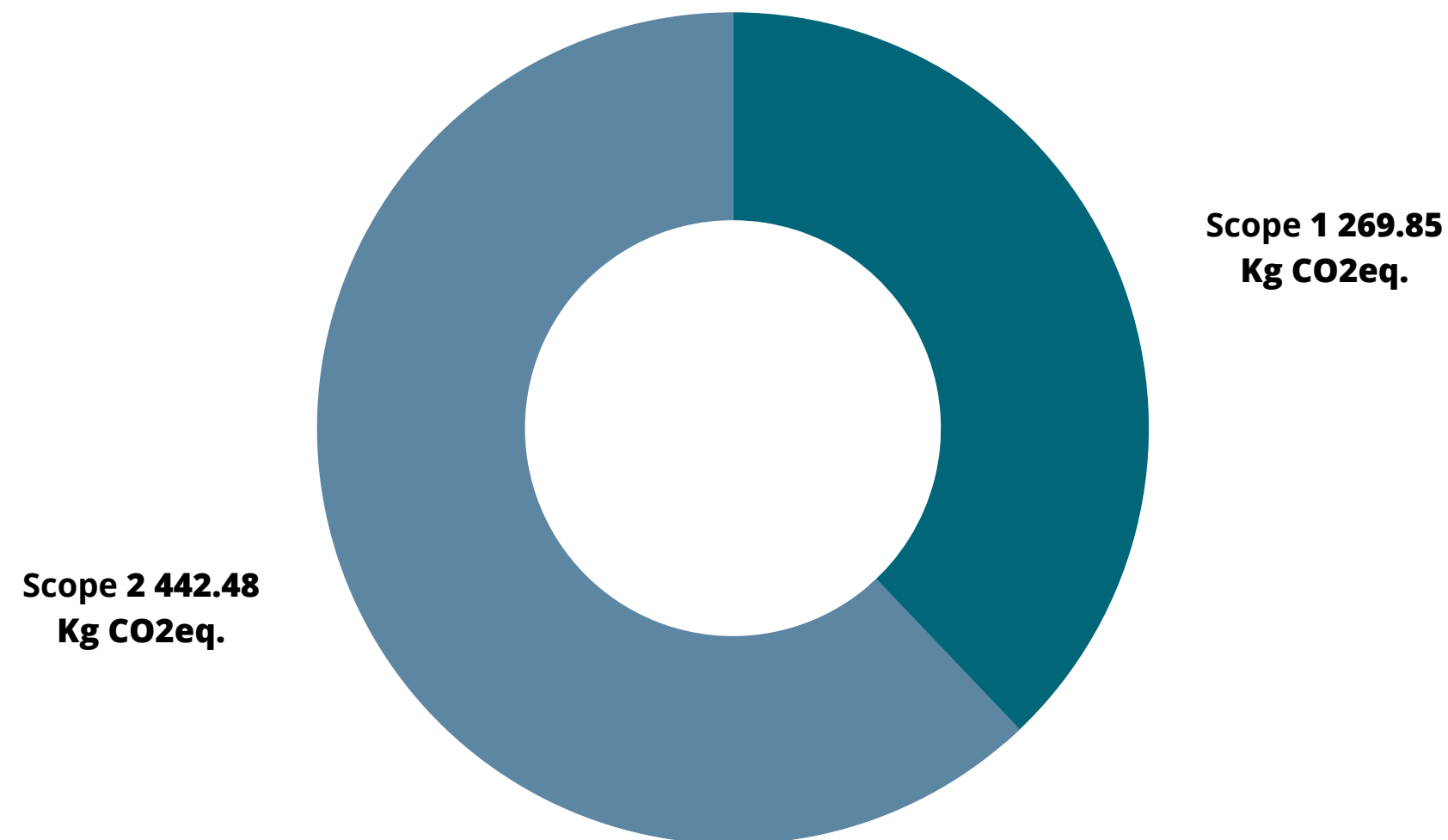
The approach adopted by ADH Hotels & Resorts to consolidate emissions is financial control.

To calculate scope 2 indirect emissions, we apply an approach of monitoring the purchase and consumption of electricity at our facilities on a regular basis, including the information provided by the supplier.

2.4.3. Intensity of greenhouse gas emissions

The intensity of greenhouse gas (GHG) emissions is determined as the ratio of GHG emissions to the gross inland energy consumption of a geographical area and the gross inland energy consumption with which these emissions are associated. It is commonly used as an indicator that expresses the amount of tonnes of CO2 equivalent of energy-related GHG emissions that are emitted in a given economy or organisation per unit of energy being consumed.

Therefore, at ADH Hotels & Resorts we calculate the emissions related to our activity using this indicator, which helps us to measure the improvement in energy efficiency of our equipment and facilities and that is used as a basis for applying new measures to reduce emissions.



After measuring scope 1 and scope 2 emissions at our organisation, using the emission factors provided by the Ministry for Ecological Transition and the Demographic Challenge (MITECO) and the supplier contracted, we calculated the emissions associated with our activity and their emission intensity.

By tracking and monitoring scopes 1 and 2, which are calculated from 2021 onwards, we can see that the emissions intensity ratio of these scopes has improved compared to 2020, thanks to the mechanisms adopted since then aimed at reducing consumption, improving energy efficiency and purchasing energy with Guarantee of Origin.

To calculate the intensity ratio, GHG emissions relating to direct and indirect emissions have been included and, therefore, both scopes 1 and 2 are taken into account.

To calculate the GHG emissions intensity ratio at our organisation, we take into account the following greenhouse gases: CO₂.



2.4.4. Reduction of greenhouse gas emissions

The commitment to the fight against climate change made by various institutions at the global level falls within the scope of the United Nations Framework Convention on Climate Change, its Kyoto Protocol and the Paris Agreement, and the scope of the European Union, with the objective of achieving climate neutrality by 2050.



United Nations Framework
Convention on Climate Change

Reducing GHG emissions is key to achieving the objectives set in the fight against climate change, and is the responsibility of both public and private sector agents in the different sectors that make up a region's economy.

The approval of policies and measures implemented in a sector as important as the tourism and hotel sector, in accordance with the roadmap set by law and regulations, is of vital importance in this sector, as it is significantly affected by the consequences of climate change and contributes to a large extent to the emission of these GHGs.



At ADH Hotels & Resorts, our actions are aimed at transforming our organisation for the climate action set out in the SDGs (SDG 13), which requires us to take a path of low emissions, raise awareness and optimise our operations by measuring and communicating the emissions data relating to our activities and establishing measures to reduce and mitigate emissions and adapt the sector to climate change.

Our efforts to adopt measures in the fight against climate change are part of the commitment undertaken by ADH Hotels & Resorts to achieve a low-emissions organisation, with programmes to raise awareness and optimise our processes and activities so as to achieve the objectives set by the institutions.

We are also taking a series of measures and actions to reduce our GHG emissions by 15% by 2023 as a key commitment of our organisation. These measures include mechanisms for controlling and monitoring our own activities and those of our suppliers, in line with this commitment, along with an energy efficiency plan that will reduce overall energy consumption.

Base year: 2023

Scopes in which there were reductions: Scopes 1 and 2

Standards, methods and assumptions applied in the calculation: Bioscore calculator

2.5. WASTE



2.5.1. Waste generation and significant waste-related impacts

To achieve the targets set by the European Union in terms of recycling and reuse of urban waste of 70% by 2030, ADH Hotels & Resorts is working on assessing the waste generated by our activity to ensure responsible waste management.

Responsible management of our resources is one of the objectives set by ADH Hotels & Resorts. Contracts have therefore been signed with authorised companies for the collection of oil and municipal waste. We separate waste to ensure optimal recycling. We work to raise awareness among our employees, as their involvement is key to achieving our objectives.

The waste generated, which is detailed in the following table, is a direct result of the activity of ADH Hotels & Resorts.

WASTE	2020	2021	2022
PACKAGING	2200 kg.	3500 kg.	9000 kg.
PAPER AND CARDBOARD	2500 kg.	4240 kg.	13000 kg.
GLASS	7000 kg.	11650 kg.	27650 kg.
OIL	820 L.	1150 L.	3080 L.
ORGANIC WASTE	7100 kg.	11100 kg.	22200 kg.

2.5.2. Management of significant waste-related impacts

The growing amount of waste generated as a result of human activity constitutes a serious social, economic and environmental problem, and is becoming an issue on the agenda of institutions and organisations, requiring the implementation of intervention, information and management policies.

Failure to adequately manage this waste, mainly municipal solid waste, has significant environmental impacts such as soil, water and air pollution, overexploitation of natural resources, deterioration of the landscape, land occupation, offensive odours and increased risk of fires, in addition to putting human health at risk.

Tourism is directly affected by and is also a cause of this problem. The waste generated as a result of tourism activities increases exponentially during peak seasons and affects coastal areas to a greater extent, with tourism being responsible for the production of 35 million tonnes of solid waste per year, mainly plastics.



In accordance with EU and state regulations, and in working towards a more resilient tourism model, at ADH Hotels & Resorts we are aware of the significant impact of the waste generated by our activity and, therefore, consider it essential to adopt responsible waste management practices, based on an optimal recycling policy and the principles of circular economy, thus extending the useful life of our material goods.

At ADH Hotels & Resorts we are aware of the significant impacts caused as a result of the waste generated not only from our own activities, but also that generated from upstream and downstream activities in our value chain.

To prevent and reduce the significant impact that our waste may have on the environment, we have had a recycling policy in place since 2017, which includes correctly separating waste at the source, with the aim of increasing the portion allocated for recovery, with the collaboration of all our staff as an essential part of this policy. The waste that we are able to separate at our facilities is mainly paper and cardboard, glass, packaging, organic material and oil.

Since 2021 we have implemented circular economy criteria in line with European policies and initiatives to prevent waste generation and manage the significant impacts caused.

2.5.3. Waste diverted from disposal

As the amount of waste generated has increased year by year, our capacity for recycling and re-sorting has also grown exponentially. The amounts generated to date have exceeded the figures for pre-COVID years.

The approach used is to separate and organise the waste at the source, with most of our waste similar to domestic waste, while we use control systems in accordance with current regulations for more complex waste.



2.6. ENVIRONMENTAL COMPLIANCE

2.6.1. Non-compliance with regulations

ADH Hotels & Resorts complies with the legal requirements applicable to our centres in accordance with EU, national, regional and local regulations at all times. All requirements are updated and communicated. ADH Hotels & Resorts did not receive any fines or penalties for failing to comply with environmental laws or regulations in 2022.

2.7. SUPPLIER ENVIRONMENTAL ASSESSMENT

2.7.1. New suppliers that were screened using environmental criteria

Our business model is set up so that sustainability is a key lever to drive transformation in the supply chain, including social, environmental and good governance criteria in the selection and assessment of all our suppliers, whereby we are committed to integrated management to contribute to developing a more responsible business model.

Suppliers are selected based on technical, economic and sustainability criteria, through a rigorous and transparent process that ensures optimal selection of suppliers in accordance with our principles, values and public commitments.



03. SOCIAL DIMENSION



3.1. EMPLOYEE

3.1.1. New employee hires and employee turnover

For many years tourism has been the sector that contributes the most wealth to the Spanish economy, and the most important industry in the country in terms of contribution to GDP and employment, accounting for 14.6% of the national GDP in 2019 and generating 2.8 million jobs related to the industry.

The hotel sector, like many others, was hit hard by the global crisis caused by the COVID-19 pandemic over the past two years, causing countless closures and, therefore, the loss of thousands of jobs.



After entering the new normal in 2021, at ADH Hotels & Resorts we were committed to recovering the employment lost by analysing each establishment and the local situation, prioritising the reincorporation of our employees that were subject to a temporary collective redundancy procedure or reduced working hours, and incorporating new contracts based on growing demand in the various departments.

The aim is to achieve optimal levels of staff turnover, increase permanent contracts and offer secure, quality work.

In our efforts to recover the employment lost during the years of the pandemic by prioritising the reincorporation of our employees, and hiring new staff to cover the growing demand of this past year, at ADH Hotels & Resorts we are managing our human capital in line with our commitment to offer quality employment, which allows us to achieve optimal levels of staff turnover and increase the number of permanent contracts.

We analyse the demand of our establishments and the local situation on a regular basis, which allows us to understand the needs and become aware of any incidents involving our human team so that we can effectively put forward solutions.

Along these lines we have implemented a job performance assessment to identify our employees' competencies and opportunities for improvement.

We also measure, through ongoing dialogue with the heads of the various departments, the satisfaction of our employees, the atmosphere, the workload and other aspects that are relevant to properly perform their duties, the continuity of the team and to hiring new employees, which translates into the smooth functioning of the organisation.

3.1.2. Benefits provided to full-time employees that are not provided to temporary or part-time employees

The organisation's human capital represents a competitive advantage in the form of added value, and is a key factor in differentiating a company from its competitors. This means that managing this human capital has become a priority for organisations, developing the competencies of employees to make them feel that they are part of the corporate project and a vital asset within the organisation.

At ADH Hotels & Resorts we believe that our most valuable capital is our human capital, especially in a sector where customer experience is a priority. We are therefore convinced that our employees need to be given employee benefits and rights to ensure their satisfaction and good job performance.

In this case, we focus on full-time employees, to whom we want to offer a stable and quality job in a safe environment and in accordance with their specific needs.

When ADH Hotels & Resorts refers to significant locations of operation, it refers to the geographical locations where the various establishments carrying out activities related to the organisation are located.

3.1.3. Parental leave

Both female and male employees are entitled to parental leave, of equal duration for both parents, in the event of the birth or adoption of a child, regardless of their type of contract and without altering their working conditions.

At ADH Hotels & Resorts we comply with the current law in the country where our establishments are located as regards parental leave and effective equality between men and women, which in Spain is a period of 16 weeks for both parents. (Spanish Organic Law 3/2007, of 22 March, for the effective equality of men and women [*Ley Orgánica 3/2007 para la igualdad efectiva de mujeres y hombres*])

Furthermore, at ADH Hotels & Resorts we are committed to being able to ensure the work-life balance of our employees, and are available to handle any personal needs that each employee may have.





In line with compliance with the current law in the country regarding parental leave, at ADH Hotels & Resorts we ensure that our employees have, along with other assistance, the right to request a reduction in their working hours, with a proportional reduction in their salary, to care for minors, whereby they may decide on whether it needs to be extended and the duration.

Following the reform of the workers' statute in 2019, we implemented breastfeeding leave at our organisation, which can be taken by both parents and allows the employee to be absent from work, with no reduction in salary, to breastfeed a newborn baby up to nine months of age, after giving prior notice and justification.

While complying with the law and regulations, at ADH Hotels & Resorts we are open to learning about the personal situation of each of our employees and are available to handle their needs.

Since 2022 we have offered employees the possibility of working remotely when their duties do not require them to be present in person, so as to facilitate their return to work after leave and to ensure their work-life balance.

3.2. LABOUR-MANAGEMENT RELATIONS

3.2.1. Minimum notice periods regarding operational changes



In a rapidly changing global market, operational changes within companies or organisations are constant and unavoidable to continue to be competitive in the sector, and most of them directly affect their employees.

In relation to the operational changes carried out at ADH Hotels & Resorts, we understand that our employees have the right to be informed at all times of any changes within a specific time period. Therefore, we comply with the minimum periods stipulated in the collective labour agreements applicable to our activity and, if there are no such agreements, with the period set out by the current law in the country where our establishments are located.

At ADH Hotels & Resorts we believe that good communication and an effective strategy are important when it comes to making any operational change in our organisation.

We therefore have effective advisors and communication mechanisms in place to provide our employees with information within the periods set by law and as far in advance as possible.

3.3. OCCUPATIONAL HEALTH AND SAFETY

3.3.1. Occupational health and safety management system



The law on occupational risk prevention sets out how a company must carry out its preventive actions, which must be planned from the start of its activity, with its measures organised into a consistent and comprehensive set and in line with both technical and scientific developments and new emerging risks, which is what happened at the beginning of the COVID-19 pandemic.



This entails a series of obligations on the part of the company, with the aim of preventing injuries and/or illnesses caused by the material, environmental and organisational conditions in which its activities are carried out. As a result, this fosters the protection, health and well-being of employees. All of this is included in the company's mandatory Prevention Plan, which forms part of the Occupational Health and Safety Management System (OHSMS).

At ADH Hotels & Resorts, one of our priorities is the health and safety of our employees, reducing occupational risks to a minimum and creating a safe working environment.

Therefore, and ensuring compliance with the applicable regulatory and contractual requirements, we have an Occupational Health and Safety Management System that systematises our occupational health and safety actions, optimises the use of material and human resources, and is based on continuous improvement.

To prevent risks and guarantee suitable levels of health and safety at ADH Hotels & Resorts, and to ensure that current regulations in this area are properly applied, we have established an Occupational Risk Prevention Plan as part of our Occupational Health and Safety Management System.

This Occupational Risk Prevention Plan, which organises all our actions in this area and is based on continuously improving our actions, aims to anticipate, recognise, assess and control all risks that may affect the integrity of our employees at their work.

We therefore ensure that the measures taken are effectively implemented and involve our employees in the Plan, improving their working conditions and the work environment.

This plan implemented at ADH Hotels & Resorts includes specific actions such as OHS training activities to prevent risks and ensure healthy behaviour, and preventive first aid courses.

To ensure the health of our employees, we offer regular medical check-ups and disseminate and implement the Health and Safety policy among our employees.



In order for ADH Hotels & Resorts to comply with regulations and implement an Occupational Health and Safety Management System in accordance with the regulations contained in the Occupational Risk Prevention Act [*Ley de Prevención de Riesgos Laborales*] (Spanish Law 31/1995, of 8 November) and the Prevention Services Regulations (Royal Decree 39/1997, of 17 January), a search and analysis of current law was carried out to identify the legal requirements that we must comply with, which are listed below:

• **Prevention Plan, which includes:**



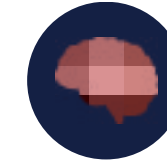
Occupational Risk Assessment



Lighting Assessment



Ergonomic Study



Psychosocial Study



Staff Training (P&R, First Aid, Defibrillator)



Planning of Preventive Actions



Monitoring and Analysis of Accidents



Prevention Plan



Annual Medical Examination

All ADH Hotels & Resorts employees at all centres are covered by occupational health and safety management systems in accordance with current law.

3.3.2. Hazard identification, risk assessment and incident investigation

To identify hazards and assess risks in conducting our business activities, our Safety Committee holds regular meetings at which deficiencies and hazards are identified and corrective actions are put in place.

At ADH Hotels & Resorts we encourage our professionals to communicate any new hazards and dangerous situations that they notice, either through their direct superior or a member of the Safety Committee, or through the regular *Let's Talk* meetings held by management of the centres with the core staff where, in addition to other issues, they can comment on health and safety matters, which are then processed by the Safety Committee.

3.3.3. Occupational health services

Our Safety Committee is made up of professionals trained in occupational risk prevention, with the aim of guaranteeing its quality and competence in decision-making. To guarantee the quality of these services, we have engaged external auditors who verify on an annual basis that the area is functioning properly.

In order for our employees to access these services and find them useful, we also have various action protocols, so that we know how to respond to their needs in the best possible way in the event that they report a problem.



3.3.4. Worker participation, consultation, and communication on occupational health and safety

At ADH Hotels & Resorts we understand that, in order for them to perform their duties properly, we have to offer all our employees a safe and healthy working environment, which not only involves compliance with applicable regulations, but also implementing our own initiatives that allow us to ensure risk control, the effectiveness of our prevention measures and the detection of deficiencies in facilities and processes.

We therefore consider it important to implement a preventive and participatory policy that allows our teams to consult and participate in matters that affect their health and safety in the job position they hold.

We are therefore able to identify different opportunities for improvement and incidents, in addition to ensuring efficient management of our occupational risk prevention policy.



In order for our employees to effectively participate in the occupational risk prevention policy of ADH Hotels & Resorts, and in those plans and measures that directly affect their health and safety when performing their work, we have established a channel for dialogue where they can express themselves and participate in the consultations that we carry out on a regular basis.

To ensure better communication, the employees themselves can pass on the various queries and proposals to the organisation and/or to the occupational health and safety committees set up for this purpose. This body is also responsible for distributing all information and protocols regarding health and safety.

In addition, we have an occupational risk prevention technician that employees can notify to resolve any incident or submit any query about the different measures implemented at ADH Hotels & Resorts.

ADH Hotels & Resorts has a *Let's Talk* programme, which consists of regular meetings with the core staff so they can submit their queries and proposals to the Safety Committee at certain work centres, thus giving visibility to all employees.

We have therefore been able to continuously improve our occupational risk prevention policy and management, ensuring a safer and healthier work environment for our employees thanks, to a large extent, to them.

Our employees are involved in occupational health and safety as a result of the following rights and obligations with the organisation regarding safety, as indicated by the Ministry of Labour and Social Economy.

RIGHTS

Be informed directly.

Receive sufficient and appropriate theoretical and practical information from the Safety Committee.

Stop work and, if necessary, leave the workplace in the event of a serious and imminent risk to their life or health.

Regular monitoring of the state of health, depending on the risks inherent to the job.

Have specific protection measures in place for each operation.

Be consulted by those in charge and participate in all matters affecting occupational health and safety.

OBLIGATIONS

Properly use the machines, tools, hazardous substances, equipment and any work medium.

Correctly use the means and protective equipment provided by ADH Hotels & Resorts in accordance with their instructions.

Correctly use the safety devices.

Immediately report any situation that, in their opinion, poses a risk to the health and safety of employees.

Contribute to fulfilling the obligations established.

Cooperate with ADH Hotels & Resorts to ensure safe working conditions that do not pose any risk to the health and safety of employees.

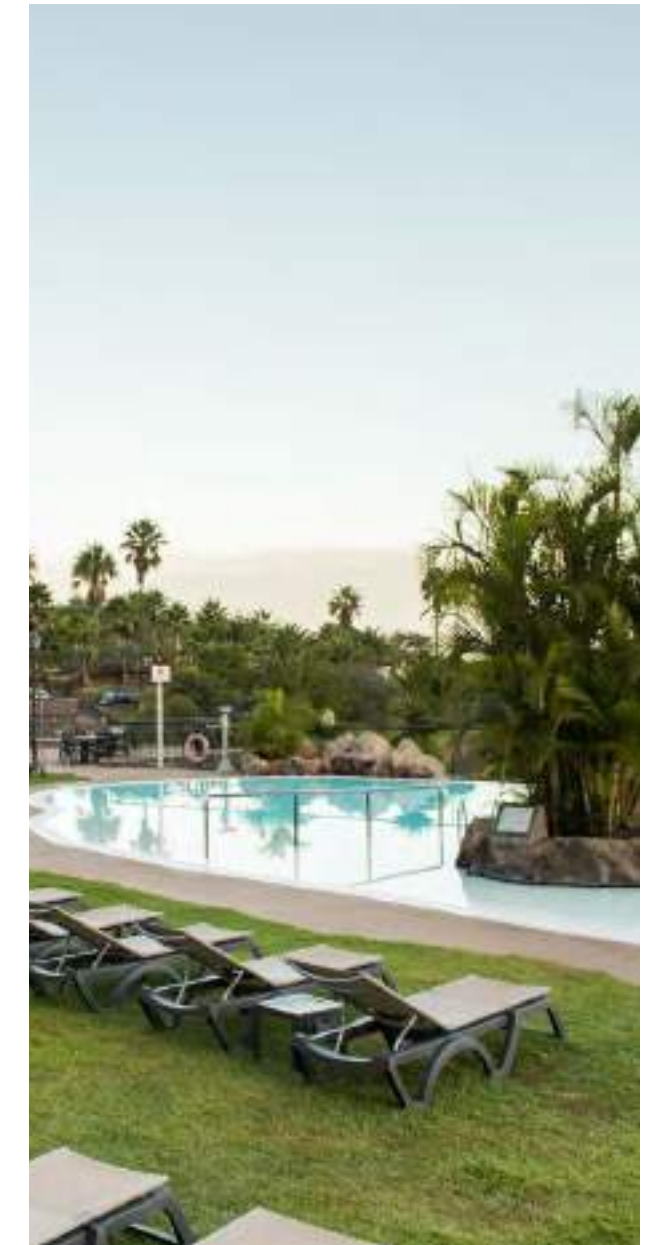
At ADH Hotels & Resorts we have Health and Safety Committees made up of various professionals with the necessary skills, who are advised by external collaborators in the field of health and occupational risk prevention, with the aim of conducting periodic reviews and guaranteeing the working conditions of all our employees.

Their responsibilities are mainly based on ensuring that the objectives set in their area of risk prevention management are met, so that employees are not put in danger in the course of their work.

This Committee holds monthly meetings, in which each of its members plays a key role.

In turn, the Committee includes a workers' representative, who informs those responsible for the area of the queries submitted and the incidents and deficiencies detected by their colleagues to keep them up to date and try to resolve these matters.

Regular meetings are held with our core staff through the Let's Talk programme so they can communicate their concerns and proposals also in this area.



3.3.5. Worker training on occupational health and safety

At ADH Hotels & Resorts we are committed to the professional development of all our employees, with training playing a fundamental role.

Just as we provide training in other areas of their work, we consider it important to provide occupational health and safety training, so as to ensure an increasingly safe and healthy environment for everyone.

It is worth noting the importance of this type of training during the COVID-19 pandemic, when our employees were able to carry out their work safely in compliance with all established protocols as a result of the courses held on a regular basis, in which information was updated and new safety and prevention measures were implemented.

Therefore, we consider it important to have an occupational risk training catalogue that, in addition to complying with the legal requirements established in the country where our hotels are located, includes those that we consider relevant and that our employees themselves request through our consultation and participation channels.

This catalogue includes both mandatory and voluntary courses for employees that can be taken online or in person at our facilities and that cover general and specific aspects depending on the department and position held.

At ADH Hotels & Resorts we provide all our employees with the training courses we consider relevant in terms of health and occupational risk prevention so that they can carry out their work in a safe and healthy manner.

Our catalogue of courses includes those specified by current law in this area, which are held online and/or in person at our facilities, and are mandatory for all employees.

In addition, we have specific courses depending on the department and job position of each of our employees, some of which are considered mandatory, while others are voluntary and are taken into account in the annual performance evaluation.

ADH Hotels & Resorts provides our employees with the necessary training courses on health and occupational risk prevention, which are free of charge, mandatory and specific to each job position, depending on characteristics of the position.

- ✓ **Occupational risk prevention course**
- ✓ **First aid course**
- ✓ **Course on using a defibrillator**
- ✓ **Food handler course**
- ✓ **Fire prevention course**



3.3.6. Promotion of worker health

In the event of a non-occupational accident, ADH Hotels & Resorts will refer the employee to the public health services to handle their specific needs arising from the accident itself.

3.3.7. Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

At our company we ensure strict compliance with the specific regulations implemented regarding occupational health and safety. Therefore, we have developed sanctioning mechanisms in the event of non-compliance, imposing fines and taking employment actions against those who do not properly comply with these regulations.

3.3.9. Work-related injuries

At ADH Hotels & Resorts, and in accordance with the relevant laws, we consider a work-related injury to be that established in section 156 of the General Law on Social Security (Ley General de la Seguridad Social), where it is described as any bodily injury suffered by the worker during or as a result of work carried out for others, with the following considered work-related accidents:

- 01 Those suffered by the worker when going to or returning from the workplace.
- 02 Those suffered by the worker during or as a result of the tasks performed on the employer's orders or in the interest of the smooth functioning of the company.
- 03 Those occurring in acts of rescue and others of a similar nature, when they are connected to the work.
- 04 Any illnesses not included in section 157 and contracted by the worker in connection with performing the work, as long as there is proof that the illness was caused exclusively by performing the work.
- 05 Illnesses or injuries that were previously suffered by the worker and that are aggravated as a result of a work-related injury.
- 06 The consequences of the accident where the nature, duration, severity or termination of the injury are affected by inter-current diseases, which constitute complications arising from the pathological process caused by the accident or that arise from conditions caused by the new environment in which the patient has been placed for recovery.

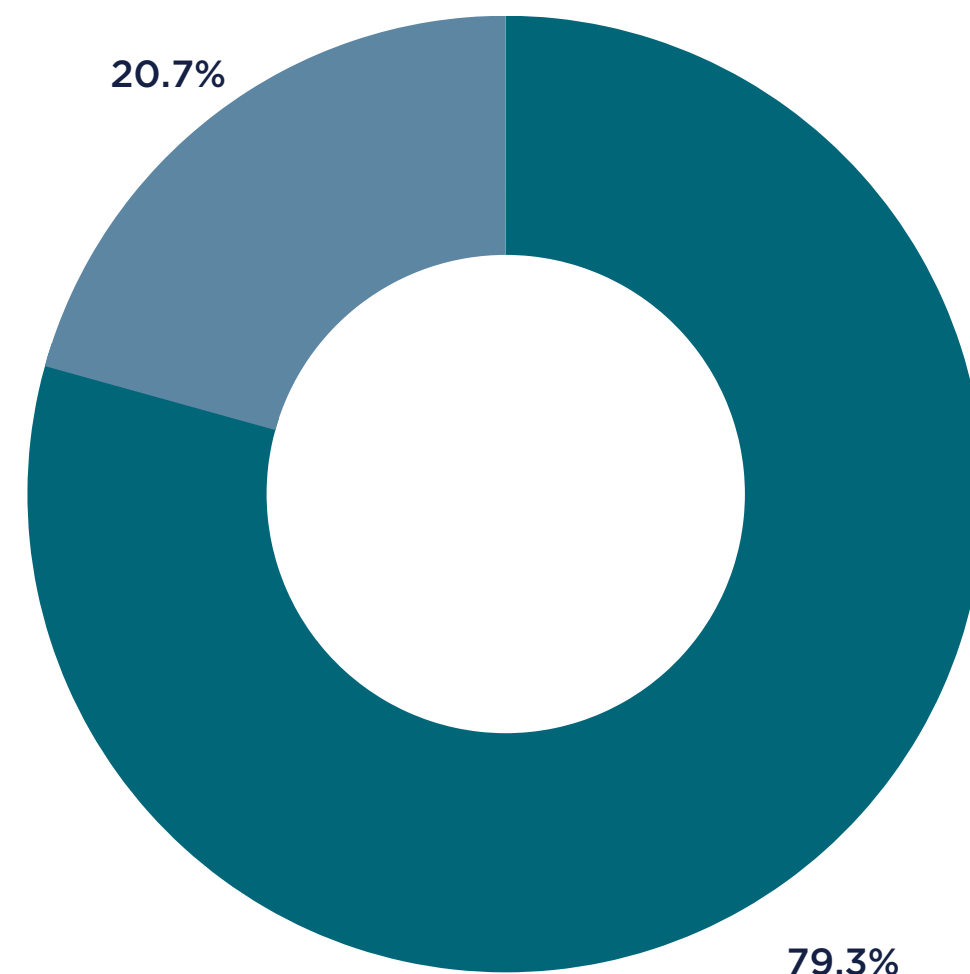
ADH Hotels & Resorts considers reducing these types of work-related injuries to be a priority, and strictly complies with the legal, regulatory and contractual requirements applicable to the company, implementing a system for controlling and recording these types of situations and actions.

To minimise the health and safety risks to our employees, and thus prevent the possibility of work-related injuries, at ADH Hotels & Resorts, in addition to complying with legal requirements and as part of our occupational risk prevention policy, we carry out regular assessments to identify key points and possible causes of these situations.

All our establishments have procedures in place for identifying hazards, and for assessing and controlling any risks that may arise and possible preventive actions, and protocols for accidents and emergencies, which allow us to respond quickly and effectively to this type of situation.

We also offer personalised follow-up for those employees who are involved in an altercation that may or could cause a work-related accident, not only to ensure a speedy recovery, but also to find out the origin of the problem and search for effective solutions.

To facilitate the work of those responsible for this matter, we keep a record of and closely monitor any work-related accidents that take place at our facilities, their causes and consequences, and the measures taken to prevent them in the future.



- Accidents at work
- Paternity leave

With the aim of mitigating as much as possible the risks associated with the work carried out by our employees at ADH Hotels & Resorts, the Health and Safety Committee ensures compliance with applicable regulations and the safety of our employees, holding regular meetings to keep them informed of the possible risks to which they may be exposed when carrying out their work with the main aim of avoiding possible work-related accidents in the future.

3.4. TRAINING AND EDUCATION

3.4.1. Average hours of training per year per employee

In recent years, and even more so as a result of the health crisis caused by COVID-19, there has been an increase in competition between organisations in the hotel sector, based on human contact and customer experience, so training and development of employees to meet the current needs is essential.

The career development of all our employees is a priority for ADH Hotels & Resorts, as it allows them to give the best of themselves and ensures that the customer receives the best possible service and experience, thus maintaining our standards of quality and competitiveness at the desired level.

Along these same lines, our team's training is managed based on knowing and understanding the needs of the public to whom we offer our services and, from there, creating a programme of courses aimed at professional retraining, reinforcing knowledge and acquiring new skills both for specific positions and for the entire organisation.

Likewise, the employees themselves can submit suggestions to ADH Hotels & Resorts through the channels provided for this purpose for specific training that they consider relevant for carrying out their work.



At ADH Hotels & Resorts we consider the professional development of our employees as the way forward to offer our customers the best possible experience during their stay.

Along these same lines, we are committed to our human capital and view training as the most effective strategy to achieve our objectives regarding quality and competitiveness. We have therefore established a training programme that includes internal and external courses aimed at retraining, reinforcing knowledge and acquiring new skills.

This programme allows the team in charge to establish a series of updated courses each year based on the needs detected by those responsible for the various departments and any new developments in the regulations applicable to the sector. These courses may be mandatory or voluntary, and are taken into account in the performance evaluation carried out each year.

3.4.2. Programmes to improve employee skills and transition assistance programmes

Identifying and developing the talent of our human capital from the moment they join the organisation is a priority for ADH Hotels & Resorts, since their professional development is our way of achieving our goal of providing the best customer experience and maintaining our standards of quality and competitiveness.



At ADH Hotels & Resorts our employees are offered and participated in English improvement and beginner courses.

In addition, we encourage the personal and professional development of all our employees, offering them the opportunity to participate in different professional fields, to improve their cross-disciplinary competencies, to foster internal growth, to implement learning and training programmes, and to support them in doing their best work every day. This is how we plan to achieve the goals and objectives set by the organisation, with the aim of building confidence and obtaining new competencies.

3.5. DIVERSITY OF BODIES AND EMPLOYEES

3.3.1. Occupational health and safety management system

In the current scenario of globalisation, listed companies and businesses are almost required to value diversity, as it is a reflection of society, because beyond this connection with diversity, which is even greater in a sector such as the hotel industry, moving towards policies of inclusion means great benefits.

At ADH Hotels & Resorts we understand diversity as a concept that goes beyond gender, nationality, sexual orientation, religion or culture, and that includes other aspects such as generational diversity, diversity of abilities, diversity of thought and diversity of talent.

We therefore see diversity in our governing bodies as a synonym for good management and good governance, and among our employees as a key factor in creating a more forward-looking, innovative, creative and productive team, able to understand our customers' needs and provide them with a better experience.

For ADH Hotels & Resorts diversity is not only a competitive advantage or a key value as an organisation, but also reflects our commitment to a fairer society and a guarantee that all our employees have equal opportunities for growth.



Aware of the importance of having a diverse team both in senior management and in our employees, not as a good practice but as a necessity, at ADH Hotels & Resorts we are committed to a style of management that guarantees an inclusive and rigorous selection process, that has programmes for the inclusion of vulnerable groups and that promotes equal pay and gender equality, complying with equality regulations and the Principle of Transparency in Remuneration.

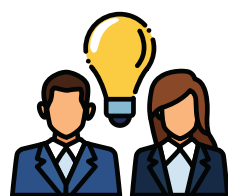
The policies and actions included in our management and related to selection, training and internal promotion processes are based on non-discriminatory criteria that do not take into account aspects such as race, nationality, social origin, age, gender, marital status, sexual orientation, ideology or any other personal, physical or social condition, but rather professional skills and competencies.

This is reinforced by our equality policies and code of conduct, which formalises the commitment of our organisation and employees against discrimination in any form.

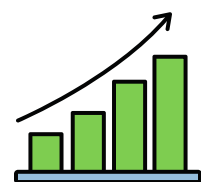


1.5.2. Ratio of basic salary and remuneration of women to men

The gender pay gap is still a persistent and universal problem since, despite the progress made in recent years in this area, in many cases women continue to be paid less than men.



Issues related to equal pay must therefore be included and addressed in gender equality policies and plans at all levels, since gender pay gaps are an important indicator of progress towards gender equality.



The ratio used to measure the pay gap takes into account the income of all women who have worked full-time for one year in a particular job position and the income of all men in the same job position, obtaining an average for each. The difference between these averages is the ratio that gives us the gender pay gap, with the perfect scenario being a ratio of zero.



At ADH Hotels & Resorts, and in accordance with our commitment to offer quality employment based on meritocracy and equality among our employees, we offer fair and equal remuneration based on the job position held and without discrimination based on gender.



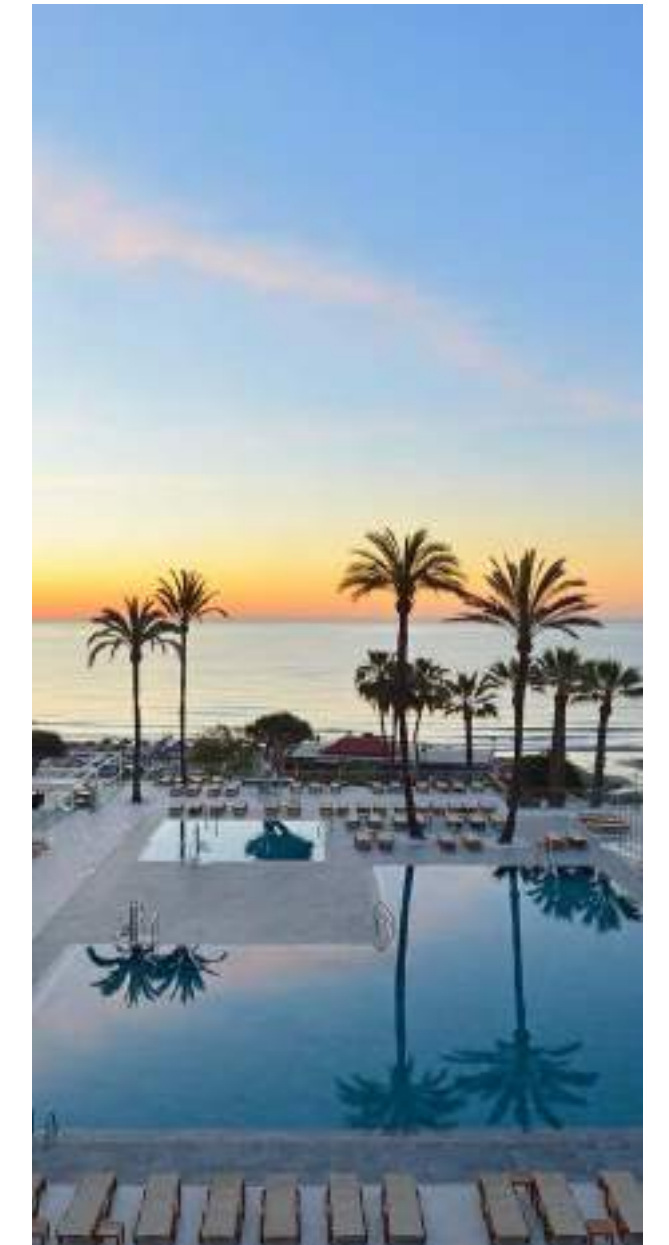
We therefore comply with the current law in the country where our facilities are located, specifically in Spain, which is regulated by Royal Decree 902/2020, of 13 October, on equal pay for men and women. We are therefore able to ensure a zero pay gap for our employees, since fixed remuneration and variable remuneration are established based on the responsibility of the position held, working from a basis of gender equality, equal pay and equal opportunities.

3.6. LOCAL COMMUNITIES

3.6.1. Operations with local community engagement, impact assessments, and development programmes

Tourism has always been considered an activity with a high social component due to its inclusion and impact on the everyday life of the destinations. Taking into consideration the importance of the local community in the hotel and tourism sector, it is clear that a sustainable tourism model must include all parties involved in the activity, maintaining a commitment to local identity, sharing responsibilities and making decisions together. It is not only the environment that makes a destination unique, since its society, culture and traditions are also part of the visitor's experience.

The social impact that tourism has on the local host community is the result of interactions between visitors, destinations and their population without the need for direct contact, as simple coexistence is sufficient. The hotel sector must therefore be part of the socio-economic development of these communities, working together with society.



At ADH Hotels & Resorts we are aware of the impact of tourism activities on the local communities where we operate, and are committed to preserving their cultural and social identity, and establishing a dialogue with the various social agents when taking important decisions. Therefore, we can avoid having a negative impact on the community and enhance the impact of our organisation on society and its development.


Through our commitment to the local community where ADH Hotels & Resorts operates, we seek to establish channels of communication with the various social agents that allow us to take joint decisions regarding our activities. We are therefore able to ensure that our impact on society is positive and generates mutually beneficial socio-economic development.

Along these same lines, we provide our employees with training on social issues with the aim of informing them and raising their awareness of matters that are particularly important to and sensitive for the local environment. In addition, we pass this information on to our customers so that they can be respectful during their stay.

3.7. MARKING AND LABELLING

3.7.1. Requirements for information and labelling

Sustainability is currently one of the main pillars of tourism administration, and plays a key role in the strategies of many companies in the sector that see sustainable tourism, not as a tourism product, but rather as a way of management that should be applied to any type of tourism product and destination.



One of the key components to achieving this tourism model is the tourist, who is increasingly more aware and in search of experiences with minimum impact on the environment and the local community. Organisations in the hotel sector must therefore provide transparent, ongoing communication about their commitment to sustainability, and involve customers in their initiatives and best practices.

At ADH Hotels & Resorts we seek to involve our customers in the sustainable initiatives implemented at our facilities and in our surroundings. We believe that one of the ways in which tourists can be an active part of the sustainable tourism model that we defend is by learning about the sustainability actions carried out at the hotel where they are staying.

Therefore, we make public the sustainability seals and certificates that we obtain and renew, offering customers the information they need under our principle of transparency.

In line with our policy of transparency and our commitment to achieving a sustainable tourism model, at ADH Hotels & Resorts we seek to involve our customers in our sustainability actions.

We have a communication mechanism that allows our customers to be aware of all the initiatives implemented by our organisation and the certificates obtained thanks to the actions carried out and efficient management.

Therefore, they are able to learn more about our commitments and their participation in a respectful and sustainable tourism model, providing them with all the information through our website and the various communication channels to which they have access.

3.8. CUSTOMER PRIVACY

3.8.1. Substantiated complaints concerning breaches of customer privacy and losses of customer data

Data protection aims to protect the privacy and other fundamental rights of individuals against the risk of indiscriminate collection and use of personal and private data.

In a sector as busy as the hotel industry, the amount of customer information and personal data collected through communication channels, reservation management and contracting services requires a system of control and internal regulatory compliance that guarantees the protection of these data and their privacy, and, of course, complies with applicable regulations.

In compliance with the regulations and considering the customer's experience as a critical factor to ensure their satisfaction during their stay at ADH Hotels & Resorts, we are committed to protecting the personal information provided by our customers and guaranteeing its integrity, security and confidentiality.

We also search for and detect any possible incidents in an efficient manner so as to bring them to the attention of the appropriate authorities and thus minimise the impact and the loss or deterioration of information.



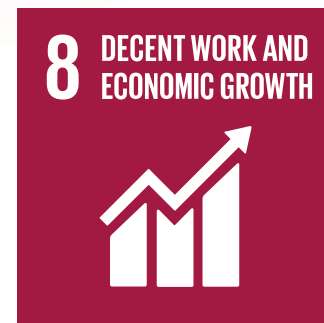
Aware of the importance of data protection and the privacy of our customers, we carry out effective information management, and include this commitment and compliance with current law in our code of ethics.

At ADH Hotels & Resorts we have an Information Privacy Policy, which establishes a protection framework based on good practices, and a Privacy Standard that sets out the steps to be followed when processing and using our customers' personal data, and defines the responsibilities of the employees who have access to them.

We have also implemented a procedure for reporting and recording incidents together with a whistleblowing channel that allows our customers to expose possible violations of their privacy, and through which ADH Hotels & Resorts responds by providing an immediate solution and leaving a written record of the process for assessing the information compromised and how the situation was rectified.

By updating and managing our incident and complaint information, in 2022 we did not record any complaints regarding violations of our customers' privacy or the loss of their data.

04. ECONOMIC DIMENSION



4.1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic performance of an organisation is essential to understanding its management and the fundamentals of its sustainability, but it includes not only data on its financial position, but also its participation in the sustainability of the economic system in which it is embedded and the generation of significant externalities that affect its stakeholders.

Data on the creation and distribution of economic value provide basic information on how the organisation creates wealth for its stakeholders. In particular, the economic value generated and distributed provides a profile of the organisation that is useful for the organisation when standardising other performance figures.

At ADH Hotels & Resorts we are aware of the significant contribution of tourism to the economic and social development of the destinations, and are committed to ensuring that the distribution of the value generated for our stakeholders is appropriately complemented with solidarity actions to support the sectors of society most affected by the COVID-19 pandemic and by other factors.





Tourism activity, and therefore hotel activity, generates significant revenue for institutions, companies and host communities, and is a key factor for sustainable development and growth.

At ADH Hotels & Resorts we collect and manage information on the creation and distribution of our economic value generated through the comprehensive monitoring of revenue, operating costs, employee wages and benefits, payments to capital providers, payments to government, and investments in our host community.

Along these lines, we make the appropriate declarations to the Ministry of Finance and Social Security based on scheduled audits for controlling the accounting information and the economic value generated and distributed once the financial year has ended.

We also obtain the economic profile of ADH Hotels & Resorts and the added value that our activities bring both to the local economy of our destinations and to our value chain.

The accounts and tax operations of ADH Hotels & Resorts are reviewed by our accountants and financial auditors at the end of the financial year to verify the information and avoid any errors or tax loopholes, and the corresponding declarations are made to the Ministry of Finance and Social Security.

The direct economic value generated in 2022 from our net sales and financial investments amounts to revenue of EUR 29,297,060.24.

The economic value distributed is broken down as follows:

- ✓ Operating expenses or operational costs amounted to EUR 34,549,579.97.*
- ✓ Employee salaries and benefits amounted to EUR 8,520,838.00.*
- ✓ Payments to capital providers amounted to EUR 31,429,321.00.*
- ✓ Payments to governments was 0 in Spain (add the organisation's countries of operation).*
- ✓ Investments in the host communities amounted to EUR 31,429,321.00.

The economic value retained, which is the difference between the economic value generated and the economic value distributed by ADH Hotels & Resorts, amounts to EUR -13,591,571.05.

* Financial data currently being audited.

4.1.1. Financial implications and other risks and opportunities for the organisation's activities due to climate change

Tourism and tourism-related activities are both responsible for and vulnerable to climate change, which is not only a challenge for the sector, but also a current and ongoing issue for institutions globally.

Climate change mainly affects environments in coastal areas and islands, and poses a risk to the development of local communities and tourism activity, affecting not only economic aspects, among many others of relevance, but also legislation and regulations that require continuous adaptation and implementation.

The search for global and sustainable long-term alternatives is and will be a priority, reinforcing the fact that it presents opportunities in the development of fields such as sustainability, biosafety and investment in climate change mitigation and adaptation, transforming the current model into a more responsible and conscientious one.

At ADH Hotels & Resorts we consider climate action to be a strategic value and a practice of good governance for our organisation, and are moving forward with our sustainability strategy, which includes actions and initiatives for mitigating and adapting to climate change in the sector.

Following the path set by the Sustainable Development Goals (SDGs) of the UN 2030 Agenda, the fight against climate change is a fundamental pillar for the preservation of our destinations and the well-being of their local community and, therefore, of our own community.

Given that the fight against climate change is one of the main lines of action for ADH Hotels & Resorts and one of the main challenges to be faced, the main risks and opportunities that the organisation could face due to the effects of this problem have been identified.

The risks are classified as follows:

- ➔ physical risks, which include those arising from the direct effects of the climate;
- ➔ transition risks, which relate to the continued regulation of activities that contribute to climate change;
- ➔ other risks, which encompass other risks considered by the organisation.



This work of identifying, monitoring and controlling these risks allows us to analyse the consequences that climate change has on ADH Hotels & Resorts and its business, which affect its value chain and the local community, and to be able to implement the appropriate measures and actions with the aim of curbing these consequences and to take advantage of the opportunities that arise, both mitigating and adapting to climate change.

In our work to analyse, identify, manage and quantify the risks and opportunities resulting from climate change, we keep a record of these risks and opportunities with the aim of focusing our business strategies on climate change mitigation and adaptation.



RISKS

Reduction or disappearance of tourist attractions: beaches, native animal and plant species, unattractive climate for tourism (exacerbated differences between maximum and minimum temperatures).

Previously uninteresting areas become competitors as a result of having more temperate climate.

Shortages of basic necessities (water and food)

OPPORTUNITIES

Positioning as a quality tourism offer, with higher sale prices.

4.1.2. Coverage of the organisation's defined benefit plan obligations

The various collective bargaining agreements applicable to the staff of the hotels managed, and the collective bargaining agreements for the hotel industry in Malaga and the Balearic Islands, indicate that a certain amount of compensation must be paid when employees no longer provide their services at their workplace, as long as certain conditions regarding minimum length of service and age are met.

The companies pay the amounts owed to employees who no longer provide their services and meet the requirements in the applicable collective agreement based on length of service and age. Each year the companies estimate the present value of this obligation to correctly recognise the amount in the company's financial statements.

4.1.3. Financial assistance received from government

At ADH Hotels & Resorts we apply for the various aid and subsidies granted by the government bodies of the countries where we operate to improve our services and the well-being of our team and customers.

In 2022, the Group did not benefit from reductions in social security contributions as a result of certain employees being subject to temporary collective redundancy procedures due to force majeure.

ADH Hotels & Resorts does not have any public shareholders, as all our investors are private agents.

4.2. PROCUREMENT PRACTICES

1.4.1. Proportion of spending on local suppliers at significant locations of operation

We make a conscious choice to select local suppliers when purchasing different products and services needed by the organisation, so as to boost the local economy, support the community, create employment and commit to sustainable supply chain management.

At ADH Hotels & Resorts we are aware that our business moves the local economy of the destinations where we operate, contributing to local development and to our positive impact on the local community.

Therefore, favouring the contracting of local suppliers that meet the specific needs of our establishments has become common practice and a priority.

Based on the conviction of the importance of our activity to the local economy and the stakeholders identified by ADH Hotels & Resorts, a Purchasing and Contracting Policy has been established with the aim of selecting local suppliers that can partially or fully cover the specific needs of each of our establishments so as to commit to a sustainable supply chain that promotes local development in our destinations.

We do not have systems in place to define the origin of the supplier by province. 90% of suppliers are national suppliers.





4.3. ANTI-CORRUPTION

1.5.2. Communication and training about anti-corruption policies and procedures

As a fundamental pillar of our commitment to compliance with applicable laws and regulations, at ADH Hotels & Resorts we have a Code of Ethics that includes the principles and commitments assumed by the company and establishes the duty to comply with the law and internal rules, mainly those actions that may involve a criminal offence for the organisation in the event of non-compliance.

This responsibility is assumed by the entire team, which has at its disposal the Crime Prevention Plan, the Anti-Corruption Action Plan and guidelines on how to deal with the risk of bribery identified mainly in dealing with third parties.

All employees must read the Code of Ethics and the different plans, and the various training courses and meetings on the subject are mandatory so that they are informed of, understand and apply the principles established when performing their duties

The various corporate policies are currently being developed, presented and implemented.

4.4. STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF CONCERNS RELATED TO TAX

Taxation is the set of state-level rules, laws, regulations and procedures that govern and manage the tax system, and the way in which the organisation carries out its taxation practices directly affects its stakeholders, including its relationship with the tax authorities and the competent authorities.

In accordance with the values and principles of our organisation, and based on transparency, honesty, ethics and integrity, at ADH Hotels & Resorts we have a tax strategy that is in line with our values and meets our objectives of regulatory compliance and responsible tax management in the regions in which we operate, prevention and reduction of tax risks, cooperative relations with the competent authorities, and consideration of the influence of our practices on our stakeholders.

By complying with the tax strategy, we comply with regulations and responsibly manage our taxation, improving relations with our stakeholders on tax matters, including our relationship with the competent tax and fiscal authorities in those jurisdictions where ADH Hotels & Resorts operates.

Along these same lines, we have a follow-up and control mechanism that we use to monitor and pursue this strategy to identify the tax risks related to the organisation's activity and operational processes, especially those involving a greater amount of investment and operations, through periodic audits and always complying with the relevant laws, which are continuously updated. This approach involves an appropriate relationship with the tax authorities, which allows for efficient tax management by ADH Hotels & Resorts.

At ADH Hotels & Resorts we promote a cooperative relationship with the tax authorities and various stakeholders, based on the principles of transparency, honesty, ethics and integrity.

Through our tax strategy we comply with and defend the obligation to respect the public policies implemented by the competent authorities and the continuous updates to these policies.

As part of the continuous dialogue regarding tax matters with our stakeholders identified, we consider and gather all their opinions and concerns so as to maintain a sustainable and beneficial relationship for both parties, always complying with the current law, through the different communication channels provided for this purpose.



GENERAL CONTENT











ADH has presented the information mentioned in this GRI Content Index for the period from 01/01/2022 to 31/12/2022 using the GRI Standards as a reference.

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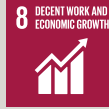


ENVIRONMENTAL DIMENSION

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403-2	3.3.2. Hazard identification, risk assessment and incident investigation	49	ODS 3, 8	 
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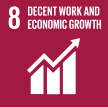
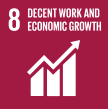






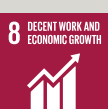

SOCIAL DIMENSION

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