

Sustainability Report

ILUNION Hotels 2023





Bienvenido a un
mundo diferente

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Letter from the Chief Executive Officer

Dear friend,

It is an honour to reach out to you as we wrap up another challenging yet rewarding year with our 2023 Sustainability Report. This document not only summarises our shared achievements but also underscores our strong commitment to a responsible and sustainable future.

2023 has marked significant progress under our 2022-2025 Strategic Plan, aligning every action and decision with our goal of “building a better world with everyone included”. Throughout this year, we’ve seen our objectives expand and strengthen, achieving a 30% economic growth (compared to 2022 EBITDA), surpassing sector averages. We’ve also made notable strides in advancing our social and environmental missions.

I am very proud to note that over 40% of our workforce comprises individuals with disabilities or facing vulnerability, underscoring our dedication to inclusive and equitable opportunities. Moreover, we’ve launched pioneering initiatives such as the BREEAM certification project and our journey towards becoming part of the B-CORP community, setting new sustainability standards in our industry.

Regarding operational excellence, this year we achieved a milestone with the EFQM +600 certification, establishing ourselves as industry leaders. Furthermore, we have bolstered our innovation capabilities through the integration of advanced technologies like artificial intelligence, significantly boosting our competitiveness and efficiency.

We are in an uncertain world, from economic volatility to climate and social challenges, addressing these by taking proactive steps to adapt and respond effectively. Our 2024-2027 Master Plan not only comprehensively tackles these challenges but also positions us to lead the charge towards a more sustainable and ethical tourism sector.

With our sight in the future, ILUNION Hotels is in the pole position for growth and new opportunities. Additionally, by implementing policies and commitments aligned with new



sustainability and human rights regulations, we are positioning the company as a global leader in tourism industry. Our efforts are fully supported by our leadership, who are confident in our ability to boost positive change.

We aspire for ILUNION Hotels to be acknowledged not only as the top organisation in the hotel industry but also as a true pioneer in sustainability. We truly believe it is possible to get benefits while also making a beneficial social and environmental impact, and we aim to inspire a movement for change through our workforce. We are almost 1,700 employees at ILUNION Hotels connected with an daily average of 5,000 clients a remarkable chance to expand our model and shape a more inclusive, sustainable and humane world.

Thank you for your ongoing support and for embracing our commitment. Together, we’re not just looking ahead to the future; we’re actively creating it.

José Ángel Preciados
Chief Executive Officer of ILUNION Hotels

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ILUNION Hotels



Our commitment to sustainable tourism

We are ILUNION Hotels, part of the ILUNION business group and the ONCE Social Group. In 2023, we operated 30 hotels in key urban and holiday destinations across Spain. From the outset, our mission has been clear: to ensure that every individual, regardless of ability, can enjoy the unique experiences offered by our hotels.

We lead as a model of universal accessibility, diversity and social and labour inclusion for people with disabilities in the tourism sector, guided by a steadfast belief in genuine equal opportunities. ILUNION Hotels is the first hotel company to achieve Global Certification in Universal Accessibility (UNE-170001-2) at all our properties, alongside the EFQM 600+ Seal.

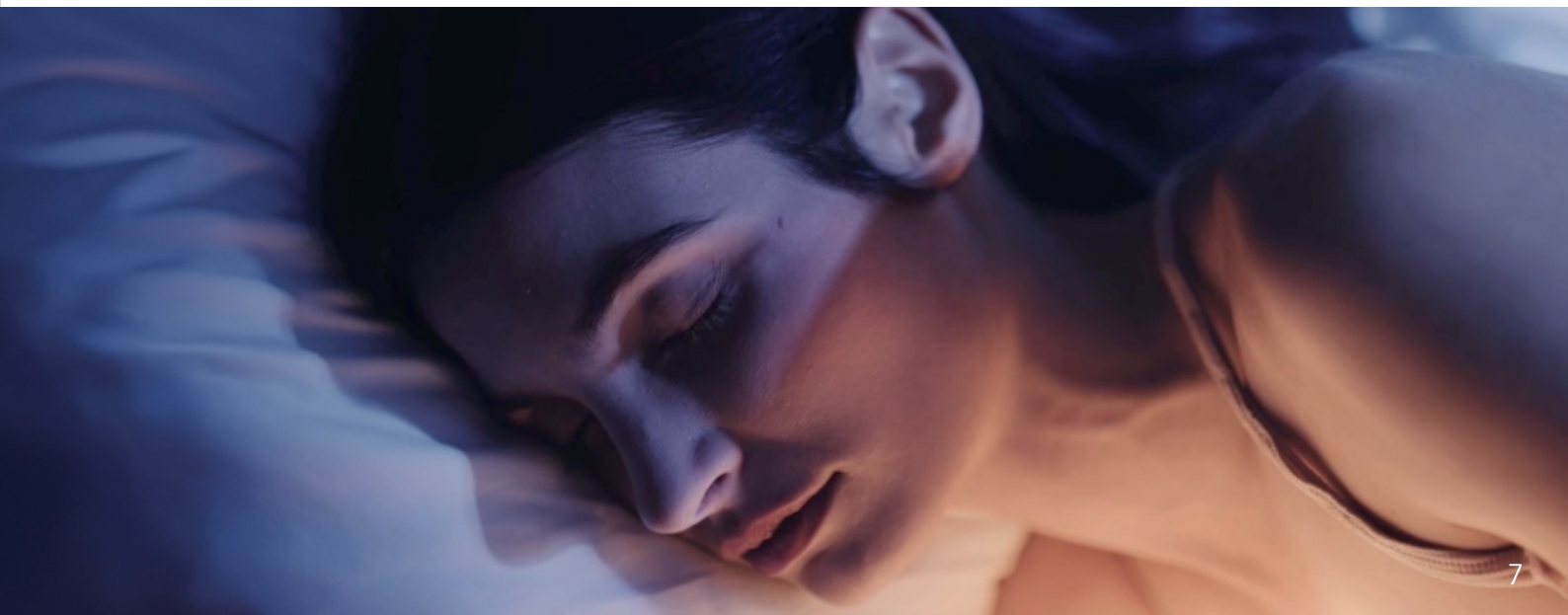
ILUNION Hotels offers guests distinctive experiences, enhanced by a dedicated team of 1,679 professionals, more than 700 of whom have disabilities or belong to groups facing employment challenges, with over 70 % employed in our 14 special employment centres.

We share purpose and values with ILUNION, along with our sustainability strategy, Sustainability Way—the path towards sustainability. Simultaneously, we persist in delivering excellence through our own sustainability strategy for the 2022-2025 period. Beginning with our customers, who are central to our mission, and reaching out to society as a whole, while never overlooking our own team members, who propel our growth as an organisation.

We view sustainability as a **comprehensive and cross-cutting concept** that includes environmental, social, ethical and good governance criteria in corporate strategy. Throughout 2023, we further enhanced sustainability as a strategic value, integrating it as a mindset of change and transformation, as evidenced by the definition of our strategic guidelines.

Due to its sustainability strategy and distinctive business model, ILUNION Hotels has a positive and direct impact on its key stakeholders and society.

A comprehensive and cross-cutting concept that includes environmental, social, ethical and good governance criteria.



Sustainability as a strategic focus

Tourism is the primary driver of our country's economy. With our unique and responsible business model, we not only generate wealth but also demonstrate the feasibility of creating a better world that includes everyone.

Our purpose gives the organisation a transcendent objective to enhance stakeholder value. Furthermore, GSO's values continue to guide our leadership model and corporate culture.

At ILUNION Hotels, we believe in our transformative power. We are a committed and responsible company, aiming for our activities to positively impact the communities where we operate and

inspire our stakeholders. The Sustainable Development Goals (SDGs) proposed by the United Nations General Assembly are integral to our strategy, serving as the framework through which we address the major challenges outlined in the 2030 Agenda.

With a clear purpose of **"building a better world with everyone included"**, ILUNION Hotels aims to achieve this through **three main objectives**:

Being

Responsible and sustainable involves formalising and implementing all environmental, social and good governance commitments of the company to establish ourselves as leaders in the sector and earn recognition and trust from our stakeholders.

Contributing

Value to all stakeholders, generating social and economic values in the communities where ILUNION Hotels operates, and contributing to societal advancement.

Inspiring

A positive social change movement that positions the company's hotels as catalysts of transformation and as bastions of values for both employees and customers.

Our goal is to uphold the highest standards of excellence. We must continue integrating all individuals into our business model, listening to our stakeholders, creating quality employment, retaining talent and minimising our environmental impact. Only then can we expand our offerings to attract more customers and continue growing to foster positive social change.

At ILUNION Hotels, we structure our strategy around the three main dimensions of sustainability, while also considering the company's long-term economic sustainability and innovation as a strategic variable for transformation.

Strategic guidelines

Our strategic management rests on the three pillars of sustainability:



› Environmental

- Preventing, managing and mitigating significant environmental impacts.
- Optimising environmental management.
- Achieving net-zero emissions through decarbonisation efforts.
- Efficient water consumption.
- Developing a circular economy strategy.
- Educating our employees and customers about environmental impact in our hotels and surroundings.



› Social

- Ensuring that our hotels protect the health, well-being and safety of our employees.
- Introducing diversity, inclusion and equity as strategic variables in talent management.
- Promoting universal accessibility.
- Continuous training in sustainability and the SDGs for our employees.
- Supporting suppliers in enhancing their sustainability knowledge and practices.
- Educating customers to foster more sustainable, inclusive and accessible tourism.
- Catalysing positive change and transformation in each community through partnerships.



› Good governance

- Establishing a code of conduct for our hotels.
- Cultivating an ethical culture and humanistic leadership.
- Monitoring the cross-cutting compliance system.
- Formalising the stakeholder relationship model based on dialogue and continuous communication.
- Prioritising ESG criteria in procurement.
- Setting minimum standards of conduct for suppliers.

Organisational structure

Corporate governance establishes relationships among the board of directors, management council, shareholders and other stakeholders, and defines the rules governing decision-making processes to enhance the company's value.

› Board of Directors

The Board of Directors serves as the highest governing body, overseeing the execution of the company's strategy to achieve its objectives, and making decisions on investments, mergers, acquisitions or asset sales.

ILUNION Hotels comprises five commercial companies, fully owned by Grupo ILUNION, S.L.

The Board consists of nine members: a chairman, CEO and seven directors. Female representation is at 33.3%, and persons with disabilities make up 88.8%. In the other companies, governance is structured through two joint directors: Grupo ILUNION, S.L. and ILUNION Hotels, S.A.

Mr Alejandro Oñoro
Chairman

Mr José Ángel Preciados
CEO and Managing Director

**Mr Manuel Andrés
Ramos Vázquez**

**Mr Jesús
Hernández Galán**

**Ms Paola del
Río Cebrián**

**Ms Patricia
Sanz Cameo**

**Mr Eugenio
Prieto Morales**

**Mr Ángel Luís
Gómez Blázquez**

**Ms Imelda Fernández
Rodríguez**

► Management Committee

ILUNION Hotels' management team forms the Management Committee. This body ensures the execution of the business plan by setting strategic guidelines for different corporate units, guided by adherence to the Ethical Code.

The Management Committee includes the chairman, CEO/general manager and heads of

various company departments: human resources, business, finance, marketing and communication, innovation and sustainability and excellence.

The chairman of ILUNION Hotels also serves as CEO and general manager of ILUNION, facilitating information flow and decision-making across the company's governance bodies.



- 1 **Alejandro Oñoro** *Chairman*
- 2 **José Ángel Preciados** *CEO and General Manager*
- 3 **Mercedes Ramos** *Economic Strategy and Financial Planning Management*
- 4 **Carlos Bello** *Innovation Management*
- 5 **Teresa Zamora** *Marketing and Communication Management*
- 6 **Juan José Cestero** *Human Resources Management*
- 7 **Beatriz Miguel** *Business Management*
- 8 **Elena Martín** *Sustainability and Excellence Management*

At the end of 2023, the commercial and operations departments merged to form **Business Management**, overseeing the customer experience from booking to check-out.

Additionally, there is a **Remuneration Committee**, consisting of the chairman, CEO, Director of Human Resources and Director of Business, responsible for proposing and approving salary adjustments within the company, reporting to ILUNION's Remuneration Committee.

Map of our locations



**ILUNION Hotels operates
30 hotels spread across
14 destinations in Spain.**

Key figures 2023

Turnover (net):

€175.4M

EBITDA:

€37.9M

Investments:

€23.5M

No. of hotels:

30

Workforce (average):

1,679

Percentage of social workforce:

42%

Percentage of people with disabilities:

38%

No. of rooms available:

1,664,166

No. of guests:

2,628,469

Occupancy rate:

82%

No. of occupied rooms

1,367,471

GRI (Global Review Index):

86.3/100



Our hotels

› Madrid

ILUNION Alcalá Norte



A hotel located in a business district, situated on one of the city's main thoroughfares. It stands out for its practicality and extensive meeting spaces, including a large outdoor patio.



Urban



Rooms
212



Adapt.
rooms 5



Function
rooms 6



Public
car park



Gym



Restaurant



Outdoor
terrace



- CO₂ emissions/room (scope 1+2): **5.1 kg of CO₂**
- Energy/room: **46.8 kWh**
- Water/room: **222.4 l**
- Recycling rate: **41%**
- Ecostars **"Bronze"**



- Workforce: **66**
- Staff with disabilities: **10%**



- Beneficiaries (social action): **30**
- Stakeholder dialogues: **38**

› Sevilla

ILUNION Alcora



A hotel specially designed for hosting corporate events and meetings. It offers state-of-the-art services and rooms with workspaces, making it the perfect choice for bespoke business trips.



Urban



Rooms
401



Adapt.
rooms 12



Function
rooms 16



Own car
park



Gym



Restaurant



Out. Ter./
pool



- CO₂ emissions/room (scope 1+2): **1.1 kg of CO₂**
- Energy/room: **28.7 kWh**
- Water/room: **425.7 l**
- Recycling rate: **35%**
- Ecostars **"Silver"**



- Workforce: **134**
- Staff with disabilities: **19%**



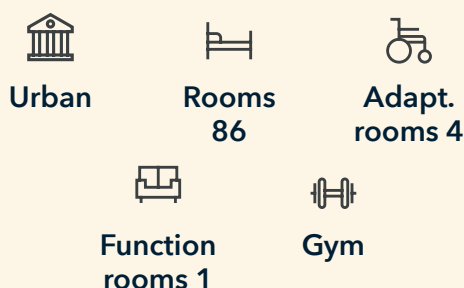
- Beneficiaries (social action): **554**
- Stakeholder dialogues: **46**

› Barcelona

ILUNION Almirante



An ideal location for business and relaxation in the heart of the Gothic Quarter. This hotel offers all amenities and is the perfect choice for exploring the city's daytime and night life.



- CO₂ emissions/room (scope 1+2): **2.4 kg of CO₂**
- Energy/room: **25.3 kWh**
- Water/room: **358.8 l**
- Recycling rate: **99%**
- Ecostars **"Gold"**



- SEC
- Workforce: **28**
- Staff with disabilities: **70%**



- Stakeholder dialogues: **20**

› Valencia

ILUNION Aqua 3



A hotel offering all comforts, located next to a commercial area with direct access to its spa and gym. It boasts spectacular panoramic views of Valencia's City of Arts and Sciences.



- CO₂ emissions/room (scope 1+2): **3.5 kg of CO₂**
- Energy/room: **33.8 kWh**
- Water/room: **311 l**
- Recycling rate: **3%**
- Ecostars **"Certified"**



- Workforce: **53**
- Staff with disabilities: **4%**



Our hotels

› Valencia

ILUNION Aqua 4



A hotel located next to an adjoining shopping area with direct access to the shopping centre and car park. Set in a modern building with incredible panoramic views of Valencia's City of Arts and Sciences.



- CO₂ emissions/room (scope 1+2): **4 kg of CO₂**
- Energy/room: **46.3 kWh**
- Water/room: **311 l**
- Recycling rate: **3%**
- Ecostars **"Bronze"**



- Workforce: **14**
- Staff with disabilities: **19%**



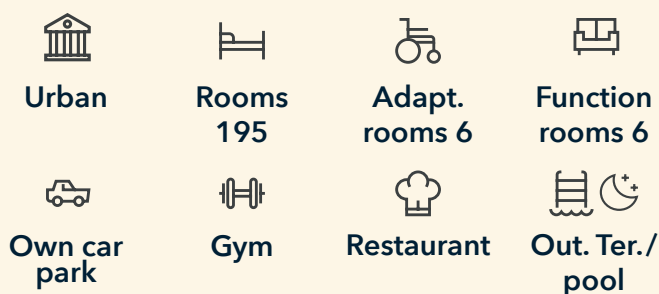
- Beneficiaries (social action): **180**
- Stakeholder dialogues: **18**

› Madrid

ILUNION Atrium



A hotel located in the heart of the business district, with easy access to the airport and the city centre, which stands out for its incredible contemporary design. An extraordinary option for any trip to the capital.



- CO₂ emissions/room (scope 1+2): **5.4 kg of CO₂**
- Energy/room: **48.5 kWh**
- Water/room: **290.8 l**
- Recycling rate: **18%**
- Ecostars **"Bronze"**
- BREEAM (P1: **Very Good** / P2: **Good**)



- SEC
- Workforce: **81**
- Staff with disabilities: **73%**



- Beneficiaries (social action): **101**
- Stakeholder dialogues: **22**

› Barcelona

ILUNION Auditori



An ideal hotel for business and relaxation, featuring a swimming pool and rooftop sun terrace, and close to the main cultural attractions of the city.



Urban



Rooms
108



Adapt.
rooms 5



Function
rooms 3



Own car
park



Gym



Swimming
pool



- CO₂ emissions/room (scope 1+2): **2.3 kg of CO₂**
- Energy/room: **30.6 kWh**
- Water/room: **249.7 l**
- Recycling rate: **88%**
- Ecostars **"Bronze"**



- SEC
- Workforce: **31**
- Staff with disabilities: **72%**



- Stakeholder dialogues: **42**

› Barcelona

ILUNION Barcelona



Contemporary design in the most modern and avant-garde sector of the Catalan capital. Boasts a swimming pool on the roof terrace, from where you can enjoy wonderful views of the city. Offers a wide variety of function rooms to suit almost any type of event.



Urban



Rooms
224



Adapt.
rooms 9



Function
rooms 11



Own car
park



Gym



Restaurant



Swimming
pool



- CO₂ emissions/room (scope 1+2): **2.5 kg of CO₂**
- Energy/room: **32.9 kWh**
- Water/room: **362.1 l**
- Recycling rate: **47%**
- Ecostars **"Silver"**
- BREEAM (P1: **Good** / P2: **Good**)



- SEC
- Workforce: **72**
- Staff with disabilities: **75%**



- Beneficiaries (social action): **3,110**
- Stakeholder dialogues: **52**

Our hotels

› Barcelona

ILUNION Bel Art



The perfect hotel for combining leisure and culture in the city. Unbeatable location in the centre and close to the Sagrada Familia and modernist buildings, with a trendy design. Newly refurbished.



Urban



Rooms
94



Adapt.
rooms 2



Function
rooms 2



Own car
park



Gym



Bicycle
rental



- CO₂ emissions/room (scope 1+2): **1.5 kg of CO₂**
- Energy/room: **26.2 kWh**
- Water/room: **242.3 l**
- Recycling rate: **40%**
- Ecostars **"Gold"**



- SEC
- Workforce: **30**
- Staff with disabilities: **86%**



- Beneficiaries (social action): **2**
- Stakeholder dialogues: **27**

› Vizcaya

ILUNION Bilbao



A hotel located in the city centre, close to museums and landmarks. Its unbeatable location and spacious function rooms make it the ideal choice for leisure and business travel.



Urban



Rooms
176



Adapt.
rooms 4



Function
rooms 8



Own car
park



Gym



Restaurant



- CO₂ emissions/room (scope 1+2): **2.6 kg of CO₂**
- Energy/room: **28.9 kWh**
- Water/room: **207 l**
- Recycling rate: **26%**
- Ecostars **"Bronze"**



- Workforce: **53**
- Staff with disabilities: **17%**



- Beneficiaries (social action): **10,436**
- Stakeholder dialogues: **39**

› Cádiz

ILUNION Calas de Conil



A holiday hotel surrounded by nature on the north coast of Conil. A unique resort in a privileged beachside location.



Holiday



Rooms
295



Adapt.
rooms 4



Function
rooms 4



Own car
park



Gym



Restaurants
2



Out. Ter./
heated
pool



- CO₂ emissions/room (scope 1+2): **3 kg of CO₂**
- Energy/room: **38.5 kWh**
- Water/room: **750.2 l**
- Recycling rate: **8%**
- Ecostars **"Bronze"**



- Workforce: **69**
- Staff with disabilities: **16%**



- Beneficiaries (social action): **190**
- Stakeholder dialogues: **46**

› Girona

ILUNION Caleta Park



An ideal hotel for family holidays, on the beachfront of S'Agaró (Girona). It offers comfortable, spacious and quiet spaces, fully equipped, with a simple and welcoming design.



Holiday



Rooms
90



Adapt.
rooms 2



Function
rooms 1



Own car
park



Outdoor
terrace



Restaurant



Swimming
pool



- CO₂ emissions/room (scope 1+2): **3.4 kg of CO₂**
- Energy/room: **34.6 kWh**
- Water/room: **413.4 l**
- Recycling rate: **40%**
- Ecostars **"Gold"**



- Workforce: **23**
- Staff with disabilities: **7%**



- Stakeholder dialogues: **6**

Our hotels

› Las Palmas

ILUNION Costa Sal Lanzarote



A complex of family-friendly flats, villas and bungalows catering to all tastes and needs. The complex is surrounded by fantastic gardens very close to the beach of Matagorda, on the island of Lanzarote.



- CO₂ emissions/room (scope 1+2): **0.004 kg of CO₂**
- Energy/room: **29.8 kWh**
- Water/room: **657.2 l**
- Recycling rate: **ND**
- Ecostars **"Gold"**



- Workforce: **81**
- Staff with disabilities: **4%**

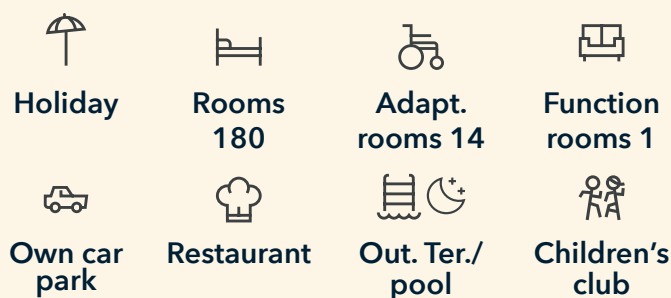


› Málaga

ILUNION Fuengirola



A holiday hotel on the Costa del Sol with all amenities located on the beachfront. It boasts a swimming pool, stunning views and a pleasant climate all year round.



- CO₂ emissions/room (scope 1+2): **2.9 kg of CO₂**
- Energy/room: **37.9 kWh**
- Water/room: **354.3 l**
- Recycling rate: **40%**
- Ecostars **"Bronze"**



- SEC
- Workforce: **74**
- Staff with disabilities: **74%**



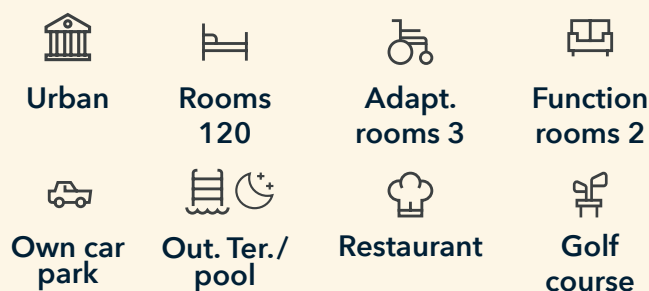
- Beneficiaries (social action): **62**
- Stakeholder dialogues: **59**

› Badajoz

ILUNION Golf Badajoz



Located in the heart of the Extremadura countryside, next to the Guadiana Golf Course, a paradise for all golf lovers.



- CO₂ emissions/room (scope 1+2): **2.1 kg of CO₂**
- Energy/room: **33.5 kWh**
- Water/room: **414.7 l**
- Recycling rate: **36%**
- Ecostars **"Silver"**



- Workforce: **40**
- Staff with disabilities: **13%**



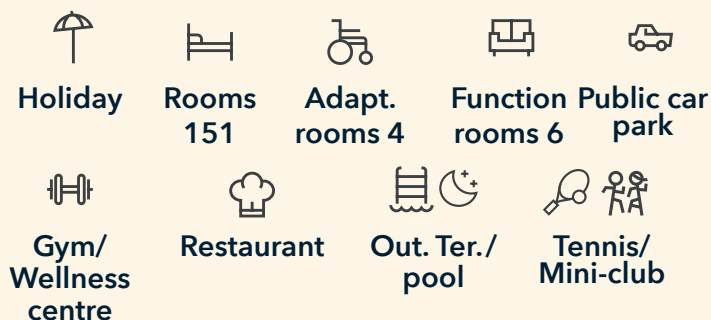
- Beneficiaries (social action): **90**
- Stakeholder dialogues: **14**

› Málaga

ILUNION Hacienda de Mijas



A complex inspired by a large Andalusian farmhouse located on the Costa del Sol. Delivering a wellness experience in the heart of nature with all the comforts. It features a swimming pool and easy access to the beaches.



- CO₂ emissions/room (scope 1+2): **3.2 kg of CO₂**
- Energy/room: **48.4 kWh**
- Water/room: **460.5 l**
- Recycling rate: **21%**
- Ecostars **"Bronze"**



- SEC
- Workforce: **60**
- Staff with disabilities: **75%**



- Beneficiaries (social action): **20**
- Stakeholder dialogues: **50**

Our hotels

› Huelva

ILUNION Islantilla



A newly refurbished beachfront resort, surrounded by nature on the Costa de la Luz.



- CO₂ emissions/room (scope 1+2): **4 kg of CO₂**
- Energy/room: **41.9 kWh**
- Water/room: **608.9 l**
- Recycling rate: **28%**
- Ecostars **"Bronze"**
- BREEAM (P1: Good / P2: Very Good)



- Workforce: **76**
- Staff with disabilities: **6%**



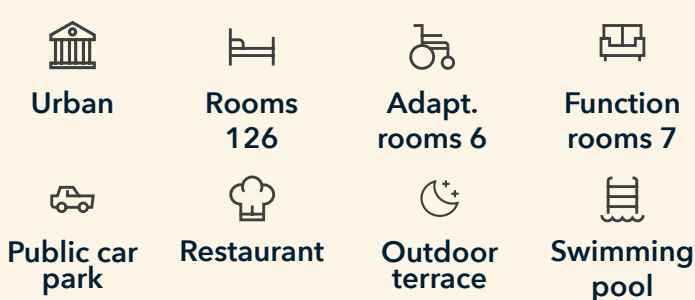
- Beneficiaries (social action): **442**
- Stakeholder dialogues: **37**

› Badajoz

ILUNION Las Lomas



A complete and fun experience at this hotel with a pool set among hills and fountains near Mérida, boasting spacious gardens for guests to relax or enjoy any type of celebration.



- CO₂ emissions/room (scope 1+2): **9.2 kg of CO₂**
- Energy/room: **35.3 kWh**
- Water/room: **395.5 l**
- Ecostars **"Silver"**



- Workforce: **56**
- Staff with disabilities: **3%**



- Stakeholder dialogues: **9**

› Barcelona

ILUNION Les Corts



Perfect hotel for short breaks or business trips, close to the Fira, Sants station and the airport. Set in a quiet environment, 15 minutes from the centre. It offers a wide range of services.

			
Urban	Rooms 213	Adapt. rooms 6	Function rooms 8
			
Own car park	Gym/ Wellness centre	Restaurant	Swimming pool



- CO₂ emissions/room (scope 1+2): **4.5 kg of CO₂**
- Energy/room: **58.8 kWh**
- Water/room: **313.4 l**
- Recycling rate: **67%**
- Ecostars **"Certified"**



- Workforce: **61**
- Staff with disabilities: **5%**



› Málaga

ILUNION Málaga



A 4-star superior-category hotel with spacious and modern function rooms, ideal for hosting a wide range of events. Located next to the AVE train station and close to the beach. Ideal for business stays or for visiting the Costa del Sol.

			
Urban	Rooms 179	Adapt. rooms 4	Function rooms 9
			
Own car park	Out. Ter./ pool	Gym/ Wellness centre	Restaurant



- CO₂ emissions/room (scope 1+2): **3.3 kg of CO₂**
- Energy/room: **43.2 kWh**
- Water/room: **280.5 l**
- Recycling rate: **30%**
- Ecostars **"Bronze"**
- BREEAM (P1: Very Good / P2: Good)



- Workforce: **74**
- Staff with disabilities: **23%**



- Beneficiaries (social action): **124**
- Stakeholder dialogues: **60**

Our hotels

› Balearic Islands

ILUNION Menorca



A complex of apartments situated on the hill leading to Cala Galdana, this family hotel offers all the comforts and services needed.



Holiday



Rooms
123



Adapt.
rooms 4



Own car
park



Out. Ter. /
pool



Restaurant



Padel court/
Children's
club



- CO₂ emissions/room (scope 1+2): **2.4 kg of CO₂**
- Energy/room: **26.4 kWh**
- Water/room: **789.1 l**
- Recycling rate: **26%**
- Ecostars **"Bronze"**



- Workforce: **10**
- Staff with disabilities: **9%**



- Beneficiaries (social action): **21**
- Stakeholder dialogues: **3**

› Badajoz

ILUNION Mérida Palace



A splendid hotel in an elegant historic building with all kinds of luxuries. It is also located just a few metres from the most popular tourist attractions in Mérida.



Urban



Rooms
76



Adapt.
rooms 2



Function
rooms 9



Gym/
Wellness
centre



Restaurant



Out. Ter. /
pool



- CO₂ emissions/room (scope 1+2): **7.1 kg of CO₂**
- Energy/room: **51.8 kWh**
- Water/room: **624.9 l**
- Recycling rate: **11%**
- Ecostars **"Gold"**



- Workforce: **44**
- Staff with disabilities: **14%**



- Stakeholder dialogues: **28**

› Madrid

ILUNION Pío XII



This urban hotel stands out for its location in the heart of the city's financial centre, making it ideal for organising events or meetings in one of its spacious function rooms.



Urban



Rooms
214



Adapt.
rooms 6



Function
rooms 7



Own car
park



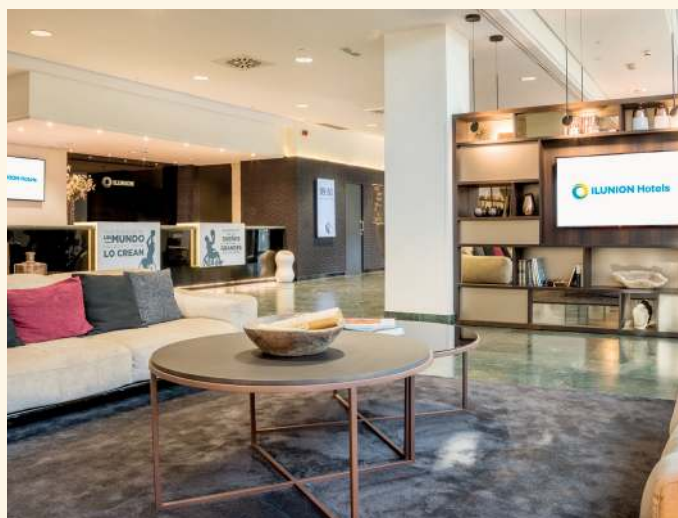
Gym



Restaurant



Outdoor
terrace



- CO₂ emissions/room (scope 1+2): **4.8 kg of CO₂**
- Energy/room: **46.2 kWh**
- Water/room: **237.7 l**
- Recycling rate: **55%**
- Ecostars **"Bronze"**



- SEC
- Workforce: **70**
- Staff with disabilities: **73%**



- Stakeholder dialogues: **2**

› Zaragoza

ILUNION Romareda



A hotel located in the southern area of the Aragonese capital, next to the Zaragoza Auditorium and the Romareda football stadium, as well as other significant places. It is the best option for leisure or business trips to Zaragoza.



Urban



Rooms
90



Adapt.
rooms 3



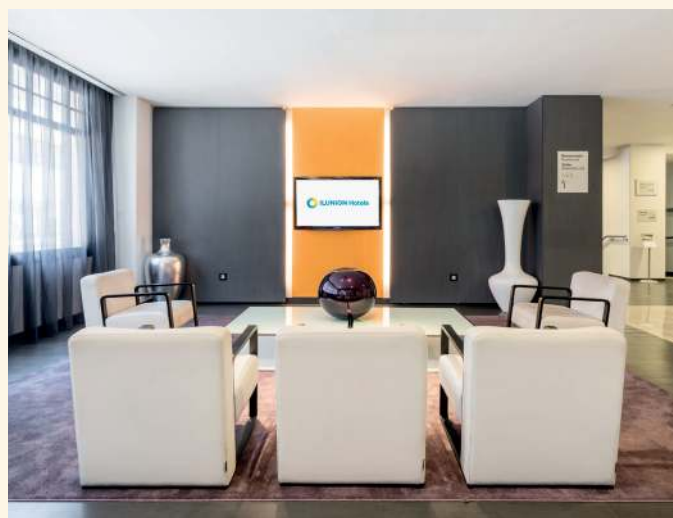
Function
rooms 7



Public car
park



Restaurant



- CO₂ emissions/room (scope 1+2): **4.6 kg of CO₂**
- Energy/room: **41.9 kWh**
- Water/room: **278.7 l**
- Recycling rate: **71%**
- Ecostars **"Bronze"**



- Workforce: **25**
- Staff with disabilities: **26%**



- Beneficiaries (social action): **119**
- Stakeholder dialogues: **65**

Our hotels

› Vizcaya

ILUNION San Mamés



A newly built hotel, located in Bilbao, with all the comforts and the latest in accessibility. Ideal for leisure and business trips, with a modern style and multi-purpose, cutting-edge spaces.



Urban



Rooms
168



Adapt.
rooms 6



Function
rooms 2



Public car
park



Outdoor
terrace



Restaurant



- CO₂ emissions/room (scope 1+2): **0.7 kg of CO₂**
- Energy/room: **18.1 kWh**
- Water/room: **161.9 l**
- Recycling rate: **54%**
- Ecostars **"Gold"**
- BREEAM (P1: Very Good / P2: Good)



- SEC
- Workforce: **50**
- Staff with disabilities: **76%**



› Guipúzcoa

ILUNION San Sebastián



The perfect hotel for a family or couple's holiday, in a formidable setting just a few metres from Ondarreta beach.



Urban



Rooms
90



Adapt.
rooms 2



Function
rooms 2



Own car
park



Outdoor
terrace



Restaurant



- CO₂ emissions/room (scope 1+2): **2.8 kg of CO₂**
- Energy/room: **32.6 kWh**
- Water/room: **335.2 l**
- Recycling rate: **52%**
- Ecostars **"Bronze"**



- Workforce: **33**
- Staff with disabilities: **5%**



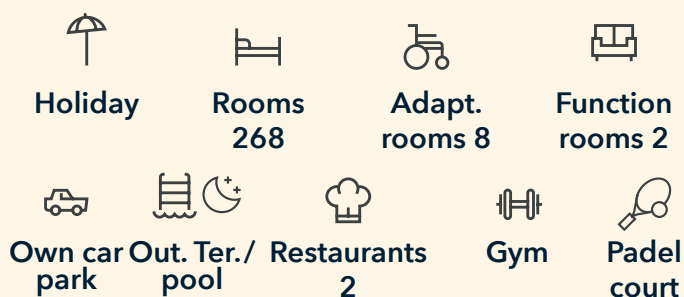
- Stakeholder dialogues: **16**

› Cádiz

ILUNION Sancti Petri



A complex of flats and villas on the Costa de la Luz, ideal for a family or couple's holiday.



- CO₂ emissions/room (scope 1+2): **5.2 kg of CO₂**
- Energy/room: **37.6 kWh**
- Water/room: **922.8 l**
- Recycling rate: **16%**
- Ecostars **"Silver"**



- Workforce: **85**
- Staff with disabilities: **13%**



- Stakeholder dialogues: **36**

› Madrid

ILUNION Suites Madrid



An ideal urban hotel to relax on a weekend break or after a long working day. It stands out for its trendy design: minimalist spaces with fresh touches of colour.



- CO₂ emissions/room (scope 1+2): **2.7 kg of CO₂**
- Energy/room: **37 kWh**
- Water/room: **270.2 l**
- Recycling rate: **38%**
- Ecostars **"Silver"**



- SEC
- Workforce: **65**
- Staff with disabilities: **72%**



- Stakeholder dialogues: **47**

Our hotels

› Valencia

ILUNION Valencia 3



A hotel located in the heart of the city's business district. It is a great option for both business trips and holidays due to its various leisure possibilities.



Urban



Rooms
154



Adapt.
rooms 6



Own car
park



Out. Ter. /
pool



Gym



- CO₂ emissions/room (scope 1+2): **2.1 kg of CO₂**
- Energy/room: **19.6 kWh**
- Water/room: **246.5 l**
- Recycling rate: **17%**
- Ecostars **"Silver"**



- SEC
- Workforce: **37**
- Staff with disabilities: **77%**



- Stakeholder dialogues: **6**

› Valencia

ILUNION Valencia 4



A hotel located in the business area of Valencia, perfect for business stays thanks to its proximity to the Palacio de Congresos and its good connections with the airport, the train station and the port.



Urban



Rooms
151



Adapt.
rooms 6



Function
rooms 3



Own car
park



Out. Ter. /
pool



Gym



Restaurant



- CO₂ emissions/room (scope 1+2): **3.5 kg of CO₂**
- Energy/room: **46.8 kWh**
- Water/room: **306.3 l**
- Recycling rate: **17%**
- Ecostars **"Silver"**



- SEC
- Workforce: **46**
- Staff with disabilities: **76%**



- Stakeholder dialogues: **5**



Our contribution to the SDGs

The Sustainable Development Goals (SDGs) represent the largest initiative involving countries, governments, businesses and civil society. The seventeen Goals and their 169 targets stem from a thorough diagnostic analysis of global society by major international institutions, led by the United Nations. For ILUNION Hotels, they underpin our strategy and guide us in actions aimed at fostering change and collectively addressing humanity's key challenges. They also provide a solid framework for meeting stakeholder expectations.

In essence, we aim to promote new forms of economic growth while safeguarding the planet and its inhabitants, without leaving anyone behind.

Below, we present the analysis of the SDGs to which our contribution and dedication in this strategic plan are directed, directly or indirectly supporting them:



Zero hunger: We contribute to these SDGs indirectly through partnerships with organisations and entities dedicated to eliminating poverty and hunger in Spain and globally.



- Collaborations with Red Cross, ACCEM and CEAR support refugees, alongside occasional financial contributions for initiatives like humanitarian disasters (Red Cross) and an ophthalmology project (Turkana).
- Food donations, such as solidarity menus in Barcelona and surplus donations from seasonal hotels.



Good health and well-being: We ensure healthy lives and promote well-being across all age groups. Prioritising the health and well-being of our employees and guests, we advocate for healthy lifestyles and provide accessible, inclusive hotel experiences.

- Our Health, Safety and Well-being Plan under the new Our Way personnel management model aims to enhance the lives of our employees.



Gender equality: At ILUNION Hotels, we ensure the full and effective participation of women in all activities and equal opportunities.

- Our commitment to gender equality is outlined in the company's Equality Plan.



Clean water and sanitation: One of our environmental goals is to reduce water consumption, promote efficient water use and minimise chemicals that impact water quality.

- This includes developing a strategy to reduce and promote the efficient use of water.



Affordable and clean energy: At ILUNION Hotels, we align with the energy transition and decarbonisation, promoting the use of renewable energy across all our facilities and raising awareness among both our staff and guests about efficient energy use.

- As part of our Decarbonisation and Energy Efficiency Plan, we have installed photovoltaic, thermal and hybrid panels in our hotels, alongside other energy-saving and less polluting systems. Moreover, since 2021, we have been purchasing energy with guarantee of origin (GoO).



Decent work and economic growth: Our unique management model supports diversity and equity, fostering the competencies required for future organisations: autonomy, self-management and leadership. We ensure the protection of human rights throughout our value chain.

- The Our Way personnel management plan is based on principles of equity and diversity, focusing on employee well-being.
- We have updated ILUNION's Responsible and Sustainable Procurement Policy, incorporating ESG criteria into supplier approval.

The Sustainable Development Goals (SDGs) proposed by the United Nations General Assembly are integral to our strategy.



Reduced inequalities: We work towards the full inclusion of people with disabilities and all individuals, regardless of any condition or criterion that may lead to discrimination.

- Our unique model includes over 38% of employees with disabilities, 5% vulnerable individuals and more than 60 nationalities.



Sustainable cities and communities: We aim to contribute from each of our hotels towards achieving more sustainable cities and communities, making each hotel serve as a bastion of sustainability for everyone and a transformative agent within communities.

- Hotels as *#changemakers*: Bastions of transformation aimed at achieving our purpose and sustainability training to inspire change.



Responsible consumption and production: The goal of responsible production and consumption requires measures to ensure a supply chain that integrates ESG criteria in supplier selection, prioritises local purchases and proximity products, and efficient waste management for waste reduction.

- We have updated ILUNION's Responsible and Sustainable Procurement Policy, incorporating ESG criteria into supplier approval.
- 95.8% local suppliers.
- Food waste reduction policy: Partnership with Too Good To Go.



Climate action. Life on land:

We aim to prevent, manage and mitigate all negative impacts of our business activities. We respect the local environment and ecosystems where we operate, protecting and preserving natural surroundings to ensure our presence does not disturb terrestrial ecosystems.

- Our environmental strategy focuses on decarbonisation, responsible water consumption, waste management and circular economy practices to minimise and mitigate the negative impacts of our activities, aligning with our commitment to sustainable development.



Peace, justice and strong institutions:

We aim to enhance our involvement in major ethical initiatives within the tourism sector, as well as in the training and awareness of our personnel.

- We follow the Ethical Code of the ONCE Social Group, which establishes the values and organisational culture of the company, contributing to achieving its corporate mission and the development of its professionals.



Partnerships for the goals: We forge collaboration partnerships with various entities, associations and companies to strengthen our social value contribution.

- We have a Partnerships Policy, through which we seek to engage other stakeholders, such as suppliers or social entities, who share our purpose and values.

Indicators



5 Hotels certified with the BREEAM seal

100%

Hotels with Q Sostenible (renewal)
Ecostars-certified hotels (renewal)

3.2 kg of CO₂

Per occupied room
(emissions from scope 1+2)

0.38 m³ Of water per occupied room

66.3% Total renewable energy consumption

100% Electricity with Guarantee of Origin (GoO)

32.5% Recycling rate



Top employers

Certificate

79% Employee satisfaction

€143,020 Investment in community action

More than 68 Nationalities



€661,155 Investment in accessibility

57.9% Women in the workforce

50% Women on the Executive Committee

81% Pride of belonging



EFQM 600 Management Excellence Seal

0 Alerts and complaints received in the Ethics Channel

48 Existing partnerships

29 New partnerships in 2023

83 Supplier NPS (2022)

95.8% Local suppliers

Awards and recognitions

Throughout 2023, our actions have been recognised by various entities.

TUR4All Award: for our commitment to accessibility and our work towards inclusive tourism.

Traveler Review 2023 Award by Booking: awarded to ILUNION San Mamés, Mérida Palace and Atrium hotels, thanks to their high ratings in guest reviews (between 8/10 points of positive rating).

Sustainable Future Awards 2022, awarded by Great Hotels of the World: for our commitment to economic sustainability, focusing on combating food waste with Too Good to Go.

Paloma Award: recognises the company's inclusive work and actions carried out in the field of CSR.

Inclusive Society Award granted by COCEMFE in the accessibility and independent living category.

DEC Awards (Association for the Development of Customer Experience): José Ángel Preciados, CEO of ILUNION Hotels, received the award for best executive in Customer Experience.

Travelling for Happiness Awards, in recognition of the training work carried out at Campus Mijas.

Valencian Community Tourism Awards for our social and sustainable work.

YMCA organisation: ILUNION Hotels is recognised as the most active company in managing multiculturalism and equal treatment.

Club of Excellence in Management: recognition that highlights the evolution of the company's restaurant model implemented in the restaurants of hotels that are special employment centres.

Supercuidadores Awards, promoted by the International University of La Rioja: awarded for the "ILUNION Hotels with the Ukrainian people" initiative.

BestINTravel'23: "Best Brand Experience & Activation" for the "Hotels with everyone included" campaign.

Award for the Most Innovative Hotel 2023, organised by Hotelkit in collaboration with the Spanish Association of Hotel Directors (AEDH).



2

Unique business
model:

For a better,
humane and
sustainable
world

Achieving our purpose is the primary motivation for our company, setting us apart within the sector and serving as the main cohesive element for our employees and stakeholders. Our company's management is grounded in the values of the ONCE Social Group, with a vision focused on a better, more humane and more sustainable future.

We are a company that listens, attentive to meeting the new needs and expectations of our stakeholders, and therefore open to dialogue.

Ethics and **responsibility** form the foundation of ILUNION Hotels' business model. At our company, we firmly believe in genuine equal opportunities, regardless of individual circumstances. For this reason, **people** are at the heart of our organisation's strategy and operations.

Our team, the most valuable asset of ILUNION Hotels, is indispensable in achieving the highest standards of excellence, promoting sustainable, inclusive and accessible tourism that offers our diverse clientèle distinctive experiences.



Sustainable and responsible tourism

Sustainable and responsible tourism entails providing a distinctive and authentic experience to customers while simultaneously preserving the cultural and natural heritage of destinations.

At ILUNION Hotels, we are *#changemakers*: we aim to inspire change and are committed to sustainable, inclusive and accessible tourism. For this reason, each of our hotels serves as a bastion of transformation, imparting knowledge on sustainability and inspiration. We undertake actions to reduce water consumption and emissions, decrease plastic use, enhance energy efficiency, protect cultural and natural heritage and stimulate the local economy by prioritising local commerce.

The UN World Tourism Organization (UNWTO) defines sustainable tourism as “tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.” In line with SDG 8, “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all,” responsible and sustainable tourism seeks to generate a positive impact on the environment and people, in addition to economic benefits.

Throughout 2023, the Tourism Working Group of the UN Global Compact Spain, which includes ILUNION Hotels, developed the “Sustainability Roadmap for Tourism Sector Companies”, highlighting ten transformations identified as priorities for advancing responsible and sustainable tourism. These transformations are:

1

Promoting decarbonisation (SDGs: 7 and 13): Tourism accounts for about 8% of total greenhouse gas (GHG) emissions globally, highlighting the need to prioritise decarbonisation in this sector. Clean, non-polluting energy, innovation and technology are required to create more efficient processes.

2

Implementing the circular economy throughout the value chain (SDGs: 12 and 13): In the tourism sector, the linear economy generates numerous wastes that are not recovered, especially single-use plastics and food waste. The circular economy has become indispensable for achieving sustainable tourism.

3

Preserving ecosystems, biodiversity and water resources (SDGs: 6, 14 and 15): The tourism sector is highly vulnerable to climate change threats, such as biodiversity loss, water scarcity and ecosystem destruction. Additionally, tourism activities can degrade natural capital, necessitating a focus on protecting and regenerating biodiversity and minimising impacts.

4

Committing to sustainable mobility (SDGs: 11 and 13): Transportation is crucial within the tourism sector but has a significant negative impact. Therefore, it is essential to enhance solutions that promote sustainable mobility.

5

Fostering a diverse and inclusive corporate culture (SDGs: 5 and 10): It is necessary to promote workforce diversity, encourage the inclusion of vulnerable groups at all levels of the organisation and ensure gender equality.

6

Ensuring decent work for all employees (SDGs: 3 and 8): There is a need for a commitment to promoting decent work, ensuring dignified conditions for all workers within the value chain. This includes reviewing safety measures, protecting mental and physical health, stabilising contracts, promoting a respectful and positive environment and offering work flexibility and work-life balance.

7

Enhancing transparency and due diligence in the supply chain (SDGs: 8, 13 and 16): Companies have extensive supply chains involving numerous suppliers. The European Due Diligence Directive requires the implementation of processes and measures to detect, prevent, mitigate and eliminate negative impacts in the supply chain. Companies must monitor all operations within their value chain.

8

Promoting dialogue with local communities (SDGs: 10, 11 and 16): As the sector continues to grow and impact the areas where it operates, it is essential to place the local community at the heart of tourism activities, involving them in decision-making and creating a space for active listening to establish an equal relationship that benefits all.

9

Implementing good governance and anti-corruption processes (SDG 16): Companies in the tourism sector must establish ethical processes to combat corruption. All stakeholders seek transparent and ethical companies. Companies should evaluate their entire value chain to ensure no malpractice exists.

10

Knowledge exchange through strategic partnerships (SDG 17): Partnerships among various actors (businesses, government, society) are crucial for transforming towards a more sustainable model. Creating spaces for dialogue is essential for knowledge exchange and combining efforts to generate a greater positive impact.

Meanwhile, the Government of Spain, through the State Secretariat for Tourism, has developed the **Spanish Sustainable Tourism Strategy 2030**: a national agenda to address the sector's medium- and long-term challenges with a focus on sustainability. The goal of this plan is to lay the foundation for transforming Spanish tourism towards a model of sustained and sustainable growth, allowing Spain to maintain an international leadership position. It is expected to be approved in 2024.

Purpose, vision and values



› Purpose

At ILUNION Hotels, we share the same purpose as the ILUNION Group: to **build a better world with everyone included**.

This is the starting point of our strategic approach, as it must guide us to realise and implement it. It is our main motivation as a company, our key differentiation from other businesses in the sector and the greatest element of cohesion for our employees and our stakeholders.

At ILUNION Hotels, we dream of a better future for everyone; that's why we are "hotels with everyone included". We aim to inspire a movement for change that contributes to making the world more inclusive, sustainable and humane. Moreover, we ensure our hotels serve as schools for conscious individuals who drive the transformation of our communities and society. Thus, we strive for candidates and suppliers to choose us for our sustainable commitment.



› Vision

The vision of ILUNION Hotels is to continue proving that our unique and sustainable business model is highly profitable, competitive and supportive, as well as a driver of social transformation and an accelerator of the inclusive economy.

Our vision is: to **be a unique and inspiring role model for all companies in the sector and our stakeholders who wish to build a better world**.



› Values

Our strong organisational culture is built upon the values of the ONCE Social Group, which define the set of principles, beliefs and rules that govern the management of the company and constitute the institutional philosophy and foundation of our organisational culture:

**Transparency, Solidarity,
Confidentiality, Equity,
Commitment, Integrity,
Humility, Respect, Innovation,
Responsibility, Sustainability.**

Of these, we consider the following key for our activity and business model, as well as having the greatest impact on the customer and people experience:

- **Equity:** Equal opportunities and respect for diversity are fundamental principles of the ONCE Social Group. We do not accept any form of discrimination. Dedication, performance and achieved results are the only legitimate criteria for career advancement. We must work to develop equal treatment and inclusion for all people.
- **Respect:** The recognition of the equal dignity of all people should be evident in our daily interactions. We will always treat others as we would like to be treated, and we will listen and strive to understand their viewpoints.
- **Commitment:** Those of us who belong to the ONCE Social Group share its goals and values. Involvement, fulfilling our promises and loyalty will reflect our willingness to achieve the goals of the ONCE Social Group beyond the minimum required.
- **Solidarity:** The ONCE Social Group is built on cooperation and trust among many people who support each other. Those in the ONCE Social Group share a common goal. Altruism, generosity and commitment to those most in need should be essential features of our daily work.
- **Integrity:** Everyone working at the ONCE Social Group acts in good faith and in alignment with the values outlined in the Ethical Code of Conduct. Seriousness, professional rigour and adherence to rules are fundamental to our work.

3

Responsible leadership



ILUNION Hotels is a responsible business with a corporate culture and values that underpin it, a purpose to achieve (ethics) and regulations to comply with (compliance).

► 2023 Milestones

- EFQM +600 seal.
- Implementation of a cross-cutting compliance system.
- Implementation of a regulatory monitoring tool.
- Development and/or updating of various policies.

► 2024 Objectives

- Development of the Code of Conduct for our hotels.
- Development of an annex to the Human Rights Policy and Action Plan.
- Development of an annex to the Responsible and Sustainable Procurement Policy.
- Ethics and compliance training plan.

► Indicators

	2021	2022	2023
No. of complaints received in the whistleblower box	0	0	0
No. of lawsuits	27	17	31
Amount in penalties (€)	22,600	16,310	18,688
GSO Institutional Culture Course (new hires)	32	45	52

In the realm of excellence and good governance, we have worked on consolidating our management system using the EFQM excellence model as a reference. This has allowed us to position the company as an exemplary business model, achieving EFQM +600, while continuing to seek other recognitions to further this progress.

Since 2023, we have championed an **ethical and humanistic leadership style** that has been adopted by management to achieve outstanding performance and fulfil our purpose based on the values that form our corporate culture. We have implemented a **cross-cutting Compliance System** which, in coordination with the Group's legal department, protects the organisation from all types of compliance risks, whether regulatory or ethical. Additionally, with the development of various **policies** within the sustainability framework, we can ensure

a balance between the company's economic growth and our concern for environmental care and social well-being. We have strengthened our relationship with our stakeholders by establishing a two-way communication to listen to and understand their expectations, enabling us to respond effectively. We have also updated our Stakeholder App platform to record all interactions.

Regarding **responsible supply chain management**, we have implemented a new supplier approval tool that will help us evaluate sustainability, along with other already analysed criteria, and from an ESG risk perspective.

Code of Conduct

In 2023, all executives and middle management signed adherence to the **ONCE Social Group (GSO) Code of Ethics**, which includes all ILUNION Group companies.

Additionally, a tailored document aligned with GSO values will be developed to outline our specific principles for company management and the expected behaviour of both the governing bodies and employees. This will consider the UNWTO Global Code of Ethics for Tourism, which aims to maximise the sector's benefits while minimising potential negative impacts on the environment, cultural heritage and societies worldwide.

This code will be tailored to our specific context and activities, be easily understandable by all our employees and ensure practical comprehension of how to apply it in their daily work.

Compliance

We understand compliance as the proper management of good governance. The management of regulatory compliance is approached transversally across all areas, departments and activities of the company. At ILUNION, we have developed a Criminal Compliance Management System aligned with the **UNE 19601 standard**, with the aim of preventing the commission of crimes, reducing criminal risk in organisations and favouring a **culture of ethics** and compliance. There is also the **Criminal Compliance Policy**, which addresses critical issues such as corruption prevention and is a mandatory internal tool for all company employees, executives and shareholders.

ILUNION's legal department ensures compliance with current regulations as well as prevents and manages risks associated with regulatory non-compliance. To achieve this, a Criminal Compliance Management System has been implemented to prevent and detect behaviours that may constitute crimes or other illegal activities within the organisation.

At ILUNION Hotels, we have taken a further step by implementing a **cross-cutting Compliance System** aimed at protecting the company from all types of compliance risks, whether they are legal, regulatory or ethical. These risks can affect all areas and various activities, leading to the establishment of a Compliance Department that directly reports to ILUNION's legal department.

Its functions include:

- Identifying compliance risks.
- Assessing risks for decision-making.
- Promoting a culture of compliance.
- Employee training.
- Monitoring and reporting information (quarterly).

In 2023, a project was undertaken to enhance the traceability and supervision of the compliance system. This included involving regional management and department heads in the reporting and monitoring of these risks. This initiative has engaged more levels of the organisation in managing the cross-cutting compliance system.

It aims to foster an ethical culture where internal company standards meet the same level of rigour as requirements set by laws and regulations.

In 2023, ILUNION Hotels did not receive any complaints through the ILUNION Whistleblowing Channel.

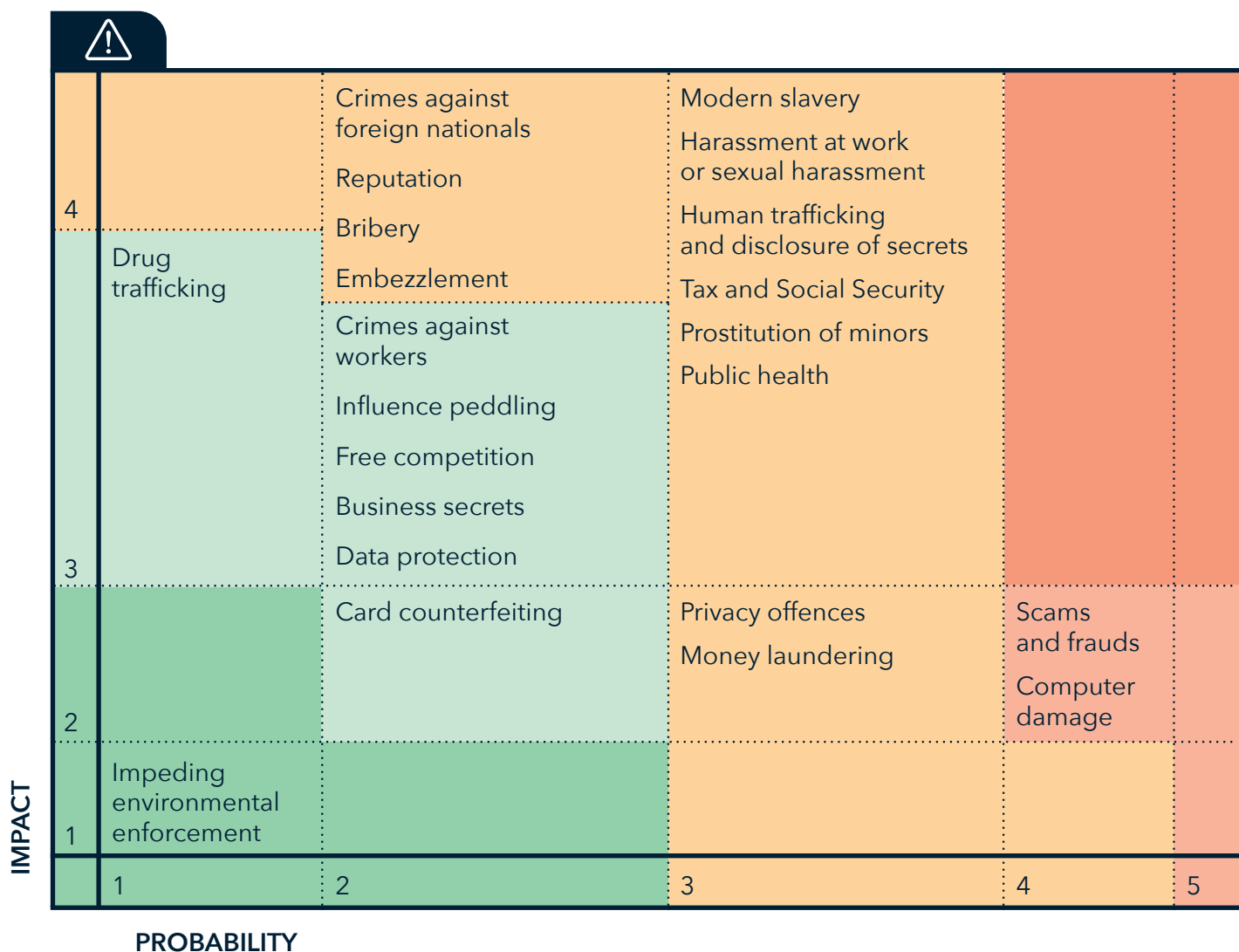
To systematise our compliance efforts, we have integrated the Worldlex tool, enabling us to understand legislation affecting us at all levels and track the status of each obligation.

We are developing a **Compliance training plan** for all staff, adapted to our specific context, which will be implemented in 2024. The goal is to ensure everyone knows how to practically apply regulations in their daily activities.

Risks

In 2023, we expanded the scope of our cross-cutting Compliance system to include **other non-criminal risks** in our management system. This involved conducting a 360-degree analysis of all organisational activities to identify potential risks that could harm the company's reputation or assets due to any internal or external actions.

In 2024, ILUNION will complete its ESG risk map by incorporating social and governance risks, focusing on human rights and risks linked to ethics and good corporate governance.



Responsible procurement

	2021	2022	2023
No. of suppliers	1,254	1,573	1,545
Volume of purchases	ND	ND	116,739,763
Percentage of long-term suppliers (3-4 years)	31.42	39.41	47.30
Percentage of local suppliers	97.04	97.77	95.77
Percentage of suppliers that have signed the ethical code	16.74	13.76	17.02
Percentage of suppliers that prefer us over other companies	ND	60	ND
Supplier NPS (%)	ND	83	ND

In 2023, ILUNION Hotels developed a master plan for responsible procurement aligned with the purpose and the 2022-2025 Strategic Plan. This plan focuses on:

- Updating ILUNION's **Responsible and Sustainable Procurement Policy** with new criteria definitions for Group purchases, based on principles of ethics, transparency and integrity in supplier relationships, risk assessment in the supply chain and the integration of social and environmental criteria into procurement management.

- Prioritising **certified products**. At ILUNION Hotels, we have launched an initiative to prioritise certified products such as FSC-certified paper, organic and Fair Trade-labelled foods. Additionally, in our dining areas, we are making efforts to source "local products" and items from suppliers with whom we have established partnerships.

During this period, in alignment with ILUNION's goals, we are enhancing the management of a responsible and sustainable supply chain. This includes improving our supplier approval system based on a set of criteria that encompass general information, financial security, operational aspects (risk prevention and quality), compliance, sustainability (ESG criteria) and cybersecurity. Similarly, the risk measurement system has also been enhanced to identify potential environmental, social and governance risks. To achieve this, the Shared Services Department, which centralises the Group's purchases, has acquired the GoSupply tool. Once analysed, suppliers are categorised into four risk levels: low, medium, medium-high and high.

By the end of 2023, all suppliers with invoices exceeding €15,000 have undergone evaluation using GoSupply, accounting for approximately 53% of the company's total invoicing.

Policies and procedures

Among these, 59 suppliers (18% of the total expenditure in 2023) have successfully completed the approval process.

In 2020, the ONCE Social Group (GSO) approved the **Code of Conduct for Suppliers and Business Partners**, aiming to establish ethical and behavioural principles aligned with the ten universal principles of the United Nations Global Compact and with GSO's principles and values outlined in the Group's compliance policies. At ILUNION Hotels, we have formalised the adherence to this code for the companies we began working with. It represents a declaration of the values that any company must apply to engage in commercial relations with us.

In 2023, we hosted the second edition of the Partnerships for Change Conference. This event was framed within the company's environmental commitment and was titled "Towards Decarbonisation". The conference highlighted the importance of carbon footprint measurement, collaboration throughout the value chain and forming partnerships. Several partners participated, sharing their specific cases during the event.



In 2023, ILUNION developed or updated various policies that help us ensure compliance with our commitments and achieve our purpose, as well as introduce sustainability criteria to better fulfil our strategy:

- **Social Action Policy:** At the end of 2023, this policy was approved with the aim of establishing a consensus definition of social action, the goals it should pursue and setting out priority causes and principles of action.
- **Awards and Recognition Policy:** Approved in 2023, its purpose is to strengthen the perception our stakeholders have of us through internal organisation and coordination for all companies within ILUNION.
- **Sustainable Mobility Policy:** Approved in 2023 for the entire Group, it has been developed to define the criteria for sustainable mobility within the company and establish a procedure with implementation measures for all ILUNION companies.
- **Corporate Volunteering Policy:** Developed with the aim of enhancing the company's social commitment through employee solidarity, thereby contributing to realising our purpose of creating a fairer and more inclusive society for all people.
- **Human Rights Policy:** Approved to provide a comprehensive guideline that directs all individuals, businesses and companies within the Group in their strategic decisions, operations and relationships with stakeholders, enabling them to better manage challenges related to human rights.
- **Responsible and Sustainable Procurement Policy:** Updated in late 2023 with the aim of redefining the Group's purchasing criteria based on principles of ethics, transparency and integrity in supplier relations, risk assessment in the supply chain and the incorporation of social and environmental criteria into purchasing management, ensuring a balance between all options.
- **Travel and Representation Expenses Policy:** Updated policy to adjust the criteria governing national and international travel, as well as representation expenses incurred by ILUNION

Stakeholder dialogue

employees in the course of their duties or activities, incorporating sustainability criteria into travel management.

ILUNION Hotels has approved or updated the following policies:

- **Innovation Policy:** This policy has been approved as an essential element to achieve our purpose, defining and establishing principles and criteria that guide actions in innovation, in alignment with ILUNION Hotels' strategy.
- **Sustainable Catering Policy:** A policy reflecting our purpose has been developed, taking into account diversity and inclusion, supplier management, product selection, gastronomic offerings and our teams and customers.

These documents complement the existing sustainability policies, such as the Partnerships Policy, Stakeholder Relations Policy and Food Waste Policy.

	2021	2022	2023
No. of interactions with stakeholders	88	583	1,030

For ILUNION Hotels, stakeholder interactions are a fundamental condition for the sustainability of the company. We aim to be a company that listens, open to dialogue, and establishes long-term relationships with stakeholders based on trust.

We define stakeholders as "individuals, groups or entities that have a direct or indirect interest in the organisation, its activities and its performance, because they can affect or be affected by the organisation" (EFQM model). Our Stakeholder Relations Policy governs the general principles of engagement with stakeholders, reaffirms our commitment to establishing long-term relationships based on trust and formalises a proactive and practical procedure for its implementation.

Regarding the identification of needs and expectations of our stakeholders, we adopt two parallel dialogue approaches:

› Tactical listening

It allows us to identify improvements and adapt processes, products, services, etc., based on detected needs in the short and medium term. The most relevant mechanisms are:

- **Employees:** surveys (work climate, employee experience, commitment, quality of employment, etc.), 360-degree leadership, Family Days, legal employee representatives, works councils.
- **Customers:** service satisfaction surveys, customer experience analysis, complaints, claims and suggestions management, NPS, GRI.
- **Investors and regulators:** institutional relations, Community Days, face-to-face interviews, meetings and committees.

- **Society:** Community Days, brand study, institutional relations, meetings, forums, sustainability reports.
- **Partners and suppliers:** satisfaction surveys, meetings and conferences.

► Strategic listening

The focus is on stakeholders with a long-term perspective, aiming to co-create the future of ILUNION Hotels together.

These two approaches are realised through various dialogue mechanisms. The results are reflected in the reports from different surveys and analyses, in the final materiality report and in our ILUNION Stakeholder App tracking and recording tool.

Updated in 2023, this app is a digital platform that helps us record information for tracking purposes. This tool manages stakeholder interactions, social actions and partnerships (along with their associated projects). It is deployed in both our central offices and each of our hotels.

As examples of stakeholder interactions, we highlight the following actions:

- **Community day:** This is an open-house event held at each of our hotels, inviting local stakeholders ranging from local authorities to suppliers, to showcase our daily operations, establish connections and work towards a transformation for a better world with everyone included.

The objective of this initiative is to introduce ILUNION Hotels' purpose and values to key local stakeholders. Simultaneously, it helps us better understand their expectations and needs, strengthening our relationships and contributing together to a positive transformation of our environment.

- **Blind experience:** This initiative is how the company aims to convey its purpose to society. The primary goal is to raise awareness and highlight the daily challenges faced by people with disabilities.

Through this action, we aim to foster greater empathy, problem-solving skills and eliminate architectural barriers, making our environment

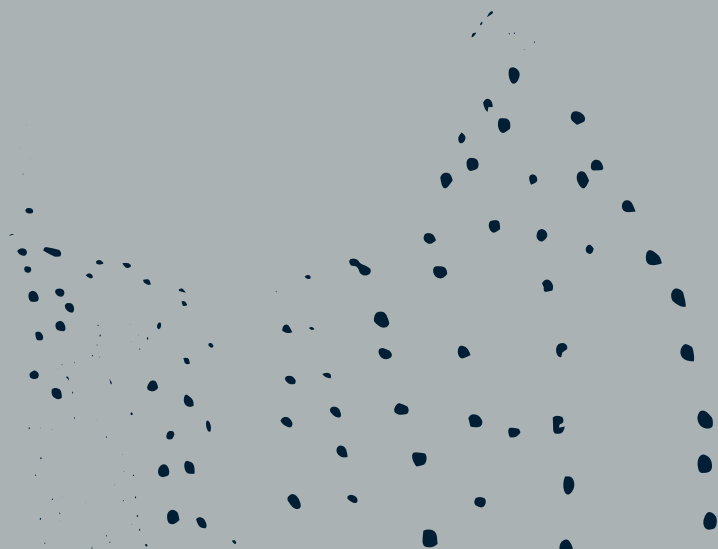
more accommodating for people with disabilities. In 2023, over 650 people participated in a blind experience at our hotels, with a Net Promoter Score (NPS) exceeding 90.

During 2023, we reviewed the stakeholder map and updated the weighting based on their relevance and potential impact on our purpose, vision and strategy. The new stakeholder map provides deeper insight and reflects in greater detail management of relationships and communications with each of them.

 Stakeholders	Subcategory
 People	Employees
 Customers	Direct guest
	Indirect guest
	B2B
 Investors and regulators	Shareholders
	Public Admin.
	Supranational organisations
 Society	Community
	Third social action sector
	The media
	Academic environment
	Business fabric
 Partners and suppliers	Hotel owners
	Partners
	Collaborators
	Suppliers

4

Social Commitment





ILUNION Hotels is firmly committed to continuing to lead in the employment inclusion of people with disabilities and other vulnerable groups, providing opportunities for personal and professional development for all.

Our commitment to people is the foundation of ILUNION Hotels' strategy, offering our customers an unparalleled experience through a diverse, trained and dedicated team. We seek to make a difference not only by championing **inclusion** and **diversity** but also by establishing a social model that exceeds the highest standards.

ILUNION Hotels aspires to become a national and international benchmark company through its unique model committed not only to people with disabilities but also to other groups at risk of exclusion as well as accessibility, equality and diversity. We are aware that we can achieve this by having a positive social impact on customers and employees.

► 2023 Milestones

- Implementation of the Our Way model.
- Specialised selection team.
- Promotion of a sense of belonging.
- Well-being Plan.

► 2024 Objectives

- Creation of the DEIB Coach.
- Training plan that includes training in humanistic leadership.
- Development of an LGBTQI+ Plan.

► Indicators

	2021	2022	2023
Workforce	1,113	1,432	1,679
Staff with disabilities	406	575	636
Staff from vulnerable groups	ND	40	66
Percentage of women	51.8	56.4	57.8
Percentage of female executives	41.3	49.5	50
Nationalities	ND	60	68
Percentage under 35 years old	19.3	19.3	24.8
Percentage over 55 years old	21.3	17.8	20.1
Gender pay gap	7.8	8.2	8.1
Absenteeism	10.2	11.2	11.0

People

At ILUNION Hotels, we are **People Centric**: we place our people at the forefront of our company and advocate for a humanised vision where their well-being is paramount to the organisation. We understand that each person is unique and has their own needs. Therefore, our work models are adapted to individual circumstances and focused on talent and results.

We have developed a new people management model called **Our Way**, which integrates diversity as a strategic variable in management, valuing each person's uniqueness. Thus, the value of equity becomes fundamental in effectively managing diversity and achieving full inclusion.



This management model is based on ethics, diversity and the common good, aiming to continue advancing our commitment to society while inspiring our stakeholders and other companies in the sector to join us in fulfilling our vision and purpose.

In 2023, the company employed a total staff of 1,679, an 18% increase from 2022, including a **social workforce** consisting of 636 people with disabilities and 66 from at-risk groups, comprising 42% of the total workforce. We have 14 Special Employment Centres (SECs): 12 hotels and two more at headquarters.

This model of people management is based on the following five values: commitment, equity, integrity, solidarity and respect. However, we aim to take it further by placing **human dignity** (Human Dignity Centred, HDC) at the core, which:

- Is grounded in human dignity, ethics, human rights, the common good and diversity.
- It draws from the corporate culture reflected in the actions and attitudes of individuals.
- The primary goal of ILUNION Hotels' humanistic model of relationship and people management is the development and "flourishing" of each member of the organisation.
- The outcomes sought include social and economic benefit, sustainability and trust.

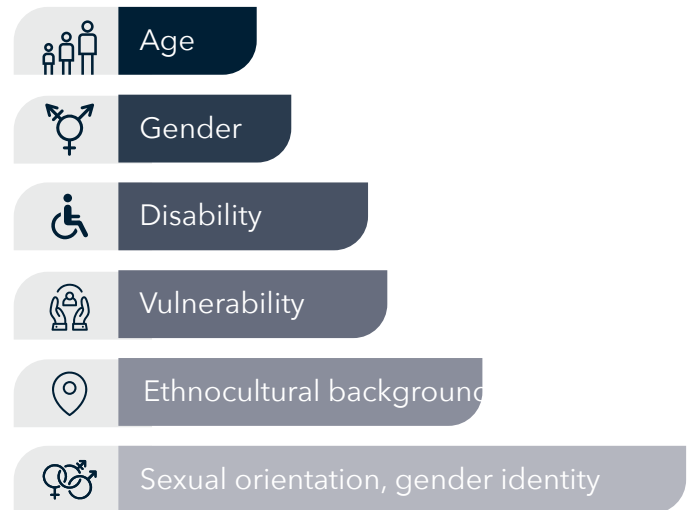
Diversity

At ILUNION Hotels, we view the company as a “community of people” working towards a common project, each contributing their uniqueness and differences.

The following image illustrates the essence of the model graphically.



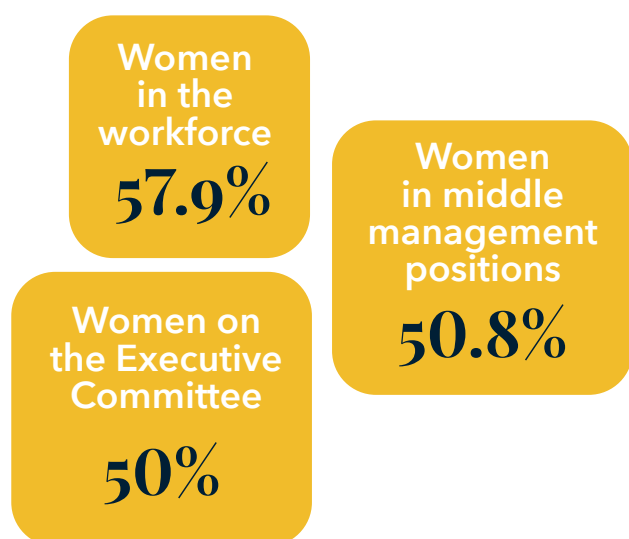
For ILUNION Hotels, diversity means the aggregation of different talents beyond any variable, category or label. The main objective is to achieve a model based on care, management and relationships with people. To implement this approach, ILUNION Hotels works with a categorisation model based on diversity variables, while simultaneously conducting a personality study to recognise each person’s **uniqueness**. The diversity variables for ILUNION Hotels include:



The concept of diversity is broadened at ILUNION Hotels by including the variable of vulnerable groups. Therefore, our commitment is to respond to the needs of society, people with disabilities and the increasingly significant number of individuals from various realms of vulnerability with diverse needs.

Vulnerability refers to the condition of a person or group that is disadvantaged or at risk of exclusion due to personal, social, economic or environmental factors. Vulnerability can impact dignity, rights, well-being and personal development, limiting opportunities and capacities. To address this new dimension, a project to assist at-risk groups was launched in 2023, expanding our focus not only on people with disabilities but also on special groups susceptible to greater vulnerability.

With regard to **gender equality**, ILUNION Hotels made significant strides in 2023 with the implementation of five company-wide equality plans. These plans aim to achieve commitments, specific measures and objectives to integrate a gender perspective across the company culture. We are at the forefront, implementing disruptive measures to achieve gender equality within our company and make a social impact.



Regarding the **sexual orientation** and **gender identity** of our professionals, at ILUNION Hotels, we aim to create and ensure safe and inclusive environments where employees feel free to be themselves and act accordingly. The workspaces in our company are spaces of freedom. Therefore, ILUNION Hotels will have an LGBTQI+ Plan, which will outline a set of measures and resources to achieve real and effective equality for LGBTQI+ individuals, preventing discrimination. It will also include a protocol for addressing harassment or violence against them.

› DEIB Coach

ILUNION Hotels, as part of its commitment to all individuals, aims to transition its model of integrating people with disabilities into the labour market towards a comprehensive management model of diversity and inclusion within the company. The goal is to understand, welcome and support all individuals within the company and measure the impact of inclusion in each hotel, incorporating stakeholders. To achieve this, in 2023, ILUNION Hotels began developing a management model focused on diverse individuals and inclusion, culminating in the DEIB Coach project (diversity, equity, inclusion and commitment).

The purpose of the model is to contribute to the comprehensive improvement of people's quality of life under the principles of Diversity, Ethics and Human Rights, using personal development coaching tools. The role of Support Technician will be transformed into DEIB Coach and will be crucial in coordinating and managing the project alongside the manager and department heads as key agents of change.



Selection and talent

The selection process is the first step in incorporating new employees into our workforce, but for ILUNION Hotels, the team requires special competencies. Here, the knowledge and skills of candidates take a back seat when it comes to including individuals with disabilities or those in vulnerable situations without experience. Instead, their attitude and commitment become the most important and ideal combination, complemented by the training and mentoring provided by the company. Additionally, our unique value proposition involves adapting the characteristics of different positions to the particularities and unique traits of each individual.

	2021	2022	2023
New hires	761	1,053	949
New hires people with disabilities	290	459	328
New hires from vulnerable groups	ND	86	115
Percentage of permanent contracts	70	77.5	91
Voluntary turnover (%)	12	20	18

Our clear commitment to job stability is reflected in a 91% permanent contract rate among our workforce, employee well-being (with 77% indicating they intend to stay) and our dedication to supporting and addressing their concerns. The voluntary turnover rate of our employees is 18%.

Throughout 2023, several projects have been implemented, notably the **employer branding** project. This initiative optimised our brand image by communicating unique aspects to candidates such as benefits, work-life balance and attractive projects, and establishing a specialised talent team to manage different phases of the selection process, strengthening partnerships with entities and enhancing our employer brand. Additionally, talent and development procedures were ana-

lysed and optimised, simplifying processes and designing our own management model.

Regarding digitalisation, we have completely eliminated the use of paper in hiring procedures, employing electronic signatures for authorisation documents across all onboarding processes. Lastly, we improved employee listening tools' planning and digitalisation, encompassing engagement surveys, work environment evaluations and employment quality assessments.

In 2023, our EsFuerza performance evaluation project continued, assessing employee competencies and professional skills to foster their development and enhance feedback between managers and employees. We also promoted consultations and team surveys using digital tools to increase accessibility to workers, addressing improvement areas identified through data analysis, establishing clear objectives and developing strategies and actions to achieve our goals. In 2023, we conducted the employer quality survey and designed an action plan based on the analysis of results, focusing on three main areas: training, sharing best practice policies and coordinating operational actions.

It is worth noting that in 2023, support professionals from special employment centres (SECs) have been detached from talent selection functions and positioned as expert professionals dedicated to supporting the needs of all employees. They assist in developing skills and competencies to enhance overall well-being.

Finally, it is worth highlighting the significant effort we make in providing opportunities for young talent to train with us. In 2023, 380 interns gained practical experience at our hotels. We are a reference for their educational institutions as a collaborating company. In this regard, students begin their work in a diverse environment, thereby promoting our mission.

Employee experience

At ILUNION Hotels, the people who are part of the company have always been a priority, and it has been essential to study and explore new ways that allow us to undertake actions to improve the experience professionals have in their work environment.

We aim to manage the company starting from the employee to understand the key drivers that most impact motivation and correlate with the bottom line. To this end, during 2023, an employee experience methodology has been implemented throughout the company to build solutions that represent a real paradigm shift.

With the goal of creating a team and fostering a **sense of belonging** among all our people, activities have been carried out to strengthen relationships both among employees and with their families:

-**Family Day:** On each hotel's anniversary, we invite our employees' families to promote corporate culture, encourage dialogue and inspire the change we want to achieve with all of them. The purpose of this initiative is to create a unique and unforgettable experience for employees and their families so that they feel the values of our company, which make us unique.

-**Camino de Santiago:** In 2023, we organised a great team-building experience. Over four days, and covering 130 kilometres, 120 colleagues from ILUNION Hotels across Spain, approximately 50% of whom have some type of disability, walked together to Santiago de Compostela.

During 2023, the refurbishment of the hotel canteens (*Foodie Boxes*) was completed to ensure the well-being and relaxation of the employees. Menu proposals and recommendations for a healthy and balanced diet were also made. Additionally, the changing rooms in all our establishments have been renovated, and these areas have been improved, focusing on the well-being of all people.

Other projects, such as Explora, bring employees from the central offices closer to the various ILUNION Group workplaces to improve understanding of the different business lines within the Group. Two visits were made in 2023.

Training

At the company, we are committed to training in three distinct areas:

- **Personal training:** The aim is personal enrichment, whether to solve problems, for entertainment or out of simple curiosity.
- **Operational/technical training:** Beyond learning new systems, processes, products, new openings and business changes, this involves support for social performance and team development.
- **Strategic skills development:** Through employee planning, career and succession plans, competencies and capacities and investment in the skills needed for the future.

	2021	2022	2023
Hours of training	20,172	20,995	20,178
Investment in training (€)	120,775	185,000	325,232
Assistants	2,535	3,943	2,886
Training modalities	70	428	248

ILUNION develops training plans that include a strategic and business aspect. The strategic aspect, which is cross-functional, is developed by the Corporate Human Resources Management of ILUNION. Additionally, the different companies, such as ILUNION Hotels, develop specific training plans according to their business needs. Furthermore, ILUNION promotes specific professional development plans for groups of particular interest to the company, carried out through the development of training activities and the design of specific pathways.

Through training, we promote the personal and professional development of our employees to facilitate their work and drive an innovative, creative and sustainable company.

The projects carried out in 2023 are as follows:

- **Mijas Campus:** Established in 2022 as a specific training centre for our employees to enhance their skills and foster relationships with colleagues from other workplaces. Additionally, language immersion classes are provided to improve language proficiency. During 2023, the training catalogue was expanded both through in-person and online formats for our professionals, involving 932 participants across 5,268 training hours.
- **Executive Leadership Programme:** ILUNION launched this leadership course for senior executives in collaboration with other companies within the Group. This programme is conducted at ESADE, a prestigious business school. In 2023, three members of the Management Committee participated.
- **Mentoring project:** The mentoring and learning plan was implemented, where experienced individuals within the organisation guide new or junior employees towards enhanced professional and personal development. One participant from ILUNION Hotels was involved.
- **LinkedIn Learning:** We continued to promote online training and support professional development through this digital training platform. In 2023, seven courses were completed, with an average visit duration of 2 hours and 10 minutes per participant.
- **Success Factors:** The learning module was launched on this platform in March 2023, aimed at improving internal management and providing accessible training opportunities for employees.
- **Impulsa Project:** This programme identifies profiles across different companies and focuses on developing competencies through specialised training. Two professionals from the company participated.
- **Development of specific training** linked to the implementation of projects EsFuerza and Liderazgo 360°.

Looking ahead to 2024, one of the major educational projects in the company will be **humanistic leadership** training for a pilot team. This team will include the Management Committee, the Human Resources Department, DEIB Coaches, hotel directors and department heads. Humanistic leadership emphasises a people-centric approach and places individuals at the heart of all organisational decisions.

**ILUNION Hotels
develops specific
training plans
according to its
business needs.**

Accessibility

ILUNION Hotels' primary objective is to enhance the health and well-being of individuals through the implementation of numerous projects and action plans. These initiatives are directly aimed at improving quality of life, positioning us as a socially responsible company and a leader in inclusion, accessibility and the protection and welfare of individuals.

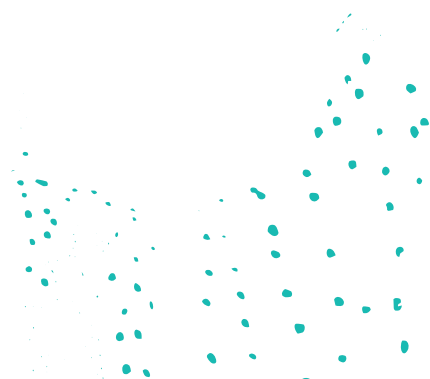
All our hotels are 100% accessible and have been certified under the Universal Accessibility Standard UNE 170001 by AENOR.

According to Law 6/2022 of 31 March, universal accessibility is defined as "the condition that environments, processes, goods, products and services, as well as objects, instruments, tools and devices, must meet in order to be understandable, usable and practicable by all individuals in conditions of safety and comfort, allowing for the most autonomous and natural interaction possible. Universal accessibility includes cognitive accessibility to facilitate understanding, communication and interaction for all individuals. It is based on the principle of 'universal design or design for all', with due consideration for reasonable adjustments that may be necessary."

ILUNION Hotels has provided the tourism sector with a guide on basic guidelines for serving customers with disabilities and an accessible booking engine for users. We are the only company recognised for our universal accessibility and the quality and variety of accessible features in our establishments.

In 2024, we will launch an ambitious accessibility project to transform our hotels into inspiring and pioneering venues for change, promoting sustainable, inclusive and accessible tourism that leaves no one behind. This includes training our entire staff in the new approach to inclusion and accessibility. Additionally, new types of adapted rooms (for PRM, sensory-auditory, sensory, visual, functional) and their essential elements are being defined. A dedicated accessibility hub has been established to design a prototype of a room adapted for people with disabilities based on new design standards.

The only company recognised for our universal accessibility and the quality and variety of accessible features in our establishments.



Occupational hazard prevention: comprehensive health and well-being plan

	2021	2022	2023
Total accidents	51	125	190
Frequency rate	43	45	43.52
Severity rate	1	1.24	0.55
No. of occupational diseases	2	4	2

Frequency rate: No. of accidents at work with sick leave (excluding commuting accidents and relapses) / No. of hours worked $\times 10^6$.

Severity rate: No. of days lost due to accidents with sick leave (including commuting accidents and relapses) / No. of hours worked $\times 10^3$.

The calculation of the frequency rate and severity rate is based on actual hours worked per worker per CNAE-09 division based on the INE 2023 Quarterly Labour Cost Survey.

All records of occupational diseases with and without sick leave are considered, except those under study.

Implementing a culture focused on caring for people's health is associated with higher levels of motivation, commitment and performance.

In 2023, accident rates at ILUNION Hotels increased by 52% compared to 2022, with 190 accidents reported, up from 125 the previous year. This rise is attributed to increased productivity in our accommodations.

ILUNION Hotels is included in the Safety, Health and Well-being at Work (SSBT) strategy of the Group, essential for ensuring the best working conditions and quality of employment. Managing this strategy helps reduce accidents, prevent work-related health deterioration and provide accessible, safe and healthy workplaces. It particularly addresses the needs of workers with disabilities and ensures compliance with legal requirements and voluntarily commitments by ILUNION, aiming for continuous improvement and management excellence.

At ILUNION Hotels, we incorporate training and awareness programmes on occupational risk prevention. We have internal communication mechanisms such as the intranet, newsletters, email, suggestion box, signage and specific actions at workplaces to prevent accidents and preserve employees' safety and health.



► Well-being plan

A company-wide plan has been designed to enhance employees' working conditions. Coordinating this plan involved multiple stakeholders since a complete solution addressing all five dimensions of well-being—physical, mental, emotional, social and financial—was not available in the market and was specifically created at ILUNION Hotels.

This plan began with implementation in one pilot hotel per region throughout 2023, involving actions across all areas of well-being. The goal of this trial was to assess the level of acceptance among employees for the various planned actions and to analyse which dimension of well-being generates the most interest among professionals. It also provided insights into how well these actions integrate into daily hotel operations, as this is a medium- to long-term plan rather than a series of isolated actions.

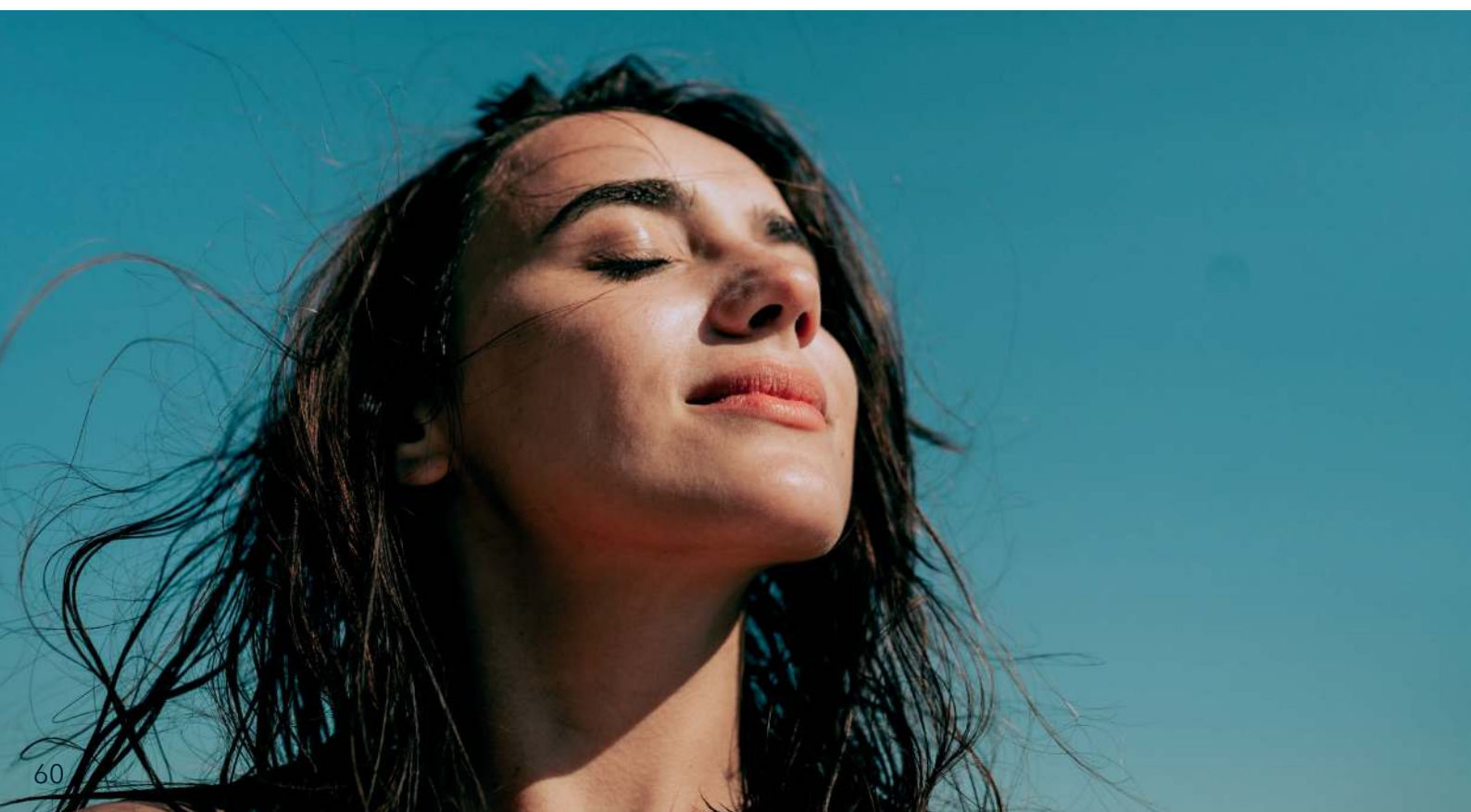
Looking ahead, the challenge for the coming years is to roll out the plan to all hotels with the

aim of enhancing both the personal and professional quality of life for our employees.

The company's primary objective is to enhance the health and well-being of individuals through the implementation of numerous projects and action plans. These initiatives are directly aimed at improving quality of life, positioning us as a socially responsible company and a leader in inclusion, accessibility and the protection and welfare of individuals.

Devoting time and effort to identifying issues, vulnerabilities and emotional scenarios for each individual and implementing mechanisms for support and improvement will strengthen the management and leadership model of organisations.

Additionally, a digital disconnection protocol has been developed along with a best practices guide. Finally, promoting hybrid and flexible work arrangements includes designating two days per week for telecommuting to enhance work-life balance at central services.



Customers

	2021	2022	2023
No. of customers	1,497,432	2,347,762	2,628,469
No. of loyal customers (new)	54,476	71,270	71,160
Average occupancy (%)	63	78	82
Complaints	35	58	52
NPS (Net Promoter Score)	51.22	51.96	54.45
GRI (Global Review Index)	84.6	82.5	86.3

2023 has been a record-breaking year, with a 12% increase in the number of customers compared to 2022, reaching 2,628,469, and a four-point improvement in average occupancy, reaching 82% compared to the previous year. This indicates the strong performance of the company and customer preference for our hotels, reflected in the satisfaction index, which has improved compared to 2022 (see GRI and NPS in the table).

Thanks to the training, commitment and daily dedication of our employees, we can offer our customers the best services in our hotels. Everything we do at ILUNION Hotels is aimed at providing unparalleled experiences always under the highest quality standards. Inclusion and accessibility are distinctive features that add value and attract our customers.

We understand that our firm commitment to sustainability requires us to move forwards, offering our customers an experience, service and products consistent with our sustainable commitment. We aim to engage our committed customers by involving them in our world view, offering experiences with social and environmental impact. To achieve this, we know that transparency, respect and honesty are key in our management, interactions and service.

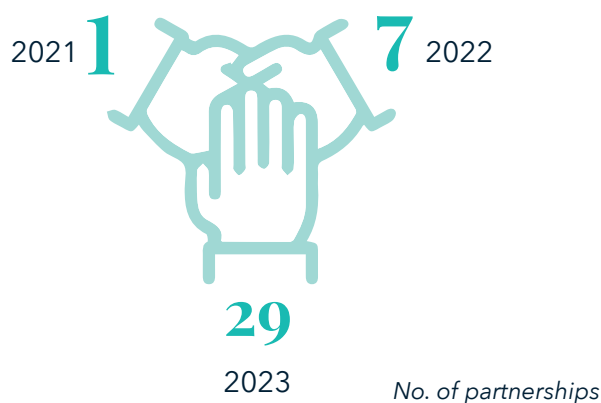
2023 was a record year, with the number of customers increasing by 12% compared to 2022.

Society and community

ILUNION Hotels is a company of people, for people. We are open to dialogue and collaboration with our stakeholders to respond to **society's** new challenges. These stakeholders include the local community, academic and scientific environment, the third sector of social action, representative organisations of the business fabric (tourism sector, professional associations, etc.), as well as the media.

Our relationship with the surrounding environment is crucial, as we are part of various local communities. We take responsibility for our relationship with the local community, the natural and cultural environment of the areas where we operate, and we promote socio-economic development in these regions. Active listening within the community ensures smooth relationships and allows for two-way dialogue, enabling collaboration towards common interests.

► Partnerships



We view partnerships as the most effective way to contribute to the 2030 Agenda and SDG 17, and to be agents of social change. ILUNION Hotels has a **Partnerships Policy** that outlines basic principles for establishing alliances with organisations. The aim of these agreements is to go beyond mere cooperation by developing projects, programmes or actions where we can work together with our partners.

We have established partnerships with various societal actors such as universities (University of Navarre), business schools (ESCP), associations (WAS), the third sector (ACCEM, Red Cross, CEAR) and the business community. With all of them, our goal is the same: to achieve our purpose through collaborative projects. Additionally, in order to disseminate and inspire the change we aim to achieve, we collaborate with universities such as Complutense University of Madrid, University of Antwerp and University of Valencia, as well as with business schools like ESADE, ISDI, IESE and IE, where we present our unique model.

In the realm of the third sector, we seek collaboration to assist the most vulnerable in situations of conflict, humanitarian crises and natural disasters.

Beyond fostering partnerships, wherever we are present, we believe it is important to establish collaborations and commitments with as many entities and institutions as possible to advance our business vision. To advance sustainability and increase visibility, we consider it essential to maintain our presence in the following initiatives



independently, not just at the Group level. This involvement in various associations or foundations aims to inspire and convey our purpose:

- **Global Compact:** ILUNION Hotels is part of the sustainable tourism working group within the Global Compact, with the aim of contributing through best practices, ensuring that participating companies become catalysts for positive impact on people and the planet.
- **Forética:** ILUNION Hotels participates in various working groups related to sustainability at Forética, including transparency and good governance, circular economy and social impact.
- **SERES Foundation:** ILUNION is a member of the SERES Foundation, which aims to encourage companies to create value and assume their role as key agents in addressing social issues.
- **DIRSE:** ILUNION Hotels is represented by a member of its Directive Committee and actively participates in the association’s initiatives.
- **WAS (Women Action Sustainability):** ILUNION Hotels has entered into an alliance with WAS, an association that promotes sustainability. We participate in its various working groups.

> Social Action

	2021	2022	2023
Amount (€)	36,964	938,240	143,020
No. of actions	13	37	69
No. of beneficiaries	2,300	11,596	15,597

Social action at ILUNION Hotels drives, channels and develops the solidarity initiatives of our people for a social purpose. It encompasses all voluntary activities in which the company is involved and which make a positive contribution to society. The actions carried out are recorded on the digital platform STK App.

ILUNION has approved a **Social Action Policy** aimed at contributing to “building a better world with everyone included” through the charitable actions of its employees and companies, addressing social challenges and issues aligned with the company’s purpose.

Here are our actions during 2023:

- **Action Against Hunger:** We have renewed our partnership to promote joint actions. In the “Restaurants Against Hunger” campaign, sixteen establishments participated, raising €10,600.
- **Red Cross:** We collaborate in fundraising campaigns to assist people affected by natural disasters or conflicts, such as the earthquake in Morocco.
- **ALPAN (Food for Needs) programme:** We support a network of social dining rooms to help vulnerable individuals. Our ILUNION Barcelona hotel donated 2,940 meals, valued at €20,580.
- **CEAR:** ILUNION Alcora Sevilla partnered with CEAR to provide accommodation for 50 Sub-Saharan refugees.



Human rights

Since the end of 2023, ILUNION has implemented a **Human Rights Policy**, establishing an internal self-regulation framework. The purpose of this policy is to formalise the commitment of all companies within the Group to human rights and define the principles applied in their relationships with stakeholders for implementing due diligence in this area, in accordance with the UN Guiding Principles on Business and Human Rights and other related documents. With this policy we also endorse the principles of the Convention on the Rights of Persons with Disabilities (2006), which aims to promote, protect and ensure the full enjoyment of all human rights and fundamental freedoms by all persons with disabilities on an equal basis and promote respect for their inherent dignity.

Through this policy, a system of **due diligence** on human rights is established that ensures the identification, prevention, mitigation, elimination and redress of potential and actual adverse impacts in ILUNION Hotels' operations, value chain relationships, as well as on acquisition, investment, divestment operations and risk management processes. Therefore, integrating human rights criteria will entail changes in some of our procedures, including the publication of hiring criteria, investments or due diligence processes conducted.

Human rights are universal standards that ensure respect for the dignity of all individuals and constitute an essential requirement in the company's operations. For this reason, ILUNION Hotels, given the characteristics of the company and its direct relationship with customers, will have its own annex document to the policy in 2024, providing further specificity on integrating human rights in a tourism sector company.

Furthermore, the company is a signatory to the UNWTO **Global Code of Ethics for Tourism**. This document focuses particularly on social, cultural and economic aspects, paying special attention to issues such as human rights, social inclusion, gender equality, accessibility and protection of vulnerable groups and host communities. We report annually on our performance and how we apply the principles of the Code. This document serves as the fundamental framework for responsible and sustainable tourism, containing general principles that guide key actors in global tourism development.

Human rights are universal standards that ensure respect for the dignity of all individuals and constitute an essential requirement in the company's operations.



5

Environmental Commitment



At ILUNION Hotels, we have a strong commitment to protecting and caring for the environment. We aim to be **#changemakers**, i.e. bastions of transformation raising awareness among both employees and customers that their actions can contribute to improving our impact on the environment and positioning us among the most sustainable from an environmental perspective.

► 2023 Milestones

- Approval of science-based emission reduction targets (SBTi).
- BREEAM certification (5 hotels).
- Maintenance and updating of the Ecostars certificate.

► 2024 Objectives

- BREEAM certification in 90% of hotels.
- Reduction of CO₂ emissions by 6.9%.
- Measurement of the water footprint (action plan).
- Implementation of the “Be the Change” project.

► Indicators

	2021	2022	2023
Electricity (kWh)	21,079,070	28,778,421	30,958,519
Natural gas (kWh)	13,808,051	16,455,262	17,110,150
Fuel (kWh)	2,600,736	3,457,336	3,732,918
Energy consumed (kWh)	37,487,857	48,691,019	51,801,587
Renewable energies (%)	57.8	59.7	66.3
Scope 1 (t of CO ₂) (without biogenic)	4,125	4,584	4,364
Scope 2 (t of CO ₂) Market based*	0	738	0
Scope 2 (t of CO ₂) Location based*	5,459	8,216	8,049
Scope 1 + 2 (kg of CO ₂)	4,125	5,321	4,364
Scope 3 (t of CO ₂)	14,996	25,546	35,587.38
Water consumption (l)	315,384,120	448,925,635	519,535,536
Consumption of single-use plastics (kg)	7,879	3,032	ND
Non-hazardous waste (kg)	1,257,181	1,893,240	1,752,654
Non-hazardous waste recycled (kg)	289,218	477,837	569,679
Recycling rate (%)	23.0%	25.2%	32.5%

*According to the GHP Protocol (international standard for carbon footprint reporting), scope 2 emissions should be reported in two ways: using the market-based method, which depends on the type of electricity we purchase (renewable or non-renewable), and using the location-based method, which does not distinguish between the types of electricity we purchase but only considers the country's energy mix.

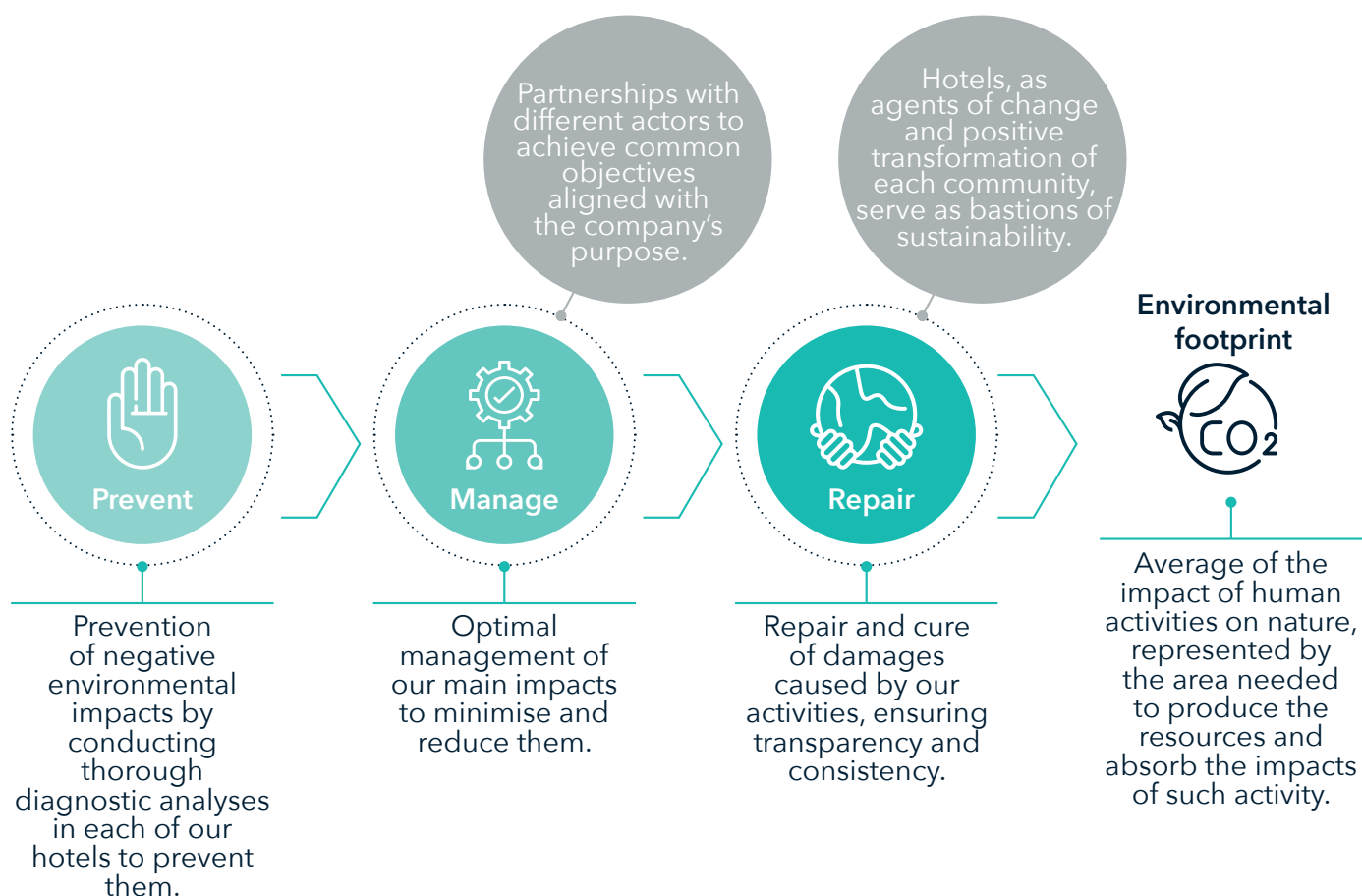
Data per occupied room			
	2021	2022	2023
Energy (kWh)	48.6	39.7	35.4
Emissions 1 + 2 (kg of CO ₂)	5.3	4.3	3.2
Water (l)	408.9	366.2	380.0

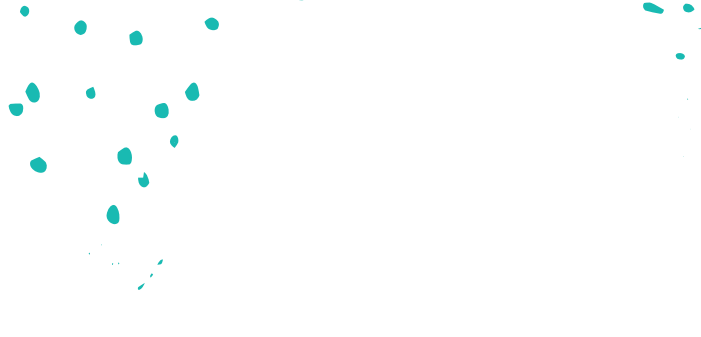
CO₂ emissions of biogenic origin are not included as their CO₂ emission factor is zero.

Our commitment focuses on responsibly managing our operations to minimise and reduce the negative impacts of our activities. This approach ensures we are respectful towards our planet and consistent with our commitment to sustainable

development, always in compliance with current regulations and responsive to the expectations of our stakeholders. At ILUNION Hotels, regulatory compliance is a priority within our operational and reputational risk management. Therefore, our environmental management strategy aligns with international regulatory advancements, commitments made in COP 21, 25 and 26, the framework of the European Green Deal and the new national regulatory context.

Our commitment to the environment at ILUNION Hotels is reflected in the actions we undertake, considering our impact on the surroundings. We recognise that it is everyone's responsibility to contribute to environmental sustainability through energy efficiency, responsible water use, reducing fossil fuel consumption, increasing renewable energy usage, responsible waste management and promoting circular economy practices.





Our approach is to be responsible towards the planet and people, encompassing these three aspects:

- **Prevention of** negative environmental impacts by conducting thorough diagnostic analyses in each of our hotels to prevent them.
- Optimal **management** of our main impacts to minimise and reduce them.
- **Repair** of damages caused by our activities, ensuring transparency and consistency. This includes local ecosystem regeneration in locations (nature positive) where we operate.

This approach uses the concept of environmental footprint as a measure of the impact of our activities on nature. We work on our main impacts:

- › **CO₂ emissions**
- › **Energy consumption**
- › **Water consumption**
- › **Waste management**
- › **Products and raw materials (plastics)**
- › **Scope 3 impact: supply chain**

We must also consider the natural environment surrounding us and the impact we have on it through our activities. The concept of **Nature Positive** refers to not only halting the loss of nature but also restoring it by enhancing the functions of ecosystems. These ecosystems provide a wide range of benefits, such as wildlife preservation, primary economic activities like agriculture, livestock farming, fishing or mining, erosion protection and carbon capture by trees.

Lastly, it's crucial to emphasise that without awareness, training and consciousness, we cannot achieve our purpose. We aim for each of our hotels to become a bastion of sustainability for our employees, customers and members of the local community where we operate. We strive to exemplify the values that drive sustainability, and achieving this goal hinges on communication, participation and collaboration from everyone.

**We aspire for
our hotels to be
#*changemakers*,
bastions of
transformation
fostering awareness
among both
employees and
customers.**

Carbon Footprint

At ILUNION Hotels, we measure our carbon footprint to establish a strategy for reducing CO₂ equivalent emissions. This measurement is part of our decarbonisation plan, which includes actions related to:

- **Energy efficiency**, enabling us to optimise energy consumption in our facilities.
- **Electrification**, involving the progressive replacement of fossil fuels with electricity.
- **Investments**, prioritising hotels with greater decarbonisation potential.

In early 2024, following a year-long analysis process in 2023, we obtained approval for emission reduction targets from the Science Based Targets initiative (SBTi), which will guide our roadmap until 2030.

Decarbonisation involves reducing or eliminating greenhouse gas (GHG) emissions by phasing out the use of fossil fuels and transitioning to renewable energy sources such as solar, wind and geothermal heat.

At ILUNION Hotels, we are committed to decarbonisation in alignment with the ONCE Social Group and ILUNION Decarbonisation Project. Our goal is to surpass the deadlines set by the European Green Deal and current regulations to achieve carbon neutrality by 2040. To achieve this, we are developing a decarbonisation plan with three milestones (using 2022 as the base year):

- **2027: 20% reduction of CO₂ emissions in scopes 1, 2 and 3.**
- **2030: 42% reduction of CO₂ emissions in scopes 1, 2 and 3. SBTi Commitment.**
- **2040: net-zero CO₂ emissions.**

This year, 2023, our carbon footprint was 4,634 t of CO₂ (scope 1+2), which represents an 18% reduction. These tonnes fall under scope 1 (fuels, gases and refrigerant gases), since scope 2, referring to purchased electricity, shows zero emissions (market-based), as it is purchased with Guarantee

of Origin (GoO). Energy consumption per room decreased by 5% in 2023 compared to 2022, indicating the effectiveness of our measures.

As for scope 3 emissions, which we started measuring in 2021, emissions increased by 44% compared to 2022, reaching 35,587.38 t of CO₂. This increase is attributed to higher occupancy, inclusion of two new hotels for the full year in the report, and the acquisition of two buildings for refurbishment. Among all categories applicable to ILUNION Hotels, the supply chain stands out as the most significant, accounting for 45% of total emissions. Therefore, we are developing a joint strategy with ILUNION to reduce these emissions (we share suppliers with other companies in the Group) under the decarbonisation plan, while implementing the principles of the Responsible and Sustainable Procurement Policy. Our goal is to promote a supply chain aligned with the sustainability criteria we have established, fostering local suppliers at each hotel location to reduce transportation, packaging, and consequently, CO₂ emissions.

To achieve the reduction targets set, during 2023 and in a preliminary phase before initiating the Decarbonisation Plan, we have proceeded with the replacement of machinery and facilities. This process considers service risk criteria and decarbonisation potential at each hotel. During this phase, we have reduced the consumption of fossil fuels and refrigerant gases, enhanced energy efficiency, increased the use of renewable energies and prioritised purchasing energy with Guarantee of Origin:

- **Installation of renewable energies:** Based on the identified needs from the preliminary analysis and available options, several systems including photovoltaic panels, hybrid systems (solar panels and photovoltaic) and aerothermal systems have been installed.
- **Energy efficiency:** Various machinery has been replaced with more efficient equipment, including units with heat recovery and condensing boilers. Hydraulic improvements have been implemented to optimise heating and cooling production, along with the installation of building management systems (BMS) and the review of thermal insulation status.
- **Refrigerant gases:** Equipment with refrigerant leaks that cannot be repaired has been re-

placed. Systems identified with high refrigerant losses are promptly replaced and maintenance practices have been enhanced.

- **Purchase of energy with guarantee of origin:** This type of energy has zero CO₂ emissions; in 2023, all energy for our offices and hotels was purchased with a guarantee of origin (GoO).

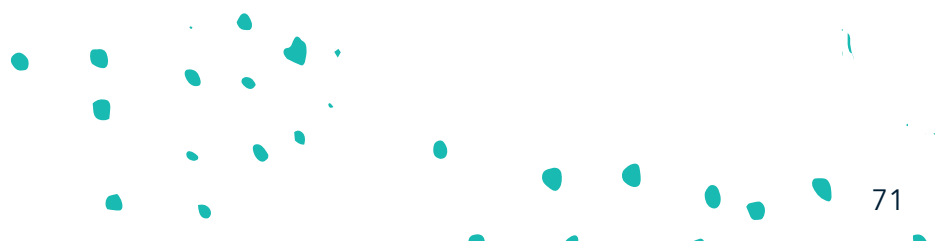
Additionally, in 2023 we have once again verified our carbon footprint alongside other companies within the Group. The purpose of this verification is to independently ensure that the declaration made regarding greenhouse gas emissions, through the emissions report prepared, is complete, meaning accurate, consistent, transparent and free from significant discrepancies. This process has been conducted by AENOR.

Furthermore, energy audits have been carried out in all owned hotels, as they are mandatory every four years (in compliance with RD 56/2016). Additionally, in accordance with regulations, we have obtained the energy efficiency certificate for all our hotels.

Other projects undertaken in 2023 related to emission reduction and decarbonisation include:

- **Olivo (consumption monitoring):** This tool allows real-time monitoring, identifies patterns and anomalies, monitors energy-saving measures (ESM), and in the future, will generate reports using predictive models (AI). It positively impacts the energy efficiency of our hotels, enhances employee work quality and improves the overall customer experience. This system was implemented in 2022 in two pilot hotels to test its functionality and adapt it to specific needs. Improvements have been made to its performance in 2023, and it will continue to be implemented in the remaining hotels throughout 2024.

- **Electric vehicle chargers:** The number of electric charging points has been expanded. By late 2023, we have installed charging points in nineteen hotels where parking is managed: 40 chargers with two sockets, and two chargers with one socket, totalling 82 spaces.
- **Sustainable mobility plan:** ILUNION Hotels is participating in a working group coordinated by ILUNION to develop a Sustainable Mobility Plan. The aim is to reduce emissions from employee commuting and travel to work, as well as to offer sustainable travel alternatives to our hotel guests.



Responsible water management

Water management has become one of the most significant challenges facing the planet in the coming decades. At ILUNION Hotels, we are committed to using water responsibly. Furthermore, it is important to note that water management has gained considerable relevance in the update of our materiality matrix. Therefore, for 2024, we have set the goal of calculating ILUNION Hotels' water footprint and developing an action plan for responsible water management.

The **water footprint** is an environmental indicator that measures the volume of water (litres or cubic metres) used throughout the production chain of a consumer good or service. This system not only measures the volume of water used but also distinguishes between rainwater, surface water, groundwater and polluted water. It results in three indicators based on the origin of the water: green water footprint (rainwater), blue water footprint (freshwater) and grey water footprint (water quality).

Once the calculation is completed, a three-year action plan will be established in line with our corporate strategy to prioritise investments in hotels where the potential for water savings is highest, aiming to optimise water use and consumption.

Water consumption in 2023 amounted to 519,535,536 litres, marking a 15.73% increase compared to the previous year. This rise was driven by higher occupancy throughout the year compared to 2022. Per room, water consumption was 197.7 litres, reflecting a 4% increase from 2022. This increase is primarily due to the addition of two hotels with significant facilities such as pools or gardens.

To optimise water management, we have undertaken several initiatives:

- Services: Replacement of taps and showers with more efficient models, installation of aerators and improvements in pools.
- Dining: We are promoting sustainable food choices by reducing the consumption of water-intensive foods like meat, and supporting local and sustainable agriculture, livestock and fishing whenever possible.
- Paper: Digitisation and reduction of paper use, both in hotels and central offices.

Finally, it should be noted that in 2023, the “Water Challenge” was launched through the Transforma project, which gathered employees' ideas regarding this concern. This initiative involves a strategic search and evaluation process for solutions to a crucial issue: water efficiency. This search is not only essential for environmental sustainability but also presents an opportunity to enhance business competitiveness and differentiation through efficient water resource consumption and the promotion of responsible practices among stakeholders.

Prioritising investments in hotels where the potential for water savings is highest, with the goal of optimising water use and consumption.



Circular economy

ILUNION Hotels advocates for the circular economy as a model for responsible production and consumption. Minimising waste and optimising its management are among our top priorities. Additionally, we aim to extend the lifespan of products and reduce resource use. Together with ILUNION, we are developing a global strategy aligned with our sustainable business model, aiming to keep raw materials in the production cycle longer and promote their recurrent use, thereby aiming to generate less waste.

► Waste management

In 2023, the company generated 1,752,654 kg of waste, marking a 7% reduction compared to 2022. This decrease is complemented by a 29% improvement in the recycling rate, which reached 32.5% in 2023, attributed to enhanced waste management practices.

For waste management, we continue to develop tools to streamline processes for hotels. A platform has been developed to digitise waste data collection in four of our hotels. During 2023, it was implemented in a pilot phase and in 2024 we will extend it to the rest of the establishments.

In compliance with current regulations, we are progressively eliminating single-use plastic utensils and reducing disposable plastic use. These materials are being replaced with biodegradable, reusable and bulk products.

Regarding waste minimisation, we are focused on reduction, recycling and seeking partnerships for reuse. For instance, we have re-purposed hotel textiles by collaborating with an external partner to create furniture and other accessories from pressed curtains or sheets mixed with resins and natural carbonates using innovative, low-carbon emission technology to produce new products.

Environmental certifications

At our company, we are committed to environmental certifications to achieve a superior market position and establish ourselves as a unique and differentiated model.

In 2023, we updated the **Ecostars** seal in several of our hotels and certified those that did not previously have it, including two new additions in 2022. Ecostars is a sustainability certification specific to hotels, awarding eco-stars based on the environmental impact per stay.

Additionally, in 2023, we embarked on a new and ambitious project to obtain **BREEAM** certification for our hotels. By the end of 2023, we successfully obtained this seal for five of our hotels, with the goal of achieving it for the remainder in 2024. BREEAM is the most technically advanced method for assessing and certifying sustainability in buildings, leading globally by the number of certified projects since its inception.

We maintain the Q Sostenible seal in all our establishments, and in 2024, we will expand our environmental certifications by obtaining the Q Sostenible Life and Q Sostenible ODS certifications. **Q Sostenible Life** is a European certificate that measures environmental impacts of facilities or buildings, along with integrating health criteria and quality of life for users. **Q Sostenible ODS** is a certification aimed at fulfilling the United Nations Sustainable Development Goals (SDGs). It is the first international certification to align SDGs with business realities and propose actions to improve their situation in line with the SDGs.

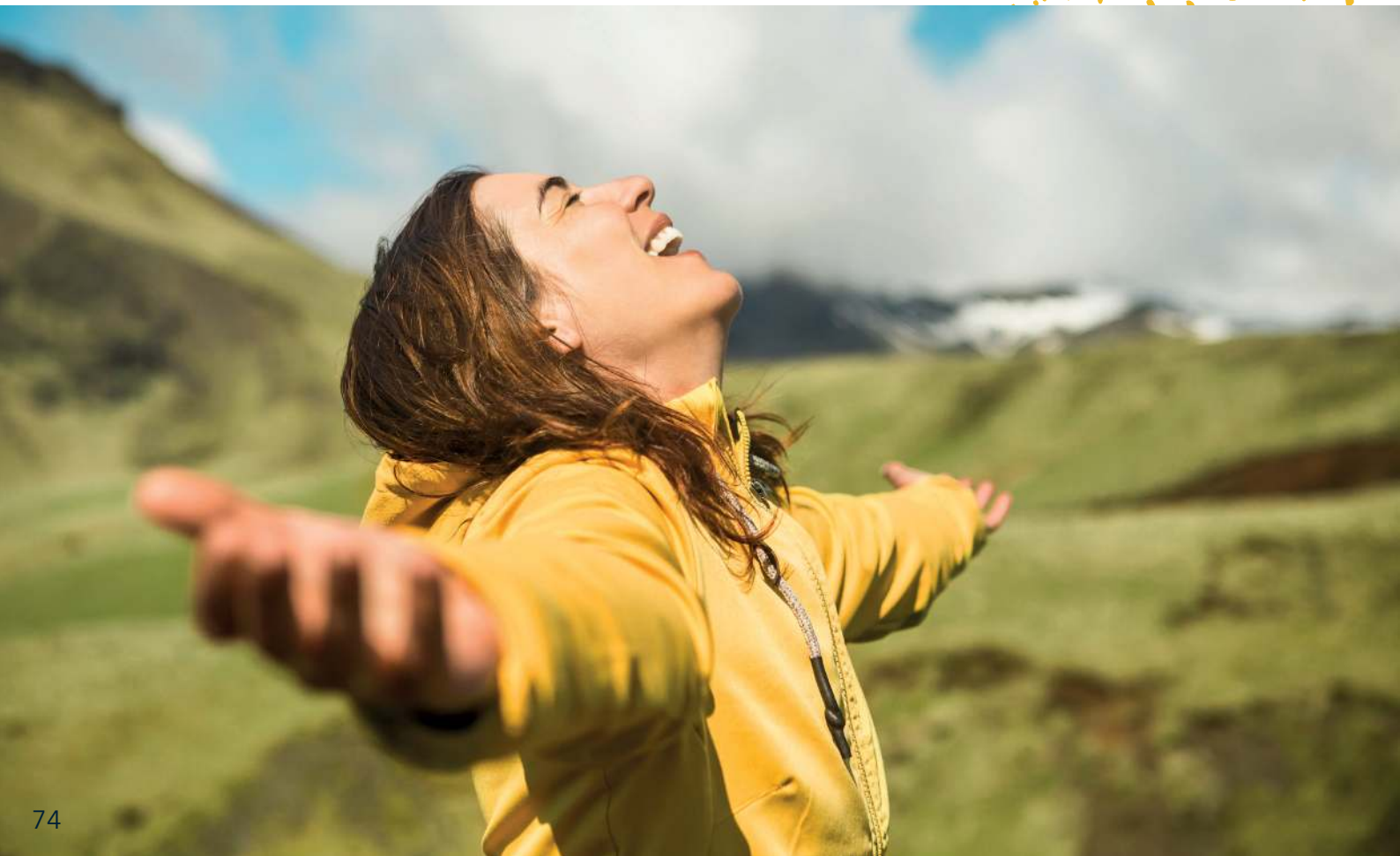
A superior market positioning and establishing ourselves as a unique and differentiating model.

Nature Positive

In addition to our commitment to climate change and our ambition to reach Net Zero by 2040, at ILUNION Hotels we are also concerned with the natural environment and biodiversity conservation, aspiring to achieve a nature positive impact in the areas where we operate and aim to restore nature by 2050.

To achieve this goal, in 2023, we conducted an identification of protected areas and natural sites of interest located near our hotel operations. This, coupled with an analysis of nature impacts and dependencies, provides us with better insights for decision-making regarding nature-based solutions.

In 2024, we plan to propose a series of projects related to biodiversity (flora and fauna) and water (wetlands recovery, watersheds), in collaboration with third-sector entities already active in these areas and with established projects in Spain.



Training and awareness-raising

We are *#changemakers*, aiming to inspire change and transform our hotels into bastions that promote conscious tourism committed to sustainability, involving all our stakeholders: employees, guests and members of the local community where we operate. One of our goals is to embody the values of sustainability and foster knowledge of the local environment and culture. Achieving this requires communication, participation and collaboration from everyone involved.

Aligned with our social initiatives, we establish a connection to communicate a message of sustainability to our guests, making them part of our purpose and aware of why we are changing our practices. Through training our employees, we aim to raise awareness among guests about the importance of conserving natural resources and biodiversity.

We aim to raise awareness among guests about the importance of conserving natural resources and biodiversity.

› Be the Change

We are developing a project that will launch in 2024. Through this programme, we aim to inform our guests so they become aware and understand that their decisions and actions can have an impact and be meaningful. To achieve this, we propose the following initiatives:

- Creation of a dedicated section on the hotel's website showcasing the environmental initiatives, sustainable practices and commitments of ILUNION Hotels. This will include information on energy and water conservation measures, recycling programmes, locally sourced food and other sustainable initiatives.
- Promotion of the hotel's certifications. This involves highlighting these achievements on the hotel's website, social media platforms and marketing materials to demonstrate differentiation, credibility and commitment to sustainability.
- Collaboration with local environmental and social non-profit organisations. This can include joint events and participation in community sustainability projects to enhance the visibility and reputation of the hotel further.
- Development of materials in the room or on a digital platform to educate and raise awareness among guests about the hotel's sustainable practices, offering tips for environmentally friendly behaviours during their stay.
- Creation of special packages or offers that specifically promote the hotel's sustainability initiatives linked to the company's loyalty programme. Invitation to customers to participate in these sustainability initiatives.
- Promotion of the hotel's experience in organising sustainable events and meetings.

Partnerships

In the environmental field, we have entered into various partnerships that help us continue advancing on our sustainability journey:

› Rastro Solidario

Through the “Aceite Solidario” (Solidarity Oil) initiative by the NGO Rastro Solidario, ILUNION Hotels has generated 9,298 kg of used vegetable oil as a result of proper management in our establishments. The benefits of this action go to the ONCE Foundation, which promotes the full social inclusion of people with disabilities, and to the Aprende Sin Barreras (Learn without Barriers) academy of the NGO itself, which provides training for young people with intellectual disabilities.



› Otro Tiempo, Otro Planeta

This is a social project for collecting used oil in the Community of Madrid to provide employment opportunities for women at risk of social exclusion and/or victims of gender violence. In 2023, 2,605 kg of oil were collected.



› Too Good To Go

Food waste has become a major concern. Thanks to the partnership with Too Good To Go, we offer surprise packs every day containing a wide variety of surplus breakfast buffet food. In 2023, 9,309 food packs were saved, which translates to 23.27 tons of CO₂ emissions avoided, equivalent to the emissions produced by charging the battery of 3.4 million mobile phones.



› Coca-Cola

Participation in a waste collection day organised in Cala Galdana (Menorca), close to our hotel ILUNION Menorca. This action was part of the Mares Circulares (Circular Seas) programme, led by Coca-Cola, and was supported by Ferreries Town Council. Between all the volunteers, almost 50 kg of waste was collected and sorted for recycling.





6

Innovation

Innovation is a key strategic variable that addresses the challenges of the hotel sector, which must increasingly be more sustainable, efficient, competitive, meet the needs of employees and other stakeholders and offer new experiences to the customer.

➤ 2023 Milestones

- Definition of the Innovation Policy.
- Design of a new Technology Plan.
- Implementation of a Competitive Intelligence System.
- Promotion of internal innovation culture.

➤ 2024 Objectives

- Position ILUNION Hotels as leaders and benchmarks in business innovation in the sector.
- Develop innovations that promote sustainable growth, efficient resource management and reduce environmental impact.
- Promote an open innovation ecosystem, driving it in collaboration with stakeholders.
- Internally and externally communicate, providing visibility and recognition to innovation initiatives.

➤ Indicators

	2021	2022	2023
Ideas for Innovation projects	40	451	460
Projects started	11	21	30
Scaled-up projects	2	6	14
% Staff trained in digital transformation/innovation	23.8	29.4	26.8
Expenditure on innovation suppliers	363,000	474,000	610,000
No. of innovation suppliers	10	23	24

Innovation policy

Commitment to innovation has been fundamental in continuing to transform ILUNION Hotels into an outstanding, responsible company dedicated to people and the environment, while adding value to its customers, ILUNION, the ONCE Social Group and society as a whole.

Within the company, the relevance of innovation is recognised as a key element for transforming the business, with technology and digitalisation serving as pillars supporting innovation implementation. Innovation contributes to supporting ILUNION Hotels' purpose: **"building a better world with everyone included"**, through successful and meaningful transformation of the company with new, incremental, disruptive and sustainable solutions.

In 2023, an employee survey was conducted to assess the state of innovation within the company. The objective was to analyse the current situation of innovation regarding strategy, processes, methods, structure, innovation culture and ecosystem. Results demonstrate a high level of knowledge in this area, with all aspects fairly developed. The primary focus now is to strengthen specific innovation actions to further establish the company as outstanding and sustainable.

Additionally, various actions were taken to gather the needs and expectations of other stakeholders:

- A survey was conducted among customers to gauge their perception of innovation, with participation from over 1,000 respondents.
- Another survey was carried out to understand the innovation-related interests of suppliers, partners, regulators, associations and companies in the tourism and hotel sector.

The main conclusions drawn from these efforts were incorporated into the development of actions outlined in the **Innovation Master Plan**.

In 2023, ILUNION Hotels published its Innovation Policy to define and disseminate its innovation strategy. This policy establishes principles and criteria guiding actions in this area, prioritising positioning the company as a unique and inspiring model for other companies and stakeholders aiming to build a better world. It contributes to achieving the United Nations Sustainable Development Goals (SDGs).

The policy outlines 14 principles of action that guide initiatives and strategies to foster creativity and interdisciplinary collaboration.

- Drive transformation within the company.
- Develop innovation to multiply within ILUNION.
- Foster a culture of innovation.
- Promote the development of an innovative customer experience.
- Foster innovation across all areas of the company.
- Develop new strategies, systems, processes, products and services.
- Encourage an open innovation ecosystem.
- Promote external collaborations and partnerships.
- Develop new business models.
- Define internal innovation processes and structures.
- Further increase commitment to and promotion of innovation.
- Promote a competitive intelligence system.
- Communicate internally and externally.
- Monitor innovation actions.

Innovation plan

In 2023, ILUNION Hotels launched its Innovation Plan, a strategy centred around people and developed collaboratively across the organisation. This plan identifies the main areas of action to achieve the set objectives:

- **Strategy:** Defining the vision and direction of innovation.
- **Management (Organisation):** Structure and processes to drive innovation.
- **Processes (Operational):** Continuous improvement of operations and processes.
- **Product and Service:** Development and improvement of offerings for customers.
- **Open ecosystem:** Collaboration with start-ups, business schools and technology centres.

- **Competitive intelligence:** Analysis of the environment and trends.
- **Innovative culture:** Fostering creativity and innovative thinking.
- **Communication:** Dissemination and promotion of innovation within the organisation.

The focuses of ILUNION Hotels' innovation strategy are: Innovative Culture, Organisational, Incremental and Disruptive Solutions, Open Innovation, Digitalisation, Data Driven and Systems Architecture, Interdisciplinary, Communication and Sustainability.



ILUNION Hotels' areas of action in innovation

New model of innovation

In 2023, ILUNION Hotels transitioned to an open, hybrid and decentralised innovation model that allows for the creation of an ecosystem integrating its stakeholders. This model fosters ILUNION Hotels' purpose, creates value, transfers knowledge, attracts talent and promotes an innovative spirit.

The company views innovation as a decentralised and open process. Decentralised, because it is carried out proactively in each area, empowering them, yet consistently supported and coordinated by the innovation department. Open, because the company is committed to involving all its stakeholders in the innovation process.

The new innovation model becomes a call to action for innovation (#InnovACTION) for all ILUNION Hotels stakeholders, where employees are the main ambassadors of transformation through co-creation.

› Definition of the competitive intelligence system

In 2023, the competitive intelligence system has been defined to capture information and use it in strategic planning. Its objective is to gather, analyse, use, communicate and protect information related to external and internal factors of the organisation (sector companies, markets, technologies, regulations, innovations, research and development) for the development of the company's strategy. The system rationalises key decision-making, avoiding decisions based on intuition, cognitive biases and mental frameworks in the management sphere.



Promotion of internal innovation culture

In the pursuit of competitive advantages ensuring sustainability, innovation culture stands out as a primary factor requiring development.

Within the actions aimed at fostering innovation culture, specific training sessions were conducted for over 220 individuals (hotel managers, department heads and central office managers). The objective of these awareness-raising actions was to lay the foundation for an innovation culture and provide key ideas that attendees could take forward. Additionally, challenges were identified per area to feed into the innovation funnel.

› Innovation projects

The innovation projects undertaken in 2023 included:

- **Development of an open innovation ecosystem:** ILUNION Hotels participated in significant events (South Summit, StartUp Olé, Hosteltur Academy, Puentes de Talento, Les Roches, Re-Think Hotels forum and the Women Leadership Programme of the European Commission), along with innovation meetings and actions. The goal was to implement and strengthen relationships with stakeholders, promote innovation, inspire change and enhance economic development by streamlining the execution of innovation projects among companies, universities, entrepreneurs, investors, technology centres, public bodies and other stakeholders.
- The **“water challenge”** involved a strategic search and evaluation process for solutions to a crucial issue: water efficiency. This search is not only essential for environmental sustainability but also presents an opportunity to enhance business competitiveness and differentiation through efficient water resource consumption and the promotion of responsible practices among stakeholders.
- **Company Data-Driven Action Plan:** The Data-Driven approach was adopted in 2017, establishing a dedicated analytics and data modelling area to optimise operations, anticipate market needs and personalise experiences for customers and stakeholders. However, it was in 2023 when this Data-Driven strategy materialised with the development of data action

plans—strategic roadmaps guiding the activities of the data analytics team to build a data strategy in collaboration with various areas of the organisation.

- **Hotel Innovation 2030 Project:** An open innovation project involving stakeholders to design the hotel of the future. The project aims ambitiously to identify key factors that will establish ILUNION Hotels as a leading hotel chain in innovation.
- We have adopted a **project management platform** with the aim of evolving its management, fostering collaboration, quality and internal customer satisfaction throughout the project life cycle. This platform enhances information and portfolio project control, optimises resource management, timelines and costs and increases the quality and satisfaction of project management.
- **The Clear project** aims to create a process to organise and update our customer data, eliminating duplicates from the database. Its execution improves our data quality, streamlines processes, enriches business knowledge and facilitates better decision-making regarding customer strategy with a broader 360-degree view.
- **Digitalisation of people:** A project focusing on using digital technologies to transform human resources management. The goal is to streamline and improve processes, providing employees with access to information and self-management. Key projects include digital contract signatures, shift planning, performance evaluation and the development of digital training, culminating in the creation of a Virtual Campus.
- The **RMS System project** focuses on adopting Revenue Management System software with an artificial intelligence analytical layer. Its main objective is to optimise pricing strategy and maximise hotel company revenue through advanced algorithms and predictive analytics.
- A highlight was the organisation of ILUNION Hotels' first **Innovation with Purpose Forum** for the tourism and hotel sector. The aim of this

forum is to discuss purpose-driven innovation with stakeholders, how it should be implemented, its advantages, challenges, approaches and to share practical examples. The forum has helped define the concept of Purpose-Driven Innovation with stakeholders.



**Laying the foundation
for a culture of
innovation and
contributing key ideas.**

7

About this report



Materiality

Materiality is a key aspect of company management that involves the analysis and specification of what are considered relevant topics for ILUNION Hotels and its stakeholders. These relevant topics include issues important for sustainable management of the company and those that can influence the decisions and behaviours of stakeholders in relation to our company.

In 2024, in line with the new European regulations on sustainability information reporting and in collaboration with ILUNION, we are adopting a new methodology that requires analysis from the perspective of double materiality.

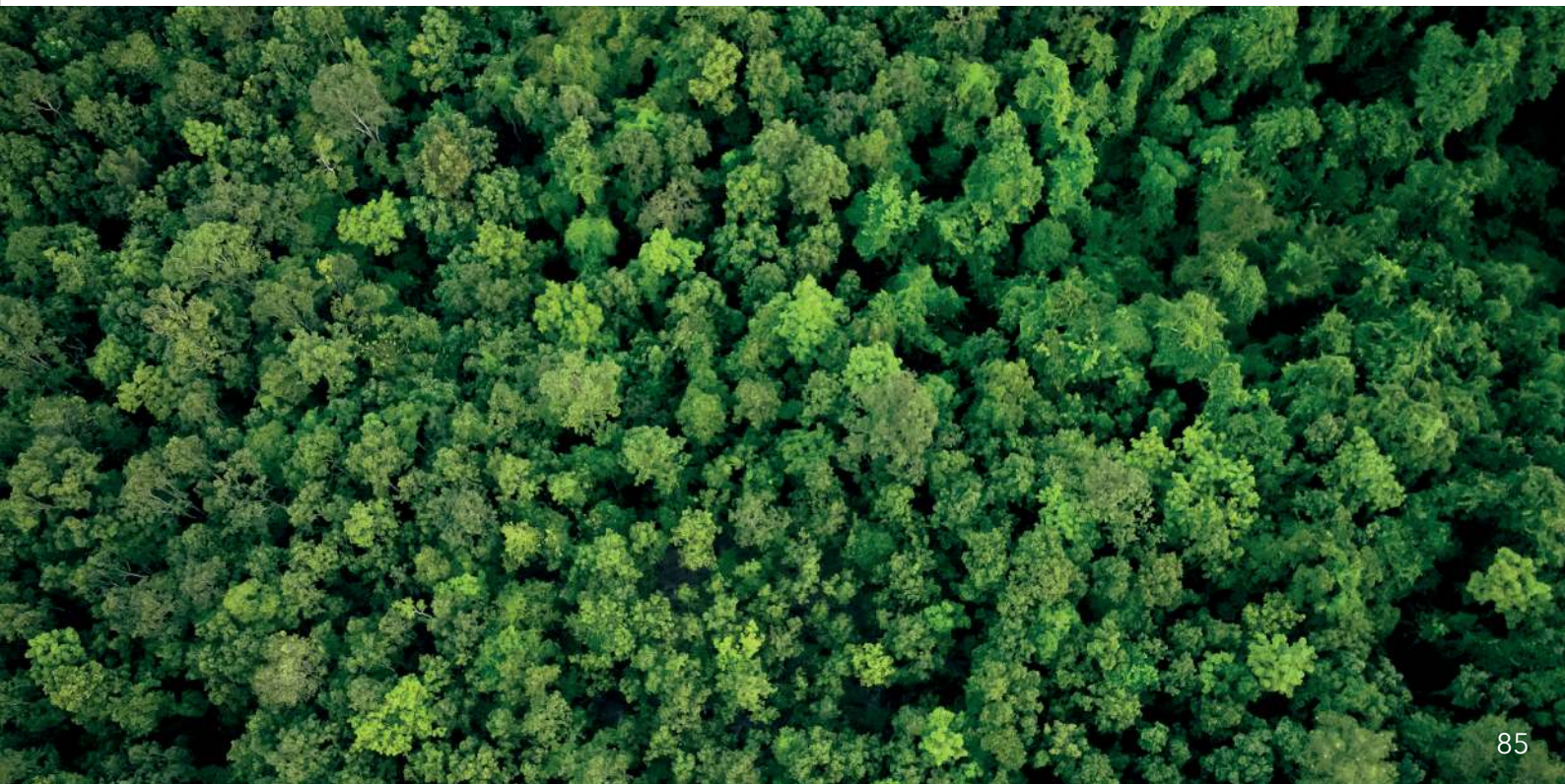
Double materiality is a concept that emphasises the need for the organisation to consider not only how its activities impact society and the environment, but also how external environmental and social factors affect its financial performance. Therefore, an issue meets the materiality criteria if it is material from the impact perspective, the financial perspective or both perspectives:

- **Impact materiality:** Identifies material issues related to significant real or potential impacts on people or the environment, including impacts caused directly by the company and those it may have throughout its value chain.

- **Financial materiality:** Refers to identifying those material issues that trigger financial effects for the company, generating or potentially generating risks or opportunities that influence future cash flows and therefore the company's value.

Through the analysis of double materiality, we can identify the most relevant ESG aspects and incorporate them into decision-making and reporting. Once ILUNION Hotels' stakeholders have been identified and prioritised, an internal and external information analysis phase is conducted to obtain a list of material issues for which a double impact assessment is conducted (relevance of the issue to stakeholders and impact on ILUNION Hotels' strategy and financial performance). The process is completed with direct feedback from stakeholders to understand their perception through surveys, focus groups, etc.

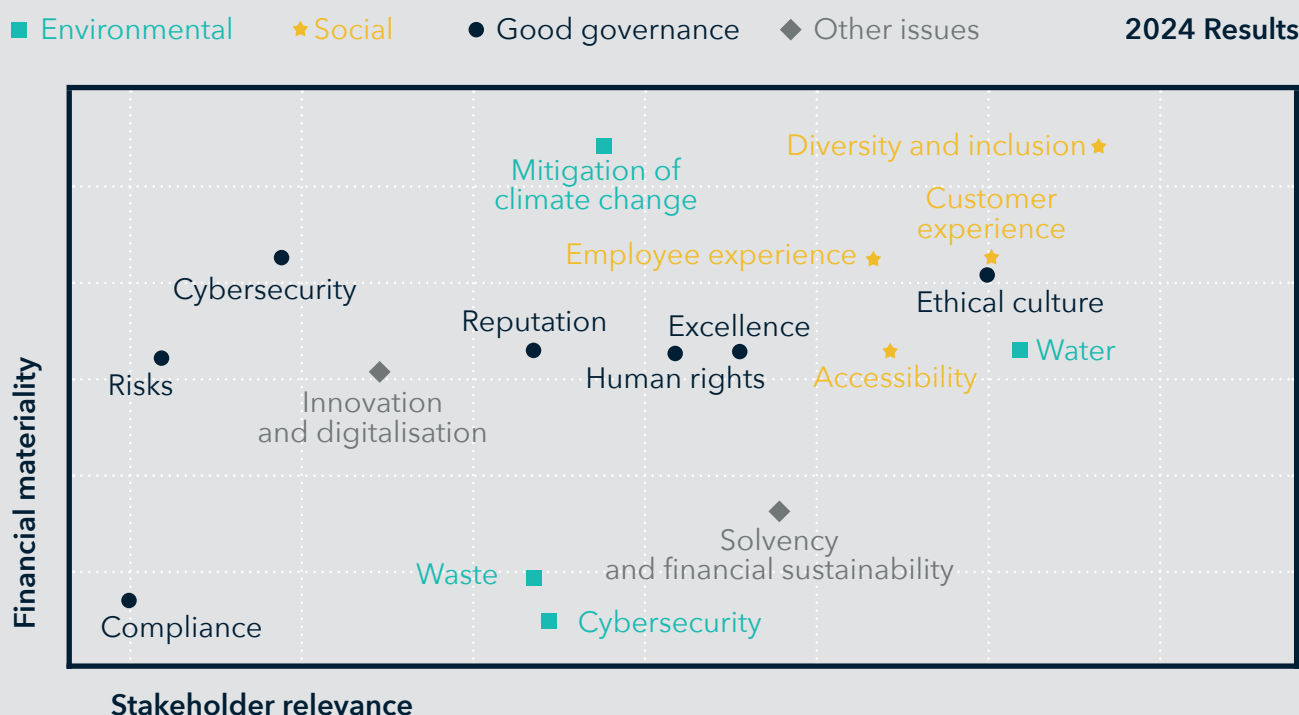
The updated prioritisation results of material topics in 2024 can be seen in the following matrix, where the X-axis represents the importance of each issue weighted by the stakeholder group, and the Y-axis represents the potential impact (risk and opportunity) of the topics on ILUNION Hotels.



Social aspects are positioned at the highest priority level. In terms of environment, climate change and water stand out as the two key aspects, while in terms of good governance, ethical culture takes the lead. Regarding the 2022 matrix, the following variations can be noted:

- **Water** has gained much more importance from the perspective of stakeholder relevance.
- **Customer experience** has risen and now ranks as one of the top issues compared to 2022, where it held an intermediate value.
- None of the topics that were in the highest position on the matrix have decreased to the intermediate zone.
- **Accessibility** has been renamed and has gained more relevance.
- Other changes have occurred but are considered less significant.

Important issues for a sustainable management of the company.



Correspondence with GRI Standards

– *Global Reporting Initiative*

This report reflects the evolution, results and status of ILUNION Hotels' sustainability performance in 2023, along with its management focus throughout the year and the challenges it faces. The objective of this document is to provide, clearly and rigorously, with transparency, the relevant information of the company related to the most significant positive and negative impacts on its various stakeholders. The company has adhered to the recommendations of the Global Reporting Initiative (GRI Standards).

For any additional information about this report, please contact us at the following email address: sostenibilidad@ilunionhotels.com

**To provide,
clearly and rigorously,
with transparency,
the relevant
information of the
company related to
the most significant
positive and negative
impacts.**

GRI Standard	Contents	Page	SDG
GRI 2: General disclosures 2021	2-1 Organisational details	10	n/a
	2-2 Entities included in the organisation's sustainability reporting	85	n/a
	2-3 Reporting period, frequency and contact point	85	n/a
	2-4 Restatements of information	85	n/a
	2-6 Activities, value chain and other business relationships	5	n/a
	2-7 Employees	11, 49	n/a
	2-8 Workers who are not employees	6	n/a
	2-9 Governance structure and composition	8, 9	n/a
	2-11 Chair of the highest governance body	8	n/a
	2-12 Role of the highest governance body in overseeing the management of impacts	8	n/a
	2-22 Statement on sustainable development strategy	6, 7	n/a
	2-23 Policy commitments	6, 42, 45	n/a
	2-24 Embedding policy commitments	6, 42, 45	n/a
	2-25 Processes to remediate negative impacts	42	n/a
	2-26 Mechanisms for seeking advice and raising concerns	41	n/a
	2-27 Compliance with laws and regulations	42	n/a
	2-29 Approach to stakeholder engagement	46, 84	n/a

GRI

GRI Standard	Contents	Page	SDG
Material topics			
GRI 3: Material topics 2021	3-1 Process to determine material topics	84	n/a
	3-2 List of material topics	84	n/a
	3-3 Management of material topics	46, 84	n/a
Material topic			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	11	8
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	44	12
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	41	16
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	12-26, 32, 65, 71	11, 13
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	65, 66, 68	7
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