

Sustainability Report 2017



Peñarroya

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01

Introduction

01

Introduction

Corporate Social Responsibility (CSR) has been advancing in an extremely positive manner over the last few years in Spain. CSR has gone from having little to do with the business to being an integral strategic element of the organisational management process.

This can be shown by the approval, in July 2017, of the Spanish National Action Plan on Business and Human Rights, the development of the Spanish Corporate Social Responsibility Strategy 2014-2020 and Spain's new Climate Change and Energy Transition Act.

The corporate world currently finds itself immersed in a shared culture generation process with respect to the Sustainable Development Goals (SDGs) that involves analysing the impact of its business activities.

However, the major future challenge facing organisations will be how to integrate the United Nations' Development Goals into their corporate strategies so that they become the best guidelines for the management of economic, social and environmental risks.

The United Nations 2030 Agenda addresses critical humanitarian questions such as the eradication of poverty, gender equality, peace and combating climate change, all of which the private sector must embrace and convert into an opportunity.



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02

Message from
the Chairwoman



02

Message from the Chairwoman

It gives me a great deal of pleasure to see how we are moving forward and presenting what is our 3rd SUSTAINABILITY REPORT.

2017 was a year in which we based our strategy on a search for happiness by encouraging the reconciliation of the organisation's workforce as well as on our firm undertaking to continue working on environmentally sustainable innovative measures. However, we have also undertaken to work on improving the role played by women in senior managerial positions and in the digital transformation of the Group.

As a woman surrounded by her three sisters we have known, together with my father, how to provide an example of a company that is committed to improving the role played by women in senior management, which is something not usually found in the governing bodies of companies.

It was for this reason that in 2017 we took the decision to take up membership of the Advisory Council of the Chair on Women, Company and Society promoted

by the San Telmo Foundation as of the time of its constitution in order to serve as an example and be able to help all the other companies by increasing the diversity of the composition of the members of the senior management team and thereby benefiting the taking of strategic decisions. We are working to ensure female senior managers achieve greater visibility and that companies implement policies which make it easier for both women and men to make a valuable contribution on a professional, personal and family levels.

Another equally significant milestone reached in 2017 was the start-up of the digitalisation of the Group via a Project we call "Digital 2020", the date indicated for changing the way we communicate with our customers and, thereby, improve their experience. We see this as the most obvious way of achieving the objective of increasing our direct customer share, which will, in turn, enable us to improve our profitability margin and to be able to get our message across to our customers twelve months a year and combat seasonality.

This transformation will bring about a cultural change at all levels of the organisation the final result of which will be having a detailed knowledge of our customers and therefore enable us to provide them with a more customised service as well as to automate our processes and to digitalise the departments of our organisation.

However, this road map and the success of the company is the result of the extraordinary efforts made by everybody within it, all of whom have helped towards completing an especially outstanding year for the Company. Therefore, the priority for all of us who form part of the company is to maximise its value and to do so by maintaining our commitment to responsibility, solidarity and sustainability, namely the principles on which this report is based.

Furthermore, and of no less importance, was the approval by the Board of Directors of the new Corporate Compliance Code of Conduct, which came about by way of a previous study carried out

by the company into the risks to which it is exposed from the criminal perspective. This involves the implementation of internal measures to prevent, detect and mitigate the crimes that might be committed.

I don't want to sign off without mentioning a key element for the hotel sector, which was the approval of the Framework Agreement regarding the ethics of tourism by the Member States of the World Tourism Organisation (UNWTO), thereby providing a scenario that promotes an ethical and sustainable "modus operandi" within the tourism sector with the aim being to ensure responsible growth that can be sustained over time. We are convinced that the only way to guarantee the sustainability of our business is to manage it responsibly starting now and into the future.

Only those organisations capable of a high economic, social and environmental performance can be sustainable.



Josefa Peñarroya Espíldora
Chairwoman of the Grupo Peñarroya

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03

Corporate
Governance

Board of Directors

The Board of Directors is the supreme body charged with the supervision and monitoring of the principal decisions adopted by the Group as well as the establishment of the management strategies and guidelines and the bases of the corporate organisation in order to guarantee the utmost efficiency and transparency thereof.

At December 31, 2017 the Board of Directors is made up of the following members:



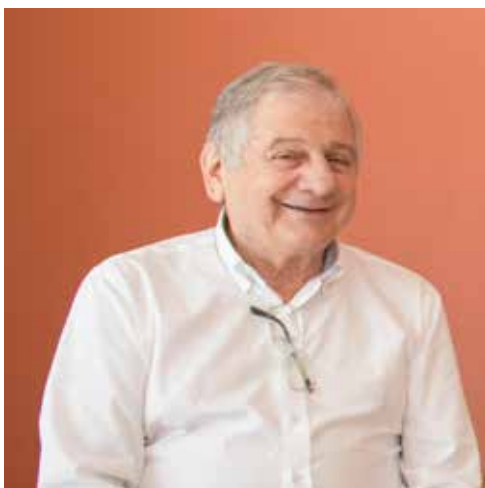
Chairwoman
Ms Josefa Peñarroya Espildora

Managing Director
Mr Cristobal Peñarroya Sánchez

Board Members
Mr Cristobal Peñarroya Sánchez
Ms Ana M^o. Peñarroya Espildora
Ms Francisca Peñarroya Espildora
Ms Monica Peñarroya Espildora

Secretaria:
Ms Inmaculada Atencia Robledo





STRATEGIC COMMITTEE

The Senior Management Committee is made up of the Directors of the Group's main management areas, and their duty is to implement the strategic lines approved by the Board of Directors.

The organisation's ethical principles, good corporate governance and the professional ethics of the staff constitute the mainstays on which our organisation's activity is based. For this reason, in 2017 Grupo Peñarroya boosted the internal control and compliance function via the General Code of Conduct and the Prevention of Corporate Criminal Liability Model by appointing a Compliance Committee and a Manager or Compliance Officer

charged with reporting directly to the Compliance Committee and with managing the confidential claims channel.

During the year in question specific training was given to the managers of the principal areas on the Prevention of Corporate Criminal Liability Model, with this being extended to all of the organisation's employees in the near future.

In line with the compliance system, 2017 saw the design of the organisational structure which will provide legal and operational coverage to the New General Data Protection Regulation (GDPR).



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Who are we?

Mission

Grupo Peñarroya's mission is to establish itself in a leadership position within the tourism and leisure sector both nationally and internationally. To this end we are strongly committed to offering a distinguished, high-quality service linked to responsible

actions and our honest way of doing business.

As a result, we hope to set the benchmark both in Spain and overseas in the tourism and leisure sector, in addition to safeguarding the success of our business.



Vision

The main vision of Grupo Peñarroya is sustainable growth within the Costa del Sol, committed to diversification through its businesses targeting leisure, sport and sectors related to the health and well-being of the elderly, searching for clients,

for the large part, abroad.

The Group strives to ensure that its businesses are run in a professional manner, thus making it possible for them to experience low-risk growth whilst remaining a family group.

Values

TOGETHERNESS,
is a value not often found in large companies, but the family nature of Grupo Peñarroya is there for all to see on a daily basis. One of the advantages of togetherness is the ability to resolve problems quickly and thus minimise bureaucracy. Another is the support available at difficult times, which translates into greater levels of trust. Togetherness with: Our Staff, Clients and Suppliers.

COMMITMENT,
is a value that we both demand and expect from the people who work alongside us, given that we consider that a committed person is generous and always looking for ways to give more affection, warmth, effort and wellbeing everywhere he/she goes. In other words, commitment goes beyond the literal meaning of contracted duties.

EFFORT,
is our daily struggle to meet the goals that we set ourselves and overcome the daily obstacles in our path to give the best of ourselves to our clients. Constant efforts enable us to identify business opportunities that help our company to improve and grow year on year.

EXCELLENCE,
with this being understood as the continuous improvement of the organisation's EFFICACY via its capacity of quickly adapting itself to the changes occurring around it with the aim of obtaining EXCELLENT RESULTS that satisfy all the interested parties related with the Group.

FUTURE PROJECTION,
we are a company whose projects are extremely distinctive and very ambitious. This makes us a company with a strong future projection, all of which translates into a secure project that can be trusted by clients, employees and suppliers.

TEAM

Our main value is to build a team that commits, identifies with and trusts in our life plan. To this end, we strive in our constant search for highly qualified professionals. Our work consists of transferring our values and having our employees embrace them, so that they can be cascaded throughout the organisation as the only possible way of attaining our goals. We are indebted to them as they are the best vehicles through which we transfer our desires and as they make our dreams a reality.

SOCIAL RESPONSIBILITY.

Our activities are anchored in our collaborative spirit and sense of responsibility for everyone and everything around us. To this end, Social Responsibility is the path and the way in which the company, since its foundation, has treated as a core premise to set out the future of the business. Our goal, namely sustainable development by supporting the area of local influence via the citizens, companies and ecosystem, as well as by promoting local customs and culture among our teams and clients.



corporate culture

01

Clear customer focus: We put ourselves in their place and work to offer them customised experiences.

02

Constant search for excellence in the management of our processes and of our work systems.

03

We are showing ourselves to be flexible and available with respect to addressing the extremely variable demands of the global market in which we operate.

04

We undertake to engage in a fluid, open and transparent communication with all of our interest groups as an efficient way of working.

05

It is our understanding that the best way to work is as a team, which is a relationship based on mutual respect for and commitment to the people within the organisation.

06

We are committed to the health and safety of our clients, employees and communities within which we operate as the focal point of our health and safety activities.

Strategic initiatives

Among the most noteworthy milestones of 2017 are:



Digitalisation 2020:

Project involving the digitalisation of the organisation that will involve reinventing communication with the client and redesigning the processes and profiles of the work teams.

Improved profitability

Via different actions:

- Digitalisation
- Average Price Increase
- Improved contractual terms and conditions
- HW Resort product
- Improved contractual terms and conditions
- Disintermediation (we are working on a mix of differently priced channels)



Combating seasonality

Developing and growing in alternatives to the holiday segment and using more solid brands.



Growing within a direct channel

Using an external CRM for working on customised sales via strategic segmentation designed for the organisation, optimisation and management of databases, and by way of a brand study undertaken by a specialist consultant.

Committed to people

Presentation of the New 2017-2019 Conciliatory Measures Catalogue.

Implementation of the Healthy Life in the Workplace Programme.

Implementation of the Digitalisation and Digital Culture Teams Project.



Driving the Strategic Energies Plan forward:

Digitalisation of Accommodation and Technical Services Area.

Full digitalisation of the Installations and Supplies Monitoring Process.

Sustainable Mobility (Eco Recharge & HW Efficiency).

Reinvest 6.5% of annual profits

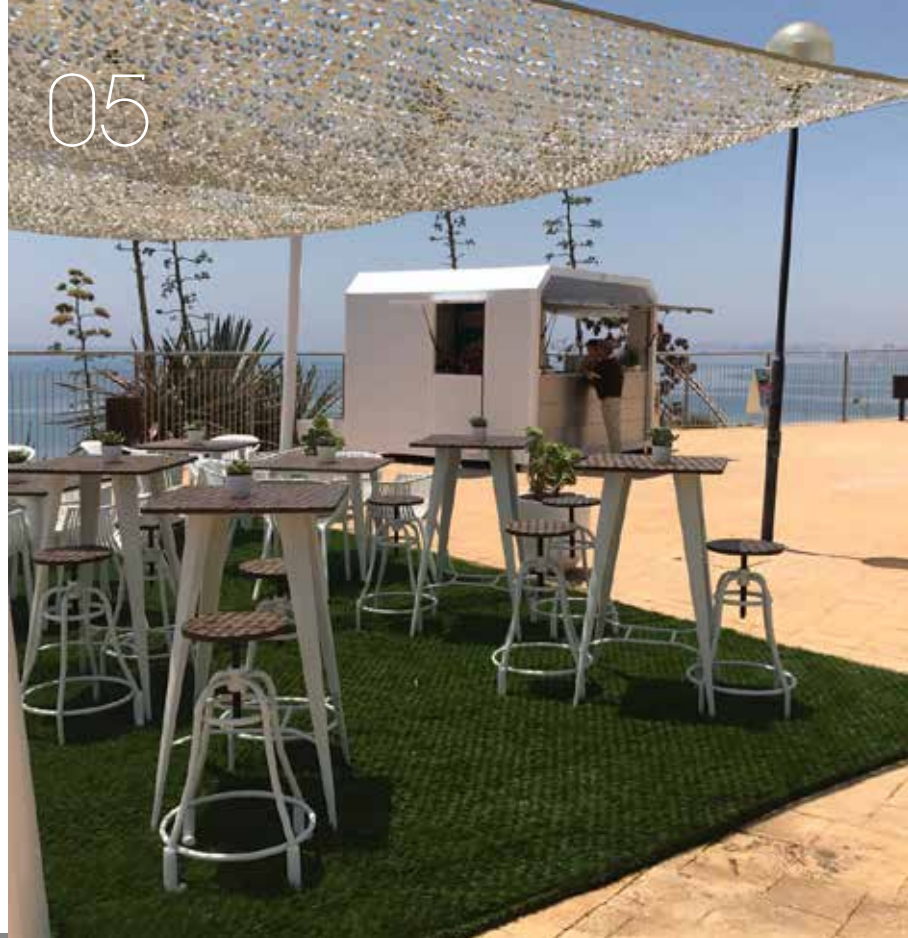
For the maintenance and upgrading of our assets:

Provide direct access to the beach from the Beach Club

Investment in safety systems

Improving client comfort via the refurbishment of leisure spaces

Upgrade of sports facilities.



05



06

Productivity projects

The capacity and upgrades to be implemented in the Holiday World Apartments Area shall be determined via an external consultancy process.

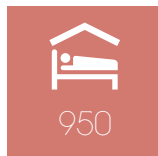
In numbers

1966

Constitution (Malaga) Cristobal Peñarroya begins working in the housing construction and development sector.

1980s

Júpiter and Minerva
Benalmádena



Innovative due to the design of exteriors and swimming pools
Onset of internationalisation:
Britons and Scandinavian

1990s

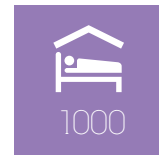
La Reserva
Marbella



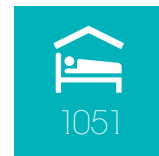
Pioneer in the Cabopino Nature Reserve area.
Residential complex with tropical gardens, swimming pools, outdoor hot tubs and spectacular sea views.

1970s

First developments in Fuengirola and in the Barrio de la Victoria neighbourhood of Malaga city.



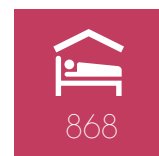
Fuengirola and
Málaga city



Benal Beach
Benalmádena

The largest swimming pools in Europe with attractive waterpark facilities. Adoption of exteriors with tropical landscape designs.

2000s



La Reserva de
Marbella

2000s

Move into the hotel business
1st All-inclusive product on the Costa del Sol
Stand-out product (theme-based construction,
quality of services, etc.).

Holiday World



Hotel Holiday Village (2004)



Hotel Holiday Polynesia (2009)



Hotel Holiday Palace (2004)



Hydros Hotel Boutique Spa & Wellness (2010)



Beach Club (2004)



interesting information

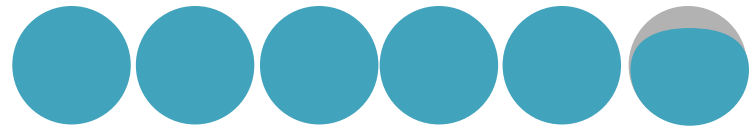
218.137
rooms occupied



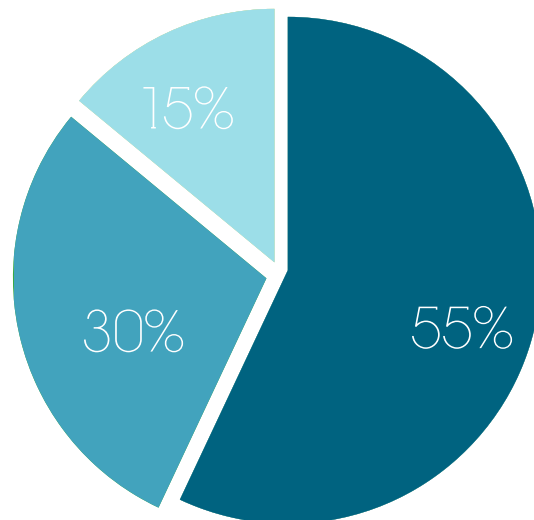
80,6%
average
yearly occupation



2'8 average number of
people per occupied room



5'7 days
HW average stay



MAIN MARKET

- Great Britain
- Spain
- International

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05

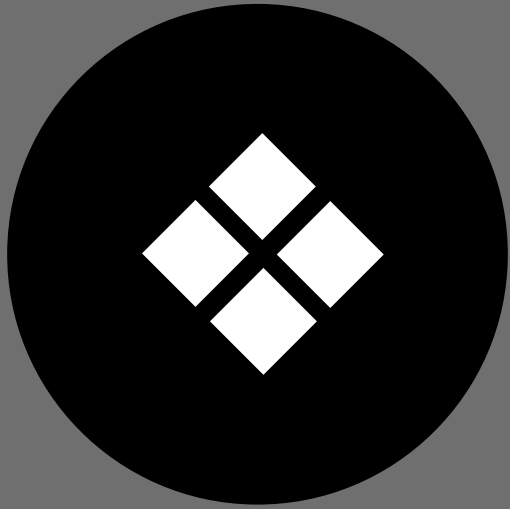
Engagement
with our interest group

Dialogue with our interest groups

Grupo Peñarroya maintains a constant and fluid dialogue with its interest groups by way of a whole host of channels and media with the aim of keeping the organisation abreast of new demands and needs and improving our response to the concerns and opinions of its interest groups. Over the last few years social networks have become an essential medium for our relations with our clients and society.

Furthermore, the Group uses other channels that enable it to actively listen to its main interest groups such as client and worker satisfaction surveys and periodic meetings with other interest groups like shareholders and suppliers. Our road map involves honouring the commitments entered into with our different interest groups and in so doing meeting their expectations and bringing them





01

Team

For Grupo Peñarroya our teams are one of our principal assets. For this reason, we have been working hard to improve their satisfaction by implementing a management system based on respect and balance that has been adapted to our organisation and has the aim of favouring an optimum working climate.

Shareholders

Grupo Peñarroya's management policy is based on criteria of transparency, rigour and good governance with the aim being to improve our profitability and increasing our value sustainably over time.

02





03

Clients

Our main aim is to offer our clients the best of experiences during their stay by exceeding their expectations with the provision of innovative, sustainable and excellent services.

Suppliers

Transparency and trust are key factors in encouraging our suppliers and partners to share our values and helping us build long-lasting relationships based on respect and mutual benefit.

04





05

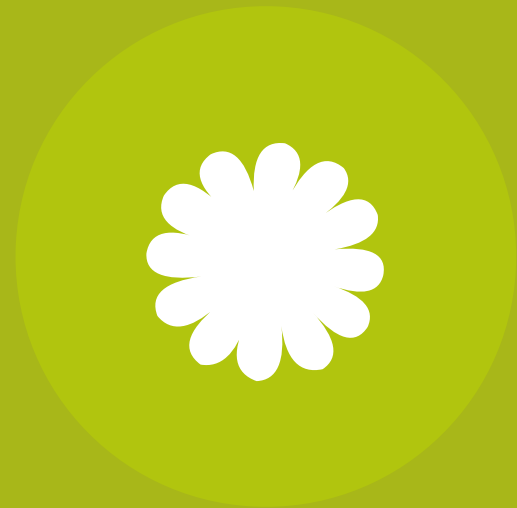
Society

We are actively working on the sustainable development of the local communities within which our businesses are located, with this involving respecting and promoting their cultures, traditions and values and with special attention being paid to children and the least privileged groups.

Environment

We are committed to sustainability and environmental protection throughout our entire business cycle, namely in everything from planning, design and construction to the daily services we provide to our clients.

06





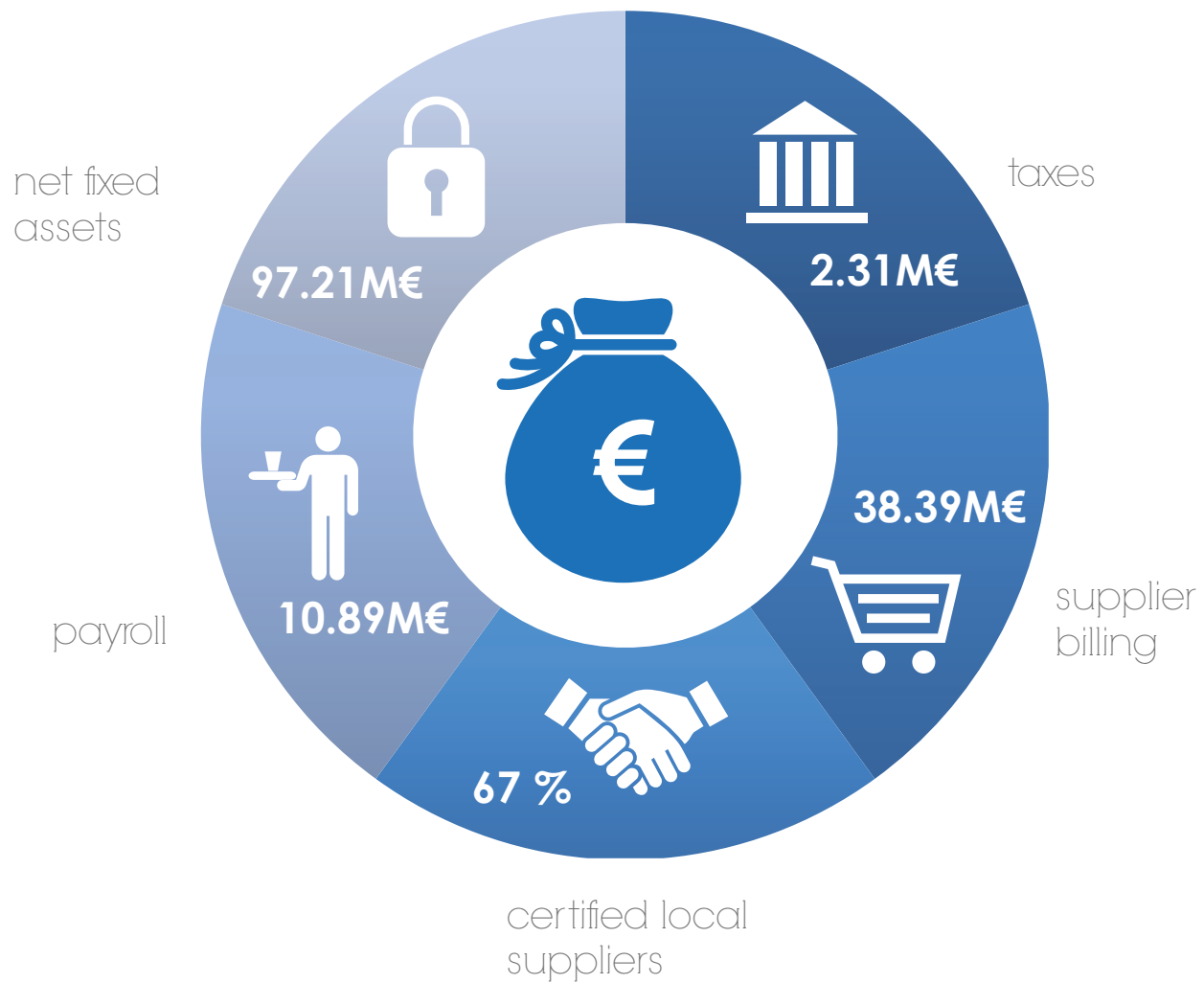
Media

Our reputation and credibility in the media are achieved by establishing an open, fluid, continuous and bidirectional communication over time.

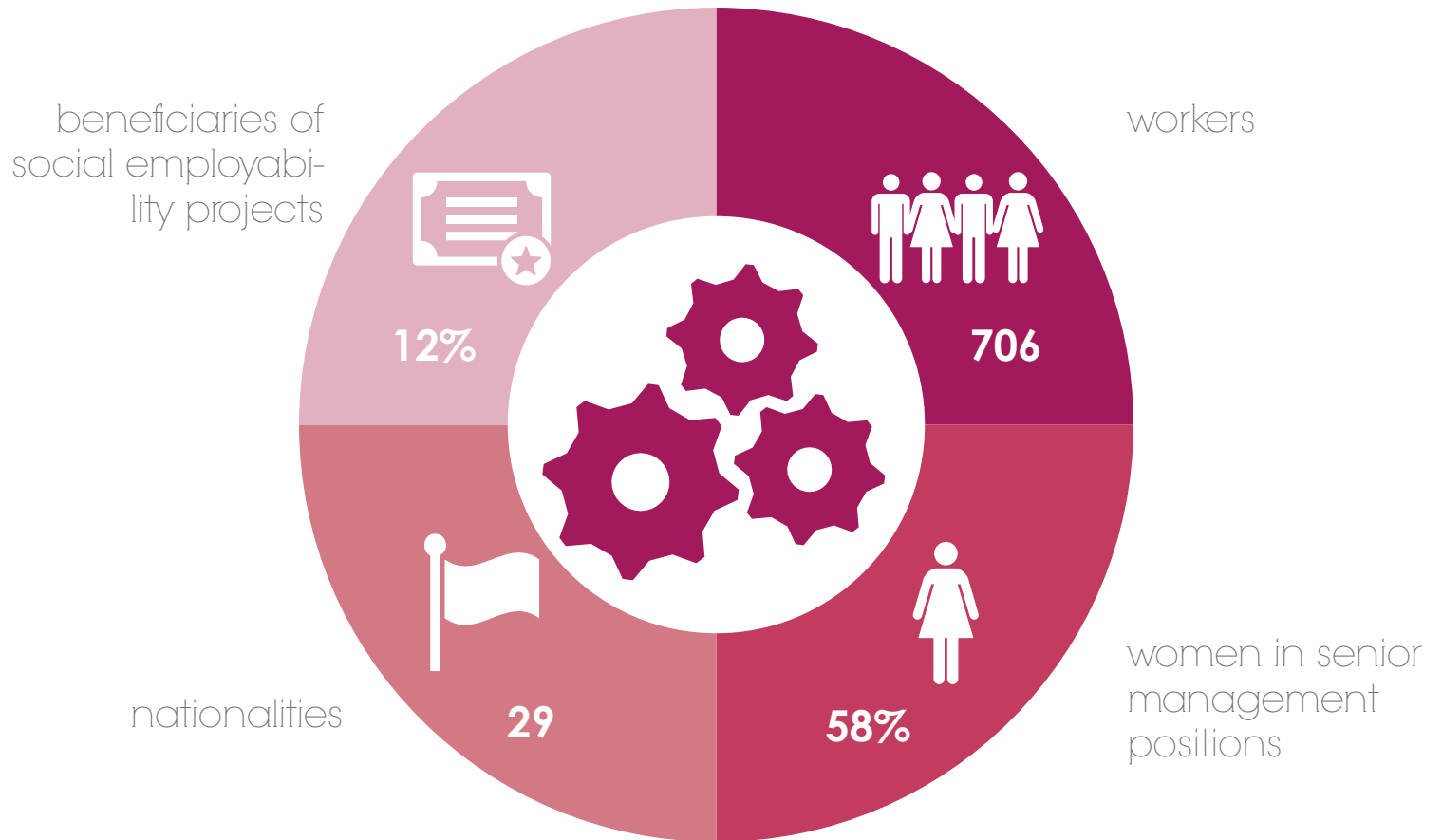
07



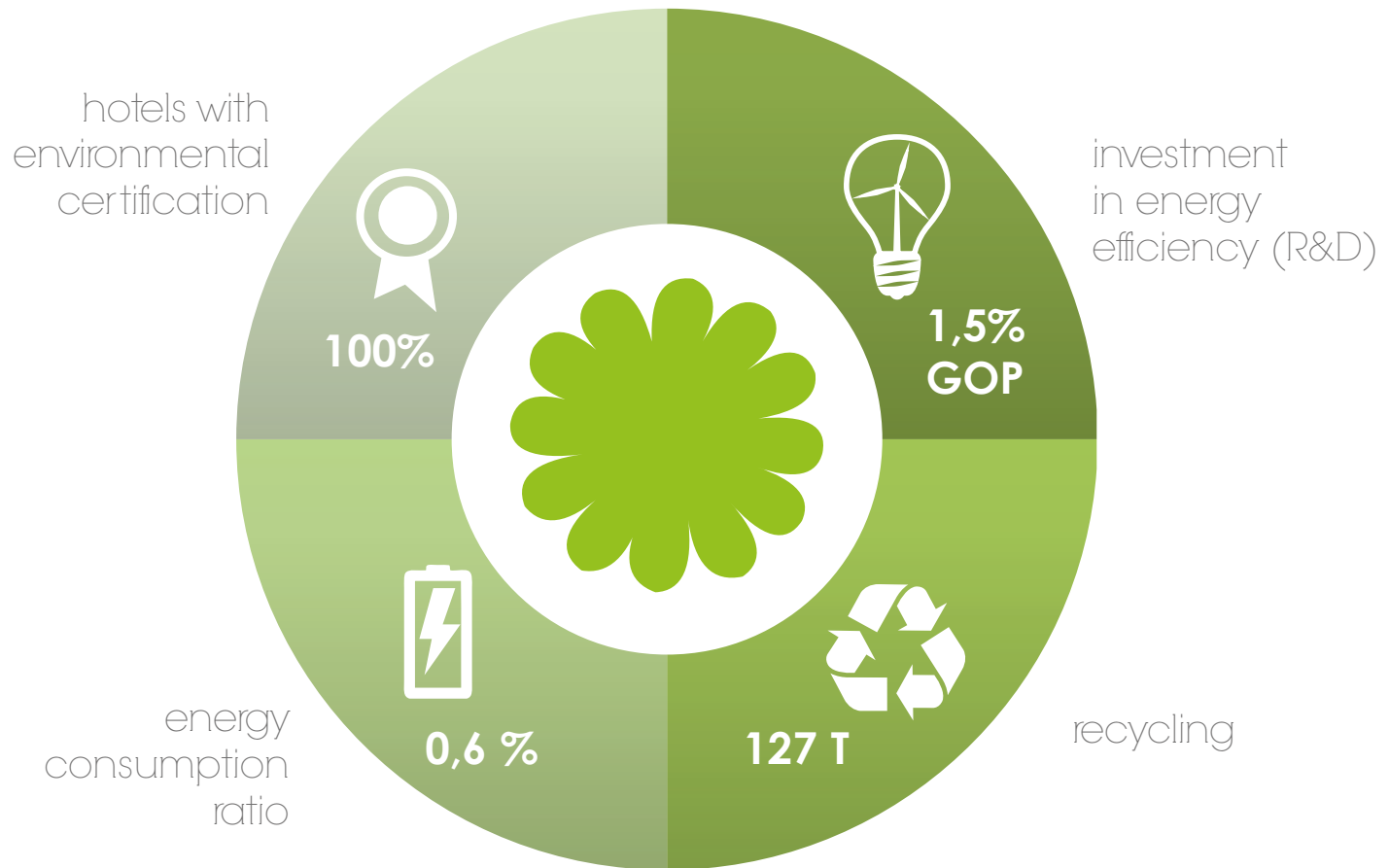
Financial commitment



Social engagement



Commitment to environmental protection



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06

Economic dimension

Economic dimension

Sustainability and its economic dimension have a direct impact on the economic conditions not only of our interest groups, but also on local, national and international economic systems.

According to the World Tourism Organisation (UNWTO), in 2017 worldwide international tourist arrivals reached the figure of 1.32 billion, which represents an increase of +7.0% with respect to the previous year.

In Europe, Spain has consolidated its position as the world's number two tourist power behind France and ahead of the United States and it has broken its own record with 82 million foreign tourists with a 9% increase in the number of international arrivals.

This favourable trend within the hotel sector is reflected in the Group's annual accounts:

Grupo Peñarroya (figures in thousands of euro)

	2017	2016	Var%
Total income	55.778	50.078	11,4%
Hotel division	38.593	37.317	3,4%
Property division	17.185	12.761	34,7%
EBITDA	8.519	6.698	27,2%
Net result	104	-2.518	95,9%
ADR increase %	-5,4%	1,4%	
RevPAR increase %	2,2%	14,1%	

In 2017, Grupo Peñarroya succeeded in increasing its income by 11.4% more than that of the previous financial year. This was basically due to the increase in the property division of almost 35% with respect to the previous year, which generated an adequate Ebitda for the Group, which has ended the year by reporting positive net results.

With respect to the hotel division, our hotels have once more reported record earnings for the fourth year running of up to 38.5 M EUR, although with less significant growth figures than in previous financial years.

However, we have been unable to continue the upward trend of previous years as regards ADR (average daily rate) which, during this financial year, has reported a slight drop of 5% with respect to the previous year as a result of winter operations.

On the other hand, regarding RevPAR (revenue per available room) it has been possible to achieve a positive growth in comparison with the previous financial year. To sum up, the consolidation of both the division and the sector on all levels is a fact and a guarantee of quality that our clients have known and recognised year after year.



CSR policy

Grupo Peñarroya's CSR policy is governed by the following principles:

Good corporate governance, which is understood as the incorporation of ethical behaviour into all aspects of the Group's managerial processes.

Permanent innovation, understood as being an undertaking to improve our products and services in a way that is sustainable, profitable and respectful to both people and the environment.

An optimum working atmosphere that encourages professional development, equal opportunities and plurality and functional diversity in the workplace.

A desire for quality and excellence of the service we provide as a way of showcasing one of our principal assets, our clients. Participation in and promotion of the economic, human and social development of the communities within which the organisation is present.

Responsible commitment to the conservation of the environment and to respect for the fauna and flora indigenous to wherever it is we might operate.

Protection of and respect for the Fundamental Human Rights when performing our activity.

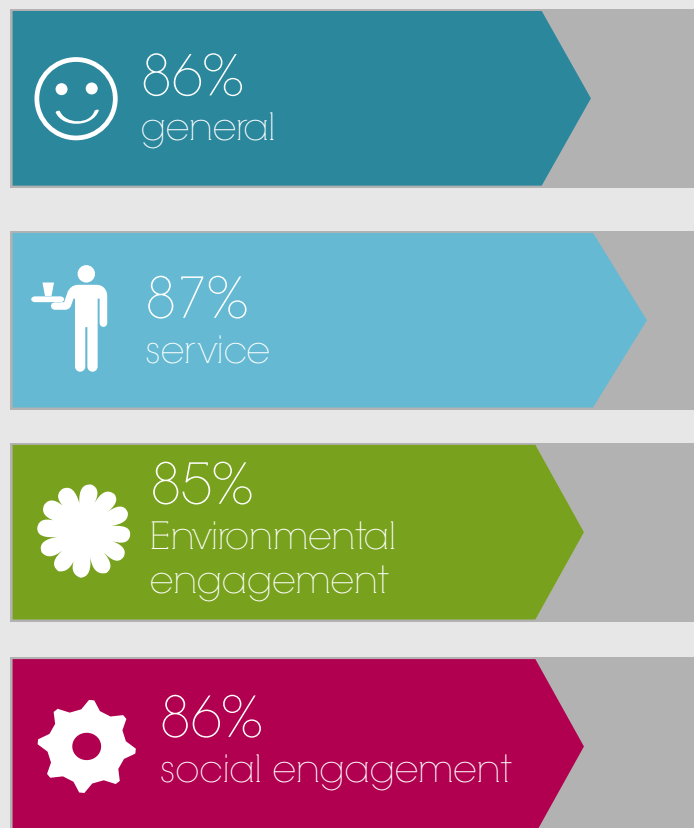


Quality measurement

In line with our commitment to digitalise the Group, in 2017 the decision was made to carry out satisfaction surveys and gather opinions online on the main portals used by those clients who visit us via the Guest Intelligence tool developed by Review Pro.

This process aimed at totally doing away with paper and the digital gathering of the client satisfaction data was not implemented at the beginning of the season, meaning that there is a lower volume of opinions and there is not a history of comparative data with respect to 2016.

average satisfaction Over a total of 6,881 valuations



We are working on improving and reinforcing our presence on the main social networks in order to achieve a greater interaction with our clients which, by way of active listening, enables us to meet their demands and contribute towards improving their experience in real time.

Blogs

holidayworld.es/noticias
wedding.holidayworld.es
sport.holidayworld.es
meeting.holidayworld.es

Hw on social networks



Grupo Peñarroya on social networks



La Reserva de Marbella on social networks



Management systems

Installing and using management systems that ensure the appropriate management of our processes constitutes the philosophy behind our daily activities, with this being understood as a continuous improvement of our organisation's EFFICACY.

Likewise, the reception of external verification of that efficacy is a key factor for us as it enables us to come closer to our interest groups by informing them of the relevant progress being made.

In 2017 our Integral Quality and Environmental Management System was once again audited,

with the upshot of this being the renewal of the certificates granted in accordance with the ISO 9001 and 14001 standards, and of the international Sustainable Tourism certificate awarded in accordance with the Travelife system, which has distinguished the Holiday Village and Holiday Polynesia Hotels with the "Travelife Gold Award".

AENOR awards Grupo Peñarroya a score that positions us as a Level A company, namely a company that stands out for the EXCELLENCE of its comprehensive HR management based on the reconciliation of personal, family and working life.



As a signatory of the United Nations Global Compact Grupo Peñarroya has committed itself to supporting and assimilating the SDGs (Sustainable Development Goals) into its business strategy.

This involves the identification and analysis of those generating the greatest impact within the organisation: SDG 1 (End poverty in all its forms

everywhere), SDG 5 (Achieve gender equality and empower all women and girls), SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all); SDG 12 (Ensure sustainable consumption and production patterns) and SDG 13 (Take urgent action to combat climate change and its impacts).



The actions we identified at Group level in 2017 with respect to this SDG were those implemented in the Social Action strategy in collaboration with local and national associations whose social purpose is precisely this.



In relation with this goal we are working on two fronts, namely on the development of an innovative occupational health programme for the benefit of everyone within the organisation, and collaborating with Associations dedicated to combating both physical and mental illness.



Our involvement with these SDGs and our action mechanisms are intrinsically linked to our decision to install a Comprehensive Man Management System (EFR), for which we have received acknowledgement from AENOR as a company that promotes reconciliation, equality and non-discrimination in the workplace and encourages local social and economic development by providing job offers and yearly contracts of employment.



The actions we take in our contribution towards this SDG are linked with our Procurement Policy, which makes a point of prioritising purchases from local suppliers, with the percentage of these increasing by 4 points in 2017, and with our gastronomic offer, which is based on the incorporation of products and recipes from Malaga and promoted under regional Sabor a Málaga (Taste of Malaga) label.



Our actions to combat climate change and encourage environmental protection fundamentally involve reducing our energy consumption and the emissions caused by our activity, minimising waste and introducing sustainable mobility. In 2017 we worked on:

The digitalisation of processes, thereby eliminating the use of paper

The comprehensive digitalisation of our Installation and Consumption Monitoring Processes

The centralisation of chemical supplies

The installation of a recharging point for 100% electric vehicles



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07

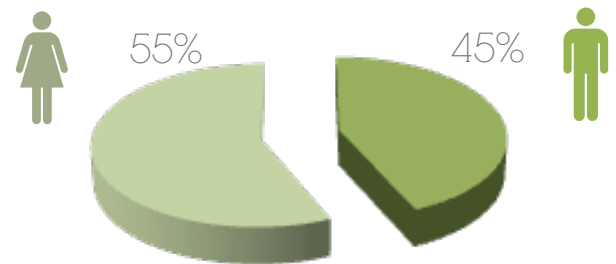
Social dimension

Occupational progression

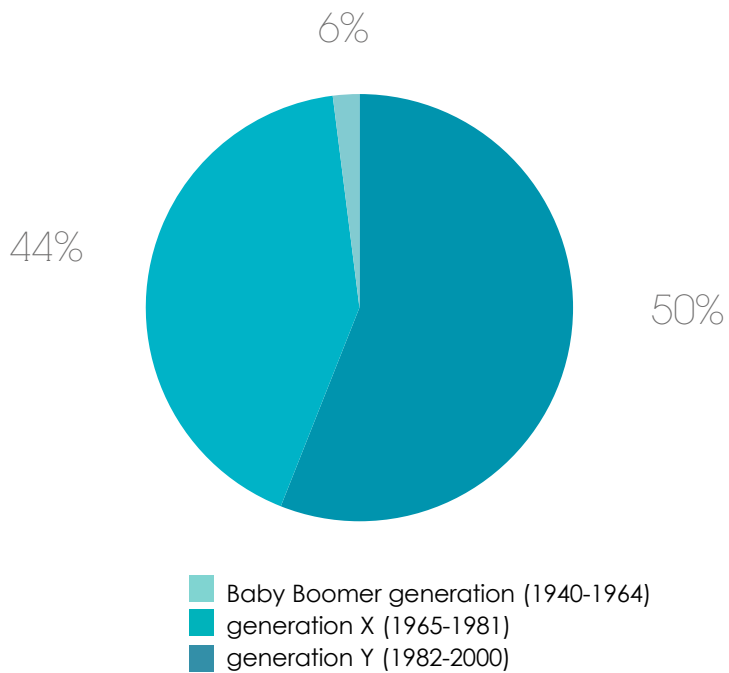
workforce



gender



age



nationality



The organisation's strategy

Integration

Our commitment to integration continues to move on apace. An average of 9% of the workers employed by us this year are in possession of a disability certificate of above 33%.

As far as workers recruited via our training channel, the number hired in the wake of a training programme was 26% over the total number of trainees, with this being 5.8% of the total yearly average.

Culture and strategy in man management: Grupo Peñarroya has been working to implement a culture that prioritises man management above other

organisational aspects, from a comprehensive perspective, based on the firm conviction that this is the way towards achieving maximum competitiveness and excellence.

To do this the Human Resources Department has been implementing strategies for:

- Finding the efficiency and efficacy in all processes
- Increasing the professionalism of the companies
- External and internal equity
- Being a responsible company



How do we do this?

By asking and listening

Result of the 2017 yearly survey: 71% participation

We carry out diagnostic studies in which 4 areas of interest to the organisation are analysed:

84%

Engagement: An 84% degree of engagement between the workforce and the organisation.

8,23

Working environment: The weighted grade awarded to this working environment block by the workforce is 8.23 out of 10.

95%

Happiness and trust: In values of around 85-95%, the workforce of Grupo Peñarroya consider themselves as happy, proactive and decision makers.

71%

Reconciliation, equality and diversity: 71% see the current model and the measures of the catalogue as useful and practical.

Responding to needs and implementing continuous improvements

Knowledge and talent management:

Grupo Peñarroya impulsa cada año iniciativas encaminadas a dar respuestas a necesidades concretas y a necesidades estratégicas mediante programas de Gestión del conocimiento y del Talento. Estos son:

Specialisation committees:

We at Grupo Peñarroya believe that project-based work leads to efficient and effective processes.

This involves us encouraging work being done by specialised committees made up by representatives from all areas of the organisation. In 2017 there were 8 active committees: The Strategic Committee, the Corporate Compliance (CC) Body, the Money Laundering Committee, the Reconciliation, Equality and Diversity Body, the 1st Digital Committee, the Sustainability Commission, the Quality and Environmental Committee and the Health and Safety Committee.

Skills development programme:

In order to make the organisation more professional while increasing the efficacy and efficiency of its processes, we have designed the annual training plan to respond to the customised training objectives.

This has led us to develop and implement a performance evaluation process and a process for detecting personal and individual training needs.

Training Programmes:

By way of an internal talent detection process focused on the creation of career plans designed to respond to the vacancies that might arise via an in-house promotion process.

Nine in-house promotion programmes were implemented during 2017.



These development programmes can be broken down into the following indicators:

556

workers trained

6

hours of training per year per person in topics related with reconciliation, equality and diversity

6875

total number of training hours received by the workers

21

training hours per person

In 2017 seventy-six training actions were implemented involving different topics adding up to a total duration of 1,380 hours.



Compensation policy

2017 saw the birth of the idea and the drafting of the 2018-2020 Project designed to promote the external and internal equity of the organisation and ensure that the worker feels he/she is being compensated in different ways via the various models available on the market in an effort to enhance aspects such as salary, incentives, objective-based management and emotional salary.

Efforts have also been made to encourage workers to participate in the running of the organisation on a compensatory level via the different committees set up within it, with the aim being to extend this

opportunity to the majority of the workforce. Work will be carried out on a compensation policy that is plural, open, democratic and modern and designed to reward the implementation of principles such as rigour, reliability and internal and external equity.

Another step towards the establishment of a conciliatory culture based on the principles of equality and diversity is Comprometidos con las personas (Engaged with People), namely the Group's new catalogue of reconciliation, equality and diversity measures that came into force on July 1, 2017.



Communicating our engagement with society

Promoting our culture of conciliation, equality and diversity.

The various acknowledgements bestowed upon Grupo Peñarroya in this respect have led to us seeing it as our duty to extend our conciliatory culture of equality and diversity and our comprehensive man management programme out into society, and to do so we have created a programme of forums and networking.

The **2017 project called Foros Grupo Peñarroya (Grupo Peñarroya Forums)** threw the spotlight on

the dissemination of the team-oriented happiness and trust culture with the holding of the forum entitled *Empresa afectiva, empresa efectiva* (Affective Company, Effective Company) within the framework of the Group's 50th Anniversary celebrations.

Likewise, the **dissemination of the organisation's culture and values**, headed up by the Reconciliation, Equality and Diversity Body via its presence at the numerous forums to which it was invited, is reinforcing the promotion of this culture by way of the value chain and our partners.



Value chain

One of our objectives is to create long-lasting links with our suppliers and in so doing lay the ground for relationships based on mutual trust. The need for us to directly contribute towards the economic and social

development of our local region and the protection of the environment in every aspect of our business cycle gives us no option but to share our assumption of responsibility with our suppliers and partners.

procurement department 2017 data

building supplier loyalty

88%
building loyalty



engagement with local suppliers

67%
local suppliers

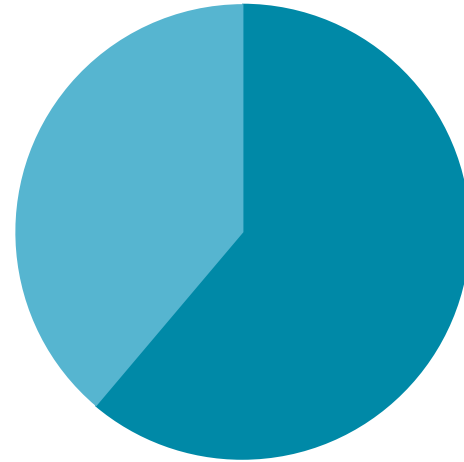


supplier types

local/non-local

■ local suppliers
■ non-local suppliers

32,80%



67,20%

activity sector

HOLIDAY WORLD

Food and drink 93

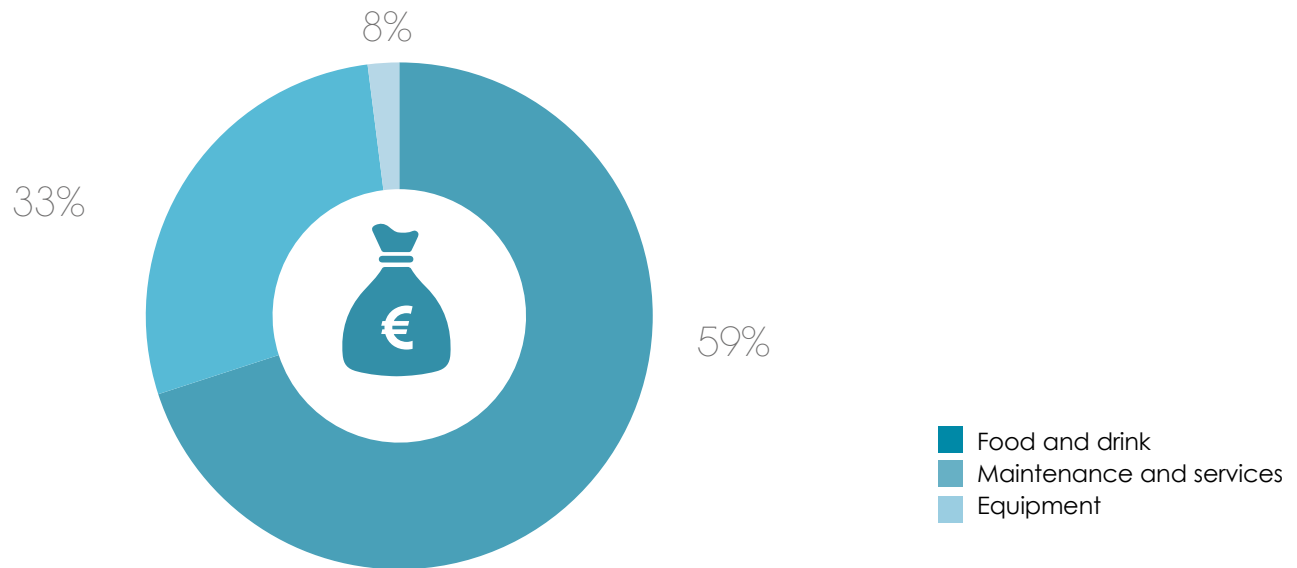
Maintenance and services 52

Equipment 13

Total number of suppliers 158

% billing by type

Food and Drink highlighted due to the type of service generally provided



In order to ensure coherence between our Procurement Policy and the Group's corporate responsibility, we select our suppliers based on a set of transparent and defined criteria which guarantee that our commitments are both known and shared, and with the objective being that our criteria of sustainability, ethics and responsibility are firmly adhered to throughout the entire supply chain

Collaboration in social and cultural projects

Being a family company, Grupo Peñarroya considers the defence of Children's Rights, Health and Culture to be the backbone of its CSR strategy as well as an essential lever for strengthening the future of the society of which it forms part.

The implementation of our Global CSR Model seeks to generate a direct impact on the destinations in which we operate. It is for this reason that the organisation sets out to drive those initiatives which, in conjunction with the Global Model, can have a local impact and contribute towards meeting social needs.

Feeling close to the destinations and to their social circumstances transforms our hotels into active levers that enrich the model itself at the same time as generating shared value within each area.

In order to ensure the generation of the greatest benefit to every one of the groups with which the organisation has aligned itself, Grupo Peñarroya is going to seek the support of strategic partners who will enable us to have a greater impact through mutual work and engagement.



The Proyecto Hombre (Humankind Project) Foundation for the Prevention and Treatment of Addictions

Yet another year sees us celebrate our collaboration with Proyecto Hombre thanks to the successful organisation of the 2nd Holiday World Coast Run held to raise funds for the Foundation.

Of equal importance is the yearly contribution towards the Project via the donation of foodstuffs and furniture, and of the objects lost by our hotel guests, for their distribution in solidarity-based markets.



02

The Mozambique Sur Foundation

Every year Grupo Peñarroya collaborates, by way of a financial endowment, with this Foundation created in 2005 in Madrid by a group of Spanish professionals, including Malaga native Rocio Moya, the connecting link with our Group, with the purpose being to accompany 35,000 rural inhabitants of Southern Mozambique in a transformation process aimed at eradicating poverty.

Other collaborations:

We continue to directly support a large number of entities that defend basic rights such as health, childhood and decent work for groups at risk of social exclusion. We do this by offering to collaborate with them by way of access to our hotel services, such as free accommodation, use of our leisure facilities or professional integration, as in the case of the Aspromanis Association, which is in charge of producing and sending out the VIP cards of our Holiday Beach Club. Then there are social entities of an eminently local nature linked to sports, the social development of poor neighbourhoods and to the support of construction-linked jobs as in the case of the "El Palustre" Social Club.



03

01

Bolsa Benéfica

Grupo Peñarroya quiere fomentar la colaboración con entidades y asociaciones sociales sin ánimo de lucro en pro de un futuro mejor, con una Bolsa Benéfica dotada de 1.500€

¿Cómo?

Preséntanos, por escrito, con quien colaboras y su proyecto, sus ideas y hacia dónde van destinados los recursos. Y podrás participar en asignación de la dotación económica que será destinada a dicha entidad directamente por Grupo Peñarroya.

04

Beneficial Kitty

In 2017, the organisation drove through a new measure in the Comprometidos con las personas (Engaged with People) catalogue that offers all workers the possibility of collaborating with a Project or Entity of a social nature of their choice with a "Beneficial Kitty" endowed with €1,500.

Taking part in corporate forums

Throughout 2017 Grupo Peñarroya has sponsored and taken part in different corporate forums and events, such as the presentation of the EFR Barometer, the ADEL 2017 forum organised by the San Telmo International Institute, the Lo que de verdad importa (What Really Matters) congress on values, the "Inspiring Girls" forum, the Andalusia Management Congress or the annual Marbella CIT Awards Gala.

05





06

The Empresa afectiva, empresa efectiva (Affective Company, Effective Company) HR Management Forum

In March 2017 the Group held a man management event organised by our HR Department at which the psychologist and human resources expert, María Jesus Alava, and the ex water polo and coach, Pedro Garcia Aguado, confirmed that a company's most important asset are its workers and that good employee management increases productivity and reduces sick leave.





Chair on Woman, Company and Society

In 2017 Grupo Peñarroya has become part of the Advisory Council of the Chair on Woman, Company and Society.

The Advisory Council is made up of companies and institutions represented by women and men, businesspeople and senior managers.

Objectives of the Chair:

- To promote the participation of women in senior managerial positions.
- To work alongside the people who form part of

the senior management teams of the institutions, companies and media in order to make them aware of the importance of the co-creation of society by women and men, and the added value gained by promoting the contribution made by women.

- To achieve a greater visibility for female entrepreneurs and senior managers thereby creating benchmarks.
- To ensure company policies enable women and men make a valuable contribution on a professional, personal and family level.

The background features a series of horizontal, wavy bands in various shades of blue, ranging from a deep, dark teal at the top to a very light, almost white blue at the bottom. The waves are smooth and flowing, creating a sense of movement and depth. The overall effect is reminiscent of water or a stylized landscape.

08

Environmental dimension

Sustainability is a strategic value for Holiday World Hotels and drives the organisation's transversal value. It is along these lines that the short- and medium-term commitment to environmental management in Holiday World Hotels is structured.

This involves the digitalisation of processes, sustainable construction, responsible management by way

of the monitoring of consumptions and energy efficiency; protection of biodiversity, appropriate waste management and sustainable mobility.

The strategic objectives being implemented under the Holiday World Environmental Master Plan and that we are going to define below are the basis for the development of the subsequent projects:

Sustainable construction

We undertake, throughout the entire business cycle, namely from the planning, design and construction of the hotels to the provision of services to the client, to control, manage and mitigate the risks associated with the construction process as a whole and integrate it into the environment:

Large ventilated atria that enable air to circulate, thereby naturally regulating the indoor temperature.

Expansive glass walls that allow natural daylight illumination in combination with types of glass with built-in UV ray protection that lower the radiation temperature and, therefore, the heating of the indoor space by 30%.





Responsible management and monitoring of consumption levels

We apply efficiency and sustainability criteria in all of our processes and decisions with an environmental impact using innovation, eco-efficiency and renewable energies, with this being the result of the study and research undertaken by a work group made up of the organisation's engineers and technicians, with the aim being to innovate in the field of systems and products that are energy efficient and viable, both technically and economically, which is something that puts us to the forefront within the sector:

By using the latest technologies for the production of SHW and electricity, such as thermal solar panels and gas cogeneration.

Grey water recycling systems for watering and flow reducers in taps and showers.

The selection of the most recent LED technology materials for lighting, as well as of frequency variators in variable coolant flow motors or systems for air-conditioning apparatus with heat recovery for the pre-heating of SHW.

Digitalisation of processes

Of special importance within the Holiday World digitalisation programme is the inclusion of R&D in the management of the environmental area in the interest of greater energy efficiency, greater efficacy and quality in the operational processes and, in short, for the sake of an improved experience of our guests, who are increasingly concerned about environmental commitment and the sustainability of the services they enjoy.

For this reason, Holiday World has gone for the research option, for which it has set up Innovation Workshops made up of highly qualified work teams and a budget for this purpose.



Sustainable Mobility

The United Nations General Assembly designated 2017 as the International Year of Sustainable Tourism for Development. This turned the spotlight on building a sector compatible with economic growth and the preservation of the planet. Decarbonisation and air quality are just two of the challenges facing sustainable mobility.

Technologically speaking, the electrification of transport is clearly identified as the long-term solution, at least where road transport is concerned, which is where low-emission internal combustion engines and those powered by gas natural or bio-fuels are playing an increasingly important role.

It is in this area that Holiday World Hotels began to develop and implement its Holiday Eco Recharge & Efficiency Project.



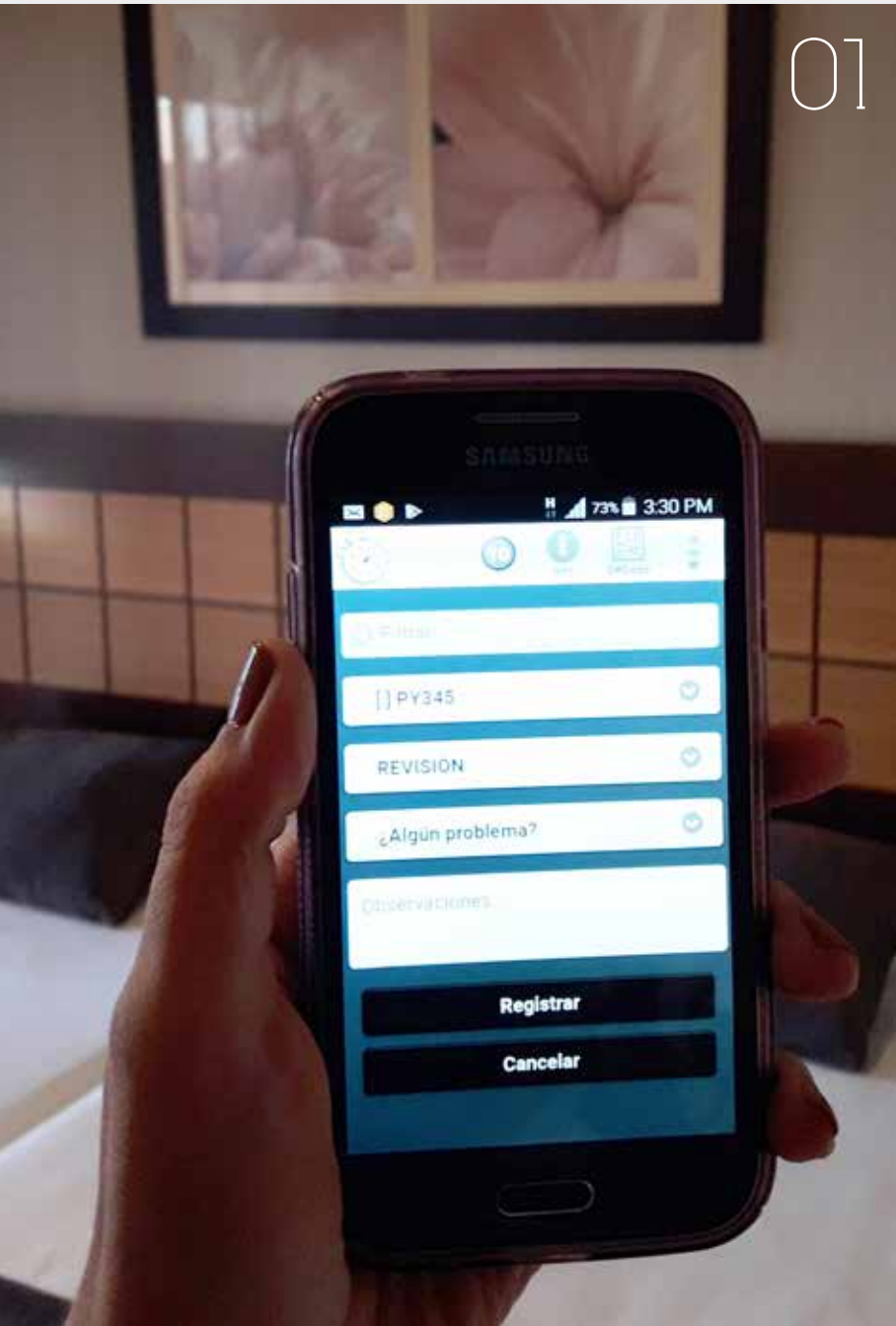
Strategic initiatives

01

Digitalisation of Maintenance, Reception and Apartments Areas

During the 2016 - 2017 period all the maintenance, reception and apartments were digitalised via the use of in-house smartphones and a management system by the entire workforce. This led to the disappearance of paper (a 30% reduction during the first year of implementation) with respect to corrective maintenance work orders, repair instructions, communication with reception for check-in / check-out, etc.

This has been developed by our systems provider ITSoft in collaboration with our services provider VODAFONE España.





02

Centralisation of chemical supplies storage deposits

2017 saw the design and implementation of a new warehousing and reception system for the deliveries of chemical products for our swimming pools and water pools in collaboration with our supplier of specialist chemicals QUIMIAGUA SUR S.L. The sodium hypochlorite and hydrochloric acid for the chemical purification and disinfection of our swimming pools is delivered using tanker lorries.

This new initiative enables us to make do without 100% of all types of chlorine containers, thereby eliminating around 3,680 kg of plastic a year and the yearly emission of 12,880 kg of CO₂ into the atmosphere.




HW Eco Recharge & Efficiency

In 2017 six recharging points were installed at Holiday World Hotels, four for electric vehicles in general and two for TESLA vehicles. Furthermore, four chargers were fitted for electric bicycles and scooters, offering guests the option of hiring vehicles that are 100% electrically powered. The fact that we now provide recharging facilities for this type of vehicle currently makes us the only Group in the hotel sector to offer this service.



03

Consumptions

HOLIDAY WORLD				
	2016	2017	Diff.(%) 16 - 17 (m3 / kW/hr)	Diff.(%) 16 - 17 Occupation ratio (m3 / kW/hr)
 Water	187.072	177.577	5,08%	8,31%
 Gas	5.047.242	5.864.114	-16,18%	-12,23%
 Electricity (Kwh)	9.110.155	9.631.709	-5,72%	-2,13%

The 2017 energy and water consumption data did not improve upon those of the previous year due to the increase in the number of hotel stays

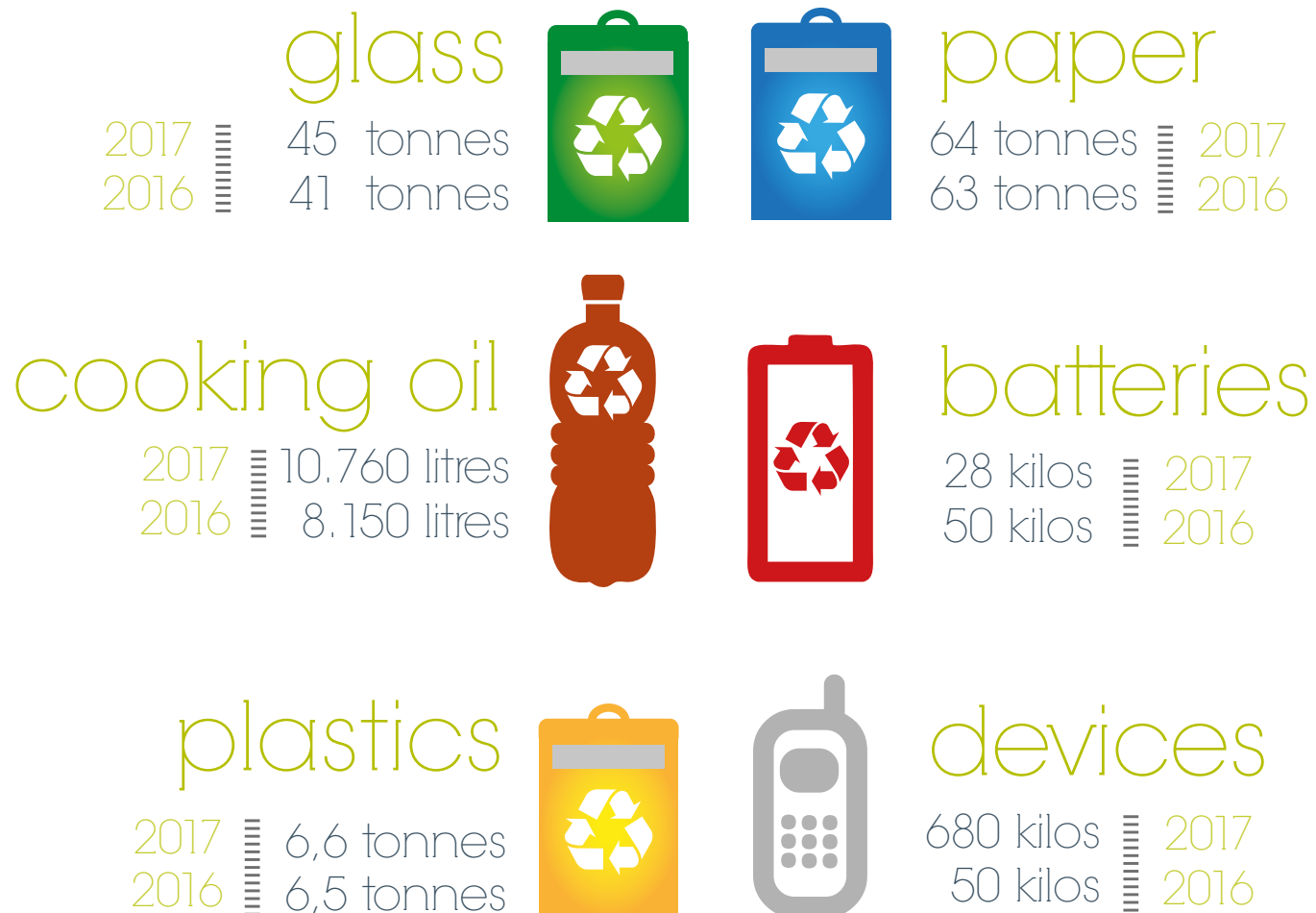
and, above all, to our longer annual opening time, while the per stay ratio for water and gas remained stable.

Recycling

One of the objectives established by the European Commission is to increase the amount of recycling and/or reuse of urban waste by up to 70% in 2030 and to reduce the generation of food waste by 30% in 2025. Therefore, not only in our hotels, but also in our central offices, we are working to minimise the

amount of waste we generate to ensure it is correctly segregated so as to make selective collection easier, thereby helping the municipal council or authorised manager to dispose of it responsibly.

These are our 2017 figures:



Carbon footprint

Carbon footprint calculation (kgCo2/kWh)

2016 kgCo2/kWh	2016 % stay	2017 kgCo2/kWh	2017 % stay	dif.f % stay 2016 2017
1.748.355	535.396	1.804.143	592.211	-37,09

Energy classification

kgCo2/kWh
natural gas 0,202

kgCo2/kWh
electricity 0,080



The carbon footprint identifies the quantity of CO₂ and other greenhouse gases released into the atmosphere. This figure, which is used to indicate the environmental impact of our activity and its reper-

cussion on climate change, is an improvement on the previous accumulated data due to the increased number of stays and of the days our establishments are open.



09

Awards, certifications
and acknowledgements



2017 Human Capital Award for Comprehensive HR Management for Grupo Peñarroya.



2017 "M for Malaga" Award to Grupo Peñarroya from the Málaga Provincial Council.

The "2017 HR Forum" Award for Remedios Miralles, Corporate HR Director of Grupo Peñarroya.



2017 EFR (Responsible Family Business) Stamp level A awarded by AENOR and by way of the Mas Familia Foundation, making us the 1st hotel chain to receive it and the 3rd ranked company in Spain recognised as having a high level of excellence behind Reale Seguros and Mutua Madrileña, who obtained level A+.



2017 Renewal of our Comprehensive Quality and Environmental Management Systems Certification as per standards ISO 9001:2008 and 14.001:2004.



2017 Travelife Gold Award presented by the tour operator TUI to Holiday Village and Holiday Polynesia (this is a Sustainability Certificate that acknowledges best practices in the social, economic and environmental dimensions).



The background consists of several horizontal, wavy bands of varying shades of blue and teal, creating a layered, oceanic effect. The colors transition from a dark teal at the top to a light, almost white blue at the bottom.

10

Report

This is the 3rd Sustainability Report to be published by Grupo Peñarroya, and it includes the Group's activity and principal results for the 2017 financial year together with its economic, environmental and social performance.

When compiling this report, and in order to guarantee the quality of the information in it, we have followed the principles of balance, comparability, accuracy, frequency and reliability defined by the G4 Guidelines for the

preparation of Sustainability Reports issued by the Global Reporting Initiative (GRI), adhered to the Ten Principles of the United Nations Global Compact and the United Nations Sustainable Development Goals (SDGs).

We intend for this to be the means for communicating the challenges we face and the goals we have set ourselves as well as the commitments we have with our interest groups with respect to sustainability, not only in our sector, but also globally.



Peñarroya

“Values are, and must be,
the final test”.

Peter Drucker

A decorative background consisting of several overlapping, wavy bands of blue. The colors range from a very light, pale blue at the top to a deep, dark teal at the bottom. The waves are smooth and flow horizontally across the page, creating a sense of movement and depth.



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