



Pestana Hotel Group 2022 Sustainability Report

Message from the Chairman

The COVID 19 pandemic still had a major impact on life in society and specifically on Pestana Group's operations, in the first quarter of 2022. Nevertheless, it was possible to continue implementing a series of actions specifically aimed at the most vulnerable people in our communities.

Just as social structures and organisations were getting back to normal, war broke out in Europe, which unfortunately is still being fought. In its initial phase, the invasion of Ukraine led to a massive influx of refugees who sought safe shelter in other countries, and Portugal has taken in dozens of Ukrainian citizens, mainly women and children, as well as elderly people.

The Pestana Group has made its contribution to tackle this social emergency. It provided accommodation and the guarantee of meals for many families, at our hotels in the Lisbon region and in Berlin, as well as through the offer of employment, always with accommodation and food, in hotels in the Algarve, the Lisbon region, Madeira and Porto Santo and Porto.

In the meantime, after the pandemic ended ESG activities took on greater significance and became more widespread. They had increasing impact on the circumstances of workers and people in the local communities where the companies operate, on the products offered on the market and on the internal structure of organisations.

Pestana Hotel Group has acted in accordance with this intensification of the ESG agenda and, just to highlight the most significant activities in the field, it has implemented support measures for its workers, has welcomed people from Ukraine, planted tens of thousands of trees and adopted a roadmap for decarbonisation by 2030. It also approved a set of in-house policies in the area of Compliance, as well as the whistleblowing channel, which protects whistleblowers acting in good faith.

We are following the new paradigm of business management, in the face of environmental and social risks that interfere with businesses' value creation, with the design of programmes to manage aspects such as the climate emergency and a culture of responsible employability.

The Report presented here is itself an adjustment by the Pestana Group to the need for companies to be accountable for the non-financial information about their activities, in that it restarts, in a structured and complete manner, reporting according to the standards of the Global Reporting Initiative (GRI), i.e. from the perspective of compliance with international reporting directives.

The Pestana Group knows that "we are only guests of the planet" and will therefore continue to develop, notably through its Planet Guest project, a set of policies and actions to achieve the goals of sustainable development, improving the well-being of people, the planet and the functioning of organisations.

Dionísio Pestana
Chairman of PIH

About the Pestana Hotel Group 2022 Sustainability Report

The 2022 Sustainability Report is an exercise in transparency towards the Group's stakeholders, disclosing the management approach and the results of the ESG areas.

The Report is focused on the Pestana International Holdings SA company, also called "Pestana Hotel Group" in this document. The scope of this year's non-financial information has been broadened, compared with previous editions, to cover the Group's entire operations. Exceptions to this scope throughout the Report are duly flagged, in a note next to the information. The information refers to the 2022 calendar year.

The Report was drawn up in accordance with the 2021 Global Reporting Initiative (GRI) Standards. In this sense, it represents a further step in the Group's convergence with the requirements of Directive 2022/2464/EU CSRD and the ESRS standards on the disclosure of corporate sustainability information, taking into account the overlap between some of these legislative requirements and those of the GRI standards.

In the technical notebook we disclose information on the materiality analysis carried out, identifying the material topics covered here. This section also includes the GRI content index.

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Pestana Group

1. Pestana Hotel Group

PESTANA HOTEL GROUP, which completed five decades of history in 2022, is the largest multinational group of Portuguese origin in the tourism sector.

It operates with four brands in the hotels field, its core business: Pestana Hotels & Resorts, Pestana Collection Hotels, Pestana Pousadas de Portugal and Pestana CR7 Lifestyle Hotels.

It operates in 16 countries, and has about 11,700 rooms available in Europe, Africa and America. 3,668 employees* of 46 nationalities, who provide "The time of your life" each year to more than 3.5 million guests from 160 countries. The Group also operates in other business areas, with the aim of offering complete and more attractive products: real estate development, vacation club, golf, entertainment and industry.



* Number of employees at 31 December 2022.

1.1. Who we are

OUR PRESENCE IN THE WORLD



106

Hotels, 6 of which under management contract

11,775

Rooms, 628 of which under management contract

16

Countries

25th

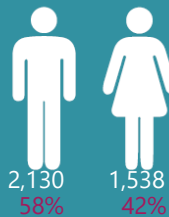
Position in Europe

120th

World Position

3,668

Employees



3

Continents

+3.5

million customers

50

Years of experience and excellence in the tourism sector

BUSINESS AREAS

In addition to hotels, the core business segment, the Group operates in a number of subsidiary areas, namely vacation clubs, real estate development, entertainment and golf. It also incorporates an industrial activity: beer production.



Hotels



Vacation Club



Real Estate Development



Golf

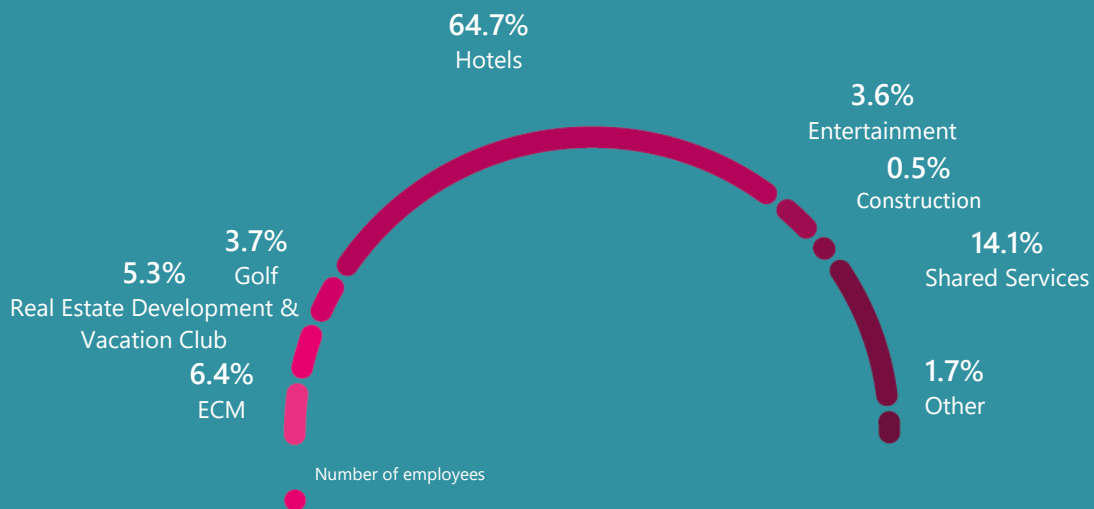


Entertainment



Industry

Employees by business (%)



Additional information at:
 Different Business Areas - Pestana Group (pestanagroup.com)

UNIQUE EXPERIENCES WITH OUR HOTEL BRANDS



Pestana Hotels & Resorts

(Cosmopolitan Hotels & Paradise Resorts)

Fantastic resorts at unique sites in central and remarkable locations in the world's most cosmopolitan cities. Portfolio of more than 50 sophisticated four- and five-star hotels located on 3 continents: Europe, Africa and America.



Pousadas de Portugal

(Unique Hotels located in Portuguese Heritage Buildings)

Pousadas de Portugal offer an immersive experience in the ambience of the country's most historic and iconic properties, whether they are castles, palaces, forts, monasteries or convents. Authentically Portuguese, the management of the 34 inns was handed over to the Pestana Group by the Portuguese government in 2003.



Pestana Collection Hotels

(Luxury Selection)

An award-winning selection of 7 Units that showcase the best of hospitality in Portugal, the Netherlands and Spain. Located in Lisbon, Cascais, Porto, Amsterdam and Madrid, all the properties are located in luxurious buildings and monuments in prime locations. They also offer unique and enriching experiences in culturally-themed properties.



Pestana CR7

(Lifestyle Hotels - Vibrant. Exclusive. Urban)

This Lifestyle brand is the perfect combination of the hotel experience and modern lifestyles in the image of Cristiano Ronaldo (CR7). Individual, elegant and situated in exceptional locations. Funchal and Lisbon were the first cities chosen by the brand, followed by the opening of the hotels in Madrid, New York and Marrakesh.

AWARDS

Recognition from the market in 2022 for the excellence of our operations.

Pestana Rio Atlântica and Pestana Curitiba winners of the "Travelers' Choice 2022" award.

Most responsible company in ESG in the tourism sector in Portugal, awarded by Merco (Corporate Reputation Business Monitor).

PURPOSE

Deliver memorable experiences that create value for customers.

VISION

Be a trusted brand offering unique experiences.

OUR VALUES



Be Cooperative



Be Passionate



Be Efficient



Be Conscientious



Be Flexible.

GROUP STRUCTURE

Pestana International Holdings had a stake in 7 subholdings in 2022. The Group has a total of 60 companies, and is organised by regions, each represented in a subholding, including the shared services entity and the CR7 partnership. The Group has adopted a business model based on its own assets and long-term concessions or leases.



1.2. Value creation

The Group has evolved in the way it measures value creation, having moved towards a model that considers the Group's environmental and social impact in addition to the more traditional financial factors.

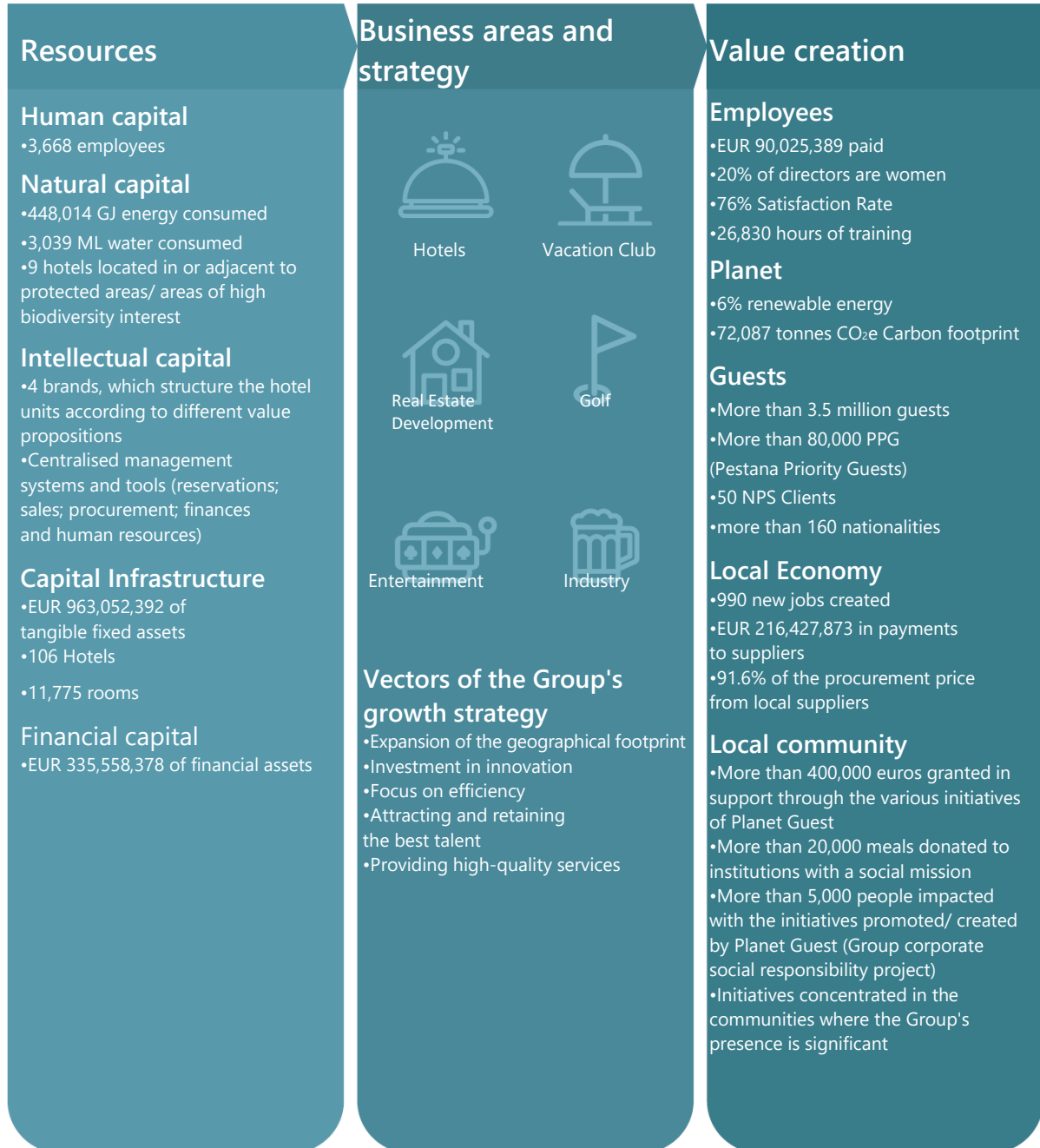
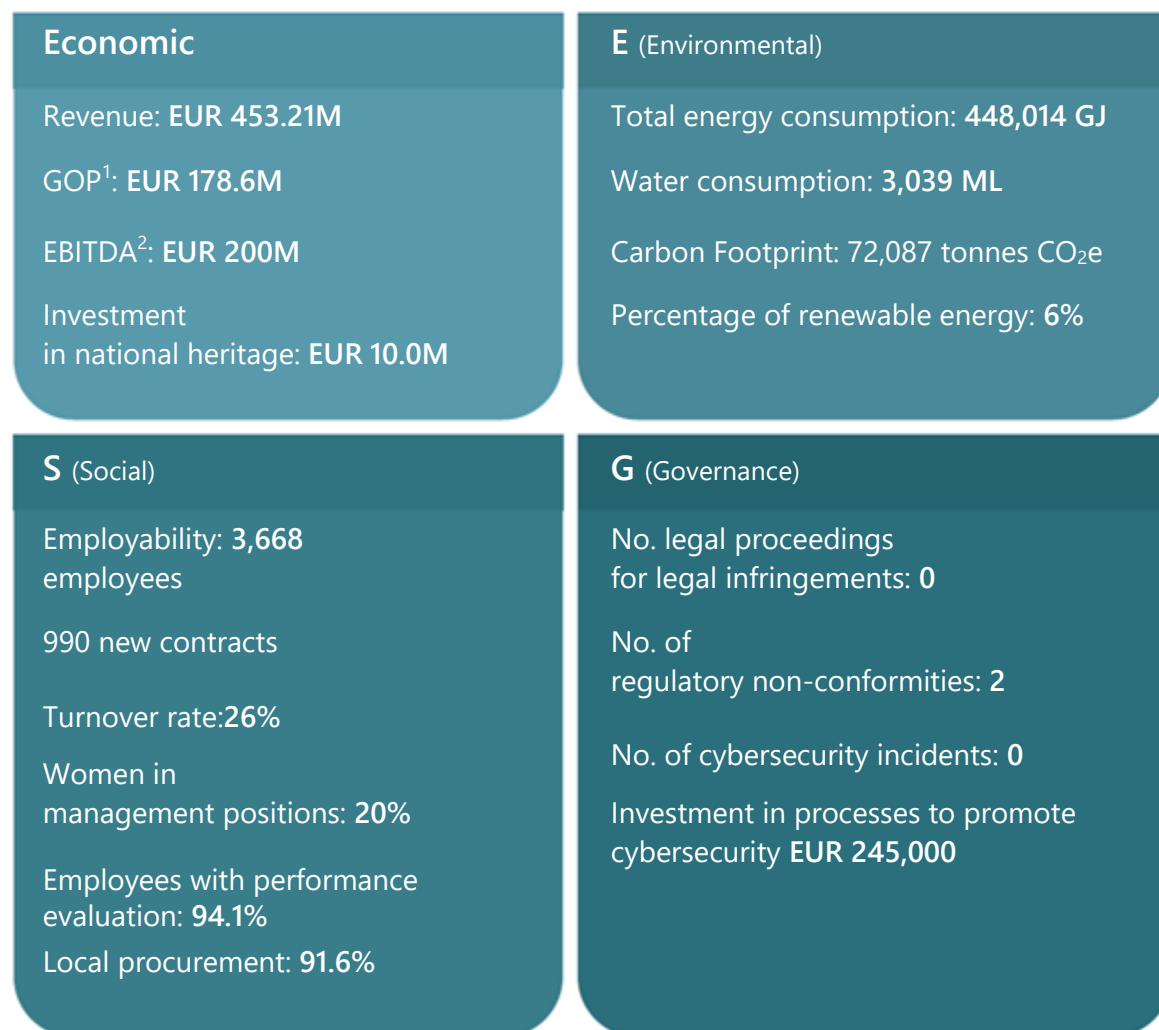


CHART OF 2022 KEY INDICATORS AND RESULTS:
THE YEAR WITH THE BEST FINANCIAL RESULTS IN THE GROUP'S 50 YEAR HISTORY

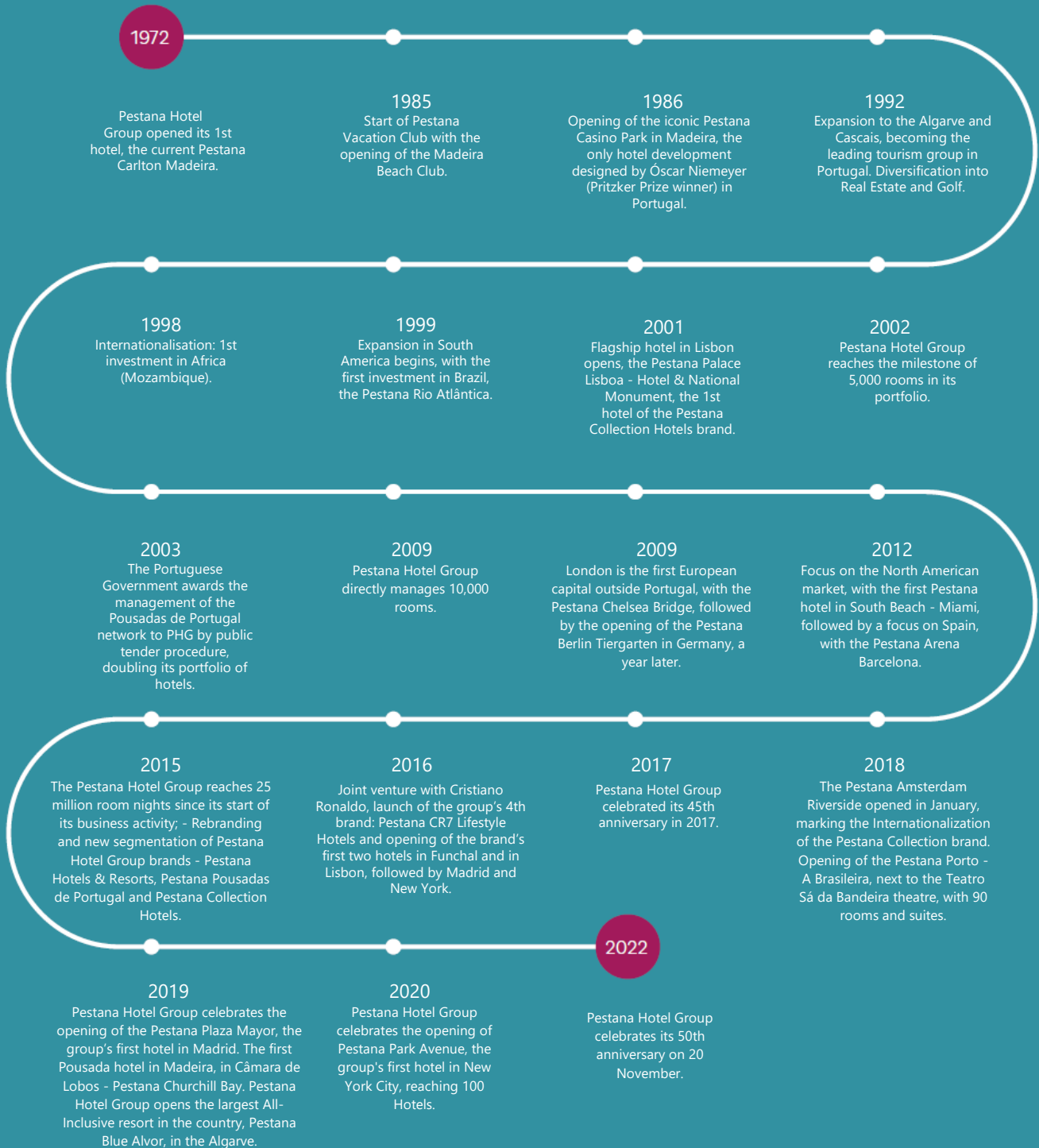


1. Gross operating profit" – management accounts (uniform system of accounts) only includes fully consolidated companies.

2. Operating profit excluding Charges of depreciation and amortization, Impairment losses of tangible assets, Gambling tax paid by Casino and other minor accounts.

1.3 Celebrate the 50th anniversary of the Pestana Hotel Group

GROUP MILESTONES



1.4. 2022 Highlights

THE OPENINGS AND MAIN INVESTMENTS MADE IN THE HOTEL AND GOLF SEGMENT IN 2022 WERE AS FOLLOWS:

OPENINGS

- Pestana Douro Riverside, in Porto, with 165 rooms;
- Pestana CR7 Marrakech, in M-Avenue, with 174 rooms;

REFURBISHMENTS

- Pestana Delfim, Algarve: In-depth refurbishment of the Hotel in two phases. In 2022, the first refurbishment phase was carried out, which will extend to 2024;

PIPELINE

- Rua Augusta: continued rehabilitation of a building for a 4-star hotel in Lisbon, with 89 rooms;
- Pousada de Alfama: continued construction of a Pousada hotel in Lisbon's old quarter, with 39 rooms;
- Pestana Vintage Porto Hotel, in Porto: purchase of two buildings on the riverfront for future expansion;
- Palácio do Chiado in Lisbon: assignment of the contractual position of Enatur - Empresa Nacional de Turismo, S.A., for tourism operation as a Pousada hotel, for 30 years;
- Pestana Dunas, construction licence obtained for a new hotel in Porto Santo, Madeira;
- Pestana CR7 Paris: start of construction of a 210-room hotel in the centre of the city of Paris (13th district) integrated into a commercial and office development;
- Gramacho Golf Course, Algarve: construction of an 18-hole golf course and a Club House on land north of the current development.

Following the risk diversification strategy, notably in real estate, the main investments in real estate projects carried out in 2022 were as follows:

- Madeira Acqua Residences: construction of 181 apartments for sale in Madeira, in the former Madeira Palacio Hotel
- Valley Nature Resort: construction of 77 independent units in a location covering 30 hectares, in Gramacho, Algarve
- Fábrica, Apartments & Lofts: renovation of an old building, with planned delivery of apartments and lofts in 2023
- Porto Covo, Sines: start of the new building project and purchase of land for another project
- Pestana Comporta Village: continued construction of the project



ESG Performance

2.1. Climate and environmental commitment (E)

WE ARE GUESTS OF A PLANET THAT WE TAKE CARE OF

- 2.1.1. Climate and energy
- 2.1.2. Water resources
- 2.1.3. Waste and circular economy
- 2.1.4. Biodiversity

"We are just Guests of the Planet: the central motto of Pestana Hotel Group's Sustainability Programme, Planet Guest, reflects our deep respect for the planet, and our conviction that it is fundamental for the future of our activity and of society that we evolve in harmony with the ecosystem, enhancing it and progressively rationalising our ecological footprint."

We act so as to be increasingly efficient in managing resources and our climate and environmental impact. We are committed to the harmonious and respectful coexistence of our activities with the surrounding natural and/or built environment, preserving and energising activities that promote value in these two areas. We contribute to the SDGs of the 2030 Agenda through our daily work, driven by the Planet Guest programme.



2.1.1. Climate and energy

Relevance of energy management and climate impact for Pestana Hotel Group

The focus on energy efficiency makes it possible to reduce the Group's climate and ecological footprint and also has significant potential to reduce operating costs. Phenomena associated with climate change (extreme drought, atmospheric instability and frequent extreme peak temperatures, among others) can also have an impact on holidaymakers' choices and, consequently, on tourism patterns. These phenomena may also affect a large portion of hotel units and other activities of the Group, such as golf, which have nature and its balance as an essential ally, this being a capital that must be preserved.

All of these reasons, combined with the deep respect for the planet, which characterises us, drives the Group's increasingly dynamic approach to promoting energy efficiency and reducing its carbon footprint.

Principles of energy and climate management

The management of energy resources and consumption and the impact on the climate are closely related. The main guidelines for action in these areas within the Pestana Group are:

- The implementation of measures that increase energy efficiency and regular monitoring of consumption, so as to enable an effective fight against energy waste and associated costs;
- Conducting in-house awareness and call-to-action campaigns for all management teams and for the entire universe of employees in order to promote good energy saving and environmental management practices;
- Gradual reduction of the dependency on fossil fuels and the carbon footprint associated with the Group's activity, through the installation of renewable energy sources for self-consumption, in particular photovoltaic production, and by progressively increasing the rate of equipment electrification, with a particular focus on air conditioning equipment, kitchens' ovens and vehicle fleet;
- Preferential investment in eco-efficient equipment in new projects and refurbishments.

These principles are reflected in and reinforced by the following objectives/targets:

- **2023 Target:** The Group set itself the goal of reducing the aggregate consumption of utilities (energy+water³+gas) in hotel units by 15% compared to 2022 figures.
- **2030 Target:** Reduce scope 1 and 2 greenhouse gas (GHG) emissions by 55% by 2030 compared to 2019 levels, in line with the European Union's "Fit for 55" package.
- **2030 Target:** Reduce scope 3 greenhouse gas (GHG) emissions by 27% by 2030 compared to 2019 levels.

Future Outlook

In addition, we aim to strengthen the choice of sustainable construction materials and techniques and integrate sustainability criteria into procurement policy as ways to promote a reduction in climate intensity levels.

Main action guidelines for energy and climate management

- Energy efficiency and combating energy waste.
- Involvement and raising awareness throughout the organisation to adopt good energy-saving practices.
- Reduce the carbon footprint in line with European objectives.

The group's energy and climate targets

-15%

Utilities
consumption (2023
versus 2022)

-55%

Scope 1 and 2 GHG
emissions in 2030
(compared to 2019)

-27%

Scope 3 GHG
emissions in
2030
(compared to
2019)

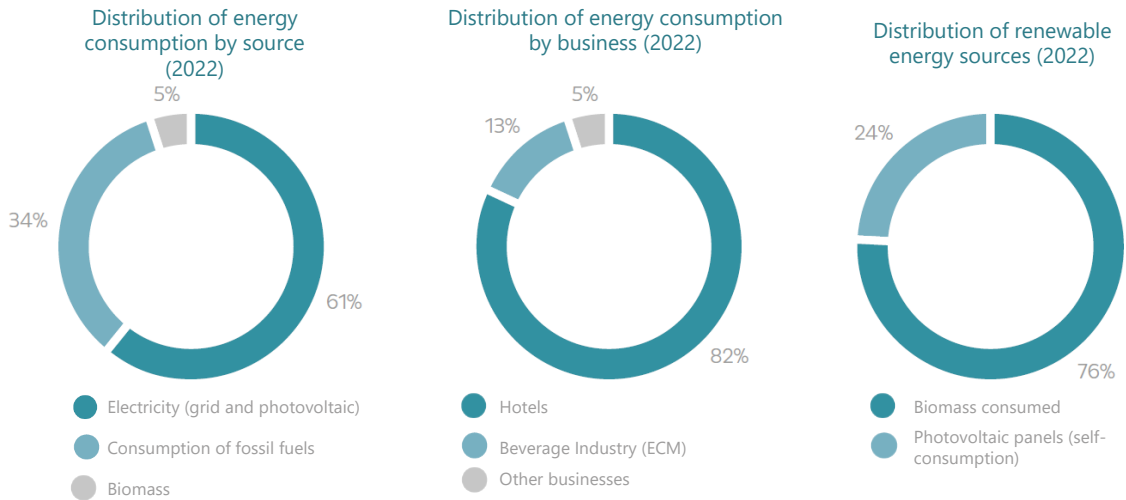
3. Applicable only to paid water (mostly mains water), excluding own abstractions, the mains water component represents the largest share of consumption in the Group's hotel business.

Performance indicators: Energy⁴



448,014

Total energy consumption of Group in 2022, GJ



6%

Percentage⁵ of renewable energy (photovoltaic self-consumption and biomass burning)



0.0010

Energy intensity of Group per unit of revenue 2022, GJ/€
Hotels only:
0.0011 GJ/€(revenue)
0.20 GJ/occupied room

Energy consumption by sources Pestana Group (GJ)

| | |
|-----------------------------------|----------------|
| Biomass | 21,342 |
| Electricity | 274,753 |
| Photovoltaic for self-consumption | 6,656 |
| Purchased from national grid | 268,097 |
| Fossil fuels | 152,289 |
| Natural gas | 65,782 |
| LPG and Propane Gas | 34,464 |
| Thick Fuel Oil | 27,620 |
| Diesel and petrol | 24,424 |
| Total (2022) | 448,014 |

4. The energy figures refer to the Group's direct consumption, including all main activities. Within the scope of shared services, the consumption allocated to operating sites has been included, as well as fuel for Directors/Managers travelling on business. This did not include 5 buildings dedicated to shared services: 2 Lisbon, 1 Algarve, 1 Mozambique and 1 São Tomé. The overall consumption presented considers the deduction of 369 GJ of energy sold (ECM).

5. Does not consider electricity purchased and its renewable mix (e.g. mainland Portugal and Madeira, where the majority of the Pestana Group's activities are concentrated, had a percentage of around 25% and 34% according to ERSE data), nor does it consider the Comerc Sinerconsul certificates (Brazil, see information later in this chapter).

Energy consumption reflects the preponderance of Pestana Group's hotel business. It also reflects the greater preponderance of electricity over other energy sources.

Renewable energy in hotels in Portugal and Africa and in the beverages company in Madeira.

Around 6% of the energy consumed in 2022 by Pestana Group was produced from renewable sources (own production from renewable sources only), not counting the renewable component of purchased electricity (standard supply), supplied through the public networks, nor the Comerc Sinerconsult certificates from Brazil (see information on these certificates later in this subchapter).

This figure was 27998 GJ, comprising:

- Photovoltaic:** 5 hotels in Portugal (one of which, Pestana Promenade, started normal production and monitoring in 2022); 1 hotel in Africa; and Empresa de Cervejas na Madeira (ECM);
- Biomass:** 3 hotels in Portugal and ECM

Future Outlook

We are investing, with the support of the RRP, in a significant increase in the installation of photovoltaic panels in hotels in Portugal and in the facilities belonging to the Pestana Golf Resorts.

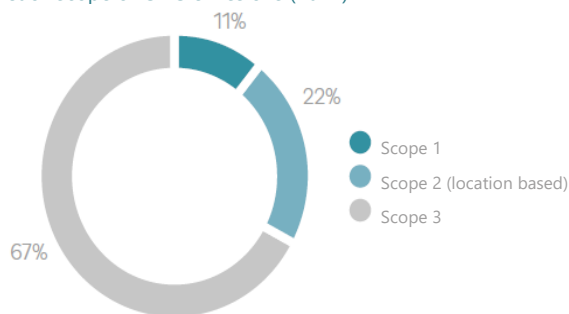
Performance indicators: Carbon⁶



72,087

Group 2022 Carbon Footprint, tonnes CO₂e

Weight of each scope of GHG emissions (2022)



-8%

Reduction of the Group's GHG Footprint 2022 compared to the 2019 base year



0.159

Group carbon intensity by 2022 unit of revenue, kg CO₂e/€

Hotels only⁷:

0.200 kg CO₂e/€ (revenue)
13 kg CO₂e/o.r.⁸
 (compared to 17 kg CO₂e/o.r. in 2019)

| Pestana Group GHG emissions (tonnes CO ₂ e) | 2019 | 2022 |
|--|---------------|---------------|
| Direct emissions - scope 1 | 9,448 | 8,149 |
| Fugitive emissions | 299 | 922 |
| Stationary Combustion | 7,768 | 6,205 |
| Vehicle Fleet | 1,381 | 1,023 |
| Direct emissions - scope 2 | 18,932 | 15,705 |
| Market-based approach | 19,396 | 17,720 |
| Location-based approach | 18,932 | 15,705 |
| Direct emissions - scope 3 | 50,028 | 48,233 |
| Category 1 - Purchase of goods and services | 36,585 | 33,432 |
| Category 2 - Capital goods | 5,407 | 3,200 |
| Category 3 - Energy-related activities | 4,813 | 4,397 |
| Category 5 - Waste generation | 927 | 1,007 |
| Category 6 - Business travel | 1,118 | 3,567 |
| Category 7 - Home-work commuting | 1,178 | 2,460 |
| Category 8 - Assets leased upstream | - | 169 |
| TOTAL | 78,408 | 72,087 |

6. Unless explicitly stated otherwise, the GHG emissions data presented include the Group's tourism activities in Portugal and the hotel business in Europe.

7. Only hotels in Portugal and Europe. Includes hotels and pousada hotels.

8. This ratio, where "o.r." means occupied room, does not include the emissions figure for the vehicle fleet and only takes into account scope 1 and scope 2 emissions. Considering only hotels, the intensity per occupied room would be lower than this value. The average intensity for the Group's hotels in Portugal in 2022 was 10 CO₂e/o.r. and, for the rest of the Group's hotels in Europe, it was 11 CO₂e/o.r.. The Pousadas inns have, on average, a higher carbon intensity than hotels due to their specific characteristics, as the segment primarily comprises historical buildings.

Significant reduction in GHG emissions compared to the base year

GHG emissions for 2022 are lower than those of 2019 (the base year established for the Group), both in absolute and relative terms, as a result of the focus on energy efficiency and the control of energy waste.

The absolute reduction, given the scope of accounting, was more than 6,300 tonnes of CO₂e. All areas contributed to this figure. The scope that registered the largest reduction was scope 2, around -17%, followed by scope 1, around -14%, and finally scope 3, around -4%.

Furthermore, according to a study prepared by an independent body, Pestana Hotel Group compares well with the average in the hotel sector.

Climate and energy footprint management

Energy management is carried out by technical and maintenance teams broken down by the main business areas: Hotels, Golf, Industry, etc. There are support and coordination elements/teams for shared services, and decentralised elements/teams, as in the case of hotel units. These teams, in coordination with their respective Operations Directors, have autonomy in day-to-day management as well as in proposing energy efficiency and transition measures which, however, have to be aligned with the Group's strategic, development and budgetary management guidelines.

The corporate team (shared services) has an energy manager who issues general guidelines for good energy management practices, regularly monitors the Group's energy performance and advises on the management and monitoring of larger, more complex energy projects. The focus is mostly the Hotels business given the nature of the Group. However, where necessary, support in other business areas may be provided.

Climate management has taken on an increasingly strategic nature within the Group since 2022 and is currently directly monitored by the Executive Committee. In this sense, the Energy department coordinates the actions and the Business Intelligence and Innovation department carries out the in-house collection of the necessary activity data, in liaison with the Group's different areas. This issue has been on the agenda of the Group, which has been investing in gradually reducing its dependence on fossil fuels (introducing alternative energies, namely burning biomass and installing photovoltaic panels for self-consumption), improving the energy efficiency of equipment and operational management, with the consequent improvement in the carbon footprint associated with the business.

The Sustainability Policy and the Sustainability Programme, Planet Guest, which is responsible for ensuring its implementation, are also key elements in the management of these aspects. The policy establishes the general principles of environmental management and the programme, run by a dedicated team led by a Group Director, is a driving force behind the implementation of good practices in conjunction with the various operational areas.

Management systems and tools

Systematic calculation of the carbon footprint and 2030 carbon action plan

The Group began, in 2022, to systematically calculate the carbon footprint and it established a progressive calculation roadmap for the first three years, and the annual footprint calculation routine will be maintained from this time onwards.

Similarly, progressive work began and has been ongoing throughout this period to define the Group's Carbon Footprint Reduction Action Plan, establishing a formal commitment to the roadmap of reduction measures to be implemented and the translation of this commitment into reduction targets to be achieved by 2030.

This process started with the calculation of the footprint related to the hotels in Portugal, focusing on the 2019⁹ base year and the year 2021. Meanwhile, in 2023, the calculation was extended to all the Group's activities in Portugal associated with tourism and the Group's hotel units in Europe, which is the scope of the figures included in this report. From the outset, the calculation has covered the three scopes established by the GHG Protocol framework. In order to determine the scope 3 categories set out in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the GHG Protocol¹⁰ to be included in the footprint calculation, the relevance of the 15 categories set out therein was assessed. It was decided, following this analysis, to calculate categories 1 to 8. Category 7 has only been calculated since the second year of calculation, and it has been decided not to include category 4, for reasons of data availability and quality.

Climate management is becoming increasingly strategic

The approach to carbon footprint and climate action is becoming increasingly strategic for the Group and is currently being monitored directly by the Executive Committee.

10. 2019 was chosen because the years 2020 and 2021 are not a good basis for comparison due to the impact of the Covid 19 pandemic on the entire tourism industry.

11. See more detailed information on the GHG Protocol scopes and scope 3 categories, as well as the carbon footprint calculation methodology followed by the Group in the GRI table of contents.

PROGRESSIVE ROADMAP FOR CALCULATING THE CARBON FOOTPRINT AND DEFINING THE PESTANA GROUP'S 2030 CARBON ACTION PLAN



Monitoring and control of energy consumption

Energy consumption is regularly monitored and inefficiencies are identified, and measures are put in place to correct and reduce consumption such as (some examples of the Group's actions):

- controlling the hourly operation of equipment to switch machines on and off (extraction, lighting in communal and outdoor areas, lifts) and limiting consumption in unoccupied areas (e.g. placing presence sensors in passageways and areas with fewer guests; controlling the operation of electrical systems in rooms via the room key, allowing them to be operated when occupied and turned off when the guest is away);
- management of room occupancy (front office), where possible, seeking to concentrate occupied rooms in the same areas and thus be able to optimise the application of measures to limit consumption;
- replacing equipment with more efficient equipment or upgrading existing equipment, such as chillers, heat pumps or air conditioning systems, and replacing conventional lighting with LED lighting;
- ambient temperature control in the hotel's common areas; and
- in-house training and awareness-raising activities, as well as campaigns and signage to raise customer awareness.

Renewable energy certificate in Brazil

Two hotels in Brazil (Pestana Rio Atlântica and Pestana São Paulo) invested in purchasing renewable energy on the free energy market and signed up to the Comerc Sinerconsult Renewable Energy Certificate. This voluntary initiative was implemented as a way of raising internal and external awareness of the importance of managing the environmental impact associated with climate issues.

Figures of the initiative, in the two hotels jointly



3,534 MWh

of electricity consumed from renewable sources (~95% of total electricity consumption in 2022)



150 tonnes CO₂e

of emissions avoided voluntarily



1,049

equivalent trees, for 30 years, in a reforestation project

The monitoring of the hotel units in Portugal and Europe is carried out based on the values registered daily that are entered into an online platform, which facilitates the whole process of compiling subsequent information. Pestana Hotel Group, regardless of the registration mechanism, has set up a system for the central registration and comparison of consumption for all hotels (nationally and internationally). This is done every four months, but with a monthly breakdown allowing comparison between units and between annual periods, both in terms of absolute values of electricity and fuel and in terms of indicator ratios, by number of customers, total area, occupied rooms and available rooms.

The data are collected by the shared services and distributed to all those responsible for operations with the specific request to analyse and interpret the same. This is particularly the case with regard to situations of major increases in consumption, in order to ascertain the reasons for these deviations and define a strategy for resolving them, either by changing behaviour or by introducing changes to facilities and equipment. There is also, in all establishments which have a Consumption Monitoring and Alert System (SIMAC) installed, the monthly control of consumption in the main operational areas or systems (air conditioning, kitchens and swimming pools, etc.) and a comparison with the results of the same month from the previous year.

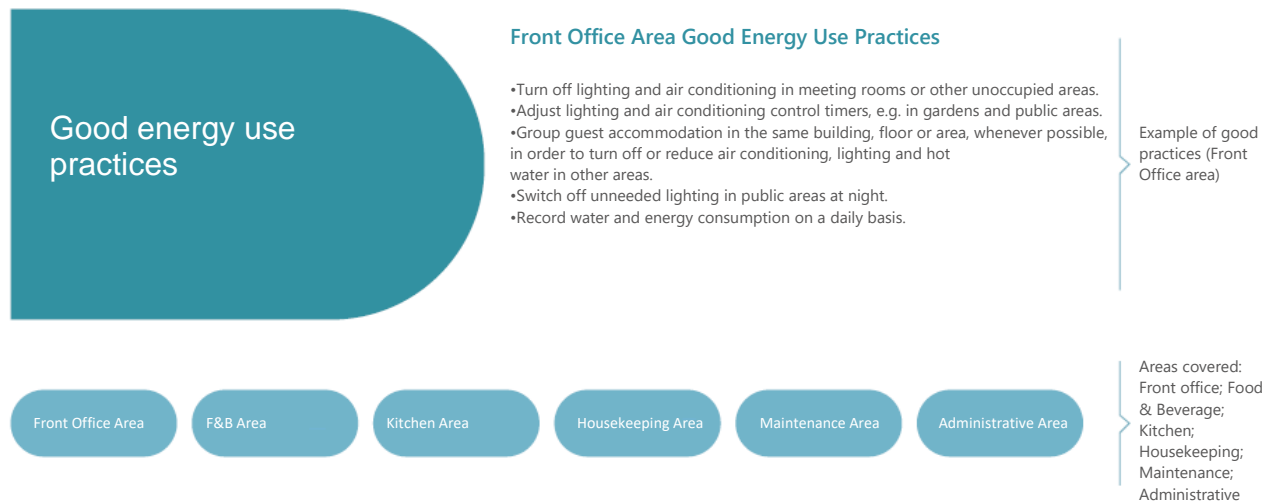
Programmes and Initiatives

Good energy management practices

A set of good energy consumption practices have been identified, compiled and communicated, applicable to the various activities carried out in the hotels (and exportable to other activities carried out within the Group, as in the case of Pestana Golf Resorts) and which are expected to be followed by all employees in the various operations. This has been publicised via the intranet and also through awareness-raising sessions.

2022 was an important year in this area and an in-house campaign was organised to publicise good practices. These good practices were formalised in a procedure at the end of the year, in order to reinforce the importance given to their application by the operations (the procedure was publicised and came into force at the beginning of 2023).

Guide to good energy management practices in the Group's hotels, publicised in an in-house campaign during 2022



Effective action to combat waste

SIMAC (Consumption Monitoring and Alert System)

This system automatically monitors the following parameters on a quarter-hourly basis: electricity, gas and water consumption and enthalpy, and transmits alerts whenever anomalous consumption is detected, thus enabling swift action to be taken in the event of signs of excessive consumption.

Future Outlook

We plan to extend the installation of this type of system to 26 additional hotels in Portugal, covering almost all the units of the mainland and islands (excluding Pousadas inns) by 2024.

Strengthen the importance given to the application of good energy use practices

Formalisation of the Good Energy Consumption Practices procedure reflects the growing importance given by the Group to the theme of efficient and judicious use of resources in general, and energy in particular.

Energy consumption reduction plans based on good practices

In order to reduce energy consumption and avoid wasting resources, the Group's hotel units in Lisbon promoted and tested the turning off of specific chillers depending on the hotel's occupancy. In addition, a 50% reduction in lighting was applied in internal traffic areas and in customer traffic areas. These measures led to a 5% to 32% reduction in energy consumption in the hotels concerned.

In several of the Group's hotels in Porto (Pestana Palácio do Freixo, Pestana Douro Riverside, Pestana A Brasileira and Pestana Vintage Porto), the impact of reducing the use of air conditioning and the reduction of equipment switched on in standby mode was tested.

In addition to the areas identified above, the procedure also included good practices to be considered in the spa areas. These good practices involve raising awareness of the precautions to be taken by switching off lighting and equipment when operation or use is not required (e.g. air conditioning in unoccupied areas); raising awareness of optimising the operating time of equipment such as steamers and water baths in kitchens, and optimising the rate of use of equipment (e.g. fill status of washing machines); adjusting the operating times of equipment by means of timers and optimising temperatures for equipment with thermostats/regulation mechanisms. The importance of recording and analysing consumption and of analysing the correct functioning of equipment with an impact on consumption was reinforced, particularly by the maintenance teams.

Energy Optimisation and Transition Projects

We invest in energy optimisation projects, changing installations and equipment to make them more energy efficient. We are also working to promote energy transition. We highlight the following during 2022 (not an exhaustive list):



Hotels and Resorts



Pousadas inns



Empresa de Cervejas da Madeira

Completion of projects:

- Pestana Promenade: 1 chiller replaced;
- Pestana Royal: 2 chillers replaced, insulation of the Thermal Power Plant pipes; installation of Biomass to produce domestic hot water (DHW); and monitoring the photovoltaic installation's consumption.

New projects:

- Pestana Grand: Replacement of chiller; heat recovery for DHW; High temperature heat pump to assist heating DHW;
- Pestana Miramar: Replacement of chiller (ongoing);
- Pestana Delfim: Improvement of insulation by replacement of frames and windows (ongoing)
- Pestana Trópico de Cabo Verde: Upgrade and maintenance of the photovoltaic plant, enabling it to increase its capacity (25% of all energy production now comes from photovoltaic sources)

Improvements to room air-conditioning systems:

- Replacement of valves or ventilation kits for air conditioning systems, as well as replacement of VRV systems: Pousadas of Queluz, de Arraiolos, Alcácer do Sal and Horta
- Thermal insulation of HVAC tubing from the rooftop thermal plant, at Pousada do Crato.

Fuel switching/ equipment electrification:

- Replacement of cooking ovens that operated on LPG/Propane, at the Pousadas of Guimarães, Amares and Ria.

Completion of projects:

- Steam production - biomass burning boilers;
- Brewing - recirculation of the hot must in boiling boiler;
- Thermal insulation of pipework and tanks;
- Replacement of motors with ammonia, HTF or water glycol water compressors;
- Energy recovery from superheated ammonia;
- New compressor with automatic speed variation.

A continuous effort and investment

Energy optimisation requires constant investment by the Group, due to its many hotels. 2022 was no exception, when new projects were started and others continued to be implemented.

In addition to hotels such as the Pestana Amsterdam, which has a thermal energy generation system, ECM, which is an intensive energy consumer, is subject to frequent optimisation measures, in line with the audits and energy rationalisation plans it undergoes as a result of applicable legislation.

Electrification of equipment

The replacement of gas ovens with electric ones in several units, as shown below, is already a result of the carbon reduction plan that has been drawn up and which generated an internal guideline that was issued in 2022.

Sensors and LEDs

The installation of presence sensors and the replacement of conventional lighting with LEDs is also a continuous and gradual effort of the facilities (e.g. the Pestana Berlin achieved an 80 per cent coverage rate with this type of solution in 2022, compared to the illegible areas).

Combating reactive energy

Reactive (non-useful) energy saving is also an energy saving mechanism. A project in this field was started in 2022 and continued in 2023 at the Pestana Kruger Lodge.

2.1.2. Water Resources

Relevance of water resource management and water consumption for Pestana Hotel Group

Water is a fundamental resource for the planet and for any human activity, and it is particularly important for the tourism sector. This importance stems from its intrinsic use in the activity, but is also associated with the crucial role this resource plays in preserving natural capital, one of the main driving factors behind tourism.

Water is an essential resource for the operation of our hotel and golf resorts, as well as our beverages plant. In our tourist facilities, it is used in the guest rooms, in the kitchens, for watering green spaces, filling swimming pools and washing, among other things. In the beverages plant, besides washing equipment and installations, as well as having technical uses, it is also incorporated into the product itself. It is crucial to promote its adequate management, both from the point of view of preservation and also cost management, as it is an increasingly scarce resource.

Water management principles

The Group's water management is guided by the Sustainability Policy and the main guidelines for action are largely similar to those already mentioned for the energy dimension:

- Preferential focus on eco-efficient equipment in new projects and renovations, and the implementation of measures that favour efficient water consumption and the reduction of consumption;
- Regular monitoring of consumption in order to effectively combat water wastage and associated costs;
- Conduct in-house awareness and call-to-action campaigns for all management teams and for the entire universe of employees to promote good environmental management practices, including measures that promote the sparing and efficient use of water, generating savings;
- Conduct campaigns aimed at raising customer awareness;
- Reconcile the activity with the management of aquifer resources and their conservation, on the one hand, and with risk management and security in access to water, on the other, implementing or resorting to alternative sources appropriate to the uses and circumstances, such as the implementation of water treatment and desalination units, when the risk assessment so advises.

These principles are reflected in and reinforced by the following commitments:

- **Green Key Certification:** Regular certification applied to all hotel units of the Group in Portugal, recognised as a strategic factor in the Group's Sustainability Policy
- **2023 Target:** related to the 15% reduction of the aggregate consumption of utilities¹¹, in the hotel business, which includes water.

Future Outlook

In addition, we plan to define a water management policy and a manual of good practices in this area.

Main principles of action for water management

- Efficient water use and combating waste.
- Involvement and awareness-raising among the entire organisation and customers to adopt good water-saving practices.
- Ensure the correct management and conservation of water resources.

Green key, an environmental certification that recognises, but also drives, our management

The Green Key certification (a scheme to recognise the adoption of good environmental management practices in tourism) in which the Group has been investing in Portugal, and which has been successfully renewed every year, is not just a recognition but also a stimulus for the adoption and maintenance of good environmental management practices. Eco-efficiency measures in water management are one of the driving factors of this certification. Currently all the Group's hotels in Portugal hold this certification (Hotels and Pousada Hotels).

Similarly, Empresa de Cervejas da Madeira has an integrated management system that is environmentally certified according to ISO 14001 (joint certification with quality).

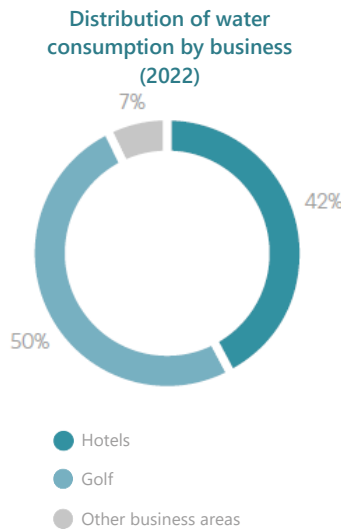
11. See more information on this target under "2.1.1 Energy and Climate".

Performance indicators: Water consumption¹²



3,039

Water consumption
Pestana Group 2022, ML



69%

Fraction of the Pestana Group's 2022 water consumption in water stress areas¹³



6.71

Intensity of water consumed per revenue unit 2022, litres/€

Hotels only:

•3.96 litres/€ (revenue)

0.62 m³/occupied room ("o.r.")

Water Stress, an Increasingly Present Risk

Water management is particularly important for the Pestana Group, given the preponderance of activities carried out in areas with a high or very high risk of water stress, a risk that will tend to increase.

Golf and hotels account for almost all water consumption

Golf and Hotels account for more than 90% of the Pestana Group's water consumption.

12. Water consumption figures do not include construction activity. The hotels business figures only include water purchased from paid sources (mainly public water supply, not including own abstractions). The consumption of the shared services at operating sites has been included, but 5 buildings used for shared services are not included: Lisbon (Soares Passos; Lusíadas), Algarve (Torre H), Mozambique and São Tomé (absolute values in mega-litres, ML= 1,000 m³).

13. Areas classified as having a high (>40% to 80%) to very high (>80%) water stress risk for consumption are those considered by the Aqueduct Water Risk Atlas tool (wri.org) - analysis carried out in September 2023, using the "annual values" parameterisation.

Performance indicators: Discharge of industrial wastewater (ECM)



125.6

Volume of industrial wastewater generated by Pestana Group in 2022



0

Number of non-compliances with discharge parameters established in ECM's industrial wastewater discharge permit

ECM regularly monitors the industrial effluent for the following, according to its discharge authorisation: pH, SST, CQO, CBO5, Oils and Fats, Total Nitrogen.

The effluent is treated at the industrial WWTP before being discharged into the sewage mains pipe of the business park where the company is located, complying with the ELVs established in the Madeira Parques Empresarias, SA Regulations and respective licence.

Only the beverage industry business generates industrial effluent

Empresa de Cervejas da Madeira is the only business of the Group that generates effluent of the industrial type. Only "domestic" waste water is generated by the other businesses (the discharge volume is not accounted for).

Water management

Water management is carried out by technical and maintenance teams broken down by the main business areas, Hotels, Golf, Industry, etc. There are support and coordination elements/teams, and decentralised elements/teams, as in the case of hotel units. These teams, in coordination with their respective Operations Directors, have autonomy in day-to-day management as well as in proposing measures to promote efficiency which, however, must be aligned with the Group's strategic, development and budgetary management guidelines. The corporate team ("central" shared services) regularly monitors the evolution of consumption data by the hotels business.

The Sustainability Policy and the Sustainability Programme, Planet Guest, which is responsible for ensuring its implementation, are also key parts in the management of these aspects, stimulating in conjunction with the various relevant areas of the Group the adoption of good practices and ensuring the implementation of the sustainability policy.

Water management systems and tools

Monitoring and control of water consumption

Water consumption is regularly monitored, and inefficiencies are identified and measures put in place to correct and reduce them.

In the Hotels sector, with regard to water consumed from paid sources (purchased water), the monitoring process follows the same model already described for energy consumption (see more information on the utilities monitoring process in "2.1.1 Climate and Energy"). The SIMAC system (described in 2.1.1 and installed in several of the Group's hotels in Portugal, with expansion planned for the coming years), automatically monitors consumption on a quarter-hourly basis and sends alerts when anomalous excessive consumption is detected. It is particularly important in the case of water, making it possible to anticipate the detection of potential losses or leaks that would otherwise be difficult to detect immediately.

In the case of hotels, the main source of the water consumed is the public supply network, the value of which is checked daily, or on a quarter-hourly basis, as appropriate (taking into account the process described above), although this is lacking or non-existent in some units, mainly in Africa. In these cases, they use their own underground or surface water and use treatment systems and, where necessary, desalination units. In other cases, and in a general way, the water from the units' own abstraction source, if it exists, is used exclusively for watering landscaped areas and filling swimming pools, or small lakes, where these exist. There is no centralised routine for collecting consumption data for water consumed from own abstractions. This aspect is expected to improve in the future.

Water consumption in the Golf business is monitored regardless of its origin (purchased from the public supply network, supply from third parties, e.g. irrigation associations, or own abstractions). The largest share of consumption in this activity is golf course irrigation, so in this business area the situation is reversed and own abstractions are the main source.

However, the main focus of water management in the case of golf is controlling the irrigation conditions of the courses, in order to make irrigation more efficient. There are, for this purpose, meteorological stations that measure relative humidity and the rate of evapotranspiration, and routines are implemented to measure soil moisture using sensors. The data provided by these measures make it possible to detect and adjust irrigation conditions to the specific conditions and needs of each area of a course, increasing the irrigation effectiveness and minimising losses due to evapotranspiration. These measures are supplemented by others, whenever possible, such as the utilisation of water from irrigation channels of the Bravura Dam Irrigation Association (Algarve), although its availability depends on drought levels.

Abstraction and treatment systems that benefit local communities

In Bazaruto and Ilhéu das Rolas¹⁴ the water abstraction and treatment system to supply the Group's hotels also allows supply to the local population, thus providing for a positive interaction with the community.

14. Establishment temporarily closed.

Forms of action and good practices

Some forms of action that reflect the Group's water efficiency policy include, in addition to daily monitoring to detect anomalous consumption patterns, and scheduling maintenance to diligently detect and repair water leaks in pipes and taps:

- erecting signs and awareness-raising campaigns for the efficient use of water, offering guests the possibility to reuse towels and sheets and wash them only when requested;
- installation of taps that automatically turn off to avoid wasting water in common areas and installing water-saving systems on the taps and showers of rooms and kitchens;
- installation of dual flush mechanisms and calibration of flushing mechanisms for lower water consumption;
- optimise the filling of washing machines and use of biodegradable cleaning and laundry products;
- installation of automated chlorine control and dispensing systems in swimming pool water in order to maintain water quality and reduce the need to renew it; •automatic and drip irrigation systems to make irrigation more efficient and definition of periods for irrigation when evapotranspiration is lower (morning and end of day), minimising losses by this route;
- use of water from levada irrigation channels for irrigating the gardens, in Madeira units; and •training, awareness-raising and in-house dissemination of good environmental practices (may involve cross-cutting and streamlined campaigns/actions at a more local level, as happened in 2022, in places such as Berlin and Group units in Porto).

In new projects or refurbishments in particular, we are increasingly concerned with the balance between the existence of green and built-up areas and the pressure this puts on water requirements for irrigation, so we look for a solution that optimises eco-efficiency when weighing up these two factors. Thus, in addition to the use of native plants¹⁵, the best ratio of these two types of area is something that is increasingly being considered in projects.

Small gestures make a difference

The motto of an in-house campaign to raise awareness about reducing and saving water, electricity and paper consumption.

15. See information on the use of native plants in "2.1.4 Biodiversity".

Programmes and Initiatives

Optimisation projects and initiatives

Some of the improvement activities carried out during 2022 correspond to more structural projects, while others are part of improvement initiatives implemented on a continuous basis, gradually benefiting structures with solutions that improve water management and consumption efficiency. We highlight some of these measures (in a non-exhaustive list):

| | | |
|--|---|--|
| <p>Humidity sensors for irrigation</p> <p>Humidity sensors were installed at the Pestana Delfim to optimise the irrigation system for the hotel's green areas.</p> | <p>Optimisation of the water circuit</p> <p>All the hydraulic pipework was replaced at the Pestana Vila Maria, in São Tomé and Príncipe, from the pumping station to the meter of each villa within the development, in order to avoid the water losses that were identified. This initiative made it possible to avoid water losses of around 2,000 m³/month.</p> | <p>Renewal of the treatment plant</p> <p>Renovation and upgrade of the water treatment plant at Pestana Kruger Lodge in South Africa to increase its treatment capacity, which has raised the quality and quantity of treated and drinking water available.</p> |
| <p>Installation and activation of desalination plants</p> <p>A desalination plant was installed at the Pestana São Tomé and also the Pestana Tropic (Cape Verde). It has increased the availability of drinking water for consumption by about 2m³/day. The project started in 2022 at both locations, but was not completed until 2023. In Alvor (Algarve), the project to reactivate and upgrade the Group's existing desalination plant has also begun. The aim is to enable the water processed there to be used again for watering green spaces, filling swimming pools and lakes at the Group's various units in the area. The project continued through 2023.</p> | <p>Integrated plan to reduce water consumption</p> <p>An integrated initiative involving several types of intervention was implemented in all the hotels in Lisbon, as well as at the Pestana Douro Riverside, Pestana Palácio do Freixo and Pestana A Brasileira, in order to encourage the reduction of water consumption and to optimise system functioning:</p> <ul style="list-style-type: none"> •reduction of pressure in the network; •installation of timers on taps; •water flow reducers; and •reduction of water in toilet flushing systems. | |
| <p>Placing flow reducers on showers and taps</p> <p>Continuity initiative based on installing taps and showers in rooms, reducing water flow and saving up to about 50% of the consumption of this resource in the equipment that is modified. The initiative covered several hotels in Portugal: Pestana Delfim, Pestana Alvor Praia, Pestana D. João II, besides the abovementioned Pestana Douro Riverside, Pestana Palácio do Freixo and Pestana A Brasileira.</p> | <p>Timers on taps</p> <p>Timers were placed on the hand wash and foot wash taps at the Pestana Delfim, next to the beach entrance.</p> | |

An ongoing improvement endeavour

Optimising the use of natural resources requires continuous investment by the Group. Given its many hotels, and similar to the effort in the energy area, 2022 was another year of progressive endeavour to optimise water management, involving a mix of more structural projects and ongoing actions.

2.1.3. Waste and circular economy

Relevance of the circular economy and waste management for Pestana Hotel Group

Adequate waste management is essential in order to ensure respect for and conservation of the environment, a central aspect of our sustainability policy and programme. It is also a guarantee of healthy and pleasant spaces in our facilities and the surrounding areas, which is particularly important in some countries where we operate and which have less structured waste management services.

We seek not only to ensure that waste is properly routed, but also to encourage its reduction at source and encourage circular solutions that promote the recycling and reuse of waste and materials. We aim, as much as possible, for the potential of these solutions to control operating costs, and solutions/initiatives that add additional social value (such as the "paper for food" initiative we regularly associate ourselves with).

Waste management and circularity principles

The Group's Sustainability Policy sets out the general principles and guidelines for action in the field of waste management and circularity, providing for:

- Reduction of waste production, endeavouring to be particularly active in reducing plastic, particularly non-reusable plastic, but also in reducing paper consumption;
- Preferential use of environmentally friendly or recycled materials;
- Conducting in-house awareness and call-to-action campaigns for all management teams and for the entire universe of employees to act to promote good environmental management practices, including measures to promote greater digitisation of tasks and reduce paper consumption, as well as reducing the use of disposable plastic items (targeting and raising awareness also among customers).

In addition to these more specific principles, the Group's actions in this area are also shaped by the general principle enshrined in the Code of Conduct, which is that of integrity and legal compliance in the conduct of activities. This specifically comprises, in this area, the use of duly licensed waste management operators, and filling in the information required by the environmental authorities on the quantity of waste by nature and destination, which is mandatory for some of our activities and in some geographical regions.

Pestana Group signed up to the Smart Waste Portugal initiative in 2022. This represents a reinforcement of the Group's commitment to waste management and the promotion of circularity. As a result, the Group aims to increase the commitment to:

- Eliminate non-recyclable plastic and any other single-use material, as far as possible
- Promote the circular economy, contributing to reduced resource and material consumption.

Future Outlook

It is expected that the Group will approve quantified targets to be achieved in the field of waste and circularity, as part of the ongoing definition of the 2030 Carbon Reduction Plan. These targets aim to reduce the amount of waste generated and the share of waste sent for recycling. The establishment and fulfilment of these targets represents a contribution to reducing the carbon intensity of the Group's activity, which adds to the intrinsic environmental advantage that the targets represent.

Main principles of action in waste management and circularity

- Reduction of waste generated, in particular plastic that is not readily recyclable and/or single-use plastic; and
- Involvement and awareness-raising among the entire organisation and customers to adopt good practices that leverage this reduction.

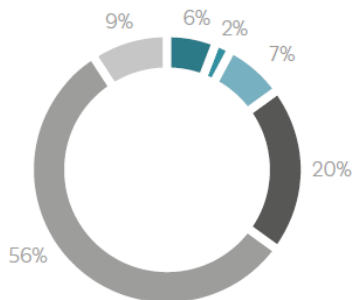
Performance indicators: Waste management¹⁶



7,635

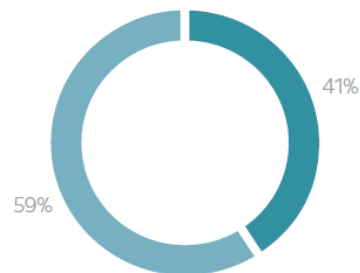
Waste generated by Group 2022, tonnes

Distribution of waste generated by main types (2022)



- Paper and cardboard
- Plastic
- Glass
- Construction and demolition wastes
- Waste equivalent to municipal waste (includes organic and undifferentiated waste)
- Other

Recovery destination¹⁷ versus disposal (2022)



- Waste diverted from disposal/sent for recovery
- Waste sent for disposal



99.84%

Share of non-hazardous waste



28%

Share of waste sent for recycling

Opportunities for improvement in waste management

There are ongoing initiatives to improve and introduce good practices in waste management at the various operating sites. Overall, nevertheless, this area offers several opportunities for improvement, both in terms of greater monitoring and centralised compilation of information, and in terms of the penetration rate of good management practices, in order to increase the percentage of waste sent for recovery.

Almost all waste produced is non-hazardous

The proportion of hazardous waste in the group's activities as a whole is very low in relation to the total, around 0.15%.

16. The waste figures do not include data from the Group's activities in Africa (hotels, residences and casinos) and data from hotels in the United States of America and Venezuela. They also do not include all the waste managed within the scope of the public waste management service, because in these cases, under the legislation, operators are not obliged to provide producers with data on quantities and destination. These values have been estimated and included, whenever possible. These estimates represent approximately 25% of the overall waste figures reported. This is a cross-sectional factor, mainly affecting the share of undifferentiated and/or organic waste, so this share will be higher than that stated herein. The missing figures are mostly from the Pousadas de Portugal network. It does however encompass other activities such as Golf. Even taking these limitations into account, in the total amount referred to above, the hotel business accounts for around 69% of the overall value of waste and is clearly the main contributor.

17. Incineration with energy recovery is not included in the recovery destinations, but in the disposal destinations, as required by GRI Guidelines. The 41% recovery share comprises 28% sent for recycling (corresponding to 2,114 tonnes).

Waste management and waste reduction and circularity initiatives

Waste management is carried out directly by each unit or Group Company, under the aegis of the respective Operations Departments. They are responsible for ensuring the adoption of good practices as well as appropriate destinations and compliance with all applicable legal provisions in accordance with the specificities of the activity and the geographical region.

In addition, the team that manages the Planet Guest Sustainability Programme encourages the adoption of good waste reduction and management practices and the promotion of circularity, as well as the promotion of cross-cutting in-house initiatives or signing up for external initiatives aligned with these objectives.

There is no systematic and centralised routine in place for collecting and consolidating data at Group level on the amount of waste by nature and destination, an aspect that is expected to improve in the future.

The Group's activities have different realities in terms of the regulatory framework and the existence of and access to public waste management infrastructures, as well as the availability of market solutions for adequate waste management. This impacts on management practices and the ability to compile real data on the quantities generated and their respective destinations.

The hotels in Africa, for example, as well as the Casino in São Tomé, are generally located in a setting where public or private waste management solutions are lacking or even non-existent.

In Portugal, for example, Empresa de Cervejas da Madeira, which is highly industrial in nature, is subject to different legal requirements from hotel units, given that its waste is essentially catalogued as industrial, and that the collection and routing of waste to the respective destinations is ensured by private operators duly licensed for the purpose. The quantities of waste by nature and destination are checked and reported to the company, which in turn has to annually report to the competent environmental authority. In the hotels, which generate essentially municipal waste, there are three different situations, which impact the waste management and accounting model:

- Units that produce an average daily quantity of waste of less than or equal to 1,100 litres/day, which are managed by the public waste management service, provided by municipal and multi-municipal systems, which is a service exempt from the obligation to control and report the quantities of waste and respective destination processed by per producer;

- Units producing an average daily quantity of waste above this limit, but which is also collected by municipal and multi-municipal schemes under the additional waste collection scheme, and which, as of 2022, were also exempted from the obligation to control the quantities of waste and respective destination per producer;
- Other units, where the collection and routing of waste to the respective destinations is carried out by private operators duly licensed for this purpose, which monitor the quantities of waste by nature and destination and report the amounts to the Group.

Same policy, but different legal and infrastructure contexts

The Group has common principles of action, enshrined in its policies and codes, but there are different realities that condition the dynamics of the actual measures implemented and the availability of information regarding waste management.

There is, despite the constraints, another common denominator in addition to the Sustainability Policy: the focus on progressive but continuous improvement.

Waste management and circularity systems and tools

In addition to the Group's Sustainability Policy, waste management is guided by the legal framework applicable to each activity in the context of each geographical region. The various operations, supported by the dynamics of this Policy and the Sustainability Programme, have established a set of good practices, some of which we would like to highlight (not an exhaustive list).

Good practices

- Sorting and sending paper/cardboard and glass for recycling is already very widespread within the Group. In the case of tourist activities, this essentially covers waste generated in the context of in-house services.
- Sorting and sending other materials for recycling, including packaging, such as plastic and metals, is less common, but it also frequently occurs. Also frequent is sorting and routing used food oils for recycling, as well as the routing of meals not consumed by the guests to the in-house canteens, for employees to eat, or for initiatives like Refood (uneaten food distributed to the needy), with whom the Group has a partnership.
- Some hotels:
 - have bins to allow customers to sort waste, particularly in their rooms;
 - promote the sorting and composting of organic waste;
 - have digital menus provided by QR Code, allowing less use of paper menus;
 - preferably use electronic invoicing;
 - promote the re-use of furniture, through its use in internal service/staff areas, by donation to institutions, donation to employees, or by sale at a symbolic price to institutions of public interest, such as schools;
- Say no to Plastic:** The Group introduced a set of measures in 2019, that it has since maintained, aimed at reducing plastic consumption, with the consequent reduction of waste associated with this material, namely:
 - Reduction of disposable plastic material: elimination of plastic straws and replacement by alternative material such as paper and providing them only when they are specifically requested, and replacement of disposable plastic cups for reusable or paper cups; hygiene product dispensers to replace small bottles
 - Replacement of ballpoint pens with pencils

- Keys: raising awareness among customers to always return room keys and evolve to digital opening solutions that do away with keys.
- In this regard it should be noted that the evolution was not as significant as was intended and that there was even some backtracking due to the legislation related to the fight against the COVID-19 pandemic that made the use of plastic mandatory.
- Reduction of food waste is a commitment of the Group, which in addition to being an ethical and environmental imperative, has the potential to generate a positive effect on the management of operating costs. Accordingly, in addition to the redistribution of meals, the Group has sought to implement other more structuring measures in the management of perishable food, namely:
 - Optimisation of the daily management of perishable food orders sent to suppliers, adapting purchases to the hotel's occupancy levels;
 - Optimised extension of the time window for using food safely, taking advantage of the commitment to food hygiene and safety and the appropriate packaging and handling conditions provided by HACCP certification,
 - The utilisation of surplus perishable foodstuffs, such as fruit, in suitable conditions for use, to make jams and other alternatives that make the most of those foodstuffs.
- Empresa de Cervejas da Madeira is committed to reducing the ecological footprint of the packaging it places on the market, with 100% of the glass bottles placed on the market in the Autonomous Region of Madeira being reusable, and also by reducing the share of PET bottles placed on the market.
- The Group's regular participation in the Food Banks' "Paper for Food" campaigns, in which the paper collected (newspapers, magazines, leaflets, etc.) is converted into food products, is also a way of promoting waste recycling, combining the resulting environmental benefit with an additional social benefit.



Hotels

Strong focus on reducing the use of single-use plastics and combating food waste



Industry

Focus on a reduced ecological footprint of packaging placed on the market

Programmes and Initiatives

A number of initiatives were implemented in 2022, with a particular focus on the hotel sector, aimed at continuous improvement in waste management and the promotion of a more circular economy. Several of these measures correspond to an extension of the scope of the good practices already adopted within the Group. Here we highlight some of the initiatives:

•**Pestana Curitiba and Composta+ partnership:** Pestana Curitiba, in conjunction with Composta+, implemented a campaign for sorting and composting organic waste. This campaign, which started in May 2022, has had the advantage of reducing the waste going to landfill and increasing the recovery rate of waste by transforming it into fertiliser, a reusable product. In addition, this process leads to a lower carbon balance than landfilling and prevents the use of plastic bags associated with the logistics of transport to the landfill.

The team involved in this project received fertiliser and pepper seeds for use in the hotel's garden, which will be used in the preparation of meals in the hotel kitchen. This initiative produced 11 tonnes of composted organic waste; about 1,000 units of plastic bags were not used and an estimated GHG emission of 17.5 tonnes of CO₂e was avoided.

•**Share Point Project:** Initiative to dematerialise administrative processes by replacing paper-based administrative processes with electronic processes via Share Point, with interaction between all the parties involved, from the issue of an invoice to its approval, involving the entire workflow chain.

This project was implemented by the corporate team in Brazil, covering all three of the Group's hotels in the country, and began in November 2022, with effective operation starting in 2023. The estimated impact of the initiative points to a reduction in printing of 1,000 documents, in around 350 processes for requesting guest refunds and other memos, sending invoices for services and materials and rendering internal accounts, as well as a gain in efficiency by reducing the exchange of emails as a result of the automation of the process.

•**Waste collection and transportation in Africa:** An in-house system for the collection and transport of solid waste and the reuse of organic waste was implemented in 2022, in order to, on the one hand, overcome the shortcomings in the provision of reliable and effective public or market solutions and, on the other, minimise the impact of inefficiencies on maintaining the cleanliness of properties. This initiative has been implemented in all of the Group's tourist properties in Africa, with the exception of the Hotel Trópico in Praia, Cape Verde. The reuse of organic waste is an additional benefit derived from implementation of the project.

•**Elimination of single-use plastic items:** Between April and October 2022, several hotels were able to join the list of hotels that have now completely eliminated the use of disposable products (Pestana Alvor South Beach, Pestana Palacio do Freixo, Pestana Douro Riverside, Pestana Vintage Porto and Pestana A Brasileira). In addition, all individual plastic yoghurt containers were replaced with yogurt in glass pots.

•**Focus on reusable/returnable packaging:** The hotels in the Algarve set the criterion, with the aim of reducing the waste generated, of giving priority to suppliers who have committed themselves to using more sustainable forms of product packaging. The Pestana Berlin Tiergarten now bottles 100% of its single-serve drinks in reusable glass containers, and the Pestana Palace Lisbon Hotel has made glass bottles available that can be filled at the hotel itself, in order to reduce the use of plastic bottles.

•**Signing up to To Good To Go:** The Pestana Berlin Tiergarten and the Pestana Amsterdam Riverside have signed up to use the To Good To Go system, for the management of breakfast surpluses, as a way of reducing food waste, associating this practice with obtaining some economic return, albeit marginal.

•**Signing up to the Refood project:** several city hotels, for example, the Pestana Palace Hotel, have regularly contributed to the Refood project, eliminating waste and contributing to circularity.

Figures of the Composta+ initiative



11 tonnes

of composted organic waste



17.5 tonnes
CO₂e

of emissions avoided



~ 1,000

Plastic waste bags not used

2.1.4. Biodiversity

Relevance of biodiversity management for Pestana Hotel Group

Local ecosystems and the biodiversity they contain are a relevant asset for our business, in particular for the golf and hotel activities. On the other hand, these activities, as well as property development, which in the Group is largely interconnected with these areas, depend, in some cases, on the geographical location and are likely to have a direct impact on biodiversity. Accordingly, whether it's a preventative approach of minimising impact, or a proactive approach of conservation or enhancement, we strive for a respectful, balanced and, whenever possible, positive interaction with nature. It is in this dimension that the motto of our sustainability programme - Planet Guest - and the respect for the environment that is intrinsic to it, takes on its most literal expression.

Biodiversity management principles

The main principles guiding our action in the field of biodiversity are enshrined in the Group's Sustainability Policy, and are based on the following premises:

- Respect for the local environment and ecosystems;
- Integrity and legal compliance in the conduct of the activities performed;
- Encourage the conservation of green areas and landscaping, especially with native plants; and
- Promote and participate in various initiatives to raise environmental awareness and value (e.g. clean-up actions; reforestation actions; Earth Hour and other initiatives to raise environmental awareness that simultaneously benefit the environment and local communities).

In addition to these more specific principles, our actions in this field are also shaped by the general principle enshrined in the Group's Code of Conduct, of Integrity and legal compliance in the conduct of activities, which is specifically expressed in the activity licensing requirements and the different occasions of environmental impact assessment.

Our activity not only can but must be an ally of the planet

Our Sustainability Policy reflects our understanding that the integration of Pestana establishments into protected areas or areas of interest for biodiversity, accompanied by appropriate actions to maintain the respective ecosystems, can be a driving factor in preserving the biodiversity that exists there, as it encourages the careful management of areas that would otherwise not benefit from this focus.

This attitude is, in fact, absolutely essential, insofar as ecosystems, with their flora and fauna, also constitute/contribute to the activity's resources.

Future Outlook

We want to evolve our approach to biodiversity by establishing a specific policy on the matter and adopting strategies to valorise natural capital.

Characterisation indicators: Biodiversity



9

Number of operating sites located in or adjacent to protected areas/areas of high biodiversity interest



11.1

Area of these sites located in or adjacent to protected areas/ areas of high biodiversity interest, km²

What do these numbers mean?

The 9 sites are: (i) Pousada de Sagres (Southwest Alentejano and Vicentina Coast Natural Park), and Pousada do Gerês (covered by the context of the Peneda-Gerês Natural Park); (ii) Pestana Kruger Lodge in South Africa, adjacent to Kruger National Park; (iii) Pestana Troia Eco-Resort (partially integrated into the Sado Estuary Nature Reserve and the Troia Dunes Botanical Reserve); (iv) Pestana Bazaruto (Bazaruto National Park, Mozambique); (v) Pestana Inhaca Lodge (Inhaca Nature Reserve, Mozambique - the hotel activity is suspended but the Group's responsibility for the area is maintained); (vi) Pestana Equador, São Tomé and Príncipe (Ilhéu das Rolas, Nature Reserve, also temporarily closed, but the Group maintains its responsibility, similarly to Inhaca); Silves Golf (Natura 21 network in Silves); Golf Gramacho e Pinta (crosses a watercourse of biodiversity interest).

18. This figure does not include the area of the Pousada de Sagres and of Peneda Gerês, having an impact on the total value that is estimated to be low.

Biodiversity management

The establishments/sites mentioned above are, due to their location, subject to biodiversity conservation rules, which are supervised by the management bodies of the national parks and nature reserves and, in this context, they co-operate with the initiatives carried out by these entities.

Biodiversity management is mainly concentrated in Carvoeiro Golfe (the Group's company that manages golf courses, manages tourist condominiums in Portugal, as well as the development of new projects), and in the Directorate of Operations in Africa. This is essentially operational management which, although it is guided by the principles of the Group's Sustainability Policy, is guided above all by legal and regulatory instruments. Carvoeiro Golfe's Director of Maintenance has powers and duties in the environmental area, and is responsible for ensuring that the EIS provisions are complied with. Management in Africa is carried out in liaison between the units in areas with biodiversity protection status or areas of biodiversity interest, and the Director of Operations for Africa.

In addition, the promotion of voluntary positive interaction activities to safeguard biodiversity (such as the participation in "Earth Hour"), are usually the result of an initiative promoted by the team that manages the Sustainability Programme, Planet Guest. They may take place in conjunction with the various areas of the Group, or with the heads of certain units, not necessarily limited to the areas mentioned above.

Management systems and tools

Management is guided by legal and regulatory instruments, such as the Environmental Impact Statement (EIS) and the Environmental Licence that incorporates it, as well as the National and Nature Parks Regulations, applicable in Portugal, or the Environmental Licence, the Park Management Plan, and sometimes agreements with local governments (applicable in Africa). These instruments may determine the need to carry out specific conservation or support actions, such as regular surveys of flora and fauna to assess their evolution over time, as is the case of the Silves Golf Course.

Some practices we highlight here are:

- **Pestana Kruger Lodge, South Africa:** The unit promotes the control of weeds to prevent them spreading to the park.
- **Pestana Village and Miramar, Madeira Island:** guided tours are conducted of their gardens, which have already been awarded 1st place in the Funchal City Council's Flower City competition. These visits are conducted weekly by the engineer in charge of the gardens and the hotel's Guest Service Manager. They allow guests and tourists to get to know the plants, flowers and trees that make up the gardens, some of which are endemic.

•**Maintenance of gardens and green spaces in the majority of the hotels in Lisbon and Porto:** in order to guarantee the quality of the species and to maintain them in their original form, no pesticides are used in the maintenance of our gardens, except for the elimination of weeds when mechanical means do not work. In addition, the green spaces are reorganised, removing species that are no longer in good condition, in order to maintain biodiversity.

•**Pestana Troia:** The infrastructures are integrated into the landscape and native vegetation, promoting the well-being of users and the conservation of natural habitats for flora and fauna. Representatives of the local community and public bodies were involved in the installation process and took part in the determination of the architectural style, integration of the buildings into the topography of the land and the landscape as well as the type and colour of the materials used, while acoustic, thermal and energy solutions were integrated and optimised. Local native and traditional vegetation was favoured.

The development allocated 50% of its total area to an ecological reserve, 45% to protected green areas and only 5% to the construction.

Infrastructure and construction solutions were selected with minimal impact on the landscape, reducing waterproofed areas and conserving the natural habitats of fauna and flora. The landscaping phase favoured native vegetation.

Solutions have been implemented to optimise water consumption and reuse waste water for the irrigation system, as well as a hazardous waste management plan with recycling bins located throughout the eco-resort.

"Whenever possible, we favour the use of native and traditional local vegetation. No pesticides are used in the maintenance of the gardens of some of our units, except for when weeds need to be eliminated."

Programmes and Initiatives

•**50 trees for 50 years:** The management of the Pousadas (North, Centre and Madeira Areas) met with the Sustainability team and the challenge was launched: plant 50 hectares of seedlings, 1 for each year of Pestana Hotel Group, and 80 oak trees - 1 for each year that the Pousadas de Portugal celebrate in 2022. Thus, with a great spirit of mission and help from all, the celebration of the Group's 50th anniversary was launched, with the involvement of the employees;

•**Reforestation and forest improvement at the Herdade da Pereira/Silves estate after the fire of August 2018:** the heavy and progressive reforestation of Herdade da Pereira has been carried out over an area of 391 ha, using cork, strawberry tree and other vegetation. This initiative improves/protects the landscape and increases its productivity (cork and arbutus berries);

•**Seedlings in the Serra da Estrela mountains:** Planet Guest and Pousadas North/Centre donated rye seeds to 50 ha of burned area and collaborated in the sowing and also planted oaks.

•**Forest and dune promotion:** The Pestana Troia Eco-Resort carried out actions to defend/preserve the forest, namely by cleaning it up, and campaigns to defend the dunes.

•**Heroes of Nature:** In August, the Pestana Tróia Eco-Resort, in partnership with the Claro movement, organised the "Heroes of Nature" initiative with activities calling for the conservation of the dunes. The aim was to make our youngest customers aware of the concept of "Dune" and the importance of conserving them. In this initiative, the children walked along the beach with cloth bags collecting litter, watching and learning about the dunes and also how they can protect them. They were also challenged to colour in the area of the dunes on a Pestana Tróia map, so that they could easily identify the area where they are located. The day ended with a Treasure Hunt, which reinforced the importance of the dunes and spread good practices on what to do when encountering those who disrespect and trample the dunes. A fun day to learn to care for the dunes and respect nature.

•**Beach clean-up (Pestana Bahia Praia):** In a collective gesture of dedication, the Pestana Bahia Praia team organised a beach clean-up in May.

•**Seedlings - Serra da Estrela mountains:** Being Conscious is one of the Pestana values and, in this initiative, that was the driving motto. After the severe fires that hit the Serra da Estrela mountains in August and in the face of their impact, Pestana Hotel Group, through its Planet Guest Sustainability Programme, decided to donate 15 tonnes of rye to Baldios of São Pedro for the replanting of the burnt area.

"We want to show that, in spite of 30% of the Serra da Estrela having burned, there are still another 70% to discover, to take care of and to enjoy. The motto? The best time to plant a tree was 50 years ago and the second best time is NOW!"

2.2. Creation of social value (S)

- 2.2.1. Employability and talent management
- 2.2.2. Equality and inclusion
- 2.2.3. Health and safety of employees and customers
- 2.2.4. Quality and customer satisfaction
- 2.2.5. Impact on the Community

We create social value through the employment we generate, the products and services we buy from suppliers and partners and the support we provide to various social institutions. This is how we make an impact and contribute to the SDGs of the 2030 Agenda.



2.2.1. Employability and talent management

Relevance of talent management for Pestana Hotel Group

As a Group with a core business centred on providing services by people, for people, human capital is a central factor. The creation of value in our business involves attracting and retaining the right talent, offering attractive conditions and the possibility of professional growth. In order to achieve the objectives we set ourselves in the short term, as well as the Group's development strategy, investing in talent is a priority for our management.

Management principles for more responsible employability

The Group has the following objectives in the management of employability and our talent:

- Implement a responsible hiring model, which ensures compliance with regulations, and the adoption of voluntary work practices, with a positive impact on the people who make up the Pestana team
- Ensure adequate compensation and benefits for employees.
- Promote people's growth by operationally implementing a talent development model that is backed by training programmes.

Key action guidelines for employability and talent management

- Responsible hiring model that promotes people's well-being
- An approach that promotes the development of our employees, with new skills

"We are a benchmark employer, because of the conditions we offer our team and the professional development opportunities we offer. In a year when we created 990 new jobs, we continued to strengthen the Pestana culture and values."

Performance indicators: employability



990

Employees hired in 2022

76%

Employee Satisfaction Index¹⁹

64.7% of the Group's employees are assigned to the hotel business operations.



Pestana Hotel Group is placed in the top 20 of brands to work for in Portugal

The result of the Employer Brand Reputation study, by the OnStrategy consultancy, also considers the Group as the best brand to work for in the tourism sector. The results reflect the evaluation of 20,000 people, and cover a total of more than 500 organisations, as part of the annual RepScore™ study.



7.8

years is the average seniority of employees in the Group



26%

Turnover rate²⁰

Pestana Hotel Group in the top 20 of Employer Brand Research 2022

Pestana Hotel Group was once again considered one of the 20 most attractive companies to work for in Portugal and the most attractive in the tourism sector by the Randstad Employer Brand Research 2022 study.

19. The figures presented are the average of the NPS question in the Organisational Climate questionnaire. They do not include employees from the construction area and ECM.

20. Permanent workers or workers hired more than 6 months previously are considered.

Management of employability and talent²¹

Human resources management is carried out on the basis of a set of internal processes, which ensure employability in compliance with the rights of employees, regarding: safe employability; working hours; adequate remuneration; social dialogue; freedom of association; conciliation; health, hygiene and safety at work. The Group also has procedures to ensure equal opportunities in terms of remuneration; training and development; inclusion of people with disabilities; prohibition of violence and harassment.

Human resources management is carried out by the Human Resources department. This is made up of a corporate team that in addition to the team responsible for shared services, which supports the needs of the most corporate areas, has areas cutting across the group like Learning & Development/ Talent & Development, dedicated to the area of training, and Management of partnerships, notably with vocational training schools. The human resources department also has different teams responsible for closely monitoring the hotel establishments in the various regions as well as the other businesses (real estate, golf, tourist entertainment and Pestana Vacation Club). There are also resources that manage more cross-cutting issues, such as the Payroll and Systems team, which is responsible for all the management of human resources' administrative processes, development and support.

The Group established six strategic pillars for the three-year period, 2022-2024:



“The labour market underwent major changes during and after the pandemic, a context that also affects the Group's business areas. That's why we continued to focus on developing talent and improving working conditions and remuneration, including the sharing of results, in 2022. It is our aim, with the human resources management we have put in place in the Group, to attract and retain an adequate talent pool, with the skills needed to realise the goals and ambitions we have set ourselves.”

21. The performance indicators of this section only include the Group's direct employees, who are permanent and have signed an employment contract. The figures presented were measured to 31 December. External and temporary workers who are contracted from temporary employment agencies in periods of peak tourist activity were not considered.

Management systems and tools

Talent development programme with Pestana Academy

Learning new skills and team development is an essential pillar for the Group's strategy and development. It has a Learning & Development (L&D) Area, within the Human Resources department, which coordinates the training and development area for the Group as a whole. It is through this department that the initiatives of Pestana Academy are developed, aimed at both Operations and Shared Services, according to the identified needs. This task is performed in close liaison with the operational teams and Shared Services departments. The aim of the L&D area is to focus on training in behavioural areas, namely interpersonal communication, leadership training and preparation, onboarding and integration, as well as topics associated with hotel operations, such as training required for daily activities (e.g. fire safety, first aid, among others).

We provide employees, through the Pestana Academy, with a learning academy that promotes the potential and development of the Pestana team. We continued to invest in the development of the skills of each employee in 2022, with the focus on the needs of each role. We have developed a variety of formats, tailored to the specific needs of each role.

Pestana Academy's Value Proposition

1

Develop skills and invest in internal talent

2

Create and provide opportunities for mobility and personal and professional growth

3

Foster relationships between different areas and align in-house projects, strengthening community and sharing good practices

4

Increase the Pestana brand recognition for talent recruitment

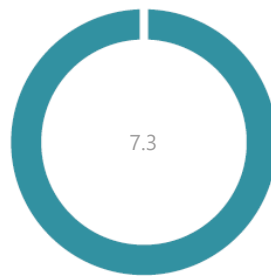
Organised in three pillars - (i) Growing Experiences, (ii) Learning Experiences, and (iii) Sharing Experiences, the initiatives include specific training for employees in the Operational and Shared Services areas and other employee development programmes as well as opportunities to share knowledge and information between departments.

(i) Growing Experiences - Personal and career development experiences through the Trainees, Growing Together, and Pestana Mobility programmes. It also includes monitoring relations with schools and universities and various initiatives associated with the welcoming of new Group employees.

(ii) Learning Experiences - Learning activities, conducted in different formats, across different operating and corporate areas. Within the scope of this pillar, a number of technical or customised management skills training courses are developed, based on identified needs.

(iii) Sharing Experiences - sharing in-house knowledge and good practices with the aim of building bridges between departments. We promote interpersonal and interdepartmental relationships that help strengthen our culture, our organisation and our spirit as a Group. These initiatives include Pestana Sharing, Pestana Invites, Pestana Lives, Pestana Talks and the Pestana Envision programme.

Average training hours per employee, in 2022



Pestana Mobility: An opportunity for growth within the Group

The Group set up this development programme, which allows employees to have different experiences, with a change of location and type of work. The programme promotes the sharing of experiences in different geographical areas and roles, career development, supporting the response to the Group's specific temporary needs.



Global Programme for SS & Ops



Applications in Teamer or by HR identification



Multi-criteria selection process



Duration between 2 weeks to 6 months



Specific location and role



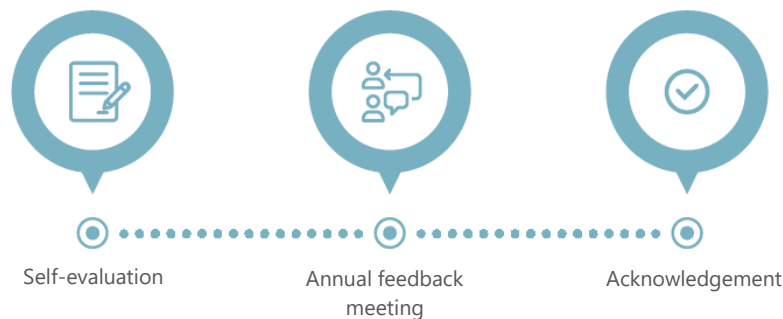
Special conditions depending on location

Performance assessment

We acknowledge, at Pestana Hotel Group, that success comes from fulfilling our goals and, to this end, we cultivate a culture of continuous feedback.

The Group carried out the performance assessment for 2022, a process we call the Pestana Performance Review. 98% of the Group's eligible employees were assessed in the process, which took place at the beginning of 2023, taking into account Pestana values, in both behavioural and technical skills. The assessment process culminates in the employee's individual development plan, with development objectives defined by management.

All employees who have been under contract for more than 6 months take part in this annual assessment. The procedure involves three stages:



Remuneration and incentives

Pestana Hotel Group has also been adopting various initiatives in the areas of compensation and benefits, having made numerous salary updates throughout 2022 in addition to the sharing of profits among all employees. On average, each employee received the equivalent to 15.5 monthly salaries, relative to their performance in 2022 for the year as a whole. Additionally, as part of the Group's 50th anniversary celebrations, each employee was offered a one-night voucher for a hotel stay. The Group also maintains its commitment to the continuous improvement of the benefits offered to its employees that include health insurance for all employees (and extended to the household in very competitive conditions), medical consultations, psychological support, the hybrid working model for corporate roles whenever possible, very special conditions for stays in Pestana units and with several other partners, among others.

Social climate: a study that helps us to get to know the Pestana team better

The Group conducts a social climate study, which assesses the organisational climate and lets the Group better understand the level of satisfaction, concerns, needs and engagement of employees, among other factors. The results of this tool are used in (re)defining the human resources strategy, helping the Group to develop and improve programmes and initiatives that contribute to the productivity and satisfaction of the team.

All eligible Group employees submitted questionnaires on the organisational climate, where they answered questions such as "I feel motivated to work at the Pestana Group", "I feel proud to work at the Pestana Group", "I feel I belong at the Pestana Group"..

My Pestana

On the MY PESTANA HR platform, employees have access to their profile and to personal and organisational information. It's in this area that they book holidays and other administrative acts and have access to training courses.

Communicating and engaging with employees for closer proximity

The area of internal communication has been prioritised, in order to contribute to a closer and more united Group, enabling more information to reach all employees. We share the main news of the Pestana world with our employees through newsletters and other communications. Some events also contribute to bringing our Operations and Shared Services teams closer together through moments of joint sharing.

The Onboarding programme has been improved, to better welcome new employees, with the offer of an Onboarding kit and a better contextualisation through initial training. An E-learning programme is also available for new employees: "Welcome | Journey to the Pestana World", as well as 3 annual Pestana World events, with members of the Executive Committee and Corporate and Operational Directors.

Finally, celebrations took place in all units given the Group's special year - 2022 - that marked its 50th anniversary. The Group's 50th anniversary was marked by the offer of pins, sweaters and a 1 night voucher to all employees. 50th anniversary parties were also held in the units and a best anniversary cake competition was also organised.

Social Climate 2022

Dimensions best evaluated by Group employees:

76%

Overall satisfaction rate of Group employees

72%

Working conditions and well-being

69%

Career, training and development

77%

Sustainability, diversity and inclusion

Programmes and Initiatives

Pestana Culture

It is very important to define a common culture that is structured around consistent policies and procedures, considering the Group's presence in 16 countries on 3 continents.

2022 was a year of change and of strengthening the Pestana Culture. We aim to provide memorable experiences that create value for our customers and, for this reason, our employees are the key to the success of our business, which is a people-to-people business.

With more than 4,000 employees present in the Pestana family in 2022, it has become essential to ensure that our culture and values are disseminated throughout the different business units and regions.

Our values are the guiding principles of everything we do and are based on 5 pillars:

1. **Be Collaborative:** we are committed to people's potential and development, favouring diversity and inclusion.
2. **Be Passionate:** we know that each customer is unique and special and that is why we focus on providing the best possible experience to each Pestana customer.
3. **Be Efficient:** we maintain high standards of excellence and rigour in our services that guarantee the success of the business, giving value to and praising the achievements of each employee.
4. **Be Conscientious:** we always act with integrity, ethics and passion in everything we do. We commit ourselves daily to being better and contributing to a more sustainable world.
5. **Be Agile:** we seek innovation and look forward to the challenges that the sector brings us, without fear.

After defining the purpose, vision and values that characterise the Group in 2021, 2022 was focused on the dissemination of the Pestana Culture throughout the organisation, through workshops addressed to employees in the different regions where the Group operates. The workshops allowed each employee to get to know the Pestana culture and behaviour in depth.

In-house communication: more sharing, more engagement

We strengthened in-house communication again in 2022. In-house communication has been a priority, particularly since the pandemic period, in order to get more information across, and in a more effective way, to all employees.

The Group has established interaction moments with its staff so that they may express their concerns and identify areas for improvement. The welcoming handbook shares HR team contact information, which each employee can use to share their concerns.

In addition to this communication channel, employee meetings and events are other moments for information sharing by employees. The issues identified are considered, whenever possible, when defining new human resources programmes and processes. The Group believes that stakeholder consultation processes, including those related to its employees, are critical to improving human resource management.

We share the main news of the Pestana world through newsletters and other communications, helping to bring each employee closer to what is happening in the Group. Some events have also helped bring our Operations and Shared Services teams closer together.

Pestana Welcome

In the course of 2022 we held several editions of Pestana Welcome, a welcome event for new employees that is essential in helping them get to know the Group better

The figures for the Pestana culture programme in 2022

48

Sessions

120

Hours of workshops

1,492

Impacted people

Pestana talks

The group resumed the Pestana Talks in face-to-face format in 2022. The internal conferences with the CEO are an opportunity for employees to find out about recent performance, areas of focus and future projects that the Group will undertake.

2.2.2. Equality and inclusion

Relevance of equality and inclusion for Pestana Hotel Group

The Group recognises equality and inclusion as principles of its human resources policy. Considering our core business, hotels, the diversity of the team contributes to the creation of an inclusive environment, which has a positive impact on the experience of our guests, who are also characterised by great diversity.

Management principles for equality and inclusion

The Group seeks to adopt a policy and an effective practice of full functional and wage equality, without any factor of discrimination. Human resources procedures, and associated practices, aim to:

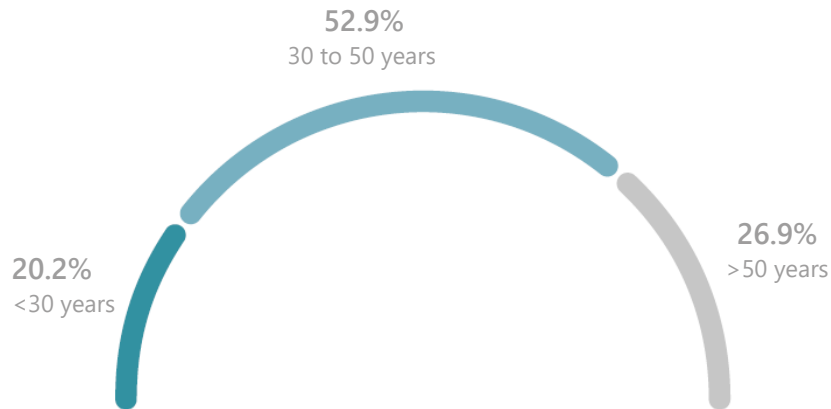
- Foster team diversity by promoting the inclusion of people with disabilities
- Provide a level playing field for employees throughout their career, in particular in terms of training, information, and access to opportunities
- Promote the reconciliation of professional and personal life

Main guidelines for action on equality and inclusion

- Equal conditions throughout employees' professional career in terms of training, information, remuneration and access to career progression opportunities
- Reconciliation of work and personal life
- Promotion of an inclusive culture with a place for everyone. Integration of people with disabilities.

"The Group values diversity and promotes the inclusion of all. It aims to provide a fair, harmonious and cooperative working environment. It does not tolerate discrimination in employment, nor from our customers. It counts on its employees to fulfil this commitment together."

Performance indicators: equality and inclusion



The Group also envisages inclusion from an age perspective, as a space that integrates employees from different age groups.

Equal opportunities are a basic principle of the Group's management, which combats all forms of discrimination.

34.5%

of managers are women

20%

of the members of PIH's Board of Directors are women

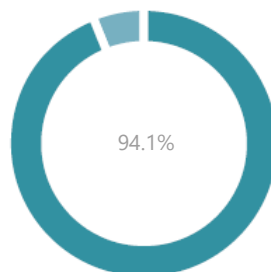
11.1%

of the members of the Executive Committee* are women

* Non-statutory body responsible for the day-to-day management of the Group.

The Group's performance assessment system transparently sets out the objectives that employees must fulfil. It makes it possible to measure the level of achievement of the objectives set and the contribution to the Group's targets. This system is therefore important in promoting equal opportunities²².

Employees with performance assessments



22. To analyse the number of employees with performance assessments, employees with at least 6 months of working within the Group were considered as eligible. Trainees are not eligible. The performance assessment takes place from January to February of year N for year N-1. In the process of performance assessment, each employee's annual development plan is evaluated by their manager.

Equal opportunities, a principle of management which will continue to be promoted in the training we give to employees²³.

539

Training course provided



23. Permanent workers or workers hired more than 6 months previously are considered.

Equality and inclusion management

The corporate human resources (HR) team, in cooperation with local HR teams, in each hotel unit and geographical area, is responsible for ensuring the implementation of processes that ensure equality and inclusion, as well as the monitoring of associated indicators. It is this department, in collaboration with the team leaders, that the opportunities for improvement are identified and evaluated, by incorporating new procedures and/or signing up for initiatives related to these topics.

Management systems and tools

Pestana Hotel Group adopts a policy and an effective practice of full functional and salary equality, without any discrimination on any grounds. The Group stands as an inclusive organisation that does not tolerate harassment or bullying.

The Group also has a number of management processes, such as the performance appraisal system, the career management model and the remuneration system, which although they serve to manage these specific issues, end up having a significant impact on equal opportunities management.

Human resources policies and procedures are continuously reviewed to ensure non-discrimination at different stages: recruitment; promotion; training; remuneration and benefits; discipline.

The Group also offers training on equal opportunities for staff involved in recruitment procedures, or other human resources procedures where the issue of equal opportunities and inclusion may be critical.

We have also developed training content for employees regarding an inclusive work environment, which promotes equal opportunities and is free from bullying and harassment issues. The Group provides a formal complaints channel, which can be used by any employee who considers they have been discriminated against, or subjected to bullying or harassment. The Group undertakes to investigate all complaints received in this regard.

In anticipation of the obligations arising from the law, Pestana Hotel Group has signed up to the commitment to inclusion and has been establishing mechanisms since 2021 to enable it to reinforce the entry into the labour market of people with disabilities.

Main guidelines for action on equality and inclusion

- Promotion of diversity (geographical, cultural, gender or age)
- Inclusive recruitment
- Meritocracy culture

“We are an organisation of people for people.
We know the importance of difference and the added value
it can generate for the Group.”

Programmes and Initiatives

Inclusive recruitment

Raising awareness among employees on the subject of inclusion

The 6th Edition of Pestana Invites was dedicated to the theme of Inclusive Recruitment. This session was used to make known the partnership Pestana Group established with Valor T, an association whose mission is the inclusion of people with disabilities in the world of work. The session, held within the scope of the Group's commitment to inclusive employability, was attended by representatives of Valor T and Once, an organisation that also has inclusive employability as its mission.

Recruitment of young people, low-income young people and people with disabilities

In Brazil, our units allocate 5% of their workforce to hiring young people up to 24 years old who are looking for their first job. A fixed-term contract lasting 11 or 18 months is established, providing for continued attendance at school. This programme is associated with vocational courses, where theoretical learning in school is complemented with practical teaching within the company.

Prioritising employment for young people from low-income families

The units in Brazil implemented the Prioriza Programme, in which young people from low income families (income up to 2 minimum wages) were hired. The programme includes their training with the aim of promoting effective hiring, after conclusion of the experimental contract and learning period.

Disabled people

3% of the workforce of the hotel units in Brazil is allocated to hiring people with some kind of functional disability, who are available in the labour market.

International Women's Day

8 March, International Women's Day, was celebrated in several hotel units to reinforce the importance of gender equality. Specifically, in the London, Amsterdam, Morocco, Tavira and Brazil establishments the Pestana teams celebrated this day, giving visibility to this theme.

Card staff discounts and partnerships

Special conditions in Pestana units (stays, restaurants, spas and vouchers) and a variety of other partners for all our employees.

“The Group values collaborative, passionate, efficient, conscientious and agile collaborators. It seeks to build relationships of trust, basing the treatment of people on the principle of equality.”

2.2.3. Health and safety of employees and customers

Relevance of health and safety for Pestana Hotel Group

The Group recognises safety as a fundamental right of all. The health and safety of our employees is a critical success factor for the Group's mission, as they are critical capital for the business. Both have a direct and indirect impact on financial performance. Investing in employee health and safety leads to lower costs for occupational injuries and diseases, fines associated with regulatory non-compliance, and insurance. On the other hand, it boosts productivity growth, as healthy, safe employees tend to feel more satisfied, and be more productive. It also contributes to greater attraction and retention of talent, as employees tend to value health and safety.

In hospitality, consumers value companies that care about the health and safety of their employees, not least because they are factors that influence the way they provide services, affecting the guest experience. These factors became even more relevant after the pandemic context. In addition to workers' safety, the physical safety of customers is a critical aspect, as it determines the quality of their stay.

Management principles for the health and safety of employees and customers

The Group seeks to adopt a policy and practice that promotes the health and safety of employees and customers. The associated procedures and practices associated aim to:

- Ensure adequate hygiene and safety conditions in workplaces and establishments, in our buildings, for employees and customers
- Create wellness conditions in workplaces, especially in rooms, canteens and working hours
- Strengthen health and safety culture by establishing partnerships with local entities

How we promote a safe environment

- The Group owns a security company, specialised in providing security services
- Custom security plans for each business and establishment, according to the risk analysis performed

Performance indicators: health and safety²⁴

179

Occupational accidents

3

Serious occupational
accidents²⁵ (excludes fatalities)

32.1%

Frequency rate²⁶

24. The health and safety indicators presented do not include data from the Africa region and ECM.

25. Serious accidents are those which result in a recovery period of more than six months in order to reach the state of health prior to the accident.

26. Rate calculated considering 1 million hours worked, with the following formula: number of accidents/ hours worked*1 000 000.

Health and safety management

The Group has teams in all units responsible for the application of norms, standards and policies with the aim of ensuring the greater security of its guests, employees and assets. In addition to these local teams, responsible for implementing working procedures and instructions, the central corporate team is responsible for monitoring the performance of critical indicators related to these matters, and for updating procedures, as a consequence of identified improvement opportunities.

Security

PHG, through the company Pestana Segurança, creates and ensures all the ongoing security conditions for customers, workers and establishments, 365 days a year, 24 hours a day, in an environment in which well-being and quality of security are some of the most important values for all. Each unit has its own security team, which complies with the procedures applicable to the unit(s) in which it operates.

Hygiene and food safety

In the businesses and activities where food and beverage preparation takes place, the Group has implemented a policy and system of HACCP (Hazard Analysis and Control of Critical Points). The HACCP system reflects a systematic and structured approach to identifying hazards and the likelihood of their occurrence, defining preventive measures, control measures and a monitoring system.

The system, implemented continuously, requires governance specific to this area. Each unit has a team that is responsible for the matter, composed of several technicians. This team is responsible for ensuring compliance with the procedures of the HACCP plan and the code of good practices. The Group provides regular training in this area, ensuring that employees are aware and have the necessary knowledge in this field.

HACCP: 1,815 hours of training provided in this area in 2022

“To implement the hygiene and safety policy and procedures, the Group assigns responsibilities on these matters directly to the operation, creating teams in each unit to which are assigned responsibilities in the operational implementation and monitoring of the policy and procedures. We do so with the ambition of having a high standard of food quality and safety.”

Management systems and tools

Security

The “security” theme is directed towards the well-being of all involved, in particular customers expecting PHG to ensure a quiet and safe stay, free from the concerns of their everyday life.

The Pestana Safety Culture is composed of the identification and shared awareness of the most important risks that can impact the operation of Pestana Hotel Group. It reflects a consistent approach to safety by employees and the control of the most serious risks in this respect related to the activities of the Group.

It assumes that all employees of Pestana Hotel Group are active participants in the implementation and development of the Pestana Safety Culture, assuming a shared responsibility for the safety of the facilities, and the safety of customers and colleagues.

It consists of and is fed by:

- Knowledge of Security Policies and Procedures
- Knowledge of Unit Self-Protection Measures
- Participation and interaction between all employees/services;
- Immediate and fluid communication between different services;
- Timely risk avoidance response (Prevention);

It is the policy of Pestana Hotel Group to have safe, unobstructed and clearly identified escape routes in all units, as well as properly functioning alarm systems. The objective is also to provide a safe, high-quality food service, preventing any food-related risk. Pestana Group refers to European and National Food Law and has also developed a Code of Good Practice in Food Hygiene and Safety which is implemented in its units.

The Group seeks to update the various elements of this safety culture, a process which is also supported by the quarterly analysis of claims data. This analysis of insurance, which focuses on all markets and businesses, and is cross-cutting, allows us to understand the types of claims, and identify which prevention measures and procedures should be created/updated, or which equipment changed. This analysis may also trigger training for a number of specific risks. Claims analysis includes work accidents and accidents involving guests.

Hygiene and food safety

In the businesses and activities where food and drink preparation takes place, the Group has implemented a HACCP (Hazard Analysis and Control of Critical Points) policy and system. It ensures a systematic and structured approach of hazard identification and identification of the probability of occurrence, defining preventive, control and monitoring measures.

The implementation of this system contributes to ensuring high levels of food safety and quality, which impact the overall level of customer satisfaction with our services.

A set of working procedures and instructions is implemented in this regard to ensure compliance with the applicable legal regulations and good practices promoting food safety. The existing procedures, which integrate the training modules for employees with functions in the F&B field, cover the journey made by food, from market reception, storage, preparation, cooking, cooling or regeneration of food, among others. Food service units have a HACCP plan, governance that is specific to this area, as well as audits that allow the correct implementation of the plan to be validated, and which identify opportunities for improvement.

7 Principles of the HACCP plan

- Hazard Analysis and Identification
- Determination of critical control points (CCP)
- Setting critical limits principle
- Establishment of a monitoring system
- Establishment of corrective actions principle
- Establishment of verification procedures principle
- Establishment of documentation and records

Programmes and Initiatives

Hygiene and workers' safety

Hygiene and safety training

In 2022, the Group continued to invest in the training of its team in relation to hygiene and safety. Training took place in our units with modules dedicated to first aid, emergency drills and fire prevention, among others.

Health and well-being

Free medical and psychological consultations for employees

The Group recognises the importance of physical and emotional health and well-being for employee satisfaction, talent retention and labour productivity. It is within this framework that free medical consultation services are available in some regions. It also offers free psychological support services provided by a partner specialised in mental health, ensuring the confidentiality of the users of this service.

Hybrid working model for shared services

The hybrid working model for Shared Services employees was maintained on a voluntary basis in 2022, mainly in a 2-day telework and 3-day in-person model. It is one of the vectors of reconciliation between professional and family obligations.

Employee and customer safety

Safety equipment and emergency drills

All units are equipped with fire-fighting equipment and materials (blankets in the kitchen, fire hydrants, fire extinguishers, sprinklers and smoke detectors) and emergency signalling in places of greatest risk, according to the safety plan of each unit. Periodic emergency drills will be carried out in accordance with the requirements of the units' contingency plans.

Extension of safety measures adopted during the pandemic

The beginning of 2022 was also marked by an increase in cases of Covid-19 in Portugal, so the safety measures implemented in 2020 and 2021, remained active in this period.

Water analysis

In order to ensure the food safety of our visitors, we regularly carry out analyses of water used for human consumption and microbiological analyses of food samples, working instruments and food handlers in all units.

2.2.4. Quality and customer satisfaction

Relevance of quality and customer satisfaction

Quality of service and customer satisfaction are critical factors, and core indicators for the Group.

The Group has established understanding industry trends as one of its priorities, in order to respond to and, whenever possible, exceed customer expectations and needs, since customers are more demanding and well-informed, and there are more options available. The Group has focused its efforts on a quality service throughout its history. It creates innovative and specialised products in its various brands, to differentiate its products and generate greater demand. The hotel business has adopted the value proposition: "We exist to provide customers with the best time and experience of their life."

Management principles for quality and customer satisfaction

The Group's practices, within the framework of its commitment to customer satisfaction, are:

- Establish innovation programmes focused on improving service quality
- Systematically measure customer satisfaction according to best practices
- Maintain a customer complaint handling service

Main guidelines for quality and customer satisfaction

- Comply with procedures that contribute to exceeding expectations by consistently improving the level of customer satisfaction
- Implementation of quality control, with the continuous identification of opportunities for improvement
- Accelerate digitisation to facilitate customer interaction, throughout the customer service lifecycle

"Our customers' satisfaction translates into positive reviews, referrals, and repeat buying, which is critical to our competitiveness and profitability."

Performance indicators: quality and customer satisfaction



Quality and customer satisfaction management

Management systems and tools

Customers demand quality of service and differentiated services. The constant change that characterises the tourism sector, but also other business areas of the Group, such as construction and real estate, requires a constant investment in understanding the trends of the businesses where we operate, and adaptation to future competitiveness factors, such as digitisation.

All companies in the Group share the same IT network, the same front office per line of business, and the same back office financial system (SAP), which ensures that there are standard procedures for the whole world. This also provides the ability to continuously manage all businesses, worldwide, based on real-time information.

Shared services provide high-quality services to all Group companies, contributing to greater efficiency in administrative processes. The different hotel units use the same reservation systems: PMS (Opera) and CSR (Opera). The Group uses the same sales infrastructure, benefiting from the centralisation of procurement, financial, human resources and operations processes, with impact on cost reduction, risk reduction and resource sharing.

The Group has invested in several projects related to digitisation, with the aim of achieving productivity gains, increasing efficiency and ensuring greater control and information security. Information projects have also been targeted at customers to improve the value proposition and digital experience throughout the customer journey.

We have improved the search and booking experience on the Group website for the hospitality/tourism business. Internally, we have continuously invested in improving business analytics processes, fostering more agile, quality information-based decision-making, and creating value for diverse business areas.

27. Group information, although only basic information of the hotels business is covered for the following geographical areas: Europe, Africa and America.

It is the Group's policy to engage and innovate in all aspects of operational management with the aim of improving its products and creating value in the long term. Offering a quality service that is refined, attentive and efficient, providing memorable experiences to its guests.

We are aware that only with innovative tourist products and following advanced methodologies will we make a difference and remain competitive on a global level.

“We have a commercial strategy of proximity. We have sought to optimise our business strategy with the increasing digitisation of the customer relationship process.”

Programmes and initiatives

Getting feedback from customers is a priority for the Group in order to deliver a quality service, and to ensure we are meeting customer expectations, by adjusting what is needed whenever possible. A metric was also created that brings together online reviews with replies to internal surveys to analyse the performance of a unit, the PGSI (Pestana Guest Satisfaction Index).

We have customised a platform, ReviewPro, to manage all customer feedback in an integrated way. We have created PowerBi reports that allow all customer feedback information to be analysed and monitored. In addition, we perform specific analyses of units when they have any challenges that they are unable to overcome, defining strategies and monitoring and following up on the actions to be taken.

Internal reports have been created in PowerBi that allow us to monitor the semantics, sentiment and categories most mentioned in our internal surveys and reviews and also creating a report specific to booking.com given the weight and importance of this channel, thus allowing quick action to be taken.

In order to ensure the follow-up of all this information, newsletters are also sent in order to follow the evolution of customer satisfaction data in each hotel or pousada inn.

In addition to the reviews that customers can make on any online platform (booking.com, expedia, google, tripadvisor, etc.) an internal survey, drawn up by the Group, is also sent to all customers via e-mail after checkout. This provides more detailed feedback of the various services and customer satisfaction in general. We also created an in-stay survey that is sent in the middle of the stay to all customers who stay more than 2 nights. It provides feedback while the customer is still in the hotel, allowing us to correct any problems that the customer has identified, thereby increasing interaction with the customer.

At check-in all customers are asked if they want to be part of our loyalty programme, PGC (Pestana Guest Club), so that we can get to know our customer better and provide more targeted offers and products.

Information and activities of interest to customers

Various establishments provide information and even link their activity with entities or events in the area, such as the case of the Pestana Palácio do Freixo and the Júlio Resende Museum, or Pousada do Marvão and the International Music Festival.

In the specific case of the Pestana Berlin, a tourist flyer promoting the city is available, providing information about 50 places to visit in the city, some of which are UNESCO world heritage sites. During the year a second flyer was created, which showed 3 running circuits in the city. Both flyers were made available via QR Code.

86.9%

Pestana Guest Satisfaction
Index in 2022

2.2.5. Community Impact

Relevance of Community Impact management

The relationship with the local community is a critical success factor for the Group's tourism sector business. Each of our units contributes to boosting the local economy by attracting visitors, creating jobs and stimulating local businesses by purchasing local products or promoting business activities that complement the hotel services. Conversely, our units benefit from the attractiveness of the regions themselves, such as their natural or cultural capital. This is the basis for us to stimulate cooperation with local communities, benefiting from a relationship that leads to the creation of shared value.

Community Impact management principles

The Group's aims with Community Impact management are:

- Promote the development and well-being of local communities through the establishment of business partnerships, and acquisition of goods and services from local entities and businesses
- Implement or support projects of a social nature, developed in the community, focusing on the education of children and young people
- Support Portuguese culture, investing in the restoration and maintenance of national heritage

Key guidelines for action

- Promote local economic development by creating direct and indirect employment. Support the development of complementary businesses, through a procurement policy that prefers local purchases in a set of product categories
- Support strategy for the local community as a whole, complemented by acting locally, meeting the specific needs of each territory/population
- Partnership with institutions that have a social mission, in the area of influence of our units

Performance indicators: Community Impact

Local procurement and supply chain management



91.6%

of Pestana Group's procurement is local

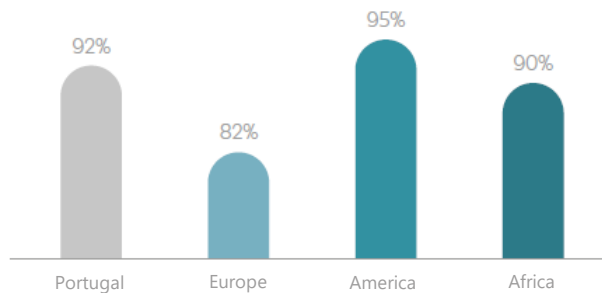
Restoration and preservation of heritage



EUR
10M

Investment in restoring and/or maintaining national heritage (only hotels business in Portugal is accounted for)

Distribution of local procurement by areas



Community relations and support

Over 50 organisations supported
More than 5,000 impacted persons

Planet Guest Programme

More than 400,000 euros granted in support through the various initiatives of Planet Guest

Community impact management

Local procurement and supply chain management

The Group's procurement is conducted by a corporate procurement area, which is responsible for the process of centralising procurement for a set of goods and services. In addition, each region and unit has a team responsible for making purchases, with a specific procurement process. In this case, purchases are mainly made from local suppliers, which contributes to creating value for the local economy of the regions where our units are located.

Value chain

Tourism presents itself as a composite reality that aggregates in itself a set of scattered services that only make proper sense when coordinated together. That is the context of its value chain.

The first point of reference of the tourism value chain is the location of its buildings as well as their heritage value. In terms of location, the demand to be addressed is relevant, because a location in a beach resort is as significant as one on a snow-covered mountain, or one in the centre of a city hosting business and events.

Of course, a heritage building generally adds value to the tourist offer, even if it presents greater difficulties in terms of project design and execution.

In order for there to be buildings, there will have to be construction techniques and builders, and it is certain that these vectors are essential when it comes to sustainability issues, considering that the choices made regarding the way the building is laid out, the materials and the way they are used have a strong impact on environmental areas.

In the area of product creation, the importance of financing should also be mentioned; this has recently been directed towards supporting environmentally sustainable projects.

It should also be emphasised that the workers to be recruited are essential for building the offer and for provision of the services, especially since this is a labour-intensive activity, done by people for people.

In terms of supply, it is also important to mention suppliers and the difficulties many establishments have in obtaining all the products and services everywhere and at all times. There are suppliers who supply more distant establishments on fewer days a year and/or at higher prices than those generally practised on the market, and there are establishments that cannot rely on certain external services because they do not exist at their location.

After having built a tourist product, the operator will market it.

To do this, it needs to be publicised and promoted. Its own IT structures are relevant for this purpose, as well as the media and social networks.

Distribution is connected with these activities, and it can be accomplished by own means or by third parties, agencies and operators, physically or online, which is increasingly the case.

Finally, demand ends up being based on an atomised set of consumer decisions channelled to establishments through their own means or through third parties, as indicated above.

Consumer choices are essential because there are those who like nature and those who like culture, for example, and, within nature, those who like the beach more than the mountains. Individual decisions also have to do with the price of products on the market, availability and, for those who work, the periods when they can take holidays, as well as factors of an emotional nature (with the war in Ukraine many people are looking for more distant locations for reasons of tranquillity) or even physical (an earthquake prevents people from going to that area).

Relations with local communities

The Planet Guest strategy defines the structuring areas of the initiatives we carry out/support, in the area of community support.

The operational implementation of this strategy is carried out in a hybrid format, by the Planet Guest corporate team and by each unit/business, which has the possibility of developing or supporting programmes that respond to the specific needs of the region where it is located. In this way we ensure that, alongside some Group-wide programmes, such as "Thanks for Helping", initiatives are designed locally as responses to specific local challenges. The Group has also provided support in regions affected by war or natural disasters, setting up a specific support programme in this case.

The Planet Guest team provides all units and businesses with support in implementing local initiatives and monitoring the results. This team also reports to the Executive Committee on the progress made in this area and submits the implementation of new projects and partnerships for its approval.

Heritage

The Pousadas de Portugal inns, which have been part of Pestana Hotel Group since 2003, are one of the strongest brands in Portuguese tourism, and have achieved great recognition internationally. Pestana Group manages, through a concession contract, dozens of Pousadas, and it has been investing in the restoration and rehabilitation of these buildings. Most of the Pousadas are located in areas of historical importance or extraordinary natural beauty. The investment made in the Pousadas has provided guests with the opportunity to get to know the local culture, enjoying a unique experience, through the possibility of staying in these historical buildings. Normally established in old castles, convents and monasteries, the Pousadas have, on average, 30 to 40 rooms, and provide customers with an attentive and personalised service.

Management of the Pousadas is by the Group administration. Each unit has its own management team.

Strategic areas of Planet Guest

1. Respect for the environment
2. Restoration and preservation of heritage
3. Support for and relations with the local community
4. In-house social responsibility
5. Education and culture
6. Support for entrepreneurship

Programmes and Initiatives

Restoration and preservation of heritage

Restoration and preservation of listed heritage, which has comprised, for many years now, very significant investments in the restoration and adaptation of built heritage, with a view to the establishment of hotels.

In 2022, the Group invested an overall value of about EUR 10.0 million in the restoration and preservation of built heritage. EUR 5.426 million of that amount focused on the following projects:

- Pestana Douro (ex-Floral Factory)
- Pousada do Porto (Palace in the historic centre)
- Vila Real de Santo António (Pombaline historic centre)
- Fisherman (Câmara de Lobos centre)
- Pestana Vintage Lisbon (Lisbon)
- Pestana CR7 (Madrid)
- Pousada de Alfama
- Rua Augusta
- Chiado Palace

Support and relations with the local community

Thank You for Helping once again collected funds to support the social mission of various organisations

This fund-raising programme was initiated in 2009, in a cross-cutting manner, in our hotels in Portugal, with the aim of supporting institutions with a social mission. The programme is run annually, and involves the donation of money by hotel guests. The Group then doubles the donated money, strengthening the support given to the institutions. The programme donated EUR 165,114 in 2022 to various institutions with a social mission (this amount comprises the donations by guests and the Pestana Group).

Institutions supported in Portugal

- Afacidase – Manteigas
- Casa da Alegria – Lisbon
- Crescer Ser – Porto
- Criamar – Funchal
- Lar Bom Samaritano – Alvor
- SC Misericórdia – Vila Franca Campo
- Setúbal Diocese Caritas

Institutions supported abroad

- Siya Buddy - South Africa
- Nilus – Argentina
- Teto – Brazil
- Maracanã - Cape Verde
- Oeuvre de Goute de Lait - Morocco
- Nursery school – S. Tomé
- Casa do Gaiato – Mozambique

Donations of goods

The Group donated equipment and goods to the Hospes programme of the Portuguese Hospitality Association (AHP) in 2022. These goods are later redistributed to social welfare institutions. The Group also made direct donations to institutions such as ESTAR, Caritas Beja, and Anunciada Parish, in Setúbal.

Support and relations with the local community

Donating meals to the homeless

In 2022, under the João.13 project, resulting from the partnership between Pestana Hotel Group and Colégio Pedro Arrupe school, we served dinner every Monday, a total of 24,901 meals, (and breakfast the next day) to homeless people in Lisbon. While dinner is being served, the homeless can use the facilities to bathe and to change their clothes for washed clothes.

Welcoming and employing Ukrainian citizens

After the outbreak of the war, the Group began a programme to support Ukrainian citizens. We provided catered accommodation for almost 200 people in various units. The Group also supported the accommodation of people for a total of 1,684 nights. 54 employees were also hired from among these citizens to work at hotel units in Lisbon, Porto, the Algarve, Madeira, Troia, Arraiolos, Beja, Palmela and the Azores.

Refugee reception partnerships

The Group has established partnerships with a number of refugee institutions.

Pestana Group sustainability prize

In 2022, Pestana Hotel Group once again awarded the Sustainability Prize, honouring Associação Estar, in Beja, for its work in supporting the homeless and especially refugees.

Also, as part of its annual staff meeting (RAP), an important occasion when the Group's various teams meet, an internal sustainability award was given to the kitchen team at Pestana Palace Lisboa for their daily support to the community during the pandemic. In fact, the team led by Chef Pedro Inglés Marques prepared and provided 18,500 meals to Academia Johnson (a support entity for young people and children from the neighbourhoods of Cova da Moura, in the municipality of Amadora), to João13 - an Association providing Support and Services to Disadvantaged Persons, and also to two Parish Social Centres in Lisbon and to Estrela Parish Council, in Lisbon.

Community Centre in Bazaruto, supported by the Group, creates income to provide basic services for the local community, and trains local tourist guides

In Machulane, Mozambique, a town close to a hotel unit that the Group owns in this country, we supported, by selling local handicrafts, the creation of a community centre to help meet the needs of the local community such as access to drinking water, electricity and health care. English lessons were taught at the same community centre to enable residents to gain the skills needed to carry out tourist guide activities. Over the years, this centre has had the support of donations from guests, in addition to the support given directly by the Group.

Support to St. Anthony's Nursery School in São Tomé

Built by the Group in partnership with the Government of São Tomé and Príncipe, the nursery school was initially intended for the children of our employees, but during the work its scope was expanded to accommodate mainly the children of the employees and also other local children. It now educates around 350 children. The Group has supported the project financially on a monthly basis, to pay for expenses associated with its operation. In Portugal, and as a way of supporting the employees of **Pestana Troia Eco Resort**, the Group has established an agreement with Setúbal Diocese Cáritas to look after 35 children belonging to the workers at this unit during the summer, which supports the families at this time when the schools are closed.

Education and culture

Promoting art made in Portugal through support to Arte Institute

Support to Arte Institute, an organisation based in New York, which has the mission of publicising Portuguese art and culture in that city. It provides an intercultural space for inspiration, and is a catalyst for innovative artistic dialogue between the various communities of New York and the Portuguese artists.

Support for the Déjà Lû charity bookshop stimulates literature and social assistance for the national support association for people with Down syndrome

In 2022, the Group continued the partnership it has established over the last few years with the Déjà Lû charity bookshop in the Pestana Cidadela de Cascais. Revenue from sales in the bookshop is donated to the APPT21 association (Portuguese Down Syndrome Association).

Renewal of the Partnership with EPIS - Empresários pela Inclusão Social

[Entrepreneurs for Social Inclusion], an organisation that promotes social inclusion in Portugal. The organisation focuses on empowering young people by providing education, training and employment opportunities;

Pestana CR7 Marrakech establishes a partnership with a local tourism and hospitality school

Following the opening of the Pestana CR7 Marrakech, an opportunity arose to partner with the VATEL Marrakech tourism and hospitality school. There was a presentation by Pestana Hotel Group and the new hotel to students of the School's International Hospitality Management programme, opening doors to future professionals.

Support for entrepreneurship

GIRL MOVE The Group supports this Association through internships in our hotel units for young Mozambican girls, so that they acquire the knowledge and skills necessary for the creation of local companies/products, strengthening entrepreneurship. Our partnership resulted in the reception of a total of 6 Mozambican girls by the end of 2022.

In-house social responsibility

Support for the operation of a medical practice in São Tomé

The medical practice and its equipment at the Hotel Pestana Miramar continued to provide free medical consultations to our employees and their families, thanks to volunteer doctors on holiday on the island.

In partnership with the Ministry of Health, and in order to deal with the lack of medicines on the island, the hotels on Sao Tomé have established links with the ethics committees of various pharmaceutical companies for the importation of drugs, under the patronage law.

Local procurement and supply chain management

91.6% of the value of the purchases made in 2022 were purchases made from domestic suppliers. Only 8.4% of purchases were made from international suppliers.

The Group will consider, as part of the carbon footprint reduction strategy, what procurement targets and initiatives it may adopt to further decarbonise its business.

Green amenities in hotels

We have acquired green facilities for the rooms at several hotels. This good practice demonstrates our sustainable positioning and our future, guest-focused vision.

The choice of these products, which reduce the environmental footprint of our operation, is in line with our sustainability values.

This good practice is implemented in the Pestana Palácio do Freixo, Pestana Douro Riverside, Pestana Vintage Porto and Pestana A Brasileira, among other units.

2.3. Governance (G)

2.3.1. Governance model

2.3.2. Culture of compliance and integrity

2.3.3. Cybersecurity and data protection

The Group seeks, on a voluntary basis, to adopt responsible management policies and best practices, taking into account the impacts of its activities.



2.3.1. Governance model

The governance model is based on the Group's values, identity and history, including how it has structured the various businesses. The model adopted is also intended to ensure effective supervision of the Group while promoting rapid decision-making. The Group adopts a governance model based on the board of directors, the management body with the maximum responsibility of P.I.H., made up of 5 members. It ensures diversity in matters of gender and areas of expertise. The board of directors is responsible for supervising the company and the results it generates, and for making decisions with the interests and development of the company in mind, as well as creating long-term value for the company and strategic stakeholders.

The members of the governing bodies are selected by P.I.H.'s shareholder, who is chairman of the Group.

In turn, the board of directors appoints the members of the management bodies of its subsidiaries, responsible for the management of each company.

Composition of the Board of Directors of P.I.H.

Dionísio Fernandes Pestana

Executive member

Age: 71 years

Nationality: Portuguese

Areas of expertise: management

José Alexandre Lebre Theotónio

Executive member

Age: 58 years

Nationality: Portuguese

Areas of expertise: management

Chiara Louise Deceglie

Non-Executive member

Age: 58 years

Nationality: Italian

Areas of expertise: legal

Rodrigo de Freitas Branco

Non-Executive member

Age: 59 years

Nationality: Portuguese

Areas of expertise: legal

Hermanus Roelof Willem Troskie

Executive member

Age: 52 years

Nationality: Dutch

Areas of expertise: legal

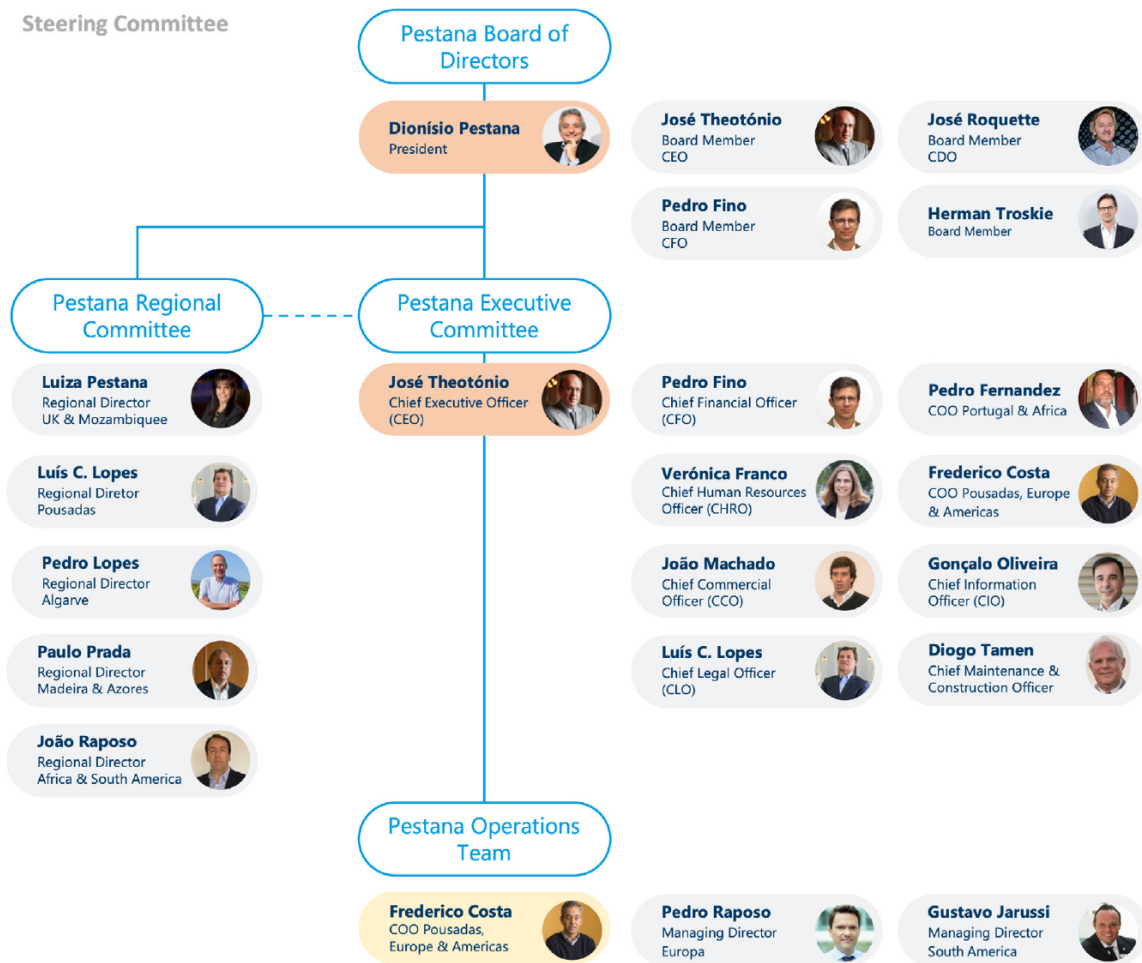
Main focus areas of the board of directors

- Implement the Group's development vision
- Oversee the work carried out by the management bodies of each subsidiary/business area
- Strategic decision making

The Board of Directors of P.I.H. is a control and supervisory body that delegates the day-to-day management of the Group to the executive body of an operational nature, the Executive Committee, and to the management team.

Thus, the corporate management of Pestana Hotel Group is carried out by the Executive Committee, chaired by the CEO and also made up of directors with responsibility for the sector areas (operations, marketing, sales, IT, human resources, financial, maintenance and legal), which meets weekly. The Executive Committee also convenes in an extended version, with the participation of the directors institutionally responsible for the different geographical areas, which meets once a month.

The regular frequency with which this body meets allows it to become the main core for the Group’s strategic and tactical decisions, which are thus supplemented by a higher level of consensus and transparency.



Governance for sustainability

Ultimate responsibility for the sustainability area lies with PIH's Board of Directors, which supervises and evaluates the results of the Group's sustainability programme and determines future investments in this area. Strategic decisions in this area are approved by the Executive Committee, upon a proposal from the director responsible for sustainability, or another member of the board who, in their area of responsibility and/or business, is responsible for implementing a sustainability plan focused on a specific topic.

The implementation of the sustainability policy, embodied under the "Planet Guest" brand, is overseen by a dedicated team led by a Group Director, which is the structure responsible for driving the implementation of good practices, in conjunction with the various operational areas. The implementation of cross-cutting initiatives is carried out by shared services teams.

Unit-specific initiatives are the responsibility of the local team, with the coordination/monitoring of the shared services team.

Executive Committee:

- Approves plans and roadmaps for initiatives to prevent and mitigate ESG impacts
- Monitors ESG results
- Validates material ESG topics
- Approves the reporting of non-financial information

Director responsible for sustainability:

- Monitors plans and roadmaps for initiatives to prevent and mitigate ESG impacts
- Identifies new opportunities for strategic action and proposes them to the Executive Committee
- Monitors implementation and results of the key sustainability initiatives

2.3.2. Culture of compliance and integrity

Relevance of this topic

Compliance is a strategic vector for the Group, as it ensures that the company functions correctly, in compliance with applicable legislation in the different businesses and markets where the Group operates.

Considering the broad spectrum of thousands of employees and external stakeholders, in their geographical, cultural and social diversity, the existence of a structure of common principles and standards of conduct has become critical. These prevent and avoid unlawful behaviour of any kind, reducing the risk of non-compliance with legal, financial and/or reputational impact.

Management principles for a culture of compliance and integrity

The Group carries out its activity in strict compliance with the regulations applicable to it, in the various businesses and geographical areas. The following management principles are associated with compliance management:

- Ensure the correct functioning of the organisation
- Legality
- Strict application of the law and clarification should be obtained in case of doubt.
- Proportionality
- Companies must adopt the appropriate procedures.
- Transparency
- Employees must not engage in illegal practices and subterfuge.

Main guidelines for compliance management

- Legality
- Proportionality
- Transparency

“Our code of conduct brings together principles and rules, and establishes the behaviour to be adopted. It also creates effective conditions for detecting, reporting and repressing situations of non-compliance that may exist.”

Performance indicators: compliance and integrity

2

non-conformities
(note 22)



2

Fines paid for non-conformities²⁸



0

Confirmed cases of
corruption and
action taken



0

Legal proceedings
for legal
infringements

28. Pestana Tropicco (inspection of kitchen by ERIS and notice issued, resulting in 48-hour closure of kitchen and payment of fine), Pestana Miramar (inspection of kitchen by Ministry of Tourism notice issued resulting in payment of fine and list of improvements)

Management of culture of compliance and integrity

Compliance system

After P.I.H. decided to create the Compliance Committee and approve the company's Compliance Manual in November 2019, in June 2021 Grupo Pestana SGPS approved the compliance manual for this company, decided to create the Portugal compliance committee, defined the directors responsible for compliance in the companies and defined the compliance officers. This resolution was adopted in the Group companies from August 2021 and came into force for the 2022 financial year.



Compliance is based on a vertical logic of segregation of duties: Compliance Committee members cannot be directors responsible for compliance and the latter cannot be Compliance Officers. All members of the system are subject to a special duty of secrecy with regard to matters inherent to this function, specifically with regard to complaints, except when they have to act in accordance with law.

Compliance Committee²⁹

Appointed for 5 years, it normally meets every 2 months. It has the following duties:

- Monitor the Group's activities in this area.
- Ensure the functioning of the compliance system and propose any relevant changes to the Group.
- Analyse complaints and the Compliance Officers' semi-annual reports.
- Promote the implementation of training and communication actions in this field. It normally meets every two months.

29. In addition to a P.I.H Compliance Committee, there is a specific compliance governance model for Grupo Pestana SGPS.

Compliance Director

To ensure the effective integration of these principles, the Group has appointed in each board of directors of the respective companies a director responsible for the area of compliance, within that company's respective scope. This director is responsible for applying the Compliance Manual, coordinating the work of the compliance officers and presenting the annual report analysing the risks of non-compliance and prevention and mitigation procedures to the respective board of directors.

Compliance officers of each Grupo Pestana SGPS company

Appointed for 5 years, their main duties are:

- Ensure compliance with the Compliance Manual and Code of Conduct and Ethics.
- Record compliance violations and report these violations to the board of directors.
- Draw up reports on risks and difficulties encountered in the exercise of the activity.
- Implement the measures contained in the annual reports of the boards of directors.
- Take steps to ascertain the facts of any complaints submitted to him/her, within a maximum of 10 days.
- File the complaint or report the situation to the board of directors, depending on the decision to be taken, stating the reasons for such.

Compliance objectives

- Ensure the correct functioning of a company's organisation in order to prevent the commission of illicit acts of any kind, reducing the risk of non-compliance, with legal, financial and reputational effects.
- In the specific case of corruption, most countries have legislation on prevention (anti-money laundering law) and in several cases, in addition to individual responsibility, there is also corporate responsibility.
- Complement the principles and rules laid down in the Code of Conduct and Ethics.
- Create a set of functions and procedures for preventing and reacting to non-compliance with the law.

Compliance Objectives



Complement the principles and rules set out in the Code of Conduct and Ethics.

+



Create a set of functions and procedures for preventing and reacting to non-compliance.

System and management tools

Compliance Manual

The Group has created a Compliance Manual, which corresponds to the essential core of the principles and standards to be observed in terms of compliance with the law, and which is followed by all Employees, regardless of the type of contract applicable to them. It establishes sanctions if any of its rules and provisions are infringed.

The Compliance Manual aims to ensure compliance with all legal rules, not just those relating to the fight against corruption, and also provides for a set of control mechanisms and employee training, always with the aim of creating a culture of compliance and the suitable handling of any infringements that are detected.

Whistleblower protection policy and reporting channel

In the framework of Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law; and Law 93/2021, establishing the General Whistleblower Protection Scheme, which transposes the Directive, the Group established the Whistleblower Protection Policy in 2022. The Policy aims to regulate the use of the whistleblowing channel and the associated procedure for investigating and deciding on reports received.

A secure in-house channel for employee reporting was created, supported by a set of internal rules that ensure potential complaints are dealt with. Any employee of the company, regardless of the type of employment relationship, or third parties outside the company, namely suppliers, customers or other business partners can use the channel if they become aware of, or suspect, a regulatory infringement or non-compliance with internal corporate rules. The complaint may be made against an employee or a third party who has a relationship with the Group.

System and management tools

Voluntary management policies

The principles and commitments the Group makes in its policies reflect its ambition to create long-term value for the Group and its stakeholder ecosystem.

As the majority of the Group's business is associated with activities in the tourism sector, dependent on the resources existing where the operation takes place, the voluntary management of strategic aspects, namely those related to ESG issues, has been a commitment leveraged by 2 major objectives: the development and creation of value for the business in the long term, and our conviction that the right way to achieve this must guarantee the conservation of nature and local heritage, and have a positive effect on the community.

The companies of the Group subscribe to a set of voluntary codes and policies when engaging in their activities. In these codes and activities, the Group shares its values and management principles, and makes commitments to more responsible management in relation to issues it considers strategic for value creation.

Code of Conduct and Ethics

Pestana Hotel Group approved the Code of Conduct and Ethics in 2017. It communicates the ethical principles and rules of conduct to be adopted by employees in the course of their professional activity, in their relationships with each other and with external stakeholders.

The code is communicated to employees during their onboarding process, with a copy delivered to each new employee.

Fundamental ethical principles

- **Integrity and compliance with the law**, to conduct business in an ethical and legal manner, reflecting a choice for integrity and justice;
- **Veracity in the preparation of data and in reporting** complete, accurate and reliable business records;
- **Protection of resources**, by treating them and Pestana Group's material and intellectual property with honesty and not tolerating inappropriate use or use based on theft, fraud or other situations of falsehood;
- **Protection of confidential information** through the duty to maintain the confidentiality of information concerning the Pestana Group or third parties;
- **No conflicts of interest**, decisions must serve the interests of the Pestana Group and not other interests;

- **Integrity in negotiations** by negotiating with third parties with integrity and in good faith, without taking unfair advantage;
- **Loyalty**, meaning that no-one can take personal advantage of any business opportunity that belongs to the Pestana Group;
- **Treating colleagues** and third parties who have dealings with the Pestana Group with respect and dignity;
- **Promotion of a safe workplace** by adopting behaviour that provides a safe and risk-free working environment, free from violence and threats and from people under the influence of alcohol or illegal drugs.
- **Individual responsibility** inherent in the fact that everyone is responsible for the appropriateness and consequences of their actions, from a legal and ethical perspective.

Standards of Conduct

The standards of conduct that form part of the code of conduct and ethics standardise the behaviour of the thousands of permanent and seasonal employees who work in the 16 countries where the Group operates.

- Safekeeping of business records
- Assets
- Technological resources
- Confidential information and privacy
- Relationships in the workplace
- Discrimination, moral harassment, sexual harassment and retaliation
- Environment, health and safety at work
- Prevention of workplace violence
- Illegal drugs, alcohol misuse and fitness for work
- Replying to authorities, press and other entities
- Entering into contracts
- Acceptance of or requesting gifts
- Conflicts of interest
- Protection for workers reporting infringements
- Clarity about values and policies

Sustainability policy

The Sustainability Policy and the Sustainability Programme, Planet Guest, which is responsible for ensuring its implementation, are fundamental elements of sustainability management. The policy establishes the general principles for managing the Group's non-financial aspects and the programme, driven by a dedicated team led by the Group Director responsible for sustainability. It is a driving force behind the implementation of good practices in conjunction with the various operational areas.

In 2022 the Group approved an updated Sustainability Policy, which reflects its position and commitment as an organisation and collective of people, to respect and give value to the company, environment and corporate ethics.

Guide to good energy practices

The guide establishes a set of good practices in the field of energy, promoting greater energy efficiency. This guide is the result of the Group's accumulated knowledge of the measures it has adopted at its different units.

Other management systems and procedures

Throughout this report, and in addition to each of the topics outlined in it, we disclose information about the policies, systems, procedures and work instructions that constitute our management standards.

Pillars of the sustainability policy

The Group's Sustainability Policy is structured around 6 pillars, which bring together the responsibility for managing social and environmental issues relevant to the Group's activity and future.

- Support for and relations with the local community;
- Education and culture;
- Support for entrepreneurship projects;
- In-house social responsibility;
- Respect for the environment;
- Restoration and preservation of heritage.

2.3.3. Cybersecurity and data protection

Relevance of cybersecurity management and data protection for Pestana Hotel Group

Cybersecurity is identified as a highly relevant risk by various reports. These include the World Economic Forum's Global Risks Report 2022 (WEF) which identifies cyber attacks as one of the risks with the greatest impact in the short and medium term.

In a context of growing digitisation of the entire economy, and within it, of the tourism business, cybersecurity and data protection/information security are critical issues for Pestana Hotel Group (PHG). In addition to ensuring legal compliance in this area, it has put in place systems and processes that promote the security of its digital infrastructures and its operations.

Principles of cybersecurity and data protection management

In terms of cybersecurity management, the Group aims to:

- Protect information systems against undue or unauthorised access
- Apply data access systems, especially to sensitive GDPR and business data
- Conduct systematic audits to obtain ongoing information about data integrity

Pillars of the sustainability policy

The Group's Sustainability Policy is structured around 6 pillars, which bring together the responsibility for managing social and environmental issues relevant to the Group's activity and future.

- Support for and relations with the local community;
- Education and culture;
- Support for entrepreneurship projects;
- In-house social responsibility;
- Respect for the environment;
- Restoration and preservation of heritage.

Performance indicators: cybersecurity and data protection



0

Cybersecurity incidents
and/or data protection
breach



EUR

245,000

Investment in processes that promote
cybersecurity

Cybersecurity management

The Group has a team dedicated to cybersecurity and data protection, two areas of increasing criticality, given the digitisation of economic activity and, in our specific case, of transactions carried out in the hotel sector and other tourist activities. This team works on a daily basis to facilitate and promote the Group's information security, and to comply with applicable legislation in these areas. It is also responsible for implementing good practices that contribute to establishing relationships of trust with all those who share their personal data with the Group.

The Group has a defined and approved Governance Model with specific regard to data protection, with assigned competences and responsibilities, and a standardisation of the processes associated with personal data processing.

Management systems and tools

The aggregating concept of cybersecurity corresponds to a set of technologies, processes and practices used to ensure the integrity of information, and minimise the risk of a cyber attack, preventing unauthorised access to personal and commercial information that the Group stores in its network and on its corporate devices.

The Group already has a wide range of policies and procedures covering the main issues of data protection, infrastructure security, identity management and other configurations, supported by the best market practices and the most widely used standards in the sector, namely GDPR, ISO 27001 and NIST.

As regards the lines of actions and programmes aimed at ensuring global cybersecurity, the existence of a Security Operations Centre is to be highlighted. Using state-of-the-art technology, it manages cyber threat detection and incident response. The area also aims to constantly protect the organisation's systems, data and people from new and emerging cyber threats, in order to also guarantee regulatory compliance.

The companies that make up the Group may sometimes, as employers and/or service providers, take custody or control of certain sensitive information belonging to their employees, customers, service providers and/or suppliers. They therefore have a responsibility to protect the non-public sensitive information of data subjects entrusted to them while it is in their custody or control.

All bookings made, regardless of the channel used to make the booking, are stored and managed in the Property Management System (PMS). The majority of bookings are made through digital channels, such as the PHG website or third-party booking channels. In these cases, they have a responsibility to protect the non-public sensitive information of data subjects entrusted to them while it is in their custody or control.

On the other hand, most of PHG's day-to-day operations and management departments (marketing, business intelligence, human resources, board of directors, etc.) work with digital tools such as email services and office applications hosted and managed on digital platforms and they rely on digitally delivered services such as web conferencing. It is therefore clear that the security of digital assets and the information they store and manage is of critical importance from a number of perspectives, in particular commercial interactions with customers (including brand image), internal productivity and legal compliance.

Programmes and Initiatives

Business risk management project focused on cybersecurity

A comprehensive review of the Group is being carried out in various fields of cybersecurity and information security. This initiative has enabled the Group to identify the initiatives that will be needed to reach a state of maturity, and which will allow it to transfer some of the risks and financial losses resulting from a potential cybersecurity incident.

Endpoint detection and response software

The implementation of the EDR solution, carried out at the global level, aims to obtain in-depth and comprehensive visibility of all the activities taking place on endpoints, as well as their response capacity. The solution allows the Group to obtain detailed information on running processes, network connections, events and suspicious behaviour based on behaviour patterns for each user and/or device, keeping a historical record of them. It also allows endpoints to be isolated, to run malware scans on them, delete files and run command lines directly.

Automated penetration testing tool

The Group has implemented a tool that automatically simulates penetration testing with the ability to create detailed reports on vulnerabilities, exploits and objectives achieved. The implementation of this tool allows for greater visibility into how potential vulnerabilities can be exploited by an attacker in a linked manner, without having to resort to external services.



Annexes

3.1. ESG materiality and convergence

This report is written in accordance with Global Reporting Initiative standards. It represents an evolution on the previous sustainability report. This evolution also reflects the Group’s progress towards convergence with the requirements of the European Sustainability Reporting Standards (ESRS), which will be mandatory for all companies covered by the Corporate Sustainability Reporting Directive (CSRD), which is the case of the Pestana Group.

One of the basic processes involved in drawing up this sustainability report consisted of carrying out a materiality analysis to assess the most relevant issues to be included in this report. The methodology followed in this analysis is aligned with the concept of double materiality, as advocated by the CSRD Directive. It started by the mapping of topics from a set of sources (see figure), to determine the materiality criteria and apply them. It was subsequently possible to determine the material topics. The Group's objective is to conduct a materiality analysis using direct consultation with certain categories of stakeholders. Its results will be incorporated into the Group's strategic process, guiding the management of ESG aspects.

MATERIALITY ASSESSMENT APPROACH



The contents of this report were determined by the results of the analysis carried out, i.e. considering the list of material topics from the perspective of dual materiality, as explained below.

| Group Material Topics | Impact Materiality | Financial Materiality | Dimension | | |
|--|--------------------|-----------------------|--------------------|-------------------|------------|
| | | | Double Materiality | Environmental (E) | Social (S) |
| Water Resources | ● | ● | ● | | |
| Energy and Climate | ● | ● | ● | | |
| Biodiversity | ● | ● | ● | | |
| Waste and Circular Economy | ● | ● | ● | ● | |
| Heritage | ● | | ● | ● | |
| Employability and Talent Management | ● | ● | | ● | |
| Equality and Inclusion | ● | | | ● | |
| Health and Safety of Customers and Employees | ● | | | ● | |
| Quality and Customer Satisfaction | ● | | | ● | |
| Community Impact | ● | | ● | ● | ● |
| Compliance | ● | | ● | ● | ● |
| Ethical Conduct | ● | | ● | ● | ● |
| Risk Management | ● | | ● | ● | ● |
| Human Rights and Due Diligence in the Supply Chain | ● | | | | ● |
| Cybersecurity and Data Protection | | | | | |

3.2 ESG indicators table

| KPIs Table - Group Characterisation | 2022 Value |
|---|------------|
| Customer (No.) | +3.5 M |
| Continents on which the Group operates (No.) | 3 |
| Countries where the Group operates (No.) | 16 |
| Years of experience and excellence in the tourism sector | 50 |
| Hotel units (No.) | 106 |
| Hotel units under management contract (No.) | 6 |
| Rooms (No.) | 11,775 |
| Rooms under management contract (No.) | 628 |
| Employees by area: ECM | 6.4% |
| Employees by area: Golf | 3.7% |
| Employees by area: Entertainment | 3.6% |
| Employees by area: Real estate development and Vacation Club | 5.3% |
| Employees by area: Construction | 0.5% |
| Employees by area: Shared services | 14.1% |
| Employees by area: Other | 1.7% |
| Employees by area: Hotels | 64.7% |
| Water Resources - Water Consumption | |
| Total water consumption (ML) | 3,039.3 |
| Water consumption by business: hotels (%) | 42% |
| Water consumption by business: golf (%) | 50% |
| Water consumption by business: remaining business (%) | 7% |
| Water consumption in water stress areas (ML) | 2,110.7 |
| Share of water consumption in water stress areas (%) | 69% |
| Intensity of water consumed per unit of revenue (litres/€) | 6.71 |
| Intensity of the water consumed per unit of revenue, hotels only (litres/€) | 3.96 |
| Water intensity consumed per occupied room (m ³) | 0.62 |
| Volume of industrial wastewater generated (ML) | 125.6 |
| Non-compliances with discharge parameters established in ECM's industrial wastewater discharge permit (No.) | 0 |

**Energy and Climate - Energy consumption
within the organisation****Amount 2022**

| | |
|---|---------|
| Total energy consumption (GJ) | 448,014 |
| Energy consumption by source: biomass (GJ) | 21,342 |
| Energy consumption by source: electricity (GJ) | 274,753 |
| •Photovoltaic for self-consumption | 6,656 |
| •Purchased from national grid | 268,097 |
| Energy consumption by source: fossil fuels (GJ) | 152,289 |
| •Natural Gas | 65,782 |
| •LPG and propane gas | 34,464 |
| •Fuel oil | 27,620 |
| •Diesel and petrol | 24,424 |
| Energy consumption by source: electricity (%) | 61% |
| Energy consumption by source: fossil fuels (%) | 34% |
| Energy consumption by source: biomass (%) | 5% |
| Energy consumption by business: hotels (%) | 82% |
| Energy consumption by business: industry (ECM) (%) | 13% |
| Energy consumption by business: remaining business (%) | 5% |
| Renewable energy sources, weight per source: photovoltaic panels (self-consumption) (%) | 24% |
| Renewable energy sources, weight per source: biomass (%) | 76% |
| Renewable energy, share of total energy consumed (%) | 6% |

Energy and Climate - Energy intensity

| | |
|--|--------|
| Energy intensity per unit of revenue (GJ/€) | 0.0010 |
| Energy intensity per unit of revenue, only hotels (GJ/€) | 0.0011 |
| Energy intensity per occupied room (GJ/o.r.) | 0.20 |

Energy and Climate - Emissions

Amount 2022

| | |
|---|--------|
| Carbon Footprint (tonnes CO ₂ e) | 72,087 |
| Direct emissions - scope 1 (tonnes CO ₂ e) | 8,149 |
| •Fugitive emissions (tonnes CO ₂ e) | 922 |
| •Stationary combustion (tonnes CO ₂ e) | 6,205 |
| •Vehicle fleet (tonnes CO ₂ e) | 1,023 |
| Indirect emissions - scope 2 (tonnes CO ₂ e) | 15,705 |
| •Market-based approach (tonnes CO ₂ e) | 17,720 |
| •Location-based approach (tonnes CO ₂ e) | 15,705 |
| Indirect emissions - scope 3 (tonnes CO ₂ e) | 48,233 |
| •Category 1 - Purchase of goods and services (tonnes CO ₂ e) | 33,432 |
| •Category 2 - Capital goods (tonnes CO ₂ e) | 3,200 |
| •Category 3 - Energy-related activities (tonnes CO ₂ e) | 4,397 |
| •Category 5 - Waste production (tonnes CO ₂ e) | 1,007 |
| •Category 6 - Business travel (tonnes CO ₂ e) | 3,567 |
| •Category 7 - Home-work commuting (tonnes CO ₂ e) | 2,460 |
| •Category 8 - Assets leased upstream (tonnes CO ₂ e) | 169 |
| Direct emissions - scope 1 (%) | 11% |
| Indirect emissions - scope 2 (%) | 22% |
| Indirect emissions - scope 3 (%) | 67% |
| Reduction of GHG Footprint in 2022 compared to the 2019 base year (%) | -8% |

Energy and Climate - Carbon intensity

| | |
|--|-------|
| Carbon intensity per unit of revenue (kg CO ₂ e/€) | 0.159 |
| Carbon intensity per unit of revenue, only hotels (kg CO ₂ e/€) | 0.200 |
| Carbon intensity per occupied room (kg CO ₂ e/o.r.) | 13 |

Waste and Circular Economy - Quantity and nature of
waste generated

| | |
|--|--------|
| Waste generated (tonnes) | 7,635 |
| •Paper and cardboard | 428 |
| •Plastic | 158 |
| •Glass | 572 |
| •Construction and demolition waste | 1,553 |
| •Waste equivalent to municipal waste (includes organic and undifferentiated waste) | 4,263 |
| •Other (sludges, oils, metal, aluminium, packaging mixes, etc.) | 661 |
| Hazardous waste (%) | 0.15% |
| Non-hazardous waste (%) | 99.84% |

Waste and Circular Economy - Waste by destination **Amount 2022**

| | |
|--|-------|
| Waste diverted from disposal/sent for recovery (ton) | 3,139 |
| •Waste sent for recycling (tonnes) | 2,114 |
| •Waste sent for other recovery operations (tonnes) | 1,025 |
| Waste sent for disposal (tonnes) | 4,497 |
| •Waste sent to landfill (tonnes) | 2,692 |
| •Waste sent for incineration (with and without energy recovery) (tonnes) | 828 |
| •Waste sent to other disposal destinations (tonnes) | 977 |

Biodiversity - Protected Areas

| | |
|---|------|
| Operating sites located in or adjacent to protected areas/areas of high biodiversity interest (No.) | 9 |
| Area of sites located or adjacent to protected areas/areas of high biodiversity interest (km ²) | 11.1 |

**Employability and Talent
Management - New hires and**

| | |
|--|-----|
| Employees hired in 2022 (No.) | 990 |
| Turnover (%) | 26% |
| Average seniority of employees (years) | 7.8 |

**Employability and Talent
Management - Employee Satisfaction**

| | |
|---|-------|
| Employee satisfaction rate | 76% |
| Group employees assigned to the hotels business operations (%) | 64.7% |
| Group employees assigned to the remaining business operations (%) | 35.3% |

**Employability and Talent
Management - Training**

| | |
|---|------|
| Average training hours per employee | 7.3 |
| Average training hours per gender: women | 8.3 |
| Average training hours per gender: men | 6.6 |
| Average training hours per professional category: managers | 17.7 |
| Average training hours per professional category: employees | 6.6 |
| Average training hours per professional category: Board members | 13.6 |
| Training course provided (No.) | 539 |

Equality and inclusion - Diversity**Amount 2022**

| | |
|--|-------|
| Employees (No.) | 3,668 |
| Employees by gender: women (%) | 41.9% |
| Employees by gender: men (%) | 58.1% |
| Employees by age group: <30 years (%) | 20.2% |
| Employees by age group: 30 to 50 years (%) | 52.9% |
| Employees by age group: >50 years (%) | 26.9% |
| Women in management positions (%) | 34.5% |
| Women on the Executive Committee (%) | 11.1% |
| Women on the Board of Directors of PIH (%) | 20% |
| Employees with disabilities (No.) | 32 |

Equality and inclusion - Performance assessment

| | |
|--|-------|
| Employees with performance assessments (%) | 94.1% |
|--|-------|

Equality and inclusion - Parental leave

| | |
|--|----|
| Employees who have taken parental leave (No.) | 93 |
| Employees who returned to their post after parental leave (No.) | 73 |
| Employees who retained their job 12 months after returning from parental leave (No.) | 65 |

Equality and inclusion - Remuneration

| | |
|--|------|
| Ratio of women-men pay by professional category: board members | 0.69 |
| Ratio of women-men pay by professional category: managers | 0.84 |
| Ratio of women-men pay by professional category: employees | 0.97 |

Health and safety - Occupational accidents

| | |
|---|-------|
| Occupational accidents (No.) | 179 |
| Serious occupational accidents (excluding fatalities) (No.) | 3 |
| Frequency rate (%) | 32.1% |

Quality and customer satisfaction - Customer Satisfaction

| | |
|---|-------|
| Customer NPS | 50 |
| Pestana Guest Satisfaction Index (PGSI) | 86.9% |

Community Impact - Local procurement

| | |
|--|-------|
| Local procurement (%) | 91.6% |
| Distribution of local procurement by areas: Portugal (%) | 92% |
| Distribution of local procurement by areas: Europe (%) | 82% |
| Distribution of local procurement by areas: America (%) | 95% |
| Distribution of local procurement by areas: Africa (%) | 90% |

Community Impact - Heritage**Amount 2022**

| | |
|--|------|
| Investment in restoration and/or maintenance of national heritage (€M) | 10.0 |
|--|------|

Community Impact - Community

| | |
|---|-----------|
| Supported organisations (No.) | + 50 |
| Impacted persons (No.) | + 5,000 |
| Support provided through the various Planet Guest initiatives (€) | + 400,000 |

Governance - Compliance and corruption

| | |
|--|---|
| Non-conformities (No.) | 2 |
| Fines paid for non-conformities | 2 |
| Confirmed cases of corruption and action taken (No.) | 0 |
| Legal proceedings for legal infringements (No.) | 0 |

Governance - Cybersecurity

| | |
|---|---------|
| Cybersecurity incidents and/or data protection breaches (No.) | 0 |
| Investment in processes that promote cybersecurity (€) | 245,000 |

Economics - Economic Indicators

| | |
|--------------|--------|
| Revenue (€M) | 453.21 |
| GOP (€M) | 178.6 |
| EBITDA (€M) | 200 |

3.3 GRI Contents

| | |
|---------------------------------|---|
| Declaration of use | The Group reports with reference to the GRI 2021 Standards for the 2022 financial year. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI sector standards | Not applicable |

| GRI Standard | Disclosure | Location / Direct Response |
|--|---|--|
| General Disclosures | | |
| GRI 2: General Disclosures | | |
| 1. The Organisation and its reporting practices | | |
| 2021 | 2-1 Organisational details | This report is issued by the company Pestana International Holdings S.A. (PIH), also referred to in this report as the Group or Pestana Hotel Group. The company is located in Luxembourg. |
| | 2-2 Entities included in the organisation's sustainability report | The entire operation and entities of the Group were considered, which includes 60 companies in 16 countries and 5 regions, each represented in one of the 7 subholdings. Further information on the structure of PIH can be found on page 14 of the Consolidated Annual Report. The figures from the Annual Report and Accounts were used for economic and financial information. All businesses were taken into account for environmental and social information, regardless of whether or not they are wholly or partially owned by the Group. Notes on exceptions to the scope of the information are included throughout the report, as well as relevant assumptions, in order to provide the reader with a better understanding of the information presented. |
| | 2-3 Reporting period, frequency and contact point | The sustainability report is published annually. This report covers the period from 1 January to 31 December 2022. |
| | 2-4 Restatements of information | This report, compared to previously published sustainability reports, reflects a broadening of the scope of ESG information, as it is issued by the company Pestana International Holdings S.A. (PIH). Accordingly, it does not present information from previous years, establishing itself as the Group's ESG performance presentation for the base year of 2022. |
| | 2-5 External Assurance | The sustainability report has not been externally verified. |
| 2. Activities and Employees | | |
| | 2-6 Activities, value chain and other business relationships | Pages 6 to 10 |
| | 2-7 Employees | Pages 8 and 57 |
| | 2-8 Workers who are not employees | In the hotel business, the Group uses workers who are not employees for specific periods, to respond to needs generated by peaks in occupancy. |
| 3. Governance | | |
| | 2-9 Governance structure and composition | Pages 95 and 96 |
| | 2-10 Appointment and selection of the highest governance body | The Chairman of PIH's Board of Directors and Group shareholder appoints the members of the Group's governing bodies. |

| | | |
|--|---|--|
| GRI 2: General Disclosures 2021 | 2-11 Chairman of the highest governance body | The Chairman of PIH's Board of Directors does not have executive functions on the Group's Executive Committee. The Group has a code of conduct which regulates the conduct of the members of the governing bodies and other employees, and in this context acts as a preventative tool for potential conflicts of interest. |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Pages 95 and 96 |
| | 2-13 Delegation of responsibility for managing impacts | Pages 23; 36; 48; 52; 58; 68; 74; 80; 86; 97; 100; 103 to 105; 108; |
| | 2-14 Role of the highest governance body in sustainability reporting | The sustainability report is approved by the Chairman of PIH's Board of Directors. The Group's Executive Committee analysed and validated the material issues that supported the content structure of the report, and also validated and approved the content included herein. |
| | 2-15 Conflicts of interest | The Group's Code of Conduct as well as the whistleblowing channel are instruments used to prevent the occurrence of offences, in the case of the former, and report potential offences, in the case of the latter, associated with conflicts of interest. As regards the acquisition of the Group's real estate assets by its directors and/or employees, the company's Statutory Auditor must approve the acquisitions made. More information on pages 103 and 104. |
| | 2-16 Communication of critical concerns | The whistleblowing channel, as well as the complaints books in the hotel units, are examples of the channels we make available to stakeholders to express their concerns. Pages 68 and 102 include information on these mechanisms and their use. |
| | 2-17 Collective knowledge of the highest governance body | The Chairman of the Group has been monitoring existing sustainability policies and good practices since 2009. The Group director responsible for sustainability has participated in ESG training programmes, namely a programme organised by Turismo de Portugal. The Group has professionals specialising in human resources management, relations with the local community, suppliers and the environment. |
| | 2-18 Evaluation of the performance of the highest governance body | The Group's executive committee is assessed by the chairman of the executive committee, who is a member of PIH's board of directors. The directors are all assessed, following a human resources procedure created specifically for the assessment model adopted by the Group. The assessment of the Executive Committee is a 360° process, as the chairman evaluates all the directors and they, in turn, evaluate the chairman. |
| | 2-19 Remuneration policies | This information is not provided in this report for reasons of confidentiality. |
| | 2-20 Process to determine remuneration | This information is not provided in this report for reasons of confidentiality. |
| | 2-21 Annual total compensation ratio | This information is not provided in this report for reasons of confidentiality. |
| 4. Strategy, policies and practices | | |
| 2-22 Statement on sustainable development strategy | Page 2 | |
| 2-23 Policy commitments | The Group has a Sustainability Policy, in addition to Policies directed to specific topics such as Human Resources, Marketing, Cybersecurity, Hotel Services and Procurement. The existing policies, systems and voluntary management tools are specified for each of the material topics throughout the report, in the "Management systems and tools" section. | |
| 2-24 Embedding policy commitments | Pages 23; 36; 48; 52; 58; 68; 74; 80; 86; 97; 100; 103 to 105; 108; | |
| 2-25 Processes to remediate negative impacts | The Group's sustainability initiatives aim to prevent, mitigate and remedy its negative impacts. In terms of ESG, some of the initiatives mentioned on page 54 fall under the remediation strategy. The Group is still in the process of a systematic and complete mapping of processes and remediation. | |

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| GRI 2: General Disclosures 2021 | 2-26 Mechanisms for seeking advice and raising concerns or alleged irregularities | Page 102 |
| | 2-27 Compliance with laws and regulations | Pages 99 and 100 |
| | 2-28 Membership of associations | The Group belongs to the corporate bodies of the following associations: AHP; AHETA; ACIF; APC; ATC; ATL; CTP; |
| 5. Stakeholder engagement | | |
| | 2-29 Approach to stakeholder engagement | The Group has a number of channels for engaging with stakeholders, including specific areas and functions within the organisation, both centrally and in each region and unit, which are responsible for managing relations with customers, shareholders, suppliers, employees, partners, central and local government institutions and the community, among others. We have also developed various communication and engagement media, such as websites, adverts, forums and consultation surveys for this purpose, besides ensuring continuous involvement through the people in the Group's structure who are focused on this stakeholder involvement. The results are reviewed by the relevant areas and shared with the Director and, where appropriate, the Executive Committee, with the action plan to resolve any gaps or misalignment between the Group's practice and stakeholder expectations. |
| | 2-30 Collective bargaining agreements | 100% of our hotel employees in Portugal are covered by collective bargaining agreements. The scope of the information is the operation in Portugal, excluding other geographical areas. Information on the other markets is not available in this report. |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Pages 112 and 113 |
| | 3-2 List of material topics | Page 113 |

Energy and Climate

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 17, 18, 23 to 31 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | Page 19 The following sources were preferably used for the conversion to GJ: Defra, APA (NIR and CELE) and Portgás |
| GRI 302: Energy 2016 | 302-3 Energy intensity | Page 19; |
| GRI 305: Emissions 2016 | 305-1: Direct GHG emissions (scope 1) | Page 21 Cross-cutting note on the carbon footprint calculation methodology: Pestana Group's Carbon Footprint Calculation was prepared using a methodology that combines the World Resources Institute's Greenhouse Gas Protocol and the EPA's Greenhouse Gas Inventory Guide. The calculation covers scope 1, 2 and 3 emissions. In addition to the general standard, "The Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard", also considered were the guideline "GHG Protocol Scope 2 Guidance"; and the standard: "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". The calculation included Hotels in Portugal (33 hotels, 29 pousadas); Hotels in Europe (6 hotels) and other activities in mainland Portugal and the Islands directly or indirectly linked to tourist or leisure activities: Golf, Tourist residences, Construction and Madeira Casino. It also included management and support activities, namely Administration and Management/Shared Services (operational and central) and the Magic Gymnasium at the Carlton Hotel in Madeira. 2019 was established as the base year for the definition of reduction targets. Emissions are reported as CO2e considering all GHGs applicable to each source and their calculation always results from the multiplication of activity data and an emission factor (GHG emissions = Activity data x Emission factor). |

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| GRI 305: Emissions 2016 | 305-1: Direct GHG emissions (scope 1) | <p>Scope 1 specific note</p> <p>The source of the emissions corresponds to fugitive emissions of fluorinated gases, essentially associated with air conditioning and refrigeration equipment; fuel burning (stationary combustion: natural gas; LPG/propane gas; fuel oil/diesel; biomass and mobile combustion (fleet): diesel and petrol). In the case of biomass, only non-CO₂ emissions (CH₄ and N₂O) were accounted for due to the offset between the emissions released in its combustion and the amount of CO₂ absorbed in its production. This aspect is safeguarded by the emission factor used.</p> <p>Data from DEFRA and APA (NIR and CELE) were preferably used for emission factors. All activity data used is direct consumption data.</p> |
| GRI 305: Emissions 2016 | 305-2: Indirect GHG emissions (scope 2) | <p>Page 21</p> <p>Specific note Scope 2 (for more methodological information see also reply to 305-1)</p> <p>The two approaches required under the scope 2 guideline mentioned above were calculated, i.e. the market-based and location-based approaches. In the calculation of the overall footprint and for comparison with the base year, the Group considers the values of the latter approach.</p> <p>The sources of the emission factors are adapted to the respective energy suppliers (market-based approach) and to the various geographical areas involved (location-based approach), using the most recent information available. The activity data used correspond to direct consumption data.</p> <p>For the national territory, the most recent emission factors available when calculating the 2022 footprint were used, referring to 2020 (APA, 2022). For the calculation of hotel-related emissions in the other European countries in 2022, (Germany, the Netherlands, the United Kingdom and Spain) the emission factors for the year in question were used.</p> |
| GRI 305: Emissions 2016 | 305-3: Other indirect GHG emissions (scope 3) | <p>Page 21</p> <p>Specific note Scope 3 (for more methodological information see also reply to 305-1)</p> <p>Of the 15 categories of indirect emissions in scope 3 foreseen in the GHG Protocol framework, the following were counted:</p> <ul style="list-style-type: none"> 1 Purchase of goods and services 2 Capital goods 3 Energy-related activities 5 Waste generated from operations 6 Business travel 7 Home-work commuting of employees 8 Assets leased upstream <p>These categories took into account the materiality, for the Group, of the various categories provided for in the standard, measured either by a prior materiality analysis or by calculation.</p> <p>Methodologies by category:</p> <p>Cat. 1: Calculation considering the acquisition of goods and services (OPEX), based on the Group's purchasing list and for which the following methodologies were used:</p> <ul style="list-style-type: none"> a) LCA - Life cycle analysis, preferred (more precise, involving information on the physical quantity and value spent on each product to which emission factors from Ecoinvent databases have been applied); b) EEIO - environmentally-extended input output, in the remaining cases (purchases/supplies grouped by activity group/sector and CO₂e emissions estimated by value spent [€] based on US Environmental Protection Agency (EPA) tables) c) Finally, bibliographic-based sectoral proxies, for cases not available in the databases mentioned above <p>Cat. 2: Calculation taking into account capital expenditure (CAPEX), i.e. acquisition of facilities, equipment, etc. broken down by product group and using the EEIO methodology.</p> <p>Cat. 3: Calculation based on energy consumption (common basis for scope 1 and 2) and average emission factors for the extraction of raw materials by fuel and by type of transport. DEFRA emission factors were preferably used.</p> <p>Cat. 5: Calculation of emissions associated with the disposal and transport of non-recovered waste; direct and estimated activity data; DEFRA emission factors were preferably used.</p> <p>Cat. 6: Calculation considering the distance travelled in a professional context (only air travel considered), using direct activity data and sector estimates. DEFRA emission factors were preferably used.</p> <p>Cat. 7: Calculation considering the distance travelled to work (car, public transport, bicycle, etc.), using direct data and sectoral averages. APA (NIR) and DEFRA emission factors preferably used.</p> <p>Cat. 8: Calculation considering the amount paid and using the EEIO methodology.</p> |
| GRI 305: Emissions 2016 | 305-4: GHG emissions intensity | Page 21 |

Water Resources

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 32 to 37 |
| GRI 303: Water and Effluents 2018 | 303-1: Interactions with water as a shared resource | Pages 32 to 37; 39 |
| GRI 303: Water and Effluents 2018 | 303-5: Water consumption | Page 34 |
| KPI | Volume of industrial wastewater generated (ML) | Page 35 |
| KPI | Non-compliances with discharge parameters established in ECM's industrial wastewater discharge permit (No.) | Page 35 |
| KPI | Intensity of water consumed per unit of revenue (litres/€) | Page 34 |
| KPI | Intensity of water consumed per occupied room unit (litres/o.r.) | Page 34 |

Waste and Circular Economy

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 40, 41; 43 to 46 |
| GRI 306: Waste 2020 | 306-1: Waste generated and significant related impacts | Pages 40 to 44 |
| GRI 306: Waste 2020 | 306-2: Management of significant impacts associated with waste | Pages 45 to 48 |
| GRI 306: Waste 2020 | 306-3: Waste generated | Page 42 |
| GRI 306: Waste 2020 | 306-4: Waste diverted from final disposal/landfill | Page 42 |
| GRI 306: Waste 2020 | 306-5: Waste sent for final disposal/landfill | Page 42 |
| KPI | Share of waste sent for recycling (%) | Page 42 |
| KPI | Share of non-hazardous waste (%) | Page 42 |

Biodiversity

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 49, 50, 52, 53 |
| GRI 304: Biodiversity 2016 | 304-1: Operating sites located in or adjacent to protected areas/areas of high biodiversity interest | Page 51 |

Employability and Talent Management

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 56, 58 to 60 |
| GRI 401: Employability and Talent management | 401-1: New hires and turnover | Page 57 |
| KPI | Employee satisfaction rate | Page 57 |
| KPI | Average seniority of employees | Page 57 |
| GRI 404: Training and Education 2016 | 404-1: Average training hours per year per employee | Page 60 |

Equality and inclusion

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 65; 68 to 71 |
| GRI 405: Diversity and Equal opportunities | 405-1: Diversity of governance bodies and employees | Page 66 |
| | 405-2: Ratio of basic salary and of remuneration of women to men | Page 67 |
| GRI 401: Employability and Talent management | 401-3: Parental leave | Page 67 |
| KPI | Employees with performance assessments (%) | Page 66 |

Health and safety of customers and employees

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 72; 74 to 78 |
| GRI 403: Occupational health and safety 2016 | 403-1: Occupational health and safety management system | Pages 74 to 78 |
| | 403-9: Occupational accidents | Page 73 |

Quality and customer satisfaction

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 79 to 83 |
| KPI | Customer NPS | Page 80 |
| KPI | Pestana Guest Satisfaction Index | Page 83 |

Community impact

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 84; 86 to 93 |
| KPI | Local procurement (%) | Page 85 |
| KPI | Impacted organisations (No.) | Page 85 |
| KPI | Impacted persons (No.) | Page 85 |
| KPI | Support provided through the various Planet Guest initiatives (€) | Page 85 |

Heritage

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 84, 88, 89, |
| KPI | Investment in restoration and/or maintenance of national heritage (€M) | Page 89 |

Compliance

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 98; 100 to 102 |
| KPI | Non-conformities (No.) | Page 99 |
| KPI | Fines paid for non-conformities (No.) | Page 99 |

Ethical Conduct

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 98; 103 to 105 |
| KPI | Confirmed cases of corruption and action taken (No.) | Page 99 |
| KPI | Legal proceedings for legal infringements (No.) | Page 99 |

Risk management

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | The objectives and policies of the Pestana Group regarding financial risk management, where environmental risks and risks associated with human capital are referenced, are described in the Group's Financial Report, in the section "The Group's risk management is addressed in the Annual Report and Accounts", on page 38. In addition, the Group's existing management models and systems, referenced throughout this report, describe the Group's approach to ESG risk management. |
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Human Rights and Due diligence in the supply chain

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | The Group does not yet have a formalised approach to human rights in the supply chain. The Group maintains business relations that are governed by the legal framework of each market where it operates. |
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Cybersecurity and data protection

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| GRI 3: Material topics 2021 | 3-3 Management of material topics | Pages 106; 108 to 110 |
| KPI | Cybersecurity incidents and/or data protection breaches (No.) | Page 107 |
| KPI | Investment in processes that promote cybersecurity (€) | Page 107 |

