



TABLE OF CONTENTS

	Message from CEO Encarna Piñero	4
	About the Report	5
	About Us	6
1.	Our Corporate Structure	7
2.	Main Economic Indicators	13
3.	Our Corporate Social Responsibility Strategy, CSR	16
	Internal Commitments	17
	External Commitments	19
	2017 Performance Analysis	22
	2018 Objectives	24
	Stakeholders	26
4.	Our Social Commitment	29
	to employees	30
	to the Local Community	35
	to providers	39
	to customers	41
	to innovation	44
5.	Our Environmental Commitment	46
	Energy	48
	Waste Management	49
	Water	50
	Biodiversity	51
6	Recognitions	53



Family is an attitude

Lidia Piñero, Isabel García, Isabel Piñero, Encarna Piñero

MESSAGE FROM CEO ENCARN PIÑERO



Dear employees,

In 2014 we made a commitment to incorporate sustainability into our management in order to be a responsible company committed to its employees, the communities in which we operate, our providers and to the environment.

Over the years, we have evolved and today we view our commitment to sustainability as a strategic pillar for our group, as well as a transformative element driving progress in the long term.

In 2017, the International Year of Sustainable Tourism for Development, we redoubled our commitment to sustainability by signing on to the United Nations Global Compact. This has resulted in a progressive alignment of our CSR strategy with its 10 Principles and our contribution to the 17 Sustainable Development Goals established by the same body.

This report details these and other commitments made to our stakeholders this past year — which have already been incorporated into our 2015-2018 strategic plan — and reviews the most important milestones the company has met in terms of sustainability.

For example, in the framework of our commitment to improve the quality of life of our employees and to offer them

opportunities for personal and professional development, we have continued to promote training plans and have implemented the "Healthy Company" Programme, which is aimed at achieving the physical, mental and social well-being of our professionals and their families. We have also invested over 2.5 million euros to ensure that their workplaces are safer and healthier.

Additionally, we continue to support the development of the local communities in which we operate by contributing more than 133,000 euros — 8% more than in 2016 — to various third-sector organisations in Spain and the Caribbean, which are mainly focused on assisting children and young people in Spain, Mexico, Jamaica and the Dominican Republic.

In the environmental sphere, we continue to work to reduce negative impacts and to actively contribute to improving the environments in which we operate. For example, we've done this by approving a corporate strategic plan to save energy and decrease water use in our hotel business, and by extending our Waste Management Plan to all of our hotels, which has enabled us to improve the management of over 3,000 tonnes of recyclable waste.

These and other initiatives make us very proud of the steps we've taken and of the results achieved in terms of sustainability.

That is why I would like to conclude by thanking everyone who has worked with us: employees, customers, providers and the local community, to whom we owe so much and to whom we wish to give so much back. We believe that organisations are not only an income statement, but rather we must be drivers of development and social and environmental progress.

Warmly,

Encarna Piñero

CEO

ABOUT THIS REPORT

This report aims to offer transparent, reliable information on the most relevant aspects of our company and our stakeholders with regard to sustainability for the 2017 fiscal year. In this report, we have included the company's compliance in implementing the 10 Principles of the United Nations Global Compact, as well as our contribution to the Sustainable Development Goals, SDG.

This is an annual report, and corresponds to the period from 1 January to 31 December 2017.

All of the departments in our organisation that work on a daily basis with sustainability criteria in their scope of action have collaborated in drafting the report.

If you have any questions, suggestions or complaints, you may contact us at the following email address:

Corporate Social Responsibility Department

E-mail: adeltoro@grupo-pinero.com



About us

We are a family-run tourism group whose idea of family goes beyond Piñero and reaches all those who make up our world. We view family as an attitude that allows us to connect people with a common objective: to be and make people happy, in a generous, constructive and inclusive manner.

Our values

The human aspect is vital

We love people and we ensure their well-being at all levels.

We know that what unites us is much more than what differentiates us.



*Naturalness
Simplicity
Humility
Care - Respect*

United in growth

All Grupo Piñero companies grow together and in a sustainable manner.

Fostering synergies with the right business vision is what has brought us here.



*Vision
Curiosity
Sustainability*

Serious in what we do

We put our heart and soul into our work with maximum professionalism and a commitment to our stakeholders.

Working not only to not disappoint, but to exceed expectations.



*Exemplariness
Commitment Passion
Continuous improvement*





Grupo Piñero

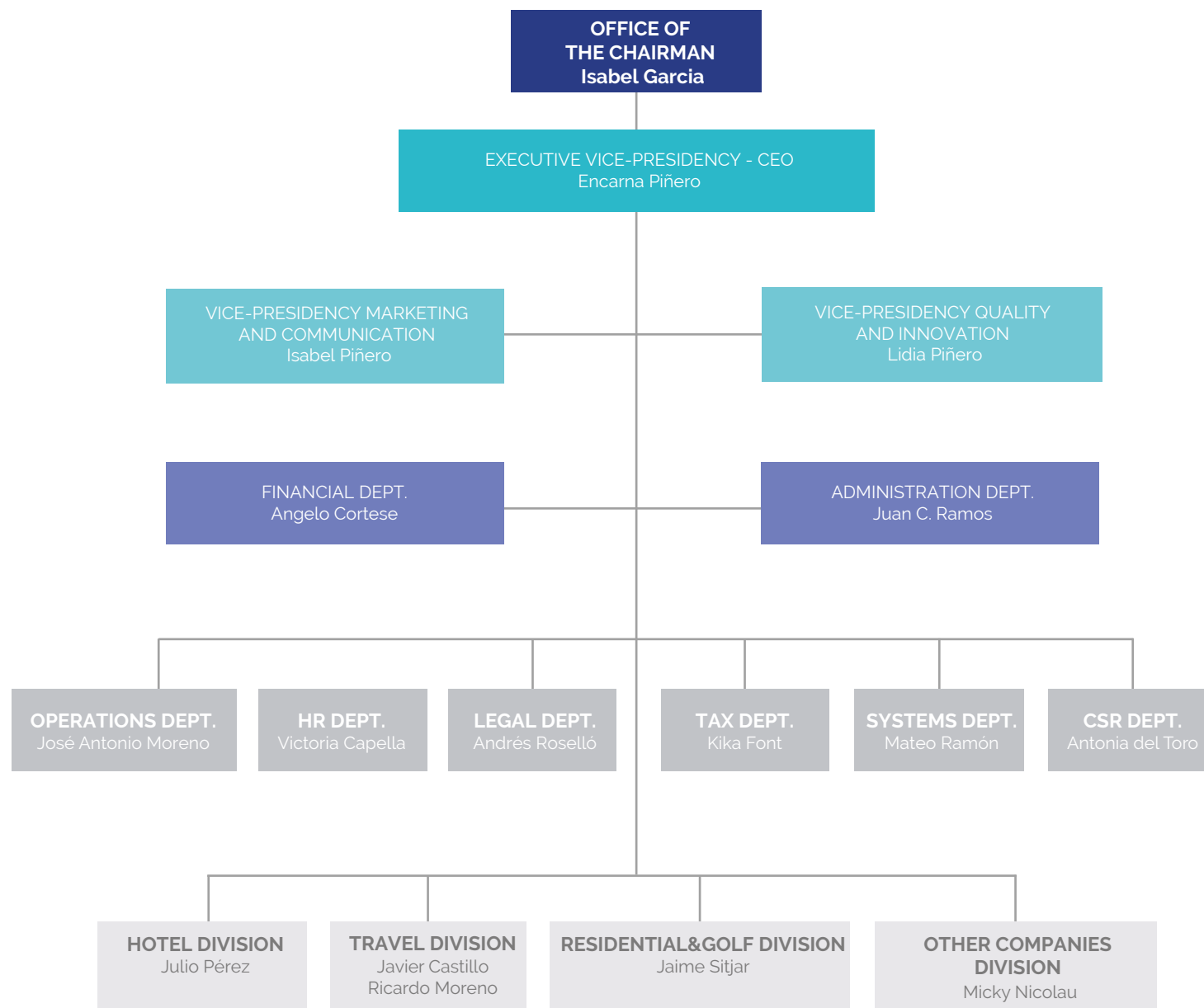
1. OUR CORPORATE STRUCTURE

1.1 CORPORATE ORGANISATIONAL CHART

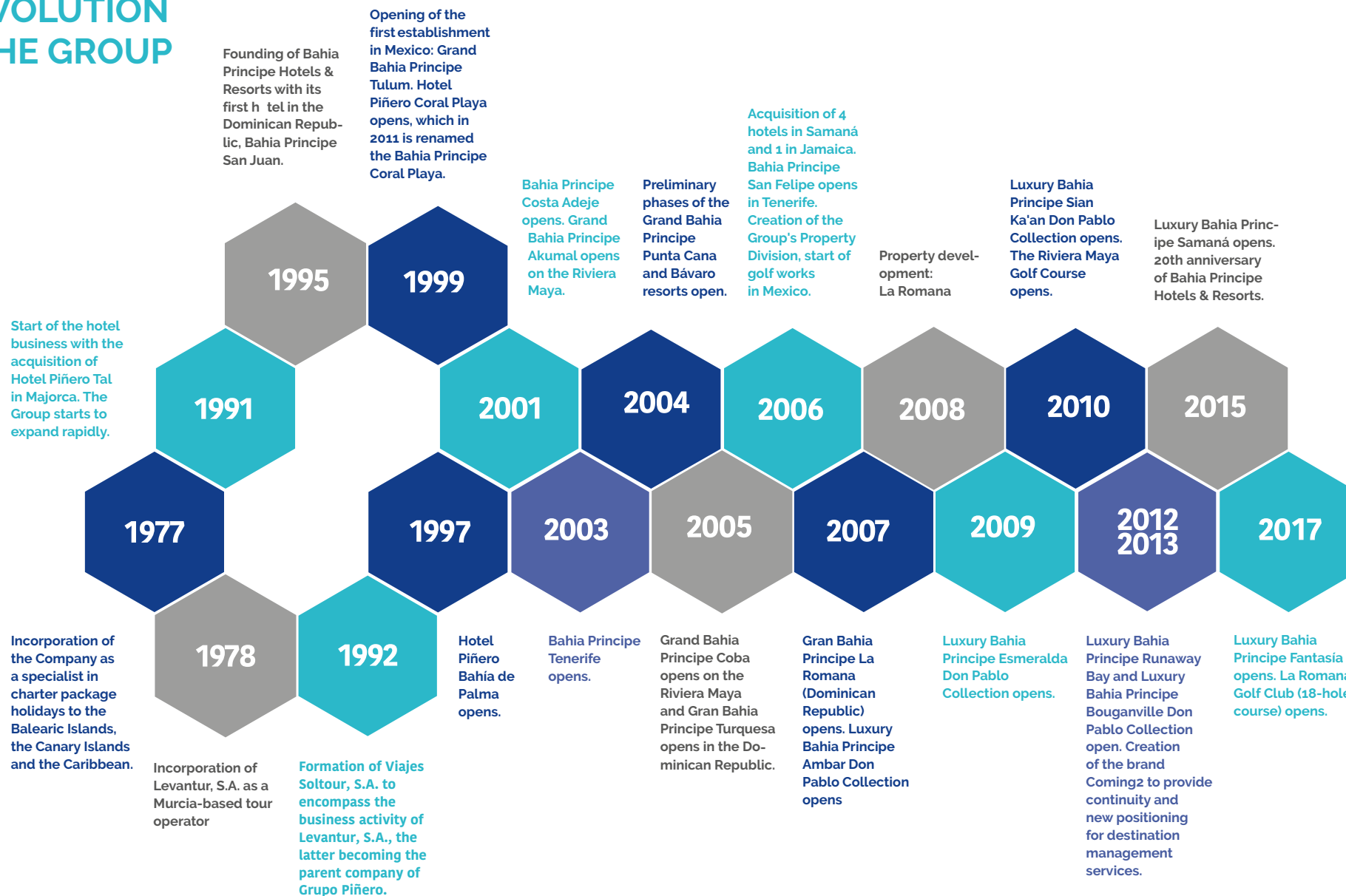
We are a group of companies that has been operating in the tourism industry (hotels, tour operators, travel agencies and property developers) since the 80s. We have a presence in Spain, Portugal and several Caribbean countries (Mexico, Dominican Republic, Jamaica and the USA).

Throughout our history we have gradually added new business divisions and are now a well-established, vertically integrated tour operator with a range of business interests. This corporate structure, together with the quality and prestige of the products we market across the company, has enabled us to maximise results and consolidate a steady upward trend in recent years.

Looking toward the future, Grupo Piñero is further enhanced by its significant potential for growth as a result of the investment policy pursued in recent years.



1.2 EVOLUTION OF THE GROUP



1.3 HOTEL DIVISION



Bahia Principe – 4 ****

Its quality, location and varied entertainment programme are designed to guarantee the best holidays.



Grand Bahia Principe – 5 *****

Successfully exceeding standard levels of care, service and comfort for its guests.



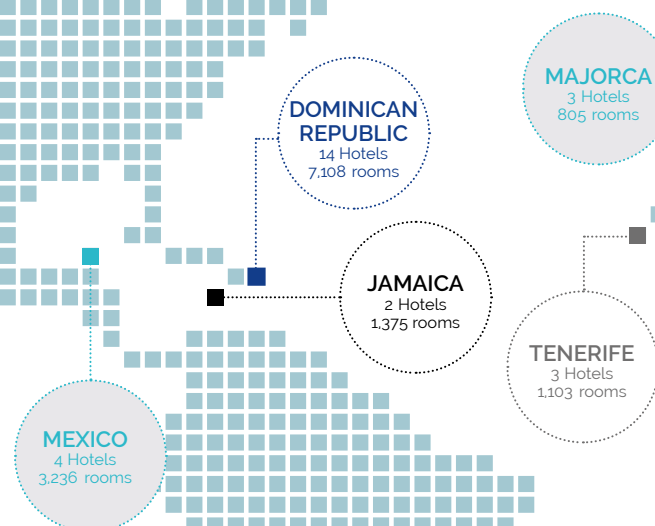
Luxury Bahia Principe Don Pablo Collection – 5 *****

This is the mark of a new class in luxury, service quality and excellent features.



Piñero Hotels – 3 ***

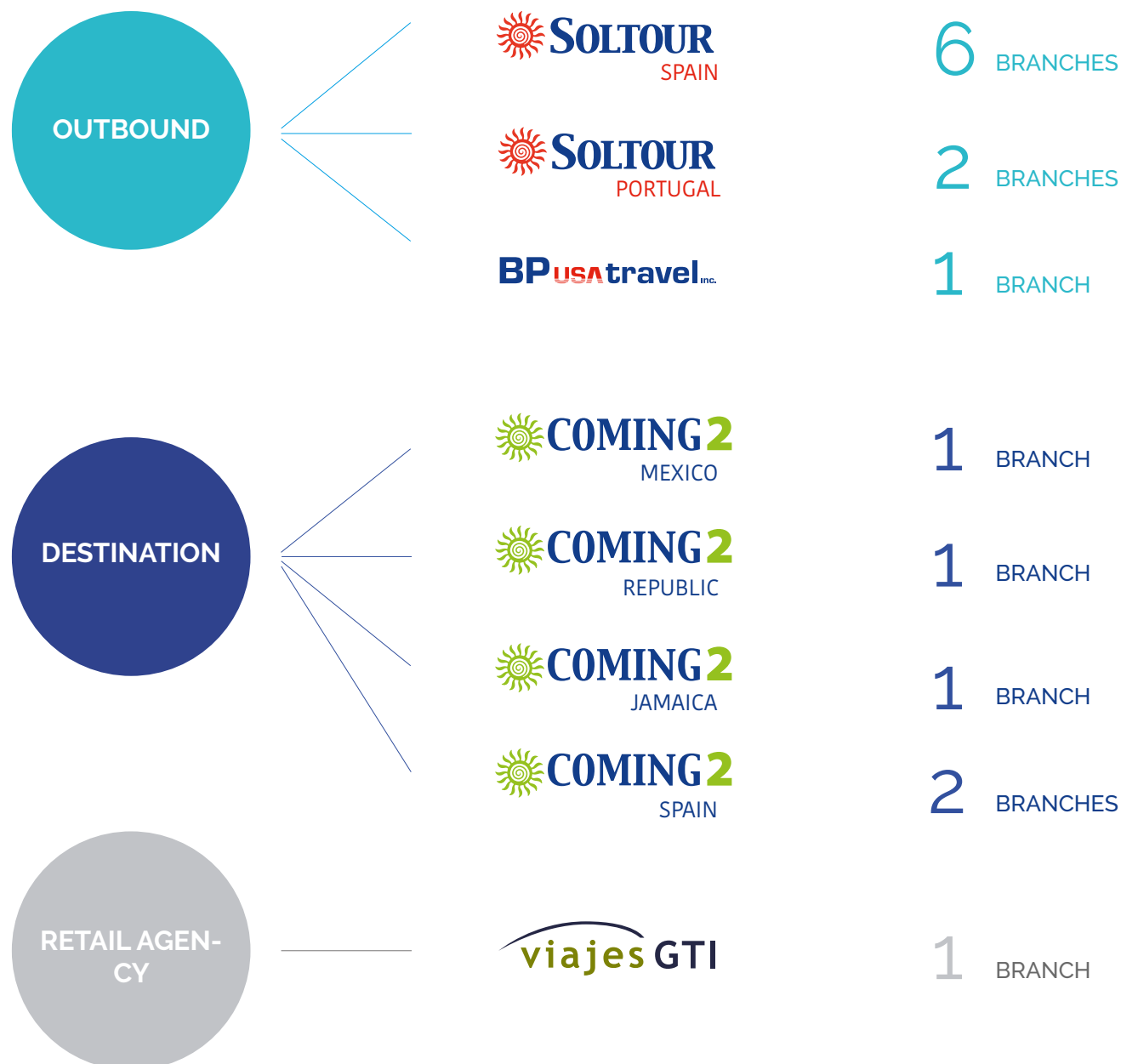
Its magnificent location and facilities are perfect for enjoying a Mediterranean holiday.



1.4 TRAVEL DIVISION

Consisting of the Group's tour operator, Soltour, it is one of the three biggest agencies in Spain and Portugal, transporting over 450,000 passengers each year. In addition to the tour-operator business, under the brand Coming2, the division also provides destination management services in nearly all our tourist destinations. This allows us to provide our clients with added value, controlling both the quality and profitability of our products. In addition to Spain and Portugal, the division also operates in Mexico, Jamaica, the Dominican Republic and South America.

As of 31 December 2017, the Group has the following branches:



1.5 RESIDENTIAL & GOLF DIVISION

Grupo Piñero has created a property division in order to maximise results and diversify its business activity, thereby adding value to its range of products. The aim of this division is to give shape to Group-owned land adjacent to our resorts, with golf courses and developments. This enables us to increase the number of customers using the facilities in our resorts, gaining returns on Group-owned land and providing hotel guests with new holiday activities.

In addition to this, the constant flow of guests through our hotels supplies our property development division with large numbers of potential clients, increasing our competitive edge.



DOMINICAN REPUBLIC

- 1 Rio San Juan**
Hotel and/or residential use
390,116 m2 Residential
- 2 Rio San Juan**
Residential/Golf
1,000,612 m2 Hotel (Res) Golf
- 3 Punta Cana**
Lot pending division
150,000 m2
(Hotel/Residential)
- 4 La Romana**
Residential/Golf 5,196,218 m2
- 5 La Romana**
Residential/Golf (purchase option)
1,130,195 m2



MEXICO

- 1 Riviera Maya Residencial Golf Resort**
Residential/Golf/Hotel
5,706,600 m2
- 2 Akumal - Hotel Jade**
Hotel use
623,152 m2



JAMAICA

- 1 Jamaica**
Residential use
352,613 m2
- 2 Jamaica**
Hotel and/or residential/golf use
812,568 m2

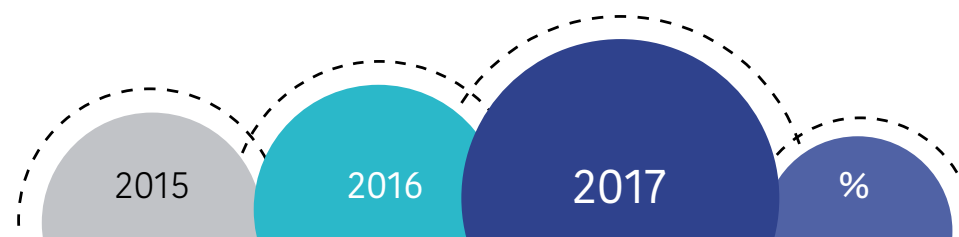




Grupo Piñero

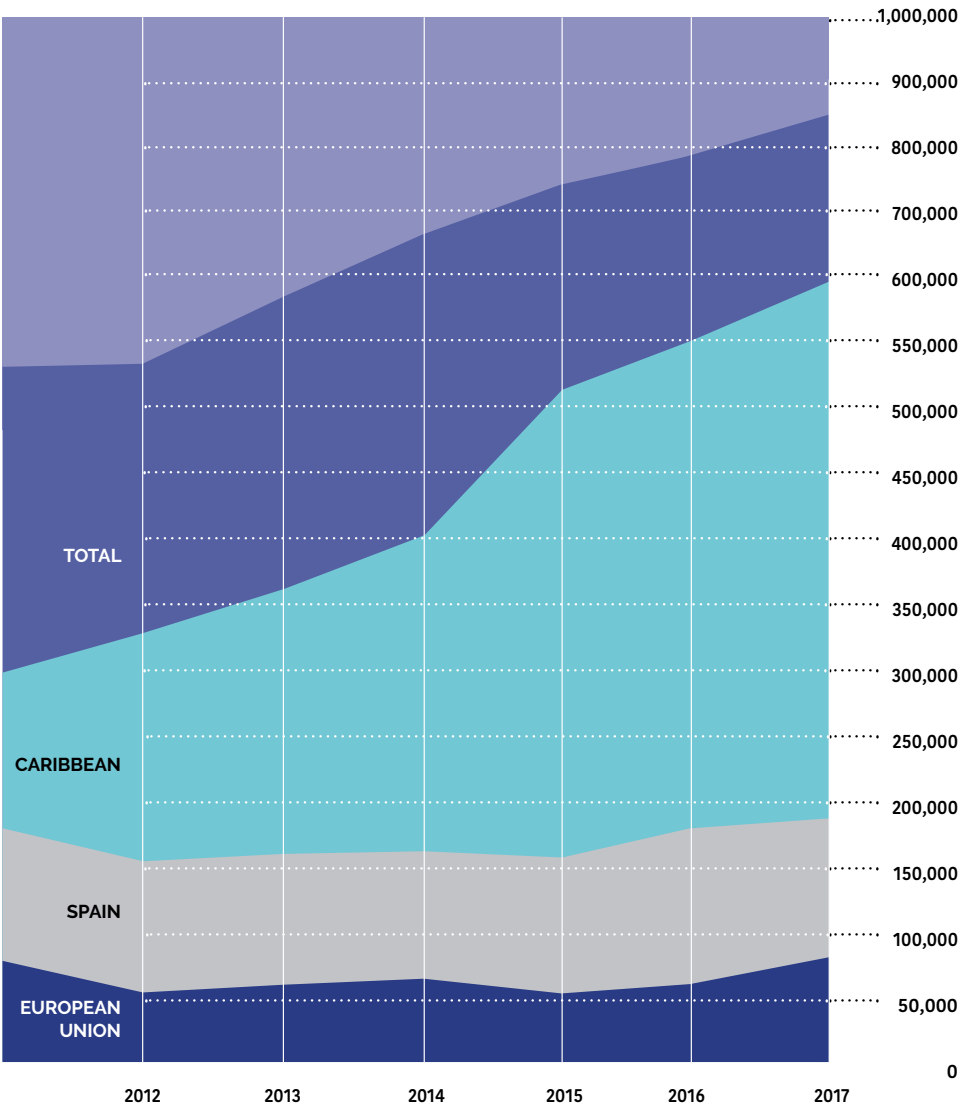
2. MAIN ECONOMIC INDICATORS

2.1 GRUPO PIÑERO IN FIGURES



Consolidated Turnover	725,575	791,386	843,733	6.61
Consolidated Operating Profit	143,542	164,587	176,195	7.05
Consolidated Ebitda	171,161	195,209	206,511	5.79
Consolidated Net Earnings (*)	98,607	115,805	137,787	18.98
Consolidated Net Assets	519,574	653,803	727,256	11.23
Consolidated Equity	469,393	585,202	722,989	23.55
Consolidated Net Fixed Assets	1,048,807	1,167,069	1,064,718	-8.77
Consolidated Revalued Fixed Assets	2,783,915	3,051,072	2,750,837	-9.84
Number of Hotels	24	25	26	
Number of Rooms	12,649	13,127	13,627	3.81
Average number of personnel in the year	9,916	10,397	11,755	13.06

2.2 TURNOVER



TURNOVER

	2015	2016	2017
EUROPEAN UNION	53,555	61,973	75,286
SPAIN	159,413	180,095	185,117
CARIBBEAN	512,607	549,318	583,330
TOTAL	725,575	791,386	843,733



Grupo Piñero

3. OUR CORPORATE SOCIAL RESPONSIBILITY STRATEGY, CSR

3.1 INTERNAL COMMITMENTS

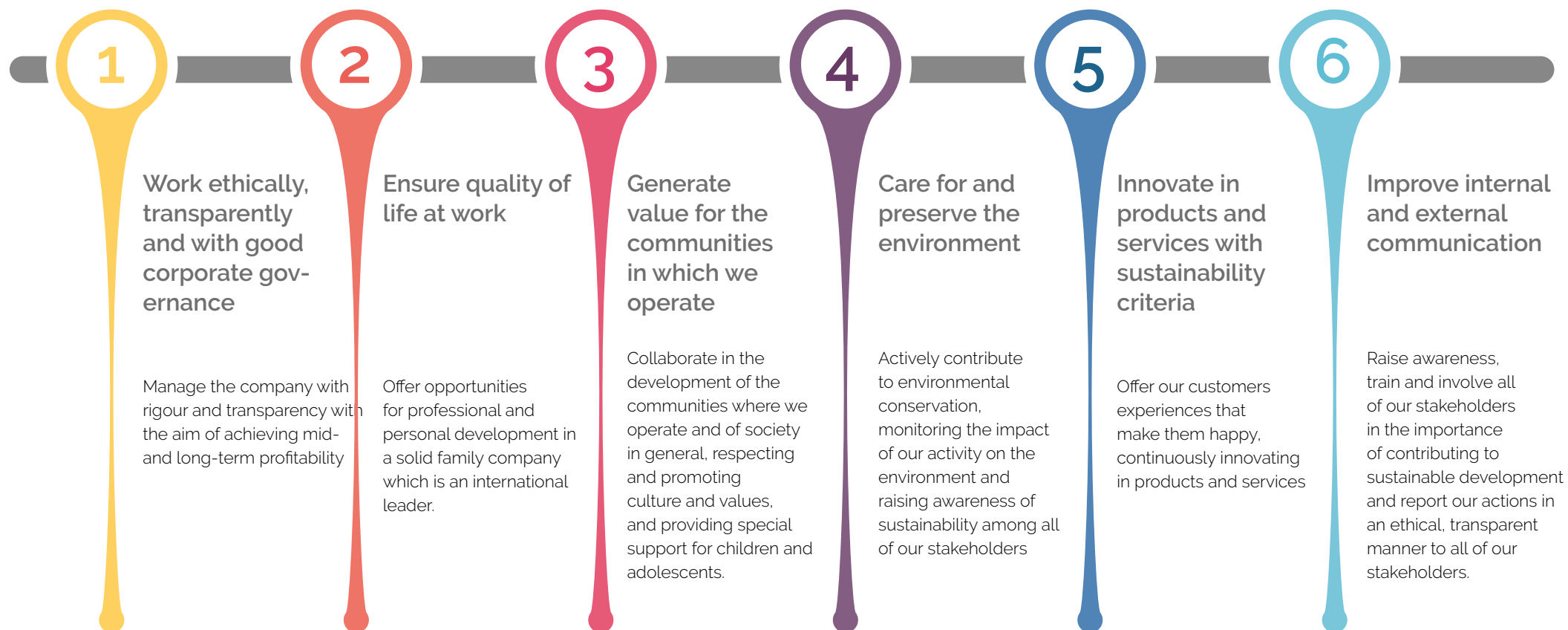
At Grupo Piñero we have made a commitment to strategic, cross-cutting and long-term sustainability, which began in 2014 with the approval of our Social Responsibility policy.

This year we have redoubled our efforts with sustainability and human rights, and we have aligned our Corporate Social Responsibility strategy with the United Nations' Sustainable Development Goals (SDG).

The basic principles that guide our strategy and upon which our Corporate Social Responsibility Policy is based are as follows:



Based on the above principles, we have set forth a 2014-2018 Strategic Plan that establishes and implements the following internal commitments:



3.2 THE CSR BODY, THE CSR BOARD

Our company's Corporate Social Responsibility strategy is managed through the CSR Board, which comprises senior management and owners. This is a cross-cutting element that drives sustainability and stakeholder relations.

3.2.1 Functions of the Corporate Social Responsibility Board

- Identify and guide the group's sustainability and corporate social responsibility policies, objectives, best practices, programmes and/or projects.
- Assess, monitor and revise action plans based on the commitments and

sustainability policies created by the group's executives.

- Periodically review internal control and management systems and the degree of compliance with objectives and implementation of sustainability policies
- Approve the Sustainability Report drafted on CSR issues.
- Communicate sustainability and social responsibility commitments, policies,

objectives and projects to the Group's Corporate Services Unit (CSU)

- Assess and approve the budget for the execution and implementation of actions, programmes and/or projects.

3.3 EXTERNAL COMMITMENTS

3.3.1 2017, International Year of Sustainable Tourism for Development

The United Nations designated 2017 the International Year of Sustainable Tourism for Development.



The World Tourism Organisation (UNWTO) has tried to raise awareness and encourage the travel and tourism industry to contribute to sustainable development.

This decision is a truly important milestone, as it coincides with the international community's adoption of the new 2030 Agenda and of the Sustainable Development Goals (SDG). In this regard, tourism features prominently in three of the SDGs:

- **GOAL 8**
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- **GOAL 12**
Sustainable consumption and production

- **GOAL 14**
Conserve and sustainably use the oceans, seas and marine resources for sustainable development

By signing the United Nations Global Compact in 2017, we are reinforcing our commitment to sustainability and to protecting human rights. Furthermore, we are including contributing to the Sustainable Development Goals in our Corporate Social Responsibility strategy, as well as the progressive implementation of the 10 Principles of the United Nations Global Compact.



3.3.2 Commitment to the 10 Principles of the Global Compact

Support for these principles of the United Nations Global Compact, which deal with human rights, labour rights, environmental protection and fighting corruption, is very important to us, as they are aligned with the principles and values of our corporate culture.

Our business model is based on sustainable management that allows us to meet the objectives we have set for ourselves in these areas.



HUMAN RIGHTS

1

Support and respect the protection of human rights.

2

Do not be complicit in violating human rights.

LABOUR

3

Support freedom of association and collective bargaining.

4

Support the elimination of all types of forced labour or labour performed under coercion.

5

Support the eradication of child labour.

6

Support the abolition of discriminatory practices.

ENVIRONMENT

7

Maintain a preventative approach that protects the environment.

8

Encourage initiatives that promote greater respect for the environment.

9

Promote the development and dissemination of environmentally-friendly technologies.

FIGHT AGAINST CORRUPTION

10

Work against corruption in all its forms.









3.3.3 Sustainable Development Goals

With the deadline of 2030, the Sustainable Development Goals (SDG) tackle humanity's major issues, such as hunger, poverty, inequality, access to water, energy and climate change from a global, cross-cutting perspective, where solving some problems will help solve others. These goals aim to put an end to poverty, protect the planet and guarantee the well-being of people. In this regard, they are a mandatory guide for all, and companies must contribute to achieving these goals through our activity.

At Grupo Piñero, we are committed to contributing to and implementing these objectives in our business management



3.4 2017 PERFORMANCE ANALYSIS

SDG AND GLOBAL COMPACT PRINCIPLES		MILESTONES REACHED
		Social Contribution €133,000
		Healthy Company Programme 2,297,811 euros invested in safe, healthy workplaces
	PRINCIPLE 1	177,045 training hours 60+ activities for employees on environment and social topics 100+ activities to disseminate cultural heritage
		14,740 employees , of whom approximately 90% are locals 95% of providers are based in the destinations in which we operate
	PRINCIPLE 8	Design of a 2020 Strategic Energy Saving Plan Energy audits in hotels in Mexico and the Dominican Republic Automatic facilities control and management systems
	PRINCIPLE 8	2020 Working Plan to Decrease Water Consumption Flow regulators in taps and showers
	PRINCIPLE 8	3,172 tonnes of recyclable waste
	PRINCIPLE 8	7 tonne reduction in CO2 released to the atmosphere











3.5 SUSTAINABILITY CERTIFICATIONS















Our business model is based on ensuring the company's economic viability and on continuously advancing in integrating environmental and social criteria into our business. Our objective is to work on integrating sustainable criteria, but we also want our manner of operating to be certified by external entities that are experts in the tourism sector.

We work with international certification entities backed by the Global Sustainable Tourism Council such as EarthCheck and Travelife. We have 11 hotels in the Caribbean that have been certified by Travelife and four hotels in the Mexican resort certified by EarthCheck. Also, we are currently implementing the sustainability criteria that apply to the GEO certification at the Riviera Maya and La Romana golf courses.



3.6 OBJECTIVES FOR 2018

SDG	GP OBJECTIVE	ACTIONS
Ethics, Transparency and Good Governance		
	Disseminate the SDG to employees- Integrate sustainability criteria	<ul style="list-style-type: none"> Carry out awareness raising sessions and disseminate the SDG to management teams
	Publish the progress report on the 10 principles of the Global Compact	<ul style="list-style-type: none"> Perform the progress report
	Disseminate the SDG to stakeholders	<ul style="list-style-type: none"> Write sustainability articles on our contribution to the SDG Lead 1 SDG at the Global Compact's Tourism Table Train employees
	Obtain 18 sustainability certifications (Travelife/EarthCheck)	<ul style="list-style-type: none"> Implement the required sustainability criteria
	Implement ethical principles	<ul style="list-style-type: none"> Approve the code of ethics
	Comply with applicable regulations	<ul style="list-style-type: none"> Develop a compliance model
Improve Quality of Life at Work		
 	Improve employment stability and quality of employment	<ul style="list-style-type: none"> Design and implement a training plan
	Implement diversity and inclusion principles, incorporating people with disabilities	<ul style="list-style-type: none"> Incorporate people with disabilities, women and young people at risk of exclusion
	Consolidate the Healthy Company Programme	<ul style="list-style-type: none"> Improvement plan in corporate offices and destination employee areas Carry out activities related to health in corporate offices and in destination
	Talent Management	<ul style="list-style-type: none"> Make progress in the executive development programme at BP hotels

SDG	GP OBJECTIVE	ACTIONS
Collaborate with Local Communities		
	Reinforce social contribution through alliances with public and private entities	<ul style="list-style-type: none"> • Begin a social development project in Samaná in collaboration with the Tourism Cluster and public authorities • Continue with the 5th generation of the Chance Project in Verón with other hotel chains (Dominican Republic). • Carry out social actions in collaboration with the Soco Community in La Romana (Dominican Republic)
Care for the Environment		
 	Reduce the rate of energy consumption by 4% in the hotel division.	<ul style="list-style-type: none"> • Implement good environmental practices • Training sessions on energy topics • Continue the gradual migration to LED technology
 	Reduce water consumption by 5% in the hotel division	<ul style="list-style-type: none"> • Implement good environmental practices in all departments • Training sessions on water topics
	Improve the recovery of recyclable waste in hotels by 20%	<ul style="list-style-type: none"> • Create collections centres • Provide training on waste management to all areas • Separation and accounting of waste
 	Decrease single-use plastics by 12%	<ul style="list-style-type: none"> • Commitment to eliminate single-use plastics by 2020 #Mejorsinplasticos • Eliminate plastic straws and disposable cups at all hotels
	Improve biodiversity management at Bahia Principe Hotels and Residential&Golf	<ul style="list-style-type: none"> • Promote native species • Improve information on and awareness of biodiversity
	Decrease carbon footprint by 2%	<ul style="list-style-type: none"> • Monitoring and analysis of energy and water consumption and emissions
Innovate in Products and Services		
  	Incorporate environmental, social and health criteria into products and services in the hotel and residential divisions	<ul style="list-style-type: none"> • Celebration of 14 world environmental and social days • Create a healthy food corner at DR hotels • Analyse the integration of renewable energy
	Generate trust among customers on CSR matters	<ul style="list-style-type: none"> • Awareness-raising actions

3.7 STAKEHOLDERS

Communication and dialogue are the basis of our relationship with stakeholders. We want to understand their needs and satisfy their expectations.

We believe it is important to have a proactive relationship based on consultation and dialogue with all stakeholders, especially with employees, customers and providers. The company carries out surveys of customers and employees, in addition to meetings and special events with employees and providers in order to understand their needs and expectations and initiate actions for continuous improvement designed to achieve their satisfaction and feeling of belonging.



COMMUNICATION AND RELATIONS WITH STAKEHOLDERS

EMPLOYEES	intranet, Piñero Magazine, employee portal, HR boards, activities and meetings and specific conferences with employees		
CLIENTS	TRAVEL DIVISION	HOTEL DIVISION	RESIDENTIAL&GOLF DIVISION
	<ul style="list-style-type: none"> • Customised visits to travel agencies and tour operators that outline the clients' needs and expectations and facilitate information on the products and services we offer • Specialised websites for Travel Agencies • Call Centre to provide service to travel agencies • Specific meetings and conferences aimed at travel agencies and tour operators • Attendance at specialised trade shows, where meetings are held with travel agencies and tour operators • Publications and communications through the written press and social media on product and service offers, as well as news. 	<ul style="list-style-type: none"> • Social media, online and written satisfaction survey, responses to complaints and suggestions 	<ul style="list-style-type: none"> • Property owner service • Attendance at specialised trade shows • Publications and communications through the written press and social media on product and service offers, as well as news.
END CUSTOMERS	<ul style="list-style-type: none"> • Online satisfaction surveys for customers staying at Bahia Principe Hotels & Resorts. • Personalised guide services at the final destination, where all customer complaints and suggestions are heard, and which provide personalised information on our services, the destination and hotel service. • Information and complaint and suggestion points at all hotels in the Hotel Division, customer service at Coming2 in all services and owner services in the Riviera Maya and La Romana residential developments. • Communication through social media in all company Divisions: Facebook, Twitter, Instagram, LinkedIn • Publications and communications in different media outlets (television, written press) 		
PROVIDERS	Collaboration meetings, surveys, dissemination of sustainability policies, as well as dissemination of the Sustainability Report		
LOCAL COMMUNITY	Ongoing dialogue with local communities is part of our commitment. It is the most practical way to detect needs so as to guide social investment actions and/or projects. This commitment is reflected in the Social Action Procedure approved in 2016.		



Our way
of doing things implies
a devotion to people and
absolute respect for their
environments. Like the big family
we are, we want to leave behind
a grand legacy and for our way of
doing things and of conceiving
business to slowly become
a reference for all.



Grupo Piñero

4. OUR SOCIAL COMMITMENT

4.1 OUR COMMITMENT TO EMPLOYEES

We have an important objective: for all employees to be able to grow professionally and personally within the group. To do so, we develop training plans, promote fair, equitable treatment and create safe and healthy workplaces.



United by a common objective: to be and make people happy



We are aware that our solid, sustainable growth is based on the more than 14,000 people who work at the company. Therefore, we are firmly committed to managing people in a socially responsible manner, applying policies that guarantee professional and personal growth, safe and healthy workplaces, fair and equitable treatment and that promote integration into the business project.

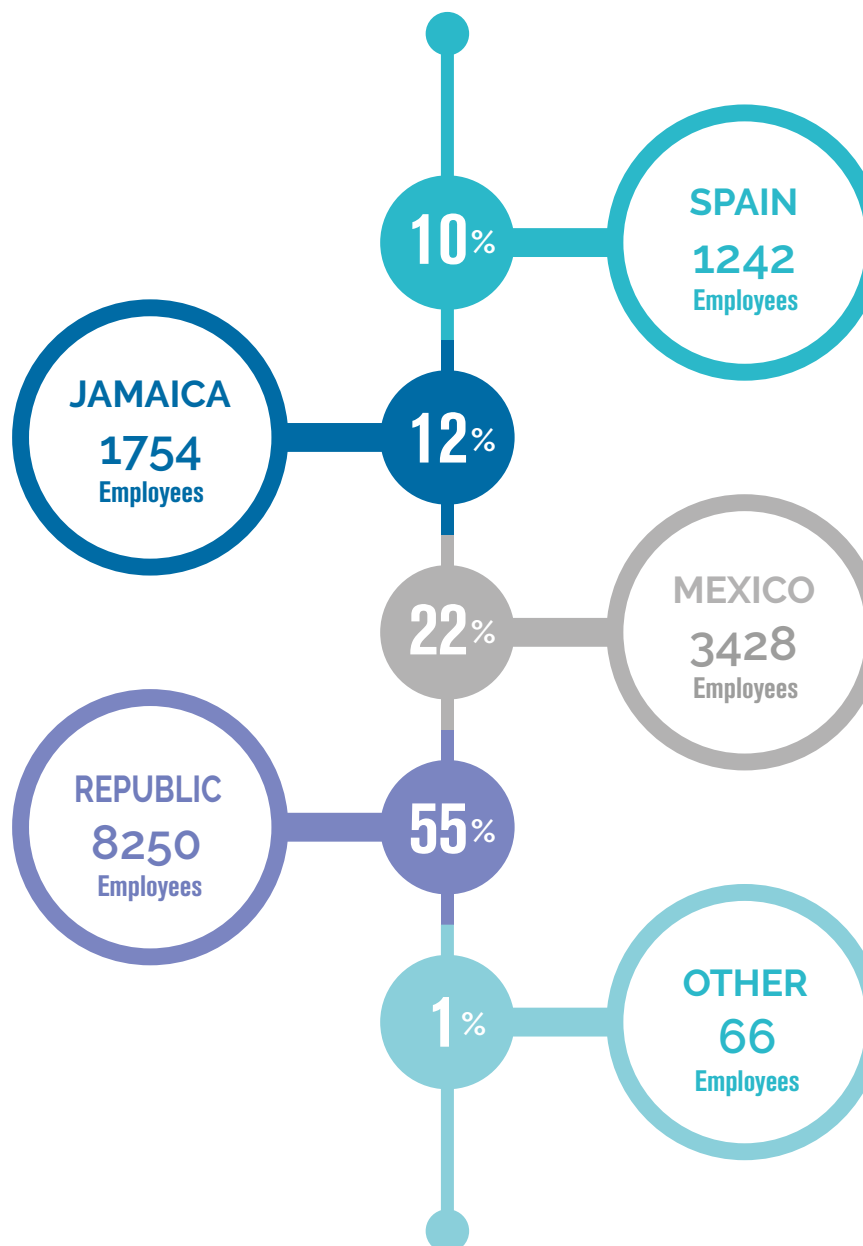
Direct employees GRUPO PIÑERO



14,740
EMPLOYEES

* The number of employees who received training and support was 14,740

* Average 2017 workforce



Workforce GRUPO PIÑERO

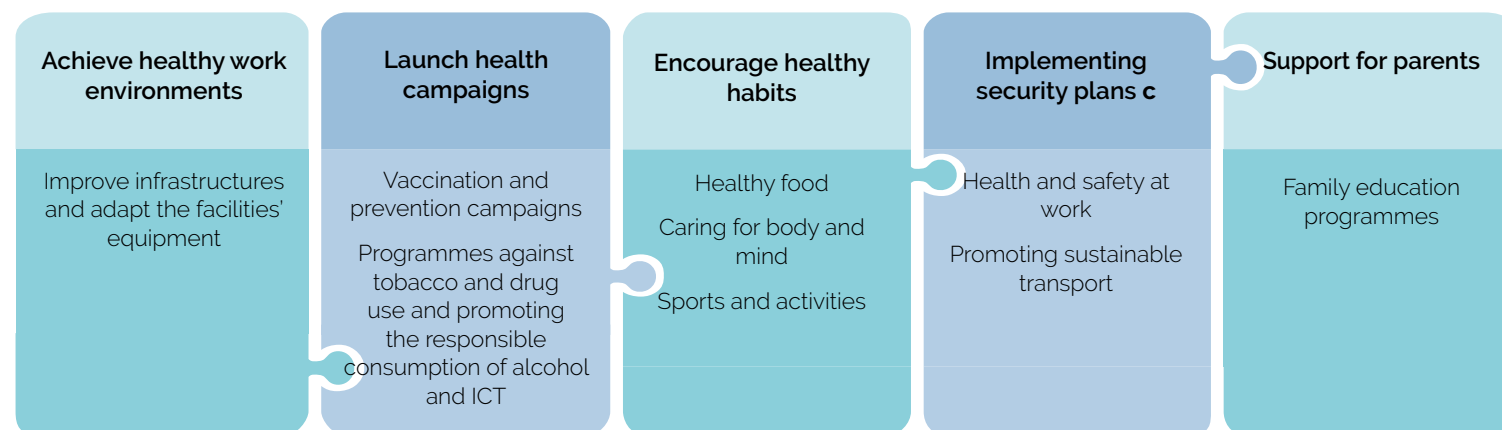


95%
INDEFINITE-TERM
CONTRACT

“Healthy Company” Programme

As part of our commitment to making progress with our employees in health and safety matters, we have been working on the “Healthy Company” Programme. Started in 2016, the programme's purpose is to contribute to the physical, mental and social well-being of our employees and their families.

Our lines of work:



This year, we've continued to work on:

- The adaptation of safe and healthy workplaces, for which we have invested over €2,297,811 in destinations in the Caribbean.
- Dedication to promoting healthy lifestyles for our employees and their families, investing 11,300 hours in actions across all destinations.
- Nutrition training at our Mexico hotels, over 100 attendees
- Designing healthier menus for our employees at our hotels in Mexico.
- Holding football championships at our Mexico and Bávaro resorts.

- Carrying out yoga workshops at our central offices and at the Mexico resort
- Bringing 100% organic fruit and vegetables to our workplaces, KMO at the corporate offices, through the Yocomoeco programme, which launched in 2016.
- Workshops to provide support for mothers and fathers, 14 hours divided into seven workshops at the corporate offices, in which a total of 20 participants enrolled.

This programme is in synch with our company's strategic objectives of putting people at the centre of the organisation, seeking their happiness. This allows us, in turn, to increase communication and

relationships among the people that participate in the programme.



Invested in
SAFE AND HEALTHY
WORKPLACES



2,297,811
EUROS

Training

Development opportunities for our employees are aligned with our growth as a company.

We offer our employees training plans so that they can actively participate to drive their qualification and internal mobility.

In 2017, we've worked on:

- **Awareness-raising meetings on sustainability.** As a way of raising awareness on sustainability topics, over **60 training sessions have been carried out**
- Environmental and social awareness-raising activities aimed at all of our employees, such as: Water Day, Children's Day, Day of Happiness, etc.
- Over 177,045 hours of specific training, 2% more than in 2016.
- Annual conferences in the Hotel and

Travel Divisions.

- Bahia Principe hotels conference, held at the La Romana Resort with a total of 50 participants
- Soltour-Coming2 conference, held at the Palma Aquarium, with a total of 150 participants
- Raising awareness among thousands of employees by celebrating six international environmental days and seven international social days
- This year, **432 social actions were carried out** with employees in which almost the entire workforce participated.



Annual Hotel Division conference



Annual Travel Division conference

Training in health, safety and sustainability



53,218
HOURS

Specific TRAINING



177,045
HOURS
2%
more than 2016



Training at corporate offices



Employees-International Day of Happiness

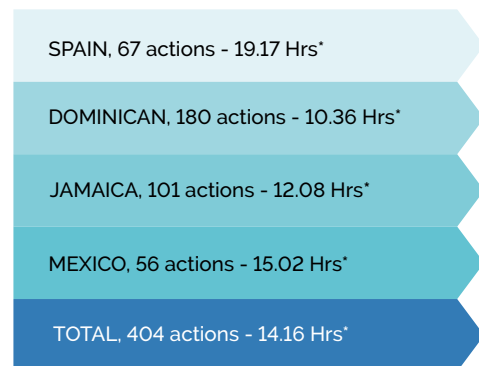


Healthy company



Training sessions at Cayo Levantado

Hours of training by country



* Average hours of training per employee



TALENT MANAGEMENT

In 2017, there were **721 internal promotions**, which means that 5% of our employees have grown professionally at our company.

Attracting Talent

Qualifying and developing our talent is as important as giving opportunities to people who wish to join a company that is constantly growing and has a global reach.

We have an **Executive Development Programme** designed for people who want to start to work and grow in the hospitality industry.

Twenty-two people have participated this year, of whom 12 have joined the company in managerial positions.

Another way of offering opportunities to young university students is our internship programme and agreements with different universities and secondary schools around the world, in order to facilitate their employment in the tourism sector.

Integration and diversity

We see ourselves as a multicultural company; we're an international company and therefore have employees from different countries, cultures, religions, ages and genders. We believe that cultural diversity offers our company a great opportunity for success, because we are convinced that

when cultural diversity is used correctly it strengthens the company's culture. It allows us to understand other points of view, other approaches, other cultures, with all of the advantages that come with that.

- **90 % of employees are local (Dominican Republic, Mexico, Jamaica and Spain)**
- **In Spain, the number of women in the workforce is greater than the number of men**

- **Women make up 54% of the Corporate Services Management Committee (CSU).**

Social-labour integration

Once again this year, we have worked with the ADECCO Foundation to implement the Family Plan, where four employees' families benefit from this initiative. Family members with disabilities receive professional support from a young age to promote their social and work integration.

Additionally, we work with other foundations like Sifu and Coordinadora to contribute to the development and labour integration of people with different abilities.

Moreover, we are attentive to work opportunities for groups at risk of exclusion. Through the Chance project, in partnership with other hospitality companies, we work to activate a project focused on promoting the employability and social-labour integration of young people at risk of exclusion by improving their skills and abilities beyond theoretical/practical training.

Employees

- Work climate surveys have been administered in our hotels in Mexico and the Dominican Republic and an action plan created based on the results.



4.2 OUR COMMITMENT TO THE LOCAL COMMUNITY

One of the objectives of our Corporate Responsibility strategy is to maintain active relationships with the communities in which we operate and to contribute to the local development of said communities. Through responsible partnerships with foundations, associations, NGOs and the collaboration of employee volunteers, the company is working to maximise its positive impact and generate shared value with initiatives that meet our commitments set out in the Social and Cultural Policy.

We partner with the communities in which we operate, promoting culture and participating in their economic development



Human and Children's Rights

As a company that carries out its activity in the Caribbean, we are committed to ensuring compliance with local, national and international legislation, protecting the community from any type of abuse or harassment and guaranteeing human rights are respected. This year, we approved our Human Rights Policy.

At Bahia Principe hotels, we've developed mechanisms to **detect and report child commercial sexual exploitation**. In 2013 we signed on to the ECPAT Code, which is a Code of Conduct to protect children within the tourism and travel industry.

This year, we've carried out communication and awareness-raising activities aimed at:

- Training thousands of Bahia Principe Hotels & Resort employees at 8 resorts and all levels, both managerial and operational.
- Disseminating our commitment to thousands of guests through our sustainability letter, which is on display at the reception desks at all hotels.

Local Personnel

As a way of directly contributing to the development of the local community, we are committed to prioritising the hiring of local personnel

Our workforce is made up of 90% local employees

Dialogue and contribution

We are aware that we must be an active actor, positively contributing to **the development of the local communities** where we operate, carrying out social actions to improve quality of life, clearly respecting the local culture, and providing direct incentives for communities, all by maintaining continuous dialogue with them.

In 2017, we contributed by investing 133,000 euros, an 8% increase compared to the prior year.

2017 Investment IN EUROS



133,000
€

8%
more than 2016

Some of the most relevant projects in 2017:

Dominican Republic

► Chance Project

In partnership with Barceló Hotels & Resorts, Majestic Resorts, Iberostar Hotels & Resorts and RIU Hotels & Resorts, in 2016 the third and fourth round of the Project took place. This project offers a training programme for young people at risk of exclusion from the communities of Verón and Bávaro.

► The Nuestros Pequeños Hermanos de San Pedro de Macorís Orphanage

For the fifth year running we partnered with the children's home Nuestros P Hermanos de San Pedro de Macorís by donating basic foods and offering an int programme for young people who have finished their secondary studies, which is out at the Grand Bahia Principe La Romana hotel.



Cleaning up the streets of Chemuyil (Mexico)



Painting the Chemuyil school



Majorca hotels collaborating with Operación Kilo



Fellowship day with the Nazaret Foundation (Majorca)

Mexico

► Mi último deseo

In a partnership between all of the Grupo Piñero companies with the NGO "Mi último deseo", the children spent a few days as guests at our hotel; they were received by our executives and by a very fun group of clowns. During their stay, they carried out a series of activities coordinated with the EcoBahia Foundation.

► The road to school. The hotels donated 20 bicycles to children in the community for the Tenochtitlan Primary School and the Tres Reyes Rural School on the outskirts of Cancún, Quintana Roo.

► 5K race: together with the EcoBahia Foundation, a 5K race was held in which 290 Bahia Principe employees participated to promote sport and a healthy lifestyle. The registration fee was donated to the "Empieza por México" association in support of those affected in Oaxaca

► Charity golf tournament to benefit TravelBands.

Volunteering

► Painting schools in Chemuyil

Two volunteering activities were carried out to paint schools in Chemuyil

1- Grupo Piñero executives, including our Vice President of Marketing and Communications, Isabel Piñero, helped paint the Chemuyil nursery school

2- Bahia Principe employees, together with students, painted the Chemuyil school

► Cleaning up the streets of Chemuyil

Our employees from Bahia Principe and the EcoBahia Foundation cleaned the streets of Chemuyil, a town close to our resort.

► Eco Bahía Foundation - Collaboration

In collaboration with the EcoBahia Foundation, we have continued to carry out environmental activities in the local communities, schools and with customers, commemorating international days, cleaning up beaches, reforestation activities, cleaning up parks in Chemuyil and ecological tours.

Jamaica

► Spain-Jamaica Foundation

As members of the Spain-Jamaica Foundation, Grupo Piñero-Bahia Principe again participated in the projects the Foundation carried out this year

► St. Ann's Bay Hospital

Managers and personnel at Bahia Principe Jamaica have continued to volunteer at hospital's Paediatrics unit in 2017. Their volunteering work began in 2011.

Spain

► Sonrisa Médica

Grupo Piñero maintained its cooperation agreement for the fifth year in a row with Médica. This organisation's objective is to transform the healthcare environment through humour.

► Collaboration with Mallorca Sense Fam

For the fifth year in a row, Grupo Piñero has maintained its collaboration with Mallorca Sense Fam, an association that assists families in need by delivering food.

► Collaboration with the Mula Town Council

For the sixth year in a row, Grupo Piñero has made an economic contribution aimed at people in situations of social emergency in the town of Mula.

► Fellowship Day with the children of the Nazaret Foundation, which is attended by the children of Grupo Piñero families.

► Collaboration with Poción de Héroes in the Arrixaca Hospital in Murcia and the Son Espases Hospital in Palma de Mallorca



Donation of books in Spanish, Jamaica



Inauguration of Casa Maya at Mexico resort

In 2017
WE CARRIED OUT



100+

Activities to promote
cultural heritage

► DONATIONS

- of stays at our hotels for charity associations
- books from Scuba, Tropic One and Turiscar, to the Chemuyil school in Mexico
- material from our hotels to different associations, NGOs and foundations

► OTHER PARTNERSHIPS FOR CULTURAL PROMOTION

- Support for local artisans through markets at the Bahia Principe Hotels & Resorts
- Themed parties at the destination to promote gastronomy and folklore
- Representation of cultural traditions such as the Day of the Dead at the Bahia Principe Riviera Maya resort
- Promotion of excursions that showcase the area's natural and cultural richness.
- Colaboration with the Palma 365 Foundation to promote Majorca

► OTHER ACTIONS WITH AN IMPACT ON THE LOCAL COMMUNITY

Participation in business organisations and associations, such as:

- Ehib (Hospitality School of the Balearic Islands)
- Hotel Federation of Majorca (FEHM) - Group of Hotel Chains (ACH)
- Family Business Association (ABEF)
- Association for Management Progress (APD)
- Association of Hotel Investors in the Caribbean (APD)
- United Nations Global Compact (UNGC)
- Tourism Cluster of Samaná



Donation of sports equipment



Cleaning a freshwater well



Commitment to the Poción de Héroes programme

4.3 OUR COMMITMENT TO PROVIDERS

One of our objectives is to create long-term relationships with our providers. In recent years, we have maintained relationships of trust, affection and respect with them, where all parties benefit; relationships based on ethics, respect and joint growth.



We maintain relationships based on trust, affection and respect for providers, on an equal standing, where we all benefit from ethical treatment and joint growth.



HOTEL DIVISION

Responsible procurement criteria In 2016, we approved our Goods and Services Procurement Policy, which has helped us incorporate responsible, sustainable criteria into the procurement process. This has encouraged the selection of providers with sustainability, quality and environmental certifications and the procurement of services and materials that are as environmentally friendly as possible, and that are manufactured under fair conditions.

Raise awareness among providers

Including sustainable criteria in our operations leads us to convey and share with our providers our commitments in terms of sustainability, especially our commitment to the environment, our concern for the development of local communities and our commitment to defending human rights.

Sustainability Policies communicated to 95% of our providers

Decreased waste

We are in a process of dialogue with

providers in order to meet our objectives in terms of future waste reduction and of eliminating single-used plastics progressively by 2020. Another milestone reached is the purchase of bulk products, thereby eliminating products in small portions.

who share our commitment to the development of local society in order to carry out joint projects.

Dialogue with providers with a social impact

We have begun a dialogue with providers

This year we have continued to:

- Purchase high energy-efficiency appliances such as televisions, mini bars, air conditioners, lights, etc.
- Choose bulk products
- 95% of products purchased in Jamaica are fair trade and new fair trade products have been added in Mexico
- Prohibit the purchase of species in closed season
- Purchase biodegradable products (cutlery, plastic straws, bags, etc.) at our Mexico resort
- Progressively replace lights with LEDs in our hotels and offices
- Purchase from providers based in the destinations in which we operate and that have environmental quality certifications,

or that are committed to Corporate Social Responsibility.

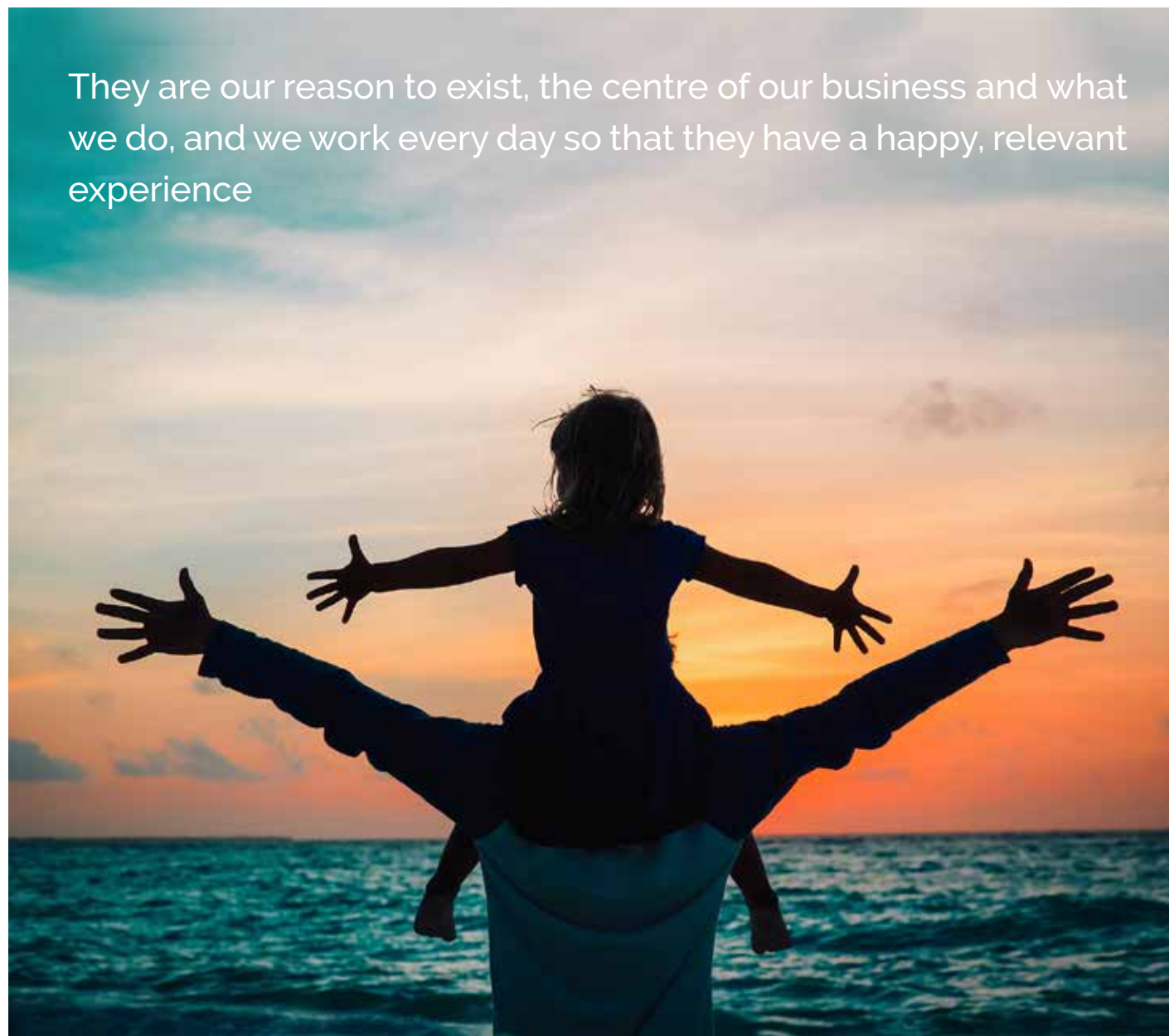


4.4 OUR COMMITMENT TO CUSTOMERS

We are known for our clear customer orientation. We work with an internal service quality management model in order to generate added value and satisfy our customers.



They are our reason to exist, the centre of our business and what we do, and we work every day so that they have a happy, relevant experience



Our company has different kinds of clients and customers, according to the different divisions that comprise the company:

- **Travel agencies**
- **Tour operators**
- **End customers**
- **Property owners in the Residential Division**

Our guiding principle is continuous improvement in our services, and we work every day to exceed our clients' expectations and achieve their full satisfaction.

Customer service quality

Our company's Innovation and Quality Department works to maintain service quality, in order to achieve full customer satisfaction. The Corporate Quality Policy sets forth our principles and commitments in this area. Said commitments are further detailed in the Group's sustainability strategies, which establish continuous improvement objectives.

Tools for measuring service

At Grupo Piñero, we have the following tools for measuring service

- Survey system
- Suggestions, complaints and claims system
- Other internal management instruments (control audits)

Survey system

Hotel Division

We have implemented a survey system to study our customers' degree of satisfaction. The 2017 results were:

- Average Global Review Index satisfaction index: 86.7%
- Internal surveys: 79.7%
- Net Promoter Score: 24%

This year, we received 177,201 surveys from our customers, of which 60% had a favourable result. Additionally, the reviews received online were higher, at 83%.

This year, we initiated a project that will be launched in January 2018 which will administer in-house customer satisfaction surveys in order to study the customer's degree of satisfaction while they are enjoying their stay. The satisfaction survey will be sent through the app, and customers will be given the option to report issues so as to solve any incidents in-house. The objective is to learn customers' degree of satisfaction before their holiday is over

Travel Division - Soltour

In our Travel Division, we have begun a project that will provide a daily analysis of the post-stay satisfaction survey in order to contact customers who reported issues. The objective is not only to learn their degree of

satisfaction, but to also detect critical points, analyse problems and introduce continuous improvement as a differential feature of our company.

Complaints and claims system

Grupo Piñero acts with due diligence when customer complaints and claims are received. We have a complaints and claims department that covers all divisions of the company through procedures approved at corporate level. To that end, different channels have been provided that:

- Record and measure the number of suggestions, complaints and claims we receive
- Assign a person responsible for resolving and responding to all suggestions,

complaints and claims. These people vary based on the different businesses that comprise the company

- Evaluate the causes and obtain a resolution to claims
- Provide feedback to the customers with regard to the solution and treatment given the type of claim
- Analyse results and propose plans for improvement



Other Internal Management Instruments

We perform internal audits of our facilities and services, and we analyse complaints and suggestions from all customers in order to detect critical aspects and design action plans that enable us to advance in the provision of our services.

► Hotel Division Audits

Ongoing internal audits are carried out through the Quality Department in all hotels which cover aspects of all services.

Compared to the prior year, in 2017 more audits were carried out in Mexico at the

Country	2016	2017
Mexico	540	1,654
Dominican Republic	776	1,727
Jamaica	228	195
Spain	512	538
Total	2,056	4,114

request of senior management. Additionally, the Quality team has supported the department heads in their action plans to improve how incidents are treated and to deal with the problem from its root; thus, we ensure that incidents decrease.

The average grade obtained this year was an 81.1, which represents an increase of 1.83% compared to last year.

► Audits in the Travel Division and Other Businesses

In addition to performing internal audits once a year of all services in the Travel Division and the company's other divisions, this year, all customer service procedures were reviewed.

One notable achievement in the Quality and Innovation area is that in the Travel Division (outbound and inbound), Soltour and Coming2 have begun to work together in order to design more efficient and effective action plans based on the results obtained in the customer service department.

► Health and Safety - Hotel Division

In the Hotel Division, we apply the necessary techniques to control and eliminate factors that pose a risk to the health of our customers and employees.

Hygiene and analyses are critical in pools, the water and ice consumed by our customers and well and reservoir controls, applying corrective and/or preventative measures to any critical points detected.

Hazard Analysis and Critical Control Points

We perform an exhaustive control over the entire food chain to offer the best product. We have an extensive system of analyses and critical points that have been implemented at the hotels, which allows us to guarantee to our customers that our food service is safe and of the highest quality.



4.5 OUR COMMITMENT TO INNOVATION

As a tool to obtain competitive advantages, we integrate innovation into all of the Group's divisions, focusing on introducing sustainability criteria as a way of creating added value for our products and services.



Milestones reached

- The big news for 2017 was the opening of the **Luxury Bahia Principe Fantasia Don Pablo Collection hotel** at our Bávaro resort. The hotel is unique in the chain in offering a wide range of entertainment and facilities based on the world of magic and fantasy, for all members of the family to enjoy. For example, it boasts three castles and their shows, as well as a wide range of entertainment for children in the Kids Club with the Bahia Scouts.



- Sustainability has arrived in the golf division with **electric carts**. True to our strong commitment to innovation in products and services and to sustainable development, we have acquired a new, logical mode of transport that will get people around comfortably and quickly. "The greatest innovation in this vehicle are its batteries, which are lithium instead of lead, a very important advance".



- Launch of the **We Wellness Experience** programme, which combines sport and wellness offerings so that our guests at Luxury Bahia Principe Samaná Don Pablo Collection can have an authentic experience and return home renewed and rejuvenated.



- New restaurant concept: **Mashua**. The Mediterranean cuisine restaurants at the Bávaro and Riviera Maya resorts are reinventing themselves to offer a new gastronomic experience, Nikkei cuisine (a fusion of Peruvian and Japanese gastronomy).



- The most exclusive real estate project arrives in Riviera Maya, **Kaan-Ha, a group of apartments** in the best location of the residential complex, a space that blends nature with luxury and elegance.

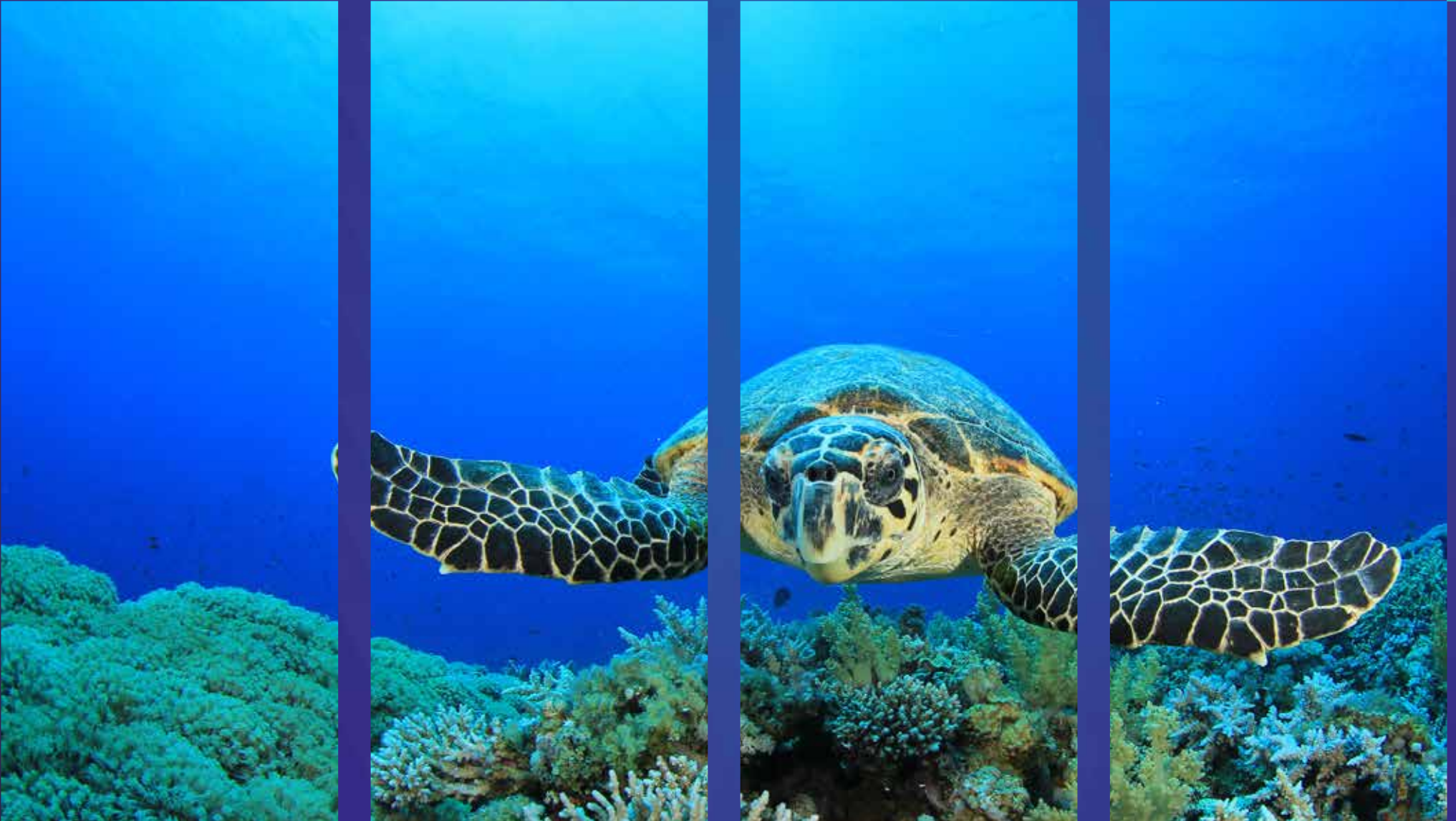


- Our tour operator offers two new destinations to spend a unique holiday with the quality guarantee of a brand like Soltour, **Sardinia and Sàidia**.



- A new loyalty programme is being launched for guests of Bahia Principe Hotels & Resorts who make their reservations through the Bahia Principe website or its call centre. Its name is **My Bahia Principe** and it was created as a community for those who like to enjoy every minute and every experience at our hotels. Because, as its slogan says: Happiness always comes back.





Grupo Piñero

5. OUR ENVIRONMENTAL COMMITMENT

We undertake to improve energy, water and waste management, and to actively take part in conserving the rich biodiversity at all the destinations where we operate through our different companies.



Since our Corporate Social Responsibility programme was launched in 2015, we view the environment as a fundamental element of our corporate strategy. Since then we have become aware of the importance of lessening the impact of our activity on the

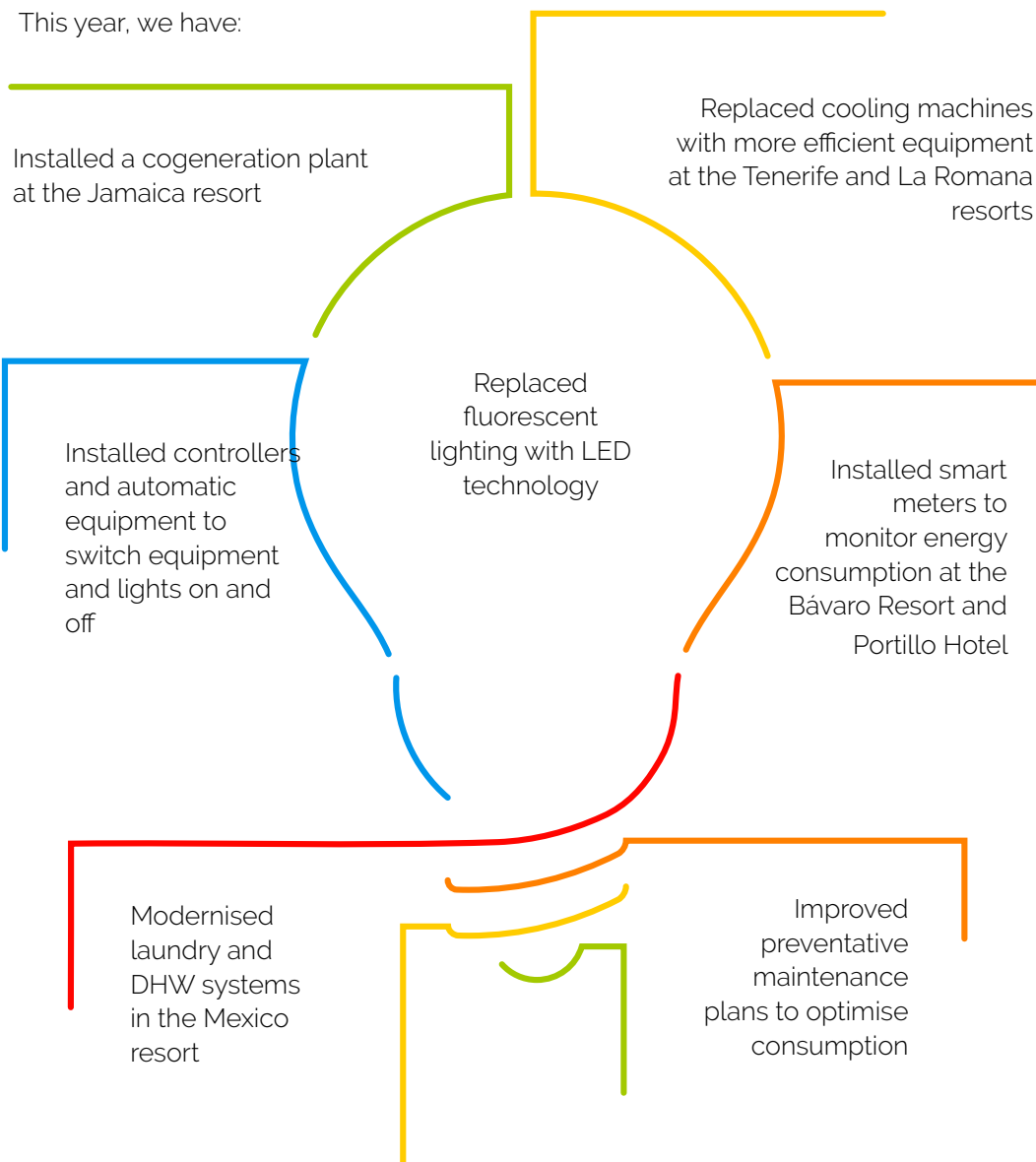
environment, constantly pursuing sustainable resource use.

In 2017, we have worked to actively contribute to the United Nations Sustainable Development Goals (SDG), mainly through the four fundamental areas of Energy, Water,

Waste and Biodiversity, carrying out actions in each area.

ENERGY

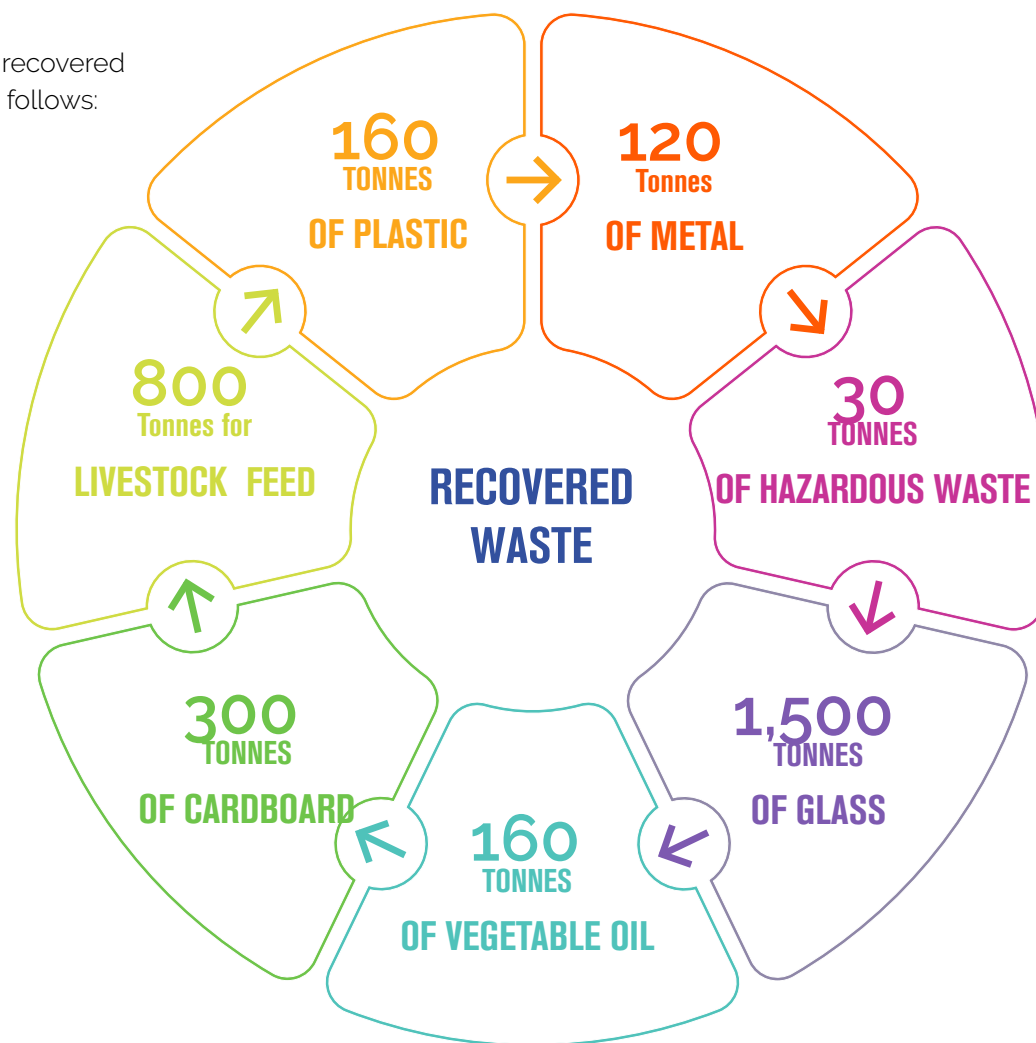
In this regard, Grupo Piñero is aware of the importance of reducing the greenhouse gas emissions generated through our day-to-day operations and, therefore, we have implemented a strategy to make our energy consumption more efficient and sustainable.



WASTE MANAGEMENT

This year has been a period of growing and refining our waste management system. The results have been very satisfactory, as recovered waste has increased significantly: over 300% compared to 2016, when the programme was launched. Of particular note is the significant improvement in the recovery of hazardous waste and used vegetable oil.

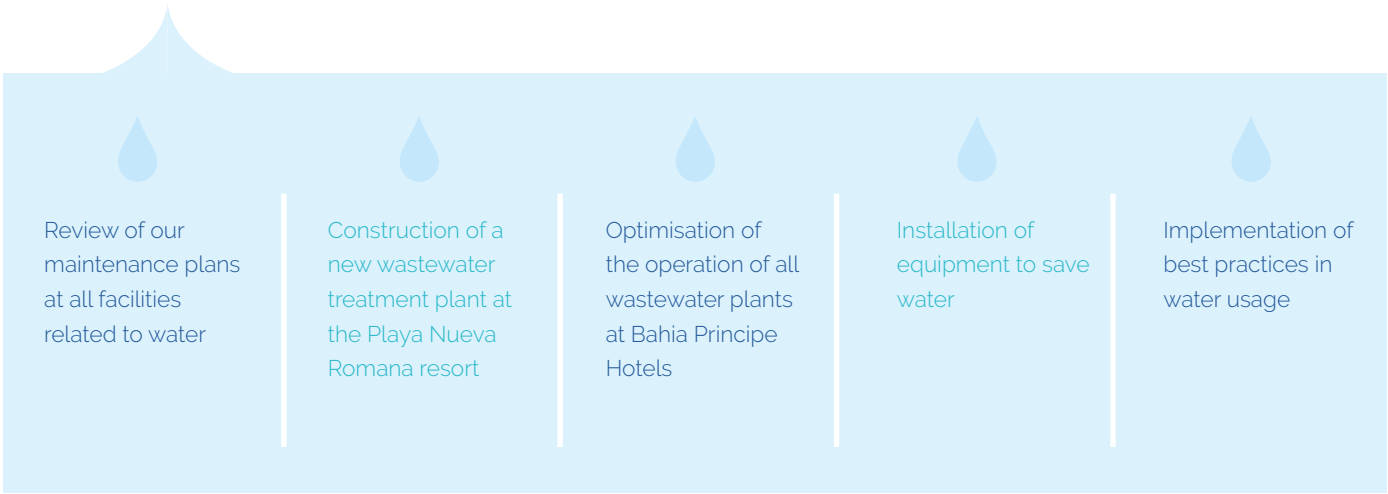
The data for recovered waste are as follows:



WATER

The adequate management and treatment of water is extremely important to the development of the tourism industry and is one of the company's strategic resources. In this period, we have promoted measures to save water and improve the treatment of post-consumption water. The actions are summarised as follows:

The following actions were carried out:



BIODIVERSITY

Our strategic lines include working respectfully with species and their environments, promoting actions to conserve and improve habitats.

In 2017, we have focused on:

Planting native species in the landscaped areas of our hotels to promote local biodiversity



Partnering with local associations to **conserve species and habitats** in our environment

Planning purchasing with respect for closed seasons and **sustainable fishing criteria**

Identifying species with invasive potential and planning their eradication



The basis of our corporate social responsibility strategy is improved internal and external communication of our commitments, as well as increasing awareness of the main environmental problems in the sector and the influence of each individual on those impacts, proposing best practices in an individual manner so as to reduce said impacts and promote the sustainable management of resources.



This year, we've worked on:

- Training thousands of employees in all Divisions of the Group, mainly at Bahia Principe Hotels & Resorts, in implementing good environmental practices through specific training, operational practices and activities aimed at celebrating the international environmental days established by the company: International Reducing CO2 Emissions Day, World Water Day, Earth Hour, World Environment Day, Global Recycling Day, International Coastal Cleanup Day.
- Communicating to millions of customers that Bahia Principe

Hotels & Resorts uses sustainability as a tool for change at its destinations and that they are a part of it. To do so, activities were carried out to commemorate international days at all of our hotels. A video was designed with environmental tips — Ecotips — and installed on the room TVs and the screens in the different hotel reception areas.

Our environmental goals for the future are:

- Promote the use of renewable energy
- Continue to replace obsolete equipment to optimise energy efficiency
- Continue to implement cogeneration at our industrial facilities
- Install smart devices to monitor consumption
- Use our organic waste to produce energy and achieve 0 waste
- Use cooking oil to generate biodiesel
- Reuse some waste as construction elements in future developments
- Continue to reduce water consumption at all of our facilities
- Reuse the greywater from our projects
- Implement technologies for more sustainable water management
- Modernise all of our wastewater treatment plants
- Reuse treated water for secondary uses
- Participate in actions to offset our emissions
- Create our own spaces to grow native plants
- Establish synergies with active groups and local associations to implement common conservation projects



Grupo Piñero
6. RECOGNITIONS

SUSTAINABILITY CERTIFICATIONS

As a pioneering group, we continue to maintain the most prestigious international quality and sustainability recognitions given in the tourism sector.



<i>Dominican Republic</i> Punta Cana, Bávaro			
Grand Bahia Principe Punta Cana *****	✓		
Luxury Bahia Principe Ambar *****	✓		
La Romana			
Grand Bahia Principe La Romana *****	✓		
Samaná			
Grand Bahia Principe El Portillo *****	✓		
Grand Bahia Principe Cayacoa *****	✓		
Luxury Bahia Principe Cayo Levantado ***** GL	✓		
<i>Mexico</i> Riviera Maya			
Grand Bahia Principe Tulum *****	✓	✓	✓
Grand Bahia Principe Coba *****	✓	✓	✓
Luxury Bahia Principe Akumal *****	✓	✓	✓
Luxury Bahia Principe Sian Ka'an *****	✓	✓	✓
<i>Jamaica</i> Runaway Bay			
Grand Bahia Principe Jamaica *****	✓		

OTHER FEATURED RECOGNITIONS

Prizes Honouring Mr Pablo Piñero



- Mr Pablo Piñero, our chairman and founder, received the **CIMET Medal**. This recognition was received by his daughters, Isabel and Encarna Piñero, during the International Tourism Fair in Madrid (FITUR).
- Accompanied by Carlos Rosique, Soltour Delegate in Valencia, Ms Isabel García and Isabel Piñero attended the 4th World Travel Agencies Summit to receive the **Matilde Torres** award posthumously for our chairman and founder Mr Pablo Piñero, for his career in the sector at the head of leading companies such as Soltour and Bahia Principe.
- The Tourism Promotion Institute of Majorca awarded the **Gold Medal** to our founder Mr Pablo Piñero, in recognition of his personal and professional career in the tourism sector of Majorca. The prize was received by our CEO Encarna Piñero, who was accompanied by several family members.



- We have received seven of the most important TripAdvisor awards thanks to our guests' reviews. The famous review site TripAdvisor has released the **Travellers' Choice** awards.

This year, we obtained a total of seven awards for the following Bahia Principe hotels:

In the all-inclusive category in Spain:

- Sunlight Bahia Principe Costa Adeje (no. 8).

In the international all-inclusive category:

- Luxury Bahia Principe Cayo Levantado (17).
- Luxury Bahia Principe Samaná (18).

In the all-inclusive category in the Caribbean:

- Luxury Bahia Principe Cayo Levantado (no. 2).
- Luxury Bahia Principe Samaná (no. 3).
- Luxury Bahia Principe Esmeralda (no. 21).
- Grand Bahia Principe El Portillo (no. 22).

- We continue to maintain our level of excellence and 12 of our hotels receive the **TripAdvisor Certificate of Excellence**.

- Bahia Principe Hotels & Resorts received the **ADOTUR prize** from the Dominican Association of Tourism Broker Companies (Adotur) and Banco Popular Dominicano, as the best hotel chain of 2017. This was the first year the awards were held.

- Our golf course at the Riviera Maya, Riviera Maya Golf Club, was named the Best Golf Club in Mexico and Central America by the prestigious magazine Golf Digest. In its Editor's Choice 2017 ranking for **'Best golf resorts of the Americas Mexico/Central'**, our golf course is at the top of the list. This is great news for the group, given that Golf Digest is a very well-known magazine in the international golf world.

* American tour operator APPLE VACATIONS recognised Bahia Principe with seven **Golden** awards and chose Luxury Bahia Principe Fantasia as the best family hotel in the Caribbean with its **Crystal Award**

Blue Flag



The beaches at the Bahia Principe Hotels & Resorts in the Dominican Republic have once again been awarded the Blue Flag, specifically, the beaches at Cayo Levantado Don Pablo Collection, Grand Bahia Principe El Portillo, Grand Bahia Principe San Juan, Grand Bahia Principe La Romana and our Bahia Principe Bávaro resort.



Clean Beaches

For the ninth year in a row, the beach at the Grand Bahia Principe Tulum hotel obtained the Certified Beach accreditation awarded by the Mexican Standardisation and Certification Institute.



