

SUSTAINABILITY REPORT 2017

1- Business Sustainability

At Apartamentos Talayot we offer global accommodation experiences and services with criteria of excellence, responsibility and sustainability. As a family business, we want to contribute to a better world.

From the point of view of the integration of sustainability in the value chain, the company raises its sustainability strategy as the backbone of the business, transversally throughout its entire value chain in order to meet the expectations of our interest groups.

The integration of sustainability implies, in many cases, addressing new ways of collaborating with suppliers and owners, of relationships with customers, employees and society in general.

Our Mission is to be a company committed to the satisfaction of our customers, offering them a unique experience and excellence being our priority.

We develop our activity in a setting of commitment to society and respect for the environment.

Our Vision is to work to achieve the satisfaction of the needs and expectations of our guests, always under strict criteria of profitability, transparency, environmental protection and social commitment.

The values of Apartamentos Talayot are interrelated and complement each other. They differentiate us and guide us in our daily work being the basis of our business culture:

- Commitment to Innovation and Quality of Service
- Making true what we all think -as customers- that a hotel "must offer".
- The contribution of the whole staff in the quality of the service.
- The newest technology, the specialization and technique of the management team in its different disciplines, as well as the strength and flexibility of our youth.
- The greatest commitment to the Environment.
- Sensitivity to the economic, social and cultural reality of our environment.

Business ethics (Code of conduct)

In Apartamentos Talayot we submit our code of ethics to a process of constant updating, so that the people who work in the organization have an action guide on their responsibility with Human Rights and the commitment to comply with current legislation.

Our business ethics tries to offer a plural model that responds to the demands of the different interest groups that surround Apartamentos Talayot and with which we have a moral responsibility, and this includes our customers, employees and suppliers as well as society in general. Our decisions affect the interests of these and, therefore, have to be incorporated into the responsible management of our company.

The code of conduct is communicated and distributed to all the people who work in the organization.

Management models

During the years that Apartamentos Talayot have been open, we have been incorporating to the management and organization of a series of work methodologies and procedures, all of them complementary to each other and aimed at improving our processes, improving customer satisfaction and improving environmental management.

Currently we have the SICTED certification (Integral System of Tourist Quality in Destinations). With it, the following objectives are achieved:

- Continuous improvement of the service provided, in all its extension.
- Continuous improvement of the establishment.
- Continuous improvement of customer satisfaction.

In the year 2014 Apartamentos Talayot won the Travelife gold award.

As a challenge of the future, in terms of management systems, we are committed to the implementation and certification of the chain with a seal that serves as a frame of reference for all our actions in the field of Social Responsibility.

Improvements in the satisfaction of our customers

In 2017, the overall satisfaction of our customers is one tenth higher than that obtained in 2016.

In addition, carrying out an analysis of individual aspects on which we ask our clients, we can observe that: The cleanliness and the attention received by the staff are two of the aspects most valued.

Improvements in the efficiency of our processes

In addition to the results in the satisfaction of our clients, in Apartamentos Talayot we work for the continuous improvement of our processes. These are some of our current objectives:

- Creation of sustainable purchasing criteria.
- The increase in the response rate of the customer satisfaction questionnaires
- The incorporation of satisfaction questionnaires specific to certain services, such as events, in order to obtain a deeper level of analysis.
- Indicators for the optimization of hotel processes, such as cleaning, or laundry, through the incorporation of improvements in the organization of work and associated cost control.

An example of this is the results obtained in the optimization of the cleaning process.

Training and professional performance of employees

The professional development of the people who work at Apartamentos Talayot begins with the welcome process in the Organization.

All employees receive initial training during the first days after their incorporation:

- Related with the application of good environmental practices, so that the activities derived from their job and related to the Environmental Management system are aimed at achieving the objectives of the chain
- Related with those legal aspects, also derived from the activity related to your job, such as Occupational Risk Prevention, Data Protection and Food Handler Card, among others.
- Related to corporate aspects, such as standards of conduct and other ethical aspects, available in the Welcome Manual and in the Code of Conduct.

Beyond the initial training, from the Human Resources area of the Chain, an identification of needs and training planning takes place on an annual basis, giving rise to two types of actions: the specific ones for the development of the position of work and those aimed at the development of skills.

Health and safety of employees

All the people who work at Apartamentos Talayot receive training in Occupational Risk Prevention that includes information related to safety, hygiene, ergonomics and psychosociology of work.

Employee Conciliation

In order to be able to make excellence in the provision of the service compatible with the reconciliation of work and personal life of the people who work at Apartamentos Talayot, employees have the following possibilities:

- We have rotating work shifts, which can be modified by agreement between colleagues who have that need. This makes it possible to guarantee hotel service during all opening hours and to provide people with the necessary flexibility for their personal needs.
- For some of the positions, such as those at the office, the nature of the activities that are developed allows to have some flexibility in the entry and exit hours.

Social benefits of employees and suppliers

The employees of Apartamentos Talayot have the following benefits:

- Special rates for employees and their families for the use of hotel facilities
- Agreements with suppliers of the chain, which also offer advantageous conditions to employees

Internal communication and employee participation

In addition to the mechanisms established in the communication procedure for collecting information and for external communications, we have established the following channels in order to collect the opinion of employees:

- Suggestion Box available at the reception. Allows anonymity when communicating complaints, suggestions or improvement actions by employees. The information requested and the viability of the improvement proposals are analysed by the Director of Quality and



Environment and approved by the General Management. The decision is communicated in writing as long as the employee requesting it so decides.

-We have an employee portal, in which certain aspects such as new staff incorporations or internal promotions are internally communicated.

-Today, we are moving towards a model of participatory management through initiatives such as Ideas Contests and other mechanisms for employee participation in the contribution of initiatives that can be used to improve the management of the hotel.

- There are 3 annual meetings of the head of departments. In May, in August and in October.-

No discrimination of employees

In this company is strictly prohibited any form of discrimination, exclusion, restriction, preference, abuse, violence and segregation of both the direction to staff and staff, in terms of:

- Physical appearance
- Culture
- Disability
- Language
- Sex
- Gender
- Age
- Social, economic, health or legal status.
- Pregnancy
- Marital or marital status
- Religion
- Opinions
- Ethnic or national origin
- Sexual preferences
- Immigration status
- Other forms of intolerance and discrimination

Regarding discrimination, in Apartamentos Talayot, we respect the following general principles:

- We respect the individual differences of culture, religion and ethnic origin.

- We promote equal opportunities and development for all staff.

- In hiring processes, the same employment opportunities are granted to candidates, regardless of race, color, religion, gender, sexual orientation, marital or marital status, nationality, disability, or any other situation of discrimination.

- We promote a work environment of respect and equality, a humanitarian atmosphere of open communication and a workplace free from discrimination, sexual harassment and other forms of intolerance and violence.
- We are committed to the attraction, retention and motivation of our staff, so the system of compensation and benefits of our workplace does not make any difference between employees who perform functions of similar responsibility.
- We respect and promote the right of people to achieve a balance in their lives; promoting co-responsibility in the work, family and personal life of our employees.

2- Environmental Sustainability

In Apartamentos Talayot the protection and conservation of the environment continues to be key element of the strategic horizon of the organization.

The priority in environmental matters is to diminish the negative impacts on the environment, guiding the actions towards the minimization of air emissions, the optimization of water and energy consumption, the adequate management of the waste generated, and the reduction of consumption of raw materials.

This pursues a double objective, the first and more immediate, the protection of the environment, and the second, the respect and protection of future generations, because everything we do today will affect the environment in which they will live tomorrow.

In 2013, an environmental policy was conceived summarizing the commitments undertaken by Apartamentos Talayot in this regard. In this policy, the hotel undertakes among other things to apply the following measures:

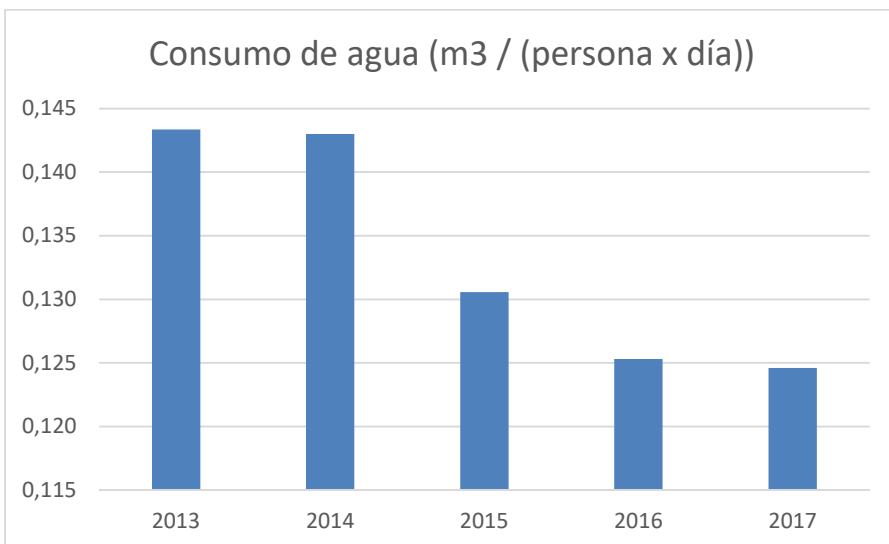
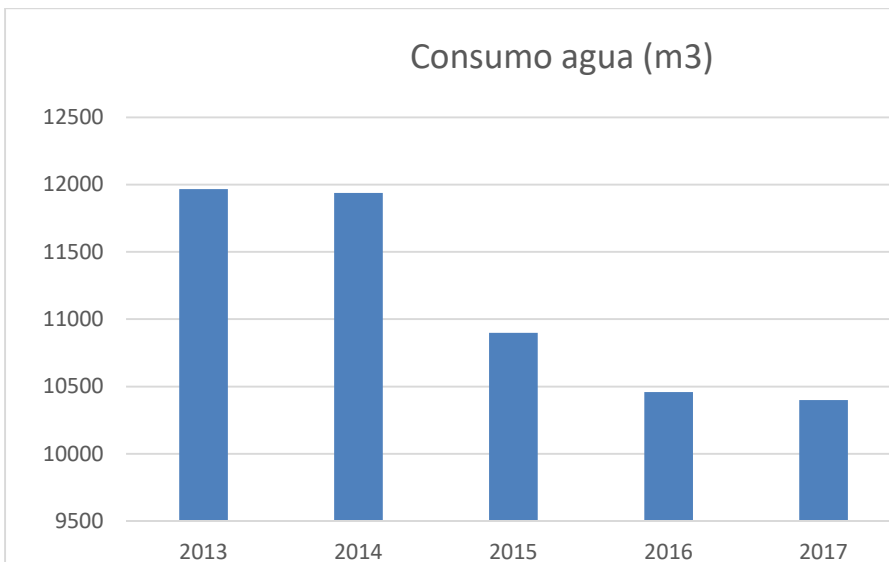
- a. Use recyclable materials
- b. Minimize the consumption of paper and plastic bags
- c. Minimize the consumption of single-use products
- d. Minimize water and energy consumption and minimize garbage production
- F. Promote the reuse and recycling of waste
- g. Do not contaminate air, soil or water.

Water consumption

At Apartamentos Talayot we are committed to water-saving. These are some of the measures implemented:

- Equipment and low consumption devices and single-lever taps in our facilities.
- Using drip or micro sprinkler for watering green areas and gardens instead of hosing out.
- Promoting measures to save on the washing of towels and bedding, recommending to customers, through signs that they themselves decide whether they should be washed or not.
- Actions to train and sensitize the staff for an efficient use of water.
- Sweep and scrub sidewalks instead of using the hosepipe.

The consumption of water per apartment has decreased by 0.1 cubic meters in 2017.



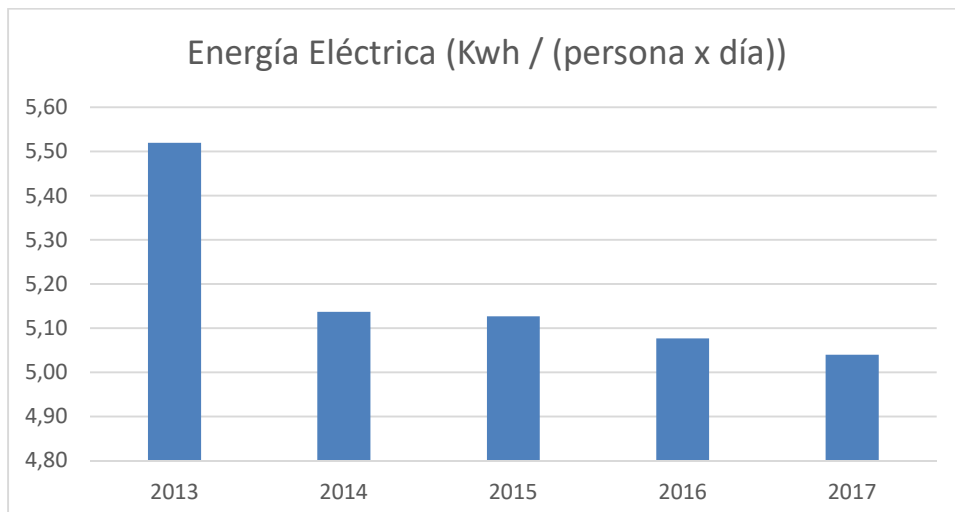
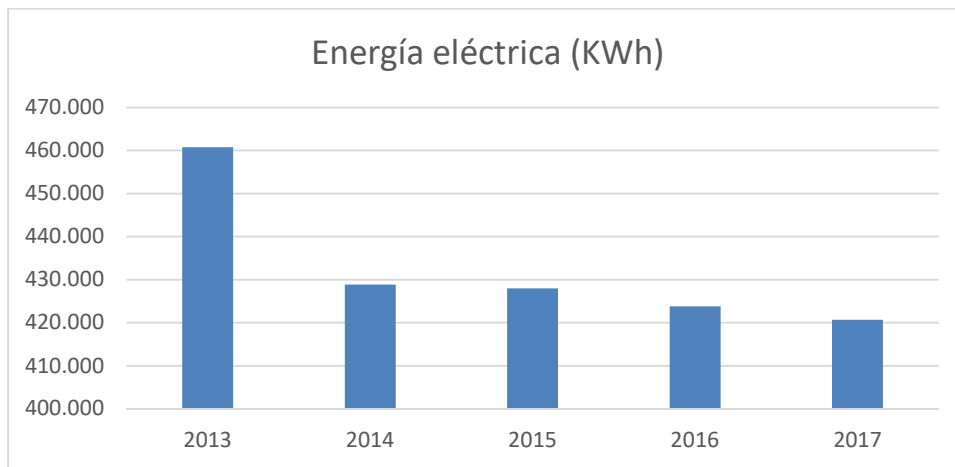
Electric Consumption

In Apartamentos Talayot we have implemented a series of measures to make the comfort of our customers compatible with saving electricity, for example:

- Installation of capacitor banks.
- Installation of a savings system that improves the unnecessary consumption of energy.
- Installation of high performance freezers.
- Installation of light management and air conditioning management systems.
- Replacement of incandescent and halogen lamps with low consumption bulbs and LEDs.

Savings in consumption would not be possible without the constant monitoring and involvement of the technical service personnel and the management of our complex.

The results of the implementation of these measures have led to a decrease in the average consumption of 1 kW / h per apartment in the year 2017

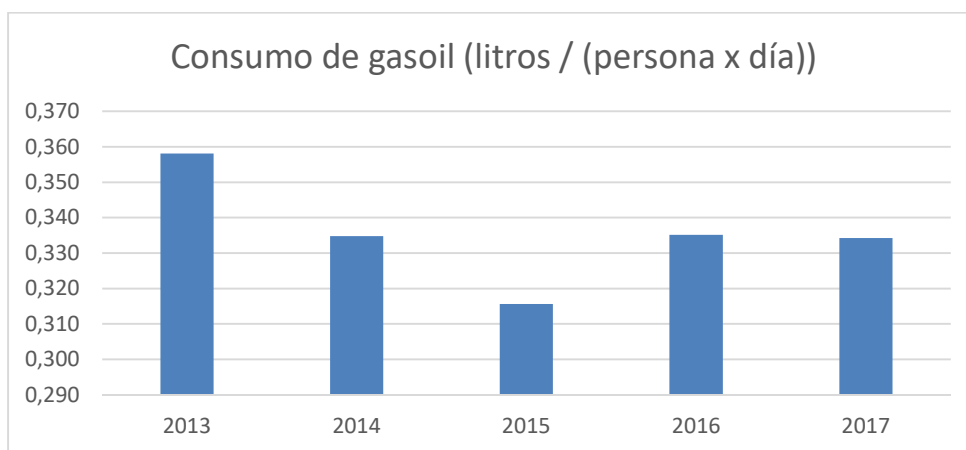
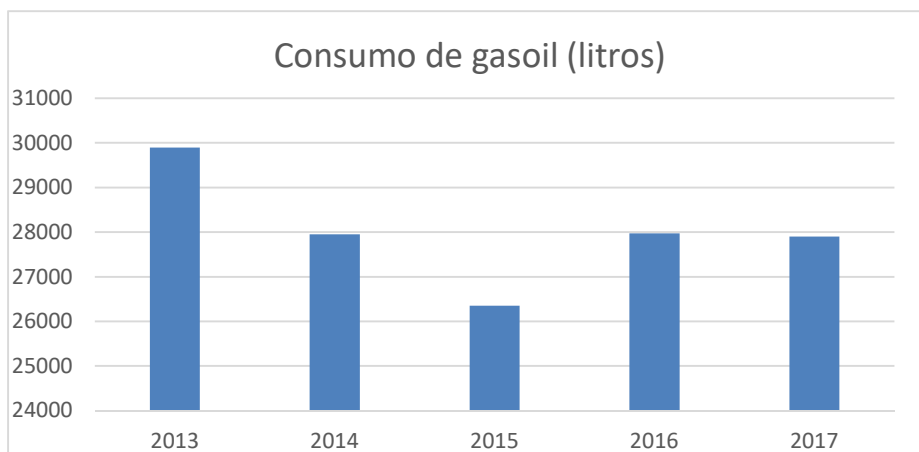


Gasoil Consumption

On the other hand, we have implemented a series of measures to save diesel. Among them we can list the following:

- We have installed high performance boilers to have maximum efficiency
- For several years we have an installation of solar panels that reduce the consumption of diesel to generate hot water
- In the year 2017, the number of solar panels was increased to heat water.
- When managing the water in the apartments, we can reduce the demand for hot water, thus reducing energy consumption.

The results of the implementation of these measures have led to a significant reduction in diesel consumption.





Waste management

In recent years we have been working to reduce the generation of waste, especially through recycling and also through the measurement and control of all waste generated by our activity.

In 2013, a waste policy was conceived summarizing the commitments undertaken by Apartamentos Talayot in this regard. The objective is to reduce the use of disposable materials to the minimum possible, always taking into account the requirements of health and safety regulations and to use recyclable and reusable materials instead.

The results of the years 2014, 2015, 2015 and 2017 confirm the effectiveness of the actions carried out in compliance with our waste policy:

- We have reduced the glass generated by 1.5 kg on average per customer.
- The consumption of paper and cardboard generated have decreased by more than ½ kg per customer.
- The generation of containers has reached levels close to 0, through the use of returnable containers.
- The ratio of oil generated has decreased by 0.030 liters per customer

The hotel has the following recycling containers:

- 1) Light bulbs
- 2) Toner
- 3) Batteries
- 4) Metal
- 5) Crystal

These are currently located near the laundry

Some concrete examples of the improvements obtained are:

- In the year 2017 80 reusable tablecloths have been used
- In the year 2017, 20 containers of reusable ketchup have been used
- In 2017, 50Kg of sugar was consumed in the restaurant

3- Social and Sociocultural Sustainability

Integration with the local community

In 2013, a community policy was conceived summarizing the commitments made by Apartamentos Talayot in this regard. Some of them are:

- Apartamentos Talayot has a person responsible for relations with the community.
- The hotel does its shopping mostly with local businesses.
- Apartamentos Talayot promotes local businesses and amusements. It has brochures of the main local attractions and the receptionists actively inform of restaurants, bars, excursions, water parks, leisure areas and other local attractions.
- The hotel guarantees public access and access for the local population.
- The hotel belongs to the neighborhood association and participates in the meetings that are organized.
- Our hotel supports any local initiative to promote sustainable tourism, such as increasing recycling options in the community.
- Apartamentos Talayot tries whenever possible to hire local employees and residents in Menorca. The contracts are always made according to the hotel contract.
- The hotel is committed to ensuring the welfare of animals and believes that we are responsible for the animals that are affected by tourism and that it is our duty to protect them.

This year 2017 more Ciutadella employees have been hired.

Human rights and protection of children

In 2014, a human rights and child protection policy was conceived that summarizes the commitments undertaken by Apartamentos Talayot in this regard.

Apartamentos Talayot guarantees that in its facilities children are protected against sexual abuse or exploitation and that their employees are familiar with the Child Protection Code and that they follow its recommendations, such as reporting any suspicious behavior of clients to the local authorities.



Apartamentos Talayot supports the United Nations Convention on the children's rights. Apartamentos Talayot respects and promotes the children's rights, including protection against the sexual exploitation of children and adolescents in tourism, protection against child labor.

Apartamentos Talayot has adopted comprehensive ethics policies and other related policies applicable to its employees, which require that our business be carried out with honesty and integrity, and in accordance with all applicable laws. The policies of Apartamentos Talayot establish clear standards and guidelines for how we do business and establish responsibilities.

All employees of the company must comply with the law and respect all specific standards related to legal obligations, ethics and good conduct in business. The company has clear liability mechanisms in place to monitor and report compliance with these provisions.

Apartamentos Talayot has the following written procedures:

"Procedure in cases of mild child maltreatment or suspected child maltreatment (including the particular case of sexual abuse)"

"Procedure in cases of evidence of serious or urgent child maltreatment (including the particular case of sexual abuse) "

Social actions and local community

At Apartamentos Talayot we collaborate with non-profit organizations that work for the benefit of our immediate social environment.

In 2017, the following social actions were carried out, among others:

- Collaboration agreements with organizations that work for the professional incorporation of women victims of mistreatment.
- Direct donations to certain social action organizations, such as the Red Cross and Doctors Without Borders.

We collaborate with TUI to make a charity day. We give meals, drinks and items for the guides to offer in exchange for donations for charity.

- Cession of facilities (rooms, halls, spa, etc.) for the organization of activities whose purpose has been the collection of funds for charitable activities.



Employee actions

Apartamentos Talayot supports and defends the elimination of discriminatory practices with respect to employment and occupation, and promotes and adopts diversity in all aspects of its business operations. In addition, Apartamentos Talayot supports the elimination of all forms of forced or compulsory labor and freedom of association. Apartamentos Talayot promotes labor human rights, including non-discrimination, health and safety and fair salaries, within its own operations and its tourism supply chain.

During 2017, Apartamentos Talayot employees have completed the following training courses:

4 employees have done the course "pool lifeguard"

2 employees have done the course "professional user of plant protection products"

6 employees have done the course "first aid, resuscitation and use of the defibrillator"

All employees have done a course "Self-protection against fire"

2 employees have done a course of "data protection"

2 employees have done the course "food handler, allergens and food intolerances"

All employees have made the course of "occupational hazards"

All employees have received training on "protection of children against sexual exploitation and child maltreatment"