



PESTANA
HOTEL GROUP



Sustainability Report

Continuing to shape the future

2023

Message from the Chairman

After 50 years of activity, Pestana Hotel Group continues to show dynamism, innovation, vitality and resilience. Sensitive to market volatility, it applies strategies that enable it to continue to grow sustainably, generating value for all of its stakeholders.

The year 2023 confirmed the recovery of tourist activity to levels close to those recorded before the COVID-19 pandemic. This recovery saw a revival of the need to travel and discover other locations and other cultures through unique experiences. At the same time, there has been an increasing awareness of sustainability issues, particularly at an environmental and social level.

Pestana Hotel Group's commitment to sustainability has gradually been consolidated over time, with the first sustainability report being published in 2009. In recent years, investment has been strengthened in the environmental, social and governance (ESG) areas to address the group's strategic priorities and the expectations of our main *stakeholders*.

The Sustainability Report for 2023 aims to align with the legislative reporting requirements defined by the European Union (applicable from 2028) as well as the growing concerns of the group's main *stakeholders*, our customers, employees, partners and the communities with which we interact.

At the environmental level, in addition to ongoing projects, we have continued the work initiated in 2022 to measure the group's carbon footprint, expanding the analysis to include all regions and business units in 2023. The group also developed an action plan based on five pillars that guide its environmental sustainability efforts: Energy, Water, Waste, Sourcing, and Mobility.

From a social sustainability perspective, numerous actions were also developed with the local communities in which our units operate. Internally, the group continued to focus on valuing its employees by improving the conditions and benefits offered. In 2023, the average salary of our employees increased 12%. The group's financial results also allowed for the distribution of two additional salaries, on average, per employee.

Finally, regarding governance, the group has further developed some practices already implemented with very positive results.

The 2023 Sustainability Report thus reflects the practices that the group has been developing and its current and future main projects. Despite being apprehensive about increased market volatility, we are confident that in collaboration with our stakeholders we will continue to create value in the near future, thus setting the stage for the next 50 years of Pestana Hotel Group.

About this document

Pestana Hotel Group's 2023 Sustainability Report covers activities related to Environmental, Social and Governance (ESG) aspects for the period from 1 January to 31 December 2023.

This document aims to prepare for sustainability reporting in accordance with the new requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

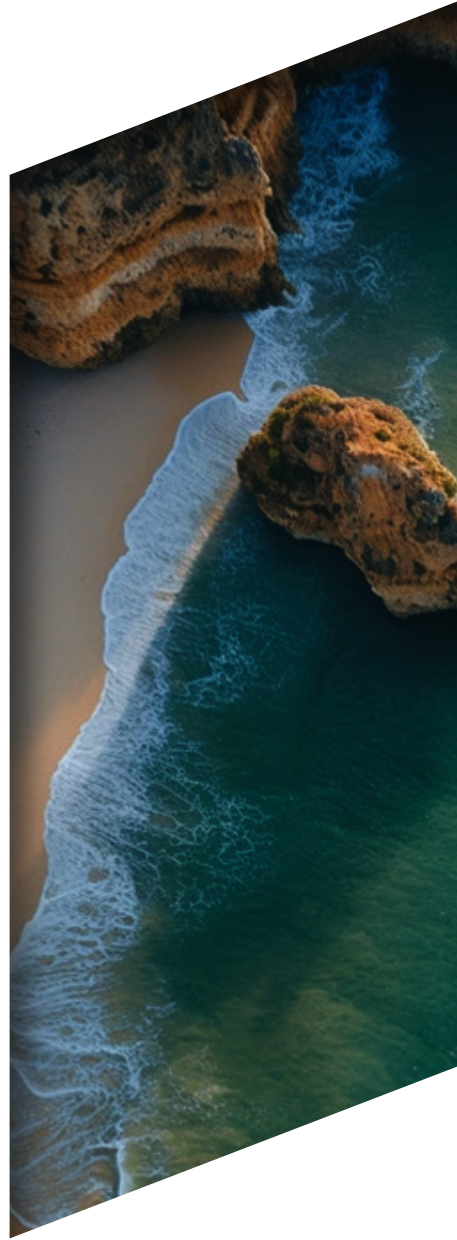
As such, this document maintains the commitment of transparency to *stakeholders*, while preparing for the transition to a reporting model that is increasingly aligned with recent international best practices.

The structure of the report follows the group's initiatives in the environmental, social and governance (ESG) dimensions. It also includes a section consolidating the main results of the year through a table of indicators.

This report is therefore a reflection of Pestana Hotel Group's commitment to improving its sustainable performance and the adjustment to a new regulatory paradigm, paving the way for a more integrated future aligned with the expectations of the sector and *stakeholders*.

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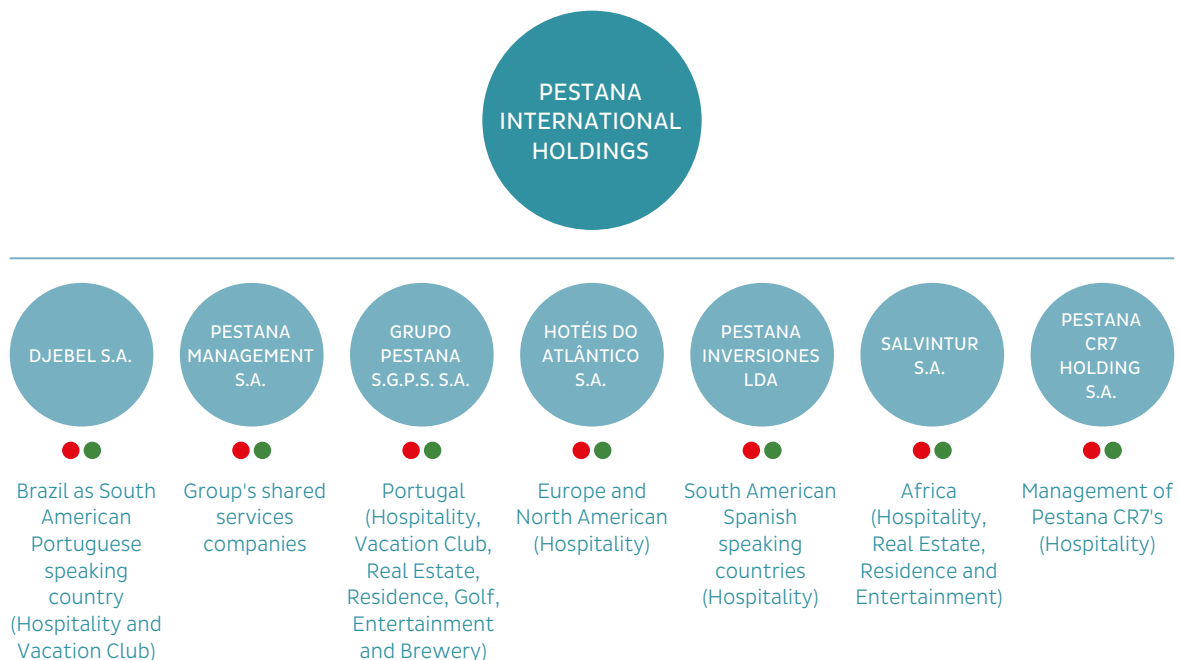
1 AMBITION AND RESPONSIBILITY

1.1 The story that defines us

Pestana International Holdings S.A.'s (in this document referred to as "Pestana Hotel Group" or "group") origin dates back to 1972 with the establishment of M.&J. Pestana, S.A. to invest in what is today known as Pestana Carlton Madeira hotel in Madeira. The group is led by its shareholder, Dr. Dionísio Pestana, son of the group's founder, and currently occupies a leading position in the hotel sector, whilst also operating in other sectors such as real estate, golf and residential tourism.

The group started with resort operations in Madeira in the 1970's and then in Algarve in the late 1980's. The internationalization was initiated in the 1990's through investments in Portuguese speaking countries, first in Africa and then in Brazil. In 2003, Pestana Hotel Group won the tender to manage the concession of the "Pousadas de Portugal" network. In the last 10 years the development strategy has focused on enlarging the group's footprint throughout major European and North American cities such as London, Berlin, Miami, Amsterdam, Barcelona, Madrid and New York as well as Manchester, Paris and Orlando in the near future.

With a solid track record of more than 50 years, this family-owned group has built a history marked by continuous growth both nationally and internationally. In 2023, the group recorded more than 2.25 million *room nights*, reflecting the trust and preference of millions of travelers.



Pestana International Holdings S.A. is the holding company and its share capital is 100% owned by Mr. Dionísio Pestana, its President and only son of the group's founder.

Driven by a strategic vision that combines innovation, excellence and sustainability, the group has been a pioneer in the modernization of the tourism sector, developing projects that respect the environment and promote the well-being of local communities. This approach, combined with strong management and a continuous commitment to service quality, positions the group as a global reference in tourism excellence.

With a purpose to provide memorable experiences that create value for our clients, the group maintains its focus on service excellence, hospitality and innovation. This mission is reflected in every interaction, always seeking to exceed expectations and reinforce customers' confidence in their choices.

Proud of its history, Pestana Hotel Group bases the development of its activities on values that guide the way it operates and relates to employees, customers and partners. These principles reflect a commitment to excellence, sustainability and responsible growth.

Our values



We invest in people's potential and development, prioritizing diversity and inclusion.



We know that every customer is unique and special, which is why we focus on providing the best possible experience for every Pestana customer.



We maintain high standards of excellence and rigor in our services, which guarantee the success of our business, valuing and applauding the achievements of each employee.



We always act with integrity, ethics and passion in everything we do. We are committed to improving every day and contributing to a more sustainable world.



We seek innovation and embrace the challenges that the sector brings us, with curiosity and audacity.

1.2 The responsibility we assume

As a hotel operator, owner and investor for over 50 years, Pestana Hotel Group offers a unique range of excellent hotel properties. For more than half a century, the majority of the hotels operated have been owned by the group, a source of great pride that reflects the commitment to solid and sustainable operations. Currently, over €800 million in tangible fixed assets are owned by the group and only €135 million are assets under right of use.

Geographical expansion

With 108 tourist accommodation units in 2023, the group is present in 16 countries, under 4 different Pestana sub-brands. The portfolio covers some of the world's most prestigious destinations, such as London, New York, Miami, Barcelona, Berlin and Amsterdam. Its global presence is illustrated in the following chart that reflects the diversity of the geographies where it operates.



108
Hotel units

11.763
Rooms

16
Countries

+3,5
Million customers

4.453
Employees



50
Over 50 years
of experience and
excellence in the
tourism sector

Note: The data presented includes all units managed by the group, excluding interns.

Business areas

Over the years, Pestana Hotel Group has consolidated and diversified its activity, expanding into complementary businesses in the tourism sector, besides hospitality, strengthening its international presence and promoting a sustainable and integrated growth model. This multi-sector strategy has enabled the group to broaden its economic and social impact and strengthen its resilience by mitigating the risks of each sector of activity, particularly in the face of financial crises, seasonality of tourism and market volatility. Currently, the group's business is distributed across six major areas: Hospitality, *Vacation Club*, Real Estate, Golf, Entertainment and Beverage Industry.



As the group's core business, hotels account for the largest share of the group's activity, covering different market segments, from leisure to *lifestyle*, heritage and luxury tourism. The offering is distinguished by the quality of service, strategic location and authenticity of the experience.



Represents the *timeshare* business, which allows customers to purchase the right to enjoy holidays in the group's units during specific periods, promoting customer loyalty.



The group's tourist real estate area has established itself as a strategic complement to the hotel operation, combining real estate investment with tourism operation services. Through Pestana Residences brand, the group develops projects in prime locations such as Algarve, Alentejo coast and Madeira, offering properties that combine residential comfort with the convenience of hotel services. These developments are designed with a strong environmental focus, ensuring returns for investors, but also contributing to enhance the tourist value of the regions where they are located. This integrated approach reinforces the diversification of the group's portfolio and creates new opportunities for sustainable growth.

Business areas



The operation of high-quality golf courses reinforces the value proposition of tourist developments, particularly in destinations such as Algarve. This segment attracts an international audience, reducing the seasonality of tourist demand and stimulating the local economy.



This business area includes the management of casinos and other leisure facilities, with particular relevance in Madeira, boosting the group's tourism offering.



The group also owns a beverage production plant, responsible for brands that are well known in the regional market of Madeira. This segment complements the tourism operation, strengthening the internal value chain and promoting the appreciation of local products.

Hotel brands

In the hotel sector, the group's core business, the offering is structured around four distinct brands, reflecting the diversity of positioning, market segments and value propositions. Each brand has been designed to respond to different customer profiles, while maintaining a common denominator: the quality and reliability of the offering that define Pestana Hotel Group's vision. This multi-brand approach allows the group to adapt to different segments in the global market and strengthen its presence in strategic and diversified destinations.



Pestana Hotels & Resorts Cosmopolitan Hotels & Paradise Resorts.

Resorts located in unique, central and singular locations and in the most cosmopolitan cities in the world. Portfolio of more than 50 sophisticated four and five-star hotels located on three continents: Europe, Africa and America.



Pousadas de Portugal Unique hotels located in Portuguese heritage sites.

Pousadas de Portugal offers an immersive experience in the country's most historic and iconic properties, whether they be castles, palaces, forts, monasteries or convents. Authentically Portuguese, the management of the *Pousadas* was concessioned to Pestana Hotel Group by the Portuguese Government in 2003.



Pestana Collection Hotels Luxury Selection.

An award-winning selection of seven establishments offering the best in hospitality in Portugal, the Netherlands and Spain. Located in Lisbon, Cascais, Porto, Amsterdam and Madrid, all properties are housed in luxurious buildings and monuments in prime locations. They also offer unique and enriching experiences in properties of cultural significance.



Pestana CR7 Lifestyle Hotels – Vibrant. Exclusive. Urban.

This Lifestyle brand is the perfect combination of the hotel experience and contemporary urban lifestyle. Funchal and Lisbon were the first locations chosen by the brand, followed by the opening of hotels in Madrid, New York and Marrakesh.

1.3 The culture that defines us

The organizational culture of Pestana Hotel Group continues to be the basis for solid, cohesive performance in line with its strategic vision. In a group with global presence and strong geographical diversity, it is essential to ensure a common identity that unites the different teams and business areas, reinforcing the values that underpin the organization's success.

Based on a “people-to-people” approach, Pestana's culture is lived out every day by more than four thousand employees and is a direct reflection of our five guiding values: be **Collaborative**, be **Passionate**, be **Efficient**, be **Conscious** and be **Agile**. These values guide the behavior, decisions and relationships of our teams, promoting a working environment that values personal and professional development, ethics and innovation.

In recent years, the group has been consolidating the integration of culture in its various areas of activity, reflecting its commitment to building a common and consistent identity throughout the organization.

In this context, the focus on service quality and customer satisfaction is a direct result of the internal culture. The customer experience is thus a consequence of the commitment to the people who welcome and represent the group on a daily basis. Over the last few years, several actions have been implemented to ensure that each interaction is a memorable moment and in line with customer expectations.

In 2023, we reinforced our commitment to customer satisfaction, achieving a satisfaction level of 87.8%.

In an increasingly digital and demanding environment, the group has invested in improving the customer journey, optimizing processes based on continuous *feedback* and integrating real-time monitoring and action tools. The *Pestana Guest Club* loyalty program, which has been in place since 2011 (until 2019 under the name Pestana Priority Guest), is a key tool for strengthening customer knowledge and personalizing the offer.

The recognition obtained this year by the group as the strongest brand in the Travel and Leisure category in *OnStrategy's* Brand Strength and Energy study reinforces the positive impact of Pestana culture – an evolving culture that focuses on people, innovation, integrity and excellence as a way to generate lasting value.

1.4 Corporate sustainability: our journey

Sustainability has become a strategic pillar at Pestana Hotel Group, reflecting a long-term vision that combines the creation of economic value with environmental responsibility and social commitment. More than just a trend, the group wants sustainability to be a structured path that is integrated across the entire organization, in its various business segments.

This path has been pursued in a progressive and structured manner, with important milestones over the years. Since 2008, *Planet Guest* – Pestana Sustainability Program – has been the means by which the group translates its commitments into concrete actions, mobilizing all business areas and its *stakeholders* around a shared vision of environmental, social and economic responsibility. The group's sustainability policy is based on a long-term commitment to creating shared value, balancing economic growth with environmental preservation and people's well-being. This policy is guided by the principles of continuous improvement, transparency, legal compliance and the integration of sustainability into decision-making. The *Planet Guest* program is based on six areas of strategic intervention, which characterize its activities:

- **Respect for the environment:** Concern for the environment is a constant in our operations, and so we develop projects that enable us to be more energy efficient, avoid wasting resources and contribute to raising environmental awareness among our employees and customers.
- **Support and relationship with the local community:** We are committed to promoting the well-being and quality of life of the local communities where our hotels are located, promoting their development and greater social equity.
- **Education and culture:** We continue to implement and support initiatives that value the cultural identity of the regions where our hotels operate as well as academic education as a right for all citizens.
- **Internal social responsibility:** Supporting our employees is a fundamental part of *Planet Guest's* activities, with initiatives aimed at their professional and personal development and greater well-being.
- **Restoration and preservation of listed heritage:** We continue to play a role in the restoration of historic buildings, whenever possible in our new hotel projects, contributing to the preservation of the heritage and history of the places where we operate.
- **Support for entrepreneurship projects:** through our own initiatives or those of organizations we partner with, we have been a driving force for entrepreneurship, contributing to professional development and a more inclusive labor market.

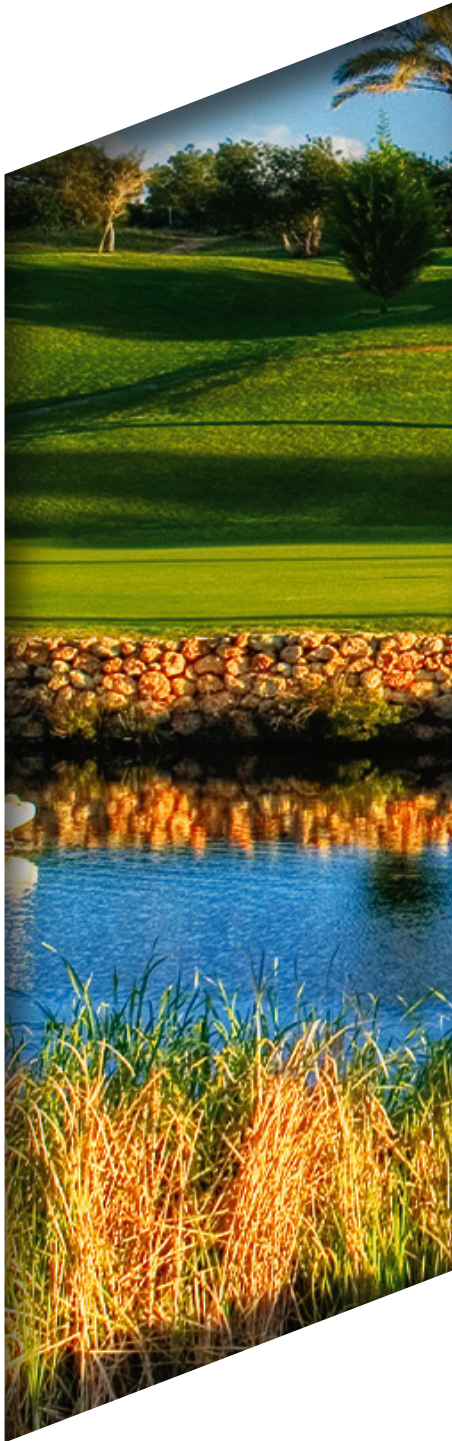
Sustainability management in the group

In 2023, the group reinforced the integration of sustainability issues into strategic and operational decisions, promoting cross-functional coordination between the various areas. This model consolidates the group's commitment to responsible and sustainable management, reflected in the implementation of the sustainability policy through the *Planet Guest* program.

The ultimate responsibility for sustainability lies with the Board of Directors of Pestana International Holdings S.A. (PIH), which supervises and evaluates the results of the *Planet Guest* program and approves strategic investments in this area.

The Executive Committee plays a central role in this model, being responsible for approving plans and roadmaps for initiatives to prevent and mitigate impacts on people and the environment, monitoring sustainability performance, validating material issues and approving sustainability reporting. This *governance* model ensures consistency, accountability and continuous improvement in sustainability management, contributing to strengthening *stakeholder* confidence and creating long-term value.

The journey to sustainability at Pestana Hotel Group is continuous and constantly evolving. The existing structure, the defined principles and the actions already underway represent a solid foundation for the next steps. The group has been strengthening its commitment to increasingly and consistently integrating sustainability into the core of its business strategy, consolidating its ambition to generate a lasting positive impact on people, the planet and the communities where it operates.



2 COMMITMENT AND DEDICATION

2.1 Commitment to environmental protection

We are only guests of the Planet

Sustainability is part of Pestana Hotel Group's identity and is intrinsically linked to its organizational culture. Based on values such as responsibility, environmental awareness and commitment to future generations, the group has been consolidating an increasingly structured and integrated approach to environmental management. This vision is reflected in operational decisions, employee relations and the way guests are welcomed, based on the assumption that “We are only guests of the Planet”, the motto of our sustainability program, *Planet Guest*.

With the strategic sustainability plan for 2030 under development, in 2023 the group took solid steps to strengthen resource efficiency, especially in the areas of energy and water efficiency, with the definition of integrated consumption reduction targets.

In the field of energy, an operational manual of good practices was developed, aimed at training employees and implementing standardized procedures that promote waste reduction and continuous improvement in energy efficiency in operations, where more than €6 million have been invested since 2015. This manual is transversal in nature and adapted to the specificities of the different functional areas, including housekeeping, kitchen, maintenance, spa and administrative areas. These documents contribute to employee training and the definition of common procedures for reducing waste and continuously improving operational efficiency. In the next reporting cycles, the group intends to strengthen consumption monitoring, with the aim of systematically assessing the impact of the measures implemented and promoting their continuous optimization.

The *Planet Guest* Program remained central to this strategy, promoting the active participation of employees and customers and reinforcing collective awareness of the importance of responsible resource management. This Program has a well-defined environmental component, which guides the group's operations based on principles such as respect for ecosystems and local communities, preference for efficient equipment and materials, use of renewable energy, reduction of non-renewable resource consumption, minimization of CO₂ emissions, reducing waste production, preservation of water resources and enhancement of green areas.

Good practices in focus



Energy consumption

Implementation of savings measures through consumption reduction targets (-15% compared to 2022).

Daily monitoring of energy and water consumption with centralized digital platforms (Power BI and SIMAC).

Water efficiency projects with flow reducers and good operational practices by department.

HVAC modernization projects, installation of photovoltaic panels and use of heat pumps in several units.



Reduction of environmental impacts

Expansion of alternative sources: 3 active desalination plants and new investments in wastewater reuse.

Replacement of single-use *amenities* with dispensers in all hotels in Brazil, in line with what had already been done in hotels and *pousadas* in Portugal and Europe.



Recognition

Green Key Award 2023: since 2009, Pestana Hotel Group has received international recognition for the sustainability of its hotels and *pousadas* on the mainland and islands. This award is in line with the UN's strategy to combat climate change, based on the Global Sustainable Tourism Council's criteria for environmental management and social practices. In 2023, the group received 58 of the 268 awards given in Portugal to hotels, restaurants, conference centers, *pousadas da juventude*, local accommodation, rural tourism, among others.

Energy Award (internal): in 2023, an internal award was created that distinguished 14 hotel units in Portugal that achieved energy savings of at least 15%.

The group is committed to

2030 Target

Reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 55% compared to 2019 levels, in line with the European Union's Fit for 55 package.

tCO ₂ emissions	2030	2023	2022	2019
Scope 1 and 2	18.054	30.433	33.025	40.120

Energy and emissions management

Disruptions associated with climate change, such as extreme drought, atmospheric instability and increasingly frequent temperature spikes, are already influencing tourists' choices and industry standards. In this context, energy and greenhouse gas (GHG) emissions management has become central to Pestana Hotel Group's environmental strategy, reflecting its commitment to efficient, resilient operations that are aligned with climate transition.

In 2023, the group deepened this approach with improvements in measurement and monitorization, the setting of integrated reduction targets for energy and internal mobilization towards a culture of awareness for energy consumption and efficiency. The introduction of best practices, adjusted to each operational area, served to complement the ongoing investments in infrastructure and in optimizing energy performance.

To reinforce its positioning on the path to decarbonization, the group has been gradually reducing its dependence on fossil fuels through the electrification of equipment and the installation of renewable systems. At the same time, it has promoted the modernization of equipment and optimization of operational management, resulting in significant gains in energy efficiency.

Energy and climate management principles

At Pestana Hotel Group, the management of energy and resources is closely tied to climate impact, and have the following main guidelines:

- The introduction of measures to increase energy efficiency and improve regular monitoring of consumption, to effectively prevent energy waste and associated costs;
- The implementation of internal awareness campaigns and *calls to action* for all employees to adopt good practices in energy saving and environmental management;
- The gradual reduction of dependence on fossil fuels and consequently the carbon footprint associated with the group's activity, through the electrification of equipment, namely air conditioning, kitchen and fleet equipment, and through the use of renewable energy sources for self-consumption, in particular photovoltaic production;
- Investment in efficient equipment in new projects and refurbishments.

Total energy consumption Pestana Hotel Group 2023:

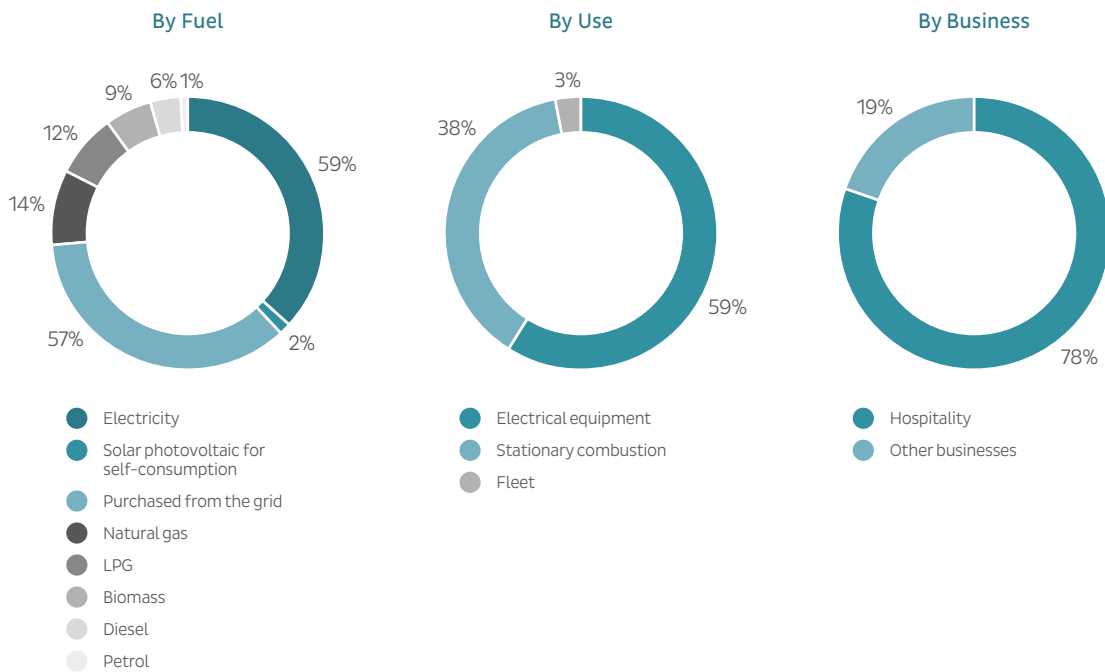
421.077 GJ

(-6% compared to 2022)

Total energy consumption in hotels:

0,19 GJ/occupied room

(-5% compared to 2022)



The group's activities recorded energy consumption of 421.077 GJ, which corresponds to a reduction of around 6% compared to the previous year. The group's main source of energy is electricity, with 2% of total electricity consumption provided by photovoltaic systems installed at ECM and in eight hotel facilities. The group aims to increase the number of renewable systems for self-consumption in the coming years. The group also has biomass systems, mainly at ECM and in three hotel units in the Azores and Madeira, which account for 9% of total energy consumption.

47.674 GJ

of renewable energy consumed

83%

Biomass

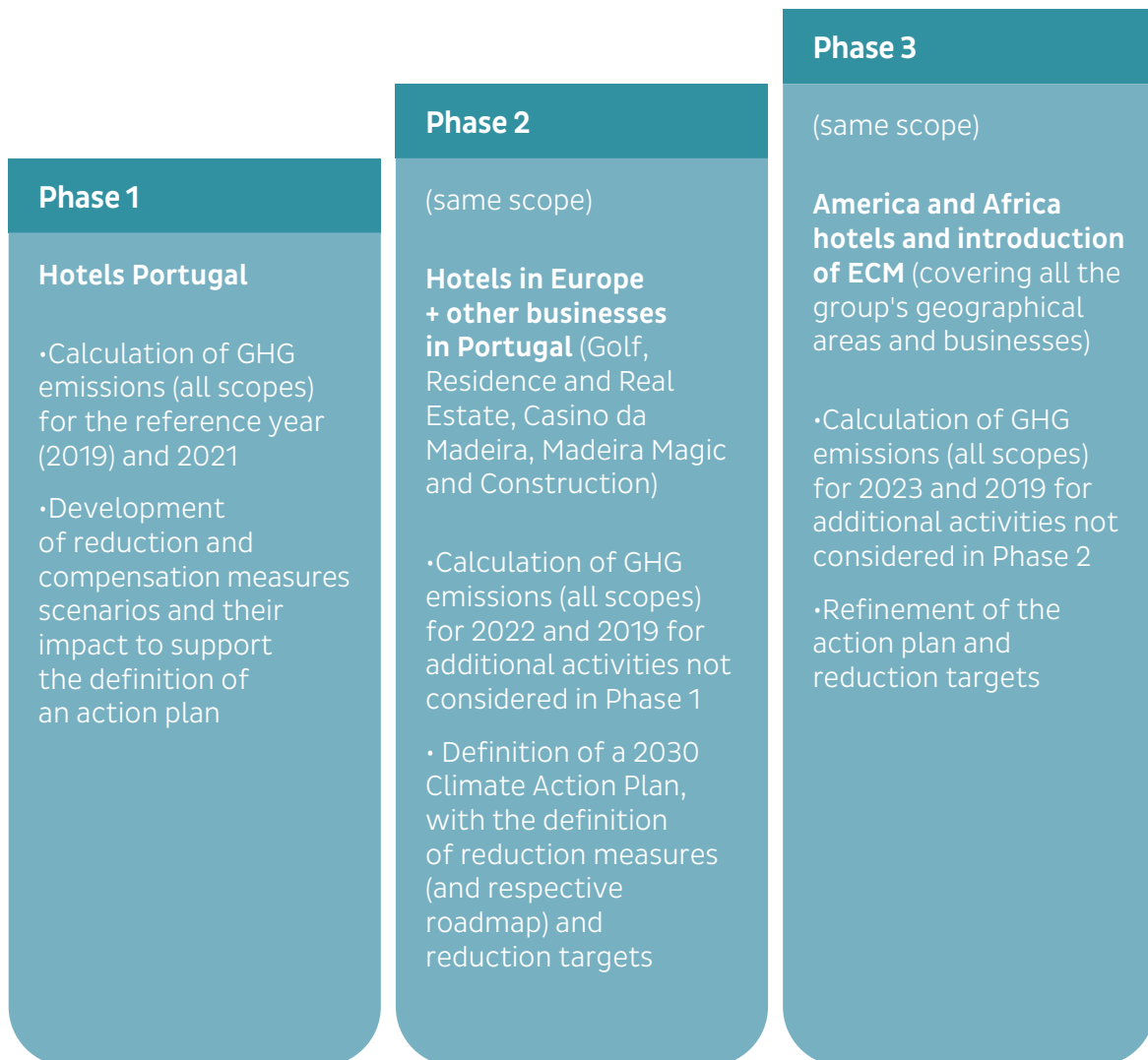
17%

Photovoltaic panels

Regarding the various sources of energy use in Pestana Hotel Group, it is in the hotel units that there is the highest energy consumption. Currently, the fleet accounts for only 3% of total energy consumption, with diesel still being the most widely used fuel. The group has been investing in the decarbonization of its fleet, and in 2023, 13% of its vehicles were electric and 11% were hybrid.

Reducing the carbon footprint

Reflecting its commitment to the transition to a progressively decarbonized operation, in 2022 Pestana Hotel Group began calculating the carbon footprint of its hotels in Portugal, for 2021 and 2019, being the latest the base year. The year 2020 was not included in this calculation, as the activity was heavily affected by the COVID-19 pandemic, which would compromise the representativeness of the data. Since 2022, in line with its commitment to sustainability, the group has been systematically calculating its carbon footprint with the aim of consolidating an annual reporting routine, which has been in place since then, and preparing the definition of reduction targets for 2030. A three-year roadmap has been outlined, whereby each year the scope of the Carbon Footprint calculation is expanded with the aim of accounting for emissions from all of the group's units and businesses.



In 2023, the calculation was extended to all tourism activities in Portugal and hotel units in Europe, providing a more representative view of the group's carbon footprint. The calculation has considered the three scopes of the GHG Protocol: Scope 1 – Direct emissions that occur from sources owned/controlled by the company; Scope 2 – Emissions resulting from the production of purchased electricity consumed by the company, and Scope 3 – Indirect emissions originating from sources outside the company, throughout its value chain (including downstream and upstream activities), including a detailed analysis of the categories of *the Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

At the date of publication of this report, data for phase 3 were already available, thus allowing the accounting of emissions for the entire group for 2023. Based on a relevance assessment, it was determined to calculate category 1 – Goods Procurement, category 2 – Capital Goods, category 3 – Energy-related Activities, category 4 – Upstream transport of materials, category 5 – Waste generation in operations, category 6 – Business travel, category 7 – Employee commuting, and category 8 – Upstream rental, with the exception of category 4, which was subsequently excluded due to the unavailability of data. Category 7 was integrated from the second year of calculation.

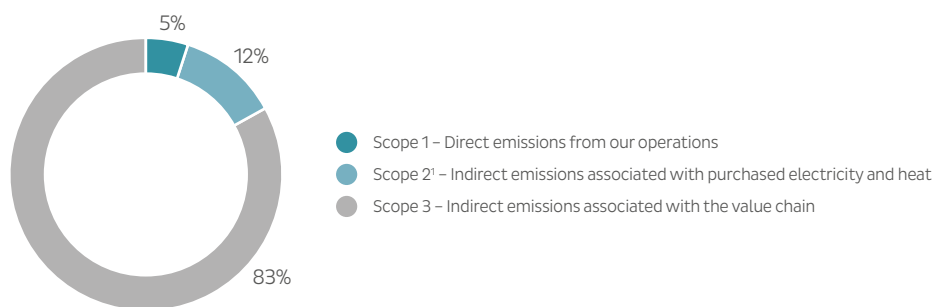
Pestana Hotel Group carbon footprint

178.429 tCO₂

Pestana Hotel Group S1+S2 carbon footprint

30.433 tCO₂

(vs 33.025 tCO₂ in 2022)



1. Carbon footprint calculated according to the *location-based* approach for scope 2 emissions.

The hotel sector accounts for around 60% of the group's total carbon footprint, reflecting its predominance in terms of business volume. The remaining business units account for approximately 40% of emissions, with emphasis on the weight of emissions associated with the purchase of goods and services, especially in Scope 3. This distribution highlights the importance of acting on both direct operations and the value chain. For more details on the Carbon Footprint, see the chapter “Transparency” and Table of Indicators E1.

At the same time, the group is developing an action plan to reduce its carbon footprint, with concrete measures and targets aligned with climate transition objectives. This plan will be integrated into Pestana Hotel Group's new sustainability strategy.

Aware of the importance of technical rigor, internal involvement and a phased but ambitious approach, we will continue to invest in improving data quality, expanding the scope of the calculation and finding solutions to mitigate the climate impact of our activity.

Hospitality S1+S2 carbon footprint per occupied room

11 kg CO₂
(vs 13 kg tCO₂ in 2022)

2. Carbon footprint calculated according to the *location-based* approach for scope 2 emissions.

Programs and initiatives

Smartrooms

The year 2023 was marked by the launch of the pilot project for automatic climate control in rooms and *check-in services Smartrooms*. In the first phase, the technology was tested at Pestana Alvor Praia, Pestana Viking and Pestana Dom João II hotels. The second phase of the project, scheduled for 2024, will include Pestana Casino Park, Pestana Carlton Madeira, Pestana Promenade, Pestana Douro and Pestana Palácio do Freixo hotels.

SIMAC Alarm System – Consumption Monitoring and Alert System

The SIMAC project consists of installing sensors in equipment to identify deviations and possible problems, thereby ensuring that there is no loss of energy or water. Since 2015, SIMAC has been installed in 24 hotels. In 2023, the group launched three pilot projects to monitor consumption at Pestana Alvor Praia, Pestana Palácio do Freixo and Pestana Palace Lisboa units, with plans to extend the program to a further 24 units in Portugal in 2024.

Equipment for better energy efficiency

In 2015, the group began a consistent investment in energy efficiency projects, totaling €6 million by 2023. In 2023, the group continued to invest in energy efficiency, replacing *chillers*, heat pumps and condensing boilers in around 15 units. Electric charging stations were also made available, with 63 already in operation. The commitment to installing photovoltaic panel systems on roofs and car parks continued, with plans to cover the entire Algarve and Madeira regions. The investment made in 2023 amounted to around €900.000 and was carried out under an application to the Recovery and Resilience Plan (PRR), as part of the “Accelerate and Transform Tourism” program in Portugal, with a total planned investment of €8.400.000 by 2025.

Integrated monitoring of energy consumption

Since 2023, energy consumption has been monitored in an integrated manner, with the aim of setting more effective reduction targets. In 2023, a target of a 15% reduction compared to 2022 consumption was set, with a particular focus on the hotel and golf sectors. This initiative encouraged positive behavioral changes within the group, with most units managing to reduce their consumption, even if they did not fully achieve the target set for 2023. For the remaining units, the group remains committed to consumption efficiency and expects them to also achieve a reduction of at least 15% in energy consumption in the coming years.

Water management

Water is a vital resource for the balance of the planet and for the maintenance of any human activity. In the tourism sector, water management is particularly important because, in addition to its direct use in operations, this resource plays a fundamental role in the preservation of natural capital, one of the main drivers of tourist attractiveness. For Pestana Hotel Group, it is essential for the operation of its hotels, golf courses and the industrial unit of Empresa de Cervejas da Madeira. With water being an increasingly scarce resource and subject to growing risks in terms of availability and quality, its proper management, both from an environmental and economic point of view, is a strategic priority.

Action in this area is based on the following principles, which are aligned with those defined for energy:

- Investment in efficient equipment and solutions;
- Continuous monitoring of consumption to control losses;
- Internal awareness and mobilization campaigns for employees and customers;
- Reconciling activity with the preservation of water resources.

In 2023, the group maintained its commitment to responsible water management, strengthening monitoring practices, adjusting operations to different geographical contexts and promoting the conscious use of water in all areas of activity.

When possible, alternative sources of supply are also adopted, such as desalination systems, which are already in operation. To strengthen the water resilience of the group's operations, the installation of water treatment systems is also planned from 2024 onwards.

As with energy, a Manual of Good Practices in Sustainable Water Use is planned, with implementation and internal dissemination scheduled for 2024. This guide will systematize some concrete actions for the teams' daily work: from encouraging efficient water use in rooms and kitchens, to preventive maintenance of equipment and networks, to optimized management of irrigation and swimming pools. The ongoing dissemination of this manual will help to ensure the operational effectiveness of the guidelines in the different functional areas, reinforcing the group's commitment to water sustainability.

Water consumption monitoring has been gradually reinforced. In the hotel sector, daily data collection by maintenance teams allows for a fast response to anomalies and more precise operational control. In other business areas, data is collected through direct measurements and consolidated regularly, giving the group a comprehensive view of its water performance and facilitating evidence-based decision-making.

Water consumption



2.882 ML
of total water
consumption

5%
reduction
compared
to 2022



69%
of consumption
in areas of
water stress

Hospitality 2023

487 l
occupied room

21%
reduction
compared
to 2022

The group identified that a large part of its operating units is located in regions with very high levels of water stress, where water demand exceeds local availability by more than 80%. In Portugal, this reality is particularly evident in Alentejo, Algarve and large urban centers such as Lisbon. Internationally, destinations such as Madrid, Barcelona and Morocco also face similar challenges in terms of water availability and management.

Most of these units are hotels and golf courses, with the later segment accounting for around 42% of the group's total water consumption. This difference is due to the extensive area of lawns that require frequent watering, the need to maintain high standards of quality and functional aspects of the courses, and the high evapotranspiration resulting from direct sun exposure. In hot and dry regions, such as those mentioned above, these factors are intensified, increasing the pressure on available resources.

As such, responsible water management is a priority for Pestana Hotel Group, ensuring efficient use of water resources, adjusted to the reality of each geography and type of operation, with special attention to areas most vulnerable to scarcity.

Programs and Initiatives

Less water stress with desalination plants

In areas with water scarcity, the group has three desalination plants in operation in São Tomé, Cape Verde and Porto Santo. These systems ensure the irrigation of green spaces.

Integrated consumption monitoring

Since 2023, water consumption has been monitored in an integrated manner, with the aim of setting more effective reduction targets. In 2023, a target was set to reduce the water and energy mix by 15% compared to 2022 consumption. This initiative encouraged positive behavioral changes within the group, with most units managing to reduce their consumption, even if they did not fully achieve the target set for 2023.

Circular economy and waste management

Waste management is a central pillar of Pestana Hotel Group's environmental strategy, guided by principles of prevention, reduction at source and recovery of resources, in line with the objectives of circular economy. The priority is to minimize waste production and progressively eliminate non-reusable plastics.

The preference for recycled or environmentally responsible materials is encouraged at all stages of the operation, especially in the selection of consumables and equipment. The reduction of disposable items and the digitalization of processes are driven by internal awareness and team engagement campaigns, promoting a culture of shared environmental responsibility. This mobilization has been essential in reinforcing the adoption of good practices, improving environmental performance and accelerating the transformation of operational processes.

The group's actions are based on principles of integrity and legal compliance, as enshrined in the Code of Conduct. This guidance translates into strict compliance with legal environmental reporting obligations, particularly with regard to the quantity, type and destination of waste produced, as required in certain geographical areas and activities.

Aware that the transition to a more circular economic model requires structural and sustained changes, the group will continue to invest in reducing waste and adopting innovative and conscious solutions that contribute to extending the life cycle of materials and minimizing the environmental impact of its operations.

	2023
Waste produced (t)	10.843
Waste produced/occupied room (kg)	3,5

Waste production increased by 29% between 2022 and 2023. This increase is due, on one hand, to the operational restrictions associated with the Covid-19 pandemic still in place at the beginning of 2022 and, on the other hand, to the continuous improvement in data collection and consolidation by the group, which has been progressively strengthening the quality and scope of its reporting system.

Waste Classification	2023
Non-hazardous waste (t)	99,9%
Hazardous waste (t)	0,1%

Type of waste	2023	
Municipal Solid Waste (includes organic fraction)		58%
Construction and demolition waste		21%
Glass		7%
Metal/plastic		6%
Paper/cardboard		6%
Used cooking oils		1%
Other non-hazardous waste		3%
Hazardous waste		0,1%
Hospitality		70%
Other businesses		30%
	2023	2022
Waste diverted from disposal/ sent for recovery	41%	41%
Waste sent for disposal	59%	59%

Waste management is carried out by each unit or company in the group, under the supervision of the respective Operations departments, which ensure compliance with applicable legal standards and the definition of appropriate destinations, according to the specificities of the activity and geography. This process is complemented by actions to promote good practices in waste reduction and management and to encourage circularity, as well as external initiatives aligned with these objectives.

The commitment to sustainability is reinforced by actions promoted both by the Sustainability Program team, *Planet Guest*, and by the hotel units themselves, which develop local initiatives aligned with the objectives of waste reduction and management, encouraging circularity and the adoption of good environmental practices.

Programs and initiatives

Member of Smart Waste Portugal

In 2022, Pestana Hotel Group made a commitment to join the Smart Waste Portugal initiative as a way of improving waste management and promoting circularity. With 155 members, this association promotes the transition to a more circular economy in Portugal, encouraging efficient waste management and resource recovery through collaboration between companies, public entities and research centers. Following this membership, the group aims to:

- Eliminate, as far as possible, non-recyclable plastic and any single use materials;
- Promote circular economy, contributing to the reduction of resource and material consumption.

Pestana Curitiba and Composta+ partnership

Pestana Curitiba, in partnership with Composta+, created a campaign for the sorting and composting of organic waste, which began in 2022. This measure reduces the amount of waste sent to landfill and increases the waste recovery rate by transforming it into fertilizer. Another benefit of the campaign is a lower carbon footprint, due to the reduction in waste sent to landfill, but also because it eliminates the use of plastic bags associated with transportation to the landfill.

The team involved in this project received fertilizer and pepper seeds for use in the hotel's vegetable garden. As a result of the initiative, 11 tons of composted organic waste were obtained in 2022 and 21,8 tons in 2023, avoiding the use of 1.560 plastic bags. This positive development highlights the potential for expanding the environmental impact of the measure, whose continuity and reinforcement should contribute increasingly to the group's sustainability commitments.

Collaboration with “Papel por Alimentos” (Paper for Food)

The group regularly participates in the *Federação Portuguesa dos Bancos Alimentares* “Papel por Alimentos” campaigns, in which collected paper (newspapers, magazines, leaflets, etc.) is converted into food products, combining the forwarding of waste for recycling with an additional social benefit.

Partnership with Too Good To Go and ReFood

In 2023, 10 units in Portugal joined Too Good To Go, with the aim of reducing breakfast food waste. The partnership with ReFood also continued in 2023, where the group regularly contributes to this organization in locations such as Lisbon, eliminating waste and feeding people in our local communities.

Throughout 2023, the group also continued several sustainable actions started in previous years, with the following being particularly noteworthy:

• **“Say No to Plastic” program (launched in 2019):** remained active, promoting the replacement of single-use plastics with reusable or recyclable alternatives. Some of the measures implemented were the replacement of individually packaged amenities by dispensers, the replacement of plastic mixers and straws, and the elimination of PET in favor of reusable glass bottles.

• **Reduction of food waste:** more efficient management practices for perishable foods were reinforced, such as the continuous adjustment of orders according to hotel occupancy and the use of surpluses in good condition and in accordance with safety standards, for example for jams and cakes.

Protection of ecosystems and biodiversity

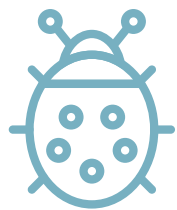
The ecosystems in which Pestana Hotel Group operates, as well as the biodiversity that characterizes each one, are important assets, particularly in the hotel, golf and real estate sectors. Nature is a distinguishing feature of the tourist experience and a key factor in the quality and resilience of operations. For this reason, the group promotes a relationship of respect and balance with local ecosystems, adopting measures to prevent and minimize impacts.

This approach takes the form of environmental preservation and enhancement actions that go beyond mere legal compliance, in which the *Planet Guest* Sustainability Program finds its most literal expression. The program's motto, "We are only guests of the Planet", translates into the preservation of green areas, strict compliance with environmental legislation and the participation of teams in environmental initiatives, such as reforestation campaigns, environmental clean-ups or awareness-raising actions such as Earth Hour.

Biodiversity management is distributed across business areas. This is the case for the Golf business unit, responsible for managing golf courses and tourist resorts in Portugal, and the Operations Department in Africa, which monitors units in protected areas. In both cases, the group's actions are guided by legal and regulatory instruments, such as the Environmental Impact Statement and Environmental License in Portugal and agreements with local governments in African destinations. These requirements may involve, for example, periodic assessments of fauna and flora, as is the case at the Silves golf course, allowing the evolution of ecosystems to be monitored over time.

At the same time, the group promotes voluntary actions to enhance biodiversity, reinforcing its collective commitment to protecting natural capital and the active involvement of employees in relevant environmental causes.

Pestana Hotel Group units in protected areas



9

Number of operations located in or adjacent to protected areas/areas of high biodiversity interest.



11,1

Area (km²) of operations located in or adjacent to protected areas/areas of high biodiversity interest.

Country	Hotel unit	Biodiversity area
Portugal	Pousada do Gerês	Located within the <i>Parque Natural da Peneda-Gerês</i>
	Pestana Tróia Eco-Resort	Partially integrated into <i>Reserva Natural do Estuário do Sado</i> and <i>Reserva Botânica das Dunas de Tróia</i>
	Pousada de Sagres	<i>Parque Natural do Sudoeste Alentejano e Costa Vicentina</i>
	Silves Golf	<i>Rede Natura 21</i> in Silves
	Golf Gramacho e Pinta, Carvoeiro	Intersection of water line of interest for biodiversity
Mozambique	Pestana Bazaruto	Bazaruto National Park
	Pestana Inhaca Lodge	Inhaca Nature Reserve Maintenance is the responsibility of the group
São Tomé and Príncipe	Pestana Equador	Ilhéu das Rolas Nature Reserve Maintenance is the responsibility of the group
South Africa	Pestana Kruger Lodge	Adjacent to Kruger National Park

Good practices in focus

Pestana Village & Miramar, on Madeira Island

Guided tours of the gardens, which have been awarded first place in the Funchal City Council's – Funchal Cidade Florida competition. These weekly tours allow guests and tourists to learn about the plants, flowers and trees that make up the gardens, some of which are endemic. The botanical diversity of the gardens, the careful maintenance of the spaces and the active involvement of the team in promoting sustainability and enhancing the natural heritage, allowed to earn this distinction.

Hotels in Lisbon and Porto

The gardens and green spaces are maintained to ensure the quality of the species and keep them in their original form, without the use of pesticides, except for the removal of weeds that are resistant to mechanical means.

Pestana Kruger Lodge, South Africa

The hotel ensures invasive vegetation control measures to prevent its spread into the park.

Pestana Tróia Eco-resort

The infrastructure of this unit has been integrated into the landscape and native vegetation, promoting the conservation of natural habitats for fauna and flora and the well-being of users. The development has allocated 95% of the total area to ecological spaces (50% to the ecological reserve and 45% to protected green areas), with only 5% occupied by construction. Representatives of the local community and public entities were involved in the installation process and participated in defining the architectural style, integrating the buildings into the topography of the land and the landscape, and choosing the materials used, ensuring optimized integrated acoustic, thermal and energy solutions. In addition to the native vegetation requiring very low water consumption for irrigation, water efficiency measures were also introduced, with the reuse of wastewater for irrigation and waste management plan for hazardous waste, with recycling points distributed throughout the eco-resort.

Programs and initiatives

Reforestation at Herdade da Pereira (Silves)

Following the fire in August 2018, continuous reforestation and forest improvement work has been carried out on an area of 391 hectares at Herdade da Pereira. In 2023, Pestana Hotel Group planted its 50.000th cork oak tree in a symbolic gesture that reflects the group's commitment to the Herdade da Pereira reforestation project.

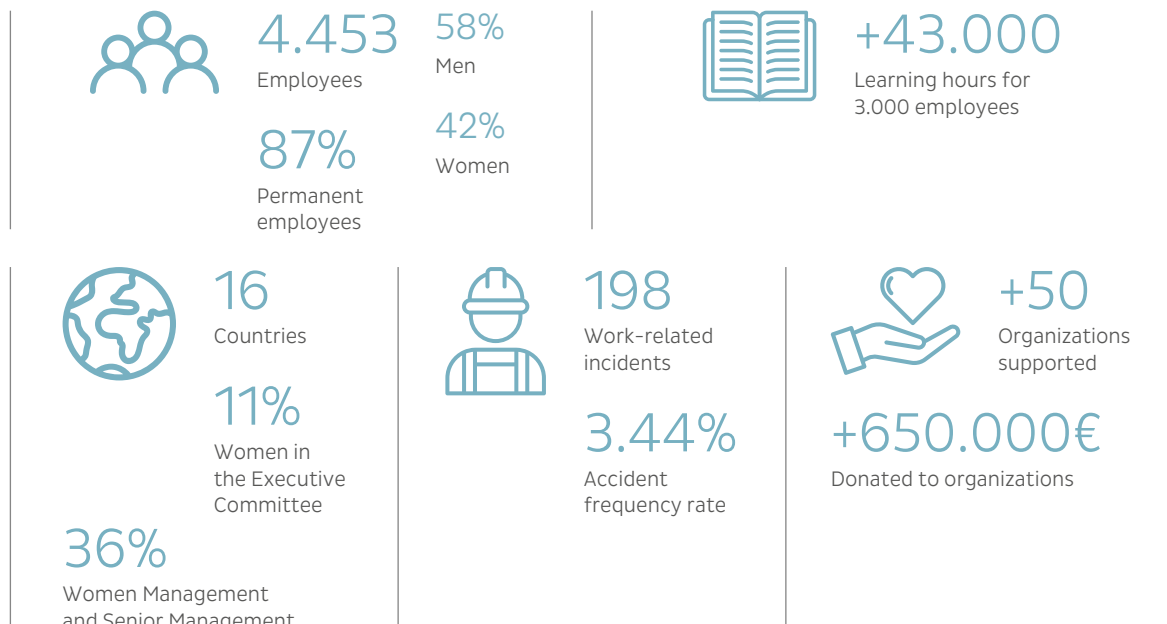
2.2 Commitment to social well-being

People are at the heart of Pestana Hotel Group's sustainability.

As a group whose main activity is to provide services from people to people, the human factor is decisive for the quality of the service provided. Attracting and retaining talent, providing attractive working conditions, creating opportunities for professional development and an inclusive and engaging environment is essential for the success of our business model.

Achieving our goals, both in the short-term and in our long-term strategic vision, requires a continuous investment in people. That is why we value talent as one of the main drivers of our sustainability and competitiveness.

We believe that the excellence of the service we provide is only possible through skilled, motivated teams that are aligned with our welcoming culture. In this regard, in 2023, the group continued to consolidate an organizational culture based on the well-being, inclusion and development of our employees. Through structured initiatives, it has been strengthening the motivation, diversity and commitment of its teams, ensuring fair working conditions and equal opportunities for all.



Note: The data presented includes all units managed by the group, excluding interns.
Work accident data and the work accident frequency rate refer only to employees in Portugal.

Talent management

In a sector where the experience we provide is centered on people, human capital plays an absolutely central role in the group's strategy. Therefore, talent management and employee development are a strategic priority, supported by responsible practices and the promotion of attractive and inclusive professional growth opportunities.

The group's approach to talent management is guided by principles of responsibility, fairness and valuing people, through:

- **Responsible hiring models**, which ensure compliance with labor legislation and the adoption of voluntary practices that have a positive impact on employees;
- **Appropriate remuneration and benefits policies**, which aim to recognize and promote the well-being of our teams;
- **Continuous promotion of professional development** through training and capacity-building programs that enable skills growth and career advancement.

In this regard, in 2023, the group continued to invest in the training, development and strategic alignment of its teams. More than 500 training sessions were held, focusing on essential technical areas such as Building Simulation and Evacuation, First Aid, SBV and DAE, HACCP and Safety, representing more than 200 specific sessions and more than 9.000 hours of training.

About Pestana Academy

The training and development of our people has been fundamental to increasing the qualifications and enhancing the continuous growth of our employees. We have therefore created our internal academy, Pestana Academy, based on three pillars: *Growing Experiences*, which promote employee development throughout their careers; *Learning Experiences*, which guarantee learning and training opportunities in various skills; and *Sharing Experiences*, which are based on the sharing of knowledge and best practices between departments.

The results are clear to see, with career development and geographical mobility clearly evident in our operations. In addition to *Growing Together*, which aims to prepare talented individuals with potential for a career in hospitality by focusing on developing leadership skills and deepening their knowledge of hotel operations, we would also like to highlight our *Pestana Mobility* program. This program allows our talent to gain international experience in other locations where the group is present, for example in New York, London or Amsterdam. We also have *cross-training* programs that allow people to learn about different areas of the business beyond their own.

The second pillar includes all training investment, which allows each role to deepen its skills through learning opportunities in various formats, whether in person, *online*, *blended* or *on-the-job*, facilitated by internal and/or external trainers. This ensures training in both technical and *soft skills*, allowing our employees to continue to grow and feel valued.

In addition, we have several internal initiatives that enable the sharing of best practices, such as *Pestana Sharing*, where employees share successful cases and projects that inspire and others. *Pestana Talks* with our CEO and Chairman fosters a greater sense of belonging and sharing of our strategy, culture and good results in order to ensure alignment among all.



Working on innovation

Innovation plays an important role in the differentiation and quality of the services offered by Pestana. For this reason, the group has included *Envision* in its training program, an internal innovation program that this year was dedicated to three strategic pillars: Energy Efficiency, Local Communities and Pestana Talent. This program consisted of several workshops, involving numerous employees from different countries.



Health, safety and well-being

The group recognizes safety and health as a **fundamental right for all**. In addition, alongside the well-being of its employees, these are critical factors for the success of the group's mission, representing essential capital for the business. These aspects have a direct and indirect impact on financial performance, influencing **productivity, team satisfaction** and the ability to **attract and retain talent**. Investing in health, safety and well-being reduces costs associated with occupational injuries and illnesses, regulatory non-compliance and insurance, while fostering a more positive and motivating work environment.

Health, well-being and *work-life balance*

Aware of the importance of the physical and emotional well-being of its employees, the group offers free medical consultations in some regions, promoting preventive health and easy access to healthcare. At the same time, it also offers free psychological support services provided by a partner specializing in mental health, ensuring total confidentiality for all users.

The group also offers other **benefits** that contribute to the overall well-being of its employees, including access to health insurance, a *staff* card with discounts on leisure accommodation for our employees or with partners, and a *voucher* for a stay of one night per year for personal use.

As part of promoting work-life balance, in 2023 the group maintained the hybrid working model for Shared Services teams, with the possibility of one or two days of remote work per week. This flexibility has contributed to greater satisfaction and a better balance between family and professional responsibilities.

In 2023, the group also began investing in the renovation of the work facilities of its employees at the shared services centers in Lisbon and Algarve, in order to promote a more comfortable, modern and collaborative working environment for more than 400 employees.

In 2023, the **Organizational Satisfaction survey**, applied to employees with more than three months of tenure in the organization, recorded an **overall satisfaction** level of **78%**, reinforcing the alignment between the internal culture and the teams' expectations.

Operational Safety

Safety is understood as an essential value in the experience provided to guests and employees. Pestana Hotel Group incorporates a culture of safety based on the identification and management of critical risks to operations, supported by a shared effort among all employees. This culture assumes that everyone takes active responsibility for the safety of the facilities, customers and teams, contributing to an environment of trust and prevention.

The group guarantees a safe environment, 24 hours a day, 365 days a year, for both customers and employees. Each unit has its own security team, responsible for implementing procedures adjusted to its operational reality. This structure ensures the consistent enforcement of safety and well-being requirements, in line with the group's standards. All units have safe, unobstructed and properly signposted evacuation routes, as well as proper alarm systems. This policy is in line with applicable legislation and the group's commitments to quality, safety and hospitality.

Accident monitoring allows us to identify the main risks and accidents, define preventive measures, adapt procedures and, where necessary, implement specific training actions or update equipment. In this context, both accidents at work and accidents involving guests are considered, allowing for a comprehensive and integrated response.



Note: Data for Portugal only. Accident frequency index = number of accidents x 1,000,000/hours worked

Food hygiene and safety

In business segments related to food and beverage services, the group implements a rigorous HACCP (Hazard Analysis Critical Control Point) system. This system is essential to ensure high standards of food safety and quality, reinforcing customer confidence.

Each food service unit has an HACCP plan, a specific management model and technical teams dedicated to its implementation. The procedures cover the entire food journey – from reception to preparation and storage – and are regularly audited to ensure legal compliance and identify opportunities for improvement. Continuous training of teams is ensured through technical qualification and awareness-raising actions.

HACCP: 2.500 hours of training provided in this area in 2023

Heritage restoration and preservation

Heritage preservation is an ongoing commitment of Pestana Hotel Group, ensuring that historic buildings are given a new life while contributing to the attractiveness and vitality of their locations. To this end, the group invests in the restoration and rehabilitation of historic buildings, such as castles and monasteries, located in regions of great cultural and natural value. In this context, it is important to highlight Pousadas de Portugal, which are particularly relevant due to their integration into Pestana Hotel Group since 2003 as a leading brand in Portuguese tourism and increasingly recognized by other markets. Pousadas de Portugal offer a unique experience to guests, with personalized service and units, most of which have between 30 and 40 rooms. Each unit is managed by its own team, under the supervision of the group's administration.

In 2023, Pestana Hotel Group reinforced its commitment to urban regeneration and the preservation of cultural heritage with the opening of two new units in restored historic buildings and through a total investment of around €13 million (of which €3,7 million to Pousada de Alfama, €8,1 million – Pestana Rua Augusta and €1,2 million went to other Pousadas de Portugal).

Expansion with heritage preservation

Pestana Rua Augusta Lisbon | *Historic Downtown*

Located in downtown Lisbon, next to the Arco da Rua Augusta, this hotel is the symbol of 18th-century Lisbon. Rua Augusta is the ideal street to start exploring downtown Lisbon, where monuments, renowned brand shops and an intense cultural life converge. It also connects to Praça do Comércio, facing the Tejo river, one of the most stunning places in Europe. The rooms are cozy, comfortable and quiet, with a light atmosphere and perfectly soundproofed. Almost all have balconies overlooking these historic streets, and some even offer views of the Castle Hill, where Lisbon was born.

Pousada Alfama | *Charming Hotel*

This new hotel is the result of the renovation of an old building that stands out for its authenticity and combines the classic with the contemporary. Located opposite the Portas do Sol viewpoint, whose name derives from the old Porta do Sol – one of the entrances to medieval Lisbon, it is integrated into the city's Cerca Moura with a superb view of the Tejo river. This gate was destroyed by the 1755 earthquake but remains alive in the identity of the place.

Support for local communities

Created with the aim of promoting awareness that “We are only guests of the Planet,” the *Planet Guest* project guides community support initiatives with a hybrid approach that involves both the corporate team and local units. Each unit is free to develop or support programs aligned with the needs of the region where it operates, ensuring that actions are tailored to local challenges, while maintaining global initiatives such as the “Obrigado por Ajudar” program. In addition, the group provides support to regions affected by conflict or natural disasters with specific programs for these situations. The *Planet Guest* team provides support in implementing and monitoring these initiatives and reports progress to the Executive Committee for approval of new projects and partnerships.

Impact on the community

+50

Organizations supported

+€650.000

In support granted

“Obrigado por Ajudar” program

This fundraising program was launched in 2009 across the group's hotel units in Portugal. With the aim of supporting organizations with a social mission, the initiative takes place annually and invites guests to contribute with monetary donations. Pestana Hotel Group reinforces this gesture of solidarity by doubling the amount raised, thus amplifying the positive impact on the beneficiary institutions. In 2023, it distributed more than €270.000, supporting seven associations in Portugal and five abroad. Among the projects supported, the restoration of a kindergarten in São Tomé stands out, contributing to the improvement of local infrastructure.

Every week with the João 13 Association

Pestana Hotel Group offers weekly support to the João 13 Association, in partnership with Colégio Pedro Arrupe, providing 70 dinners and 70 breakfasts to homeless people in Lisbon every Monday, with the collaboration of its employees.

Partnership with refugee support associations

In partnership with various organizations, such as the Jesuit Refugee Service, the High Commission for Migration, Caritas Diocesana de Beja and Associação ESTAR, Pestana Hotel Group offers assistance and integration to refugees, with the support of its employees.

Volunteering activities for the community

The group organizes volunteer activities, such as the restoration of spaces at the Campanhã Youth Center, with the aim of supporting and improving the quality of life of the local community.

Donation of various materials

Pestana Hotel Group donates materials that are no longer needed in its units, such as towels, beds and mattresses, contributing to community causes. The values of the donations are documented in the 2023 actions.

2023 was also marked by other types of support, such as Pestana Hotel Group's presence in **humanitarian emergency** actions, responding to international crises, such as the earthquake in Turkey and Syria and the earthquake in Morocco, channeling support to the affected communities. It was also involved in **World Youth Day (WYD)**, donating food and supporting the logistics of the event held in Portugal. It supported **ESTAR, Associação Apoio à Vida** and **Centro Paroquial de Monte Abraão**, by donating mattresses and crockery, and the **Janela do Índico** program **run by Associação Estímulo**, in the field of maternal and child health in Mozambique.

Education and culture

Culture and education are fundamental pillars for social inclusion and sustainable development. Pestana Hotel Group reinforces this commitment through strategic partnerships that facilitate access to education, youth training and the promotion of Portuguese culture. A particularly important aspect of this involvement is participation in structural projects that create opportunities for young people in vulnerable situations. Pestana Hotel Group recognizes the importance of culture as a driver of development and identity, supporting projects that take art beyond borders and promote access to diverse cultural expressions.

EPIS | Empresários Pela Inclusão Social

Through the donation of scholarships, the group supports the training and professional integration of young people at risk. EPIS's mission is to reduce school dropout rates, ensuring that more young people can complete their education and enter the job market.

Support for the Art Institute in New York

Pestana Hotel Group continues to support the Art Institute, a New York-based organization that promotes Portuguese art and culture to an international audience. This intercultural space acts as a catalyst for artistic dialogue between Portuguese artists and the various creative communities in New York, providing a platform for national talent to gain visibility.

Deja Lu Solidarity Bookshop

As a form of inclusion through culture, the group welcomes the Deja Lu Solidarity Bookshop at Pestana Cidadela Cascais. This bookshop project encourages reading with social impact, donating profits to APPT21 – Associação Portuguesa de Portadores de Trissomia 21 (Portuguese Association of People with Trisomy 21), which supports the inclusion and empowerment of people with Trisomy 21.

Support for entrepreneurship projects

The promotion of talent and entrepreneurship was also at the heart of the group's activities, through support for the empowerment of young Mozambican women, offering professional development opportunities in partnership with the **Girl MOVE Academy**. Recognized by UNESCO for its innovative intergenerational mentoring model, this organization empowers women for leadership and positive change in Mozambique. In 2023, as part of this collaboration, Pestana Hotel Group welcomed a participant in the program for a one-month internship in the Marketing, CRM and Loyalty Department, providing her with practical and enriching experience.

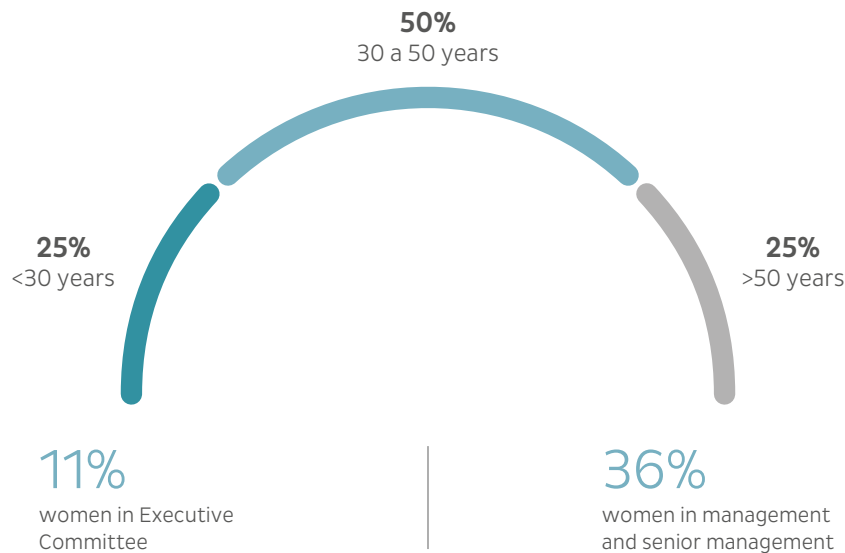
Committed to diversity and inclusion

Within the group, equality and inclusion are fundamental pillars of our human resources policy. Operating in a sector intrinsically linked to diversity, the hotel industry, we recognize that inclusive and diverse teams contribute to a richer, more collaborative working environment and have a direct positive impact on the experience of our guests, who also come from a wide variety of backgrounds.

We are committed to ensuring a working environment where everyone feels valued, respected and has equal opportunities for growth. To this end, we promote functional and salary equality, without any form of discrimination, and adopt inclusive practices throughout our employees' professional cycle.

Through policies that promote diversity, the inclusion of people with disabilities and work-life balance, we seek to build a more fair and humane organizational culture that is representative of the society in which we operate. We believe that inclusion is not just a value, it is a responsibility shared by everyone in the group.

Age is one of the important elements in our diversity and inclusion practices, promoting the integration of employees of different ages and ensuring that this is not a reason for exclusion. Similarly, the representation of women in leadership positions demonstrates that gender is not a barrier to professional development. To reinforce this path, the group will continue to promote diversity in these positions.



Internal highlight | Employees

Agreements with leading institutions reinforce the group's commitment to a more inclusive and diverse culture.

Pestana Hotel Group has established partnerships with Valor T and the Inclusive Community Forum (ICF), entities that aim to promote the employability of people with disabilities and facilitate professional integration processes.

External highlight | Partnerships

Partnership with Business Roundtable Portugal (BRP) marks a new phase of strategic involvement by Pestana Hotel Group in social and economic transformation in Portugal.

In 2023, Pestana Hotel Group strengthened its involvement in economic and social development in Portugal through its partnership with Business Roundtable Portugal. This association of large companies acts through initiatives that drive sustainable development, innovation and competitiveness. The cooperation represents a strategic step in the group's contribution to the qualification of talent and the enhancement of the tourism sector, with medium and long-term impact.

Partnership with PWN Lisbon – Professional Women's Network reinforces the group's commitment to diversity, equity and inclusion.

Pestana Hotel Group is a partner of PWN, a network that promotes balanced leadership between women and men in business and society. This partnership reinforces the group's commitment to gender equality and allows for involvement in professional development initiatives, mentoring and sharing of best practices in diversity and inclusion.

2.3 Commitment to good governance

The highest standards of governance

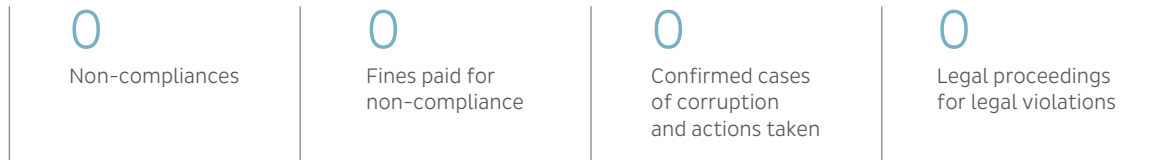
Pestana Hotel Group's governance model is based on the organization's values, identity and history, ensuring an effective structure for agile supervision and decision-making. The structure is led by the Board of Directors of Pestana International Holding S.A. (PIH), composed of five members, three of whom are independent, responsible for supervising the group, ensuring its sustainable development and the creation of long-term value for the group and its *stakeholders*.

The members of the Board of Directors are appointed by the shareholder of PIH, the group's chairman, Dr. Dionísio Pestana, while the Board of Directors appoints those responsible for managing the subsidiaries. Its main areas of activity include defining the group's strategic vision, supervising the management of subsidiaries and business areas, and making strategic decisions.

Although the Chairman continues to actively supervise the group's operations, with a focus on the investment process, the day-to-day management of the group is delegated to the Executive Committee. This committee, chaired by the Chief Executive Officer (CEO) and composed of the directors of the group's main areas (operations, commercial, information technology, human resources, finance, maintenance and legal), is responsible for corporate and operational management. The Board of Directors meets monthly with all directors to ensure transparency and consensus in strategic and tactical decisions, and the Executive Committee meets weekly to manage more operational matters.

Ethics, anti-corruption and anti-fraud

Performance indicators: compliance and integrity



Management principles for a culture of compliance and integrity

Compliance is a priority for the group, as it ensures the organization operates correctly in line with applicable legislation in the different businesses and markets where it operates. Given the size of the structure, comprising thousands of employees and external *stakeholders* and, as well as its geographical, cultural and social diversity, the existence of guiding principles and common standards of conduct is absolutely essential, as they prevent illegal acts and help mitigate legal, financial and reputational risks.

The group ensures compliance with applicable regulations in all business areas and geographies where it operates. *Compliance* management is based on strict compliance with the law, transparency, proportionality and ethical behavior by its companies and employees, rejecting any illegal or subterfuge practices.

Compliance System

In 2019, the group began laying the groundwork for the *Compliance* Committee and approved the respective Manual. In 2021, it decided to formally create this committee responsible for appointing the directors in charge of this function in the group's companies, as well as the *Compliance Officers*. These are appointed for a five-year term, with the mission of ensuring compliance with the *Compliance* Manual and Code of Conduct and Ethics, recording and reporting violations, and applying the necessary corrective measures.

The system currently in force, introduced in 2022, is based on a logic of vertical segregation of functions: committee members cannot simultaneously be directors with responsibility for compliance, and directors cannot, in turn, perform the functions of *Compliance Officers*. All members of this system are subject to a special duty of confidentiality with regard to matters inherent to this function, particularly with regard to complaints, except in cases where it is necessary to act in accordance with the law. The *Compliance Committee* is also appointed for a period of five years, meets ordinarily every two months and has the following responsibilities:

- Monitor the group's activities in this area;
- Ensure the functioning of the *compliance* system and propose any changes to the group;
- Analyze complaints and half-yearly reports submitted by *Compliance Officers*;
- Promote training and communication initiatives in this area.

Objectives of the *compliance* system

- Ensure the proper functioning of the organization, preventing illegal acts of any kind and reducing the risk of non-compliance, with potential legal, financial and reputational impacts.
- With regard to corruption, it should be noted that most countries have specific legislation in place to prevent it (e.g. anti-money laundering laws). In many cases, responsibility lies not only with individuals but also with the companies themselves.
- Complement the principles and rules set out in the Code of Conduct and Ethics.
- Implement a set of functions and procedures for preventing and responding to situations of non-compliance with the law.

Whistleblowing channel and policy for the protection of whistleblowers

Within the scope 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 No. 93/2021, which establishes the General Regime for the Protection of Whistleblowers, Pestana Hotel Group instituted, in 2022, the Whistleblower Protection Policy. This policy ensures the confidentiality and anonymity of whistleblowers acting in good faith and has been published and fully in force since its implementation.

To implement this policy, a secure and accessible internal reporting channel has been created, which can be used by any employee, regardless of their type of employment relationship, as well as by third parties outside the organization, namely suppliers, customers or other business partners. The channel can be used whenever there is knowledge or suspicion of a violation of legal, regulatory or internal rules by employees or third parties connected to the group.

Reports are received by an independent external entity, acting as *Compliance Officer*, which ensures the anonymity of the whistleblower. After being registered, the report is forwarded anonymously to Pestana Hotel Group, which conducts the investigations, inquiries or proceedings it deems appropriate, for a decision to be made.

The decision is then communicated to *the Compliance Officer*, who in turn informs the whistleblower of the outcome of the process.

Code of conduct and ethics

In force since 2017, Pestana Hotel Group's Code of Conduct and Ethics establishes the ethical principles and standards of conduct to be adopted by employees and accepted in the exercise of their professional activity, in their relationships with each other and with external *stakeholders*. New employees are also made aware of the code during the onboarding process.

The fundamental ethical principles inherent to the group's activities are:

- **Compliance with the law**, to conduct its business in an ethical and legal manner, reflecting a clear choice for integrity and justice;
- **Truthfulness and transparency** in the preparation, reporting and disclosure of data, having complete, accurate and reliable records;
- **Protection and safeguarding of resources** which, together with the material and intellectual property of the Pestana Group, must be treated honestly, and therefore we will not tolerate improper use or use based on theft, robbery, fraud or any kind of falsehood;
- **Protection and safeguarding of the confidentiality of information** relating to the Pestana Group or third parties associated with it;
- **No conflicts of interest**, and the decision of any employee must be guided solely by the interest of the Pestana Group;
- **Integrity in negotiations** and in entering into agreements with third parties which must be based on good faith and without resulting in any unfair advantage;
- **Loyalty** to the Pestana Group so that none of its employees may gain any personal business advantage from any negotiation conducted or decision made;
- **Respect for and dignity in relations** with other employees of the Pestana Group and third parties and their representatives
- **Fostering a safe and risk-free environment and workplace**, including in relation to violence and threats to people, and with no consumption of alcohol or illegal substances;
- **Individual responsibility** of each employee of the Pestana Group due to freely adopted attitudes, based on the law and ethics.

Rules of conduct

The rules of conduct that form part of the Code of Conduct and Ethics guide the behavior of permanent and seasonal employees working in the 16 countries where the group operates. These standards refer to the following areas:



Employee Handbook as a tool for corporate culture and conduct

Pestana Hotel Group *Employee Handbook* is an internal guide that provides employees with guidance on the organization's culture, principles, operations and standards. Its main objective is to support the integration of new employees and reinforce corporate culture, serving as a repository of best practices. It is also an essential tool for ensuring compliance with internal standards of behavior and current legislation, promoting actions in line with the group's values and ensuring an ethical, inclusive and efficient working environment.

In terms of *governance*, this manual includes particularly relevant content, such as the definition of the organization's identity and guiding principles (manifesto, purpose, vision and values), as well as a description of *the governance* model in force, which reinforces the importance of transparency, responsibility and ethics in management.

In addition, the *Handbook* brings together a set of policies and procedures that structure business conduct and ensure respect for fundamental rights at work. Among these, the following stand out:

- Disciplinary Policy and Procedure
- Complaints Policy and Procedure
- Equal Opportunities Policy
- Bullying* Policy
- Whistleblower Protection Policy
- Health and Safety Policy

These instruments are fundamental to promoting a fair, safe and ethical working environment, preventing harmful practices and protecting employees in situations of risk or conflict.

Responsible value chain

Priority to local suppliers and monitoring of the supply chain

As a group with a presence in multiple countries, Pestana Hotel Group operates in diverse geographical, economic and social contexts. In this context, it is committed to favoring local suppliers whenever possible. This practice aims not only to strengthen the group's integration into the communities where it operates, but also to actively contribute to local economic development, promoting the creation of shared value.

The commitment to local suppliers also reduces the environmental impact associated with the transport of goods and services, strengthening the resilience of the supply chain and fostering close and trusting relationships.

In addition, with the aim of ensuring high standards of quality, safety and sustainability in its operations, the group promotes, where relevant, regular visits to the facilities of its most important suppliers. These visits allow for direct monitoring of activities, facilitating the assessment of compliance with contractual, legal and ethical requirements, as well as the identification of opportunities for improvement and collaboration for the adoption of more sustainable practices.

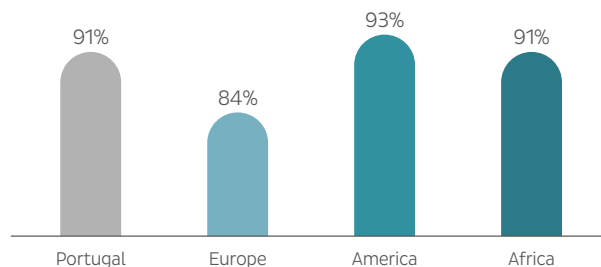
Local sourcing and supply chain management



90%

of Pestana Hotel Group
purchases are from
local suppliers

Distribution of local sourcing by area



Responsible management of supplier relationships

Managing a value chain involves some complexity, due to the risks inherent in supply disruptions, variations in product quality or non-sustainable practices that can compromise operations and affect the brand's reputation. Aware of these challenges, Pestana Hotel Group recognizes that effective value chain management is essential to mitigate these risks, ensure business continuity and product quality. Although it does not yet have a formal policy dedicated to this issue, these key concerns are already reflected in the most critical clauses of the General Supply Agreements signed with suppliers.

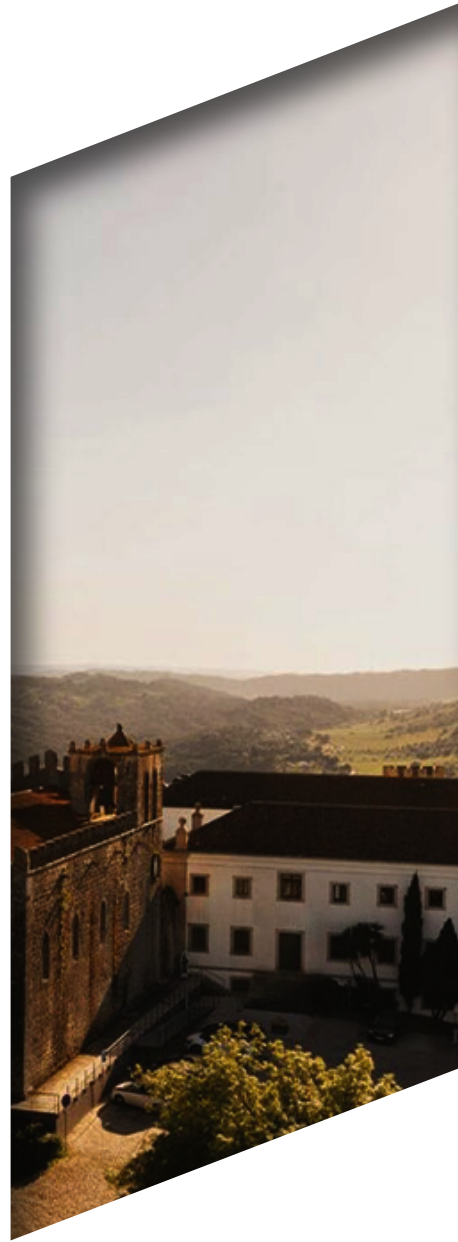
In addition, the Accounts Payable Department adopts practices to minimize late payments, contributing to a more balanced and sustainable relationship with business partners. Among these practices, the following stand out:

- Identification and monitoring of critical suppliers, ensuring more attentive and preventive management of their processes;
- Monthly analysis of the age of outstanding invoices (*supplier ageing*), allowing for the identification of any delays and the taking of corrective measures;
- Specific monitoring of invoices with urgent payment, to ensure continuity of contracted services and prevent negative impacts;
- Specific monitoring of local and smaller suppliers, contributing to their stability and inclusion in the value chain;
- Regular sending of pending reports to suppliers, encouraging the swift resolution of non-conformities (such as the issuance of credit notes).

Reducing the environmental impact on the supply chain and food

In 2023, with the aim of minimizing greenhouse gas (GHG) emissions and waste production, the group has been implementing measures to optimize the supply chain and food processes. In 2023, it laid the foundations for an initiative in Portugal to reduce the number of product references, namely by purchasing items in bulk instead of individual packaging, which will reduce the number of deliveries and associated emissions – work that will continue in 2024.

At the same time, measures are being studied to reduce the environmental impact of food, such as reformulating meals to favor options with less animal protein (particularly beef and pork) and reducing the use of plastic and other disposable materials. These measures also include adjusting ordering and packaging processes, promoting bulk or larger volume formats, with a view to phasing out single-use packaging.



3 PREPARATION AND FOCUS

2023: The year that prepares for the change to new sustainability reporting requirements

2023 was a year of preparation for Pestana Hotel Group. This was a period of intense internal work, marked by reflection and the laying of the foundations for a solid and ambitious transition from 2024 onwards.

Preparations for a new, more transparent sustainability reporting model in line with the new European guidelines, the *Corporate Sustainability Reporting Directive* (CSRD) were initiated. From 2024 onwards, the group's reports will move towards this new format, enabling clearer, more comparable and impact-oriented communication, thereby strengthening the confidence of investors, customers, employees and other stakeholders.

2023 thus ends as a year of preparation, a year in which the foundations were laid for a new phase of sustainable growth: more demanding, more transparent and more aligned with the future.

4 TRANSPARENCY

Table of Indicators

ESRS

ESRS 2: General Disclosures

<p>BP-1_01 Basis for preparation of sustainability statement</p>	<p>The objective of Pestana Hotel Group's reporting is to provide stakeholders with an accurate and comprehensive overview of the main aspects, initiatives, practices and results for 2023.</p>
<p>BP-1_02 Scope of consolidation of consolidated sustainability statement is same as for financial statements</p>	<p>The sustainability statement is prepared on the same basis of consolidation as the financial statements.</p>
<p>BP-1_03 Indication of subsidiary undertakings included in consolidation that are exempted from individual or consolidated sustainability reporting</p>	<p>The basis for preparing sustainability information related to business relationships in unconsolidated entities includes, in particular, <i>joint ventures</i> resulting from the partnership with Cristiano Ronaldo (PCR7), which, despite being exempt from reporting, were included in the scope.</p>
<p>BP-1_04 Disclosure of extent to which sustainability statement covers upstream and downstream value chain</p>	<p>When calculating its carbon footprint, the group includes the calculation of scope 3 emissions, with the upstream and downstream categories identified as relevant to the activities carried out. We are currently adjusting the decarbonization plan, which covers all areas, ensuring the reduction of emissions and the group's impact throughout the value chain. The group does not yet analyze suppliers in terms of <i>compliance</i> with sustainability issues. In the future, we intend to align the analysis of suppliers with our strategy and policies for choosing suppliers.</p>
<p>BP-1_05 Option to omit specific piece of information corresponding to intellectual property, know-how or results of innovation has been used</p>	<p>We are not aware of any classified, sensitive or intellectual property information being omitted from this report.</p>
<p>BP-1_06 Option allowed by Member State to omit disclosure of impending developments or matters in the course of negotiation has been used</p>	<p>The company has not exercised its right to exclude information relating to future developments or matters in an advanced stage of negotiation.</p>
<p>BP-2_16 Disclosure of other legislation or generally accepted sustainability reporting standards and frameworks based on which information has been included in the sustainability statement</p>	<p>The company includes in its sustainability statements information required by specific national legislation. This concerns information collected on hazardous waste in order to comply with legal obligations on waste management established by Portuguese legislation, namely Decree-Law No. 102-D/2020, which transposes the Waste Framework Directive (Directive 2008/98/EC) into national law. This information includes, among other aspects, the characterization, quantification, destination and treatment of hazardous waste generated, in line with the requirements of the Portuguese Environment Agency (APA).</p>
<p>GOV-1_01 Number of executive members</p>	<p>Number of executive members: 3</p>
<p>GOV-1_02 Number of non-executive members</p>	<p>Number of non-executive members: 2</p>
<p>GOV-1_03 Information about representation of employees and other workers</p>	<p>There is no representation of employees in the administration and management, but there is representation in the supervisory body. This is the case of the representative of the Workers' Committee in the supervisory body of the GPP Workers' Pension Fund.</p>
<p>GOV-1_04 Information about members' experience relevant to sectors, products and geographic locations of the undertaking</p>	<p>Our Board of Directors brings together a wide range of skills relevant to the business, long-term strategy, risk management and global activities. These skills include top leadership (CEO), operations in the hotel and real estate sectors, international experience, institutional relations, risk management, finance and technological innovation. In addition, all Board members demonstrate a high level of sensitivity to sustainability issues and are actively committed to meeting the defined objectives. Their knowledge in areas such as environmental management, climate change initiatives, human resource development and social responsibility enables them to respond effectively to <i>stakeholders'</i> key concerns regarding sustainability.</p>

ESRS

ESRS 2: General Disclosures

GOV-1_05

Percentage of members of administrative, management and supervisory bodies by gender and other aspects of diversity

PIH Board of Directors diversity metrics.

- Gender:
- Male: 80%
 - Female: 20%
- Nationality:
- Portuguese: 60%
 - Italian: 20%
 - Dutch: 20%
- Age group:
- 50–59 years old: 60%
 - 60 years or older: 40%

GOV-1_06

Board's gender diversity ratio

Board gender diversity ratio: 0.25

GOV-1_08

Information about identity of administrative, management and supervisory bodies or individual(s) within body responsible for oversight of impacts, risks and opportunities

The Board of Directors of Pestana International Holdings (PIH) ensures the control and supervision of the group's activities, delegating day-to-day management to the Executive Committee, chaired by the CEO. This Committee is composed of directors responsible for various functional areas: Operations, Commercial, Information Technology, Human Resources, Finance, Maintenance and Legal. These are highly specialized professionals with extensive experience and in-depth knowledge of the sector. They play a key role in formulating and implementing the group's sustainability policies. Due to its high level of expertise, the Executive Committee is able to analyze risks, impacts and opportunities, adopting a proactive and effective approach to sustainability management. It also ensures that environmental, social and *governance* impacts are managed strategically and responsibly, in line with sector best practices. In addition, the Executive Committee closely supervises the implementation of sustainability strategies, ensuring transparent communication and constant updating of best practices. This process involves the full integration of sustainability issues in all areas of the company, from top management to operations.

GOV-1_09

Disclosure of how body's or individuals within body responsibilities for impacts, risks and opportunities are reflected in undertaking's terms of reference, board mandates and other related policies

The Board of Directors continuously reviews the group's governance practices, assesses the regulatory and legislative framework, and adopts the governance practices that best serve the interests of shareholders. The Board is elected by the group's shareholder, Dr. Dionísio Pestana, who chairs this body. The group's activities are managed by managers and directors, under the direction of the Chief Executive Officer (CEO) and the supervision of the Executive Committee, with the aim of increasing the long-term value of the company for its shareholder. At Pestana Hotel Group, the Chairman of the Board of Directors, Dr. Dionísio Pestana, leads the group in strategic matters, with a particular focus on business expansion and monitoring performance against defined objectives. The group's CEO is Dr. José Theotónio, whose main role is to lead the group towards excellence, with a focus on sustainable growth.

GOV-1_11

Description of how oversight is exercised over management-level position or committee to which management's role is delegated to

See response to GOV-1_08

GOV-1_12

Information about reporting lines to administrative, management and supervisory bodies

See response to GOV-1_15

GOV-1_13

Disclosure of how dedicated controls and procedures are integrated with other internal functions

Risk management is an integral part of the activities of the Executive Committee of Pestana Hotel Group. The Board of Directors sets expectations and oversees this process, which is a fundamental basis for defining the group's strategy and planning. The group's CEO is responsible for closely monitoring the management of impacts, risks and opportunities (IROs). This monitoring is carried out through Executive Committee meetings and, based on the risks identified, responsibilities are assigned to other experienced and highly qualified Directors, ensuring proper monitoring and an effective response.

ESRS

ESRS 2: General Disclosures

GOV-1_14

Disclosure of how administrative, management and supervisory bodies and senior executive management oversee setting of targets related to material impacts, risks and opportunities and how progress towards them is monitored

The Executive Committee meets weekly to ensure efficient management. In addition, it meets regularly to set targets associated with strategic sustainability objectives (at least once a year) and to assess material risks and opportunities relevant to the business. Once the targets have been set, the Executive Committee monitors their implementation, ensuring that the objectives are achieved and adjusted whenever necessary, in order to guarantee continued commitment to sustainability and long-term value creation. The regular frequency of these meetings allows the Executive Committee to act as the group's main decision-making body, ensuring that strategic and decision-making processes are conducted with a higher level of consensus and transparency. This structure promotes a clear and effective decision-making process, contributing to the sustainability and long-term success of Pestana Hotel Group.

GOV-1_15

Disclosure of how administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee sustainability matters

The Executive Committee is fully committed to developing the skills necessary to oversee and drive the sustainability agenda, recognizing its strategic importance for the future of the group. For several years, Pestana Hotel Group has been working consistently and continuously in the area of sustainability, which has always been a fundamental pillar of its business strategy. This effort is led by the CEO, who promotes internal training and constantly seeks to integrate best practices in the sector. In addition, the group enlists the support of external consultants whenever necessary, ensuring the continuous improvement of internal skills and maintaining its commitment to environmental, social and governance (ESG) issues.

GOV-1_16

Information about sustainability-related expertise that bodies either directly possess or can leverage

GOV-1_17

Disclosure of how sustainability-related skills and expertise relate to material impacts, risks and opportunities

GOV-2_01

Disclosure of whether, by whom and how frequently administrative, management and supervisory bodies are informed about material impacts, risks and opportunities, implementation of due diligence, and results and effectiveness of policies, actions, metrics and targets adopted to address them

To date, two distinct situations have been identified in risk and compliance reporting:

1. In the event of a serious incident, immediate notification is given upon verification;
2. Other situations are reported in the Annual *Compliance* Report.

The Executive Committee meets weekly to ensure efficient management, with all topics being addressed whenever they prove relevant. In a more structured manner, material impacts, risks and opportunities are assessed at least once a year, based on the following elements:

1. Strategic and business objectives: These are clearly communicated and well understood by managers at all levels of the organization;
2. Risk identification: Positive (opportunities) and negative risks are identified in each business or functional area, including interdependent risks, which are assigned to specific risk owners;
3. Risk analysis: Significant risks are analyzed using different assessment techniques in order to characterize their main attributes and determine their materiality;
4. Assessment of mitigation plans: Mitigation strategies are selected and assessed based on a cost-benefit analysis;
5. Recording and reporting: The results of the risk analysis are recorded and reported at the level of business areas and corporate functions, and subsequently aggregated at group level;
6. Review and monitoring: Risk information is reviewed and monitored on an ongoing basis, considering the pace of internal and external change.

This process enables the Executive Committee to ensure a structured, dynamic and effective approach to risk and opportunity management, promoting organizational resilience and contributing to the long-term sustainability of Pestana Hotel Group.

GOV-2_02

Disclosure of how administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing the group's strategy, decisions on major transactions and risk management process

Risk management is an integral part of all the group's business activities and decisions. The business units and corporate functions are responsible for identifying and managing the risks associated with their areas of activity. It is their responsibility to ensure that risks are identified, analyzed, mitigated appropriately, properly documented and reported. The frequency with which risk information is updated depends on the nature of each risk and the pace of internal or external change.

ESRS

ESRS 2: General Disclosures

GOV-2_03

Disclosure of list of material impacts, risks and opportunities addressed by administrative, management and supervisory bodies or their relevant committees

During the 2023 reporting period, the administrative, management and supervisory bodies of Pestana Hotel Group, namely the Executive Committee and the Board of Directors, analyzed and monitored the following material impacts, risks and opportunities (IROs) within the scope of their governance and strategic management responsibilities:

Strategic and Operational Risks

- Business models and portfolio management;
- Brand ownership and management;
- Service quality, guest satisfaction and behavior;
- Seasonality of the business;
- Regulatory compliance;
- Employee turnover and commitment;
- Obsolete equipment.

Financial risks

- Exchange rate risk;
- Interest rate risk;
- Liquidity risk;
- Credit risk;
- Capital risk.

Structural risks

- Shareholder succession risk;
- Risk associated with corporate governance structure.

Technological and Cybersecurity Risks

- Implementation, maintenance and updating of technologies;
- Dependence on existing systems and control of their operating environment;
- Growing relevance of data protection rules (GDPR) and brand protection;
- Exposure to cyber threats, with increased monitoring.

Human Capital Risks

- Shortage of qualified professionals in a labor-intensive sector;
- Need to recruit, train and retain talent to sustain expansion;
- Implementation of intensive training plans.

Environmental and Climate Risks

- Risks associated with climate change and compliance with environmental regulatory and operational requirements.

Additional Notes on Materiality Assessment:

The identification of material risks, impacts and opportunities stems from a continuous internal assessment process, complemented by contributions from different functional areas and the group's accumulated experience. In 2023, the list of IROs was based, in part, on internal analyses already carried out.

However, in the next reporting cycle, this list will be updated following the Double Materiality (DM) assessment process, as required by the ESRS, which will allow for an even more robust and participatory mapping of material issues for the group and its *stakeholders*.

GOV-2_04

Disclosure of how governance bodies ensure that appropriate mechanisms for performance monitoring are in place

Monthly monitoring of the performance of each business unit through the issuance of reports detailing revenue, costs, results and service quality, compared to the previous year and the approved budget.

Monthly reporting on customer ageing, existing debt and cash position.

Individual and consolidated half-yearly balance sheets and income statements for all companies.

GOV-4_01

Disclosure of mapping of information provided in sustainability statement about due diligence process

Currently, the group does not yet systematically and comprehensively implement a formal *due diligence* process in relation to human and environmental rights, in the strict terms defined by the CSDDD (Corporate Sustainability Due Diligence Directive) or by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises (referred to in Chapter 4 of ESRS 1).

As is well known, although the CSDDD Directive has already been approved, it will only apply to the group from 2029, after its transposition into national law. However, it is recognized that the implementation of the CSRD and ESRS, particularly with regard to the disclosure of impacts, risks and opportunities (IROs), progressively requires the adoption of due diligence mechanisms.

Although there is still no defined *due diligence* process with formal steps such as identification, assessment, mitigation, remediation, monitoring and communication of adverse impacts (as provided for in ESRS 1, AR 10), it is possible to identify relevant initiatives already underway that reflect partial due diligence practices:

Ongoing Practice: Contractual Clauses with Suppliers

Since the beginning of 2024, the Purchasing Department, with the support of the Legal Office, has included general contractual clauses in contracts with suppliers, which impose compliance with specific conditions, including rules on respect for human rights. This practice represents an important first step towards extending the group's responsibility to its value chain.

SBM-1_01

Description of significant groups of products and (or) services offered

See response to SBM-1_02 and SBM-1_06.

ESRS

ESRS 2: General Disclosures

SBM-1_02

Description of significant markets and (or) customer groups served

Pestana International Holdings S.A. dates back to 1972, with the opening of what is now known as Pestana Carlton Madeira, on the island of Madeira. This was the first of 108 tourist developments currently operated by the group in 16 countries.

The group's *core business* is hospitality, developed through four distinct brands:

- *Pestana Hotels & Resorts*
- *Pestana Collection*
- *Pousadas de Portugal*
- *Pestana CR7 Lifestyle*

This core business is complemented by other areas of activity, namely real estate, beverages, vacation clubs, golf and entertainment, reflecting a strategy of risk diversification, not only in geographical terms, but also in terms of business segments.

In this way, Pestana Hotel Group serves a highly diversified customer base, welcoming guests from different regions of the world. In addition to Portugal, the main source markets are the United Kingdom, the United States of America and Germany.

In Portugal, the group specializes in:

- Resort hotels
- Historic establishments under the Pousadas de Portugal brand
- City hotels in Lisbon and Porto

Internationally, over the last decade, the group has been strengthening its presence in major urban centers in Europe and North America. Among the main destinations are: London, Berlin, Miami, Amsterdam, Barcelona, Madrid and New York, with new developments also planned in Manchester, Paris and Orlando.

In addition to these locations, it also maintains a significant presence in Africa and South America, with a particular focus on Portuguese-speaking countries, which has an impact on the development of local communities.

The group thus continues to consolidate a solid and diversified international presence, focusing on quality, innovation and sustainability as the pillars of its growth.

SBM-1_03

Total number of employees (head count)

Employees	Female	Male	Total
Excluding trainees	1.849	2.604	4.453
Including trainees	1.953	2.686	4.639

Note: The data presented includes all units managed by the group.

SBM-1_04

Number of employees (head count)

Region	Female	Male	Total
Portugal	1.534	2.066	3.600
Africa	163	279	442
South America	129	169	298
Europe	114	160	274
North America	13	17	30
Total	1.953	2.692	4.639

SBM-1_06

Total revenue

Activity segment	Revenue 2023 (€)	Revenue 2022 (€)
Hospitality business	373.811.823	325.776.089
Real estate	86.852.284	38.881.729
Beverages industry	36.754.685	30.804.664
Vacation club	29.839.522	31.345.873
Golf	12.740.459	11.411.436
Entertainment	10.955.272	9.701,320
Others	5.785.605	5.215.487
Total	556.739.650	453.136.598

SBM-1_09

Undertaking is active in fossil fuel (coal, oil and gas) sector

The group does not operate in the fossil fuel sector.

SBM-1_10

Revenue from fossil fuel (coal, oil and gas) sector

The group does not derive any revenue from coal, oil or natural gas.

SBM-1_11

Revenue from coal

The group does not derive any revenue from coal.

SBM-1_12

Revenue from oil

The group does not earn any revenue from oil.

ESRS

ESRS 2: General Disclosures

SBM-1_13

Revenue from gas

The group does not earn any revenue from natural gas.

SBM-1_25

Description of business model and value chain

Pestana Hotel Group dates back to 1972 and operates in the hotel sector. The group is led by its shareholder Dr. Dionísio Fernandes Pestana, son of the founder. The group currently operates in 16 countries across various regions, including Europe, the United States, Africa and South America. It operates through various brands, such as Pestana Hotels & Resorts, Pestana CR7 Lifestyle Hotels and Pestana Collection Hotels, targeting different market segments. Its diversified offering includes city hotels, holiday resorts and boutique units in premium destinations, both in Portugal and abroad. The internationalization process began in the 1990s with investments in Portuguese-speaking countries, first in Africa and later in Brazil. Over the last 10 years, the growth strategy has focused on strengthening its presence in major European and North American cities such as London, Berlin, Miami, Amsterdam, Barcelona, Madrid and New York, with new projects also planned in Paris and Manchester. Pestana Hotel Group adopts an asset-based model, following a growth strategy that involves significant investment volumes with long payback periods and, therefore, associated with medium and long-term financing sources, preferably with fixed interest rates. Given the geographical dispersion of investments, there are restrictions on the free movement of capital, which give rise to cash flow needs and surpluses with varying behaviors. In addition, the hotel sector is exposed to the variability of economic cycles and seasonality. However, this risk is mitigated by the group's significant variable cost structure, which gives it greater flexibility. These factors are decisive in defining Pestana Hotel Group's financial risk management policy, which aims, above all, to reduce risks in a prudent manner, allowing the group to focus on the efficient management of its core business and ensure a stable financial structure for each new relevant investment. In recent years, the group has maintained its risk diversification strategy, not only in geographical terms, but also by entering other business segments, such as residential and real estate, whose results have contributed to reducing its exclusive dependence on the hotel sector. Currently, Pestana Hotel Group remains focused on the hotel business, but this is complemented by other areas of activity, such as timeshare, real estate, residences, golf and entertainment, including also an investment in the industrial sector. The group remains strongly committed to the development of its employees, promoting better working conditions and remuneration, including profit-sharing mechanisms, and implementing initiatives to attract, retain and develop talent. At the same time, it develops programs that encourage internal mobility and a spirit of cooperation. This commitment to human capital, combined with continuous investment in cutting-edge technology and process rationalization, aims to ensure sustainable value and the continued attractiveness of its operations. The group's value chain is based on solid relationships with local and global suppliers, as well as strategic partnerships. The company seeks to create shared value through responsible environmental, social and economic practices, with investments in energy efficiency, emissions reduction and community initiatives.

SBM-1_28

Description of main features of upstream and downstream value chain and undertakings position in value chain

The group's value chain is based on solid relationships with local and global suppliers, as well as strategic partnerships. The company is committed to creating shared value through the integration of sustainable environmental, social and economic practices. This commitment is reflected in investments in energy efficiency, efforts to reduce emissions and support for community-based initiatives.

SBM-2_02

Description of key stakeholders

Pestana Hotel Group recognizes the following groups as its main *stakeholders*:

- Customers: at the heart of the group's value proposition, they are fundamental to the sustainability of the business and to the continuous innovation of the products and services offered.
- Employees: represent the human capital that underpins daily operations, strategic development and commitment to excellence and hospitality.
- Suppliers: local and global, with whom the group maintains relationships based on trust, quality, responsibility and sustainability principles.
- Society: in particular the local communities where the group operates, with whom it is committed through social, environmental and cultural initiatives.
- Financial institutions: provide the financial support necessary for the sustainable growth of the business.
- Shareholders: the main holders of capital, with whom a commitment is maintained to long-term value creation, transparency and financial sustainability.

ESRS

G1: Business Conduct

G1.GOV-1_01

Disclosure of role of administrative, management and supervisory bodies related to business conduct

In 2019, PIH began laying the groundwork for the Compliance Committee and approved the Compliance Manual. In 2021, it decided to create the Compliance Committee, which defines the directors responsible for this issue in the group's companies and appoints the Compliance Officers. The compliance system operates on the basis of a vertical segregation of duties: members of the Compliance Committee 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 confidentiality regarding matters inherent to this function, particularly with regard to complaints, except to act in accordance with it. The Compliance Committee is appointed for a five-year term, meets ordinarily every two months and has the following powers:

- Monitoring the group's activities in this area.
- Ensuring the functioning of the compliance system and proposing relevant changes to the group.
- Analyzing complaints and the half-yearly reports of the Compliance Officers.
- Promoting training and communication initiatives in this area.

G1.GOV-1_02

Disclosure of expertise of administrative, management and supervisory bodies on business conduct matters

The group has appointed a director to each of the companies' Boards of Directors, who designates a director responsible for the *Compliance* area. This director is responsible for applying the *Compliance Manual*, coordinating the work of the *Compliance Officers* and presenting the annual report analyzing compliance risks and prevention and mitigation procedures to the respective Board of Directors.

G1-1_02

Description of the mechanisms for identifying, reporting and investigating concerns about unlawful behavior or behavior in contradiction of its code of conduct or similar internal rules

The group has various ways and mechanisms for identifying concerns about unlawful behavior or behavior that does not comply with its code of conduct or similar internal rules. Firstly, any employee or manager can bring incorrect procedures that do not comply with the Code of Conduct and Ethics (CCE) to the attention of their superiors or directly to the human resources department. The CCE defines a set of conflict-of-interest situations that employees must observe, and the law on compliance also applies, especially in cases involving politically exposed persons. On the other hand, there are video surveillance cameras, with images routinely stored for one month, through which Security can verify some of the incorrect procedures. Similarly, there are internal audits, especially of the mystery client type, to verify procedures. There is also an Ombudsman to whom the group's customers can turn. Finally, there is a reporting channel, with guaranteed anonymity and full protection for whistleblowers acting in good faith.

G1-1_03

No policies on anti-corruption or anti-bribery consistent with the United Nations Convention against Corruption are in place

The Code of Conduct and Ethics (CCE) is consistent with the United Nations Convention against Corruption.

G1-1_05

Disclosure of safeguards for reporting irregularities including whistleblowing protection

A policy for the protection of whistleblowers acting in good faith, with guaranteed anonymity, is in place and in force. This policy not only exists and is published but has also been applied since 2022. To this end, a reporting channel has been created, which is addressed to an entity outside the organization, Cuatrecasas, (as *Compliance Officer*). The *Compliance Officer* forwards the report to Pestana Hotel Group but anonymizes the author. The group's structure then carries out the investigations/procedures it deems appropriate and decide on the matter. The decision taken on the matter is then communicated to the *Compliance Officer*, who then forwards it to the person (employee or other) who made the report.

G1-1_06

No policies on protection of whistle-blowers are in place

The policy adopted and the procedures implemented guarantee the anonymity of the whistleblower.

G1-1_07

Timetable for implementation of policies on protection of whistle-blowers

The policy adopted and the procedures implemented guarantee the anonymity of the whistleblower.

G1-1_08

Undertaking is committed to investigating incidents of business conduct promptly, independently and objectively.

The company has procedures in place to investigate incidents of corporate misconduct, including incidents of corruption and bribery, through disciplinary procedures provided for in the Labor Code and the procedures provided for in the Commercial Companies Code, where applicable.

G1-1_09

Policies with respect to animal welfare are in place

The company has policies in place regarding animal welfare, through its *pet-friendly* establishments, on the one hand, and the systematic maintenance of habitats in Tróia and Quinta da Pereira, in Silves, on the other.

G1-1_10

Information about policy for training within organization on business conduct

All employees, when signing a contract with Pestana Hotel Group, must read, initial all pages and sign the CCE.

ESRS

G1: Business Conduct

<p>G1-1_11 Disclosure of the functions that are most at risk in respect of corruption and bribery</p>	<p>The functions identified as most exposed to the risk of corruption and bribery are the Executive Committee, Legal, Information Systems, Operations, Communication, Promotion and Sales, Human Resources and Finance.</p>
<p>G1-1_12 Entity is subject to legal requirements with regard to protection of whistleblowers</p>	<p>Yes, Pestana Hotel Group is subject to compliance with this legislation (national legislation transposing Directive (EU) 2019/1937).</p>
<p>G1-2_01 Description of policy to prevent late payments, especially to SMEs</p>	<p>The Accounts Payable department is committed to complying with agreed payment deadlines and applies certain practices to minimize late payments to suppliers:</p> <ul style="list-style-type: none"> • Identification and categorization in the system of critical suppliers who should have their processes monitored closely; • Monitoring of the internal document approval process in the system; • Support for many of the purchasing processes through a logistics process in the system (creation and advance approval of the order) to streamline and accelerate invoice payment after registration and compress the respective agreed payment deadlines; • Monthly analysis of the age of outstanding invoices (supplier ageing), which allows us to identify any delays and take corrective measures; • Monthly analysis of open items in the "invoices received and checked" account, which allows us to identify missing invoices (requesting a duplicate due to possible loss) for processes in which the goods and/or services have been delivered/provided; • Special monitoring of local suppliers with low turnover; • Special monitoring of invoices with urgent payment, which jeopardize the provision of contracted services; • Contact, via email and/or telephone call, with suppliers in case additional information or extra documentation is required that prevents the registration and consequently payment of the invoice; • Monthly emailing of a report to the supplier of outstanding invoices awaiting credit notes so that they can act as soon as possible to justify and/or issue the respective credit note.
<p>G1-2_02 Description of approaches in regard to relationships with suppliers, taking account risks related to supply chain and impacts on sustainability matters</p>	<p>Although the group does not yet have a defined policy, it is aware of the risks associated with its value chain, such as supply disruptions, variations in product quality and unsustainable practices that may affect our operation and image. We recognize that effective value chain management is essential to mitigate these risks and ensure the continuity and quality of its products. We are currently formalizing this concern with our suppliers, in what is essential, via a general supply agreement.</p>
<p>G1-2_03 Disclosure of whether and how social and environmental criteria are taken into account for selection of supply-side contractual partners</p>	<p>At the moment, no formal analysis is carried out considering social and environmental criteria for the selection of suppliers, although there is a concern to select, for example, local suppliers and those for whom there are no known negative points. Visits are often made to the facilities of the most relevant suppliers to learn about their working conditions.</p>
<p>G1-3_01 Information about procedures in place to prevent, detect, and address allegations or incidents of corruption or bribery</p>	<p>The procedures in place to prevent, detect and respond to conflicts of interest are set out in the CCE and are ensured through the Bank's compliance with the law on the declaration of interests of directors, information on the ultimate beneficial owner and declarations relating to politically exposed persons, and the operation of the reporting channel.</p>
<p>G1-3_02 Investigators or investigating committee are separate from chain of management involved in prevention and detection of corruption or bribery</p>	<p>To date, the investigation committee is not separate from the management chain involved in the matter.</p>
<p>G1-3_03 Information about the process for reporting outcomes to administrative, management and supervisory bodies</p>	<p>Presentation of annual reports on the validity and application of the Compliance Manual to the various Boards of Directors and the Executive Committee.</p>

ESRS

G1: Business Conduct

<p>G1-4_01 Number of convictions for violation of anti-corruption and anti-bribery laws,</p>	<p>Zero.</p>
<p>02 Amount of fines for violation of anti-corruption and anti-bribery laws,</p>	
<p>04 Number of confirmed incidents of corruption or bribery,</p>	
<p>05 Information about nature of confirmed incidents of corruption or bribery,</p>	
<p>06 Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents,</p>	
<p>07 Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery,</p>	
<p>08 Information about details of public legal cases regarding corruption or bribery brought against the undertaking and its own workers and about the outcomes of such cases</p>	
<p>G1-5_01 Information about representative(s) responsible in administrative, management and supervisory bodies for oversight of political influence and lobbying activities</p>	<p>There are no representatives responsible in the administrative bodies for overseeing lobbying activities.</p>
<p>G1-5_02 Information about representative(s) responsible in administrative, management and supervisory bodies for oversight of political influence and lobbying activities</p>	<p>Pestana Hotel Group companies do not make contributions of this nature.</p>
<p>03 Financial political contributions made,</p>	
<p>04 Amount of internal and external lobbying expenses,</p>	
<p>05 Amount paid for membership to lobbying associations,</p>	
<p>06 In-kind political contributions made,</p>	
<p>07 Disclosure of how monetary value of in-kind contributions is estimated,</p>	
<p>09 Disclosure of main topics covered by lobbying activities and undertaking's main positions on these topics</p>	
<p>G1-5_10 Undertaking is registered in EU Transparency Register or in equivalent transparency register in Member State</p>	<p>Pestana Hotel Group is not registered in the EU Transparency Register.</p>
<p>G1-5_11 Information about the appointment of any members of administrative, management and supervisory bodies who held comparable positions in public administration with s in the two years preceding such appointment</p>	<p>No members of the administrative, management and supervisory bodies who held comparable positions in public administration in the two years preceding the current reporting period were appointed.</p>

ESRS

G1: Business Conduct

<p>G1-5_12 The entity is legally obliged to be a member of a chamber of commerce or other organization that represents its interests</p>	<p>One of the companies in Pestana Hotel Group is a member of the Ponta Delgada Chamber of Commerce and Industry, and most of the companies are members of sectoral and regional employers' associations (AHP/national, AHETA/Algarve, ACIF/Madeira, APCasinos/National).</p>
<p>G1-6_01 Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated</p>	<p>The group pays in accordance with the established deadlines and complies with the normal payment terms agreed with suppliers. See point G1-6_02.</p>
<p>G1-6_02 Description of undertakings standard payment terms in number of days by main category of suppliers</p>	<p>The payment terms applied depend largely on the category of goods/services, but also on the geographical region. Some examples: USA, Africa and Europe – standard payment terms – between 15 and 30 days; Portugal – standard payment terms – between 30 and 75 days.</p>
<p>G1-6_03 Percentage of payments aligned with standard payment terms</p>	<p>100%</p>
<p>G1-6_05 Disclosure of contextual information regarding payment practices</p>	<p>No sampling was used to calculate the information required. The calculation of the average payment period and percentage of alignment was based on a complete analysis of all supplier invoices recorded in 2023 and 2024, in all Pestana Hotel Group companies (except Brazil). Invoicing related to intercompany transactions and employee expenses was also excluded from this analysis.</p>

ESRS

S1: Own Workforce

<p>S1-4_01 Description of action taken, planned or underway to prevent or mitigate negative impacts on own workforce</p>	<p>Throughout 2023, the group remained committed to valuing and ensuring the well-being of its workforce, reinforcing measures already outlined in the strategy defined in 2022. This strategy continued to guide actions in areas such as skills development, working conditions, well-being and organizational culture. Actions implemented (evidence of activity): •Training and capacity building: More than 500 training sessions were administered, with a particular focus on technical skills such as Building Simulation and Evacuation, First Aid, SBV and DAE, HACCP and Safety, totaling more than 200 sessions and more than 9.000 hours of training in these areas. •Internal innovation program (Envision): Involvement of around 800 employees in 22 <i>workshops</i> held in Portugal, Europe and Brazil. The sessions addressed three strategic pillars: Energy Efficiency, Local Communities and Pestana Talent, encouraging co-creation and a sense of belonging. •Social support and benefits: •Review of minimum remuneration to ensure greater internal equity. •Maintenance and reinforcement of benefits such as hybrid work, when possible, health insurance, psychological support, staff card with discounts at partners, and annual voucher for a one-night stay. •Management and planning tools: Implementation of TAMIGO system for schedule and attendance management, promoting greater transparency and autonomy in work management. •Internal communication: Regular events such as CEO Talks and President Live ensured the dissemination of strategy and institutional feedback, strengthening the link between leadership and teams. Results and evidence of impact on people (observable effects): •Organizational satisfaction survey: Application of a survey to employees with more than 3 months of contractual employment, which revealed an overall satisfaction index of 78%, indicating a high level of alignment, well-being and motivation in the organization.</p>
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ESRS

S1: Own Workforce

S1-4_03

Description of additional initiatives or actions with primary purpose of delivering positive impacts for own workforce

During 2023, several initiatives were developed with the purpose of generating added value for the workforce, contributing to its development, well-being and active participation in the organization's strategy. These actions aim not only to prevent risks or mitigate negative impacts, but above all to promote direct positive impacts on the experience and motivation of employees.

Actions developed (evidence of their occurrence):

- Training and development: More than 500 training sessions were held, with an emphasis on critical technical areas such as HACCP, safety and first aid, totaling more than 9.000 hours of training. The aim was to strengthen skills and empower employees in their roles.
- Envision Program: The initiative involved around 800 employees in 22 international workshops, allowing them to contribute directly to strategic topics such as Energy Efficiency, Local Communities and Talent. In addition to innovation, it fostered recognition and a sense of belonging.
- Benefits and well-being: Expansion of support with a direct impact on the quality of life of employees, including:
 - Health insurance
 - Psychological support
 - Annual holiday voucher
 - Discount card
 - Hybrid work, if applicable
- Average salary increase of 12% for employees and, considering the positive financial results achieved, the distribution of an average of two additional salaries per employee.
- Strategic communication with a positive impact: The CEO Talks and President Live sessions contributed to greater strategic alignment and motivation through active listening and the sharing of common goals.

Observable positive results (evidence of impact on people):

- Organizational satisfaction survey: The survey revealed 78% overall satisfaction, a robust indicator of a positive environment, sense of purpose and internal recognition.
- Active participation and innovation: Considerable adherence to Envision is a sign of employees' enthusiasm to contribute to the group's future, generating a positive impact on the culture of collaboration and innovation.

S1-6_01

Characteristics of undertaking's employees – number of employees by gender [table]

GROUP WITHOUT PCR7 AND ECM:

Employees	Female	Male	Total
Excluding trainees	1.743	2.303	4.046
Including trainees	1.842	2.381	4.223

Note: The data presented includes all units managed by the group.

ECM:

Employees	Female	Male	Total
Excluding trainees	52	183	235
Including trainees	53	184	237

PCR7:

Employees	Female	Male	Total
Excluding trainees	54	118	172
Including trainees	58	121	179

S1-6_02

Number of employees (head count)

Total number of employees in December 2023 (excluding trainees):

GROUP WITHOUT PCR7 AND ECM: 4.052

ECM: 240

PCR7: 175

Total number of employees in December 2023 (including trainees):

GROUP WITHOUT PCR7 AND ECM: 4.079

ECM: 241

PCR7: 176

S1-6_03

Average number of employees (head count)

Monthly average number of employees in 2023 (excluding trainees):

Women: 1.743 (group without ECM and CR7) + 52 (ECM) + 54 (CR7) = 1.849

Men: 2.303 (group without ECM and CR7) + 183 (ECM) + 118 (CR7) = 2.604

Total: 4.453

Monthly average number of employees in 2023 (including trainees):

Women: 1.842 (group without ECM and CR7) + 53 (ECM) + 58 (CR7) = 1.953

Men: 2.381 (group without ECM and CR7) + 184 (ECM) + 121 (CR7) = 2.686

Total: 4.639

Average monthly variation: 4% (remains unchanged)

ESRS

S1: Own Workforce

S1-6_04

Characteristics of undertaking's employees – number of employees in countries with 50 or more employees representing at least 10% of total number of employees [table],
05 Number of employees in countries with 50 or more employees representing at least 10% of total number of employees,
06 Average number of employees in countries with 50 or more employees representing at least 10% of total number of employees

GROUP WITHOUT PCR7 AND ECM:

Country	No. of employees Total average	Female (average)	Male (average)	% of total
Portugal	3.303	1.460	1.843	78

No other country with more than 50 employees reaches the 10% of total *headcount* required for mandatory reporting under this specific ESRS requirement. (includes trainees)

ECM:

Country	No. of employees Total average	Female (average)	Male (average)	% of total
Portugal	237	53	184	100

PCR7:

Country	No. of employees Total average	Female (average)	Male (average)	% of total
Portugal	60	21	39	34

S1-6_07

Characteristics of undertaking's employees – information on employees by contract type and gender [table]

GROUP WITHOUT PCR7 AND ECM:

Type of contract	Female	Male	Total
Permanent	1.389	1.799	3.188
Contract	354	505	859
Trainee	78	99	177
Total	1.842	2.381	4.223

ECM

Type of contract	Female	Male	Total
Permanent	47	167	215
Contract	5	16	21
Trainee	1	1	2
Total	53	184	237

PCR7

Type of contract	Female	Male	Total
Permanent	39	93	132
Contract	15	26	40
Trainee	5	3	8
Total	58	121	179

S1-6_08

Characteristics of undertaking's employees – information on employees by region [table]

GROUP WITHOUT PCR7 AND ECM:

Region	Female	Male	Total
Africa	145	240	385
Europe	99	121	220
North America	10	11	21
Portugal	1.460	1.843	3.303
South America	129	169	298
Total	1.842	2.381	4.223

Note: The total for each region differs from the total number of employees, as these are averages and there are transfers between regions.

ECM

Region	Female	Male	Total
Portugal	53	184	237
Total	53	184	237

PCR7

Region	Female	Male	Total
Africa	18	39	57
Europe	15	39	54
North America	3	6	9
Portugal	21	39	60
Total	58	121	179

S1-6_09

Number of employees (head count or full-time equivalent)

Average annual number of employees: 4.216

This average represents the total number of people employed throughout 2023, considering all contracts (permanent, contract and trainee), regardless of whether they are full-time or part-time.

ESRS

S1: Own Workforce

S1-6_11

Number of employees who have left the undertaking

During 2023, a total of 2.264 employees left the company, either on their own initiative, due to the end of their contract, dismissal, retirement or death in service. This figure includes all types of contracts (permanent, contract and interns), broken down by gender and type of contract:

GROUP WITHOUT PCR7 AND ECM:

Category	Female	Male	Total
Permanent	249	327	576
Contract	333	427	760
Trainee	459	369	828
Grand total	886	975	2.133

ECM:

Category	Female	Male	Total
Permanent	0	10	10
Contract	4	2	6
Trainee	1	1	2
Grand total	5	13	18

PCR7:

Category	Female	Male	Total
Permanent	16	36	52
Contract	10	17	27
Trainees	23	19	42
Grand total	49	72	121

S1-6_12

Percentage of employee turnover

The total turnover rate in 2023 is 29%. This includes permanent and contracts. Considers non-seasonal employees whose employment contract is intended to meet the needs of the high season, beginning and ending in the same year.

S1-6_13

Description of methodologies and assumptions used to compile data (employees)

The data was compiled based on the following methodologies and assumptions:
 • A distinction was made between trainees and permanent or contract employees, allowing for a detailed analysis by type of contractual relationship.
 • The average *headcount* was calculated based on the number of employees registered on the last day of each month throughout the reporting period.
 • The data was extracted from the My Pestana human resources management platform, ensuring consistency and traceability of information.

H1-6_15

Employee numbers are reported at the end of the reporting period/average/other methodology

The figures are reported as an average over the reporting period, as the figures at the end of the period are not representative of the group's activity. This approach better reflects the variation in the number of employees throughout the year.

S1-9_01

Gender distribution in number of employees (head count) at top management level

86 women and 154 men
PCR7: 3 women and 3 men

S1-9_02

Gender distribution in percentage of employees at top management level

36.0% women
PCR7: 50.0% women

S1-9_03

Distribution of employees (head count) under 30 years old,

Age group	Number of Employees	Total	%
< 30 years	1.172 (group without PCR7 and ECM) + 94 (PCR7) + 23 (ECM)	1.289	28
30 to 50 years	2.044 (group without PCR7 and ECM) + 89 (PCR7) + 129 (ECM)	2.262	49
> 50 years	1.008 (group without PCR7 and ECM) + 5 (PCR7) + 85 (ECM)	1.098	23
Total	4.224 (group without PCR7 and ECM) + 188 (PCR7) + 237 (ECM)	4.649	

04

Distribution of employees (head count) between 30 and 50 years old,

05

Distribution of employees (head count) over 50 years old

S1-9_06

Disclosure of own definition of top management used

Senior management refers to employees belonging to the following functional groups:
 • Board
 • Senior Management (levels 13-15)
 • Management (levels 10-12)
 This definition applies to both the general universe and the PCR7 segment.

ESRS

S1: Own Workforce

S1-13_01

Training and skills development indicators gender [table]

Gender	% Participation in Assessment
Male	96%
Female	98%
Total	97% of eligible participants

S1-13_02

Percentage of employees who participated in regular performance and career development reviews

97% of eligible employees participated in regular performance and career development reviews in 2023.
Note: Eligibility includes all employees with a direct contract with Pestana Hotel Group (or its subsidiaries) with more than 6 months of effective work

S1-13_03

Average number of training hours by gender [table]

Group	Gender	Total number of hours	Employees with Training	Average Hours
Group	Female	20.780	1.471	14,1
	Male	21.232	1.690	12,5
	Total	42.012	3.161	13,3
ECM	Women			4,6
	Male			4,9
	Total			
PCR7	Female	430	45	9,6
	Male	927	91	10,2
	Total	1.357	136	10,0

S1-13_04

Average number of training hours per person for employees

The average number of training hours per salaried employee was 13,3 hours. This figure is calculated by dividing the total number of training hours provided by the total number of employees, reflecting the average investment in training per employee over the reporting period.

S1-17_01

Number of incidents of discrimination [table]

No. of incidents of discrimination: 1.

S1-17_02

Number of incidents of discrimination

Total number of incidents of discrimination, including harassment, reported: 1.

S1-17_03

Number of complaints filed through channels for people in own workforce to raise concerns

Number of complaints filed by employees through internal reporting channels or complaint mechanisms: 1.

S1-17_04

Number of complaints filed to National Contact Points for OECD Multinational Enterprises

Number of complaints filed to National Contact Points for OECD Multinational Enterprises: 1.

S1-17_05

Amount of fines, penalties, and compensation for damages as a result of incidents of discrimination, including harassment and complaints filed

Total amount of fines, financial penalties and compensation related to incidents of discrimination or complaints filed: 0 euros.

S1-17_06

Information about reconciliation of fines, penalties, and compensation for damages as a result of violations regarding work-related discrimination and harassment, with the most relevant amount presented in financial statements

Reconciliation of monetary amounts disclosed with financial statements: Not applicable, as there were no penalties or compensation.

S1-17_07

Disclosure of contextual information necessary to understand data and how data has been compiled (work-related grievances, incidents and complaints related to social and human rights matters)

Contextual information about the data: An investigation was conducted following the reported incident.

S1-17_08

Number of severe human rights issues and incidents connected to own workforce

Number of serious human rights incidents (e.g. forced labor, human trafficking, child labor): 0.

ESRS

S1: Own Workforce

<p>S1-17_09 Number of severe human rights issues and incidents connected to own workforce that are cases of non-compliance with UN Guiding Principles and OECD Guidelines for Multinational Enterprises</p>	<p>Number of serious human rights incidents that constitute non-compliance with international standards (e.g. UN, OIT, OECD): 0.</p>
<p>S1-17_10 No severe human rights issues and incidents connected to own workforce have occurred</p>	<p>Formal statement: No such incidents occurred in 2023.</p>
<p>S1-17_11 Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce</p>	<p>Total amount of fines, penalties, or compensation for damages caused by human rights incidents: 0 euros.</p>
<p>S1-17_12 Information about reconciliation of amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce with most relevant amount presented in financial statements</p>	<p>Information about reconciliation of monetary amounts with financial statements: 0, as there are no amounts to report.</p>

ESRS

E1: Climate Change

<p>E1-5_01 Total energy consumption related to own operations</p>	<p>Total energy consumption (MWh) The group's total energy consumption was approximately 116.966 MWh, including electricity, heat, photovoltaic, biomass, fuel, natural gas and LPG.</p>
<p>E1-5_02 Total energy consumption from fossil sources</p>	<p>Energy consumption from fossil sources includes: <ul style="list-style-type: none"> • Diesel: 24.366 GJ → 806 MWh • Petrol: 2.900 GJ → 6.768 MWh • Natural gas: 59.034 GJ → 16.398 MWh • LPG: 48.783 GJ → 13.551 MWh Total fossil fuels: 37.523 MWh </p>
<p>E1-5_03 Total energy consumption from nuclear sources</p>	<p>Not applicable – zero nuclear energy consumption.</p>
<p>E1-5_04 Percentage of energy consumption from nuclear sources in total energy consumption</p>	<p>0% – No nuclear sources are used.</p>
<p>E1-5_05 Total energy consumption from renewable sources</p>	<p>Energy consumption from renewable sources <ul style="list-style-type: none"> • Photovoltaic: 8.020 GJ → 2.227 MWh • Biomass: 39.654 GJ → 11.015 MWh Total renewables: 13.243 MWh </p>
<p>E1-5_06 Fuel consumption from renewable sources</p>	<p>Biomass: 11.015 MWh</p>
<p>E1-5_08 Consumption of self-generated non-fuel renewable energy</p>	<p>Photovoltaic (self-generated): 2.227 MWh</p>
<p>E1-5_10 Fuel consumption from coal and coal products</p>	<p>0 MWh – No record of coal consumption.</p>
<p>E1-5_11 Fuel consumption from crude oil and petroleum products</p>	<p>Consumption of petroleum-derived fuels (diesel, petrol and LPG) 21.125 MWh</p>
<p>E1-5_12 Fuel consumption from natural gas</p>	<p>Consumption of fuel from natural gas 16.398 MWh</p>

ESRS

E1: Climate Change

E1-5_13 Fuel consumption from other fossil sources	0 MWh – No consumption from other fossil sources recorded				
E1-5_17 Renewable energy production	Renewable energy production (solar photovoltaic) was 353.39 MWh				
E1-6_01 Gross Scopes 1, 2, 3 and Total GHG emissions – GHG emissions per scope [table]	GHG emissions (tCO₂e)	2023	2022	2019	
	Scope 1	9.230	10.969	12.479	
	Scope 2*	21.203	22.056	27.641	
	Scope 3	147.996	107.689	99.038	
	Total	178.429	140.714	139.158	
	*Using the location-based approach				
E1-6_03 Disaggregation of GHG emissions – by country, operating segments, economic activity, subsidiary, GHG category or source type	Disaggregation of GHG emissions by business segment 2023				
	GHG emissions (tCO₂e)	Hospitality	Beverage industry	Other Businesses	Total
	Scope 1	7.602	868	760	9.230
	Scope 2*	18.268	1.782	1.153	21.203
	Scope 3	80.839	18.041	62.594	147.996
	Total	106.709	20.691	64.507	178.429
	*Using the location-based approach				
E1-6_06 Gross Scopes 1, 2, 3 and Total GHG emissions – total GHG emissions – value chain [table]					GHG emissions (tCO₂e)
	Scope 1				9.230
	Scope 2*				21.203
	Scope 3				147.996
	Cat. 01 – Acquisition of Goods and Services				119.893
	Cat. 02 – Capital Goods				7.887
	Cat. 03 – Energy-Related Activities				5.054
	Cat. 05 – Waste Generation in Operations				2.848
	Cat. 06 – Business Travel*				1.558
	Cat. 07 – Commuting				5.828
	Cat. 09 – Downstream transport and distribution				644
	Cat. 11 – Use of products sold				3.424
	Cat. 12 – End-of-life treatment of products sold				860
	Total				178.429
	*Using the location-based approach				
E1-6_07 Gross Scope 1 greenhouse gas emissions					GHG emissions (tCO₂e)
	Scope 1				9.230
	Stationary combustion				1.650
	Fugitive Emissions				562
	Mobile Combustion				7.018
E1-6_08 Percentage of Scope 1 GHG emissions from regulated emission trading schemes	The group's activities are not subject to regulated trading schemes.				
E1-6_09 Gross location-based Scope 2 greenhouse gas emissions	Scope 2 emissions (Location-Based) – 21.203 tCO ₂ and				
E1-6_10 Gross market-based Scope 2 greenhouse gas emissions	Scope 2 emissions (market-based) – 21.037 tCO ₂ and				
E1-6_11 Gross Scope 3 greenhouse gas emissions	See indicator E1-6_06				

ESRS

E1: Climate Change

E1-6_12 Total GHG emissions location based	Scope 2 emissions (location-based) – 21.203 tCO ₂ and Gross emissions are equal to total emissions, as the group has no mechanisms for offsetting or removing emissions.
E1-6_13 Total GHG emissions market-based	Scope 2 emissions (market-based) – 21.037 tCO ₂ and Gross emissions are equal to total emissions, as the group has no mechanisms for offsetting or removing emissions.
E1-6_27 List of Scope 3 GHG emissions categories included in inventory	See indicator E1-6_06

ESRS

E3: Water and Marine Resources

E3-1_01 Disclosure of whether and how policy addresses water management	<p>Pestana Hotel Group has policies that integrate water management in a systematic and cross-cutting manner across its operations, promoting water efficiency, waste reduction and the sustainable use of this essential resource:</p> <ul style="list-style-type: none"> •By integrating water efficiency into the criteria for the acquisition of equipment and infrastructure, favoring devices with an "A" label or equivalent; •Through regular monitoring of consumption, broken down by operational areas (e.g. rooms, common areas, swimming pool, gardens), allowing for the rapid detection of deviations or leaks; •Through annual training for employees and continuous awareness-raising among customers about responsible water use practices.
E3-1_02 Disclosure of whether and how policy addresses the use and sourcing of water and marine resources in own operations	<p>The group's policy addresses the use and sourcing of water and marine resources in its operations as follows:</p> <ul style="list-style-type: none"> •Efficient use of water: taps, showers, flushes and flow meters with an "A" label or flow reducers; •Supply: preferential use of mains water in conjunction with alternative sources (rainwater and water for reuse); •Marine resources: promotion of filling swimming pools with seawater, ensuring water quality and the use of appropriate equipment.
E3-1_03 Disclosure of whether and how policy addresses water treatment	<p>The group takes an integrated approach to water management, including water treatment, monitoring and reuse as key measures to ensure a more sustainable supply throughout its operations:</p> <ul style="list-style-type: none"> •Preventive maintenance of equipment to avoid leaks and losses; •Disaggregated monitoring by area and daily consumption records for rapid detection of deviations; •Adoption of equipment with water recirculation in washing (clothes, dishes, vehicles); <p>Use of automatic irrigation and monitoring systems with alarms for efficient irrigation.</p>
E3-1_04 Disclosure of whether and how policy addresses water treatment	<p>The group's policies address the prevention and reduction of water pollution resulting from its activities as follows:</p> <ul style="list-style-type: none"> •Avoiding the disposal of waste in toilets and drains; •Replacing detergents with "environmentally friendly" products and using them in appropriate doses; •Eliminating the use of running water to defrost food and measures to reduce pre-washing in the kitchen; <p>Cleaning of swimming pool filters with reuse of water whenever possible.</p>
E3-4_01 Total water consumption	Total water consumption: 2.882.443 m ³
E3-4_02 Total water consumption in areas at water risk, including areas of high water stress	Water consumption in areas at material water risk, including high water stress: 1.994.196 m ³ .
E3-4_06 Disclosure of contextual information regarding water consumption	In 2023, systematic measurement of water consumption began. In the hotel business, data is recorded online and integrated into Power BI for real-time monitoring. In other businesses, data is aggregated annually. There is room for improvement in updating information.
E3-4_07 Share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates	100% of the data is obtained by direct measurement using meters installed in the units.
E3-4_10 Additional water intensity ratio	Additional intensity ratios 487,4 L / occupied room Hospitality 276,1L / guest/day

ESRS

E5: Resource use and circular economy

E5-5_07

Total waste generated

Total amount of waste produced in the group's operations: 10.843 t

E5-5_08

Waste diverted from disposal, breakdown by hazardous and non-hazardous waste and treatment type

Type of recovery	Quantity (t)	Type of waste	Hazardousness
Recovered	2.478,2	CDW (Construction and Demolition Waste) and others	Non-hazardous (presumed)
Recycling	1.946,3	Glass, Paper/Cardboard, Metal/Plastic	Non-hazardous
Recycled (oils/fats)	57,3	Used cooking oil	Non-hazardous
Total	4.481,8		

E5-5_09

Waste directed to disposal, breakdown by hazardous and non-hazardous waste and treatment type

Type of disposal	Quantity (t)	Examples of waste	Hazardousness
Landfill (presumed)	5.187,7	Urban waste	Non-hazardous
Landfill (presumed)	1.058,7	Organic	Non-hazardous
Landfill (presumed)	79,2	Other	Non-hazardous
Landfill (presumed)	25,5	Other oils	Non-hazardous
Landfill (presumed)	2,3	Textiles	Non-hazardous
Landfill (presumed)	7,4	Hazardous waste	Hazardous
Total	6.360,8		

E5-5_10

Non-recycled waste

Total waste not sent for recycling: 6.361 t

E5-5_11

Percentage of non-recycled waste

Percentage of waste not sent for recycling: 58.7%

E5-5_12

Disclosure of composition of waste

In 2023, the group produced a total of 10.842,7 tons of waste from its own operations. The composition of this waste reflects the diversity of the activities carried out. The largest volume of waste corresponds to mixed municipal waste (MMW), with approximately 5.187,7 tons, representing around 48% of total waste. This waste mainly consists of unsorted materials. Construction and demolition waste (CDW) was the second largest stream identified, with 2.265,3 tons. Organic waste, mainly from catering and hotel operations, totaled 1.058,7 tons. In terms of recycling, the most significant flows were glass (733,6 tons), metal and plastic (608,4 tons) and paper/cardboard (604,4 tons). In addition, 57,3 tons of used cooking oils were collected and recycled. Hazardous waste accounts for only 0.07% of the total (7,4 tons) and other less significant flows include WWTP sludge (213 tons), textile waste (2,3 tons) and various oils (25,5 tons).

E5-5_13

Disclosure of waste streams relevant to the undertaking's sector or activities

In the hotel and tourism sector, the most significant waste in terms of volume and environmental impact is RSU and organic waste and construction and demolition waste (CDW). Below is a detailed description of the flow of each type of waste, from its origin to its final destination:

Organic waste (1.058,7 tons)

Activity of origin: This flow results mainly from catering, meal preparation and consumption in hotel dining areas (restaurants, buffets, cafeterias), as well as food leftovers from accommodation units. It is generated daily and in large volumes, given the continuous nature of hotel activity.

Final destination: Most organic waste is sent for disposal, presumably to landfill, despite its high potential for organic recovery (e.g. composting). In some units, such as Pestana Curitiba Hotel, partnerships have been developed with specialized operators who ensure diversion to certified composting, as evidenced by the certificate issued by CompostaMais.

Construction and Demolition Waste (CDW) (2.265,3 tons)

Activity of origin: This waste comes from the construction, renovation, expansion and maintenance of buildings, which are frequent activities in the hotel sector to ensure the renewal of the offer and adaptation to new requirements for comfort, accessibility and sustainability.

Final destination: CDW is mainly sent for recovery operations, namely sorting and reuse of inert materials (such as concrete, ceramics or masonry) in licensed rubble recycling units. This waste represents the largest single volume recovered and is treated as a priority flow in the group's sustainable construction management.

E5-5_15

Total amount of hazardous waste

Total amount of hazardous waste: 7,4 t

E5-5_16

Total amount of radioactive waste

No radioactive waste produced

ESRS

E5: Resource use and circular economy

E5-5_17

Description of methodologies used to calculate data (waste generated)

Portugal: Approximately 95% of the data comes from direct measurements, based on information from the Portuguese Environment Agency (APA) relating to e-GAR (electronic waste tracking guide) records. The remaining 5% corresponds to estimates for units such as Pousadas, which are currently being integrated into a project to improve direct measurement throughout 2024.

Other countries (South America and Europe): 83% of the data results from direct measurements at operational units, through own weighing or records from collection operators. 17% of the data are estimates, mainly associated with recyclable waste in South America (e.g. paper/cardboard, glass, plastic).

Estimation criteria: For the units using estimates, a methodology based on manual weighing (in kg) or volumetric estimation based on container size was adopted, collecting data over a period of 1 week to 1 month per waste flow. The results were extrapolated to an annual value, based on the average frequency of production and removal.

Methodological basis: The general specifications and assumptions follow the methodological framework already adopted in the 2022 waste report, ensuring consistency between financial years.



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