

SUSTAINABILITY REPORT 2020



ROYAL SUN

RESORT



Royal Sun Hotel S.L.

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A letter from our CEO

Mark Akkerman

2020 created challenges that we would never have imagined possible. For the first time in history, the COVID-19 pandemic forced us to close our hotel, send our employees home and paralyse our planned investments.

Despite the tough circumstances we faced, we also made the difficult decision to continue to support the vast majority of our social and environmental projects to guarantee their continuity and prevent their positive long-term impact being lost. With the support of our partners, we analysed the situation to detect synergies that might mitigate the impact of COVID-19 among the local population. Based on this social map, partner associations adapted their projects to the new context, prioritising health and safety, nutrition and education. All this great work is described in this report.

It has been a year for exceptional responses to unusual situations for all of us, a year in which we have learned in record time how to return to our activities while guaranteeing the health and safety of one and all. We are aware that the consequences of this crisis will remain with us in the long term, however at Royal Sun Resort we continue to focus on the recovery, reiterating our faith in our allies and partners, and with the firm conviction that we will emerge from the crisis stronger and more responsible. We would like to thank all of the people that form part of the Royal Sun Resort group team for the strength, tenacity and adaptability they have shown during this difficult year. Thank you all.

Sincerely,

Mark Akkerman
CEO and General Manager

BUSINESS MODEL

Guests

- Local, national or international, depending on the season in which they travel
- They are the reason for a company with a philosophy based on service with a heart

Value

- Royal Sun customer satisfaction
- Loyalty of our guests
- Permanent and direct relationship with customers through our communication channels

Activities

- Accommodation services in resort
- Wide range of dining and drinks services
- Leisure and entertainment

Distribution

- Direct sales
- Indirect sales (OTAs, travel agencies and tour operators)

Partners

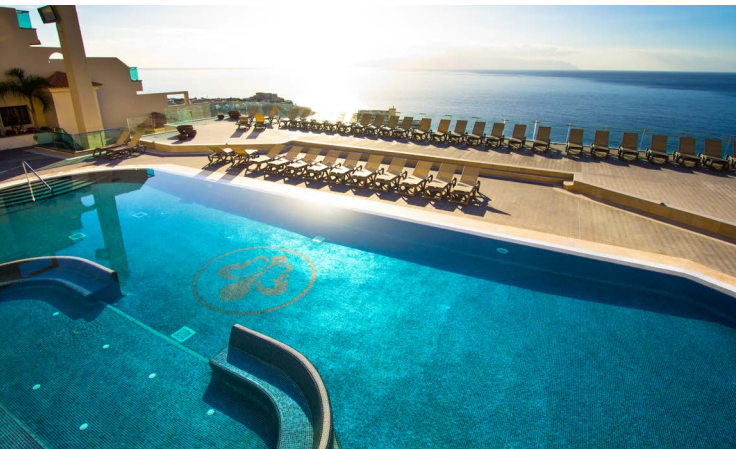
- Suppliers
- Tour operators
- Online and offline travel agencies

Costs and Investments

- Staff payroll
- Hotel renovation
- Payments to suppliers and partners
- Advertising, marketing and communication

Revenue

- Accommodation
- Food and beverage
- Extra services (wellness, leisure, etc.)





INDUSTRY CONTEXT

Challenges and uncertainties 2020

2020 was definitely the worst year in history for the hotel business, with a 73% decrease in international tourist arrivals worldwide. While there are some signs that indicate that we may be due a recovery in the medium term, the data for the first quarter of 2021 published by the World Tourism Organization remains very negative. Between January and March 2021, global travel destinations received 180 million fewer visits from international tourists compared to the first quarter of 2020. The most important decrease was seen in Asia and the Pacific, with 94% fewer international arrivals during the quarter. Europe recorded the second largest decrease (-83%), followed by Africa (-81%), the Middle East (-78%) and the Americas (-71%). With regard to the expectations for the future, UNWTO experts do not expect to see a return to pre-pandemic levels in America until 2024, although the most positive forecasts point towards a recovery in Europe by 2023. In Spain, the Exceltur report on the first quarter of 2021 showed a decrease of -80,4% in tourist activity compared to the same period in 2019, with a loss of €116 billion euros in revenues (-75,4% compared to 2019). The first estimates for the summer of 2021 point towards a tourism GDP 34% below the level achieved in 2019. To reduce these losses, factors such as the success of vaccination campaigns and international coordination in implementing protocols for actions, controls and communication will be key in the recovery of tourism.



RELATIONSHIPS WITH STAKEHOLDERS

Royal Sun Resort believes that a dialogue with our stakeholders is fundamental in raising awareness about their needs, thoughts and opinions regarding our hotel activity. Their feedback helps us improve, define our objectives and make clear commitments to bring about a hotel business which is more responsible towards society and the environment. To improve this relationship with our stakeholders the company has created several communication channels and tools which allows us to respond to them transparently, quickly and effectively, while always seeking balance and mutual benefit.

Communication Tools

Internal

- Group emails
- Informative meetings
- Corporate manuals
- Intranet
- Corporate Apps
- Customer satisfaction surveys
- Supplier commitments

External

- Conventions, profesional forums
- Customer satisfaction surveys
- Website
- Meetings with the public, private and voluntary sectors
- Social media
- Chatbot and mobile apps
- Loyalty programs and their communication channels



THE ROYAL SUN VALUES AND CORPORATE CULTURE

Royal Sun Hotel has a special way of doing things, a style based on the management a hotels that still retain the culture of a family business, transmitting its values from generation to generation among its staff. Simplicity, quality, humility, honesty, efficiency, innovation and kindness are the ingredients in the Royal Sun Resort

Mission

That the work done every day by our team allows us to offer a quality product and service that maximises our customer satisfaction. We hope that our business point of view, based on effort, responsibility and respect, will form part of our relationship with our staff, partners and guests, as well as with the environment and the community.

Vision

That our customers continue to choose our hotels due to our service excellence. To achieve this, we adapt to new trends flexibly and enthusiastically, and we are committed to offering the best of our experience wherever we go.

OUR VALUES

Honesty: we aim to maintain the highest moral and ethical values in both our attitude and our conduct. Lead by example: putting the essential Royal Sun ideas and values into practice is the best way to transmit them to others.

Simplicity: show an accessible spirit and create a climate of trust and frankness that benefits the work of the entire team.

Self-motivation: our team members ask a lot of themselves and strive for individual improvement as the basis for improving the entire Royal Sun team.

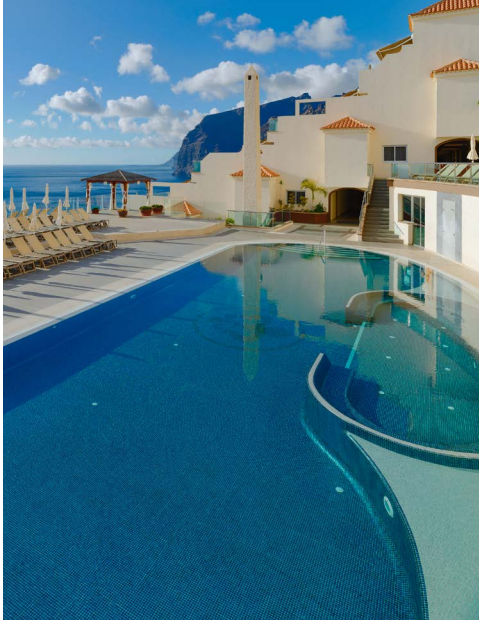
Commitment: an innate and shared responsibility with regard to the company's project is vital for the development of our team. Their enthusiasm and predisposition help us innovate and get better every day. Belief and enthusiasm: that our team identifies with the company's project and the way we work.

Discipline: a habit and commitment to comply with company rules and instructions.

Predisposition: the hospitality industry is more demanding than most others and we owe ourselves to our customers 24 hours a day, seven days a week.

Desire to achieve and improve: we want our team members to have a desire to develop both personally and professionally and this enhance their individual responsibility





ROYAL SUN POLICIES

As part of the company's CSR strategy, since 2016 we have drawn up and approved all of the key policies which have later driven each of our responsible business commitments:

Environment

- Make proper use of natural resources
- Improve and prevent pollution
- Gradually update our environmental programme
- Continuously adapt to comply with legislation
- Promote training and awareness among our team members, customers and suppliers

Human Resources

- Treatment: guarantee fair and dignified treatment
- Employment: have recruitment and selection procedures that guarantee equal opportunities
- Development: promote the fulfillment of professional potential, creating training programmes for constant improvement
- Compensation: fairly adapt the remuneration policy and social benefits to the social context, responsibility and performance
- Labour relations: recognise the right to association and union membership and create a relationship based on dialogue and cooperation

Local community

- Integration: respect, support and promote the culture, regulations and the conservation of the local environment
- Collaboration: maintain a permanent dialogue with the local community and social agents to be aware of their needs
- Procurement: prioritise the purchase of local products
- Employment: prioritise contracting local personnel to enhance the development of local communities and the enrichment of the cultural diversity among our teams
- Social investment: create alliances with local development organizations through a participatory procedure

Children and human rights

- Defend human rights, particularly, the rights of children
- Reject, stamp out and condemn the exploitation of human beings, particularly when it affects children
- Adopt preventative measures to prevent the exploitation and/or abuse of children

Quality

- Establish close and permanent contact with customers
- Objectively measure customer satisfaction levels
- Promote participatory management and teamwork
- Differentiate ourselves through the service transmitted by our employees
- Guarantee the quality of our product and service
- Comply with legal requirements, applicable regulations and the commitments made by the company
- Constantly improve the efficiency of management processes and maintain and update the management system

Health and safety

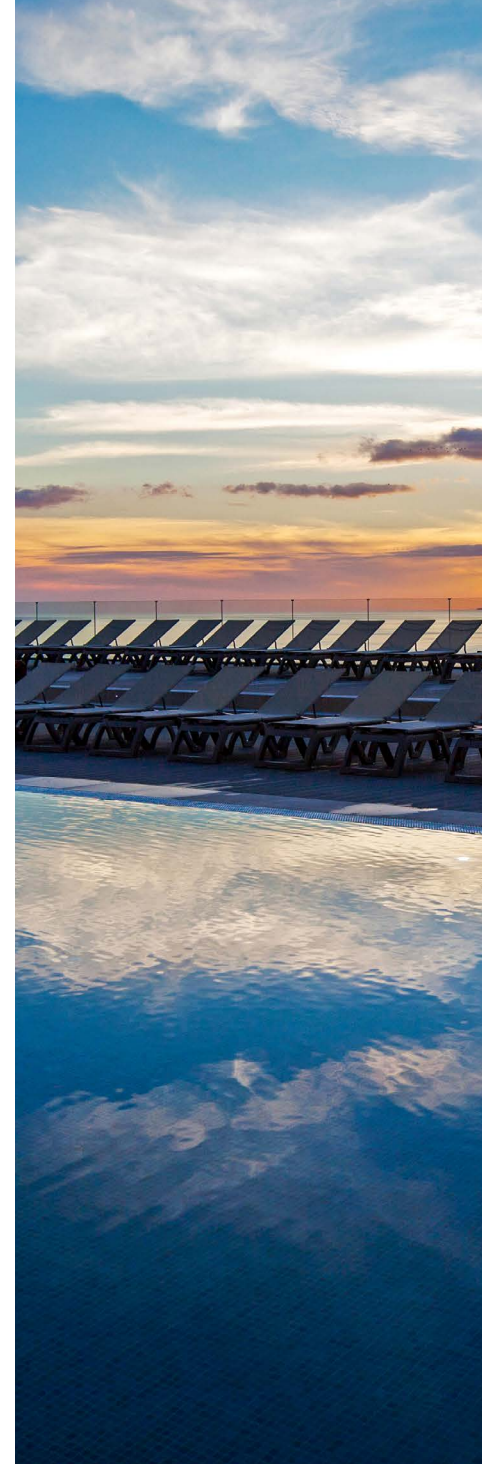
- Evaluate risks in order to eliminate or mitigate them
- Provide and guarantee a safe and healthy environment for customers and employees.
- Provide information and training to our employees on health and safety issues related to their work
- Consult and cooperate effectively with the competent authorities and employee representatives to promote and develop measures to ensure the health and safety of our employees and customers.
- Evaluate and review this policy with a view to constant improvement
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Sustainability criteria in local development

- Priority for the purchase of local products

In environmental protection

- Biodegradable cleaning products and detergents
- Elimination of chemicals considered harmful
- Purchase of seasonal fruit and fish
- Reduction in consumption of endangered marine species





In environmental protection

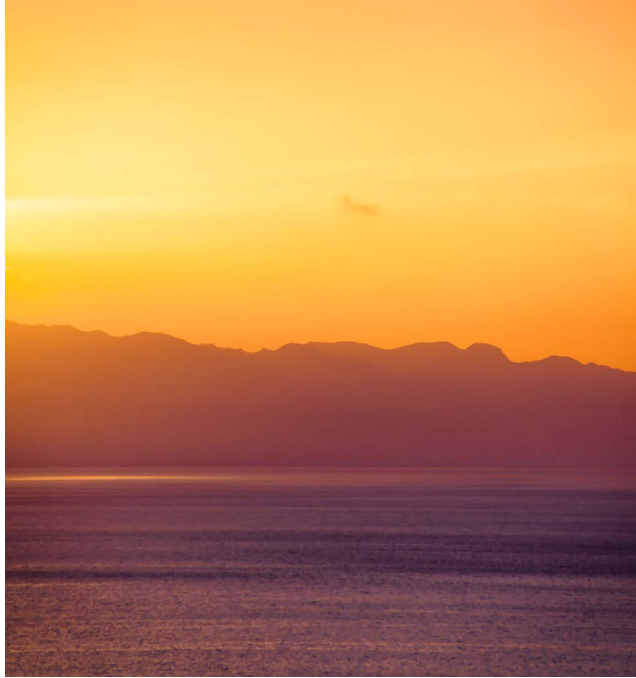
- Biodegradable cleaning products and detergents
- Elimination of chemicals considered harmful
- Purchase of seasonal fruit and fish
- Reduction in consumption of endangered marine species

In waste management

- Purchase of large-format products and concentrated products
- Guarantee of hazardous waste collection by authorised suppliers

In minimising the use of natural resources

- Acquisition of equipment with low energy and water consumption



OUR COMMITMENTS

Royal Sun Resort has made 12 commitments to support the responsible social and environmental development of the company. All of these commitments define the foundations of our activity and our corporate and human responsibility with regard to society and the environment.

Social

Sustainability awareness: We raise awareness among our staff, customers and suppliers about the importance of how small things add up to produce huge results.

Customer satisfaction: The company owes itself to its customers 365 days a year and 24 hours a day. Our maxim is total customer satisfaction as the basis of our business success.

Commitment to the community: We integrate with the local community contributing to its improvement and greater well-being through social projects and the creation of development opportunities.

Our team: Our key asset is our people, and that is why we prioritise opportunities for their personal and professional development.

Rigour in health and safety: We understand that it is essential that we guarantee health and safety in all our service processes, and that is why we protect customers and employees from possible risks.

Child protection: We are committed to compliance with the criteria of the ECPAT code through actions and best practices designed to combat the sexual exploitation of children

Environmental

Water use and recycling: We believe in the responsible use of water and we focus on minimizing waste and maximising reuse.

Waste management: We minimise the amount of waste generated by our activity and manage waste responsibly, separating it so that it can be recycled and treated.

Energy saving: We work with staff and customers to reduce the consumption of electricity.

Emission reduction: Our aim is to continue reducing the pollution generated by our activity.

Certification in sustainability: Royal Sun Resort works with the TRAVELIFE system to guarantee the sustainable management of our hotels and the achievement of all our commitments



ANTI-COVID-19 PROTOCOLS

After the announcement of the global pandemic and the closure of all hotels, Royal Sun Resort began to work on security protocols that are included in a manual. This Manual was created in collaboration with the Institute for Spanish Tourism Quality consultancy and offers the maximum possible health and safety guarantees for both customers and employees. Royal Sun Resort was the first hotel in Canary Islands in achieve the Institute for Spanish Tourism Quality certification.

Measures defined by hotel area:

Reception

- Web check-in to avoid handling documents
- Installation of screens in reception areas
- Respect for social distancing
- Use of Personal Protective Equipment by employees
- Disinfection of work stations and utensils
- Use of the hotel App to view information and schedules

Rooms

- Elimination of all non-essential items
- Only basic amenities
- Maintenance of cleaning protocols (three different coloured cloths used in each room to clean the terrace, bedroom and bathroom in a different way)
- Use of virucides and PPE by all staff
- Daily disinfection of items handled by guests such as TV remote controls, telephones, handles, doors or curtains
- After check-out, the rooms are sprayed with a virucide during the recommended safety period.



Dining area

- Lunch and dinner shifts and reduced restaurant capacity
- Mandatory hand disinfection on arrival, temperature measurement and use of a mask
- Buffets with more individual servings, packaged goods and more show cooking
- Constant replacement of shared cutlery in buffets
- Tables with single-use tablecloths and cutlery placed on the table
- Seat assignments to ensure social distancing and avoid transit areas

Pools and technical services

- Limited capacity in pools
- Greater distance between sunbeds and sunshades
- Disinfection of swimming pools
- Water disinfection products
- PPE for personnel with the use of masks and gloves
- Review of air-conditioning equipment, and monitoring of conveyor dishwashers
- Disinfection of all work tools



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