



HAPPY GRINGO IMPACT REPORT 2025

www.happygringo.com



WHO WE ARE 000

Message from Our President	001 - 002
Who We Are	003
Company Snapshot (2025)	004 -005
Our Story	006
What “Happy Gringo” Means	007
Our Approach to Impact	008
Our Mission	008
How We Design and Operate Travel	009
Our Impact Journey - 2012–2022 Laying the Foundations	010 - 011
2023–2024 From Reflection to Formalization	012 - 013
2025 Implementation & Measurable Practice	014
Looking Ahead Why B Corp & Distintivo Q	015
2025 in Numbers	016

GOVERNANCE 017

Governance as an Integrated Management System	018
Governance Architecture & Policy Integration	019

Performance Oversight & Reporting Cycles	020
Trimestral All-Staff Governance Meetings	021
Risk Oversight & Ethical Accountability	022
Legal Compliance & Data Governance	023
Open Books & Financial Transparency	023
Governance Highlights - 2025	024
Governance Priorities for 2026 & 2027	025

WORKERS 026

Celebrating Our Team – 20 Years of Happy Gringo	027 - 028
Training & Capacity Building	029
FAM Tours & Experiential Learning	030 - 031
Staff Satisfaction & Clima Laboral	032 - 033
Performance & Internal Mobility	034 - 035
Workers Priorities 2026–2027	036

COMMUNITY 037

Where Tourism Creates Local Value	038
-----------------------------------	-----

Where Tourism Creates Local Value	038	Methodological Refinement and Scope Separation (2025)	053 - 054
Structured Community Donations	039	Conservation Contributions Through Local Partnerships	055
Volunteering: Measured Engagement	040	Nature Positive Partnerships	056
Isinliví: More Than a Stop on the Map	041	Office Recycling and Waste Management	057 - 058
Measuring Our Supply Chain Impact	042	Our Approach	059
Significant Suppliers: Where 80% of Our Spending Goes	043	Environmental Priorities for 2026–2027	060
Sustainable Accommodation: Establishing a Performance Baseline	044	CLIENTS	061
Diversity & Inclusive Ownership in the Supply Chain	045	Clients Reviews	062 - 063
Priority Suppliers: Beyond Volume, Toward Redistribution	046	Building Visibility Through Trust	064
Territorial Redistribution: Following the Money	047	Client Attraction & Market Presence 2025	065 - 066
Community Highlights – 2025	048	From Good Service to Structured Service	067
Alfonso Toaquiza – Keeping an Ancestral Art Form Alive	049	Personalized Advisory as Risk Prevention	068
Community Priorities 2026–2027	050	Internal Quality Governance	069 - 070
ENVIRONMENT	051	Sustainability Front and Center in the Client Journey	071
Climate Responsibility: Measurement, Methodological Evolution and Transparency	052	Clients Priorities for 2026 & 2027	072



IMPACT REPORT WHO WE ARE

www.happygringo.com

Message from **Our President**

At Happy Gringo, we believe travel can be a powerful force for good — but only when we are honest about its impact.

Tourism is not neutral. It generates carbon emissions. It can strain fragile ecosystems. It can place pressure on communities and contribute to overtourism. Pretending otherwise would be irresponsible.

And yet, travel also creates something extraordinary. It builds bridges between cultures. It protects traditions by making them economically viable. It generates employment in regions with limited opportunities. It channels resources into rural territories and conservation efforts that might otherwise struggle to survive.

Both realities coexist.

Our responsibility, as a tourism company, is not to romanticize travel — nor to dismiss it — but to hold both truths at once and act with intention.

Since founding Happy Gringo in 2005 together with my business partner John Potts, we have believed that tourism should create more value than it extracts. For many years, that belief expressed itself naturally: through long-term partnerships, respect for local communities, and care for our team.

Then the pandemic changed everything.

Like so many in our industry, we faced uncertainty, financial pressure, and hard decisions. But it also gave us something rare: space to reflect. During that time, we made a commitment — if we rebuilt, we would rebuild better.

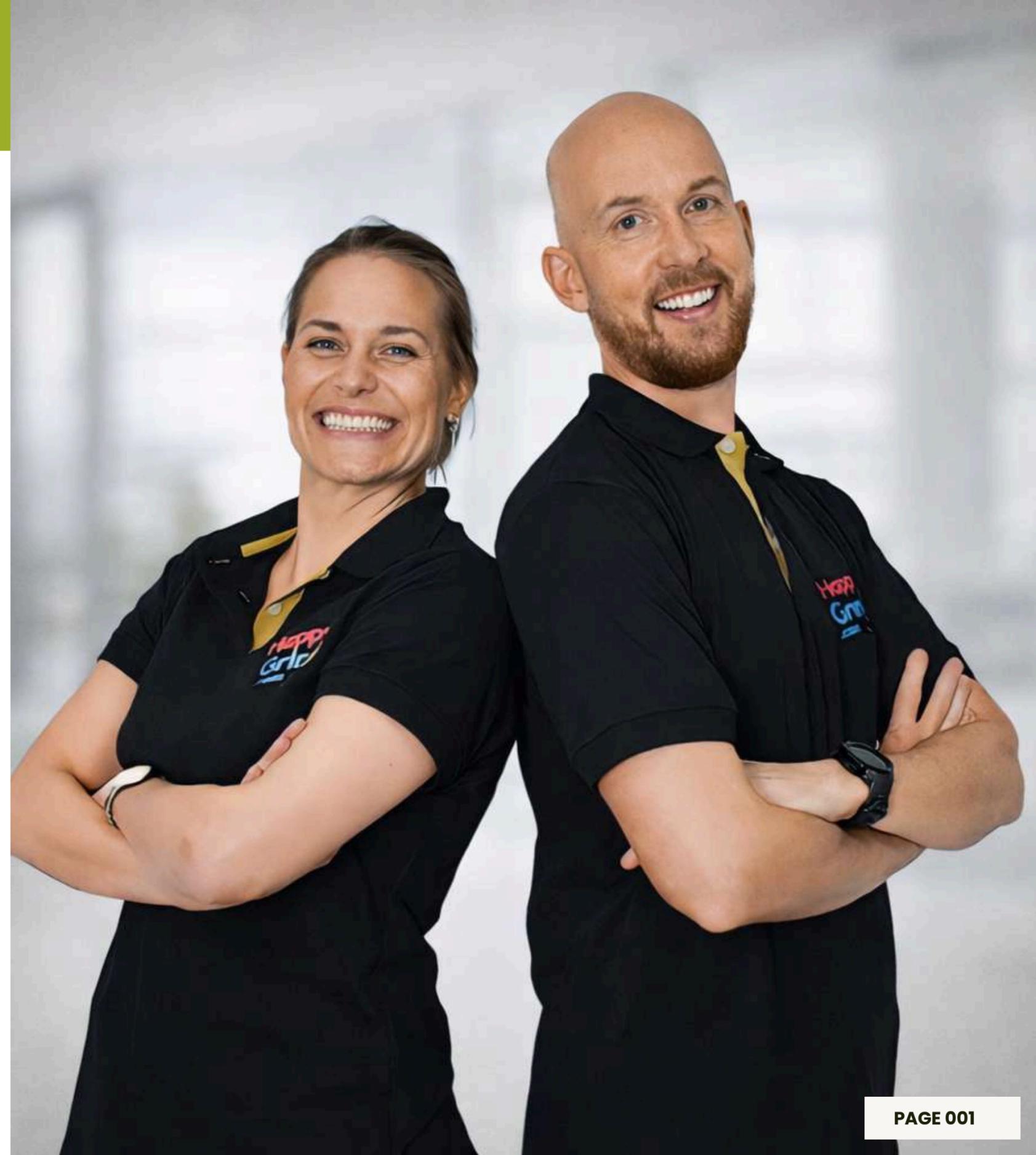
Sustainability would no longer be intuitive or informal. It would be structured, measured, and accountable.

That commitment led us to B Corp.

Adopting this framework was not easy. It required cultural change. It meant formalizing processes we had managed informally for years. Measuring impacts we had never quantified. Creating policies, tracking emissions, reviewing supply chains, and strengthening governance systems.

For a small Ecuador-based company without sustainability consultants or unlimited budgets, the process was demanding.

But it was transformative.



What initially felt like additional work evolved into something meaningful. Our team learned to analyze metrics, document processes, evaluate risks, and understand how everyday decisions connect to broader social and environmental outcomes. When we presented the first internal draft of this Impact Report, something shifted: we could finally see our impact – not just feel it.

On a personal level, this journey matters deeply to me. Before entering tourism, I studied Development Studies with the intention of contributing to poverty alleviation and positive change. Entrepreneurship became the path – but the purpose never shifted. Today, after more than 21 years of building Happy Gringo, I can see that contribution more clearly, supported not just by stories, but by structure, data, and shared commitment.

This is our first Impact Report. It marks a transition from intention to structure, from values to measurable accountability.

In 2026, we will formally apply for B Corp certification. We view this not as an endpoint, but as a framework for continuous learning, transparency, and improvement.

Thank you for being part of this journey.

Eva Merkx
President, Happy Gringo

“

As a wildlife photographer, you learn that the best moments come when you slow down, observe, and respect the place you're in. Tourism should work the same way. When done well, it doesn't just create beautiful experiences for travelers — it also helps protect the ecosystems and communities that make those experiences possible.

— John Potts, Founder





Who **We Are**

Happy Gringo is an Ecuador-based inbound tour operator specializing in tailor-made journeys across Ecuador, the Galápagos Islands, Peru, and selected destinations in Latin America.

Founded in 2005, we have supported thousands of travelers over more than two decades. Our entire team of 20 employees (2025) is based in Ecuador. We design, coordinate, and operate travel experiences from our office in Quito, working closely with local guides, family-run lodges, transport providers, community initiatives, and conservation partners.

We operate both directly with travelers (B2C) and as a local operating partner for international travel companies (B2B), applying consistent standards of quality, safety, and responsible travel across all programs.

We believe tourism works best when the people behind it are valued, supported, and empowered to grow. Many members of our team have built long-term careers within the company, strengthening relationships, expertise, and institutional memory.

Company Snapshot 2025



FOUNDED
2005



YEARS IN OPERATION
21+



EMPLOYEES
20 (100% Ecuador-based)



TRAVELER INQUIRIES RECEIVED
2,260



PASSENGER GROWTH VS 2024
+16.6%



TOTAL LEADS GROWTH VS 2024
+24.7%



NET INCOME INCREASE VS 2024
+21.5%

Average Client Rating

4.9 / 5 (1,087 REVIEWS)



Average Client Rating

4.9 / 5 (502 REVIEWS)



Average Client Rating

12 CONSECUTIVE YEARS



80% OF SUPPLIERS
BASED IN ECUADOR



CARBON FOOTPRINT
MEASURED ANNUALLY SINCE 2024

WELCOME
TO ECUADOR



Recognized by leading travel guides:

Lonely  planet

A British and Dutch-owned travel agent catering to a midrange market... one of the best all-around tour companies in the city.



A well-run Anglo-Dutch tour operator... staff are helpful and get consistently good reports from travelers.



Tailor-made tours throughout Ecuador... good service. Recommended.



Our Story

Happy Gringo began with a simple idea: travel should be personal, respectful, and deeply connected to place.

In our early years, sustainability was not framed through certifications or formal metrics. It was expressed through relationships – choosing local suppliers, treating staff fairly, responding to community needs when crises emerged, and prioritizing long-term partnerships over short-term margins.

Over time, our understanding evolved. We became more aware of how tourism decisions affect ecosystems, labor conditions, local economies, and cultural heritage. Growth brought responsibility. Responsibility required structure.

What began as intuition has become intentional design.



What “Happy Gringo” Means to Us

Our name often sparks curiosity — and occasionally raises questions.

In Ecuador, the word “gringo” is commonly used in a light, playful, everyday way. It reflects the simple reality of being a visitor. For us, the name is not about trivializing cultural difference — it is about acknowledging it with humility.

Being a “Happy Gringo” means arriving with curiosity instead of entitlement. Respect instead of assumption. A willingness to learn rather than to consume.

Travel means entering someone else’s home. The happiness we value comes from connection: sharing meals, listening to stories, walking landscapes with local knowledge, and building relationships rooted in fairness and mutual respect.

Over the years, many clients have written to us saying, “I am now a Happy Gringo.” We consider that the highest compliment — because it signals transformation, awareness, and gratitude.

Our Approach to Impact

We aim to be a positive force through tourism – not through marketing language, but through operational choices.

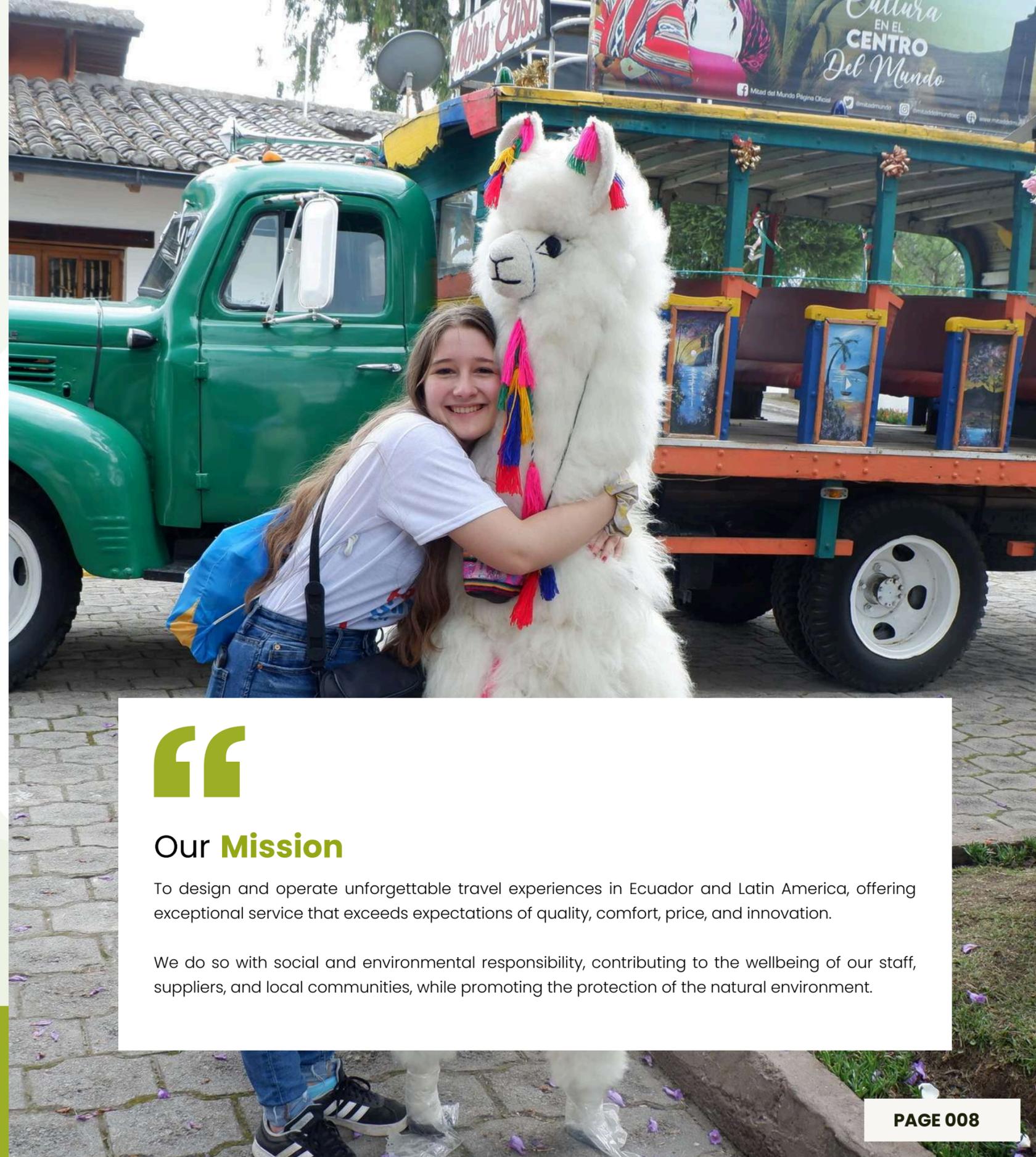
Our impact approach is structured around four pillars:



We prioritize locally owned suppliers, especially in rural territories with limited economic opportunities. We measure our office carbon footprint annually and offer 100% of measured emissions through conservation initiatives in Ecuador. We operate a structured waste management system in our office. We formalize internal policies on governance, transparency, non-discrimination, and professional development.

Sustainability at Happy Gringo is not a department. It is a management framework integrated into daily operations.

To guide this work, we use B Corp and Distintivo Q as structured frameworks for continuous improvement. While not yet certified, we use these standards to assess gaps, formalize systems, and increase transparency.



Our **Mission**

To design and operate unforgettable travel experiences in Ecuador and Latin America, offering exceptional service that exceeds expectations of quality, comfort, price, and innovation.

We do so with social and environmental responsibility, contributing to the wellbeing of our staff, suppliers, and local communities, while promoting the protection of the natural environment.

How We Design **and Operate Travel**

From our Quito office, our in-house team designs and operates trips from start to finish.

OUR CORE OFFERINGS INCLUDE:

1. **Custom** privately guided journeys
2. **Galápagos** cruise programs
3. **Land-based** Galápagos stays
4. **Curated** fixed itineraries
5. **Themed programs** and special interest trips

We maintain strong quality control by working directly with guides, transport providers, cruise operators, and locally managed accommodations. This direct collaboration allows us to ensure safety, consistency, and ethical standards while keeping economic value within the destinations where we operate.

Across all travel styles — from mainland journeys to expedition cruises — our approach prioritizes depth over speed, respect over spectacle, and long-term relationships over transactional volume. We believe travel should leave places stronger, not depleted.



Our Impact Journey

2012–2022 | Laying the Foundations

From its earliest years, Happy Gringo operated with a simple conviction: tourism should create positive impact, not just profit.

In this first decade, our actions were guided less by formal strategy and more by values, intuition, and everyday decision-making. We chose local partners. We responded to crises when they emerged. We supported our team beyond contractual obligations. We learned by doing.

We did not yet have structured frameworks, ESG metrics, or formal impact reports. What we had was proximity — to communities, to staff, to the realities of operating tourism in Ecuador.

This period was defined by gradual awareness. We began to recognize that even small operational decisions carry social and environmental consequences. While many of our initiatives were informal and imperfect, they laid the cultural groundwork for what would later become a more structured sustainability strategy.

2012

Smart Voyager Certification

Happy Gringo became the first tour operator in Quito to receive the Smart Voyager Certification. This marked our first formal step toward structured environmental and social standards, introducing clearer benchmarks for responsible tourism.

2015

Community Partnership with Andrew Finch Education Trust

We began long-term collaboration with the UK-based Andrew Finch Education Trust, providing annual financial support and contributing to educational initiatives for children in vulnerable communities.

2016

Earthquake Emergency Response

Following the devastating 7.8-magnitude earthquake on Ecuador's coast, we mobilized company and client donations to provide food, water, and essential supplies directly to affected communities.

2017

Creation of the Fondo Común (Common Fund)

We formalized a staff-managed fund financed through discounts, unexpected gains, customer tips, and donations. Managed independently by the team, it supports collective wellbeing initiatives, outings, and social contributions — strengthening autonomy and shared responsibility.

2019

Zero Waste Plastic Campaign

We launched a campaign encouraging travelers to reduce single-use plastics in Ecuador and the Galápagos, providing reusable bottles and promoting refill stations to reduce plastic waste in fragile ecosystems.

2020
2024

Board Role in Education Charity

Co-founder John Potts served as board member of the Andrew Finch Education Trust, supporting educational initiatives in Mocha and Techo Propio until the Trust concluded operations.

2020

Long-Term Support for Isinliví School

We initiated sustained support for the rural school in Isinliví, including financial donations, infrastructure improvements, supply crowdfunding, and annual celebrations — building long-term relationships rather than one-off contributions.

2021

Safe Travels Stamp

We received the Safe Travels Stamp, confirming compliance with international health protocols during the COVID-19 pandemic and reinforcing our commitment to safety during a period of global uncertainty.

“

This first phase was not yet structured sustainability — but it was the foundation.

2023–2024 | From Reflection to Formalization

The COVID-19 pandemic became a turning point.

Operational pressure forced difficult decisions — but it also created space to reflect on what kind of company we wanted to rebuild.

We made a clear commitment: if we returned, we would return with structure. Sustainability would no longer rely on intuition alone. It would become measurable, accountable, and integrated into governance.

From 2023 onward, we began shifting from values-driven actions to system-driven implementation. This period marks our transition from “doing good where possible” to building the infrastructure that allows us to do better — consistently.

2023

Sustainability Embedded in Mission & Vision

We formally integrated sustainability into our corporate mission, establishing a clear post-pandemic direction.

2023

First 360° Competency-Based Evaluation

We introduced an annual 360° evaluation process, strengthening professional development, feedback culture, and internal alignment.

2024

First Workplace Climate Survey

We conducted our first anonymous employee climate survey, institutionalizing employee wellbeing monitoring and follow-up action plans.

2024

Pausas Activas Integrated

Regular short physical activity breaks became part of daily work culture, reinforcing a proactive approach to wellbeing.



By the end of 2024, sustainability was no longer a set of isolated initiatives — it had become part of our internal systems.

2019

Structured Conservation Support

We initiated ongoing monthly donations to Galapagos Conservancy and annual support for Fundación Jocotoco's Petrel Project — formalizing conservation contributions rather than relying on occasional donations.

2020
2024

First Carbon Footprint Calculation

We calculated our first company carbon footprint. While initially based on simplified methodologies, it established the baseline for future improvements and formal offset commitments.

2024

Office Relocation Focused on Wellbeing

We moved to a new office designed to support collaboration, safety, and professional growth.

2025

CCRA TRUE Certification

We obtained CCRA TRUE certification, reinforcing financial transparency and operational credibility with international partners.

2025 | Implementation & Measurable Practice

In 2025, we moved from design to execution.

This year represents the operationalization of our commitments. Policies were implemented, data was tracked consistently, and governance structures strengthened. Sustainability shifted from intention to measurable management.

Key Milestones

- 20-YEAR ANNIVERSARY TEAM TRIP**
We celebrated two decades of operations with a full-team trip to Peru, reinforcing shared culture and long-term commitment.
- FORMAL DOCUMENTATION OF TRAINING & FAM TOURS**
All professional development activities were systematically registered, strengthening transparency in talent development.
- DECISION TO PURSUE B CORP CERTIFICATION**
We formally chose to begin the B Corp journey, adopting a comprehensive framework to evaluate governance, environmental performance, supply chain impact, and worker wellbeing.
- OFFICE RECYCLING PROJECT**
In partnership with Gira and Anuna, we launched a structured waste separation and recycling system within our office.

- FIRST OPEN BOOKS MEETING**
We shared financial results transparently with the full team, strengthening financial literacy and institutional trust.
- FORMAL IMPLEMENTATION OF INTERNAL POLICIES**
Governance, ethics, environmental, transparency, and people-management policies were integrated into induction and daily operations.
- FIRST SUSTAINABILITY SURVEY FOR ACCOMMODATION PARTNERS**
We began structured ESG data collection across our supply chain.
- PREPARATION FOR DISTINTIVO Q CERTIFICATION**
We initiated the process for Ecuador's Distintivo Q, aligning quality management with responsible tourism standards.
- CARBON FOOTPRINT ALIGNED WITH ISO 14064-1 (SCOPE 1 & 2)**
We implemented a more robust carbon accounting methodology for office operations and offset 100% of measured emissions through Fundación Jocotoco.

By 2025, sustainability at Happy Gringo had moved from informal practice to structured governance.



Looking ahead **Why B Corp & Distintivo Q**

As our systems matured, it became clear that external frameworks would strengthen accountability.

In 2025, we formally chose to pursue both B Corp and Distintivo Q. These frameworks serve different but complementary roles:



B Corp

Provides a holistic international standard across governance, workers, community, environment, and clients.

Distintivo Q

Strengthens operational quality and responsible management within the Ecuadorian tourism context.



We are not yet certified – and we do not treat certification as a marketing label. For us, these frameworks are management tools. They help identify blind spots, formalize processes, improve transparency, and ensure that our growth remains aligned with measurable social and environmental responsibility.

Impact requires structure.
Structure requires accountability.
Accountability requires continuous improvement.

This is the path we are now on.

2025 in Numbers

1,770
Travelers Served

2,260
Travel Inquiries

+16.6%
Passenger Growth
vs. 2024

+24.7%
Lead Growth vs. 2024

+22.9%
Revenue Growth

+21.5%
Net Income Growth



4.9 / 5
Average Client Rating

1,000+
TripAdvisor Reviews



First Open Books Meeting Held



36% of Team
in Leadership Roles

20
Employees (100% Ecuador-based)

80%
Workplace Climate Score (+2% vs 2024)

USD 4,674.74
Total Donations (4x increase since 2022)



108
Volunteer Hours

50%
Staff Participation in Volunteering

2.19 tCO₂e
(Scope 1 & 2 – ISO-aligned Office Emissions)

1,660.6 tCO₂e
Estimated Scope 3 Emissions

100%
of Measured Emissions Matched with Conservation Contribution



USD 3,900
Biodiversity Contributions

217 Hectares
Supported (Reserva Buenaventura)

0.25 Metric
Tonnes Office Waste Tracked

15%
Recycled (Pilot Phase)



IMPACT REPORT GOVERNANCE

Governance in Practice at Happy Gringo provides the structure that aligns our daily decisions with our mission, strategy, and long-term vision.



Governance as an Integrated Management System

At Happy Gringo, governance is the system that ensures coherence between purpose, strategy, operations, and impact. It provides the structure through which financial performance, ethical conduct, environmental responsibility, talent development, and territorial impact are aligned and managed in an integrated manner.

Our governance model translates strategy into measurable objectives, defined responsibilities, and recurring review cycles. Inspired by the logic of the Balanced Scorecard, this approach ensures that daily operational decisions consistently support long-term sustainability, institutional resilience, and stakeholder accountability.

Governance at Happy Gringo is structured around five interdependent components:



Strategic alignment and performance oversight



Policy architecture and internal controls



Risk management and ethical accountability



Transparency and financial literacy



Multi-stakeholder decision-making

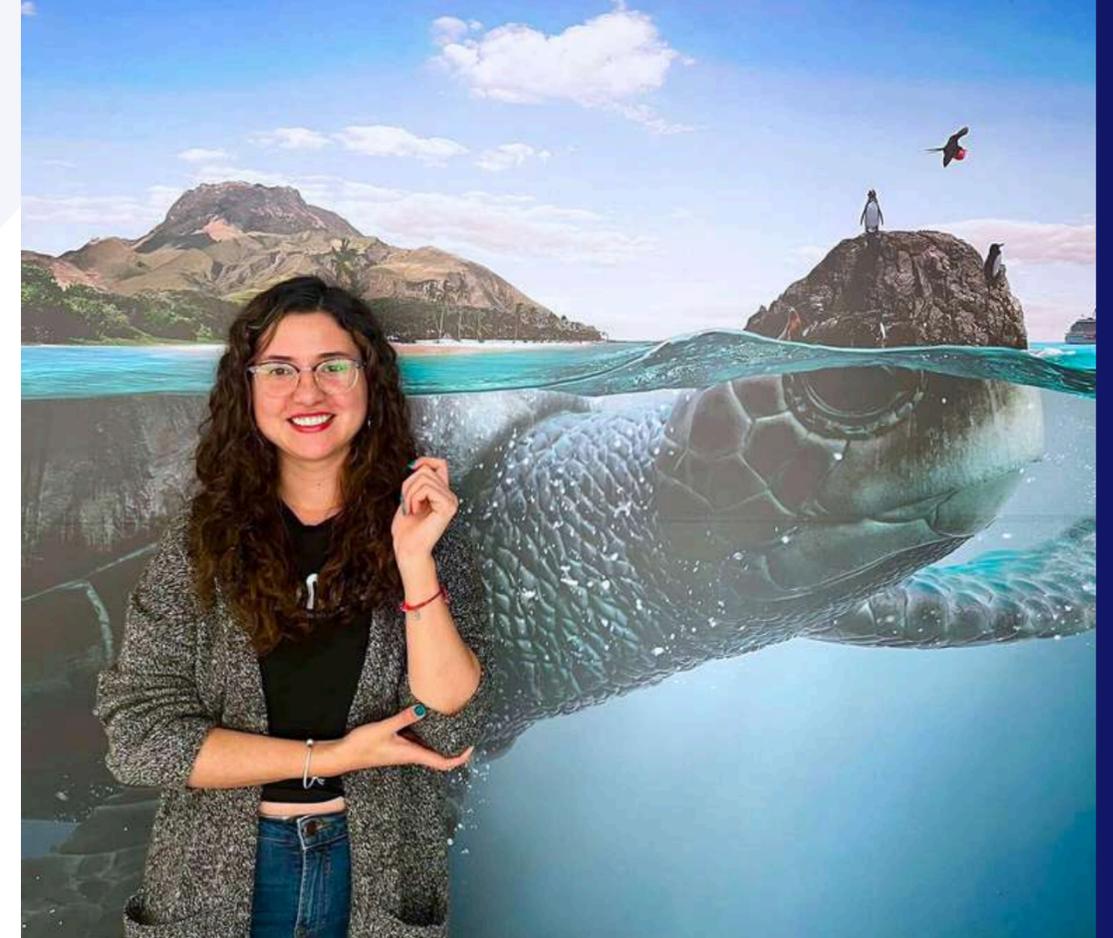
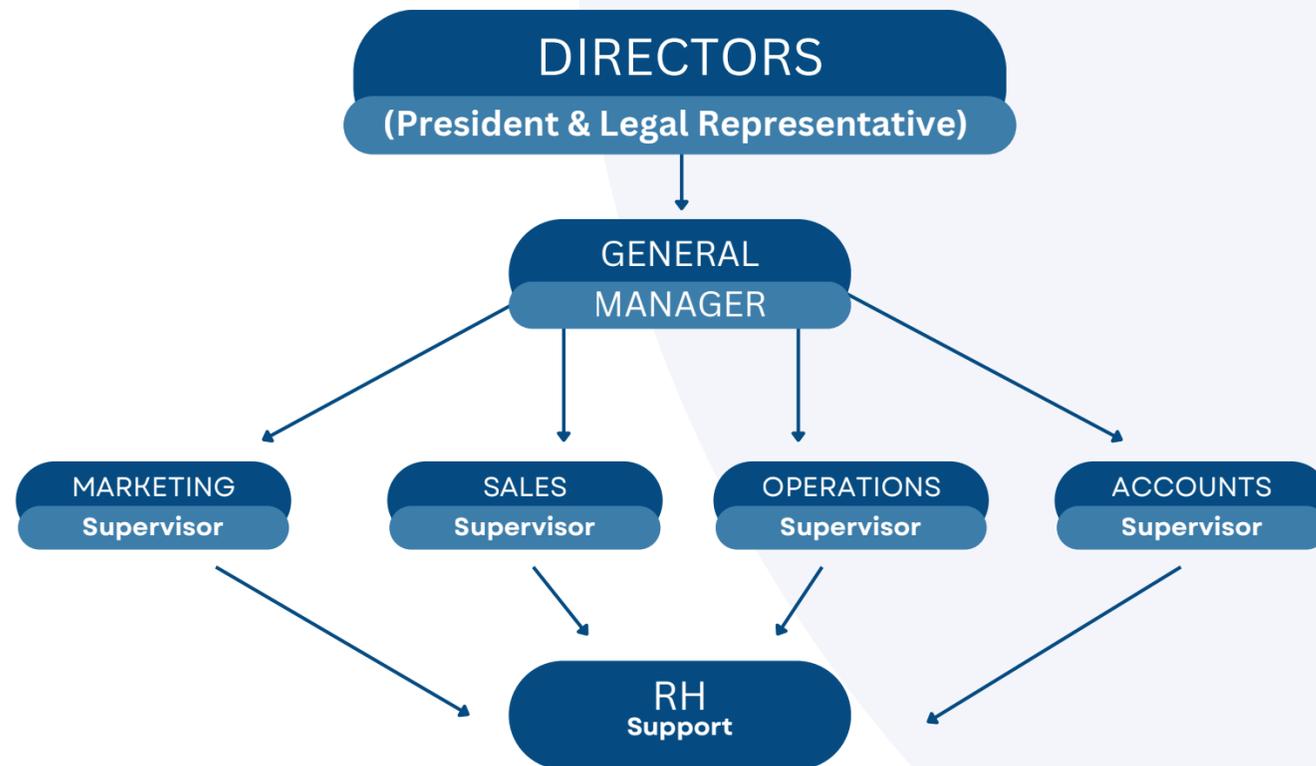
Sustainability is therefore embedded within the governance structure itself, rather than managed as a parallel initiative.

Governance Architecture & Policy Integration

Happy Gringo operates under an integrated system of formal policies that collectively define standards, responsibilities, escalation mechanisms, and performance expectations. Core governance instruments include: ethical principles and conduct standards, formal complaint and risk escalation mechanism, environmental management and carbon governance, supply chain evaluation and risk oversight, strategic ESG integration framework. These instruments function as a coherent governance system. Policies are reviewed periodically and integrated into reporting cycles, departmental oversight, and annual planning.

Operationally, the company is structured into four core departments – Marketing, Sales, Operations, and Accounts – each led by a Supervisor responsible for defined metrics, performance targets, operational controls, and risk identification within their scope. Human Resources operates as a transversal function, ensuring policy consistency, documentation integrity, and alignment in people management processes.

The Directors hold ultimate fiduciary and stakeholder accountability. Strategic decisions are required to consider financial viability, employee wellbeing, environmental impact, supply chain implications, and territorial development. This multi-stakeholder approach is formally embedded in the company's governance documents and reflects alignment with B Corp principles.





Performance Oversight & Reporting Cycles

Governance is operationalized through structured reporting and review mechanisms that ensure accountability and traceability.

Key oversight mechanisms include:

- Weekly monitoring of commercial performance
- Mandatory monthly departmental reports submitted by all Supervisors
- Quarterly governance reviews involving Supervisors, General Management, and Directors
- Annual strategic planning and performance review

Monthly reports combine quantitative indicators with qualitative analysis, allowing early identification of operational inefficiencies, financial deviations, cultural risks, and improvement opportunities. This structured approach strengthens consistency in execution and reinforces leadership accountability.

Beginning in 2026, environmental and social indicators will be formally integrated into monthly and trimestral reporting cycles, ensuring sustainability metrics are monitored with the same rigor as financial and operational performance.

Trimestral All-Staff **Governance Meetings**

In 2025, Happy Gringo institutionalized trimestral all-staff governance meetings as a formal mechanism within its accountability system.

These meetings are distinct from operational check-ins. They serve as structured governance forums where organizational performance, risks, and strategic direction are reviewed collectively.

During these meetings:

- Supervisors present departmental performance and analysis
- Financial results are explained in accessible language
- Strategic priorities are reviewed openly
- Team members are invited to ask questions and contribute insights

This mechanism strengthens transparency, improves financial literacy, and reinforces shared accountability across the organization.

From 2026 onward, environmental and social indicators will be formally incorporated into these trimestral governance meetings, ensuring ESG performance is reviewed consistently alongside financial and operational results.



Risk Oversight & **Ethical Accountability**

Risk management is integrated into the governance structure and monitored across five primary dimensions:



1. Financial and liquidity risk
2. Legal and regulatory risk
3. Reputational risk



4. Supply chain and territorial risk
5. Environmental and climate risk

The formal complaint mechanism operates as both a resolution channel and a structured risk detection tool. It allows for confidential, independent, and impartial reporting of ethical breaches, governance failures, discrimination, harassment, financial irregularities, or supply chain concerns.

The Code of Ethics establishes non-negotiable standards of conduct for directors, employees, suppliers, and partners. A zero-tolerance stance applies to corruption, fraud, conflicts of interest, bribery, retaliation, and misrepresentation.

By integrating risk detection mechanisms with leadership accountability and policy enforcement, governance functions as a preventive system that strengthens institutional resilience.

Legal Compliance & Data Governance

Happy Gringo operates in compliance with Ecuadorian labor, tax, tourism, and regulatory frameworks.

During 2025, the company prepared for the implementation of Ecuador's Ley Orgánica de Protección de Datos Personales (LOPD), reviewing internal data management procedures, strengthening documentation protocols, and raising internal awareness regarding data handling obligations. Full operational alignment is scheduled for 2026.

Compliance is treated as a governance discipline that reinforces institutional credibility, stakeholder trust, and long-term operational stability.

Open Books & Financial Transparency

In 2025, Happy Gringo held its first Open Books Meeting, marking a structured advancement in financial transparency.

The Accounts Supervisor presented the General Balance and conducted a practical training session to explain financial statements and key indicators. The objective was to foster financial literacy, build trust, and ensure that employees understand how revenue generation, cost structure, and profitability relate to operational decisions.

This initiative strengthened internal dialogue, encouraged informed cross-departmental thinking, and reinforced transparency as an operational governance principle.



Governance **Highlights - 2025**



First all-staff trimestral governance meeting held
(>90% staff participation)



First open-books meeting held
(>90% staff participation)



100% monthly reporting compliance
by all Supervisors



95% staff participation
in quarterly governance meetings



100% staff formally acknowledges
the Code of Ethics



Organizational readiness achieved for compliance
with the Ley Orgánica de Protección de Datos Personales (Full implementation scheduled for 2026)



36% of team members
hold leadership or decision-making responsibilities



Governance Priorities **for 2026 & 2027**

- **Integrating sustainability indicators**

Into all departmental performance reviews

- **Incorporating environmental and social indicators**

Into quarterly governance cycles

- **Formalizing an annual policy review calendar**

Across governance instruments

- **Fully implement compliance**

With the Ley Orgánica de Protección de Datos Personales (LOPDP), strengthening responsible data management practices across the organization.

- **Continue improving the quality of reporting**

With clearer measures, targets, and initiatives, and provide ongoing support to Supervisors to strengthen data analysis and presentation.

- **Embedding sustainability accountability**

Into managerial role descriptions

Achieving Distintivo Q and B Corp certifications





IMPACT REPORT WORKERS

For 20 years, we've supported travelers around the world. Behind every seamless adventure is a team working with care and heart.

www.happygringo.com



Celebrating Our Team – 20 Years of Happy Gringo

For our 20-year anniversary, we chose to celebrate in a way that truly reflects who we are as a company: by putting our people first.

For two decades, our team has been the engine behind every itinerary, every smooth transfer, every solved problem, and every meaningful journey experienced by our travelers. They are usually the ones behind the scenes – planning, coordinating, anticipating, and responding – ensuring that others feel supported and cared for every step of the way. This time, we wanted to reverse the roles.

Instead of launching a marketing campaign or hosting a formal celebration, we closed the office and took the entire team – including our intern – to Peru. The journey was fully financed by the company and intentionally not linked to performance metrics, sales targets, or individual achievements. It was a collective gesture of trust and appreciation.

For several team members, this was their first time on an airplane. For some, it was their first experience traveling abroad. What we often sell as routine – airports, immigration lines, unfamiliar cities – became moments of discovery, learning, and personal growth. Experiencing travel from the other side reminded us that what we create for our clients is not just logistics; it is emotion, vulnerability, excitement, and transformation.

Together, we walked through the Sacred Valley, explored Ollantaytambo, experienced the wonder of Machu Picchu, wandered through Chinchero Market, and shared long conversations in Cusco. But the real impact went beyond the itinerary.

Traveling together strengthened trust across departments. Sales saw operations through a new lens. Operations experienced what it feels like to simply be cared for. Laughter replaced routine. Titles became secondary to shared experience.

The trip built confidence. It reinforced belonging. It deepened our sense of purpose.

Closing the office for several days was a conscious decision. It meant pausing revenue, stepping away from daily demands, and choosing culture over short-term productivity. We did so because we believe long-term sustainability depends on engaged, valued, and connected people.

Behind every well-planned journey, there is a team.

And that team deserves to travel too.



“

I'm usually behind the scenes in Operations, making sure everything runs smoothly. In Peru, it was fun to switch roles, be the one being taken care of, and see our work from a completely different perspective.

—Valeria Diaz, Operations Supervisor



“

My first time flying on an airplane and traveling abroad, with Peru as my destination, was a truly meaningful experience. From the airport to passing through immigration, every moment was full of learning. Discovering a new country — its customs, its people, and its iconic places — made this trip unforgettable, filled with beautiful memories shared with the Happy Gringo team.”

—Cristina Auquilla, Accounts Assistant

Training & Capacity Building

In 2025, Happy Gringo completed its first full year of structured and systematically registered training, marking a shift from informal initiatives to a measurable, performance-aligned process.

Training priorities are directly informed by annual 360° evaluations, quarterly performance conversations, operational indicators, and strategic transitions. This ensures that learning responds to identified skill gaps and organizational needs rather than generic topics.

01 2025 Training at a Glance

 **Total training hours:**
193.79

 **Training hours per capita:**
9.7

 **Staff participation:**
>90%

02 Training distribution

 **55.3%**
Professional Development

 **35.4%**
Sustainability

 **9.3%**
Life Skills

Professional development strengthened technical and operational capabilities, particularly during the implementation of a new accounting system. Sustainability training supported B Corp and Distintivo Q preparation, while life skills sessions focused on psychosocial risk prevention and employee wellbeing.

By formalizing registration and linking training to performance evaluation, Happy Gringo established a measurable baseline for structured, data-driven development planning from 2026 onward.



FAM Tours & **Experiential Learning**

In the tourism sector, product knowledge cannot rely solely on brochures, supplier presentations, or second-hand information. As a travel agency designing tailor-made experiences, our credibility and service quality depend on first-hand understanding of destinations, accommodations, logistics, and on-the-ground realities.

For this reason, Familiarisation Tours (FAMs) are formally recognized within Happy Gringo's development framework as a structured form of experiential training. FAM tours allow team members to experience hotels, cruises, excursions, transport services, and community-based initiatives in the same way our clients do. This strengthens:

- ✓ Accuracy and transparency in sales communication
- ✓ Operational risk awareness
- ✓ Realistic expectation-setting with clients
- ✓ Quality control and supplier evaluation
- ✓ Long-term, trust-based supplier relationships

For a travel agency committed to responsible tourism and B Corp standards, first-hand knowledge is essential to avoid misrepresentation, reduce operational errors, and ensure alignment between what we sell and what is delivered.





2025 FAM Impact

Total investment

37.61 working days

Product FAMs

76% (28.67 days)

Supplier & Networking FAMs

24% (8.94 days)

Staff participation

90%

Paid working days granted

7.5

Direct company contribution

USD 693.27

Beyond skill acquisition, FAM tours strengthen professional confidence, improve decision-making quality, and increase motivation by reconnecting the team with the real-world impact of their work. They also function as an informal but powerful tool for supplier due diligence, reinforcing responsible partnerships within our value chain.

For Happy Gringo, FAMs are not a perk — they are a structural investment in service integrity, risk management, and long-term supplier relationships.

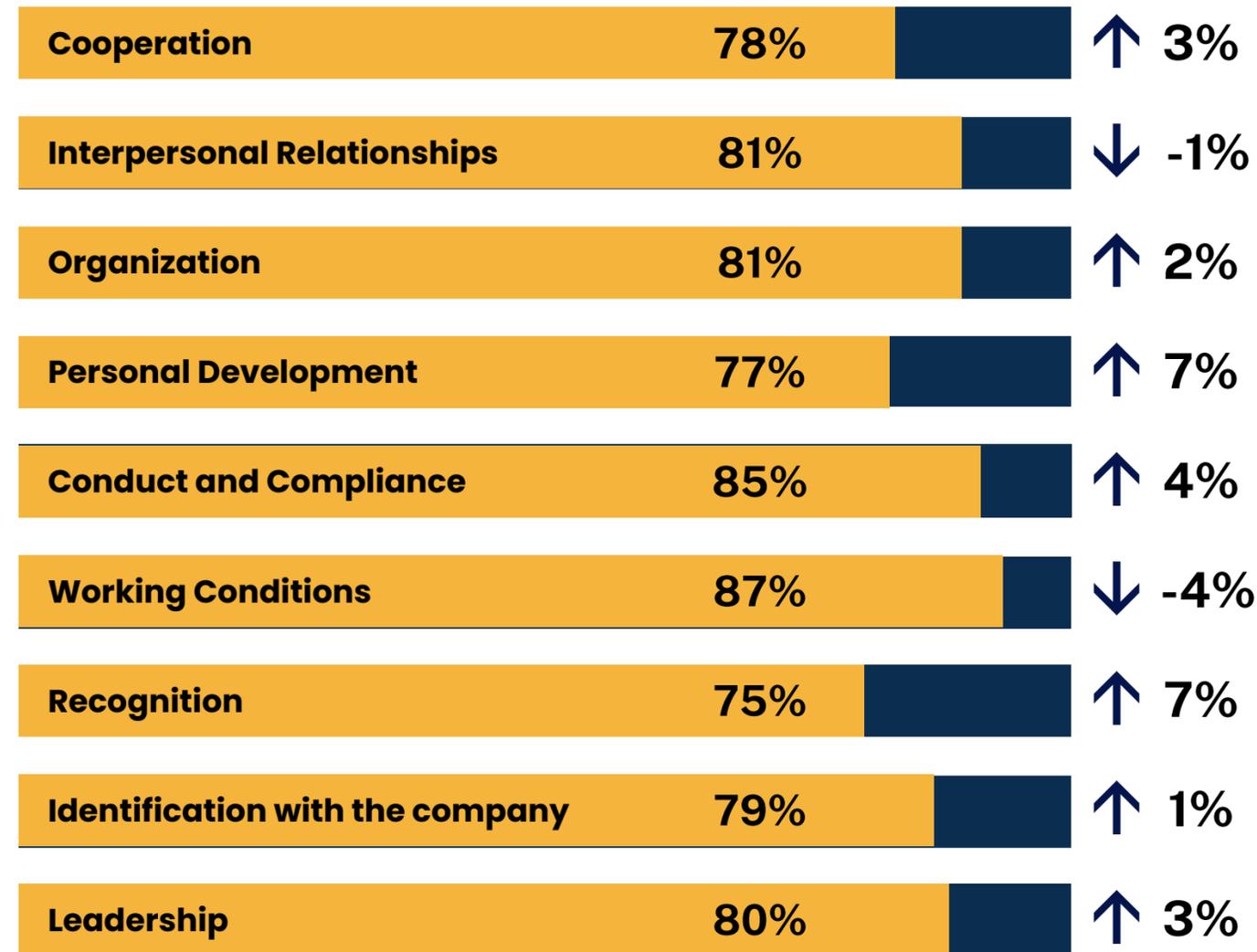
“

Experiencing the Monserrat Cruise first-hand completely changed how I sell Galápagos. Seeing the cabins, the service flow, and the daily excursions helped me understand what really matters to clients. I now feel much more confident recommending the cruise because I know exactly what the experience is like. communities that make those experiences possible.

—David Bravo, Sales Team

Staff Satisfaction & Clima Laboral

In 2024, Happy Gringo introduced its first annual Clima Laboral survey as part of a broader effort to formalize employee feedback within our performance and governance framework. In 2025, the survey was consolidated as a structured monitoring tool, allowing year-on-year comparison and data-driven decision-making.



2025 Results

2025 Results



+2% Change vs. 2024



The strongest improvements were observed in:



These gains reflect the integration of structured 360° evaluations, clearer feedback processes, and more formalized development planning across departments.

Identified Area for Improvement

The lowest-scoring category in 2025 was Working Conditions. Rather than treating this as an isolated metric, management reviewed qualitative feedback and implemented targeted corrective actions, including:

- 6 ergonomic-focused pausas activas addressing posture and workstation health
- Adjustments to office layout and workspace organization
- Reinforcement of structured quarterly 1:1 meetings
- Review and redistribution of workload during peak operational periods

This approach reinforces our commitment to continuous improvement and responsiveness to employee feedback.

Wellbeing & Preventive Actions

In 2025, a total of 21 pausas activas were conducted:



6

Ergonomic Sessions

15

Dynamic, Team-Building Sessions

These sessions are designed not only to improve physical wellbeing, but also to strengthen team cohesion and psychological safety within the workplace.

The company maintained a low absenteeism rate of 0.90%, supporting the overall positive climate trend.





Performance & Internal Mobility

360° Performance Evaluation

In 2024, Happy Gringo formally implemented an annual 360° evaluation process under the framework of its Performance Management Policy

The objective of this system is not only to assess performance, but to create structured, multi-perspective feedback that strengthens alignment, leadership quality, and professional development across the organization.

The 360° evaluation incorporates feedback from supervisors, peers, and self-assessments, ensuring a comprehensive and balanced view of performance. It evaluates both behavioral and functional competencies, including:

- Communication
- Teamwork and collaboration
- Leadership and accountability
- Planning and organizational capacity
- Empathy and interpersonal awareness
- Results orientation
- Continuous improvement mindset

This multidimensional approach helps identify strengths, development gaps, and alignment between self-perception and team feedback.

Evaluation results are shared through structured feedback sessions, during which supervisors and employees jointly define development priorities and, when necessary, targeted training or performance improvement actions. In this way, evaluation outcomes are directly integrated into individual development plans and annual training planning.

The 360° system also supports internal mobility by providing objective, documented performance evidence that informs promotion and leadership decisions, reinforcing merit-based growth within the company.

Internal Promotion & Retention

Happy Gringo prioritizes internal mobility and long-term talent retention as part of its structured promotion framework. Career progression is linked to documented performance results, 360° evaluations, and defined competency development rather than informal decision-making.

Highlights

- 100% of department supervisor roles filled internally
- 5% of employees have been with the company for more than 15 years
- 30% of employees have been with the company for more than 5 years
- Retention rate (2025): 89%
- Turnover rate (2025): 15%
- 3 new positions created in 2025

The fact that all supervisory positions are filled internally reflects the maturity of our performance management and development system. Long employee tenure further demonstrates organizational stability, knowledge retention, and cultural continuity.

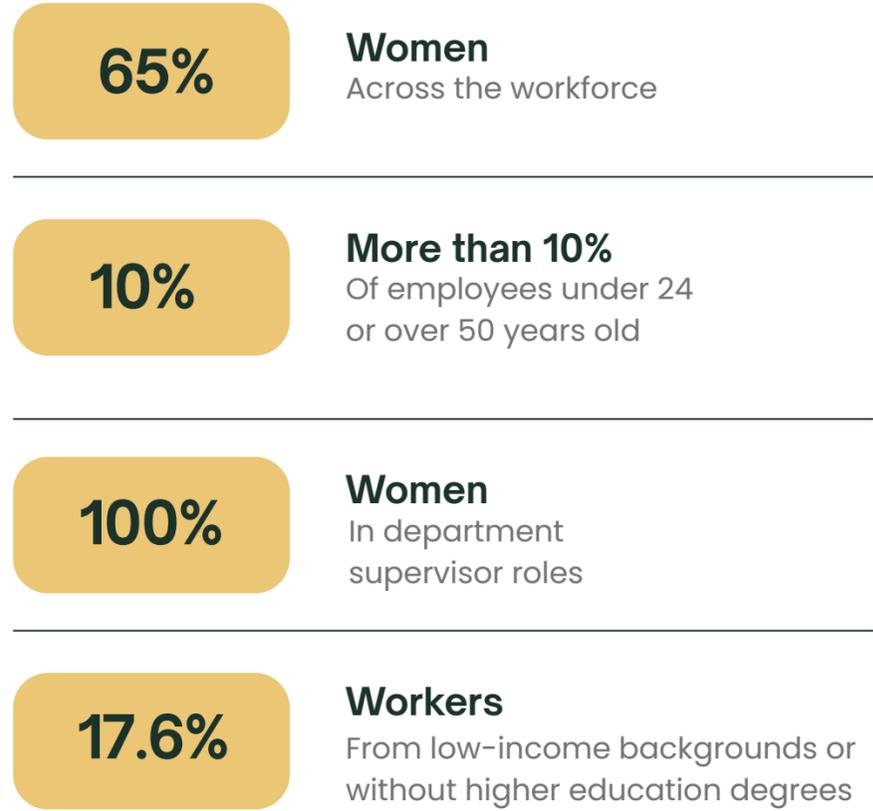
Retention is not treated as a passive outcome but as a structural objective linked to development opportunities, recognition mechanisms, and transparent mobility processes.

Diversity, Equity & Inclusion (DEI)

In 2025, Happy Gringo formalized its Diversity, Equity & Inclusion (DEI) policy and conducted its first anonymous DEI survey to establish a measurable baseline.

This initiative allows us to track representation, equity indicators, and employee perceptions over time.

Representation & Equity Indicators



- **Salary ratio (highest to lowest): 3.3 : 1**

These metrics reflect strong female leadership representation, intergenerational diversity, and inclusive employment practices that provide opportunities beyond formal education pathways.

The relatively balanced wage ratio demonstrates a controlled and proportionate compensation structure, reducing internal income disparities and reinforcing fairness within the organization.

DEI performance will be monitored annually to ensure continued progress and to identify areas requiring targeted action.





Workers Priorities 2026–2027

- ✓ **Implement** a structured private health insurance contract for employees.
- ✓ **Maintain** or improve overall Clima Laboral score by +2–3% and increase the lowest-scoring category by at least +2%.
- ✓ **Deliver** at least 24 pausas activas per year to support physical and psychosocial wellbeing.
- ✓ **Develop** a formal annual Capacitaciones cronograma aligned with 360° evaluations and business strategy.
- ✓ **Expand** cross-department training (capacitaciones cruzadas) to strengthen transversal skills and internal mobility.
- ✓ **Strengthen** sustainability training metrics and integration with B Corp and Distintivo Q objectives.
- ✓ **Ensure** at least 90% staff participation in one FAM or experiential activity per year.
- ✓ **Introduce** structured post-FAM knowledge-sharing sessions to institutionalize learning across departments.



IMPACT REPORT COMMUNITY

Happy Gringo has steadily strengthened its commitment to community and environmental impact, transforming occasional donations into a more structured and intentional approach

www.happygringo.com



Where Tourism **Creates Local Value**

Tourism moves people.

But unless it is designed intentionally, it does not necessarily move opportunity.

At Happy Gringo, our Community strategy is grounded in one essential principle:

Tourism must retain value in the territories where it operates.

In 2025, we strengthened our Community pillar by combining structured financial contributions, territorial engagement, impact-driven purchasing decisions and measurable supplier accountability.

2025 was not a year of expansion.

It was a year of formalization, measurement and alignment.

Structured Community **Donations**

In 2025, Happy Gringo formalized its approach to donations by integrating contributions into its annual financial planning and internal accounting structure.

2025 Community & Environmental Contributions



USD 4,674.74

Rather than treating donations as occasional gestures, we committed to:



Recurring monthly contributions



Annual budgeting and financial traceability



Alignment with environmental and territorial priorities

Our recurring beneficiaries include:



Galapagos Conservancy

Biodiversity protection in the Galápagos Islands



Fundación Jocotoco

Conservation of critical habitats and endangered species

These contributions are structured, documented and integrated into our financial controls.

Community investment is no longer anecdotal. It is accountable.



Volunteering **Measured Engagement**

In 2025, we formalized employee volunteering and integrated it into our impact tracking system.

108 Volunteer Hours **50%** Team Participation

10.8 Average hours per participating employee **5.4** hours per capita across the full team



Community engagement in **Isinlivi**



Biodiversity monitoring in **Mindo**



A year-end Christmas celebration with local families, strengthening relationships beyond commercial activity

The objective moving forward is not to increase hours, but to deepen participation and territorial relevance.

Volunteering is now measurable.
And measurement strengthens commitment.

As our General Manager reflected:



This volunteer day was especially meaningful because my daughter joined us and experienced the community firsthand. Watching her connect so naturally with the children reminded me how powerful volunteering can be — not only for the community, but for our own families.

—Aaron St Clair, General Manager

In tourism, relationships matter.
Volunteering ensures they are not purely transactional.



Isinliví: More Than a Stop on the Map

For many travelers, Isinliví is a scenic stop along the Quilotoa Loop — a quiet Andean village surrounded by open hills and long walking trails.

For us, it is part of our operating territory — and part of our responsibility.

Located in Canton Sigchos, Cotopaxi Province, the region faces structural challenges. According to Ecuador’s 2022 Population and Housing Census (INEC), poverty measured by Unsatisfied Basic Needs reaches 82.5% in the canton. Limited economic opportunities and outward migration have reshaped family structures and reduced school enrollment.

Today, the local school serves approximately 65 students, and enrollment has gradually declined in recent years.

Since 2020, our engagement has focused on practical, sustained support:

- Donation of school supplies and learning materials
- Classroom improvements and basic infrastructure support
- Donation of desks, printers and computers
- Annual Christmas activities for students and families
- A crowdfunding campaign to mobilize additional resources

Each initiative is coordinated directly with school leadership and responds to locally identified priorities. We ask what is needed — and commit only to what we can sustain.

We do not position ourselves as saviors.
We position ourselves as long-term partners.

As one parent shared after last year’s activities:



Last year we did a minga together with the Happy Gringo team to paint the classrooms and get the school ready for the new school year. It was a really nice day. This year they came back and organized a Christmas festival for the children. My daughter has been talking about it for weeks — about how much fun he had and how happy everyone was

—Gladys, mother of Melani (11)

Tourism can bring revenue into rural areas — but without intention, much of that value leaks out.

Our objective in Isinliví is simple:
to help ensure that some of it remains within the community — supporting education, strengthening local pride and reinforcing that long-term presence matters.

Impact here is not defined by scale.
It is defined by continuity.





Measuring Our **Supply Chain Impact**

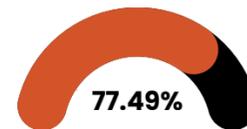
Donations matter.

But in tourism, the greatest lever for impact is purchasing. In 2025, we conducted our most comprehensive supplier sustainability evaluation to date.

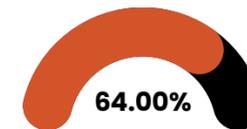
Supplier Survey Results (General Supply Chain)

	96	Suppliers Invited
	83	Completed the Survey
	86.46%	Response Rate
	79.65%	Overall Compliance Score

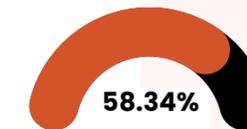
Performance by pillar:



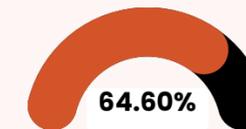
Governance & Ethics



Environmental Practices



Social Impact & Diversity



B Corp Criteria Alignment

These results established our first measurable baseline across governance, labor, environmental and social dimensions within our supply chain.

The strongest performance area was Governance & Ethics.

Environmental Management and Social Impact & Diversity represent clear improvement priorities. Measurement allows us to move beyond perception.

Now we know where we stand.

Significant Suppliers: Where 80% of Our Spending Goes

Evaluating the full supply chain provides breadth.

But understanding spending concentration provides depth.

In 2025, we identified 34 significant suppliers, representing approximately 80% of total spending on tourist service providers.

These suppliers have the greatest economic influence within our business model. Therefore, their profile matters.

Profile of Significant Suppliers

Among these 34 suppliers:

47% **ARE EITHER**

- **SMALL BUSINESSES (FEWER THAN 50 WORKERS),**
- **LOW-INCOME ENTERPRISES**
- **OR BOTH**

Across the full supply chain:

35.68% of total spending went to small businesses, low-income enterprises, or both.

This demonstrates that even within high-volume commercial relationships, a substantial portion of our purchasing power remains directed toward smaller

and economically vulnerable enterprises.

Certification Gap: A Structural Industry Reality

Of the 34 significant suppliers:

- Only 3 hold an international sustainability certification.

This was a critical insight.

Rather than indicating lack of commitment, this reflects the structural reality of the Ecuadorian tourism industry:

- ✓ Many high-impact, locally embedded businesses operate without formal international certification.
- ✓ Certification costs and administrative requirements often limit access.
- ✓ Informal or semi-formal enterprises play a significant role in rural tourism ecosystems.

And we do not equate lack of certification with lack of responsibility.

Instead, we rely on structured evaluation, direct engagement and territorial analysis to assess real practices on the ground.

Impact, in our model, is evidence-based – not label-based.





Sustainable Accommodation

Establishing a Performance Baseline

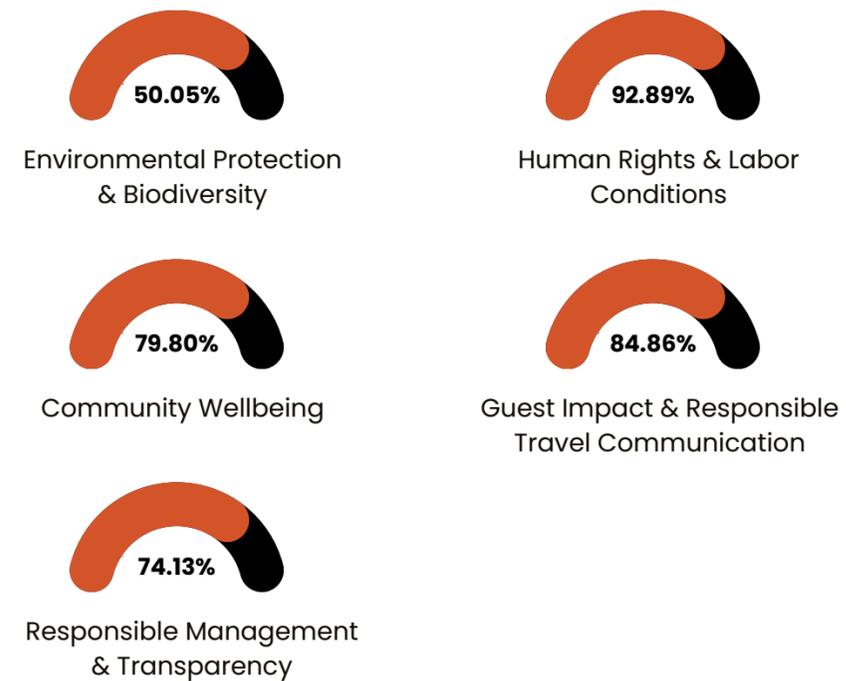
Accommodation is one of the most powerful drivers of tourism impact – influencing labor standards, resource consumption, local procurement and guest behavior.

In 2025, we completed our first structured sustainability assessment among accommodation partners.

Accommodation Survey 2025



Performance by pillar:



Key Insights

- Labor standards are strong across the network (92.89%).
- Community integration is relatively high (79.80%).
- Environmental measurement and reduction systems remain the largest improvement area (50.05%).

Additionally:

26 accommodation providers hold sustainability-related certifications.

This baseline now allows us to:

- Track year-on-year progress
- Prioritize higher-performing providers
- Increase the percentage of accommodation spend directed toward certified or high-impact partners

Sustainability performance now informs commercial decisions.

Diversity & Inclusive **Ownership in the Supply Chain**

Impact is not only environmental.

It is also about who owns, leads and benefits from tourism businesses.

Among surveyed suppliers:



37.35% Have shared male/female ownership

30.12% Are majority female-owned

2.41% Are collective or community-owned

This means 67.47% of suppliers are either female-majority or gender-balanced in ownership.

Additionally:

9 Suppliers belong to Indigenous communities

4 Suppliers belong to Indigenous communities

5 Identify as LGBTIQ+ ownership

15 Involve adults over 60

8 Involve youth under 30



These figures reflect a supply chain that is more diverse and locally embedded than many traditional tourism models.

Tourism can reinforce concentration – or support plural ownership. We choose the latter.



Priority Suppliers: **Beyond Volume, Toward Redistribution**

Significant suppliers are defined by spending concentration.

Priority suppliers are defined by impact potential.

Not all high-impact suppliers are high-volume suppliers.

- Some operate in structurally vulnerable territories.
- Some are informal or micro-scale.
- Some lack certification but demonstrate strong territorial reinvestment.
- Some operate in areas with high poverty rates or environmental sensitivity.

Through structured evaluation and territorial analysis, we intentionally prioritize suppliers that:

- Retain value locally
- Generate rural employment
- Reinforce Indigenous or community ownership
- Operate in environmentally sensitive regions
- Strengthen economic resilience in low-income territories

Impact is not only measured by compliance.

It is measured by redistribution.



Territorial Redistribution Following the Money

We identified three priority territories where tourism spending can directly support rural resilience:

 **Quilotoa Loop**
(Cotopaxi)

 **La Calera Community**
(Otavalo)

 **Amazon Rainforest**
(Yasuní & Achuar territories)

2025 Commercial Allocation

Quilotoa Loop (USD 196,492)

La Calera Community USD 1,837

Amazon Rainforest USD 0

The numbers are transparent.

The Amazon remains a consolidated impact territory.

Quilotoa Loop and La Calera are strategic growth priorities for 2026–2027.

Rebalancing will occur through:

- Intentional itinerary design
- Sales visibility adjustments
- Operational partnerships
- Year-on-year territorial spend monitoring

Redistribution requires commercial intention — not rhetoric.



Community Highlights – 2025

✓ **USD 4,674.74** structured donations

✓ **79.65%** average supplier sustainability compliance

✓ **65.39%** accommodation sustainability baseline

✓ **92.89%** labor & human rights compliance among accommodation providers

✓ **35.68%** of spending directed to small or low-income enterprises

✓ **47%** of significant suppliers categorized as small or low-income

✓ **67.47%** gender-balanced or female-majority ownership among suppliers

✓ **26** certified accommodation partners

✓ **108** volunteer hours

✓ **3** priority impact territories with commercial tracking



Alfonso Toaquiza – Keeping an Ancestral Art Form Alive

High in the Ecuadorian Andes, in the community of Tigua, Alfonso Toaquiza paints stories that refuse to disappear.

Founder of Kuntur Wasi – Condor Enamorado, Alfonso is one of the few Indigenous artists preserving the traditional Tigua painting style – vibrant narrative scenes of mountains, harvests, festivals and spiritual life, painted on sheepskin and wood. These works are not decorative crafts; they are living expressions of identity and memory.

As migration and mass production have weakened many ancestral traditions, Alfonso chose to stay rooted in his community. His workshop is more than a studio – it is a place where techniques, symbolism and worldview are passed to younger generations. The condor, central to his art, represents the bridge between the earthly and spiritual realms, a powerful symbol of connection and continuity.

For Happy Gringo, partnering with Alfonso under our Priority Impact Supplier Policy is an intentional decision. By working directly with locally rooted artisans like him, we help ensure that cultural value and economic benefit remain within the community. For our travelers, visiting his workshop becomes more than a purchase – it becomes an encounter with a living tradition.

In a rapidly changing world, Alfonso is not simply creating art. He is safeguarding heritage – and helping it soar, like the condor that defines his work.





Community Priorities **2026–2027**

- ✓ **Increase** supplier and accommodation survey participation to at least 70%
- ✓ **Strengthen** verification of declared sustainability certifications
- ✓ **Commercial** activation of La Calera
- ✓ **Increase** purchasing and product visibility within the Quilotoa Loop
- ✓ **Increase** volunteering participation across the full team
- ✓ **Organize** at least one ecosystem restoration activity annually
- ✓ **Evaluate** partnership opportunities with Kapawi Lodge
- ✓ **Develop** a structured evaluation and commitment framework for local guides



IMPACT REPORT ENVIRONMENT

Our environmental approach focuses on understanding, reducing, and taking responsibility for our impact

www.happygringo.com



Climate Responsibility

Measurement, Methodological Evolution and Transparency

Building Our Carbon Baseline (2024)

In 2024, Happy Gringo measured its carbon footprint for the first time. This initial assessment was primarily a learning exercise designed to build internal awareness and establish a starting point for structured climate management.

Using the CarbonFootprint.com calculator, we compiled data related to:

- Office electricity consumption
- Staff commuting
- Local business transport
- Client-related travel activities, including domestic flights, cruises, overland transportation and Amazon programs

The resulting estimated footprint totaled 743 tonnes of CO₂e. This figure combined operational emissions and travel-related emissions into a single estimate and was not structured under a formal ISO or GHG Protocol organizational boundary.

In response, we made a conservation contribution through Fundación Jocotoco equivalent to 100% of that calculated amount.

While the methodology had limitations, it provided something essential: a documented baseline and a shared internal understanding of our climate impact.

Methodological Refinement and Scope Separation (2025)

During our B Corp journey, we strengthened our understanding of greenhouse gas accounting and organizational boundaries. In 2025, we refined our approach by clearly distinguishing between:

- Organizational emissions under operational control (Scope 1 and Scope 2)
- Indirect value-chain emissions (primarily travel sold and staff commuting – Scope 3)

This distinction marked an important step toward methodological rigor and transparency.

Organizational Carbon Inventory (Scope 1 & 2 – ISO 14064-1 aligned)

In 2025, Happy Gringo contracted a specialized technician to develop a formal greenhouse gas inventory aligned with ISO 14064-1 and the GHG Protocol.

The inventory included:

- Scope 1: Direct emissions under operational control
- Scope 2: Indirect emissions from purchased electricity

01 Scope 1: Direct emissions under operational control

02 Scope 2: Indirect emissions from purchased electricity

The result for 2025 was:

2.19 tonnes of CO₂e (Scope 1 & 2 – office operations)

This figure reflects emissions strictly associated with our administrative office and operations under direct control.

Staff commuting was not included in this formal inventory, as commuting falls under Scope 3 (indirect emissions outside operational control) and is reported separately as an estimate.

The year 2025 therefore serves as our formal baseline year for structured organizational carbon tracking.



Scope 3 Emissions – Indirect and Value Chain (Estimated)

As a tour operator, the majority of our climate impact is linked to travel services sold to clients. These emissions fall under Scope 3, as they occur outside our operational control and across a complex value chain involving airlines, cruise operators, ground transport providers and accommodation partners.

A comprehensive Scope 3 inventory aligned with full GHG Protocol Corporate Value Chain standards would require granular supplier-level data, third-party verification, and extensive data collection across multiple countries and operators. At our current size and operational capacity, implementing a fully audited Scope 3 inventory would be technically complex and financially disproportionate.

For this reason, we apply a **proportional and transparent estimation approach**, using recognized emission factors and the CarbonFootprint.com calculator to estimate major travel-related emission sources.

This allows us to:

-  Maintain transparency regarding our broader climate impact
-  Avoid over-claiming methodological precision
-  Allocate resources responsibly while continuing to improve our system

Estimated Scope 3 Emissions – 2025



CLIENT TRAVEL EMISSIONS
1,658.31 tCO₂e



STAFF COMMUTING
included within Scope 3 estimates

Total Estimated Emissions (Scopes 1, 2 & 3 – 2025)



1,660.6+ tCO₂e

(The combined figure includes the formal ISO-aligned Scope 1 & 2 inventory of 2.19 tCO₂e and Scope 3 estimations.)

The increase in emissions per client between 2024 and 2025 reflects improved methodological clarity and expanded inclusion of high-emission travel components, rather than a proportional increase in operational intensity.

By separating organizational boundaries and applying a proportional Scope 3 estimation methodology, 2025 represents a structural improvement in the rigor, transparency and consistency of our carbon management system.

Conservation Contributions **Through Local Partnerships**

To address the emissions we calculate and estimate each year, Happy Gringo makes an annual financial contribution to conservation initiatives in Ecuador equivalent to 100% of our total calculated and estimated emissions (including Scope 1, 2 and estimated Scope 3 categories).

While our formal ISO inventory currently covers Scope 1 and 2 emissions, our conservation contributions are calculated based on the broader climate footprint of the business, including indirect travel-related emissions.

We have deliberately chosen to work with Ecuadorian conservation organizations to ensure that our climate responsibility remains directly connected to the same territories where we operate.

Fundación Jocotoco

Our long-term partner is Fundación Jocotoco, an organization dedicated to protecting threatened species and ecosystems through the acquisition and long-term management of biological reserves across Ecuador

Since its founding in 1998, Jocotoco has established a network of reserves that protect cloud forests, páramos and other ecologically critical landscapes. These ecosystems serve as both biodiversity hotspots and significant natural carbon stores.

Fundación Jocotoco

Our long-term partner is Fundación Jocotoco, an organization dedicated to protecting threatened species and ecosystems through the acquisition and long-term management of biological reserves across Ecuador

Since its founding in 1998, Jocotoco has established a network of reserves that protect cloud forests, páramos and other ecologically critical landscapes. These ecosystems serve as both biodiversity hotspots and significant natural carbon stores.

Each year, Jocotoco provides formal documentation specifying:

- The amount contributed
- The hectares supported
- The corresponding tonnes of CO₂ equivalent associated with conservation support

This ensures financial traceability and transparent reporting.

2024 Tapichalaca Reserve



AREA SUPPORTED
104 hectares

CONTRIBUTION
USD 1,337.40

EMISSIONS
743 tCO₂e

2025 Buenaventura Reserve



AREA SUPPORTED
217 hectares

CONTRIBUTION
·USD 2,988.90

These contributions do not constitute certified carbon credits under international offset standards, nor do they represent formal carbon neutrality certification. They are structured conservation investments aligned with our size, context and stage of climate management.

We recognize that protecting carbon-rich ecosystems does not replace the need to reduce emissions at source. It is one component of an evolving climate strategy grounded in transparency and continuous improvement.



Nature Positive **Partnerships**

Climate change and biodiversity loss are deeply interconnected. As a company operating in some of the most biodiverse regions in the world, we recognize that long-term business resilience depends on ecological resilience.

Our environmental strategy therefore extends beyond emissions accounting. We invest in nature-positive initiatives that actively protect habitats, support species recovery and strengthen conservation systems in Ecuador and the Galápagos.

Galápagos Conservancy



Since 2024, Happy Gringo has committed to donating USD 200 per month as a Galápagos Guardian supporter.

These contributions support:

- Scientific research
- Biodiversity monitoring
- Marine conservation
- Species protection
- Community engagement initiatives

Total contributed in 2025: USD 2,400

Jocotoco Petrel Project – San Cristóbal



We also contribute USD 1,500 annually as a corporate sponsor of the Jocotoco Petrel Project, which protects critical nesting areas for the endangered Galápagos Petrel.

Total biodiversity-focused contributions in 2025: USD 3,900

Through these long-term partnerships, we aim to move beyond impact mitigation toward active biodiversity protection in the destinations where we operate.



Office Recycling and Waste Management

In July 2025, Happy Gringo implemented a structured recycling and waste-management system in our administrative office.

Although our office is small and largely paperless, the objective was to move from informal good intentions to a measurable and transparent system aligned with our Política de Gestión de Desechos.

Before launching the program, Human Resources conducted internal training to ensure shared understanding and participation.

We eliminated single-use plastics, reduced disposable decorations and strengthened our shift toward digital documentation.

Waste Streams

- Organic waste is collected weekly by Anuna for composting.
- Recyclables are separated and delivered through Punto Gira, which tracks material weight.
- Non-recyclable waste is weighed before municipal collection.
- Hazardous waste is delivered to authorized collection points.

6-Month Pilot Baseline (July–December 2025)

- Total waste generated: 0.25 metric tonnes
- Non-recyclable waste: 0.21 metric tonnes (85%)
- Recycled waste: 0.04 metric tonnes (15%)

Based on this dataset, we have set a target to reduce non-recyclable waste by at least 5% in 2026.

Once a full 12-month dataset is available, we will reassess and refine reduction strategies as part of our continuous improvement approach.



“

I never thought trash would become something we measure — but here we are.

— Nico Bayas – Sales Expert



“

I expected questions about the bins. I didn't expect people to start debating waste at lunch.

— Elizabeth Cabezas - Human Resources

“

I had never weighed trash in any other job. At first it felt odd — now it's just part of my routine

— Maria Tipantaxi - Cleaning

Our Approach

Our environmental management system is still evolving. We do not claim perfection, carbon neutrality or zero impact.

What we commit to is transparency, methodological rigor, territorial responsibility and continuous improvement.

For a company of our size, this means:

Climate Change

We quantify our environmental impact using consistent, transparent methods to understand where we stand.

Reporting honestly

We openly share our results, including challenges and areas where we still need to improve.

Investing locally

We direct resources toward local environmental initiatives that strengthen the destinations where we operate.

Improving year after year

We set realistic goals and work continuously to reduce our impact over time.

And ensuring that the ecosystems that make tourism possible remain protected for the future.





Environmental Priorities **for 2026–2027**

- ✔ **Expand** carbon estimation to reflect multi-country itineraries (Peru and combined destinations).
- ✔ **Develop** a phased reduction roadmap for Scope 1 and 2 emissions.
- ✔ **Track** waste over a full 12-month cycle to establish a robust annual baseline.
- ✔ **Introduce** at least one emissions-intensity indicator (e.g., tCO₂e per traveler or per trip category) to better understand emission drivers before setting absolute reduction targets.
- ✔ **Reduce** non-recyclable office waste by at least 5% compared to the 2025 pilot baseline.
- ✔ **Maintain** long-term financial support for at least two biodiversity partnerships, prioritizing continuity over one-off donations.



IMPACT REPORT CLIENTS

Our environmental approach focuses on understanding, reducing, and taking responsibility for our impact

www.happygringo.com



“

I'VE TRAVELED A LOT AND SO FAR THIS HAS BEEN MY FAVORITE. NO DISAPPOINTMENT WITH HAPPY GRINGO OR ECUADOR

Jonathan organized a fabulous trip for me and my friend. We stayed on 3 different islands and chose the comfort option and all the accommodations were so perfect.

All the excursions had comfortable boats and the meals that were provided were delicious. All the transportation from airports to ports to hotels were punctual. On our arrival day we had little gifts waiting in our room plus he also left a bday gift for me.

Such thoughtful gestures put a huge smile in my heart and a wonderful start to the trip. All the guides were knowledgeable and were so passionate about their tour and country. Jonathan also gave recommendations for activities to do on our free days. It was so organized.

— Donna G



“

IN LOVE WITH ECUADOR!

Ecuador proved a wonderful destination under the organization of Happy gringo and especially Nico. Everything was great, down to the smallest detail worked perfectly and adapted to our tastes.

The service was extremely friendly and we felt accompanied at all times. Thank you very much Nico and Happy Gringo, we are leaving looking forward to return to enjoy more of this beautiful country and its people.

-LaLunaysusCosas





Building Visibility **Through Trust**

In 2025, Happy Gringo experienced strong commercial growth — but more importantly, we strengthened why and how clients choose us.

Demand increased significantly, driven by long-term reputation, consistent communication, and strong public reviews. Growth was not the result of aggressive pricing strategies or short-term campaigns, but of credibility built over more than two decades — reinforced by repeat travelers, referrals, and trusted B2B partnerships.

This distinction matters. Sustainable growth must be aligned with trust, service quality, and operational capacity — not volume at any cost.

Client Attraction & Market Presence 2025

Throughout the year, we continuously improved our website to ensure clearer product information, faster performance, and a smoother user experience. More detailed itineraries and clearer explanations of physical levels, logistics, and inclusions helped align expectations before the first conversation even began – reducing informational asymmetry and preventing misaligned bookings.

We published 14 new blog articles focused on informing and guiding travelers – addressing practical planning questions, destination realities, and responsible travel considerations. Simultaneously, we expanded short-form storytelling and published over 523 social media stories, achieving significant growth on Instagram (+96%) and TikTok (+120%).

In June 2025, we launched the Happy Gringo Podcast (6 episodes in 2025), creating a platform for deeper conversations about destinations, responsible tourism, and supplier visibility. Several suppliers joined as guests, strengthening transparency across our value chain and reinforcing collaborative relationships.

While our Ethical, Educational and Sustainable Marketing Policy formally takes effect on January 1, 2026, 2025 served as the preparatory year – reviewing how destinations are presented, how expectations are managed, and how sustainability is integrated authentically into our communication.

“

2025 was not just about being seen more. It was about being trusted more. And increasingly, about being understood better

— Pamela Tamayo, Marketing Supervisor



Client Attraction 2025

Growth

■ **1,770** Travelers supported

■ **+16.6%** Passengers traveled (vs 2024)

■ **232** Total B2B leads (+45.4% vs 2024) | leads (vs 2024)

■ **8** Active B2B partnerships

Content & Platform Growth

■ **14** New blog articles

■ **6** Podcast episodes launched in 2025

■ **523+** Social media stories

📷 **INSTAGRAM** +96% vs. 2024

🎵 **TIKTOK:** +120% vs. 2024



From Good Service to Structured Service

Client satisfaction has always been central to Happy Gringo. Historically, service excellence was driven primarily by team experience, culture, and informal quality controls.

In 2025, we took a structural step forward: transitioning from experience-driven service to system-supported service. We formalized our Client Management, Service and Guarantees Policy (effective January 1, 2026). During 2025 we:

- Mapped control points across the entire sales cycle

- Structured complaint tracking mechanisms
- Clarified escalation pathways
- Defined internal response timelines
- Documented quality checkpoints

Most of these practices already existed operationally; what changed was traceability, documentation, and measurable accountability.

This shift aligns client experience management with our broader governance framework and risk management system.

Personalized Advisory as Risk Prevention

Direct phone consultations continued to play a key role in expectation management. Over one-third of our clients received personalized advisory calls before traveling. With an average duration of 17.18 minutes per call, these conversations reflect thoughtful, personalized guidance – not rushed service.

Topics frequently included



Physical difficulty levels



Physical difficulty levels



Sustainability considerations



Realistic expectation setting

These exchanges reduce misunderstandings, strengthen alignment, and build trust before the journey even begins. Expectation management is treated as a preventive quality control measure – not merely customer service.



Internal Quality Governance

Service quality does not sustain itself through culture alone – it requires structure, monitoring, and accountability. In 2025, we strengthened the internal systems that support consistent client advisory standards and operational reliability. Key actions included:

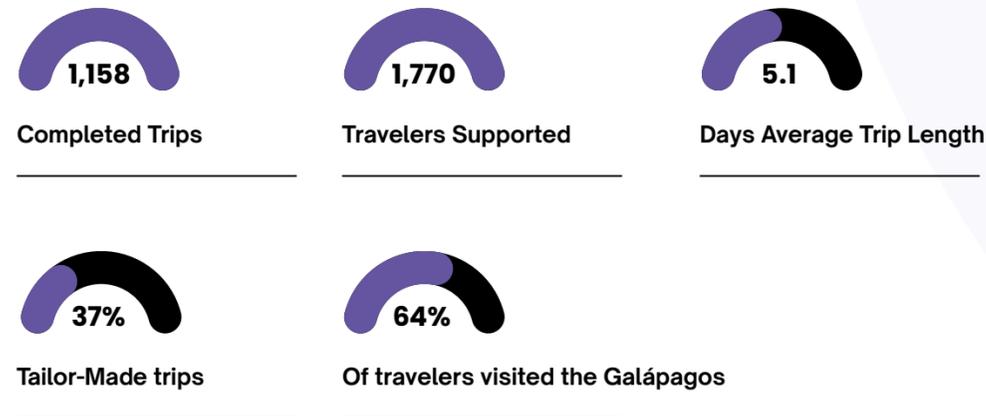
- Development of a structured induction and sales training calendar, ensuring consistent onboarding and standardized knowledge transfer
- Implementation of regular one-on-one performance reviews focused on service quality, advisory accuracy, and continuous improvement
- Visual display of monthly key performance indicators within the office, reinforcing transparency and shared responsibility
- Active encouragement of sales staff participation in FAM trips to deepen product understanding and strengthen destination literacy

These measures formalize what had previously relied more heavily on experience and informal oversight. By documenting processes, reviewing performance systematically, and making metrics visible, we reinforce a culture of measurable accountability.

One of our key internal indicators is whether growth comes at the expense of service quality. In 2025, we increased traveler numbers while maintaining strong satisfaction and reputation – confirming that expansion did not dilute the client experience.

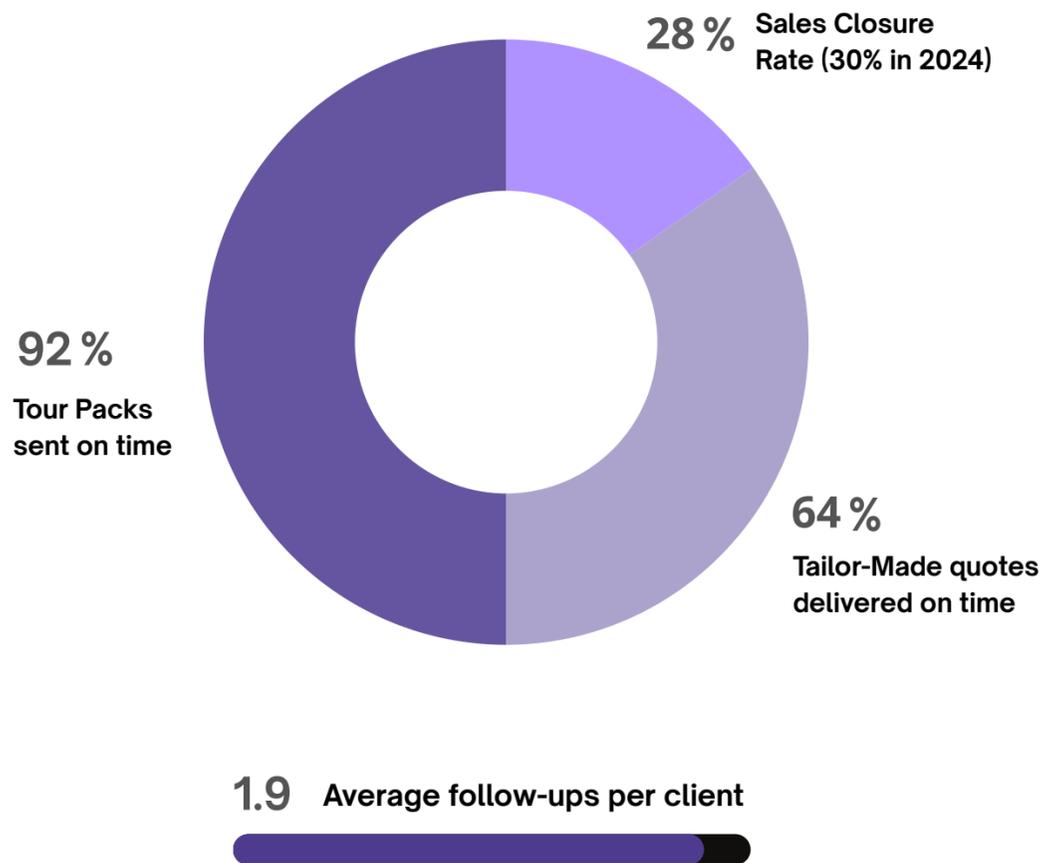
Service & Satisfaction 2025

Trips & Portfolio





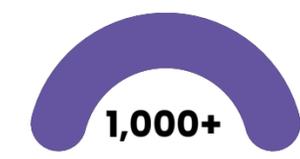
Sales & Operational Quality



Sales & Operational Quality



Average rating
(TripAdvisor & Trustpilot)



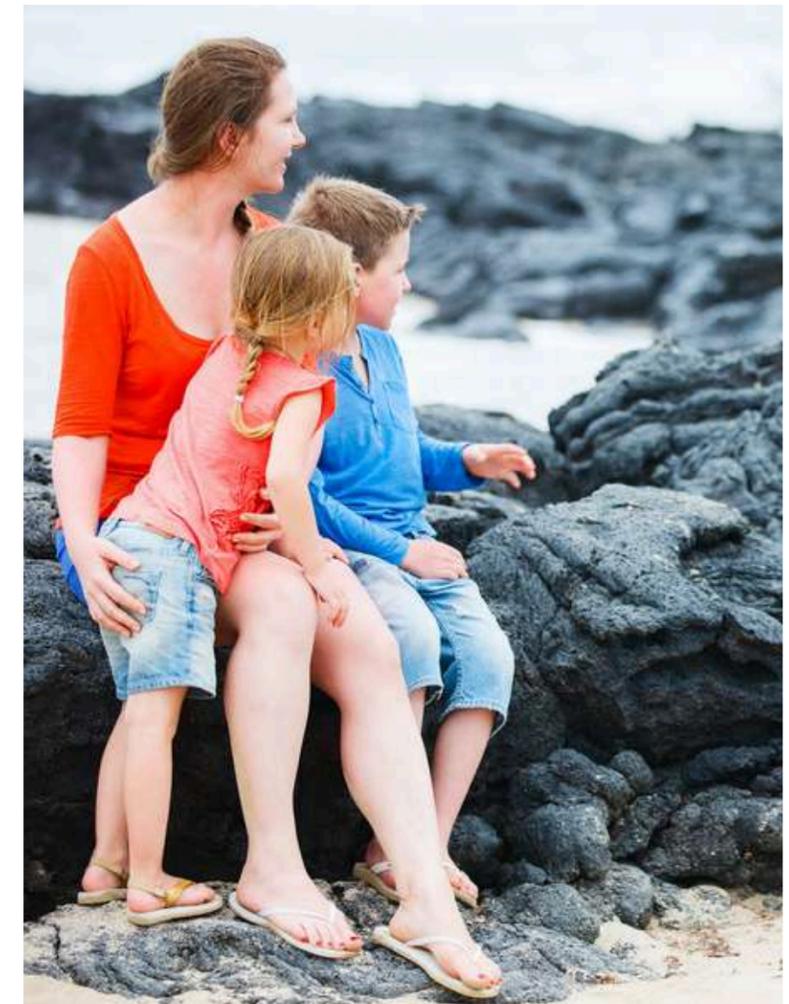
TripAdvisor
Reviews



New Public
Reviews in 2025



Complaints Resolved
Successfully





Sustainability Front and Center in the Client Journey

Tourism is never neutral. It influences ecosystems, shapes communities, and defines what visitors consider “normal” when traveling. For this reason, sustainability cannot remain in the background – it needs to be visible within the client experience.

Every traveler who visits Ecuador becomes a temporary economic actor. Their decisions influence where money flows, which businesses grow, which communities benefit, and which ecosystems are protected. In that sense, our clients are not just travelers – they are impact multipliers.

During 2025, we began preparing to make this role more explicit within our sales and marketing processes. Internal discussions focused on how to integrate sustainability more clearly into client decision-making, without making it feel forced or artificial.

Our Sales team developed strategies to highlight accommodation options that are certified, community-based, or demonstrate strong sustainability practices. Advisors increasingly guide clients toward options that generate positive local impact – explaining the difference between conventional suppliers and locally rooted businesses and helping travelers make more informed choices.

Marketing also plays a critical role in making impact visible. In 2026, we will expand educational blogs, videos, and storytelling that explain where money stays locally, how conservation projects are supported, and why certain suppliers are prioritized. Sustainability communication will become more consistent, clearer, and easier for clients to understand.

2025 was a transition year. We laid the groundwork, tested tone and positioning, and aligned internally. From 2026 onward, our aim is to integrate sustainability more deliberately into itinerary design, website presentation, and sales conversations – making responsible choices more visible and more accessible for every traveler.

“

Our objective is not to sell sustainability as an extra feature. It's to make informed, responsible choices easier and more visible for every traveler. Educating clients isn't about restricting how they travel — it's about shaping journeys that leave something positive behind

— Daniela Monge, Sales Supervisor

Clients Priorities for 2026 & 2027

✔ **Develop** new products that actively support local and community-based tourism.

✔ **Increase** sales with priority suppliers aligned with our sustainable accommodation and priority suppliers strategies.

✔ **Integrate** responsible travel messaging earlier into the sales process, making impact considerations visible from the first client interaction.

✔ **Formally** implement our Ethical Marketing framework, ensuring sustainability education, transparency, and expectation management are structured and measurable.

✔ **Achieve** ≥85% complaint resolution within policy timeframe.

✔ **Publish** sustainability-focused blogs and educational content to better inform travelers.

✔ **Launch** a structured Customer Satisfaction Survey.



