



**CONSOLIDATED
NON-FINANCIAL
INFORMATION
STATEMENT 2019**

SUSTAINABLE BUSINESS REPORT

Anantara Villa Padierna Palace
Marbella, Spain

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OUR PRESENCE IN THE WORLD 2019

Figures as of 12.31.2019
Including hotels operated under management agreements, leased and owned hotels.

*Franchised not included.

368
HOTELS

30
COUNTRIES

57,466
ROOMS

13,105*
EMPLOYEES

31* MILLION
GUESTS

Andorra • Argentina • Austria • Belgium • Brazil • Chile • Colombia • Cuba • Czech Republic • Dominican Republic • Ecuador • France • Germany • Haiti • Hungary • Ireland • Italy
Luxembourg • Mexico • Poland • Portugal • Romania • Slovakia • South Africa • Spain • Switzerland • The Netherlands • United Kingdom • United States • Uruguay

BUAM*
BUSINESS UNIT
AMERICA
63 HOTELS
10,162 ROOMS
10 COUNTRIES

BUNE**
NORTHERN EUROPE
BUSINESS UNIT
127 HOTELS
23,007 ROOMS
14 COUNTRIES

BUSE***
SOUTHERN EUROPE
BUSINESS UNIT
178 HOTELS
24,297 ROOMS
6 COUNTRIES

* Argentina, Brazil, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Haiti, Mexico and Uruguay.

** Austria, Belgium, Czech Republic, Germany, Hungary, Ireland, Luxembourg, Poland, Romania, Slovakia, South Africa, Switzerland, The Netherlands and United Kingdom.

*** Andorra, France, Italy, Portugal, Spain and USA.

ABOUT THE NON-FINANCIAL INFORMATION STATEMENT

This Consolidated Non-Financial Information Statement (hereinafter NFIS or “the Report”) is presented as a separate report and forms part of the Consolidated Directors’ Report 2019 of NH Hotel Group. It deals extensively with the Company’s Responsible Business Strategy, NH ROOM4 Sustainable Business and, for the first time, concentrates in a single document:

- The Company’s response to the legal requirements of Act 11/2018, of December 28th, 2018, concerning non-financial and diversity reporting, as well as EU directive 2017/C215/01 for reporting its performance in relation to non-financial information.
- The Sustainable Business Report, which follows the standards of the Global Reporting Initiative (GRI).

The NFIS has been drawn up by the Board of Directors of NH Hotel Group, on February 25, 2020, having been signed by all its members, with the specifications resulting from the Declaration of Responsibility of the Directors for the purposes of Article 118.2 Royal Legislative Decree 4/2015 of October 23, approving the revised text of the Securities Market Law, which states the delegation by some Directors of their respective signatures to other Directors).

This Report and the previous CSR Reports are published in digital format and are available at www.nhhotelgroup.com

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The definition of the contents of the Report is based on matters that are relevant for the activity of NH Hotel Group and its main stakeholders, based on the Materiality Analysis which is updated each year. The Group has different systems for dialogue with its stakeholders, which are a source of analysis in defining the relevant content to be included in the report. The results of this communication allow mechanisms to be kept active in order to identify needs, as well as aspects of major relevance to include in the Report, and the monitoring of the commitments and success in dealing with the challenges presented in the previous year.

To carry out the Materiality Analysis, the Company’s strategy and objectives, the NH ROOM4 strategy, consultations with stakeholders and material issues at sector level defined by the International Tourism Partnership (ITP) are taken into account, as well as the main social and sustainability trends and the requirements of different reporting and sustainability frameworks, such as the Global Reporting Initiative (GRI) and Act 11/2018 on Non-Financial and Diversity Reporting, which responds to Directive 2014/95/EU of the European Parliament*. The complete Materiality Analysis can be consulted in the corresponding section of this Report.

* European Union. Directive 2014/95/EU of the European Parliament and of the Council, of October 22nd, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.





NH Collection Amsterdam Flower Market
Amsterdam, The Netherlands

SCOPE

This Report sets out the fourteenth edition of the Annual Sustainable Business Report of NH Hotel Group. It includes the Group's activity and main results in 2019, including its performance in the economic, environmental and social sphere.

The Report shows NH Hotel Group's management of the impacts that the Company generates, both positive and negative. Therefore its scope contemplates two perimeters: consolidated scope (owned and leased hotels) and corporate scope (hotels under ownership, management and lease). Hence, it includes information on all the hotels operated by the Company, in other words, hotels operated under lease, ownership and management. Where the scope of the information varies, this is indicated in a footnote.

GEOGRAPHIC PRESENCE OF NH HOTEL GROUP IN 2019*

	CONSOLIDATED PERIMETER (OWNED AND LEASED HOTELS)	CORPORATE PERIMETER (HOTELS UNDER OWNERSHIP, LEASE AND MANAGEMENT)
NUMBER OF HOTELS IN THE WORLD	306	360
NUMBER OF COUNTRIES IN WHICH NH HOTEL GROUP HAS ACTIVITY	23	29
NUMBER OF ROOMS	47,174	56,803
EMPLOYEES	11,464	13,105**

* Franchised not included.

** Figures showing FTE (Full Time Equivalents) for all types of employees (except Outside Labour, Extra Labour and Trainees) considering hotels under ownership, lease, management, including in NH Hotel Group's ERP SAP HCM management system.

CHAIRMAN AND CEO'S MESSAGE





CHAIRMAN'S MESSAGE

Dear stakeholders,

I am pleased to introduce our 2019 Annual Report. Our goal is to provide an account of our extraordinary performance and responsible management in what was a landmark year for NH Hotel Group.

First of all, we met all of the guidance set at the start of 2019, posting a record year in the main profit headings while keeping our capital structure strong and healthy.

In parallel, we embarked on a stimulating and open exchange with our shareholder of reference, Minor International, which has already materialised in multiple business opportunities for the Group, marking the start of a period of transformation in which we are building the most ambitious and unique proposition in the sector.

Towards the beginning of the year, we approved an agreement with Minor International with the goal of establishing a transparent regime for governing relations between the two entities, framed by the best corporate governance practices. That agreement addresses communication and the exchange of information between NH Hotel Group and Minor International; delimits the respective preferential geographic regions and market segments for the two companies with the aim of avoiding overlap and fostering business opportunities; and establishes a protocol for approving mutual business transactions. Underpinned by those strong foundations, the two groups have been working together on a host of initiatives designed to unlock sales and operating synergies, including the integration into our operations of Minor Hotels' properties in Portugal, most of them belonging to the Tivoli brand, or the opportunity for NH Hotel Group to gain entry into the luxury hotel segment in Europe by operating certain hotels under the Minor's Anantara Hotels, Resorts & Spas brand. That opportunity will further consolidate in 2020, thanks to the agreement entered into by NH Hotel Group with Covivio, a leading investor in European real estate, for the operation of a unique portfolio of eight high-end hotels at the end of 2019.

Throughout the year, the Board of Directors and executive team focused all of their efforts on matters related with the creation of sustainable value at the Group, specifically including the commitment to remunerating the Company's shareholders. That promise translated into the distribution of a dividend of €0.15 per share, following approval at the Annual General Meeting in May. The Board of Directors is committed to maintaining a dividend equivalent to approximately 50% of consolidated recurring net profit going forward.

The healthy business and earnings momentum was accompanied by constant attention to corporate governance principles. The Board's Committees - both the Audit and Control Committee and the Nominations, Remuneration and Corporate Governance Committee - continued to do their work with the utmost consistency and rigour. In February 2019, the Board of Directors took over the duties of the Delegated Commission. As recommended in Spain's Code of Good Governance, proprietary, independent and executive directors were represented proportionately in the boardroom all year long.

Which brings me to our unwavering commitment to ethics, as evident in the approval of a new anti-money laundering and counter-terrorist financing policy and the updating of the existing anti-corruption policy last year.

Indeed, our firm commitment to best practices resulted in our being the only hotel group of Spanish origin to be included among the 325 firms listed in the Bloomberg Gender-Equality Index (GEI), the international benchmark index for leadership in inclusion and equality matters. More than 6,000 companies were eligible for inclusion in this index, which tracks listed companies' commitments to supporting gender equality through policy development, representation, and transparency.

Elsewhere, on the sustainability front, we were the first Spanish hotel chain to set an emission reduction target validated by the Science-Based Targets initiative (SBTi). Specifically, we have publicly committed to reducing our emissions across our entire value chain by 20% by 2030. Delivery of that pledge will prevent the emission of over 70,000 tonnes of carbon dioxide.

We are also proud to inform you that in 2019 we were evaluated for the first time by SAM, the sustainability investing rating specialist which analyses the entities comprising the Dow Jones Sustainability Index, ranking fourth in our category, thus cementing our position as one of the most sustainable hotel operators. That position is all the more noteworthy considering the fact that it is the result of an evaluation of the 20 key sustainability criteria. We earned the highest score on tax strategy and environmental reporting, as well as commendable scores on aspects related with people management, including talent attraction and retention, human capital development and labour practices.

These sustainability principles have been integrated into NH Hotel Group's responsible business strategy and its three articulating lines of initiative: NH ROOM4 People, NH ROOM4 Planet and NH ROOM4 Responsible Shared Success. Thanks to those initiatives, we are having an impact on 11 of the 17 Sustainable Development Goals selected by United Nations. We are focused on supporting sustainable communities; responsible production and consumption; the elimination of inequalities; gender equality; and climate action, among others.

In short, we look back on a very positive year. A year in which we pursued select brand development and market positioning. A year in which we established a very close relationship with Minor Hotels, so that our integration is greater and more promising than the mere sum of our corporations and professionals. We are increasingly global and more profitable while at the same time more committed and responsible with our teams, with the universe of communities in which we do business, with equality and with the environment.

In sum, a number of very positive developments which constitute a solid basis for continuing to grow sustainably in the medium and long term. Excellent developments which I once again have the tremendous satisfaction of being able to share with all of you, who continue to trust in us.

On behalf of the Board of Directors of NH Hotel Group, many thanks.

Alfredo Fernández Agram
Chairman NH Hotel Group

CEO'S MESSAGE

Dear stakeholders,

I am very proud to share NH Hotel Group's excellent performance in 2019 with you. It has been a year in which we have exceeded the previous year's historic results and consolidated our position of international leadership in the sector together with Minor Hotels.

The solid bases on which we have built NH Hotel Group in recent years have allowed us to grow yet another year, bring value for an increasingly unpredictable future and ensure that we have the best teams and structure to compete globally with greater guarantees of success.

We have an efficient and solvent operational and financial model which, in 2019, has permitted an increase in revenues of 5.9%, up to 1.7 billion euros and net income of 90 million euros, attributable to the Parent Company, while at the same time maintaining a stable debt level and ample liquidity.

Furthermore, alignment with Minor Hotels has been maximal, providing major strategic and business advantages throughout the year. The integration has positioned us as an even more global operator, doubling the number of brands we operate; successfully entering the luxury segment in Europe; integrating the hotels operated by Minor in Portugal into our operations; and adding new projects and destinations to our portfolio. In short, we have become stronger and more agile through a hotel platform comprising more than 500 hotels in more than 50 countries.

For next year, together with Minor Hotels we have set ourselves the goal of expanding our brands' offer in the different areas of influence of both groups, optimising the potential of our combined customer portfolio, taking advantage of our combined negotiating capacity, and getting the most out of shared talent, among other initiatives.

In addition to the organic growth of our NH Hotels, NH Collection and nhow brands, which have contributed more than 1,586 new rooms to the Group in 2019, we have started to operate with the Anantara Hotels, Resorts & Spas, Tivoli Hotels and Avani brands.

In April we announced an agreement to operate the Villa Padierna Palace hotel located in Marbella, in the south of Spain. The property was relaunched last summer under Minor Hotels' luxury Anantara brand, representing the first example of integration between the two companies. This was followed by an agreement to operate the Company's first hotel in Ireland, The Marker, which will also be reconverted to the Anantara brand in 2020.

In June we announced a series of transactions alongside Minor International for NH Hotel Group to manage the establishments of Minor Hotels in Portugal. The integration of the operations of both groups' hotels in this market has enabled us to achieve a position of leadership in the country where we now run 17 hotels and almost 3,000 rooms. Also, this agreement has allowed us to take advantage of operational and commercial efficiencies through NH's platform in Southern Europe and reinforce our growth strategy under management and sustainable lease formulas. In sum, we now operate 10 hotels of the Tivoli brand, one Anantara hotel located in the Algarve and one Avani hotel in Lisbon, which are added to the hotels we already operate in Portugal under the NH Collection and NH Hotels brands.

Furthermore, the end of the year saw a hugely important milestone in our joint ambition to continue introducing the Anantara Hotels, Resorts & Spas luxury brand into Europe, as well as significant progress in the strategy to create added value to

the NH Collection customer base with new hotels and destinations. On December 31st, we reached an agreement with Covivio, one of the leading real estate operators in Europe which will allow us to consolidate our efforts in the high-end segment, while reinforcing our position of leadership in Italy and increasing our presence in competitive destinations in France and Eastern Europe. With this agreement, we will start to operate a unique portfolio of 8 hotels, formerly part of the Boscolo portfolio, located in privileged locations in Rome, Florence, Venice, Nice, Prague and Budapest.

Alongside the hotel development, we have advanced in our efforts to improve our customers' perception of our hotels. I would like to highlight the efforts that the Company has been making for yet another year to reposition our hotels. In 2019 we have carried out partial or total refurbishment projects in 28 assets, notably NH Collection München Bavaria in Germany, NH Collection Amsterdam Flower Market in the Netherlands or NH Málaga in Spain. The latter has doubled its capacity to become the hotel offering most beds in the city centre.

I would also like to draw attention to another one of the initiatives that we have implemented to improve the customer experience, namely the launch of Lobbies Alive, which turns the hotels into spaces that are open to the city, with creative proposals aimed at inspiring and connecting guests and local visitors. With pilot programmes already in operation in Spain and Italy, we expect to expand this concept to hotels in Germany, Belgium and Argentina in the coming months.

In 2020 we will continue to surprise our customers with differential proposals and with an increasingly wider and more iconic range of hotels. In this regard, I must mention the important role of the nhow brand which, as I write these lines, has just opened its doors in London and Amsterdam with two exceptional properties. NH Collection will also make its mark this year with an emblematic opening in the centre of Manhattan, in New York.

The continuous transformation of our business is part of the Company's DNA. This is a quest to which the thousands of people who are part of the Group are committed to and who, with their talent and service, are contributing to NH Hotel Group's excellence year after year. We have received many awards this year, more than fifty national and international recognitions, but the biggest prize of all is still the continued commitment of a multinational team that is a leader in the industry. I take this opportunity to congratulate all of them and to thank them for their dedication.

The results in all areas are an endorsement of the work we have done; work that is allowing us to grow, and to do so sustainably. A cross-cutting value driver, sustainability, that we share with Minor International and that marks the management of our daily activity. We strive to ensure that our business promotes the professional development of the people who work with us, gets involved in social projects in the communities where we operate, minimises our impact on the environment and serves as a channel for the transmission of and compliance with human rights throughout the entire value chain.

With all this in mind, we are ready to face 2020 with great enthusiasm and with the desire to contribute to the generation of value for all those who have placed their trust in our management. I am convinced that together we are taking the right steps to be one of the leading companies in the industry worldwide.

Thank you very much.



Ramón Aragonés, CEO NH Hotel Group

NH HOTEL GROUP BUSINESS MODEL



NH Collection Valencia Colón
Valencia, Spain

NH HOTEL GROUP BUSINESS MODEL

NH Hotel Group is a consolidated multinational operator and one of the leading urban hotels chains in the world. At the end of 2019, the Group was present in 30 countries, operating 368 hotels and 57,466 rooms in three continents (Europa, the Americas and Africa).

The centralized business model allows NH Hotel Group to offer its guests an excellent service in the various hotels in the different regions and geographical areas where it does business. The corporate head office and regional offices offer the hotels a wide range of functions such as sales, booking, marketing, human resources, financial management and systems development.

This is a very exciting time for the business, incorporating sustainability into the Company's strategy and creating a business model that offers numerous value creation opportunities to all stakeholders.



- 61% Leased
- 21% Owned
- 17% Management
- 1% Franchised



- 22% Spain
- 18% Germany
- 14% Italy
- 12% The Netherlands
- 5% Mexico
- 5% Portugal
- 4% Dominican Republic
- 4% Belgium
- 4% Argentina
- 2% Colombia
- 2% Austria
- 8% Others



NH Collection Amsterdam Doelen
Amsterdam, The Netherlands

BREAKDOWN OF THE PORTFOLIO

	TOTAL		LEASED		OWNED		MANAGED		FRANCHISE	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL NH HOTEL GROUP	368	57,466	230	35,006	76	12,168	54	9,629	8	663
EUROPE										
Spain	102	12,381	72	8,873	13	1,977	12	1,139	5	392
Germany	56	10,425	51	9,425	5	1	-	-	-	-
Italy	52	7,934	36	5,573	13	1,872	3	489	-	-
The Netherlands	35	6,782	20	3,362	14	2,969	1	451	-	-
Portugal	17	2,809	5	854	-	-	11	1,899	1	56
Belgium	14	2,314	6	1,197	8	1,117	-	-	-	-
Austria	7	1,34	7	1,34	-	-	-	-	-	-
France	5	871	4	721	-	-	1	150	-	-
Czech Republic	3	581	-	-	-	-	3	581	-	-
Switzerland	3	382	2	260	-	-	-	-	1	122
Ireland	1	187	1	187	-	-	-	-	-	-
Hungary	1	160	1	160	-	-	-	-	-	-
Rumania	2	159	1	83	-	-	1	76	-	-
Luxemburg	1	148	-	-	1	148	-	-	-	-
United Kingdom	1	121	1	121	-	-	-	-	-	-
Slovakia	1	117	-	-	-	-	1	117	-	-
Poland	1	93	-	-	-	-	-	-	1	93
Andorra	1	60	-	-	-	-	1	60	-	-
TOTAL EUROPE	303	46,864	207	32,156	54	9,083	34	4,962	8	663
AMERICA										
Mexico	18	2,814	7	993	4	685	7	1,136	-	-
Argentina	15	2,144	-	-	12	1,524	3	620	-	-
Dominican Republic	6	2,503	-	-	-	-	6	2,503	-	-
Colombia	13	1,355	13	1,355	-	-	-	-	-	-
Chile	5	583	-	-	4	498	1	85	-	-
United States	1	242	-	-	1	242	-	-	-	-
Cuba	2	251	-	-	-	-	2	251	-	-
Brazil	1	180	1	180	-	-	-	-	-	-
Uruguay	1	136	-	-	1	136	-	-	-	-
Ecuador	1	124	1	124	-	-	-	-	-	-
Haiti	1	72	-	-	-	-	1	72	-	-
TOTAL AMERICA	64	10,404	22	2,652	22	3,085	20	4,667	-	-
AFRICA										
South Africa	1	198	1	198	-	-	-	-	-	-
TOTAL AFRICA	1	198	1	198	-	-	-	-	-	-

* Corporate scope. Figures as of December 31st, 2019.

NH Collection Royal Quito
Quito, Ecuador



KEY FIGURES

GLOBAL ECONOMIC AND TOURISTIC CONTEXT

During 2019 worldwide economic activity has maintained a growth rate of +2.9%, which is slightly below the growth for the previous year (+3.6%).

The European Union's estimate for growth in worldwide economic activity in 2020 is +3%, slightly higher than growth in 2019. More specifically, in the Eurozone the estimated growth rate for 2019 was 1.1% (+1.2% in 2020). Global growth has led to a positive trade and investment cycle. Furthermore, European economies are continuing to grow, although at more moderate rates. In line with the above data, when the growth rates of the four countries that make up the bulk of the Group's sales and results are compared, it can be seen that Spain (+1.9% in 2019 vs. +2.4% in 2018), The Netherlands (+1.7% 2019 vs. +2.6% 2018), Germany (+0.4% in 2019 vs. +1.5% in 2018) and Italy (+0.1% 2019 vs. +0.8% 2018) show lower growth rates than the previous year. On the other hand, growth in Latin America is expected to be +1.1% in 2020 (vs. -0.1% in 2019), as almost all the economies in the region have substantially downgraded their growth rates since spring, due to both cyclical and structural factors that have affected the growth that had been anticipated for these economies.

According to the World Tourism Organization ("UNWTO"), in 2019 international tourist arrivals globally reached 1.5 billion, representing an increase of + 4% over the previous year, well above the growth rate of 2.9% in the world economy. In 2019 international arrivals grew in all regions. However, the uncertainty surrounding Brexit, the collapse of Thomas Cook, geopolitical and social tensions and the slowdown in the global economy have made growth slower in 2019 compared to the exceptional rates seen in 2017 and 2018. This slowdown particularly affected advanced economies, especially the regions of Europe and Asia Pacific.

Europe, where growth was lower than in previous years (+4%), still leads the way in terms of the number of international arrivals, with 743 million international tourists last year (51% of the world market). In this context, Spain has consolidated its position as a world power in tourism together with France and the USA, managing to beat its own record with more than 83 million foreign tourists in 2019, a 1% increase in the number of international arrivals. South America (+2%) on the other hand showed mixed results, as although the Caribbean islands consolidated their recovery following the hurricanes of 2017, the number of arrivals to South America fell, due in part to social and political unrest.

Forecasts show that global growth will be maintained in 2020, although at a more sustainable rate after ten years of constant expansion, following the economic and financial crisis of 2009. For 2020, growth of between 3% and 4% is forecast, a prospect which is reflected in the latest UNWTO Confidence Index, which shows cautious optimism: 47% of participants believe that tourism will have better results than in 2019 and 43% believe that it will stay at the same level. It is expected that major sporting events, including the Tokyo Olympics, and other cultural events such as Expo 2020 in Dubai, will have a positive impact on the sector.

Meanwhile growth in GDP in Europe is expected to be +1.2% in 2020.

EVOLUTION OF RESULTS

With respect to the figure of income in the financial year 2019, it reached 1,708.1 million euros, showing a growth of +5.9% (+94.7 million euros). The Profit for the year attributable to the Parent reached €90,0 million compared with €101.6 million in 2018. This decrease is explained by the application of IFRS 16 since 1 January 2019, which reduces the profit for 2019 and the lower contribution from asset turnover compared to 2018.

With respect to the gross debt situation in this year, it increased from €418.9 million in December 2018 to €455.6 million in December 2019. With regard to the cash and cash equivalents situation, it amounted to €289.3 million at 31 December 2019 (€265.9 million at 31 December 2018). In addition, this liquidity is complemented by year-end credit lines amounting to €303.5 million, of which €250 million correspond to a long-term syndicated credit line, compared to €350.4 million at 31 December 2018.



NH Collection Venezia Murano Villa
Venice, Italy

TAX INFORMATION

NH HOTEL GROUP INCOME AND INCOME TAX PAID (THOUSAND EUROS), PER COUNTRY				
TAX JURISDICTION	2018*		2019	
	INCOME / (LOSSES) BEFORE CORPORATE INCOME TAX	CORPORATE INCOME TAX (CASH BASIS)	INCOME / (LOSSES) BEFORE CORPORATE INCOME TAX	CORPORATE INCOME TAX (CASH BASIS)
Austria	674	2	860	2
Argentina	35,088	1,327	4,689	3,469
Belgium	7,090	2,540	10,935	2,598
Brazil	-461	6	(744)	2
Chile	2,700	864	(2,035)	1,382
Colombia	-2,243	2,108	(2,975)	1,917
Czech Republic	27	-	(2)	7
Dominican Republic	-147	-	372	-
Ecuador	-8	193	84	194
France	-1,061	-	(2,387)	-
Germany	2,824	1,845	(8,077)	428
Hungary	642	35	825	91
Italy	40,032	3,062	47,047	24,146
Ireland	-	-	1,165	-
Luxemburg	7,910	-	3,466	-
Mexico	4,580	2,045	6,089	2,412
Poland	-6	-1	(4)	-
Portugal	1,272	374	1,692	394
Rumania	76	12	381	40
Spain	11,899	3,015	38,136	8,337
South Africa	427	-	1,335	25
Switzerland	-5,836	-	393	4
The Netherlands	119,233	44,140	36,823	10,427
United Kingdom	-449	-	(78)	-
Uruguay	-270	-	(629)	-
USA	-14,089	31	(5,891)	83
TOTAL COUNTRIES	209,821	61,598	131,469	55,959

Income or losses before taxes and the taxes paid per country described above are affected, in some cases, by circumstances such as the sale of assets, the exit of hotels, early depreciation of assets due to repositioning or a situation of hyperinflation, as is the case of Argentina. It should also be noted that the corporate income tax shown in the above table is as calculated on a settlement basis.

** Figures broken down in the Consolidated EINF 2018. It should be clarified that during the first quarter of 2019 a circumstance was detected in the Consolidated Financial Statements at 31 December 2018 in relation to the accounting application of hyperinflation in the Parent Company's Argentine subsidiaries in accordance with IAS 29 (see note 2.2. to the 2019 Consolidated Financial Statements). The updated aggregate figure for income before tax for 2018 is 185,350 thousand euros, while the updated aggregate figure for income tax for 2018 is 61,561 thousand euros.*



MILESTONES 2019

FEBRUARY

AGREEMENT WITH MINOR

The Board of Directors of NH Hotel Group approved the formalization of a framework agreement with Minor International to establish relations between the two Groups, as well as a reciprocal trademark license agreement in the geographical areas in which the other group operates.

APRIL

CHANGES IN THE BOARD

The Board of Directors of NH Hotel Group resolved to appoint as new members, by co-optation, Beatriz Puente, Executive Managing Director of Finance & Administration of NH, with the category of Executive Director; and Kosin Chantikul, Senior Vice-President of Investment & Acquisitions of Minor Hotels, with the category of Proprietary Director.

The two new Directors filled the vacancies left following the resignation of the three directors: María Grecna, Paul Johnson and José María Sagardoy. With the new composition, the Board of Directors was made up of nine members: four proprietary directors, three independent directors and two executive directors. Following the changes, NH continues to comply with the premises of the Good Governance Code for listed companies, especially with the recommendation for a balanced composition, with an ample majority of non-executive directors and an adequate proportion between proprietary and independent directors.

ENTRY INTO THE LUXURY SEGMENT

Signing of the contract for the Villa Padierna Palace hotel, to be managed by NH Hotel Group under a variable lease agreement and converted to the Anantara brand.

MAY

PAYMENT OF DIVIDEND

Following the approval by the General Shareholders' Meeting held on May 13th, 2019, a gross dividend of €0.15 per share was paid out (approx. €59 million).

JUNE

TIVOLI INTEGRATION

NH Hotel Group formalizes the integration into its operation of 13 hotels in Portugal, three through a long-term sustainable rental contract and the rest of the portfolio are operated under a management contract with Minor International. The transfer of the operations of these hotels from the Tivoli portfolio to NH Hotel Group demonstrates the alignment of interests and represents the first milestone in the integration of the two companies.

WITH THE MOTTO "TOGETHER WITH LOVE"

NH Hotel Group held a worldwide corporate volunteering week for the first time. This global initiative is focused on sustainability and the strengthening of relations with local communities where the Group is present. All of the Company's teams were invited to participate and for one week, close to one thousand employees took part as volunteers in a number of initiatives chosen and lead by themselves.

In this way, NH Hotel Group joined the annual volunteering initiative implemented by Minor International, with which it shares a firm commitment to the development of its Corporate Social Responsibility strategy.



nhow Brussels
Brussels, Belgium

SEPTEMBER

SAM ASSESSMENT

NH Hotel Group has been assessed for the first time by the sustainable investment agency SAM, placing the Company in fourth position among all the companies assessed to make up the 2019 index. NH Hotel Group has thus consolidated its position as one of the world leaders in terms of sustainability in the industry.

Each year SAM assesses businesses that develop the best corporate practice in relation to sustainability, focusing on three dimensions: economic, social and environmental. These areas in turn are divided into 20 criteria, and NH Hotel Group has obtained the top score (100th percentile) in two of them: Tax Strategy and Environmental Reporting. It has also achieved great recognition in all criteria related to people management, such as talent attraction and retention, human capital development or working practice indicators.

ESTABLISHMENT OF 20% CARBON EMISSION REDUCTION TARGETS BY 2030

The Company was the first Spanish hotel chain to establish emission reduction targets scientifically validated by the Science Based Targets initiative (SBTi).

In this quest, the Group has committed to reducing its carbon emissions throughout its entire value chain by 20% by 2030. The establishment of this target sets out NH Hotel Group's road map towards a significant reduction in the carbon footprint of its activity in the coming years, aligned with the goal established in the Paris Agreement to limit the increase in global temperature to less than 2°C, and join worldwide efforts towards the transition to a low-carbon economy.

NOVEMBER

CITY CONNECTION

A new service providing unlimited enjoyment of the city. With the tagline "Stay in one hotel, enjoy them all", NH Hotel Group presented City Connection, a selection of services that allows guests to enjoy them at any NH Hotels, NH Collection, nhow, Tivoli or Avani hotel in the city where they are staying, regardless of the hotel they are staying in and for the duration of their stay.

DECEMBER

STRENGTHENING OF THE LUXURY SEGMENT

NH Hotel Group consolidates its strategic commitment to the luxury segment through an agreement to operate eight high-end hotels, notable properties that come from the Boscolo portfolio; located in privileged locations in Rome, Florence, Venice, Nice, Prague and Budapest.

OUR VISION AND CULTURE

OUR VISION

One day, whenever anyone contemplates a trip to a city for an overnight stay of a meeting, for business or pleasure, they will always ask themselves: “is there an NH Hotel at my destination?”.

NH Hotel Group focuses on customers; they are at the centre of all decisions. This approach allows it to evolve towards a vision focused on the service culture, taking care of the details at all times and corporate values that foster sustainability, innovation and responsibility, based on people.

NH Hotel Group wants to be consumers' chosen destination, offering them memorable experiences that exceed their expectations and making them feel special. This vision, which is shared by all the people who are part of the Company, serves as a performance and commitment guide, while at the same time seeking to make NH Hotel Group the best option for investors and owners who wish to grow together with the Group, with a global and flexible proposal, with highly-motivated and proud teams, efficient management tools and unique solutions.

To maximize the return for shareholders who have placed their trust in NH Hotel Group, the Company offers its investors the best management opportunities as a leading operator in both the urban and business segment.

OUR CULTURE

The NH Hotel Group culture, inspired on its vision and on a clear commitment to customer service, is what has set the Company apart since it started operating in the industry.

The alignment of the Company's culture with its strategy is key for sustainable growth. This culture has allowed NH to evolve from a management model to a leadership model that incorporates the principles that guide the day-to-day activities of its employees, and which can be summarized in eight beliefs:

- 1. We are obsessed with delivering memorable experiences**
- 2. We are proud to serve**
- 3. We strive to be the best, even if we are not the biggest**
- 4. We are responsible for our results**
- 5. We care for our people, our people care for our guests**
- 6. We are active in the communities where we live**
- 7. We are young-minded**
- 8. We enjoy what we do ... and we do everything with a smile**

NH Milano Touring
Milan, Italy





NH HOTEL GROUP, A FAMILY RATHER THAN A WORKPLACE

Salvador Férrez, or Salva as he is known at the NH Campo de Cartagena hotel where he works, was one of the hundreds of people affected by floods in the region of Murcia (Spain) in 2019. He and his family live in Los Alcázares, one of the towns that was most seriously affected.

After losing his house, and until a temporary home was assigned to him, he and his family found a new home at this workplace, NH Campo de Cartagena.

The Férrez family stayed at the hotel for 10 days, during which the entire team rallied around to do whatever they could to help. As the Hotel's General Manager said, this experience really brought all the employees together.

Salvador's daughter Paula decided to thank the whole team at the hotel for their hospitality with this great drawing.

MOONY, BACK HOME THANKS TO THE TEAM AT NH ORIO AL SERIO

In April we received the following tweet: Ciao! On March 29th we stayed at the NH Orio Al Serio and our son left his blue and white Manchester City teddy in the bed of room 311. We hope your team has found it! He has had it for 7 years and it is very special to him. Thank you for any help you can give us in finding for it!

The whole team of the NH Orio al Serio hotel immediately set to work looking for Moony and finally found it. The hotel staff created a story and published this photo of Moony in the bed, saying that he was fine and was resting ahead of his journey back home. The journey took place, of course, and ended with James, the toy's owner, hugging Moony once again.



SANTA'S ROOM - NH COLLECTION ABASCAL

Last December, a very special guest stayed at the NH Collection Abascal hotel in Madrid. It was none other than Santa Claus himself! For a few weeks all guests, adults and children alike, could visit this room that the hotel team had prepared with great love. Visitors could find the clothes that Santa Claus left behind when he had had to rush out the window, a fireplace, a snowman made with coffee capsules, cardboard reindeer and personalized letters from everyone who visited the room. Without question, a great idea providing magic and joy to both employees and guests at this special time of year.



MUSIC ON, WORLD OFF AT NHOW BERLIN

A guest staying at the nhow Berlin explained on arrival that he was a lover of music, art, architecture and culture, which are precisely the features that define the hotel. Accordingly, the team at the nhow Berlin did not hesitate to make his dream come true and allowed him to practice his DJ skills at the hotel bar. This was not the first time he had stayed at the hotel: he had spent his birthday there and, on that occasion, the hotel staff prepared a delicious dessert for him. He loved it and told us so on social media, where he also praised the kindness and professionalism of all the employees. He has decided to return in a few months, and we hope it will not be the last time.



NH HOTEL GROUP STRATEGY

The Company's excellent performance in recent years has been the result of a complete transformation of the Group.

In the first phase of this transformation, which began in 2014, the strategic plan focused on brand segmentation, portfolio optimization, strong investments in repositioning and systems and the pricing strategy. This brought NH Hotel Group to a second phase, which started in 2017, based on the Company's strengths and boosting the key levers in value creation for the business. The priorities set out by this Plan were to boost the Company's revenues, increase its efficiency while taking advantage of its strengths for new repositioning opportunities and organic expansion as an additional route to growth.

With the entrance of Minor International as shareholder, a new phase full of opportunities has opened up, mainly thanks to now being a global hotel platform with presence in five continents.

It should be noted that, in February 2019, the Board of Directors of NH Hotel Group approved a framework governance agreement to establish relations between the two Groups, as well as a reciprocal trademark license agreement through which each group permits the use of its commercial brands in the geographical areas where the other group operates. These geographical areas have been defined as preferential and define the scope of action of each Group.

Thus, the framework agreement establishes mechanisms to prevent and resolve conflicts of interests, related-party operations and the exchange of information.

In this way, a new era has begun, in which new opportunities arise such as:

- The possibility of increasing the customer base.
- The possibility of improving pricing arrangements with commercial partners, such as travel agencies and suppliers, through economies of scale.
- The capacity to use a broader umbrella brand in new geographies.
- Access to the luxury segment through rebranding opportunities and opening and formalization of contracts for new hotels in this segment.

All this through opportunities driven by the exchange of talent within our businesses.

Furthermore, work has also been done this year on defining the new Strategic Plan 2020-2024, subject to approval by the Company's Board of Directors to commence implementation from 2020 onwards.

NH Lyon Airport
Lyon, France





NH Luxembourg
Luxembourg, Luxembourg

NH | HOTEL GROUP PART OF MINOR HOTELS



KEY STRATEGIC INITIATIVES IN 2019

INTEGRATION WITH MINOR HOTELS

Following the acquisition of 94.1% of the share capital of NH Hotel Group by Minor International in the last quarter of 2018, both Companies started in 2019 to explore joint value creation opportunities for the coming years.

The first initiative involved the integration of all their hotel brands under the same corporate umbrella with presence in more than 50 countries around the world. In this way, a portfolio of more than 500 hotels is organized under eight brands: NH Hotels, NH Collection, nhow, Tivoli, Anantara, Avani, Elewana and Oaks, comprising a wide and diverse spectrum of hotel options connected to the needs and wishes of present-day global travellers.

The complementary nature of the two hotel portfolios and the benchmark position of their different brands will allow NH Hotel Group to grow and compete with better guarantees of success and to create added value to its customer base around the world.

The teams of both groups have worked together on different lines of action throughout the year. Taking advantage of the broad umbrella of brands of the two Companies, an analysis was carried out on a hotel-by-hotel basis of the potential repositioning to the most premium brands of certain assets located in Europe with the capacity to boost their profitability under different brands to those they operate under at present. Furthermore, the two Companies have made progress in the development of initiatives to take advantage of economies of scale with commercial channels and suppliers.

At the same time, both groups worked on instrumentalizing the use and operating arrangements for the brands of the two Companies in markets other than their natural markets, which will speed up their expansion throughout the world.

On February 7th, 2019, the Board of Directors of NH Hotel Group approved the formalization of a framework agreement with Minor International, with the aim of establishing a transparent framework for relations between the two groups in line with best corporate governance practices.

In particular, the agreement established communication and information exchange between NH Hotel Group and Minor International; the definition of the preferential respective geographical areas and market segments for the two Companies, with a view to avoiding overlaps and promoting business opportunities; the establishment of a protocol for the approval of their mutual business operations and of operations with related parties; and the creation of a framework to prevent possible conflicts of interests between the two parties.

In June 2019 NH Hotel Group formalized an agreement with Minor International to operate 13 hotels in Tivoli's portfolio in Portugal, consolidating an offer positioned in the high-end segment.

On January 6th, 2020, NH Hotel Group consolidated its strategic commitment to the luxury segment through an agreement to operate eight notable properties of the Boscolo portfolio. The Company has strengthened its relationship with Covivio, one of the leading European real estate investors, to operate these eight high-end hotels, situated in privileged locations in Rome, Florence, Venice, Nice, Prague and Budapest with the incorporation of more than 1,000 rooms. Most of the hotels will be relaunched under the Anantara Hotels, Resorts & Spas and NH Collection brands, after carrying out an in-depth repositioning programme in all properties, driven by Covivio throughout 2020.



WE EXPAND OUR BRANDS

The complementary nature of the portfolios of Minor and NH Hotel Group, as well as the benchmark position of their different brands, allows NH Hotel Group to grow and compete with greater guarantees of success and create added value for its customer base throughout the world. Both groups are aligned in order to be able to capitalize the best opportunities for the expansion of their brands in their different preferential territories.

With the entry of Minor as a shareholder, a new era has commenced with value creation opportunities through a global hotel platform with presence in five continents, which lets more customers be reached with a broader umbrella brand and new locations.

Debut of the Anantara Hotels, Resorts & Spas luxury brand in Spain and Ireland

In 2019, as part of the integration of brands under a single umbrella, an agreement was signed through which NH Hotel Group would start to manage the Villa Padierna Palace hotel under a variable lease agreement. The property was rebranded as an Anantara hotel under the supervision of Minor Hotels, becoming thus the first milestone in the materialization of this joint strategy combining the leadership and experiences of both Companies.

Located in the Valle del Golf of the Costa del Sol, the property was relaunched under the name Anantara Villa Padierna Palace Benahavis Marbella Resort, becoming the first Anantara in Spain and the second in Europe (after the Anantara Vilamoura Algarve Resort in Portugal, launched two years ago).

Anantara Hotels, Resorts & Spas will also have its debut in the forthcoming months in Ireland with the rebranding of the “The Marker” hotel in Dublin, in one of the most contemporary buildings in the city. This incorporation will become the first city hotel of the Anantara brand in Europe and will represent the arrival of this luxurious brand to the North-West of the continent. This new Anantara, which from now on will be operated by NH Hotel Group, is another result of the joint strategy with Minor Hotels, the owner of this brand.



Anantara Vilamoura Algarve Resort
Vilamoura, Portugal



NH COLLECTION HOTELS

Furthermore, in December 2019 Minor Hotels announced the signing of a deal for a new property that will operate under the NH Collection brand in Qatar. The NH Collection hotel in Doha will be the first of the brand in the Middle East and the first outside this brand's natural markets, Europe and South America, and will be operated by Minor Hotels.

TIVOLI HOTELS & RESORTS

Integration of the Minor hotels in Portugal into the operations of NH Hotel Group

In January 2019, it was agreed that Minor's hotels in Portugal would be managed by NH Hotel Group. Following the operation, the combined portfolio of Minor International and NH Hotel Group in Portugal totalled 17 hotels* in operation with 4 or 5 stars, making it the leader in the sector in the country as the main operator, and consolidating an extensive offer positioned in the high-end segment, operated under the Tivoli and Anantara Hotels, Resorts & Spas brands in Portugal, located in Vilamoura, Carvoeiro, Sintra, Coimbra, Lagos and Portimão.

*This figure includes the Tivoli Évora Ecoresort hotel which is operated under a franchise agreement.



nhow Amsterdam RAI
Amsterdam, The Netherlands

nhow HOTELS

Increasing the portfolio of NH COLLECTION and NHOW

In 2019 the Company has continued to invest in the repositioning and improvement of its portfolio in each of the Business Units.

In Southern Europe, the opening of the NH Collection Fori Imperiali, in Rome, is noteworthy, consolidating the great growth of the NH Collection brand in Italy, where the Company has opened 12 hotels in the last 4 years under this brand. With the opening of this hotel, NH Hotel Group has reinforced its positioning in the upper-upscale segment in the city of Rome.

Furthermore, the NH Collection Valencia Colón has also been opened, the first of this brand in the city.

In the Northern Europe Business Unit, attention should be drawn to the NH Carlton Amsterdam which, after a six-month-long extensive refurbishment process, closes a chapter of its history and reopens its doors under the name of NH Collection Amsterdam Flower Market. Two other properties have been inaugurated in The Netherlands: the NH Collection München Bavaria - the eighth premium brand property in Germany - and the NH Collection Antwerp Centre, the Group's first hotel in this city and the third NH Collection hotel in Belgium.

The Company maintains its interest in increasing its presence under the nhow brand in the coming years. At the end of 2019, this avant-garde brand operated four hotels located in Berlin, Milan, Marseille and Rotterdam, and had six projects in its portfolio, in Europe and Latin America, slated to open between 2020 and 2022. Of the latter the nhow London and the nhow Amsterdam RAI, will open in January 2020. The first, located in the Shoreditch district of London, is part of an architectonic complex designed by the prestigious architecture studio of Sir Norman Foster. In the interior design, the Company combines traditional British icons and unconventional contemporary elements, with the hope of making the hotel a benchmark for creativity and dynamism in the city. In turn, the opening of nhow Amsterdam RAI represents the arrival in the Dutch city of the largest newly built hotel in Benelux. Its 650 rooms are located inside unique 25-floor building made up of three superimposed triangular prisms that symbolize the diversity that characterizes the past, present and future of the city of Amsterdam, in which the interior design has sought to reflect the multicultural spirit of the Dutch city.



NH Collection Antwerp Centre
Antwerp, Belgium

EXPANSION AND PORTFOLIO OPTIMIZATION PLAN

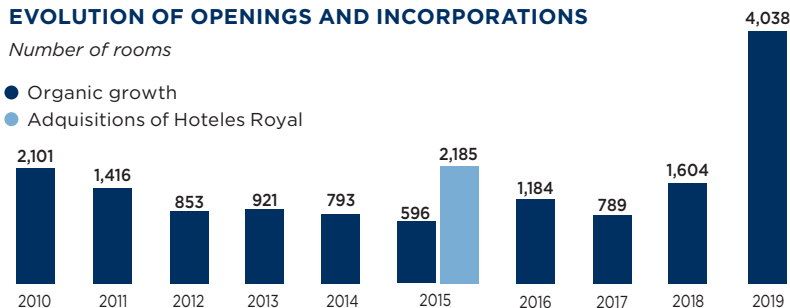
In 2019 the Group has continued with the significant improvement in the quality of the assets and destinations to be added to the portfolio, with the opening of 26 new hotels and 4,038 rooms during the year. These new hotels include, among others, the Anantara Villa Padierna Palace (Marbella, Spain), NH Collection Roma Fori Imperiali (Rome, Italy), The Marker (Dublin, Ireland), Anantara Vilamoura Algarve Resort (Portugal) and NH Collection Antwerp Centre (Antwerp, Belgium).

In 2020 the Company will continue its expansion plan with the opening of 14 new hotels, of a total of 34 projects in the pipeline in Europe and Latin America until 2023, and further commits to the luxury brand. Specifically, of the 34 hotels planned for the three-year period, 70% of rooms are in the high-end range.

EVOLUTION OF OPENINGS AND INCORPORATIONS

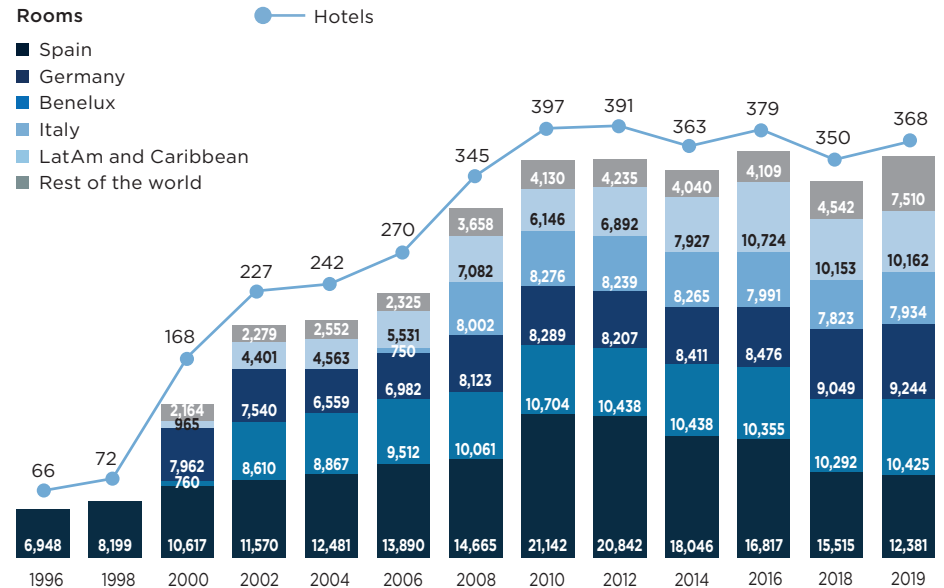
Number of rooms

- Organic growth
- Acquisitions of Hoteles Royal



CONTINUOUS GROWTH

In number of rooms and hotels between 1996 and 2019
Compound average annual growth: **9.6 %**



HOTELS OPENED

In 2019 the Group has started to operate 26 new hotels, located in nine countries with a total of 4,038 rooms.

NEW ROOMS OPENINGS FROM JANUARY 1 ST TO DECEMBER 31 ST 2019			
HOTELS	CITY	COUNTRY	ROOMS
NH Collection Santiago Casacostanera	Santiago de Chile	Chile	85
NH Leipzig Zentrum	Leipzig	Germany	197
NH Mannheim	Mannheim	Germany	225
NH Collection Merida Paseo Montejo	Merida (MX)	Mexico	120
Anantara Vilamoura Algarve Resort	Vilamoura	Portugal	280
AVANI Avenida Liberdade Lisbon	Lisbon	Portugal	119
Tivoli Avenida Liberdade Lisboa	Lisbon	Portugal	285
Tivoli Carvoeiro Algarve Resort	Carvoeiro	Portugal	248
Tivoli Coimbra	Coimbra	Portugal	100
Tivoli Évora Ecoresort	Evora	Portugal	56
Tivoli Lagos Algarve Resort	Lagos	Portugal	296
Tivoli Marina Portimão Algarve Resort	Portimao	Portugal	196
Tivoli Marina Vilamoura Algarve Resort	Vilamoura	Portugal	383
Tivoli Oriente Lisboa	Lisbon	Portugal	279
Tivoli Palacio de Seteais	Sintra	Portugal	30
Tivoli Sintra	Sintra	Portugal	77
The Residences at Victoria Algarve	Vilamoura	Portugal	103
Anantara Villa Padierna Palace Benahavis Marbella Resort	Marbella	Spain	132
NH Collection A Coruña Finisterre	A Coruna	Spain	92
NH Collection Valencia Colón	Valencia	Spain	47
NH Porto Jardim	Porto	Portugal	79
NH Collection Roma Fori Imperiali	Rome	Italy	42
NH Andorra la Vella	Andorra la Vella	Andorra	60
NH Collection Antwerp Centre	Antwerp	Belgium	180
Anantara The Marker Dublin	Dublin	Ireland	187
NH Cancun Airport	Cancun	Mexico	140
TOTAL ROOMS			4,038

HOTELS PLANNED

NH Hotel Group signed agreements for 34 hotels in 2019 with 4,829 rooms. All the agreements were under lease and management arrangements.

SIGNED ROOMS FROM JANUARY 1 ST TO DECEMBER 31 ST 2019			
CITY	COUNTRY	ROOMS	EXPECTED OPENING
Marbella	Spain	132	Opening in 2019
A Coruna	Spain	92	Opening in 2019
Rome	Italy	42	Opening in 2019
Andorra la Vella	Andorra	60	Opening in 2019
Dublin	Ireland	187	Opening in 2019
Vilamoura	Portugal	280	Opening en 2019
Lisboa	Portugal	119	Opening en 2019
Lisboa	Portugal	285	Opening en 2019
Carvoeiro	Portugal	248	Opening en 2019
Coimbra	Portugal	100	Opening en 2019
Evora	Portugal	56	Opening en 2019
Lagos	Portugal	296	Opening en 2019
Portimao	Portugal	196	Opening en 2019
Vilamoura	Portugal	383	Opening en 2019
Lisboa	Portugal	279	Opening en 2019
Sintra	Portugal	30	Opening en 2019
Sintra	Portugal	77	Opening en 2019
Vilamoura	Portugal	103	Opening en 2019
Malaga	Spain	43	2020
Verona	Italy	70	2020
Aguascalientes	Mexico	105	2021
Hamburg	Germany	136	2021
Alicante	Spain	63	2021
Rome (Extension NH Collection Vittorio Veneto)	Italy	82	2021
Cagliari	Italy	100	2022
Porto	Portugal	150	2022
Rome	Italy	238	2020
Venice	Italy	64	2020
Venice	Italy	100	2020
Florence	Italy	86	2020
Budapest	Hungary	185	2020
Budapest	Hungary	138	2020
Prague	Czech Republic	152	2020
Nice	France	152	2020
TOTAL ROOMS		4,829	

COMMERCIAL EVOLUTION MODEL: BOOSTING BUSINESS

The new commercial strategy, based on the Customer Centric approach, is built on experience, specialization and the close relationship that has been generated with customers over the years, to offer a service of the highest quality. Through it, the Company will manage to improve the capacity to evaluate the actual opportunity cost at each time, impacting the Company's global strategy and the acceleration of its growth.

Since 2018, projects have been led to boost the Company's commercial optimization and development through the digitalization of processes and new business approaches such as the acquisition and loyalty of customers, which have represented an important new demand channel. In line with this, NH Hotel Group continues with its digital transformation project in the B2B area, with the aim of improving profitability and generating additional demand.

Boosting Business is an opportunity to accelerate the Company's business capacity which will guide the evolution for adaptation towards both future and present customers. It is focused on creating new digital tools, boosting growth and strengthening the connection with customers. Adapting the service to the digital era to create new processes, ways of working and identifying development opportunities, will make it possible to improve efficiency and offer a much more personalized and quality experience in line with the new needs of customers.

“For NH Hotel Group, being in the right place at the right time is key”

The creation of an optimal model that will allow the development of transversal action plans, adapted to each market, drives the growth of NH Hotel Group in both new (thanks to Minor Hotel Group commercial synergies) and traditional markets, increasing demand and reducing seasonality.

Thus, the cohesion between the service culture that characterizes NH Hotel Group and the step towards digitalization, increases the capacity to identify new opportunities and drives growth as professionals, as leaders and as an organization.

NH Collection Victoria
Granada, Spain



TRANSFORMATION PLAN

NH Hotel Group continues to be at the head of innovation and 2019 has ended up being a very important year in the Company's Digital Transformation Project, one of the most important initiatives of the Strategic Plan. This project aims to bring efficiency to processes and systems, increase the capacity of differentiation compared to competitors and continue improving the Company's basic processes.

Thus, one of the Company's great achievements has been to centralize all its properties and functions in a single integrated system. This allows NH Hotel Group to have a 100% integrated digital platform: NH Digital Core Platform. A pioneering technological solution in the sector that has made it possible to integrate the systems of all the Group's hotels and which has become the foundation on which NH Hotel Group can extend its knowledge of customers, maximize its efficiency and innovate on a large scale in all its areas of value.

Among the main benefits, attention should be drawn to the improvement in the customer experience in a global setting such as the present, the optimization and reduction in operating costs, the in-depth analysis of data - which has allowed the Company to generate new sources of revenues -, greater agility in responding to market changes and, especially, the important boost given to the innovation culture within the organization.

At NH Hotel Group we consider digitalization to be a key tool in order to offer an extraordinary experience, but always as an accompaniment to the work of our employees who, proud to serve, are those who really make a difference. They are the soul of NH Hotel Group and digitalization is a facilitator; and the fact that they go hand in hand is what guarantees the success of our business model.



nhow London
London, United Kingdom

SIGNIFICANT PROJECTS IN 2019

Financial and Operational Dashboards

An operating project for General Managers and Regional Managers, aimed at achieving an easier, faster and more relevant report generation process, that has been carried out thanks to the great performance of a multidisciplinary team. It guarantees the visibility of the key KPIs and the Company's status immediately, permitting a rapid and efficient analysis of the data in order to make reliable decisions. The reports are sent by email, allowing for much more efficient and rapid management.

Artificial Intelligence

This project, developed at the NH Hotel Group Central Reservations Office, uses Artificial Intelligence and the interpretation of customers' natural language to handle efficiently the emails received for the management of reservations and quotes.

Each agent immediately receives the precise information, distributed according to language and customer type, to permit individualized and more correct handling of each booking.

Housekeeping Mobility

NH Hotel Group has created an application for Housekeeping that optimizes the check-in process. As soon as a room is clean and ready, the hotel's housekeeping staff can confirm this in real time using the app. This represents an optimization of the check-in process, as the guest has access to the room earlier, and an improvement in guest perception.

In 2019, the housekeeping teams of NH Schiphol, NH Collection Paseo del Prado, NH Nacional and NH Podium started to work with this app, and they all agree: it makes their work much easier!



Robotics

NH Hotel Group applies robotic technology in different areas of the Company, to automate processes with low added value (reservation management and validations, quotes, etc.), enabling it to improve productivity and response times to our customers.

This technology is also being applied to optimize basic processes in reception, automating repetitive tasks so that more time can be dedicated to guests and improving their experience.

Registration Form

Digitalization of processes is a priority for NH Hotel Group. In 2019 a digitalization project has been implemented for guest registrations forms that simplifies the process. Instead of three documents (Welcome Card, signed registration Form and NH Rewards leaflet), there is now just one registration document that complies with the legal requisites of all countries and presents a new and attractive design that can be personalized for each brand.

This is a simple way to speed up and automate the registration process, so that employees can offer better attention and experiences to our guests.

CORPORATE GOVERNANCE AND ETHICAL COMMITMENT

NH Palazzo Moscova
Milan, Italy



SHAREHOLDER STRUCTURE

At the end of 2019, the share capital of NH Hotel Group, S.A. totalled €784,360,486 and was represented by 392,180,243 bearer shares with a par value of €2 each, fully subscribed and paid in.

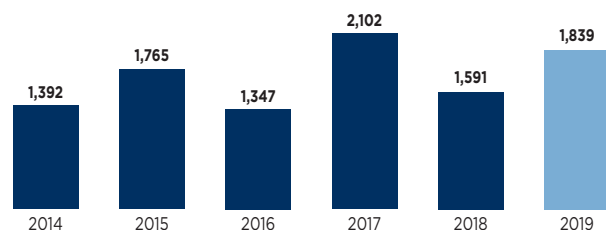
According to the latest notifications received by the Company and the communications sent to the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV) before the year end, the most significant shareholders at the end of the year were as follows:

	2018	2019
Minor International Public Company Limited ("MINT")*	94.13%	94.13%

* MINT is the indirect shareholder through MHG Continental Holding (Singapore) Pte Ltd.

CAPITALIZATION AT THE END OF EACH YEAR

(in million euros)



RELATIONS WITH SHAREHOLDERS AND INVESTORS

Throughout 2019 NH Hotel Group has been in permanent contact with the Company's analysts and investors in order to satisfy their needs concerning the Group's general evolution. This contact with the market takes place through individual meetings, attendance to investors' conferences organized by various financial institutions and individual call requests.

KEY INDICATORS ON RELATIONS WITH SHAREHOLDERS AND INVESTORS IN 2019

Entities that performed analyses of NH in 2019	13
Queries from shareholders and investors handled	20
Individual meetings with shareholders and investors	40
Analyst follow-up reports	55

The Company produces consistent and transparent financial information on a regular basis, with the aim of permitting monitoring for the analysis and valuation of the Group.

As a listed company, NH Hotel Group publishes quarterly results for the market. At the time of these quarterly publications, a call / conference with the market is also carried out, attended on average by 25 participants between investors and analysts.

The quarterly results published detail the following:

- KPIs and drivers of results.
- Evolution by geographical areas.
- Evolution of costs.
- Breakdown of cashflow and financial debt position.

In addition, the Investor Relations department is in permanent contact with the market through calls, trips, investors' conferences... in order to inform the investment community of the Company's evolution.



NH Coatzacoalcos
Coatzacoalcos, Mexico

CORPORATE GOVERNANCE

The Corporate Governance system of NH Hotel Group is made up of the Bylaws, the Board of Directors' Regulations, the General Shareholders' Meeting Regulations and the Internal Regulations for Conduct on Securities Markets, as well as the other rules, codes, internal procedures and corporate policies approved by the competent bodies of the Company.

This System has been formalized in line with the highest standards of compliance with good practice in corporate governance, as defined by, among others, the Good Governance Code for listed companies (the "Good Governance Code"), approved by a Resolution of the Board of the CNMV on February 18th, 2015, and which is aligned with the recommendations on good governance of international markets.

BOARD OF DIRECTORS OF NH HOTEL GROUP

The Board of Directors is the Company's senior management and representation body. It is empowered, within the scope of the corporate object defined in the Bylaws, to carry out any acts of administration or disposal, under any legal title, except those reserved by law or by the Company's Bylaws to the exclusive competence of the General Shareholders' Meeting.

Consequently, the Board of Directors is conceived basically as a supervisory and control body, while the ordinary management of the Company's business is entrusted to the executive bodies and the management team. The functions of the Board of Directors and its Committees (Audit and Control Committee and Nominations, Remuneration and Corporate Governance Committee) are expressly reflected in articles 33 and 47 of the Bylaws and articles 5 and 25 of the Board Regulations. The Board of Directors will carry out its duties in line with the corporate interest, which is understood to be the Company's interest; and in this regard, it will act to safeguard the Company's long-term viability and to maximize its value, also weighing the many legitimate public or private interests involved in relation to any business activity.

Changes in the internal Board regulations

In 2019, the General Shareholders' Meeting of NH Hotel Group, held on May 13th, 2019 approved an amendment to its Bylaws affecting the list of functions of the Board of Directors, adding a new subparagraph v) to article 33.2. of the Bylaws, in order to reflect faithfully the list of faculties of the Board of Directors established in articles 249 bis and 529 ter of the Spanish Companies Act (Ley Sociedades de Capital -"LSC"), following its amendment by Law 11/2018 of 28 December amending the Commercial Code, the revised text of the Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the auditing of accounts in the area of non-financial information and diversity".

Board control committees

During 2019, as in the previous year, the Board of Directors of NH Hotel Group had the following control commissions and committees:

- **Audit and Control Committee.** Focused mainly, among other matters, on supervising the effectiveness of the Company's internal control and the process of drawing up and presenting statutory financial information, ensuring the independence and effectiveness of the internal audit function and of the external auditor.
- **Nominations, Remuneration and Corporate Governance Committee.** Focused mainly on proposing the appointment of Independent Directors or reporting on the suitability of other directors to be appointed, as well as analysing and evaluating everything related to remuneration, of both Board members and Senior Management, drawing up the corresponding policies. It is also responsible for supervising and controlling compliance with Corporate Governance rules and the Corporate Social Responsibility Plan, proposing the necessary Reports to the Board.



NH Collection Köln Mediapark
Cologne, Germany



As far as the Delegated Commission is concerned, on February 7th, 2019 the Board resolved to take over all the functions of that Commission, which was therefore disbanded.

COMPOSITION OF THE BOARD OF DIRECTORS
As of December 31st, 2019

NAME	POSITION	CATEGORY
Mr. Alfredo Fernández Agras	Chairman	Independent
Mr. Ramón Aragonés Marín	CEO	Executive
Mr. Stephen Andrew Chojnacki	Director	Proprietary
Mr. José María Cantero de Montes-Jovellar	Director	Independent
Mr. Kosin Chantikul	Director	Proprietary
Mr. William Ellwood Heinecke	Director	Proprietary
Mr. Emmanuel Jude Dillipraj Rajakarier	Director	Proprietary
Mr. Fernando Lacadena Azpeitia	Director	Independent
Ms. Beatriz Puente Ferreras	Director	Executive
Mr. Carlos Ulecia Palacios	Non-Director	Secretary

Certain changes in the composition of the Board occurred in 2019. The current composition is the result of both resignations for professional reasons by the Independent Directors Ms. María Greca, Mr. José María Sagardoy and Mr. Paul Johnson, tendered on April 10th, 2019, and the appointments of Mr. Kosin Chantikul as a Proprietary Director and Ms. Beatriz Puente Ferreras as an Executive Director, following a favourable report by the Nominations and Remunerations Committee, both of whom were appointed by co-optation by the Board on April 10th, 2019 and subsequently ratified by the General Meeting held on May 13th, 2019.

Between December 31st, 2019 and the date of this Report there have been no changes in the composition of the Board.

COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE
As of December 31st, 2019

NAME	POSITION	CATEGORY
Mr. Fernando Lacadena Azpeitia	Chairman	Independent
Mr. Stephen Andrew Chojnacki	Member	Proprietary
Mr. José María Cantero de Montes-Jovellar	Member	Independent
Mr. Carlos Ulecia Palacios	Non-member	Secretary

Certain changes in the composition of the Audit and Control Committee occurred in 2019, with the appointments of Mr. Stephen Andrew Chojnacki (on 7 February 2019), to replace Mr. José María Sagardoy and Mr. José María Cantero (on 10 April 2019), to replace Ms. María Greca.

COMPOSITION OF THE NOMINATIONS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE
As of December 31st, 2019

NAME	POSITION	CATEGORY
Mr. José María Cantero de Montes-Jovellar	Chairman	Independent
Mr. Stephen Andrew Chojnacki	Member	Proprietary
Mr. Alfredo Fernández Agras	Member	Independent
Mr. Carlos Ulecia Palacios	Non-member	Secretary

Several changes in the composition of the Nominations, Remuneration and Corporate Governance Committee took place in 2019. On 7 February 2019, Mr. Stephen Chojnacki was appointed member of the Committee and, on 10 April 2019, Mr. José María Cantero was appointed Chairman of the Committee, replacing Mr. José María Sagardoy, and also Mr. Alfredo Fernández Agras was appointed member.

The complete profile of all members of the Board of NH Hotel Group and its committees is public and can be consulted at the [Corporate Governance section](#) of the Company's corporate website.

SELECTION POLICY FOR DIRECTOR CANDIDATES

Candidate Selection Objectives and Process

On February 25th, 2016 following a favourable report issued by the Nominations, Remuneration and Corporate Governance Committee, the Board of Directors approved a Director Selection Policy which ensures that proposed appointments of directors of the Company are based on a prior analysis of the Board's needs. To evaluate the candidates who participate in the selection process, the procedure takes into account the skills, experience, professionalism, suitability, gender, independence, knowledge, qualities, capacities and availability of members of the Board of Directors from time to time. The Nominations, Remuneration and Corporate Governance Committee plays a relevant role in this process.

This Policy seeks to avoid discrimination and ensure that merit is the governing selection principle in finding the best candidates for the Company.

Conditions that candidates must fulfill

Candidates for the post of Director of the Company must meet requisites of qualification and professional and personal honourability. In particular, they must be suitable and prestigious individuals, of recognized professional capability, competence and experience, with enough qualifications, training and availability for the position. Candidates must show a commitment to their role, with a personal and professional history of respect for the law and commercial good practice, and they must comply with the obligations established by law at all times in order to be part of the Board of Directors. Furthermore, they must be professionals of integrity, whose conduct and career are aligned with the ethical principles and duties established in the Company's internal regulations, and they must share the Group's vision and values.

Promotion of Diversity

NH Hotel Group is convinced that diversity in all its facets, at all levels of its professional team, is an essential factor to ensure that Company's competitiveness and a key element of its corporate governance strategy. In the candidate selection process, discrimination is avoided, and merit is the principal selection criterion, in the corporate interest, with the process designed to seek the most qualified candidates.

However, and notwithstanding the above, every time a vacancy arises on the Board of Directors, and the corresponding selection process starts, at least one woman must participate as a candidate, until the target of 30% in 2020 is achieved.

To reach this target, the Nominations, Remuneration and Corporate Governance Committee will ensure that the selection process does not suffer from any implicit bias that impedes the selection of female Directors and that the potential candidates include women who match the required professional profile.





MANAGEMENT COMMITTEE

The NH Hotel Group Management Committee is conceived as a body that guarantees the viability of the business, seeking growth and establishing the Company's strategic framework, developing talent and leadership.

The Management Committee as of December 31st, 2019 meets on a weekly basis and is made up of the Chief Executive Officers of the different areas:

- 1. Mr. Ramón Aragonés Marín**
Chief Executive Officer
- 2. Mr. Fernando Córdova Moreno**
Chief People Officer
- 3. Ms. Laia Lahoz Malpartida**
Chief Assets & Development Officer
- 4. Mr. Isidoro Martínez de la Escalera Álvarez**
Chief Marketing Officer
- 5. Mr. Rufino Pérez Fernández**
Chief Operations Officer & Global Transformation Leader
- 6. Ms. Beatriz Puente Ferreras**
Executive Managing Director of Finance & Administration
- 7. Mr. Carlos Ulecia Palacios**
General Counsel
- 8. Mr. Fernando Vives Soler**
Chief Commercial Officer

BOARD AND SENIOR MANAGEMENT REMUNERATION

AVERAGE REMUNERATION OF THE BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE OF NH HOTEL GROUP		
	2019	2018
Remuneration of the Member Directors*	Women: €53,000 Men: €50,500	Women: €64,000 Men: €67,996
Average remuneration of the Management Committee**	Women: €604,198 Men: €569,837	Women: €488,811 Men: €504,253

* Included: Expenses, fixed remuneration accrued and a extraordinary bonus expected to be approved by the Board on February 25 with accrual 2019 (gross amounts). It should be noted that the two Chairs of the Committees and the Chairman of the Board are held by male Directors. These are positions that charge receive remuneration of 200,000 euros in the case of the Board Chairman and 90,000 euros in the case of Committee Chairs. If this comparison was made ("Remuneration of female member director" with respect to "male director-chairman"), the ratio would be "Women: €64,000 | Men: €101,747 |" for the year 2018, and "Women: €53,000 | Men: €128,844 |" for the year 2019.

** Included: Fixed salary, bonus received, long-term incentive, vehicle, medical insurance, life insurance and accident insurance. All amounts accrued in 2019 (gross amounts).

The remuneration of Executive Directors is included in the figures for the Management Committee as their functions as Board members are not remunerated. The change in the average remuneration of the Management Committee compared to 2018 is explained by the higher increase in the annual remuneration of women compared to the men who are members of the Committee.

Further information on the remunerations policies for the Board of Directors is available in the Annual Corporate Governance Report 2019.



NH Nice
Nice, France

COMPLIANCE SYSTEM

NH Hotel Group continues to promote the compliance functions, focusing on the following key areas:

Code of Conduct

Its purpose is to determine the principles, values and rules that are to govern the conduct and behaviour of each of the professionals and executives of the Group, as well as members of the governing bodies of Group companies and stakeholders working with NH Hotel Group. More information on the Code of Conduct can be found in the “Ethics and Conduct” section of this Report.

Criminal Risk Prevention Model

It describes the principles applicable to the management and prevention of crimes within NH Hotel Group and defines the structure and operation of the control and oversight bodies established within the Company, systematizing existing controls for the purpose of preventing and mitigating the risk of crime in the different areas of the Company.

Internal Rules of Conduct

These rules establish the minimum standards that apply to the purchase and sale of securities, as well as to privileged and confidential information, and how such information must be handled.

Procedure for Conflicts of Interest

It establishes the rules to be followed in situations in which the interest of the Company or any of the Group companies comes into conflict with the direct or indirect personal interest of the directors or of persons subject to rules governing conflicts of interest.

COMPLIANCE COMMITTEE

Established in 2014, the Compliance Committee is made up of members of the Management Committee and Senior Management. It is responsible for overseeing compliance with the key areas of the Compliance System: the Internal Rules of Conduct, the Procedure for Conflicts of Interest, the Code of Conduct and the Criminal Risk Prevention Model.

The Compliance Committee oversees the activity carried out by the Compliance Office and submits detailed reports on its activities to the Audit and Control Committee. It can take disciplinary measures against employees in relation to matters falling within its scope of competence.

Three meetings of the Compliance Committee were held in 2019.

COMPLIANCE OFFICE

The Compliance Office, under the leadership of the Compliance Officer, reports directly to the Compliance Committee and is responsible for spreading awareness of and monitoring compliance with the Code of Conduct and for preparing the Criminal Risk Prevention Model, as well as handling queries regarding the Code of Conduct.

In turn, the Head of Internal Audit is responsible for managing the confidential Whistleblowing Channel, which guarantees confidentiality and respect throughout all the phases of the procedure, as well as the absence of reprisals. The procedure is specified in detail in the Code of Conduct.

In 2019, a total of 45 alleged breaches of the Code of Conduct were reported, a decrease of 17% from 2018, and the pertinent disciplinary measures were applied, and a response was given to all 32 queries.



NEW POLICIES APPROVED IN 2019

In 2019, following a favourable report from the Audit and Control Committee, the Board of Directors of NH Hotel Group approved a number of new policies: an Antifraud and Corruption Policy, as well as a Policy for the Prevention of Money Laundering and Terrorist Financing, applicable to all employees, executives and members of the Board of Directors, both of NH Hotel Group and all the other companies in the group.

The approval of these Policies has been duly communicated to all employees, and the corresponding online training has been launched to ensure they are understood and observed.

Antifraud and corruption policy

Approved in 2019, it updates the anticorruption policy of 2018 to include specifically the principles of the fight against fraud. Based on NH Hotel Group's zero tolerance of fraud and corruption, it establishes the main guidelines for the detection and prevention of fraudulent behaviour, with special focus on the prohibition of any kind of bribery. The policy can be consulted in the "Corporate Governance" section of the NH Hotel Group website.



Policy for the prevention of money laundering and terrorist financing

Approved in May 2019, this policy reflects NH Hotel Group's commitment to the prevention of money laundering and terrorist financing, with the aim of detecting and preventing NH Hotel Group and the companies in its group from being used in money-laundering operations or to finance terrorism. Its main objective is to establish general guidelines that will aid the prevention and early detection of situations that could involve a risk for NH Hotel Group and the companies in its group in relation to these matters. The policy can be consulted in the "Corporate Governance" section of the NH Hotel Group website.



Gift policy

In order to prevent and detect situations that could give rise to breaches of law or have a negative reputational impact for the Company, NH Hotel Group has a Policy concerning corporate gifts, which was approved in 2018. Its objective is to regulate gifts received and given by employees when acting on the Company's behalf.



ETHICS AND CONDUCT

The framework for ethics in NH Hotel Group is based on its Code of Conduct. Responsibility for approving the Code of Conduct lies with the Board of Directors. The most recent update of the Code was in 2015.

The Code affects all the people who work at NH Hotel Group, and is applicable not only to employees, executives and members of the Board of Directors, but also to other stakeholders such as customers, suppliers, competitors or shareholders, as well to the communities where NH Hotel Group operates its hotels.

The Code of Conduct summarizes the professional conduct that is expected of NH Hotel Group employees, who are committed to acting with integrity, honesty, respect and professionalism in carrying out their activities.

The NH Group is committed to complying with laws and regulations in the countries and jurisdictions where it does business. This includes, among other matters, laws and regulations on health and safety, discrimination, tax, data privacy, competition, anti-corruption, prevention of money laundering and an environmental commitment. The key areas covered by the Code include:



COMMITMENT

to people
to customers
by suppliers
to competitors
to shareholders
to communities and society
to the group's assets, knowledge and resources
in relation to the securities market



OBLIGATIONS

in relation to fraudulent or unethical practices

The Code of Conduct is published in 6 different languages on the official website of NH Hotel Group and is available to all stakeholders. Furthermore, with effect from 2017, NH employees can access the code of conduct from their mobile devices using the "My NH" app. Employees at workplaces operating under NH Hotel Group brands have also been provided with a practical Guide and a FAQ document.

NH Hotel Group has set up a whistleblowing channel that allows employees, executives, members of the management bodies, suppliers, customers or any stakeholder to report confidentially and without fear of reprisals any breach of the Code of Conduct. The email address of the whistleblowing channel is available on the NH Hotel Group website and on the intranet and is managed by the Senior Vice President of Internal Audit.

AWARENESS AND TRAINING ON ETHICS AND CONDUCT

The Company has an online training tool for all NH Hotel Group employees with personalized mail through which they are provided with online courses on different matters, including the following courses relating to ethics and conduct:

- Code of Conduct.
- Crime Prevention.
- General Data Protection Regulation.
- Prevention of money laundering and terrorist financing.
- Antifraud and corruption.

All courses on the above matters include an exam that measures employees' level of comprehension. NH Hotel Group also has a system that comprises certain controls the Company has that mitigate risks, both in relation to crime and financial reporting. This system is audited regularly.

4,411
hours of training in
Code of Conduct

103
hours of training in
Criminal Risk
Prevention Model

6,374
hours of training in
Prevention of Money
Laundering and Terrorist
Financing

5,478
hours of training in
Anti-Fraud

It is not applicable to give the evolution of these training hours with respect to 2018, since they are reported in the chapter of NH ROOM4 People: Employees, in the section corresponding to "Training" as a requirement of Act 11/2018.

PROTECTION OF HUMAN RIGHTS

The principle of respect for and protection of Human Rights is integrated into the culture of NH Hotel Group and is applied to the activities carried out through the professionals, independently of the country or region where the activity is carried out.

The Company is committed to complying with Human Rights and works to prevent and manage the risks associated to the breach of such rights. This is reflected in the Company's Corporate Responsibility Policy and Code of Conduct, which state its goal to lead the sector's commitment to ethics, the protection of Human Rights and the fight against the abuse and human trafficking. The NH Hotel Group Code of Conduct is the document that acts as the framework for the Company's commitment to respect Human Rights.

Relations with all stakeholders the Code applies to should always be based on respect for human dignity and non-discrimination. The Company rejects all conduct, behaviour or action likely to foster, promote or incite, directly or indirectly, hatred, hostility, discrimination or violence against a group for racist reasons or other reasons referring to the ideology, religion or beliefs, family situation, membership of an ethnicity, race or nation, national origin, gender, sexual orientation or identity, or due to illness or disability.

NH Hotel Group emphatically prohibits any kind of hostile or humiliating actions against people, the abuse of authority and any type of harassment, whether physical or psychological, as well as any other conduct that could generate an intimidating, offensive or hostile working environment. Furthermore, no child labour or forced labour is tolerated.

The Company also recognizes that the principle of equality of treatment and opportunities for addressees of the Code of Conduct is a principle that inspires its Human Resources policies and is applicable both to the hiring of employees and to training, career opportunities or salary levels, as well as all other aspects of labour relations with employees.

The Code of Conduct also prohibits the imposition on employees of health and safety conditions at work that damage, suppress or restrict their rights as recognized by legal provisions, collective agreements or individual contracts. No form of illegal traffic of labour or fraudulent emigration is permitted, and applicable legislation will be respected at all times with regard to the entry and transit of foreign nationals.

The Code also explicitly states that the exercise of the rights of protest, association, organization and collective bargaining in the framework of the rules regulating each of these fundamental rights will not be unduly limited, and in accordance with international laws and practices, particularly, the United Nations Universal Declaration of Human Rights and the principles stated by the International Labour Organization.



Tivoli Carvoeiro
Carvoeiro, Portugal

Compliance in relation to Human Rights

As described above, in order to guarantee compliance with the Code of Conduct, the Internal Audit department undertakes to supervise the principles and rules reflected in the Code and, therefore, is responsible for analysing any irregularity related to it. For this purpose, the Company has a whistleblowing channel, in order to make it easy to report any possible irregularity, breach or behaviour contrary to ethics, law and the rules that govern NH Hotel Group.

Possible breaches of Human Rights are handled through the Internal Audit department, which is responsible for managing the Group's Whistleblowing Channel (codeofconduct@nh-hotels.com).

The Company has also put in place a specific external communication channel to report, process and manage incidents reported by suppliers (codeofconduct@coperama.com).

The procedure for reporting and dealing with possible breaches of the Code of Conduct will be managed by the Group's Senior Vice President of Internal Audit.

In 2019, like in 2018, there were no reports relating to a possible breach of Human Rights.

Initiatives for the Protection of Human Rights

NH Hotel Group carries out its activity in a framework of commitment to the society and environment where it operates, and therefore accepts the contents of national and international agreements and treaties, undertaking to promote and comply with them. These commitments will avoid or, as the case may be, mitigate any negative consequences that its activities might cause to Human Rights.

The commitments acquired on subscribing to these international agreements guide the conduct of all the employees in the Company.

Notable among these codes voluntarily accepted by the Company are the UN Global Compact, support and contribution to the Sustainable Development Goals (SDG) and the Global Code of Ethics for Tourism, approved in 1999 by the Assembly of the UN World Tourism Organization (UNWTO). This code comprises 10 principles designed to guide key players in tourist development, aspiring to help to maximize the sector's benefits while minimizing its impact on the environment, cultural heritage and local communities.



NH Collection Plaza Mayor
Leon, Spain

The Group is also part of the International Tourism Partnership (ITP), a global platform for leading companies in the hotel sector that share a common commitment to social responsibility and sustainability. This organization establishes four main goals which include the protection and promotion of Human Rights, a goal that NH Hotel Group subscribes to and supports.

The Company rejects any tourist activity that might constitute an attack on human rights or human dignity, placing special attention to children. Accordingly, in September 2012 NH Hotel Group joined ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) for the protection of boys, girls and adolescents against sexual exploitation in tourism, also promoted by UNWTO and UNICEF.

New developments for the protection of Human Rights

In 2020, NH Hotel Group will reinforce its commitment to respect Human Rights by drawing up a corporate Policy, which will be approved in the middle of 2020 and will be integrated into the business model. Through this Policy, the Company will commit to playing an active role in the promotion of Human Rights and to working proactively to this end. The Policy will reflect the commitments already undertaken in this regard and will guarantee respect for the labour rights of all employees and contractors, in all the countries where the Company is present, in accordance with ruling law in each country.

Once the Policy has been defined, NH Hotel Group will work on the Group's due diligence process to identify potential impacts on Human Rights in the value chain. As a result of this commitment, Human Rights risks will be identified on the Company's risk map in order to traction the pertinent mitigation or resolution processes. With this initiative, situations and activities with the highest (direct or indirect) risk of having a negative impact on these rights will be identified.



NH Collection Victoria La Habana
Havana, Cuba ▶

DATA PROTECTION

In line with the implementation that commenced in the previous year on the entry into force of the new data protection regulations, NH Hotel Group has continued to adapt its personal data management and control systems to EU Regulation 679/2018 (GDPR) and Spanish Act 3/2018 (LOPDGDD). NH Hotel Group's intention is to process the personal data of its customers, employees and suppliers with the utmost guarantees of respect for their privacy and complying at all times with the applicable legal obligations.

Accordingly, the different privacy policies have been updated, together with the data protection sections of legal disclaimers, both on websites and on documents provided to customers. The Company has also implemented a series of measures to make these privacy policies and legal disclaimers accessible to customers at all times.

In the framework of this adaptation, the Company has implemented an additional information system that is available to end customers, so that they can discover each of the types of processing carried out by NH Hotel Group.

The position of Data Protection Officer has also been created, not just to comply with the requirements of the new regulations, but also to ensure, among other functions, that customers' rights in relation to data protection are always handled by the organization in accordance with the principles established in the new regulations.

Finally, NH Hotel Group has continued in 2019 with the improvement project in relation to the quality of data within the organization.

4,053
hours of training on
Privacy and Data
Protection

It is not applicable to give the evolution of these training hours with respect to 2018, since they are reported in the chapter of NH ROOM4 People: Employees, in the section corresponding to "Training" as a requirement of Act 11/2018.

RELATIONS WITH GOVERNMENTS AND POLICY INFLUENCE

The Company manages its business in accordance with its corporate values and its ethical and conduct framework. It also ensures strict compliance with ruling legislation in each country.

In relation to local governments, the Company always acts independently of any political power, maintaining transparency in its dealings with public and administrative institutions. In 2019 the Company has received a total of €3,031,741 in public grants, of which 5% correspond to grants received for employee training.

NH Hotel Group is characterized by absolute political neutrality. The Company does not make economic or other contributions to political parties or candidates in elections.

NH Hotel Group does however form part of sectorial organizations or foundations linked to its activity or to the geographical area where it operates. Through its presence in these organizations, the Company aspires to contribute to the progress and development of the places where it is present. More information is available in section NH ROOM4 Responsible Shared Success: Sustainable alliances of this Report.

RISK MANAGEMENT



RISK MANAGEMENT

Risk management is part of the culture of NH Hotel Group and is integrated across all of the Company's operations.

RESPONSIBILITY FOR RISK MANAGEMENT

The Company's Board of Directors is responsible for supervision of the risk management system, in accordance with the provisions of article 5 of the Board Regulations. As regulated in article 25 b) paragraph 3 of these Regulations, the Audit and Control Committee provides support to the Board of Directors in the supervision of the effectiveness of internal control, internal audit and risk management systems, including tax risks management.

During the different meetings held in 2019, the principal risks to which the Company is exposed have been controlled and monitored, together with the evolution of these risks in recent years and the main mitigation and response measures.

Furthermore, the duties of the Company's Management Committee include risks management and control based on tolerance to risk, assigning responsibility for the main risks, periodic monitoring of their evolution, identification of mitigating actions and the definition of response plans. For these purposes, the Executive Risk Committee, made up of members of the Management Committee and Senior Executives, provides support to the Management Committee in this supervision, as well as promoting a risk culture in the Company. To this end the Company has an internal risk management manual that details the principles, processes and controls currently in place.

The Risk Management function, integrated in the Internal Audit department, is responsible for ensuring that the Company's risk management and control system operates correctly and is linked to the strategic goals. To ensure that there are no conflicts of independence and that the risk management and control system of NH Hotel Group works as planned in the Corporate Risk Management Policy, an independent third party has reviewed its operation annually in the last two years.

To ensure independence, the Risk Management functions is independent of the Business Units and, like the Internal Audit department, is functionally dependent on the Audit and Control Committee.





NH Danube City
Vienna, Austria

In line with the above, NH Hotel Group follows the Three Lines of Defense model.



Adapted from the Guide issued by ECIIA/FERMA on the 8th EU Company Law Directive, article 41

- First line of defence: provided by the functions or Business Units and Corporate Units that own the risks and their management (Operations, Sales, Marketing, etc.).
- Second line of defence: provided by the functions in charge of oversight of the risks (Risk Management, Compliance, Data Protection, Internal Control, etc.)
- Third line of defence: provided by the Internal Audit function which provides independent assurance.

The object of the Corporate Risk Management Policy of NH Hotel Group (approved in 2015 by the Board of Directors), and the internal manual developing it, is to define the basic principles and the general framework of action for the identification and control of all kind of risks that could affect the companies over which NH Hotel Group has effective control, and to assure alignment with the Company's strategy.

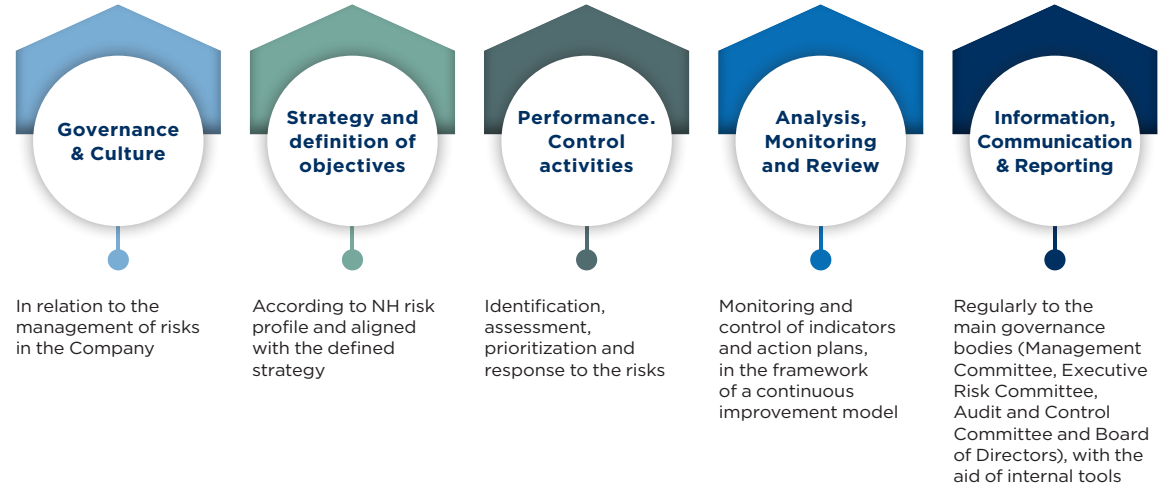
There is also a range of specific policies that complement the Corporate Risk Management Policy, and which are established in relation to certain specific risks:

Procurement policy	Corporate committee policy
Travel policy	Antifraud and corruption policy
Environmental sustainability policy	Policy for the prevention of money laundering and terrorist financing
Information security policy	Corporate Responsibility Policy
Corporate credit policy	Financial debt policy
Corporate tax policy	Code of Conduct
Corporate gifts policy	Internal Rules of Conduct (IRC)

RISK MANAGEMENT MODEL

The NH Hotel Group risk management model has been rolled out both at Group corporate headquarters and in the Business Units. Its object is to identify events that could have a negative impact on the attainment of goals of the Company's Strategic Plan, with the aim of obtaining the highest possible assurance for shareholders and stakeholders, while protecting the Company's interests.

The model established for risk management is based on the COSO IV ERM integrated framework of Enterprise Risk Management, is managed through an internal tool and encompasses a range of methodologies, procedures and support tools, as shown below:



NH Royal Cali
Cali, Colombia



RISK CATEGORIES AND IDENTIFICATION, SUPERVISION AND MONITORING PROCESS

The Group's Risk Map is updated every year and approved by the Board of Directors, after being reviewed and validated by the Audit and Control Committee. In 2019 the Company has updated its Risk Map through a process in which 37 Senior Executives identified and assessed the main risks faced by the Company. The updated map was approved in July 2019.

For the main risks in the Risk Map, the Audit and Control Committee receives a half-yearly report that details the operation of the risk management and control system and presents conclusions in this regard. To this end, the measurement of key indicators is included, with information as to whether they are within the established tolerance values or whether an adjustment is necessary. The report also includes the implementation status of the previously agreed action plans.

In addition, each of the main risks in the Risk Map is assigned a risk owner, who is a member of the Management Committee. Each risk owner attends the Audit and Control Committee meetings on a regular basis to present the existing or ongoing mitigation measures for their risks, the implementation status of action plans and measurement of key indicators according to the established tolerances.

Every year, when the Risk Map is updated, the Risk Management function undertakes a reassessment of the catalogue of risks, both financial and non-financial. The definitive catalogue is validated with the Senior Executives who participate in the process, as well as the bodies involved in its validation (Management Committee, Executive Risk Committee and Audit and Control Committee) and approval (Board of Directors).

The six categories into which the risks NH Hotel Group is exposed to are classified are shown below:



ESG RISKS






A specific analysis was performed in 2019 to identify the risks (out of the total of 65 risks identified in the Company's Risk Map) related to ESG (Environmental, Social and Governance) criteria.

As a result, it was determined that 24 out of the 65 risks, 36.9% of the total, are concerned with Environmental, Social and Governance matters. Most of them come under the categories of "Business" and "Strategic" risks.



RISK FACTORS AND MANAGEMENT AND CONTROL MEASURES







RISK TREND (RT)  Increase  Estable  Decrease

CATEGORY	RISK EVENT	DESCRIPTION OF THE RISK	RT	CONTROL AND MANAGEMENT MEASURES
Business	Labour legislation/ collective agreements	New labour legislation or changes in conditions in collective agreements, as well as different interpretations of legislation could have a significant impact and affect financial conditions and business results.		<p>Presence in associations in the tourist sector.</p> <p>Presence on committees of sector experts.</p> <p>Institutional relations with various bodies.</p> <p>Presence of specialized HR personnel at the negotiation of collective agreements.</p> <p>Collaboration with HR consultants.</p>
Strategic	Distribution channels (internal and external) and maximization of ADR (average daily rate)	<p>Online travel agencies (OTAs) and distributors continue to increase their market share and NH must put measures in place to counter this by increasing sales through direct channels (Hotel, Website, Central Reservation System) or by renegotiating commissions.</p> <p>The loss of control over the price in direct channels compared to other distribution channels should also be considered, in light of the liberalization of scraping/ crawling tools and technologies in distribution and price.</p> <p>Finally, it is necessary to ensure that pricing projects are not delayed so that NH can maximize the net ADR. The capacity to negotiate commercial conditions should also be considered.</p>		<p>Existence of a Revenue Management Committee.</p> <p>Periodic analysis of results compared to budget and definition of action plans.</p> <p>Control process over intermediary commissions.</p> <p>Corporate commission policy.</p> <p>Definition of a Strategic Plan aimed at boosting sales through direct channels (Hotel, Website, Central Reservation System).</p> <p>NH Rewards loyalty program.</p> <p>Analysis of price competitiveness (price parity compared to OTAs and distributors).</p> <p>Technological tools to improve pricing and revenue management.</p> <p>Optimized calculation of net ADR using Business Intelligence techniques.</p> <p>OTA diversification strategy and renegotiation of intermediation costs.</p>
	Dependence on city and business segment	Any change in patterns in this segment will affect the Company with a limited possibility of mitigating the effect through other segments.		<p>Existence of an Expansion Committee.</p> <p>Implementation of the Office for Integration with Minor International (principal shareholder).</p> <p>Periodic attendance at hotel sector investment conferences.</p> <p>Organization of regular meetings with possible investors to develop hotel projects.</p>
	Inability to find additional growth	Inability to find additional ways of growing that permit sustainable and resilient growth that will safeguard the Company's future. NH should be capable of developing and executing a suitable Expansion/Growth Plan to counter the reaction of its competitors and assured continuous growth.		<p>Existence of a documented expansion process (lease and management agreements).</p> <p>Definition of a Strategic Plan aimed at boosting the Company's growth by geographical area, type of contract, brands, segments, etc.</p> <p>Implementation of the Office for Integration with Minor International (principal shareholder).</p>
Compliance	Data privacy (GDPR)	Possible breaches of the General Data Protection (GDPR), together with the uncertainty regarding the behaviour and attitude of the regulator in the event of potential privacy breaches, could compromise the Company's objectives. Furthermore, the costs and risks deriving from inadequate data protection and management increase as the Companies face more and more advanced security breaches.		<p>Periodic review and update of the data processing activity matrix for each company in the NH Group.</p> <p>"Privacy by Design" procedures.</p> <p>Creation of the Data Protection Office supported by specialist advisors.</p> <p>Online GDPR training for all employees.</p> <p>Existence of a computer tool for reporting possible security breaches related to data protection.</p> <p>Existence of a Disaster Recovery Plan.</p>

RISK FACTORS AND MANAGEMENT AND CONTROL MEASURES

RISK TREND (RT)

 Increase
  Stable
  Decrease

CATEGORY	RISK EVENT	DESCRIPTION OF THE RISK	RT	CONTROL AND MANAGEMENT MEASURES
Financial	Change in accounting standards	New accounting standards and regulations (e.g. IFRS16, IAS29), as well as varying interpretations of accounting standards currently in force could have a significant impact on the Company's financial statements.		Implementation of a contract management computer tool that covers IFRS16. Specialist advising on new regulations. Periodic attendance at conferences on changes in accounting standards given by specialized advisors (external audit firms). Internal assessment of possible impacts of new accounting standards. Training courses on new accounting standards for the corresponding internal personnel.
	Adverse effects of the exchange rate	NH operates in countries subject to fluctuations in exchange rates (Mexico, Colombia or Argentina) and therefore the financial results could be affected.		Periodic monitoring of the impact of the exchange rate of the main local currencies. Specific cash repatriation plans from local currency to strong currency (e.g. USD). Specific strategies to manage the exchange rate effect by country (e.g. dollarization of revenues).
	Adverse effects of the inflation rate	NH operates in countries such as Mexico, Colombia or Argentina in which results may be affected by fluctuations in the rate of inflation.		Periodic monitoring of collective agreement negotiation. Analysis and review of the main sources of operating costs (housekeeping, food and beverages, energy, water, etc.)... Monitoring of the correct application of IAS29 due to hyperinflation in Argentina.
External factors	Change in economic cycle	The contraction of the global economy could have a negative effect on NH's revenues and profitability and slow the Company's future growth.		Definition of a Commercial Strategic Plan aimed at diversification and strengthening of segments. Operational optimization and efficiency projects. Asset Repositioning Strategy.
	Geopolitical risks (terrorism and political instability)	NH operates in countries where there is a risk of suffering terrorist attacks. This could cause a reduction in sales due to the "panic effect" on tourism. It could impact travel/ tourism patterns in the affected areas and lead to an increase in insurance premiums and in security. NH also operates in certain countries subject to political instability or uncertainty that could affect business decisions or financial results.		Business interruption insurance policy in respect of terrorist attacks in Europe. Existence of a communication protocol in the event of a crisis. Existence of a Business Continuity Plan and a Disaster Recovery Plan. Quarterly analysis of the economic and geopolitical situation in regions where NH operates and assessment of the impact on the Company's operations. Existence of an Executive Risk Committee. Policy covering short term after a terrorist attack. Document Risk and Insurance Management process.
	New competitors in the tourist sector	The use and popularity of collaborative economic service providers, such as Airbnb. These companies compete against traditional suppliers of accommodation such as hotels or hostels and could impact demand for such traditional types of accommodation or even force traditional accommodation models to modify their business model in order to compete effectively. Uncertainty regarding the regulator's behaviour and attitude to these new accommodation models. NH is subject to intense competition from other hotel chains, and by specialist or independent hotel operators. Large market concentrations due to mergers and acquisition could threaten NH's market share.		Presence in local and/or national associations in the tourist sector. Presence on committees of sector experts. Institutional relations with various bodies. Pilot projects with technological tools to monitor results of collaborative economy service providers in the main city locations where the Company is present. Operational initiatives aimed at attracting families to NH accommodation.

RISK FACTORS AND MANAGEMENT AND CONTROL MEASURES

RISK TREND (RT)



Increase



Estable



Decrease

CATEGORY	RISK EVENT	DESCRIPTION OF THE RISK	RT	CONTROL AND MANAGEMENT MEASURES
Systems	Cyberattacks	<p>The number of cyberattacks continues to increase significantly as the attacks become more sophisticated and the methods of attack diversify. The damage deriving from such incidents may lead to financial losses or the loss of intellectual property, which makes it necessary to reinforce the current strategies for the mitigation of cyber risks.</p> <p>Cyberattacks could cause a loss of sensitive information of the business or customers (including credit card data), business interruptions, lawsuits deriving from system interruption, and other costs and liabilities.</p>	↓	<p>Insurance policy relating to cybersecurity.</p> <p>Existence of a corporate Security Policy.</p> <p>Periodic intrusion testing to detect vulnerabilities in systems and communications.</p> <p>Perimeter security measures.</p> <p>Periodic analysis of, viruses, etc.</p> <p>Cybersecurity awareness campaigns.</p> <p>Online training in cybersecurity for all employees.</p> <p>Information Security Management System based on international standards.</p> <p>Annual audit by an external firm of compliance with PCI-DSS regulations.</p>
	Inability to keep up with technology	<p>NH's current operations and its technological infrastructure may not be capable of meeting performance expectations in relation to quality, business operations, cost and innovation as well as our competitors, especially competitors that were "born in the digital age" and have a low-cost structure for their operations, or even competitors with a long history and larger operations.</p> <p>Accordingly, NH needs to keep up-to-date in relation to the technological developments necessary to support its operations and its business adequately and compete effectively.</p>	↑	<p>Existence of periodic controls to monitor the performance of NH's technological platforms.</p> <p>Recurring analysis to ensure that versions of the systems are kept up-to-date.</p> <p>Performance analysis of the customer booking process on the NH website and using the mobile app.</p> <p>Recurring review of the NH web download time on mobile and desktop devices.</p> <p>FASTPASS initiative, combination of three innovative services: Online Check-in, Choose Your Room and Online Check-out.</p> <p>Existence of a Digital Evolution Plan (DER).</p>
	SAP/website crashes	<p>NH is currently operating with SAP systems both in back-office and front-office. If there is a crash in SAP, NH might not be able to bill its customers or might have to stop the activity of the administration department. Furthermore, NH's revenues depend on the success and availability of the website.</p>	↑	<p>Existence of a document process that details the tasks and actions to be carried out at operational level in the event of system crashes (whether planned or unplanned) to mitigate the impact on the operation.</p> <p>The measures detailed above for the risk of cyberattacks (intrusion testing, perimeter security, analysis of malware and viruses, etc.).</p>



NH Prague City
Prague, Czech Republic

EMERGING RISKS AND NEW CHALLENGES

Emerging risks are risks that are expected to have a significant impact on the Company's operations and, therefore, on its financial results in the future in the long term, -3 to 5 or more years- although in some cases they may have already started to impact NH Hotel Group's business now.

Accordingly, during the periodic process for the identification, supervision and monitoring of risks, the Company has adequate mechanisms to ensure that emerging risks and new challenges are taken into consideration. Additionally, the internal tool allows risk owners to report at any time any emerging risks or new risks detected, so that the Risk Office can proceed to analyse and consider them.

EMERGING RISKS DETECTED IN 2019



Technologic risks

Cyberattacks, information security, technological innovation



Risks related to social behaviour patterns

Collaborative economic, changing customer preferences, demographic changes



Risks related to climate change

Natural disasters, extreme weather phenomena



Regulatory risks

New General Data Protection Regulation (GDPR), new environmental legislation



Dependence on intermediaries

Especially online travel agencies (OTA) and distributors, and the sophistication of technological booking tools



Certain geopolitical risks

Terrorism, change in economic cycle, political instability and, to a lesser extent, Brexit



Risks deriving from external factors

Pandemics, strikes, both internal (hotel employees) and external (e.g. air traffic controllers)



NH Royal Urban 93
Bogota, Colombia

NH ROOM 4

SUSTAINABLE BUSINESS

NH Gran Hotel Provincial
Mar del Plata, Argentina



NH Hotel Group carries out its hotel activity with the ambition of spearheading responsible behaviour, creating shared value at the economic, social and environmental level wherever it is present. With this philosophy, in 2019 the Company has worked on drawing up the new Strategic Plan, thus giving continuance to the former plan, in which one of the pillars is NH ROOM4 Sustainable Business, which is a key part of the Company's global strategy.

The strategic vision of NH ROOM4 Sustainable Business is in turn based on three fundamental management levers: NH ROOM4 People, NH ROOM4 Planet and NH ROOM4 Responsible Shared Success, all in the framework of the same premise of sustainable and ethical principles, culture of responsibility and citizenship spirit.

Convinced that it is going in the right direction to achieve its next goals regarding sustainability, the Company is aligned with the Sustainable Development Goals (SDG) to which it can contribute and is therefore committed to continue creating long-term value globally, in the context of the 2030 Agenda.



NH Wien Belvedere
Vienna, Austria

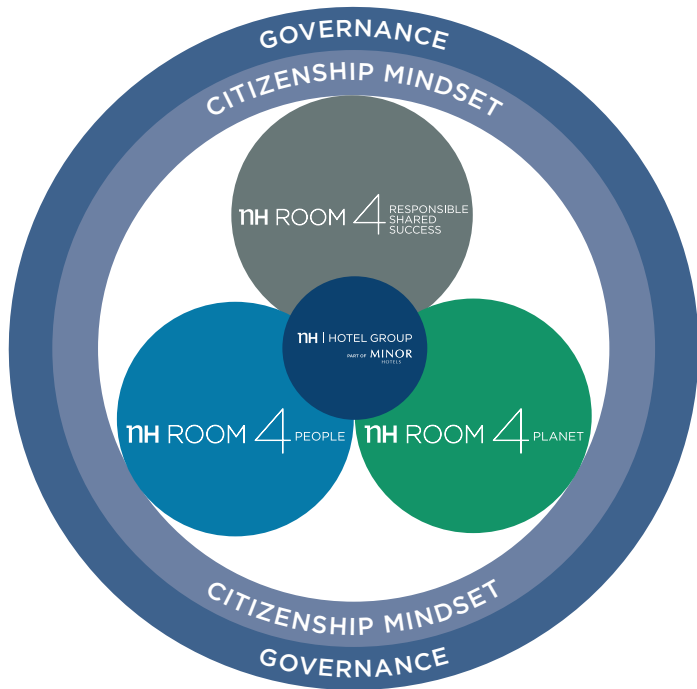


NH Santo Stefano
Turin, Italy

NH ROOM4 SUSTAINABLE BUSINESS MODEL

For NH Hotel Group, the strategy is based on "ROOM4 a better world".

In line with this strategy, management of the Company's corporate responsibility, NH ROOM4 Sustainable Business, is articulated around three lines of action: NH ROOM4 People, NH ROOM4 Planet and NH ROOM4 Responsible Shared Success:



NH ROOM4 PEOPLE

NH Hotel Group promotes internal professional development and creates social projects in the communities where it is present.

NH ROOM4 PLANET

NH Hotel Group is committed to the environment and shows it through sustainable products, reduction in consumption and the fight against climate change.

NH ROOM4 RESPONSIBLE SHARED SUCCESS

NH Hotel Group conveys human rights, ethical and business principles in the way it works throughout its value chain -customers, owners and suppliers - by promoting responsible alliances.

CORPORATE GOVERNANCE

Management of the Sustainable Strategy

Organization structure focused on Sustainable Business, to ensure implementation of the strategy.

Accountability

Reporting on sustainability and sustainable business as an opportunity for continuous improvement and monitoring, as well as the demand for transparency.

Corporate Governance & Compliance

With the aim of conveying the ethical and responsible business principles and the commitment to Human Rights that guide the way NH Hotel Group works.

CITIZENSHIP MINDSET

In their everyday activity, **each employee** can do things in the most sustainable way with a citizenship mindset.

Activation of a **fluid communication style** and the recognition of the responsible and sustainable commitment of employees.

Volunteering is the key to the rollout of the sustainable business commitment with employees. Without their participation, no initiative would have the desired impact. NH Hotel Group is made up of people who are passionate about service, and that is its strength.

NH ROOM 4 RESPONSIBLE SHARED SUCCESS

Customers

- Providing a unique experience and innovative range of services and involving customers in NH Hotel Group's sustainable and responsible projects.

Suppliers

- Establishing effective dialogue with suppliers to develop innovative and sustainable solutions.
- Continuing to increase social and environmental criteria in partner selection.

Alliances

- Promoting long-term alliances with all kind of organizations: other companies, public administrations, non-profit organizations, multilateral bodies...



NH ROOM 4 PEOPLE

Employees

- Promotion of equality of opportunities to be recognized a leading company in diversity.

Community

• Youth employment

Investment in training and career support for young people, especially those who are in an underprivileged situation.

• Hotels with a Heart

Continuing to use the potential of NH Hotel Group as a hotel chain to provide accommodation for hospitalized children and their families.



NH ROOM 4 PLANET

Climate Change

- The fight against climate change as core of strategic planning at business level and for NH Hotel Group's risk management.

Energy and Water

- Increasing and improving production of green energy with onsite facilities, renewable energy sources and water optimization.

Waste and Circular Economy

- Working with suppliers to create opportunities and synergies in circular economy.



nhow Marseille
Marseille, France

NH Hotel Group, recognized as one of the most sustainable companies in the sector in the world

In 2019, NH Hotel Group participated for the first time voluntarily in the Corporate Sustainability Assessment (CSA) 2019 carried out by the sustainable investment agency SAM. The assessment generates a world ranking in sustainable performance by Companies in different sectors.

The Company achieved a fourth place in the ranking, standing out as one of the most sustainable leaders in the sector compared to the companies included in the Dow Jones Sustainability Index. This result consolidates NH Hotel Group as one of the benchmark companies for sustainability in the industry worldwide and confirms NH Hotel Group's strong position in social, environmental and economic performance, highlighting two criteria in which it is in the 100 percentile: tax strategy and environmental reporting.

Driven by this assessment, NH Hotel Group is carrying out an Action Plan 2020 in which areas for improvement and opportunities have been identified to reinforce the Company's commitment, so that all our actions have a positive impact, economically, socially and environmentally.



PRESENCE OF NH HOTEL GROUP IN SUSTAINABILITY INDICES



Since 2013, NH Hotel Group has been included in the FTSE4GOOD index, renewing its presence year after year thanks to the responsible management of the business and the improvements made. The index was created by the London Stock Exchange to help investors integrate environmental, social and corporate governance (ESG) factors in decision making.

NH Hotel Group has been a member of the Ethibel Sustainability Index since 2015. Ethibel is an index that brings together companies from different sectors that are leaders in Corporate Social Responsibility. The presence of NH Hotel Group shows the Company's good performance, above the average for the sector, and acts as an incentive to Socially Responsible Investment (SRI) among investors and funds.



NH Hotel Group has been included for the first time in the Bloomberg gender-equality index and is the only Spanish hotel company among the 325 companies included in the index.

Carbon Disclosure Project recognizes the efforts made by leading global companies in the battle against climate change. In the last report dated January 2020, the Company obtained a rating of B in the annual ranking. With this rating, NH Hotel Group once again sees recognition of its pioneering vision to place sustainability as a strategic value that has acted as lever for value across the Group for more than a decade.

The Company has obtained its best results in salary equality and parity, thanks to its compensation policies based on general equality and on its fight against the pay gap. This has confirmed aspects that were already known, such as the positive presence of women at all levels of responsibility in the Company.

MATERIALITY ANALYSIS

The materiality analysis is key in NH Hotel Group's Corporate Responsibility management process, both for reporting purposes and in defining the strategy, initiatives and the establishment of dialogue with stakeholders.

In 2019, NH Hotel Group has updated this analysis in order to define the contents of this Report and prioritize the relevant matters, based on the Materiality Study for 2018. This process has been carried out over three phases:

IDENTIFICATION

Material matters have been identified based on an analysis of internal and external sources that have made it possible to determine a preliminary list of relevant matters for NH Hotel Group and for its stakeholders.

Strategy and priorities for NH Hotel Group

- Strategic Plan 2017-2019
- Sustainable Business Strategy
- Annual Report and materiality of NH Hotel Group 2018
- Non-Financial Information Statement 2018

Sustainable Development Goals - SDGs

SDGs in which NH Hotel Group has a direct and indirect impact and its specific goals.

Prescribers and trends in the sector

- Key sustainability goals defined by the International Tourism Partnership (ITP)
- SASB Materiality Map*
- Sustainability Yearbook 2019 of SAM: key issues for the hotel sector
- Carbon Disclosure Project (CDP) ranking - Climate Change

Social and sustainability trends

Social and CSR trends at global level, identified through the RADAR CANVAS, a methodology that identifies trends in reputation, sustainability, ethics and transparency, with emphasis on the tourism and hotel sector.

Subsequently, a semantic review of the matters has been carried out with the aim of linking similar concepts or areas and integrating them in the terms of NH Hotel Group and the hotel sector's business approach. The matters have been grouped according to the different pillars of the Sustainable Business Strategy.

SUSTAINABLE BUSINESS PILLARS	NH HOTEL GROUP RELEVANT MATTERS 2019
Governance	<ol style="list-style-type: none"> 1. Sustainable financial growth 2. Good practice in Corporate Governance 3. Ethical commitment and transparency 4. Protection of Human Rights 5. Management of financial, non-financial and emerging risks 6. Innovation and technology 7. Dialogue with stakeholders
NH ROOM4 People	<ol style="list-style-type: none"> 8. Talent, training and professional development 9. Culture of equality, diversity and inclusion 10. Employee engagement 11. Health and wellbeing at work 12. Corporate volunteering 13. Positive impact on the local community and culture 14. Promotion of youth employment
NH ROOM4 Responsible Shared Success	<ol style="list-style-type: none"> 15. Sustainable alliances 16. Responsible and local value chain 17. Unique experiences for customers 18. Service quality and satisfaction 19. Fostering sustainability among customers
NH ROOM4 Planet	<ol style="list-style-type: none"> 20. Green energy and energy efficiency 21. Responsible water management 22. Fight against Climate Change 23. Sustainable hotel services 24. Waste management and circular economy

PRIORITISATION

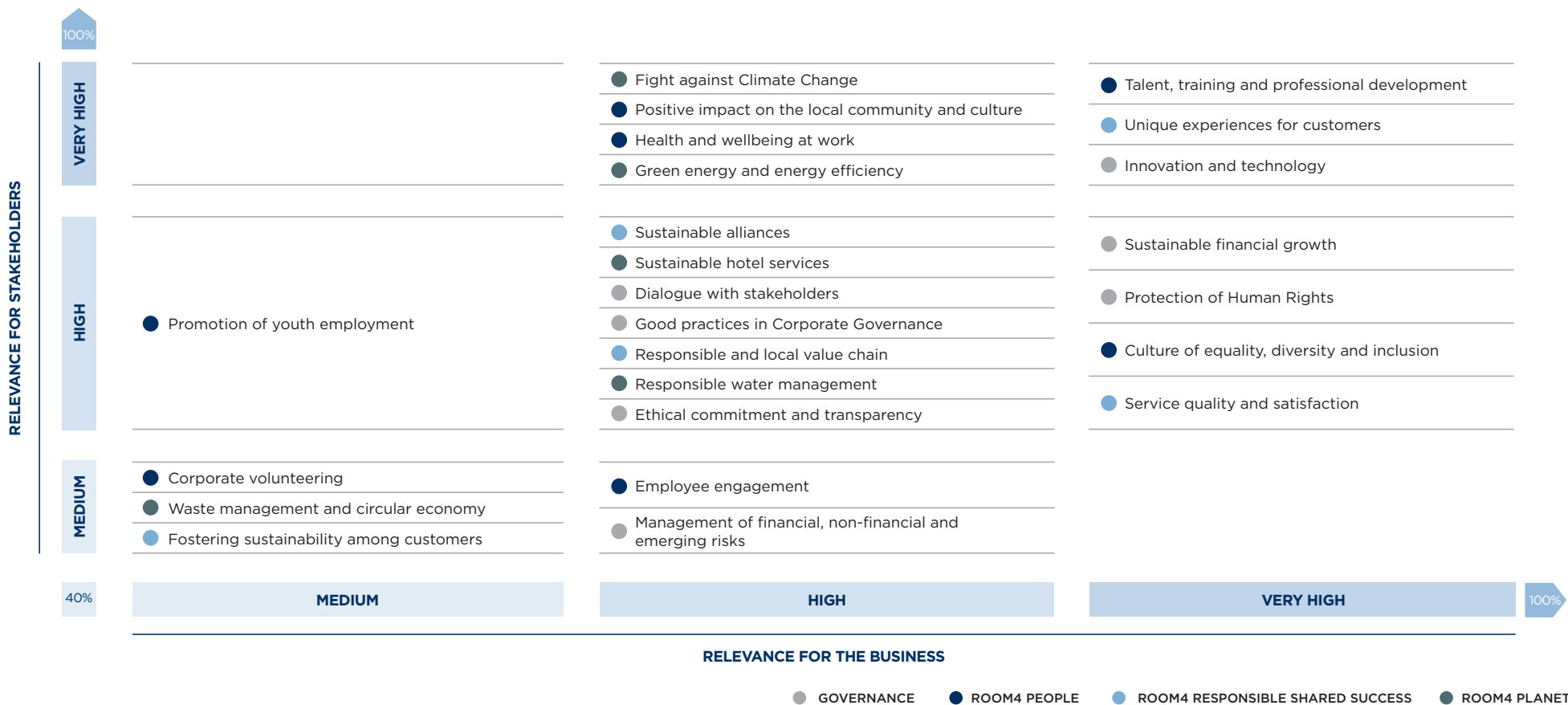
The material matters are prioritized on the basis of two variables:

- **Impact on the business.** Importance of each matter in NH Hotel Group's business activity, considering the strategy, trends in the sector, sectorial and sustainability prescribers, and the evaluation of the different areas of the Company that have relations with stakeholders, such as Communication and CSR, Human Resources, Environment or Procurement.
- **Impact on stakeholders.** Importance of each matter among the different stakeholders based on the available information of NH Hotel Group, trends and social concerns, the UN Sustainable Development Goals -SDGs-, and the conversation in the media on these matters.



VALIDATION AND MATERIALITY MATRIX

The prioritization is validated internally by the Corporation Responsibility area of NH Hotel Group, with the aim of comparing the relevance of the material matters and their importance in relation to the business goals. This prioritization is used to draw up the Materiality Matrix for the Sustainable Business Report 2019, in line with the two axis of relevance: for NH Hotel Group's activity and for its stakeholders. All the material matters identified have a relevance of more than 40%.



NH HOTEL GROUP AND THE 2030 AGENDA

For the purpose of focusing the business model on a hotel model that is committed to sustainable development, through the Sustainable Business Strategy, NH Hotel Group generates value for the different stakeholders in the places where it is present. In this context, the Company has impact and capacity of influence in a total of 11 Sustainable Development Goals.

SUSTAINABLE BUSINESS STRATEGY PILLARS

NH ROOM 4 PEOPLE

RELATED SDG AND KEY INDICATORS IN 2019



- **€1.3M** investment in training
- **652** courses available
- **134,651** employee training hours
- **7** hours of training per employee



- Presence in the **Bloomberg Gender-Equality Index**
- **#48** in the **Equileap** top 100
- **51%** of the total workforce are women
- **43%** women in management posts



- **€650.5M** total payments to suppliers
- Leases: **€83.6M**
- **€56M** taxes paid
- Wages and salaries: **€339.8M**
- Social security: **€81.5M**
- **€133M** Investment in the community



- **344 hotels** with accessibility modifications
- **193 young people** benefitting from employability programmes

NH ROOM 4 RESPONSIBLE SHARED SUCCESS

RELATED SDG AND KEY INDICATORS IN 2019



- Membership of **UN Global Compact**
- Presence in the **Ethibel** Responsible Investment Register
- Presence in the **FTSE4Good** index



- **157 agreements** with institutions and NGOs
- **More than 1,523 hours** in social volunteering
- **331** social projects
- Number of beneficiaries: **55,410**
- Number of volunteers: **19,916**

NH ROOM 4 PLANET

RELATED SDG AND KEY INDICATORS IN 2019



- **23.1%** reduction on water consumption*



- **62%** of the energy consumed annually is obtained from renewable energy sources



- **149 certified** hotels
- **46 hotels** with charging points installed for electric cars
- **75 hotels** with bicycle hire service



- **Responsible Procurement Policy**
- **1,872 suppliers** have signed up to the Code of Conduct.
- **95%** purchases from local suppliers
- **93.6%** approved purchases



- **Inclusion** in **SBTi** (Science Based Targets)
- **Elimination** of single-use plastics
- **60.87%** reduction in carbon footprint*
- **30.9%** reduction in energy consumption*
- **€6.3M** invested in energy efficiency projects

*Reduction compared to 2007.



NH ROOM 4 RESPONSIBLE SHARED SUCCESS

CUSTOMERS

NH Hotel Group provides an excellent service along with an innovative offer, and invites its customers to participate and get involved in ethical, social and environmental commitments. In its commitment to sustainability, NH Hotel Group seeks to include and involve customers in its Sustainable Business initiatives, whether by generating opportunities for social contribution or by promoting environmentally responsible behaviour.

NH EXPERIENCE

In the 2017-2019 Strategy, NH Hotel Group has identified the need to bet on the intrinsic value of each of its brands. It therefore seeks to pursue maximum efficiency in media investments and an improvement in the customer experience with the development of Guest Intelligence analysis tools, identifying the “moments of truth” and providing support to an experience undergoing continuous redesign and implementation, as well as monitoring its acceptance. In recent years, as a result of the Company’s new business strategy, the quality bases that characterize NH Hotel Group have been laid down.

PRINCIPAL INITIATIVES IN 2019:

Mood Room

Following its presentation in Spain in the NH Collection Madrid Eurobuilding, Germany took over with new rooms under the Mood Room™ concept.

In April 2019 the Company presented the Mood Rooms™ at the NH Collection Berlin Mitte (Germany). This concept has been designed around three main parameters: personalizing the guest's experiences, connected technology and sustainability. Using a tablet, guests can regulate the lighting, music and temperature of the room and adapt them to their personal wishes. Specifically, guests can choose from six main ambiances and 19 moods, to enjoy an unparalleled technological experience.

City Connection

City Connection is a new service that allows guests to enjoy the city without limits. Under the claim "Stay in one hotel, enjoy them all", NH Hotel Group presented City Connection in November 2019, a selection of services that guests can enjoy in any NH Hotels, NH Collection, nhow, Tivoli or Avani property in the city they are visiting, regardless of the hotel they are staying in and throughout the duration of their stay.

City Connection, available in a total of 129 hotels in cities in Europe and Latin America, is a pioneering service that offers an extra to guests, who can now take a break or use other NH hotels and their services and take advantage of their excellent locations across the city. In this way, when guests check in, they receive a passport that explains which Company hotels have this service, where they are and until when they can use the service.

Notable services included in the City Connection initiative are the use of public areas such as lobbies, leaving luggage at the hotel that is most convenient for them, using the Business Corner or enjoying a 10% discount in any bar or restaurant of the Group.



Other notable experiences:

FASTPASS:

The main purpose of this initiative is to offer guests the possibility of quick and convenient services such as Online Check-in and Online Check-out. The added value has been the inclusion of the “Choose your Room” option within the Online Check-in, which gives guests the option of choosing their room, exploring the hotel’s architectonic plan.

User generated content in Digital Signage:

An innovative project that seeks to enhance Digital Signage in the Group’s hotels with content generated by guests. This initiative is based on the images that guests share on Instagram, so our customers will feel more closely identified with the content we show, as they are non-professional photos taken by other users. This project will also provide dynamic and interactive content for the hotels’ screens, continuously updated and highlighted by each brand territory.

Lobbies Alive:

The way that new generations travel and their needs have changed. The current trend is to create socializing, dynamic and multifunctional spaces that offer visitors an added experiential value. Accordingly, NH Hotel Group has started to implement its Lobbies Alive concept, a coherent and harmonious proposal that transforms the lobby from a place you pass through to the place to be, with different areas: a quiet area with a fireplace in which to read, a leisure area, a work area equipped with a business corner, a computer and a printer; and an F&B area which opens onto the entire lobby so that you can enjoy a refreshment in any area and at any time.

In 2019 the project was implemented in the NH Collection Milano Touring (Italy) and throughout 2020 it will gradually be introduced in other hotels such as the NH Dusseldorf City (Germany) and NH Buenos Aires 9 de Julio (Argentina), with the intention of making the lobbies of these hotels locations of reference in their cities.





NH Collection Abascal
Madrid, Spain

GASTRONOMIC INNOVATION

NH Hotel Group is committed to offering high quality gastronomy and the latest trends in the sector, and therefore the Company is constantly in the process of innovating and developing exclusive gastronomic concepts and standards. Furthermore, processes that combine local and global values are implemented with the aim of enhancing the services offered to customers. Some of these processes, which have been consolidated throughout the Company in 2019, are:

- M&E Tempting breaks, including the Healthy Corner and Sweets Corner
- Minibar, with new contents to raise quality.
- Breakfast Juice Corner, with healthy shakes and freshly squeezed juice upon request.
- Memorable Element, which offers a surprise smoothie every day.
- Regional Corner in breakfasts, which offers special local products.
- Welcome Corner, offering a fresh and healthy welcome to guests arriving at the hotel.

In 2019 NH Hotel Group has continued to renew the breakfast service, the Company's best-known service, enhancing its values of a warm welcome and the use of local products. Breakfasts include a great variety of products and a wide assortment that combines local and global values, offering more than 110 different products every day. Aware of the importance of healthy and sustainable food, the Company includes gluten-free, organic, low-sugar, low saturated and trans-fat products.

NH Hotel Group has an exceptional cuisine offered by chefs recognized with a total of **9 Michelin stars**:

- **Dabiz Muñoz**, 3 Michelin stars with DiverXO at NH Collection Eurobuilding
- **Paco Roncero**, 2 Michelin stars with La Terraza del Casino
- **Chris Naylor**, 1 Michelin star with Vermeer at NH Collection Barbizon Palace
- **Randy Karman**, 1 Michelin star, with White Room at NH Collection Grand Hotel Krasnapolsky
- **Miguel Barrera**, (1 Michelin star) consulting chef at Re Levante, NH Mindoro
- **Marcos Morán** (1 Michelin star) consulting chef at Hispania Brussels, NH Collection Grand Sablon



NH Collection Eurobuilding
Madrid, Spain



NH Collection Eurobuilding
Madrid, Spain

Furthermore, the Company has also designed and implemented its own gastronomical projects during 2019, such as Tablafina at NH Malaga and in NH Plaza de Armas in Seville (which, like the one in NH Madrid's National University, bases its gastronomic proposal on the quality product of the Denomination of Origin and local produce, combined with classics of Spanish cuisine); Bottles & Jars in NH Collection Barbizon Palace in Amsterdam with a unique concept and offer designed by our chef Chris Naylor, the new Vane concept has also been incorporated into the NH Collection Eindhoven Center as High level gastronomic restaurant run by chef Casimir Evens that includes a Sky bar and lounge.

At NH Collection Madrid Colón, Bar Colón has been opened with a gastrobar concept innovative; Sonata 32 (a space created by Lorenzo Castillo, fresh and Mediterranean, with the chef Carlos Monsonís is at the forefront of offering an incredible local cuisine with fresh products all year round) and Caraacara by Diego Cabrera (a selection of drinks and cocktails designed by the well-known mixologist) in NH Collection Valencia Colón.



QUALITY MANAGEMENT SYSTEM

With the implementation of different projects in 2019 and thanks to the Company's Integral Quality Management system, perceived quality ratings among NH Hotel Group customers have increased slightly, maintaining a positive trend year after year. The number of evaluations recorded has also increased.

In addition, in 2019 NH Hotel Group has continued to rely on the role of "Quality Influencers", to boost our network as quality ambassadors for NH Hotel Group, who provide support to the Quality Directors in the different Business Units, with the aim of improving the quality of service and satisfying customers' expectations.

EVOLUTION OF QUALITY MEASUREMENT TOOLS IN 2019

An essential part of the customer experience continuous improvement process is monitoring perceived quality and the action plans that have been put in place. A significant example of a measurement tool is the Quality Focus Online that makes it possible to monitor customer reviews through internal and online channels.

Notable among the main improvements in the tool in 2019 is the creation of a new automatic response alert module, focused on negative opinions, which gives the hotel manager more ease and flexibility to respond to such comments, therefore increasing the service perceived by customers. The tool has also been translated into Portuguese due to the Company's expansion in Portugal, in addition to a number of technical improvements and new features that improve the end user's experience.

To maintain the Company's high standards in relation to quality and customer satisfaction, the heads of quality of each Business Unit visit practically all the hotels, focusing first on those where areas for improvement have been identified in order to implement the necessary corrective actions. The main tool for carrying out quality control in the hotels is a smartphone app called Iristrace.

Furthermore, and with the aim of understanding its guests better every day, the Company has continued to use the services of Trust You, a semantic analysis tool that makes it possible to have greater visibility of what customers are saying about NH Hotel Group and which has helped to identify the main areas for improvement both in terms of service and product.

KEY QUALITY INDICATORS	2018	2019	Diff. (%)
NH SURVEY RATING (SCALE OF 1 TO 10)			
General	8.5	8.6	+0.1pp
Service	9	9.1	+0.1pp
Number of NH survey ratings*	114,753	134,489	19,736
ONLINE SURVEY RATING (SCALE OF 1 TO 10)			
General	8.4	8.5	+0.1pp
Service	8.6	8.8	+0.2pp
Number of online survey ratings	499,110	551,227	52,117

SINGLE CUSTOMER SERVICE CENTRE TOOLS

The Single Customer Service Centre provides support to hotels and to customers. It combines the areas of Customer Care, NH Rewards and the VIP Desk and has continued to consolidate its service in 2019, extending its capacity for response and improving the level of service.

SAP module: TMS4 Customer Care

This is a module that lets any interaction with customers be recorded from the time the complaint is received. Customers can manage their complaints through multiple channels: e-mail, telephone, website, hotels, social media...

The types of contact can be divided into comments or suggestions, complaints, congratulations, requests, claims or technical incidents.

Quality Focus

Every week data is drawn from the satisfaction surveys received, identifying which will be managed by Customer Care.

Depending on the type of comment received, the type of response varies from direct interaction with the customer -by e-mail or telephone-, to a standard e-mail response for neutral comments.

In 2019 the Customer Care area has handled a total of 13,440 contacts coming from the **Single Customer Service Centre** (including congratulations, requests, suggestions, complaints...). This number represents an increase of approximately 12% in contacts handled by this area compared to 2018. It should be noted that the number of direct complaints in 2019 decreased by 24%, despite the increase in the total number of communications and the increase in requests for contact through the surveys. Complaints are handled by sending a letter of apology, response by the hotel or another department (for example, Legal); and, sometimes, compensation in the form of a discount voucher, free NH Rewards points, free room upgrade, etc.

The Customer Care area has also managed to reduce response time from 72 to 48 hours in 93% of the communications received in 2019. The target set and towards which the team's work every day is for response time to be a maximum of 24 hours. This reduction, together with direct interaction by hotels, Managers, Guest Relations personnel and Heads of Reception through Quality Focus, has contributed to faster and more effective solutions. The Company continues in this way to focus on customers and their satisfaction.

In addition to the tools referred to above, the Company also has official complaints forms in accordance with ruling legislation in each country.

CONTACTS RECEIVED BY CUSTOMER CARE*

DIRECT CONTACTS (SAP)	2018		2019	
	Number	% of total	Number	% of total
Comments/Suggestions	104	1.86%	438	6.5%
Complaints	3,401	60.95%	2,610	38.5%
Congratulations	72	1.29%	64	0.9%
Requests	1,706	30.57%	2,985	44.0%
Claims	180	3.23%	670	9.9%
Technical incidents	117	2.10%	10	0.1%
TOTAL	5,580		6,777	
CUSTOMER SURVEY CONTACTS (QUALITY FOCUS)	Number	% of total	Number	% of total
Comments/Suggestions	412	7.3%	809	12%
Complaints	1,348	24%	1,275	19%
Congratulations	19	0.3%	15	0.2%
Requests	51	0.9%	151	2.3%
Claims	32	0.6%	48	0.7%
Technical incidents	5	0.1%	1	0.02%
Mailing - automatic reply	3,744	67%	4,364	65%
TOTAL CUSTOMER SURVEY CONTACTS	5,611		6,663	
GMs contacted (QF)	22,821		24,907	
TOTAL CUSTOMER CARE CONTACTS	11,191		13,440	
TOTAL COMPLAINTS	4,749		3,885	

* The scope of these figures includes hotels under management as well as the consolidated perimeter, as many of the complaints received cannot be assigned to a hotel.



COMPLAINTS RECEIVED BY SOLUTION PROVIDED BY NH HOTEL GROUP

SOLUTION	2018	2019
Letter of apology	2,752	2,774
Free breakfast	9	5
Free night	13	5
NH Rewards points	97	248
Refund	133	159
Free upgrade	25	15
Discount voucher	536	478
Response from legal department	7	4
Response from hotel	754	722
Thank you letter	64	28
Reply to suggestion/request/comments	2,736	4,567
Other	100	44
None*	128	18
Error**	55	35

* Technical incidents - solution provided by IT
 ** Duplications

SOLUTION PROVIDED BY TYPE OF HOTEL MANAGEMENT

SOLUTION	2018		2019	
	Consolidated perimeter	Corporate perimeter***	Consolidated perimeter	Corporate perimeter***
Letter of apology	2,752	3,583	2,458	2,774
Free breakfast	9	9	5	5
Thank you letter	64	68	20	28
NH Rewards points	97	97	210	248
Refund	133	133	142	159
Free upgrade	25	25	14	15
Discount voucher	536	580	395	478
Response from legal department	7	7	1	4
Response from hotel	754	754	637	722
Reply to suggestion/request/comments	2,736	2,736	3,142	4,567
Other	100	128	36	44
None*	128	130	13	18
Error**	55	36	21	35
Free night	13	13	4	5

* Technical incidents - solution provided by IT
 ** Duplications
 *** Includes comments on internal policies, reservations and other services that depend on HQ and not on any hotel.

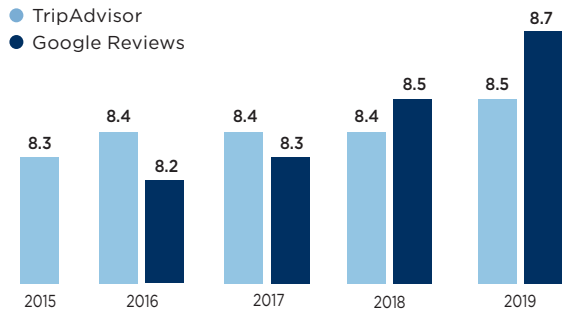


NH Collection Aranzazu
 San Sebastian, Spain

IMPACTS ON VISIBILITY AND PERCEPTION OF QUALITY

The overall perception of the Company's quality has increased by 0.1 pp compared to last year, with an overall score of 8.5 at the end of 2019 (overall score from online reviews). These results have driven the Company's visibility forward, especially on Google, where the Company's overall score has increased from 8.5 in 2018 to 8.7 in 2019.

Visibility of NH Hotel Group Hotels on TripAdvisor and Google 2014-2019



As far as the NH brands are concerned, NH Collection continues to consolidate its success in terms of customer rating, quality perception and visibility. The hotels of this brand have also increased their score by one tenth, with a total score of 8.9* (average of internal NH questionnaires and online ratings).

NH Collection Mexico City Centro Historico
Mexico City, Mexico



COMMUNICATION WITH CUSTOMERS

Direct contact with customers is key in order to offer them personalized services and make their experience in NH better and better. In 2019, more than 120 million e-mails were sent to customers.

NH REWARDS PROGRAMME

NH Rewards has more than 9.5 million members and is one of the most complete loyalty programmes worldwide.

Through its four categories (Blue, Silver, Gold and Platinum), the Company's programme recognizes and rewards the loyalty of recurring customers on each stay with benefits that range from earning points -equivalent to euros- that can be redeemed for free nights or extra services in the hotel with no date restrictions. NH Rewards also offers flexibility by allowing payment using points and cash, special price conditions, exclusive privileges when reserving on the website as well as a range of differential services that enhance the experience in hotels of all NH Hotel Group's brands.

NH Rewards is an important commercial tool, as its members contribute to more than a third of the Company's total nights. The incentive of obtaining extra points stimulates booking through direct channels, to the extent that more than 70% of reservations on the NH website are made by NH Rewards members, whose spending and frequency of stays are also higher than guests who are not members of the loyalty programme.

The transparency, flexibility and generosity that define the NH Rewards value proposition led to it being the winner in 2019 of a Freddie Award, one of the most prestigious recognitions for loyalty programmes in the industry worldwide in which awardees are selected by a demanding community of frequent travellers.



NH Parco Degli Aragonesi
Catania, Italy

RESPONSIBLE GUESTS

NH Hotel Group seeks to include and engage its customers in its Corporate Social Responsibility initiatives, whether by generating opportunities to contribute socially or by promoting environmentally responsible behaviour.

An example of these inclusive actions is the NH Rewards programme's UNICEF donation project, in which members donate their NH Rewards points to UNICEF.

**In 2019 donations for UNICEF made through
the NH Rewards programme reached
€2,262**

AGREEMENT TO DONATE STAYS TO FAMILIES OF PATIENTS SUFFERING FROM RARE DISEASES

The Group agreed on the donation of hotel nights through its NH Rewards loyalty programme to families of patients with rare diseases when they are in hospital or receiving medical treatment in cities away from their home.

The initiative has been extended to various hotels of the Group in eleven Spanish cities, thanks to the initial collaboration agreement reached between NH Hotel Group and the Spanish Federation of Rare Diseases (FEDER).

NH Hotel Group agreed to donate 7,500 points (approximately 100 stays) of its NH Rewards loyalty programme to FEDER. These nights could be redeemed by those members designated by the Federation.

UN CLIMATE SUMMIT HELD IN MADRID

In December 2019 the Climate Summit was held in Madrid, an indispensable event that is seen as the great annual opportunity to take effective measures against climate change.

NH Hotel Group is committed to the fight against climate change and during the days of the Summit, the Group conveyed to its customers in Madrid both environmental information and the actions carried out by the Company through a corporate video. The video was shown in all the hotels, communicating the Company's commitment to this critical task, the importance of having a low-carbon economy and in achieving more energy-efficient models.

Special measures were also taken during the COP25 celebration to reduce the environmental impact. These measures included shared vehicle services, decorations using recycled materials, the promotion of local products and the encouragement of adequate waste separation, as well as the elimination of all plastics from the [office](#).

IMPROVEMENT IN DIRECT SALES CHANNELS

The growth in business generated through the NH Hotel Group website since its relaunch continues. In 2019, looking at any region, channel, segment, brand or domain, none of them has shown growth of less than 20%, backed by the contribution in 2018 of the nhow brand (+30%) and the Latin America region (20%). Growth in the business to business segment is also notable, which has grown by 40%.

This growth has meant that, for yet another year, a record has been broken in terms of the website channel's contribution to the revenues of NH Hotel Group, and there has even been an improvement in revenue per room.

MARKETING OF SERVICES IN OTHER CHANNELS

NH has helped to market its products through 20 sites and microsites, using more than 15 languages or language localizations.

This personalization, combined with the systematic application of techniques to improve conversion, with more than 350 experiments in 12 months, have enabled us to obtain double-figure improvements in web conversion.

NH HOTEL GROUP APP

The NH Hotel Group app and its approach go beyond being a basic service tool for customers.

In line with the Company's innovative spirit, the mobile app is used as a key differential tool and as a laboratory, to then launch new concepts massively on multiple devices, such as the launch of the **FASTPASS** service described above.



Tivoli Carvoeiro
Carvoeiro, Portugal

CUSTOMER HEALTH AND SAFETY

NH Hotel Group maintains its commitment to guarantee food health and safety at global level, in each of its hotels and restaurants. Thus, the Company ensures that all food preparation and service procedures comply with international regulations on hazard analysis and critical control points (HACCP) for food and beverages.

For this purpose, the Company has an international agreement with an external company specializing in food health and safety (Diversey), which audits, verifies and guarantees compliance with such regulations, as well as the mandatory legal registrations, laboratory analysis of food, continuous training of personnel in relation to food health and safety, and specific hygiene manuals for each establishment. These processes are audited continuously in all NH Hotel Group restaurants and kitchens. Thus, all hotels undergo periodic food health controls conducted by Diversey and any failure by a supplier means, without going into criminal consequences, that the supplier in question must correct it or face automatic cancellation of the contract with NH Hotel Group.

In addition, the following measures are in place in other areas of the hotels to guarantee customer health and safety:

CUSTOMER HEALTH AND SAFETY MEASURES

Prevention of legionnaires' disease	In accordance with local legislation, cleaning, tests, analyses, etc. are performed.
Analysis of safety of domestic water supply for human consumption	Annual testing at different consumption and accumulation points of the hotel.
Indoor Air Quality (IAQ) Testing	Indoor Air Quality tests are carried out in some hotels.
Maintenance of elevators	All elevators undergo monthly maintenance and every two years they are subject to legal inspections by an authorized entity.
Maintenance of fire protection installations	Fire protection installations undergo quarterly maintenance, in addition to the periodic legal inspections carried out by an authorized entity.
Maintenance of boiler rooms and heating and air-conditioning installations	Boiler rooms and heating and air-conditioning installations undergo monthly maintenance.
Maintenance of low voltage installations	These installations undergo annual maintenance, in addition to legal inspections that are carried out every five years by an authorized entity.
Maintenance of high voltage installations	These installations undergo annual maintenance, in addition to the corresponding legal inspections carried out every three years by an authorized entity.
Cleaning of kitchen hoods, ducts and extractor fan	Every year, all kitchen hoods, extractor ducts and fans are cleaned to prevent possible fires in the hotel kitchens.
Automatic fire extinguishing systems in kitchen	Automatic extinguishing systems have been installed in the hotel kitchens.
Contracts for disinfection, fumigation and pest and rodent control	Disinfection, fumigation and pest and rodent control procedures are carried out to avoid and prevent possible infections or infestations in the hotels.
Maintenance of automatic doors	The maintenance of automatic doors ensures that they will work in the event of evacuation to prevent injury and accidental entrapment.
Light curtains in elevator doors	Incorporation of light curtains in elevator doors to prevent knocks when entering elevators.

HOTELS THAT ARE MORE AND MORE ACCESSIBLE

As a result of NH Hotel Group's commitment to diversity, inclusion and accessibility for its guests, there are 344 hotels distributed over all the Business Units that have elements adapted to special needs. NH Hotel Group continues to work towards making all the Company's hotels accessible.

NH Hotel Group is also committed to the full integration of people with disabilities into the work market through responsible purchases from Special Employment Centres as suppliers of laundry services. The share that purchases from Special Employment Centres represented in 2019 was 9.68%*.

*Estimated with respect to the workforce in Spain, together with the Special Employment Centre employees comparable to NH Hotel Group purchases.

MORE ACCESSIBLE HOTELS	CONSOLIDATED PERIMETER			CORPORATE PERIMETER		
	2018	2019	DIFF.	2018	2019	DIFF.
Number of hotels with elements adapted to special needs	289	301	+4%	291	344	+18%
Number of hotels with disabled access elevators	250	266	+6%	288	307	+7%
Number of hotels with disabled parking	207	211	+2%	242	244	+1%
Number of hotels with public areas adapted for people with a physical disability	269	277	+3%	311	317	+2%
Number of rooms adapted for people with a physical disability	1,011	828	-18%	1,104	920	-17%

NH Collection Palazzo Cinquecento
Rome, Italy



RESPONSIBLE VALUE CHAIN

NH Hotel Group's relations with its suppliers are based on communication and transparency in order to promote the development of innovative and sustainable solutions. These collaborations also build the way to comply with the Sustainable Development Goals set by the Group for the creation of decent work and economic growth (SDG 8) and for responsible consumption and production (SDG 12).

Since 2010, the different procurement departments of NH Hotel Group are part of Coperama (a company wholly owned by NH Hotel Group). Its tasks are the search, qualification and approval of suppliers, as well as the negotiation and tendering of the goods and services required for the proper functioning of hotel management. Each local Coperama provides service to the Regions of the NH Hotel Group Business Units assigned to it. Coperama Holding provides service at a corporate level to the Group in all its locations.

€650.5M
Total purchase volume
(OPEX+CAPEX)* in 2019
12% More than in 2018

€470M
Total purchase volume
of OPEX in 2019

* Expenditure and investment, respectively

PURCHASE VOLUME PER BUSINESS UNIT	2018	2019	Diff. (%)
Southern Europe Business Unit	€297.6M	€348.4M	+17%
Northern Europe Business Unit	€245.4M	€261.1M	+6%
Americas Business Unit	€35.3M	€41M	+16%
TOTAL	€578.3M	€650.5M	+12%

* The increase is due to the refurbishment of the New York hotel, assigned to the Southern Europe Business Unit

PURCHASE VOLUME BY TYPE OF SERVICE ON THE ELECTRONIC PLATFORM	2018	2019	Diff. (%)
Food & Beverage	€115.4M	€113.9M	-1%
OSE (Operating expenses)	€360.7M	€356.6M	-1%
CAPEX (Refurbishment)*	€102.2M	€180.1M	+76%

* The increase is due to the refurbishment of the New York hotel, assigned to the Southern Europe Business Unit

- 55% OSE
- 28% CAPEX
- 17% F&B



NH Conference Centre Leeuwenhorst Noordwijkerhout, The Netherlands

PURCHASING POLICY

NH Hotel Group has a formal and mandatory Purchasing Policy, which sets out the guidelines to be followed by the various departments, whether Corporate or Business Unit, in situations that affect or may affect the Company's outsourcing.

The Purchasing Policy helps strengthen:

- The commitment to guarantee transparency, honesty and ethics in the purchasing function.
- The need to carry out professional contracting processes to optimize results.
- The need for alignment with internal control guidelines, as well as timely updating and communication to all company employees.

Like the Coperama Supplier Code of Conduct, the NH Hotel Group Code of Conduct has been part of the Purchasing department's nominated contract since 2012.

The non-acceptance of these ethical codes, in the phase of selection of suppliers eligible to participate in the following phases of the tender, is a criterion for exclusion.

During 2019, a total of 374 new suppliers globally have adhered to the NH Hotel Group and Coperama Code of Conduct. Thus, in 2019 the number of Ethical Codes signed with active suppliers has reached a total of 1,872, compared to 1,646 last year, a 14% increase.

1,872
Suppliers with signed
Ethical Codes

374
New suppliers with signed Ethical
Codes



SELECTION OF SUPPLIERS

To ensure responsible procurement, the Company has developed a series of procedures that reinforce the commitment to the supply chain. These are the supplier management procedures, the supplier approval questionnaire (RFI), the Coperama Supplier Code of Conduct and the NH Hotel Group Code of Conduct, both of which must be accepted by all approved suppliers.

The Purchasing department includes in the supplier selection process an extensive approval questionnaire that is automatically evaluated according to the commitment of the suppliers and their policies. As a relevant milestone in 2019, and in order to ensure a responsible operation and achieve long-term relationships with suppliers, the Company has extended the ESG criteria in its responsible purchasing process, increasing the weight of the score in the questions referring to Sustainability in the approval questionnaire and prioritizing suppliers with sustainable criteria. This questionnaire is part of the overall assessment for the validation process. Although NH Hotel Group does not currently conduct social and environmental audits of its suppliers, NH Hotel Group works continuously to align ESG criteria with sustainable supply chain management.

As stated in the NH Hotel Group's Purchasing Policy, all services or products included in categories that can be tendered by Coperama are part of the Purchasing Perimeter. Within the total purchase volume of OPEX, the Purchasing Perimeter reaches 86% of the hotels in the consolidated perimeter of the NH Hotel Group.

The Purchasing Perimeter is periodically reviewed by NH Hotel Group and Coperama so that it is adapted to the Company's needs at all times.

In OPEX area:

€420M
Total volume of
purchasing perimeter

€329M
Volume of approved
purchases in the
purchasing perimeter

78.3%
Purchases of approved
suppliers inside the
purchasing perimeter

Information related to hotels that consolidate in OPEX area:

€262M
Total consolidated
purchase volume

€245.8M
Approved consolidated
purchase volume

93.6%
Purchase approved of
hotels that consolidate



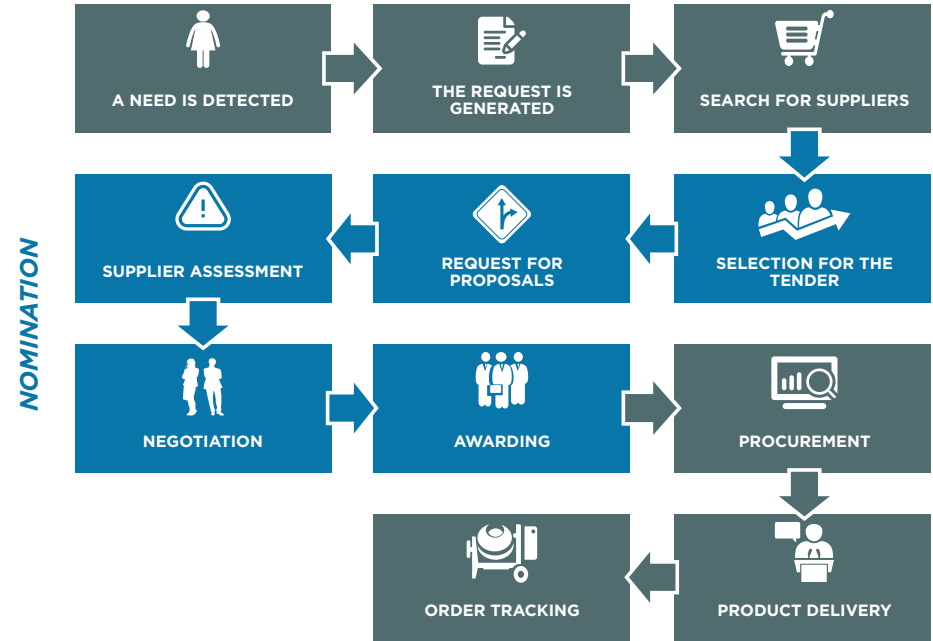
SUPPLIER APPROVAL PROCESS LIFE CYCLE IN NH HOTEL GROUP

Supplier selection, as well as the working relationship with them, is based on transparency, honesty and ethics with the clear objective of being able to guarantee an excellent, efficient and quality service. The management of suppliers begins when a need is detected until the service is finally provided.

1,872
Approved suppliers

Before the procurement process starts, a certification procedure takes place which allows for an approved supplier database to be generated. All of the suppliers included in this database will have been previously assessed and have been found to meet the requisites of NH Hotel Group in both economic and ESG matters.

There are certain criteria which, if not accepted or implemented by suppliers, result in their automatic expulsion from the tender process. One of these criteria is the requirement to sign both the Group's Code of Conduct and the Coporama Code of Conduct, which set out the environmental and labour commitments that govern NH Hotel Group.



SUPPLIER MANAGEMENT

NH Hotel Group is focusing its efforts on achieving sustainable management throughout the entire supply chain. The supplier management model aims to have the best suppliers available through business procedures that guarantee transparency and equality of conditions for the different bidders. The Company offers a win-win model for all parties with a commitment to a long-term relationship.

The supplier's rating is the necessary requirement for participating in procurement processes and is obtained as a result of the certification process.

Accordingly, NH Hotel Group encourages certified procurement in most of its hotels, with the need for the required products being identified by each hotel. Coperama's task is therefore to approve, certify and authorize potential suppliers. In conjunction with our responsible supply goals, we will continue to identify high-quality products that are environmentally acceptable and socially responsible. These efforts will contribute to the development of responsible products in all geographical areas where we are present and in the future.

NUMBER OF SUPPLIERS PER BUSINESS UNIT*	2018	2019	Difference
Southern Europe Business Unit	6,066	6,670	+10%
Nothern Europe Business Unit	6,071	6,428	+6%
Americas Business Unit	3,200	3,365	+5%
TOTAL	15,337	16,463	+7%

* The sum of the number of suppliers differs from the total number of suppliers as the same supplier may serve more than one Business Unit.

OTHER RELEVANT FIGURES OF THE RESPONSIBLE VALUE CHAIN	2019
Total OPEX approved purchases globally*	€338M
Total CAPEX approved purchases globally	€99M
% VOLUME CONCENTRATED IN THE EUROPEAN BUSINESS UNITS IN 2019	93.7%

* Includes nominations outside the purchasing perimeter.

The hotels that consolidate have different monitoring indicators to control purchases from approved suppliers within the Purchasing Perimeter. During 2019, the objectives have been met in all Business Units:

93.6%
Approved procurement

91%
Approved procurement target

95%
of the purchase volume
in 2019 is from local
suppliers*

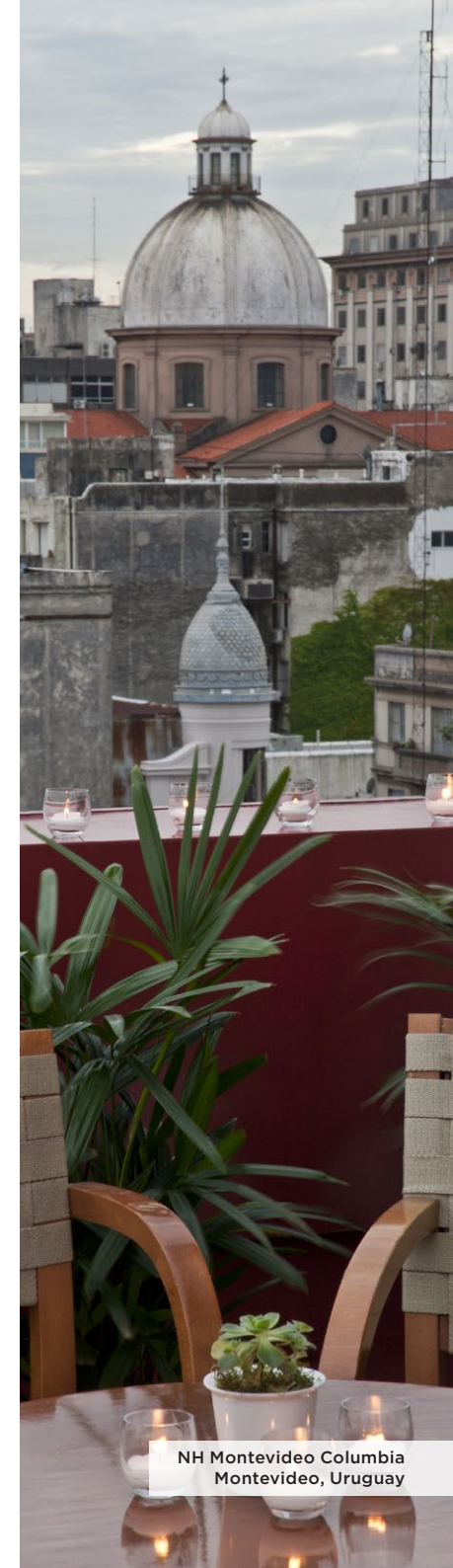
* For NH Hotel Group, a local supplier is defined as a supplier that sells in the same country where its tax headquarters are located while an international supplier is one that sells in a different country to its tax domicile.

15,117
Total suppliers**

14,382
Local suppliers

1,160
International suppliers

** The addition of the number of suppliers differs from the number of total suppliers, as the same supplier can serve more than one Business Unit.



NH Montevideo Columbia
Montevideo, Uruguay



RISK MANAGEMENT IN THE SUPPLY CHAIN: CRITICAL SUPPLIERS

33%

Purchase volume from
critical suppliers

114

Critical suppliers
identified

The supply chain management process is based on an evaluation of the intrinsic risk factors of outsourcing a service or the supply of a product.

In 2020, a risk assessment will be carried out in the supply chain to determine the risk level of the main suppliers in relation to environmental, social and governance criteria. The aspects that will be analysed will be those related to human rights, health and safety, emissions and corruption, among others.

For contract bidding management, NH Hotel Group uses its Electronic Negotiation Platform. This tool makes it possible, through the RFI (Request for Information) phase, to assess and analyse the legal, financial, environmental, operational, social and labour situation of suppliers who submit bids for contracts. This reduces the possible risks that suppliers could generate in future operations with the Company.

For this initial assessment, specific documentation has to be submitted, providing evidence of the veracity of the information provided. This preliminary assessment is complemented with a subsequent screening that is intrinsic to the contract award process, based on compliance with the technical requests shown in the RFP (Request for Proposal).

In this part of the process, suppliers have to accept both the Group's Code of Conduct and the Coperama's Code of Conduct- NH Hotel Group's central procurement service for hotels - which includes environmental and labour commitments. Subsequently, as part of the Nomination Contract, the SLA (Service Level Agreement) is applied, determining the service level parameters and penalising any deviation in the service offered by the supplier. Suppliers' services are controlled by the hotels or departments that are the end users of such services. In the event of a complaint, Coperama is notified and, depending on the severity of the error, it demands immediate correction or directly rescinds the contract with the supplier. In 2019 no such case has arisen in any of the Business Units.

To carry out its management, NH Hotel Group has identified its critical suppliers as those that could affect the Company due to significant volume of billing or having products that have been specifically designed for the Company or a reputational impact level.

Throughout 2020, Self-Assessment Questionnaires will be sent for the most important and critical suppliers.



NH Collection Salzburg
Salzburg, Austria

nH ROOM 4 RESPONSIBLE SHARED SUCCESS

SUSTAINABLE ALLIANCES

NH Hotel Group promotes strategic alliances and collaboration in sustainability. The Company is aware of the importance of collaboration between institutions in order to comply with the sustainable development agenda. Accordingly, the Company establishes alliances based on common principles, values and goals with different organizations, whether in the public or private sector, at world, regional, national and local level.

DIALOGUE WITH STAKEHOLDERS

The Company considers stakeholders to be the individuals or social groups affected by the Company's present or future actions.

This definition includes both stakeholders that are part of the Company's value chain: shareholders, employees, investors, customers and suppliers, who are considered to be partners in the business; and external parties: administrations, governments, the media, business sector, trade unions and society as a whole, starting with the local communities where the Company carries out its business.

The opinion and needs of stakeholders are of great relevance for NH Hotel Group as they combine efforts to achieve common goals. In this regard, clear and continuous two-way communication with all of them is key.

NH Hotel Group holds a constant and fluid dialogue with its stakeholders, through multiple channels and formats, with the aim of keeping the Company up-to-date about new demands and needs, as well as of responding better to stakeholders' concerns and opinions.

STAKEHOLDER	MECHANISMS OF DIALOGUE AND PARTICIPATION
Customers	<ul style="list-style-type: none"> • Satisfaction surveys • Social media • NH Rewards loyalty program • Campaigns or corporate videos • Advertising actions • Mail for claims, complaints and suggestions
Employees	<ul style="list-style-type: none"> • Intranet • Satisfaction surveys • Intranet • Internal communication: Newsletters, Town Hall talks • Employee App • Non-Financial Information Statement
Community and non-profit entities	<ul style="list-style-type: none"> • Organization of and participation in different forums, meetings, conferences, events, etc. • Advertising and media • Periodic meetings and directly communication with different social organizations • Internal communication platform • Volunteering actions • Non-Financial Information Statement
Suppliers	<ul style="list-style-type: none"> • Direct communication and face-to-face meetings • Advertising and media • Supplier approval platform with CSR criteria • Non-Financial Information Statement
Shareholders and investors	<ul style="list-style-type: none"> • General Shareholders' Meeting • Newsletters • Proxy Advisors • Roadshows • Website • Non-Financial Information Statement
Public Administration	<ul style="list-style-type: none"> • Institutional relations • Sector associations • Agreements and bidding processes



RELATIONS WITH ASSOCIATIONS

As well as the positive impact of its activity as such, by providing a service to cities and their tourists, NH Hotel Group contributes to the community by forming part of associations, chambers of commerce or foundations that promote the concerns and encourage projects to attain shared goals.

The Company is a member of key organizations with which it collaborates actively by drawing up reports and to which resources are assigned that permit continuous improvement, by sharing experiences and knowledge and by boosting the Company's influence. For their relevance, this notably includes NH Hotel Group's participation in the UN Global Compact and the International Tourism Partnership (ITP).

UN GLOBAL COMPACT



Since 2006, NH Hotel Group has been a member of the United Nations Global Compact and regards its 10 principles and the Sustainable Development Goals as the framework of reference to design the strategy and management of the Company's Corporate Responsibility.

INTERNATIONAL TOURISM PARTNERSHIP (ITP)



International Tourism Partnership (ITP) is a world platform that brings together leading international players from the hotel sector with the aim of sharing and implementing practices that will ensure sustainable behaviour in tourism management. The agreement in these areas aims to complement the companies' individual goals, believing that the most significant impact in these matters of responsibility, which are the most urgent issues facing the industry at present, can only be achieved through collaboration and by working together.

SIGNIFICANT CONTRIBUTIONS TO ASSOCIATIONS IN 2019

The Company is part of these different associations so that it can be well-informed and in order to achieve the goals it has set.

As a relevant contribution in 2019 for NH Hotel Group, payment to associations involved with the environment has been differentiated in the table, in line with the Company's strategy of continuing to advance in its efforts to combat climate change and towards a low-carbon economy.

The contribution to ITP has also been published, as an association pertaining to our sector, as well as contributions to non-profit foundations and association with which NH Hotel Group has collaborated.

ORGANIZATION	CONTRIBUTION IN 2019 (€)
Sectoral associations	€582,384
Foundations or Non-profit associations	€20,655
Chambers of Commerce	€38,448
Cultural associations	€31,762
Associations involved with environment	€72,405
TOTAL	€745,653

In 2019 NH Hotel Group made a total contribution of €745,653, distributed among more than 200 sectorial, cultural, social, and environment-related associations and chambers of commerce.

EMPLOYEES

NH Hotel Group cares for its employees and seeks their commitment to and involvement with the Company's Corporate Responsibility, so that it is integrated in their daily activities. All this through fluid communication and recognizing their responsible commitment.

In NH Hotel Group's business strategy, the corporate culture is key. The Company considers its human capital, its people, to be the motor of the Company and it is therefore understood that in order to build a corporate culture of leadership, it is essential to manage effectively the attraction, development and retention of talent.

NH Hotel Group is committed to the training and development of employees so that it always has the best professionals and customers can continue to trust in the quality service offered in the Group's hotels. Each employee's professional development is carried out through continuous multidisciplinary training as well as performance and talent management programmes.

Under the premise "our shared beliefs and, consequently, our behaviour, define what we are", NH Hotel Group has laid the foundations of its internal culture for the purpose of helping to attain the goals of the Strategic Plan, promoting a shift towards a leadership model.

This culture provides the foundations and the backing to adapt to current market needs, which demands that importance be given to the customer and technological transformation aligned with the Corporation Responsibility bases in order to ensure the sustainability of the business over time.

Furthermore, the capacity to generate and encourage local employment has enabled us to become a Company that contributes to sustainable development in the communities where we carry out our activity.



“Our employees: ambassadors of our values, make the Company’s achievements possible”

PEOPLE STRATEGY

The key policies and projects of the strategy have been consolidated in 2019, with the completion of the implementation of the Company’s HR Strategic Plan and the establishment of the basis for the launch of the strategic initiatives grouped around the 3 main pillars: Global Leadership and Talent Management, Top Performance, and Best Place to Work. Much of this is driven by technological measures, to take advantage of the opportunities to be more efficient and to help the evolution towards a more agile and connected working environment. This evolution will take place in line with the pillars of the People strategy in the coming years.

GLOBAL LEADERSHIP AND TALENT MANAGEMENT

Continuing to drive and convey leadership within NH Hotel Group, focusing efforts and investment on internal talent that has the potential to make a difference in the Company’s strategy and become role models of our culture.

TOP PERFORMANCE

Creation of interdepartmental plans to work on empathy and gain a better understanding of each department, with the aim of also improving teamwork.

BEST PLACE TO WORK

Making our employees the best brand ambassadors, based on their high level of commitment, and increasing the recognition of NH Hotel Group as one of the best companies to work for.

TRANSFORMATION AND NEW TECHNOLOGIES

Seeking, assessing and taking advantage of opportunities to evolve and develop our working environment to make it more agile, connected and productive and in order to acquire advanced predictive analytical skills. All of this through clear policies and processes, keeping promises proactively, supporting, developing and implementing the NH Hotel Group operational model, and controlling staff costs and related budgetary items.

Along these lines, the Human Resources team has continued to consolidate the strategic lines of work set out in the Strategic Plan and to prepare the launch of new initiatives:

STRATEGIC LINES OF WORK FOR HUMAN RESOURCES IN 2019

- Guiding the evolution of the top management team as a united and integrated decision-making model and towards a more agile and more connected way of working.
- Consolidating talent management with particular attention to achieving Development and Succession Plans for key positions.
- Continuing the improvement and standardisation of programmes to prepare future leaders.
- Providing support to the improvement and optimisation of managers’ role in team management.
- Designing recognition programmes and compensation policies for employees with the highest performance in hotels and Central Services.
- Reinforcing internal commitment with campaigns for the communication and implementation of the New Way of Working at local and global level, as well as campaigns to accompany integration and change management.
- Continuing work to reinforce the level of commitment in the organization by following up the shaping and implementation of plans based on results of the global commitment survey.
- Continuing to develop and drive our Employer Branding strategy for local customisation.
- Being a partner that offers service and advising in the processes identified in relation to the integration with Minor.

Furthermore, in 2019, Human Resources has led or co-led strategic projects with the Operations and Finances Departments to guarantee the quality of HR data, the finalization of the operational model and the professionalization of budget processes. The Company continues along the lines marked out by the former Plan, reinforcing the three pillars of action where efforts merge to improve the competitiveness, evolution and performance of the organization.

NH Hotel Group employees by Business Unit are detailed below:

BUSINESS UNIT	2018	2019	Diff. (%)
Central Offices and CRO	475	508	+7.0
Northern Europe Business Unit SNorte	5,088	5,141	+1.0
Southern Europe Business Unit	5,635	5,199	-7.7
Americas Business Unit	2,304	2,257	-2.0
TOTAL	13,502	13,105	-2.9

* Figures showing FTE (Full Time Equivalents) for all types of employees (except Outside Labour, Extra Labour and Trainees) considering hotels under ownership, lease, management and franchise, including in NH Hotel Group’s ERP SAP HCM management system.

Compared to the previous year, there has been a slight decrease in the workforce in the Americas Business Unit, and a more significant one in the Southern Europe Business Unit, caused in part by the Hesperia hotels leaving the perimeter at the end of 2018. The growth in employees has occurred mainly in the Corporate Offices, and to a slight extent in the Northern Europe Business Unit.

OUR HUMAN CAPITAL

At the end of 2019, NH Hotel Group had 11,464 employees in 20 countries, of whom 51% are women and 49% are men.

BREAKDOWN OF EMPLOYEES BY COUNTRY:

EMPLOYEES BY COUNTRY*	CONSOLIDATED PERIMETER		DIFF.	CORPORATE PERIMETER		DIFF.
	2018	2019		2018	2019	
Argentina	353	361	2%	436	444	2%
Austria	272	284	4%	272	284	4%
Belgium	596	614	3%	595	614	3%
Chile	182	172	-5%	184	194	5%
Colombia	665	523	-21%	665	523	-22%
Switzerland	91	66	-27%	118	87	-27%
Czech Republic	-	-	-	201	195	-3%
Germany	1,991	2,027	2%	1,990	2,027	2%
Ecuador	63	60	-5%	62	60	-5%
Spain	3,252	3,462	6%	4,752	3,596	-24%
France	111	132	19%	111	132	19%
Hungary	33	34	3%	33	34	3%
Italy	1,193	1,232	3%	1,195	1,233	3%
Luxemburg	47	45	-4%	46	45	-2%
Mexico	510	588	15%	917	1,005	9%
The Netherlands	1,450	1,449	0%	1,690	1,692	0%
Portugal	39	311	697%	39	738	1792%
Rumania	32	35	9%	59	67	12%
Slovakia	-	-	-	51	62	20%
Great Britain	28	30	7%	28	34	18%
USA	12	8	-33%	12	8	-33%
Uruguay	36	31	-14%	36	31	-14%
Total	10,956	11,464	5%	13,502	13,105	-3%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system.

** The increase Portugal employees is should be the integration to Minor management of Portugal in NH Hotel Group.

*** The decrease in the number of employees in the USA is due to the temporary closure of the hotel for renovation work.

nhow Marseille
Marseille, France

BREAKDOWN OF EMPLOYEES BY GENDER*

N° OF EMPLOYEES BY GENDER	CONSOLIDATED PERIMETER		CORPORATE PERIMETER		DIF	
	2018	2019	2018	2019	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Women	5,573	5,852	6,898	6,676	5%	-5%
Men	5,383	5,612	6,605	6,429	4%	-3%
TOTAL	10,956	11,464	13,502	13,105	5%	-4%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management.

BREAKDOWN OF EMPLOYEES BY AGE*

BREAKDOWN BY AGE **	CONSOLIDATED PERIMETER		CORPORATE PERIMETER		DIF	
	2018	2019	2018	2019	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Under 25	1,218	1,249	1,461	1,471	3%	1%
Between 25 and 40	5,013	5,152	6,125	5,932	3%	-3%
Over 40	4,699	5,023	5,881	5,655	7%	-4%
TOTAL**	10,930	11,424	13,467	13,058	5%	-3%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease)

** No information on age available for less than 1%

BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY:

The categories by which all the information is broken down are as follows:

- Top Management:
 - CCSS/Corporate Offices: Chief Officer, Senior Vicepresident, Vicepresident, Senior Director and Regional Director.
 - Hotel: Director and Deputy.
- Middle Management:
 - CCSS/ Corporate Offices: Director and Manager.
 - Hotel: Chiefs of department.
- Staff:
 - CCSS/ Corporate Offices: Executive, Staff and Assistant.
 - Hotel: Other hotel positions.

EMPLOYEES BY PROFESSIONAL CATEGORY*

CONSOLIDATED PERIMETER	2018			2019			DIF
	HOTEL	CENTRAL SERVICES	TOTAL	HOTEL	CENTRAL SERVICES	TOTAL	
Top Management	297	90	386	296	93	389	1%
Middle Management	1,374	398	1,772	1,429	440	1,869	5%
Staff	7,719	1,079	8,798	8,114	1,092	9,206	5%
TOTAL	9,389	1,567	10,956	9,839	1,625	11,464	5%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system.

CORPORATE PERIMETER	2018			2019			DIF
	HOTEL	CENTRAL SERVICES	TOTAL	HOTEL	CENTRAL SERVICES	TOTAL	
Top Management	350	90	440	327	93	420	13%
Middle Management	1,650	397	2,047	1,596	440	2,036	27%
Staff	9,936	1,079	11,015	9,557	1,092	10,650	67%
TOTAL	11,936	1,566	13,502	11,480	1,625	13,105	57%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system.

QUALITY JOB CREATION AND TALENT RETENTION

NH Hotel Group's commitment to job stability can be clearly seen in the high percentage of employees with indefinite contracts. The Company fosters job stability, especially for women and those under 40 years old. Accordingly, in 2019, 79% of the contracts of women for workplaces in the consolidated perimeter are indefinite. Furthermore, 79% of employees between 25 and 40 years old have indefinite contracts.

ANNUAL AVERAGE OF CONTRACT TYPES*

CONSOLIDATED PERIMETER	2018	2019	DIFFERENCE
Temporary contracts	3,199	2,476	-23%
Indefinite contracts	9,855	9,532	-3%
TOTAL	13,054	12,008	-8%
Part-time contracts	1,361	1,291	-5%
<i>Indefinite part-time contracts</i>	903	890	-1%
<i>Temporary party-time contracts</i>	458	401	-12%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease)

ANNUAL AVERAGE OF NUMBER OF CONTRACT MODALITIES BY GENDER *

CONSOLIDATED PERIMETER	2018		2019		DIFFERENCE	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Annual average number of temporary contracts	1,650	1,549	1,297	1,179	-21%	-24%
Annual average number of indefinite contracts	5,079	4,776	4,961	4,570	-2%	-4%
TOTAL	6,729	6,325	6,258	5,749	-7%	-9%
Annual average number of part-time contracts	960	401	912	378	-5%	-6%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease)

ANNUAL AVERAGE OF NUMBER OF CONTRACT MODALITIES BY AGE**

CONSOLIDATED PERIMETER	2018			2019		
	UNDER 25	BETWEEN 25 AND 40	OVER 40	UNDER 25	BETWEEN 25 AND 40	OVER 40
Annual average number of temporary contracts	1,100	1,470	618	850	1,087	533
Annual average number of indefinite contracts	521	4,476	4,814	493	4,183	4,810
TOTAL	1,621	5,946	5,432	1,343	5,270	5,343
Annual average number of part-time contracts	184	510	656	146	421	706

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease).

Part-time contracts are a type of contract for both temporary and indefinite contracts.

Part-time retired employees are considered to be a type of temporary contract.

** No information on age available for less than 1%.

ANNUAL AVERAGE OF NUMBER OF CONTRACT MODALITIES BY CATEGORY*

CONSOLIDATED PERIMETER	2018			2019		
	TOP MANAGEMENT	MIDDLE MANAGEMENT	STAFF	TOP MANAGEMENT	MIDDLE MANAGEMENT	STAFF
Annual average number of temporary contracts*	19	135	3,045	5	107	2,364
Annual average number of indefinite contracts	460	1,768	7,627	380	1,773	7,379
TOTAL	479	1,903	10,672	385	1,880	9,743
Annual average number of part-time contracts	9	75	1,277	10	66	1,215

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease).

Part-time contracts are a type of contract for both temporary and indefinite contracts.

Part-time retired employees are considered to be a type of temporary contract.

NUMBER OF CONTRACTS AND BREAKDOWN BY TYPE OF WORKDAY

N° OF CONTRACTS

CONSOLIDATED PERIMETER*	2018			2019			DIFFERENCE	
	PART-TIME	FULL TIME	TOTAL	PART-TIME	FULL TIME	TOTAL	PART-TIME	FULL TIME
Indefinite contracts	606	8,115	8,721	663	8,682	9,345	9%	7%
Temporary contracts	138	2,098	2,236	171	1,755	1,926	24%	-16%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease). No information on 2% employee contracts. Part-time contracts are a type of contract for both temporary and indefinite contracts. Part-time retired employees are considered to be a type of temporary contract.

N° OF CONTRACTS

CORPORATE PERIMETER *	2018			2019			DIFFERENCE	
	PART-TIME	FULL TIME	TOTAL	PART-TIME	FULL TIME	TOTAL	PART-TIME	FULL TIME
Indefinite contracts	670	9,932	10,602	714	9,850	10,564	9%	-1%
Temporary contracts	210	2,690	2,900	226	2,102	2,328	8%	-22%

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease). No information on 2% employee contracts. Part-time contracts are a type of contract for both temporary and indefinite contracts. Part-time retired employees are considered to be a type of temporary contract.



NH Hamburg Altona
Hamburg, Germany

CULTURE OF DIVERSITY, EQUALITY AND INCLUSION

NH Hotel Group sees diversity as a key factor in building up a network of diverse talent, capable of understanding customers' needs, innovating and reflecting society in the business world in this 3.0 era. For all these reasons, a fundamental pillar of NH Hotel Group's corporate culture is also based on diversity, equality and inclusion.

Thus, the Company's 11,464 employees in 2019 are of 139 different nationalities and 18% of them work in countries that are different to their country of origin. Furthermore, 51% of the total workforce are women, who hold 43% of the total management posts.

139
Different nationalities

18%
Work in different countries to their country of origin

51%
of workforce are women

43%
Management posts held by women

As far as age is concerned, in 2019 the percentage of employees between 25 and 40 years old was 45 %, while those under 25 represented 11 %, and those over 40 years old represented 44%.

In 2019 the workforce also included 114 disabled employees, who represent 1% of the global workforce. Additionally, NH Hotel Group is committed to the integration into work of disabled persons through responsible purchases from Special Employment Centres as providers of laundry services. Purchases from Special Employment Centres in 2019 represented 9.68% of the total*.

* Estimate referring to the workforce in Spain, together with the Special Employment Centre employees associated to NH Hotel Group's purchases.

Equality and diversity in NH Hotel Group*	2018	2019**
Average number of employees	13,502	13,105
Indefinite contracts	78.5%	79%
Average turnover	29.5%	23%
Immigrants	16.4%	18%
Women on the workforce	51.1%	51%
Women in management	42.5%	43.2%
Age under 25***	10.8%	11.3%
Age between 25 and 40***	45.5%	45.4%
Age over 40 ***	43.7%	43.3%

* The figures published differ from those published in 2018 due to a change in the calculation criteria. They have been recalculated to provide comparability between the two years.

** Corporate perimeter (hotels under ownership, lease, management and franchise).

*** No information on age available for less than 1%.

Through its Code of Conduct, NH Hotel Group formalises its commitment to promote non-discrimination on account of race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of its professionals, as well as to equality of opportunities among them.

Consolidated perimeter *	2018	2019*
Nationalities	131	139
Percentage of immigrant employees	17%	18%
Number of disabled employees	52	114

* Information corresponding to data held in NH Hotel Group's ERP SAP HCM management system for workplaces in the consolidated perimeter (hotels under ownership and lease).
No information on 2% employee contracts.

The policies and actions relating to selection, hiring, training and internal promotion of employees are based on criteria of capacity, competence and professional merits.



NH Collection Grand Hotel Krasnapolsky
Amsterdam, The Netherlands



nhow Amsterdam RAI
Amsterdam, The Netherlands

NH Hotel Group, recognized for promoting equality and diversity

In 2019 NH Hotel Group was publicly recognized in two rankings as one of the most egalitarian companies in the world.



Equileap gender-equality ranking

The international organization Equileap, created to speed up progress towards gender equality at work, published its first multisectoral classification in October 2019 which shows the behaviour of the world's biggest companies in relation to gender equality. NH Hotel Group obtained the 48th position, making it the best-placed Spanish company, out of more than 3,000 companies from around the world, based on 19 gender-equality criteria.



Bloomberg Gender & Equality

In January 2020 NH Hotel Group was included for the first time in the Bloomberg Gender Equality Index 2020. The Company is the only hotel company out of the 15 Spanish companies that appear in the index.

This international index, which includes almost 6,000 companies in 84 countries, measures the commitment and contribution in terms of transparency of gender information and promotion of equality. NH Hotel Group sees this inclusion as an opportunity to continue working globally towards diversity and inclusion.

EQUALITY PLAN

In July 2010, NH Hotel Group signed its Equality Plan with representatives of the workers. To draw up this plan, the Company: carried out an exhaustive diagnosis of the situation and position of men and women, which confirmed that NH Hotel Group in Spain had a high presence of women and a high number of female executives present in the organization.

After this positive first assessment, work was done on an action plan with specific measures in different areas of access to the company, hiring, promotion, training, remuneration, work-life balance, occupational health, communication and awareness-raising that would make it possible to eliminate or correct inequalities in these areas.

The document also included a series of measures to ensure the protection of women victims of gender violence: giving them priority in hiring, monitoring any cases of gender violence that arise, as well as the measures taken and informing the workforce of the rights of women in this situation.

In order to guarantee compliance with the objectives set out and the execution of the actions established in the Plan, a Monitoring and Evaluation Committee was also created, made up, on a parity basis, of representatives of the company and of the signatory trade union organizations.

This Plan has enabled the Company to develop mechanisms that will facilitate greater female representation throughout the organization's hierarchical structure.

This was the starting point for the development of the guidelines that define the Company in terms of its commitment to equality, focused not just on gender difference, but on different nationalities, age, sexual orientation, ethnicity, beliefs, religion, disabilities...This is also recognized in the NH Hotel Group Code of Conduct.

The work carried out made it possible to replicate the diversity and equality diagnostic and assessment process in other countries, creating action plans on this matter in all Business Units.

Since July 2019 NH Hotel Group has been in negotiations with the most representative trade unions for the renewal of this Plan. A new Plan is expected to be presented by the end of 2020, maintaining and/or extending actions to guarantee gender equality.

PROTOCOL AGAINST SEXUAL HARASSMENT

As a complement to the Plan, and to facilitate its implementation and raise awareness among employees, it includes a Protocol for the prevention and treatment of situations of sexual harassment and harassment on account of gender in the workplace, as well as a manual for non-sexist use of language.

A TEAM WITH THE SAME OPPORTUNITIES

The salary of women in NH Hotel Group in 2019 represented 89% of the gross hourly salary for men; the average gross wage per hour was 15.40 euros for men and 13.70 euros for women. The pay gap has been calculated by comparing remuneration between equivalent professional categories. In other words, categories that carry out the same function or have the same position. In performing the calculation, 99.1% of the workforce has been taken into consideration.

The overall figure for the pay gap is obtained by weighing the gaps obtained in the comparison between average remuneration (considering fixed and variable remuneration paid) received by the professionals in each category by the number of professionals in that category.

RATIO OF WOMEN'S SALARY COMPARED TO MEN BY PROFESSIONAL CATEGORY (%)*

	2018	2019
Top Management	26%	27%
Middle Management	5%	1%
Staff	-2%	0%
TOTAL	10%	11%

* Analysis performed on 99.1% of the workforce for workplaces included in the consolidated perimeter (hotels under ownership and lease)

Despite having 51% of women in the workforce, this analysis of the pay gap has served to identify that the gap increases in Top Management, especially due to the lower presence of women in this category.

This situation offers a great opportunity to carry out an analysis in more depth of the different groups, not just women, and establish as a priority the continuation of a long-term project of real management of employee diversity in all respects and support their professional development within the Company. NH Hotel Group will continue working to adopt the most suitable measures to eliminate this gap.

AVERAGE REMUNERATION*

AVERAGE REMUNERATION BY GENDER	2018	2019	DIFF
Women	€24,520	€24,662	1%
Men	€27,174	€27,693	2%

AVERAGE REMUNERATION BY AGE**	2018	2019	DIFF
Under 25	€17,617	€18,423	5%
Between 25 and 40	€24,697	€24,751	0%
Over 40	€30,634	€30,825	1%

** No information on age available for less than 1%

AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY AND GENDER

	2018		2019		DIFF	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Top Management	71,394	96,213	75,645	103,456	6%	8%
Middle Management	37,097	39,068	38,391	38,880	3%	0%
Staff	21,867	21,516	21,826	21,858	0%	2%

* Gross annual fixed salary plus variable. Analysis performed on 99.1% of the workforce for workplaces included in the consolidated perimeter (hotels under ownership and lease)

The NH Hotel Group remuneration model

The remuneration policy applied by NH Hotel Group has no gender bias. The annual fixed cash remuneration and variable remuneration, the two fundamental components of the Company's remuneration structure, are established objectively. Fixed remuneration mainly reflects the professional's experience and responsibility in the Company, while variable remuneration rewards attainment of annual targets, which are fundamentally quantitative, and are shared by professionals who perform their activities in the same functional areas.

NH Hotel Group's success depends, to a great extent, on the attainment of individual targets by the professionals who are part of the Company. To promote attainment of these targets and, therefore, those of each Business Unit and those of the Company, a variable remuneration system is in place. The model is based on recognizing the professionals who make a bigger contribution to the attainment of the Company's goals.

In Spain, the Company offers a flexible remuneration plan that allows all professionals to assign part of their remuneration to transport tickets, childcare vouchers, collective life and savings insurance, the purchase of vacation days, restaurant card, medical insurance or external training, among others. In this way they benefit from special prices and tax advantages.



NH Palacio de Tepa
Madrid, Spain



Anantara Vilamoura Algarve Resort,
Vilamoura, Portugal

EMPLOYEE ENGAGEMENT

In 2019 NH Hotel Group has continued to work in the framework of its Engagement Commitment, implementing actions based on the results of the 2018 Engagement Survey.

The teams responsible for working on engagement at each workplace carried out action plans with the aim of improving the working environment in line with the results in their hotels. In 2019, an external tool provided help for this task, which enabled each team to explore best market practices, share their own practices and conduct a follow-up of these plans.

The action plans implemented vary considerably according to the results of each workplace.

SIGNIFICANT ENGAGEMENT ACTIONS IN HOTELS IN 2019



COMMUNICATION

Weekly committee meetings continue to be held, at which the hotel General Manager shares information with Heads of Department: on vision, strategy, main challenges, prioritization of tasks, available resources, context and decisions made at organizational level to be implemented in the hotel. In addition, time is set aside for the Heads of Department to raise their main concerns, lessons learned, suggestions and proposals with the General Manager.



CAREER DEVELOPMENT AND TRAINING

In 2019 efforts have been made to ensure that every employee gets to be a "Quality Inspector", spending a day as a "customer / boss", checking the entire hotel.



INTERNAL RELATIONS

With the initiative entitled "A day in the life of...", employees of different departments have the opportunity to experience the everyday activity of another area of the hotel, learn the standards of other departments, and gain awareness of others' work, developing their empathy.

Engagement Pulse Survey 2019

In 2019, one year after launching the biennial working environment climate survey in 2018, an Engagement Pulse Survey was launched to all employees. The aim of this survey was to measure the progress made in the engagement initiatives implemented following the results of the Employee Engagement Survey 2018. A participation index of 63% was achieved, with a favourable response rate of 68%. There was also an open comments field that allowed for new information to be obtained to review the actions plans implemented, with the aim of boosting their effectiveness in increasing employee engagement at each workplace.

INTERNAL COMMUNICATION

For NH Hotel Group, internal communication is a key factor in generating and maintaining employees' engagement with the Company.

The first year of the new Internal Communication Plan 2019-2023 came to an end in 2019 with great success. This plan provides for the evolution towards an employee-centric philosophy. In this new phase, personalization and segmentation of communication are key, handling personalized information scenarios in which the stories and the opinion of employees will feature more and more prominently.

In this ambitious path towards personalisation of information, included in the new Internal Communication Plan, both the MyNH app and the other channels will evolve technically in order to adapt to the new model. This will involve the implementation of a new analytical dashboard that includes the new local and global KPI.

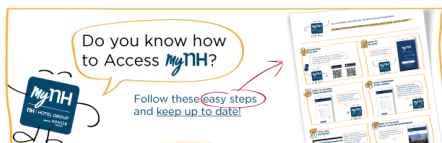
MAIN INTERNAL COMMUNICATION PROJECTS IN 2019

MyNH App

The Company has worked on a general analysis of traffic KPI relating to its app for employees during 2019. The results continue to show that this tool is key to meeting the ambitious challenge to connect with 100% of employees.

MyNH lets employees consult the latest news, campaigns projects or internal vacancies in the Group on their mobile devices. Through it they can also make bookings with the special employee rate and access the intranet or the internal chat for their hotels. Furthermore, with effect from 2019, employees of the Sales Team have their own section that gives them access to all the relevant information for their daily work.

Since its launch the app has been downloaded by employees more than 5,000 times and it has had more than 3,500 active users in 2019.



'Tell the World' Internal communication channel

The new Internal Communication Plan continues to favour the digital strategy applied to all its environments and channels. The consolidation of 'Tell the World 3.0' as the major internal communication channel in the group has encouraged the Company to explore new environments and formats for communicating news and relevant contents for employees.

In 2019 continuity was given to the pilot project for the internal TV channel in Central Offices, Central Reservations and Central Services in Madrid and Barcelona. 'Tell the World - Latest news' continues to evolve, and the goal is to implement it in all the Company's hotels through TV screens located in canteens and communal areas.

In 2019 a total of 132 editions of the Tell the World news bulletin were published in up to seven languages, and more than 48,518 visits were recorded.



Town Halls

These innovative conferences, which seek to share the most relevant milestones and initiatives with all employees, reaffirm the commitment of Senior Management and the main leaders of the different Business Units to the Company's communication. At the end of 2018, the Internal Communication team organized a massive Town Hall, with the presence of the Chairman and CEO of Minor International, as well as the CEO of NH Hotel Group, and which served to make the integration of the two companies official.

In 2019, the CEO of NH Hotel Group, Ramón Aragonés, led a total of four conferences of this type, in conjunction with the Management Committee. These conferences could also be followed by live streaming.



Change Management Projects

Without a doubt the great milestone this year has been the integration of NH Hotel Group and Minor International, and once again Internal Communication has consolidated its status as an indispensable tool in change management. To accompany this process and inform employees of the progress and strategy of this integration, a new Internal Communication channel was created, called 'Moving Forward', accessible to all employees by mail and the MyNH app. Furthermore, to facilitate the integration process for Minor hotels in Portugal, a specific version in Portuguese was created for all employees.

A new channel called 'Quest for Excellence' was also created in 2019. With this channel, the Company takes another step in its strategy towards excellence and its ambition to lead the sector in technological innovation. Audiovisual content prevails in this new newsletter, which describes the major achievements of this multidisciplinary project and gives visibility to the protagonists behind each success story.

In its first months, the new 'Quest for Excellence' newsletter has already launched 4 editions, with a total of 9 videos.

EMPLOYER BRANDING - FURTHER TOGETHER

NH Hotel Group is proud that its employees are the key to the success of the business. Therefore, in 2019 the Company has sought to consolidate the NH Hotel Group employer brand throughout the world, to attract and motivate the best talent among employees and external candidates.

The long-term goal of the Employer Branding (EB) plan is to establish a unique culture around our values as an employer brand, through uniform and consistent communication of the Company's identity and essence. To do so, work has continued on the "Further Together" campaign, featuring employees from all Business Units who talk first-hand about what they like most about working in the Company, thus becoming Ambassadors of NH Hotel Group.

With this campaign, which includes several initiatives, particular emphasis has been placed on social media and digital actions since the end of 2017, with more than 200 posts published, over 1,300,000 people impacted and more than 18,600 interactions in 2019 alone. All of this has been possible thanks to the stories told by the Ambassadors and also thanks to all the employees and members of the public who follow NH Hotel Group on Instagram, LinkedIn and Twitter.

MEMORABLE DATES

In 2019 the Memorable Dates programme has carried on with the tradition of celebrating the most important anniversaries (5, 10, 15, 20 and 25 years), as well as the retirement of hotel and central office employees in all Business Units. Events have been held in all countries and workplaces where the sole stars were the employees whose anniversaries were being recognized.

PERFORMANCE MANAGEMENT

At NH Hotel Group the performance management process is a key and consolidated element of our leadership culture, carried out through the Time for You programme.

The evaluation of the performance and skills of the NH Hotel Group professionals allows us to know our internal talent in order to guide their training and professional development more effectively. The evaluation serves to identify the strengths and development areas of professionals in the performance of their work, based on which the different development plans are defined. The results of these evaluations are linked to their professional development and the increase in their variable remuneration.

Time for You

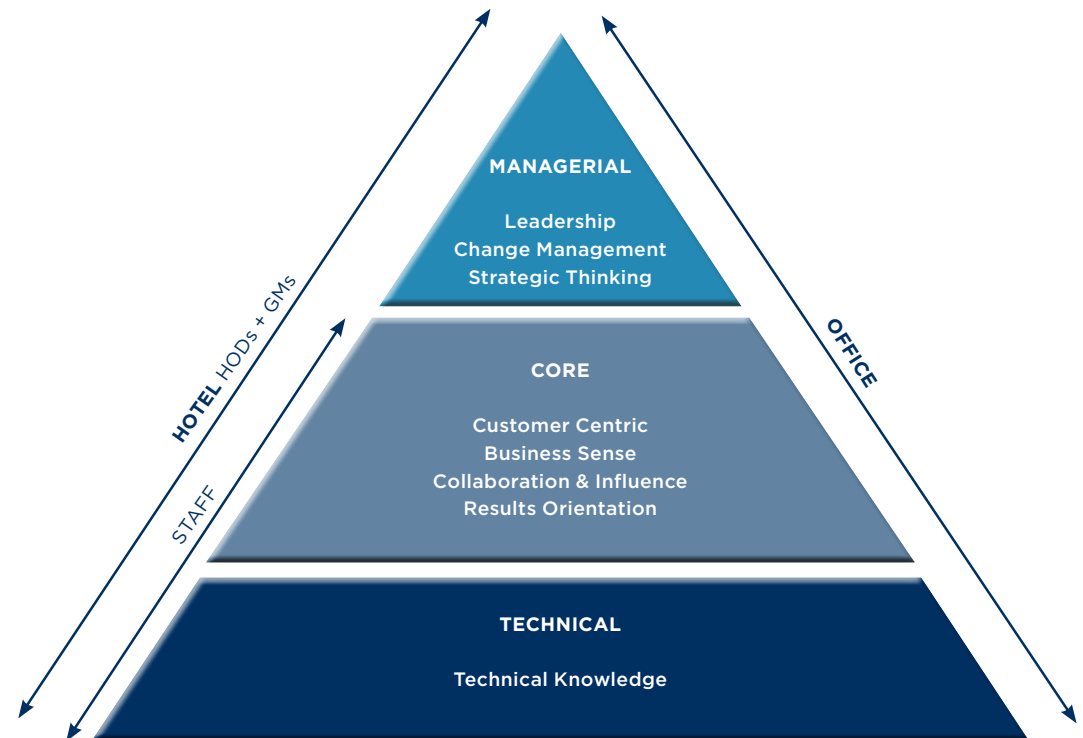
The NH Hotel Group performance management process, called 'Time for You', is designed to support the performance evaluation -which takes place every six months - and development planning throughout the year. It is aimed at all permanent employees who have at least 3 months' service in the Company. The performance evaluation measures WHAT employees do and HOW they do it.

Skills-based performance

NH Hotel Group has a skills-based performance management system in which a maximum of 8 skills are identified that employees must show. Depending on each employee's job, between 5 - 8 of these skills are assessed. These skills can be divided into three groups: Technical, Core and Managerial. The skills are evaluated during the Annual TFY Review. To help understand and measure them better, a definition and certain key words have been added.

In addition, certain benchmarks behaviours are included for each organizational level, to provide more information on how to evaluate the skills. Managers also have the possibility of asking any other employee with a corporate email, and through the same tool for additional feedback on the employee they are evaluating in order to enhance the observations given to the employee, and helping him or her to improve his or her self-knowledge.

The participation rate among target employees in 2019 has increased compared to 2018 85% completed in the Mid-year Review, which is more than two points higher than the results in 2018 (82.6%).



360° Evaluation Process

The 360° evaluation process is associated to the strategic pillars of “Global Leadership and Talent Management” and it applies to all hotel General Managers and Deputy General Managers at global level. At the end of 2019, the 3rd edition of the process was launched, which seeks to measure the progress in skill development by these key leaders in NH Hotel Group, as well as the effectiveness of the action plans they defined in the last evaluation. In 2019, 329 General Managers and deputy managers took part.

Additionally, this totally anonymous process aims to improve participants’ self-knowledge through the information they receive from all the people invited to respond: peers, team, management and self-evaluation.

During 2020, participants will receive a personalized report, designed as a workbook that includes questions to reflect on, and which will be returned to each participant at an individual feedback session, to help both in understanding their results and in designing their new development plan.

TALENT MANAGEMENT

NH Hotel Group is currently developing a process to help identify and develop talent by looking not just at sustained performance over time but also the potential and ambition of the people who have key positions in the Company. In this way, NH Hotel Group assures that key roles for the future are adequately channelled. The overall objective is to create a mindset of talent in leaders at all levels, starting with the top 100 executives in the Company and going on to our Hotel General Managers and Heads of Department.





NH Palacio del Duero
Zamora, Spain

TRAINING: NH UNIVERSITY

NH Hotel Group is committed to the professional development and training of all its employees as a way to put into practice the philosophy that inspires its customer service vocations. All the face-to-face and online training projects are managed through the corporate university, NH University. Every year the training curriculum is adapted so that the people who work at NH Hotel Group can continue to refresh both their technical knowledge and their skills.

The total number of hours of training, both face-to-face and online, in 2019 was 134,651. NH University has trained 6,547 employees in 1,197 face-to-face training sessions, which represents 50% of the total workforce.

In line with the Company's training strategy and following the trend of previous years, this year saw a high ratio of participation in online training. A total of 12,546 employees received some online training during the year, which represents 95% of the total workforce.

In addition, the Company received a total of €155,208 in public grants for training.

Once again, the Company has continued to show its commitment to internal talent in 2019, using 313 internal trainers in its face-to-face classes.

€1.3M
Total investment
in training in 2019*

126,779
hours of face-to-face and
online training online

13,286
participants received
training in
651
face-to-face programs

**Information referring to the consolidated perimeter (hotels under ownership and lease)*

134,651
total face-to-face and
online training hours have
been completed

13,667
participants received
training in
652
face-to-face programs

**Information referring to the corporate perimeter (hotels under ownership, lease and management)*

	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Hours per employee trained (face-to-face)	12.35	12.41
Hours per employee trained (e-learning)	4.29	4.25
Total hours per FTE	10.27	11.06
Total hours per employee trained	7.05	7.17

EMPLOYEE TRAINING HOURS BY BU

FACE-TO-FACE TRAINING	2018		2019		DIF	
	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Americas BU	14,297	14,927	13,562	14,321	-5%	-4%
Northern Europe BU	25,062	27,343	30,783	31,964	23%	17%
Southern Europe BU	18,794	22,743	28,321	28,766	51%	26%
Corporate	2,733	2,733	5,779	5,779	111%	111%
Total Face to Face	60,886	67,746	78,445	80,830	29%	19%

ONLINE TRAINING	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Americas BU	3,662	4,605	5,315	6,403	45%	39%
Northern Europe BU	9,096	9,810	27,250	30,762	200%	214%
Southern Europe BU	10,126	13,955	14,625	15,511	44%	11%
Corporate	1,880	1,893	1,144	1,144	-39%	-40%
Total Online Training	24,764	30,263	48,334	53,820	95%	78%

Total Training Hours	85,649	98,012	126,779	134,650	48%	37%
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EMPLOYEE TRAINING HOURS PER PROFESSIONAL CATEGORY	2018				2019			
	CONSOLIDATED PERIMETER		CORPORATE PERIMETER		CONSOLIDATED PERIMETER		CORPORATE PERIMETER	
	FACE-TO-FACE	ONLINE	FACE-TO-FACE	ONLINE	FACE-TO-FACE	ONLINE	FACE-TO-FACE	ONLINE
Top Management	8,006	621	8,911	753	7,825	3,036	7,528	2,828
Middle Management	12,888	3,555	13,735	4,056	24,843	7,050	24,050	6,446
Staff	39,992	20,587	45,103	25,454	48,162	43,735	46,867	39,060
TOTAL	60,886	24,763	67,749	30,263	80,830	53,820	78,445	48,334



NH Collection Antwerp Centre
Antwerp, Belgium



	FACE-TO-FACE TRAINING HOURS					
	2018		2019		DIFFERENCE	
	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Admin	697	776	680	720	-2%	-7%
Food and Beverages	16,637	19,041	24,011	24,680	44%	30%
Reception	12,601	14,075	17,854	18,561	42%	32%
Housekeeping	4,279	5,314	4,417	4,643	3%	-13%
Maintenance	2,430	2,814	2,713	2,821	12%	0%
Management	8,123	9,143	8,360	8,680	3%	-5%
Others	112	305	77	82	-31%	-73%
Reservations	4,996	5,023	7,911	7,911	58%	57%
Revenue Management	787	787	1,749	1,754	122%	123%
Sales	4,334	4,573	4,608	4,914	6%	7%
Central Services	5,890	5,898	6,063	6,063	3%	3%
TOTAL	60,886	67,749	78,445	80,830	29%	19%

SHOWTIME: Experiencing the hotel business

All new employees who join NH Hotel Group at Central Services receive training in one of the Group's hotels.

The object of this training is for these new employees to get to know our business and experience the passion we feel for what we do, promoting integration, empathy, and a holistic vision of the Company.

ShowTime consists of a full 2-day stay in one of the Company's hotels, where the new employee becomes another member of the team at the hotel in question and has the chance to gain more in-depth knowledge of the different departments. Through 3 different methodologies: direct contact with guests, participating in the daily activities of the departments, or learning by observation of colleagues, the new employees of Central Services get close to the heart of the Company: the hotels and their teams.



KEY CORPORATE TRAINING PROJECTS IN 2019

To respond to strategic training needs, throughout 2019 NH University has carried out, among others, 3 training programmes for groups from all its business units.

• “BUILD THE EXPERIENCE” NH HOTELS BRAND GAME

NH University has launched a new training action to convey the essence of the NH Hotels brand and its key elements, common to all the hotels of this brand. The main goal is to raise awareness in the teams of the important role they have in conveying the brand values to customers.

Through a gamified training and over a period of 5 weeks all the teams from NH Hotels participate in groups to overcome challenges related to each of the brand elements, while at the same time building the best experiences for our customers.

It is planned to carry out this training at every new hotel opening.

• GSO GROUP SALES COMMERCIAL PROCESS

This blended (online + face-to-face) training was designed for teams at the Company's Global Sales Offices (GSO) with the purpose of reflecting on the 5 key moments in the group sales process so that all GSO specialists receive the same information and have a uniform knowledge level.

The programme consists of two parts: an online escape room called 'The Lost Client' and, subsequently, a face-to-face class called 'The 5 moments of truth' where the knowledge acquired in the previous e-learning is put into practice. The programme was completed by 145 employees.

• REVENUERS CLUB

Based on the theme of a rugby league, NH University designed this training pathway for 527 employees comprising hotel General Managers, Deputy General Managers and the revenue teams, of whom 466 completed the programme, more than 88% of the participants.

The pathway consists of 5 e-learning modules, all of them related to Revenue Management, which the employees complete through the NH Talent training platform and 4 "Coach Sessions" in webinar format, led by experts on the subject.

The training seeks to strengthen knowledge of revenue and reinforce collaboration, as well as share best practices on this area among the teams.

KEY PROJECTS BY BUSINESS UNIT IN 2019

Southern Europe Business Unit

• TOP HOTELS PROJECT 2018 – 19

A project that analysed and classified more than **1,700 qualitative comments** included in the “Areas of Improvement” section of the Individual Development Plan in the evaluation of more than **900 people of the 19 hotels representing 80% of EBITDA in Spain and Portugal**. Once the comments had been categorized, the training needs were identified by different areas of knowledge: Quality and Innovation (related to improving customer service and innovation); Company (related to business and financial aspects and the definition of indicators); Leadership and Management (team management and development, communication); Professional Efficiency and Professional Development (skills to improve work performance) and Computer Tools.

RESULT: Based on these areas of knowledge, a fully tailored training plan for each hotel was developed with the aim of covering the needs for improvement proposed by each supervisor for his or her team.

• F&B ACADEMY 2019

The F&B Academy training programme, which started in September 2019, is aimed at the entire Italian F&B department. It consists of eight different modules to reinforce the skills of our F&B specialists. The principal subjects covered deal with economy, hospitality, cooking techniques, the world of coffee and wine. In order to identify the main needs for the purpose of planning the training, we have created a survey which was shared with all Italian General Managers, Chefs and Maitres.

RESULT: We involved different trainers from Italy and other parts of Europe, and this was a great opportunity for our F&B personnel to grow and to share experiences.

• RAISING YOUR LEADERSHIP 2019

How to lead and direct people is one of the key points to be dealt with in modern organizations. NH Hotel Group has thought about how to train and develop its Hotel and Central Services managers. Two different training courses were planned, one for all hotel General Managers and the other for Central Services Heads of Department. The common theme for both was concerned with raising leadership by gaining deeper knowledge of subjects such as communication, the feedback process, role play, motivation and performance management.

The trainers involved were two experts in leadership and coaching with strong cultural and professional backgrounds. Around 60 people received training with a total of 96 hours.

• PRESENTATION SKILLS

A number of training sessions were organization on how to implement and develop presentation skills, both communicative and creative.

RESULT: Professional growth and being able to present results, projects and initiatives in a creative and impactful way. The participants were very pleased with the skills acquired.



Northern Europe Business Unit

• PDI + Onboarding projects 2019

The PDI class of 2018/2019 graduated in February with the presentation of the special projects that they had been working on for 6 months. The winning team presented the Onboarding project, which was then implemented in NH Talent.

The programme for new employees was launched for all employees in every country of the Northern Europe Business Unit. The programme was presented to all Heads of Departments, Deputies and General Managers of hotels.

All new employees had one month to complete it and it comprises information on: the Company, the business unit, compulsory online training courses, checklists and the Welcome to the Job programme that allows all new employees to experience the service from the guests' point of view by spending one night at the hotel, including F&B services.

RESULT: An inspiring induction process for each new employee.

• JUMP

All participants in JUMP have the opportunity to gain experience alongside someone who inspires them and they would like to learn from, choosing to join inspiring F&B Managers, hotel General Managers or even members of the Business Unit Executive team.

• 'START UP NEW TRAININGS'

In 2019, NH Hotel Group started to create content for new training courses called 'Discover Your Talents' and 'Boost Your Energy'.

The first pilot sessions of 'Discover Your Talents' were successful, so the training will be offered in the Training Plan for 2020 in the Northern Europe Business Unit. 'Discover your talents' is about discovering participants' key personal qualities and how to use them effectively in their work. This training is focused on each person's talents and how to get the most out of them.

In turn, 'Boost your energy' is a two-day training course focused on the importance of feeling fit and full of energy, both physically and mentally. Taking care of yourself is the first step to feeling good and therefore the first session deals with nutrition, exercise, sleep and relaxation. In the second session, matters related to effective stress management are discussed, with several practical tools being presented for this purpose.

RESULT: Taking the lead in personal vitality using specific advice and tips.





Americas Business Unit

Colombia

• NH STYLE

The object of this training was to improve the service offered in hotels, with the purpose of generating memorable experiences for both internal and external customers.

• NH INDUCTION

'NH Induction' seeks to help new employees get to know the Company, its history, beliefs, structure, brands, etc., as well as important employment-related matters (payroll, health and safety at work, document management, among others). It is an event at which the Director of the region welcomes new employees and invites them to give the best of themselves and grow in NH Hotel Group.

• HOTEL ENGLISH CLASSES

Training given to 10 Heads of Operations, Managers and Regional Directors. The training in English has helped to improve participants' performance and give them greater security with the language to strengthen their professional relations.

Argentina

• NH SERVICE STANDARDS

Continuing with the initiative that started in 2018, training in NH hotel service standards was completed in 2019, for both Housekeeping and Front Office.

In 2019, a booster to the Housekeeping Standards course was developed for Buenos Aires, comprising 6 four-hour sessions. Training in Personal Image & Make Up was also included to add value to the training and surprise the participants.

As far as F&B is concerned, with the incorporation of a new F&B Manager, all the hotels in the region have personnel trained in F&B Service.

• PASTRY WORKSHOP

Pastry chefs in Argentina and Uruguay were invited to a two-day training course that covered breakfasts, shared good practices, defined standards for the area and at which they received a motivational talk given by a renowned pastry chef in the region.

• FRONT OFFICE MANAGER TRAINING

In 2019, NH Hotel Group had the opportunity to bring together all the Front Office Managers from Argentina, Uruguay and Chile. The training agenda was distributed over three days and, beyond the training goals themselves, it provided a great opportunity for networking.

The main subjects covered were Front Office Standards, Quality, Commercial and Revenue, Data Protection, NH Rewards, Administration, Taxes, TraNHsformation Plan and Public Speaking.

• SPECIAL TRAINING FOR THE OPENING OF NH COLLECTION CASA COSTANERA

An ad hoc nine-day training course for all hotel personnel was designed for the opening of this new hotel, dealing with the main areas of the hotel and its particular operating arrangements.

• AMBASSADOR TRAINING

A two-day training course was carried out with all the Ambassadors in the Southern Cone, the purpose of which was to provide knowledge and a space in which to develop the skills that would allow each participant and the entire team to know their strengths and their areas of improvement, in five essential areas: Self-leadership, Communication, Teamwork, 360 Leadership and Motivation.

• LAUNCH OF CROSS TRAINING

The key aim of this training is to provide the employee with training in a specific area which is not the area in which he or she works. The programme can be carried out in a week on a full-time basis or in 15 days on a part-time basis.

RESULT: The participant will have contact with another area of the hotel in which he or she will learn the main functions. This gives participants a broader vision of the business.

FLEXIBILITY AND WORK-LIFE BALANCE: 'NEW WAY OF WORKING'

For NH Hotel Group the work-life balance is about finding a balance between the needs and interests of its employees and those of the Company.

The NH Hotel Group culture is evolving towards a more flexible model, in which individuals can enjoy greater facilities in terms of time management and in doing their jobs in environments that are adapted to their activities and with the necessary tools. The project, called **"New Way of Working"**, is structured around three lines of action:

- Redefining and adjusting physical office space according to employees' needs
- New technological equipment and systems that facilitate flexibility
- New flexible working culture both in terms of hours and workplace

Accordingly, at the corporate offices of NH Hotel Group Mayors have been defined for the purposes of facilitating change management, communication, employee engagement and answering questions. These 7 Mayors represent each of the districts or areas of the offices (Commercial, Marketing, Resources, Operations, Finances and Communications) and have the following functions:

- Representing their area at the weekly meetings of the Engagement Team, which is responsible for the Engagement Commitment in the corporate offices.
- Channelling possible requests, suggestions or proposals for improvement that have been generated in their respective areas and convey them to the Human Resources Business Partner (HRBP).
- Proposing new action plans, with both local and transversal measures, based on the results of the Engagement Climate Survey.
- Reaching a consensus on the proposed measures with two sponsors -Executives of special relevance in the Company- to obtain their feedback and seek their support in presenting the Action Plan.
- Presenting the Action Plan to the CEO and the Management Committee.
- Following up on the implementation of the different measures in their districts and proposing corrective measures, if necessary.
- Checking the working environment on a weekly basis and sounding out how the different measures launched by Human Resources are perceived by their co-workers.



PRINCIPAL WORK-LIFE BALANCE AND FLEXIBILITY MEASURES AND OTHER EMPLOYEE BENEFITS IN NH HOTEL GROUP



Exams during working hours

Giving a 48 hours advance notice and providing evidence of attendance at the exam.



Fulfilment of an unavoidable public and personal duty

The Company grants the time required to fulfil this duty.



Assisted reproduction techniques

Any employee undergoing assisted reproduction techniques is entitled to be absent from work, subject to prior justification.

Birth or adoption

The Company offers:

- A financial bonus on birth or adoption of a child.
- Guaranteed remunerated leave of absence for the formalities prior to international adoptions.
- Possibility of a sabbatical of 4 to 6 months for employees in international adoption processes, keeping their job.
- Possibility of joining paternity leave to annual vacation leave in order to facilitate travel of the other parent when the child was born outside Spain.



Fostering the hiring of women who have been victims of gender violence

Priority in hiring women who provide evidence that they are victims of gender violence, other conditions being equal.



Geographical mobility

Preference in geographical mobility to care for dependents (children and family members).



Promoting new technologies

Use and encouragement of new information technologies (videoconferences, etc.) whenever possible, to avoid constant travelling or commuting.



Flexible hours and shorter workday

Flexibility in start and finish times. Shorter workday in summer and on Fridays all year round.



Workplace flexibility (teleworking)*

For all job positions outside collective agreements that are compatible with this system. At present, there are no specific work disconnection measures.



Nutrition

Free food for all employees of Central Services offices. Daily fruit baskets at Central Services offices.



Discount program

Access to a programme of online discounts and exclusive prices for a wide range of products, services and leisure activities.

HEALTH AND WELLBEING AT WORK

NH Hotel Group understands that offering people a safe and healthy working environment is an absolutely necessary requisite. In Spain, NH Hotel Group has an Occupational Risk Prevention Plan which is the master document that governs the Occupational Health and Safety actions to be carried out at the Company's workplaces in Spain. This Plan includes, among others, essential procedures such as:

- Risk Assessment
- Health and Safety Training and Information
- Health Monitoring
- Health Damage Management
- Emergency Management
- Maternity Protection
- Personal Protective Equipment
- Business Activity Coordination

The Plan is based on the integration of these processes throughout the Company's hierarchical structure. Both Central Services department managers and hotel personnel (from General Managers to staff) have been assigned functions and responsibilities in this area. Furthermore, in Spain there is a Joint Prevention Service which provides services to the NH Hotel Group hotels and workplaces in Spain.

In other countries, this Plan is not applicable and therefore technical advising on Occupational Risk Prevention is outsourced with external service providers. In some countries, NH Hotel Group employees are designated as responsible for coordinating the actions of these service providers and for implementing the established corrective measures and prevention procedures.

NH Hotel Group strives to promote a culture of occupational health as part of its commitment to health and safety. The integration of occupational health into the Company's activities is reflected in the programmes and action plans in hotels and offices in different countries.

HEALTH INITIATIVES IN NH HOTEL GROUP IN 2019

Fruit for employees of Corporate Central Services

With the aim of actively taking care of employees and encouraging healthy habits in the Company, NH Hotel Group offers fresh fruit in its offices every day for consumption by employees.

“Take care of yourself, Take care of me” project

The aim of this project is to boost Occupational Risk Prevention in the NH Collection Eurobuilding hotel, and to improve working conditions, increase employee’s participation, facilitate preventive management and make it more effective, adapt the NH Hotel Group Prevention Plan to the characteristics of the NH Collection Eurobuilding and comply with legislation on Occupational Risk Prevention.

The project consists of the frequent presence in the hotel of the NH Hotel Group Prevention Service, as well as training actions, Health and Safety campaigns (Healthy Habits, Emotional Management, Smoking Prevention) and technical actions (update of the Risk Assessment, emergency drills...).

“Take a break” campaign

An action to help employees of Central Services in Madrid learn to manage the inevitable stress of their daily work.

A face-to-face session was given, in collaboration with The Holistic Concept, at which the most common situations of stress were detected and practical and simple ways to deal with them were provided.

All employees were also provided with the “The Holistic Concept” app, free of charge, to help to improve the health of our employees.

On December 15th, the NH Runners teams participated once again in the Business Race that is held each year in Madrid.

Annual Business Race in Madrid

This sporting event, in both the 6km and 10km race, is made up of teams of two, three and four runners from the same company.

This year, 67 NH employees took part and after the race they had the opportunity to enjoy breakfast in the employee canteen of the NH Zurbano.



NH Collection Eurobuilding
Madrid, Spain

NUMBER OF ACCIDENTS IN NH HOTEL GROUP IN 2019

	CONSOLIDATED PERIMETER			CORPORATE PERIMETER		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Num. of accidents with work leave	161	128	289	175	141	316
Num. of accidents without work leave	90	85	175	101	95	196
Total number of accidents	251	213	464	276	236	512

* The countries that have reported information on accidents that have occurred are Argentina, Chile, Colombia, France, Germany, Italy, Mexico, Portugal and Spain.

In 2019, NH Hotel Group recorded 19 cases of occupational illness, affecting 14 women and 5 men.

ACCIDENT RATES*	2018		2019	
	CONSOLIDATED PERIMETER		CORPORATE PERIMETER	
	WOMEN	MEN	WOMEN	MEN
Frequency Rate (FR)** workplace accidents	19.12	14.00	21.81	19.18
Frequency Rate occupational illness	0.00	0.16	1.21	0.45
Severity Rate (SR)*** workplace accidents	0.62	0.35	0.3	0.24
Severity Rate occupational illness	0.00	0.01	0.02	0.003

* Accident rates have been calculated on a representative sample of the data.

** FR = number of workplace accidents or occupational illnesses / hours worked *1,000,000

*** SR= days lost by workplace accidents or occupational illness / hours worked *1,000

TURNOVER AND ABSENTEEISM

TURNOVER IN 2019

BUSINESS UNITS	EMPLOYEE TURNOVER 2019 (%)						TOTAL
	NON-VOLUNTARY			VOLUNTARY			
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	
Central offices and CRO	3.29%	2.58%	5.87%	3.58%	1.72%	5.29%	11.16%
Northern Europe Business Unit	4.02%	3.73%	7.76%	8.36%	6.58%	14.95%	22.70%
Southern Europe Business Unit	9.82%	7.48%	17.30%	2.40%	2.82%	5.22%	22.52%
Americas Business Unit	2.52%	2.93%	5.46%	11.30%	12.37%	23.67%	29.13%
TOTAL	6.10%	5.08%	11.19%	6.28%	5.88%	12.17%	23.35%

* Annual Turnover considering hotels under ownership, lease and management for all kind of employment contracts (except Outside Labour, Extra Labour and Trainees) as reflected in the NH Hotel Group ERP SAP HCM management system.

Due to the characteristics of the hotel business, NH Hotel Group considers it relevant to know and manage the specific turnover of employees with indefinite employment contracts. The table set out below shows the results obtained with regard to permanent employees.

TURNOVER OF EMPLOYEES WITH INDEFINITE CONTRACTS 2019 (%)

BUSINESS UNITS	NON-VOLUNTARY			VOLUNTARY			TOTAL
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	
HQ Central Offices and CRO	0.96%	0.96%	1.92%	3.08%	0.77%	3.85%	5.77%
Northern Europe BU	2.40%	1.96%	4.36%	6.57%	4.76%	11.33%	15.69%
Southern Europe BU	2.07%	2.48%	4.55%	1.80%	2.18%	3.98%	8.53%
America BU	2.48%	2.95%	5.43%	11.44%	12.30%	23.73%	29.16%
Total	2.25%	2.36%	4.60%	5.92%	5.54%	11.46%	16.06%

* Annual Turnover for employees under indefinite contracts, considering hotels under ownership, lease, management and franchise as reflected in the NH Hotel Group ERP SAP HCM management system.

ABSENTEEISM IN 2019

	2018		2019	
	CORPORATE PERIMETER	CONSOLIDATED PERIMETER	CORPORATE PERIMETER	CONSOLIDATED PERIMETER
Accident	74,092.03	45,580.94	71,913.5	60,175.5
Illness	1,165,389.92	730,766.03	1,131,123.9	964,749.9
TOTAL	1,239,481.95	766,346.98	1,203,037.4	1,024,925.4

* Information based on data recorded in NH Hotel Group's ERP SAP HCM management system for the corporate/consolidated perimeter.

EMPLOYMENT TERMINATIONS IN 2019**

NUMBER OF TERMINATIONS BY GENDER	2018	2019	Dif
Women	214	228	7%
Men	314	277	-12%
Total	528	505	-4%

NUMBER OF TERMINATIONS BY AGE *	2018	2019	Dif
Under 25	113	88	-22%
Between 25 and 40	235	238	1%
Over 40	179	175	-2%

* No information on age available for less than 1%.

NUMBER OF TERMINATIONS BY PROFESSIONAL CATEGORY*	2018	2019	Dif
Top Management	15	17	13%
Middle Management	69	74	7%
Staff	444	414	-7%
Total	528	505	-4%

** Information based on data recorded in NH Hotel Group's ERP SAP HCM management system for the consolidated perimeter (hotels under ownership and lease).



NH Hamburg Altona
Hamburg, Germany



NH Collection Monterrey San Pedro
Monterrey, Mexico

SOCIAL DIALOGUE WITH EMPLOYEES

NH Hotel Group seeks to maintain a model of responsible and positive labour relations based on principles of dialogue, consultation with and participation of workers.

Accordingly, in October 2015 the European Works Council (EWC) of NH Hotel Group was set up as an initiative of the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors (EFFAT) and at the request of affiliates from Italy, Belgium and Spain.

This EWC affects all the Company's workplaces in the European Economic Area and operates under directive 2009/38/EC, as well as its transposition into Spanish legislation. Its principal function is to achieve a level of communication and social dialogue that, in a climate of confidence, makes mutual understanding possible on cross-border matters that affect its employees.

Coverage of NH Hotel Group employees by Collective Agreements, which generally include aspects related to employees' health and safety, varies according to the different Business Units.

% OF EMPLOYEES COVERED

	CONSOLIDATED PERIMETER		CORPORATE PERIMETER	
	2018	2019	2018	2019
Southern Europe BU (France, Italy, Portugal and Spain)	100%	100%	100%	100%
Northern Europe BU (Austria, Belgium, Czech Rep., Germany, Hungary, Luxemburg, Rumania, Switzerland, Slovakia, The Netherlands and UK)	97%	95%	94%	96%
Americas BU (Argentina, Chile, Colombia, Ecuador; Mexico and Uruguay)*	63%	36%	63%	32%

* The decrease in the percentage of coverage of the Americas Business Unit in 2019 is due to the difference in criteria from one year to the next; considering in 2018 only salary aspects, to determine whether the employees conformed to an agreement or not; while in 2019 the application of all the aspects regulated in the regulations.

COMMUNITY

NH Hotel Group seeks to create a positive impact on the communities where it is present through key responsible alliances, solidarity projects and patronage.

One of the main goals of NH Hotel Group's sustainable business strategy is to maintain active relations with the communities where it operates, contributing to local development and attending to the needs of each destination where it is present through the business itself.

Local impact is achieved thanks to the creation of responsible alliances with foundations and NGOs, the collaboration of employee volunteers in projects and the promotion of culture.

NH Hotel Group is committed to building responsible and successful alliances with supportive partners, with the aim of developing stable and replicable projects in all Business Units. To this end, the Company has defined three lines of global action: Together with Love, Hotels with a Heart and Employability Programmes.

NH HOTEL GROUP'S SOCIAL CONTRIBUTION

	2018	2019
Total social projects	128	331
Number of NH volunteers	250	1,164
Contribution of NGO Rate* (thousand €)	181	244
Contribution of Friend Rate + Employee Rate** (thousand €)	183	162
Investment in social action (thousand €)	181	133

* NGO Rate – Application of a 30% discount on the best available rate for entities that have been previously assessed and approved by the Corporate Responsibility department.

** Friend Rate and Employee Rate – collecting €2 and €1 respectively of the costs of bookings made with the special rate for employees, family and friends and then using these funds in accommodation and restaurant services, special rates and scholarships in the Social Action programs of the different Business Units.



CORPORATE VOLUNTEERING: TOGETHER WITH LOVE

In 2019, under the motto "Together with Love", NH Hotel Group held a corporate volunteering week at world level for the first time. This is a global initiative focused on sustainability and on strengthening relations with the local communities where the Group is present, and to which all the Company's teams were invited to take part. In this way, NH Hotel Group has joined the volunteering initiative carried out annually by Minor International, with which it shares a firm commitment to the development of its Corporate Social Responsibility strategy.

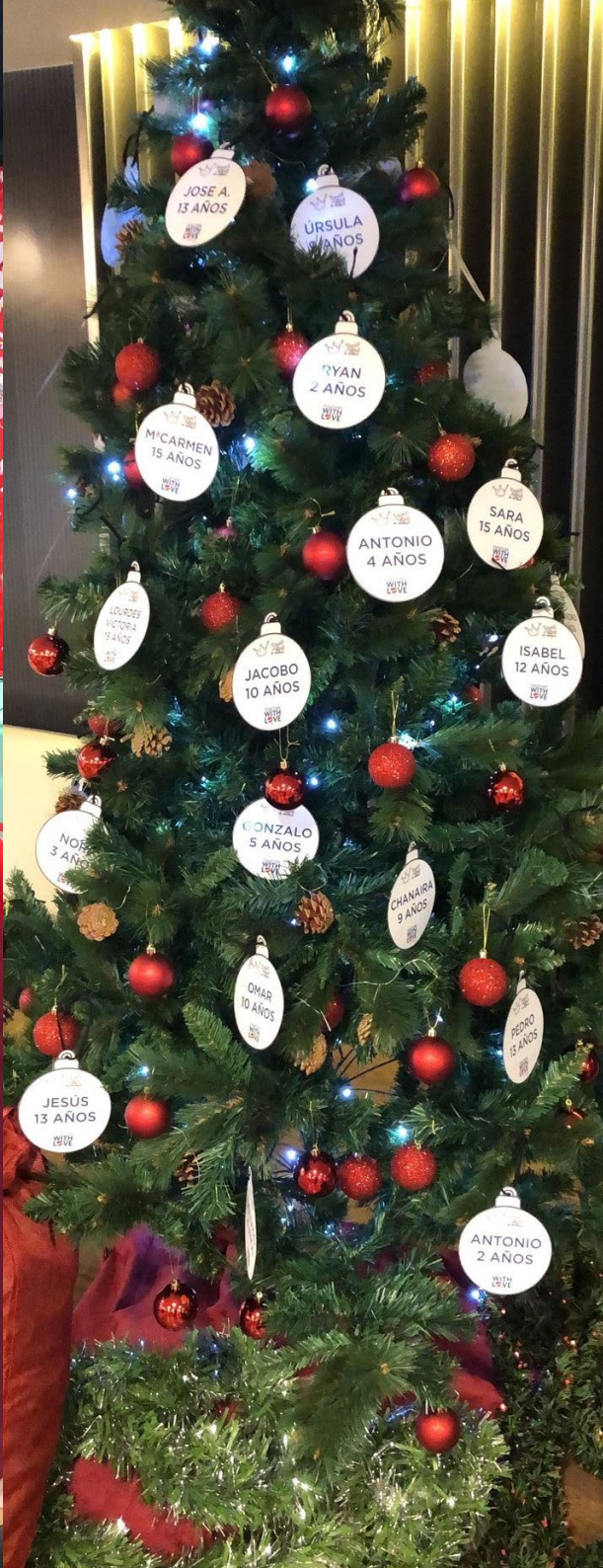
For a week, around one thousand employees participated as volunteers in several initiatives, chosen and led by themselves. Thus, for example, Central Services in Spain collaborated with various soup kitchens in Madrid, carried out a river study and conservation activity, accompanied disabled people in leisure activities and participated in blood donation campaigns. For its part, in the Northern Europe Business Units multiple hotel employees participated in a clean-up activity in canals and parks in cities like Amsterdam or Berlin; and in the Southern Europe Business Unit employees participated in food collections and welcomed visits from school pupils to the hotels where the employees told them about their work. Finally, in the Americas Business Unit, employees raised funds and food for several local NGOs and created an organic fruit and vegetable garden, the produce of which will be donated to the Amiguitos de Royal Foundation, among other initiatives.

1,164
TWL volunteers

35,494
TWL beneficiaries*

The programme, in which both the Management Team and the employees of hotels and central offices have participated, is part of NH Hotel Group's Corporate Social Responsibility Strategic Plan, which not only establishes the Company's global CSR commitments and actions, but also provides for specific local implementation to enhance all initiatives with the special cultural and social touch of each of the places where we operate.

* It has been accounted for that each charity canteen serves 230 daily menus.



HOTELS WITH A HEART - HWH

Hotels with a Heart is an initiative that aims to ensure that children and young people who suffer from a serious illness and have to go to a hospital far from their home can be accompanied by their closest family at this difficult time.

To do this, NH Hotel Group provides the families with rooms at hotels close to the hospital free of charge. With this goal, and in close collaboration with local NGOs and foundations, the Company provides free accommodation close to hospitals in several cities at national and international level to families with limited resources, so that they can accompany their loved ones.

Several employees of NH Hotel Group also participate voluntarily in this initiative, acting as the true hosts of these families and “Ambassadors” of the programme in each of the hotels. The NH Madrid Sur is the flagship hotel of the “Hotels with a Heart” programme, as its agreement with the Menudos Corazones Foundation, which started in 2004, is still in place.

Each establishment has a person who takes care of the families, sharing their experiences and helping to make their stay at the hotel as comfortable as possible. Since the programme started, more than 2,000 employees each year have become real hosts to these families, helping to make the hotel a second home for them.

#HOTELSWITHAHEART	2018	2019	DIFF
Agreements with NGOs	51	71	39%
Nights donated	1,107	1,059	-4%
Hotels involved	59	49	-17%

Actions at HQ:

The real Three Wise Men:

In December, as part of the Together with Love corporate volunteering initiative, the Central Services Offices organized a real special action for Christmas: the employees of NH Hotel Group helped the Three Wise Men in their task of bringing gifts to all children on the night of January 6th.

In collaboration with the “Real Three Wise Men” project, 57 employees made the Christmas dreams for 57 children from low income families come true by buying the gifts they had asked for in their letters to the Three Wise Men and which otherwise they would not have received.



NH Collection Mexico City Centro Historico
Mexico City, Mexico

PROMOTION OF YOUTH EMPLOYMENT: EMPLOYABILITY PROGRAMS

Throughout 2019, NH Hotel Group has continued to develop international training and work experience programmes for young people at risk of exclusion and for disabled individuals at hotels in all its Business Units. In this way, the projects, which are part of the Community strategy, are also aligned with the Company’s commitment to SDG 8, “Decent work and economic growth”.

Youth unemployment in Spain, which is more significant in groups at risk of social exclusion, requires programmes focused on boosting the employability and social integration of young people.

Accordingly, 34 NH hotels in Spain have been involved in different programmes, with the help of almost 170 employees who have volunteered more than 7,200 hours to train 188 young people and pass on their enthusiasm and their experience in the hotel sector.

COACH PROJECT:

The Coach Project is a corporate volunteering initiative that aims to improve the employability of young people at risk of social and employment exclusion through coaching and mentoring. In 2019, NH Hotel Group participated once again in a new edition of the Exit Foundation’s Coach Project, in which employees of the Southern Europe Business Unit participated as volunteers. The programme took place in Madrid and Barcelona, culminating in success as some young people are currently performing work practices in our hotels and will continue studying afterwards.

YOUTH CAREER INITIATIVE

In 2019, NH Hotel Group and several other hotel companies collaborated with the association ITP to create a goal in the hotel industry to impact collectively on young people at risk of exclusion through employment programmes.

Youth Career Initiative (YCI) is a high-impact international initiative to fight youth unemployment, consisting of an employment programme lasting from three to six months, to help young people professionally with the skills and the experience they need to take the first step in their career.

With the alliance developed with YCI in the Americas Business Unit, NH Hotel Group is the only Spanish multinational company committed to this innovative project, together with other leading hospitality companies, such as Intercontinental, Marriott and Starwood.

During 2019, it has celebrated its eleventh edition, the eighth in which NH Hotel Group participates. In it, 5 young people have received classes for 6 months given by the heads of different areas of the hotel, as well as training in the different departments.

KEY INDICATORS OF NH HOTEL GROUPS EMPLOYABILITY PROGRAMS			
	2018	2019	Dif
Students trained	113	193	71%
Agreements with NGOs and institutions	35	35	0%

DONATION OF FURNITURE FROM REFURBISHED HOTELS

As part of the repositioning plan and the refurbishment projects for the Company’s hotels, a coordination protocol is followed for donating withdrawn furniture, fixtures and household items to foundations and NGOs, social organizations and low-income families.

Accordingly, in 2019, each Business Unit has donated mattresses, duvets, blankets, toys, cleaning articles, sheets, towels, pillows and bedsteads, among other products.

ALLIANCES WITH FOUNDATIONS AND NGOS

To develop social projects that can be replicated in all Business Units, NH Hotel Group believes in building responsible and successful alliances with solidarity partners. To that end, in each country where we are present, we have continued to work with different Foundations and NGOs, such as the Make-A-Wish Foundation. The collaboration between the two entities began in 2005 in Spain, The Netherlands and Italy, offering every facility so that children from all over the world who suffer from serious illnesses can have their wish come true.

In Benelux and Germany, the Company collaborates with hospitals and foundations such as the Ronald McDonald Foundation, with which it also participates in programmes centred on the wellbeing of families with sick children, providing them with a home when the foundation’s houses are full.

PLANET

In its commitment to the Planet, NH Hotel Group works to minimize its impact on climate change, increase the efficiency of resources and develop more sustainable services, reducing thus the Company's environmental footprint with a responsible consumption of natural resources.

NH Hotel Group is a company committed to the wellbeing of its guests and efficient management of the available resources in the environment where the Group's hotels are located. The Company is aware of the effects of its activity on the environment, and works to prevent and anticipate possible environmental contingencies, as well as to integrate sustainability in all its processes, striving to reduce its impacts.

The Company's environmental management is based on the identification and annual review of the main environmental impacts it could cause through the environmental risk map. In 2019 the risks that have been identified as the most significant are those deriving from climate change, water shortage and the consequences of new European legislation on single-use plastics. Atmospheric pollution, including noise and light pollution, the consumption of raw materials and the protection of biodiversity did not result as significant after this analysis.

The Company's main commitments to the environment are set out in the Corporate Responsibility Plan 2017-2019, specifically in the NH ROOM4 PLANET pillar, which highlights two major projects focused on the prevention and reduction of carbon emissions and in promoting sustainability among customers.

To comply with the Company's commitment to the environment, the Sustainability Policy establishes the principles of action for the entire organization in relation to this matter.

NH Hotel Group Environmental Sustainability Policy

We apply criteria of efficiency and sustainability in all processes and decisions with an impact on the environment, using innovation, ecoefficiency and renewable energies, including the prevention of pollution, consuming resources efficiently and reducing the volume of waste we generate.

We ensure compliance with legal and other requisites that affect the organization, making a commitment to continuous improvement in the environmental aspects identified for our activity.

We promote sustainable and environmentally friendly practices among our customers and suppliers, developing actions that contribute to improving the environments of the destinations where we operate.

We collaborate with the Administration and with other entities in the sector in the development and promotion of sustainable tourism, contributing to research and raising awareness about the environment and energy efficiency.

During 2020, we will work on updating the Environmental Sustainability Policy to make sure that it sets out the new commitments acquired by the Group.



NH Anantara the Marker
Dublin, Ireland



ENVIRONMENTAL RISK PREVENTION AND THE PRECAUTIONARY PRINCIPLE

Environmental risks are identified on the Company's risk map and contemplated in the NH ROOM4 Planet pillar.

For the management of the environmental strategy, NH Hotel Group has a Corporate Environment Department which reports to the Vice President of Engineering, Maintenance and the Environment. Furthermore, with the aim of preventing and reducing environmental risks and impacts, teams from different areas, both at corporate and business unit and hotel level, work in coordination on three main areas:

- 1. Energy efficiency:** Improvement in the use of energetic resources through changes in equipment and adjustments of systems in buildings. In 2019, a total of €6.3M has been invested in improving the Company's energy efficiency.
- 2. Environmental certification:** Implementation of relevant and recognized environmental certifications in the NH Hotel Group portfolio.
- 3. Control of consumption rates:** Exhaustive and rigorous supervision of the measures implemented in relation to energy consumption, carbon footprint and water consumption.

NH Hotel Group makes investments in environmental activities that are stated at cost and capitalized as a higher cost of fixed assets or inventories in the year in which they are incurred.

Expenses derived from the protection and improvement of the environment are recorded in the income statement in the year in which they incur, independently of when the associated monetary or financial flow takes place.

Provisions relating to likely or certain liabilities, ongoing litigation and ongoing damage compensation or obligations relating to the environment, the amount of which has not been determined, not covered by the Company's insurance policies, are set up at the start of the liability or obligation that determines a possible compensation or payment.

KEY ENVIRONMENTAL INDICATORS

The Sustainability Plan defines six key goals, based on which the Company makes decisions affecting all areas to achieve these goals.

KEY ENVIRONMENTAL INDICATORS	BASELINE 2013	ACTUAL 2017 ⁽⁴⁾	ACTUAL 2018 ⁽⁴⁾	ACTUAL 2019	IMPROVEMENT 18 VS 19	TARGET 2019
Energy savings (M euros)	0	3 ⁽²⁾	4 ⁽²⁾	1 ⁽²⁾	-3 ⁽²⁾	11.55 ⁽³⁾
Hotels with environmental certificates	75	132	141	149	+8	150
Energy ratio (kWh/RN) ⁽¹⁾	53.2	49.34	48.48	48.37	-0.2%	49
Water ratio (m ³ /RN) ⁽¹⁾	0.31	0.318	0.314	0.332	5.7%	0.298
Carbon footprint ratio (Kg. CO ₂ /RN) ⁽¹⁾	15	6.91	7.05	8.42	19.4%	8
Average satisfaction with the hotel in terms of sustainability (out of 10) ⁽¹⁾	8	8.15	8.28	8.25	-0.03	8.3

⁽¹⁾ The figures analysed follow the Company's consolidation criteria.

⁽²⁾ Energy savings compared to 2013.

⁽³⁾ Cumulative energy savings since 2013.

⁽⁴⁾ Energy, water and emissions ratios may undergo variations in future reports according to the definition of the scope



The two specific projects established to meet NH Hotel Group's environmental goals are the Green Savings Project and the Green Hotel Project.

GREEN SAVINGS PROJECT

Focused on obtaining savings in the Company's operating costs, as well as in energy efficiency, to ensure savings in resources: water, energy and other expenses.

To keep exhaustive and rigorous control of the energy consumption, carbon footprint and water consumption measures, NH Hotel Group uses the Sustain Focus platform, from which the sustainability strategy indicators are monitored. This is an online system to which almost all the Company's hotels have access that permits reporting, control, monitoring and traceability of the indicators and of water and energy consumption and costs.

GREEN SAVINGS PROJECT



- Commitment to the fight against Climate Change
- Energy efficiency plan
- Environmental certification program
- Waste Management and circular economy

COMMITMENT TO THE FIGHT AGAINST CLIMATE CHANGE

Since 2010 NH Hotel Group has participated in the CDP global climate change sustainability index. This independent non-profit organization analyses the environmental performance of companies.

NH Hotel Group will reduce its carbon emissions by 20% by 2030

NH Hotel Group has become the first Spanish hotel company to establish emission reduction targets that have been scientifically validated by the Science Based Targets initiative (SBTi) – the leading alliance and driving force in the business sector against climate change with the participation of CDP, the UN Global Compact, World Resources Institute and World Wide Fund for Nature.

The Company has made the commitment to reduce its carbon emission through its value chain by 20% by 2030, thus avoiding the emission of more than 70,000 metric tons of CO₂ into the atmosphere. Setting this target marks out NH Hotel Group's roadmap towards a significant reduction in the carbon footprint of its activity in the coming years, aligned with the goal set out in the Paris Agreement to limit the increase in global temperature to less than 2°C, and join the efforts being made globally towards the transition to a low-carbon economy.

Achieving these goals involves, among many other measures:

- An exhaustive analysis of the opportunities to continue working with suppliers and reduce the carbon footprint together.
- Continuing to contract green energy and reinforcing energy efficiency in the hotels.

As the goal for the first year, new indirect emission sources in the Company's value chain will start to be measured. In 2019, the suppliers with the largest carbon footprint have been identified and work will be done with them to improve reporting channels and to seek alignment in order to reduce emissions in the value chain.



NH Hotel Group's global sustainability strategy was recognized by CDP Climate Change in 2019, which gave the Group a rating of B in its annual ranking. With this score, NH Hotel Group once again sees acknowledgement of its vision to place sustainability as a strategic value of the Company, which has acted as a lever of value across the entire Group for more than a decade.

MITIGATION MEASURES FOR CLIMATE CHANGE

From 2019, NH Hotel Group began managing the risks derived from Climate Change as part of the risk management model, after Climate Change was identified as one of the emerging risks for the Company.

NH Hotel Group aims to become more resource efficient and reduce its carbon footprint. To this end, the Annual Investment Plan, approved by the Management Committee, and the commitment to green energy promote improvements in adaptation to climate change.

NH Hotel Group is actively involved in several initiatives that contribute to reducing the emissions generated by the hotels and the activities that take place in them. Thus, every hotel in the portfolio has carbon footprint reduction targets and has a record of historic data to provide evidence of the reduction.

The Company also participates in different forums and projects to promote the fight against climate change and the reduction of carbon emissions.

INITIATIVES FOR THE FIGHT AGAINST CLIMATE CHANGE

Participation in Work Groups



- [Spanish Green Growth Group](#)

NH Hotel Group has been part of the Spanish Green Growth Group since its creation in 2016. It is a public-private collaboration platform for joint progress in the fight against climate change and towards a low-carbon economy.

Along with 30 other Spanish multinationals, and medium-sized companies, NH Hotel Group has signed a proposal to demand a Climate Change and Energy Transition Law “ambitious as a source of opportunities”, in a pioneering initiative in Spain, coordinated by the Spanish Group for Green Growth (GECV). The group is present at many events promoting an urgent ecological transition.



- [Working Group on Water and Carbon Footprint of the International Tourism Partnership \(ITP\)](#)

In 2019, ITP and its members have continued to work on their four common objectives; two of them being carbon emissions and water scarcity.

NH Hotel Group has participated in the working groups with the objective of complementing the individual targets of each company in the sector by collaboration and joint work to multiply the impact of the actions. One of the key topics addressed is the fight against single-use plastics.

Global initiatives to raise awareness about the reduction of carbon emissions



- [World Wildlife Fund \(WWF\) Earth Hour 2019](#)

For the eleventh consecutive year, NH Hotel Group took part in this global initiative to raise awareness about Climate Change. The Group's hotels participated by switching off the lighting of their façades for one hour, and organized numerous activities to involve customers, such as acoustic concerts, candlelight dinners, menus prepared under a low energy consumption approach, etc. In 2019 more emphasis has been placed on this initiative, about which the hotels have given much more information.



- [ROOM4 Planet COP25 week](#)

Coinciding with the COP25 in Madrid, NH Hotel Group has carried out awareness-raising actions about climate change in both hotels and offices. For example, the canteen in Madrid's corporate office eliminated meat from the menu once a week and intends to maintain this initiative throughout the entire year.

Recognition for the reduction in emissions



- [NH Hotel Group initiative selected as one of the 101 actions for the climate](#)

NH Hotel Group presented its initiative to reduce its emission by 20%, backed by the Science Based Target Initiative, to the “Community for Climate” platform. This initiative has been selected as one of the 101 most inspiring and most impactful business initiatives of the year.

ENERGY EFFICIENCY PLAN

This plan groups together “energy efficiency” projects, considering all those that can improve energy consumption ratios in the hotels, as well as the associated costs:

- Changes in equipment, where the replacement involves greater efficiency: water pumps, minibars, washing equipment, heating and air-conditioning, boilers, coolers...
- Investments related to control of installations: building energy management systems, update of meters, improvements in lighting...
- Actions on building façades that represent improvements in the enclosure and insulation.
- Additionally, in 2019 the Company has created a new CAPEX line designed for projects where not only economic returns are sought but also environmental returns. Some of these projects are elimination of fossil fuels and increase of renewable energy.

With all the above, in the course of 2019 projects that improve energy efficient valued at 6.3 million euros have been carried out.

€6.3M
in projects to improve energy efficiency in 2019

The Energy Efficiency Manual was also created and distributed in 2019. This is a key tool setting out the best available practice in terms of improving efficiency for all key elements in the hotels.

ENVIRONMENTAL CERTIFICATION PROGRAM

NH Hotel Group has individual certifications for 40.2% of the hotels in its portfolio.

149
certified hotels*

** Some NH Hotel Group hotels hold several certifications and therefore the final numbers correspond only to the number of hotels. The scope encompasses all the hotels in the portfolio.*

These certifications are recognized globally. Some of them are specific for the tourism sector, and approved by the Global Sustainable Tourism Council, the leading body.

ENVIRONMENTAL CERTIFICATE AT THE END OF 2019

GEOGRAPHICAL AREA	CERTIFICATION	CONSOLIDATED PERIMETER	CORPORATE PERIMETER
Northern Europe	ISO 14001	25	25
	ISO 50001	1	1
	BREEAM	1	1
	GREEN KEY	42	43
Southern Europe	ISO 14001	65	67
	ISO 50001	24	24
	BREEAM	3	3
Americas	GREEN KEY	1	1
	HOTELES +VERDES	5	6
	LEED	1	1
TOTAL NUMBER OF CERTIFIED HOTELS		173	178

NH Hotel Group also has hotels certified under the ISO 14001 environmental management system and the ISO 50001 energy efficiency system for accommodation, restaurant services, meetings and events.

92
hotels with ISO 14001 certification

25
hotels with ISO 50001 certification

At the end of 2019, 42% of the hotels in Germany, Spain and Italy hold ISO 14001 -a total of 92 hotels- or ISO 50001 -25 hotels-.

In 2019, 8 hotels obtained a sustainability recognition for the first time, bringing a total of 149 certified hotels out of the 361 hotels in the portfolio. It should be noted that 4 hotels in Colombia achieved Green Key certification in 2019.

Furthermore, 172 NH Hotel Group hotels obtained the Green Leaders badge from TripAdvisor, with a total of 46% of the Company's hotels holding this recognition.

Some of these globally recognized certifications and endorsements are: BREEAM, LEED, Green Key, Hoteles+Verdes, ISO 14001 or ISO 50001.

NEW HOTELS ADDED TO THE CERTIFICATION PROGRAM IN 2019

HOTEL	COUNTRY	TYPE OF CERTIFICATION
NH Collection Royal Hacienda	Colombia	GreenKey
NH Collection Royal Teleport	Colombia	GreenKey
NH Collection Royal WTC	Colombia	GreenKey
NH Collection Royal Andino	Colombia	GreenKey
NH Rio Novo	Italy	ISO 14001 and 50001
Tivoli Oriente	Portugal	ISO 14001
Tivoli Carvoeiro	Portugal	ISO 14001
NH Panorama	Argentina	Hoteles+Verdes

** All new certified hotels belong to the consolidation perimeter (hotels under ownership or lease)*

WASTE MANAGEMENT AND CIRCULAR ECONOMY

NH Hotel Group has implemented a system of waste separation at the point of origin in all its hotels to permit recycling. The types of waste separated are paper and cardboard, glass, used oil, packaging (plastic, cartons, tins, etc.) and organic. This system, on which employees receive training on how to use it properly, permits the recovery of materials for recycling and subsequent valuation. Hazardous waste is separated according to the legal requisites of each region. Withdrawn furniture and fittings that are in good condition during refurbishment processes may be given away to employees or donated to local organizations.

CORK2CORK

In 2019, with the aim of promoting the circular economy and encouraging recycling, reuse and other forms of recovery, NH Hotel Group has relaunched its CORK2CORK project. This project is a pioneering sustainable initiative in the European hotel sector, which NH Hotel Group has developed together with the leading company in cork coverings and stoppers, Amorim.

The aim of the initiative is to recover and recycle used cork stoppers from bottles in its hotels to give them a new use by turning them into material for covering or insulation that can be used in the group's rooms. This insulating material reduces noise pollution and the needs for artificial heating in the rooms, thus improving their energy efficiency. In Spain and Italy, 55 hotels participate in this initiative and collect cork stoppers.

Thanks to this initiative, the Company received the "2019 Touristic Excellences Award".

FIGHT AGAINST FOOD WASTE

NH Hotel Group is aware that due to food wastage, it is not only these resources that are wasted but also others associated to food production or transport. The origin of food wastage is generated in the process of preparing each of the F&B services.

To minimize the impact of wastage, the hotels apply processes, technical data sheets and preparation standards in the production chain. These are applied based on a forecast of needs (orders), preparation, conservation and turnover of all products, also guaranteeing the best quality.

In 2019 pilot projects have been carried out with companies such as Winnow, which combines the waste generated in kitchens with artificial intelligence, identifying the type of waste being thrown out, at what time, what quantity, and providing useful information to reduce food wastage.





NH Imperial Playa
Las Palmas, Spain

GREEN HOTELS PROJECT

GREEN HOTEL PROJECT



- Green Energy
- NH Hotel Group services to reduce emissions
- Commitment to reduce single-use plastics
- Customer satisfaction with sustainability

This project seeks to offer value to customers through sustainable actions, focusing on the innovative attributes that improve brand perception.

GREEN ENERGY

NH Hotel Group is a Company that is committed to reducing its carbon footprint and therefore believes in renewable energy.

The consumption of renewable or green energy was available in 2019 in 96% of the hotels in Spain, Italy, The Netherlands, Belgium and Luxemburg, covering 62% of the total electricity consumed by the Group's hotels in Europe.

Customers are also involved and made aware of this with specific services to reduce emissions.

NH HOTEL GROUP SERVICES TO REDUCE EMISSIONS

Eco-friendly meetings and events:

The Group's hotels strive to involve customers during their events, offering the "Eco-friendly Meetings & Events" service and the carbon footprint calculation service for the events and meetings held. An emission offset service is also offered.

Sustainable mobility:

During customers' stays and sightseeing trips, the Company offers mobility services such as carsharing or bicycle hire. Currently there are more than 75 hotels that offer bicycle hire services, as well as charging points for electric cars installed in 46 hotels.

In 2019, the initiative to offer electric mobility charging services continued, increasing the number of hotels that offer this service. In January 2020, a new charging point for electric cars was installed in the Head Office in Madrid (January 2020). NH Hotel Group has had a global sustainable mobility standard since 2014.

Hotel recharging points are currently being upgraded with improved technology to achieve faster recharging adapted to new vehicles.



COMMITMENT TO REDUCE SINGLE-USE PLASTICS

Although the consumption of raw materials is not an aspect that has been significant for NH Hotel Group in its analysis of environmental risks, European legislation on single-use plastic does have a relevant impact.

Accordingly, the Company has established a plan to eliminate disposable single-use plastic articles from its standards for all brands in the portfolio. Thus, the new standards envisage an annual reduction of more than 31 million single-use plastic articles in the Group's hotels. As a first step, NH Hotel Group has signed up to the commitment to eliminate plastic drinking straws in all its hotels. This initiative means that 1.1 million plastic straws per year will cease to be used in the Group's bars and restaurants.

Starting from 2020, articles such as plastic cups in rooms, laundry bags, slipper packaging, sweet wrappers, among others, will disappear and will be replaced with more sustainable alternatives.

CUSTOMER SATISFACTION WITH SUSTAINABILITY

NH Hotel Group measures customer satisfaction with regard to sustainability.

THE 10 HOTELS IN NH HOTEL GROUP MOST HIGHLY RATED BY CUSTOMERS FOR SUSTAINABILITY

BUSINESS UNIT	HOTELS	SCORE OUT OF 10 IN 2019
America Business Unit	NH Puebla Finsa	9.52
	NH Collection Royal Terra 100	9.36
	NH Collection Guadalajara Providencia	9.34
	NH Collection Royal Hacienda	9.19
	NH Collection Mexico City Centro Histórico	9.12
Northern Europe Business Unit	NH Collection Fori Imperiali	9.24
	NH Collection Porta Rossa	9.18
Southern Europe Business Unit	NH Collection Doelen	9.15
	NH Collection Taormina	9.14
	NH Collection Palacio de Tepa	9.11

KEY ENVIRONMENTAL INITIATIVES BY BUSINESS UNIT IN 2019

Southern Europe Business Unit

• “No me tapones” campaign

The NH Ciudad de Zaragoza and the NH Sport collaborate in the “NO ME TAPONES” campaign, promoted by NK cultural management, a project that collects plastic bottle caps to finance the design, creation and/or purchase of musical instruments adapted for disabled individuals.

This multidisciplinary project combines music therapy, composition, programming, electronic engineering, physiotherapy... in order to develop adapted musical instruments that manage to boost the skills of individuals with functional diversity.

• NH Collection Gran Hotel Calderón: environmental leader

The NH Collection Gran Hotel Calderón, an environmental leader, has created a committee called NHope to organise actions and events aimed at becoming a more sustainable hotel. It has also volunteered itself as pilot hotel for the Southern Europe Business Unit for environmental projects.

- To prevent, reduce or repair carbon emissions, the hotels has installed charging points for electric vehicles in the car park.
- To reduce the use of plastic, reusable bottles were given to all employees in 2019, and water coolers were installed in several places so that they could be refilled. Plastic straws were also removed from the bar, plastic bottles in the gym have been replaced by a drinking fountain, single-use plastic cups have been replaced by reusable plastic cups and the NH Collection sticker on newspapers has been replaced with a stamp.
- To encourage correct separation of waste, recycling bins have been installed in the offices.
- To combat food wastage, containers have been implemented so that customers who do not finish their meals in the restaurant can take away the leftovers.

Campaigns are also carried out to raise awareness among employees about water and energy efficiency and recycling, and the hotel collaborates with associations and NGOs to clean up the oceans or eliminate cigarette butts from the ground.

Americas Business Unit: Argentina

• “Earth Menu”

During the week before Earth Hour, the NH Collection Buenos Aires Lancaster hotel offered the “Earth Menu”, a menu featuring dishes that did not use electricity or gas in their preparation, and which was very well received by customers. The menu was promoted with a message intended to raise awareness about the need to reduce emissions.

• Study of food wastage

The hotels in Buenos Aires are taking part in a study being conducted by the Faculty of Agronomy of the University of Buenos Aires, which consists of measuring and sampling kitchen waste in order to identify opportunities for improvement in the separation and the reduction of food wastage.

• Annual tree planting

In May the hotels in Buenos Aires carried out the annual tree planting in the Costanera Sur Ecological Reserve.

Northern Europe Business Unit

• Free-range eggs

NH Hotel Group is analysing animal welfare requisites by promoting the use of eggs laid by free range hens. This initiative was implemented in hotels in northern Europe, which currently use free-range eggs in their preparations.

nhow Rotterdam
Rotterdam, The Netherlands



OTHER NOTABLE INITIATIVES

The Company continues to work on its new Strategic Plan that will start to be implemented during 2020. This Plan maintains the principal lines of the previous plan, with the fundamental pillar “NH ROOM4 Planet” to highlight relevant issues such as: climate change, energy efficiency, the purchase of green energy and value chain management.

Along these lines, the Environment Department will work with the Procurement team and will be responsible for combining efforts and achieving synergies in order to meet the targets approved by the Science Based Target initiative, aligned with the Paris Agreement.

The Group has not set noise reduction targets, but it is concerned with carrying out proper noise management to ensure the rest and wellbeing of guests, and to collaborate in favour of peaceful co-existence with the neighbours where the hotels are located.

NH Hotel Group does not carry on its activity in protected natural areas. However, the Company has a range of measures and initiatives in place to preserve and restore biodiversity in the areas in which it does operate.

- Sustainable fishing

The Company’s hotels promote sustainable fishing through legal compliance with the consumption of species and responsible procurement of these products.

- Urban vegetable gardens

Urban vegetable gardens, grown in areas adjoining some of the Company’s hotels, enhance the landscape and gastronomic value of dishes while reducing the environmental impact by reducing the need to transport these products.

The NH Collection Royal Medellín (Colombia) takes care of an ecological vegetable garden where aromatic herbs such as parsley, thyme, mint, rosemary, peppermint, basil, oregano, etc. are grown. These herbs, which are free from pesticides and have a high nutritional value, are used in the hotel kitchen. This hotel cares for the green area around its property, favouring the habitat of numerous animal species and maintaining the connection passageway between natural areas. This green area is open for guests to enjoy, as well as favouring the reduction in noise and pollutants.

The NH Collection Royal Hacienda in Bogotá (Colombia), also has a small vegetable garden in its garden area where aromatic plants are grown that are also used in the hotel’s kitchen.

In Italy, the NH Collection Piazza Carlina, NH Milano Congress Centre and NH Torino Centro also have vegetable gardens with aromatic plants; and the NH Orio al Serio has another garden where lettuces and tomatoes are grown.

In turn, the NH Collection Grand Hotel Convento di Amalfi (Italy), on the Amalfi coast, has a garden in which aromatic herbs, vegetables and citrus fruits are grown to be used in the kitchen and in the cosmetics for the hotel’s spa (aloe vera and lavender). Customers can experience this garden through a trail, such as the meditation trail, which consists of visiting the five terraces it currently features: vegetable garden, rose terrace, monks’ walk, botanic terrace and relaxation terrace.

- Hotels for bees

Conscious of the limited space in cities for biodiversity and aware of the critical situation of bees in Europe, five of the Group’s hotels continue to provide a home for bees on their roofs in a way that is safe for customers. These hotels are: NH Wien City (Austria), NH Berlin Alexanderplatz (Germany), NH Potsdam (Germany), NH Köln Altstadt (Germany) and NH Collection Barbizon Palace (the Netherlands).

- SUSTAINABLE STAFF CANTEENS:

The team at the NH Collection Madrid Abascal has created the first pilot ecological canteen for employees at the hotel. This project consisted of renovating the staff canteen to create a completely sustainable space, including criteria for the election of sustainable material. This space has been used to create awareness about climate change and sustainability among the hotel’s employees.

Some of the improvements that have been included are the recovery of materials to create shelves, giving priority to FSC certified wooden materials, replacing the lighting with LED technology, recovery of elements from other areas of the hotel in perfect condition for use in this space and the use of ecological paint for the walls.

This initiative is also reflected in an operating instruction in the corporate management systems, so that his project will keep growing in other regions. In 2019, 3 sustainable canteens have been created, and the aim is that this project be extended to a total of 6 hotels in a first phase in 2020.



SUSTAINABLE USES OF RESOURCES

ENERGY CONSUMPTION

kWh/RN

ENERGY CONSUMPTION*	ENERGY CONSUMPTION 2018 (kWh)	ENERGY CONSUMPTION 2019 (kWh)	DIFF. 2018 vs 2019 (%)	ENERGY RATIO 2018 (kWh/RN)	ENERGY RATIO 2019 (kWh/RN)	DIFF. 2018 vs 2019 (%)
Americas Business Unit	57,563,926	54,090,594	-6.0%	50.15	49.06	-2.2%
Northern Europe Business Unit	274,515,769	275,339,422	0.3%	49.53	49.37	-0.3%
Southern Europe Business Unit	231,777,218	252,022,163	8.7%	46.92	47.20	0.6%
TOTAL	563,856,914	581,452,180	3.1%	48.48	48.37	0.2%

* Information referring to NH Hotel Group figures for the consolidated perimeter.

WATER CONSUMPTION

m³/RN

Since the creation of the first Sustainability Plan with 2007 as base year, measures have been implemented to save water consumption, such as the implementation of aerators and devices to reduce consumption in cisterns; the installation of innovative systems to recover and reuse water, the efficient purchase of devices such as washing lines in kitchens, as well as the training and awareness of employees and the redesign of operational guidelines and actions in kitchens and floors. In addition, from 2014 the progressive implementation of water efficient showers has begun, these achieve a 40% reduction in the volume of water due to their saving technology.

During 2019, work is underway to create an environmental awareness course that will reinforce these guidelines and actions. It will be available to all company employees in 2020.

WATER CONSUMPTION*	WATER CONSUMPTION 2018 (m ³)	WATER CONSUMPTION 2019 (m ³)	DIFF. 2018 vs 2019 (%)	WATER RATIO 2018 (m ³ /RN)	WATER RATIO 2019 (m ³ /RN)	DIFF. 2018 vs 2019 (%)
Americas Business Unit	470,590	445,469	-5.3%	0.410	0.404	-1.5%
Northern Europe Business Unit	1,509,841	1,506,862	-0.2%	0.272	0.270	-0.7%
Southern Europe Business Unit	1,672,000	2,037,211	21.8%	0.331	0.382	15.4%
TOTAL	3,652,431	3,989,542	9.2%	0.314	0.332	5.1%

* Information referring to NH Hotel Group figures for the consolidated perimeter.



NH Campo Grande
Lisbon, Portugal



NH Avenida Jerez
Jerez de la Frontera, Spain

CARBON FOOTPRINT

SCOPE 1*	TOTAL EMISSIONS 2018 (Tn eq CO ₂)	TOTAL EMISSIONS 2019 (Tn eq CO ₂)	DIFF. 2018 vs 2019 (%)	CARBON FOOTPRINT RATIO 2018 (kg eq CO ₂ /RN)	CARBON FOOTPRINT RATIO 2019 (kg eq CO ₂ /RN)	DIFF. 2018 vs 2019 (%)
Americas Business Unit	4,595	4,311	-6.2%	4.22	3.91	-7.4%
Northern Europe Business Unit	32,363	32,182	-0.6%	5.90	5.77	-2.3%
Southern Europe Business Unit	21,243	22,940	8.0%	4.28	4.29	0.4%
TOTAL	58,200	59,433	2.1	5.04	4.94	-2.0

* Information referring to NH Hotel Group figures for the consolidated perimeter.

SCOPE 2*	TOTAL EMISSIONS 2018 (Tn eq CO ₂)	TOTAL EMISSIONS 2019 (Tn eq CO ₂)	DIFF. 2018 vs 2019 (%)	CARBON FOOTPRINT RATIO 2018 (kg eq CO ₂ /RN)	CARBON FOOTPRINT RATIO 2019 (kg eq CO ₂ /RN)	DIFF. 2018 vs 2019 (%)
Americas Business Unit	12,303	11,294	-8.2%	11.31	10.24	-9.4%
Northern Europe Business Unit	8,105	27,434	238.5%	1.48	4.92	232.7%
Southern Europe Business Unit	2,701	3,080	14.0%	0.54	0.57	6.0%
TOTAL	23,109	41,808	80.9%	2.0	3.48	73.6%

* Information referring to NH Hotel Group figures for the consolidated perimeter.

SCOPE 1+2*	TOTAL EMISSIONS 2018 (Tn eq CO ₂)	TOTAL EMISSIONS 2019 (Tn eq CO ₂)	DIFF. 2018 vs 2019 (%)	CARBON FOOTPRINT RATIO 2018 (kg eq CO ₂ /RN)	CARBON FOOTPRINT RATIO 2019 (kg eq CO ₂ /RN)	DIFF. 2018 vs 2019 (%)
Americas Business Unit	17,552	15,605	-11.1%	15.29	14.15	-7.5%
Northern Europe Business Unit	41,182	59,616	44.8%	7.43	10.69	43.9%
Southern Europe Business Unit	23,303	26,020	11.7%	4.72	4.87	3.2%
TOTAL	82,037	101,241	23.4%	7.05	8.42	19.4
Scope 1	59,304	59,433	0.2%	5.10	4.94	-3.1%
Scope 2	22,732	41,808	83.9%	1.95	3.48	78.5%

* Information referring to NH Hotel Group figures for the consolidated perimeter.

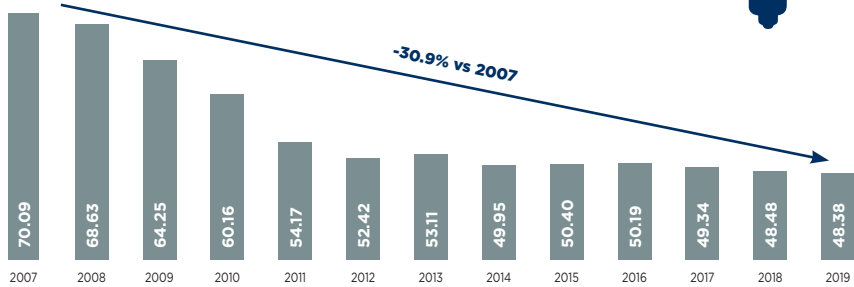
Following the approval of the emissions reduction targets validated by SBTs, NH Hotel Group has estimated, following this methodology, a total of 389,862 Tn eq CO₂⁶ emissions in 2019.

⁶ Scope 3 emissions published are not within the scope of the audit.

RESULTS FOR 2019 AND INTERANNUAL REDUCTION

ENERGY CONSUMPTION

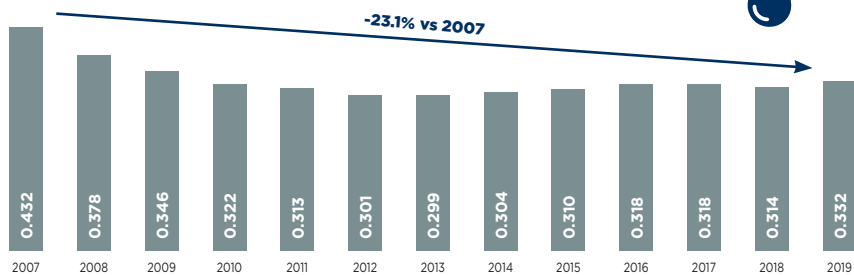
kWh/RN



* Information referring to NH Hotel Group figures for the consolidated perimeter.

WATER CONSUMPTION

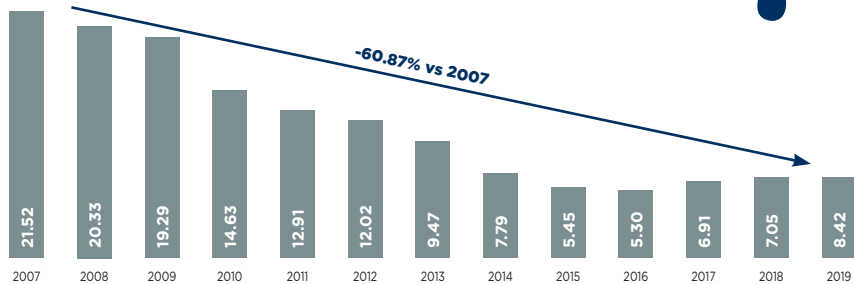
m³/RN



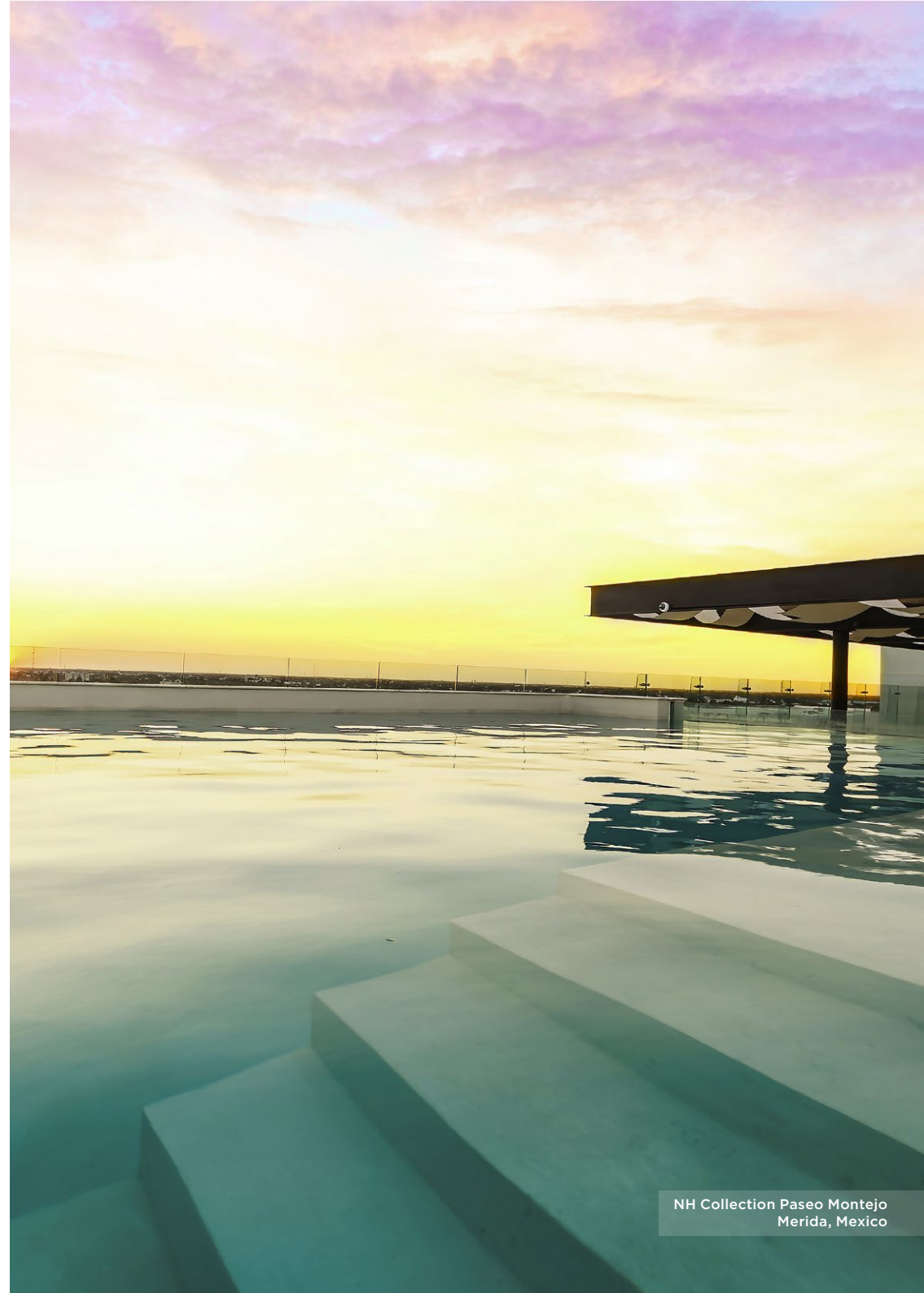
* Information referring to NH Hotel Group figures for the consolidated perimeter.

CARBON FOOTPRINT SCOPE 1+ SCOPE 2

kg CO₂/RN



* Information referring to NH Hotel Group figures for the consolidated perimeter.



NH Collection Paseo Montejo
Merida, Mexico

AWARDS TO NH HOTEL GROUP IN 2019



NH Collection Grand Hotel
Convento di Amalfi
Amalfi, Italy

CORPORATE AWARDS

Business Traveller

BUSINESS TRAVELER AWARDS (GERMANY)

- Best Hotel Chain in the world for business travellers
- Best Hotel Chain for travellers in Germany (3rd place)

BUSINESS TRAVELER & MICE AWARDS (NETHERLANDS)

- Best Hotel Chain in the meetings and events segment



CITY OF MALAGA TOURISM AWARDS (SPAIN)

- Award to NH Hotel Group for its commitment and investment in offering tourist facilities in the region

TravelAgent

AGENT TRAVEL MAGAZINE (SPAIN)

- Best Hotel Chain for Spain and abroad



TRAVEL RANKING AWARDS (SPAIN)

- Most recommended hotel chain for business and city tourism



SELLING TRAVEL AGENTS' CHOICE AWARDS (UK)

- Best hotel chain in Europe



ECCELLENZA AWARD (ITALY)

- Excellent Company in the hotel sector

2020 TREASURY & RISK ALEXANDER HAMILTON AWARDS

ALEXANDER HAMILTON (GLOBAL)

- Honourable mention in Cash



BRAND FINANCE (SPAIN)

- Second strongest hotel brand in Spain



TEAM MAGAZINE TOP 500

- Best Employer



AWARDS AND RECOGNITIONS TO HOTELS



DUTCH NATIONAL MEETING AWARDS (THE NETHERLANDS)

- NH Amsterdam Schiphol Airport:
Best venue for meetings and events in the Netherlands



ITALIAN MISSION AWARDS (ITALY)

- nhw Milano:
Best venue for meetings and events in the north of Italy

LA RAZÓN

LA RAZÓN TOURISM AWARDS (SPAIN)

- Anantara Villa Padierna Palace:
Best luxury golf and beach resort in Spain



CONDE NAST TRAVELLER SPAIN GOLD LIST (SPAIN)

- NH Collection Madrid Suecia: Top 10 city hotels in Spain (finalist)

CONDE NAST TRAVELER READERS' CHOICE (USA)

- NH Collection Firenze Porta Rossa (nominated)
- NH Collection Madrid Palacio de Tepa (nominated)
- NH Collection Genova Marina (nominated)
- NH Collection Gran Hotel de Zaragoza (nominated)
- nhw Berlin (nominated)
- nhw Milano (nominated)
- nhw Rotterdam (nominated)



HISTORIC HOTELS WORLDWIDE (USA)

- NH Collection Grand Convento di Amalfi:
Top 10 magnificent gardens



FORBES (USA)

- NH Collection Amsterdam Doelen:
among the 8 best hotels in Amsterdam



THE INDEPENDENT (UK)

- NH Collection Lisboa Liberdade:
among the 10 best hotels in Lisbon

THE LONDON ECONOMIC

THE LONDON ECONOMIC (UK)

- NH Collection Barcelona Gran Hotel Calderon:
among the 8 most luxurious hotels in Barcelona



THE TELEGRAPH (UK)

- NH Collection Madrid Suecia:
among the 50 Best Hotels in Spain for summer



LOVED BY GUESTS - HOTELES.COM / EXPEDIA (SPAIN)

- NH Collection Pódium: Family



BRABANT HOSPITALITY AWARD (GERMANY)

- NH Collection Eindhoven Centre:
Most hospitable venue in the province of Brabant



ENTREE AWARD (THE NETHERLANDS)

- NH Collection Amsterdam Flower Market:
Best refurbishment in the Netherlands

SUSTAINABILITY AWARDS



RE THINK HOTEL AWARDS (SPAIN)

- NH Hotel Group: one of the ten best sustainability and hotel energy rehabilitation projects

AUSBILDERHERZ 2019 (GERMANY)

- NH Düsseldorf City Nord: for its support to youth employment among young people at risk of exclusion



EQUILEAP RANKING 2019 (WORLDWIDE)

- NH Hotel Group: Leading company in Spain defending gender equality and in the Top 100 worldwide (48th place)

AWARDS FOR INNOVATION AND EXPERIENCE



100 BEST IDEAS OF THE YEAR (SPAIN)

- **FASTPASS**



SKIFT DESIGN AWARDS (USA)

- **FASTPASS**: Best Experience for business travellers



NATIONAL MARKETING AWARDS (SPAIN)

- **FASTPASS**: Best Innovation



FREDDIE AWARDS (USA)

- NH Rewards: 210 Award to the Best emerging loyalty program in Europe



NH Collection Guadalajara Providencia
Guadalajara, Jalisco, Mexico

AWARDS FOR MARKETING



PREMIOS FITUR (SPAIN)

- NH Hotel Group: Best corporate stand of the fair



ITB INTERNATIONAL TOURISM FILM AND MULTIMEDIA AWARD (GERMANY)

- nhw London Reloaded video: best video in the tourist sector

GASTRONOMIC AWARDS AND RECOGNITIONS

IAT (ITALY)

- NH Hotel Group: best commitment to high quality gastronomy

Wine Spectator

WINE SPECTATOR (USA)

- The White Room (NH Collection Grand Hotel Krasnapolsky): award for excellence



WORLD CLASS™ COMPETITION

DUTCH WORLD CLASS BARTENDER FINALS (THE NETHERLANDS)

- The Tailor Bar (NH Collection Grand Hotel Krasnapolsky)



DELTA RESTAURANT GUIDE (NETHERLANDS)

- Hispania Brussels (NH Collection Grand Sablon): restaurant of the Year

THE LUXURY EDITOR

THE LUXURY EDITOR (UK)

- Vermeer (NH Collection Amsterdam Barbizon Palace): selected among the Best Restaurants in Amsterdam
- The White Room (NH Collection Grand Hotel Krasnapolsky): selected among the Best Restaurants in Amsterdam



LA RAZÓN GASTRO & CÍA AWARDS (SPAIN)

- Sonata 32, restaurant at NH Collection Valencia Colón: Best Hotel Restaurant

BEST CHEESE TABLE IN MADRID, INALC (SPAIN)

- Tablafina Madrid, restaurant at NH Madrid Nacional: Best Cheese Table



NH Collection Grand Hotel Krasnapolsky
Amsterdam, The Netherlands

PRINCIPLES GOVERNING THE PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT



PRINCIPLES GOVERNING THE PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT

REPORTING FRAMEWORKS

To prepare the Non-Financial Information Statement, the following global and national principles and standards have been considered:

- Act 11/2018 on Non-Financial and Diversity Reporting, published in Official State Gazette number 314, of December 29th, 2018
- Consolidated Standards for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI), core option; following the 2016 edition of the guide.
- Commitment to the Ten Principles of the UN Global Compact and the Sustainable Development Goals (SDG).

BALANCE AND COMPARABILITY

The purpose of the Report is to publish a balanced, accurate and coherent report of the Group's performance, linked to the issues relevant to its strategy and to its stakeholders. In this regard, the comparability of data and information regarding previous years is key as a tool for traceability and evolution of such information. This Report, as in previous editions, has been drawn up with the involvement and participation of the heads of business areas and dialogue with each stakeholder group, making it possible to align the reported information with the relevant aspects for the stakeholders and to respond to their expectations. This has involved an internal process of gathering and checking information against indicators and quantitative and qualitative measurement data of the sustainable management of NH Hotel Group.

VERIFICATION OF THE NON-FINANCIAL INFORMATION STATEMENT

The Consolidated Non-Financial Information Statement has been verified externally by PricewaterhouseCoopers. The independent review report can be seen in APPENDIX IV to this document.



APPENDIX I: TABLE OF INDICATORS

INDICATOR	2018	2019
Profile		
Portfolio of hotels	350	368
Number of rooms	54,374	57,466
Number of customers	16 Million	31 Million
Subsidies*	€132,088	€3,031,741
Net income**	€101.6M	€90M
Total revenues	€1,613.4M	€1,708.1M
NH ROOM4 Responsible Shared Success		
CUSTOMERS		
Customer ratings -NH survey	8.5	8.6
Customer ratings - online surveys	8.4	8.5
Communications handled by Customer Care	11,191	13,440
Points donated through NH Rewards solidarity donation program	€2,655	€2,262
Number of hotels with elements adapted to special needs	291	344
SUPPLIERS		
Volume of suppliers managed	15,141	15,117
Suppliers signing Code of Conduct	1,646	1,872
Percentage expense with local suppliers	89.9%	95%
Annual purchase volume (expense + investment)	€578.3M	€650.5M
Total purchase volume negotiated by Coperama at global level	€407.2M	€437.3M
Number of Ethical Codes signed with active suppliers	1,646	1,872
ALLIANCES		
Contribution to associations	€478,802	€745,653
Contribution to sectorial associations	€365,468	€582,384
Contribution to non-profit associations	€18,723	€20,654

* The increase in subsidy in 2019 corresponds to a subsidy requested 10 years ago for construction work received this year.

** Attributable to the Parent Company.

INDICATOR	2018	2019
NH ROOM4 People		
EMPLOYEES		
Average number of employees	10,956	11,464
Indefinite contracts	75%	79%
Average turnover	29.5%	23.35%
Employees in country other than origin	13.4%	17.6%
Women in the workforce	51%	50.90%
Women in management	42%	43.30%
Employees under 25 years old	11%	11%
Employees between 25 and 40 years old	46%	45%
Employees over 40 years old	43%	44%
Number of nationalities	131	139
Employees with disabilities	52	114
TRAINING		
Training hours provided through NH University	98,012	134,651
Total investment in training	€1.7M	€1.3M
Subsidy in training	€117,558	€155,208
COMMUNITY		
Total social projects	128	331
Number of NH volunteers	250	1,164
Investment in social action	€181M	€133M
NGO Rate contribution	€181M	€244M
Friend Rate and Employee Rate contribution	€183M	€162M
Hotels with a Heart program: agreements with NGO	51	71
Hotels with a Heart program: hotel nights donated	1,107	1,059
Hotels with a Heart program: hotels involved	59	49
NH ROOM4 Planet		
Energy Efficiency Investment	€6.9M	€6.3M
% of electrical energy consumed by NH Hotel Group in Europe	81%	62%
Energy consumption (kWh)	563,856,914	581,452,180
Energy ratio (kWh/RN) (consumption per room/night)	48.48	48.38
Water consumption (m ³)	3,652,431	3,989,542
Water ratio (m ³ /RN) (consumption per room/night)	0.314	0.332
Carbon footprint - CO ₂ emissions (Tn CO ₂)	82,037	101,241
Carbon footprint - Ratio of CO ₂ emissions (kg CO ₂ /RN) (consumption per room /night)	7.05	8.42
Total number of certified hotels	141	149

APPENDIX II: TABLE SHOWING RELATIONSHIP BETWEEN CONTENTS UNDER ACT 11/2018 ON NON-FINANCIAL AND DIVERSITY

The key indicators of non-financial results required by Act 11/2018 of December 28th, on non-financial and diversity reporting and their relationship to the indicators of the Global Reporting Initiative (GRI) are described below.

Areas Act 11/2018 of December 28 th	Contents	Related GRI standards	GRI descriptoin	Section Title
Business Model	Brief description of the Group's business model, which will include: 1. Business environment 2. Organization and structure 3. Markets where it operates 4. Objectives and strategies 5. Main factors and trends that could affect its future evolution.	102-2	Activities, brands, products and services	Our presence in the world 2019. NH Hotel Group Business Model (Sections "NH Hotel Group Strategy" and "Key Strategic Initiatives in 2019")
		102-6	Markets served	Our presence in the world 2019
Policies	A description of the policies the group applies in relation to these matters, including: 1. Due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts 2. Verification and control procedures, including what measures have been adopted.	103	Management approach	Risk Management (Sections "Responsibility Risk Management" and "Risk Management Model")
Results of policies Key Indicators	The results of these policies, including key indicators of pertinent non-financial results that: 1. Permit monitoring and evaluation of progress and 2. Favour comparability between companies with the national, European or international reference frameworks used for each matter.	103	Management approach	Appendix I: Table of Indicators
Risks Key Indicators	The main risks related to these matters associated to the Group's activities, including, when pertinent and proportionate, commercial relations, products or services that may have negative effects in these areas and how the group manages there their risks, explaining the procedures used to detect and assess them according to the national, European or international reference frameworks for each matter. Information should be included on any impacts detected, offering a breakdown of them, in particular with regard to the main risks in the short, medium and long term.	102-15	Key impacts, risks and opportunities	Risk Management (Section "Risk categories and identification, supervision and monitoring process")
		413-1	Operations with local community engagement, impact assessments and development programs Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Risk Management (Section "Risk factors and management and control measures")
Environmental Matters	1. Detailed information on actual and foreseeable effects of the company's activities on the environment and, as the case may be, health and safety, environmental assessment or certification procedures; 2. The resources dedicated to the prevention of environmental risks; 3. The application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.	Environment		
		103	Management approach in each area	NH ROOM4 Planet (Section "Key environmental indicators")
		102-11	Precautionary principle or approach	NH ROOM4 Planet (Section "Environmental risk prevention and the precautionary principle")
		Pollution		
1. Meaures to prevent, reduce or repair carbon emissions that seriously affect the environment; 2. Considering any form of specific atmospheric pollution by an activity, including noise and light pollution.	103	Management approach for Emissions	NH ROOM4 Planet (Section "Commitment to the fight against Climate Change" and "Mitigation measures for Climate Change")	
	305-5	Reduction of GHG emissions	NH ROOM4 Planet (Introduction)	

Areas Act 11/2018 of December 28 th	Contents	Related GRI standards	GRI descriptor	Section Title
Environmental Matters	Circular economy and waste prevention and management			
	Waste: Measure for prevention, recycling, reuse, other forms of waste recovery and elimination;	103	Management approach for Effluents and waste	NH ROOM4 Planet (Section "Waste management and circular economy")
	Actions to combat food wastage.	103	Management approach for Effluents and waste	NH ROOM4 Planet Section (Fight against food waste")
	Sustainable use of resources			
	Water consumption and water supply according to local limitations;	303-1	Water withdrawal by source	NH ROOM4 Planet (Section "Sustainable uses of resources")
	Consumption of raw materials and measures taken to improve efficiency in their use;	103	Management Approach for Materials	NH ROOM4 Planet (Introduction and section Commitment to reduce single-use plastics ")
	Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy.	103	Management Approach for Energy	NH ROOM4 Planet (Sections "Key environmental indicators", "Energy efficiency plan" and "Results for 2019 and interannual reduction")
		302-1	Energy consumption within the organization	NH ROOM4 Planet (Section "Sustainable uses of resources")
		302-4	Reduction of energy consumption	NH ROOM4 Planet (Sections "Sustainable uses of resources" and "Results for 2019 and interannual reduction"))
	Climate Change			
	Important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces;	103	Management approach for Emissions	NH ROOM4 Planet (Section "Carbon footprint")
		103	Management approach for Emissions	NH ROOM4 Planet (Section "Commitment to the fight against Climate Change" and "Mitigation measures for Climate Change")
	Measures taken to adapt to the consequences of climate change;	305-1	Direct GHG emissions (scope 1)	NH ROOM4 Planet (Section "Carbon footprint")
		305-2	Indirect GHG emissions from power generation (Scope 2)	NH ROOM4 Planet (Section "Carbon footprint")
	Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented to that end.	103	Management approach for Emissions	NH ROOM4 Planet (Section "Commitment to the fight against Climate Change")
	Protection of biodiversity			
Measures taken to preserve or restore biodiversity;	103	Management approach for Biodiversity	NH ROOM4 Planet (Introduction and section "Other notable initiatives")	
Impacts caused by the activities or operations on protected areas.	103	Management approach for Biodiversity	NH ROOM4 Planet (Introduction and section "Other notable initiatives")	

Areas Act 11/2018 of December 28 th	Contents	Related GRI standards	GRI descriptor	Section Title
Social and employee-related matters	Employment			
	Total number and distribution of employees by sex, age, country and professional classification;	103	Management approach for Employment	NH ROOM4 People (Section "People Strategy")
		102-8	Information on employees and other workers	NH ROOM4 People (Section "Our human capital")
		405-1	Diversity of governance bodies and employees	
	Total number and distribution of types of employment contract	102-8	Information on employees and other workers	NH ROOM4 People (Section "Quality job creation and talent retention")
	Annual average indefinite contracts, temporary contracts and part-time contracts by sex, age and professional classification;	102-8	Information on employees and other workers	NH ROOM4 People (Section "Quality job creation and talent retention")
		405-1	Diversity of governance bodies and employees	
	Number of contract terminations by sex, age and professional classification;	401-1	New employee hires and employee turnover	NH ROOM4 People (Section "Turnover and absenteeism")
	Average remuneration and evolution broken down by sex, age and professional classification or equal value;	405-2	Ratio of basic salary and remuneration of women to men	NH ROOM4 People (Section "A team with the same opportunities")
		103	Management approach	NH ROOM4 People (Section "A team with the same opportunities")
	Wage gap, remuneration of same jobs or average for the company	405-2	Ratio of basic salary and remuneration of women to men	
		102-35	Governance: Remuneration policies	Corporate Governance (Section "Board and Senior Management Remuneration")
	Average remuneration of directors and executives, including variable remuneration, expenses, compensation, payment to long-term savings plans and any other benefit, broken down by sex	405-2	Ratio of basic salary and remuneration of women to men	NH ROOM4 People (Section "A team with the same opportunities")
		103	Management approach for Employment	NH ROOM4 People (Section "Flexibility and work-life balance: 'New Way of Working'")
	Implementation of work-life balance policies	405-1	Diversity of governance bodies and employees	NH ROOM4 People (Section "Culture of diversity, equality and inclusion")
	Disabled employees			
	Work organization			
	Organization of work time	103	Management approach for Employment	NH ROOM4 People (Section "Flexibility and work-life balance: 'New Way of Working'")
	Number of hours of absenteeism	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	NH ROOM4 People (Section "Turnover and absenteeism")
	Measures aimed at facilitating work-life balance and promoting shared exercise of rights and responsibility by both parents	103	Management approach for Employment	NH ROOM4 People (Section "Flexibility and work-life balance: 'New Way of Working'")
	Health and Safety			
	Health and safety at work conditions;	103	Management approach for Health and Safety at work	NH ROOM4 People (Section "Health and wellbeing at work")
	Occupational injuries, in particular their frequency and severity	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	NH ROOM4 People (Section "Health and wellbeing at work")
	Occupational diseases; broken down by sex.	403-3	Workers with high incidence or high risks of diseases related to their occupation	
	Labour relations			
	Organization of labour dialogue, including procedures to inform and consult with employees and workers and negotiate with them;	103	Management approach for Employer-worker relations	NH ROOM4 People (Section "Social dialogue with employees")
	Percentage of employees covered by collective agreement by country;	102-41	Collective bargaining agreements	NH ROOM4 People (Section "Social dialogue with employees")
	Balance of collective agreements, particularly with regard to occupational health and safety	103	Workers representation in formal joint management -worker health and safety committees	

Areas Act 11/2018 of December 28 th	Contents	Related GRI standards	GRI descriptoin	Section Title
Social and employee-related matters			Training	
	Policies implemented in training;	103	Management Approach for Training and Education	NH ROOM4 People (Section "Training: NH University")
	Total number of training hours by professional category.	404-1	Average hours of training per year per employee	NH ROOM4 People (Section "Training: NH University")
		404-2	Employee skill enhancement and transition assistance programs	
		404-3	Percentage of employees receiving regular performance and career development reviews	NH ROOM4 People (Section "Talent management")
			Universal accessibility for disabled persons	
	Universal accessibility for disabled persons	103	Management approach	NH ROOM4 People (Section "Hotels that are more and more accessible")
			Equality	
	Measures taken to promote equality of treatment and opportunity between men and women;			NH ROOM4 People (Sections "Culture of diversity, equality and inclusion", "A team with the same opportunities" and "Culture of diversity, equality and inclusion")
	Equality plans (Chapter III of Act 3/2007, of 22 March, for effective equality of men and women), measures taken to promote employment, protocols against sexual harassment and on account of sex, integration and universal accessibility of disabled persons;	103	Management approach for Diversity and Equality of opportunities + Non discrimination	NH ROOM4 People (Section "Equality Plan")
The policy against all kind of discrimination and, as the case may be, diversity management.			NH ROOM4 People (Section "Culture of diversity, equality and inclusion")	
Human Rights	Application of due diligence procedures in relation to Human Rights;	103	Management approach for assessment of human rights + Freedom of association and collective bargaining + Child labour + Forced or compulsory labour	Ethics and Conduct. (Sections "Protection of Human Rights", "Compliance in relation to Human Rights", "Initiatives for the Protection of Human Rights" and "New developments for the protection of Human Rights")
	Prevention of risks of breach of human rights and, as the case may be, measures to mitigate, manage and repair possible abuse committed;			Ethics and Conduct. (Sections "Protection of Human Rights", "Compliance in relation to Human Rights", "Initiatives for the Protection of Human Rights" and "New developments for the protection of Human Rights")
	Reported cases of breach of human rights;			Ethics and Conduct. (Section "Compliance in relation to Human Rights")
	Promotion of and compliance with the provisions of the fundamental treaties of the World Labour Organization related to respect for freedom of association and the right to collective bargaining;	406-1	Incidents of discrimination and corrective actions taken	Ethics and Conduct. (Section "Initiatives for the Protection of Human Rights")
	Elimination of discrimination in employment and occupation;			
	Elimination of forced or compulsory labour;	103	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Ethics and Conduct. Section "Protection of Human Rights")
Effective abolition of child labour.	103	Operations and suppliers at significant risk for incidents of child labour		

Areas Act 11/2018 of December 28 th	Contents	Related GRI standards	GRI descriptor	Section Title
Corruption and Bribery	Measures taken to prevent corruption and bribery;	103	Management approach Anti-corruption	Compliance System (Introduction and section "New policies approved in 2019")
		205-2	Communication and training about anti-corruption policies and procedures	Ethics and Conduct (Section "Awareness of and training on ethics and conduct")
	Measures to fight money laundering.	205-2	Communication and training about anti-corruption policies and procedures	Ethics and Conduct (Section "Awareness of and training on ethics and conduct")
	Contributions to not-for-profit foundations and entities.	413-1	Operations with local community engagement, impact assessments and development programs	NH ROOM4 Responsible Shared Success: Sustainable alliances (Section "Significant contributions to associations in 2019")
Society	Company's commitments to sustainable development			
	Impact of the company's activity on local employment and development;	103	Management approach for local communities	NH ROOM4 People: Community (Section "Promotion of youth employment: employability programs")
		413-1	Operations with local community engagement, impact assessments and development programs	
	Impact of the company's activity on local populations and on the territory;	413-1	Operations with local community engagement, impact assessments and development programs	NH ROOM4 People: Community
	Relations with players in the local communities and types of dialogue with them;	102-43	Approach to stakeholder engagement	NH ROOM4 Responsible Shared Success: Sustainable alliances (Section "Dialogue with stakeholders")
		413-1	Operations with local community engagement, impact assessments and development programs	
	Associative or sponsorship actions.	102-12	External initiatives	NH ROOM4 Responsible Shared Success: Sustainable alliances (Section "Relations with Associations")
		102-13	Membership of association	
	Subcontracting and suppliers			
	Inclusion of social, gender equality and environmental matters in the procurement policy;	102-9	Supply chain	NH ROOM4 Responsible Shared Success: Responsible value chain (Section "Purchasing Policy" and "Selection of suppliers")
		103	Management approach for Suppliers	
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors;	204-1	Proportion of spending on local suppliers	NH ROOM4 Responsible Shared Success: Responsible value chain
		308-1	Supplier environmental assessment	
		414-1	Supplier social assessment	
Supervision and audit systems and their results.	103	Purchasing Policy Management Approach	NH ROOM4 Responsible Shared Success: Responsible value chain (Section "Selection of suppliers")	

Areas Act 11/2018 of December 28 th	Contents	Related GRI standards	GRI descriptoin	Section Title	
Society	Consumers				
	Measures for health and safety of consumers;	103	Management approach for Customer health and safety	NH ROOM4 Responsible Shared Success: Customers (Section "Health and safety")	
	Claim systems, complaints received and their resolution.	103	Health and Safety Management approach to customers	NH ROOM4 Responsible Shared Success: Customers (Section "Single Customer Service Centre Tools")	
	Tax information				
	Profits obtained country by country	103	Country by Country Benefit Management Approach	NH Hotel Group Business Model (Section "Tax Informacion")	
	Income taxes paid	103	Taxation of paid profits management approach		
	Public grants received	201-4	Subsidies received from the government	Ethics and conduct (Section "Relation with the government and Policy influence")	
	Other relevant indicators				
	Governance	102-18	Governance structure		Corporate Governance
		102-19	Delegation of authority		
		102-22	Composition of the supreme governing body and its committees		
102-23		President of the supreme governing body			
102-24		Nomination and selection of the highest governing body			
102-25	Conflicts of interest				

Note: In addition to the indicators included in the table, additional financial information can be found in the following indicators: 102-1, 102-3, 102-4, 102-5, 102-7, 102-10, 102-14, 102-16, 102-40, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56.

APPENDIX III: INDEX OF GRI STANDARD CONTENTS

This report has been drawn up in accordance with GRI standards: Core option

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
GRI 101: Foundation		
General Disclosures		
ORGANIZATIONAL PROFILE		
	102-1 Name of the organization	NH Hotel Group Business Model
	102-2 Activities, brands, products and services	Our presence in the world 2019 NH Hotel Group Business Model
	102-3 Location of headquarters	Back cover
	102-4 Location of operations	Our presence in the world 2019 NH Hotel Group Business Model
	102-5 Ownership and legal form	Corporate governance and ethical commitment (Section "Shareholder structure")
	102-6 Markets served	Our presence in the world 2019
	102-7 Scale of the organization	Our presence in the world 2019 NH Hotel Group Business Model
GRI 102: General Disclosures	102-8 Information on employees and other workers	NH ROOM4 People (Section "Our human capital")
	102-9 Supply chain	NH ROOM4 Responsible Shared Success: Responsible Supply Chain
	102-10 Significant changes to the organization and its supply chain	Milestone 2019, NH Hotel Group Business Model NH ROOM4 Responsible Shared Success: Responsible Supply Chain
	102-11 Precautionary Principle or approach	NH ROOM4 Planet (Section "Environmental risk prevention and the precautionary principle")
	102-12 External initiatives	NH ROOM4 Responsible Shared Success: Sustainable Alliances (Section "Relations with associations") NH ROOM4 Planet (Section "Mitigation measures for Climate Change")
	102-13 Membership in associations	NH ROOM4 Responsible Shared Success: Sustainable Alliances (Section "Relations with associations")
STRATEGY		
GRI 102: General Disclosures	102-14 Statement from senior decision-maker	Chairman and CEO'S message
	102-15 Key impacts, risks, and opportunities	Management risks
ETHICS AND INTEGRITY		
GRI 102: General Disclosures	102-16 Values, principles, standards, and norms of behavior	Our vision, our culture Compliance system Ethics and conduct
	102-17 Mechanisms for advice and concerns about ethics	Compliance system

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
GOVERNANCE		
GRI 102: General Disclosures	102-18 Governance structure	Corporate governance
	102-19 Delegating authority	Corporate governance
	102-22 Composition of the highest governance body and its committees	Corporate governance
	102-23 Chair of the highest governance body	Corporate governance
	102-24 Nominating and selecting the highest governance body	Corporate governance
	102-25 Conflicts of interest	Compliance system
	102-35 Remuneration policies	Compliance system
STAKEHOLDER ENGAGEMENT		
GRI 102: General Disclosures	102-40 List of stakeholders	NH ROOM4 People: Sustainable Alliance (Section "Dialogue with Stakeholders")
	102-41 Collective bargaining agreements	NH ROOM4 People: Employees (Section "Social dialogue with employees")
	102-42 Identifying and selecting stakeholders	NH ROOM4 Sustainable Business Model NH ROOM4 People: Sustainable Alliances (Section "Dialogue with stakeholders")
	102-43 Approach to stakeholder engagement	NH ROOM4 Sustainable Business Model (Introduction and section "Materiality analysis") NH ROOM4 People: Sustainable Alliances (Section "Dialogue with stakeholders")
	102-44 Key topics and concerns raised	NH ROOM4 Sustainable Business Model (Section "Materiality analysis")
REPORTING PRACTICE		
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	About the Non Financial information Statement (Section "Scope")
	102-46 Defining report content and topic boundaries	Our presence in the world 2019 About the Non Financial information Statement (Section "Scope") NH ROOM4 Sustainable Business Model (Section "Materiality analysis")
	102-47 List of material topics	NH ROOM4 Sustainable Business Model (Section "Materiality analysis")
	102-48 Restatements of information	There are no restatements of information regarding previous years
	102-49 Changes in reporting	2019 is the first report which merged in one document Non-Financial Statement and Sustainable Business Report
	102-50 Reporting period	2019
	102-51 Date of most recent report	Last report published refers to previous tax year, 2018
	102-52 Reporting cycle	About the Non Financial information Statement
	102-53 Contact point for questions regarding the report	Back cover
	102-54 Claims of reporting in accordance with the GRI Standards	Principles governing the preparation of the non-financial information statement
	102-55 GRI content index	Appendix III: Index of GRI standards contents
102-56 External assurance	Appendix IV: Independent Assurance Report	

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
SUSTAINABLE FINANCIAL GROWTH		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH Hotel Group Business Model (Section "Key Figures")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GOOD GOVERNANCE		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Corporate Governance
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 201: ECONOMIC PERFORMANCE		
GRI 201: Economic performance	201-4 Financial assistance received from government	Ethics and Conduct (Section "Relations with the governments and policy influence")
GRI 205: ANTICORRUPTION		
GRI 205: Anticorruption	205-2 Communication and training about anti-corruption policies and procedures	Compliance System Ethics and Conduct
ETHICAL COMMITMENT AND TRANSPARENCY		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Compliance System Ethics and Conduct (Introduction and Section "Awareness of and training on ethics and conduct")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
PROTECTION OF HUMAN RIGHTS		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Ethics and Conduct (Sections "Protection of Human Rights", "Compliance in relation to Human Rights" and "Initiatives for the Protection of Human Rights")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	406-1 Cases of discrimination and corrective actions taken	Ethics and Conduct (Section "Compliance in relation to Human Rights")
FINANCIAL, NON-FINANCIAL AND EMERGING RISK MANAGEMENT		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Risk Management (Section "Responsibility for Risk Management")
	103-2 The management approach and its components	Risk Management (Section "Responsibility for Risk Management", "Risk Management Model" and "Risk categories and identification, supervision and monitoring process")
	103-3 Evaluation of the management approach	Risk Management
INNOVATION AND TECHNOLOGY		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Principal strategic initiatives (Section "5. Transformation Plan")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
DIALOGUE WITH STAKEHOLDERS		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH Hotel ROMM4 Responsible Shared Success: Sustainable Alliances (Section "Dialogue with stakeholders")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
TALENT, TRAINING AND PROFESIONAL DEVELOPMENT		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROMM4 People: Employees (Introduction and sections "People Strategy", "Talent Management", "Performance Management" and "Training: NH University")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: EMPLOYMENT		
GRI 401: Employment	401-1: New employee hires and employee turnover	NH ROOM4 People: Employees (Section "Turnover and absenteeism")
GRI 404: TRAINING AND EDUCATION		
GRI 404: Training and education	404-1: Average hours of training per year per employee	NH ROOM4 People: Employees (Section "Training: NH University")
	404-2: Programs for upgrading employee skills and transition assistance programs	NH ROOM4 People: Employees (Section "Training: NH University")
	404-3: Percentage of employees receiving regular performance and career development reviews	NH ROOM4 People: Employees (Section "Performance Management")
EQUALITY, DIVERSITY AND INCLUSION CULTURE		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Employees (Sections "Culture of diversity, equality and inclusion", "Equality Plan" and "A team with the same opportunities")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES		
GRI 404: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Corporate Governance (Section "Selection Policy for Director Candidates") NH ROOM4 People: Employees (Sections "Quality job creation and talent retention" and "Culture of diversity, equality and inclusion")
	405-2 Ratio of basic salary and remuneration of women to men	Corporate Governance (Section "Board and Senior Management Remuneration") NH ROOM4 People: Employees (Section "A team with the same opportunities")
EMPLOYEE COMMITMENT AND INVOLVEMENT		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People (Sections "Employee engagement" and "Internal communication")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
HEALTH AND WELLBEING		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People (Section "Health and wellbeing at work")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 403: HEALTH AND SAFETY		
GRI 403: Health and safety	403-2 Types of accidents and, frequency rates of accidents, occupational diseases, lost days, absenteeism and number of fatalities due to occupational accident or illness	NH ROOM4 People (Sections "Health and wellbeing at work" and "Turnover and absenteeism")
	403-3 Employees with high incidence or high risk of illness related to their activity	NH ROOM4 People (Sections "Health and wellbeing at work")
CORPORATE VOLUNTEERING		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Community (Introduction and sections "Corporate Volunteering: Together with Love" , "Hotels with a Heart - HwH", "Promotion of youth employment: employability programs", "Donation of furniture from refurbished hotels" and "Alliances with Foundations and NGOs")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
POSITIVE IMPACT IN THE COMMUNITY		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Community (Introduction and sections "Corporate Volunteering: Together with Love" , "Hotels with a Heart - HwH", "Promotion of youth employment: employability programs", "Donation of furniture from refurbished hotels" and "Alliances with Foundations and NGOs")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 413: LOCAL COMMUNITIES		
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	NH ROOM4 Responsible Shared Success: Sustainable alliances (Sections "Dialogue with stakeholders", "Relations with associations" and "Significant contributions to associations in 2019") NH ROOM4 People: Community (Introduction and sections "Corporate Volunteering: Together with Love" , "Hotels with a Heart - HwH", "Promotion of youth employment: employability programs", "Donation of furniture from refurbished hotels" and "Alliances with Foundations and NGOs")
PROMOTING YOUNG EMPLOYMENT		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Community (Section "Promotion of youth employment: employability programs")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
SUSTAINABLE ALLIANCES		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Sustainable alliances
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
RESPONSIBLE AND LOCAL SUPPLY CHAIN		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Responsible value chain (Section "Supplier Management")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 204: PROCUREMENT PRACTICES		
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	NH ROOM4 Responsible Shared Success: Responsible value chain
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	NH ROOM4 Responsible Shared Success: Responsible value chain (Sections "Purchasing Policy", "Selection of Suppliers", "Supplier Approval Process Life Cycle in NH Hotel Group", "Supplier Management" and "Risk Management in the Supply Chain: Critical Suppliers")
GRI 414: SUPPLIER SOCIAL ASSESSMENT		
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	NH ROOM4 Responsible Shared Success: Responsible value chain (Sections "Purchasing Policy", "Selection of Suppliers", "Supplier Approval Process Life Cycle in NH Hotel Group", "Supplier Management" and "Risk Management in the Supply Chain: Critical Suppliers")
CUSTOMER UNIQUE EXPERIENCE		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Customers (Sections "NH Experience", "Quality Management System" and "Evolution of Quality measurement tools in 2019")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
SATISFACTION AND QUALITY SERVICE		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Customers (Sections "Quality Management System", "Single Customer Service Centre Tools", "Impacts on visibility and perception of Quality" and "Communication with Customers")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
SUSTAINABILITY AWARENESS-RAISING IN CUSTOMERS		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Customers (Section "Responsible Guest") NH ROOM4 Planet (Section "Green Hotel Project")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
GRI 302: ENERGY		
GREEN ENERGY AND ENERGY EFFICIENCY		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success; Responsible value chain (Section "Supplier Management")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 302: Energy	302-1 Energy consumption within the organization	NH ROOM4 Planet (Section "Sustainable uses of resources")
	302-4 Reduction of energy consumption	NH ROOM4 Planet (Sections "Sustainable uses of resources" and "Results for 2019 and interannual reduction")
GRI 303: WATER		
RESPONSIBLE WATER MANAGEMENT		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet (Introduction and section "NH Hotel Group Environmental Sustainability Policy")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 303: Water	303-1 Water withdrawal by source	NH ROOM4 Planet (Sections "Sustainable uses of resources" and "Results for 2019 and interannual reduction")
FIGHT AGAINST CLIMATE CHANGE		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet (Section "Mitigation measures for Climate Change")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 305: EMISSIONS		
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	NH ROOM 4 Planet (Sections "Carbon footprint" and "Results for 2019 and interannual reduction")
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-5 Reduction of GHG emissions	
SUSTAINABLE HOSPITALITY SERVICES		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet (Sections "Green Hotel Project", "Customer satisfaction with sustainability" and "Other notable initiatives")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
WASTE MANGEMENT AND CIRCULAR ECONOMY		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet (Section "Waste management and circular economy")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

APPENDIX IV: INDEPENDENT ASSURANCE REPORT



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Verification Report

To the shareholders NH Hotel Group, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT 2019 ("CNFIS") for the year ended 31 December 2019 of NH Hotel Group, S.A. (the Parent company) and subsidiaries ("NH Hotel Group") which forms part of NH Hotel Group's 2019 Consolidated Management's Report ("CMR") for the fiscal year 2019.

The content of the CNFIS includes additional information to that required by current commercial legislation on non-financial reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the Annex II "Table showing relationship between contents under Act 11/2018 on non-financial and diversity" and in the Annex III "Index of GRI standard contents" in the accompanying CNFIS.

Responsibility of the directors of the Parent Company

The preparation of the CNFIS included in NH Hotel Group's CMR and the content thereof are responsibility of the Board of Directors of NH Hotel Group, S.A. The CNFIS has been drawn up in accordance with the provisions of current commercial legislation and with the *Sustainability Reporting Standards of the Global Reporting Initiative* ("GRI Standards") in accordance with the Core option, in line with the details provided for each matter in the Annex II "Table showing relationship between contents under Act 11/2018 on non-financial and diversity" and in the Annex III "Index of GRI standard contents" included in the CNFIS.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure that the CNFIS is free from material misstatement, due to fraud or error.

The directors of NH Hotel Group, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CNFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
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Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system in place which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialized in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out in relation solely to fiscal year 2019. The data relating to previous years was verified by another professional. Our work has been aligned with the requirements set by the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution and are more restricted than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted in posing questions to Management and several NH Hotel Group, S.A. units that were involved in the preparation of the CNFIS, in the review of the processes for compiling and validating the information presented in the CNFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with NH Hotel Group, S.A. personnel to ascertain the business model, policies and management approaches applied and the main risks related to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the CNFIS for 2019, based on the materiality analysis carried by NH Hotel Group and described in NH's ROOM 4 SUSTAINABLE BUSINESS "Materiality analysis" of the CNFIS, and considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in the CNFIS for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the CNFIS for 2019.
- Verification, through sample testing, of the information relating to the content of the CNFIS for 2019 and its adequate compilation using data supplied by the sources of information.
- Obtainment of a management representation letter from the directors and the management of the Parent company.



Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to our attention which may lead us to believe that the CNFIS of NH Hotel Group, S.A. and its subsidiaries for the year ended 31 December 2019 has not been prepared, in all of their significant matters, in accordance with the provisions of current commercial legislation and with the GRI Standards in accordance with the Core option, in line with the details provided for each matter in the Annex II "Table showing relationship between contents under Act 11/2018 on non-financial and diversity" and in the Annex III "Index of GRI standard contents" in the accompanying CNFIS.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Ramon Abella

25 February 2020

nh | HOTEL GROUP PART OF **MINOR**
HOTELS



Santa Engracia, 120
28003 - Madrid
T: +34 91 451 97 18
nh-hotels.com
nhhotelgroup.com