

**CONSOLIDATED
NON-FINANCIAL
INFORMATION
STATEMENT 2020**

SUSTAINABLE BUSINESS REPORT

NH | HOTEL GROUP

PART OF **MINOR**
HOTELS



Anantara Palazzo Naiadi
Rome, Italy

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OUR PRESENCE IN THE WORLD 2020

*Figures as of 31.12.2020
Including hotels operated under management agreements, leased, owned and franchise.*



361
HOTELS

29
COUNTRIES

55,371
ROOMS

12,850*
EMPLOYEES

33* MILLION
GUESTS

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

BU AMERICA

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

56 hotels | **7,517** rooms | **9** countries

BUNE

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

126 hotels | **23,497** rooms | **13** countries

BUSE

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

179 hotels | **24,357** rooms | **7** countries

ABOUT THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT



ABOUT THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

This Consolidated Non-Financial Information Statement (hereinafter NFIS or “the Report”) is presented as a separate report and constitutes part of the NH Hotel Group’s Consolidated Management Report 2020. It deals extensively with the Company’s Responsible Business Strategy, NH ROOM4 Sustainable Business, concentrating 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 24th, 2021, and was signed by all its members, with the specifications resulting from the Directors’ Statement of Responsibility for the purposes of the provisions of article 118.2 of Royal Legislative Decree 4/2015 of October 23rd, which approves the revised text of the Securities Market Act), in which the delegation made by some Directors of their respective signatures to other Directors is recorded.

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

CONTENTS

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 dialoguing 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 make it possible to keep the mechanisms for identifying needs active, as well as the most relevant aspects to be included in the Report, in addition to the follow-up of commitments and compliance with the challenges set out in the previous year.

To carry out the Materiality Analysis, the following items are taken into account: the Company’s strategy and objectives, the NH ROOM4 strategy, the material issues at sector level defined by the Sustainable Hospitality Alliance, 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, which amends Directive 2013/34/EU regarding disclosure of non-financial and diversity information by certain large companies and groups.

SCOPE

This Report sets out the fifteenth Annual Sustainable Business Report of NH Hotel Group. It includes the Group's activity and main results for the financial year 2020, integrating economic, environmental and social performance.

The Report shows NH Hotel Group's management of the impacts, both positive and negative, that the Company generates, and its scope therefore contemplates two perimeters: consolidated scope (owned and leased hotels) and corporate scope (hotels under ownership, management and lease). It therefore includes information on all the hotels operated by the Company, in other words, hotels operated under lease, ownership and management. The eight hotels that have entered the portfolio in October 2020 following the agreement with Covivio are not included in the scope of the environmental and employee data of this Report.

In the case of information referring to the workforce, full-time equivalent (FTE) figures are included for all types of employees (except Outside Labour, Extra Labour and Trainees) considering hotels under ownership, lease, and management based on the data in NH Hotel Group's ERP SAP HCM management system.

Where the scope of information varies from these criteria, a footnote is provided.

Geographic presence of NH Hotel Group in 2020

	Consolidated perimeter (owned and leased hotels)	Corporate perimeter* (hotels under ownership, lease and management)
Number of hotels in the world	306	353
Number of countries in which NH Hotel Group has activity	23	28
Number of rooms	47,827	54,708
Employees	11,112	12,850

* Does not include franchises



NH Collection Palazzo Verona
Verona, Italy

CHAIRMAN AND CEO'S MESSAGE



Anantara New York Palace
Budapest, Hungary

CHAIRMAN'S MESSAGE

Dear stakeholders,

We have just left a year in which the pandemic cancelled tourism for several months in practically the whole world. The health crisis has brought pain and suffering to many families who have had to bear the disease and the loss of loved ones in the most adverse circumstances. On behalf of the Board of Directors of NH Hotel Group, I would like to pay heartfelt homage to all those affected and convey our sympathy and best wishes to their families.

Of all economic sectors, tourism has been most affected by COVID-19. World tourism had its worst year on record in 2020, with a 74% drop in international arrivals and one billion fewer international arrivals than in the previous year, according to data from the World Tourism Organization. Despite a brief rebound in the summer, international arrivals in Europe fell by 70% over the year, and in the Americas by 69%. Activity in Spain also dropped to the bare minimum. According to the National Statistics Institute, last year 19 million foreigners traveled to Spain, which represents a drop of 77.3%. In the whole year only 1.4 million foreigners came to Spain on professional and business trips, down 74.9% from the previous year. With these sharp drops, total foreign tourist spending in the year totaled just 19.74 billion euros, one fifth of the normal figure.

Such a drastic and prolonged shutdown in such a strategic sector has been a real catastrophe. The businesses in the sector have had to give the best of ourselves to resist and ensure viability; firstly, the corporate viability and that of our professionals, and then that of an entire sector that is essential to the model of life and sustainable development of our country. Until now, the public aid provided has been insufficient, although the option assigned to Spain in the European Reconstruction Plan, named Next Generation EU, represents a historic opportunity for the Spanish economy, and especially for its tourism sector, which cannot be squandered.

Ambitious and transformative policies are needed to face the main structural challenges that have been affecting the competitiveness of the tourism sector for years. At the same time, they should be aligned with the great global challenges of digitalization and climate change. It is necessary to design a cross-cutting strategy for the transformation and gradual repositioning of the country's tourism towards a de-seasonalized model, much more qualitative and based on a new governance of public-private collaboration. The desired goal should be to guarantee sustainable growth that ensures the greatest social and economic profitability, public support and the lowest environmental impact.

While these opportunities are being specified, the sector has sought to reinvent itself. In such a difficult context, to the extent of their possibilities and showing tireless responsibility, hotel professionals have made every effort to continue providing an attentive, safe and tremendously human service. In our hotels we have welcomed patients and health professionals during the worst moments of lockdown. We have activated hygiene protocols, safety systems and personal distancing in record time. While individualized service has always been important in our corporate culture, in 2020 we have also developed our more social profile in a specific and very committed way, undertaking charitable initiatives and providing support to the specific needs of the different public administrations.



For example, we have taken advantage of the closed kitchens of the NH Collection Eurobuilding and Anantara Villa Padierna hotels, two of our most emblematic assets, to collaborate in charity projects such as the World Central Kitchen, promoted by chef José Andrés. In them, we prepared part of the twenty thousand meals that were distributed every day to the most vulnerable families during lockdown. At the same time, our Group has implemented innovative solutions to redefine the guest experience while assuring maximum safety. Through Feel Safe at NH, we have redefined our health protocols to offer our guests a safe place and a unique experience capable of restoring their enthusiasm and desire to travel. We also completed pilot programmes to perform antigen tests on our premises for guests and staff as part of the Covid Safe Environment project.

During the year, the exceptional situation generated by the pandemic has forced the Board of Directors of NH Hotel Group to protect the safety of employees and guests as much as possible and stress the principles of good governance and social responsibility. We have supervised the shielding of the Company's liquidity and viability, because these two attributes condense the mandatory commitment of any Board towards its different stakeholders. Based on this mandate, in April 2020 it was agreed that the proposed distribution of a gross dividend of 0.15 euros per share would be cancelled and that the 90 million euros obtained as consolidated profit in 2019 would be maintained as legal and voluntary reserves. This was a measure that was as necessary as it was urgent in order to preserve cash in the most uncertain situation of the lockdown.

The task of the Board and its Committees has focused more on financial oversight and risk analysis, taking the utmost care at all times to respect good practice and the best corporate governance standards. The pertinent appointments were also completed: the renewal of Ramón Aragonés as CEO, ratified at the Annual General Meeting, and the appointment by co-optation of Rufino Pérez as a new Executive Director, following the required favourable report by the Nominations, Remuneration and Corporate Governance Committee. We have assumed control and supervision of management objectives and budgets, the financial and investment policy, decision on dividends and corporate social responsibility, in coordination and alignment with the management team and all the Group's professionals. In the face of such adverse conditions,

commitment, collaboration, and dedication have been more necessary than ever, and have presided over the work of the entire organization day after day without respite.

We have also stayed true to the Company's guiding principles of environmental commitment and to gender equality. We have been included again in the Bloomberg Gender Equality Index 2021, with top scores in women's leadership and talent pool, equal pay and gender parity, and anti-sexual harassment policies.

It is worth noting that the sustainable investment agency SAM, recently acquired by S&P Global, has recognized us as one of the three most sustainable hotel chains in the world. The commitments in this area and the improvement we have shown this year have led us to obtain the Bronze Class award in the Sustainability Yearbook 2021, as well as the recognition of "Industry Mover", thanks to the improvement in our assessment compared to the previous year.

In what has probably been the most complex year of its history, this brief overview of the Company's governance activity proves that we have not let our guard down for a single day. The Board has been and will be firmly committed to assuring the best future for its professionals, shareholders and customers. A future that, logically, involves guaranteeing corporate viability and the best positioning of our brands. Ours is a sector in permanent movement. Right now, it is defining a profound change in both leisure tourism and in the business, conventions and events segment. Rest assured that, with the effort and collaboration of all of us, NH Hotel Group will once again be a relevant player in the increasingly imminent rebirth of tourism.

On behalf of the Board of Directors of NH Hotel Group, thank you very much.

Alfredo Fernández Agras
Chairman NH Hotel Group

CEO'S MESSAGE

Dear stakeholders,

In 2020, NH professionals have once again demonstrated an extraordinary capacity for commitment, dedication, responsibility and efficiency. This is not the first time we have gone through exceptional situations. Ten years ago, following the severe worldwide economic crisis, we had to reinvent ourselves in the most adverse context. Year by year, with everyone's efforts, we managed to turn that catharsis into a success story, completing an ambitious strategic plan, consolidating our positions as leaders and posting the best results in our history. Then came the worst worldwide health crisis in the last hundred years and it has left the entire tourism sector on the brink of disaster. From the very first day though, our entire organisation has been doing its best to reinvent itself. We have not given up and we never will until we return NH to the privileged future and to the brand recognition that has made us identifiable and appreciated in the market.

I sincerely believe that our Group has risen to the challenge. COVID-19 and its successive waves have constituted a devastating worldwide tragedy that has affected us all. On behalf of NH Hotel Group, I would like to convey our sympathy to all those who have suffered the illness or loss of loved ones during this time. Life has changed for all of us very quickly over these months. Health safety, hygienic measures and personal distancing have been embedded in our routines. Going forward, they will be vital in our everyday life, also in tourism. Many times, history has evolved as a result of the coordinated response to a hitherto unseen problem. In all crises, we have tried to preserve the social and cultural traits that best define our lifestyle. I believe that tourism is one of these great values, and that we will only recover normality when we can travel again as we continue to dream of doing.

We in the management team of NH Hotel Group, have resolved to keep the Company in the best conditions for when that time comes. Assuring corporate viability has been and will continue to be the main goal and I believe we have taken the right steps to achieve it. Even so, this has been an extremely difficult year, and today the situation is still very complicated despite the hope that the vaccines offer us. The strict lockdown and successive restrictions forced us to implement immediate measures with a twofold objective: preserving corporate liquidity and at the same time strengthening our customers' confidence. Our entire organization rallied to preserve the health of guests and employees. Almost immediately, we offered safe environments in which we could continue to offer a service that exceeds guests' expectations. In a few weeks, we managed to redefine the guest experience. We have taken responsibility for each moment of their stay; from the time they access our website and consider booking until their stay is over and they leave the hotel.





NH Collection Madison Avenue NY
New York, United States of America

As soon as we learned of the worldwide health crisis, our Group also started to apply an exhaustive Contingency Plan to adapt the business and assure its sustainability. We focused on minimizing costs and preserving liquidity, with such urgent and painful measures as adapting the workforce to a minimal market, with temporary employment contract suspensions aligned with the measures introduced by the different Administrations. We have also reduced marketing expenses to a minimum, renegotiated rents and improved conditions with suppliers. We have reduced overall operating expenses to less than half, and halved total costs, including rent. In this way, we have been able to preserve our cash strength month after month. In the second quarter, in the midst of a generalized confinement in the markets where we operate, the monthly cash outflow reached 55 million euros. In this way we have managed to preserve our solid cash position. At the end of the year, available liquidity remained above 345 million euros.

Furthermore, to preserve and strengthen liquidity, the available credit lines were drawn down at the beginning of the year in the amount of 275 million euros. In May, a new syndicated loan of 250 million euros with ICO guarantee and a 3-year term was agreed. In October 2020, the Company entered into an agreement with Spanish and international lenders to extend the syndicated revolving credit facility, or RCF, for 236 million euros, originally maturing in 2021, until 2023, as well as waiving the measurement of financial covenants until December 2021 for both the RCF facility and the ICO loan. This means that the Group will not have to deal with any relevant debt repayments until 2023. Until then, we will maintain our firm strategy of preserving liquidity on the one hand and the Group's significant competitive advantages on the other, both of which will be leveraged as soon as the new normality is consolidated. Each quarter that we overcome in under such adverse conditions brings us one step closer to this goal.

In fact, in the third quarter of 2020 we managed to reopen up to three quarters of our portfolio. We were then able to attract domestic demand in the European countries where we operate. We increased revenues almost fivefold compared to a second quarter at record low levels. Furthermore, we managed to achieve something that is, if anything, even more important: consolidate a very flexible structure, where every reopened hotel is able to achieve operational balance even with very low demand. It has been an important differentiating factor. It gives us strength, makes us very adaptable and resistant to such a volatile demand as the current one, and safeguards the differential character and efficiency of our offer for when the definitive reactivation of the sector arrives.

The excellent prior work carried out on innovation and technology has proved decisive in all these achievements. Going forward, technology and digitalisation will be as essential to what a hotel has to offer as its location or the quality of the rooms. The travel experience now always

involves using a cell phone to personalise each stay. Alongside this, we have modified our restaurant service, without compromising the importance of gastronomy as an essential part of the guest experience. We will continue offering the best catalogue, with full confidence in our Michelin stars, and our cocktail and terrace services. The progress made through the combined strategy of profiting from the hotels opened, protecting liquidity and deferring debt maturities will also allow the Group to maintain the current structure of its portfolio, except for the periodic asset rotation that may occur, as is the usual practice year after year among large companies in the sector.

They say that every destination is just the beginning of the next stage. We have experienced this first-hand. It is true that the favourable evolution and financial strength achieved between 2016 and 2019 have made things easier for us, but even so, the challenge is still huge. The timely operational and financial transformation completed in previous years, together with the measures taken, will enable the Group to withstand the current environment and overcome the situation in the best possible conditions. That is where the resilience, commitment and dedication of NH's professionals comes in, the key to ensuring that, when the pandemic is overcome, and it will be overcome, travellers who are considering their next trip will continue to visit our website and trust us to make their decision. I insist that we will only leave the crisis behind us when we can once again fully enjoy our hotels. At NH Hotel Group, we are working to the maximum to be prepared and to continue providing the best service when that day, which is getting closer and closer, finally arrives.

I would like to close this letter by highlighting our commitment to society and to the planet. Our future growth must be accompanied by a responsible management model that integrates all the areas of the Company and paves an irrevocable road towards an NH Hotel Group that is more sustainable, responsible, and respectful of the environment and the society in which we live. Additionally, as a member of the Spanish Network of the United Nations Global Compact, the Company is committed to continuing to show its contribution to the SDGs, focusing especially on those directly related to our activity through the different sections of the Report.

Thank you very much

Ramón Aragonés,
CEO NH Hotel Group

MANAGEMENT OF THE COVID-19 HEALTH CRISIS



Following the start of the COVID-19 pandemic in Europe towards mid- March, hotel demand has fallen drastically due to lockdowns, travel restrictions and social distancing, which have had a drastic effect on mobility.

During the months of restrictions, isolation and strict lockdown from March to the end of May, around 95% of our hotels were closed and those that stayed open did so for charitable purposes. As a result, the second quarter of the year was the most severely affected quarter with an extraordinary low level of demand.

The gradual reopening of hotels started at the end of May and was done progressively in line with the recovery of demand and with the focus on optimising profitability. In June close to 60% of the hotel portfolio was open, 70% in July and almost 80% at the end of August and September.

The agile reopening of hotels from June onwards, following the closure of the portfolio in the month of March due to the strict lockdown measures, allowed the Company to capture the demand from domestic guests in the third quarter. This reopening, despite the low level of demand due to mobility restrictions was possible thanks to the flexible cost structure.

As a result of the impact of the second wave of the epidemic in Europe at the end of the third quarter, the additional reopenings planned for the closing months of 2020 were delayed, and some hotels had to be closed again so at the end of December 2020, around 60% of the portfolio was open. The impact of this second wave and the stricter restrictions on mobility during the last months of the year have resulted in a lower level of activity compared to the third quarter.

Despite the low demand, the commercial strength and the flexible operational and financial structure of the Group has allowed it to overcome the major challenges of 2020. And although these challenges are still present in the first months of 2021, the Group will benefit from its brand recognition, excellent locations and strong market positioning once recovery in Europe.

CONTINGENCY PLAN

As a consequence of the exceptional circumstances taking place due to the global pandemic (COVID-19) which is affecting all the countries where NH Group is present, the Group implemented a number of different measures and plans to adapt its business and assure its sustainability with the aim of minimizing costs during hotel closures, preserving liquidity to cover operational needs and ensuring an efficient reactivation of the hotel activity based on the premise of maximum guarantees with regards to health and safety.

Given the lack of visibility as to the speed of the recovery of the business, the following cost disciplinary and control measures were implemented, and continue in place, to ensure the minimization of operational expenses and the preservation of liquidity:

- **Personnel:** The Group carried out adjustments, suspensions and temporary reductions in working hours and salary both at hotels and central offices based on causes of force majeure or production reasons. These processes have continued during the second half of 2020 to reduce the workforce on a temporary basis and will be extended during the first part of 2021 in several countries. More information is provided in the Chapter NH ROOM4 People: Employees.
- **Operational costs:**
 - Negotiations with suppliers to reduce procurement costs, seek alternative products with a lower price and improve payment terms.
 - Suspension, since the beginning of March, of all travel by Group personnel.
 - Suspension of non-priority third-party advisory services.
 - Significant reduction in marketing and advertising costs despite the need to incentivize revenues.
- **Leases:** Temporary reduction of fixed leases since the second quarter based on the health crisis environment and on the restrictions approved by all governments and their corresponding impact on essential elements of the business such as mobility, trade fairs and congresses, meetings, etc. These negotiations continue for the first half of 2021.
- **CapEx:** A major part of the investments were paused, except those required by law or that were at a very advanced stage. Execution of Capex 2020 (maintenance, refurbishments, systems and new openings) was reduced by about €100M, 50% down compared to the original plan for 2020.
- **Withdrawal of the proposed 2019 gross dividend** of €0.15 per share, which would have involved an estimated pay-out of around €59M euros.

The recovery of demand will take place once the spread of the moderates and vaccination of the population is extended. The Group will then take advantage of its strong market positioning in European countries with excellent locations and a high brand recognition, as well as the significant weight of domestic demand.

The recovery phase will be driven initially by domestic European leisure demand, as international mobility will continue to be low in the first phase. The business and corporate segment will take longer to recover due to the macroeconomic situation and social distancing which restrict the size of events.

COVID-19 has brought forward many of the strategic initiatives aimed at efficiency. In 2021, once the company has more visibility of the recovery in demand, the rest of the initiatives of a new strategic plan will be redefined.

FEEL SAFE AT NH

In 2020, NH Hotel Group implemented in all its properties “Feel Safe at NH”, a new plan of measures endorsed by experts to deal with the health crisis caused by the SARS-CoV-2 coronavirus. In order to ensure the safety of guests and employees, NH has implemented different initiatives and adapted almost 700 standards, completely redesigning its guest experience cycle.

In drawing up this plan, NH Hotel Group has had the help of SGS (Société Générale de Surveillance), world leader in inspection, analysis and certification. Furthermore, we have followed the recommendations of the World Health Organization (WHO), the Center for Disease Control and Prevention (CDC), and those of the health authorities of each of the countries in which we operate.

To develop “Feel Safe at NH”, the entire way our hotels operate has been reviewed, grouping the implemented initiatives under 10 lines of action that respond to our guests’ needs in the new reality. The plan encompasses all the necessary aspects to allow our hotels to operate with maximum safety guarantees for guests and employees: from the cleaning and sanitization processes for each hotel space, to new digital solutions, protocols for managing F&B services, safety distancing regulations, personal protection protocols and equipment, and air and water purification control, among others.

Specifically, for our hotels in Spain, this package of measures has been adapted in order to comply with domestic legislation, resulting in a Contingency Plan drawn up by the NH Hotel Group Prevention Service. This adapted plan is based on the Spanish Tourism Quality Institute’s “Measures for the reduction of SARS CoV-2 coronavirus contagion” (a unique health protocol against COVID-19 to prepare the reopening of the tourist sector in Spain); the “Operating Procedure for Occupational Risk Prevention Services in relation to exposure to SARS CoV-2” of the Ministry of Health, the Biological Risk Assessment carried out by NH Hotel Group’s own Prevention Service, and on the specific Occupational Risk Prevention legislation that was already applicable before the current situation.



The Company has also set up a committee to manage the risk of COVID-19. Made up of the best experts in each area, its goal is to deal with the necessary adaptations and modifications, and to ensure the correct implementation of the plan in our hotels.

Furthermore, a health and safety officer has been appointed at each of our establishments. They are responsible for their hotel’s compliance with the Contingency Plan and the “Feel Safe at NH” standards, and for centralizing, distributing and managing all the health and safety information related to COVID-19.

All our staff have been adequately trained in all duties and matters related to the risks deriving from the presence of COVID-19, including protection measures against such risks and the new standards and operating procedures included in the “Feel Safe at NH” protocol.

NH RESPONSE

Aware of the significant impact that COVID-19 is having throughout the world, NH Hotel Group managed to adapt to the “new” situation, knowing that hospitality and solidarity are more necessary than ever. A challenge that has been faced whilst guaranteeing the health and safety of all the members of the team and beneficiaries.

Due to the exceptional situation in which the Company finds itself, a series of initiatives were initially identified to help governments, health authorities and social organizations deal with the crisis.

In this sense, NH Hotel Group offered hotels to the authorities so that they could be medicalized to help relieve the strain on hospitals. In total, 3,373 patients were accommodated in the chosen NH properties. Hotels were also designated as special accommodation for 2,720 healthcare professionals.

Furthermore, the Company decided to donate the perishable food in stock at those hotels that had to close to associations and foundations with which we had collaborated on previous occasions, contributing with a total of 12,400 kg of food.

More information on the initiatives launched under NH Response can be found in the Chapter NH ROOM4 People: Community.

NH HOTEL GROUP BUSINESS MODEL



Anantara Plaza Nice Hotel
Nice, France
Coming soon



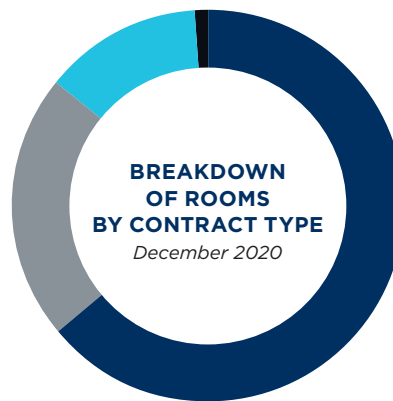
Tivoli Marina Vilamoura
Vilamoura, Portugal

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 2020, the Group was present in 29 countries, operating 361 hotels and 55,371 rooms in four continents (Europe, North and South America and Africa).

The centralized business model allows NH Hotel Group to offer its guests an excellent service in its hotels across 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, revenue management, booking, marketing, human resources, financial management and systems development.

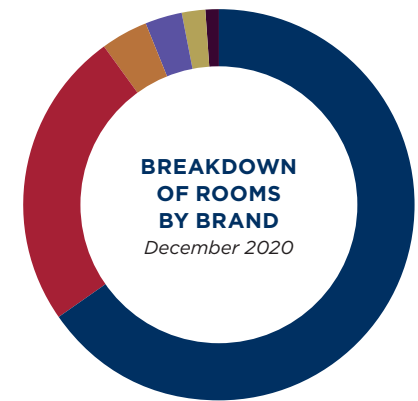
This flexible operational and financial structure has allowed the Group to overcome the significant challenges of 2020, despite the low level of demand. Although the challenges continue in the first few months of 2021, in the first phase of recovery the Group will benefit from the brand recognition, excellent locations and strong market positioning once the recovery in Europe is underway in the medium term.



- 64% Lease
- 22% Owned
- 13% Managed
- 1% Franchise



- 21% Spain
- 18% Germany
- 15% Italy
- 13% Netherlands
- 5% Portugal
- 5% Mexico
- 4% Argentina
- 4% Belgium
- 2% Austria
- 2% Colombia
- 2% France
- 8% Others



- 66% NH HOTELS
- 25% NH COLLECTION HOTELS
- 4% TIVOLI HOTELS & RESORTS
- 3% nhow HOTELS
- 2% ANANTARA HOTELS-RESORTS-SPAS
- 1% AVANI Hotels & Resorts

BREAKDOWN OF THE PORTFOLIO

	Total		Lease		Owned		Managed		Franchise	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
NH HOTEL GROUP	361	55,371	232	35,701	73	11,920	48	7,087	8	663
EUROPE	303	47,519	210	33,049	51	8,835	34	4,972	8	663
Spain	97	11,787	68	8,459	13	1,977	11	959	5	392
Italy	57	8,495	41	6,134	13	1,872	3	489	-	-
Germany	54	10,046	49	9,046	5	1,000	-	-	-	-
Netherlands	34	7,233	21	4,012	12	2,770	1	451	-	-
Portugal	17	2,809	5	854	-	-	11	1,899	1	56
Belgium	13	2,265	6	1,197	7	1,068	-	-	-	-
Austria	7	1,340	7	1,340	-	-	-	-	-	-
France	5	871	4	721	-	-	1	150	-	-
Czech Republic	4	733	1	152	-	-	3	581	-	-
Hungary	3	483	3	483	-	-	-	-	-	-
Switzerland	3	382	2	260	-	-	-	-	1	122
Romania	2	159	1	83	-	-	1	76	-	-
United Kingdom	2	311	1	121	-	-	1	190	-	-
Ireland	1	187	1	187	-	-	-	-	-	-
Luxembourg	1	148	-	-	1	148	-	-	-	-
Poland	1	93	-	-	-	-	-	-	1	93
Slovakia	1	117	-	-	-	-	1	117	-	-
Andorra	1	60	-	-	-	-	1	60	-	-
AMERICAS	57	7,759	22	2,652	22	3,085	13	2,022	-	-
Mexico	17	2,672	7	993	4	685	6	994	-	-
Argentina	15	2,144	-	-	12	1,524	3	620	-	-
Colombia	13	1,355	13	1,355	-	-	-	-	-	-
Chile	5	583	-	-	4	498	1	85	-	-
Cuba	2	251	-	-	-	-	2	251	-	-
Brazil	1	180	1	180	-	-	-	-	-	-
Ecuador	1	124	1	124	-	-	-	-	-	-
Haiti	1	72	-	-	-	-	1	72	-	-
Uruguay	1	136	-	-	1	136	-	-	-	-
USA	1	242	-	-	1	242	-	-	-	-
AFRICA	1	93	-	-	-	-	1	93	-	-
Tunisia	1	93	-	-	-	-	1	93	-	-

* Figures as of December 31st, 2020.



NH Collection Jousten
Buenos Aires, Argentina

KEY FIGURES

GLOBAL ECONOMIC AND TOURISM CONTEXT

During 2020, due to the economic crisis generated by the COVID-19 pandemic, world economy shrank by -3.5% compared to growth of +2.8% the previous year. (Data and estimates of the IMF's "World Economic Outlook" January 2021).

The world economy is starting to leave behind the minimal levels it fell to during the Great Lockdown of the month of April. But as the COVID-19 pandemic continues to spread, many countries have reduced the rate of reopening and some are once again introducing partial lockdowns to protect vulnerable population groups. Although the recovery in China has been faster than expected, the long road that the world economy must travel in order to return to pre-pandemic activity levels still has many obstacles.

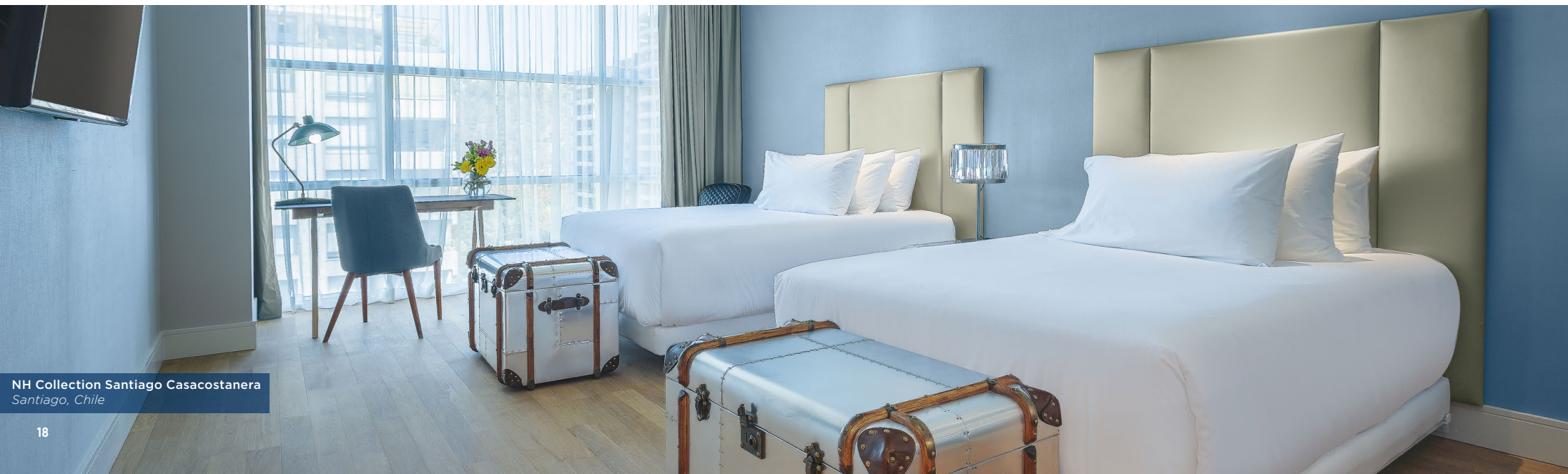
Thus, the European Union's estimate for growth in worldwide economic activity in 2021 is +5.5%. More specifically, in the Eurozone the provisional growth rate for 2020 was -7.2% (+1.3% in 2019) and growth of +4.2% is forecast in 2021. The growth rates in the four countries that make up the bulk of the Group's sales and results show negative growth in 2020: Spain (-11.1% in 2020 vs. +2.0% in 2019), Netherlands (-5.4% in 2020 vs. +1.7% in 2019), Germany (-5.4% in 2019 vs. +0.6% in 2019) and Italy (-9.2% in 2020 vs. +0.3% 2019). On the other hand, the fall in Latin America is expected to be -7.4% in 2020 (vs. +0.2% in 2019), as all the economies in the region have suffered the consequences generated by COVID-19. The uncertainty about health, mobility restrictions and economic policy, aggravated by moderate raw material prices, have led to a significant decline in economic activity in 2020 and have also affected the prospects of bouncing back quickly.

Global tourism recorded its worst year ever in 2020, with international arrivals falling by 74%, according to the latest data from the UN World Tourism Organization (UNWTO). Destinations around the world received one billion fewer international arrivals in 2020 than the previous year, due to an unprecedented slump in demand and widespread travel restrictions. By comparison, the decline during the global economic crisis in 2009 was 4%.

According to the latest UNWTO World Tourism Barometer, the slump in international travel represents an estimated loss of US\$ 1.3 trillion in export earnings, more than eleven times the losses recorded during the global economic crisis of 2009.

Europe recorded a 70% decline in arrivals in 2020, despite a small and brief rebound in the summer of 2020. The region suffered the largest drop in absolute terms, with a decline of more than 500 million tourists in 2020. The Americas recorded a 69% drop in international arrivals, with slightly better results in the last quarter of the year.

Given the constant evolution of the pandemic, many countries have been reintroducing tighter travel restrictions since the beginning of the year 2021. Measures include mandatory testing, quarantines and, in some cases, complete border closures, all of which make it difficult to resume international travel. At the same time, it is hoped that the gradual arrival of vaccines against COVID-19 will help restore consumer confidence, ease travel restrictions and slowly bring travel back to normal during 2021.



NH Collection Santiago Casacostanera
Santiago, Chile

EVOLUTION OF RESULTS

Turnover in 2020 totalled 536.2 million euros, showing a drop of -68.6% (+1.172 billion euros). The loss attributable to the Controlling Company was -437.2 million euros, compared to net income of 90.0 million in 2019. This fall is explained totally by the impact of COVID-19 on the business from the month of March onwards.

Gross borrowing during the year increased from 455.6 million euros in December 2019 to 998.1 million euros in December 2020. With regard to the situation of cash and cash equivalents, as of December 31st, 2020 it totalled 320.9 million euros (289.3 million euros as of December 31st, 2019). This liquidity was also supplemented with credit facilities at the year-end totalling 25.0 million euros, compared to 303.5 million euros as of December 31st, 2019, of which 250 million euros corresponded to the syndicated credit facility (drawn in full at the end of 2020).

TAX INFORMATION

The Tax Strategy for NH Hotel Group (available on <https://www.nh-hoteles.es/corporate/es>) was approved by the Board of Directors on July 27th, 2015, considering that one of the pillars underpinning the entire Group's business strategy should be avoiding or minimizing risks, including those tax related.

The strategy is based on complying with tax legislation in all the jurisdictions in which NH Hotel Group is present, applying an interpretation of such legislation that fundamentally has due regard for the spirit and purpose of the laws.

GUIDING PRINCIPLES OF THE TAX STRATEGY

- Compliance with tax legislation in all locations where we are present.
- Prevention and reduction of significant tax risks.
- Collaboration, loyalty and good faith with the Tax Administrations.
- Reporting to the Board of Directors on the main tax implications of operations.

MONITORING AND CONTROL

The Board of Directors, through the CEO and Senior Executives, drives the monitoring by the Group of the application of the principles and good practices concerning tax affairs.

Furthermore, the Board of Directors has the support of the Group's Audit and Control Committee, which must oversee the effectiveness of the tax risk management and control systems and periodically provide the pertinent information to the Board.

The Company monitors and tracks its tax policy in compliance with the mechanisms set out in the law, in its tax policy and in the control framework approved by the Board.

Profits of NH Hotel Group and income tax paid (thousand euros), by country

TAX JURISDICTION	2020		2019	
	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)
Argentina	(5,501)	968	4,689	3,469
Austria	(24,004)	-	860	2
Belgium	(20,102)	72	10,935	2,598
Brazil	(773)	3.86	(744)	2
Chile	(3,824)	436	(2,035)	1,382
Colombia	(6,324)	(1,042)	(2,975)	1,917
Czech Republic	(4,102)	5	(2)	7
Denmark	(1)	-	-	-
Dominican Republic	(587)	-	372	-
Ecuador	(241)	155	84	194
France	(7,367)	-	(2,387)	-
Germany	(105,020)	796	(8,077)	428
Hungary	(3,933)	2	825	91
Ireland	(1,890)	-	1,165	-
Italy	(119,095)	516	47,047	24,146
Luxembourg	(9,651)	-	3,466	-
Mexico	(10,849)	342	6,089	2,412
Netherlands	(50,097)	(10,637)	36,823	10,427
Poland	(12)	-	(4)	-
Portugal	(7,534)	279	1,692	394
Romania	(329)	12	381	40
South Africa	(1,665)	-	1,335	25
Spain	(120,933)	257	38,136	8,337
Switzerland	(3,011)	-	393	4
United Kingdom	(1,348)	-	(78)	-
Uruguay	(961)	-	(629)	-
USA	(6,491)	2	(5,891)	83
Total	(515,555)	(7,834)	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 the situation of hyperinflation in 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.

MILESTONES 2020

JANUARY

→ **Award given to FAST PASS:** NH Hotel Group has been appointed winner in the Digital Transformation category of the national phase of the CaixaBank Hotels & Tourism Awards 2019, The award recognizes the Company's digitalization process, working methods and strategies as well as the implementation of innovative technologies that generate a measurable impact on the business.

→ **BLOOMBERG GENDER & EQUALITY Index:** In January 2020, NH Hotel Group is included for the first time in the Bloomberg Gender Equality Index 2020, being the only Spanish hotel company among the 325 corporations included in the index.

FEBRUARY

→ **NH Hotel Group stock value rises after meeting its financial objectives for 2019:** The value of NH Hotel Group shares has increased by 10.58% after reporting that the financial objectives for 2019 have been met. This means that the Group has exceeded "the objective it committed to at the start of the year of reaching recurring income of 100 million euros in 2019".

MARCH

→ **Anantara Villa Padierna joins The Leading Hotels of the World (LHW).** NH Hotel Group confirms that Anantara Villa Padierna (Marbella) has joined LHW, to which Tivoli Avenida Liberdade (Lisbon) and Tivoli Palacio de Seteais (Sintra) already belong. This reinforces the Company's intention to position Anantara as a luxury brand in Europe.

APRIL

→ **The Company reacts to the health crisis:**

- NH Hotel Group launches NH Response and makes hotels available to the authorities to be medicalized and to accommodate healthcare workers.
- Launch of "Feel Safe at NH": for the purpose of continuing to offer unforgettable experiences at our hotels, guaranteeing the health and safety of our guests and team members, NH Hotel Group launched a global set of health and safety protocols under the concept "Feel Safe at NH".

→ **NH Hotel Group joins chef José Andrés' #chefsforspain movement:** NH Hotel Group joins the World Central Kitchen's initiative; whose goal is to deliver more than 2 million meals. NH Hotel Group participated by making available the kitchens of the hotels Anantara Villa Padierna (Marbella), NH Collection Eurobuilding (Madrid) and NH Collection Finisterre (A Coruña) where 138,759 meals were cooked to be donated to the most vulnerable groups during the crisis.



Anantara Villa Padierna
Marbella, Spain



MAY

- **NH Hotel Group, one of the strongest hotel brands in the world:** NH Hotel Group is one of the most valuable hotels brands in Spain according to the latest Top 50 Brands report by Brand Finance. The Company holds its position in 27th place and is the 5th strongest hotel brand in the world.
- **NH Hotel Group strengthens its liquidity with the signing of a syndicated loan of 250 million euros:** The agreement, reached within the legal framework established by the Spanish government to mitigate the economic impact of COVID-19, has been guaranteed by the Spanish Official Credit Institute (ICO) to finance the operational needs of the Company.

JUNE

- **NH Hotel Group starts to reopen hotels:** After being closed for several months, NH Hotel Group starts to open its hotels in all the territories where it operates.

JULY

- **Approval of the Human Rights Policy and update of the Environmental Policy:** The Board of Directors of NH Hotel Group approves the Human Rights Policy, and the renewal of the Environmental and Energy Policy. This milestone is part of the Company's commitment to improve its sustainable performance and of the latest Corporate Governance recommendations which insist on reinforcing policies such as CSR, Human Rights, Environment.
- **Appointment on the Management Committee:** Luis Martínez Jurado was appointed new CFO, reporting to Ramón Aragonés, CEO, therefore joining the Management Committee, following the voluntary departure of Beatriz Puente, who decided to undertake a new professional challenge.

OCTOBER

- **NH Hotel Group signs the extension of the duration of its revolving credit agreement in the amount of €236 million until march 2023 with an ESG-linked clause:** NH Hotel Group has signed with all the financial institutions involved the extension until March 2023 of the duration of the syndicated credit facility, whose original maturity was September 2021. On the other hand, NH Hotel Group's commitment to sustainability performance and evolution, together with its participation in the 2019 Corporate Sustainability Assessment (CSA) carried out by the sustainable investment agency SAM, has enabled it to obtain the sustainable financing rating for this syndicated credit line for an amount of 236 million euros.
- **Board Appointment:** The Board of Directors of NH Hotel Group has resolved and appointed Rufino Pérez as a new Executive Director. The appointment was made following a prior favourable report issued by the Nominations, Remuneration and Corporate Governance Committee. In his new duties, he retains the role of Chief Operations Officer and Global Transformation Leader.

NOVEMBER

- **NH Hotel Group, one of the most sustainable hotel chains in the world:** NH Hotel Group has been recognized by SAM, the prestigious specialist in rating investment in sustainability, among the top 3 most sustainable companies in the world in its sector. This recognition is testament to our leadership in sustainability within the industry and confirms the ambition shared with Minor International, a member of the Dow Jones Sustainability Index, which monitors the economic, social and environmental performance of the leading sustainability companies in the world.

- **HYBRID MEETINGS by NH:** As the world evolves and faces a new reality, NH Hotel Group has improved its meetings and events services with modernized hybrid meeting solutions thanks to technology. Wi-Fi bandwidth has been improved to guarantee better connection when sharing content in real time with all attendees. As the needs of the sector change, how and what the Company offers has evolved to adapt to new ways of working.

OUR VISION AND CULTURE

OUR VISION

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

NH Hotel Group places its focus on the guest; they are at the centre of all decisions. This approach allows us to evolve towards a vision oriented towards a culture of service, attention to detail at all times and corporate values that promote 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 make up 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 with us, our global and flexible proposal, 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 a clear commitment to customer service, is what has set the Group 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 the Company to evolve from a management model to a leadership one that incorporates the beliefs that guide the day-to-day activities of all employees, and which are:

- 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 all 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 all this with a smile!**

As a reflection of our Company values...

THE HOTEL NH VENTAS IN MADRID HONOURS MARCELA ON HER 93rd BIRTHDAY

During the hard months of lockdown, NH Hotel Group joined the initiative in which hundreds of establishments lit up their facades with hearts to convey a message of unity, solidarity, raise the spirits of citizens in general and honour healthcare and essential service professionals who are work towards ending the coronavirus pandemic.

Marcela, a resident of the neighbourhood where the NH Ventas hotel is located, looked out her window every night during the strict lockdown to see the messages of support projected on the hotel's façade. Knowing that this daily moment cheered her up greatly, her granddaughter Laura wrote to the hotel thanking them for this gesture and telling them that it would soon be her grandmother's birthday. When that day came, the NH Ventas lit up its exterior with special messages, lights and songs to celebrate Marcela's 93rd anniversary. A surprise that birthday lady and her family will never forget.

NH HOTEL GROUP STRATEGY

COVID-19 has caused a drastic fall in demand linked to the mobility restriction measures, which has led to a focus on efficiency. In 2021, once the Company has better visibility of the recovery in demand, a long-term strategic planning process will be undertaken.

The Company's excellent performance in recent years (pre-COVID-19) 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 optimisation, strong investments in repositioning and systems and a renewed pricing strategy. This brought NH Hotel Group to a second phase, which started in 2017, and was based on the Company's strengths and on boosting the key levers in value creation for the business.

This Plan prioritised driving the Company's revenues and increasing its efficiency, while leveraging its strengths for new repositioning opportunities and organic expansion as a further avenue for growth.

With the entrance of Minor International as shareholder, a new phase of opportunities opened up through the creation of a global hotel platform with presence in seven continents.

Thus, began a new phase in which additional opportunities arose:

- The possibility of increasing the customer base, attracting the growing Asian demand to European markets.
- Economies of scale with commercial partners, travel agencies and suppliers.
- The capacity to use a broader range of brands in new territories, i.e., take NH brands to Minor territories and vice versa.
- Access to the luxury segment with new rebranding opportunities and the opening and formalization of contracts for new hotels within this segment.
- Integration of Tivoli operations in Europe under NH management.
- Having the best teams, promoting the exchange of talent.



NH | HOTEL GROUP PART OF MINOR HOTELS



KEY STRATEGIC INITIATIVES IN 2020

1. NH HOTEL GROUP CONSOLIDATES ITS STRATEGIC COMMITMENT TO THE LUXURY SEGMENT

In 2020, NH Hotel Group has consolidated its strategic commitment to the luxury segment through an agreement with Covivio, one of the main hotel investment funds in Europe, to operate eight leading establishments located mainly in Rome, Florence, Venice, Nice, Prague and Budapest.

Thanks to this operation, NH Hotel Group has strengthened its leadership in Italy and boosted its strong position in the competitive markets of France and Eastern Europe. At the same time, this agreement represents a huge milestone in the shared ambition with MINOR of continuing to bring the Anantara Hotels & Resorts luxury brand closer to Europe.

In addition, Anantara Villa Padierna's inclusion in The Leading Hotels of the World (LHW), a collection to which Tivoli Avenida Liberdade (Lisbon) and Tivoli Palacio de Seteais (Sintra) already belonged, allows Anantara to position itself as a luxury brand in Europe and go hand in hand with the best partner to introduce itself in key feeder markets in this segment.



Anantara New York Palace
Budapest, Hungary

2. EXPANSION AND PORTFOLIO OPTIMISATION PLAN

Due to COVID-19, certain openings that had been originally scheduled for 2020 have been postponed. Nonetheless, during the year, the Group opened 11 new hotels with 1,966 rooms to be added to the portfolio and signed a 394-room hotel in Copenhagen, which is expected to open in the last quarter of 2021.

Hotels opened between January 1st and December 31st, 2020

Hotel	City	Category	Rooms
nhow London	London	****	190
nhow Amsterdam Rai	Amsterdam	****	650
NH Collection Palazzo Verona	Verona	*****	70
Anantara Sahara Tozeur Resort & Villas	Tunisia	*****	93
Anantara Palazzo Naiadi Rome Hotel	Rome	*****	238
NH Collection Venezia Grand Hotel Palazzo Dei Dogi	Venice	*****	64
NH Venezia Santa Lucia	Venice	****	100
NH Collection Firenze Palazzo Gaddi	Florence	****	86
Anantara New York Palace Budapest Hotel	Budapest	*****	185
NH Collection Budapest City Center	Budapest	*****	138
NH Collection Prague Carlo IV	Prague	*****	152
TOTAL ROOMS			1,966

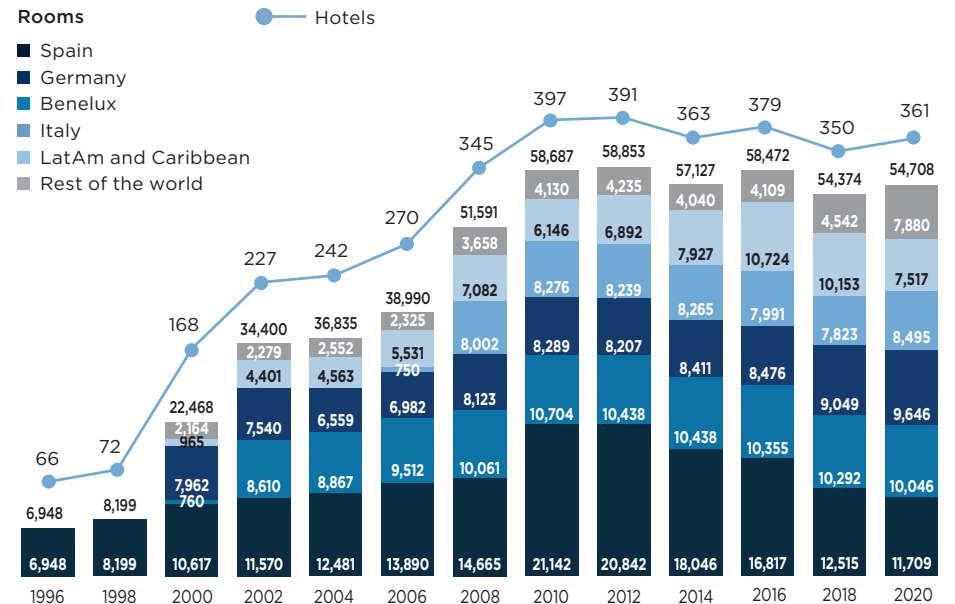


NH Collection Budapest City Center
Budapest, Hungary

Evolution of the portfolio between 1996 and 2020

CONTINUOUS GROWTH

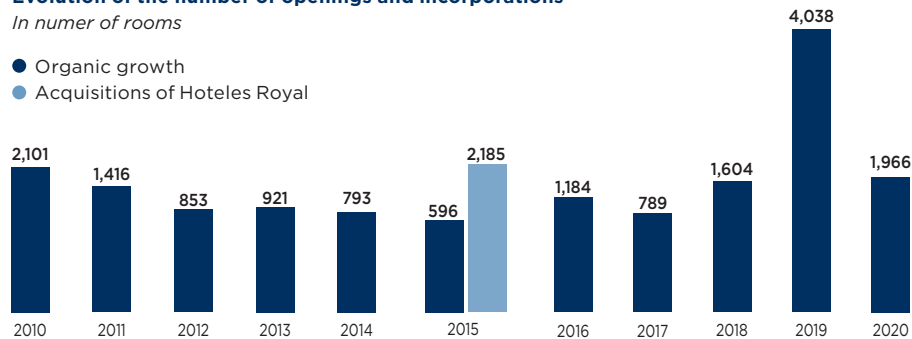
In number of rooms and hotels between 1996 and 2020. The evolution of the portfolio is shown in the graph below:



Evolution of the number of openings and incorporations

In number of rooms

- Organic growth
- Acquisitions of Hoteles Royal



3. COMMERCIAL EVOLUTION MODEL: BOOSTING BUSINESS ∞

The commercial strategy, based on the **Customer Centric** philosophy, 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. With this, the Company will manage to improve its capacity to evaluate the actual opportunity cost at each time, impacting on its global strategy and the acceleration of its growth.

Since 2018 projects have been led for the optimisation and commercial development of the Company through the digitalization of processes and new business approaches such as the acquisition and loyalty of B2B customers, which have represented an important new demand channel. Along these lines, NH Hotel Group continues with its digital transformation project in the B2B area, with the aim of increasing 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 to allow for the development of synergies (cross-selling) with Minor Hotels to promote more transversal action plans, adapted to each market, drives the growth of NH Hotel Group in both new and traditional markets, increasing demand and reducing seasonality.

Thus, the cohesion between the culture of service that characterises 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 organisation.

From the start of the pandemic, we have analysed the different scenarios of government and/or local restrictions in the different countries in which NH Hotel Group operates, monitoring their evolution and adapting constantly to the timelines or phases of the restrictions.

Our main goal has always been to maintain flexibility both in individual and group bookings, adapting to the circumstances of force majeure in each country.

4. TRANSFORMATION PLAN

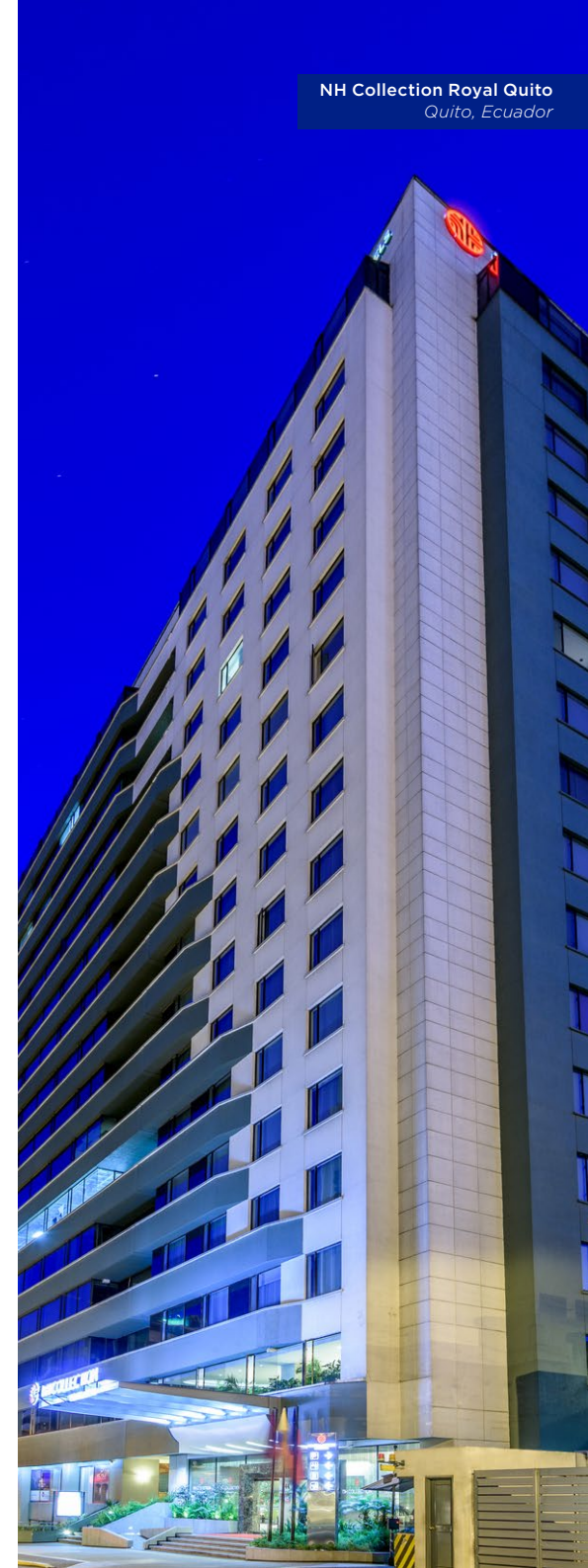
NH Hotel Group continues to believe in innovation and in 2020, despite being a very difficult year, it has maintained the Company's Digital Transformation Project as one of the initiatives of the Strategic Plan in order to bring efficiency to processes and systems, increase the capacity of differentiation compared to competitors and customer perception, and continue improving the Company's basic processes.

One of the Company's great achievements has been to centralise 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, maximise its efficiency and innovate on a large scale in all its areas of value. In 2020, this has also facilitated the development and integration of functionalities to increase the safety of our employees and guests, as well as allowing us to continue working as normal in such uncertain times. Access to our systems has not experienced any problems from any location and both the Central Booking service and each of the employees of NH have been able to work normally, from the very first day of lockdown, whether from home or at the hotel.

We can also highlight that this integrated platform gives us enormous flexibility to obtain the necessary information to make decisions, such as, the advisability of opening or closing hotels, with no technical challenge or additional project needed. It is simply straightforward and immediate. This provides us with great efficiency as a Company, focusing on what is really important, such as analysis, making decisions and executing them.

Among the main benefits attention should be drawn to the improvement in the customer experience in a global setting such as the present, the optimisation 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 to offer an extraordinary experience, but always as an accompaniment to the work of our employees who, proud to serve, are the ones 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.





NH Hannover
Hannover, Germany

SIGNIFICANT PROJECTS IN 2020

1. Mobile Guest Service

Digitalization of hotel information and services on a Progressive Web App (PWA) that can be accessed from any of a guests' device (cell phone, tablet, laptop), offering them the possibility of having all of the hotel's information at hand: from information on the hotel's facilities and hours, to the possibility of ordering room service, booking a table at the restaurant, requesting additional amenities, etc. An initiative that, in addition to supporting the Feel Safe at NH plan by eliminating interactions and guaranteeing information during their stay, generates benefits in terms of sustainability due to the digitalization of all the information.

2. Housekeeping Mobility App

NH Hotel Group has continued to implement and improve a Housekeeping app that optimises management of the department, as well as 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, translating into an optimisation of the check-in process and an improvement in the guest's experience, as they can have access to the room earlier. This also represents an improvement as it allows employees to manage room cleaning in an optimal and safer way; not forgetting the reduction in the use of paper and the resulting positive environmental impact. In 2020, 50 hotels have already been working with this app.

3. Tablets at the reception desks

NH Hotel Group has launched a pilot in several hotels to include terminals in reception areas, promoting a new check-in and check-out process accompanied by a tablet that allows customers to check their bill or even sign consents without the need for paper. A more efficient and sustainable process, which also allows a digitally stored record of customer signatures and consents. All in all, a project that will improve guest experience and the check-in and check-out processes.

4. Dedic integration

NH Hotel Group has integrated the Dedic hotels into its portfolio, completing the implementation of NH systems and processes in them. The time given for the integration has been very short (a month and a half to implement, train and provide support to 7 hotels) but this has been possible due to our integrated platform and our internal knowledge network (NH Experts) which is operative in all countries, allowing us to provide straightforward, fast and very effective support in integration projects.

5. Robotics

NH Hotel Group applies robotic technology in different areas of the Company, to automate repetitive and labour-intensive processes that have little added value. This year the focus has been on uploading contracts and negotiated prices, as well as customer registration for companies that have filled in a form at the hotel. The robotization of these processes increases productivity and efficiency by reducing manual errors and costs. This technology is also being applied to optimise basic processes in reception, automating repetitive tasks so that more time can be dedicated to guests and improving their experience.

6. Registration Form

In 2020, a digitalization project has been completed for guest registration forms that greatly simplifies the check-in 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 a better experience for guests by reducing check-in times.

7. Digitalisation of reports

This year a project has been launched to digitalise the Company's emergency and safety reports. This entails improving our environment impact by considerably reducing the number of daily printouts and by optimising hotel managers' control and supervision processes.

8. B2B CRM

Thanks to this project, two main objectives are being achieved. On the one hand, it provides the sales force with a tool for monitoring commercial activity: managing visits, emails or any other type of contact with customers, thus being able to identify opportunities and monitor the main business metrics associated with customer activity. On the other hand, it can be used as a solution for managing the demand for event and group services in hotels, using matching learning to analyse the service quotation requests received by email. This makes it possible to assign each of the requests to a group of sales agents specialised in each business segment. This solution is integrated with the group and event booking management tool, providing point-to-point management of the process, from the event/group quotation request, through booking and follow-up, to invoicing and collection.

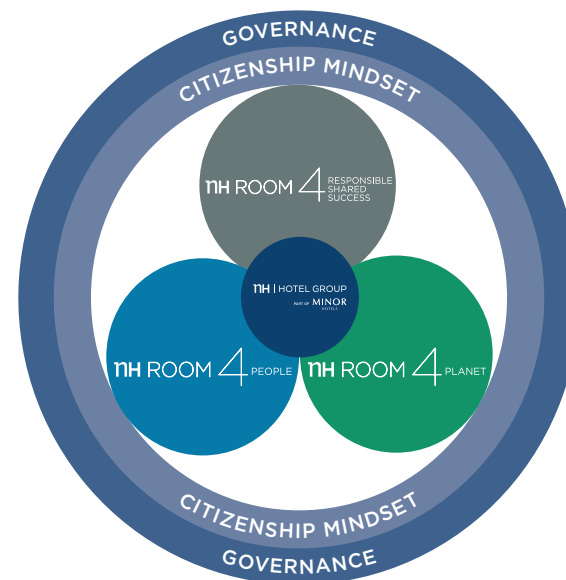


5. SUSTAINABLE BUSINESS

The Sustainable Business pillar is an essential lever in NH Hotel Group's business strategy that allows us to move towards a more responsible and sustainable hotel model that generates wealth for society.

To be recognized as a world leader in excellence and sustainability is the Company's ambition; and it is part of our Vision for 2021. To achieve it, NH Hotel Group takes a holistic view of sustainable business, and takes an integrated approach to ESG, thanks to its pillars which are NH ROOM4People, NH ROOM4Planet and NH ROOM4 Responsible Shared Success, all of them framed under the premise of corporate governance and a citizenship mindset.

NH Hotel Group's commitments in this field and the improvement it has shown this year, have led it to receive the *Bronze Class* recognition in the Sustainability Yearbook 2021 - published by S&P Global, as well as the title of *Industry Mover* for obtaining the greatest improvement in its evaluation with respect to the previous year.



CORPORATE GOVERNANCE AND ETHICAL COMMITMENT



SHAREHOLDER STRUCTURE

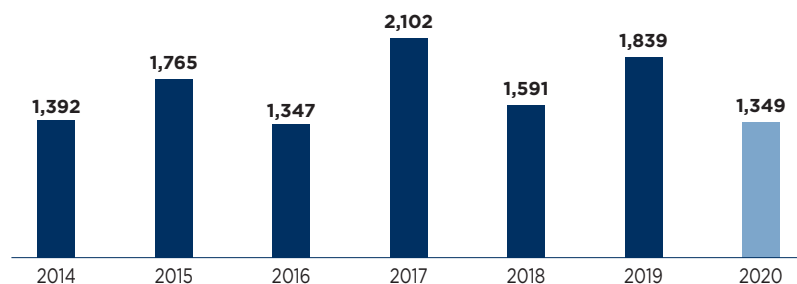
At the end of 2020, the share capital of NH Hotel Group, S.A. totals € 784,360,486 and was represented by 392,180,243 bearer shares with a par value of 2€ each, fully subscribed and paid.

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:

	2020	2019
Minor International Public Company Limited ("MINT") ²	94.13%	94.13%

² MINT is the indirect shareholder through MHG Continental Holding (Singapore) Pte Ltd.

CAPITALIZATION AT THE END OF EACH YEAR (€M)



RELATIONS WITH SHAREHOLDERS AND INVESTORS

Throughout 2020, 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. Due to the health situation, this contact with the market has taken place mainly through virtual meetings on a one-to-one basis, through our participation in investors' conferences organized by various financial institutions and individual call requests.

Key indicators on relations with shareholders and investors in 2020

Entities that performed analyses of NH Hotel Group	11
Queries from shareholders and investors handled	60
Individual meetings with shareholders and investors	110
Analyst follow-up reports	52

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. In addition, every six months and coinciding with the publication of half-yearly and annual results, a call/conference with the market is held with an average attendance of 25 participants, including 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 keep the investment community informed of the Company's evolution.



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 formalised 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 revised in June 2020, 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 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 develop 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.



BOARD CONTROL COMMITTEES

During 2020, the Board of Directors of NH Hotel Group had the following control commissions and committees:

- **Audit and Control Committee.** Focused 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.

Composition of the Audit and Control Committee

As of December 31st, 2020

Name	Position	Category
Mr. Fernando Lacadena Azpeitia	Chairman	Independent
Mr. José María Cantero de Montes-Jovellar	Director	Independent
Mr. Stephen Andrew Chojnacki	Director	Proprietary
Mr. Carlos Ulecia Palacios	Secretary	Non-director

- **Nominations, Remuneration and Corporate Governance Committee.** Focused 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.

Composition of the Nominations, Remuneration and Corporate Governance Committee

As of December 31st, 2020

Name	Position	Category
Mr. José María Cantero de Montes-Jovellar	Chairman	Independent
Mr. Stephen Andrew Chojnacki	Director	Proprietary
Mr. Alfredo Fernández Agras	Director	Independent
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

Composition of the Board Of Directors

As of December 31st, 2020

Name	Position on the Board	Category
Mr. Alfredo Fernández Agras	Chairman	Independent
Mr. Ramón Aragonés Marín	CEO	Executive
Mr. José María Cantero de Montes-Jovellar	Director	Independent
Mr. Kosin Chantikul	Director	Proprietary
Mr. Stephen Andrew Chojnacki	Director	Proprietary
Mr. William Ellwood Heinecke	Director	Proprietary
Mr. Fernando Lacadena Azpeitia	Director	Independent
Mr. Rufino Pérez Fernández	Director	Executive
Mr. Emmanuel Jude Dillipraj Rajakarier	Director	Proprietary
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

Certain changes in the composition of the Board took place in 2020. The current composition is the result of the resignation of the Executive Director Ms. Beatriz Puente Ferreras, presented on September 28th due to the end of her professional relationship with the Company and the appointment by co-optation of Mr. Rufino Pérez Fernández as Executive Director, following a favourable report by the Nominations, Remuneration and Corporate Governance Committee.

Between December 31st, 2020 and the date of drawing up this Report, there have been no changes in the composition of the Board.

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.



NH Leipzig Messe
Leipzig, Germany



SELECTION POLICY FOR DIRECTOR CANDIDATES

• Candidate Selection Objectives and Process

On December 22nd, 2020, following a favourable report issued by the Nominations, Remuneration and Corporate Governance Committee, the Board of Directors approved modifications to the Director Selection Policy in line with the Good Governance Code, 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 considers 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 fulfil

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 sufficient 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 the 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, and the process is 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 40% by 2022 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 meets on a weekly basis and is made up of the Chief Officers of the different areas:

Composition of the Management Committee

As of December 31st, 2020

Name	Position
1. Mr. Ramón Aragonés	Chief Executive Officer
2. Mr. Fernando Cordova	Chief People & Sustainable Business Officer
3. Ms. Laia Lahoz	Chief Assets & Development Officer
4. Mr. Isidoro Martínez de la Escalera	Chief Marketing & Communication Officer
5. Mr. Luis Martínez Jurado	Chief Financial Officer
6. Mr. Rufino Pérez	Chief Operations Officer & Global Transformation Leader
7. Mr. Carlos Ulecia	General Counsel & Chief Legal and Compliance Officer
8. Mr. Fernando Vives	Chief Commercial Officer

BOARD AND SENIOR MANAGEMENT REMUNERATION

Average Remuneration of the Board Of Directors and Management Committee of NH Hotel Group (Euro)

	2020		2019	
	Women	Men	Women	Men
Remuneration of Board members*	-	-	53,000	50,500
Average remuneration of the Management Committee**	286.076	260.224	604,198	569,837

* In 2020, as there were momentarily no women, there is no data comparability for the Board of Directors. Furthermore, there are no male directors who are not proprietary directors (proprietary directors of NH Hotel Group have waived their fixed remuneration and their expenses allowance as Board members) or chair a committee. It should be noted that the 2 Committee chairs and the Chair of the Board are held by male Directors. These are positions that receive remuneration of 200,000 euros in the case of the Chairman of the Board and 90,000 euros in the case of the Chairs of the Committees. This year, due to the crisis deriving from Covid-19, the directors have agreed to reduce their remuneration by 50%.

**Includes: Fixed salary, vehicle, medical insurance, life insurance and accident insurance. All amounts accrued in 2020 (gross amounts) of committee members who were on the committee during 2020. The figures for incoming and outgoing members during 2020 have been annualized.

All the members of the Management Committee have reduced their remuneration in 2020 by more than 50%.

The remuneration of Executive Directors is included in the figures shown for the Management Committee as their duties as members of the Board are not remunerated.

Further information on the remunerations policies for the Board of Directors is available in the Annual Corporate Governance Report 2020.



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, systematising 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 presided over by the Chief Legal and Compliance Officer. 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, among others.

The Compliance Committee oversees the activity carried out by the Compliance Office and has the authority to take disciplinary measures against employees in relation to matters falling within its scope of competence.

Three meetings of the Compliance Committee were held in 2020.

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 2020 a total of 38 alleged breaches of the Code of Conduct were reported, a decrease of 16% compared to 2019, and the pertinent disciplinary measures were applied, and a response was given to all 30 queries received.

After analysing the queries and alleged breaches reported through the whistleblowing channel or other formal mechanisms of the compliance office, none of them has resulted in a breach under any of the following categories:

Breach category	No. of incidents	Nature	Fines (€)		No. handled through resolution mechanisms	Actions taken by NH
			2020	Cumulative 2017-2020		
Bribery and Corruption	0	na	0	0	na	na
Anti-competitive behaviour	0	na	0	0	na	na
Environmental regulations	0	na	0	0	na	na
Human rights	0	na	0	0	na	na
Voluntary regulations and/or codes relating to the effects of products and services on health and safety	0	na	0	0	na	na
Voluntary regulations and/or codes relating to information and labelling of products and services	0	na	0	0	na	na
Voluntary regulations and/or codes relating to commercial communications, including advertising, promotion and sponsorship	0	na	0	0	na	na
Complaints received on breaches of customer privacy	0	na	0	0	na	na
Social and economic laws and regulations	0	na	0	0	na	na

In relation to these breach categories, the Company currently has no ongoing investigations initiated in 2020 or prior years and has not had to take any disciplinary action against any employee. Furthermore, it has not had to terminate any contract with any commercial partners due to incidents of corruption or any other type of incident included in the categories mentioned above.

NEW POLICIES APPROVED IN 2020

In 2020, following a favourable report by the Nominations, Remuneration and Corporate Governance Committee, the Board of Directors of NH Hotel Group has approved the updating of the Group's Energy and Environment Policy, as well as the Human Rights Policy.

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



Energy and Environment Policy

The updated Energy and Environment Policy was approved at the Board meeting held in July 2020. This Policy was updated to reinforce NH's commitment to the wellbeing of its guests and efficient management of available resources in the environment where the Group's hotels are located, in line with the main applicable international frameworks.



Human Rights Policy

Also, in July 2020, the Board of Directors approved the NH Hotel Group's Human Rights Policy. The Policy establishes our commitment to respect Human Rights in accordance with the highest international standards and works to PROTECT, RESPECT AND REMEDY (prevent and manage) the risks associated to the breach of such rights.

The approval of these two policies is a milestone set in the context of the Company's commitment to improve its performance in sustainability and the latest Corporate Governance recommendations that emphasize the need to promote policies such as Corporate Responsibility, Human Rights, Environment, etc. These policies also define the area of application and the promotion of the NH Hotel Group's guiding principles among customers, suppliers and partners.

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 summarises 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.

NH Hotel 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.

There is currently no external investigation in progress against NH Hotel Group relating to the Code of Conduct or matters related to corruption.



AWARENESS OF 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 supervision and control system for both the preparation of financial information (ICFR) and for criminal risks (Crime Prevention Model).

Compliance training 2020

	Consolidated perimeter		Consolidated perimeter	
	Face-to-face	Online	Face-to-face	Online
Training on the Code of Conduct				
Number of employees trained	-	812	-	1,078
Hours of training	-	835	-	1,110
Training on Criminal Risk Prevention Model				
Number of employees trained	-	124	-	145
Hours of training	-	126	-	148
Training on Prevention of Money Laundering and Terrorist Financing				
Number of employees trained	-	1,441	-	1,815
Hours of training	-	1,127	-	1,424
Anti-fraud Training				
Number of employees trained	45	1,153	45	1,557
Hours of training	90	609	90	898

Ananatara Sahara Tozeur Resort & Villas
Tunis, Tunisia

ZERO TOLERANCE OF CORRUPTION

NH Hotel Group dispone de una Política de Antifraude y Corrupción, así como NH Hotel Group has an Anti-Fraud and Corruption Policy, as well as its Policy for the prevention of Money Laundering and Terrorist Financing, applicable to all employees, executives and members of the Board of Directors of NH Hotel Group.

In addition, NH has other internal procedures, such as the Gift Policy, that act as prevention measures and tools for massive data analysis that help detect suspicious transactions.

The Company carries out continuous monitoring and control of the policies and internal procedures. The Crime Prevention Model sets out explicitly the due diligence measures established by the Company, as well as the investigation procedure and response in the event of breach, in accordance with the law concerning the criminal responsibility of legal persons.

As indicated above, the Compliance Committee is responsible for managing crime prevention and, therefore, for the definition, implementation and supervision of the Crime Prevention Model.

CYBERSECURITY

At present, information security incidents are one of the main risks to which businesses are exposed. Accordingly, at NH Hotel Group we focus on strengthening computer security mechanisms and protocols, through polices, rules, procedures and employee training.

Accordingly, cybersecurity and GDPR training is aimed at fostering a culture of information security in the Company that will serve to establish the basis for the protection of both our confidential information and that of our customers, suppliers and other stakeholders.

NH Hotel Group's strategy in relation to cybersecurity is under constant review in the committees of the Executive Management team that oversees the cybersecurity strategy. To achieve the goals that have been set, a range of initiative and measures are identified, planned and implemented to improve NH Hotel Group's security capabilities and to prevent and/or mitigate any risk that may arise.

Remote working has increased due to the pandemic and also the use of devices outside the secured enterprise network. NH Hotel Group has increased the control of all the network with the implementation of tools that allow to prevent potential doubtful access, and has increased the awareness of this risks on his employees and stakeholders, aiming to minimize cyberattacks, an event that has increased during the crisis.





DATA PRIVACY AND PROTECTION

In a sector as competitive as the hotel business, the customer experience is a critical differential factor to ensure the satisfaction and loyalty of our customers. Aware that this is a key aspect in generating trust, NH Hotel Group has mechanisms in place to protect data privacy.

With the entry into force of the new data protection regulations in 2018, NH Hotel Group has continued to adapt its personal data management and control systems to EU Regulation 679/2016 (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 data protection sections of legal disclaimers, both on websites and on documents provided to customers, have been updated. The Company has also implemented 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. All of this is set out in the NH Hotel Group privacy policy which can be accessed using the following link: <https://www.nh-hotels.com/privacy-policy>

Security is integrated comprehensively across all areas of the Company, covering profiles from different areas of operation to guarantee effective risk management, with due regard to the sensitive and critical nature of each environment. There are also risk indicators on the main matters of interest regarding security, that serve to define and implement action plans aimed at reducing or eliminating the threats identified.

In addition, NH Hotel Group has established several e-mail boxes for managing the data protection rights that are raised when personal data is collected, whether from customers, employees and/or suppliers, as well as to notify any type of incident and/or complaint related to data protection matters. Specifically, this last e-mail inbox is the one created for the Data Protection Officer. When a security matter is reported to the Data Protection Officer's email, a process of evaluation of the notification starts in order to determine whether it is of relevant scope for protection purposes. If so, the incident is forwarded to the Departments of NH Hotel Group that could be involved, to assess the need for any communication to a Data Protection Supervisory Authority and/or to any data subjects that may have been involved in the incident. A written record is kept of this entire process.

As a Spanish company, the Supervisory Authority in relation to data protection for NH Hotel Group is the Spanish Data Protection Agency, with which it has regular relations through the agency's online site.

As far as the Company's employees are concerned, in their capacity as users of confidential data, they undergo mandatory training on data protection to ensure that they know how to process this information in compliance with the regulations. This training is provided when they join the Company and is noted and supervised by the Human Resources Department.

As mentioned above, NH Hotel Group has a Data Protection Officer, the duties of which are 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, and to act as a point of contact throughout the Company to clear up any doubts that may arise in relation to data protection. Finally, NH Hotel Group has continued in 2020 with the improvement project in relation to the quality of data within the organization.

NH Hotel Group has integrated the controls related to compliance with these regulations in its compliance model. Consequently, the risk management and IT departments are ultimately responsible for overseeing these controls, receiving any communication related to information privacy and reporting on a regular basis to the Audit and Compliance Committee and to the Board of Directors.

The Group's compliance is supervised through periodic audits that ensure that NH Hotel Group complies in full with the requisites defined in the legislation on privacy, paying particular attention to the General Data Protection Regulation (GDPR).

The NH Hotel Group risk map contains a pillar called "compliance" linked to data privacy (GDPR) and information security with different management and control measures are in place such as:

- Periodic review and update of the risk matrix.
- "Privacy by Design" procedures.
- Creation of the Data Protection Office with the support of specialised advisors.
- GDPR training for employees.
- Existence of a whistleblowing channel to report possible security breaches related to data protection.
- Existence of a disaster recovery plan.

In the event of incidents in the information systems, NH Hotel Group also has a response procedure which includes roles and responsibilities, steps to follow in order to restore operation of equipment and systems, recovery times, etc.

1,602 hours of training in data privacy and protection

To date no procedures have been initiated that could derive in a fine for the Company on account of a security breach affecting data protection.

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.

During 2020, NH Hotel Group has received various subsidies from governments to compensate the restrictive measures taken to mitigate the effects of COVID-19. The total amount of subsidies recorded in the year amounted to €58.8 million, which corresponds to personnel expenses of €36.9 million, social security of €15.8 million and other items of €6 million.

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

NH Hotel Group is, however, 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 the Chapter NH ROOM4 Responsible Shared Success: Sustainable Alliances.



NH Köln Altstadt
Cologne, Germany



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 on through its 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. NH Hotel Group's international presence in countries where the defence of human rights needs to be boosted leads us to be transmitters of the concept and to ensure that frameworks of relations and management are in place through which the defence of these rights is assured.

INITIATIVES FOR THE PROTECTION OF HUMAN RIGHTS

NH Hotel Group carries out its activity in a framework of commitment to the society and environment wherever it operates, and therefore accepts the contents of national and international agreements and treaties, committing 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 upon 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 tourism development, aspiring to help to maximise the sector's benefits while minimising its impact on the environment, cultural heritage and local communities.

Until 2020, the Group has also been part of the Sustainable Hospitality Alliance, formerly 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 touristic 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.

HUMAN RIGHTS POLICY OF NH HOTEL GROUP

As a sign of this commitment, on July 29th, 2020, the Board of Directors approved the NH Hotel Group Human Rights Policy, a document that sets out all the principles and commitments undertaken by the Company in this regard.



The policy reinforces a sound and responsible governance model, that fosters transparent and responsible management on the basis of a single corporate document with global scope that, among other aspects, will make it possible not only to manage better the risks wherever NH Hotel Group is present, but also ensure knowledge and integration of the policy in the value chain. Through this Policy, the Company commits to play an active role in the promotion of Human Rights and to work proactively to this end. The Policy reflects the commitments already undertaken in this regard and guarantees 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 region.

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, 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 value 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, organisation and collective bargaining in the framework of the rules regulating each of these fundamental rights and in accordance with international law and practice, in particular, the United Nations Universal Declaration of Human Rights and the principles proclaimed by the International Labour Organization, will not be unduly limited.

COMPLIANCE IN RELATION TO HUMAN RIGHTS

As described above, in order to guarantee compliance with the Human Rights Policy, the Internal Audit department supervises the principles and rules reflected in the Policy and, therefore, is responsible for analysing any irregularity related to it.

NH Hotel Group 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 the Company.

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.

As was the case in 2019, in 2020 there were no reports relating to a possible breach of human rights.

HUMAN RIGHTS DUE DILIGENCE

In the first half of 2020, as part of the corporate strategy, NH Hotel Group initiated a Human Rights Risk Management project which has been implemented in different phases:

- In the first phase, a process was carried out to identify the inherent human rights risks of the Company's global operations with the subsequent publication of the policy that includes the commitment to respect and protect the rights identified in the business.
- In the second phase, a corporate Due Diligence Guide for Human Rights has been drawn up, as a support tool in applying the Protocol to all the Company's operations. This Guide will serve as an instrument to increase control and efficiency of processes, mitigate the risk of damaging the reputation and favour the correct public positioning of the Company.
- Next steps for the protection of Human Rights: In 2021, 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 and monitored 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 and assessed.



RISK MANAGEMENT



RISK MANAGEMENT

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

RESPONSIBILITY FOR RISK MANAGEMENT

The Company's Board of Directors is the body responsible for supervising 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 the Company's Board 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 risk management. In this regard, as in previous years, in 2020 the Audit and Control Committee has supervised and validated the update of the Risk Map and the correct implementation of the actions plans that contribute to mitigating the main risks totally or partially.

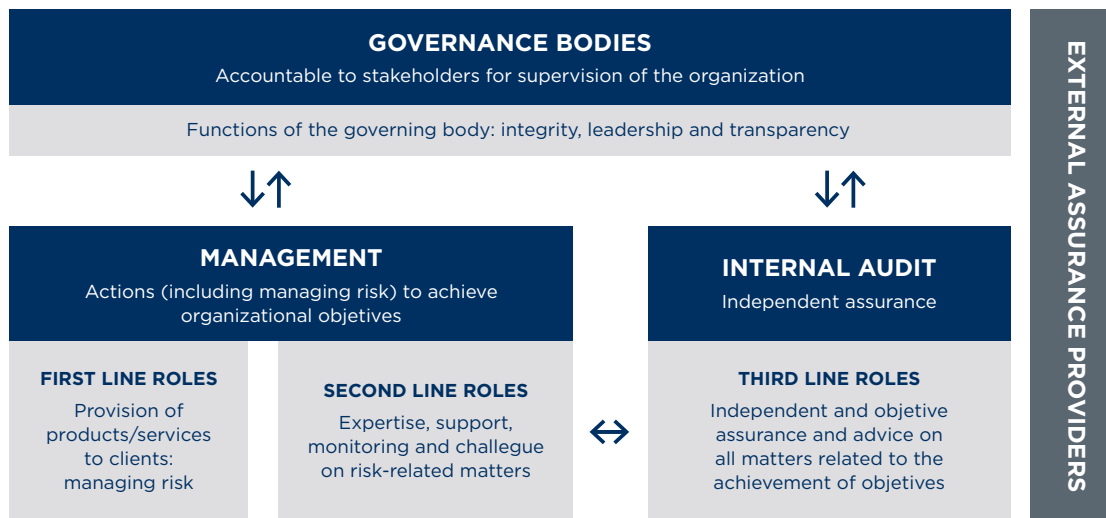
Furthermore, the duties of the Company's Management Committee include risk management and control based on tolerance to risk, assigning responsibility for the main risks, periodic monitoring of their evolution, identification of mitigating actions and the definition of response plans. For these purposes, 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 periodically reviews its operation.

Also, and as guarantee of independence, the Risk Management function is independent of the Business Units and, like the Internal Audit department, is functionally dependent on the Audit and Control Committee.

In line with the above, NH Hotel Group follows the Three Lines model updated in July 2020 by the Institute of Internal Auditors (IIA) on a worldwide level.



- First line: provided by the functions (Business Units and Corporate Units) that own the risks and their management (Operations, Sales, Marketing, etc.).
- Second line: provided by the functions in charge of overseeing the risks (Risk Management, Compliance, Data Protection, Internal Control, etc.)
- Third line: undertaken 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	Antifraud and corruption policy
Travel policy	Policy for the prevention of money laundering and terrorist financing
Environment and Energy Policy	Corporate Responsibility Policy
Information security policy	Financial debt policy
Corporate credit policy	Code of Conduct
Corporate tax policy	Internal Rules of Conduct (IRC)
Corporate gifts policy	Human Rights Policy
Shareholder and investor Communication Policy	



nhow London
London, United Kingdom

RISK MANAGEMENT MODEL

NH Hotel Group's risk management model, which has been rolled out both in the corporate headquarters and in the Business Units, seeks to identify events that could have a negative impact on the attainment of the goals of the Company's Strategic Plan, obtaining the highest possible assurance for shareholders and stakeholders, while protecting the Company's interests and its reputation in the short, medium and long term.

The model established for risk management is based on the COSO ERM 2017 integrated framework of Enterprise Risk Management and encompasses a range of methodologies, procedures and support tools, that allow NH Hotel Group to:

- Adopt suitable governance in relation to risk management in the Company and promote an appropriate risk management culture.
- Ensure that the objectives defined in the Company are aligned with its strategy and its risk profile.
- Identify, assess and prioritise the most relevant risks that could affect the attainment of strategic goals. Identify measures to mitigate such risks and establish action plans in line with the Company's risk tolerance.
- Monitor periodically the action plans established for the main risks, in the framework of a continuous improvement model.
- Report periodically to the Company's main governing bodies on the status of the main risks and the actions plans.



In relation to the management of risks in the Company



According to NH risk profile and aligned with the defined strategy



Identification, assessment, prioritization and response to the risks



Monitoring and control of indicators and action plans, in the framework of a continuous improvement model



Regularly to the main governance bodies (Management Committee, Executive Risk Committee, Audit and Control Committee and Board of Directors)

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 2020, the Company has updated its Risk Map through a process in which 22 Senior Executives from all Departments identified and assessed the main risks faced by the Company. The updated map was approved by the Board of Directors at its meeting held on July 29th, 2020.

For the main risks in the Risk Map, the Audit and Control Committee receives periodically a report on 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.

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 final 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). In addition, during the year the risk owners can report/suggest a new risk to the Risk Office if they consider it necessary.

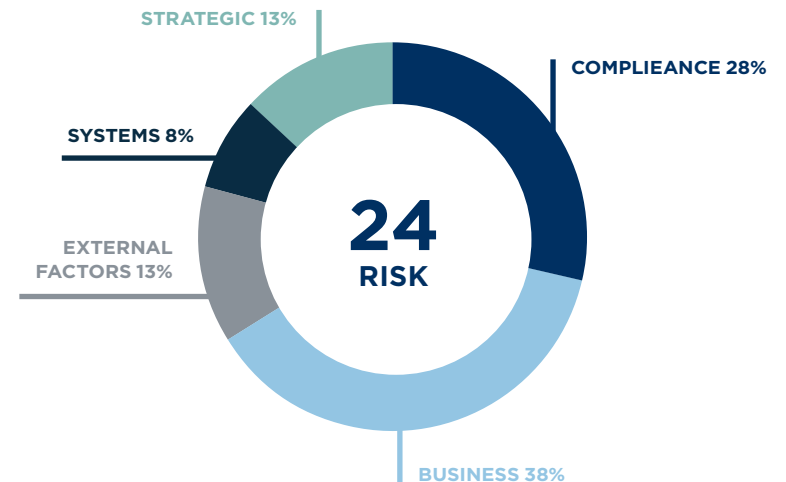
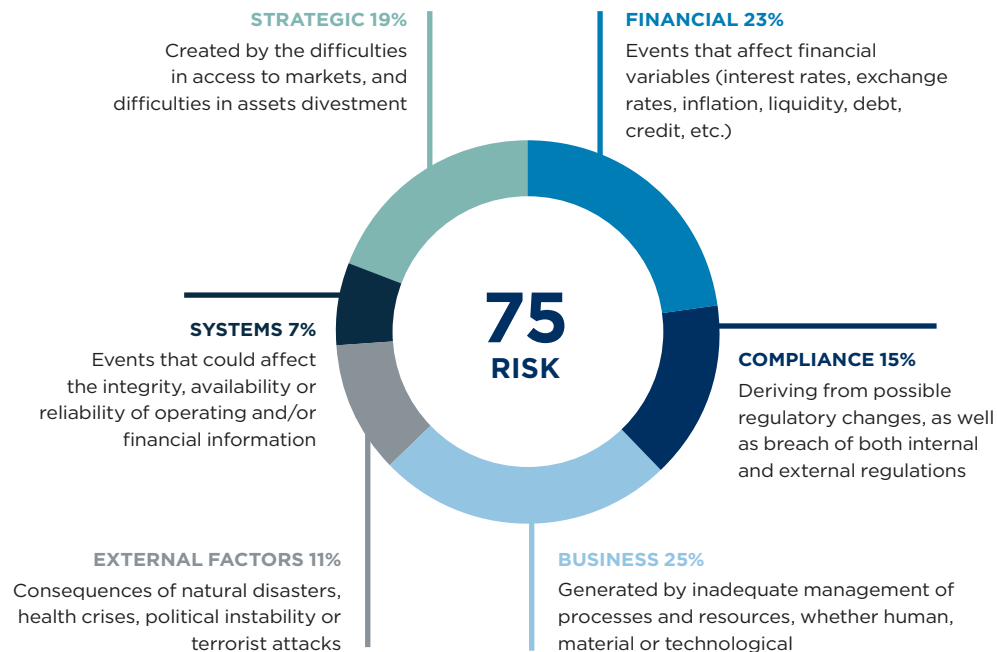
The risks to which NH Hotel Group is exposed to are classified into the following six categories:

In line with the COSO methodology, NH Hotel Group uses the concepts of inherent and residual risk. Inherent risk is considered to be the risk that exists without taking into account the mitigating effect of the controls put in place by the Company. Residual risk, however, does consider the effect of these mitigating controls, and is therefore known as the risk level that persists after applying all the control measures in place at NH.

ESG RISKS

Of the 75 risks identified in the Company’s risk catalogue, an analysis was performed to identify the risks related to ESG (Environmental, Social and Governance) criterion.

As a result, it was determined that 24 out of the 75 risks, 32% of the total, are related to Environmental, Social and Governance matters. Most of them come under the categories of “Business” and “Compliance” risks.



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
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.		<ul style="list-style-type: none"> Presence in associations in the tourism sector. Presence on committees of sector experts. Institutional relations with various bodies. Presence of specialized HR personnel at the negotiation of collective agreements. Collaboration with HR consultants.
Strategic	Distribution channels (internal and external) and maximisation 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 liberalisation 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 maximise the net ADR. The capacity to negotiate commercial conditions should also be considered.</p>		<ul style="list-style-type: none"> Existence of a Revenue Management Committee. Optimised budgeting process Periodic analysis of results compared to budget and definition of action plans. Control process over intermediary commissions. Corporate commission policy. Definition of a Strategic Plan aimed at boosting sales through direct channels (Hotel, Website, Central Reservation System). NH Rewards loyalty programme. Analysis of price competitiveness (price parity compared to OTAs and distributors). Technological tools to improve pricing and revenue management. Optimised calculation of net ADR using Business Intelligence techniques. OTA diversification strategy and renegotiation of intermediation costs. Periodic analysis of competitors' results by market using external reports.
	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.		<ul style="list-style-type: none"> Existence of an Expansion Committee. Implementation of the Office for Integration with Minor International (main shareholder). Periodic attendance to hotel sector investment conferences. Organization of regular meetings with possible investors to develop hotel projects.
	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 assure continuous growth.		<ul style="list-style-type: none"> Existence of a documented expansion process (lease and management agreements). Definition of a Strategic Plan aimed at boosting the Company's growth by geographical area, type of contract, brands, segments, etc. Implementation of the Office for Integration with Minor International (principal shareholder).
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.		<ul style="list-style-type: none"> Periodic review and update of the data processing activity matrix for each company in the NH Group "Privacy by Design" procedures. Creation of the Data Protection Office supported by specialist advisors. Online GDPR training for all employees. Existence of a computer tool for reporting possible security breaches related to data protection. Existence of a Disaster Recovery Plan.

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	Changes 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. Specialised advising on new regulations. Periodic attendance to conferences on changes in accounting standards given by specialised 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 opera en países sujetos a la fluctuación de los tipos de cambio (México, Colombia o Argentina) por lo que los resultados financieros podrían verse impactados.	↔	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. Furthermore, some of these economies are hyperinflationary and therefore NH should monitor the effect of inflation on the most relevant operating costs (e.g., rent and salaries).	↑	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.



NH Collection Royal Medellín
Medellin, Colombia

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
External factors	Change in economic cycle	The contraction of the global economy (or low levels of economic growth) 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 costs. The occurrence of a terrorist attack could cause damage to one or more NH properties the value of which is not fully covered by the current insurance policy. NH also operates in certain countries subject to political instability or uncertainty that could affect business decisions or financial results (e.g., Brexit, Spain/Catalonia, Italy, Mexico, etc.) This also includes the possible impact of the Helms-Burton Act on possible lawsuits against NH in courts in the USA (Cuba, Sotocaribe, etc.).		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. Documented Risk and Insurance Management process.
	New competitors in the tourism sector	The use and popularity of collaborative economic service providers, such as Airbnb, has grown enormously in recent years. 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 or their cost structure in order to compete effectively. Furthermore, NH is subject to intense competition from other hotel chains, and from specialist or independent hotel operators. The increase in hotel supply in some of the main cities where NH operates, as well as the creation of new business models or the repositioning of hotels are examples of initiatives by competitors. Finally, large market concentrations due to mergers and acquisitions could threaten NH's market share.		Presence in local and/or national associations in the tourism 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



Stable



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 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>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 malware, 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 effectively 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>Finally, the inability of NH's systems and processes to meet the Company's demands and the speed of its growth must also be taken into account, as well as the difficulty in having the necessary resources to face this challenge.</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>Attendance to events and meetings with suppliers and specialised consultants to keep abreast of new technological developments.</p> <p>Analysis of business and technological requirements and coordination between departments in projects for the integration of hotels in the portfolio.</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 documented process that details the tasks and actions to be carried out at operational level in the event of system shutdowns (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>

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 long-term future (from 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 of supervision and monitoring of risks in the Executive Risk Committee and in the Audit and Control Committee, as well as during the annual risk identification and assessment process, the Company has adequate mechanisms to ensure that emerging risks and new challenges are taken into consideration and given an adequate response. The final result of this analysis is reflected in the corporate Risk Map which is submitted annually to the Board of Directors for approval.

Additionally, risk owners can report at any time any emerging risks or new risks detected, so that the Risk Office can proceed to analyse and consider them.

The emerging risks that the Company has already detected and on the monitoring and analysis, impact assessment and mitigation of which it is working, are described below:

EMERGING RISKS IDENTIFIED IN 2020



Risks related to social behaviour patterns | Collaborative economy, changing customer preferences, demographic changes

In light of the changes in consumer behaviour (with a shift towards self-service options and apartment and house swaps) and the arrival of new market players whose offers and business models alter the codes of the hotel industry, NH Hotel Group needs to expand its offer to diversify the opportunities proposed to travellers and meet their expectations better, while attracting new guests. If the Group does not detect new consumer behaviours and does not respond quickly by offering suitable experiences to its guests, its market share and level of activity could be adversely affected, with a negative impact on both revenues and net income.

The Group responds to these changes by adapting its products and services to the new generations and new businesses. We have an Innovation Committee dedicated to exploring new business and new innovation opportunities to strengthen the Group's experience when it comes to offering specific disruptive solutions to guests and preparing growth in the future.

To take advantage of the growing attraction of the market towards distinctive brands with a strong personality, which offer an excellent work environment for urban nomads and an ideal meeting place, the Group has also opted to redouble its efforts of expanding its nhow brand in one of the fastest-growing segments in the hotel industry, referred to as "lifestyle".





Technological risks | Cyberattacks, information security, technological innovation

The Group's business is based on a variety of processes and software that support both employees and guests when they book their stays. Some of these processes and apps depend on complex information systems and IT infrastructure to collect, process and store growing quantities of operational and strategic data which are essential to support the value creation process. These data, which are collected, sorted and processed directly by the Group or by external service providers, may suffer accidental or malicious damage. The Group's systems could suffer directly or indirectly the consequences of viruses, service refusal or other attacks, hardware or software technical breakdowns, sabotage, intrusion or piracy, that have a negative effect on the availability and integrity of data as well as the confidentiality of such data. These threats may also arise internally due to malicious intent, errors or derived from possible obsolescence of infrastructures. Whatever their origin, any alteration, theft, disclosure or unavailability of the Group's data could have a negative impact on the attainment of its strategic objectives.

Assuring the security, protection and availability of strategic data is a priority for the Company. The Information Systems Security Department has the task of protecting the entire infrastructure, the IT systems and software needed for the Group's operations. Its function consists of:

- Preventing intruder access, viruses and attacks through the administration of all the dedicated system hardware and software security and conducting intrusion tests,
- Carrying out awareness-raising campaigns and training for employees (for example, alerting on phishing risks).

As far as payment methods are concerned, every year the Company renews its PCI DSS certification, a key factor in the prevention of risks that affect guests' bank data.

In addition, NH Hotel Group has a business continuity plan to guarantee the continuity of operations and preserve data confidentiality.



Risks related to climate change | Natural disasters, extreme weather phenomena and regulatory

In most of the countries where NH operates, the Group is exposed to the risk of extreme natural events (such as earthquakes, floods, snowfall and cyclones) the frequency and / or gravity of which may be amplified by climate change.

The occurrence of any such event could have a direct or indirect impact on guests and employees, but also on the Group's business and assets, adversely affecting its activity and compromising its financial situation.

Protecting guests and employees is a priority for the Group. For this reasons, permanent or temporary protection measures are implemented as soon as these risks are identified, such as evacuating hotels in accordance with the Group's procedures. For seismic risks in particular, drills are carried out periodically by the teams in the countries identified (such as Mexico), so that they can respond efficiently in the event of an earthquake. The Group's extensive geographical distribution helps to limit the potential impact of these risks on the Company's consolidated results.

Furthermore, regulatory changes such as the European Union Green Deal towards an economy that is efficient in the use of resources and neutral in carbon emissions, will have an impact for the Company in terms of investments, hotel renovations and new acquisitions.

Aware of the effects of climate change, and with the aim of managing operating costs more efficiently, the Group is taking measures to limit the carbon emissions generated by its operations and its entire value chain. More information on NH Hotel Group's climate strategy can be found in the section NH ROOM4 Planet.



Certain geopolitical risks | Terrorism, change in economic cycle, political uncertainty and, to a lesser extent, Brexit

The evolution of the geopolitical situation exposes the Group to the risk of terrorist attacks, among others, in the countries where NH operates. The occurrence of such events could have a direct or indirect impact on guests, employees, business and assets, and have a negative effect on the attainment of the Company's strategic objectives. Furthermore, acts of terrorism, political unrest or the outbreak of war would affect tourism and the Group's business (by causing a fall in the number of guests, closure of hotels and abandoned development projects) in the regions in questions, as well as threatening the safety of employees.

Protecting guests and employees is a priority for the Group. To do so effectively against the main threats identified, the Group has developed a safety and protection strategy aligned with the severity of the estimated risks. The strategy is based on an organization, a system of monitoring and security that evolve in line with the evolution of each situation. These measures are designed to guarantee the safety of employees, guests and assets, while also assuring the continuity of operations. In the event of an alert, the internal crisis management system is activated immediately to guarantee the safety of our guests and employees. Damage to property is covered by the Group's insurance programme.



Risks deriving from external factors | Pandemics, strikes, both internal (hotel personnel) and external (e.g., air traffic controllers)

The Group's operations may be affected by epidemics in the regions where it welcomes guests or by worldwide epidemics. In 2020 and so far in 2021, NH Hotel Group, like all the hotel companies in the world, has suffered the consequences of the COVID-19 pandemic which has caused a fall in the hotel occupancy rate and in events due to the health restrictions in place in all countries. Revenues have been negatively affected even though the Group has contingency and business continuity plans that partially mitigate the fall in revenue while contributing to safekeep the health and safety of its guests and employees.



The Marker
Dublin, Irlanda

NH ROOM 4

SUSTAINABLE BUSINESS





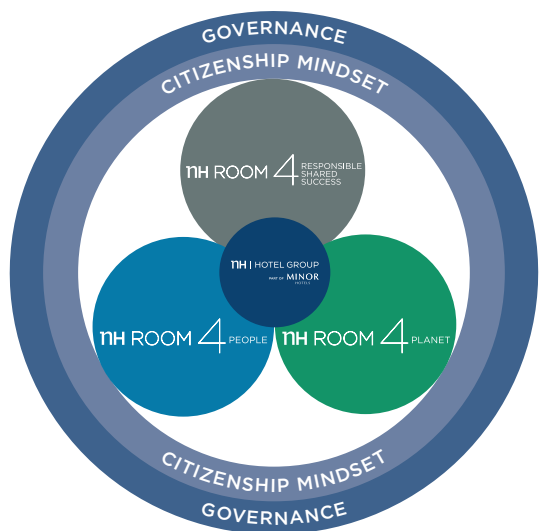
NH Hotel Group carries out its hotel activity with the ambition of spearheading responsible behaviour, creating shared value at an economic, social and environmental level wherever it is present. With this philosophy, in 2020 the Company has continued with its strategy, in which one of the pillars is NH ROOM4 Sustainable Business, a key part of the Company's global strategy.

The strategic vision of NH ROOM4 Sustainable Business is in turn based on three main management levers: NH ROOM4 People, NH ROOM4 Planet and NH ROOM4 Responsible Shared Success, all framed under the same premise of sustainable and ethical principles, responsible culture and a citizenship mindset.

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 continuing to create long-term value globally, in the context of Agenda 2030.

NH ROOM4 SUSTAINABLE BUSINESS MODEL

For NH Hotel Group, the strategy is based on “NH ROOM4 a better world”. In line with this, 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 Hotel Group promotes internal professional development and creates social projects in the communities where it is present.



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



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

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 and 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 and under a citizenship mindset.

Activation of a **fluid communication style** and the recognition of the responsible and sustainable commitment by 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 Collection Frankfurt City
 Frankfurt, Germany

NH ROOM4 PEOPLE

Employees

Promoting equal opportunities to be recognized as a leading company in diversity.

Community

Youth employment - Investing 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 ROOM4 PLANET

Climate Change

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

Energy and water

Increasing and improving production with green energy with on-site facilities, renewable energy sources and water optimisation.

Waste and Circular Economy

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



NH ROOM4 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 selecting partners.

Alliances

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





NH Collection Barbizon Palace
Amsterdam, Netherlands

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

In 2020, NH Hotel Group participated voluntarily for the second time in the Corporate Sustainability Assessment (CSA) 2020 carried out by the sustainable investment agency SAM, the assessment generates a world ranking in sustainable performance of companies from different sectors.

The Company has earned third 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 the Company's strong position in its social, environmental and economic performance. In this exhaustive assessment, NH Hotel Group has been rated "best in its class" in the industry in nine of the 23 criteria assessed: customer relationship management, supply chain management, tax strategy; environmental reporting; climate strategy; social reporting; labour practice indicators; human capital development and occupational health and safety. It even received the highest possible score in six of these criteria: customer relationship management; tax strategy; environmental reporting; climate strategy; social reporting and human capital development.

NH Hotel Group, which has had an excellent performance in terms of sustainability in recent years, will continue to build a Responsible Business, one of the pillars of the Company's strategy.

PRESENCE OF NH HOTEL GROUP IN SUSTAINABILITY INDEXES AND RANKINGS

**Sustainability Award
Bronze Class 2021**

S&P Global

NH Hotel Group has been ranked third among the most sustainable hotel chains in the world, thus consolidating its position as one of the benchmark companies in sustainability in the industry worldwide, after being assessed for a second year by SAM, the sustainable investment agency that assesses the companies that make up the Dow Jones Sustainability Index.

**Sustainability Award
Industry Mover 2021**

S&P Global

The commitments in this field and the improvement that NH Hotel Group has shown during this year have earned it a Bronze Class award in in S&P Global's Sustainability Yearbook 2021. In addition, NH Hotel Group has been recognised as an "Industry Mover" due to the great progress achieved in one year.



FTSE4Good

Since 2013, NH Hotel Group has been included in the FTSE4GOOD index and renews 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 included for the second time in the Bloomberg gender-equality index 2021 and is the only Spanish hotel company among the 380 companies included in the index.

The Company has obtained its best results in salary equality and parity, thanks to its compensation policies based on gender equality and on the 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.



Carbon Disclosure Project recognizes the efforts made by leading global companies in the battle against climate change. In the last report dated December 2020, NH Hotel Group 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.

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.

The objectives of the update of the materiality analysis are as follows:

- Comply with the requisites of the non-financial reporting directive.
- Determine the relevant aspects to guide the Company’s Corporate Responsibility strategy.
- Respond to the requisites of the Global Reporting Initiative for sustainability reporting.
- Identify the expectations of stakeholders as the basis for reputation management.

In 2020, 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 2019. This process involves the following phases:

IDENTIFICATION OF RELEVANT MATTERS

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.

For this year’s update, 26 material matters have been identified based on an analysis of the current context, ESG criteria, analysis of global trends, the standards of the Global Reporting Initiative (GRI) and the United Nations 2030 Agenda. As a new feature, and in line with the current circumstances in which the Company finds itself, an analysis of trends that shows the impact of COVID-19 on the business has been included.

Strategy and priorities for NH Hotel Group	<ul style="list-style-type: none"> - Company Strategy. - Sustainable Business Strategy. - NH Hotel Group Materiality 2019. - Non-Financial Information Statement – Sustainable Business Report 2019.
Sustainable Development Goals – SDG	<ul style="list-style-type: none"> - SDG in which NH Hotel Group has a direct and indirect impact and its specific goals.
Prescribers and trends in the sector	<ul style="list-style-type: none"> - Key sustainability goals defined by the International Tourism Partnership (ITP) - SASB Materiality Map * - Sustainability Yearbook 2020 issued by SAM. - Carbon Disclosure Project (CDP) ranking – Climate Change
Impact of COVID-19 on the hotel sector and on tourism	<ul style="list-style-type: none"> - Webinars related to the impact of COVID-19 on the hotel sector.

Subsequently, a semantic review of the matters is 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 2020
Governance	<ol style="list-style-type: none"> 1. Sustainable financial growth 2. Regulatory environment 3. Recovery plan 4. Good practice in Corporate Governance 5. Ethical commitment and transparency 6. Protection of Human and Labour Rights 7. Management of financial, non-financial and emerging risks 8. Innovation and technology 9. Communication channels and dialogue with stakeholder
NH ROOM4 People	<ol style="list-style-type: none"> 10. Talent, training and professional development. 11. Culture of equality, diversity and inclusion 12. Employee engagement 13. Safety, health and wellbeing 14. Corporate volunteering 15. Positive impact on the local community and culture 16. Promotion of youth employment
NH ROOM4 Responsible Shared Success	<ol style="list-style-type: none"> 17. Sustainable alliances 18. Responsible and local value chain 19. Unique experiences for clients 20. Service quality and satisfaction 21. Fostering sustainability among customers
NH ROOM4 Planet	<ol style="list-style-type: none"> 22. Green energy and energy efficiency 23. Responsible water management 24. Fight against climate change 25. Sustainable hotel services 26. Waste management and circular economy

PRIORITISATION

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

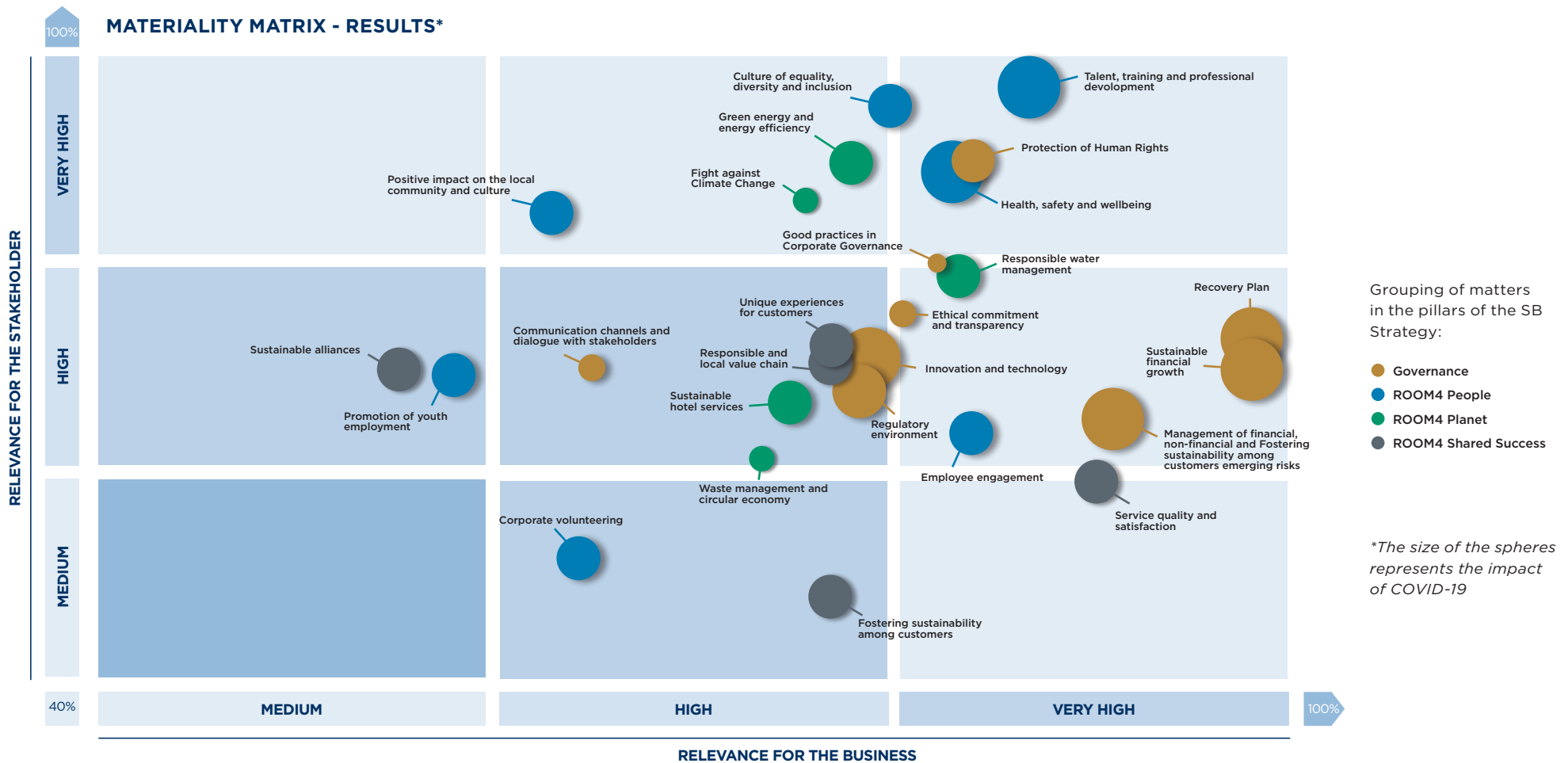
- Impact on the business.** Importance of each matter in NH Hotel Group’s business activity, taking into account the strategy, trends in the sector, sectorial and sustainability prescribers, and the evaluation of the different areas of the Company that have relations with stakeholders, such as Communication and CSR, Human Resources, Environment or Procurement. As indicated above, this year an additional variable has been added showing how the current health crisis is impacting the Company.
- 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 –SDG–, and the discussions in the media on these matters.

VALIDATION AND MATERIALITY MATRIX

The prioritisation is validated internally by the Sustainable Business 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.
















The analysis of the results has taken into account both internal and external weighting. This prioritisation is used to draw up the Materiality Matrix for the Non-Financial Information Statement - Sustainable Business Report 2020, in line with the two axes of relevance:

- Impact on the business.
- Impact for external stakeholders.



NH HOTEL GROUP AND THE 2030 AGENDA

For the purpose of focusing the business model on a hotel model 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 a capacity for influence in a total of 12 Sustainable Development Goals.

Sustainable Business Strategy Pillar	Related SDG	Key indicators in 2020
		<ul style="list-style-type: none"> • Creation of the Feel Safe at NH Protocol • Remote working conditions • Access to the Holistic Concept platform • WITH YOU programme as a support for the well-being of team members
		<ul style="list-style-type: none"> • €231 thousand investment in training • 68,902 employee training hours • 5.4 hours of training per employee
		<ul style="list-style-type: none"> • Presence in the Bloomberg Gender Equality Index • 51% of the total workforce are women • 44% women in management posts
		<ul style="list-style-type: none"> • €264.7M Purchasing volume* • Wages and salaries: €188.4M • Social security: €55M
		<ul style="list-style-type: none"> • 349 hotels with accessibility modifications. • 89 disabled employees
		<ul style="list-style-type: none"> • 52% reduction in water extraction **
		<ul style="list-style-type: none"> • 61% of the energy annually consumed is obtained from renewable energy sources
		<ul style="list-style-type: none"> • 157 certified hotels • 48 hotels with charging points installed for electric cars • 26 hotels with bicycle hire service
		<ul style="list-style-type: none"> • Responsible Procurement Policy • 1,816 suppliers have signed up to the Code of Conduct. • 94% purchases from local suppliers • 71.7% purchases from certified suppliers
		<ul style="list-style-type: none"> • Establishment of targets approved by SBTi (Science Based Targets) • Elimination of single-use plastics • 37% reduction in carbon footprint ** • 35% reduction in energy consumption ** • €3M invested in energy efficiency projects
		<ul style="list-style-type: none"> • Adherence to the UN Global Compact • Presence in the FTSE4Good index
		<ul style="list-style-type: none"> • 80 collaborations with foundations and NGOs. • More than 790 hours in social volunteering • 73 social projects • 10,600 beneficiaries • 524 volunteers

*Leases paid, commissions and rappels, and utilities among others are not included

**Reduction compared to 2019 in absolute terms. The odd daily operations of the hotels during most of the year, implies that the reductions do not reflect the real performance of the environmental data.



nH ROOM 4 RESPONSIBLE SHARED SUCCESS

NH ROOM4 RESPONSIBLE SHARED SUCCESS: CUSTOMERS

NH Hotel Group provides an excellent service offering an innovative range of services 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.

FEEL SAFE AT NH

At NH Hotel Group we want our guests to continue enjoying our hotels and having unforgettable experiences. To that end, we have created Feel Safe At NH, a set of measures certified by safety experts, which have been implemented in all our hotels so that our guests, employees and suppliers can continue to enjoy all our destinations, with no worries.

In order to ensure the safety of guests, employees and partners, the Company has put into place a number of different initiatives and adapted almost 700 standards, completely redesigning the guest experience cycle. Backed by experts, these measures have been implemented in 2020 in each of the Group's 364 establishments.

Feel Safe at NH reviews the entire way our hotels operate and concentrates all the initiatives under 10 lines of action that respond to our guests' needs in the new social reality caused by COVID-19. From the cleaning and disinfection processes for each space in the hotel, to new digital solutions, processes and protocols for food and beverage management, social distancing rules, or air and water purification control, the measures in the plan cover all aspects that allow hotels to be reopened with maximum guarantees for the safety of guests and employees.

Each of the Company's establishments has a designated health and safety officer in the new Feel Safe at NH operating process. They are responsible for leading the implementation of the plan, for employee training and, finally, for controlling the ecological and responsible use of protection equipment.





Anantara Palazzo Naiadi
Rome, Italy

NH EXPERIENCE

As a Company strategy, NH Hotel Group has identified the need to believe in 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, detecting the “moments of truth” and providing support to an experience undergoing continuous redesign and implementation, as well as monitoring acceptance. In recent years, as a result of the Company’s new business strategy, the quality bases that characterise NH Hotel Group have been laid down.


In order to reduce interactions between people and contact with surfaces as much as possible, NH Hotel Group has provided guests with advanced technological solutions such as:

KEY INITIATIVES IN 2020


Feel Safe at NH

In order to ensure the safety of guests, employees and partners, a plan was drawn up establishing measures to deal with the health crisis. The Company has put a number of different initiatives into place and has adapted almost 700 standards, completely redesigning the guest experience cycle. From the cleaning and disinfection processes for each space in the hotel, to new digital solutions, processes and protocols for food and beverage management, social distancing rules, or air and water purification control, the measures in the plan cover all aspects that allow hotels to be reopened with maximum guarantees for the safety of guests and employees.

 health inspection certificates


 personal safety equipment & protocols


 advanced digital services

 water purifying & air quality protocols

 upgraded cleaning & sanitizing protocols

 City Connection advisory service

 food & beverage services tailored to the current situation

 health & safety protocols for employees

 social distancing rules

 a hotel health & safety manager

Adaptation of F&B services to COVID regulations

Assuring the safety of the process at all times, the Food & Beverage area has undergone a reorganization that affects everything from the logistics of preparation, to product delivery, consumption and payment systems.

NH Hotel Group will ask its suppliers for health certificates and a delivery process under strict control protocols. At all times, food handling will be reduced to the minimum, for example, by using single-use materials and favouring room-service, à la carte or take-away as the main options.

In the case of events, adapted meals and processes for this service have been drawn up to comply with the standards set.

Mobile Guest Service

Digitalization of the hotel information and services on a PWA (Progressive Web App) that can be accessed from any guest mobile device (cell phone, tablet, PC) offering customers the possibility of having all the information on the hotel easily available; from information on the hotel's facilities and hours, to the possibility of ordering room service, booking a table in the restaurant, requesting additional amenities, etc.

An initiative that in addition to supporting the Feel Safe at NH plan by eliminating interactions and guaranteeing information during their stay, generates benefits in terms of sustainability because of the digitalisation of all the information.

Other notable experiences:

- **FASTPASS:** the main purpose of this initiative has been to offer guests the possibility of using three innovative services such as Online Check-in, Choose Your Room and Online Check-out, giving guests power over their stay.

The added value has been the inclusion of the “Choose your Room” option, which gives guests the option of exploring the hotel’s architectonic plan to decide which room they prefer, greatly impacting on our guests’ experience. Furthermore, other initiatives -on which we are already working - will be implemented in the future, such as face recognition, or being able to open your door with a digital key.

- **Tablets in Reception:** a new check-in and check-out process using a tablet that will allow a digital signature and a paperless, more efficient and sustainable check-in process, as well as a digitally stored record of customer signatures and consents.
- **Lobbies Alive:** a new lobby concept designed to improve the guest experience, obtain additional revenue and attract new customers. A lobby that connects the hotel to the city and the neighbourhood, and creates an atmosphere that is perfect for work, enjoying a drink, meeting friends or attending a social event.
- **Mood Room:** rooms that allow our guests to enjoy the best experiences during their stay, with the simple movement of their fingers. Thanks to the myriad of pre-set modes, they can enjoy unparalleled technological experience and transform the entire room to suit their mood. Lights, music, curtains and climate control, all controlled at the touch of a button.

- **Pet friendly:** a complete experience for guests who travel with their pets. This new operational promise for pets offers our guests the certainty that travelling to an NH hotel with their pet is possible and convenient. We offer a standardized pet policy all over the world, making our hotel chain pet friendly.
- **Open Spaces:** initiative through which all our outdoor spaces are promoted in more than 170 hotels, from gardens to terraces with swimming pool, rooftops with privileged views, and a long etc, to hold events and meetings and to offer unforgettable experiences to our customers.
- **Extended Stays Programme:** a new product focused on long stay clients (7 nights or more) such as digital nomads, corporate clients involved in long-term projects, etc. This product has been designed to offer a competitive rate that includes additional benefits in hotel services (discount in F&B, laundry, parking, meeting rooms...).
- **Room Office:** We offer the possibility of renting one of our spacious and comfortable rooms to be used as an office. Providing a quiet space, with all the necessary equipment: desk, office chair, Wi-Fi, private bathroom, television, and the possibility of hiring additional services such as drinks, lunch or any other F&B service. Within this proposal, we also offer the usual spaces of the hotel to hold meetings or work sessions such as the meeting rooms.
- **City Connection:** an initiative that lets our guests access all our lobbies in the city and enjoy some of our services and public areas, giving an added value mainly to our leisure guests. The aim is to improve the travel experience when staying at NH, offering our guests the possibility of having a convenient stopping place all over the city (to rest, use the Wi-Fi connection, have a drink, leave luggage ...) and accessing any service at any NH hotel in that city.



NH Curitiba The Five
Curitiba, Brasil

GASTRONOMIC INNOVATION

NH Hotel Group is firmly committed to high quality gastronomy, innovation and the application of the latest trends in the sector, and therefore the Company is constantly in the process of innovating and developing exclusive gastronomic standards. However, in 2020, due to the impact of COVID-19 on the F&B area, innovation has focused on actions and standards that help to protect our guests, increase food safety, improve sustainability and support groups most adversely affected by the pandemic.

Local regulations to deal with the virus have limited the types of services available in each region or country, and therefore the Company's traditional standards have been adapted to these regulations and to the recommendation of the WHO. These adaptations have involved several innovative processes that allow NH to maintain differentiation, improve the guest experience in limited services and the application of new techniques or services.

Some of the processes in which innovative proposals have been applied throughout 2020 in the context of COVID-19 were:

- **F&B Mobile Guest Service**, developing a mobile app through which customers can see all available services, place orders or book a table in our restaurants.
- **The Box**, adaptation of the in-room breakfast service, with an attractive image and increased hygiene guarantees.
- **Breakfast NH**, adaptation of the famous NH breakfast to the new regulations in force. Three new service models have been developed (à la carte, assisted buffet service or mono-packed buffet), adapting to local regulations in each case while maintaining the traditional values of our breakfasts: a warm welcome, use of local products, varied and healthy food.
- **M&E**, adaptation of the entire range of F&B offered to the new requirements in order to assure safety and hygiene at our events.
- **Take-away service**, creation of a new service adapted to the mobility circumstances, for lunches and dinners, during periods of restrictions for restaurants.
- **Business and Individual Delivery Menus**, creation of menus for business and private individuals with delivery to offices and homes on special dates.

It should be noted that in 2020, due to the damage caused by the pandemic, NH Hotel Group has committed, as far as F&B is concerned, to improve sustainability and support groups that have been especially impacted by COVID-19. Some examples of the new actions taken are:

- Improving sustainability in F&B through a new process that increases efficiency in the management of resources and the use of excess production in kitchens. To this end, we have begun to collaborate with various food start-ups that reuse these surpluses, providing an alternative outlet for the product that is not consumed in the hotel.
- Special collaboration with World Central Kitchen, a foundation directed by chef José Andrés. During that hardest months of lockdown, some of our hotel kitchens were used to prepare more than 120,000 menus that were later distributed to local charities and NGOs. Apart from lending our facilities to this initiative, multiple professional cooks volunteered to participate.

NH Hotel Group offers exceptional cuisine under chefs holding a total of 8 Michelin stars, who in some cases have adapted their services to the COVID-19 situation with new proposals:

- **Dabiz Muñoz**, 3 Michelin stars with DiverXO at NH Collection Eurobuilding. During 2020, he has developed a delivery service (Goxo).
- **Paco Roncero**, 2 Michelin stars with Paco Roncero Restaurante. This year he has reinvented his Workshop concept by creating a unique conceptual space featuring multisensorial gastronomy and sustainability (Paco Roncero Taller).
- **Chris Naylor**, 1 Michelin star with Vermeer at NH Collection Barbizon Palace, creation of the delivery service for Michelin star in the Netherlands.
- **Randy Karman**, 1 Michelin star, with White Room at NH Collection Grand Hotel Krasnapolsky.
- **Marcos Morán** (1 Michelin star) consulting chef at Hispania Brussels, NH Collection Grand Sablon.



NH Collection Grand Hotel Krasnapolsky
Amsterdam, Netherlands



Paco Roncero, (2 Michelin stars)
NH Collection Casino de Madrid
Madrid, Spain



NH Collection Eurobuilding
Madrid, Spain



Chris Naylor, (1 Michelin star - Vermeer)
NH Collection Barbizon Palace
Amsterdam, Netherlands

HYBRID MEETINGS BY NH: TECHNOLOGY THAT ADDS VALUE TO YOUR EVENTS

In a world that is constantly changing and facing a new reality, NH Hotel Group has improved its Meetings and Events services with the Hybrid Meetings solutions. Unforgettable new hybrid conferences and meetings with sound technologies that guarantee the safety of attendees at our hotels and the quality of the event for those who participate in it virtually.

The Company has adapted its superior quality services to hybrid events:

- A team of experts to advise customers throughout the process and help to organise the hybrid event they want.
- New gastronomic proposals with great quality and safety. All F&B options are now available in individual portions with a new service from hotel personnel in different configurations.
- Innovation to develop efficient and ecological solutions such as Sustainable Hybrid Meetings.
- As part of the Feel Safe at NH initiative, the Company has established new MICE measures and protocols to ensure the event's safety.



NH Plaza de Armas
Sevilla, Spain

NH HOTEL GROUP AND BMOTION AUDIOVISUAL PRESENT THEIR NEW OFFER OF PERMANENT SETS FOR MICE EVENTS

NH Hotel Group in Spain has joined forces with Bmotion Audiovisual to offer its customers a network of permanent sets the purpose of which is that events at its hotels continue to be memorable. NH Hotel Group in Spain has joined forces with Bmotion Audiovisual to offer its clients a network of fixed installation sets with the objective of continuing to offer memorable events. An initiative that aims to bring people closer and reunite them again, from a safe environment, so that customers can enjoy the benefits of a 100% face-to-face event, with all the added advantages of a virtual event.

The sets, encompassed within Hybrid Meetings by NH proposition, are equipped with the latest BMOTION technology and are operated by its team of experts. They are also connected to each other so that virtual and hybrid events can be held, both from a single location and by connecting several of them.

NH Hotel Group and BMOTION also offer a range of technological solutions to transmit virtual events with fully personalized 3D settings, which let participants be integrated in an immersive digital environment.

The sets can transmit single meetings or simultaneous meetings from multiple cities, offering the possibility of participating in person from any of the NH hotels that have this service or remotely from home. In Spain, this initiative is already available in six hotels in the country's main cities (Madrid, Barcelona, Malaga, Santiago, Seville and Bilbao) although it is possible to organise it in any city where there is an NH hotel. The Company has an audiovisual partner for MICE events with fixed installation sets in all the countries where it operates.

NH ROOM OFFICE, A NEW WORK EXPERIENCE

In the context of the new work trends that have arisen in recent years and in a world that will have to transform itself after the current pandemic, last summer NH Hotel Group launched the “NH Room Office” concept in the Americas Business Unit, specifically at the NH Collection Bogotá Teleport Royal as a pilot.

Months later, and following the success of this innovative proposal, the Company has extended NH Room Office to other countries in the Americas and Europe.

Videocalls, preparing presentations or giving online training course... working from home is not the best solution for all tasks. For this reason, the Company offers the possibility of renting a quiet hotel room with a pleasant workspace, from a half-day upwards. This new concept lets customers work with all the necessary equipment and maintain distance without having to be in a business centre or go to the office.

EVOLUTION OF QUALITY MEASUREMENT TOOLS IN 2020

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 Quality Focus Online, which makes it possible to monitor customer reviews through internal and online channels.

Notable among the main improvements in the tool in 2020 is the creation of a new encryption system for our internal satisfaction survey to increase the security of the data it handles. Furthermore, a new hotel closed/open filter has been included with a view to helping the teams manage and evaluate efficiently the quality of the hotels that have stayed open during the pandemic.

To maintain the Company’s high standards in relation to quality and customer satisfaction and maintain maximum assurance of safety for guests and employees, this year a checklist has been developed so that, through the Health & Safety Managers, designated in the Feel Safe plan to be responsible for verifying and managing the plan in each hotel in each Business Unit of NH Hotel Group, the corresponding checks are carried out in each establishment and areas for improvement are identified, in order to implement the necessary corrective actions.

The existing tool for carrying out such control, the smartphone app called Iristrace, continues to be the tool used for conducting quality control in the NH Hotel Group hotels.

Furthermore, with the intention 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. In addition, a new category has been included this year which has allowed us to monitor all comments about the pandemic and identify the improvements in this matter.

Key Quality Indicators

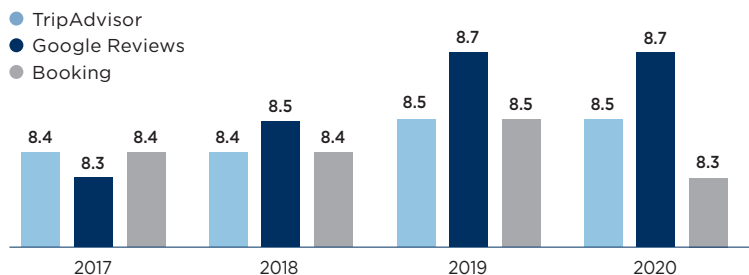
	2020	2019	Diff.
NH Hotel Group survey rating (scale of 1 to 10)			
General	8.7	8.6	+0.1pp
Service	9.2	9.1	+0.1pp
No. of NH Survey Ratings *	62,920	134,489	71,569
Online survey rating (scale of 1 to 10)			
General	8.4	8.5	-0.1pp
Service	8.9	8.8	+0.1pp
No. of online survey ratings	268,878	551,227	282,349



IMPACTS ON VISIBILITY AND PERCEPTION OF QUALITY

The overall perception of the Company's quality has decreased by 0.1 pp compared to last year, having been affected to a relevant extent by the COVID-19 health crisis and associated contingency measures. The overall score at the end of 2020 was of 8.5. In relation to the overall score from online reviews, it has fallen to 8.4 (-0.1 compared to the previous year). The fall in the rating from Booking.com is especially noteworthy, down to 8.3 (-0.2 compared to 2019).

VISIBILITY OF NH HOTEL GROUP HOTELS ON TRIPADVISOR AND GOOGLE 2017-2020



In 2020, all the Company's brands have been impacted by the crisis, with the final overall scores: NH Hoteles, 8.3 (-0.1 vs. 2019); NH Collection, 8.8 /-0.1 vs. 2019); and nhow, 8.5 (-0.1 vs. 2019). In all cases, the scores are the average between **NH Hotel Group internal surveys and online ratings.**

SINGLE CUSTOMER SERVICE CENTRE TOOLS

The Single Customer Service Centre provides support to hotels and to customers. It combines Customer Care, NH Rewards and the VIP Desk and has continued to consolidate its service in 2020, 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: email, telephone, website, hotels, social media... The types of contact are classified into comments or suggestions, complaints, congratulations, requests, claims or technical incidents.

Quality Focus

Every week data is drawn from the satisfaction surveys received, identifying those that 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 email or telephone, to a standard email response for neutral comments.

In 2020, the Customer Care area has handled a total of 10,174 contacts from the Single Customer Service Centre (whether complaints, requests, suggestions, congratulations...); this represents a decrease of approximately 24% in contacts handled by this area compared to 2019.

It should be noted that in 2020 NH Hotel Group has had to face a very complex situation because of COVID-19, which has forced the Company to the partial/total closure of many hotels and to handle many more claims or incidents. In addition, the different quarantines established have not permitted many of our customers to travel and all the restrictions that are still in place have considerably limited travel (Germany has been the most affected country, followed by Spain and Italy). The temporary closure of borders, as for example by the United Kingdom and Germany, has made travel to common destinations more difficult.

This year there has been a considerable increase in the number of contacts, in many cases caused by the mobility restrictions referred to above and the requests from customers to modify the expiry of their NH Rewards points.

Complaints are handled by sending a letter of apology, response by the hotel or the legal department. Sometimes, compensation has been given in the form of a discount voucher, free NH Rewards points, complimentary room upgrade, etc.

Responses have been given within the established time in the vast majority of cases, except on certain occasions where there have been spikes in the number of emails received (in relation to cancellations/modifications caused by force majeure, refunds, or simply asking for information) which have had an impact on the response time. However, the Company continues 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.



NH Collection Royal Smartsuites
Barranquilla, Colombia

CONTACTS RECEIVED BY CUSTOMER CARE *

	2020		2019	
	Number	% of total	Number	% of total
Direct contacts (SAP)				
Comments/Suggestions	524	10.5	438	6.5
Congratulations	26	0.3	64	0.9
Technical incidents	4	0.8	10	0.1
Complaints	955	8.5	2,610	38.5
Claims	2,199	23	670	9.9
Requests	4,822	56.9	2,985	44
TOTAL	8,530		6,777	
Customer survey contacts (Quality Focus)				
Comments/Suggestions	704	17	809	12
Congratulations	27	1	15	0.2
Technical incidents	-	-	1	0.02
Complaints	549	13	1,275	19
Claims	60	2	48	0.7
Requests	304	8	151	2.3
Mailing - automatic reply	3,219	60	4,364	65
Total Customer Survey contacts	4,863		6,663	
Total Customer Care contacts	10,174		13,440	
TOTAL COMPLAINTS	1,504		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

Solution	Consolidated perimeter		Corporate perimeter***	
	2020	2019	2020	2019
Reply to suggestion/request/comments	3,996	3,142	5,400	4,567
NH Rewards points	1,282	210	1,381	248
Letter of apology	1,329	2,458	1,513	2,774
Response from hotel	714	637	869	722
Refund	551	142	620	159
Discount voucher	163	395	203	478
Thank you letter	10	20	13	28
Free upgrade	9	14	9	15
Free night	5	4	5	5
Free breakfast	3	5	3	5
Response from legal department	1	1	1	4
Other	44	36	56	44
Error*	39	21	48	35
None**	12	13	13	18

*Duplications

**Technical incidents - solution provided by IT

***Includes comments on internal policies, reservations and other services that depend on HQ and not on any hotel.





COMMUNICATION WITH CUSTOMERS

Direct contact with customers is key in order to offer them personalized services and make their experience with NH better and better. In 2020, more than 110 million emails were sent to customers.

Responsible guests

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

In line with this, NH Hotel Group has launched its “Green Stay” initiative, a new service that will be applied in several hotels in the northern and southern Europe business units. Through this initiative, the Company offers customers who stay for more than one night the option of declining the room cleaning service, contributing to savings in water, energy and other resources. As a reward for these guests, the hotel offers them a voucher for a free drink for each day they participate in this initiative.

Improvement in direct sales channels

The tourism sector has been seriously affected by the COVID-19 pandemic. Business growth generated through the NH Hotel Group website since its relaunch continues and the first few months of 2020 were particularly extraordinary, with year-on-year growth of 14%.

From March onwards, the effect of the pandemic in 2020 has affected all regions, channels, segments, brands and domains. The mobility restrictions and travel regulations issued by each country have had a significant effect on the B2B segment. In contrast, the B2C segment has gained weight and we have seen a more dynamic recovery of the direct web channel, than the one experienced by intermediated channels. This has led to an all-time high in terms of the web channel's contribution to NH Hotel Group's total sales.

NH Hotel Group uses direct and indirect channels to market its products. The direct channels include hotels, the Call Center and the web. In 2020, the latter has helped to market products through 14 sites and microsites, using 21 languages or language localizations.

Our spirit is to be able to adapt and personalise the experiences of millions of customers who visit us through the web (both mobile and desktop versions) and the app. This personalization, combined with the systematic application of techniques to improve conversion and usability - with more than 370 experiments in 12 months - have allowed us to obtain double-digit improvements in conversion, even in such a uniquely difficult year as this one.

NH Rewards programme

NH Rewards has more than 9.8 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 regular customers on each stay with benefits such as 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 and other benefits, as well as a range of differential services that enhance the experience in hotels of all NH Hotel Group's brands.

NH Hotel Group collaborates actively with UNICEF, supporting its efforts to assure the rights and welfare of children throughout the world and respond to emergency situations. We have the support of our customers and employees in this collaboration. All the funds raised through donations of points are handed in full to UNICEF and are used for the development of health, education and protection programmes.

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 (and currently available in all devices) and the new app functionalities for the Feel Safe at NH protocols.

It is also worth noting that in this period the App has reached record highs in terms of share of contribution to the Company's turnover.

CUSTOMER HEALTH AND SAFETY

NH Hotel Group has strengthened the disinfection and cleaning protocols in its hotels in line with the indications of the World Health Organization, following local regulations and taking inspiration from medical practice. These protocols have also been reviewed and adapted to the new reality by SGS, (Société Générale de Surveillance), a leading inspection, verification and certification company.

Under these protocols, public areas with a high level of traffic such as lobbies, reception, halls and restaurants are cleaned more frequently and with a specific type of disinfectant products based on advanced medical practice. Furthermore, public areas of hotels have signs specifying the limitations, avoiding crowds of people and contact between them, always keeping the distance required by local regulations. The design of furniture and spaces changes to comply with safety distancing regulations. In addition, training has been provided to hotel staff to help customers comply with these rules at all times.

In line with this, 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. Finally, kitchens and kitchen utensils are cleaned following hospital protocols, thus assuring correct disinfection and decontamination at all times. For this purpose, NH Hotel Group 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 as well as specific hygiene manuals for each establishment.

In 2020, with the support of Diversey, the documentary frameworks and the critical control points analysis in the F&B environment (HACCP manuals, Food Hygiene ...) have been adapted to the new regulations required by the COVID-19 situation. The guidelines have also been expanded with new control protocols for the reopening of hotels (cleaning and disinfection checklists, high contact surfaces, adequate use of COVID-19 disinfectants, new cleaning procedures ...).

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 rescission of their contract with NH Hotel Group.

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

GUEST 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 fans	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.
Feel Safe at NH	<p>The following measures have been implemented in NH Hotel Group so that guests can enjoy a comfortable and safe stay and to operate with the highest possible level of responsibility and performance:</p> <ul style="list-style-type: none"> • Health inspection certificates. • Advanced digital services. • Enhanced cleaning and disinfection protocols. • Food and beverage service adapted to the current situation. • Safety distancing rules. • Personal protection equipment and protocols. • Air purification and water quality protocols. • Advisory service. • Health and safety protocols for employees. • Health and Safety Manager of the Hotel.

GLOBAL WEBINAR FOR CORPORATE, MICE AND LEISURE CUSTOMERS

At the end of April, we hoped to gain a better understanding of the implications of COVID-19 for travel and explore the expectations of businesses for the future. To this end, NH Hotel Group sent out a global survey for its customers in the corporate, MICE and leisure segment.

The aim of the survey, shared with approximately 12,000 B2B customers worldwide, was to obtain knowledge of the plans and needs of the Company's customers post COVID-19.

On June 9th, the Company organized a webinar aimed at these customers, mainly to share with them the results of this survey and to present the new Feel Safe at NH Plan.

The webinar, at which more than 500 people were present, was led by Ramón Aragonés, CEO of NH Hotel Group, Fernando Vives, Chief Commercial Officer and Javier Mármol, Vice President of Experience and Quality, and presented by Natalie Moran, Senior MICE & Corporate Director. They offered an update of the Company's present situation and explained in detail the Feel Safe at NH actions implemented in each of the hotels, in line with the needs mentioned in the survey by our customers.

Following the success of this webinar, the sales team has replicated this format in the different Business Units, where they have shared the details of Feel Safe At NH with their local B2B customers, in their corresponding languages and adapted to local legislation.

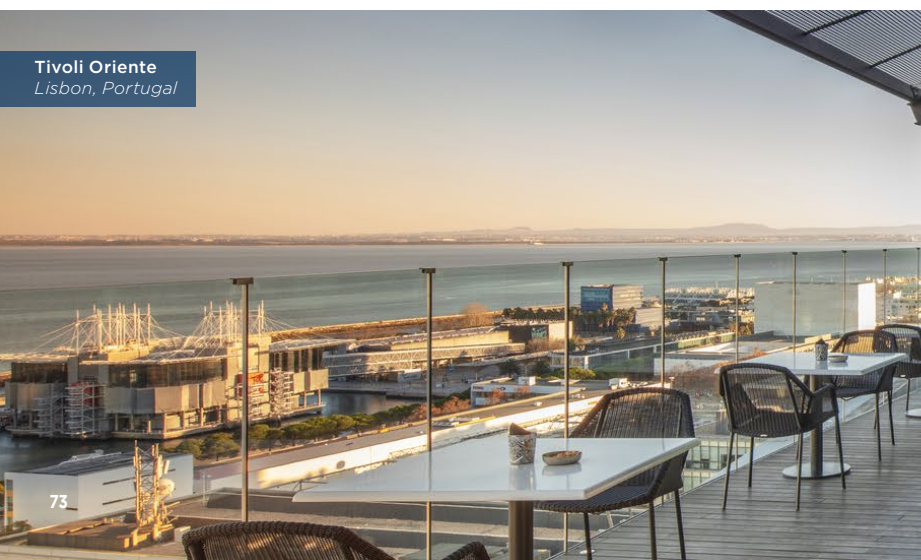
HOTELS THAT ARE MORE AND MORE ACCESSIBLE

As a result of NH Hotel Group's commitment to diversity, inclusion and accessibility for its guests, there are 349 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.

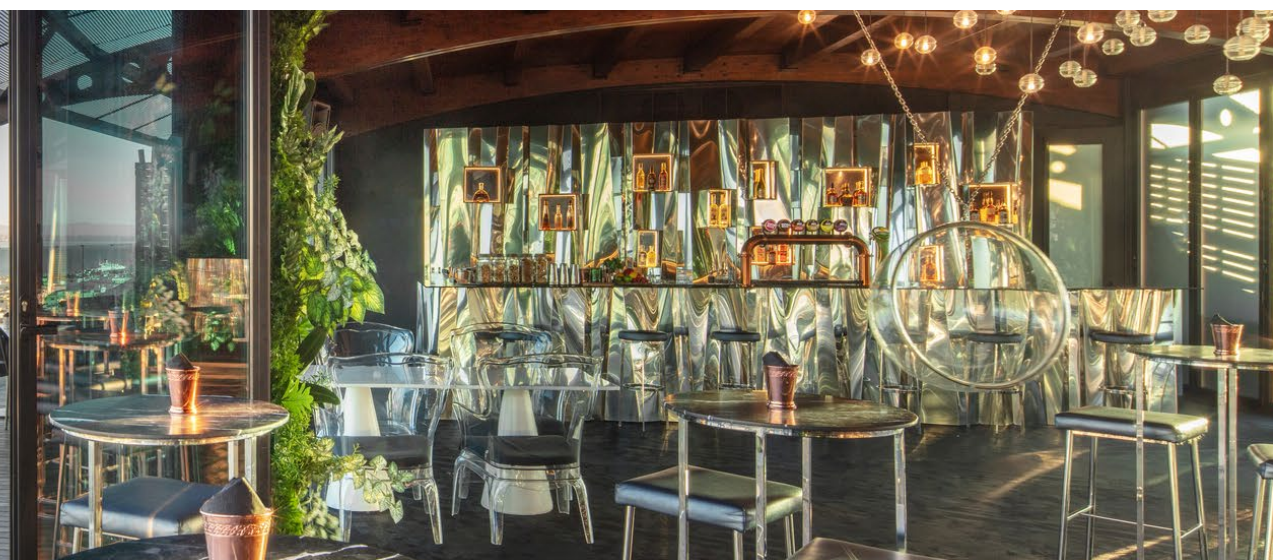
“95% of hotels have some element of accessibility”

NH Hotel Group is also committed to the full integration in work of people with disabilities through responsible purchases from Special Employment Centres as suppliers of laundry services. The share that purchases from Special Employment Centres represented in 2020 was 4.4% (estimated with respect to the workforce in Spain, together with the Special Employment Center employees comparable to NH Hotel Group purchases).

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Number of hotels with elements adapted to special needs	301	301	0%	349	344	1%
Number of hotels with disabled access elevators	256	266	-4%	299	307	-3%
Number of hotels with disabled parking	207	211	-2%	246	244	1%
Number of hotels with public areas adapted for people with a physical disability	276	277	0%	320	317	1%
Number of rooms adapted for people with a physical disability	837	828	1%	933	920	1%



Tivoli Oriente
Lisbon, Portugal



NH ROOM4 RESPONSIBLE SHARED SUCCESS

H ROOM4 RESPONSIBLE SHARED SUCCESS: 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).

264.7 M€*

ANNUAL PURCHASE VOLUME (OPEX + CAPEX) IN 2020

-59% compared to 2019

196 M€

TOTAL OPEX VOLUME IN 2020

-42% compared to 2019

PURCHASE VOLUME PER BUSINESS UNIT (OPEX + CAPEX)*

	2020	2019	Diff.
BU America	15.5 M €	41 M €	-62%
BUNE	106.9 M €	261.1 M €	-59%
BUSE	142.3 M €	348.4 M €	-59%
TOTAL	264.7 M €	650.5 M €	-59%

*Excluding expenses for leases paid, commissions and rappels and utilities, among others.

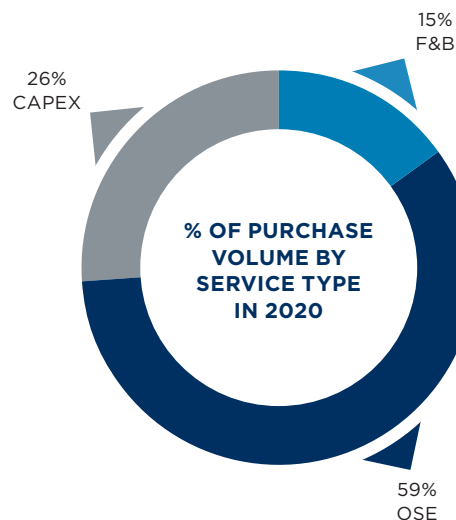
PURCHASE VOLUME BY SAP SERVICE TYPE

	2020	2019	Diff.
Food and Beverages	39.4 M €	113.9 M €	-65%
OSE (Operating expenses)	156.9 M €	356.6 M €	-56%
CAPEX (Works)*	68.4 M €	180.1 M €	-62%

Strategic purchasing management has begun to move away from prioritising price negotiation efficiency alone over other factors. This crisis has led NH Hotel Group to carry out an analysis of current suppliers, checking the traceability of their products and components, and demanding production flexibility to assure supply, as well as the sustainability of their products.

All NH Hotel Group suppliers, both approved and non-approved, are required to comply with the exceptional anti-COVID-19 safety and disinfection measures for the delivery of goods and the provision of services in our hotels.

The economic consequences of the pandemic have forced NH Hotel Group to seek alternative suppliers and markets, even in different geographical areas, which is why the approval and certification of suppliers has decreased compared to 2019. This fall is due to two main reasons: on the one hand, the purchase of COVID-19-related services from non-approved suppliers due to the urgency in the need for such equipment (such as PPE); and on the other hand, the elimination of a considerable part of outsourced security and laundry suppliers due to the closure of our hotels.



NH Collection Buenos Aires Lancaster
Buenos Aires, Argentina



nhow Berlin
Berlin, Germany

PROCUREMENT POLICY

NH Hotel Group has a formal and mandatory Procurement Policy, which sets out the guidelines to be followed by the different departments, whether Corporate or of a Business Unit, in situations that affect or could affect the Company's external contracting.

The Procurement Policy contributes to reinforcing:

- The commitment to ensure transparency, honesty and ethics in the procurement function.
- The need to carry out professional contracting processes to optimise results.
- The need for alignment with internal control guidelines, and proper and timely updating and communication to all Company employees.

As with the Code of Conduct for Coperama Suppliers, the NH Hotel Group Code of Conduct has been included in the approval contract of the Procurement department since 2012.

Failure to accept these ethical codes in the selection phase of suitable suppliers to participate in the next phases of a procurement process is a criterion for exclusion. The Procurement department includes an extensive approval questionnaire (RFI) in the supplier selection process which is assessed automatically according to suppliers' commitment and their policies. As a relevant milestone in 2020, for the purpose of assuring a responsible operation and achieving long-term relationship with suppliers, NH Hotel Group has updated its RFI, extending the ESG criteria in its responsible procurement process, increasing the weighting of questions concerning Sustainability and prioritising suppliers who apply sustainable criteria. This questionnaire is part of the overall assessment for the validation process.

1,816
Suppliers that have signed up
to the Code of Conduct

71
new suppliers signed up
to the Ethical Code

In 2020, a total of 72 new suppliers globally have signed up to the NH Hotel Group Code of Conduct and the Coperama Code. Thus, in 2020 the number of Ethical Codes signed with active suppliers has reached a total of 1,816, down 3% compared to the 1,872 of last year.

SELECTION OF SUPPLIERS

Since 2010, the Company's different procurement departments have progressively become the different Coperamas (Companies wholly owned by NH Hotel Group). Their function consists of finding, rating and certifying suppliers and negotiating and contracting the necessary goods and services for the correct operation of the hotel activity. Each local Coperama provides service to the regions of the NH Hotel Group Business Units assigned to it. Coperama Holding provides service at corporate level to the Group in all its locations.

Although at present NH Hotel Group does not carry out social and environmental audits of its suppliers, it works continuously to align ESG criteria with sustainable management of the supply chain. To assure responsible supplying, the Company has developed a series of procedures that reinforce the commitment to the supply chain. These procedures are the supplier management procedures, the questionnaire for supplier approval (RFI), the Code of Conduct for Coperama Suppliers and the Company's Code of Conduct, both of which must be accepted by all approved suppliers.

As indicated in the NH Hotel Group Procurement Policy, all services or products that come under categories suitable for being tendered by Coperama are part of the Procurement Perimeter. Within the total volume of OPEX purchases, the Procurement Perimeter represents 90% of the hotels in NH Hotel Group's consolidated perimeter.

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

In OPEX:

177 M€
Total volume
procurement perimeter

127 M€
Volume of approved purchases of the
procurement perimeter

71.7%
Approved procurement of
the procurement perimeter

The decrease in compliance during this year is mainly due to the elimination of the Cleaning and Security service during the months in which the hotels were closed. In turn, as indicated above, when PPE was being sought for the hotels, it was purchased from non-approved suppliers for reasons of urgency and opportunity.

SUPPLIER APPROVAL PROCESS LIFE CYCLE IN NH HOTEL GROUP

The selection of suppliers and working relations with them, is based on transparency, honesty and ethics with the clear aim of being able to assure an excellent provision of services, efficiently and of high quality. Supplier management starts when a need is detected and continues until the service is finally provided:



Before the procurement process commences, an approval procedure takes place which means that a database can be generated of suppliers who have been assessed and have been found to meet the requisites of NH Hotel Group in economic, quality and ESG matters.

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

Throughout the process, special attention is given to sustainability, to try to mitigate possible negative impacts on the environment, while reducing the inherent risks of the operations of our supply chain.

1,816
Approved suppliers



SUPPLIER MANAGEMENT

NH Hotel Group is focusing its efforts on achieving sustainable management throughout the entire supply chain. The supplier management Model seeks 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 requisite in order to participate in procurement processes and is obtained as a result of the approval process.

Accordingly, NH Hotel Group encourages approved 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 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.

The hotels that consolidate have different monitoring indicators to control purchases from approved suppliers in the Procurement Perimeter.

In 2020, all the Business Units have failed to meet the targets because of the worldwide pandemic.



* 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.

** 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.

Number of suppliers per Business Unit *

	2020	2019	Diff.
BU America	2,266	3,365	-33%
BUNE	4,442	6,428	-31%
BUSE	4,647	6,670	-33%
TOTAL	11,355	16,463	-32%

* 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

	2020
Total volume of approved procurement (OPEX) globally	196 M€
Total volume of approved procurement (CAPEX) globally	68 M€
% of volume concentrated in European Business Units	94%





RISK MANAGEMENT IN THE SUPPLY CHAIN: CRITICAL SUPPLIERS

22%

Purchase volume from critical suppliers

390

Critical suppliers identified

NH Hotel Group works to extend sustainability to a constantly improving supply chain, where innovation is always present, made up of the best partners and suppliers. The supply chain management process is based on an assessment of the intrinsic risk factors of outsourcing a service or the supply of a product.

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 and 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. In this part of the process, suppliers must accept both the Group's Code of Conduct and the Code of Conduct for Suppliers of Coperama which includes environmental and labour commitments.

To carry out its management, NH Hotel Group has identified its critical suppliers as those that could affect the Company at a reputational level (or generate an operational and/or legal risk), either due to having a significant volume of billing or to having products that have been especially designed for the Company. According to this definition, critical categories for NH Hotel Group would be the outsourcing of cleaning services, security services, laundry, amenities and textiles, the latter belonging to Tier 2.

The selection of these suppliers must be carried out applying the highest quality standards, which will be established in the RFP document (Request for Proposal), with technical questions. 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.

A new feature has been the creation in 2020 of a supplier self-assessment questionnaire. The main suppliers of NH Hotel Group will have to complete an annual questionnaire based on ESG criteria established by the Company. This self-assessment questionnaire will allow suppliers to provide additional information to be considered in relation to ESG criteria. Based on the results, the Company will implement the adjustments and improvements it considers necessary.

Due to the current health crisis, the questionnaires will be sent out in 2021, as a lack of resources has slowed the process.

Subsequently, as part of the approval contract, the SLA (Service Level Agreement) is applied which determines the service level parameters and penalises 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 2020, no such case has arisen in any of the Business Units.



NH ROOM4 RESPONSIBLE SHARED SUCCESS: SUSTAINABLE ALLIANCES

NH Hotel Group promotes strategic alliances and collaborations in sustainability. The Company is aware of the importance of collaboration between institutions in order to comply with the sustainable development agenda. Accordingly, it establishes alliances based on common principles, values and goals with different organisations, 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 parties in the business, and external parties: administrations, governments, 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 programme • Campaigns or corporate videos • Advertising actions • E-mail for claims, complaints and suggestions • Webinars
Employees	<ul style="list-style-type: none"> • Satisfaction and climate surveys • Internal communication: Newsletters, Town Hall, NH talks, intranet, MyNH Employee App, multiple communications. • Time for You (TFY) • 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 direct 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"> • Annual General 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 being part of associations, chambers of commerce or foundations that promote 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 its relevance, this notably includes NH Hotel Group's participation in the UN Global Compact.

Pacto Mundial de Naciones Unidas (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 for designing the strategy and management of the Company's Corporate Responsibility.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Sustainable Hospitality Alliance

Sustainable Hospitality Alliance, formerly 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 by working together. NH Hotel Group was part of this platform until 2020 and is confident that it will be able to re-join it in forthcoming years.

SIGNIFICANT CONTRIBUTIONS TO ASSOCIATIONS IN 2020

The Company is part of different associations in order to be informed at all times and to achieve the objectives set.

CONTRIBUTION TO ASSOCIATIONS

	2020	2019
Sector associations	€ 82,782	€ 582,384
Non-profit foundations or associations	€ 6,819	€ 20,655
Chambers of commerce	€ 3,938	€ 38,448
Cultural associations	€ 21,990	€ 31,762
Associations related to the environment	€ 1,000	€ 72,405
Total	€ 116,528	€ 745,653

In 2020, NH Hotel Group made a total contribution of € 116,528 to sectorial, cultural, social and environmental associations and chambers of commerce. The significant reduction in contributions compared to the previous year is due to the drastic contingency measures that have been taken as consequence of COVID-19 crisis.



NH Geneva Airport
Geneva, Switzerland



NH ROOM4 PEOPLE: EMPLOYEES

NH Hotel Group cares for its employees and seeks their commitment to and involvement with the Company's sustainable business, so that it is integrated into 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 to be its main asset and understands that in order to build a corporate culture of leadership, it is essential to manage effectively the attraction, development and retention of talent and sustain their motivation and pride at belonging to NH Hotel Group.

Throughout 2020, NH Hotel Group has had to act to mitigate the serious consequences of COVID-19 on its business and results. For this purpose, and striving at all times to protect long-term employment as much as possible, the Company has launched a contingency plan to reduce its workforce temporarily and, consequently, adjusted its staff costs to the reality of the business, through suspensions of contracts, reductions in working hours, application for extraordinary allowances available in some countries, vacancy cancellations and/or other measures in accordance with labour legislation in each country.

One or another of these measures have affected practically all of the workforce, in all professional categories and affecting men and women equally.

Even in such an unfavourable context, NH Hotel Group has upheld its corporate culture and its commitment to its values. It has strived to be consistent with and faithful to its current People strategy, convinced that this is what is needed to earn the credibility and trust of its team members, the Company's greatest asset.



In this reorganisation of priorities deriving from the circumstances, efforts have been focused along three lines: CONNECTING with employees by reinforcing communication, CARING for them by assuring their safety, health and wellbeing, and providing ANSWERS, as BUSINESS PARTNERS, to the Company's demands, i.e. in training operations personnel to ensure the effective implementation of Feel Safe at NH measures with our customers.

In this context, NH Hotel Group has launched multiple initiatives to take care of its employees at such a difficult time. One of them is **"With You"**, an internal engagement project designed to provide tools, advice and resources so that teams can reinforce key skills during this phase, not only on a professional level but also to improve their personal wellbeing. Under **"With You"**, and among other actions, NH employees have received content aimed at stress management, gained free access to digital newsstands, had the possibility of taking language classes, the chance to collect office material to improve their remote working experience, and receive access to two external international e-learning platforms: **Typsy** and **GoodHabitZ**. Both platforms include multiple learning resources so that each employee can work on their professional development plan, incorporate new knowledge and, in short, continue to invest in their professional growth.

"Our employees: ambassadors of our values, make the Company's achievements possible"

The Company has also been pioneering in the industry with **Feel Safe at NH**, a set of health and safety protocols, certified by safety experts, and implemented in its hotels to guarantee the health and safety of team members and guests. Thanks to the active involvement of Hotel Managers and Department Heads, it was possible to get ahead of the situation, ensuring that employees adopted, followed and implemented the new Health and Safety standards in all the hotels in all our operations.

In circumstances where remote working was forced, steps were taken to facilitate working from home from day one with full technical support and other arrangements such as the collection of office equipment to take home (screen, keyboard and office chair).

In addition, the Company also prepared a Plan for the return to offices, so that all employees who chose to partially return to the offices once the lockdowns were lifted had all the information on the Health and Safety protocols that they were required to observe.

With all this, NH Hotel Group has continued to take care of its teams and provide them with tools to manage as well as possible the tension and uncertainty that the pandemic has brought in 2020.

Alongside this, NH Hotel Group has continued to show its commitment to the communities where it carries on its activity through **NH Response**. Although the programme was conceived to help society at the toughest moments of the crisis, there were some situations in which the team members themselves became a vulnerable group. For them, the Company, leaders and partners joined forces through donations and made it possible to deliver basic non-perishable food items to our colleagues and their families.

PEOPLE STRATEGY

The initial goal in 2020 was to consolidate the key policies and projects in the Company's HR Strategic Plan, grouped around the 3 main pillars: Global Leadership and Talent Management, Top Performance, and Best Place to Work and a fourth cross-cutting one: "Transformation and New Technologies".

However, the COVID-19 crisis required a shift in all planned projects. NH Hotel Group did maintain its focus throughout the year on its strategic pillars, but it did so reconsidering every action and initiative to give them meaning and usefulness in the extremely complex individual, social and business context created by the pandemic.

GLOBAL LEADERSHIP AND TALENT MANAGEMENT	TOP PERFORMANCE	BEST PLACE TO WORK
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 in our culture.	Being recognized as a model high-performance team in which all employees are encouraged to progress and do their best and in which high performance is differentiated, recognized and rewarded.	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, in order to acquire advanced predictive analytical skills, through clear policies and processes, keeping promises proactively, supporting, developing and implementing the NH Hotel Group operational model, and controlling staff costs and related budget items.

The main projects carried out in each strategic pillar are set out below:

STRATEGIC LINES OF WORK FOR HUMAN RESOURCES IN 2020

Global leadership and talent management

Providing support to managers in handling their teams in extraordinary circumstances (communicating temporary labour measures, remote team management, handling of difficult conversations, etc.)

Consolidation of the talent management model and design of training material for implementation throughout NH.

Monitoring of development and succession plans for key positions.

Top performance

Contingency plan in terms of staff costs, adjusting them to the reality of the business.

Monitoring and control of staff costs; optimisation of the labour tools provided by each Government.

Fostering of conversations offering feedback, guidance and motivation to active employees.

Rollout of Feel Safe at NH, training the teams on the new operating standards.

Best place to work

Initiatives to sustain engagement and the sense of belonging to NH Hotel Group in all employees.

Launch of training content and access to learning platforms, to boost self-development of employees during furlough.

Design of specific communication channels to update employees on the situation of the Company and the recovery plans (COVID-19 & Feel Safe at NH).

Design of reboarding programmes to support the reopening of both hotels and head offices.



OUR HUMAN CAPITAL

All information on employees corresponds to average headcount data obtained on FTE (Full Time Equivalents) for all employee types (except Outside Labour, Extra Labour and Trainees), considering hotels under ownership, lease, management, held in NH Hotel Group's ERP SAP HCM management system.

EMPLOYEES BY BUSINESS UNIT

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Central Offices and CRO	517	508	2%	517	508	2%
BU America	1,596	1,735	-8%	2,006	2,257	-11%
BU	4,408	4,585	-4%	4,897	5,141	-5%
BUSE	4,591	4,636	-1%	5,430	5,199	4%
Total	11,112	11,464	-3%	12,850	13,105	-2%

Compared to the previous year, there has been a slight decrease in the workforce in the Northern European Business Unit, and a more significant decrease in the Americas Business Unit because of the adjustments to the workforce that have had to be made as a result of the closure of hotels and reduction in activity during the year, and in line with what the legislation allows in each country.

During 2020, NH Hotel Group had 12,850 employees in 24 countries, of whom 51% are women and 49% are men.

BREAKDOWN OF EMPLOYEES BY GENDER

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Women	5,689	5,852	-3%	6,551	6,676	-2%
Men	5,423	5,612	-3%	6,299	6,429	-2%
Total	11,112	11,464	-3%	12,850	13,105	-2%

BREAKDOWN OF EMPLOYEES BY AGE

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Under 25	1,011	1,249	-19%	1,185	1,471	-19%
Between 25 and 40	4,905	5,152	-5%	5,695	5,932	-4%
Over 40	5,196	5,023	3%	5,970	5,655	6%
Total*	11,112	11,424	-3%	12,850	13,058	-2%

*<1% of employees with age data unavailable



BREAKDOWN OF EMPLOYEES BY COUNTRY

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Argentina	340	361	-6%	423	444	-5%
Austria	261	284	-8%	261	284	-8%
Belgium	570	614	-7%	570	614	-7%
Chile	149	172	-13%	163	194	-16%
Colombia	468	523	-11%	468	523	-11%
Cuba	-	-	-	1	-	-
Switzerland	62	66	-6%	62	87	-29%
Czech Republic	-	-	-	166	195	-15%
Germany	1,923	2,027	-5%	1,923	2,027	-5%
Ecuador	54	60	-10%	54	60	-10%
Spain	3,291	3,462	-5%	3,411	3,596	-5%
France	131	132	-1%	131	132	-1%
Hungary	27	34	-21%	27	34	-21%
Italy	1,164	1,232	-6%	1,165	1,233	-6%
Ireland	69	-	-	69	-	-
Luxembourg	37	45	-18%	37	45	-18%
Mexico	553	588	-6%	867	1,005	-14%
Netherlands	1,406	1,449	-3%	1,624	1,692	-4%
Portugal	511	311	64%	1,229	738	67%
Romania	29	35	-17%	51	67	-24%
Slovakia	-	-	-	55	62	-11%
Great Britain	25	30	-17%	52	34	53%
USA	12	8	50%	12	8	50%
Uruguay	31	31	0%	31	31	0%
Total	11,112	11,464	-3%	12,850	13,105	-2%

BREAKDOWN OF EMPLOYEES BY PROFESSIONAL CATEGORY

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
CENTRAL SERVICES						
Top Management	93	93	0%	93	93	0%
Middle Management	472	440	7%	472	440	7%
Staff	1,091	1,092	-0.1%	1,091	1,092	0%
Total	1,656	1,625	2%	1,656	1,625	2%
HOTEL						
Top Management	289	296	-2%	320	327	-2%
Middle Management	1,445	1,429	1%	1,634	1,596	2%
Staff	7,722	8,114	-5%	9,240	9,557	-3%
Total	9,456	9,839	-4%	11,194	11,480	-2%
TOTAL						
Top Management	382	389	-2%	413	420	-2%
Middle Management	1,917	1,869	3%	2,106	2,035	3%
Staff	8,813	9,206	-4%	10,331	10,650	-3%
Total	11,112	11,464	-3%	12,850	13,105	-2%

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

- **Top Management:**
 - Central Services/Corporate Offices: Chief Officer, Senior Vice President, Vice President, Senior Director and Regional Director.
 - Hotel: Manager and Deputy.
- **Middle Management:**
 - Central Services/Corporate Offices: Director and Manager.
 - Hotel: Department heads.
- **Staff:**
 - Central Services/Corporate Offices: Executive, Staff and Assistant.
 - Hotel: All other hotel positions.

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 2020, on average 87% of the contracts of women for workplaces in the consolidated perimeter are indefinite. Furthermore, on average 85% of employees between 25 and 40 years old have indefinite contracts.

The average number of contracts has been calculated by dividing the total number of contract days per category for each employee by the total number of days per year.

ANNUAL AVERAGE TYPES OF CONTRACTS

	Consolidated perimeter		
	2020	2019	Diff.
Temporary contracts	1,585	2,476	-36%
Indefinite contracts	10,192	9,532	7%
Total	11,777	12,008	-2%
Part-time contracts	1,342	1,291	4%
Indefinite part-time contracts	1,096	890	23%
Temporary part-time contracts	246	401	-39%
WOMEN			
Temporary contracts	796	1,297	-39%
Indefinite contracts	5,345	4,961	8%
Total	6,140	6,258	-2%
Part-time contracts	958	912	5%
MEN			
Temporary contracts	789	1,179	-33%
Indefinite contracts	4,848	4,570	6%
Total	5,637	5,749	-2%
Part-time contracts	384	378	2%

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.

ANNUAL AVERAGE TYPES OF CONTRACT BY AGE

	Consolidated perimeter					
	2020			2019		
	< 25	25 - 40	> 40	< 25	25 - 40	> 40
Annual average number of temporary contracts	549	740	296	850	1,087	533
Annual average number of indefinite contracts	585	4,342	5,265	493	4,183	4,810
Total	1,134	5,082	5,561	1,343	5,270	5,343
Annual average number of part-time contracts	176	424	741	146	421	706

ANNUAL AVERAGE TYPES OF CONTRACT BY PROFESSIONAL CATEGORY

	Consolidated perimeter					
	2020			2019		
	Top Management	Middle Management	Staff	Top Management	Middle Management	Staff
Annual average number of temporary contracts	4	54	1,527	5	107	2,364
Annual average number of indefinite contracts	398	1,885	7,909	380	1,773	7,379
Total	402	1,939	9,436	385	1,880	9,743
Annual average number of part-time contracts	7	62	1,274	10	66	1,215

NUMBER OF CONTRACTS*

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Indefinite contracts						
Part-time	726	663	9%	754	714	6%
Full-time	8,968	8,682	3%	10,262	9,850	4%
Total	9,694	9,345	4%	11,016	10,564	4%
Temporary contracts						
Part-time	126	171	-26%	140	226	-38%
Full-time	1,282	1,755	-27%	1,683	2,102	-20%
Total	1,408	1,926	-27%	1,823	2,328	-22%

* <1% of employees with contract data unavailable

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. 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 12,850 employees in 2020 are of 133 different nationalities and 22.5% of them work in countries that are different to their country of origin. Furthermore, 51% of the total workforce are women, who hold 44% of the total management posts.

133

different nationalities

22.5%

work in different countries to their country of origin

51%

of workforce are women

44%

management posts held by women

As far as age is concerned, in 2020 the percentage of employees over 40 years old was almost 47%, while those between the ages of 25 and 40 represented 44% and those under 25 represented 9%.

In 2020 the workforce also included 89 disabled employees, who represent 0.8% of the global workforce. Additionally, NH Hotel Group is committed to the integration into work of disabled persons through responsible procurement from Special Employment Centres as providers of laundry services. Purchases from Special Employment Centres in 2020 reached 4.4% (estimate referring to the workforce in Spain, together with the Special Employment Center employees associated to NH Hotel Group's purchases).

NH Lyon Airport
Lyon, France



EQUALITY AND DIVERSITY

	Consolidated perimeter		Corporate perimeter	
	2020	2019	2020	2019
Average number of employees	11,112	11,464	12,850	13,106
Indefinite contracts	87%	79%	86%	79%
Average turnover	21%	Not available	23%	23%
Nationalities	132	139	133	Not available
Immigrants	22%	18%	22%	18%
Women on the workforce	51%	51%	51%	51%
Women in management	44%	43%	44%	43%
Age under 25	9%	11%	9%	11%**
Age between 25 and 40	44%	45%	44%	45%**
Age over 40	47%	44%	47%	43%**
Disabled employees	89	114	Not available	Not available

Through its Code of Conduct, NH Hotel Group formalizes 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.

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 Hotel Group, recognized for promoting equality and diversity



Bloomberg Gender & Equality

In January 2021, NH Hotel Group has been included for the second time in the Bloomberg Gender Equality Index 2021. The Company is the only hotel company out of the Spanish companies that appear in the index.

This international index, which includes almost 6,000 companies in 44 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 continuing working globally on 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 who are victims of gender violence: giving them priority in hiring, monitoring any cases of gender violence as well as the measures taken that arise, 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 organisations.

This Plan enabled the Company to develop mechanisms to facilitate greater female representation throughout the organisation's hierarchical structure. It was also 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 recognised 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.

In January 2020, a negotiating commission was set up with the main trade unions in Spain to work on the Company's **II Equality Plan**. The COVID-19 crisis meant that the progress of the negotiations and the development of the Plan had to be postponed, having been resumed after the publication of Royal Decrees 901/2020 and 902/2020 in order to comply with them and within the established deadlines.

PROTOCOL AGAINST SEXUAL HARASSMENT

As a complement to the Plan, and to facilitate its implementation and raise awareness amongst 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 2020 represented 91% of the gross hourly salary for men; the average gross wage per hour was 15.85 euros for men and 14.36 euros for women. The pay gap has been calculated by comparing salaries between equivalent categories of professionals, as a result of the average salary of women compared to men. That is, those who perform the same function or have the same position.

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 for the number of professionals in that category.

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

	Consolidated perimeter	
	2020	2019
Top Management	75%	73%
Middle Management	97%	99%
Staff	102%	100%
Total	91%	89%

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 to continue with 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* BY GENDER AND PROFESSIONAL CATEGORY (Euros)

	Consolidated perimeter					
	2020		2019		Diff.	
	Women	Men	Women	Men	Women	Men
Top Management	73,634	97,871	75,645	103,456	-3%	-5%
Middle Management	38,390	39,412	38,391	38,880	0%	1%
Staff	22,843	22,478	21,826	21,858	5%	3%
Total	25,798	28,453	24,662	27,693	5%	3%

* The compensation figure corresponds to the gross annual fixed salary plus variable corresponding to the previous year, without considering temporary salary reductions.

AVERAGE REMUNERATION* BY AGE (Euros)

	Consolidated perimeter		
	2020	2020	Diff.
Under 25	18,855	18,423	2.3%
Between 25 and 40	25,331	24,751	2.3%
Over	31,187	30,825	1.2%

* The compensation figure corresponds to the gross annual fixed salary plus variable corresponding to the previous year, without considering temporary salary reductions.

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 and collective targets by the professionals who are part of the Company. Variable remuneration within the Company aims to:

- Align individual and collective objectives with the Group's global strategy.
- Measure what is done (individual and collective contribution of employees to the Company's results) and how it is done (performance evaluation).
- Reinforce the importance and commitment of NH Hotel Group to the principles of non-discrimination and equal opportunities.

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

EMPLOYEE ENGAGEMENT

In terms of engagement, and with the aim of supporting employees in the challenging months that lay ahead on both a personal and a professional level, a new global initiative was created: **"With You"**.

Through this initiative, since the very beginning of the pandemic, communications were sent out to all employees offering advice and resources to help them care for their wellbeing, foster self-development, and keep them engaged. The communications were sent out using the different corporate channels (email, MyNH app, intranet, WhatsApp), in order to reach as many employees as possible.

As part of this initiative, a special set of communications was sent out to managers, to help them strengthen their leadership in times of uncertainty.

Two months after **"With You"** had started, a survey was conducted to obtain feedback from employees on the initiative in general, on specific resources that had been made available to them and on what things had interested them more or what new content they would like to see in future communications.

Under this **"With You"** framework, each of the business units also launched their own actions, which were more specific and adapted to each region:

- BU Northern Europe launched "Learning Bites", small training modules on change management, time management and work-life balance.
- BU Southern Europe gave access for one month to a platform to learn English and, in the case of Portugal, to all the courses on the LinkedIn training platform.
- In BU America, the programme created in the Colombia & Ecuador region stood out with six lines of work related to emotional and physical health care, personal and professional growth, life purpose, leisure and recreation, and how to build positive relationships. All lines of work ultimately aimed at the well-being of employees in the region and also included the donation of food to the families of the most vulnerable employees.
- Finally, at the corporate offices, English language training was implemented through Vaughan and employees were offered the possibility of collecting office material to facilitate working from home.

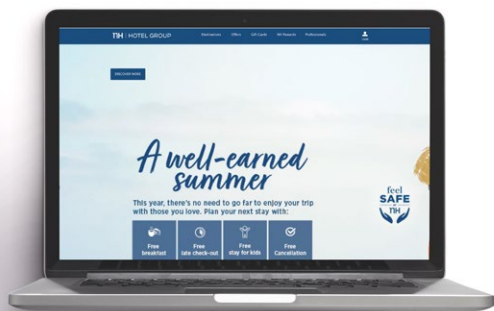
Furthermore, in light of the exceptional circumstances during the year and in order to facilitate participation of as many active employees as possible, a decision was made to postpone the biennial **Employee Engagement Survey** until 2021.



INTERNAL COMMUNICATION

For NH Hotel Group, internal communication is a key factor in generating and maintaining employees' engagement with the Company, as well as a powerful lever of change management.

In 2020, Internal Communication has experienced one of its most critical and relevant periods, consolidating its role as a key player in maintaining employees' engagement and motivation at a time of great uncertainty. Faced with continuous challenges, the area has managed to show its maturity, responding swiftly and making optimal use of both its knowledge and its versatile digital tools.



AIN INTERNAL COMMUNICATION PROJECTS IN 2020

COVID-19 CHANNEL AND LEADER VISIBILITY PLAN

In 2020, the communication channels were adapted to the new scenario, betting also on the implementation of a Visibility Plan for leaders. The COVID-19 channel was designed to offer updated information on the different contingency plans and protocols implemented by the Company in its different areas.

In striving to maintain employee engagement based on transparency, the Company designed a leader Visibility Plan. Senior Management of the Company, through different videos featuring the CEO, the Management Committee and the Managing Directors of the Business Units, offered clear and direct messages on the reality of the Company and the difficult measures taken, also taking the opportunity to offer messages of motivation and gratitude to all employees for the huge efforts made and the commitment shown.

'FEEL SAFE AT NH' INTERNAL CHANNEL

Alongside the global 'Feel Safe at NH' project, designed by the Company to assure the health and safety of its guests and employees, an internal communication channel with the same name was created. The new 'Feel Safe at NH' channel not only communicated the stricter protocols and safety standards, but also gave visibility to the extraordinary work carried out by employees, the most inspirational hotel reopenings and status of the Company's different projects and actions.

'NH RESPONSE' and 'TOGETHER WITH LOVE' COMMUNICATIONS

Internal Communication wanted to value and give visibility to the Company's response to the health crisis, which consisted of offering support to authorities, health agencies and social organisations through its products and services, all of this thanks also to the valuable involvement of its employees. Through newsletters, the intranet and the employee app, the initiatives devised as part of the 'NH Response' programme were communicated: donation of products, medicalisation of hotels, ... as well as special initiatives such as collaboration with World Central Kitchen led by chef José Andrés, in which the Company collaborated so that more than 140,000 meals could be distributed among the most vulnerable during the pandemic.

Sustainable Business has also promoted special Corporate Volunteering initiatives as part of its 'Together With Love' programme. These initiatives, designed in conjunction with the Internal Communication team, were aimed mainly at offering support to groups most affected by the crisis. Over the Christmas period, all the Company's Business Units launched charitable campaigns under the slogan 'Together With Love' to continue providing support to these groups. The Company is very proud of the great participation and involvement of its employees in these initiatives.

MyNH APP and TELL THE WORLD

NH Hotel Group has continued to consolidate its internal communication channels and digital tools in a year in which being able to reach all employees, whether or not they were involved in temporary measures affecting their employment, has been key. MyNH, the exclusive app for the Group's employees, has experienced the time of its greatest impact on generating engagement, as for many employees it became the main channel to keep connected and informed of the Company's news.

In 2020, the 'Tell The World' newsletters continued to be sent out, highlighting the Company's major corporate milestones, at a time when keeping employees informed has been more important than ever.

VIRTUAL TOWN HALLS

Both the Leader Visibility Plan and the Town Halls, featuring the Company's CEO, have been key in aligning all employees with the Company's strategy and the contingency measures that it has been forced to take in 2020.

These conferences, now more than ever, seek to share the most relevant milestones with all employees and reaffirm the commitment of the Senior Management and the main leaders of the different Business Units to the Company's internal communication.

In 2020, the Town Hall format was adapted to the new circumstances, going virtual thanks to the technological solutions previously implemented and in use in the Company.

EMPLOYER BRANDING - FURTHER TOGETHER

NH Hotel Group is proud that its employees are the key to the success of the business. Therefore, it strives 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.

At the end of 2020 and as part of its Employer Branding strategy, the Company launched the "Hello! I'm" campaign, with the aim of explaining the Feel Safe at NH project from the point of view of the Group's employees. On the Group's Instagram profile, employees show how this project impacts each area of the Company, and how they keep the hotels safe for guests.

Memorable Dates

Memorable Dates continues to mark the most significant anniversaries (5, 10, 15, 20 and 25 years), as well as the retirement of hotel and central office employees in all Business Units. Unfortunately, the health recommendations and safety distancing requirements have made it necessary to postpone celebrations of these events where the sole stars are our employees whose milestones are 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 Time for You.

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 and forms the basis for defining the different development plans. The results of these evaluations are linked to their professional development and the increase in their variable remuneration.

Time For You (TFY)

It's a performance management process aimed at all permanent employees who have at least 3 months' service in the Company.

Performance in qualitative terms, **how** goals are achieved, is evaluated based on skills that serve to steer employees' training and professional development effectively. Through TFY, the strengths and development areas of employees in the performance of their work are identified, and based on the areas for improvement identified, the different development plans are defined. The overall evaluation obtained also impacts other human resources processes such as in internal selection processes, talent or variable remuneration.

Due to the extremely unusual situation in middle of 2020, it was not possible to carry out the **Mid-Year Review** formally. However, to encourage managers to be closer to their teams and build a stronger relationship with them, they were nonetheless encouraged to have a conversation with each member of their team, and ask them questions about their emotional and personal situation, recognize their achievements, reflect together on what they have learned, exchanging feedback and agreeing with them what was the best way to provide mutual support going forward.

In December, it was possible to launch the **Annual Review** process along simpler lines for employees who had been active during the last three months of the year. The Company wanted to make this conversation special, turning it into a "With You moment", based on appreciation for and recognition of the exceptional team spirit shown. For this purpose, the internal communication campaign "More than ever, thank you. More than ever, time for you" was launched.

The target employee participation rate in 2020 was 91%.

360° Feedback Process

The 360° evaluation process is part of the "Global Leadership and Talent Management" strategic pillar and all hotel managers and deputy managers at global level participate in it. 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 this 2019 edition, 329 managers and deputy managers took part. This is a completely anonymous process which also helps to improve participants' self-knowledge through the information they receive from all the people invited to respond, from each perspective: peers, team, management, and self-evaluation.

In 2020, participants received a personalized report, designed as a workbook that included questions for reflection to help them work on the design of a new development plan. They shared this individual development plan with their manager at the TFY 2020 at the end of the year, when the actions plans built up in different company processes aimed at employee development (360° Evaluation, Talent or Time for You) were formalized.

TALENT MANAGEMENT

NH Hotel Group has implemented a process to help identify and develop talent by looking not just at sustained performance over time but also at 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 and Directors and Managers in central services.

TRAINING: NH UNIVERSITY

NH Hotel Group is committed to the professional development and training of all its employees as a means of making the philosophy that inspires its vocation for customer service a reality. 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.

In 2020, training has focused on making the hotels a safe place, reviewing the protocols and procedures related to the pandemic situation. All employees were also given access to online training through platforms such as Typsy, GoodHabitiz or LinkedIn as part of the *“With You”* project.

The total number of hours of training, both face-to-face and online, in 2020 was 68,902 through 1,071 training programmes. NH University has trained 7,772 employees, which represents more than 50% of the total workforce.

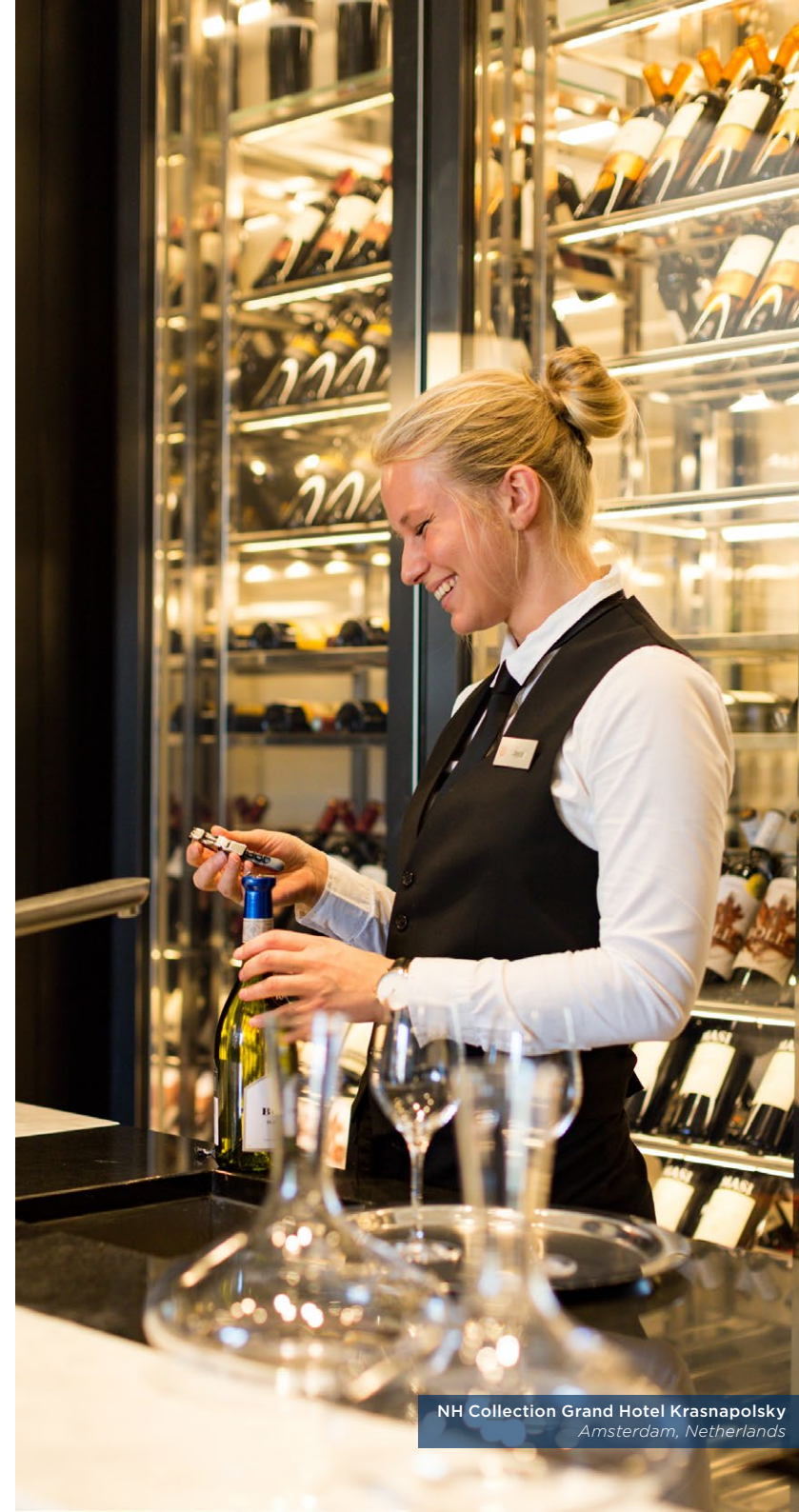
Face-to-face training, which also includes training provided through webinars, has represented 63% of the total training hours with 195 internal trainers conducting the sessions.

In addition, the Company received a total of €68,453 in public grants for training.



TRAINING

	Consolidated perimeter		Corporate perimeter	
	2020	2019	2020	2019
Hours per employee trained (face-to-face)	10.2	12.4	11.8	12.4
Hours per employee trained (e-learning)	3.9	4.3	4.2	4.3
Total hours per FTE	4.8	10.3	5.4	11.1
Total hours per employee trained	8	7.1	8.9	7.2



NH Collection Grand Hotel Krasnapolsky
Amsterdam, Netherlands

In March 2020, training plans were put on hold due to the package of measures and budget adjustments activated to manage the COVID-19 crisis.

This suspension led the area to rethink its strategy, prioritising the most necessary and useful training, adjusted to the reality that employees were experiencing. Thus, the following lines of work were launched:

- Within the framework of the **Feel Safe at NH** project, training was launched in Health and Safety at Work, as well as in the new operating standards related to the safety and protection of our customers and team members.
- As for the coverage of other critical training needs for the business, these were taken up again only with internal trainers and via webinars, due to the necessary safety distancing and the impossibility of travelling. Training resources, such as videos, were also designed and created internally, and made available to employees on the NH Talent training platform.
- The **“With You”** project also launched access for all team members to two training content platforms, allowing each employee, whether they are working or not, to reinforce their knowledge and continue to invest in their own development:
 - **Typsy**: the world's leading online training platform for the hospitality industry, created especially by and for hospitality professionals, with more than 700 short training videos on cooking, bartending, service, leadership...The videos are in more than 18 languages, making it easy for any employee to learn. Access lasted approximately 6 months and, in total, more than 800 employees were trained for more than 2,400 hours.
 - **GoodHabitz**: an international training platform focused on making training fun, different and personalised for each participant. GoodHabitz allows you to learn in the way that best suits you, read magazines, watch videos, or complete only the sections that interest you. Training in leadership, communication, languages, management skills and much more is available to all team members from May 2020. Up to December 31st, more than 370 employees were trained in more than 1,300 hours. Access will be available until May 31st, 2021.

TRAINING HOURS BY BUSINESS UNIT

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Face-to-face training						
Corporate	868	5,779	-85%	868	5,779	-85%
Americas BU	12,085	13,562	-11%	15,690	14,321	10%
Northern Europe BU	5,843	30,783	-81%	6,318	31,964	-80%
Southern Europe BU	13,814	28,321	-51%	20,763	28,766	-28%
Total	32,610	78,445	-58%	43,638	80,830	-46%
Online training						
Corporate	919	1,144	-20%	919	1,144	-20%
Americas BU	2,842	5,315	-47%	3,601	6,403	-44%
Northern Europe BU	7,381	27,250	-73%	8,393	30,762	-73%
Southern Europe BU	9,176	14,625	-37%	12,351	15,511	-20%
Total	20,318	48,334	-58%	25,264	53,820	-53%
Total training hours	52,928	126,779	-58%	68,902	134,650	-49%

EMPLOYEE TRAINING HOURS BY PROFESSIONAL CATEGORY

	Consolidated perimeter				Corporate perimeter			
	2020		2019		2020		2019	
	Face-to-face	Online	Face-to-face	Online	Face-to-face	Online	Face-to-face	Online
Top Management	2,520	660	7,825	3,036	2,823	755	7,528	2,828
Middle Management	8,387	3,007	24,843	7,050	9,975	3,624	24,050	6,446
Staff	21,703	16,651	48,162	43,735	30,840	20,885	46,867	39,060
Total	32,610	20,318	80,830	53,820	43,638	25,264	78,445	48,334

FACE-TO-FACE TRAINING HOURS BY DEPARTMENT

	Consolidated perimeter			Corporate perimeter		
	2020	2019	Diff.	2020	2019	Diff.
Admin	464	680	-32%	856	720	19%
Food and Beverages	11,129	24,011	-54%	15,043	24,680	-39%
Management	3,371	8,360	-60%	3,999	8,680	-54%
Maintenance	1,197	2,713	-56%	1,799	2,821	-36%
Housekeeping	2,049	4,417	-54%	2,880	4,643	-38%
Reception	9,315	17,854	-48%	12,600	18,561	-32%
Reservations	1,126	7,911	-86%	1,591	7,911	-80%
Revenue Management	649	1,749	-63%	659	1,754	-62%
Central Services	1,484	6,063	-76%	1,662	6,063	-73%
Sales	1,707	4,608	-63%	2,127	4,914	-57%
Other	120	77	55%	423	82	415%
Total	32,610	78,445	-58%	43,638	80,830	-46%

FEEL SAFE AT NH TRAINING

To ensure effective implementation of the Feel Safe at NH measures, Human Resources is working on a specific training plan for each position that will assure the training of our team members. Specifically, for all team members of hotels that are opening, the following training courses are being given:

- Training on COVID-19 to raise awareness of the risks of the novel Coronavirus and the preventive measures to be taken individually.
- Training on Feel Safe at NH where the project and the new operational promises are presented to all team members. The new position of Health and Safety Managers is introduced, so that everyone knows who will take on this role in the hotel, as well as their mission and main duties.
- Specific training for each department on the new regulations and procedures to apply in order to assure safety in our hotels.
- Training for Managers and Heads of Department to help them rejoin their teams and identify what emotions they may be experiencing and how to deal with them.

In addition, a specific itinerary has been defined for the new Health and Safety Managers with training on communication skills, influence, effective meetings or change management, among others.

7,988
hours of training with
8,662
participants and
3,283
employees trained
throughout all
Business Units

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

For NH Hotel Group, work-life balance is about finding a balance between the needs and interests of team members and the Company.

NH Hotel Group's culture has been evolving in recent years towards a more flexible model, in which people can enjoy greater facilities in terms of time management and organisation, and the development of their work in environments adapted to their activities and which have the necessary tools. The project, called **"New Way of Working"**, is structured around three lines of action:

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

The "New Way of Working" initiative has enabled the entire organisation and its employees to adapt quickly, flexibly and without constraints to the specific requirements of remote working and virtual meetings, especially since March 2020 in view of the exceptional situation caused by the COVID-19 pandemic.

Thus, in order to further improve the ergonomics and quality of working from home, the organisation provided employees with a computer screen and an ergonomic chair for use at home.

Additionally, in NH Hotel Group's corporate offices, the team of mayors has continued to develop its function aimed at facilitating change management, communication, employee involvement and question resolution. These 7 Mayors represent each of the neighbourhoods or areas of the offices (Commercial, Marketing, General Secretary, Operations, Finance, Expansion and Assets and People).



NH Collection Guadalajara Providencia
Jalisco Guadalajara, Mexico



NH Collection Madison Avenue NY
New York, United States of America

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

Exams during working hours	Giving notice 48 hours in advance 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	<p>The Company offers:</p> <ul style="list-style-type: none"> • 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.
Discount programme	Access to a programme of online discounts and exclusive prices for a wide range of products, services and leisure activities. Available through the Coperama platform.
Virtual bank	Virtual bank that offers financial products and services at advantageous conditions to employees and former employees, as well as sharing proportionally each year 50% of the profits it has generated. 126 employees of the central office and the CRO are already customers of this bank.

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.

In addition, in 2020, due to the COVID-19 crisis and as part of the Company's recovery strategy, a range of health and safety measures were designed, certified by experts on the matter, to be implemented in all hotels in order to assure the health, safety and social distancing of both guests and employees.

All the measures included in the Feel Safe at NH project have been devised to ensure that our hotels guarantee a comfortable and safe stay, and for this purpose the entire operation of the

hotels has been reviewed and redesigned: contingency plan, SGS health inspection certificates, personal protection equipment and safety protocol, advanced digital services, water purification and air quality protocols, enhanced cleaning and disinfection protocols, F&B services adapted to the current situation, safety distancing regulations, health and safety protocols for employees and health and safety managers in hotels.

To ensure the effective implementation of the Contingency Plan and the Feel Safe at NH standards in each of the Company's hotels, a health and safety manager has been appointed. In most of the hotels, this figure is the hotel manager. In the event that, functionally or for organisational reasons, the manager cannot assume these functions directly, they will delegate them to another member of the team that they designate, with the approval of the Management Committee.

Likewise, the health and safety manager is responsible for centralising, distributing and administering all health and safety information in each hotel related to COVID-19.

HEALTH INITIATIVES IN NH HOTEL GROUP

WITH YOU wellbeing editions

Through special editions of With you, employees have been encouraged to take part in the training programmes, available on the platforms, related to wellbeing, such as how to turn stress into something positive, or be resilient to come back stronger.

Holistic Concept

The Company engaged the services of Holistic Concept to help all its team members with the situations of tension in their day-to-day activity. All employees therefore have access to more than 200 audios and videos that, in less than 15 minutes, improve concentration, creativity and motivation, reduce anxiety and muscle tension and help to manage the uncertainty of the present difficult times.

HEALTH AND SAFETY TRAINING

Training courses on occupational risks depend on the legislation in each country and we therefore have an extensive catalogue of training in this area, ranging from Food Handling, to basic First Aid. Furthermore, this year the programmes have had to concentrate mainly on the training relating to the novel coronavirus: what it is, how to identify symptoms and what to do in the event of an employee or guest becoming infected.

OCCUPATIONAL HEALTH AND SAFETY TRAINING 2020

	Consolidated perimeter		Corporate perimeter	
	Face-to-face	Online	Face-to-face	Online
Number of employees trained	1,440	2,589	1,620	3,065
Number of programs	225	57	251	58
Hours of training	11,072	5,444	14,617	6,991

ACCIDENTABILITY AND OCCUPATIONAL DISEASES

ACCIDENTS

	Consolidated perimeter			Corporate perimeter		
	Women	Men	Total	Women	Men	Total
Fatal accidents	0	0	0	0	0	0
Accidents requiring time off work	62	55	117	82	69	151
Serious accidents requiring time off work	4	2	6	4	2	6
Accidents not requiring time off work	29	21	50	36	26	62
Total	91	76	177	118	95	213

90% of workforce scope. Information from the following countries are not included: Andorra, Austria, Belgium, Brazil, Czech Republic, Dominican Republic, Haiti, Hungary, Ireland, Luxembourg, Romania, Slovakia, Switzerland, United Kingdom and Uruguay.

OCCUPATIONAL ILLNESS

	Consolidated perimeter			Corporate perimeter		
	Women	Men	Total	Women	Men	Total
Fatal occupational illnesses	0	0	0	0	0	0
Occupational illnesses requiring time off work	13	5	18	13	5	18
Serious occupational illnesses requiring time off work	0	3	3	0	3	3
Occupational illnesses not requiring time off work	6	4	10	6	5	11
Total	19	9	28	19	10	29

90% of workforce scope. Information from the following countries are not included: Andorra, Austria, Belgium, Brazil, Czech Republic, Dominican Republic, Haiti, Hungary, Ireland, Luxembourg, Romania, Slovakia, Switzerland, United Kingdom and Uruguay.

In 2020, NH Hotel Group recorded 29 occupational illnesses, with 19 illnesses occurring in women and 10 in men. Most of them are related to damage to the musculoskeletal system such as bursitis, tendinitis, etc.

ACCIDENT AND OCCUPATIONAL ILLNESS RATES

	2020		2019	
	Women	Men	Women	Men
Consolidated perimeter				
Frequency Rate (FR)* fatal accidents	0	0	0	0
Frequency Rate (FR)* occupational accidents requiring time off work	6.1	5.6	13.33	10.89
Frequency Rate (FR)* occupational accidents with high-consequence	0.39	0.2	N/A	N/A
Severity Rate (SR)*** occupational accidents	0.13	0.11	0.26	0.21
Frequency Rate of fatal occupational illnesses	0	0	0	0
Frequency Rate of occupational illnesses	1.9	0.9	1.21	0.45
Frequency Rate of serious occupational illnesses	0.05	0.01	N/A	N/A
Severity Rate of occupational illnesses with high-consequence	0.05	0.01	N/A	N/A
Severity Rate of occupational illnesses	0.2	0.1	0.02	0.003
Corporate perimeter				
Frequency Rate (FR)* fatal accidents	0	0	0	0
Frequency Rate (FR)* occupational accidents requiring time off work	7.15	6.16	15.02	12.34
Frequency Rate (FR)* occupational accidents with high-consequence	0.35	0.18	N/A	N/A
Severity Rate (SR)*** occupational accidents	0.21	0.12	0.29	0.23
Frequency Rate of fatal occupational illnesses	0	0	0	0
Frequency Rate of occupational illnesses	1.7	0.9	1.21	0.45
Frequency Rate of serious occupational illnesses	0.05	0.01	N/A	N/A
Severity Rate of occupational accidents with high-consequence	0.05	0.01	N/A	N/A
Severity Rate of occupational illnesses	0.17	0.09	0.02	0.003

90% of workforce scope. Information from the following countries are not included: Andorra, Austria, Belgium, Brazil, Czech Republic, Dominican Republic, Haiti, Hungary, Ireland, Luxembourg, Romania, Slovakia, Switzerland, United Kingdom and Uruguay.

*Accident rates have been calculated in respect of a representative sample of 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

EMPLOYEE TURNOVER RATE BY BUSINESS UNIT 2020 (%)

	Non-voluntary			Voluntary			Total
	Women	Men	Total	Women	Men	Total	
Consolidated perimeter							
Central offices and CRO	2.6	3.7	6.3	4.8	3.7	8.5	14.7
BU America	5.7	5.3	11.0	6.0	4.8	10.7	21.7
BUNE	8.2	7.7	15.9	1.5	1.8	3.3	19.2
BUSE	4.9	5.5	10.4	9.1	8.0	17.0	27.4
Total	6.4	6.2	12.6	4.6	4.0	8.6	21.3
Corporate perimeter							
Central offices and CRO	2.6	3.7	6.3	4.8	3.7	8.5	14.7
BU America	5.8	5.9	11.7	6.0	5.0	10.9	22.6
BUNE	8.5	8.0	16.5	1.7	2.1	3.8	20.3
BUSE	5.5	5.4	10.9	10.6	9.4	19.9	30.9
Total	6.7	6.6	13.3	5.0	4.5	9.4	22.7

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 in 2020 with regard to permanent employees.

TURNOVER OF EMPLOYEES WITH INDEFINITE CONTRACTS BY BUSINESS UNIT (%)

	Non-voluntary			Voluntary			Total
	Women	Men	Total	Women	Men	Total	
Consolidated perimeter							
Oficinas centrales y CRO	1.0	0.8	1.8	3.4	3.4	6.7	8.5
BU América	2.1	2.0	4.0	5.7	4.2	9.9	13.9
BUNE	1.4	1.5	2.9	1.1	1.3	2.4	5.3
BUSE	4.9	5.4	10.3	9.2	7.9	17.1	27.4
Total	2.3	2.3	4.6	4.5	3.8	8.3	12.9
Corporate perimeter							
Central offices and CRO	1.0	0.8	1.8	3.4	3.4	6.7	8.5
BU America	2.4	2.6	5.0	5.7	4.2	9.8	14.8
BUNE	1.4	1.5	2.9	1.1	1.4	2.5	5.4
BUSE	5.4	5.4	10.8	10.6	9.3	19.9	30.7
Total	2.6	2.7	5.3	4.9	4.2	9.1	14.3

ABSENTEEISM IN HOURS*

	Consolidated perimeter		Corporate perimeter	
	2020	2019**	2020	2019**
Accident	43,082	49,000	50,955	57,756
Illness	750,302	846,937	853,653	988,346
Total	793,384	895,937	904,608	1,046,102

* Calculated on working days.

** The 2019 figures have been recalculated because for the Americas Business Unit, Spain and Portugal, calendar days had been considered instead of working days. In the rest of the geographies, only working days were considered as part of the employee's working day.

ABSENTEEISM RATE (%)

	Consolidated perimeter		Corporate perimeter	
	2020	2019	2020	2019
Accident	0.2	0.2	0.2	0.2
Illness	3.3	3.6	3.3	3.7
Total	3.5	3.8	3.5	3.9

EMPLOYMENT TERMINATIONS IN 2020

Despite the extraordinary circumstances of the year 2020, in most of the business units it has been possible to carry out a temporary suspension of employment for reasons of temporary stoppage of activity or insufficient income in the Company, hence the number of redundancies has not increased compared to the previous year. All dismissals for objective reasons or disciplinary dismissals have been taken into account in the calculation.

In addition, NH Hotel Group has relied on the economic aid provided by the governments of the countries where it operates.

NUMBER OF TERMINATIONS

Consolidated perimeter	2020	2019	Diff.
Terminations by gender			
Women	174	228	-24%
Men	217	277	-22%
Terminations by age			
Under 25	62	88	-30%
Between 25 and 40	175	238	-26%
Over 40	154	175	-12%
Terminations by professional category			
Top Management	13	17	-24%
Middle Management	43	74	-42%
Staff	335	414	-19%
Total	391	505	-23%

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 Bargaining Agreements, which generally include aspects related to employees' health and safety, varies according to the different Business Units.

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS BY BUSINESS UNIT (%)

	Consolidated perimeter		Corporate perimeter	
	2020	2019	2020	2019
BU America	59	32	59	36
BUNE	94	96	92	95
BUSE	100	100	100	100
Total	92	88	91	87

* In Colombia the Collective Agreement between the company and employees has been considered.



NH Collection Antwerp Centre
Antwerp, Belgium

NH ROOM4 PEOPLE

NH ROOM4 PEOPLE: COMMUNITY

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

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. The main goal is to maintain active relations and cover the needs of each location where it is present through the business itself.

NH Hotel Group believes in building responsible and successful alliances with solidarity partners in order to develop stable projects that can be replicated in all Business Units. The Company has therefore defined three lines of global action: Together with Love, Hotels with a Heart and Employability Programmes.

The pandemic brought worldwide tourism to a complete halt overnight. Millions of people lost the opportunity to explore different places and embrace different cultures and customs. In 2020, NH Hotel Group has had to survive in a situation of global crisis, which has not allowed the Company to operate normally. The closure of hotels, together with the social distance measures, have had a very significant impact on each of the three lines of social contribution. Accordingly, in 2021, NH Hotel Group will continue to strengthen its lines of action and its commitment to the most vulnerable, by creating value in the communities where it is present, as it has been doing up to now.

CONTRIBUTION TO SOCIETY

	2020	2019
Total social projects	73	331
Number of NH volunteers	524	1,164
Hotels involved	116	118
Contribution of NGO Rate* (thousand €)	14	244
Contribution of Friend Rate + Employee Rate ** (thousand €)	87,8	162
Social investment (thousand €)	49	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.





Anantara Villa Padierna
Marbella, Spain

NH RESPONSE

In 2020, NH Hotel Group decided to continue with the Together With Love (TWL) corporate volunteering programme, seeking new ideas and actions that could be compatible with the current situation. Aware of the significant impact that COVID-19 is having throughout the world, NH Hotel Group managed to adapt to the “new” situation, knowing that hospitality and solidarity are more necessary than ever. For this reason, NH continued its corporate volunteering activity, involving all employees, including those affected by temporary furlough measures, applying at all times the necessary health and safety measures to keep all our team members safe. Our employees collaborated actively as volunteers in responsible projects and were encouraged to foster the Company’s citizenship mindset. A spirit of volunteering is instilled in them while contributing to the attainment of the SDG. A challenge that we face while assuring the health and safety of all our team members and the beneficiaries of these activities.

Due to the exceptional situation in which we find ourselves, the Company identified a series of initiatives at the outset to help governments, health authorities and social organisations to deal with the crisis. In this regard, it offered hotels to the authorities so that they could be medicalised, accommodating 3,373 patients and thus helping to relieve the strain on hospitals. Hotels were also designated as special accommodation for 2,720 healthcare professionals.

Furthermore, almost 12,400 kg of food available after the closure of the hotels were donated to food banks and social canteens, as well as 30,000 amenities kits, 7,000 gloves, 6,000 shower caps, 2,000 trash bags, 55 beds and 600 blankets to health centres.

The Company joined in the #chefsforSpain movement launched by chef José Andrés to deliver more than 120,000 meals through his World Central Kitchen foundation. NH Hotel Group participated by offering the use of the kitchens of the hotels Anantara Villa Padierna (Marbella), NH Collection Eurobuilding (Madrid) and NH Collection Finisterre (A Coruña), where 138,759 meals were cooked to be donated among the most vulnerable groups during the crisis.

Medicalized Hotels



3,373
people attended

Hotels for health professionals



2,720
professionals hosted

Production Kitchens



138,759
meals donated

Our commitment continues with the donation of **5,600 menus** thanks to the **Together With Love** ‘NH Runners’ initiative and the involvement of the NH Hotel Group team members.

GOOD DONATIONS

Nearly
12,400 Kgs
of food
(8,397 Kgs donated in
BU America to team
members’ families)



Personal Protection
Equipment more than
7,000 gloves
and **2,000**
garbage bags

6,000 and **30,000**
shower caps and amenities kits



55 beds and **600** blankets

CORPORATE VOLUNTEERING: TOGETHER WITH LOVE

In 2020, under the motto “Together with Love”, NH Hotel Group held a corporate volunteering week at world level for the second time. This is a global initiative focused on sustainability and strengthening relations with the local communities where the Group is present, and all the Company’s teams were invited to take part. 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.

From the start of the pandemic, NH Hotel Group was aware of the need for food and basic products, and so it strove to help vulnerable families and others that, due to the current situation, had seen their income suddenly cut off and never thought that they would end up experiencing such a complicated situation.

With all the necessary safety measures and without endangering the health of its team members, NH Hotel Group launched the **NH Runners** initiative, aimed at all employees, to raise funds for meals through the kilometres completed by employee volunteers.

Our commitment to food donations still continues at present thanks to the 5,600 meals funded through this initiative. In the second week of June 2020, NH Hotel Group proposed the idea of running to contribute during the pandemic. All the Company’s employees (including those affected by temporary contract suspensions) had the option of donating the kilometres they had run for a week, with a conversion rate of 1km=1meal.



This volunteering initiative was very well received by all the employees, who enthusiastically took up the opportunity of helping the families most in need this year too, albeit adapted to this extraordinary situation, through remote volunteering and with the necessary safety measures.

524
TWL volunteers

10,600
TWL beneficiaries



NH Collection Royal Quito
Quito, Ecuador



NH Collection Marina
Genoa, Italy

CHRISTMAS SOLIDARITY CAMPAIGNS OF OUR NH VOLUNTEERS

Today more than ever, NH Hotel Group wishes to stay committed to its Responsible Business strategy, supporting the most vulnerable groups in society. Over the Christmas season, all Business Units have promoted corporate volunteering activities among their team members as part of the Together with Love concept. At this moment in time when we are witnessing a serious worldwide health crisis, it has been more important than ever to show the hospitality and solidarity of our team members.

BU America:

NH Hotel Group Colombia and Ecuador have pledged to support and make life easier for its team members during these unprecedented times. Aware of the needs and how the current situation may have had effects on the daily life of our most vulnerable employees and their families, the Company, leaders and collaborators, joined forces through their donations and made it possible to deliver non-perishable basic food to our co-workers for 3 months, as a sign of our affection and support.

Northern Europe BU:

In these challenging times of social distancing and working from home, the Northern Europe business unit wanted to encourage its team members to run in the "NH Santa Run for Charity" initiative. Employees were encouraged to find friends and family to sponsor them in order to obtain donations for the Ronald McDonald Foundation. Thanks to this initiative, they managed to raise €5,000 for the Foundation. With this donation, the foundation will be able to pay for 83 overnight stays for families with sick children who are receiving treatment in hospital.

Southern Europe BU:

Together with the NGO Music for Peace in Genoa, the team members of the NH Collection Genova Marina cooked dinner on December 26th for several homeless people. Volunteers from different departments prepared lunchboxes with a special meal for the most vulnerable, which were distributed at Porta Principe station in Genoa.

HQ - Donation to the Food Bank:

During the Christmas solidarity campaign and framed within the "Together With Love" initiative, NH Hotel Group decided to collaborate with Madrid's Food Bank to collect food online through the organisation's website. Since the start of the health crisis, the demand for food has increased by more than 40% and this is why it was decided to contribute to this Foundation. During the four weeks of online collection, a total of 715 kg. were obtained.

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 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 make the hotel a second home for them.



#HotelswithaHeart

#HOTELSWITHAHEART	2020	2019	Diff.
Agreements with NGOs	31	71	-56%
Nights donated	317	1.059	-70%
Hotels involved	30	49	-39%

Due to the present health crisis, many of NH Hotel Group's hotels have been closed for several months, and this is the reason why the number nights donated is much lower this year.

PROMOTION OF YOUTH EMPLOYMENT: EMPLOYABILITY PROGRAMMES

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.

In 2020, because of the pandemic, it has not been possible to carry out this initiative as the Company has had to prioritize the safety of all its employees and customers. All employability programmes were therefore cancelled this year.

However, NH Hotel Group continues committed to increasing the employability of this group and seeks to promote different projects for training, work experience and jobs for young people at risk of exclusion and with disabilities at hotels in all its Business Units once the status of the health crisis permits it and the risk of contagion is no longer present.

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".

ALLIANCES WITH FOUNDATIONS AND NGOS

Local impact is achieved thanks to the creation of responsible alliances with foundations and NGOs, the collaboration of employee volunteers in responsible projects and the promotion of culture. 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 with this entity 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 Northern Europe 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 houses are full.

Another of the foundations we have been collaborating with for several years is the "Menudos Corazones" Foundation. In 2020, initiatives have been carried out remotely, to continue helping people with congenital heart disease and their families more than ever because now, for many of them, their needs are greater. One of these initiatives was the creation of a Storytelling video by employee volunteers. A good opportunity to tell children with heart problems their favourite tale or story.





NH ROOM4 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 the Company's environmental footprint with 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 strategy is articulated through **NH ROOM4 Planet**, which defines the roadmap for compliance with the commitments undertaken in relation to the **fight against climate change and progress towards decarbonization, efficient management and responsible consumption** of resources and **circular economy**, the development of more **sustainable products**, but also the involvement of employees, suppliers, partners and customers as key players in attaining these goals.

To formalize the extension of these commitments to the entire operation and the decision-making process of NH Hotel Group, on July 29th, 2020, the Board of Directors approved the new Environment and Energy Policy. This update includes both the supply chain and distribution, the inclusion of new partners or the acquisition of hotels in the portfolio and the operation of hotels under ownership, lease, management and franchise arrangements to comply with this Policy, commitments to which NH has signed up voluntarily, or the applicable environmental laws and regulations.

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

Additionally, coinciding with the launch of the new Environment and Energy Policy, in the last quarter of the year a new online course was launched to raise awareness and train employees on environmental aspects and provide them with the skills required to incorporate them in their daily routines and tasks and thus share in attaining the Company's goals.



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**. Although there is a specific process for assessing environmental risks, the methodology followed is consistent with that of the corporate risk management model. In 2020, 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 and the non-inclusion of new technologies for a low-carbon economy. Atmospheric pollution, including noise and light pollution, the consumption of raw materials and the protection of biodiversity were not significant to our business after this analysis.

The updated environmental risk map is reviewed and validated by the Internal Audit Team and the VP of Maintenance, Engineering and Environment, who reports directly to the Chief Operations Officer, who in turn is a member of the Risk Committee.

As far as provisions and guarantees to cover environmental risks are concerned, NH Hotel Group makes investments in environmental activities that are valued at acquisition cost and capitalized as a higher cost of property, plant and equipment or inventories in the year in which they are incurred.

Expenses deriving from the protection and improvement of the environment are charged to the income statement in the year they are incurred in, independently of when the related monetary or financial flow takes place.

In turn, provisions for likely or certain liabilities, ongoing lawsuits and damages, or outstanding obligations for an indeterminate amount related to the environment and not covered by the Company’s insurance policies are recorded at the outset of the liability or obligation that determines possible damages or payments.

In 2020, NH Hotel Group has not received any significant fine for environmental breaches imposed by the competent administrations in each region where it operates.

ENVIRONMENTAL CERTIFICATION PROGRAMME

NH Hotel Group hotels have an ISO 14001 environmental management system and the ISO 50001 energy efficiency system certified for accommodation, restaurants, meetings and events services. At the end of 2020, 47.4% of the hotels in Germany, Spain and Italy hold certifications in ISO 14001 – a total of 100 hotels – or ISO 50001 - 30 hotels.

In addition to the ISO certification, there are some hotels that also have other environmental certifications such as BREEAM, LEED, Green Key, Hoteles+Verdes. The aim is to have an increasingly significant volume of hotels with globally recognized environmental certifications, specific to the tourism sector, and approved by the Global Sustainable Tourism Council, the world’s leading body.

In 2020, 10 hotels obtained a sustainability recognition for the first time, bringing the total number of certified hotels³ to 157 out of 361 hotels in the portfolio. It should be noted that 7 hotels belonging to the Southern Europe Business Unit have obtained ISO certification.

³ Some NH Hotel Group hotels have several certifications, so the final figures correspond only to the number of hotels. The scope is all hotels in the portfolio.

“NH Hotel Group has individual certification for 44% of the hotels in its portfolio”

ENVIRONMENTAL CERTIFICATES AT THE END OF 2020

Business Unit	Certification	Consolidated perimeter	Corporate perimeter
BU America	HOTELES +VERDES	5	6
	LEED	1	1
	GREEN KEY	8	9
Northern Europe BU	ISO 14001	28	28
	ISO 50001	0	0
	BREEAM	1	1
	GREEN KEY	39	40
	ISO 14001	70	72
Southern Europe BU	ISO 50001	30	30
	BREEAM	3	3
	GREEN KEY	1	1
Total number of certificates		186	191

NEW HOTELS ADDED TO THE CERTIFICATION PROGRAM IN 2020

Hotel	Country	Type of certification
NH Barajas Airport	Spain	ISO 14001 and ISO 50001
NH Paseo de la Habana	Spain	ISO 14001 and ISO 50001
NH Las Artes	Spain	ISO 14001 and ISO 50001
NH Málaga	Spain	ISO 14001 and ISO 50001
NH Collection Fori Imperiali	Italy	ISO 14001
NH Collection Porta Rossa	Italy	ISO 50001
NH Collection Palazzo Cinquecento	Italy	ISO 50001
NH Essen	Germany	ISO 14001
NH Leipzig	Germany	ISO 14001
NH Mannheim	Germany	ISO 14001

Furthermore, 163 NH Hotel Group hotels obtained the Green Leaders badge from TripAdvisor, with a total of 46% of the Company’s hotels holding this recognition.



COMMITMENT TO THE FIGHT AGAINST CLIMATE CHANGE AND PROGRESS TOWARDS DECARBONIZATION

For NH Hotel Group, the fight against climate change is a fundamental strategic value. This is why, in 2019, the Company became the first Spanish hotel company to set carbon 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 in the fight against climate change, with the participation of CDP, the UN Global Compact, World Resources Institute and World Wide Fund for Nature.

In this way, NH Hotel Group has formalised its commitment to reduce carbon emissions throughout its value chain by 20% by 2030, thus avoiding the emission of 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.

The Chief Operations Officer is responsible for environmental and climate aspects in the Management Committee and is the person who validates the Company's climate strategy in the NH ROOM4 Sustainable Business model. COO was appointed as an executive member of the Board of Directors.

With effect from October 2nd, 2020, he is also an executive member of the Board of Directors.

The Board of Directors of NH Hotel Group has responsibility for supervising the NH ROOM4 Sustainable Business model, which is one of the Company's strategic pillars.

This supervision and control task is carried out through two of the Committees of the Board of Directors. On one hand, the Nominations, Remuneration and Corporate Governance Committee is responsible for monitoring and overseeing compliance with the model and the Corporate Responsibility Policy of NH Hotel Group. On the other hand, the Audit and Control Committee is responsible for evaluating any matter relating to risks, including environmental and climate risks.

Climate risks and opportunities

Since 2019, NH Hotel Group has managed the risks deriving from Climate Change as part of the risk management model, as Climate Change has been identified as one of the Company's emerging risks.

Alongside this, every year the climate risks the Company is exposed to are analysed as part of the environmental risk map updating process, following the methodology aligned with the corporate risk management model (see section on Risk Management).

In the most recent update of the environmental risk map, in January 2021, regulatory developments such as the EU Green Deal, exposure to extreme weather events and natural disasters, water scarcity and the non-inclusion of new technologies towards a low-carbon economy, have been identified as the most significant climate change risks.

This regulatory environment towards a modern economy, efficient in the use of resources and competitive and neutral in carbon emissions, will have an impact for NH Hotel Group both in terms of investment and renovation of hotels, or acquisition of new establishments. We must remember that 83% of NH's portfolio is in European cities.

Furthermore, the change in weather patterns has a direct effect on heating and cooling systems, leading to additional costs related to the operation and maintenance of buildings, as well as other costs such as insulation, ceilings and maintenance of building exteriors.

The constant analysis of the climate risks to which we may be subjected allows us to be alert and turn them into an opportunity for the Company. Since 2008, we have been able to optimise operating processes and obtain savings through reductions in energy and water consumption of more than 31 million euros.

These actions and commitments help to position NH Hotel Group as a sustainable organisation that respects the environment, thus increasing the value of its brands.

Mitigation and adaptation measures

As a first step to reduce the carbon footprint deriving from the operations of its hotels, the Company has a corporate standard, the “Eco-Efficient Hotel Guide”, to integrate sustainability and energy efficiency in the design and construction of new hotels and renovations. This standard guarantees that all the activities of its buildings will take environmental guidelines and climate change risks into account in the design and construction in order to minimise and control risks.

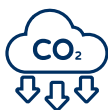
As well as reinforcing the work the Company has been doing for years in terms of efficiency (Energy Efficiency Plan), in order to meet its SBT target of reducing its carbon emission by 20% throughout its value chain by 2030, the Company is working along three other lines:



- An exhaustive analysis of the opportunities to continue working with suppliers and together reduce the carbon footprint. In 2019 and 2020, the suppliers with the largest carbon footprint have been identified and we will work with them to improve reporting channels and to seek alignment to reduce emissions in the value chain.



- Contracting green energy as a critical element to reduce the carbon footprint of its operations. In 2020, the consumption of renewable or green energy is available in 100% of the hotels in Spain, Italy, the Netherlands, Belgium and Luxembourg, covering 69% of the total electricity consumed by the Group's hotels in Europe.



- Offsetting emissions until the target is reached. At the beginning of 2020, work began on an emissions offsetting plan that has been paralysed due to the contingency plan implemented in the Company as a result of the health crisis. In the coming year, work will continue along these lines in order to meet the reduction targets set.



CARBON FOOTPRINT

	Total emissions (t eq CO ₂)			Emissions ratio (kg eq CO ₂ /RN)		
	2020	2019	Diff.	2020	2019	Diff.
Scope 1						
BU America	1,963	4,311	-54%	5.39	3.91	38%
BUNE	18,022	32,182	-44%	8.88	5.77	107%
BUSE	13,665	22,940	-40%	7.47	4.29	84%
Total	33,650	59,433	-43%	7.97	4.94	95%
Scope 2						
BU America	6,192	11,294	-45%	16.99	10.24	66%
BUNE	22,164	27,434	-19%	10.92	4.92	122%
BUSE	1,678	3,080	-46%	0.92	0.57	61%
Total	30,034	41,808	-28%	7.11	3.48	104%
Scope 1+2						
BU America	8,155	15,605	-48%	22.38	14.15	58%
BUNE	40,186	59,616	-33%	19.80	10.69	85%
BUSE	15,343	26,020	-41%	8.39	4.87	72%
Total	63,684	101,241	-37%	15.08	8.42	79%

Following the approval of the emission reduction targets validated by SBTi, NH Hotel Group has estimated, following this methodology, a total scope 3 emissions of 162,752 t eq CO₂ in 2020.

The exceptional and irregular operating conditions of the hotels since March and throughout the rest of the year are reflected in NH Hotel Group's carbon footprint data. Absolute emissions decrease in all scopes due to the decrease in activity, and consequently in consumption, however the emissions ratio increases due to the drastic decrease in occupancy (RN).

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

⁴ The published scope 3 emissions do not fall within the scope of the audit.



NH Zurich Airport
Zurich, Switzerland

INITIATIVES FOR THE FIGHT AGAINST CLIMATE CHANGE

Participation in Working Groups

Spanish Green Growth Group

Since it was created in 2016, NH Hotel Group has been part of the Spanish Green Growth Group (GECV). It is a public-private collaboration platform to advance together in the fight against climate change and move towards a low-carbon economy.

Working Group on Water and Carbon Footprint of the Sustainable Hospitality Alliance (formerly International Tourism Partnership (ITP))

In 2020, SHA and its members have continued working on the four common goals: two of them being carbon emission and water shortage. NH Hotel Group has participated in working groups with the aim of complementing the individual goals of each company in the sector by working in conjunction to multiply the impact of the actions. The Company has also attended talks and collaborated in drawing up the document "Sustainable Hotel Business Case Studies" published by SHA.

"Challenge and commitment for businesses in relation to mobility"

NH Hotel Group attended and participated in the event organized by the Camera di Commercio Italiana per la Spagna, in conjunction with Share Now, the Institute of Energy Development and Saving and TEMA GC. The purpose of this event was to promote good practices in Spanish companies and to work towards decarbonization.

Global initiative to raise awareness about the reduction of carbon emissions

World Wildlife Fund (WWF) Earth Hour 2020

For the twelfth consecutive year, NH Hotel Group joined 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 organised activities to involve guests and employees.



EFFICIENT MANAGEMENT AND RESPONSIBLE CONSUMPTION OF RESOURCES



GREEN SAVINGS PROJECT

A project focused on both obtaining savings in the Company's operating costs and on 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 and which permits reporting, control, monitoring and traceability of the indicators as well as of water and energy consumption and costs.

Energy Efficiency Plan

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

- Changes in equipment, where the replacement involves greater efficiency: light bulbs, minibars, washing equipment, heating and air-conditioning, boilers, coolers...
- Investments related to control of installations: building energy management systems, update of metres, improvements in lighting...
- Actions on façades that represent improvements in the building envelope and in insulation.
- Additionally, in 2019 the Company created a new CAPEX line intended for projects where the goal is not just the economic return but knowing the environmental return. Some of these projects are elimination of fossil fuels and increase in renewable energy. Due to the Contingency Plan drawn up because of COVID-19, most of the projects had to be cancelled.

As a result, energy efficiency improvement projects worth 3 million euros were implemented in 2020.

In addition, in 2020 NH Hotel Group has worked on updating the "Eco-Efficient Hotel Guide", with the aim of supporting sustainable growth and reducing the carbon emissions generated by the construction and design of the Company's hotels. This Guide will be applicable to all the brands under which NH Hotel Group operates.

ENERGY CONSUMPTION

	Energy consumption (kwh)			Energy ratio (kwh/RN)		
	2020	2019	Diff.	2020	2019	Diff.
BU America	29,127,942	54,090,594	-46%	79.93	49.06	63%
BUNE	199,601,249	275,339,422	-28%	98.33	49.37	99%
BUSE	149,924,219	252,022,163	-41%	81.98	47.20	74%
Total	378,653,410	581,452,180	-35%	89.66	48.37	85%

Due to the difficulties caused by the pandemic, which caused unprecedented situations for the hotels (temporal or prolonged closings, staff reductions and drastic occupancy drops), together with the limitations caused by the confinement of the hotel's technicians and the distribution companies, the consumption data management has been more complicated than usual. This has led the company into making an estimate for the specific months in which data were not available, in order to have the most realistic image of the indicator.

In the specific case of energy, an estimation for monthly gas and electricity data of the consolidated hotels was carried out of 3.5% and 3 % respectively. To achieve this, consumption has been weighted using the occupancy of 2019 and 2020 and considering comparable months (same climatic conditions, given that air conditioning is one of the factors that most influences energy consumption).

ENERGY CONSUMPTION BY SOURCE (kwh)

	2020	2019	Diff.
Natural Gas	158,959,514	229,581,206	-31%
Gas Oil	1,301,329	2,646,296	-51%
LPG	1,885,104	6,800,661	-72%
Propane	422,208	4,291,687	-90%
BTZ	871,032	586,789	48%
Wood Pellets	143,800	232,929	-38%
Electricity	175,225,547	290,375,788	-40%
Renewable electricity	106,311,658	148,609,085	-28%
District heating	38,543,552	44,852,208	-14%
District cooling	1,301,324	2,059,043	-37%
Total	378,653,410	581,426,608	-35%

Water management

Since the first Sustainability Plan was defined in 2007, measures have been implemented to reduce water consumption such as the introduction of aerators and devices placed in cisterns, the installation of novel water recovery and reutilization systems, the efficient procurement of devices such as dish-washing equipment for kitchens, as well as employee training and awareness raising and the redesign of operating guidelines and actions in kitchen and housekeeping. In 2014, NH Hotel Group progressively started to install showers that reduce the volume of water by 40% thanks to their saving technology.

In 2020, the Company has gone a step further in the diagnosis of the impact of its activity with the identification, through the World Resources Institute's Aqueduct tool, of hotels in its portfolio that are located in areas with a risk of water stress. The result of the analysis is that 29% of the hotels in NH Hotel Group's portfolio are located in high water stress areas.

With this snapshot, the Company will work on defining a strategy for water management, with action plans that assure a model of responsible consumption of water resources.

Due to the difficulties caused by the pandemic, which caused unprecedented situations for the hotels (temporal or prolonged closings, staff reductions and drastic occupancy drops), together with the limitations caused by the confinement of the hotel's technicians and the distribution companies, the consumption data management has been more complicated than usual. This has led the company into making an estimate for the specific months in which data were not available, in order to have the most realistic image of the indicator.

In the specific case of water, an estimate has been made for 4% of the consolidated hotels' monthly water data. To achieve this, consumption has been proportionally calculated to the occupancy of 2019 and 2020.

EXTRACTION OF WATER FROM SUPPLY NETWORKS

	Water extraction (m ³)			Water ratio (m ³ /RN)		
	2020	2019	Diff.	2020	2019	Diff.
BU America	238,278	445,469	-47%	0.654	0.404	62%
BUNE	855,204	1,506,862	-43%	0.421	0.270	56%
BUSE	828,534	2,037,211	-59%	0.453	0.382	19%
Total	1,922,016	3,989,542	-52%	0.455	0.332	37%

The water consumption that was being reported by the market until last year, according to the definition of "GRI (2016)-303-1-Water withdrawal by source" (water withdrawn), corresponds this year with the information reported in the new water standard "GRI (2018)-303-3-Water withdrawal."

The water that enters the hotels for use in kitchens, cleaning, bathrooms, filling swimming pools, etc. is discharged into the municipal sewage networks. Water consumption attributable to losses that could be caused by evaporation in swimming pools or fountains, irrigation, or cistern tanks and fire water is not significant.



Tivoli Carvoeiro
Carvoeiro, Portugal

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 and facilitate recycling. The types of waste separated are paper and cardboard, glass, used oil, packaging (plastic, cartons, tins, etc.), and organic. This system permits the recovery of material 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.

It should be noted that, in 2020, several of the Company's hotels had started to coordinate a project with the aim of reducing the waste generated by the hotels and improving waste management. Due to COVID-19 and the closure of many hotels in our portfolio, this project was set aside, and is expected to resume as soon as the Company's returns to normal operations.



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.

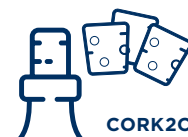
Accordingly, in 2018 the Company established a plan to eliminate disposable single-use plastic articles from its standards for all brands in the portfolio. In 2020, articles such as plastic cups in rooms, laundry bags, slipper packaging, and candy wrappers, among others, disappeared or were replaced with more sustainable alternatives.

In addition, the soap products offered in the bathrooms will be replaced with dispensers. The plan for the reduction of single-use plastics contemplates the introduction of drinking fountains in public areas, thus avoiding the use of plastic bottles.

NH Hotel Group has estimated that this eliminates 31 million single-use plastic articles in the Group's hotels.

Although the Company's policy is to eliminate single-use plastic articles, a target met in 2020 for plastics deriving from normal hotel operations, one of the cleaning and disinfection protocols implemented in the hotels with Feel Safe at NH was the mandatory requirement that all elements likely to be shared by guests (remote controls, amenities, blankets ...) had to be covered with plastic to guarantee hygiene. This has meant that, exceptionally and due to the circumstances of the pandemic, that it has been necessary to obtain and manage 1.6 million plastic bags in the hotels in 2020.

In addition, the mandatory use of masks and handwashing measures has led to the purchase of 1.2 million masks, 1.3 million sanitary towels and more than 30,000 bottles of hydroalcoholic gel and their subsequent management.



CORK2CORK Project

This is a project that arose with the aim of promoting the circular economy and encouraging recycling, reuse and other types of recovery. 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 the cork stoppers used in 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 and refurbishments. This insulating material reduces noise pollution and the need 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.

In 2020, the Spanish Green Growth Group published "34 Green Economy Case Studies", a compendium of best practices aligned to sustainable models and their contribution to competitiveness and the generation of value for the Companies that promote them and society. The CORK2CORK project was selected and published as one of the success cases.

In 2020, because of the health crisis and the decline in the hotels' activity, there has been no opportunity to collect a significant quantity of cork stoppers.



Fight against food wastage

NH Hotel Group is aware that, due to food waste, not only are these resources lost, but also others associated with their 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 were launched to analyse the waste generated in the kitchen, identifying what type of waste was thrown away, at what time, and how much, thus providing useful information to reduce food waste. During 2020 and due to the damage caused by the pandemic, NH Hotel Group is committed to supporting groups especially impacted by COVID-19 through the creation of a new process that increases efficiency in the management of resources and the use of surplus production in kitchens. To this end, it has begun to collaborate with various food start-ups that reuse these surpluses, providing an outlet for the product not consumed in the hotel.

The closure of hotels and reduction of staff during 2020 has forced us to halt these projects, which will restart as soon as activity has returned to normal.

DEVELOPMENT OF MORE SUSTAINABLE PRODUCTS



GREEN HOTEL PROJECT

This project seeks to offer value to customers through sustainable actions, focusing on the innovative attributes that improve brand perception.

The most noteworthy examples of the project are the Eco-friendly Meeting and Events and the Sustainable Mobility services that NH Hotel Group offers in its hotels.

Eco-friendly meetings and events

The Group's hotels seek to involve the client during the celebration of their events, offering the Eco-friendly Meetings & Events service and the carbon footprint calculation service for the events and meetings held. It also offers an emissions offsetting service in collaboration with Carbon Clear, a founding member of the International Carbon Reduction and Offset Alliance.

The carbon footprint of the event is calculated through an internal procedure based on the GHG protocol and the "Guidelines for the preparation of the national inventory of greenhouse gas emissions" of the IPCC (Intergovernmental Panel on Climate Change). The calculation of the event's carbon footprint includes transport and the use of meeting rooms as well as the rooms of the selected hotel.

Sustainable mobility

During customers' stays and sightseeing trips, the Company offers mobility services such as carsharing or bicycle hire. Currently there are more than 26 hotels that offer bicycle hire services, as well as charging points for electric cars installed in 48 hotels. NH Hotel Group has had a global sustainable mobility standard since 2014.

In 2020, the Company has continued to offer electric mobility charging point services, increasing the number of hotels and offices that have this service. This year, a charging point for electric vehicles has been installed for employees of the Headquarters.

The charging points at hotels are currently being updated, improving the technology to offer faster charging adapted to new vehicles.

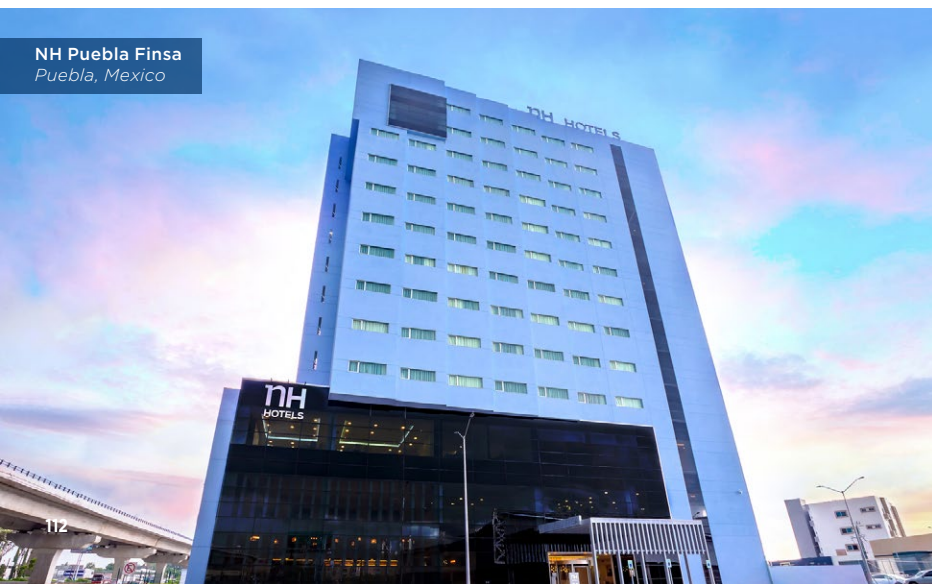
Customer satisfaction with sustainability

NH Hotel Group measures customer satisfaction with regard to sustainability.

THE 10 NH HOTEL GROUP HOTELS MOST HIGHLY RATED BY CUSTOMERS IN TERMS OF SUSTAINABILITY

Business Unit	HOTEL	Score (0-10)
BU America	NH Puebla Finsa	9.88
	NH Centro Histórico	9.58
	NH Collection Royal Medellín	9.29
	NH Collection Centro Histórico	9.29
	NH San Luis Potosí	9.27
	NH Collection Casacostanera	9.23
BUSE	NH Collection Guadalajara Providencia	9.23
	NH Collection Grand Hotel Convento di Amalfi	9.50
	NH Collection Palacio de Tepa	9.33
	NH Trento	9.28

We would highlight that following the incorporation of the Tivoli hotels into the "Quality Focus" system, the following hotels have obtained a score of 10 in their first assessment: **Tivoli Coimbra, Tivoli Évora Ecoresort, Tivoli Lagos and Tivoli Marina Portimão.**



NH Puebla Finsa
Puebla, Mexico



NH Collection Grand Hotel Convento di Amalfi
Amalfi, Italy

OTHER NOTABLE PROJECTS

SUSTAINABLE STAFF CANTEENS

Several of the Company's hotels, wanting to create more sustainable spaces within their establishments, decided to implement sustainable staff canteens. This project consists of renovating the staff canteen to create a completely sustainable space, including criteria for choosing sustainable material. This space has been used to create awareness about climate change and sustainability among the hotel's employees.

SUSTAINABLE FISHING

Although NH Hotel Group does not carry out its activity in any protected natural area, the Company has a number of different measures and initiatives in place to preserve and restore the biodiversity of the environments where it operates.

The Company's hotels encourage sustainable fishing through legal compliance in respect of consumption of species and a responsible procurement of such products.

URBAN VEGETABLE GARDENS

Some NH Hotel Group hotels have space to install urban vegetable gardens. Growing plants in these spaces enhances the landscape and the gastronomic value of dishes. They also reduce the negative environmental impact by reducing the need to transport these products and they generate a sense of community among the employees.

In 2020, the **NH Alonso Martinez (Spain)** has worked on the GreenNH Roof project. This consists of incorporating an urban vegetable garden in the hotel located in the centre of Madrid, generating a sustainable green space. The garden is on the roof, which has the perfect space for the installation of seedbeds, growing trays or even a greenhouse. The GreenNH Roof is also open to any Company employee who works in Madrid.

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 also cares for the green area around its hotel, favouring the habitat of numerous animal species, the reduction of noise and pollutants, and maintaining the passageway between natural areas. This green area is open to guests to enjoy.

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** and the **NH Milano Congress Center** also have vegetable gardens with aromatic plants; and the **NH Orio al Serio** has another garden where lettuces and tomatoes are grown.

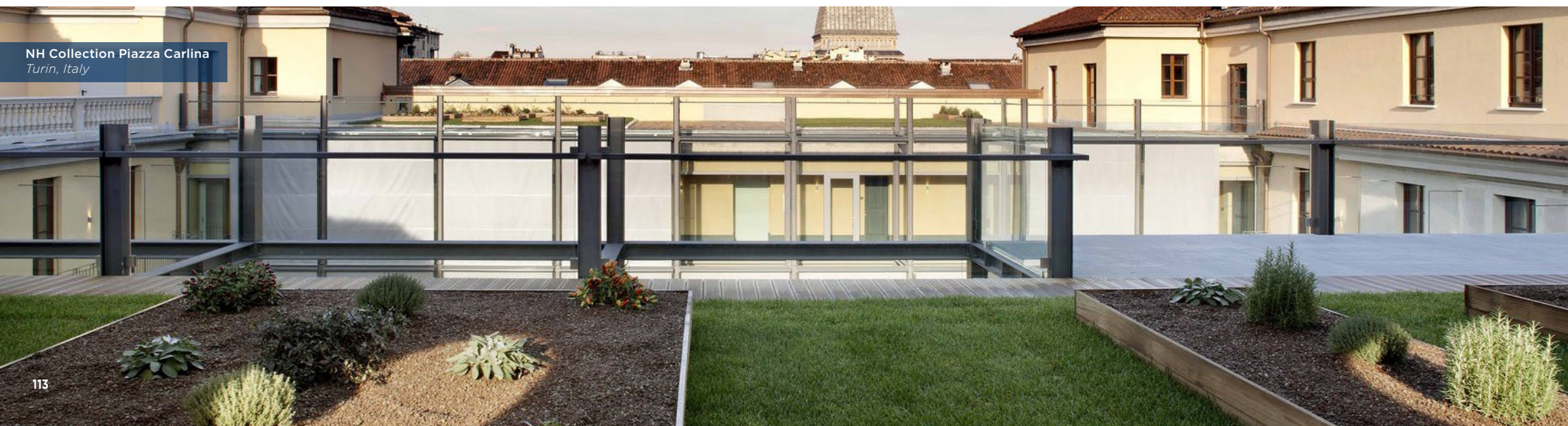
In turn, the **NH Collection Grand Hotel Convento di Amalfi (Italy)**, has a garden in which aromatic herbs, vegetables and citrus fruits are grown to be used in the kitchen and in the cosmetics for the hotel's spa (aloe vera and lavender). Customers can experience this garden through a trail, such as 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, their importance in ecosystems 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 guests. These hotels are: **NH Wien City (Austria)**, **NH Collection Wien Zentrum (Austria)**, **NH Danube City (Austria)**, **NH Vienna Airport (Austria)**, **NH Berlin Alexanderplatz (Germany)**, **NH Potsdam (Germany)**, **NH Köln Altstadt (Germany)**, **NH München Ost Conference Center (Germany)**.

CAGE-FREE EGGS

NH Hotel Group promotes animal welfare, prioritizing 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. Additionally, as part of MINT, the Company joins Minor Hotels in its commitment to procure all eggs consumed in its establishments from non-caged hens by the end of 2027.



NH Collection Piazza Carlina
Turin, Italy

AWARDS TO NH HOTEL GROUP IN 2020



CORPORATE AWARDS

NH Hotel Group strives to consolidate its position as a worldwide benchmark for excellence, innovation and sustainability in the tourism sector. The awards and recognitions received in 2020 are a reflection of its commitment to continue advancing on this path.



BUSINESS TRAVELER AWARDS (GERMANY)

- Best Hotel Chain in the world for business travellers (2nd place)
- Best Hotel Chain for travellers in Germany (2nd place)



BRAND FINANCE (SPAIN)

- Strongest hotel brand in Spain



UNIVERSIDAD
DE SALAMANCA

CAMPUS OF INTERNATIONAL EXCELLENCE

UNIVERSIDAD OF SALAMANCA (SPAIN)

- Recognition to NH Hotel Group's support to societyde NH Hotel Group a la sociedad



Anantara Vilamoura Resort
Vilamoura, Portugal

AWARDS AND RECOGNITIONS TO HOTELS

LUXURY TRAVEL ADVISOR

LUXURY TRAVEL ADVISOR CONTEST (WORLDWIDE)

- nhov Amsterdam Rai (1st prize)
- Tivoli Avenida Liberdade (finalist)
- Tivoli Carvoeiro Algarve Resort (finalist)



GUÍA BOA CAMA BOA MESA

- **Silver Key Prize** to Anantara Vilamoura Algarve Resort: best accommodation



HOSTELCO (WORLDWIDE)

- NH Collection Grand Hotel Convento Di Amalfi, for best hotel repositioning (finalist)



HOTEL PROPERTY AWARDS (WORLDWIDE)

- nhov Amsterdam Rai (finalist)



ITALIAN MISSION AWARDS (ITALY)

- **1st prize** to the NH Milano Touring as the best business hotel in the North of Italy
- **1st prize** to the NH Roma Villa Carpegna for the best venues for meetings and events in the Center and South of Italy



LLM READERS' TRAVEL AWARDS

- Anantara Villa Padierna Palace Resort (1st prize)
- nhow London (2nd prize)
- NH Collection Grand Hotel Convento Di Amalfi (TOP 15)
- nhow Amsterdam Rai (TOP 45)
- NH Collection Grand Hotel Krasnapolsky (TOP 45)
- NH Collection Doelen (TOP 45)
- NH Collection Guadalajara Providencia (TOP 10)
- NH Collection Casacostanera (TOP 10)
- Anantara Vilamoura Algarve Resort (TOP 5)
- NH Collection Dei Doggi (TOP 20)
- Anantara Palazzo Naiadi (TOP 20)
- NH Collection Carlo IV (TOP 20)
- Anantara Budapest (TOP 20)

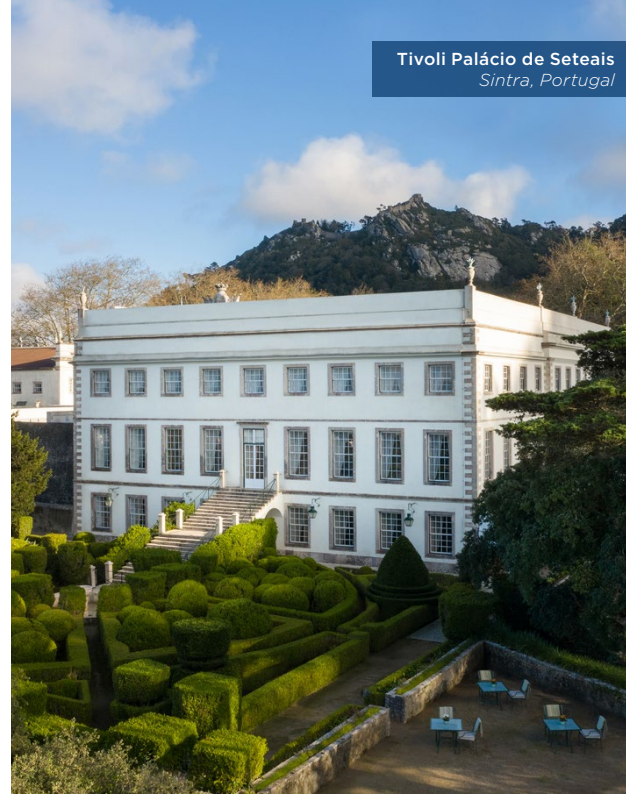


CONDE NAST TRAVELLER SPAIN GOLD LIST (SPAIN)

- Anantara Villa Padierna (Marbella): Best New Hotel in Spain



NH Milano Touring
Milano, Italy



Tivoli Palácio de Seteais
Sintra, Portugal



CONDE NAST TRAVELER READERS' CHOICE (USA AND UK)

- NH Collection Palacio De Tropa as best hotel in Madrid (6th place)
- NH Collection Grand Hotel Krasnapolsky (TOP 10 in Europe)
- NH Amsterdam Barbizon Palace (TOP 20 in Europe)
- NH Collection Roma Centro (TOP 10 in Europe)
- Anantara Palazzo Naiadi Rome (TOP 10 Southern Europe)
- NH Collection Venezia Grand Hotel Palazzo Dei Dogi (TOP 5 in Europe)
- NH Collection Venezia Palazzo Barocci (TOP 10 in Europe)
- NH Collection Prague Carlo IV (TOP 10 in Europe)
- NH Collection Madrid Palacio De Tropa (TOP 15 in Europe)
- Tivoli Palacio De Seteais Sintra (TOP 5 in Europe)
- Avani Avenida Liberdade Lisbon (TOP 10 in Europe)
- Tivoli Oriente Lisboa (TOP 10 in Europe)
- Tivoli Sintra (TOP 20 in Europe)
- Tivoli Lagos Algarve (TOP 20 in Europe)
- Anantara Vilamoura Algarve Resort (TOP 25 in Europe)
- Tivoli Marina Vilamoura Algarve (TOP 25 in Europe)

HISTORIC HOTELS of AMERICA

National Trust for Historic Preservation

HISTORIC HOTELS WORLDWIDE (USA)

- NH Collection Piazza Carlina: TOP 25 hotels for a romantic break

SUSTAINABILITY AWARDS

Sustainability Award
Bronze Class 2021

S&P Global

Sustainability Award
Industry Mover 2021

S&P Global

S&P SUSTAINABILITY AWARDS - SAM 2020: BRONZE CLASS & INDUSTRY MOVER IN THE SUSTAINABILITY YEARBOOK 2021

One of the most significant milestones of the year was the recognition by the sustainable investment agency SAM of NH Hotel Group as one of the most sustainable companies in its sector, as well as the "Industry mover" recognition for the best progress achieved in a year. Both recognitions reinforce NH Hotel Group's commitment to sustainability and to promoting responsible tourism.



BLOOMBERG GENDER EQUALITY 2021

In January 2021, NH Hotel Group was included in the Bloomberg Gender Quality Index 2021 and is the only Spanish hotel company out of the 380 companies included in the index.



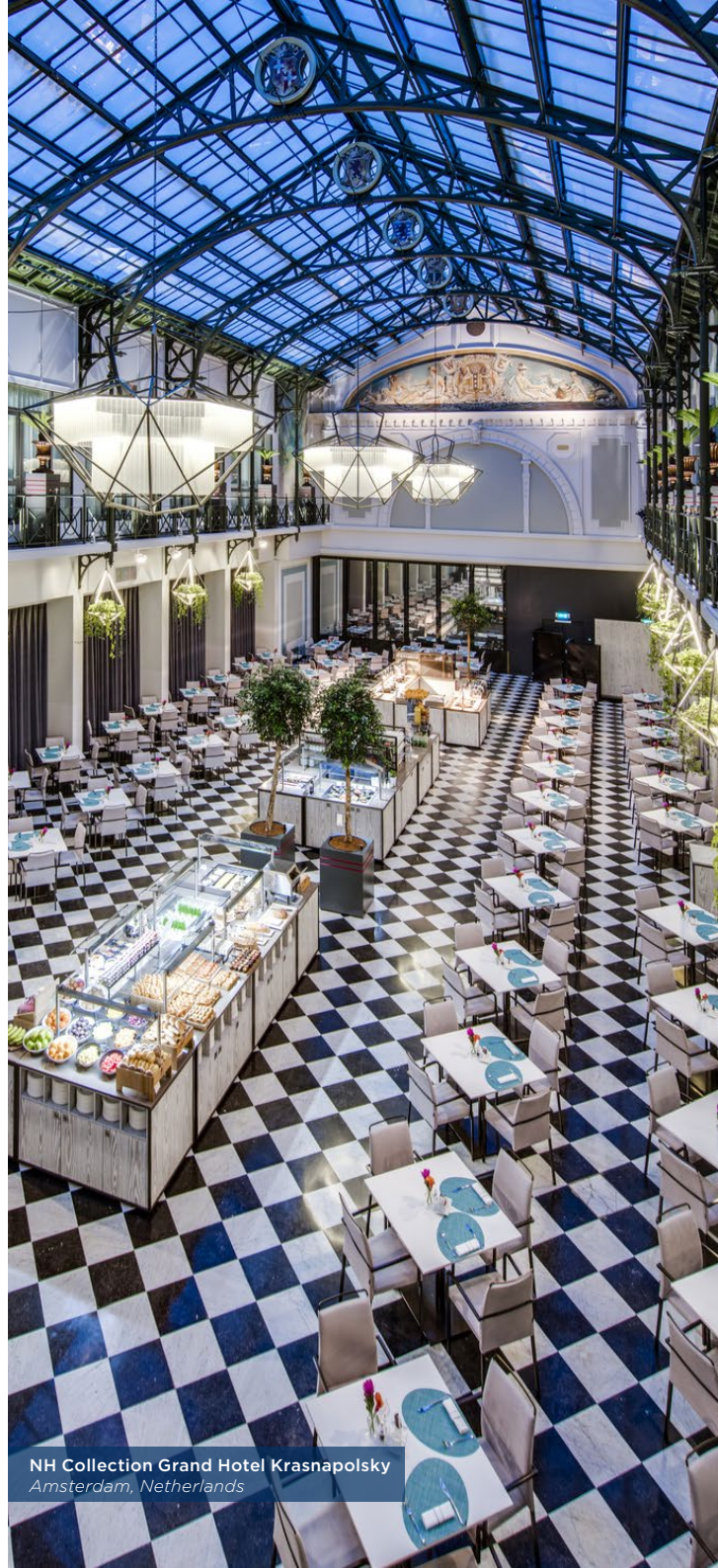
MERCO CORPORATE RESPONSIBILITY RANKING 2020

The Company achieved 27th place.



GAIA GREEN AWARDS (NETHERLANDS)

• nhow Amsterdam Rai: nominated as the most sustainable refurbishment project in the Netherlands and Belgium.



NH Collection Grand Hotel Krasnapolsky
Amsterdam, Netherlands

AWARDS FOR INNOVATION AND EXPERIENCE



GENIO AWARDS (SPAIN)

• FASTPASS: Best Innovation



HOSTELCO AWARDS (WORLDWIDE)

• FASTPASS



PREMIOS ASTER (ESPAÑA)

• FASTPASS



PROVINCIE AWARD 2020

- NH Collection Amsterdam Grand Hotel Krasnapolsky (1st prize)
- NH Amsterdam Schiphol Airport (2nd prize)
- NH Eindhoven Conference Centre Koningshof (3rd prize)
- NH Maastricht (3rd prize)

AWARDS FOR MARKETING



TRAVEL MARKETING AWARDS (WORLDWIDE)

- nhow London - Chameleon Stunt: best event (2nd prize)

GASTRONOMIC AWARDS AND RECOGNITIONS

Wine Spectator

WINE SPECTATOR (WORLDWIDE)

- EMO Restaurant - Anantara Vilamoura Algarve

WINE SPECTATOR (NETHERLANDS)

- The White Room (NH Collection Grand Hotel Krasnapolsky): award for excellence



nhow London
London, United Kingdom

PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT



PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

REPORTING FRAMEWORKS

To prepare the Consolidated Non-Financial Information Statement, the following global and national principles and standards have been taken into account:

- 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 for certain indicators and the 2018 edition for others that have been updated.
- 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 CONSOLIDATED 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 of this document. El Informe de revisión independiente se puede consultar en el ANEXO IV del presente documento.



APPENDIX I: TABLE OF INDICATORS

As a result of NH Hotel Group's Policies, the following indicators are available to monitor them.

Indicator	2020	2019
PROFILE		
Portfolio of hotels	361	368
Number of rooms	55,371	57,466
Number of customers	33 Million	31 Million
Subsidies*	€58.8M	€3.031.741
Net income (million Euros)	(437)	90
Total revenues (million Euros)	536	1,708



Indicator	2020	2019
CUSTOMERS		
Customer ratings -NH survey	8.7	8.6
Customer ratings - online surveys	8.4	8.5
Communications handled by Customer Care	10,174	13,440
Number of hotels with elements adapted to special needs	349	344
SUPPLIERS		
Volume of suppliers managed	11,225	15,117
Number of active suppliers with signed Code of Ethics	1,816	1,872
Number of new suppliers with signed Code of Ethics	71	374
Percentage expense with local suppliers	94%	95%
Annual purchase volume (expense + investment)	€264.7 M	€650.5 M
ALLIANCES		
Contribution to associations	€116,528	€745,653
Contribution to sectorial associations	€82,782	€582,384
Contribution to non-profit associations	€6,819	€20,654



Indicator	2020	2019
EMPLOYEES		
Average number of employees	11,112	11,464
Indefinite contracts	87%	79%
Average turnover	21%	23%
Employees in country other than origin	22%	18%
Women in the workforce	51%	51%
Women in management	44%	43%
Employees under 25 years old	9%	11%
Employees between 25 and 40 years old	44%	45%
Employees over 40 years old	47%	44%
Number of nationalities	132	139
Employees with disabilities	89	114
TRAINING		
Training hours provided through NH University	68,902	134,651
Total investment in training	€0.23 M	€1.3 M
Subsidy in training	€68,453	€155,208
COMMUNITY		
Total social projects	73	331
Number of NH volunteers	524	1,164
Investment in social action (Thousand euros)	49	133
NGO Rate contribution (Thousand euros)	14	244
Friend Rate + Employee Rate contribution (Thousand euros)	87.8	162
Hotels with a Heart program: agreements with NGO	31	71
Hotels with a Heart program: hotel nights donated	317	1,059
Hotels with a Heart program: hotels involved	30	49



Indicator	2020	2019
Energy Efficiency Investment	€3 M	€6.3 M
% of green electricity consumed by NH Hotel Group in Europe	69%	62%
Energy consumption (kWh)	378,653,410	581,452,180
Energy ratio (kWh/RN)	89.66	48.38
Water consumption (m ³)	1,922,016	3,989,542
Water ratio (m ³ /RN)	0.455	0.332
Carbon footprint - CO ₂ emissions (Tn CO ₂)	63,684	101,241
Carbon footprint ratio (kg CO ₂ /RN)	15.08	8.42
Total number of certified hotels	157	149

APPENDIX II: TABLE OF CONTENTS ACT 11/2018 ON NON-FINANCIAL REPORTING AND DIVERSITY

Below are the non-financial key performance indicators required by Law 11/2018 of 28 December on non-financial reporting and diversity, their relationship with the indicators of the Global Reporting Initiative (GRI) standard and the pages of this report where the relevant information can be found:

Areas Act 11/2018 of December 28 th	Contents	Related GRI standard	GRI description	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	NH Hotel Group Business Model Model (Sections: "NH Hotel Group Strategy" and "Key strategic in 2020")
		102-6	Markets served	Our presence in the world 2020
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	The results of these policies, including key indicators of pertinent non-financial results that:	103	Management approach	Appendix I: Table of Indicators
Key Indicators	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	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 risks, explaining the procedures used to detect and assess them according to the national, European or international reference frameworks for each matter.	102-15	Key impacts, risks and opportunities	Risk Management (Section "Risk categories and identification, supervision and monitoring process")
	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.	413-1	Operations with local community engagement, impact assessments and development programs	Risk Management (Section "Risk factors and management and control measures")

Areas Act 11/2018 of December 28 th	Contents	Related GRI standard	GRI description	Section Title
Environmental Matters	Environment			
	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;	103	Management approach	NH ROOM4 Planet (Introduction and Section "Environmental certification programmes")
	2. Los recursos dedicados a la prevención de riesgos ambientales;	102-11	Precautionary principle or approach	NH ROOM4 Planet (Section "Environmental risk prevention and the precautionary principle")
	3. The application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.			
	Pollution			
	1. Measures to prevent, reduce or repair carbon emissions that seriously affect the environment;	103 305-5	Management approach Reduction of GHG emissions	NH ROOM4 Planet (Section "Commitment to the fight against climate change and progress towards decarbonization")
	2. Teniendo en cuenta cualquier forma de contaminación atmosférica específica de una actividad, incluido el ruido y la contaminación lumínica.	Non- material topic		
	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;	103 303-3	Management approach for Water	NH ROOM4 Planet (Section "Sustainable uses of resources")
	Consumption of raw materials ⁵ 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 ")
		103	Management approach for Energy	NH ROOM4 Planet (Sections "Key environmental indicators", "Energy efficiency plan" and "Results for 2020 and interannual reduction")
Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable 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 2020 and interannual reduction")	

⁵ Raw materials consumption is non-material

Areas Act 11/2018 of December 28 th	Contents	Related GRI standard	GRI description	Section Title	
Environmental Matters	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")	
	Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented to that end.	Measures taken to adapt to the consequences of climate change;	103	Management approach for Emissions	NH ROOM4 Planet (Section "Commitment to the fight against climate change and progress towards decarbonization")
			305-1	Direct (scope 1) GHG emissions	NH ROOM4 Planet (Section "Carbon footprint")
			305-2	Indirect GHG emissions from energy generation (Scope 2)	NH ROOM4 Planet (Section "Carbon footprint")
		103	Management approach for Emissions	NH ROOM4 Planet (Section "Commitment to the fight against climate change and progress towards decarbonization")	
	Protection of biodiversity				
Measures taken to preserve or restore biodiversity; Impacts caused by the activities or operations on protected areas.	Non-material topic				
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	Corporate governance (Section "Board and Senior Management Remuneration")	
	Total number and distribution of types of employment contract	102-8	Information on employees and other workers	NH ROOM4 People: Employees (Section "A team with the same opportunities")	
	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	NH ROOM4 People (Section "Quality job creation and talent retention")	
	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 del salario base y de la remuneración de mujeres frente a hombres	NH ROOM4 People: Employees (Section "A team with the same opportunities")	
	Wage gap, remuneration of same jobs or average for the company	103	Management approach	NH ROOM4 People: Employees (Section "A team with the same opportunities")	
		405-2	Ratio of basic salary and remuneration of women to men	NH ROOM4 People: Employees (Section "A team with the same opportunities")	
	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	102-35	Governance: Remuneration policies	Corporate governance (Section "Board and Senior Management Remuneration")	
		405-2	Ratio of basic salary and remuneration of women to men	NH ROOM4 People: Employees (Section "A team with the same opportunities")	
	Implementation of work-life balance policies	103	Management approach for Employment	NH ROOM4 People (Section "Flexibility and worklife balance: "New Way of Working")	
	Disabled employees	405-1	Diversity of governance bodies and employees	NH ROOM4 People (Section "Culture of diversity, equality and inclusion")	

Areas Act 11/2018 of December 28 th	Contents	Related GRI standard	GRI description	Section Title
Social and employee-related matters	Work organization			
	Organization of work time	103	Management approach for Employment	NH ROOM4 People (Section "Flexibility and worklife balance: "New Way of Working")
	Number of hours of absenteeism	403-9	Work-related injuries	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 worklife 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: Empleados (Section "Health and well-being at work")
	Occupational injuries, in particular their frequency and severity	403-9	Work-related injuries	NH ROOM4 People: Empleados (Section "Health and well-being at work")
	Occupational diseases; broken down by sex	403-10	Work-related ill health	NH ROOM4 People: Empleados (Section "Health and well-being at work")
	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	NH ROOM4 People (Section "Social dialogue with employees")
	Training			
	Policies implemented in training;	103	Management Approach for Training and Education	NH ROOM4 People: Empleados (Section "NH University Training")
	Total number of training hours by professional category.	404-1	Average hours of training per year per employee	NH ROOM4 People: Empleados (Section "NH University Training")
		404-2	Programmes to improve employee skills and transition assistance programmes	NH ROOM4 People: Empleados (Section "NH University Training")
		404-3	Percentage of employees receiving regular performance and career development appraisals	NH ROOM4 People (Section "Talent management")
	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;	103	Management approach for Diversity and Equality of opportunities + Non discrimination	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;	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")			

Areas Act 11/2018 of December 28 th	Contents	Related GRI standard	GRI description	Section Title
	Human Rights			
	Application of due diligence procedures in relation to human rights;			Ethics and Conduct. (Sections "Protection of Human Rights", "Compliance in relation to Human Rights" and "Initiatives 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;	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")
Human Rights related-matters	Reported cases of breach of human rights;	406-1	Incidents of discrimination and corrective actions taken	Ethics and Conduct. (Sections "Protection of Human Rights", "Compliance in relation to Human Rights" and "Human Rights due diligence")
	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;	102-17		
	Elimination of discrimination in employment and occupation;			Ethics and Conduct. (Section "Initiatives for the Protection of Human Rights")
	Elimination of forced or compulsory labour;	103	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Ethics and Conduct. (Section "Initiatives for the Protection of Human Rights")
	Effective abolition of child labour.	103	Operations and suppliers at significant risk for incidents of child labour	Ethics and Conduct. (Section "Initiatives for the Protection of Human Rights")
	Corruption and Bribery			
Corruption and Bribery related-matters	Measures taken to prevent corruption and bribery;	103	Management approach Anti-corruption	Compliance System (Introduction and section "New policies approved in 2020")
		205-2 205-3	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.	205-2 205-3	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 "Relationship with alliances")
	Company's commitments to sustainable development			
Society related-matters	Impact of the company's activity on local employment and development;	103	Management approach for local communities	NH ROOM4 People: Community
		413-1	Operations with local community engagement, impact assessments and development programs	NH ROOM4 People: Community (Section "Promotion of youth employment: employability 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 (Section "Promotion of youth employment: employability programs")
	Relations with players in the local communities and types of dialogue with them;	102-42	Identifying and selecting stakeholders	NH ROOM4 Responsible Shared Success: Sustainable alliances (Section "Dialogue with stakeholders")
		102-43	Approach to stakeholder engagement	NH ROOM4 Responsible Shared Success: Sustainable alliances (Section "Dialogue with stakeholders")
	Associative or sponsorship actions.	413-1	Operations with local community engagement, impact assessments and development programs	NH ROOM4 Responsible Shared Success: Sustainable alliances (Section "Dialogue with stakeholders")
		102-12 102-13	External initiatives Membership of association	NH ROOM4 Responsible Shared Success: Sustainable Alliances (Section "Relationship with alliances")

Areas Act 11/2018 of December 28 th	Contents	Related GRI standard	GRI description	Section Title
Society related-matters	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	
		204-1	Proportion of expenditure on local suppliers	
		308-1	Supplier environmental assessment	
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors;	414-1	Supplier social assessment	NH ROOM4 Responsible Shared Success: Responsible value chain
		103	Procurement Policies Management Approach	
		103	Management approach for Customer health and safety	
	Monitoring and auditing systems and audit results.	103	Management approach for Customer health and safety	NH ROOM4 Responsible Shared Success: Customers (Section "Health and safety")
	Consumers			
Measures for health and safety of consumers;	103	Management approach for Customer health and safety	NH ROOM4 Responsible Shared Success: Customers (Section "Single Customer Service Centre Tools")	
Claim systems, complaints received and their resolution.	103	Management approach for Customer health and safety	NH ROOM4 Responsible Shared Success: Customers (Section "Single Customer Service Centre Tools")	
Tax information				
Profits obtained country by country Income taxes paid	103	Management approach to tax	NH Hotel Group Business Model (Section "Tax Informacion")	
Public grants received	201-4	Financial assistance received from the government	Ethics and conduct (Section "Relation with the government and Policy influence")	
Other relevant indicators	Corporate governance			
	Governance	102-18	Governance structure	Corporate governance
		102-19	Delegation of authority	
		102-22	Composition of the highest governance body and its committees	
		102-23	Chairman of the highest governance body	
		102-24	Nomination and selection of the highest governance body	
		102-25	Conflicts of interest	

Note: In addition to the indicators included in the table, additional 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, 201-2, 207-1, 207-2, 207-4.

APPENDIX III: INDEX OF GRI STANDARD CONTENTS

This report has been drawn up in accordance with GRI standards: Core option

GRI Standard	Disclosure	Section Title or direct response
GRI 101: Foundation		
GRI 102: General Disclosures		
Organizational Profile		
GRI 102: Contenidos Generales	102-1 Name of the organization	NH Hotel Group Business Model
	102-2 Activities, brands, products and services	Our presence in the world 2020 NH Hotel Group Business Model
	102-3 Location of headquarters	Back cover
	102-4 Location of operations	Our presence in the world 2020 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 2020
	102-7 Scale of the organization	Our presence in the world 2020 NH Hotel Group Business Model
	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 2020, 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") NH ROOM4 Responsible Shared Success: Sustainable Alliances (Section "Relations with associations")
	102-12 External initiatives	NH ROOM4 Planet (Section "Commitment to the fight against climate change and progress towards decarbonization")
	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 visión, our culture; Compliance system and Ethics and conduct
	102-17 Mechanisms for advice and concerns about ethics	Compliance system

GRI Standard	Disclosure	Section Title or direct response
GRI 102: General Disclosures		
Governance		
GRI 102: General Disclosures	102-18 Governance structure	Corporate governance
	102-19 Delegating authority	Corporate governance
	102-22 Chair of the highest governance body	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	Corporate governance
	102-35 Remuneration policies	Corporate governance
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 NH ROOM4 People: Sustainable Alliances (Section "Dialogue with stakeholders")
	102-43 Approach to stakeholder engagement	NH ROOM4 Sustainable Business (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 (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 2020; About the Non Financial information Statement (Section "Scope") NH ROOM4 Sustainable Business (Section "Materiality analysis") "Análisis de materialidad")
	102-47 List of material topics	NH ROOM4 Sustainable Business (Section "Materiality analysis")
	102-48 Restatements of information	There are no restatements of information regarding previous years
	102-49 Changes in reporting	No change in the preparation of the report
	102-50 Reporting period	2020
	102-51 Date of most recent report	Last report published refers to previous tax year, 2019
	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

GRI Standard	Disclosure	Section Title or direct response
NH HOTEL GROUP MATERIAL TOPICS		
Sustainable Financial Growth		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH Hotel Group's business model (Section "Key strategic initiatives in 2020")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 201: Economic Performance</i>		
	201-2 Financial implications and other risks and opportunities arising from climate change	Corporate Governance NH ROOM4 Planet ("Commitment to fighting climate change and moving towards decarbonisation" and "Climate risks and opportunities")
	201-4 Financial assistance received from government	Ethics and Conduct (Section "Relations with Governments and Policy Influence")
Regulatory Environment		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Managing the health crisis caused by COVID-19; Key strategic initiatives in 2020
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Recovery Plan		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Managing the health crisis caused by COVID-19; Key strategic initiatives in 2020
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Ethical commitment and Transparency		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Compliance System Ethics and Conduct
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 207: Tax</i>		
	207-1 Approach to tax	Tax information
	207-2 Tax governance, control, and risk management	NH Hotel Group complies with the requirements established in the tax regulations and submits its Country by Country report to the competent body. For confidentiality reasons, the Company does not public this information.
	207-4 Country-by-country reporting	
Best practices on corporate 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	
<i>GRI 205: Anticorrupción</i>		
	205-2 Communication and training about anti-corruption policies and procedures	Compliance System; Ethics and Conduct
	205-3 Confirmed cases of corruption and measures taken	Compliance system; Compliance Office

GRI Standard	Disclosure	Section Title or direct response
NH HOTEL GROUP MATERIAL TOPICS		
Protection of human and labour rights		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Ethics and Conduct (“Protection of Human Rights”, “Human Rights Compliance” and “Human Rights Due Diligence”)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 406: Non-discrimination</i>		
	406-1 Incidents of discrimination and corrective actions taken	Ethics and Conduct (Section “Human Rights Compliance”)
Financial, non-financial and emerging risks management		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Risk management (Section “Governance of Risk Management”)
	103-2 The management approach and its components	Risk management (Sections “Governance of risk management”, “Risk management model” and “Risk categories and the process of identification, supervision and monitoring”)
	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	Key strategic initiatives in 2020 (Section “4. Transformation Plan”)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Channels of communication and dialogue with stakeholders		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Sustainable Alliances (“Stakeholder Dialogue” section)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Talent, training and professional development		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Employees (Introduction and sections “People Strategy”, “Performance Management”, “Talent Management” and Training: NH University)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 401: Employment</i>		
	401-1 New employee hires and employee turnover	NH ROOM4 People: Employees (“Turnover and absenteeism”)
<i>GRI 404: Training and education</i>		
	404-1 Average hours of training per year per employee	NH ROOM4 People: Employees (NH University Training”)
	404-2 Programs for upgrading employee skills and transition assistance programs	NH ROOM4 People: Employees (NH University Training”)
	404-3 Percentage of employees receiving regular performance and career development reviews	NH ROOM4 People: Employees (“Performance Management”)

GRI Standard	Disclosure	Section Title or direct response
NH HOTEL GROUP MATERIAL TOPICS		
Culture of equality, diversity and inclusion		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Employees (“Culture of Diversity, Equality and Inclusion”, “Equality Plan” and “Equal Opportunities Team”)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 405: Diversity and equal opportunities</i>		
	405-1 Diversity of governance bodies and employees	Corporate Governance (Section “Board Selection Policy”); NH ROOM4 People: Employees (Sections “Creating quality jobs and retaining talent” and “Culture of diversity, equality and inclusion”).
	405-2 Ratio of basic salary and remuneration of women to men	Corporate Governance (Section “Remuneration of the Board and Senior Management”) NH ROOM4 People: Employees (Section “An Equal Opportunity Team”)
Employee engagement and participation		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People (“Employee Engagement and Involvement” and “Internal Communication”)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Safety, health and well-being		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People (“Health and Well-being at Work”)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 403: Health and safety at work</i>		
	403-9 Work-related injuries	NH ROOM4 People (“Health and Well-being at work and “Turnover and absenteeism”)
	403-10 Work-related ill health	NH ROOM4 People (“Health and Well-being 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 “NH Response”, “Together with Love: Corporate Volunteering”, “Hotels with Heart - HwH”, “Promoting Youth Employment: Employability Programmes” and “Alliances with Foundations and NGOs”).
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Impacto positivo en la comunidad y cultura local		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Community (Introduction and sections “NH Response”, “Together with Love: Corporate Volunteering”, “Hotels with Heart - HwH”, “Promoting Youth Employment: Employability Programmes” and “Alliances with Foundations and NGOs”).
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 413: Local communities</i>		
	413-1 Operations with local community engagement, impact assessments, and development programs	NH ROOM4 Responsible Shared Success: Sustainable Partnerships (Sections “Stakeholder Dialogue”, “Relationship with Associations”) NH ROOM4 People: Community (Introduction and sections “NH Response”, “Together with Love: Corporate Volunteering”, “Hotels with Heart - HwH”, “Promoting Youth Employment: Employability Programmes” and “Alliances with Foundations and NGOs”).

GRI Standard	Disclosure	Section Title or direct response
NH HOTEL GROUP MATERIAL TOPICS		
Promoting youth employment		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 People: Community (Section "Promoting Youth Employment: Employability Programmes")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Sustainable alliances		
GRI 404: Diversidad e igualdad de oportunidades	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	
Responsible and local value chain		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Responsible Supply Chain ("Supplier Management")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 204: Procurement practices</i>		
	204-1 Proportion of spending on local suppliers	NH ROOM4 Responsible Shared Success: Responsible Supply Chain
<i>GRI 308: Environmental assessment of suppliers</i>		
	308-1 New suppliers that were screened using environmental criteria	NH ROOM4 Responsible Shared Success: Responsible Supply Chain (Sections "Purchasing Policy", "Supplier Selection" and "Supplier Approval Lifecycle at NH Hotel Group", "Supplier Management" and "Supply Chain Risk Management: Critical Suppliers"). Supplier Selection" and "Supplier Approval Lifecycle at NH Hotel Group", "Supplier Management" and "Supply Chain Risk Management: Critical Suppliers")
<i>GRI 414: Supplier Social Assessment</i>		
	414-1 New suppliers that were screened using social criteria	NH ROOM4 Responsible Shared Success: Responsible Supply Chain (Sections "Purchasing Policy", "Supplier Selection" and "Supplier Approval Lifecycle at NH Hotel Group", "Supplier Management" and "Supply Chain Risk Management: Critical Suppliers"). Supplier Selection" and "Supplier Approval Lifecycle at NH Hotel Group", "Supplier Management" and "Supply Chain Risk Management: Critical Suppliers")
Unique customer experiences		
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", "Evolution of Quality Measurement Tools in 2020")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Calidad del servicio y satisfacción		
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", "Impact on visibility and perception of Quality" and "Communication with the Customer")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Fostering sustainability among customers		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Responsible Shared Success: Customers ("Responsible Customer" section) NH ROOM4 Planet ("Development of more sustainable products")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

GRI Standard	Disclosure	Section Title or direct response
NH HOTEL GROUP MATERIAL TOPICS		
Green energy and energy efficiency		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet (Introduction and sections "Energy Efficiency Plan" and "Environmental Certification Programme" and "Efficient Management and Responsible Use of Resources")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 302: Energy</i>		
	302-1 1 Energy consumption within the organization	NH ROOM4 Planet ("Efficient management and responsible consumption of resources")
	302-4 Reduction of energy consumption	NH ROOM4 Planet ("Efficient management and responsible consumption of resources")
Responsible water management		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet (Introduction and "Water management")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 303: Water and effluents</i>		
	303-3: Water withdrawal	NH ROOM4 Planet ("Water management")
Fight against climate change		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet ("Commitment to the fight against climate change and progress towards decarbonization")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<i>GRI 305: Emissions</i>		
GRI 305: Emisiones	305-1 Direct (Scope 1) GHG emissions	NH ROOM4 Planet (Sections "Commitment to the fight against climate change and progress towards decarbonization" and "Measures for mitigation and adaptation")
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-5 Reduction of GHG emissions	
Sustainable hotel services		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet ("Green Hotel Project", "Customer satisfaction with sustainability", "Efficient management and responsible consumption of resources", "Efficient Management and Responsible Use of Resources" and "Other outstanding projects")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Waste management and circular economy		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet ("Waste management and circular economy" and "Commitment to reduce single-use plastics")
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Actions to combat food wastage		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	NH ROOM4 Planet Section ("Fight against food waste")

Raw materials consumption, noise and light pollution and biodiversity are non-material topics for the Company.

APPENDIX IV: INDEPENDENT VERIFICATION 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 2020 (hereinafter "CNFIS") for the year ended 31 December 2020 of NH Hotel Group, S.A. (the Parent company) and subsidiaries (hereinafter "NH Hotel Group") which forms part of NH Hotel Group's Consolidated Management's Report.

The content of the CNFIS includes additional information to that required by current commercial legislation on non-financial information 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 Appendix II: "Table of contents Act 11/2018 on non-financial reporting and diversity" and in the Appendix III: "Index of GRI standard contents" of the accompanying CNFIS.

Responsibility of the directors of the Parent company

The preparation of the CNFIS included in NH Hotel Group's Consolidated Management's Report and the content thereof are the responsibility of the 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* (hereinafter "GRI Standards") in accordance with the Core option, in line with the details provided for each matter in the Appendix II: "Table of contents Act 11/2018 on non-financial reporting and diversity" and in the Appendix III: "Index of GRI standard contents" of the aforementioned 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.

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



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. 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 2020, based on the materiality analysis carried by NH Hotel Group and described in NH ROOM 4 SUSTAINABLE BUSINESS "MATERIALITY ANALYSIS" 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 2020.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the CNFIS for 2020.
- Verification, through sample testing, of the information relating to the content of the CNFIS for 2020 and its adequate compilation using data supplied by NH Hotel Group's information sources.
- Obtainment of a management representation letter from the directors and the management of the Parent company.



Conclusions

Based on the procedures performed in our verification 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 2020 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 Appendix II: "Table of contents Act 11/2018 on non-financial reporting and diversity" and in the Appendix 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 Rubio

24 February 2021

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HOTELS



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