

NH Hotel Group, S.A. and Subsidiaries

Auditor's Report,
Consolidated Financial Statements and
Consolidated Management Report
at 31 December 2023

Free translation of the independent auditor's report on the consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

Independent auditor's report on the consolidated annual accounts

To the shareholders of NH Hotel Group, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of NH Hotel Group, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matters were addressed in the audit
Recoverability of assets associated with the hotel business	<p>Our audit procedures included, among others:</p>
<p>The Group carries out its business through 350 hotels. All assets associated with the hotel business include goodwill, right-of-use assets, property, plant and equipment and other intangible assets whose carrying amounts at 31 December 2023 total EUR 86 million (note 8), EUR 1,635 million (note 7), EUR 1,590 million (note 6) and EUR 136 million (note 9), respectively, representing 82% of total assets.</p>	<p>Understanding the methodology employed and evaluating the controls in place in the Group's asset recovery analysis processes.</p>
<p>The Group assesses its assets for indications of a decline in value each year and if they exist, and in any event, with respect to the recoverability of goodwill, it assesses whether there is impairment requiring the write-down of the carrying amounts of the assets, calculated as described in notes 4.2, 4.4 and 10 to the consolidated annual accounts.</p>	<p>Obtaining from management the impairment tests performed, with respect to which we applied the following procedures, assisted by our internal experts:</p>
<p>When estimating the recoverable amount of each cash generating unit (CGU), Group management considers the higher of fair value less costs to sell and value in use. Value in use is calculated based on future cash flows estimated by applying expected discount and growth rates, in accordance with the business plans approved by management.</p>	<ul style="list-style-type: none"> Verifying the reasonableness of the procedures and methods used to perform impairment testing.
<p>As recognised in the consolidated statement of comprehensive income, the Group has recognised a net reversal of impairment losses amounting to EUR 0.8 million (note 10.3).</p>	<ul style="list-style-type: none"> Assessing the reasonableness of the key assumptions and estimates included in the model in relation to future cash flow forecasts and the key aspects considered in estimating cash flows, and the methodology applied to estimate discount rates within an acceptable range.
<p>In view of the significance of the judgements made by the Group management and the significant estimates made to perform such calculations and having regard to the quantitative relevance of such assets, we consider the assessment of the recoverability of the assets associated with the hotel business to be a key audit matter (note 2.7).</p>	<ul style="list-style-type: none"> Arithmetic verification of the calculations taken into consideration in the impairment test and assessment of the sensitivity analyses, including the ranges within which the key model assumptions should fluctuate in order to give rise to the impairment of assets or the reversal of existing provisions. Evaluating the sufficiency of the related information disclosed in the consolidated annual accounts.
	<p>The results of the procedures carried out have allowed us to achieve the audit objectives for which the procedures were designed.</p>

Key audit matters	How the matters were addressed in the audit
<p>Recognition and measurement concerning the acquisition of hotel assets in Portugal from related companies</p>	
<p>As outlined in note 24 to the accompanying consolidated annual accounts, on 18 December 2023 the company NH Hotel Group, S.A entered into a share purchase agreement with MHG Continental Holding Pte. LTD. whereby it acquired 100% of the share capital of Minor Continental Holding S.à r.l., which in turn owns directly or indirectly the shares of the companies Hotelagos, S.A., Minor Hotels Portugal, S.A. and Minor Luxury Hotels Vilamoura, S.A., owners, holders of the administrative concession or lease contract, in turn, of five hotel assets in Portugal. The consideration paid on that date amounted to a disbursement of €133.2 million.</p>	<p>Our audit procedures included, among others, reviewing and understanding the process for identifying the assets and liabilities acquired and the related measurement procedures. The procedures carried out included:</p>
<p>IFRS 3 provides an action framework which entities may use in evaluating whether an acquired integrated set of activities and assets may be considered an acquisition of assets and not the acquisition of a business. In this respect, it includes an optional concentration test (the concentration test) in order to determine whether substantially all the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets.</p>	<ul style="list-style-type: none"> • An analysis of the purchase agreement to verify the amount of the corresponding consideration, as well as other relevant terms of the transactions.
<p>Group management has opted to carry out the concentration test and concluded that the transaction carried out is an acquisition of assets and not an acquisition of a business (notes 2.9.2 and 2.9.5) and therefore, as outlined in notes 6 and 9, it has largely recognised under the headings property, plant and equipment and other intangible assets the fair value allocated to the assets acquired in the transaction.</p>	<ul style="list-style-type: none"> • An assessment of the asset concentration test and the technical analysis performed by management, with the support of an independent third party. This assessment includes qualitative and quantitative considerations regarding the transaction and its compliance with the established guidelines, as well as the consistency between management's conclusions on the existence of asset concentration and the appropriate recognition thereof in the accompanying consolidated annual accounts.
<p>In light of the qualitative and quantitative significance of the transaction and management's requisite measurement and estimation procedures, we consider the assessment of the accounting recognition of this related party transaction a key audit matter.</p>	<ul style="list-style-type: none"> • An analysis of the report drawn up by a management expert concerning the measurement of the assets on which we performed, with the collaboration of our internal experts, certain checks such as an assessment of the methodology used, the discount rates considered and a review of the key assumptions included in the measurement model for the selected assets and the arithmetic accuracy of the calculations.
	<ul style="list-style-type: none"> • An evaluation of the sufficiency of the information disclosed in the consolidated annual accounts in this respect.
	<p>The results of the procedures carried out have allowed us to achieve the audit objectives for which such procedures were designed.</p>

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of NH Hotel Group, S.A. and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of NH Hotel Group, S.A. are responsible for presenting the annual financial report for 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the Parent company dated 8 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 30 June 2022 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2022.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2019.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 23.2 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Mariano Cortés Redín (21829)

8 February 2024

NH | HOTEL GROUP
PART OF

MINOR
HOTELS

Consolidated Financial Statements
and Consolidated Management
Report at 31 December 2023

2023

NH HOTEL GROUP
AND SUBSIDIARIES



NH Collection Frankfurt Spin Tower
Frankfurt, Alemania

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NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 December 2023 AND 31 December 2022

(Thousands of euros)

ASSETS	Note	31/12/2023	31/12/2022
NON-CURRENT ASSETS:			
Property, plant and equipment	6 and 10	1,589,782	1,478,548
Right-of-use assets	7 and 10	1,635,392	1,583,611
Investment in property		2,056	2,318
Goodwill	8 and 10	85,697	89,488
Other intangible assets	9 and 10	136,046	120,270
Deferred tax assets	17	224,551	258,345
Investments accounted for using the equity method	11	43,719	41,935
Other non-current financial assets	12	34,336	36,782
Total non-current assets		3,751,579	3,611,297
CURRENT ASSETS:			
Inventories		15,299	12,589
Trade and other receivables	13	189,636	166,034
Current income tax assets	17	20,572	10,974
Other current assets		9,549	6,642
Cash and cash equivalents	14	215,991	301,763
Total Current Assets		451,047	498,002
TOTAL ASSETS		4,202,626	4,109,299
EQUITY:			
Subscribed capital	15.1	871,491	871,491
Share premium	15.1	776,452	776,452
Other Reserves	15.3	109,791	107,555
Treasury shares	15.4	(356)	(273)
Accumulated gains	15.5	(777,918)	(871,986)
Currency translation difference	15.6	(150,652)	(135,978)
Result for the year attributable to the Parent Company		128,124	100,308
Equity attributed to the Parent Company		956,932	847,569
Non-controlling interests	15.7	52,790	53,157
Total Equity		1,009,722	900,726
NON-CURRENT LIABILITIES:			
Debt instruments and other marketable securities	16	397,767	396,363
Bank borrowings	16	63,334	135,834
Lease liabilities	7	1,698,228	1,641,972
Deferred tax liabilities	17	176,313	192,030
Non-current provisions	19	43,890	42,003
Other non-current liabilities	18	23,543	22,693
Total Non-current liabilities		2,403,075	2,430,895
CURRENT LIABILITIES:			
Debt instruments and other marketable securities	16	6,507	6,567
Bank borrowings	16	15,371	71,913
Lease liabilities	7	260,633	253,620
Trade and other payables	20	407,888	347,389
Current income tax liabilities	17	28,263	14,580
Current provisions	19	6,043	7,339
Other current liabilities	21	65,124	76,270
Total current liabilities		789,829	777,678
Total liabilities		3,192,904	3,208,573
TOTAL EQUITY AND LIABILITIES		4,202,626	4,109,299

Notes 1 to 29 set out in the Consolidated Annual Report and Annexes I/II are an integral part of the Consolidated Statement of Financial Position at 31 December 2023. The Consolidated Statement of Financial Position at 31 December 2022 is presented solely for the purposes of comparison.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARS 2023 AND 2022

(Thousands of euros)

	Note	2023	2022
Ordinary income	23.1	2,158,995	1,722,357
Other income	23.1	5,222	38,027
Net gains on disposal of non-current assets	6,7,9 and 23.1	(239)	2,771
TOTAL INCOME		2,163,978	1,763,155
Procurements		(91,249)	(70,803)
Staff costs	23.2	(530,915)	(441,143)
Other operating expenses	23.2	(915,487)	(719,205)
Net Profits/(Losses) from asset impairment	6, 7, 8, 9 and 10	810	6,815
Right-of-use amortisation	7	(186,165)	(174,344)
Property, plant and equipment and other intangible assets amortisation	6 and 9	(106,196)	(102,979)
OPERATING PROFIT/LOSS		334,776	261,496
Financial income		12,482	6,492
Financial expenses on debt		(32,154)	(39,783)
Financial expenses on leases		(85,608)	(81,073)
Other financial expenses		(26,425)	(19,776)
Other financial profit/(loss)		(738)	26,442
Results from exposure to hyperinflation (IAS 29)		301	4,384
Net exchange differences (Income/(Expense))		(288)	(2,123)
FINANCIAL PROFIT/LOSS	23.3	(132,430)	(105,437)
Share of profit/(Loss) from entities accounted for the equity method	11	815	(449)
NET PROFIT/(LOSS) BEFORE TAX		203,161	155,610
Income tax	17	(70,316)	(53,066)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		132,845	102,544
PROFIT (LOSS) FOR THE YEAR		132,845	102,544
Profit/(Loss) for the year attributable to:			
Parent Company Shareholders		128,124	100,308
Non-controlling interests		4,721	2,236
BASIC PROFIT/(LOSS) PER SHARE IN EUROS	5	0.294	0.230
DILUTED PROFIT/(LOSS) PER SHARE IN EUROS	5	0.294	0.230

Notes 1 to 29 set out in the Consolidated Annual Report and Annexes I/II form an integral part of the consolidated statement of profit and loss for 2023. The Consolidated statement of profit and loss for 2022 is presented solely for the purposes of comparison.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS 2023 AND 2022

(Thousands of euros)

	Note	2023	2022
PROFIT (LOSS) FOR THE YEAR		132,845	102,544
Conversion differences	15.6	(17,713)	14,126
Total other comprehensive gains (losses) to be registered to profit/(loss) in later periods		(17,713)	14,126
Actuarial gains (losses) for pension plans and similar obligations - Net of tax	19	(3,888)	5,462
Total other comprehensive gains (losses) not to be registered to profit/(loss) in later periods		(3,888)	5,462
OTHER COMPREHENSIVE PROFIT/(LOSS)		(21,601)	19,588
TOTAL COMPREHENSIVE PROFIT/(LOSS)		111,244	122,132
Comprehensive Profit / (Loss) attributable to:			
Parent Company Shareholders		109,571	117,657
Non-controlling interests	15.7	1,673	4,475

Notes 1 to 29 set out in the Consolidated Annual Report and Annexes I/II form an integral part of the consolidated statement of comprehensive income for 2023. The Consolidated statement of comprehensive income for 2022 is presented solely for the purposes of comparison.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2023 AND 2022

(Thousands of euros)

	Capital (Note 15.1)	Share premium (Note 15.1)	Other reserves (Note 15.3)	Treasury shares (Note 15.4)	Retained Earnings (Note 15.5)	Conversion Differences (Note 15.6)	Result for the year attributable to the Parent Company	Equity attributed to the Parent Company	Non- controlling interests (Note 15.7)	Total Equity	
Balance at 01 January 2022	871,491	776,452	90,749		(308)	(724,776)	(147,865)	(133,667)	732,076	48,998	781,074
Result for the year	—	—	—	—	—	—	100,308	100,308	2,236	102,544	
Other comprehensive profit/(loss)	—	—	—	—	5,462	11,887	—	17,349	2,239	19,588	
Total comprehensive profit/(Loss)	—	—	—	—	5,462	11,887	100,308	117,657	4,475	122,132	
Distribution of profit (loss) 2021	—	—	16,806	—	(150,473)	—	133,667	—	—	—	
Remuneration scheme in shares	—	—	—	506	(2,231)	—	—	(1,725)	—	(1,725)	
Other movements	—	—	—	(471)	32	—	—	(439)	(316)	(755)	
Balance at 31 December 2022	871,491	776,452	107,555		(273)	(871,986)	(135,978)	100,308	847,569	53,157	900,726
Balance at 01 January 2023	871,491	776,452	107,555		(273)	(871,986)	(135,978)	100,308	847,569	53,157	900,726
Result for the year	—	—	—	—	—	—	128,124	128,124	4,721	132,845	
Other comprehensive profit/(loss)	—	—	—	—	(3,879)	(14,674)	—	(18,553)	(3,048)	(21,601)	
Total comprehensive profit/(Loss)	—	—	—	—	(3,879)	(14,674)	128,124	109,571	1,673	111,244	
Distribution of profit (loss) 2022	—	—	2,236	—	98,072	—	(100,308)	—	—	—	
Distribution of dividends	—	—	—	—	—	—	—	—	(1,978)	(1,978)	
Other movements	—	—	—	(83)	(125)	—	—	(208)	(62)	(270)	
Balance at 31 December 2023	871,491	776,452	109,791		(356)	(777,918)	(150,652)	128,124	956,932	52,790	1,009,722

Notes 1 to 29 described in the consolidated Financial Statement and Appendices I/II form an integral part of the consolidated statement of changes in equity for the year 2023. The consolidated statement of changes in equity for the year 2022 is presented for comparison.

NH HOTEL GROUP, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR 2023 AND 2022
(Thousands of euros)

	Nota	2023	2022
OPERATING ACTIVITIES			
Consolidated profit (loss) before tax and discontinued operations:		203,161	155,610
Adjustments:			
Property, plant and equipment and other intangible assets amortisation (+)	6 and 9	106,196	102,979
Right-of-use amortisation (+)	7	186,165	174,344
(Net) Profits/Losses from asset impairment (+/-)	6, 7, 8 and 9	(810)	(6,815)
Net gains on disposal of non-current assets (+/-)	6, 7, 9 and 23.1	239	(2,771)
Share of profit/(Loss) from entities accounted for the equity method (+/-)	11	(815)	449
Financial income (-)	23.3	(12,482)	(6,492)
Change in fair value of financial instruments	24.3	799	(831)
Financial expenses on debt, leases and others (+)	23.3	144,187	140,632
Results from exposure to hyperinflation (IAS 29)	23.3	(301)	(4,384)
Net exchange differences (Income/(Expense))	23.3	288	2,123
Profit (loss) on disposal of financial investments	23.3	(2,338)	(23,560)
Impairment on financial investments (+/-)		2,277	(2,051)
Other non-monetary items (+/-)		9,357	41,033
Adjusted profit (loss)		635,923	570,266
Net variation in assets / liabilities:			
(Increase)/Decrease in inventories		(2,228)	(3,013)
(Increase)/Decrease in trade debtors and other accounts receivable		(26,449)	(38,112)
(Increase)/Decrease in other current assets		(10,247)	(128)
Increase/(Decrease) in trade payables		28,495	22,734
Increase/(Decrease) in other current liabilities		3,306	32,575
Increase/(Decrease) in provisions for contingencies and expenses		(11,285)	(3,291)
(Increase)/Decrease in non-current assets		5,275	(9,800)
Increase/(Decrease) in non-current liabilities		(2,963)	(750)
Income tax paid		(28,678)	(9,545)
Total net cash flow from operating activities		591,149	560,936
INVESTMENT ACTIVITIES			
Other interest/dividends received		11,924	1,876
Investments (-):			
Group companies, joint ventures and associates		(119,210)	—
Tangible and intangible assets and investments in property	6 and 9	(118,074)	(49,394)
Financial investments and other current financial assets		—	7,437
		(237,284)	(41,957)
Disinvestment (+):			
Group companies, joint ventures and associates	2.9.5 and 11	—	46,145
Tangible and intangible assets and investments in property		1,199	20,635
Other assets		2,662	2,087
		3,861	68,867
Total net cash flow from investment activities		(221,499)	28,786
FINANCING ACTIVITIES			
Dividends paid out (-)		(1,505)	—
Interest paid on debts (-)		(53,603)	(53,576)
Interest paid by means of payment		(26,297)	(19,749)
Interest paid by financing and other		(27,306)	(33,827)
Proceeds from share issues (+)	15.1	—	—
Payments for transactions with minority shareholders (-)	15.7	(57)	(554)
Payments for transactions with treasury shares (-)	15.4	19	(508)
Proceeds for bonds and other tradeable securities +		—	—
Payment for debt instruments and other marketable securities (-)		—	—
Proceeds for bank borrowings (+)		—	—
Payments for bank borrowings (-)	16	(126,703)	(206,135)
Proceeds for loans from related entities (+)	15.1 and 16	—	—
Payments for lease liabilities (-)	7	(272,560)	(271,188)
Payments for other financial liabilities (+/-)		(791)	(108)
Total net cash flow from financing activities		(455,200)	(532,069)
GROSS INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(85,550)	57,654
Effect of exchange rate variations on cash and cash equivalents		(222)	179
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		(85,772)	57,833
Cash and cash equivalents at the start of the financial year		301,763	243,930
Cash and cash equivalents at end of year		215,991	301,763

Notes 1 to 29 set forth in the Consolidated Annual Report and Annexes I /II form an integral part of the Consolidated Cash Flow statement for 2023. The consolidated statement of cash flow statement for 2022 is presented for the purposes of comparison.

Report on the Consolidated Financial Statements for 2023

1.- ACTIVITY AND COMPOSITION OF THE PARENT COMPANY

NH HOTEL GROUP, S.A. (hereinafter the Parent Company) was incorporated as a public limited company in Spain on 23 December 1881 under the trade name "Material para Ferrocarriles y Construcciones, S.A.", which was subsequently changed to "Material y Construcciones, S.A." (MACOSA) and later to "Corporación Arco, S.A."

In 1992, Corporación Arco, S.A. took over Corporación Financiera Reunida, S.A. (COFIR), while at the same time adopting the trade name of the company taken over and amending its corporate purpose to the new activity of the Parent Company, which focused on the management of its shareholding portfolio.

During 1998, Corporación Financiera Reunida, S.A. (COFIR) merged with Grupo Catalán, S.L. and its subsidiaries and Gestión NH, S.A. through the absorption of these companies by the former. Subsequently, Corporación Financiera Reunida, S.A. (COFIR) took over NH Hoteles, S.A., adopted its trade name and broadened its corporate purpose to allow for the direct performance of hotel activities, activities in which it had already been engaged indirectly through its subsidiaries.

Information on these mergers can be found in the financial statements of the years in which said transactions took place.

The General Shareholders' Meeting of 21 June 2014 agreed to change the company's name from "NH Hoteles, S.A." to "NH Hotel Group, S.A."

The Parent Company heads up a group of subsidiary companies which, together with NH Hotel Group, S.A., make up the NH Hotel Group (hereinafter, the "Group" or "NH Group" - see Appendices I and II) which is dedicated to running hotels, on its own, either owning or leasing the hotels, or via third parties, with management, offering a wide range of functions from its corporate head office and regional offices.

NH Hotel Group's shares are traded on the Madrid, Barcelona, Valencia and Bilbao Stock Markets' Continuous Market.

On 11 June 2018, MHG Continental Holding (Singapore) Pte Ltd made a public offer to acquire 100% of the shares making up NH Hotel Group, S.A.'s company capital, the result of which was that Minor International Public Company Limited ("MINT") acquired, via its wholly owned subsidiary, MHG Continental Holding (Singapore) Pte. Ltd., shares representing 94.13% of the share capital of NH Hotel Group, S.A.

On 8 May 2023, MINT announced its decision to begin a purchase process in the market for shares in NH Hotel Group over a period of 30 days. Consequently, between 10 May and 8 June 2023, MINT increased its position in NH Hotel Group to 95.87% of the share capital of NH Hotel Group.

At year-end, the Group is present in 30 countries with 350 hotels and 55,626 rooms, including a significant presence in Europe.

NH Hotel Group, S.A. has its registered address at Calle Santa Engracia, 120 - 7th floor, Madrid, Spain. Furthermore, the name of the Parent Company did not change in this financial year or in the previous one.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

2.1 Basis of presentation of the Consolidated Financial Statements

The consolidated financial statements were prepared using the accounting records of NH Hotel Group, S.A. and the consolidated entities. The consolidated financial statements for the 2023 financial year were prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), other applicable provisions within the financial reporting standards framework, and with the requirements for format and framework provided for in the Delegated Regulation EU 2018/815 of the European Commission, Regulation (EC) No. 1606/2002 of the European Parliament and by Law 62/2003, of 30 December on tax, administrative and social measures, and the applicable rules and circulars of the National Securities Market Commission and the other Spanish accounting regulations that may be applicable, with the purpose of showing a true image of NH Hotel Group, S.A. and its subsidiaries' consolidated equity and consolidated financial position at 31 December 2023, and the consolidated comprehensive income, consolidated cash flows and consolidated changes in equity for the financial year ended on that date.

The Group adopted the IFRS-EU on 1 January 2004 and, on that date, applied IFRS 1 "First-time adoption of International Financial Reporting Standards".

The Directors of the Parent company consider that the consolidated financial statements for the 2023 financial year, which were drawn up on 08 February 2024, will be approved by the General Shareholders' Meeting without amendment. The consolidated financial statements for 2022 were approved by the shareholders at the General Shareholders' Meeting held on 29 June 2023 and filed with the Companies Registry of Madrid.

Since the accounting standards and valuation criteria applied in the preparation of the Group's consolidated financial statements may differ from those used by some of its component companies, the necessary adjustments and reclassifications have been made to standardise them and adapt them to the EU-IFRS.

2.2 Standards and interpretations effective in this period

During the year, new accounting standards came into force and were consequently considered when preparing the accompanying consolidated financial statements, but they did not give rise to a change in the Group's accounting policies:

1) New obligatory regulations, amendments and interpretations for the year commencing 1 January 2023:

New standards, amendments and interpretations		Obligatory application in the years beginning on or after:
<u>Approved for use in the European Union</u>		
<u>Amendments and/or interpretations:</u>		
Amendment to IAS 1 Breakdown of accounting policies.	IAS 1 has been amended to improve breakdowns of accounting policies so that they provide more useful information to investors and other main users of the financial statements.	01/01/2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9. Comparative information	Amendment to the IFRS 17 transition requirements for insurance companies applying IFRS 17 and IFRS 9 for the first time, simultaneously.	01/01/2023
Amendment to IAS 12 Deferred taxes arising from assets and liabilities in a single transaction	Classifications of how entities should record the deferred tax generated in transactions such as leases and decommissioning obligations.	01/01/2023
Amendment to IAS 12 Tax reform - Model rules Pillar 2	This amendment introduces a temporary mandatory exemption to the recognition of deferred taxes under IAS 12 relating to the entry into force of the international tax model of Pillar 2. It also includes additional breakdown requirements.	01/01/2023
Amendment to IAS 8 Definition of accounting estimates	Amendments and clarifications on what should be understood to be a change in accounting estimates.	01/01/2023
<u>New Standards:</u>		
IFRS 17 Insurance contracts	Replaces IFRS 4 and reflects the principles of registration, valuation, presentation and breakdown of insurance contracts with the objective that the entity provides relevant and reliable information which allows users of the information to determine the effect which contracts have on the financial statements.	01/01/2023

Amendment to IAS 12. Deferred taxes arising from assets and liabilities in a single transaction

The application of the amendment to IAS 12 from 1 January 2023 relating to deferred taxes arising from assets and liabilities resulting from a single transaction has had no impact on the NH Group's financial statements. The Group previously accounted for deferred taxes on leases and decommissioning liabilities using the offsetting approach, resulting in a similar outcome to the amendment, except that the deferred tax asset or liability is recognised as offset. The aforementioned deferred taxes are presented netted in accordance with the policy detailed in Note "4.10 Income tax" of the consolidated financial statements at 31 December 2023, in line with paragraph 74 of IAS 12.

Amendment to IAS 12. Tax reform - Model rules Pillar 2

The analysis of all Pillar 2-related regulatory implementation is provided in Note 17.

2) New regulations, amendments and interpretations which will be obligatory in the years following the year commencing 1 January 2023

The following standards and interpretations had been published by the IASB on the date the consolidated financial statements were drawn up but had not yet entered into force, either because the date of their entry into force was subsequent to the date of these consolidated financial statements or because they had not yet been adopted by the European Union:

<u>Approved for use in the European Union</u>		
<u>Amendments and/or interpretations:</u>		
Amendment to IFRS 16 Lease liabilities in a sale with subsequent leasing	This amendment clarifies the subsequent accounting for lease liabilities arising from transactions for sale with subsequent leasing.	01/01/2024
Amendment to IAS 1 Classification of liabilities as current or non-current and classification of non-current liabilities with covenants	Clarifications regarding presentation of liabilities as current or non-current.	01/01/2024

Awaiting approval for use in the European Union as of the date of publication of this document¹

Amendments and/or interpretations:

Amendment to IFRS 7 and IAS 7 Financing agreements with suppliers	This amendment introduces breakdown requirements for specific information relating to financing agreements with suppliers and their effects on company liabilities and cash flows, including liquidity risk and the management of associated risks.	01/01/2024
Amendment to IAS 21 Absence of convertibility	This amendment establishes an approach that specifies when one currency can be exchanged for another, and where not, the determination of the exchange rate to be used.	01/01/2025
Amendment to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associates or joint ventures	These amendments clarify the accounting treatment of the sales and contributions of assets between an investor and its associates and joint ventures that will rest on if the non-current assets sold or contributed to an associate or joint venture constitute a "business".	Pending approval

1) The approval status of the standards can be consulted on the EFRAG website.

Amendment to IFRS 16. Lease liabilities in a sale with subsequent leasing

The application of the amendment to IFRS 16 relating to lease liabilities in a sale and leaseback operation requires the lessee/seller to calculate the lease liability resulting from the sale and leaseback operation as the present value of all lease payments, including an estimate of those that could be considered variable, and this liability determines the proportion of the asset retained.

The application of this amendment will affect all sale and leaseback operations entered into after the implementation of IFRS 16 on 1 January 2019. The estimated impact of this amendment for the Group will result in an increase in rights of use of 31 million euros, in lease liabilities of 84 million euros and in deferred assets of 13 million euros, and a reduction in equity of 40 million euros.

2.3 Accounting correction

During 2023, there were no corrections of errors.

2.4 Accounting criteria change

In 2023 there were no significant changes in accounting criteria.

2.5 Comparison of information

As required by IAS 1, the information on 2022 contained in this consolidated annual report is presented for solely comparative purposes with the information on 2023 and consequently does not in itself constitute the Group's consolidated financial statements for 2022.

2.6 Foreign currency transactions and balances

2.6.1 Working currency and presentation currency

The consolidated financial statements are presented in thousands of euros, rounded to the nearest thousand, which is the Parent company's working and presentation currency.

2.6.2 Foreign currency transactions, balances and cash flows

Transactions in foreign currencies are converted to the working currency using the exchange rates for the working currency and the foreign currency on the dates on which the transactions are carried out.

Cash assets and liabilities in foreign currencies have been converted into euros using the rate at the end of the financial year, while non-cash valued at historic cost are converted using the exchange rates applicable on the date the transaction took place. The conversion to euros of non-cash assets which are valued at fair value has been carried out using the exchange rate on the date when they were quantified.

In the presentation of the consolidated statement of cash flows, the flows from transactions in foreign currencies were converted to euros using the exchange rates on the date they occurred. The effect of exchange rate change on cash and other cash equivalents in foreign currency is presented separately in the cash flow statement as "The effect of exchange rate differences on cash".

The differences appearing in settling transactions in foreign currency and the conversion of foreign currency cash assets and liabilities to euros is recognised in profit and loss. Nevertheless, exchange rate differences occurring in cash entries forming a part of the net business investment abroad are recorded as conversion differences in other global profit and loss.

Losses or gains from exchange rate differences relating to foreign currency cash financial assets or liabilities are also recognised in profit and loss.

The exchange rates for the euro (EUR) for the main Group company currencies for the years ended 31 December 2023 and 2022 were as follows:

	31/12/2023		31/12/2022	
	Closing rate	Accumulated average rate (1)	Closing rate	Accumulated average rate (1)
US dollar (USD)	1.10	1.08	1.07	1.05
Argentine peso (ARS)	892.86	892.86	189.04	189.04
Uruguayan peso (UYU)	43.12	41.98	42.44	43.38
Chilean peso (CLP)	961.54	909.09	909.09	917.43
Mexican peso (MXN)	18.72	19.18	20.86	21.18
Colombian peso (COP)	4,347.83	4,761.90	5,263.16	4,545.45
Czech koruna (CZK)	24.72	24.00	24.11	24.56
Hungarian florin (HUF)	383.14	381.68	401.61	392.16

(1) In Argentina the closing exchange rate is used as a result of Argentina being considered to be a hyper-inflationary economy.

2.6.3 Conversion of business abroad

The following criteria have been different applied for converting into euros the different items of the consolidated statement of financial position and the consolidated statement of profit and loss of foreign companies included within the scope of consolidation:

- Assets and liabilities have been converted by applying the effective exchange rate prevailing at year-end. Equity has been converted by applying the historical exchange rate.
- The historical exchange rate existing at 31 December 2003 of any companies included within the scope of consolidation prior to the transitional date has been considered as the historical exchange rate.
- The consolidated statement of profit and loss was translated at the average exchange rate for the year, except for the companies in Argentina whose economy was declared hyperinflationary and therefore, in accordance with IAS 29, their consolidated statement of profit and loss was translated at the year-end exchange rate.

Any difference resulting from the application these criteria have been included in the "Translation differences" item under the "Equity" heading.

Any adjustments arising from the application of IFRS at the time of acquisition of a foreign company with regard to market value and goodwill are considered as assets and liabilities of such company and are therefore converted using the exchange rate prevailing at year-end.

2.6.4 Foreign operations in hyper-inflationary economies

In 2018, Argentina was declared a hyperinflationary economy due, among other causes, to the fact that the accumulated inflation rate of its economy exceeded 100% over a continuous period of three years.

As a result, the Group began to apply IAS 29 to the financial statements of Argentine companies with retroactive effect from 1 January 2018. Applying the standard involves the following exceptions:

- Adjusting the historical cost of non-monetary assets and liabilities and the different equity items from the acquisition date or inclusion on the consolidated statement of financial position until year-end to reflect the changes in currency's purchasing power resulting from the inflation.
- Reflecting the loss or gain corresponding to the impact of inflation for the year on the net monetary position in the profit and loss account.
- Adjusting the various items of the consolidated statement of profit and loss and the consolidated statement of cash flow for the inflationary index since its generation, with a counterpart in financial results and in a reconciliation item on the statement of cash flow, respectively.
- Converting all components of the financial statements of Argentine companies at the closing exchange rate.

2.7 Responsibility for the information, estimates made and sources of uncertainty

The Directors of the Parent Company are responsible for the information contained in these consolidated financial statements.

Estimates made by the management of the Group and of the consolidated entities have been used in preparing the Group's consolidated financial statements to quantify some of the assets, liabilities, revenue, expenses and undertakings recognised. These estimates essentially refer to:

- The useful life of the tangible and intangible assets. The Group increases the amount for depreciation/amortisation when service lives are less than those previously estimated, and will cancel or reduce the value of obsolete assets which have been abandoned or sold (Note 4.1 and 4.3).
- The assessment of possible impairment losses on certain non-financial assets that require an estimate of the future evolution of business and the most suitable discount rates. The Group considers that its estimates in this area are appropriate and coherent with the current economic climate and reflect its plans for investment and best available estimates for its future income and profit/(loss) based on the sector's recovery. It considers that its discount rates reflect the risks relating to each cash generating unit appropriately (Note 4.4).
- The market value of specific assets.
- The valuation of consolidation goodwill.

- The estimates for impairment to accounts receivable (Note 4.6).
- Fair value estimates of the assets and liabilities inherent in the acquisition of a business or pool of assets.
- The hypotheses used in the actuarial calculation of liabilities for pensions and other undertakings made to the workforce; The Group has made certain assumptions to calculate the liability arising from commitments to employees (Note 4.11 and 4.13).
- Calculation of provisions and evaluation of contingencies. To do so, the Group assesses certain legal, tax or other types of proceedings that are not closed off at the date the Consolidated Annual Statements are drawn up (Note 4.15).
- For the calculation of corporation tax, the Group is subject to it in various jurisdictions. To calculate the provision at worldwide scale, issue of significant judgements is required (Note 4.10).
- The recoverability of capitalised tax credits. The Group only recognises deferred tax assets in as far as their future realisation or use is sufficiently guaranteed. As future circumstances are unsure and partially escape the Group's control, assumptions must be made to estimate future taxable benefits and the period in which deferred tax is recovered (Note 4.10).

The Group's strategy takes into account the targets set in relation to climate change (Note 27), for which reason they are also taken into account when preparing these consolidated annual statements. Therefore, in the context of preparing these consolidated annual statements, the effect of the commitments taken on by the Group was taken into account when calculating the service life of assets, closing costs and analysing impairment to non-financial assets.

In spite of the fact that these estimates were carried out using the best information available at 31 December 2023 on events analysed, it is possible that events may take place in the future which compel their amendment (upwards or downwards) in years to come. This will be done in accordance with the provisions of IAS 8, prospectively.

2.8 Going concern

As a result of applying the IFRS 16 accounting standard, the Group has recognised a short-term liability corresponding to the current value of the lease payment commitments to be made in the next twelve months, which at 31 December 2023 amounted to 260,633 thousand euros (253,620 thousand euros at December 2022), meaning that at 31 December 2023, current liabilities were 338,782 thousand euros higher than current assets (279,676 thousand euros at December 2022).

Excluding this effect, which comes from a purely accounting (non-financial) approach (Note 16), current liabilities would exceed current assets by 78,149 thousand euros, which is not an impediment to the normal development of the business due to the consequent generation of cash, and the Group also has credit lines available amounting to 303,987 thousand euros.

The Directors have prepared the Consolidated Annual Statements bearing in mind the going concern principle as they understand that the future perspectives of the Group's business will allow positive results and positive cash flows to be obtained in the next financial years.

2.9 Consolidation principles applied

2.9.1 Subsidiaries (Appendix I)

Subsidiaries are considered as any company included within the scope of consolidation in which the Parent Company directly or indirectly controls their management due to holding the majority of voting rights in the governance and decision-making body, with the ability to exercise control. This ability is shown when the Parent Company has the power to direct an investee entity's financial and operating policy in order to obtain profits from its activities. Subsidiaries are consolidated from the date control is transferred to the group and they cease to be consolidated from the date on which control ceases.

The purchase method of accounting is used by the group to account for business combinations.

The financial statements of subsidiaries are consolidated with those of the Parent Company by applying the full consolidation method. Consequently, all significant balances and effects of any transactions taking place between them have been eliminated in the consolidation process. If necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those used by the Group.

Non-controlling interests on the subsidiaries' profit and loss and equity are shown separately on the consolidated statement of profit and loss, the consolidated statement of changes in equity and on the consolidated financial statement, respectively.

The profit or loss of any subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of profit and loss from the effective date of acquisition or until to the effective date of disposal, as appropriate.

2.9.2 Business combinations

The Group applied the exception contemplated in IFRS 1 "First-time adoption of International Financial Reporting Standards", so that only business combinations carried out from 1 January 2004—the transition date to IFRS-EU—have been recorded using the acquisition method. Acquisitions of entities prior to that date were recorded in accordance with the previous Generally Accepted Accounting Principles, taking the necessary corrections and adjustments on the transition date into account.

The Group has applied IFRS 3 "Business Combinations"—revised in 2008—to transactions carried out from 1 January 2010.

The acquisition date is the date on which the Group gains control of the acquired business.

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the purchase of a subsidiary includes:

- the fair value of the assets transferred
- the liabilities incurred with the previous owners of the business acquired
- the holdings in the equity issued by the group
- the fair value of any asset or liability arising from a contingent consideration agreement, and
- the fair value of any prior holding in the subsidiary's equity.

The identifiable assets acquired, the liabilities and the contingent liabilities assumed in a business combination are, with limited exceptions, initially valued at their fair value on the acquisition date. The group recognises any non-controlling interest in the entity acquired on a basis of acquisition at fair value, or by the proportional part of the non-controlling interest of the net identifiable assets of the entity acquired.

The costs relating to the acquisition are recognised as expenses when they are incurred.

The excess of:

- the consideration transferred
- the amount of any non-controlling interest in the entity acquired, and
- the fair value of any prior holding in the equity of the entity acquired on the acquisition date

over the fair value of the net identifiable assets acquired is recorded as goodwill. If these amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is directly recognised in profit and loss as a bargain purchase.

When payment of any part of the consideration in cash is deferred, the amounts payable in the future are discounted at their actual value on the exchange date. The discount rate used is the entity's incremental borrowing rate of interest, being the rate at which a similar loan may be obtained from an independent financier under comparable terms and conditions.

The contingent consideration is classified as equity or a financial liability. The amounts classified as a financial liability are subsequently revalued at fair value with the changes in fair value being recognised in profit and loss.

If the business combination is carried out in stages, the book value at the date of acquiring the previously held equity holding is revalued at fair value on the acquisition date, and any gain or loss is recognised in profit and loss.

In addition to the above, IFRS 3 provides a framework for entities to use in assessing whether an integrated set of acquired activities and assets can be regarded as an acquisition of assets rather than a business. This includes an optional concentration test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or in a group of similar assets. This test is designed to highlight when a transaction is clearly more akin to an asset acquisition and thereby remove it from the scope of the guidance on business combinations. If this is so, the Group decides on a discretionary basis and on a transaction-by-transaction basis whether the transaction is accounted for as an asset acquisition or as a business combination.

2.9.3 Non-controlling interests

Non-controlling interests in subsidiaries acquired after 1 January 2004 are recorded by the percentage holding at the acquisition date at the fair value of the net identifiable assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised by the percentage holding in their equity on the date of first consolidation.

Excess losses attributable to non-controlling interests prior to 1 January 2010 but not allocated to them as they exceeded the total amount of the holding in the equity of the subsidiary, are recorded as a decrease in equity attributable to the Parent Company shareholders, except in cases where the non-controlling interests have a binding obligation to assume a part or all of the losses and they have the capacity to make the necessary additional investment. Profit obtained in subsequent financial years is allocated to the equity attributable to Parent Company shareholders until the total losses absorbed in previous accounting period relating to non-controlling interests are recovered.

From 1 January 2010, profit and loss and each item on the other comprehensive results, are allocated to equity attributable to the Parent Company shareholders and the non-controlling interests in proportion to the holding, even if this involves a debtor balance for non-controlling interests. Agreements entered into between the Group and the non-controlling interests are recognised as a separate transaction.

2.9.4 Associates (Appendix II)

Associates are considered as any companies in which the Parent Company has the ability to exercise significant influence, though it does not exercise either control or joint control. In general terms, it is assumed that significant influence exists when the percentage stake (direct or indirect) held by the Group exceeds 20% of the voting rights, as long as it does not exceed 50%.

Associates are accounted using the equity method in the consolidated financial statements.

The profit (loss) net of tax of the associate companies is included in the Group's consolidated statement of profit and loss, in the item "Share of profit/(Loss) from entities accounted for the equity method", according to the percentage of the Group's stake.

If, as a result of the losses incurred by an associate company, its equity was negative, in the Group's consolidated statement of financial position it would be nil; unless there were an obligation on the part of the Group to support it financially.

At each year-end, the existence of indicators of a potential impairment of the investment in the associate is assessed in order to recognise the related impairment loss, where appropriate to calculate the fair value of investments in companies whose main assets are property, valuations have been obtained from an independent expert. For the remaining companies, cash flow discount valuations made in-house have been used, similar to those described in Note 4.4.

2.9.5 Changes in the scope of consolidation

Additions to the scope of consolidation

In February 2023, the companies Mateo, GmbH; Aldon, GmbH and Mateo Hotel Savona S.a.S. were purchased, tied to the purchase of the NH Savona Darsena hotel (see Note 6). These acquisitions have been accounted for by applying the concentration test in accordance with IFRS 3 and recording the transaction as an asset acquisition (Note 2.9.2).

In March 2023, NH Marbella Hotel, S.L. was acquired. This company is not currently trading.

In July 2023, NH Hotels Finland Oy. was acquired for the purpose of operating the NH Collection Helsinki Grand Hansa hotel.

In December 2023, the Group acquired Minor Continental Holding, S.à.r.l., Hotelagos, S.A., Minor Hotels Portugal, S.A. and Minor Luxury Hotels Vilamoura, S.A. associated with the acquisition of the hotels Anantara Vilamoura Algarve Resort, Tivoli Lagos Algarve Resort, NH Marina Portimão Resort, NH Sintra Centro and Tivoli The Residences at Victoria Golf Club (see Notes 6 and 24). These acquisitions have been accounted for by applying the concentration test in accordance with IFRS 3, and recording the transaction as an asset acquisition (Note 2.9.2).

In 2022, there were no additions to the scope of consolidation.

Disposals

In December 2022 the Group sold 100% of its investment in the company Immo Hotel BCC N.V., owner of the NH Brussels Louise hotel in Belgium. The sale involved a cash entry of 34 million euros. The net result of the transaction was a consolidated profit of 15.5 million euros.

Moreover, on 1 July 2022, the sale was completed of the minority shareholding in the company Kensington Hotel Value Added I, Ltd, owner of a hotel in the United Kingdom, for the price of 12 million euros. The net result of the transaction was a consolidated profit of 11 million euros.

NH France, S.A. was liquidated in 2022. This operation did not have a significant impact on the profit/(loss) for the year.

Mergers and divisions

In 2022, Hotel Aukamm Wiesbaden, GmbH & Co.KG, was merged with Astron Immobilien, GmbH. This operation did not have a significant impact on the profit/(loss) for the year.

3. PROPOSED DISTRIBUTION OF PROFITS

The proposed distribution of the profit (loss) for the year prepared by the Parent Company's Directors and that will be submitted for approval by the Shareholders at the General Shareholders' Meeting is as follows (in thousands of euros):

	Year 2023
To legal reserves	3,978
To prior years' losses	35,798
Total	39,776

4. ACCOUNTING POLICIES

The main principles, accounting policies and valuation standards applied by the Group to draw up these consolidated financial statements, which comply with IFRS in force on the date of the relevant financial statements, have been the following:

4.1 Property, plant and equipment

Tangible fixed assets are valued at their original cost. They are subsequently valued at their reduced cost resulting from cumulative depreciation and, as appropriate, from any impairment losses they may have suffered.

Due to the transition to IFRS, the Group reappraised the value of some land to its market value on the basis of appraisals made by an independent expert. The reappraised cost of such land was considered as a cost attributed to the transition to the IFRS. The Group followed the criterion of not re-valuing any of its tangible fixed assets at subsequent year-ends.

Enlargement, modernisation and improvement costs entailing an increase in productivity, capacity or efficiency or a lengthening of the assets' useful life are recognised as increases in the cost of such assets. Conservation and maintenance costs are charged against the consolidated statement of profit and loss for the year in which they are incurred.

Withdrawn assets and items, whether arising as a result of a modernisation process or due to any other cause, are accounted for by derecognising the balances presented in the corresponding cost and accumulated depreciation accounts.

The Group depreciates its property, plant and equipment following the straight line method, distributing the cost of the assets over their estimated useful lives, in accordance with the following table:

	Estimated years of useful life
Buildings	33-50
Technical installation	10-30
Other installations, fittings and furniture	5-10
Other fixed assets	4-5

These items are depreciated based on their estimated useful life or the remaining term of the lease, if this is less than the useful life.

The profit or loss resulting from the disposal or withdrawal of an asset is calculated as the difference between the profit from the sale and the asset's book value, and is recognised in the consolidated statement of profit and loss.

4.2 Goodwill

Goodwill is determined from the criteria set out in the section on business combinations.

Goodwill is not amortised, but its impairment is checked annually or earlier if there are indications of a potential loss in asset value. For these purposes, the goodwill resulting from the business combination is assigned to each of the Group's cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination and have the criteria referred to in section 4.4 (impairment) applied. After initial recognition, goodwill is valued at cost less accumulated impairment losses.

At the time of the disposal of a subsidiary or jointly controlled entity, the amount attributable to the goodwill is included when determining the profits or losses arising from the disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is valued in the functional currency of the acquired company, with the conversion to euros being made at the exchange rate prevailing at the date the financial statements were closed.

Internally generated goodwill is not recognised as an asset.

4.3 Other intangible assets

Other intangible assets are considered to be any specifically identifiable non-monetary assets which have been acquired from third parties or developed by the Group. Only those whose cost can be estimated in an objective way and from which future economic profits are expected are recognised.

Other intangible assets are initially recognised at acquisition or production cost and are subsequently measured at cost less, as appropriate, their accumulated amortisation and any impairment losses they have suffered.

Any assets deemed to contribute indefinitely to the generation of profits are considered to have an indefinite useful life. The remaining intangible assets are considered to have a "finite useful life".

Other intangible assets with an indefinite useful life are not amortised and are hence subjected to the "impairment test" at least once a year (Note 4.4).

Other intangible assets with a finite useful life are amortised according to the straight-line method on the basis of the estimated years of useful life of the asset in question.

The following are the main items recognised under the "Other intangible assets" heading:

- I. Usufruct Rights: As a consequence of entering into the consolidation of Hoteles Royal, S.A., the Group recognised operating rights of the hotel portfolio for 35 years within this concept. Furthermore, in the 2020 financial year, with the entry of the "Boscolo Hotels" Group (operating 8 hotels in privileged areas of Rome, Florence, Venice, Prague, Nice and Budapest) into the scope of consolidation, operating rights of the hotels where operation commenced with this business combination were recognised lasting 31 years.
- II. Concessions, patents and trademarks: basically reflect the disbursements made by Gran Círculo de Madrid, S.A. for the refurbishment and remodelling of the building where the Casino de Madrid is located. The amortisation of such works is calculated on a straight-line basis by taking into account the term of the concession for operating and managing the services provided in the building where the Casino de Madrid is located, which finalises on 1 January 2037. Furthermore, this item includes the brands of the Grupo Royal with a useful life of 20 years.
- III. Computer applications: include the costs incurred by the Group Companies in the acquisition and development of various computer software programmes acquired by the different consolidated companies. The amortisation of software applications is performed using the straight-line method at a rate of 20-25% per year.
- IV. Other rights: include rights relating to lease agreements as a result of business combinations.
- V. Surface rights: include rights of use over land on which a hotel is located or built.

4.4 Impairment to non-financial assets subject to amortisation or depreciation

The Group evaluates the possible existence of a loss of value each year that would oblige it to reduce the carrying amounts of its tangible and intangible assets. A loss is deemed to exist when the recoverable value is less than the carrying amount.

The recoverable value of the assets is the greater of their fair value less the costs of transfer or disposal by another means and their value in use.

In relation to Goodwill and other intangible assets assets with indefinite useful lives, and regardless of the existence of any indication of impairment, the Group checks potential impairment at least once a year.

The recoverable value should be calculated for an individual assets, unless the asset does not generate cash entries which are, by and large, independent of those relating to other assets or groups of assets. If this is the case, the recoverable value is calculated for the Cash-Generating Unit (CGU) it belongs to. As a general rule, the Group has defined each of the hotels it operates as cash-generating units, according to the real management of their operations.

If there are signs of impairment in a CGU that goodwill could not be allocated to goodwill, the Group checks, in the first place, the impairment to the CGU, without including goodwill and recognises, as appropriate, the impairment loss at the level of the CGU. Subsequently, the Group checks the impairment in the group of CGUs to which goodwill was allocated and recognises, as appropriate, the impairment loss at the level of the groups of CGUs.

In the case of Hoteles Royal, S.A., where the whole business of Grupo Royal was acquired and whose purchase was effective in 2015, the cash-generating unit corresponds to the Group as a whole (Colombian, Chilean and Ecuadorian market).

In 2020, with the acquisition of the Boscolo Hotels Group, goodwill was generated which was allocated to a single cash generating unit that relates to the entire Group.

The operating result for each CGU is obtained at the end of the year without taking non-recurring results (if any) or financial results into account. Once the operating result is obtained for each CGU, the impairment test is performed for those in which there are indications of impairment. Among others, the Group considers a CGU to have indications of impairment if it meets the following conditions: it has an associated impairment or it has negative profit/loss from operations and its business is stable (3 years since opening).

Losses due to impairment of the CGU initially, if appropriate, reduce the value of the goodwill allocated to it, and subsequently to the CGU's other assets, pro rata depending on the book value of each one of the assets, with the limit for each one of them of the greater of their fair value less the costs of disposal and its value in use.

On each closing date the Group assesses whether there are any indications that impairment losses recognised in previous years no longer exist, or may have decreased. Impairment losses relating to goodwill are not reversible. Impairment losses on the remaining assets are only reversed if a change has occurred in the calculations used to determine the asset's recoverable value. Reversal of the impairment loss is recorded as a credited to profit and loss.

The value in use is calculated from the estimated future cash flows, discounted at a discount rate after tax that reflects the current market valuation with respect to the value of money and the specific risks associated with the asset, covering a five-year period and a perpetual value, except in the case of leased hotels that correspond to the term of the lease, a perpetual value therefore not being considered in the latter.

The Group periodically requests valuations of hotel assets it owns from independent experts. These valuations are used to determine fair value.

Depreciation of assets subject to impairment is affected depending on their book value net of impairment. In the event that an impaired asset reaches a recoverable value that is higher than its net book value, the impairment loss will be reversed but will not exceed the book value that could have been obtained (net of depreciation) if a value impairment loss had not been recognised for that asset in previous years.

4.5 Leases

At the beginning of a contract, the Group assesses whether it contains a lease. A contract is, of contains, a lease if it gives the right to control the use of the asset identified during a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and the corresponding liability on the date the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially valued based on their present value. Lease liabilities include the net present value of the following leasing payments:

- Fixed payments (including fixed payments in essence), less any lease incentive collectable.
- Variable payments for leases that reply on an index or rate, initially valued according to the index or rate on the start date.
- Amounts expected to be paid by the group for residual value guarantees.
- The price to exercise a purchase option if the group is reasonably certain that it will exercise that option.
- Penalty payments terminating the lease if the term of the lease reflects the group exercising that option.

In order to determine the term of the lease contracts, the Group has taken as non-cancellable the initial term of each contract, taking the possible unilateral extensions at the option of the Group only in those cases in which it has been reasonably considered certain that they will be exercised, and only the cancellation options whose exercise has been reasonably considered certain have been taken into account.

The general determination of not including unilateral extension of contracts as a part of their term, is based on the Group's historical experience. The windows for renewal have historically been used as renegotiation windows, unless the market situation was clearly favourable for the Group. Therefore, given that hotel rental agreements are normally signed with a first term that is higher than a macroeconomic cycle (5 years), our experience shows that it is highly probable that some unknown event may occur on the date the agreement is signed, and which may significantly affect such judgement. The attacks in Europe, in Brussels or in Nice, serve as an example, as does the COVID-19 pandemic itself, as they changed the economic paradigm and affected the frameworks for negotiating rent. Furthermore, to determine the term for lease agreements, the term for recovering the investments made in it are taken into account.

To determine lease terms, there are no penalties for not exercising the extensions mentioned above, nor have early terminations with penalties been included.

Contracts may contain leasing and non-leasing components. The Group assigns the consideration in the contract to the leasing and non-leasing components based on their relative independent prices. For real estate leases in which the Group cannot separate the leasing and non-leasing components, it accounts for them as a single leasing component.

Leasing payments are discounted using the implicit interest rate in the lease. If this rate cannot be easily determined, which is generally the case for the group's leases, the incremental interest rate is used. The incremental interest rate is the interest rate that the lessee would incur at the commencement of the lease if it borrowed, over a period of time, with similar guarantees and in a similar economic environment. The interest was calculated as a combination of the following elements:

- CDS curve of the economic environment
- Euribor Swap Rate Curve.
- Synthetic NH CDS curve.

These elements were combined to obtain an interest rate curve for each contract based on its geoeconomic specificities and from which the calculation process consists of bringing each of the discounted flows to the present value at the interest rate corresponding to each maturity within said curve and calculating which single equivalent rate would be used to discount said flows.

Potential future increases in variable payments for leases based on an index or rate are not included in lease liabilities until they take effect. When the adjustments to the leasing payments based on an index or rate take effect, the leasing liability is assessed again and set against the asset for right of use.

Leasing payments are allocated between principal and financial cost. The financial cost is charged to profit/(loss) during the leasing period in a manner that creates a periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are valued at cost that comprises the following:

- The initial valuation amount of the leasing liability.
- Any leasing payment made on or before the state date, less any incentive to lease received.
- Any initial indirect cost.
- Restoration costs.
- Incentives to lease received from the lessor.
- Provision on onerous contracts

In application of IFRS 16, all rent that does not come under the definition of fixed payments in substance and, therefore, is outside the Group's maximum compulsory commitment, as they are not inevitable, is recorded as an operational expense for the year.

Therefore, the Group records variable rent that is linked to exploitation of the underlying assets as an expense, along with those arising from percentages of sales and other similar reference points. Moreover, all rent that, in application of IFRS 16, are outside the Group's maximum compulsory commitment are recorded as an operational expense for the year.

Variable rents that are not, in essence, fixed and the way in which they may involve a liability for the Group would be that the flows arising from exploitation of the CGU are estimated to be negative and, therefore, the Group would be obliged to record a provision for onerous contracts.

In the event that the Group carries out the sale of a hotel asset with subsequent leasing of it, the value of the leasing liability is calculated in accordance with the criteria set out above, but the value of the asset will be calculated according to the part of the previous book value for the asset retained. Therefore, only the amount of any loss or gain referring to the rights transferred to the purchase/lessor will be recorded as profit/(loss) for the sale. Any substantial amendment to the contract after the transaction for sale and subsequent leasing will be treated in the same way as any contractual change, without affecting the profit/(loss) recorded for the sale.

4.6 Financial Instruments

4.6.1 Financial assets

Financial assets are recognised in the consolidated statement of financial position when they are acquired and initially recognised at their fair value. The financial assets held by Group companies are classified as follows:

- Financial assets at fair value through comprehensive profit or loss or consolidated profit and loss: are those assets acquired by the companies with the objective of obtaining the contractual flows and selling them; or those assets that do not consist exclusively of the payment of the principal and interest and the management model is the sale of the same, in general terms, practically all of the variation in the fair value of the Group's financial assets are recorded with a charge to the consolidated statement of changes in equity. Interest income, exchange rate differences and impairment losses are recognised in the income statement and other gains or losses are recognised in the consolidated statement of profit and loss. Any cumulative gain or loss recognised in equity is reclassified to profit or loss at the time of derecognition.
- Financial assets at amortised cost: assets whose contractual cash flows consist exclusively of principal and interest payments and, if the management model of such assets is to hold them to obtain the contractual flows. In this case, the Group records any changes in value with a charge to the consolidated statement of profit and loss.

Transaction costs at the time of acquisition are recognised as an increase in acquisition cost or as an expense, depending on whether the financial asset being transacted is considered at fair value with changes in the comprehensive profit and loss or consolidated profit and loss.

Fair value of a financial instrument on a given date is construed as the amount for which it could be bought or sold on that same date by two knowledgeable parties acting freely and prudently under conditions of mutual independence.

Interest accrued on financial assets at amortised cost is recognised in the consolidated comprehensive statement of profit and loss on the basis of the effective interest rate. Amortised cost is construed as the initial cost minus any collections or amortisation of the principal, taking into account any potential reductions based on expected loss.

As regards valuation corrections made to trade and other accounts receivable in particular, the criterion used by the Group to calculate the corresponding valuation corrections, if any, generally consists of provisioning according to the expected loss based on the credit risk of the customer portfolio.

The Group derecognises financial assets when the cash flow rights of the corresponding financial asset have expired or have been transferred and the risks and rewards incidental to its ownership have been substantially all transferred.

Conversely, the Group does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in the transfers of financial assets in which the risks and rewards inherent in its ownership are substantially all retained.

Trade debtors and other receivables

Accounts receivable arising from trading operations are initially recorded at their transaction price and, subsequently, a value correction is made for expected credit losses. Expected credit losses—due to the fragmentation of the Group's trade debtors—are estimated taking the history of losses due to non-payment with respect to the Group's sales and open items into account.

Furthermore, the group's credit risk tools are being used, with a default insurance policy for the clients included in the policy, and for which, in the event of there not being certainty about payment, the requirements of the policy to claim the amounts as an "incident" are being followed.

4.6.2 Cash and cash equivalents

"Cash and Cash Equivalents" in the consolidated statement of financial position includes cash, demand deposits and other short-term, highly liquid investments that can be realised in cash quickly and are not subject to a risk of changes in value.

4.6.3 Financial liabilities

Issues of bonds and other securities

Debt issues are initially recognised at the fair value of the consideration received, less the costs directly attributable to the transaction. They are subsequently valued at their amortised cost using the effective interest rate method. Bonds with a maturity date greater than twelve months are classified under non-current liabilities, while those with a maturity date of less than twelve months are included in current liabilities.

In the case of renegotiations, if they were considered non-substantial and consequently did not require the de-recognition of the financial liabilities, the carrying amount of the amortised cost of those financial liabilities at the date of renegotiation is recalculated and a gain or loss due to changes in profit or loss is recognised.

Convertible bond issues are recognised at the time of their issue, distributing the fair value of the consideration received between their equity and liability components, assigning the residual value obtained after deducting the amount established separately for the liability component, from the fair value of these instruments as a whole, to the equity instrument. The value of any derivative embedded in the compound financial instrument other than the equity component will be included in the liability component.

Bank loans

Loans received from banking institutions are recognised at the amount received, net of costs incurred in the transaction. They are subsequently valued at amortised cost. These costs incurred in the transaction and the financial expenses are recognised on an accrual basis in the consolidated statement of profit and loss using the effective interest rate method, and their amount is added to liabilities to the extent to which they are not settled in the period they were produced.

In the case of renegotiations, if they were considered non-substantial and consequently did not require the de-recognition of the financial liabilities, the carrying amount of the amortised cost of those financial liabilities at the date of renegotiation is recalculated and a gain or loss due to changes in profit or loss is recognised.

Trade and other payables

Trade accounts payable are initially recognised at fair value and are subsequently valued at amortised cost using the effective interest rate method.

The Group has contracted confirming operations with various financial entities to manage the payment to suppliers. Trade payables whose payment is managed by financial entities are shown under the entry for trade creditors and other accounts payable, in as far as the Group has only assigned payment management to the financial entities and remains primarily obliged to pay the debt to trade creditors.

Valuation techniques and assumptions applying to the measurement of fair value

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities under standard terms and conditions which are traded in active liquid markets are based on market prices.
- The fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with generally accepted valuation models on the basis of cash flow discounting using the price of observable market transactions and contributor listings of similar instruments.
- In order to determine the fair value of interest rate derivatives, cash flow discounting is used based on the implicit flow determined by the interest rate curve according to market conditions. In order to determine the fair value of options, the Group uses the Black-Scholes valuation model and its variants, using for this purpose market volatilities for the strike and maturity prices of said options.

Any financial instruments valued after their initial recognition at fair value are classified as level 1 to 3 based on the extent to which fair value can be observed:

- Level 1: includes any instruments indexed to listed prices (without adjustment) of identical assets or liabilities in active markets.
- Level 2: includes any instruments indexed to other observable inputs (which are not the listed prices included under Level 1) for assets or liabilities, be it directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: includes any instruments indexed to valuation techniques, which include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4.6.4 Equity instruments

An equity instrument represents a residual interest in the equity of the Parent Company once all its liabilities are subtracted.

Equity instruments issued by the Parent Company are recognised in equity for the amount received, net of the issue expenses.

4.7 Classification of financial assets and liabilities between current and non-current

In the attached consolidated statement of financial position, financial assets and debts are classified on the basis of their maturity; in other words, those with a maturity date equivalent to or less than twelve months are classified as current and those with a maturity date exceeding this are non-current.

4.8 Income and expenses

Income and expenses are recognised on an accrual basis, i.e. when the control of goods and services they represent has been transferred, irrespective of the moment when the monetary or financial flows deriving from them arise.

More specifically, income is calculated at the fair value of the consideration to be received and represents the amounts to be collected for the goods and services delivered within the ordinary framework of operations, subtracting any discounts and taxes.

Sale of rooms and other related services

Income from the sale of rooms and other related services is recognised daily based on the services provided by each hotel, including customers who are still staying at the hotel at the close of each day. In this respect, the Group recognises the income when the service is considered to be provided and, therefore, fulfils the obligation for performance assumed on check-in. Due to this, for example, in the case of an accommodation service that covers several nights, the income is recognised on a daily basis for each one of the overnight stays.

The consideration received is distributed among the contracted services. These include direct services such as room, food, drink and other consumption, and others related to banquets, events and the rental of spaces. Therefore, the obligations are completely separate and they are recorded at the time they occur.

In the case of the sale of several services together, such as, for example, an accommodation service with one for breakfast, the Group, when it makes the offer, sets the price for each one of the obligations assumed, for which reason at the time the services are considered to be provided the income is recorded at the price set beforehand. Solely in the case of promotions where the service is provided "free-of-charge" with the other one, the Group applies a methodology where the consideration is divided using a ratio calculated by hotel based on the costs of the service at that hotel plus an additional margin.

Provision of services

The Group recognizes the income from its hotel management contracts in the year in which the services are provided, based on the evolution of the variables that determines this income and which are mainly the total income and the gross operating profit of each hotel managed by the Group.

Loyalty programme

With regard to the accounting treatment of the "NH Rewards" customer loyalty programme, we consider that if awarding points gives a significant right to the customer, then it effectively pays the company for future goods or services in advance, and the company should recognise the income from ordinary activities when the points are redeemed or when they expire.

Therefore, when the significant right is generated, the Group records a provision for the estimated equivalent value, partly lowering the income from the sale coupled with the issue of the right. When points are redeemed the income from the transaction is recorded and the provision is derecognised.

The estimated value of the significant right is calculated, showing the discount the customer would receive when exercising the option (one Euro for each point the customer has collected) and taking the two following aspects into account:

- any discount the customer may receive without exercising the option; and
- the probability that the option will be exercised.

The amount of the provision relating to the loyalty programme is recorded in current liabilities on the consolidated statement of financial position.

On 1 July 2022 the Group joined the Global Hotel Alliance (GHA), which runs the multi-brand loyalty programme Discovery, and "NH Rewards" became "NH Discovery". This means that the loyalty programme has been outsourced and is now managed by GHA, involving a change to its accounting treatment. To this effect, the Group is no longer responsible for the significant entitlement provided to the customer with the delivery of points, except in the case of promotions that we launch in addition to those made by GHA. The provision related to the loyalty programme at year end is therefore not significant. The existing provision at 31 December 2023 relates to the rights given to customers generated in accordance with that previous described. These rights expire in under 1 year from the close of this financial year.

4.9 Official subsidies

Group companies follow the criteria set out below in recognising official subsidies:

- Non-reimbursable capital subsidies (connected with assets) are valued at the amount granted, recognised as deferred income and taken into profit and loss in proportion to the depreciation of the assets financed by such subsidies during the financial year.
- Operating subsidies are recorded depending on the grounds for them being granted, either as a reduction in the expenses they finance, or as other income.

4.10 Income tax

The cost of the year's gains tax is calculated through the sum of the current tax resulting from applying the tax rate to the taxable income for the year and then applying the relevant tax adjustments according to the law plus any changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences, being any amounts expected to be payable or recoverable due to differences between the carrying amounts of the assets and liabilities and their tax value, as well as tax loss carry-forwards and any credits resulting from unapplied tax deductions. Said amounts are recognised by applying to the relevant temporary difference or credit the tax rate at which they are expected to be recovered or settled.

In some countries, the tax rate varies depending on whether a transfer of assets is made. In these cases, the Group's policy consists of applying the effective tax rate at which they are expected to be recovered or settled. In the opinion of the Parent's Directors, the deferred tax thus calculated covers the amount which may eventually be settled, if any, in the foregoing case.

Deferred tax liabilities for all taxable temporary differences are recognised, except for those in which the temporary difference arises from the initial recognition of goodwill amortisation of which is not tax-deductible or the initial recognition of other operating assets and liabilities which do not affect either the tax or accounting result.

Deferred tax assets identified as temporary differences are recognised only if it is deemed probable that the consolidated entities will make sufficient tax profits in the future to realise them and they do not come from the initial recognition of other assets and liabilities in a transaction which does not affect either the tax or accounting result. The remaining deferred tax assets (negative tax bases and tax credit carryforwards) recognised are those for which it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which they can be utilised, based on information available at the date of preparation of these consolidated financial statements.

The Group offsets deferred tax assets and liabilities if there is a legal right to offset with the tax authorities and such assets and liabilities relate to the same tax authority, and the same taxpayer, or several taxpayers, who intend to settle or realise current tax assets and liabilities for their net amount, or realise assets and settle liabilities simultaneously, in each one of the future years where is expected to settle or recover significant amounts of deferred tax assets or liabilities.

At each year-end, deferred taxes (both assets and liabilities) are reviewed in order to verify that they remain in force and the relevant corrections are made in accordance with the outcome of the analyses conducted.

4.11 Obligations to employees

Spanish hotel companies are obliged to make a specific number of monthly salary payments to those employees who leave the company due to retirement, permanent disability or upon reaching a certain age and having a certain number of years of service and fulfilling certain pre-established requirements.

In this regard and in compliance with Royal Decree-Law 16/2005, the Group has outsourced its pension obligations for its employees' pension plans.

Also, in accordance with Italian law, employees of Italian companies have the right to compensation if they resign or are dismissed.

Its obligations to personnel also include those arising from contracting pension funds for certain employees, which in the Group, mainly affects the business units of Italy and the Netherlands.

Therefore, to provide for these obligations to future payments to personnel, the Group has recognised a liability under "Provisions" (Note 19).

4.12 Onerous contracts

The Group considers onerous agreements to be those in which the inevitable costs of fulfilling the obligations they entail exceed the economic benefits expected from them.

The Group follows the principle of recording a provision at the present value of the aforementioned differences between the costs and benefits of the contract, or the compensation foreseen for abandonment of the contract, if such is decided.

4.13 Treasury shares

Pursuant to IAS 32, treasury shares are presented by reducing the Group's equity. Treasury shares are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in the consolidated statement of profit and loss.

4.14 Provisions for risks and charges

The Group follows the policy of provisioning for the estimated amounts arising from ongoing litigation, indemnities or obligations, as well as for any sureties or guarantees granted by Group companies which could involve the Group in a payment obligation (either legal or implicit), provided the amount can be reliably estimated.

Provisions are quantified based on the best information available on the position and evolution of the events that cause them and are re-estimated at the end of each reporting period, being totally or partially reversed when these obligations cease to exist or decrease.

Contingent liabilities, except in business combinations, are not recognised in the consolidated financial statements, but are reported in the notes to the financial statements, in accordance with the requirements of IAS 37.

4.15 Environmental policy

Investments arising from environmental activities are valued at their original cost and capitalised as increases in the cost of fixed assets or inventory in the financial year in which they are incurred.

Any expenses arising from environmental protection and improvement are recognised in the consolidated statement of profit and loss for the year in which they are incurred, irrespective of the moment when the cash or financial flows deriving from them arise.

Provisions for likely or certain liabilities, ongoing litigation and outstanding indemnities or obligations of an indeterminate amount connected with the environment and not covered by the insurance policies taken out are established at the time the liability or obligation linked to the indemnities or payment arises.

4.16 Consolidated statement of cash flow

The following terms with their corresponding explanation are used in the consolidated statement of cash flow prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operational activities: the typical activities of the entities forming the consolidated group, along with other activities that cannot be classified as investing or financing activities. The group presents confirming activities for trade payables as an operational activity.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

5.- PROFIT/(LOSS) PER SHARE

Profit (Loss) per share is calculated by dividing the net profit or loss attributable to the Group in a period by the weighted average number of shares in circulation during the period, excluding the average number of treasury shares held during the same period.

In accordance with this:

	2023	2022
Net Profit/(Loss) for the year (thousands of euros)	128,124	100,308
Weighted average number of shares in circulation (in thousands)	435,656	435,642
Basic and diluted Earnings/(Losses) per share in euros	0.294	0.230

6.- PROPERTY, PLANT & EQUIPMENT

The breakdown and movements in the year were as follows:

	Thousands of euros				
	Land and buildings	Technical installation	Other fixtures, tools, furniture and others	Property, plant and equipment in progress	Total
Cost, deemed cost, revalued cost	1,613,903	883,084	455,772	32,136	2,984,895
Accumulated amortisation and Impairment losses	(508,807)	(627,620)	(368,219)	(1,701)	(1,506,347)
Net Book Value at 01 January 2023	1,105,096	255,464	87,553	30,435	1,478,548
Cost, deemed cost, revalued cost					
Additions	2,653	47,700	29,310	30,782	110,445
Derecognitions	(1,863)	(12,301)	(23,387)	—	(37,551)
Changes in the scope of consolidation	110,898	3,361	1,932	718	116,909
Transfers	2,765	8,105	10,344	(21,384)	(170)
Exchange differences and IAS 29 impact	(37,798)	(20,309)	(4,230)	235	(62,102)
Accumulated amortisation and Impairment losses					
Additions	(22,104)	(42,996)	(28,571)	—	(93,671)
Derecognitions	1,553	11,080	22,984	—	35,617
Reversal of impairment losses recognised in profit and loss (Note 10)	12,946	(1,229)	(826)	(205)	10,686
Changes in the scope of consolidation	—	—	—	—	—
Transfers	—	—	—	—	—
Exchange differences and IAS 29 impact	12,183	14,424	4,392	72	31,071
Balance at 31 December 2023	1,186,329	263,299	99,501	40,653	1,589,782
Cost, deemed cost, revalued cost					
1,690,558	909,640	469,741	42,487	3,112,426	
Accumulated amortisation and Impairment losses	(504,229)	(646,341)	(370,240)	(1,834)	(1,522,644)
Net Book Value at 31 December 2023	1,186,329	263,299	99,501	40,653	1,589,782

	Thousands of euros				
	Land and buildings	Technical installation	Other fixtures, tools, furniture and others	Property, plant and equipment in progress	Total
Cost, deemed cost, revalued cost	1,619,396	869,889	456,270	17,758	2,963,313
Accumulated amortisation and Impairment losses	(490,347)	(598,485)	(355,622)	—	(1,444,454)
Net Book Value at 01 January 2022	1,129,049	271,404	100,648	17,758	1,518,859
Cost, deemed cost, revalued cost					
Additions	688	14,756	9,705	23,166	48,315
Derecognitions	(21,222)	(17,098)	(16,180)	(251)	(54,751)
Changes in the scope of consolidation	(19,362)	(5,132)	(1,512)	—	(26,006)
Transfers	2,325	6,965	2,113	(8,551)	2,852
Exchange differences and IAS 29 impact	32,078	13,704	5,376	14	51,172
Accumulated amortisation and Impairment losses					
Additions	(20,291)	(41,761)	(27,574)	—	(89,626)
Derecognitions	3,056	16,421	15,730	—	35,207
Reversal of impairment losses recognised in profit and loss (Note 10)	5,227	(1,970)	1,606	(436)	4,427
Changes in the scope of consolidation	1,850	4,577	1,469	—	7,896
Transfers	528	6	731	(1,265)	—
Exchange differences and IAS 29 impact	(8,830)	(6,408)	(4,559)	—	(19,797)
Balance at 31 December 2022	1,105,096	255,464	87,553	30,435	1,478,548
Cost, deemed cost, revalued cost	1,613,903	883,084	455,772	32,136	2,984,895
Accumulated amortisation and Impairment losses	(508,807)	(627,620)	(368,219)	(1,701)	(1,506,347)
Net Book Value at 31 December 2022	1,105,096	255,464	87,553	30,435	1,478,548

The main additions during the year relate to the acquisition of Anantara Vilamoura Algarve Resort, Tivoli Lagos Algarve Resort, NH Marina Portimão Resort, NH Sintra Centro and Tivoli The Residences at Victoria Golf Club in Portugal and NH Savona Darsena in Italy, and to the renovation and new openings of hotels. In Southern Europe, the repositioning of the Avani Alonso Martínez in Spain and the Anantara Amalfi, NH Vittorio Veneto and NH Trieste in Italy stand out. In Benelux, the refurbishment of the NH Amsterdam Leidseplein, NH City Centre and Amsertdam Zuid hotels in the Netherlands and NH Brussels Eu Berlaymont in Belgium stand out. In Central Europe, highlights include the openings of the NH Collection Frankfurt Spin Tower and the refurbishments of the NH Collection Frankfurt, NH Collection Heidelberg, NH Berlin Kurfuerstendamm and Nhow Berlin in Germany, and the repositioning of the NH Genera Airport in Switzerland. In Latin America, main developments were the refurbishment of the NH Collection Lancaster in Argentina and NH Collection Monterrey in Mexico.

The main derecognitions during the year relate to asset retirements in connection with hotel refurbishments carried out over the course of the year.

The effect on the profit and loss account of assets derecognised, replaced or disposed of to third parties outside the Group was a loss of 374 thousand euros (a profit of 1,267 thousand euros in 2022), recognised under "Profit/(loss) on the disposal of non-current assets" in the 2023 consolidated statement of profit and loss.

At 31 December 2023, there were mortgages on tangible fixed asset elements with a net book value of 144 million euros (149 million euros in 2022) (Note 16).

The Group has taken out insurance policies to cover any possible risks to which the different elements of its tangible fixed assets are subject, and to cover any possible claims that may be filed against it in the course of its activities. These policies sufficiently cover the risks to which the Group is exposed.

At 31 December 2023, firm investment undertakings amounted to 29.4 million euros. These investments will take place between 2024 and 2025 (69.2 million euros in 2022).

7.-LEASES

The breakdown and movements under this heading were as follows:

	Thousands of euros		
	Real estate	Premiums for contracts and other rights	Total
Cost	4,154,490	73,267	4,227,757
Accumulated amortisation and Impairment losses	(2,591,601)	(52,545)	(2,644,146)
Net Book Value at 01 January 2023	1,562,889	20,722	1,583,611
Cost			
Additions	236,391	—	236,391
Derecognitions	(29,135)	—	(29,135)
Transfers	—	—	—
Conversion differences	7,315	—	7,315
Accumulated amortisation and Impairment losses			
Additions	(183,826)	(2,339)	(186,165)
Derecognitions	29,135	—	29,135
Reversal of impairment losses recognised in profit and loss (Note 10)	(1,727)	—	(1,727)
Transfers	—	—	—
Conversion differences	(4,033)	—	(4,033)
Balance at 31 December 2023	1,617,009	18,383	1,635,392
Cost	4,369,061	73,267	4,442,328
Accumulated amortisation and Impairment losses	(2,752,052)	(54,884)	(2,806,936)
Net Book Value at 31 December 2023	1,617,009	18,383	1,635,392

	Thousands of euros		
	Real estate	Premiums for contracts and other rights	Total
Cost	4,135,869	73,267	4,209,136
Accumulated amortisation and Impairment losses	(2,566,873)	(49,918)	(2,616,791)
Net Book Value at 01 January 2022	1,568,996	23,349	1,592,345

Cost			
Additions	168,022	—	168,022
Derecognitions	(156,122)	—	(156,122)
Transfers	(2,866)	—	(2,866)
Conversion differences	9,587	—	9,587
Accumulated amortisation and Impairment losses			
Additions	(171,717)	(2,627)	(174,344)
Derecognitions	153,725	—	153,725
Reversal of impairment losses recognised in profit and loss (Note 10)	1,249	—	1,249
Transfers	—	—	—
Conversion differences	(7,985)	—	(7,985)
Balance at 31 December 2022	1,562,889	20,722	1,583,611
Cost	4,154,490	73,267	4,227,757
Accumulated amortisation and Impairment losses	(2,591,601)	(52,545)	(2,644,146)
Net Book Value at 31 December 2022	1,562,889	20,722	1,583,611

	Balance at 01/01/2023	Expenses for interest (Note 24.3)	Changes	Rent payments	Exchange rate differences	Balance at 31/12/2023
Lease liabilities	1,895,592	85,608	246,789	(272,560)	3,432	1,958,861
	Balance at 01/01/2022	Expenses for interest (Note 24.3)	Changes	Rent payments	Exchange rate differences	Balance at 31/12/2022
Lease liabilities	1,925,353	81,073	157,965	(271,188)	2,389	1,895,592

The main recognitions for the year are due to the opening of several hotels on a lease basis. Highlights include the opening of NH Collection Frankfurt Spin Tower in Germany, Tivoli Portopiccolo Sistiana Resort in Italy and NH Bern The Bristol in Switzerland, and the contract extensions of NH Collection President and NH Collection Palazzo Cinquecento in Italy and NH Collection Colón in Spain. The year saw the closures of NH Madrid Sur, NH Cartagena and NH Turcosa in Spain.

The main impacts on the accompanying consolidated statement of profit and loss relating to the application of IFRS 16 are a higher depreciation expense of 186,165 thousand euros (174,344 thousand euros in 2022), a higher financial expense of 85,608 thousand euros (81,073 thousand euros in 2022) (Note 23.3), and a net asset impairment charge of (1,727) thousand euros (reversal of net asset impairment of 1,249 thousand euros in 2022).

The amounts recorded as right-of-use assets correspond to properties where the Group is a lessee for its operation as a hotel.

Short-term leases and low-value leases are recognised as an expense in the consolidated profit and loss account on a straight line basis. A short-term lease contract is one where the period is less than or equal to 12 months. A “low value contract” is one whose underlying asset assigned in use would have a new value of under 5 thousand euros. The impact recorded on the attached consolidated statement of profit and loss for leases totals an expense of 201,905 thousand euros (126,541 thousand euros income in 2022) (Note 23.2).

Furthermore, in the lease agreements, there are no restrictions or imposed clauses and no sales transactions with subsequent leasing were carried out during the financial year.

Future cash output that the lessee is potentially exposed to, and which are not shown in the valuation of lease liabilities, exclusively relate to payments for variable leasing. Therefore, future gross payments estimated for the next 5 years total 1,012 million euros. Nevertheless, these expenses will result in higher income and produce higher profits.

The Group has not granted any options to extend and terminate, or guarantees of residual value. There are leases that have not commenced, for which the Group has undertaken gross lease payments of 54,825 thousand euros in a period of 1 to 5 years, and 237,304 thousand euros in a period of more than 5 years.

8.- GOODWILL

The balance included under this item corresponds to the net goodwill arising from the acquisition of businesses of certain companies, and breaks down as follows:

	Thousands of euros	
	2023	2022
NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH	47,657	55,921
Grupo Royal	23,517	19,427
Boscolo Hotels	11,249	10,920
Others	3,274	3,220
Total	85,697	89,488

The movements in this heading of the consolidated statement of financial position in the financial year were as follows:

	Thousands of euros			
	Goodwill 1/1/2023	Currency translation difference	Impairment (Nota 10)	Goodwill 31/12/2023
NH Hoteles Deutschland, GmbH y NH Hoteles Austria, GmbH	55,921	—	(8,264)	47,657
Grupo Royal	19,427	4,090	—	23,517
Boscolo Hotels	10,920	329	—	11,249
Otros	3,220	54	—	3,274
Total	89,488	4,473	(8,264)	85,697

	Thousands of euros			
	Goodwill 1/1/2022	Currency translation difference	Impairment (Nota 10)	Goodwill 31/12/2022
NH Hoteles Deutschland, GmbH y NH Hoteles Austria, GmbH	58,888	—	(2,967)	55,921
Grupo Royal	22,494	(3,067)	—	19,427
Boscolo Hotels	11,571	(651)	—	10,920
Otros	3,174	46	—	3,220
Total	96,127	(3,672)	(2,967)	89,488

Details of the cash-generating units to which such goodwill arising on consolidation has been allocated is shown below:

	Thousands of euros	
	2023	2022
Grupo Royal CGUs	23,517	19,427
Group CGUs (Boscolo Hotels)	11,249	10,920
CGU 6	13,587	13,587
CGU 21	6,570	9,929
CGU 12	5,285	6,272
CGU 5	2,996	2,996
CGU 13	4,605	5,286
CGU 2	5,027	5,023
CGUs with goodwill allocated individually < €4 M	12,861	16,048
Total	85,697	89,488

9.- OTHER INTANGIBLE ASSETS

The breakdown and movements under this heading were as follows:

	Thousands of euros				
	Rights of use	Concessions, patents and trademarks	Software applications	Other rights	Total
Cost, deemed cost, revalued cost	87,482	36,449	112,225	17,039	253,195
Accumulated amortisation and Impairment losses	(10,031)	(31,800)	(89,773)	(1,321)	(132,925)
Net Book Value at 01 January 2023	77,451	4,649	22,452	15,718	120,270
Cost, deemed cost, revalued cost					
Additions	100	262	12,608	—	12,970
Derecognitions	(1,428)	(5)	(114)	—	(1,547)
Changes in the scope of consolidation	12,719	23	8	—	12,750
Transfers	—	73	97	—	170
Exchange differences and NIC 29 impact	4,369	769	(52)	—	5,086
Accumulated amortisation and Impairment losses					
Depreciation and amortisation charge	(2,373)	(689)	(9,428)	—	(12,490)
Derecognitions	—	5	114	—	119
Impairment losses recognised in profit and loss	(52)	(325)	—	491	114
Changes in the scope of consolidation	—	—	—	—	—
Transfers	—	(294)	294	—	—
Exchange differences and NIC 29 impact	(1,151)	(296)	51	—	(1,396)
Balance at 31 December 2023	89,635	4,172	26,030	16,209	136,046
Cost, deemed cost, revalued cost	103,242	37,571	124,772	17,039	282,624
Accumulated amortisation and Impairment losses	(13,607)	(33,399)	(98,742)	(830)	(146,577)
Net Book Value at 31 December 2023	89,635	4,172	26,030	16,209	136,046

	Thousands of euros				
	Rights of use	Concessions, patents and trademarks	Software applications	Other rights	Total
Cost, deemed cost, revalued cost	92,292	36,814	105,484	17,039	251,629
Accumulated amortisation and Impairment losses	(8,484)	(34,917)	(79,223)	(2,057)	(124,681)
Net Book Value at 01 January 2022	83,808	1,897	26,261	14,982	126,948
Cost, deemed cost, revalued cost					
Additions	—	147	6,906	—	7,053
Derecognitions	(1,044)	—	(343)	—	(1,387)
Changes in the scope of consolidation	(88)	—	—	—	(88)
Transfers	—	32	141	—	173
Exchange differences and NIC 29 impact	(3,678)	(544)	37	—	(4,185)
Accumulated amortisation and Impairment losses					
Depreciation and amortisation charge	(2,401)	(424)	(10,482)	—	(13,307)
Derecognitions	—	—	92	—	92
Impairment losses recognised in profit and loss	—	3,622	—	484	4,106
Changes in the scope of consolidation	28	—	—	—	28
Transfers	—	(283)	(128)	252	(159)
Exchange differences and NIC 29 impact	826	202	(32)	—	996
Balance at 31 December 2022	77,451	4,649	22,452	15,718	120,270
Cost, deemed cost, revalued cost	87,482	36,449	112,225	17,039	253,195
Accumulated amortisation and Impairment losses	(10,031)	(31,800)	(89,773)	(1,321)	(132,925)
Net Book Value at 31 December 2022	77,451	4,649	22,452	15,718	120,270

9.1 Software applications

The most significant additions in this financial year regarding software applications were a result of investments made in digitisation and improvement to the customer journey experience, and digitisation and optimisation of operating processes to gain sustainability, mobility and include customer care.

9.2 Usufruct Rights

The most significant difference in usufruct rights is the result of changes in the scope of consolidation due to the acquisition of Minor Continental Holding, S.à.r.l., Hotelagos, S.A., Minor Hotels Portugal, S.A. and Minor Luxury Hotels Vilamoura, S.A. associated with the acquisition of the hotels Anantara Vilamoura Algarve Resort, Tivoli Lagos Algarve Resort, NH Marina Portimão Resort, NH Sintra Centro and Tivoli The Residences at Victoria Golf Club (see Notes 2.9.5 and 24).

9.3 Other rights

Other rights: include rights relating to lease agreements as a result of business combinations in Italy.

10.- IMPAIRMENT

The Group evaluates the possible existence of a loss of value each year that would oblige it to reduce the carrying amounts of its tangible and intangible assets or reverse them, if appropriate. A loss is deemed to exist when the recoverable value is less than the carrying amount. The recoverable value of the assets is the greater of their fair value less the costs of transfer or disposal by another means and their value in use.

The value in use is calculated from the estimated future cash flows, discounted at a discount rate after tax that reflects the current market valuation with respect to the value of money and the specific risks associated with the asset, covering a five-year period and a perpetual value, except in the case of leased hotels that correspond to the term of the lease, a perpetual value therefore not being considered in the latter. Value in use has been calculated for the CGUs with an indication of impairment and for those related to the recoverability of the Group's goodwill.

The most commonly used valuation criterion to determine the fair value of the assets owned has been the value in use (discounted cash flow), and in some cases the recoverable value has been used.

10.1 Key assumptions used

The evolution of the key assumptions in the analysed hotels has taking the business knowledge of Group Management into account as well as the continued recovery expected in the sector. In this respect, the projections assumed are based on the Group's budget exercise for 2024.

On the other hand, the increase in inflation in 2023 was taken into account and its future forecast to estimate the costs of the projections and, therefore, operational margins, with the increase seen in the price of supplies of products and services, particularly energy, being the most significant as they have drastically increased in Europe due to the geopolitical situation in Eastern Europe, and are reflected in the services with a high energy use, for example, laundry. Other operational costs affected by the pressure of inflation are salaries, due to the increase in the minimum wage, and the rents for leased hotels, amongst others.

The strong positioning of the countries where the Group has a presence, the good locations of the portfolio and the high level of recognition of its brands are key factors for continuing with a business strategy that focusses on maximising average rates per room, as well as identifying measures for efficiency in operational costs based on continuous investment in digitisation and systems, supporting ourselves on the economy of scale due to the extensive presence in the main countries.

There are a number of factors that are considered by the Group's Management to make the projections, which are:

- Estimate of external sources specialising in the hotel sector, along with investment banks with reference to the recovery of the hotel sector.
- Knowledge of the business/asset/local situation of the local Management of each Business Unit to which each CGU belongs.
- Historical results obtained by the CGUs.
- Investments in repositioning the CGUs..

These factors are reflected in the cash flows through the following working hypotheses used to obtain the projections:

- Income from accommodation is projected as the product of percentage occupation, and average rate per room ("ADR" Average Daily Rate: is the ratio of the total income from rooms in a specific period divided by the rooms sold in that specific period) and the total rooms available per year.
- The other revenues are projected based on the average of the relationship between the revenue from accommodation and those revenues.
- Personnel expenses are calculated on the basis of the average cost for personnel plus the relevant increase in each country referenced to the collective employment agreement for each year.
- Fixed expenses increase with the inflation forecast in each country according to the International Monetary Fund (IMF) estimate in its report published in October each year for the next 5 years, and variable expenses are projected on the basis of the evolution of income. With respect to energy expenses, a gradual correction downwards has been estimated for 2024-2026 until a return to normal levels prior to the geopolitical conflict in Eastern Europe.
- For its part, tax is calculated from the tax rates applicable in each country.

The discount rates were calculated by a third party using the Weighted Average Cost of Capital (WACC) methodology: Weighted Average Cost of Capital (WACC), as follows:

$$WACC = Ke * E / (E + D) + Kd * (1 - T) * D / (E + D)$$

Where::

Ke: Cost of Equity

Kd: Cost of Debt

E: Equity Amount

D: Debt Amount

T: Tax Rate

The Capital Asset Pricing Model (CAPM) is used to estimate the cost of equity (ke).

The main variables used by a third party to calculate the discount rate are as follows:

- Risk-free rate: The risk-free rate is standardised to show the average sustainable performance of the long-term bonds issued by governments and considered to be "safe" (usually those classified as AAA by the main ratings agencies).
 - For European countries, a rate of 3% has been considered as the long-term yield on German government bonds on the valuation date.
 - For non-European countries, the yield on long-term US government bonds of 4.7% at the valuation date has been considered. For these countries, the inflation differential with the US is also applied.
- Market risks premium: defined at 5.5% for rates in EUR and USD, based on a wide range of financial information, multiple methodologies and economic and financial market conditions at December 2023.
- Beta or systematic risk: Using a sample of listed companies whose businesses are comparable, the sector's risk differential is estimated in relation to the average risk on the global market. To calculate the WACC of leased hotels, a sample of traditional hotel companies is considered as comparables. In addition to this group, for the calculation of the WACC of owned hotels, a sample of real estate investment trusts (REITs) is included as comparables to reflect the real estate contribution to the business. Bloomberg's historic betas were taken as a reference (weekly data at 2 years). Given that these betas are leveraged, they have been de-leveraged taking into account the average historical debt/capital structure for each company over 2 years.
- The capital structure applied was estimated on the basis of the capital structure of the comparable companies, taking the proportion of debt with interest, preferential capital and ordinary capital of these companies that are listed on the stock exchange into consideration. The average capital structure applied is 56% for Own Funds and 44% for Debt for the group of owned hotel comparables, and 84% for Equity and 16% for Debt for the group of leased hotel comparables.
- In addition, the local rate for corporation tax on the valuation date in each country was considered.
- To calculate the Cost of Debt, a debt spread of 1.6% is applied for the comparable group of owned hotels and 1.4% for the comparable group of leased hotels, calculated as the average spread of the bond issues of the comparable group.

Below are the pre-tax discount rates of the major countries:

	Discount rate before taxes:				
	Germany	Netherlands	Italy	Spain	Colombia
2023	9,35%-10,10%	7,61%-8,36%	10,91%-11,66%	13,76%-14,51%	15,39%
2022	9,89% - 10,64%	7,43% - 8,43%	11,58% - 12,58%	10,29% - 11,29%	15,47%

The evolution of the key assumptions in hotels with indications of impairment at 31 December in the major countries in euros was as follows:

	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Germany		Netherlands		Italy		Spain		Colombia	
Post-tax WACC	5,75% - 6,50%	5,5% - 6,25%	5,75% - 6,50%	5,5% - 6,5%	7,75% - 8,50%	7,5% - 8,5%	7,25% - 8,00%	7% - 8%	11,25%	11,5%
Growth rate (g)	1,99%	1,95%	2,00%	2,00%	2,00%	2,00%	1,70%	1,70%	2,96%	2,96%
Average ADR (years of projection)	115.9	127.6	134.2	91.1	180.3	166.2	132.2	115.3	91.8	63.7
Average Occupancy Rate (years of projection)	67.5%	70.8%	70.6%	62.2%	61.6%	68.9%	72.7%	75.0%	73.0%	69.7%

In Europe, the post-tax discount rates used by the Group for these purposes range from 4.75% (Switzerland) to 11.00% (Romania) (3.75% and 11.00% in 2022), and in Latin America from 9.0% (Chile) to 14.50% (Ecuador) (9.25% and 17% in 2022), without taking into account Argentina, whose post-tax discount rate has been calculated considering its hyperinflationary economic situation, varying between 217% in 2024 and 40.75% in 2028, and is standardised at 31.50% for the perpetuity calculation based on the inflation estimate. In this regard, the cash flows resulting from the impairment tests were also calculated after tax. In addition, the book value to which the value-in-use is compared does not include any deferred tax liabilities which could be associated with the assets.

Using a post-tax discount rate and post-tax cash flows is consistent with paragraph 51 of IAS 36, which states that "estimated future cash flows will reflect assumptions that are consistent with the manner of determining the discount rate". In addition, the result of the post-tax flows updated at a post-tax discount rate would obtain uniform results with respect to

the impairment test if a pre-tax rate were used and, therefore, the impairment and reversion accounting records would be uniform.

10.2 Sensitivity analysis

Furthermore, the Group has carried out a sensitivity analysis for each of the CGUs, and for the groups of CGUs where goodwill is allocated.

For each scenario, each hypothesis has been considered individually, recording the impact on impairment for each of them. Scenario 1 is a negative one where the discount rate is raised 100 b.p. above the rate used in the test and a growth rate lower by 100 b.p., i.e. with minimum growth, and falls in occupancy of 100 b.p. and ADR of 1% which would lead to additional impairment to that registered in 2023.

In the case of Scenario 2, this is a positive one where the discount rate is 100 b.p. below the rate used in the test, a growth rate higher than 100 b.p., with increases in occupancy of 100 b.p. and ADR of 1% which would lead to lower impairment to that registered in 2023.

A sensitivity analysis of the results of the impairment analysis given variations in the following scenarios, including the impacts that the amendment of each scenario would have without affecting the rest, for the main goodwill, is set out below:

NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH					
	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	5,75%-6,50%	6,75%-7,50%	(1,405)	4,75%-5,50%	1.808
Growth rate	1,99%-2,01%	0,99%-1,01%	(2,714)	2,99%-3,01%	4.144
Occupancy rate	73,7%-76,33%	72,70%-75,33%	(2,140)	74,7%-77,33%	2.726
ADR (euros)	142,01-171,01	155.0	(1,641)	158.1	2.04

Grupo Royal					
	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	9,75%-14,25%	10,75%-15,25%	—	—	—
Growth rate	1,51%-3,00%	0,51%-2,00%	—	—	—
Occupancy rate	70,0%	69,0%	—	—	—
ADR (euros)	85,51	84,7	—	—	—

Boscolo Group					
	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	6,5%-8,5%	7,5%-9,5%	—	—	—
Growth rate	1,59%-3,06%	0,59%-2,06%	—	—	—
Occupancy rate	75,0%	74,0%	—	—	—
ADR (euros)	438,69	434,4	—	—	—

In addition, a sensitivity analysis of the results of the impairment analysis of the most significant CGUs that have associated property, plant and equipment, intangible assets and rights of use is set out below:

Sensitivity analysis of tangible and intangible assets and rights of use

	Average values				
	Impairment test	Assumption Scenario 1	Results Scenario 1	Assumption Scenario 2	Results Scenario 2
After-tax discount rate:	5,75%-217%	6,75%-218%	(25.098)	4,75%-216%	20.057
Growth rate	1,59%-6,40%	0,59%-5,40%	(25.369)	2,59%-7,4%	17.949
Occupancy rate	68.0%	67.0%	(10.451)	69.0%	7.775
ADR (euros)	156,1	154,5	(8.825)	157,6	7.602

The high range of the discount rate corresponds to the discount rate of Argentina due to the hyperinflationary economic situation.

10.3 Impairment losses

If the recoverable amount of an asset is estimated to be lower than its carrying amount, the latter is reduced to the recoverable amount by recognising the corresponding reduction through the consolidated statement of profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the limit of the original value at which such asset was recognised before the loss of value was recognised.

The Group recognised a net reversal of impairment of 810 thousand euros (6,815 thousand euros in 2022) as summarised below:

- Property, plant and equipment: an impairment reversal amounting to 17,488 thousand euros was recognised in 2023 for certain property, plant and equipment due to improved future cash flow expectations mainly in Southern Europe, as well as an allocation of 6,802 thousand euros, both recorded under "Net gain/(loss) on impairment of assets" in the consolidated statement of profit and loss (allocation of 17,457 thousand euros and reversal of 21,884 thousand euros in 2022).
- Right-of-use assets: an impairment allocation was recorded for Rights of use of 1,995 thousand euros and a reversal of 268 thousand euros (Right-of-use impairment reversal of 1,413 thousand euros and an allocation of 164 thousand euros in 2022) (Note 7).
- Goodwill: the Group recognised an impairment loss of 8,264 thousand euros on goodwill for NH Hoteles Deutschland, GmbH and NH Hoteles Austria, GmbH (2,967 thousand euros in 2022). This impairment arises from their worsening expectations of future cash flows mainly due to the opening of competitor hotels and the worsening of the outlook.
- Other intangible assets: a reversal of impairment losses of 491 thousand euros and an allocation of 377 thousand euros (reversals of 4,106 thousand euros in 2022) were recognised under "Net Gains/(Losses) on asset impairment" of the consolidated statement of profit and loss for 2023.

The balance of impairment to property, plant and equipment at 31 December is as follows:

	Thousands of euros	
	2023	2022
Spain	2,363	3,460
Italy	25,866	36,380
Germany	12,791	9,529
Benelux	8,829	10,674
Latin America	12,187	20,548
Others	—	—
Total impairment	62,036	80,591

The recoverable amount of the CGUs subject to impairment or reversal (not the entire portfolio of the Group) is as follows:

	Thousands of euros
	2023
TOP 10	
CGU 35	82.2
CGU 29	24.1
CGU 32	20.2
CGU 39	19.8
CGU 37	17.3
CGU 38	15.1
CGU 45	13.5
CGU 46	11.4
CGU 47	10.3
CGU 48	8.0
Subtotal	221.9
Other CGUs by country	
Spain	16.6
Italy	11.6
Benelux	0.6
Germany	4.9
LatAm	31.7
Other Countries	10.8
Subtotal	76.2
Total	298.1

II.- INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associated companies at the close of the year are shown below:

Company	Activity centre	Share percentage	Relationship nature	Thousands of euros	
				2023	2022
Mil Novecientos Doce, S.A. de C.V.	CDMX, México	25 %	Associate	2,831	2,068
Consortio Grupo Hotelero T2, S.A. de C.V.	CDMX, México	10 %	Associate	2,307	1,931
Inmobiliaria 3 Poniente, S.A. de C.V.	Puebla, México	17 %	Associate	258	139
Hotelera del Mar, S.A.	Mar de Plata, Argentina	20 %	Associate	276	482
Borokay Beach, S.L.	Madrid, España	50 %	Associate	928	929
Sotocaribe, S.L.	Madrid, España	36 %	Associate	37,119	36,386
Total				43,719	41,935

The impact recorded on the consolidated statement of profit and loss for the financial year due to consolidation of these holdings was a profit of 815 thousand euros (449 thousand euros loss in 2022), recorded under the heading "Share of profit/(loss) from entities accounted for using the equity method". These shareholdings also increased in 2023 by 969 thousand euros due to the effect of the exchange differences and accruals (1,462 thousand euros in 2022).

On 1 July 2022, the sale of the minority shareholding in Kensington Hotel Value Added I, Ltd was completed, for the price of 12 million euros. The net result of the transaction was a consolidated profit of 11 thousand euros (Note 2.9.5). This investment was fully impaired at the end of the 2021 financial year.

The Group's policy on holdings in associated companies consists of ceasing to book losses in these companies if the associated company's consolidated losses attributable to the Group are equivalent to or exceed the cost of its holding in them, provided there are no additional contingencies or guarantees connected with existing losses.

The financial statement of these key companies accounted for using the equity method at year-end is as follows:

Company	Current Assets	Non-Current Assets	Thousands of euros			
			Current Liabilities	Non-Current Liabilities	Equity	Net Profit (Loss)
Mil Novecientos Doce, S.A. de C.V.	667	8,065	2,053	6	6,673	2,076
Consorcio Grupo Hotelero T2, S.A. de C.V.	5,207	19,259	3,986	7,527	12,953	1,531
Inmobiliaria 3 Poniente, S.A. de C.V.	866	14,208	797	5,443	8,834	591
Hotelera del Mar, S.A.	694	3,462	480	750	2,926	—
Borokay Beach, S.L.	959	1,104	92	115	1,856	—
Sotocaribe, S.L.	10,220	245,838	1,147	48,606	206,305	120

12.- OTHER NON-CURRENT FINANCIAL ASSETS

The composition of this heading on the financial statement was as follows:

	Thousands of euros	
	2023	2022
Financial assets at fair value with change in profit/loss (Note 12.1)	1,340	1,340
Other financial assets at amortised cost (Note 12.2)	32,996	35,442
Total	34,336	36,782

12.1 Financial assets at fair value with change in profit/loss

The composition of this heading on the financial statement was as follows:

	Thousands of euros	
	2023	2022
NH Panamá, S.A.	3,767	3,767
Otras inversiones	758	758
Deterioro de valor	(3,185)	(3,185)
Total	1,340	1,340

In regard to the fair value of financial assets, it does not differ significantly from its cost.

12.2 Other financial assets at amortised cost

The breakdown of this heading is as follows:

	Thousands of euros	
	2023	2022
Subordinated loans to companies owning hotels operated by the Group through leases	9,572	10,627
Long-term deposits and sureties	21,880	23,016
Others	1,544	1,799
Total	32,996	35,442

The "Subordinated loans to companies owning hotels operated by the Group through leases" item includes a series of loans granted by the Group to companies which own hotels in countries such as Germany, Austria, the Netherlands, Italy and Spain, and which are operated by the Group under a leasing agreement.

The main features of these agreements are as follows:

- Hotel rentals are not subject to evolution of the inflation rate or to that of any other index.
- The aforementioned subordinated loans accrue interest at a fixed rate of 3% per annum.
- Lease agreements establish a purchase right on properties subject to agreements that, as a general rule, may be executed in the fifth, tenth and fifteenth year from the entry into force of the agreement.
- The model used for these lease agreements has been analysed and independent experts consider them to be operating leases. These hotels are covered by the scope of IFRS 16 and, therefore, from the transition date involve recording a right of use asset and a leasing liability.

The decrease in "Long-term deposits and sureties" is explained by the return of sureties during the year.

13.- TRADE DEBTORS AND OTHER RECEIVABLES

This item reflects different accounts receivable from the Group's operations. Its detail is as follows:

	Thousands of euros	
	2023	2022
Trade receivables for services provided	132,030	108,730
Less: impairment on accounts receivable	(4,621)	(4,398)
Trade receivables	127,409	104,332
Other non-trade debtors	26,767	22,640
Public administration receivables (Note 17)	32,226	33,343
Accounts receivable from related entities (Note 24)	3,234	5,719
Total	189,636	166,034

As a general rule, these receivables do not accrue interest and are due at less than 90 days with no restrictions on how they may be availed.

The movement for impairment on accounts receivable during the year was as follows:

	Thousands of euros	
	2023	2022
Balance at 1 January	4,398	7,319
Conversion differences	6	6
Additions	4,112	1,182
Applications	(3,895)	(4,109)
Balance at 31 December	4,621	4,398

The analysis of the ageing of financial assets in arrears but not considered impaired in the financial year is as follows:

	Thousands of euros	
	2023	2022
Less than 30 days	20,054	12,733
From 31 to 60 days	4,259	10,101
More than 60 days	15,495	11,261
Total	39,808	34,095

In this regard, the impairments recorded take into account all the expected losses on the balances of trade receivables on the financial statement. The remaining accounts included under the accounts receivable heading do not have assets that have undergone impairment.

14.- CASH AND CASH EQUIVALENTS

The breakdown of this heading is as follows:

	Thousands of euros	
	2023	2022
Cash and banks	106,581	183,111
Current deposits maturing in under three months	109,410	118,652
Total	215,991	301,763

These assets are recognised at their fair value.

The Group's liquidity position at 31 December 2023 is based on the following points:

- The group had cash and cash equivalents amounting to 215,991 thousand euros (broken down above).
- Available in undrawn credit facilities to the amount of 303,987 thousand euros (Note 16).

There are no restrictions on how cash may be used. There is 358 thousand euros reserved in accordance with a firm commitment with the co-owners of Hoteles Royal (3,432 thousand euros in 2022) for future investments in the hotels.

As a result of the enactment of Royal Decree 1558/2012 of 15 November, of Article 42 bis of Royal Decree 1065/2007 of 27 July, approving the General Regulations on tax management, inspection and procedures, and implementing the common rules of the procedures for applying taxes, which establishes certain reporting obligations with regard to overseas assets and rights, among others, it is disclosed that some members of the NH Hotel Group S.A. Board of Directors have the right, as representatives or authorised officials, to dispose of bank accounts located abroad, which are in the name of Group companies. The reason certain Board members have the right to dispose of overseas bank accounts is that they are directors or board members of said subsidiaries.

NH Hotel Group S.A. holds other accounting documents, namely the consolidated financial statements, from which sufficient data can be extracted in relation to the aforementioned accounts.

15.- EQUITY

15.1 Subscribed share capital and issue premium

Subscribed capital

NH Hotel Group, S.A. share capital at the end of 2023 comprised 435,745,670 fully subscribed and paid up bearer shares with a par value of 2 euros each. All these shares carry identical voting and economic rights and are traded on the Continuous Market of the Spanish Stock Exchanges.

According to the most recent notifications received by the Parent Company and the communications submitted to the Spanish National Securities Market Commission (CNMV) prior to the end of each reporting period, the main shareholdings at 31 December were as follows:

	2023	2022
Minor International Public Company Limited ("MINT")	95.87 %	94.13 %

The aforementioned (indirect) shareholding of MINT in NH Hotel Group, S.A. is the result of the IPO made by MHG Continental Holding (Singapore) Pte Ltd. on 11 June 2018 for 100% of the shares that were part of the share capital of NH Hotel Group, S.A., the result of which was that MINT acquired, through its wholly owned subsidiary MHG Continental Holding (Singapore) Pte. Ltd., shares representing 94.13% of the share capital of NH Hotel Group, S.A.

In addition, on 8 May 2023, MINT announced its decision to begin a purchase process in the market for shares in NH Hotel Group over a period of 30 days. As a result, between 10 May and 8 June 2023, MINT purchased 7,544,225 shares and increased its position in NH Hotel Group to 417,728,222 representative shares or 95.87% of the share capital of NH Hotel Group.

Share premium

The Capital Companies Act expressly permits the use of the share premium to increase share capital and does not establish any specific restrictions as to its use.

15.2 Dividends

The Parent Company did not distribute dividends in 2023 or 2022.

15.3 Other Reserves

This solely relates to the legal reserve accrued in accordance with article 274 of the Recast Text of the Companies Act, which provides that, in all cases, a figure equal to 10% of the profit for the financial year must be allocated to it until it reaches at least 20% of the share capital.

It may not be distributed and, if it is used to offset losses, in the event that there are no other reserves that are sufficient for that purpose, it must be replenished with future profits.

At 31 December 2023 and 2022 the Parent Company had not accrued the minimum limit in this reserve as mandated by the Consolidated Text of the Capital Companies Act.

15.4 Treasury shares

At 31 December 2023, the Group had 87,989 treasury shares, compared to 92,915 treasury shares at 31 December 2022. The reduction in treasury shares over the period can be explained by the following movement:

- On 10 April 2019, the Group signed a liquidity contract to manage its treasury shares with Banco Santander, which entered into force on 11 April 2019. The total number of shares allocated to the securities account associated with the new Liquidity Contract at 31 December 2023 is 87,989 shares, and the current amount allocated to the cash account is 346,009 euros. At 31 December 2022, the number of shares allocated to the liquidity contract was 92,915 shares. The effect recorded in reserves for operations carried out in 2023 was minus 83 thousand euros.

15.5 Accumulated Gains

This heading includes the parent company's profit/(loss) for previous years and the retained earnings for the remaining companies included within the scope of consolidation by the various consolidation methods, from when they were incorporated.

The movement under this heading in 2023 mainly corresponded to an increase of 98 million euros due to the distribution of profits in the previous year (loss of 150 million euros in 2022).

15.6 Currency translation difference

Exchange differences include the following equity effects: the equity effect caused when converting their respective financial statements to euros, using the exchange rate conversion at the end of the financial year (13,448 thousand euros), and the re-statement of the financial statements of Group Companies operating in hyperinflationary economies due to inflation (28,122 thousand euros).

15.7 Non controlling interests

The movements under this heading during the financial year are summarised below:

	Thousands of euros	
	2023	2022
Opening balance	53,157	48,998
Profit (Loss) for the year	1,673	4,475
Dividends paid to non-controlling interests	(1,978)	—
Other movements	(62)	(316)
Closing balance	52,790	53,157

The line "Dividends paid to non-controlling interests" recorded in financial year 2023 dividends paid mainly by NH Las Palmas, S.A. and NH Marín, S.A. amounting to 885 thousand euros and 620 thousand euros, respectively.

16.- DEBT IN RESPECT OF BOND ISSUES AND BANK BORROWINGS

The balances of the “Bonds and other negotiable securities” and “Bank borrowings” items for the financial year were as follows:

	Thousands of euros			
	2023		2022	
	Non Current	Current	Non Current	Current
Guaranteed senior notes	400,000	—	400,000	—
Borrowing costs	—	7,911	—	7,911
Arrangement expenses	(2,233)	(1,404)	(3,637)	(1,344)
Debt instruments and other marketable securities	397,767	6,507	396,363	6,567
Unsecured loans	11,261	9,185	71,690	58,021
Subordinated loans	40,000	—	40,000	—
Mortgage loans	13,610	6,178	20,341	2,300
Credit lines	—	13	6,000	11,000
Arrangement expenses	(1,553)	(954)	(2,744)	(1,011)
Effect of renegotiation of debt NIIF 9	16	37	547	258
Borrowing costs	—	912	—	1,345
Bank borrowings	63,334	15,371	135,834	71,913
Total	461,101	21,878	532,197	78,480

The effect of debt movement on the Group's cash flows as reflected in the cash flow statement is affected by non-cash movements generated by exchange rate differences as the group has debts in currencies other than the euro.

Secured senior bonds maturing in 2026

On 14 June 2021 the Parent Company offered guaranteed senior bonds, which mature in 2026, at the nominal value of 400,000 thousand euros. The nominal annual interest rate for the issue is 4% and the cost of arranging the issue of the bond was 6,896 thousand euros.

The outstanding nominal amount at 31 December 2023 was 400,000 thousand euros.

Secured syndicated credit line

On 22 September 2016, the Parent Company and NH Finance, S.A. entered into a revolving business credit with credit institutions amounting to 250,000 thousand euros ("syndicated credit line") with a maturity of three years, extendible to five years at the time of the refinancing of the guaranteed senior notes maturing in 2019. As a consequence of the refinancing of the guaranteed senior notes maturing in 2019, which took place in 2017, the maturity date of said financing was extended to 29 September 2021.

On 16 October 2020, the Parent Company and NH Finance, S.A. agreed the extension of the maturity of the finance to 29 March 2023, with a limit of 236,000 thousand euros.

On 29 June 2021, the Parent Company and NH Finance, S.A. agreed an additional extension of the maturity of the finance to 31 March 2026, with a limit of 242,000 thousand euros. On 1 December 2022, the company NH Finance S.A. was liquidated with the Parent Company being the sole borrower.

At 31 December 2023, the total amount of 242,000 thousand euros of this financing was available.

Unsecured loans

■ Syndicated ICO backed loan maturing in 2026

On 29 April 2020, the Group entered into a loan for 250,000 thousand euros over 3 years, with no repayments until maturity.

The contract, within the legal framework established by the Spanish government to mitigate the economic impact of COVID-19, received a guarantee provided by the Spanish state.

On 29 April 2021, on the basis of Royal Decree Law 34/2020 approved in November 2020, the Parent Company agreed the extension of this financing with the loan institutions until 2026, with no partial repayments until maturity.

In August 2022, the Parent Company requested voluntary early repayment of the loan for a total of 100,000 thousand euros. Furthermore, In December 2022, the Parent Company requested another voluntary early repayment of the loan for a total of 100,000 thousand euros. Last, in January 2023 the Parent Company requested the repayment of the remaining 50,000 thousand euros, and this loan was repaid in full at that date. All the repayments were made using cash available to the Company.

■ Other non-guaranteed loans

- In May 2020, the Parent Company signed a bilateral loan for 10,000 thousand euros over 2 years, within the legal framework provided by the Spanish state to mitigate the economic impact of COVID-19 and thus receiving the ICO guarantee. In May 2021, on the basis of Royal Decree Law 34/2020, the Parent Company agreed the extension of the maturity of this loan for a further 3 years, with a new maturity date of May 2025. At 31 December 2023, the outstanding nominal amount of this financing was 5,000 thousand euros.
- In July 2020, the Parent Company signed a bilateral loan for 7,500 thousand euros over 3 years, within the legal framework provided by the Spanish state to mitigate the economic impact of COVID-19 and thus receiving the ICO guarantee. In April 2021, on the basis of Royal Decree Law 34/2020, the Parent Company agreed the extension of the maturity of this loan for a further 3 years, with a new maturity date of July 2026. At 31 December 2023, the outstanding nominal amount of this financing was 4,904 thousand euros.
- In October 2020 the Italian subsidiary NH Italia Spa signed a bilateral loan for 15,000 thousand euros over 6 years, within the legal framework provided by the Italian state to mitigate the economic impact of Covid-19 and, in this way, receiving the State guarantee (SACE). At 31 December 2023, the outstanding nominal amount of this financing was 10,313 thousand euros.
- Furthermore, various bilateral loans were signed between June and September 2020 in different regions (Portugal and Chile) to mitigate the economic impact of the pandemic. At 31 December 2023, the total amount drawn down from these loans was paid in full.

Other subsidiaries of the Parent Company had other unsecured bilateral loans, including a loan of the American subsidiary for 50,000 thousand dollars signed in 2018 and maturing in July 2023. These funds were used to finance the New York hotel's CapEx. This loan was repaid in full at maturity with the company's available cash. The remaining unsecured bilateral loans are distributed among the companies in Colombia and, at 31 December 2023, the amount drawn down was 229 thousand euros.

Subordinated loan

One loan amounting to 40,000 thousand euros, fully drawn at 31 December 2023 and with a single maturity and repayment date at the end of its term, in 2037, is included in this item. The interest rate on this loan is the 3-month Euribor plus a spread.

Mortgage loans

The detail of the mortgage loans and credits is as follows:

		Thousands of euros			
		2023			
	Mortgaged asset	Fixed rate	Variable interest	Total	Net book value of the mortgaged asset
Spain	Wilan Ander	2,880	—	2,880	3,749
	Wilan Huel	2,063	—	2,063	3,721
	NH Palacio de la Merced	—	1,422	1,422	14,671
Total Spain		4,943	1,422	6,365	22,141
Chile	NH Plaza de Santiago	12,332	1,091	13,423	13,677
Total Other		12,332	1,091	13,423	13,677
Total		17,275	2,513	19,788	35,818

		Thousands of euros			
		2022			
	Mortgaged asset	Fixed rate	Variable interest	Total	Net book value of the mortgaged asset
Spain	Wilan Ander	3,362	—	3,362	4,218
	Wilan Huel	2,408	—	2,408	4,122
	NH Palacio de la Merced	—	2,018	2,018	15,031
Total Spain		5,770	2,018	7,788	23,371
Chile	NH Plaza de Santiago	14,853	—	14,853	14,888
Total Other		14,853	—	14,853	14,888
Total		20,623	2,018	22,641	38,259

Bilateral credit lines

At 31 December 2023, the balances under this item include the amount drawn down from credit facilities. The joint limit of these loan agreements and credit facilities at 31 December 2023 amounted to 62,000 thousand euros, of which 13 thousand euros had been drawn down at that date (17,000 thousand euros at 31 December 2022).

Obligations required in the senior notes contracts maturing in 2026, and the syndicated credit line maturing in 2026

The senior notes maturing in 2026, the syndicated and the syndicated credit line maturing in 2026 require the fulfilment of a series of obligations and limitations of essentially homogeneous content as regards the assumption of additional borrowing or provision of guarantees in favour of third parties, the granting of real guarantees on assets, the sale of assets, investments that are permitted, restricted payments (including the distribution of dividends to shareholders), transactions between related parties, corporate transactions and disclosure obligations. These obligations are detailed in the issue prospectus for the aforementioned notes, as well as in the credit agreement of the syndicated credit line.

Additionally, the syndicated credit line maturing in 2026 requires compliance with financial ratios (financial covenants); in particular, (i) an interest coverage ratio of > 2.00x, (ii) a net indebtedness ratio of < 5.50x.

Furthermore, the senior notes maturing in 2026 and the syndicated credit line require fulfilment of a Loan to Value ("LTV") ratio that depends on NH's net debt level at any time as shown below:

- Net debt-to-income ratio > 4.00x: LTV ratio = 70%
- Net debt-to-income ratios ≤ 4.00x: LTV ratio = 85%
- Net debt-to-income ratio ≤ 3.50x: LTV ratio = 100%

At 31 December 2023, and based on the reported figures for that year, the ratios described above (financial covenants and LTV) are met.

Package of guaranteed senior bonds maturing in 2026 and syndicated credit line maturing in 2026

The guaranteed senior notes maturing in 2026 and syndicated credit line maturing in 2026 share the following guarantees: (i) pledge of shares: 100% of the share capital of (A) Diegem, (B) Immo Hotel Brugge NV, (C) Immo Hotel Diegem NV, (D) Immo Hotel Mechelen NV, (E) Immo Hotel Stephanie NV, (F) Onroerend Goed Beheer Maatschappij Van Alphenstraat Zandvoort, B.V. and (G) NH Italia, S.p.A.; (ii) first-tier mortgage guarantee on the following hotels located in the Netherlands: NH Conference Centre Koningshof owned by Koningshof, B.V.; NH Conference Centre Leeuwenhorst owned by Leeuwenhorst Congres Center, B.V.; NH Zoetermeer owned by Onroerend Goed Beheer Maatschappij Danny Kayelaan Zoetermeer, B.V.; NH Conference Centre SparreNHorst owned by SparreNHorst, B.V.; and NH Capelle owed by Onroerend Goed Beheer Maatschappij Capelle aan den IJssel, B.V.; and the joint guarantee on first demand of the main operating companies in the group wholly owned by the Parent Company.

The net book value of the assets granted as mortgage security against the syndicated credit line (242,000 thousand euros fully available at 31 December 2023) and secured senior bonds amounting to 400,000 thousand euros, maturing in 2026, can be broken down as follows:

	Thousands of euros
	Net Book value
NH Conference Centre Leeuwenhorst	52,280
NH Conference Centre Koningshof	35,308
NH Conference Centre Sparrenhorst	7,998
NH Zoetermeer	6,940
NH Capelle	6,138
Total	108,664
Valor neto contable de los activos otorgados como garantía hipotecaria	108,664
Importe dispuesto de la deuda garantizada	400,000
A interés fijo	400,000
A interés variable	—

Limitation on the distribution of Dividends

The obligations of the guaranteed "senior" bonds maturing in 2026 and the revolving syndicated credit line maturing in 2026 described above contain clauses limiting the distribution of dividends.

In the case of the senior bonds maturing in 2026, in general, distribution of dividends is allowed as long as (a) there is no current non-compliance and one is not produced as a result of the distribution; (b) the interest coverage ratio pro forma taking into account the planned distribution would be $> 2.0x$; and (c) the total restricted payments (including, amongst others, certain restricted investments, early repayments of subordinated debt, share buy-backs, payments in cash for subordinated debt to controlling shareholders, or persons associated with them, and other forms of remuneration to shareholders in their position as such) made from the offer date (14 June 2021) must be lower than the total of, amongst other entries, (i) 50% of NH Group's consolidated net income from the first day of the full quarter immediately prior to the offer date up to the date of the full quarter nearest to the distribution date for which the quarterly accounts are available, although when calculating the net income, 100% of the consolidated net losses for that period must be deducted, with the exception of losses prior to 31 March 2022 (this is what is known as the "CNI builder basket"), and (ii) 100% of the net contributions to NH Group's capital since the offer date.

Additionally, as an alternative and without having to be in compliance with the previous condition, NH Group may distribute dividends and make other restricted payments without any limit on the amount as long as the leverage ratio (gross debt/EBITDA) pro forma taking into account the intended restricted payment should not be higher than 4.5x.

Finally, and also alternatively and without having to be concurrent with the previous ones, the notes maturing in 2026 establish a franchise to be able to make restricted payments (including dividends) without needing to comply with any specific requirement, for a total aggregate amount of 25,000 thousand euros from the issue date.

In the case of the syndicated credit line, the distribution of dividends or other forms of remuneration to shareholders was not allowed while the waiver on complying with financial ratios (financial covenants) was in force, which was until December 2022. After that date, according to the syndicated credit line, the distribution of a percentage of the NH Group's consolidated net profit from the previous year is allowed, provided that there has been no breach of the relevant financing agreement and the net financial debt (through the dividend payment or other type of distribution)/EBITDA ratio is less than 4.0x. The amount that may be distributed depends on the net financial debt/EBITDA ratio (pro forma taking into account the dividend payment or other type of distribution) in accordance with the following breakdown:

- Net Financial Debt/EBITDA $\leq 4.0x$: Percentage of consolidated net profit: 75%

- Net Financial Debt/EBITDA $\leq 3.5x$: Percentage of consolidated net profit: 100%
- Net Financial Debt/EBITDA $\leq 3.0x$: Percentage of consolidated net profit: unlimited

All these metrics are calculated using consolidated data.

At 31 December 2023, the ratios for the distribution of dividends that year were met.

Contractual maturity schedule

The details by maturity are as follows:

As of 31/12/2023			Maturity schedule						
Thousands of euros	Limit / granted	Available	Disposed	Year 1	Year 2	Year 3	Year 4	Year 5	Remainder
Mortgage loans	19,788	—	19,788	6,178	1,311	833	837	837	9,792
Fixed rate	17,275	—	17,275	5,512	614	614	769	769	8,997
Variable interest	2,513	—	2,513	666	697	219	68	68	795
Subordinated loans	40,000	—	40,000	—	—	—	—	—	40,000
Variable interest	40,000	—	40,000	—	—	—	—	—	40,000
Guaranteed senior notes mat. in 2026	400,000	—	400,000	—	—	400,000	—	—	—
Fixed rate	400,000	—	400,000	—	—	400,000	—	—	—
Unsecured loans	20,446	—	20,446	9,185	7,322	3,939	—	—	—
Fixed rate	4,904	—	4,904	1,872	1,905	1,127	—	—	—
Variable interest	15,542	—	15,542	7,313	5,417	2,812	—	—	—
Secured syndicated credit line	242,000	242,000	—	—	—	—	—	—	—
Variable interest	242,000	242,000	—	—	—	—	—	—	—
Credit lines	62,000	61,987	13	13	—	—	—	—	—
Variable interest	62,000	41,987	13	13	—	—	—	—	—
Borrowing at 31/12/2023	784,234	303,987	480,247	15,376	8,633	404,772	837	837	49,792
Arrangement expenses	(6,144)	—	(6,144)	(2,358)	(2,451)	(1,037)	(30)	(30)	(238)
NIIF 9	53	—	53	37	14	2	—	—	—
Borrowing costs	8,823	—	8,823	8,823	—	—	—	—	—
Adjusted total debt at 31/12/2023	786,966	303,987	482,979	21,878	6,196	403,737	807	807	49,554
Adjusted total debt at 31/12/2022	877,677	267,000	610,677	78,479	18,473	7,865	454,029	855	50,976

At 31 December 2023, the average cost of the gross drawdown amount of the Group was 4.2% (4.2% in 2022).

The detail for maturities of the debt for operating leases without discounting is as follows (in thousands of euros):

	Total liabilities	Year 1					Year 5		Remainder
		Year 1	Year 2	Year 3	Year 4	Year 5			
Gross lease payments 31/12/2023	2,805,723	265,110	253,422	239,048	213,489	195,681	1,638,973	—	—
Gross lease payments 31/12/2022	2,698,525	258,657	244,428	226,713	210,891	182,315	1,575,521	—	—

Net Debt

The detail of net debt at 31 December 2023 was as follows:

	Thousands of euros	
	2023	2022
Net Debt		
Cash and cash equivalents	215,991	301,763
Financial debt (Long and short term)	(482,979)	(610,677)
Lease liabilities (Note 8)	(1,958,861)	(1,895,592)
Net Debt	(2,225,849)	(2,204,506)
Cash and liquid investments	215,991	301,763
Gross debt – fixed interest rates	(2,385,348)	(2,325,085)
Gross debt – variable interest rates	(56,491)	(181,184)

17.- TAX NOTE

Tax consolidation scheme

The Group operates in many countries and is therefore subject to the regulations of different tax jurisdictions regarding taxation and corporate income tax.

NH Hotel Group, S.A. and the companies with tax domicile in Spain in which it held a direct or indirect stake of at least 75% during the 2023 tax period are subject to the tax consolidation scheme governed by Title VII, Chapter VI of Law 27/2014 on Corporate Income Tax.

The companies belonging to the tax group have signed an agreement to share the tax burden. Hence, the Parent Company settles any credits and debts which arise with subsidiary companies due to the negative and positive tax bases these contribute to the tax group.

The companies that make up the tax consolidation group are the following:

NH Hotel Group, S.A.	NH Europa, S.L.
Latinoamericana de Gestión Hotelera, S.L.	NH Atardecer Caribeño, S.A.
NH Central Reservation Office, S.A.	Gestora Hotelera del Siglo XXI, S.A.
NH Hoteles España, S.A.	Nuevos Espacios Hoteleros, S.A.
NH Hotel Ciutat De Reus, S.A.	Coperama Holding, S.L.
Gran Círculo de Madrid, S.A.	Coperama Spain, S.L.
Iberinterbrokers, S.L.	NH Las Palmas, S.A.
Wilan Ander, S.L.	NH Lagasca, S.A.
Palacio de la Merced, S.A.	Wilan Huel S.L.
NH Cash Link, S.L.U.	

Corporation tax is calculated on the financial or accounting profit or loss resulting from the application of generally accepted accounted standards in each country, and does not necessarily coincide with the tax result, this being construed as the tax base.

In 2023, Spanish companies pay taxes at the general tax rate of 25% irrespective of whether they apply the consolidated or separate taxation schemes. The foreign companies are subject to the prevailing tax rate in the countries where they are domiciled. In addition, taxes are recognised in some countries at the estimated minimum profit on a complementary basis to Corporation Tax.

The prevailing corporation tax rates applicable to Group companies in the different jurisdictions where the Group has significant operations are as follows:

Country	Nominal Rate	Country	Nominal Rate
Alemania	30%	Italia	24%
Argentina	25%-35%	Luxemburgo	24.9%
Austria	24%	México	30%
Bélgica	25%	Holanda	25.8%
Brasil	34%	Polonia	19%
Chile	27%	Portugal	21%
Colombia	35%	Rumanía	16%
Rep Checa	19%	Sudáfrica	28%
Rep Dominicana	27%	España	25%
Ecuador	25%	Suiza	8.5%
Francia	25%	Reino Unido	19%
Hungría	9%	Uruguay	25%
Irlanda	12.5%	Estados Unidos	21%

Financial years subject to tax inspection

In accordance with Spanish tax legislation, the years open for review for the Consolidated Tax Group in Spain are:

Tax	Pending periods
Corporation	2017 a 2022
VAT	2020 a 2023
IRPF (personal income tax)	2020 a 2023
Non-resident Income Tax	2020 a 2023

Financial year 2017, which is open to inspection since the Group requested the rectification of the Spanish tax consolidation group's corporation tax returns for 2017, 2018, 2021 and 2022, given that it considers the measures introduced by Royal Decree-Law 3/2016 of 2 December to be unconstitutional. The recent ruling of the Constitutional Court of 18 January 2024 (unconstitutionality issue 2577/2023) declared certain corporation tax measures introduced by this Royal Decree-Law as unconstitutional. Based on the information available at the date of preparing the accounts, the Group estimates that it will obtain a refund of the overpaid amount of between 8 and 12 million euros, but classifies this asset as contingent as it does not consider it virtually certain that it will be obtained.

In Germany, an inspection procedure has been opened which is reviewing the amount of negative tax bases still to be offset by the companies.

In 2023, the audit procedures opened in Germany and Switzerland for financial years 2015 and 2018, and 2016 to 2020, respectively, were completed. The inspections have not led to any material adjustments for the companies.

In Spain, a partial inspection procedure was carried out in 2023 in relation to non-resident income tax withholdings for 2019. Last October, the Act of Conformity was signed, with no changes to the period under verification. Likewise, in 2023, an inspection procedure was initiated and completed in Portugal in relation to 2020, resulting in no material regularisations being determined for the company.

A tax audit procedure began in France in 2023 for all taxes covering financial years 2021 and 2022.

Last, a procedure remains open in Colombia relating to the deductions of certain Corporation Tax expenses.

The Group's Directors do not expect any significant contingencies to arise from the conclusions of the inspections.

Regarding the financial years open to inspection in the rest of the group, contingent liabilities not susceptible to objective quantification may exist, which are not significant in the opinion of the Group's Directors. Moreover, the Company considers that there are no significant uncertain tax positions.

Balances with Public Administrations

The composition of the asset balances with Public Administrations at 31 December is as follows:

	Thousands of euros	
	2023	2022
Deferred tax assets		
Tax credits	99,225	132,343
Tax assets due to asset impairment	43,978	46,648
Tax withholdings of workforce	3,547	2,495
Other prepaid taxes	1,189	1,080
NIIF 16	76,612	75,779
Total	224,551	258,345
 Short-term taxes receivable		
Current income tax paid	20,572	10,974
Value Added Tax	28,402	28,017
Other tax receivables	3,824	5,326
Total	52,798	44,317

The movements of the "Deferred tax assets" heading in the year were as follows:

	Thousands of euros	
	2023	2022
Opening balance		
	258,345	294,005
Asset impairment	(2,670)	443
Generation of assets due to tax losses	—	—
Settlements of assets due to tax losses	(34,350)	(30,446)
Activation of deductions	—	—
Changes in consolidation scope (Note 2.9.5)	1,438	—
IFRS 16 (Note 7)	669	(5,239)
Others	1,119	(418)
Total	224,551	258,345

All these impacts have had an effect on the consolidated statement of profit and loss or the consolidated statement of comprehensive income.

Certain deferred tax assets and liabilities mainly relating to IFRS16 are offset in the balance sheet. The net amount of deferred tax assets relating to IFRS 16 is 76,612 thousand euros, corresponding to 460,329 thousand euros of deferred tax assets and 383,717 thousand euros of deferred tax liabilities.

The decrease in deferred tax assets is mainly due to the movement of tax credits amounting to 33,118 thousand euros. This movement is explained by the addition of the tax credit amounting to 1,232 thousand euros derived from including four companies that own hotel assets in Portugal in the consolidation scope, and the application of tax loss carryforwards amounting to 34,350 thousand euros.

At 31 December 2023, the Group had assets resulting from tax losses and deductions amounting to 99,225 thousand euros (132,343 thousand euros in 2022). Of the total tax credits, 67,716 thousand euros (74,490 thousand euros in 2022) relates to credits activated in Spain.

In 2023, the movement of tax credit assets that impacted the consolidated statement of profit and loss was 34,350 thousand euros, caused by the cancellation of assets, mainly in Spain (6,774 thousand euros), Germany (9,154 thousand euros), Holland (8,136 thousand euros), Italy (5,285 thousand euros), Latin America (2,679 thousand euros) and Portugal (1,545 thousand euros). In Germany, the cancellation of tax credits was mainly due to the recognition of an impairment amounting to 8,181 thousand euros as it is not considered that sufficient taxable income will be generated in the future to apply the credit.

At 31 December 2023, the Group had tax loss and non-deductible financial expenses worth 216,981 thousand euros (205,656 thousand euros at 31 December 2022), and deductions amounting to 2,047 thousand euros (2,577 thousand euros in 2022) that had not been entered in the accompanying consolidated statement of financial position. These assets are grouped as follows (rate amount):

	Thousands of euros	
	2023	2022
Non-deductible financial expenses in Spain	40,356	55,665
Negative tax bases generated by the Spanish entities before their inclusion in the Spanish consolidation group	25,703	25,703
Spanish consolidation group tax loss carryforwards	33,856	33,856
Negative tax bases generated in Belgium	5,439	6,343
Negative tax bases generated in Luxembourg	3,958	3,543
Negative tax bases generated in Germany	44,097	33,288
Negative tax bases generated in Austria	12,407	10,702
Negative tax bases generated in Switzerland	1,762	1,948
Negative tax bases generated in Latin America	5,957	3,896
Negative tax bases USA	22,709	9,363
Negative tax bases France	6,278	4,907
Other negative tax bases	14,459	16,442
Total credit for negative tax bases and financial expenses	216,981	205,656
Deductions generated in Spain	2,047	2,577
Total deductions	2,047	2,577
Total non-activated tax credits	219,028	208,233

The amount of credit for finance costs, which are not considered deductible in the Spanish corporate income tax when exceeding 30% of the operating revenue of the tax group calculated in accordance with Article 16 of Law 27/2014 of 27 December, on Corporate Income Tax, amounted to 40,356 thousand euros at 31 December 2023 (55,665 thousand euros in 2022). There is no deadline for offsetting non-deductible finance costs.

The composition of the liability balances with Public Administrations at 31 December is as follows:

	Thousands of euros	
	2023	2022
Deferred tax liabilities		
Assets revaluation	176,313	192,030
Total	176,313	192,030

	Thousands of euros	
	2023	2022
Short-term taxes payable		
Current income tax paid	28,263	14,580
Value Added Tax	4,962	4,641
Personal Income Tax	8,982	7,797
Tax on Income from Capital	1,132	1,074
Social Security	10,910	9,028
Others	23,072	15,385
Total	77,321	52,505

The movements in deferred tax liabilities during the year were as follows:

	Thousands of euros	
	2023	2022
Opening balance		
IAS 29 Hyperinflationary economies	(16,731)	8,622
Others	1,014	(2,951)
Closing balance	176,313	192,030

The decrease in deferred tax liabilities is mainly due to the decrease in deferred tax associated with the revaluation of assets in Argentina, due to application of IAS29, amounting to 16,731 thousand euros (8,622 thousand euros in 2022).

All these impacts have had an effect on the consolidated statement of profit and loss or the consolidated statement of comprehensive income.

The detail, by country and item, of these deferred taxes is as follows:

	2023			
	Thousands of euros			
	Tax credits	Prepaid Taxes	Total Assets	Liabilities
Spain	67,716	23,157	90,873	18,597
Benelux	9,686	26,470	36,156	15,642
Italy	—	14,901	14,901	77,511
Germany	12,543	36,814	49,358	857
Others	9,280	23,984	33,263	63,706
Total	99,225	125,326	224,551	176,313

2022				
	Thousands of euros			
	Tax credits	Prepaid Taxes	Total Assets	Liabilities
Spain	74,490	27,602	102,092	19,765
Benelux	18,600	24,979	43,579	17,979
Italy	5,285	21,281	26,566	92,204
Germany	21,697	40,829	62,526	1,900
Others	12,271	11,311	23,582	60,182
Total	132,343	126,002	258,345	192,030

Reconciliation of the accounting result to the tax result

The reconciliation between the accounting profit or loss, the corporation tax base, current and deferred tax for the year, is as follows:

	2023					2022			
	Thousands of euros					Thousands of euros			
	Central Services/ Southern Europe and USA	Italy	Benelux	Central Europe	Latin America	TOTAL	Central Services/ Southern Europe and USA	Other Companies	TOTAL
Consolidated statement of profit and loss before taxes	84,834	97,223	52,628	(51,808)	20,284	203,161	61,297	94,313	155,610
Adjustments to consolidated profit and loss:									
Due to permanent differences	(28,158)	23,084	3,574	79,395	3,683	81,578	(40,737)	(59,424)	(100,161)
Due to temporary differences	(39,969)	(30,630)	(23,347)	(18,399)	(6,245)	(118,590)	(2,793)	21,265	18,472
Tax base (Taxable profit or loss)	16,707	89,677	32,855	9,188	17,722	166,149	17,767	56,154	73,921
Current taxes to be refunded / (to pay)	12,532	(16,455)	(4,112)	(1,581)	1,925	(7,691)	6,452	(10,058)	(3,606)
Total current tax income / (expense)	(4,098)	(21,522)	(8,402)	(1,136)	(6,010)	(41,168)	(4,425)	(13,735)	(18,160)
Total deferred tax income / (expense)	(9,810)	(7,351)	(5,317)	(5,616)	(1,743)	(29,837)	(6,960)	(27,987)	(34,947)
Total other income / (expense)	198	—	1,098	(540)	(67)	689	(28)	69	41
Total Gains Tax income / (expense)	(13,710)	(28,873)	(12,621)	(7,292)	(7,820)	(70,316)	(11,413)	(41,653)	(53,066)

In relation to the calculation of the Spanish income tax expense, the Group has made its best estimate by offsetting tax loss carryforwards from previous years with the limitation of 70% of the positive result for 2023, taking into account the recent ruling of the Constitutional Court of 18 January 2024 (unconstitutionality issue 2577/2023) whereby the plenary unanimously declared certain corporation tax measures introduced by Royal Decree-Law 3/2016 of 2 December unconstitutional.

Deductions generated by the consolidated tax group of the Parent Company

At 31 December 2023, the Tax Group held the following tax credits carryforwards:

Year of origin	Deduction pending application	Amount in thousands of euros
2008 a 2022	Deduction to encourage certain activities	78
2015 a 2022	IT Deduction	1,969
2013 a 2014	Other	185
		2,232

Pillar 2 Directive

The group is within the scope of the OECD Pillar 2 rules. Within the European Union, the Pillar 2 Directive (Directive EU2022/2523) was adopted on 15 December 2022, according to which large multinationals with a global turnover of more than 750 million euros in at least two of the previous four financial years will be subject to these rules, which basically seek a minimum taxation on profits.

The parent company of the group is MINT, an entity resident in Thailand, which holds its shareholding through its wholly owned subsidiary MHG Continental Holding (Singapore) Pte Ltd., resident in Singapore. Both Thailand and Singapore have expressed their intention to implement Pillar 2, although on the reporting date, the regulations to support such implementation have not yet been approved.

In Spain, on 20 December 2023, a draft bill was published establishing a supplementary tax to guarantee an overall minimum level of taxation for multinational groups and large domestic groups. According to the text of the Draft Bill, the Law will take effect for tax periods beginning on or after 31 December 2023, except for the under-taxed profits rule, which will take effect for tax periods beginning on or after 31 December 2024.

As the Pillar 2 legislation is not in force on the reporting date, the group has no corresponding current tax exposure in 2023. The group applies the exception to the recognition and disclosure of deferred tax assets and liabilities in relation to Pillar 2 taxes, in accordance with the May 2023 amendments to IAS 12.

Under Pillar 2 legislation, the group would be required to pay an additional tax on the difference between the effective GloBE tax rate per jurisdiction and the minimum rate of 15%. All group entities have an effective tax rate exceeding 15%, except for Spain, Belgium, Chile and South Africa whose effective tax rates are 12.3%, 14.3%, -8.1% and -0.2%, respectively.

	Spain	Belgium	Chile	South Africa
Profit/loss before tax	96,620	12,741	2,036	2,081
Income tax	(11,875)	(1,819)	165	3
Effective tax rate	12.3 %	14.3 %	(8.1)%	(0.1)%

Notwithstanding the above, the group is in the process of assessing its exposure to the Pillar 2 legislation for when it enters into force. The conclusions of the group's study suggest that it may not be liable to pay the additional tax in these jurisdictions due to the impact of specific adjustments or exemptions under the current Pillar 2 rules.

Due to the complexity of applying existing legislation and calculating GloBE income, and taking into account that very relevant legislation has yet to be passed, the quantitative impact of legislation passed or substantially passed is not currently reasonably estimable. The company is currently working with tax specialists to assist it in making such an estimate and, when the legislation is passed, in implementing it.

18.- OTHER NON-CURRENT LIABILITIES

The details under the "Other non-current liabilities" heading were as follows:

	Thousands of euros	
	2023	2022
At amortised cost:		
Capital subsidies	1,300	1,496
Investment acquisition liability	3,150	3,150
Other liabilities	19,093	18,047
Total	23,543	22,693

"Other liabilities" includes the deferral of various long-term commitments to public authorities for 9,433 thousand euros (12,556 thousand euros in 2022).

19.- PROVISIONS

The breakdown of "Provisions" for the financial year, together with the main movements recognised were as follows:

	Thousands of euros				
	Balance at 1/1/2023	Additions	Applications/ Reversals	Transfers and other changes	Balance at 31/12/2023
Non-current provisions:					
Provision for long-term incentives for staff	3,612	2,579	—	(2,135)	4,056
Provision for pensions and similar obligations	20,511	9,508	(4,869)	—	25,150
Other claims	17,880	3,318	(6,514)	—	14,684
	42,003	15,405	(11,383)	(2,135)	43,890
Current provisions:					
Provision for short-term incentives for staff	—	3,029	—	2,135	5,164
Other Provisions	7,339	—	(6,460)	—	879
	7,339	3,029	(6,460)	2,135	6,043
Total	49,342	18,434	(17,843)	—	49,933

	Thousands of euros				
	Balance at 1/1/2022	Additions	Applications/ Reversals	Transfers and other changes	Balance at 31/12/2022
Non-current provisions:					
Provision for long-term incentives for staff	1,117	2,495	—	—	3,612
Provision for pensions and similar obligations	26,915	4,714	(11,118)	—	20,511
Other claims	16,029	3,568	(1,861)	144	17,880
	44,061	10,777	(12,979)	144	42,003
Current provisions:					
Other Provisions	3,475	6,584	(2,576)	(144)	7,339
	3,475	6,584	(2,576)	(144)	7,339
Total	47,536	17,361	(15,555)	—	49,933

Staff Incentive Plan

The Company introduced its Long-Term Incentive Plan 2022-2025 ("Performance Cash Plan") in 2022, under which a cash amount is to be paid out when certain established targets are met.

The Plan has a duration of five years and is divided into three cycles, with each cycle lasting as follows:

- First cycle 2022-2024, payment of which will occur in 2025 (current).
- Second cycle 2023-2025, payment of which will occur in 2026 (current).
- Third cycle 2024-2026, payment of which will occur in 2027 (pending launch in 2024).

These schemes consist of a promise to deliver a cash amount to the beneficiaries. The final amount to deliver is conditional on the degree of compliance with Recurring EBITDA/Net Profit in each year of the plan.

The degree to which the EBITDA/Net Profit targets are achieved for each cycle is calculated as follows:

- If the degree to which the EBITDA/Recurring Net Profit targets for the Group are achieved falls below 90%, no long-term incentive amount will be paid.
- If the degree to which the EBITDA/Recurring Net Profit targets for the Group are achieved is between 90% and 100%, 100% of the long-term incentive amount will be paid.
- If the degree of achievement of the Group's EBITDA/Recurring Net Profit target is higher than 100% and lower than 120%, the final degree for that year will be made by linear interpolation.
- If the degree to which the EBITDA/Recurring Net Profit targets for the Group are achieved is 120% or higher, a maximum of 120% of the long-term incentive amount will be paid.

In addition, in 2022, the Company launched a two-year, single-cycle "Performance Cash Plan" Long-Term Incentive. This incentive began accruing on 1 January 2022 and ended on 31 December 2023, and consists of the promise to deliver a cash amount to the beneficiaries calculated as a percentage of the fixed salary in accordance with their level of responsibility. The final amount to deliver is conditional on the degree of compliance with Recurring EBITDA in each year of the plan (2022 and 2023).

To calculate the achievement of the EBITDA target in each year, it is an indispensable condition that the Recurring Net Profit for the year is zero or more. Otherwise, the level of achievement of the target EBITDA for the year will be 0.

The final achievement of this incentive was: 115.99%. Furthermore, in view of the extraordinary performance of the management team, beyond the achievement of EBITDA, the Board of Directors has decided to increase the incentive to be paid within the overall limit set by the remuneration policy in force in 2023 with respect to the multi-year variable remuneration.

Both the Plan and the biennial incentive are aimed at approximately 100 beneficiaries. The beneficiaries must remain in the Group at the end of each cycle, notwithstanding the exceptions deemed appropriate, as well as achieving the minimum thresholds for each of the objectives.

Provision for pensions and similar obligations

The "Provisions for pensions and similar obligations" account mainly includes the pension fund of a certain number of employees of the Netherlands business unit, and the T.F.R. "Trattamento di fine rapporto" in Italy, an amount paid to all workers in Italy at the moment they leave the company for any reason. This is another remuneration element, whose payment is deferred and annually allocated in proportion to fixed and variable remuneration both in kind and in cash, which is valued on a regular basis. The annual amount to be reserved is equivalent to the remuneration amount divided by 13.5. The annual cumulative fund is reviewed at a fixed interest rate of 1.5% plus 75% of the increase in the consumer price index (CPI).

This section includes various retirement, performance related and/or long-stay awards considered in the Collective Bargaining Agreements that are applicable in Spain.

The provision includes the impact of changes in its actuarial calculation of -3,888 thousand euros net of tax, as detailed in the comprehensive consolidated statement (5,462 thousand euros in 2022).

The breakdown of the main assumptions used to calculate actuarial liabilities is as follows:

	2023		2022	
	Netherlands	Italy	Netherlands	Italy
Discount rates	3,5%	2,42% - 1,94%	3,75%	2,23% - 1,67%
Expected annual rate of salary rise	0,5%	1,40% - 2,60%	2,75%	1,40% - 2,60%
Expected return from assets allocated to the plan	0,33%	0,04%	0,39%	0,04%

	2023	2022
	Spain	Spain
Discount rates	3,59% - 3,9%	3,28% - 3,45%
Expected annual rate of salary rise	2,5%	2,5%

Other claims

The "Other claims" item includes provisions for disputes and risks that the Group considers likely to occur. Among the most significant are the provisions created on the basis of the action brought in the proceedings claiming breach of contract in a property development, as well as other claims received in relation to the termination of certain leases where certain amounts are claimed (Note 22).

20.- COMMERCIAL CREDITORS AND OTHER ACCOUNTS PAYABLE

The breakdown of this item in the consolidated statement of financial position at 31 December is as follows:

	Thousands of euros	
	2023	2022
Trade and other payables	301,441	263,618
Advance payments from customers	55,476	42,891
Accounts payable from related entities (Note 24)	1,913	2,955
Public administration receivables (Note 17)	49,058	37,925
Total	407,888	347,389

"Commercial Creditors and Other Accounts Payable" covers the accounts payable derived from commercial activity typical of the Group. This heading includes 40,107 thousand euros (43,236 thousand euros at 31 December 2022) relating to creditors from confirming operations.

The "Advance payments from customers" item mainly includes customer deposits arising from the Group's hotel businesses.

INFORMATION ON DEFERRED PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO REPORT" OF ACT 11/2013 OF 26 JULY

Below is the information required by Additional Provision Three of Law 15/2010 of 5 July and modified by the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, and Law 18/2022, of 28 September, on the creation and growth of businesses, on the information to be incorporated in the record of annual financial statements relating to the average period for payment to suppliers in commercial transactions of Spanish companies.

	2023	2022
	Days	
AVERAGE PERIOD FOR PAYMENT TO SUPPLIERS	65	79
RATIO OF PAID TRANSACTIONS	65	80
RATIO OF TRANSACTIONS PENDING PAYMENT	65	63

	Amount (Thousands of euros)
TOTAL PAYMENTS MADE	367,428
TOTAL PAYMENTS PENDING	20,351

The above information on payments to suppliers of Spanish companies refer to those which by their nature are trade creditors due to debts with suppliers of goods and services. The table includes, therefore, the "Commercial Creditors and Other Accounts Payable" item in current liabilities of the consolidated statement of financial position.

During 2023, the monetary volume of the invoices paid within the maximum limit provided for in the bad debt regulations was 204,704 thousand euros (139,876 thousand euros in 2022), representing 56% (44% in 2022) of the total monetary volume of the invoices. The number of invoices paid within the maximum limit provided for in the bad debt regulations was 110 thousand euros (66 thousand euros in 2022), representing 62% (41% in 2022) of the total volume of invoices;

The average period for payment to suppliers has been calculated using the weighted average of the two ratios explained below:

- Ratio of paid transactions: average payment period of transactions paid in each year weighted by the amount of each transaction.

- Ratio of transactions pending payment: average period between the invoice date and the end of the year weighted by the amount of each transaction.

The Company has significantly reduced the maximum payment period to trade suppliers compared to previous years. This is a result of various measures focused on resizing existing resources, as well as renegotiating contracts, implementing technological improvements in invoice processing and other actions in different areas aimed at recovering the legal ratio (set at 60 days), which are showing results compared to the previous year.

21.- OTHER CURRENT LIABILITIES

At 31 December, this item is broken down as follows:

	Thousands of euros	
	2023	2022
Outstanding remuneration	55,210	60,911
Sundry creditors	9,805	15,241
Other liabilities	109	118
Total	65,124	76,270

Outstanding remuneration mainly includes the accrual of fixed and variable salaries which are unpaid, as well as provisions for holidays not taken.

22.- THIRD-PARTY GUARANTEES AND CLAIMS IN PROGRESS

At 31 December 2023, the Group had a total of 41,903 thousand euros in economic or financial bank guarantees issued by various banks (39,114 thousand euros in 2022).

Of the 41,903 thousand euros in bank guarantees, 35,038 thousand euros guarantee leasing contract obligations and others related to the Group's usual operations in various countries, and 6,865 thousand euros are guarantees issued to public bodies for administrative and technical matters.

At 31 December 2023, the Group had taken out insurance policies to cover risks arising from damage to material goods, loss of profits and third-party liability. The capital insured sufficiently covers the assets and risks mentioned above.

Commitments to third parties

- Within the framework of new development projects in the normal course of business, in which NH Group subsidiaries act as lessees or operators, the Group's parent company gives personal guarantees in favour of third parties to secure its contractual obligations, often issue promissory notes in payment of said obligations and agrees penalty clauses in case of breach of contract.
- Likewise, within the framework of the group's financing, personal and real guarantees have been granted to fulfil the obligations guaranteed under the financing agreements (Note 16).

Claims in process

The Group's main contingent assets and liabilities on the date these consolidated financial statements were drawn up, are set out below

- A claim has been filed against a Group company in Germany due to the termination of a lease agreement and the claiming of specific amounts, including damages.
- A Group company in Italy has been sued for damages under a service provision contract, with the claim being dismissed in the first instance. On appeal, the decision was made final. A claim has been filed against two of the Group's companies seeking payment fees to rights management from 1 January 2008 to 31 May 2013, in addition to an unspecified amount corresponding to the period thereafter until a judgement is issued, plus interest and costs. The proceedings finalised after the cassation appeal lodged by the claimant was no admitted, with the judgement on appeal that set a lower amount than that claimed became final and this is pending settlement.

- A claim has been filed against a Group company claiming payment in relation to the payment of a management entity's fees for the years 2018, 2019, with the claim in the first instance having been wholly dismissed. The proceedings are currently under appeal.
- A claim for damages has been filed against a Group company within the framework of a corporate relationship, which has been dismissed in its entirety at the appeal stage, although this ruling has been appealed in cassation, which is pending admission.
- Claims for payment, within the framework of the various processes of rent renegotiation that the Company is in, have been lodged where partially favourable judgements have been obtained, out-of-court settlements have been reached or they are still in progress. In the context of a legal proceeding in which the Company requested that the termination of a lease contract be declared lawful, the defendant has answered requesting, among other things, the payment of the rents unpaid as a consequence of the aforementioned termination, and the proceeding is currently pending trial.
- On the occasion of the agreements reached in 2014 for the sale of the shares held by NH Hotel Group, S.A in the company Sotogrande, S.A., the Group agreed to subrogate to the position of Sotogrande, S.A. for certain claims assuming all rights and obligations relating thereto, and are summarised as follows:
 - Plaintiff in the proceedings against construction agents for construction defects in twenty-five homes and contractual liability, where partially favourable judgements have been obtained.
 - Respondent in the process of claiming amounts from a real estate development due to construction defects, where a partially favourable judgement has been obtained.
- A former shareholder of the Group has requested the annulment of certain resolutions adopted by the Board of Directors. The claim was wholly dismissed and the proceedings are currently under appeal.

The Directors of the Parent Company consider that the hypothetical loss incurred by the Group as a result of such actions would not significantly affect the equity of the Group.

23.- INCOME AND EXPENSES

23.1 Income

The breakdown of these headings in the consolidated income statements is as follows:

	Thousands of euros	
	2023	2022
Hotel occupancy	1,574,858	1,260,486
Catering	382,536	302,450
Function rooms and others	140,484	109,566
Rentals and other services	61,117	49,855
Ordinary income	2,158,995	1,722,357
Operating subsidies	(558)	33,218
Other operating income	5,780	4,809
Other income	5,222	38,027
Net gains on disposal of non-current assets	(239)	2,771
Total	2,163,978	1,763,155

Rentals and Other Services" includes the income from fees invoiced to hotels operated on a management basis and the services provided by the Group to third parties.

Aid received of 4.2 million euros has been recorded under the Operating subsidies line, subsidies received from the German and Italian governments to offset the drop in sales caused by COVID-19. Nonetheless, a reversion of 4.8 million euros has been recorded, which corresponds to the adjustment made to the estimated aid to be received from the Austrian government. Said government is conducting a review of the accounts justifying the requested financial aid and the amounts recorded cannot therefore be considered final until that process is complete.

The breakdown of net turnover by geographical markets is as follows:

	Thousands of euros	
	2023	2022
Italy	459,740	350,930
Southern Europe and USA	629,788	525,798
Central Europe	471,826	354,025
Benelux	461,367	372,333
Latin America	135,708	118,593
Central Services	566	678
Total	2,158,995	1,722,357

23.2 Operating profit (loss)

Staff costs

This item in the consolidated statement of profit and loss is broken down as follows:

	Thousands of euros	
	2023	2022
Wages, salaries and similar	401,316	336,094
Social security contributions	97,976	79,315
Severance payments	1,637	937
Contributions to pension plans and similar	12,991	11,359
Other social expenses	16,995	13,438
Total	530,915	441,143

The average number of people employed by the Parent Company and the companies consolidated through full consolidation in the year broken down by professional category was as follows:

	2023	2022
Group's general management	9	8
Managers and heads of department	1,537	1,454
Technical staff	1,047	929
Sales representatives	903	699
Administrative staff	138	135
Rest of workforce	8,802	7,770
Total	12,436	10,995

In calculating the average number of employees, the Group has not taken into account employees whose contracts have a duration of less than two days.

The breakdown of personnel at 31 December, by sex and professional category, is as follows:

	2023		2022	
	Males	Females	Males	Females
Group's general management	7	2	6	2
Managers and heads of department	886	694	864	647
Technical staff	522	582	514	493
Sales representatives	304	696	257	580
Administrative staff	53	100	49	94
Rest of workforce	4,754	5,018	4,321	4,624
Total	6,526	7,092	6,011	6,440

The average number of people with disabilities equivalent to or greater than 33%, directly employed by the Parent Company and fully consolidated companies in Spain in the year, broken down by professional category, is as follows:

	2023	2022
Managers and heads of department	2	4
Technical staff	13	12
Sales representatives	3	2
Administrative staff	7	4
Rest of workforce	88	79
Total	113	101

The average age of the Group's workforce was approximately 40.0 and average seniority in the Group was 8.4 years (41.1 years and 10.5 years respectively in 2022).

Other operating expenses

The composition of this consolidated income heading is as follows:

	Thousands of euros	
	2023	2022
Leasing (Note 7)	201,905	126,541
Outsourcing of services	151,245	124,356
Commissions and bonuses for customers	126,713	103,919
Supplies	95,740	69,999
Maintenance and cleaning	56,158	49,763
Laundry and related costs	49,146	38,647
Costs associated with information technologies	40,802	37,372
Marketing and merchandising	31,384	20,107
Taxes, insurance and levies	36,887	33,854
Advisory services	18,197	17,970
Other external services	107,310	96,677
Total	915,487	719,205

In 2023, the Group experienced an improvement to the level of activity in its hotel business, which led to an increase in some operational expenses directly related to the level of activity, such as the supplies, maintenance and cleaning and laundry service, among others. Also, the increase recorded in income from accommodation explains the increase in associated agency commission expenses and the cost of leases associated with variable rents.

During 2023 and 2022, the fees for account auditing and other services provided by the auditor of the Group's consolidated financial statements and the fees for services invoiced by the entities related to it by control, shared ownership or management, were as follows:

	Thousands of euros	
	2023	2022
Auditing services	704	571
Other verification services	251	335
Total auditing and related services	955	906
 Tax consulting services	 —	 —
Other services	392	91
Total other services	392	91
Total professional services	1,347	997

Additionally, entities associated with the international network of the consolidated financial statements auditor have invoiced the Group for the following services:

	Thousands of euros	
	2023	2022
Auditing services	992	1,044
Other verification services	260	240
Total auditing and related services	1,252	1,284
 Tax consulting services	 37	 120
Other services	134	192
Total other services	171	312
Total professional services	1,423	1,596

During 2023, other auditing firms apart from the auditor of the consolidated financial statements or entities associated with this company by control, shared ownership or management, provided account auditing services to the companies making up the Group, for fees totalling 171 thousand euros (89 thousand euros in 2022). To this effect, the fees accrued in 2023 by these firms for tax advice services were 578 thousand euros (324 thousand euros in 2022) and for other services, 535 thousand euros (508 thousand euros in 2022).

23.3 Financial profit/(loss)

Financial income

The breakdown of the amount of financial income is as follows:

	Thousands of euros	
	2023	2022
Interest income	10,746	2,156
Other financial income	1,736	4,336
Total	12,482	6,492

Interest income corresponds to remuneration of short term deposits (Note 14).

Financial expenses

The breakdown of the amount of financial expenses is as follows:

	Thousands of euros	
	2023	2022
Expenses for interest	29,561	35,771
Amortisation of debt issuance expenses and fair value adjustments	2,593	4,012
Financial expenses on debt	32,154	39,783
 Financial expenses on leases (Note 7)	 85,608	 81,073
 Financial expenses for means of payment	 26,297	 19,749
Financial effect relating to restatement of provisions and other financial liabilities	128	27
Other Financial expenses	26,425	19,776

The decrease in the "Expenses for interest" is mainly due to the decrease in gross financial debt (excluding lease liabilities) during 2022 and 2023 (full and voluntary repayment of the syndicated loan with ICO guarantee amounting to 250,000 thousand euros, and to the loan of the US subsidiary for USD 50,000 thousand signed in 2018 and maturing in July 2023) (Note 16).

The decrease in the "Amortisation of debt arrangement expenses" line is due to early amortisation of the debt arrangement expenses associated with the financial liabilities cancelled during the 2022 and 2023 financial years (Note 16).

The expenses for interest correspond to debts valued at amortised cost.

The heading "Financial expenses for means of payment" increased as a result of the increase in activity.

Results from exposure to hyperinflation

This heading includes the net effect recognised in the consolidated statement of profit and loss arising from the application of accounting standards to the financial statements of Argentine subsidiaries from the date of first application since 2018 (Note 2.6.4).

Other financial profit/loss

	Thousands of euros	
	2023	2022
Change in fair value of financial instruments	(799)	831
Profit/(loss) on financial transactions and others	2,338	23,560
Impairment on financial investments	(2,277)	2,051
Total	(738)	26,442

The "Gains/losses on financial and other operations" heading includes income from the additional price obtained from the sale of shares in a company that owned a hotel in France in 2011. Impairment of financial investments also includes the impairment of a financial investment in Mexico due to the evolution of the euro-peso and euro-dollar exchange rates.

24.- RELATED PARTY TRANSACTIONS

In addition to its subsidiaries, associates and joint ventures, the Group's "related parties" are considered to be the "key management personnel" of the Parent Company (Board Members and Directors, along with their immediate relatives), as well as organisations over which key management personnel may exert significant influence or control.

Transactions carried out by the Group with its related parties during the year are stated below, distinguishing between major shareholders, members of the Board of Directors and Directors of the Parent Company and other parties that were related

during the year even though there are no longer a shareholder at year-end. The conditions of the related-party transactions are equivalent to those of transactions carried out under market conditions:

Income and Expenses	Thousands of euros		
	2023		
	Significant shareholders	Associates or companies of the Group	Total
Expenses:			
Reception of services	3,986	—	3,986
Other expenses	362	—	362
	4,348	—	4,348
Income:			
Management or cooperation agreements	347	2,133	2,480
Other income	1,393	—	1,393
	1,740	2,133	3,873

Income and Expenses	Thousands of euros		
	2022		
	Significant shareholders	Associates or companies of the Group	Total
Expenses:			
Financial expenses	—	—	—
Reception of services	2,084	—	2,084
Other expenses	1,547	—	1,547
	3,631	—	3,631
Income:			
Financial income	—	372	372
Management or cooperation agreements	5,184	1,679	6,863
Other income	1,204	—	1,204
	6,388	2,051	8,439

The heading “Management or cooperation agreements” referring to major shareholders includes the amounts that have accrued in the form of management fees payable to the NH Group in the financial year by virtue of the hotel management agreement signed with the Minor Group.

Related party transactions

On 18 December 2023, NH Group entered into a share purchase agreement with MHG Continental Holding (Singapore) Pte LTD. whereby it acquired 100% of the share capital of the company Minor Continental Holding (Luxembourg) S.à r.l., which in turn owns, directly or indirectly, the shares of the companies Hotelagos, S.A., Minor Hotels Portugal, S.A. and Minor Luxury Hotels Vilamoura, S.A. These companies hold the ownership, administrative concession or lease of the following hotel assets: Anantara Vilamoura Algarve Resort, Tivoli Lagos Algarve Resort, NH Marina Portimão Resort, NH Sintra Centro and Tivoli The Residences at Victoria Golf Club.

This Operation marked compliance with the provisions of the Framework Agreement entered into between the NH Group and Minor on 7 February 2019 with respect to the geographic areas of preference of each party. Through the Operation, the Company has strengthened its presence in the Portuguese market by acquiring ownership of a portfolio of hotels that it had already been operating since June 2019 under a management agreement with Minor.

The consideration paid on 18 December 2023 amounted to a cash payment of 133,208 thousand euros, based on the value of the assets according to an company value, combined with a net financial position. The reasonableness of this consideration was based on a valuation report issued by Kroll Advisory, S.L., as independent expert, dated 4 December 2023.

The operation was also supported by a tax reasonableness report on transfer pricing issued by Deloitte Asesores Tributarios, S.L.U. dated 5 December 2023, and a report by Uria Menéndez Abogados, S.L.P., dated 13 December 2023, in which it was found that the terms and conditions of the sale and purchase agreement are on the whole consistent with those of an arm's length transaction between independent parties, and are in line with standard market practice for acquisitions in the hotel real estate sector in the geographical area concerned. The transaction was also approved by the Board of Directors, following a favourable report from the Audit and Control Committee, with all members voting in favour, with the exception of the proprietary directors appointed by Minor International Public Company Ltd. ("Minor"), who abstained from taking part in the deliberation and voting on the resolution.

Related party balances

	Thousands of euros	
	2023	2022
Accounts receivable from related entities (Note 13)	2,376	3,609
Accounts receivable from associated companies (short term) (Note 13)	858	643
Loans to associated companies (Note 13)	—	10,969
Less: impairment (Note 13)	—	(9,502)
Total Assets	3,234	5,719

	Thousands of euros	
	2023	2022
Accounts payable from related entities (Note 20)	(969)	(2,027)
Accounts payable to associate companies (Note 20)	(944)	(928)
Total	(1,913)	(2,955)

At 31 December 2023, the Group has a net balance pending receipt of 1,407 thousand euros with the Minor Group (2,376 thousand euros recorded as an account receivable and 969 thousand euros as accounts payable). At 31 December 2022, the Group had a net balance pending receipt of 1,582 thousand euros with the Minor Group (3,609 thousand euros recorded as an account receivable and 2,027 thousand euros as accounts payable).

25.- INFORMATION BY SEGMENTS

The Management Committee is the body responsible for making decisions on the Group's segments. The Management Committee monitors operational results on the basis of three geographical regions in order to make decisions on the accrual of resources and performance assessments. Each one of the geographical regions is led by its own Managing Director, who reports to the Management Committee.

The way of managing the three geographical regions coming under corporate services, defines the Group's geographical segments:

- BUSE (Southern Europe and USA): includes Italy, Spain, Portugal, France, Andorra, Tunisia and the USA. Within the segment, the information used for Management to manage it is presented separating Italy from the other countries.
- BUNE: within the segment, management information is grouped between Central Europe (which includes: Germany, Austria, Czech Republic, Hungary, Poland, Romania, Slovakia and Switzerland) and Benelux (which includes: Holland, Belgium, Luxembourg, Ireland and the United Kingdom).
- BUAM (Latin America, which includes: Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Haiti, Mexico and Uruguay).

The following table shows the breakdown of certain balances on the Group's consolidated statement of profit and loss.

	Thousands of euros (2023)						
	BUSE		BUNE		BUAM	Central Services	TOTAL
	Italy	Southern Europe and USA	Central Europe	Benelux			
Ordinary income	459,740	629,788	471,826	461,367	135,708	566	2,158,995
Other income	2,217	1,169	(2,055)	887	326	2,678	5,222
Net Profits/(Losses) from asset impairment	11,005	770	(13,302)	1,845	492	—	810
Depreciation	(55,291)	(81,903)	(86,195)	(41,676)	(11,809)	(15,487)	(292,361)
Financial income	8	4,140	605	69	6,177	1,483	12,482
Financial expenses	(15,568)	(47,668)	(60,429)	(22,756)	(10,344)	12,578	(144,187)
Results from exposure to hyperinflation (IAS 29)	—	—	—	—	301	—	301
Share of profit/(Loss) from entities accounted for the equity method	—	(1)	—	—	773	43	815
Income tax	(28,873)	(14,945)	(7,292)	(12,621)	(7,820)	1,235	(70,316)

	Thousands of euros (2022)						
	BUSE		BUNE		BUAM	Central Services	TOTAL
	Italy	Southern Europe and USA	Central Europe	Benelux			
Ordinary income	350,930	525,798	354,025	372,333	118,593	678	1,722,357
Other income	13,431	1,377	17,538	3,446	305	1,930	38,027
Net Profits/(Losses) from asset impairment	6,812	4,330	1,875	6,936	(13,138)	—	6,815
Depreciation	(49,437)	(80,922)	(77,984)	(41,157)	(11,430)	(16,393)	(277,323)
Financial income	36	151	340	1	1,607	4,357	6,492
Financial expenses	(19,107)	(27,756)	(46,779)	(23,810)	(9,046)	(14,134)	(140,632)
Results from exposure to hyperinflation (IAS 29)	—	—	—	—	4,384	—	4,384
Share of profit/(Loss) from entities accounted for the equity method	—	—	—	—	(64)	(385)	(449)
Income tax	(30,556)	(11,595)	(5,004)	(9,849)	3,756	182	(53,066)

2023

	Thousands of euros						
	2023						
	TOTAL	BUSE		BUNE		BUAM	Central Services
		Italy	Southern Europe and USA	Central Europe	Benelux		
OTHER INFORMATION							
Inclusions of tangible fixed assets and other intangibles	253,042	37,439	143,361	18,863	26,001	12,913	14,465
Depreciation	(292,361)	(55,291)	(81,903)	(86,195)	(41,676)	(11,809)	(15,487)
Profits/(Losses) from asset impairment	810	11,005	770	(13,302)	1,845	492	—

STATEMENT OF FINANCIAL POSITION

ASSETS							
Assets by segments	4,158,907						
Investments accounted for using the equity method	43,719						
Total consolidated assets	4,202,626	801,204	1,026,984	958,862	865,342	331,750	218,484
LIABILITIES							
Liabilities and equity by segments	4,202,626						
Total Consolidated Liabilities and Equity	4,202,626	801,204	1,026,984	958,862	865,342	331,750	218,484

2022

	Thousands of euros						
	2022						
	TOTAL	BUSE		BUNE		BUAM	Central Services
		Italy	Southern Europe and USA	Central Europe	Benelux		
OTHER INFORMATION							
Inclusions of tangible fixed assets and other intangibles	55,368	10,809	9,727	11,436	10,797	6,571	6,028
Depreciation	(277,323)	(49,437)	(80,922)	(77,984)	(41,157)	(11,430)	(16,393)
Profits/(Losses) from asset impairment	6,815	6,812	4,330	1,875	6,936	(13,138)	—

STATEMENT OF FINANCIAL POSITION

ASSETS							
Assets by segments	4,067,364						
Investments accounted for using the equity method	41,935						
Total consolidated assets	4,109,299	702,788	829,010	1,069,082	861,060	344,362	302,997
LIABILITIES							
Liabilities and equity by segments	4,109,299						
Total Consolidated Liabilities and Equity	4,109,299	702,788	829,010	1,069,082	861,060	344,362	302,997

26.- REMUNERATION AND OTHER STATEMENTS MADE BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Management Bodies of the Parent Company have the following composition at 31 December:

- Board of Directors: 10 members in 2023 (10 members at 31 December 2022),
- Audit and Control Committee: 3 members in 2023 (3 members at 31 December 2022),
- Appointments and Remuneration Committee: 3 members in 2023 (3 members at 31 December 2022).

26.1 Remuneration of the Board of Directors

The amount accrued during the year by the members of the Parent Company's Board of Directors in relation to the remuneration of the Executive Directors, bylaw stipulated directors' fees and attendance fees and other items, is as follows:

Remuneration item	Thousands of euros	
	2023	2022
Fixed remuneration	1,536	1,288
Short-term variable remuneration	1,013	895
Long-term variable remuneration	1,637	714
Parent Company: allowances	6	3
Parent Company: attendance allowances	305	377
Indemnifications/other	30	23
Life insurance premiums	14	12
Total	4,541	3,312

The Board of Directors had 10 members at 31 December 2023, three women and seven men (10 members in 2022, one woman).

The composition of the Board of Directors was amended at the General Shareholders' Meeting held in June 2023, with the resignation of the Directors José María Cantero, Fernando Lacadena and Alfredo Fernández Agra. For their part, María Segimón de Manzanos, Miriam González-Amezqueta López and Tomás López Fernebrand joined the Board as Independent Directors. This includes the remuneration of outgoing directors until they leave office and of incoming directors from the date of their appointment.

In relation to the heading, "Transactions on shares and/or other financial instruments", consideration has been given to the objective long-term remuneration accrued. Remuneration in kind (vehicles and health insurance) is included under "Others".

Additional information in the Annual directors' Remuneration Report.

26.2 Remuneration of senior management

The remuneration of members of the Management Committee during the year, excluding those who simultaneously held office as members of the Board of Directors (whose remuneration has been set out above), is detailed below:

	Thousands of euros	
	2023	2022
Pecuniary remuneration	2,476	2,375
Remuneration in kind	126	110
Others	1306	627
Total	3,908	3,112

There were six members of Senior Management at 31 December 2023 (five members at 31 December 2022), excluding the CEO, the Chief Operations Officer and the Chief Assets and Development Officer due to their status as executive directors.

The item "Cash remuneration" includes fixed and short-term variable remuneration accrued in full until 31 December 2023.

Remuneration in kind includes the vehicle and the cost of insurance.

The heading "Other" takes the long-term objective remuneration accrued in 2023 into consideration.

26.3 Information on conflicts of interest on the part of Directors

During 2023, Minor International Public Company Limited ("Minor"), an indirect majority shareholder of the Group (95.87%) and represented on the Board by four proprietary Directors, and the Group signed a series of Related Party Transactions, which are broken down in the Audit and Control Committee's Annual Report, and there were transactions arising from Related Transactions approved in previous years which are broken down in Note 24 of this Report. These Related Party Transactions have always been executed in strict compliance with the rules established in the applicable regulations and the Procedure for Conflicts of Interest and Related Party Transactions with Significant Shareholders, Directors and Senior Management of NH Hotel Group, S.A. approved by the Board of Directors on 11 November 2021. All transactions signed with Minor (and/or its group of companies) have counted on a report from the Audit and Control Committee, have been signed under market conditions and with the participation of external advisors, and in compliance with the provisions in the Framework Agreement signed between the parties on 7 February 2019, which regulates, among others, the scope of action of the respective hotel groups headed by the Group and Minor through the identification of preferred geographic areas or zones, the mechanisms necessary to prevent and deal with possible conflicts of interest, as well as to carry out operations with related parties and develop business opportunities. The aforementioned Framework Agreement was duly communicated to the Market via a Relevant Fact and is published in full on the Company's website.

During all meetings of both the Audit and Control Committee and the Board of Directors that dealt with any matter related to Minor, proprietary directors were absent from the meetings, and consequently did not take part in the debate or in the adoption of the corresponding resolution.

In addition, and when the related-party operation so requires, the Company informs the market of the details of the transaction, as was done in the communication sent to the CNMV on 18 December 2023, describing in detail the operation entered into with Minor in relation to the operation in Portugal, whose review, study and approval has scrupulously complied with the rules of good governance.

27.- ENVIRONMENTAL, SOCIAL AND GOVERNMENTAL RISKS

The Parent Company's Board of Directors is the body responsible for supervision of the risk management system, and the Audit and Control Committee supports the Board in supervising the effectiveness of the internal control, internal audit and the risk management systems.

The governing bodies receive information about the main risks the Group is exposed to and the capital resources available to face up to them at least every quarter, along with information about compliance with the limits set in the risk appetite.

Therefore, as in previous years, in 2023 the Audit and Control Committee supervised and validated the Risk Map update and the correct implementation of the action plans that fully or partially contribute to mitigating the main risks.

An analysis was carried out on the 78 risks appearing in the Group's risk catalogue for 2023 to identify those relating to ESG (Environmental, Social and Governance) criteria. The result was that 47% of all the risks identified were classified as such.

As it is integrated within the Company's Risk Management Model, the ESG Risk Map follows the same process phases, including risk response, monitoring and control and mitigation measures adopted.

In addition, all risks and opportunities arising from climate change have been identified and quantified following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

For more information on the Group's risk management model, see section 9. Risk Management of the 2023 Consolidated Non-Financial Information Statement.

Sustainable Business Strategy

NH Hotel Group runs its hotel business with the ambition of leading responsible behaviour, generating a positive social and environmental impact where it is present, conveying its human rights, ethical and corporate commitments in its way of working along its entire value chain: shareholders, customers, partners, suppliers and employees, while promoting responsible alliances with two pillars: UP FOR PLANET and UP FOR PEOPLE.

A noteworthy milestone was setting up the Sustainability Executive Committee in May 2022, whose main function is to support the Board of Directors in its work providing monitoring of NH Hotel Group's sustainability strategy. This committee is co-chaired by the Chief Assets & Development Officer and the Chief People & Sustainable Business Officer, and it is made up of members of the Company from different key areas with a direct impact on the NH Hotel Group strategy execution.

Convinced it is moving in the right direction to achieve the next sustainability challenges, the Company is aligned with the Sustainable Development Goals (SDGs) to which it can contribute and undertakes to continue creating long-term and global value within the framework of the 2030 Agenda.

More information on this Model and its performance during 2023 is available in section 10. Sustainable Business Strategy of the 2023 Consolidated Non-Financial Information Statement.

28.- EXPOSURE TO RISK

Group financial risk management is centralized in the Corporate Finance Division in accordance with the policies approved by the Board of Directors. This Division has put the necessary measures in place to control exposure to changes in interest and exchange rates on the basis of the Group's structure and financial position, as well as credit, liquidity and market price risks. If necessary, hedges are made on a case-by-case basis. The main financial risks faced by the Group's policies are described below:

Credit risk

The Group main financial assets include cash and cash equivalents (Note 14), as well as trade and other accounts receivable (Note 13). In general terms, the Group holds its cash and cash equivalents in entities with a high credit rating and part of its trade and other accounts receivable are guaranteed by deposits, bank guarantees and advance payments by tour operators.

The Group has no significant concentration of third-party credit risk due to the diversification of its financial investments as well as to the distribution of trade risks with short collection periods among a large number of customers.

The Group has formal procedures for detecting objective evidence of impairment in trade receivables for the provision of services. As a result of these, significant delays in payment terms and the methods to be followed in estimating the impairment loss based on individual analyses are identified. Impairment of trade receivables from customers for the provision of services at 31 December 2023 amounted to 4,621 thousand euros (4,398 thousand euros at 31 December 2022) (Note 13), and customer balances not included in this impairment have sufficient credit quality. Therefore, with this impairment, the credit risk of these trade receivable is considered covered.

Interest rate risk

The Group's financial assets and liabilities are exposed to fluctuations in interest rates, which may have an adverse effect on its results and cash flows. To mitigate this risk, the Group has voluntarily repaid the 250,000 thousand-euro syndicated loan with ICO guarantee, and the USD 50,000 thousand loan from the US subsidiary maturing in July 2023 early and in full, thereby reducing its exposure to fluctuations in interest rates. It has also set up control policies and the greater part of its debt is at fixed rates with the issue of guaranteed senior debentures. At 31 December 2023, approximately 88% (70% at 31 December 2022) of the gross borrowings drawn down was tied to fixed interest rates (excluding lease liabilities).

In accordance with reporting requirements set forth in IFRS 7, the Group has conducted a sensitivity analysis on possible interest-rate fluctuations in the markets in which it operates, based on these requirements.

Through the sensitivity analysis, taking as a reference the outstanding amount of that financing that has variable interest, we estimated the increase in the interest that would arise in the event of a rise in the reference interest rates.

- In the event that the increase in interest rates were 25 b.p., the financial expense would increase by 145 thousand euros plus interest.
- In the event that the increase in interest rates were 50 b.p., the financial expense would increase by 290 thousand euros plus interest.
- In the event that the increase in interest rates were 100 b.p., the financial expense would increase by 581 thousand euros plus interest.

The results in equity would be similar to those recorded in the income statement but taking into account their tax effect, if any.

Lastly, the long-term financial assets set out in Note 12 of this annual report are also subject to interest-rate risks.

Exchange rate risk

The Group is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows. These mainly arise from:

- Investments in foreign countries (essentially Mexico, Argentina, Uruguay, Colombia, Chile, Ecuador, the Dominican Republic, Brazil, Panama, the United States, Hungary and the Czech Republic).

- Transactions made by Group companies operating in countries whose currency is other than the euro (essentially Mexico, Argentina, Uruguay, Colombia, Chile, Ecuador, the Dominican Republic, Venezuela, Brazil, the United States, the United Kingdom, Hungary and the Czech Republic).

In this respect, the detail of the effect on the currency translation difference of the main currencies in 2023 was as follows:

	Thousands of euros	
	Currency translation difference	Change vs 2022
Uruguayan peso	(4,197)	(101)
Mexican peso	(12,612)	3,831
Colombian peso	(32,757)	6,669
Chilean peso	14,538	(195)

The changes in the currency translation difference of the above currencies were mainly due to the movements in exchange rates between 31 December 2023 and 31 December 2022:

Year-end euro reference exchange rate	2023	2022	Change
Uruguayan peso	43.12	42.45	(1.58)%
Mexican peso	18.72	20.86	10.26 %
Colombian peso	4,347.83	5,263.16	17.39 %
Chilean peso	961.54	909.09	(5.77)%

As can be observed in the table, the movements in the exchange rate of the currencies with respect to the end of the previous year is in line with the changes in equity associated with these currencies.

Below is a detail of the movements in the average exchange rate of the aforementioned currencies:

Average euro reference exchange rate in the year	2023	2022	Change
Uruguayan peso	41.98	43.38	3.23 %
Mexican peso	19.18	21.18	9.44 %
Colombian peso	4,761.91	4,545.45	(4.76)%
Chilean peso	909.09	917.43	0.91 %

For these currencies an analysis was carried out to determine if it would be better to apply a monthly average or cumulative average exchange rate, and no significant difference resulted from this analysis.

Liquidity risk

Exposure to adverse situations in debt or capital markets could hinder or prevent the Group from meeting the financial needs required for its operations and for implementing its Strategic Plan.

Furthermore, the continuous concentration in the banking system may make access to financial instruments, bank guarantees and financing working capital more difficult.

Management of this risk is focused on thoroughly monitoring the maturity schedule of the Group's financial debt, as well as on proactive management and maintaining credit lines that allow forecast cash needs to be met.

The Group's liquidity position at 31 December 2023 is based on the following points:

- The group had cash and cash equivalents amounting to 215,991 thousand euros.
- Available in undrawn credit facilities to the amount of 303,987 thousand euros (Note 16).

The Group also has 40,101 thousand euros in confirming lines that it uses to manage part of its payments to trade creditors. These lines are distributed amongst several banks and cover trade suppliers in various countries in Europe (Spain, Germany, Holland, Italy, Belgium, Austria and Luxembourg).

Lastly, the Group makes cash flow forecasts on a systematic basis for each business unit and geographical area, depending on the capacity to generate positive cash flows from business, in order to assess their needs. This Group liquidity policy ensures payment undertakings are fulfilled without having to request funds at onerous conditions. In this way, the Group's liquidity position is continuously monitored.

Market prices risk

The Group is exposed to risks related to fluctuations of prices of goods and services. These risks are essentially managed in the purchasing process.

In an inflation environment, the Group could be impacted in several ways, such as, for example, by increases in supplies of products and services, salary costs, the cost of renting the hotels leased. This inflation risk can be buffered by, amongst others, diversifying supplies providers, renegotiation of existing contracts that include protection clauses, a business strategy focussing on maximising the average price for the sale of hotel rooms and the identification of efficiency measures for operational costs.

However, the disruptions to the supply chain, exacerbated by geopolitical tensions, have caused upward pressure in the price of supplies of products and services, particularly energy, which has increased drastically in Europe and is reflected in the cost of its supplies and services with a high energy use, such as laundry services. As mentioned above, these risks are managed, among others, by diversification of supply providers, renegotiation of existing contracts and identification of operational cost efficiency measures.

29.- SUBSEQUENT EVENTS

No significant events have occurred since 31 December 2023.

APPENDIX I: SUBSIDIARIES

The data on the Parent company's subsidiaries at 31 December 2023 are presented below:

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Agaga, s.r.o.	Czech Republic	Hotel Business	100%	100%
Aguamarina S.A.	Dominican Republic Corporate services	Corporate services	100%	100%
Airport Hotel Frankfurt-Raunheim, GmbH & Co. KG	Frankfurt	Real Estate	94%	94%
Aldon Beteiligungs GmbH	Pullach i.Isartal	Holding company	100%	100%
Artos Beteiligungs, GmbH	Munich	Holding company	100%	100%
Astron Immobilien, GmbH	Munich	Holding company	100%	100%
Atlantic Hotel Exploitatie, B.V.	The Hague	Hotel Business	100%	100%
Capredo Investments, GmbH	Switzerland	Holding company	100%	100%
Chartwell de México, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Chartwell de Nuevo Laredo, S.A. de C.V.	Nuevo Laredo	Hotel Business	100%	100%
Chartwell Inmobiliaria de Coatzacoalcos, S.A. de C.V.	Coatzacoalcos	Hotel Business	100%	100%
City Hotel, S.A.	Buenos Aires	Hotel Business	50%	50%
Columbia Palace Hotel, S.A.	Montevideo	Hotel Business	100%	100%
Coperama Benelux, B.V.	Amsterdam	Procurement network	100%	100%
Coperama Central Europe GmbH (*)	Berlin	Procurement network	100%	100%
Coperama Colombia, S.A.S	Bogotá	Procurement network	100%	100%
Coperama Holding, S.L.	Madrid	Procurement network	100%	100%
Coperama Italia S.r.l.	Milan	Procurement network	100%	100%
Coperama Mexico S.A. de C.V.	Mexico City	Procurement network	100%	100%
Coperama Portugal, Unipessoal Lda	Portugal	Procurement network	100%	100%
Coperama Spain, S.L.	Madrid	Procurement network	100%	100%
Corporación Hotelera Oriental, S.A.	Santo Domingo	Holding company	100%	100%
Dam 9 B.V.	Amsterdam	Corporate services	100%	100%
De Sparrenhorst, B.V.	Nunspeet	Hotel Business	100%	100%
Desarrollo Inmobiliario Santa Fe Mexico, S.A. de C.V.	Mexico City	Hotel Business	50%	50%
Eurotels Chile S.A.	Chile	Holding company	98%	98%
Exploitatiemaatschappij Caransa Hotel, B.V.	Amsterdam	Without activity	100%	100%
Exploitatiemaatschappij Hotel Best B.V.	Best	Without activity	100%	100%
Exploitatiemaatschappij Hotel Doelen, B.V.	Amsterdam	Hotel Business	100%	100%
Exploitatiemaatschappij Hotel Naarden, B.V.	Naarden	Hotel Business	100%	100%
Exploitatiemaatschappij Hotel Schiller, B.V.	Amsterdam	Hotel Business	100%	100%

(*) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) in 2023.

(**) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) and Section 291, paragraph 1, of the Commercial code (HGB) in 2023.

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Franquicias Lodge, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
GCS Hotel Ltd.	Dublin	Hotel Business	100%	100%
Gestora hotelera del siglo XXI, S.A.	Barcelona	Hotel Business	100%	100%
Gran Círculo de Madrid, S.A.	Madrid	Catering	99%	99%
Grupo Hotelero Monterrey, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Grupo Hotelero Queretaro, S.A. de C.V.	Querétaro	Hotel Business	57%	57%
Grupo Operador de Hoteles Santa Fe, S.A de C.V	Mexico City	Hotel Business	50%	50%
Heiner Gossen Hotelbetrieb, GmbH (*)	Berlin	Hotel Business	100%	100%
Highmark Geldrop, B.V.	Geldrop	Without activity	100%	100%
Highmark Hoofddorp, B.V.	Hoofddorp	Hotel Business	100%	100%
Hispana Santa Fe, S.A. de C.V.	Mexico City	Hotel Business	50%	50%
Holding Onroerend Goed d'Vijff Vlieghen B.V.	Amsterdam	Without activity	100%	100%
Hotel de Ville, B.V.	Groningen	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Amsterdam Noord B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Leijenberghlaan Amsterdam B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Capelle aan den IJssel B.V.	Capelle a/d IJssel	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Stationsstraat Amersfoort B.V.	Amersfoort	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Atlanta Rotterdam B.V.	Rotterdam	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Danny Kayelaan Zoetermeer B.V.	Zoetermeer	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Diegem N.V.	Diegem	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Eindhoven B.V.	Hilversum	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Epen Zuid-Limburg B.V.	The Hague	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Flowermarket B.V.	Amsterdam	Without activity	100%	100%
Hotel Exploitatie Maatschappij Forum Maastricht B.V.	Maastricht	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Jaarbeursplein Utrecht B.V.	Utrecht	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Janskerkhof Utrecht B.V.	Utrecht	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Onderlangs Arnhem B.V.	Arnhem	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Spuistraat Amsterdam B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Stadhouderskade Amsterdam B.V.	Amsterdam	Hotel Business	100%	100%
Hotel Exploitatie Maatschappij Van Alphenstraat Zandvoort B.V.	Hilversum	Hotel Business	100%	100%
Hotelagos S.A	Lagos	Hotel Business	100%	100%
Hotelera de Chile, S.A.	Santiago de Chile	Hotel Business	100%	100%
Hotelera de la Parra, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Hotelera Lancaster, S.A.	Buenos Aires	Hotel Business	50%	50%
Hotelera Norte Sur S.A	Chile	Real Estate	68%	68%

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(**) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) and Section 291, paragraph 1, of the Commercial code (HGB) in 2023.

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Hoteles Royal del Ecuador S.A. Horodelsa	Quito	Hotel Business	54%	54%
Hoteles Royal, S.A.	Bogota	Holding company	98%	98%
Hotel Exploitatie Maatschappij Vijzelstraat Amsterdam B.V.	Amsterdam	Hotel Business	100%	100%
Hotels Bingen & Viernheim, GmbH & Co. KG	Munich	Real Estate	94%	94%
HR Quántica SAS	Bogota	Hotel Business	50%	50%
Iberinterbrokers, S.L.	Barcelona	Corporate services	75%	75%
IMMO Hotel Belfort N.V.	Diegem	Real Estate	100%	100%
IMMO Hotel Brugge N.V.	Diegem	Real Estate	100%	100%
IMMO Hotel Diegem N.V.	Diegem	Real Estate	100%	100%
IMMO Hotel Gent N.V.	Diegem	Real Estate	100%	100%
IMMO Hotel GP N.V.	Diegem	Real Estate	100%	100%
IMMO Hotel Mechelen N.V.	Diegem	Real Estate	100%	100%
IMMO Hotel Stephanie N.V.	Diegem	Real Estate	100%	100%
Inmobiliaria Royal S.A	Chile	Real Estate	68%	68%
Inmobiliaria y financiera Chile S.A.	Santiago de Chile	Real Estate	100%	100%
Inversiones Chilenas, S.A.S	Bogotá	Hotel Business	98%	98%
Roco Hospitality Group, S.R.L.	Italy	Hotel Business	100%	100%
Jan Tabak, N.V.	Bussum	Hotel Business	84%	84%
Jolly Hotels Belgio S.A.	Brussels	Real Estate	100%	100%
Jolly Hotels Deutschland GmbH (*)	Berlin	Hotel Business	100%	100%
Jolly Hotels Holland N.V.	Amsterdam	Holding company	100%	100%
Jolly Hotels USA, Inc.	Wilmington	Hotel Business	100%	100%
Koningshof, B.V.	Veldhoven	Hotel Business	100%	100%
Krasnapolsky Belgian Shares, B.V.	Hoofddorp	Holding company	100%	100%
Krasnapolsky Hotels & Restaurants, N.V.	Amsterdam	Holding company	100%	100%
Krasnapolsky Hotels, Ltd.	Somerset West	Hotel Business	100%	100%
Krasnapolsky ICT, B.V.	Hoofddorp	Without activity	100%	100%
Krasnapolsky International Holding, B.V.	Hoofddorp	Holding company	100%	100%
Latina Chile, S.A.	Santiago de Chile	Hotel Business	100%	100%
Latina de Gestión Hotelera, S.A.	Buenos Aires	Hotel Business	100%	100%
Latina Holding S.A.U.	Buenos Aires	Holding company	100%	100%
Latinoamericana Curitiba Administracao De Hoteis Ltda	Curitiba	Hotel Business	100%	100%
Latinoamericana de Gestión Hotelera, S.L.	Madrid	Holding company	100%	100%
Leeuwenhorst Congres Center, B.V.	Noordwijkerhout	Hotel Business	100%	100%
Liberation Exploitatie, B.V.	Sprang Capelle	Hotel Business	100%	100%
Mateo Hotel Savona KG der Mateo Grundstuecksverwaltungsgesellschaft mbh& C.	Bolzano	Holding company	100%	100%
Mateo Grundstuecksverwaltungsgesellschaft mbh	Pullach i.Isartal	Holding company	100%	100%
Marquette Beheer, B.V.	Hoofddorp	Holding company	100%	100%

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(**) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) and Section 291, paragraph 1, of the Commercial code (HGB) in 2023.

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Minor Continental Holding (Luxembourg) S.à r.l.	Luxembourg	Hotel Business	100%	100%
Minor Hotels Portugal S.A.	Lisbon	Hotel Business	100%	100%
Minor Luxury Hotels Vilamoura S.A.	Vilamoura	Hotel Business	100%	100%
Museum Quarter, B.V.	Amsterdam	Hotel Business	100%	100%
Nacional Hispana de Hoteles, S. de R.L. de C.V.	Mexico City	Hotel Business	100%	100%
New York Palace KFT	Budapest	Hotel Business	100%	100%
NH Atardecer Caribeño, S.A.	Madrid	Corporate services	100%	100%
NH Belgium, cvba	Diegem	Holding company	100%	100%
NH Brasil Abrasil Administração De Hoteis E Participadas Ltda.	Villa Olímpica	Corporate services	100%	100%
NH Caribbean Management, B.V.	Hilversum	Management	100%	100%
NH Cash Link, S.L.	Madrid	Financial company	100%	100%
NH Central Europe Management, GmbH (*)	Berlin	Hotel Business	100%	100%
NH Central Europe, GmbH & Co. KG (**)	Berlin	Hotel Business	100%	100%
NH Central Reservation Office, S.A.	Madrid	Call Centre	100%	100%
NH Ciutat de Reus, S.A.	Barcelona	Hotel Business	90%	90%
NH Europa, S.L.	Barcelona	Hotel Business	100%	100%
NH Financing Services S.a r.l.	Luxembourg	Financial company	100%	100%
NH Hotels Finland Oy	Finland	Hotel Business	100%	100%
NH Holding Srl	Italy	Holding company	100%	100%
NH Hotel Rallye Portugal, Lda.	Portugal	Hotel Business	100%	100%
NH Hotelbetriebs.-u. Dienstleistungs, GmbH (*)	Berlin	Hotel Business	100%	100%
NH Hotelbetriebs-u Entwicklungs, GmbH (*)	Berlin	Hotel Business	100%	100%
NH Hoteles Austria, GmbH	Vienna	Hotel Business	100%	100%
NH Hoteles Deutschland, GmbH (**)	Berlin	Hotel Business	100%	100%
NH Hoteles España, S.A.	Barcelona	Hotel Business	100%	100%
NH Hoteles France S.A.S.	France	Hotel Business	100%	100%
NH Hoteles Switzerland GmbH	Zurich	Hotel Business	100%	100%
NH Hotels Czequia, s.r.o.	Prague	Hotel Business	100%	100%
NH Hoteles Polska, Sp. Zo.o.	Poznan	Hotel Business	100%	100%
NH Hotels USA, Inc.	Houston	Hotel Business	100%	100%
NH Hungary Szallodauzemelteto kft	Budapest	Hotel Business	100%	100%
NH Italia Real Estate, S.r.l.	Milan	Real Estate	100%	100%
NH Italia, S.p.A.	Milan	Hotel Business	100%	100%
NH Lagasca, S.A.	Madrid	Hotel Business	75%	75%
NH Las Palmas, S.A.	Gran Canaria	Hotel Business	75%	75%
NH Management Black Sea Srl	Bucharest	Hotel Business	100%	100%
NH Marbella Hotel, S.L.	Madrid	Without activity	100%	100%
NH Marin, S.A.	Barcelona	Hotel Business	50%	50%
NH Private Equity	Senningerberg	Holding company	100%	100%
NH Private Equity, B.V.	Hoofddorp	Holding company	100%	100%
NH Private Equity, B.V.	London	Holding company	100%	100%

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(**) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) and Section 291, paragraph 1, of the Commercial code (HGB) in 2023.

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
NH Strandgade APS	Copenhagen	Hotel Business	100%	100%
NH The Netherlands, B.V.	Hoofddorp	Holding company	100%	100%
NH Wilhelminakade Holding B.V.	Hoofddorp	Without activity	100%	100%
NHOW Amsterdam B.V.	Amsterdam	Hotel Business	100%	100%
NHOW London, Ltd.	London	Corporate services	100%	100%
NHOW Rotterdam B.V.	Rotterdam	Hotel Business	100%	100%
Nuevos Espacios Hoteleros, S.A.	Madrid	Hotel Business	100%	100%
Objekt Leipzig Messe GmbH &Co KG	Munich	Real Estate	94%	94%
Olofskapel Monumenten, B.V.	Amsterdam	Without activity	100%	100%
Onroerend Goed Beheer Maatschappij Atlanta Rotterdam, B.V.	Rotterdam	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Capelle aan den IJssel, B.V.	Capelle a/d IJssel	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Danny Kayelaan Zoetermeer, B.V.	Zoetermeer	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij IJsselmeerweg Naarden, B.V.	Naarden	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Kruisweg Hoofddorp, B.V.	Hoofddorp	Real Estate	100%	100%
Onroerend Goed Beheer Maatschappij Marquette Heemskerk, B.V.	Heemskerk	Without activity	100%	100%
Onroerend Goed Beheer Maatschappij Prins Hendrikkade Amsterdam, B.V.	Amsterdam	Without activity	100%	100%
Onroerend Goed Beheer Maatschappij Van Alphenstraat Zandvoort, B.V.	Zandvoort	Real Estate	100%	100%
Operadora Nacional Hispana, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Palacio de la Merced, S.A.	Burgos	Hotel Business	88%	88%
Palatium Amstelodamum, N.V.	Amsterdam	Hotel Business	100%	100%
Restaurant D'Vijff Vlieghen, B.V.	Amsterdam	Catering	100%	100%
Royal Hotels Inc.	USA	Without activity	98%	98%
Royal Santiago Hotel S.A.	Chile	Hotel Business	66%	66%
Servicios Chartwell de Nuevo Laredo, S.A. de C.V.	Nuevo Laredo	Hotel Business	100%	100%
Servicios Corporativos Chartwell Monterrey, S.A. de C.V.	Monterrey	Hotel Business	100%	100%
Servicios Corporativos Hoteleros, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Servicios Corporativos Krystal Rosa, S.A. de C.V.	Mexico City	Hotel Business	100%	100%
Sociedad Hotelera Cien Internacional S.A.	Bogota	Hotel Business	63%	63%
Sociedad Hotelera Cotopaxi S.A.	Quito	Hotel Business	54%	54%
Sociedad Operadora Nh Royal Panama S.A.	Ciudad de Panamá	Hotel Business	98%	98%
The Marker Anantara Ltd.	Dublin	Holding company	100%	100%
Toralo, S.A.	Montevideo	Hotel Business	100%	100%
Vela Secunda Omnia Primum VIII B.V.	Groningen	Hotel Business	50%	50%
Wilan Ander, S.L.	Madrid	Real Estate	100%	100%
Wilan Huel, S.L.	Madrid	Real Estate	100%	100%

(*) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) in 2023.

(**) The companies belonging to the German consolidated group made use of the exemption provided for in Section 264, Paragraph 3 of the Commercial Code (HGB) and Section 291, paragraph 1, of the Commercial code (HGB) in 2023.

APPENDIX II: ASSOCIATED COMPANIES

Investee company	Registered address of investee company	Main activity of the Investee Company	Parent company's % stake in investee company	% of voting rights controlled by parent company
Borokay Beach, S.L.	Madrid	Hotel Business	50%	50%
Consorcio Grupo Hotelero T2, S.A. de C.V.	Mexico City	Hotel Business	10%	10%
Gente con actitud de servicios gecase, S.A. De C.V.	Puebla	Hotel Business	17%	17%
Hotelera del Mar, S.A.	Mar de Plata	Hotel Business	20%	20%
Inmobiliaria 3 Poniente, S.A. de C.V.	Puebla	Hotel Business	17%	17%
Mil Novecientos Doce, S.A. de C.V.	Mexico	Hotel Business	25%	25%
Servicios Corporativos 1912, S.A. DE C.V	Mexico	Hotel Business	25%	25%
Servicios Corporativos T2, S.A. DE C.V	Mexico City	Hotel Business	10%	10%
Sotocaribe, S.L.	Madrid	Holding company	36%	36%

Consolidated management report for the financial year ended at 31 December 2023

EVOLUTION OF BUSINESS AND GROUP'S SITUATION

NH Hotel Group is an international hotel operator and one of the leading urban hotel companies worldwide in terms of number of rooms. The Group operates 350 hotels and 55,626 rooms in 30 countries, and has a significant presence in Europe.

The centralised business model allows it to offer a consistent level of service to its customers in different hotels in different regions. The corporate headquarters and regional offices offer hotels a wide range of functions such as sales, revenue management, reservations, marketing, human resources, financial management and systems development.

This flexible operational and financial structure has enabled the Group to overcome the huge challenges of previous years due to the low level of demand. In the medium term, the Group will continue to benefit from brand recognition, its excellent locations and strong market positioning in Europe. It should be pointed out that in 2023, according to the Brand Finance Hospitality study, we were recognised as the highest-value Spanish brand, the sixth in Europe and among the top 25 worldwide.

The recovery that began in 2021 after the economic crisis caused by the Covid-19 pandemic was consolidated during 2023. To this effect, the world economy grew 3.1%, compared to 3.5% growth in the previous year. More specifically, the eurozone had growth of 0.5% in 2023 (3.4% in 2022).^[1]

The global economic recovery is proving surprisingly resilient in the wake of the COVID-19 pandemic, the Russian invasion of Ukraine and the cost of living crisis. Inflation is falling faster than expected after peaking in 2022 and is having less of an impact on employment and economic activity than expected thanks to favourable supply-side developments and policy tightening by central banks, which has kept inflation expectations anchored. However, high interest rates aimed at fighting inflation, coupled with the withdrawal of fiscal support in a context of high debt, are expected to dampen growth in 2024.

The four countries that bring the greatest proportion of the Group's sales and profits reduced their rates of growth in 2023: Spain (+2.4% in 2023 vs +5.8% in 2022), the Netherlands (+0.6% in 2023 vs +4.3% in 2022), Germany (-0.3% in 2023 vs +1.8% in 2022), and Italy (+0.7% in 2023 vs +3.7% in 2022). Meanwhile, growth in Latin America was +2.5% in 2023 vs +4.2% in 2022.

Inflation is falling faster than expected in most regions as supply-side problems dissipate and monetary policy tightens. Even though global inflation has fallen, this is mainly due to a fall in energy and food prices. Underlying inflation, however, which excludes such volatile components as energy and food, remains high in many countries. It is forecast that worldwide inflation will decrease from 9.2% in 2022 to 6.8% in 2023 and to 5.8% in 2024, levels which are far higher than the target and still higher than those seen prior to the pandemic (2017-2019) of around 3.5%.

According to UNWTO data, by 2023 international tourism will reach 88% of pre-pandemic levels, with an estimated 1.3 billion international arrivals. The release of remaining pent-up demand, increased air connectivity and further recovery of Asian markets and destinations are expected to support a full recovery by the end of 2024. Europe, the world's most visited region, reached 94% of the levels achieved in 2019, supported by intra-regional demand and travel from the United States. Africa recovered to 96% of pre-pandemic visitors, and the Americas to 90%. Asia and the Pacific reached 65% of pre-pandemic levels, following the reopening of several markets and destinations.

The latest UNWTO data also highlights the economic impact of the recovery. In 2023, according to preliminary estimates, international tourism receipts will reach USD 1.4 trillion, approximately 93% of the USD 1.5 trillion receipts from destinations in 2019. Preliminary estimates of tourism's economic contribution, measured in terms of direct tourism gross domestic product (GDP), point to USD 3.3 trillion in 2023, or 3% of global GDP. This indicates a recovery of the direct tourism GDP achieved before the pandemic, driven by strong growth in domestic and international tourism.

[1] Data and estimates from the IMF "World Economic Outlook" January 2024.

The rapid recovery in the Group's results should be noted. This can be explained by the operational and financial transformation undertaken in the years prior to the pandemic, as well as the measures adopted during the pandemic.

The excellent performance of the group in the years prior to the pandemic was the result of a complete transformation, particularly brand segmentation and increased positioning in the premium segment, portfolio optimisation, significant investment in repositioning and information systems for pricing strategy, the focus on efficiency and cost control, and the reduction of financial indebtedness.

This Plan prioritised boosting the Company's income, increasing its efficiency and, at the same time, taking advantage of its strengths for new repositioning opportunities and organic expansion as an additional path to growth.

With the entrance of Minor International into the share capital at the end of 2018, a new era of opportunity opened up with the creation of a global hotel platform operating on five continents. In this way, a new stage began where additional opportunities arose, such as:

- The possibility of increasing the current customer base, attracting the growing Asian demand to the European markets.
- Economies of scale with business partners, travel agencies and suppliers
- The ability to use a larger brand umbrella in new geographical areas, that is to say, take the NH brands into Minor geographical areas and vice versa.
- Access the luxury segment with new opportunities for brand change and opening and signing up new hotels in the segment.
- Boost the segment diversification strategy, integrating the resorts market into our cornerstones for growth
- Integration of Tivoli operations in Europe under the NH umbrella.
- Contact the best teams, driving an exchange of talent.

Continuous improvement to the customer experience was boosted in 2019 with the launch of various initiatives: "Fastpass", a combination of three innovative services - Check-in Online, Choose Your Room and Check-out Online - which gives customers full control over their stay. Also a new service, "City Connection", where you can enjoy the city without limits. Under the slogan "Stay in one hotel, enjoy them all", the NH Hotel Group offered a range of services that allow customers to enjoy them in any hotel in the city they are in, regardless of the hotel they are staying in for the duration of their stay..

In 2021, in order to adapt to the new trends among business travellers, the Group launched a series of initiatives:

- Extended Stay, with up to 35% discount on stays of more than 7 days for working away from home for an extended period.
- Smart Spaces, a new B2B offer, with exclusive spaces for working and organising small business meetings making the most of all the advantages of our hotels.
- Hybrid Meetings, to boost the value of events reaching a bigger audience from various destinations with a combination of in-person and virtual attendance.
- NH+, a new focus on the corporate segment towards SMEs, which were the first to resume business and have enabled us to extend this segment of corporate customers.

The lifting of mobility restrictions since the middle of 2021 was the key factor to the recovery of the hotel sector. The increase in the costs of supplies and operational costs, amongst which staff costs, energy costs and all costs linked to the CPI stand out, is playing an important role in the profitability of hotel businesses which is partly offset by the strategy to maximise prices.

Size continued to be an important factor as the economies of scale enable greater efficiency in operational management. The fragmentation of the hotel sector in Europe continues to be high and, therefore, opportunities will arise so that the concentration of the sector accelerates towards more efficient, sustainable business and management models with greater economies of scale.

Minor Hotels and NH Hotel Group have integrated their brands under a single corporate umbrella present in more than 50 countries around the world. In this way, a portfolio of more than 500 hotels under eight brands is organised: Anantara, Avani, Elewana, Oaks, NH Hotels, NH Collection, nhow y Tivoli, which completes a wide and diverse spectrum of hotel proposals connected to the needs and desires of global travellers. Both groups currently share their knowledge base and experience in the sector in order to materialise short-term opportunities, taking advantage of the complementarity of their hotel portfolios to define a global sales strategy, the implementation of economies of scale with a broader customer base, explore development pathways for all their brands in different geographical areas and access to shared talent.

Furthermore, NH Hotel Group proactively implemented a series of initiatives in 2021 to boost the Group's capital structure. These included a share capital increase, the refinancing and extension of interest-bearing debt maturity and the divestment of an important asset via a sale & leaseback operation. These milestones have enabled a recovery by the sector to be approached from the best possible financial position and have led to a rapid reduction in the financial borrowing that began in 2021 and continued until 2023.

During 2022, the NH Rewards loyalty programme became known as NH Discovery after the migration to the Global Hotel Alliance programme that Minor International is a part of. This enables us to take part in, and benefit from, a loyalty programme with more than 25 million members and more than 800 multi-brand hotels in more than 100 countries. The NH hotels and members are complementary to GHA's, which entails a huge advantage when it comes to gaining visibility on the main source markets and the various business segments.

Digitisation has been and will be key to the sector's evolution. The customer experience is improved and efficiency increased using technology and digitisation. The digital component is key in responding to travellers' security needs and experience. Technology is a facilitator that complements our employees' work, freeing them up from administrative tasks so they can give more personal attention to customers.

It is worth highlighting that the NH Hotel Group continues to be at the forefront of innovation. The Group's Digital Transformation has allowed processes and systems to be made more efficient, increasing the capacity to be different from the competition, and continue improving the Company's basic processes. One of the greatest achievements was, therefore, centralising all its properties and functions into a single integrated system. This allows the NH Hotel Group to have a fully-integrated digital platform: NH Digital Core Platform. A pioneering technological solution in the sector that has allowed all the Group's hotel's systems to be integrated which has become the basis for the NH Hotel Group to expand its customer knowledge, maximise its efficiency and innovate on a large scale in all its value areas.

When recovery after the pandemic started, hotel businesses experienced difficulties finding staff, which is why the sector must go back to attracting talent with attractive professional career plans that promote training and job flexibility.

Regarding its use of quality indicators, the NH Hotel Group focuses on measuring quality using sources of information and surveys with a high volume of reviews and number of assessments received. In this regard, its average score on TripAdvisor in 2023 was 8.5, compared to 8.4 in December 2022. Additionally, in 2023 the average Google Reviews score was 8.9, compared with 8.7 in December 2022. These average scores demonstrate the high levels of quality of NH Hotel Group perceived by customers, and the continued commitment to quality.

Furthermore, the Group began operating six new hotels in 2023; in Bern, Coimbra, Alvor, Frankfurt, Trieste and Tenerife, adding 1,521 more rooms. The Group, therefore, reached a total of 350 hotels with 55,626 rooms at 31 December 2023.

The Group also signed-up 8 new hotels with 1,143 bedrooms in 2023. These signings have been under management and rental formulas in Trieste, Helsinki, Paris, Guadalajara, Porto and Vienna. The sign-ups are under the NH, NH Collection, Tivoli and Anantara brands

Revenues in 2023 totalled 2,159 million euros, an increase of 25% (+436.6 million euros). The Profit for the year attributable to the Parent Company's shareholders was 128.1 million euros compared with 100.3 million euros in 2022. This increase is explained by the increase in downstream activity and the consolidation of the recovery during 2023.

In this year, gross indebtedness decreased from 610.7 million euros in December 2022 to 483.0 million euros in December 2023. At 31 December 2023, cash and cash equivalents amounted to 216 million euros (301.8 million euros at 31 December 2022). Furthermore, this liquidity is complemented by the syndicated credit line for 242.0 million euros (fully available at the close of the 2023 and 2022 financial years), and some credit lines at the close of the 2023 financial year of 62.0 million euros.

As a result of the business's strong recovery since the first part of financial year 2022, and the improvement to the financial position, NH Hotel Group's credit rating was favourably revised by the rating agencies in this year. On 27 April 2023, Fitch improved its stable outlook to positive, revising the individual rating of NH from "B" to "B+". Additionally, on 20 December 2023, Moody's improved the credit rating from "B2" to "B1", improving the outlook from stable to positive. It should be noted that both agencies have stated that NH is managing the recovery with satisfactory financial flexibility and deleveraging capacity, with a significant portfolio of owned assets.

As a result of the public offering on 31 October 2018 and the 30-day share purchase process in the market that concluded on 8 June 2023, Minor currently owns 417,728,222 shares in NH Hotel Group, S.A. representing 95.87% of its share capital. Since 2018, the two companies have begun to explore joint value creation opportunities for the coming years.

On 18 December 2023, NH Hotel Group announced the acquisition of five hotels in Portugal from Minor for 133 million euros. The operation complies with the provisions of the Framework Agreement entered into between the Company and Minor on 7 February 2019 with respect to the geographic areas of preference of each party. Through the operation, NH strengthens its presence in the Portuguese resort market by acquiring ownership of a portfolio of hotels that it has been operating since June 2019 under a management agreement with Minor, allowing it to leverage operational and commercial synergies through the NH platform in Southern Europe and to reinforce its current growth strategy in the resort segment. In addition, the NH Operation consolidates a portfolio of hotels representing an expected incremental contribution of approximately 11 million euros of EBITDA in 2024. It should be noted that the operation has been carried out at arm's length and with the validation of external advisors, with the result that the entire Minor business in Portugal now belongs to NH Hotel Group.

ETHICS

Compliance System

Since 2014, NH Hotel Group has deployed a Compliance unit whose scope includes the following key areas, amongst others:

- Code of Conduct.
- Criminal Risk Prevention Plan.
- Internal Rules of Conduct.
- Procedure for Conflicts of Interest.

NH Hotel Group currently continues to implement and reinforce measures to promote and place value on the culture of compliance and the importance of consolidating an ethical business culture, promoting awareness amongst all the employees about the relevance, not just of complying with the applicable regulations, but also of acting ethically and in accordance with the Company's principles and values.

Code of Conduct.

The impetus to compliance carried out by NH Hotel Group is based on the principles and values in its Code of Conduct, which is translated into seven languages and published on the corporate web site and intranet, and is applied in all the countries where NH Hotel Group does business. Also, since 2017, NH employees can use the "My NH" app to access the Code of Conduct from their mobile devices. The staff at centres operating under NH Hotel Group brands also have a handbook and an FAQs document.

The aim of the Code of Conduct is to determine the principles, values and rules governing the behaviour and actions of every one of the Group's professionals and directors, as well as the members of the management bodies of the companies making it up and the interest groups that interact with NH Hotel Group, such as customers, suppliers, competitors and shareholders, as well as the communities where NH runs its hotels.

In line with its ethical commitment and the best practices of corporate governance, NH Hotel Group periodically carries out communication, awareness and training campaigns on Compliance. The Group's Board of Directors is responsible for approving the Code of Conduct.

The Code of Conduct summarises the professional behaviour expected of employees, senior management and Board Members of the NH Hotel Group and its group of companies, who commit to acting with integrity, honesty, respect for the law and professionalism in the performance of their work.

The NH Group is committed to compliance with the laws and regulations of the countries and jurisdictions where it operates. This includes, amongst other things, laws and regulations on health and safety, discrimination, taxation, data privacy, human rights, competition, prevention of corruption and money laundering, and commitment to the environment.

The Code of Conduct is periodically reviewed by the Compliance Office in order to adapt and update its content in the event this is necessary. At the end of 2022, the Company's Board of Directors approved an update to the Code of Conduct to adapt the Code to recent legislative developments, comply with the new legal requirements and follow the standards and best practices referring to compliance, with the anonymisation of the Whistleblower Channel standing out. The head of Internal Audit manages the Confidential Whistleblower Channel. The procedure for managing complaints received via the Whistleblower Channel is detailed in the Code of Conduct and published on the website as a separate document. This procedure guarantees confidentiality and respect in every phase, and protects against retaliation.

In 2023 there were 65 reports of alleged breaches of the Code of Conduct received, all of which were investigated, with appropriate disciplinary measures being taken in the 38 cases received.

Compliance Committee

NH Hotel Group set up the Compliance Committee in 2014, and it is made up of certain members of the Management Committee who have appropriate knowledge about NH Hotel Group's activities and, at the same time, have the authority, autonomy and independence needed to ensure the credibility and binding nature of the decisions made. This body is empowered to supervise compliance in key areas of the Compliance System: the Group's Internal Rules of Conduct, Procedure for Conflicts of Interest, Code of Conduct and Criminal Risk Prevention Plan, among others.

The Compliance Committee supervises the work done by the Compliance Office and monitors all the internal processes and policies in place at the Company, their observance and compliance. It also has the power to propose disciplinary measures on employees in matters within its scope.

The Company has decided to roll out its crime prevention model to other countries, having consequently set up local Compliance Committees in the most representative business units. Furthermore, NH Hotel Group began to implement its own compliance programme in Portugal.

In 2023, there were three meetings of the Compliance Committee (in April, July and December).

Compliance Office

The Compliance Office, led by the Compliance manager, reports directly to the Chief Legal & Compliance Officer at NH Hotel Group and to the Compliance Committee. It is in charge of disseminating and supervising compliance with the Code of Conduct, regular monitoring and supervising of the Criminal Risk Prevention Plan, creating and updating corporate policies and monitoring compliance with them, and managing queries about the Code of Conduct, amongst other duties.

Anti-Corruption and Fraud Policy

NH Hotel Group has an Anti-Corruption and Fraud Policy, which was initially approved in January 2018 by the Board of Directors, amended in May 2019 and most recently updated in 2023 with regard to references to the Whistleblowing Channel. The general principles of the Anti-Corruption and Fraud Policy are:

- Zero tolerance of bribery and corruption in the private and public sectors
- Behaviour must be appropriate and legal
- Transparency, integrity and accuracy in financial information
- Regular internal control
- Local legislation shall take precedence if stricte

Anti-money laundering policy

NH's Code of Conduct reflects a commitment to respect the applicable regulations on anti-money laundering policy, with special attention to diligence and care in the processes of evaluating and selecting suppliers, and in payments and collections in cash. To this effect, the Compliance Committee meeting of 19 December 2018 approved a policy that reinforces NH Hotel Group's commitment to anti-money laundering and combating the financing of terrorism, with the aim of detecting and preventing NH Hotel Group, S.A. and its Group companies from being used in money laundering or terrorist financing operations. The Policy was approved by the Board on 13 May 2019, amended in 2022 and is subject to periodic review for updates as appropriate, to adjust the new threshold limits for cash payments, and the addition of a business identification form.

The aforementioned Policies have been duly communicated to all Group employees and the corresponding online training has been made available to ensure their disclosure and understanding.

RISK MANAGEMENT

Risk management governance

The Company's Board of Directors is responsible for overseeing the risk management system, in line with the provisions of Article 5 of the Regulation of the Board of Directors. As regulated by Section 3 of article 25 b) of the Regulation of the Company's Board of Directors, the Audit and Control Committee supports the Board of Directors in supervising the effectiveness of the internal control, internal audit and the risk management systems, including tax risks. In that regard, during 2023, a control and monitoring process of the Company's main risks has been carried out.

On the other hand, amongst other functions, the Company's Management Committee manages and controls risks based on risk tolerance, assigns ownership of the main risks, periodically monitors their evolution, identifies mitigation actions as well as defining response plans. For these purposes, the Executive Risk Committee, made up from members of the Management Committee and Senior Executives, supports the Management Committee in such oversight, as well as promoting a culture of risks in the Company. For this, the Company has an internal risk management manual that details the principles, processes and controls in place.

Risk Management, integrated into the Internal Audit department, is responsible for ensuring the risk management and control system in the Company functions properly and is linked to the strategic objectives.

As an additional guarantee of independence, Risk Management is independent of the business units and, as with Internal Audit, it maintains a functional reporting line to the Audit and Control Committee.

In line with the above, NH follows the Three Lines model published in July 2020 by the Global IIA:

- First line: carried out by each function (business and corporate units) that owns the risk and its management (Operations, Commercial, Marketing, etc.).
- Second line: performed by the functions responsible for risk supervision (Risk Management, Compliance, Data Protection, Internal Control, etc.)
- Third line: carried out by Internal Audit that affords independent assurance.

The NH Hotel Group's Corporate Risk Management Policy (approved by the Board of Directors in 2015), as well as the internal manual that implements it, aim to define the basic principles and the general framework of action to identify and control all types of risks that may affect the companies over which the NH Hotel Group has effective control, as well as ensuring alignment with the Company's strategy.

Risk management model

NH Hotel Group's risk management system, rolled out at Group level, aims to identify events that may negatively affect achievement of the objectives of the Company's Strategic Plan, providing the maximum level of assurance to shareholders and stakeholders and protecting the Group's revenue and reputation.

The risk management model is based on the integrated COSO IV ERM (Enterprise Risk Management) framework, and includes a set of methodologies, procedures and support tools that allow the NH Hotel Group:

1. To adopt adequate governance in relation to the Company's risk management, as well as promoting an appropriate risk management culture.
2. To ensure that the Company's defined objectives are aligned with its strategy and risk profile.
3. To identify, evaluate and prioritise the most significant risks that could affect achievement of strategic objectives. To identify measures to mitigate these risks, as well as establish action plans based on the Company's tolerance to risk.
4. To follow-up on the action plans established for the main risks, within a continuous improvement model framework.

The Group's Risk Map is updated annually and approved by the Board of Directors once reviewed and validated by the Audit and Control Committee. In 2023, the Company updated its risk catalogue (78 risks) and its Risk Map, which was approved by the Board of Directors at their meeting on 18 December 2023.

Each of the main risks on the Company's Risk Map is assigned a Risk Owner who, in turn, is a member of the Management Committee. Each risk owner is responsible for mitigation measures, either existing or in progress, for their risks and the implementation status of action plans. The Risk Owners periodically submit the status of the main risks they are responsible for and the mitigating controls and actions plans for the future to the Audit and Control Committee (for example, Cyberrisk was submitted on 13 December 2023).

Each year, coinciding with the update of the Risk Map, Risk Management is responsible for reassessing the risk catalogue, both financial and non-financial. The final catalogue is validated with the Senior Executives who take part in the process, as well as with the bodies involved in its validation (Management Committee, Executive Risk Committee and Audit and Control Committee) and approval (Board of Directors). Additionally, Risk Owners can report/suggest a new risk to the Risk Office during the year.

In general, the risks to which the Group is exposed can be classified into the following categories:

- a. Financial Risks: events that affect financial variables (interest rates, exchange rates, inflation, liquidity, debt, credit, etc.).
- b. Compliance Risks: arising from possible regulatory changes as well as non-compliance with internal and external regulations.
- c. Business Risks: generated by inadequate management of procedures and resources, whether human, material or technological.
- d. Risks from External Factors: arising from natural disasters, pandemics, political instability or terrorist attacks.
- e. Systems Risks: events that could affect the integrity, availability or reliability of operational and financial information (including cyber).
- f. Strategic Risks: produced by difficulty accessing markets and difficulties in asset disinvestment.

Apart from this classification, the Company has identified emerging risks and ESG risks that it particularly monitors (described in the annual non-financial information report).

SUSTAINABLE BUSINESS STRATEGY

The Company is aware of the effects of its activity on the environment, and works to prevent and anticipate possible environmental contingencies, and to integrate sustainability into all its processes, striving to reduce its negative impacts and maximise its positive impacts.

A noteworthy milestone was setting up the Sustainability Executive Committee in May 2022, whose main function is to support the Board of Directors in its work providing monitoring of NH Hotel Group's sustainability strategy. This committee is co-chaired by the Chief Assets & Development Officer and the Chief People & Sustainable Business Officer, and it is made up of members of the Company from different key areas with a direct impact on the NH Hotel Group strategy execution.

Convinced it is moving in the right direction to achieve the next sustainability challenges, the Company is aligned with the Sustainable Development Goals (SDGs) to which it can contribute and undertakes to continue creating long-term and global value within the framework of the 2030 Agenda.

Information relating to performance of the Sustainable Business Strategy is published in the 2023 Non-Financial Information Statement, which is presented as a separate report and forms a part of this Consolidated Management Report.

NH Hotel Group runs its hotel business with the ambition of leading responsible behaviour, generating a positive social and environmental impact where it is present, conveying its human rights, ethical and corporate commitments in its way of working along its entire value chain: shareholders, customers, partners, suppliers and employees, while promoting responsible alliances with two pillars: UP FOR PLANET and UP FOR PEOPLE.

UP FOR PLANET

Through this pillar, the Company minimises the environmental impact by means of the design, construction, operations and refurbishment of its hotels. Efforts are focussed on reducing, reusing and recycling natural resources such as water and energy, greenhouse gases and waste, and replacing existing materials with alternatives that are more environmentally friendly, sustainable and innovative"

The Company's environmental strategy is channelled through UP FOR PLANET, in which a roadmap is defined to comply with the commitments made to fight climate change and advance towards decarbonisation, efficient management and responsible consumption, and to circulate resources and develop more sustainable products.

• SUSTAINABLE PRODUCTS AND ASSETS

At NH Hotel Group, the fight against climate change is a fundamental strategic value and this is why the NH Hotel Group continues working on its commitment to reduce its carbon emissions by 20% throughout its value chain by 2030, a target which is validated by the SBTi initiative. Setting this target marks NH Hotel Group's route map towards significant reduction of its activity's carbon footprint in the next few years, with the commitment to achieving status as a decarbonised company in 2050.

NH Hotel Group hotels operate with the ISO 14001 environmental management system and the ISO 50001 energy efficiency system, certified for accommodation, catering, meetings and events services. By the end of 2023, 65.48% of the hotels in Germany, Spain and Italy are ISO 14001 certified – a total of 96 hotels – and/or ISO 50001 certified – 33 hotels.

In addition to the ISO certifications, some of the Group's hotels also have other environmental certifications and qualifications, such as: BREEAM, LEED, Green Key, Green+Hotels, Biosphere and DGNB. The aim is to have an increasingly significant volume of hotels with globally recognised environmental certifications, specific to the tourism sector, and approved by the Global Sustainable Tourism Council, the largest benchmarking body. In 2023, 26 hotels achieved a sustainability label for the first time, bringing the total number of certified hotels to 184 out of 350 hotels in the portfolio.

Aware of the importance of operating in a decarbonised world, the Company has identified a line of work in its Sustainable Business strategy to adapt its real estate assets to the sector's best practices in terms of environmental sustainability. More information can be found in the Sustainable Hotels section of the 2023 Consolidated Non-Financial Information Statement.

• OPERATIONAL PROCESSES AND STANDARDS

A strategic pillar focussing on efficient management and responsible consumption of resources, prioritising the "4R" rule. Reduce, Reuse, Recycle and Replace while offsetting residual emissions and encouraging the evolution towards circular economy and the development of more sustainable products, but also the involvement of team members, suppliers, partners and customers as key players to achieve them.

To carry out an exhaustive and rigorous control of energy consumption, carbon footprint and water consumption measures, NH Hotel Group monitors energy and water consumption and cost indicators on a monthly basis through

an online system to which almost all of the Company's hotels have access, and which allows for the reporting, control, follow-up and traceability of the indicators.

To carry out an exhaustive and rigorous control of energy consumption, carbon footprint and water consumption measures, NH Hotel Group monitors energy and water consumption and cost indicators on a monthly basis through an online system to which almost all of the Company's hotels have access, and which allows for the reporting, control, follow-up and traceability of the indicators.

In addition, NH Hotel Group assumes a responsible commitment to the management of water as a resource. Aware that its provision and enjoyment must be carried out in a responsible manner, it has developed a series of measures and plans aimed at reducing the impact of its operations on the destinations in which it operates.

• **COMPRAS SOSTENIBLES**

With this pillar, NH Hotel Group strengthens its sustainable value chain, prioritising key alliances, increasing consumption from local producers and responsible organisations. NH Hotel Group's relationship with its suppliers is based on communication and transparency to promote the development of innovative, sustainable solutions.

NH Hotel Group seeks to guarantee a fair, transparent and ethical value chain, involving its suppliers from the first contact with the Group, always with a proactive attitude towards their needs and supporting them in the development of new capabilities. To this effect, in July 2023, the Sustainable Business Executive Committee approved a "Sustainable Procurement Commitment" applicable to the entire Group. This Commitment has been developed within the framework of the Company's Procurement Policy and is an annex to it.

These lines of action and commitments allow the NH Hotel Group to position itself as a sustainable and environmentally friendly Company, thereby increasing the value of its brands.

UP FOR PEOPLE

Under the UP FOR PEOPLE pillar, the company promotes the professional development of its team members, while creating a positive impact in the places and communities where it is present so it can offer its customers the best experience, making them participants in sustainable commitments. Under this pillar, the commitments of three of its stakeholders are managed:

• **TEAM MEMBERS**

Within NH Hotel Group's business strategy, corporate culture is key. The Company considers its team members to be its main asset and understands that to build a solid corporate culture it is essential to manage attracting and developing talent, and sustain their motivation and pride in belonging to the NH Hotel Group. To this end, the Company's People strategy focuses on the values developed in its Sustainable Business model such as leadership, equal opportunities, communication and innovation, with the aim of creating a homogeneous culture. This culture encourages responsible behaviour in all team members who are part of the NH Group.

During the financial year 2023, key projects in the People strategy were consolidated and the groundwork laid for the launch of strategic initiatives grouped into three main lines of action:

- Organisational commitment
- Talent attraction and management.
- Value proposition to team members.

In 2023, the redefined talent attraction and retention strategy was consolidated to meet the new market reality and the needs of NH Hotel Group. With this, the Company is making progress in promoting the internal mobility of team members and in promoting actions to attract external talent by strengthening the relationship with the network of academic institutions with which it has been collaborating for some time, and by incorporating new entities, all with the aim of supporting and promoting the hotel vocation of young people.

The number of FTEs employed by the Parent Company and consolidated companies during 2023 was 12,436 team members, located in 24 countries, where 51% are women and 49% are men.

NH Hotel Group's commitment to stable employment is shown by the high percentage of team members with permanent contracts, totalling 11,665. The policies and actions for recruiting, employing, training and internal promotion of team members are based on criteria of ability, skills and professional merit.

In this line, in 2023, 7,691 new staff were recruited, of which 50% are team members under 30 years old and 51% are women. By 2023, it had met the target of at least 51% women in the workforce, and 45% in management positions. Although the target has been achieved, recruitment and churn rate are monitored to ensure that parity is balanced.

Every year, the NH Hotel Group monitors the associated metrics in this area, enabling the correct management and measurement of diversity and equality. This is evidenced by the 150 different nationalities identified among the

12,436 team members of the Group in 2023. Of these, 24% work in countries other than their country of origin. In addition, 51% of the total workforce are women, who occupy 45% of all management positions.

NH Hotel Group uses its Code of Conduct to formalise its commitment to promoting non-discrimination due to the race, colour, nationality, social origin, age, sex, civil status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of its professionals, along with equal opportunities for all of them. The policies and actions for recruiting, employing, training and internal promotion of employees are based on criteria of ability, skills and professional merit.

In addition, the Company will continue to strengthen its commitment to its team members by creating optimal working environments to maximise their contribution.

The average number of people employed by the Parent Company and the companies consolidated through full consolidation in the year broken down by professional category was as follows:

	2023	2022
Group's general management	9	8
Managers and heads of department	1,537	1,454
Technical staff	1,047	929
Sales representatives	903	699
Administrative staff	138	135
Rest of workforce	8,802	7,770
Total	12,436	10,995

In calculating the average number of employees, the Group has not taken into account employees whose contracts have a duration of less than two days.

The breakdown of personnel at 31 December, by sex and professional category, is as follows:

	2023		2022	
	Males	Females	Males	Females
Group's general management	7	2	6	2
Managers and heads of department	886	694	864	647
Technical staff	522	582	514	493
Sales representatives	304	696	257	580
Administrative staff	53	100	49	94
Rest of workforce	4,754	5,018	4,321	4,624
Total	6,526	7,092	6,011	6,440

• CUSTOMERS

In its commitment to sustainability, NH Hotel Group seeks to integrate customers and make them participants in its sustainable initiatives, whether by creating opportunities for social contribution or by promoting responsible environmental behaviour.

Based on the Customer Centric philosophy, the commercial strategy is based on the experience, specialisation and closeness that has been generated with customers over the years, in order to offer a service of the highest quality. This improves the ability to assess the real opportunity cost at any given moment, impacting the Company's global strategy and accelerating its growth.

The Company works on initiatives that improve quality and customers' experiences, while at the same time minimising the environmental impact of our hotels, such as, for example:

- FASTPASS, incorporating new technologies that enable services like biometrics and facial recognition.
- Tablets in reception, offering the best services to customers, enabling check in and check out using a tablet connected to a PMS.
- Chromecast: enables the customer to send content from their mobile, tablet or PC to the room's television.

- Mobile Guest Service: digitises information services and functions of the stay at the hotel.
- Sustainable product: alternative sustainable ideas for all the elements defined in our hotels' standards.

• COMMUNITIES

NH Hotel Group seeks to create a positive social and environmental impact in the communities we have a presence in via responsible alliances. NH Hotel Group drives different projects through which it impacts the communities in which it operates and contributes to reducing social inequalities. Consistent with the Company's values and with the approach of direct impact on the destinations in which it operates, NH Hotel Group works on social actions through three programmes that have a direct impact on hotel activity:

- Hotels Hotels with a Heart (HWH): free-of-charge accommodation programme for needy families with sick children, in collaboration with foundations and NGOs.
- Together with Love (TWL): the Company's worldwide corporate volunteering programme.
- Youth employability: employability programme for young people at risk of exclusion.

Thanks to these projects, NH Hotel Group has benefited more than 19,680 people and has indirectly contributed €406,701 in monetary terms.

Sustainability recognitions

NH Hotel Group has been included in the "Sustainability Yearbook 2024" published by S&P Global. For the fourth time, the Company voluntarily took part in the Corporate Sustainability Assessment (CAS) carried out by the sustainable investment agency S&P Global.

A demonstration of its commitment to gender equality, NH Hotel Group, for the fourth year running, was included on the Bloomberg GEI 2023 index, being the only Spanish hotelier in the 484 companies listed in the index. This reference index measures gender equality using five pillars: leadership and talent development, equality and parity of remuneration, inclusive culture, policies against sexual harassment and the brand image.

The NH Hotel Group has also reported its commitment to and strategy against climate change to CDP Climate Change since 2010 and received a B in its annual ranking. With this rating, the NH Hotel Group once again recognises its vision of placing sustainability as a strategic value of the corporation, which has acted as a lever of transversal value for the Group for over a decade.

Since 2013, the NH Hotel Group has been listed on the FTSE4GOOD index and renews its presence year after year thanks to the responsible management of the business and the improvements implemented.

SHARES AND SHAREHOLDERS

NH Hotel Group, S.A. share capital at the end of 2023 comprised 435,745,670 fully subscribed and paid up bearer shares with a par value of 2 euros each. All these shares carry identical voting and economic rights and are traded on the Continuous Market of the Spanish Stock Exchanges.

According to the latest notifications received by the Company and the notices given to the National Securities Market Commission before the end of every financial year, the most significant shareholdings at 31 December 2023 and 2022 were as follows:

	2023	2022
Minor International Public Company Limited ("MINT")	95.87 %	94.13 %

The aforementioned (indirect) shareholding of MINT in NH Hotel Group, S.A. is the result of the IPO made by MHG Continental Holding (Singapore) Pte Ltd. on 11 June 2018 for 100% of the shares that were part of the share capital of NH Hotel Group, S.A., the result of which was that MINT acquired, through its wholly owned subsidiary MHG Continental Holding (Singapore) Pte. Ltd., shares representing 94.13% of the share capital of NH Hotel Group, S.A.

In addition, on 8 May 2023, MINT announced its decision to begin a purchase process in the market for shares in NH Hotel Group over a period of 30 days. As a result, between 10 May and 8 June 2023, MINT purchased 7,544,225 shares and increased its position in NH Hotel Group to 417,728,222 representative shares or 95.87% of the share capital of NH Hotel Group.

The average share price of NH Hotel Group, S.A. in 2023 was 4.16 euros per share (3.25 euros in 2022). The lowest share price of 2.96 euros per share was recorded in January (2.27 euros in October 2022) and the highest share price of 4.84 euros per share in June (4.03 euros in June 2022). The market capitalisation of the Group at the close of 2023 stood at 1,825.77 million euros.

At 31 December 2023, the Group had 87,989 treasury shares (all referring to the liquidity contract), compared to 92,915 treasury shares at 31 December 2022. The reduction in treasury shares in the period is wholly explained by the liquidity contract operation.

Liquidity contract for treasury shares management

On 10 April 2019, the NH Board of Directors entered into a liquidity contract to manage its treasury shares with Banco Santander, S.A. The Contract became effective on 11 April 2019.

This contract is in accordance with the liquidity contract model in Circular 1/2017 of 26 April from the National Securities Market Commission on liquidity contracts for the purpose of its acceptance as a market practice.

The total number of shares allocated to the securities account associated with the Liquidity Contract at 31 December 2023 is 87,989 shares, and the amount allocated to the cash account is 346,009 euros.

The Liquidity Contract was agreed upon by the Board of Directors at the proposal of the Proprietary Directors on behalf of the shareholder Minor as a measure to encourage and favour the liquidity of the Company's shares taking the current market conditions into account.

Average period for payment

Below is the information required by Additional Provision Three of Law 15/2010 of 5 July and modified by the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, and Law 18/2022, of 28 September, on the creation and growth of businesses, on the information to be incorporated in the record of annual financial statements relating to the average period for payment to suppliers in commercial transactions of Spanish companies.

	2023	2022
	Days	
Average period for payment to suppliers	65	79
Ratio of paid transactions	65	80
Ratio of transactions pending payment	65	63
<hr/>		
	Amount (Thousands of euros)	
Total payments made	367,428	315,527
Total payments pending	20,351	23,404

The above information on payments to suppliers of Spanish companies refer to those which by their nature are trade creditors due to debts with suppliers of goods and services. The table includes, therefore, the "Commercial Creditors and Other Accounts Payable" item in current liabilities of the consolidated statement of financial position.

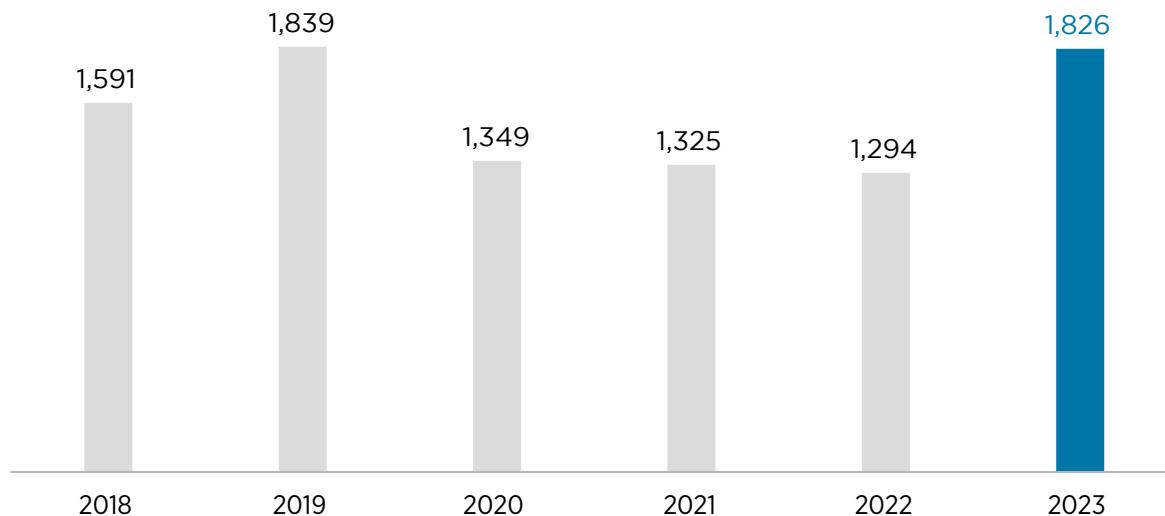
During 2023, the monetary volume of the invoices paid within the maximum limit provided for in the bad debt regulations was 204,704 thousand euros (139,876 thousand euros in 2022), representing 56% (44% in 2022) of the total monetary volume of the invoices. The number of invoices paid within the maximum limit provided for in the bad debt regulations was 110 thousand euros (66 thousand euros in 2022), representing 62% (41% in 2022) of the total volume of invoices;

The average period for payment to suppliers has been calculated using the weighted average of the two ratios explained below:

- Ratio of paid transactions: average payment period of transactions paid in each year weighted by the amount of each transaction.
- Ratio of transactions pending payment: average period between the invoice date and the end of the year weighted by the amount of each transaction.

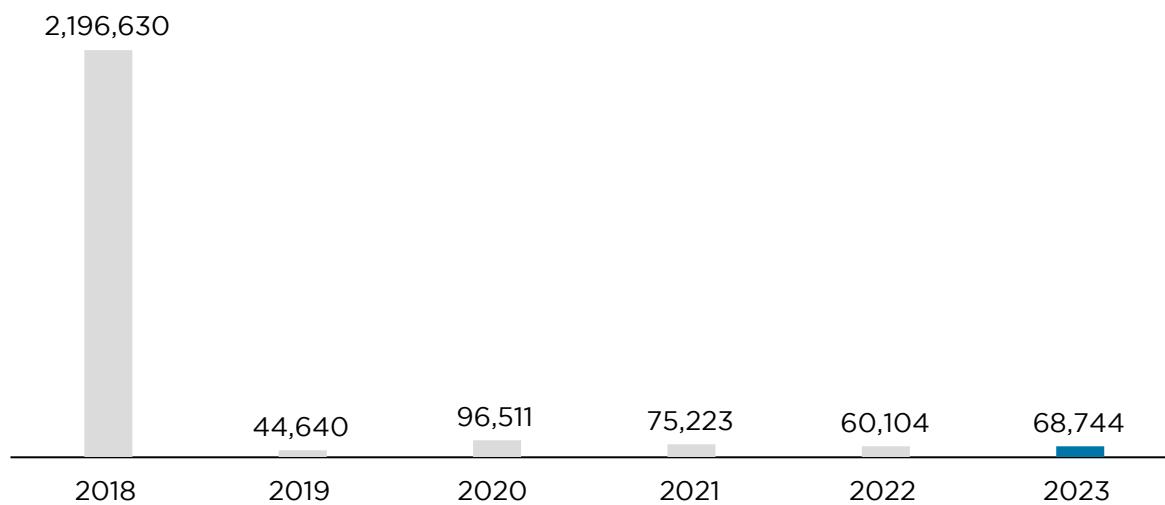
The Spanish Companies have significantly reduced the maximum payment period to trade suppliers compared to previous years. This is a result of various measures focused on resizing existing resources, as well as renegotiating contracts, implementing technological improvements in invoice processing and other actions in different areas aimed at recovering the legal ratio (set at 60 days), which are showing results compared to the previous year.

Capitalisation (at the end of each year in million euros)



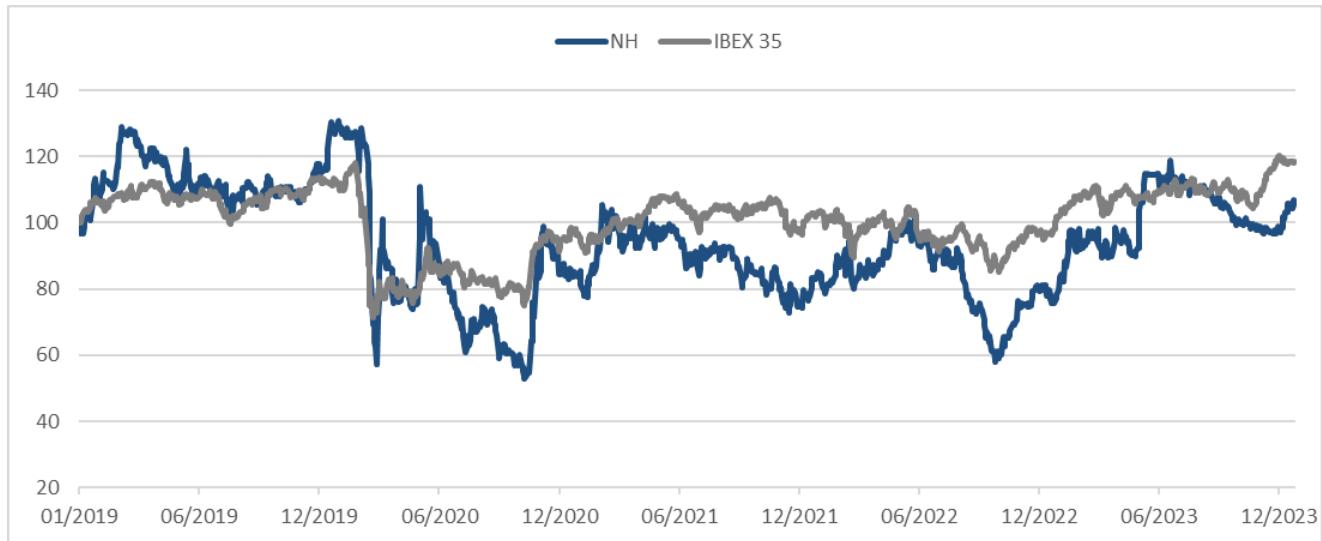
During 2023, 17,461,171 shares in NH Hotel Group, S.A. were traded on the Continuous Market (15,446,871 shares in 2022) with average daily share trading on the Continuous Market of 68,744 shares (60,104 shares in 2022).

Average daily trading (in titles)



EVOLUTION NH HOTEL GROUP vs. IBEX 35

31 JANUARY 2019 - 31 DECEMBER 2023



FUTURE OUTLOOK

It is anticipated that world growth, which was estimated at 3.1% in 2023, will remain at 3.1% in 2024 and increase slightly to 3.2% in 2025.

The forecast for 2024 is around 0.2 percentage points higher than previously projected, reflecting upwards revisions in China, the United States and major emerging market economies. However, the projection for global growth in 2024 and 2025 is below the historical annual average (2000-19) of 3.8%, due to tight monetary policies and the withdrawal of fiscal support, as well as low underlying productivity growth. In advanced economies, growth is projected to decline slightly in 2024 before picking up in 2025, in light of the recovery in the eurozone after slow growth in 2023 and slowing growth in the United States. In emerging market and developing economies, growth is expected to be stable in 2024 and 2025, albeit with regional differences.

These forecasts are based on the assumptions that fuel and other commodity prices will fall in 2024 and 2025, and that interest rates will decline in major economies. In 2024, annual average oil prices are projected to decrease by about 2.3%, while non-fuel feedstock prices projected to decrease by 0.9%. IMF staff projections indicate that policy rates at the US Federal Reserve, the European Central Bank and the Bank of England will remain at current levels until the second half of 2024, and then gradually decline as inflation approaches the target level. The Bank of Japan is expected to maintain a broadly accommodative monetary policy stance.

According to UNWTO forecasts, international tourism is expected to fully recover to pre-pandemic levels by 2024, with initial estimates pointing to a 2% growth from 2019 levels. These central UNWTO forecasts remain subject to the pace of recovery in Asia, and to the evolution of the current economic and geopolitical downturn.

The positive outlook is reflected in the latest UNWTO Tourism Confidence Index survey, according to which 67% of tourism professionals indicate a better or much better outlook for 2024 compared to 2023. About 28% expect similar results, while only 6% believe that tourism performance will be worse in 2024 than last year. The main considerations are:

- There is still plenty of scope for recovery across Asia. The reopening of several source markets and destinations will boost recovery in the region and globally.
- Outbound and inbound tourism is expected to accelerate in 2024, due to visa facilitation and improved air capacity. China is implementing a visa-free travel policy for citizens of Germany, Spain, France, Italy, Malaysia and the Netherlands for one year until 30 November 2024.
- All indications are that Europe will improve its performance again in 2024. In March, Romania and Bulgaria will join the Schengen free movement zone, and Paris will host the Summer Olympics in July and August.
- Growth in tourism from the United States, supported by a strong US dollar, will continue to benefit destinations in the Americas and beyond. As in 2023, strong source markets in Europe, the Americas and the Middle East will continue to drive tourism flows and tourism spending worldwide.

- The unfavourable economic and geopolitical situation will continue to pose considerable challenges to the sustained recovery of international tourism and confidence levels. Persistent inflation, high interest rates, volatile oil prices and disruptions to trade flows may continue to impact on transport and accommodation costs in 2024.
- In this context, it is expected that tourists will try to get the most for their money and travel to destinations closer to home. Sustainable practices and adaptability will also play an increasing role in consumer choices.
- Developments in the Hamas-Israel conflict may disrupt travel in the Middle East and have an impact on traveller confidence. Uncertainty in relation to the Russia-Ukraine situation, as well as other growing geopolitical tensions, continue to have an impact on confidence.

Non-financial Information Statement

The 2023 Consolidated Non-Financial Information Statement, issued by the Board of Directors on 08 February 2024, contains all the non-financial information required by Law 11/2018 of 28 December 2018. This document is presented as a separate report, is part of this Consolidated Management Report and is available on the corporate website of the NH Group (<https://www.nh-hoteles.com/corporate/>), within the section on Annual reports included in financial information in the shareholders and investors section and as an annex to this document.

Annual Corporate governance report

The Annual Corporate Governance report, which is a part of this consolidated management report, was prepared according to the provisions of article 49.4 of the Commercial Code. In addition, the report will be available from publication of these accounts on NH Group's corporate web site (<https://www.nh-hoteles.com/corporate/>) and on the CNMV web site (www.cnmv.es).

Annual directors' remuneration report

The annual directors' remuneration report for 2023, prepared by the Board of Directors on 08 February 2024, is presented as a separate report, forms a part of this Consolidated Management Report and is available as an annex to this document, as provided for in article 538 of Royal Legislative Decree 1/2010, of 2 July.

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since 31 December 2023.

NH HOTEL GROUP, S.A. y and Subsidiary Companies

**DECLARATION OF LIABILITY OF THE DIRECTORS FOR THE PURPOSES OF THE PROVISIONS OF
ARTICLE 118.2 OF ROYAL LEGISLATIVE DECREE 4/2015, OCTOBER 23, WHICH APPROVES THE
CONSOLIDATED TEXT OF THE SECURITIES MARKET LAW.**

The Directors of NH HOTEL GROUP, SA, declare that, to the best of their knowledge, the consolidated Annual Accounts and the consolidated Management Report, which includes the Annual Corporate Governance Report, the Annual Report on the Remuneration of the Directors and the State of Consolidated Non-Financial Information (which are presented by reference in a separate document), formulated at the meeting of the Board of Directors held on February 8, 2024, prepared in accordance with the applicable accounting principles, offer a true image of equity, of the financial situation and results of NH HOTEL GROUP, SA, and of the companies included in the consolidation taken as a whole and that the Management Report includes a faithful analysis of the required information.

In compliance with the provisions of article 253 of the Consolidated Text of the Capital Companies Law, the Directors of NH HOTEL GROUP, SA, proceed to sign the Annual Accounts and Management Report, corresponding to the year ended December 31 of 2023 of NH HOTEL GROUP, SA and Subsidiary Companies.

.....
D. EMMANUEL JUDE DILLIPRAJ RAJAKARIER

.....
D. RAMÓN ARAGONÉS MARÍN

.....
D. KOSIN KENNETH CHANTIKUL

.....
D. WILLIAM ELLWOOD HEINECKE

.....
D. STEPHEN ANDREW CHOJNACKI

.....
D^a. LAIA LAHOZ MALPARTIDA

.....
D. RUFINO PÉREZ FERNÁNDEZ

.....
D^a. MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ

.....
D. TOMÁS LÓPEZ FERNEBRAND

.....
D^a. MARIA SEGIMON DE MANZANOS

DILIGENCE issued by the Secretary of the Board of Directors, to record that the previous Declaration of Responsibility has been signed by all the members of the Board of Directors in accordance with the Annual Accounts corresponding to the 2023 financial year of NH HOTEL GROUP, S.A. and Dependent Companies, which have been formulated at the Board of Directors meeting held on February 8, 2024, including the stamping of the signature together with the respective name and surname of the signing Director.

It is hereby stated that Mr. Ramón Aragonés Marín affixes his signature in the name and on behalf of the Directors Mr. William Ellwood Heinecke, Mr. Emmanuel Jude Dillipraj Rajakarier, Mr. Stephen Andrew Chojnacki, and Mr. Kosin Chantikul, as well as Mr. Rufino Pérez and Laia Lahoz.

Mr. William Ellwood Heinecke delegated his representation and vote in the aforementioned Board of Directors to Mr. Stephen Andrew Chojnacki by virtue of express delegation.

Ms Laia Lahoz and Mr. Rufino Pérez Fernández delegate their representation in the aforementioned Board of Directors to Mr. Ramón Aragonés by virtue of express delegation.

Mr. Tomás López Fernebrand delegated his representation and vote in the aforementioned Board of Directors to Ms María Segimon de Manzanos by virtue of express delegation.

Mr. Emmanuel Jude Dillipraj Rajakarier, Mr. Stephen Andrew Chojnacki and Mr. Kosin Chantikul attended personally by videoconference, expressly authorizing Mr. Ramón Aragonés Marín during the Board of Directors session to sign as many documents as necessary in the framework of the preparation of the Annual Accounts.

I trust all of this.

Madrid, February 8, 2024.

Carlos Ulecia Palacios
Secretary of the Board of Directors

nh | HOTEL GROUP

PART OF

MINOR
HOTELS

CONSOLIDATED STATEMENT OF
NON-FINANCIAL INFORMATION

2023

SUSTAINABILITY REPORT

Tivoli Portopiccolo Sistiana Wellness Resort & Spa
Portopiccolo, Italy



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Anantara New York Palace
Budapest, Hungary

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MINOR
HOTELS

MESSAGE FROM THE
CHAIRMAN AND CEO

Message from the Chairman

Dear stakeholders:

NH Hotel Group, part of Minor Hotels, has completed in 2023 what was probably the best year in its history. The integration and global homologation of the eight brands of the two companies, as well as the operational, strategic and management streamlining in the respective geographic areas of influence of NH and Minor, have been decisive in achieving this success. Working together in excellent coordination has given us considerable resilience during the worst years of the pandemic. Since April 2022, and especially over the past year, we have also been able to maintain a unified approach and high standards to strengthen our offering in the luxury and resorts segments.

These strategic objectives, unity and coordination, have become important levers for accelerating corporate growth over the past twelve months. Thanks to them, we have also managed to gain positions among the world's major hotel groups, and we have also significantly increased the recognition and appreciation of our brands around the world.

A lot has been achieved so far and I am convinced that further integration between NH and Minor's capabilities will bring us much more value in the future. The Minor platform is an international benchmark for innovative lifestyle experiences for different businesses such as restaurants, beach clubs, trains, luxury ships and much more, in addition to hotels. This, together with operational synergies and economies of scale, will create new business opportunities.

Last year's results, of which we should all feel legitimately proud, have been possible thanks to the dedication, enthusiasm and excellence of the management team and the group's professionals, together with the supervision and commitment of NH Hotel Group's Board of Directors. Quarter after quarter, the company has been able to lead the recovery of the sector, optimise commercial policy and revenues and maintain a cost control that has become another differential attribute in how we understand the hotel business. The sector seems to be evolving towards concentration and greater international dimension, a process that we were able to anticipate at the time, and which now places us in the best starting conditions to consolidate our leadership in the face of the changes of substance and form that are coming in the sector.

The various reports on the sector agree that tourism consolidated its position in 2023 as a key driver of an economic recovery that continued to be weighed down by the Russian invasion of Ukraine and the abrupt rise in the cost of living. The latest [World Economic Forum](#) report, published a few weeks ago by the International Monetary Fund, finds that the economies of those countries with large travel and tourism sectors have recovered more and better than those of other nations in 2023. Southern Europe has been a particularly clear example of this stronger recovery, with revenues higher than their 2019 equivalents despite the fact that international tourism will end last year at around 90% of the figures achieved



four years earlier, according to the latest World Tourism Barometer produced by the World Tourism Organisation. Looking ahead to 2024, expectations are even better should demand and air connectivity recover in Asia and the Pacific, which could take the lead towards a much more uniform revival and finally above the record traveller figures achieved in the last pre-pandemic year.

For the strategic alliance and the integration of NH Hotel Group into Minor Hotels, the forecasts of the International Monetary Fund and the World Tourism Organisation make us moderately optimistic for 2024. Since Minor gained control of NH through the successful takeover bid in 2018, the two companies have established a partnership agreement that is as transparent as it is ambitious. Now that the pandemic has been solved with the extraordinary efforts of the professionals and the utmost rigour in management, the principles we agreed then are now fully relevant. It is clear that the integration of the brands, the well-coordinated and efficient management in the respective areas of influence and the management rigour of all the teams have strengthened the position and expectations of NH Hotel Group, which has undoubtedly reverted and will revert to the benefit of the company's shareholders as a whole.

I am particularly honoured to have assumed the chairmanship of the Board of Directors of the company as of 22 May 2023. It is also an important responsibility, which I face with the loyalty expected of a proprietary director, with a firm commitment to transparency and the best governance criteria, and also to sustainability and inclusion as guiding principles of any business policy. Once I had gained the confidence of the Board, my first mandate was to coordinate the process of renewing the three independent directors of the company, which was necessary after the resignation of their predecessors and was completed in record time. I am convinced that the three co-opted appointments finally approved by the Board, following the selection of an independent consultant and the mandatory deliberations and nominations proposed by the Nomination, Remuneration and Corporate Governance Committee, have met the most demanding and accredited criteria among Spanish listed companies.

Since the new corporate stage initiated by NH in October 2018, the Board of Directors has always acted with due diligence, transparency, and respect in matters of governance, where it has at all times applied the best corporate practices. It has set the number of independent directors at a high level of proportionality, and they chair the two existing Committees. The three new independent directors, who must be ratified at the next General Meeting of Shareholders, meet the optimum conditions of personal and professional prestige, proven track record and exhaustive knowledge of the market required for their position. María Segimón, Míriam González-Amezqueta and Tomás López Fernebrand all have proven experience as managers and independent directors in matters of real estate management, ESG and diversity and inclusion in leading Spanish and international companies.

Their incorporation will also allow us to come closer to complying with the principles of inclusion and gender equality, in accordance both with current regulations and recommendations and with the future draft Organic Law on equal representation and balanced presence of men and women, if it finally goes ahead. Likewise, the recognition and prestige of the governance and corporate policy of NH Hotel Group's Board have been endorsed for years by the main international indicators.

In recent weeks, the new Board has had the opportunity to resume and deepen the framework agreement signed by NH and Minor in February 2019, where both undertook to take over the management of the Group's hotels in their respective geographic areas, and also to carry out those operations that would allow the development of business opportunities. By virtue of this agreement, and once the adverse effects of the pandemic had been overcome, on 18 December 2023, NH's Board of Directors, with the favourable vote of all its executive and independent directors, and without the participation in the deliberation and voting of the proprietary directors representing Minor, approved the purchase from Minor Hotels of the ownership, concession and lease of five of the group's hotels in Portugal, through the acquisition for 133.2 million euros from the holding company. Apart from the benefit derived for NH from the rationalisation of assets in a key market such as Portugal, in 2024 alone the acquisition will contribute an additional 11 million euros to the company's EBITDA, which in turn will result in higher profitability for all its shareholders.

I would like to end this letter with an important reference to the second rating upgrade Moody's made to NH Hotel Group's rating last year. On 20 December, the agency upgraded our rating by a further notch, from B2 to B1, and improved the outlook from stable to positive. It positively assessed the increases in the group's average room rate and daily room revenue, the gradual shift towards a specialisation in the more profitable luxury segment and the sustained effect of cost reduction measures. It also highlights the significant reduction in debt and the lower weight of fixed rent leases. As a result, it expects the Group to maintain solid reserve trends in the short and medium term, with low leverage and no significant maturities until 2026. Moody's itself recognises that NH's evolution has clearly improved its expectations, a significant achievement due to the excellent performance and commitment of NH's management and its more than twelve thousand professionals, who once again this year represent the main corporate asset and our best guarantee of providing the best service and the most exclusive offer on a daily basis to our ever-growing portfolio of customers around the world. With your strong contribution and your trust, NH's future will always be one step ahead, as will the satisfaction, profitability, and efficiency that we are able to offer to our different stakeholders and to each one of you.

Dillip Rajakarier
Chairman of NH Hotel Group

Message from the CEO

Dear stakeholders,

I am pleased to be able to give you the news that in 2023 the company achieved the highest revenues and profits in its history. As I write to you, no official figures have been published yet, so I encourage you to check them on our website once they have been submitted to the regulator. I can however tell you now that our results improved quarter by quarter, and that we are confident of maintaining the main aspects of that upward trend throughout 2024.

For those of us who are involved in the day-to-day management of NH Hotel Group, part of Minor Hotels, after suffering in 2020 what was also the most difficult situation in the history of the sector, completing this successful cycle in just three years is a source of special joy and pride. We have to give very specific thanks firstly to the more than twelve thousand professionals who work in Europe and America and who bring us their great enthusiasm and know-how every day. We also have to thank the trust and loyalty that customers, suppliers, agents in the sector, investors and shareholders place in us every day.

In my opinion, much of that success lies in our collaboration with Minor Hotels, which reached the milestone of October 2023. In just five years, this strategic alliance has allowed us to consolidate our position as a benchmark in the luxury sector, thanks to the rise of Anantara, and also in quality leisure through the expansion of the Avani and Tivoli brands. After the pandemic, this dual positioning in luxury and leisure has proved to be crucial in activating our group's recovery. Integration has been a determining factor in this process. NH Hotel Group acts in practice and in fact as Minor Europe & Americas, which gives us a worldwide reach and a substantially higher degree of recognition and engagement around the world.

The dynamic effects and benefits of this integration will continue to be seen in the coming years, as global tourism consolidates its recovery and the international travel figures of 2019 (a milestone that, today, still seems distant) are surpassed. In any case, the greater focus on the upscale and luxury segment, together with a better-balanced structure of our offering between leisure and business travel, has allowed us to increase the average revenue per room per night to a relevant extent over the past year.

In this way, we have offset at least in part the sharp rise in various costs that has reduced the profitability of many companies in the sector. In 2024, with the solid leisure demand and the sustained recovery of business customers and international travel, the operating trend of our hotels continues to be very healthy, which makes us moderately optimistic for the year as a whole.

This underlying strength, together with strict control and the reduction of our gross finance debt by 21% and of our net debt by 14% (54% if we eliminate the impact of the acquisition of Minor's hotels in Portugal) during the past year, allowed us to lead investments and



operational growth during the past twelve months. There are many examples I could cite of this recurrent and vigorous activity.

I would like to highlight two. First of all, the opening this year of our first three hotels in Paris, of the NH Hotels & Resorts and NH Collection Hotels & Resorts brands. We enter an emblematic city through the front door, which will allow us to participate in the accommodation for an event as special as this summer's Olympic Games. This completes our hotel offering in France, where we already have hotels in cities as important as Nice, Marseille, Lyon and Toulouse. Secondly, we have also announced the arrival of our first hotel in China, the NH Zhengzhou Jinshui, at an optimal time for the arrival of visa-free European tourists for stays of fifteen days or less. It joins previous additions to the NH brand in Asia and the Middle East, such as the NH Boat Lagoon Phuket Resort in Thailand or the NH Collection Maldives Havodda Resort and Dubai The Palm.

Between now and 2026, we will also open new hotels in equally emblematic destinations for tourism such as Finland, Thailand, Maldives, United Arab Emirates or Australia, among others. Both these and the rest of the examples of our current expansion process share the common goal of continuing to improve and differentiate the experience of our customers for each brand through digitalization, innovative concepts and the most advanced personalization. In the post-pandemic world, without a well-organized portfolio, there is no future. We are in the best position to stand out in this area. Our management style makes it possible for us to fulfill almost one hundred per cent of the business cases we sign with owners.

As part of Minor Hotels, we continue to develop an ambitious plan with three priority objectives: to strengthen our position in the luxury segment, with our Anantara brand and Minor's extensive experience in that segment; to strengthen our leading role in the luxury resort segment, especially with our Tivoli brand, and to continue growing strategically in the urban sector in major cities in France, the United Kingdom, the Nordic countries, and the United States, without neglecting southern and central Europe.

We are deeply engaged in a policy of growth and development of the Anantara Hotels, Resorts & Spas, Tivoli Hotels & Resorts and Avani Hotels & Resorts brands, as well as in the consolidation and expansion into new markets of the H Hotels & Resorts, NH Collection & Resorts and nhow Hotels & Resorts brands.

We have opened the Anantara Convento di Amalfi Grand Hotel, located in a 13th-century Capuchin convent, the Anantara Plaza Nice and the Anantara The Marker Dublin, and we have also completed the renovations of the Anantara Grand Hotel Krasnapolsky Amsterdam and the Anantara Palazzo Naiadi Rome. We have also announced the Anantara Royal Vila Viçosa, the chain's second hotel in Portugal, which will open its doors in 2026; and the Anantara Palais Hansen Vienna, which will be opened this year.

As far as Tivoli is concerned, the brand is growing especially in southern Europe, with recent openings such as the Tivoli Alvor Algarve Resort, the Tivoli Portopiccolo Sistiana Wellness

Resort & Spa or the Tivoli La Caleta Tenerife Resort. In the Netherlands, the Tivoli Doelen Amsterdam has been added.

In addition, the latest nhow openings in major European cities such as Frankfurt and Brussels, were added to previous openings in London, Amsterdam or Marseille, all of which were very well received. We want to continue to push nhow as the disruptive, lifestyle brand. And we intend to do the same with Avani, a lifestyle brand aimed at travelers with a millennial mindset. We have already opened the Avani Alonso Martínez in Madrid; the Avani Palazzo Moscova in Milan; the Avani Rio Novo in Venecia; the Avani Cancún Airport in Mexico; and the Avani Royal Zona T in Bogota. We are also going to introduce other brands in the resort segment, as we have already done with NH Hotels & Resorts with the NH Marina Portimão Resort in the Algarve and with the NH Boat Lagoon Phuket Resort in Thailand, or with the NH Collection brand in the recently opened NH Collection Maldives Havodda Resort¹.

Of course, we also intend to continue working this year on generating commitment and leadership in our professionals, as well as on developing their digital skills, providing them with decision-making capacity and opportunities to grow. Encouraging talent forces us to focus more and more on quality. In the collective imagination, hotels represent an aspirational factor almost as important as the city you want to go to. Achieving this attractiveness can only be achieved through the best talent in each hotel and a highly qualified and tailored digital offering.

In short, we are witnessing accelerated changes in the tourist sector where the qualification and personalization of what is offered are gaining relevance. The companies whose talent evolves most quickly towards this scenario will have competitive advantages. At NH Hotel Group, part of Minor Hotels, we have the best resources and a successful and proven track record in managing the different cycles of expansion and contraction in the market. Every year we try to grow in a complementary and flexible way, always in line with strict management criteria where profitability and efficiency are prioritized. We know that success in the hotel sector can only come from the trust and pride of our professionals, and from a differential and exclusive offer for the best range of customers. It is the ideal that moves us, that motivates us on a daily basis and, of course, that also requires us to achieve the best results and expectations for each and every one of our investors, partners and shareholders. .

Additionally, as a member of the Spanish Network of the United Nations Global Compact, we are committed to continuing to show its contribution to the Sustainable Development Goals focusing especially on those directly related to our activity, through the different pages of this Report.

Thank you very much.

Ramón Aragónés
CEO NH Hotel Group

¹ The named hotels are outside the scope of this report.



NH Collection Firenze Porta Rossa
Florence, Italy

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**ABOUT THE
CONSOLIDATED
STATEMENT OF NON-
FINANCIAL INFORMATION
- SUSTAINABILITY REPORT**

ABOUT THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION - SUSTAINABLE BUSINESS REPORT

This Consolidated Statement of Non-Financial Information 2023 (hereinafter CSNFI or "the Report"), is presented as a separate report and forms part of the Consolidated Directors' Report for 2023 of NH Hotel Group (hereinafter "the Company" or "the Group"). It deals extensively, clearly and transparently with the Company's Sustainable Business Strategy, concentrating in a single document:

- The Company's response to the legal requirements of Act 11/2018 of 28 December on non-financial and diversity reporting, as well as Act 5/2021 of 12 April amending the Companies Act (Consolidating Act) and the EU 2017/C215/01 guidelines for reporting its performance in relation to non-financial information. .
- The Sustainable Business Report, which follows the standards of the Global Reporting Initiative (GRI).
- Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, on the establishment of a framework to facilitate sustainable investment, the first delegated act of which establishes the obligation to disclose information on the manner and the extent to which the enterprise's activities are associated to economic activities that are considered to be environmentally sustainable. See the chapter '[European Union Taxonomy of sustainable activities](#)', and [Appendix II: European Taxonomy](#)".
- The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). See the chapter "[NH Hotel Group's Response to the Risks and Opportunities associated to Climate Change based on the Task Force on Climate-related Financial Disclosure \(TCFD\)](#)".
- Commitment to the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (ODS) approved by the United Nations General Assembly, which NH Hotel Group integrates into its strategy and which are detailed in the section '[NH Hotel Group and the 2030 Agenda](#)'.

The CSNFI was drawn up by the Board of Directors of NH Hotel Group on 8 February 2024, 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 23 October, approving the Securities Market Act (Consolidating Act), recording the delegation by certain Board members of other Board members to sign on their behalf.

This Report and the previous Sustainable Business Reports are published in digital format and are available at the [corporate website](#).

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 [Double Materiality Analysis](#), updated annually. The Group has different systems for dialog with its stakeholders, [dialog with our stakeholders](#), which are a source of analysis in defining the relevant content to be included in the report. The results of this communication allow mechanisms to be kept active to identify needs, as well as aspects of major relevance to include in the Report, and the monitoring of the commitments and success in dealing with the challenges presented in the previous year.

To elaborate the Double Materiality Analysis, the Company's strategy and objectives, the Sustainable Business strategy, and material issues at sector level defined by the Sustainable Hospitality Alliance and by UNWTO are taken into account, as well as the main social and sustainability trends, 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 and in accordance with Directive 2022/2464 as regards corporate sustainability reporting (CSRD).

As far as the quality of the information is concerned, NH Hotel Group seeks to convey a balance, reflecting both the positive and negative aspects of its performance in the key materiality areas identified in 2023, offering its stakeholders information on the progress in material matters for their knowledge and to compare with other enterprises or industries. The complete Materiality Analysis can be consulted in the corresponding section of this Report.

Scope

This Report sets out the seventeenth Annual Sustainable Business Report of NH Hotel Group. It includes the Group's activity and principal results in 2023 (from 1/01/2023 to 31/12/2023), including its performance in the economic, environmental, social and governance sphere.

The Report shows NH Hotel Group's management of the impacts, both positive and negative, that the Company generates. The information reported corresponds to a control perimeter aligned with the subsidiaries that consolidate in the Consolidated Financial Statements. This scope reflects the consolidated perimeter (owned and leased hotels, central services and headquarters). However, certain indicators also include a reporting perimeter that has a corporate scope (hotels under ownership, lease, management and franchise as well as central services and headquarters). Throughout the Report, the perimeter in respect of which each item of information is reported is explicitly indicated.

Furthermore, in the case of information referring to chapter entitled UP FOR PEOPLE, full-time equivalent (FTE) figures are included for all types of team members (except Outside Labor, Extra Labor and Trainees) considering hotels under ownership, lease and management based on the data in NH Hotel Group's ERP SAP HCM.

In the case of information on energy and water consumption, and on the carbon footprint, the data are reported according to the consolidated perimeter based on conservative criteria (minimum age of 6 months in the Company's portfolio, excluding data from central services and headquarters as they are not material compared to the data recorded in hotels).

In cases where the information disclosed is not broken down according to these two perimeters, this may be due to two situations: either it is not managed directly by the Company or it is not possible to break down the information. In this regard, the Company undertakes to continue working on internal data management.

Likewise, where the scope of the information varies from the criteria described above, this will be explicitly indicated.

Geographic presence of NH Hotel Group in 2023

	Consolidated perimeter (hotels owned and leased)	Corporate perimeter (hotels under owned, lease, management and franchised)
Number of hotels in the world	298	350
Number of countries in which NH Hotel Group has activity	23	30
Numbers of rooms	48,300	55,626
Team members*	12,436	14,431

* Data from FTEs. Does not include franchises.

Figures as of 31.12.2023.

In December NH Hotel Group acquired five hotels in Portugal, which therefore became part of the Group's consolidated perimeter (a situation reflected in the table). Until then these hotels were included in the Group's corporate perimeter (hotels under management). Considering this milestone, the business reality for more than 95% of the reporting period is the inclusion of these five hotels in the corporate perimeter. It is from this standpoint that all the information in the SNFI - Sustainability Business Report of NH Hotel Group is reported, except for the Business Model chapter which shows the hotel structure as of 31.12.2023.



Avani Alonso Martinez
Madrid, Spain

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**OUR ESG PERFORMANCE
AND CONTRIBUTION**

OUR ESG PERFORMANCE AND CONTRIBUTION

BUSINESS MODEL



6

brands in EUROPE &
AMERICAS



350

hotels in the world



55,626

rooms



30

countries



6

new openings



4.3

million customers in
2023

OUR BRANDS IN EUROPE & THE AMERICAS



RECOGNITIONS

SUSTAINABLE BUSINESS STRATEGY

UP FOR PLANET

PRODUCTS: HOTEL BUILDINGS

72
Hotels with electric vehicle charging facilities

66%
% green electricity

53%
Hotels with individual environmental certifications

233
Environmental certifications

SUSTAINABLE PROCUREMENT
13,875
Suppliers

13,244
Local suppliers

90%
Purchases from local suppliers

62%
Purchases from nominated suppliers

PROCESSES: OPERATIONAL STANDARDS

5.2%
Reduction in emissions (vs 2022)

3,026.00
Emissions offset (tCO₂eq)

43,561
Emissions avoided (tCO₂eq)

183,647,050
Of green energy consumed (kWh)

546,090,063
Energy consumed (kWh)

47.01
Ratio of energy consumed (kWh/RN)

3,783,672
m³ of water consumed

0.33
Ratio of water consumed (m³/RN)

UP FOR PEOPLE

TEAM MEMBERS

14,431
team members

51%
Female team members

45%
Women in management positions

7,691
New hirings

81%
team members with fixed contracts

151
Nationalities

171,273
Total training hours

1,243
Trainings offered

13,274
team members trained

CUSTOMERS

4.3
Million customers in 2023

30,852
Customer Care contacts received

8.4
Average rating of NH Hotel Group in customer surveys

8.5
Average rating of NH Hotel Group on external platforms

98%
Hotels with accessibility elements

COMMUNITIES

237,892
Indirect monetary contribution in social action (€)

58
Social initiatives

43
Collaborations with NGOs and foundations

19,680
Beneficiaries

1,590
Rooms offered

RESPONSIBLE GOVERNANCE

10

Members of the Board of Directors

3

Women on the Board of Directors

3

Independent directors on the Board of Directors

13

Meetings of the Board of Directors

4

Executive Sustainability Committee meetings held



NH Collection Firenze Palazzo Gaddi
Florence, Italy

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MILESTONES 2023

MILESTONES 2023

JANUARY

NH Hotel Group was included in the Sustainability Yearbook 2023 published each year by S&P Global, obtaining top 10% recognition as one of the most sustainable companies in the hotel sector.

NH Hotel Group was included, for the fourth consecutive year, in the Bloomberg Gender Equality Index. The Company was the only hotel company to feature in the index, out of the 24 Spanish companies included in this international index which is made up of almost 500 companies.

FEBRUARY

During Milan Games Week & Cartoomics, the nhow Milano appeared in the Robiox metaverse, one of the main attractions of the event. The METAAnhow Milano let participants in the metaverse experience the infrastructure and become artists and participate in the creation of the first co-production work of art.

Biosphere granted accreditation to NH hotels as entities that comply with international sustainability requisites and promote management that respects the environment and the social and economic setting of the places where they operate. All the NH Hotel Group's hotels in the city of Barcelona, in collaboration with the City Council, underwent an audit process and obtained Biosphere accreditation for the first time in March 2023.



MARCH

In the context of the Hotels with a Heart program, through which NH Hotel Group provides rooms free of charge in hotels located close to hospitals for families with sick children, a new agreement was signed with the Josep Carreras Foundation, dedicated to people with leukemia.

More than 60% of the hotels drew up an action plan, based on the opinions reflected in the ENGAGEMENT PULSE 2022 with team members. The Company continues to be focused on the goal of making NH a better place to work and increasing its teams' trust in this process.

The hotels in Belgium: nhow Brussels Bloom (Belgium), NH Brussels EU Berlaymont (Belgium), NH Collection Grand Sablon (Belgium) and NH Stéphanie (Belgium) obtained Green Key awards in 2023. A milestone that shows the work done by the hotels towards the implementation of a more sustainable tourist industry.



APRIL

ReviewPRO, a new tool to measure quality scores, was implemented. This tool collects all online opinions (Booking.com, TripAdvisor, Google...) and the results of customer surveys in an easy-to-use platform. The tool also provides an all-in-one control panel in real time to monitor, measure and respond to guests' online opinions, and includes a semantic analysis and outlooks view to compare their establishment with their competitors.

Tivoli Hotels & Resorts continues its expansion in Europe and the arrival of the brand in the Netherlands was announced with the opening of the Tivoli Doelen Amsterdam (Netherlands). The renovated hotel was presented in the Dutch capital following a change in brand to the NH Collection Doelen.



NH Collection continued its expansion in Germany with the opening of the NH Collection Frankfurt Spin Tower. Located in Güterplatz, the city's business center, the hotel has a spectacular lobby that is eleven meters high, 414 elegant rooms, 1000 m² in space for meetings and events and offers varied cuisine.

**MAY**

The Management Committee of NH Hotel Group received one of the "Team of the Year" awards at the gala for the Minor Awards of Excellence 2023. This glamorous event closed Minor's International Leadership Summit in Bangkok, a great opportunity for the leaders of Minor Hotels to celebrate and share significant milestones, inspirational moments and the passion for working together towards a brilliant future.

**JUNE**

The Avani Alonso Martinez hotel opened its doors in the Spanish capital. Following its refurbishment, the hotel combines historic elegance with a fresh, contemporary design with many nods to its location, inspired on Madrid.

The launch of a new whistleblowing platform took place, that allows any possible issue of non-compliance or breach of the principles included in the Code of Conduct to be reported. As part of NH Hotel Group's commitment to ethical business practices, team members or any interested party can report any possible issues or breaches that they observe.

Launch of the 90th Anniversary of the Tivoli Hotels & Resort brand with a 360° marketing and communication plan for all stakeholders (customers, investors, team members) for the entire hotel portfolio.

JULY

The Sustainability Policy was approved by the Board of Directors, together with the Health and Safety Policy, and the Sustainable Procurement Commitment and the Executive Sustainability Committee updated the Environmental and Climate Change Policy. This milestone forms part of the Company's commitment to improving its performance in ESG matters.

The Tivoli Hotels & Resorts brand had its debut in Italy with an establishment in Portopiccolo, near Trieste. The Tivoli Portopiccolo Sistiana Resort (Italy), a five-star hotel with 58 rooms, opened its doors offering guests elegant facilities, six swimming-pools, four restaurants and two bars with several gastronomic options, a beach club, a fitness and wellness center inside the hotel and a 3,600 m² spa.

SEPTEMBER

The Tivoli La Caleta Tenerife Resort (Spain) celebrated its opening on World Tourism Day. A paradise of sophistication and nature, located overlooking the Atlantic ocean, it has 284 refurbished rooms and suites, new restaurant areas and an exclusive beach club.

OCTOBER

NH Hotel Group made its debut in Finland with the signing of the NH Collection Helsinki Grand Hansa. The new hotel in Helsinki will be made up of two of the city's most emblematic and recognizable buildings.

The Hotels with a Heart program was recognized as one of the best Sustainability Actions during Sustainability Day 2023, organized by *Compromiso RSE*. The aim of this event is to bring different sectors together to recognize their environmental and social commitment and to share inspirational initiatives for a better world.

NOVEMBER

The main results of Engagement Pulse 2023 carried out with all team members were published, with a measurement of the evolution of the commitment survey.

NH Hotel Group signed agreements for three hotels in Paris which will open their doors in the first quarter of 2024. They are the NH Paris Gare de l'Est, the NH Paris Opéra Faubourg and the NH París Champs Elysées. These properties form part of the Company's strategic growth plans with the aim of expanding in key cities in Europe.

DECEMBER

NH Hotel Group announced a new signing for the Anantara brand in Austria, with the Anantara Palais Hansen Vienna Hotel. The hotel will offer an incomparable experience of luxury, elegance and hospitality in the heart of one of the most beautiful cities in Europe.

NH took over 100% of Minor's hotel business in Portugal following its acquisition of the company Minor Continental Holding (MCHL), wholly owned by Minor, for a total of 133.2 million euros. The 5 hotels are: Anantara Vilamoura Algarve Resort, Tivoli Lagos Algarve Resort, Tivoli The Residences at Victoria, NH Marina Portimao and NH Sintra.

In the context of the Hotels with a Heart program, a new agreement was signed with the Spanish Association Against Cancer, providing the association with 342 free room nights for relatives of patients who need them.



Anantara Palazzo Naiadi
Rome, Italy

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**NH HOTEL GROUP
BUSINESS MODEL**

NH HOTEL GROUP BUSINESS MODEL

NH Hotel Group is a consolidated multinational operator and one of the leading urban hotel chains in the world.

At the end of 2023, the Group was present in 30 countries, operating 350 hotels and 55,626 rooms in three continents (Europe, America and Africa).

The centralized business model allows NH Hotel Group to offer its guests an excellent service in the various hotels in the different regions and geographical areas where it does business.

The corporate head office and the regional offices offer the hotels a wide range of functions such as sales, revenue management, booking, marketing, human resources, financial management and systems development.

Our vision and culture

Our vision

One day, anyone planning a trip or a meeting in a city, for business or pleasure, will always ask: "is there an NH hotel at my destination?"

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

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

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

Our culture

A culture has been defined that express who we are, what we want to do and how we do it. To do so, the Company's believes have been identified, which will allow it to achieve the vision and become a benchmark in the sector worldwide.

These messages are an inspiration and motivation for team members in achieving the goals of the strategy and guide NH Group's day-to-day activity, promoting change and evolution towards a leadership model.

1. Our priority is to deliver memorable experiences to our guests.
2. We are proud to serve.
3. We strive to be the best, even though we are not the biggest.
4. We are responsible for our results.
5. We care for our team members and our team members care for our guests.
6. We are active in the communities where we live.
7. We have a young mindset.
8. We enjoy what we do.

...and we do everything with a SMILE.

As a reflection of our Company values...



NH COLLECTION DRESDEN ALTMARKT

NH Hotel Group is proud of an extraordinary review from a guest who stayed at the NH Collection Dresden Altmarkt (Germany). In addition to the high quality and good facilities of the hotel that the guest wrote about, he praised above all the incredible care and service received from Bernhard Webber, a team member at reception, who took care of and helped him during an incident that occurred to him during his stay.

ANANTARA NEW YORK PALACE BUDAPEST

The Group is very excited to share the story of Teddy, the toy bear the one of our young guests unfortunately left behind in the Anantara New York Palace Budapest (Hungary). Fortunately, Teddy sent an e-mail with photos every day he spent apart from his dear friend, until they were finally reunited.



nhow MILANO

"Professionalism, empathy and the capacity to take care of guests and perceive their mood", this is how Paul and Roberta, guests at the nhow Milano (Italy), described the attitude of the team members towards them and towards all guests. This e-mail they sent to the hotel reflects the kind of quality experience that all guests should enjoy at the hotels.

Our presence in the world



350
HOTELS

30
COUNTRIES

55,626
ROOMS

14,431*
TEAM MEMBERS

4.3
MILLION GUESTS

REGION AMERICA

58 HOTELS
7,655 ROOMS
9 COUNTRIES

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

REGION NORTHERN EUROPE

119 HOTELS
23,280 ROOMS
14 COUNTRIES

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

REGION SOUTHERN EUROPE

173 HOTELS
24,691 ROOMS
7 COUNTRIES

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

Figures as of 31.12.2023. including hotels operated under ownership, lease, management and franchise agreements.

* FTEs and the figure does not include franchises.

Our brands

The way in which the portfolios of Minor and NH Hotel Group complement each other, and the leading position of their different brands, allows NH Hotel Group to grow and compete with greater assurance of success and to create added value for its customer base around the world. Both groups are aligned with the purpose of being able to capitalize on the best opportunities to expand their brands in their different territories of preference.

Minor's entrance in the capital opened up a new phase with value creation opportunities, through a global hotel platform with presence in five continents that can reach more customers with a broader brand umbrella and in new geographic areas.

All the brands share the values and principles that characterize the Company. Thanks to the diversity of brands, NH Hotel Group takes advantage of opportunities in different market segments while at the same time strengthening its competitive position by addressing different guest experiences.



Genuine luxury in the world's most unique and exciting environments, from the hustle and bustle of Bangkok to the vastness of the Arabian desert, the sparkling Indian Ocean or the cultural heritage of Europe. Anantara hotels and resorts open a window to the modern character of your destination, maintaining first-class operating standards to make every stay unique and personal.

Guest experience: modern and luxurious, but unpretentious. Authentic immersion in each destination, with original experiences that connect guests to the local people and culture.



A young, contemporary and exciting luxury brand that combines sleek design with service that goes above and beyond, putting extra effort into the details that matter. With establishments throughout Europe, Avani's portfolio keeps on growing.

Guest experience: elegant rooms designed for the deepest sleep. Lively social spaces that flow with the mood of the day. Honest, fresh, locally inspired food. Intuitive, common-sense service.



NH Hotels is a world-renowned midscale and upscale hotel brand that stands out for the quality of its services and facilities, offering experiences you can trust based on three fundamental pillars: value for money, the best locations in the main destinations and service with a human touch. With a strong presence in Europe and America.

Guest experience: functional, natural and realistic, innovative, reliable and friendly. It incorporates the latest innovations and takes care of even the smallest detail to make day-to-day life easier and more flexible, adapted to all lifestyles. For leisure stays, guests enjoy The Family Hub & Zone, family rooms, creative dining offerings and locally-inspired activities.



The NH Collection brand, part of the premium luxury segment, presents captivating hotels located in authentic emblematic buildings in key destinations in Europe and Latin America. The properties are carefully conceived with an eclectic-elegant atmosphere to offer stays driven by extraordinary sensations, paying great attention to stimulating details, to create memorable moments.

Guest experience: feel inspired by the destination and dining experiences with signature concepts. Feel unique with elegant spaces and rooms to unwind. Feel pampered by exceptional service.



Luxury hotels and resorts with an unconventional lifestyle and a unique design inspired by the environment of the destination. All nhow establishments have a bold, different personality. Each of them becomes an innovative and distinctive base, iconic, but also inclusive and individual, in the main destinations in Europe and soon in Latin America.

Guest experience: awakening of the senses, color, art, and design touches in all spaces and interactions. Music, entertainment, fashion-inspired events, and creative street food concepts as part of its gastroverse.



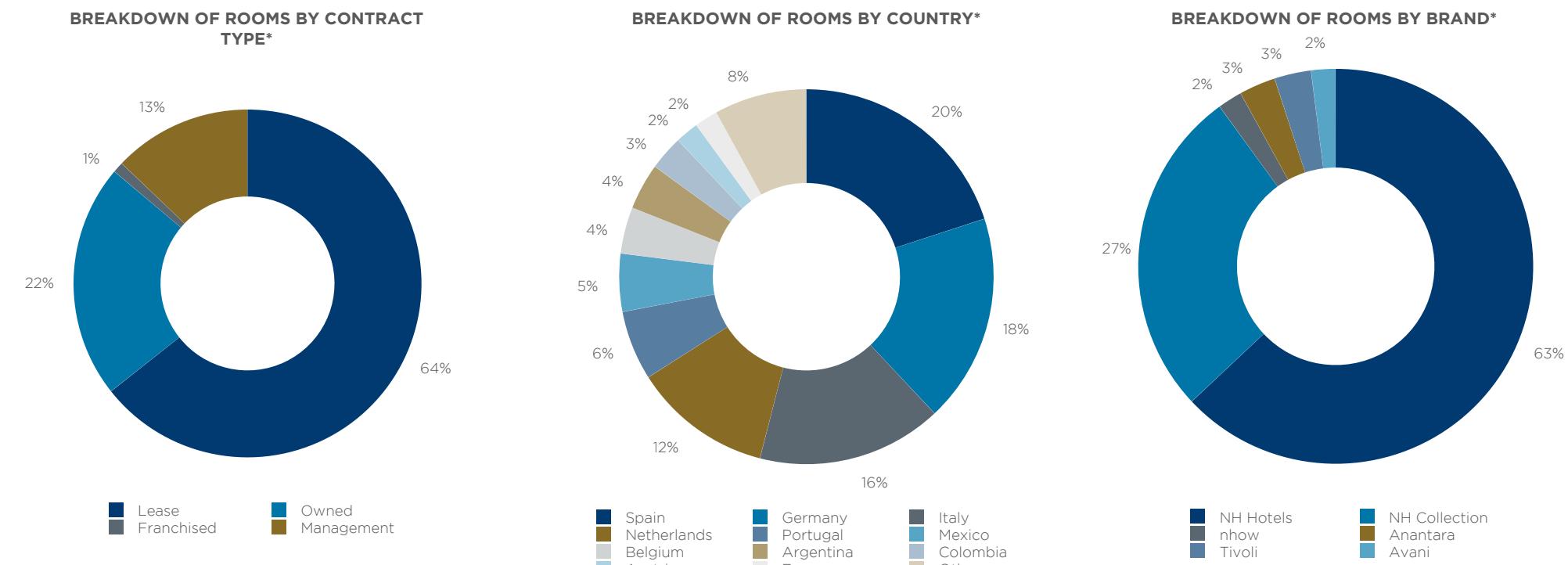
Tivoli Hotels & Resorts is a collection of luxury and upper upscale properties, a unique eclectic brand that encompasses idyllic beaches, cosmopolitan locations and luxury destinations. Tivoli's philosophy and long legacy make the brand stand out in mature markets and new emerging markets, in iconic destinations in Europe. Tivoli evokes a time when hotel stays were great experiences and traveling meant living life at a slower pace for a while.

Guest experience: *Bene vivere* experiences inspired by timeless hospitality, inviting guests to live in the moment, with extraordinary service, innovative contemporary dining and in-depth knowledge of the destination.

Breakdown of the portfolio

NH Hotel Group is a consolidated multinational operator and one of the leading urban hotel chains in the world. As of the end of 2023, the Group was present in 30 countries, operating 350 hotels and 55,626 rooms.

The centralized business model allows NH Hotel Group to offer an excellent service to its customers, and a high added value to owners looking for a first-class operator.



*31 December 2023.

*31 December 2023

*31 December 2023

	TOTAL		OWNED		LEASE		MANAGEMENT		FRANCHISED	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
NH Hotel Group	350	55,626	73	12,016	224	36,078	48	7,125	5	407
Argentina	16	2,241	12	1,524	0	0	4	717	0	0
Brazil	1	178	0	0	1	178	0	0	0	0
Chile	6	718	4	499	0	0	2	219	0	0
Colombia	14	1,403	0	0	13	1,355	1	48	0	0
Cuba	2	251	0	0	0	0	2	251	0	0
Ecuador	1	124	0	0	1	124	0	0	0	0
Haiti	1	72	0	0	0	0	1	72	0	0
Mexico	16	2,531	4	685	7	993	5	853	0	0
Uruguay	1	136	1	136	0	0	0	0	0	0
Region America	58	7,655	21	2,845	22	2,650	15	2,160	0	0
Austria	7	1,340	0	0	7	1,340	0	0	0	0
Belgium	12	2,025	6	822	6	1,203	0	0	0	0
Czech Republic	4	733	0	0	1	152	3	581	0	0
Denmark	1	394	0	0	1	394	0	0	0	0
Germany	52	10,230	4	870	48	9,360	0	0	0	0
Hungary	3	483	0	0	3	483	0	0	0	0
Ireland	1	187	0	0	1	187	0	0	0	0
Luxembourg	1	148	1	148	0	0	0	0	0	0
Netherlands	31	6,897	11	2,642	19	3,818	1	437	0	0
Poland	1	93	0	0	0	0	0	0	1	93
Romania	1	83	0	0	1	83	0	0	0	0
Slovakia	1	117	0	0	0	0	1	117	0	0
Switzerland	3	360	0	0	3	360	0	0	0	0
United Kingdom	1	190	0	0	0	0	1	190	0	0
Region Northern Europe	119	23,280	22	4,482	90	17,380	6	1,325	1	93
Andorra	2	100	0	0	0	0	2	100	0	0
France	6	1,023	0	0	5	873	1	150	0	0
Italy	58	8,741	14	2,026	40	6,122	4	593	0	0
Portugal	18	3,345	3	653	7	1,153	8	1,539	0	0
Spain	87	11,101	12	1,722	60	7,900	11	1,165	4	314
Tunisia	1	93	0	0	0	0	1	93	0	0
United States	1	288	1	288	0	0	0	0	0	0
Region Southern Europe	173	24,691	30	4,689	112	16,048	27	3,640	4	314

Data as at 31 December 2023.

Expansion and portfolio optimization

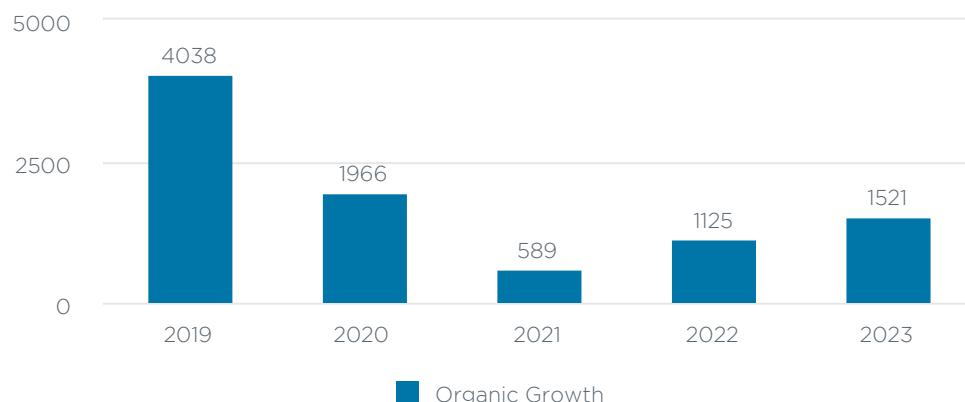
The ambition as a Group is to continue growing, and to reinforce even more the position in tourist destinations and leadership in the urban sector. During this year, the combined and simultaneous commitment to leisure destinations and business trips has reinforced the Company's capacity for recovery.

During the year NH Hotel Group opened 6 new hotels in different countries, with a total of 1,521 rooms. The opening of three new hotels in the resort segment under the brand "Tivoli" consolidates the Company's position in this segment, with 885 more rooms.

Hotels opened between 1 January and 31 December, 2023

Hotel Name	Country	City	Category	Rooms
NH Bern The Bristol	Switzerland	Bern	****	100
NH Collection Frankfurt Spin Tower	Germany	Frankfurt	****	414
NH Dona Ines Coimbra	Portugal	Coimbra	***	122
Tivoli Alvor Algarve All Inclusive Resort	Portugal	Alvor	*****	470
Tivoli La Caleta Tenerife Resort	Spain	Tenerife	*****	284
Tivoli Portopiccolo Sistiana Wellness Resort & Spa	Italy	Trieste	*****	131
				1,521

In recent years, the evolution of openings and incorporations, in number of rooms, has been as follows:



Furthermore, the Group signed agreements on 8 new hotels in 2023 with 1,143 rooms. These signings were mainly under management contracts.

Most notably among these are three four-star hotels in Paris, where the Company will operate under its NH Hotels and NH Collection brands. With this milestone, the Group will have presence in the second most visited city in the world and will allow it to continue strengthening its presence in France.

In addition, the NH Collection Helsinki Grand Hansa hotel the first hotel for the Company in Finland, has been signed, a key market within the Group's growth strategy in the Nordic countries. The Collection branded hotel is a five-star hotel, located in Helsinki, which will consist of two of the city's most iconic and recognizable buildings.

Likewise, we would highlight the opening in 2024 of the Anantara Palais Hansen Vienna which will come to the Austrian capital under the Anantara luxury brand. This opening represents an important step in the strategy for the luxury sector, in which the Company already has 10 hotels. The Company will continue to expand the presence of this brand through high quality resorts as a priority for NH Hotel Group.

Exits from the portfolio

This year there have been 6 exits from the group's portfolio. These hotels are no longer operated by NH Hotel Group because they were not strategic in generating value for the Company.

Exits from the portfolio between 1 January and 31 December, 2023

Hotel Name	Country	City	Category	Rooms
NH Madrid Sur	Spain	Madrid	***	62
NH Villa de Coslada	Spain	Madrid	***	78
NH Magdeburg	Germany	Magdeburg	****	142
NH Brussels Louise	Belgium	Brussels	****	246
NH Cartagena	Spain	Cartagena	****	100
NH Turcosa	Spain	Castellón	***	70
				698

Global economic and tourist context

During 2023, the recovery that began in 2021 following the economic crisis generated by the Covid-19 pandemic was consolidated. Thus, the world economy grew by +3.1% compared to a growth of +3.5% in the previous year. More specifically, the Euro zone is expected to grow by +0.5% in 2023 (+3.4% in 2022).

The global economic recovery is proving surprisingly resilient in the wake of the Covid-19 pandemic, the Russian invasion of Ukraine and the cost-of-living crisis. Inflation is declining faster than expected after peaking in 2022 and is having less of an impact on employment and economic activity than expected, as a result of favourable supply-side developments and policy tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation, coupled with the withdrawal of fiscal support in a context of high debt, are expected to dampen growth in 2024.

The four countries that account for the largest proportion of the Group's sales and results show slower growth rates in 2023: Spain (+2.4% in 2023 vs. +5.8% in 2022), the Netherlands (+0.6% in 2023 vs. +4.3% in 2022), Germany (-0.3% in 2023 vs. +1.8% in 2022) and Italy (+0.7% in 2023 vs. +3.7% in 2022). On the other hand, growth in Latin America was +2.5% in 2023 vs. +4.2% in 2022.

Inflation is proving to be tighter and more persistent than anticipated. While global inflation has declined, this is mainly due to declines in energy and food prices. But core inflation, which excludes volatile energy and food components, has not yet peaked in many countries. Global inflation is projected to decline from 9.2 per cent in 2022 to 5.9 per cent in 2023 and 4.8 per cent in 2024, levels well above the target level and still higher than those observed before the pandemic (2017-19) of around 3.5 per cent.

According to UNWTO data, by 2023 international tourism reached 88% of pre-pandemic levels, with an estimated 1.3 billion international arrivals. The release of remaining pent-up demand, increased air connectivity and further recovery of Asian markets and destinations are expected to support a full recovery by the end of 2024. Europe, the world's most visited region, reached 94% of the levels achieved in 2019, supported by intra-regional demand and travel from the United States. Africa recovered 96% of pre-pandemic visitors, and the Americas 90%. Asia and the Pacific reached 65% of pre-pandemic levels, following the reopening of several markets and destinations.

The latest UNWTO data also highlight the economic impact of the recovery. In 2023, according to preliminary estimates, international tourism receipts will reach USD 1.4 trillion, approximately 93% of the USD 1.5 trillion earned by destinations in 2019. Preliminary estimates of tourism's economic contribution, measured in terms of direct tourism gross domestic product (GDP), point to USD 3.3 trillion in 2023, or 3% of global GDP. This indicates a recovery of the direct tourism GDP achieved before the pandemic, driven by strong growth in domestic and international tourism.



NH Villa San Mauro
Caltagirone, Italy

NH Hotel Group Strategy

Throughout 2023 NH Hotel Group has worked on executing and monitoring the Company's five strategic pillars, and has managed to exceed the goals set for this past year and respond to the needs of shareholders, partners, guests and team members.

The five strategic pillars and the main milestones achieved are detailed below:

1. The best offering for their guests

Continuing with the strategy of continuous product improvement and differential services, the Company has worked on initiatives that relate to this lever:

- Strengthening brand architecture: the company remains steadfast in its goal of building exceptional brands in the upscale, upper-upscale and luxury segments covering a spectrum of experience from the most universal to the most distinctive. In this regard, work is being done on:
 - Promoting brands such as Anantara and Avani.
 - Strengthening the Anantara, Tivoli and Avani brands, both with the signing of new contracts and with brand changes (rebranding) of existing hotels.
 - Expansion of the NH and NH Collection brands also in the resorts segment
- Investment of resources in hotel repositioning/rebranding projects to maximize the value of the current portfolio, to offer guests products of impeccable quality and design. In 2023, repositioning and rebranding projects have been planned for 59 hotels: interventions have been carried out in 43 hotels and 16 hotels are in the pre-construction phase.
- Improving commercial capabilities: a commercial strategy has been defined and devised that will make it possible, on the one hand, to maximize revenues through price optimization (ADR) and integrity, a robust structure in terms of segments and channels and, on the other hand, to develop a value proposition for the B2B segment that is fully adapted to the needs of the Companies. Some of the main achievements in this regard have been the business growth generated through the NH Hotel Group website, which has become consolidated as one of the Company's main channels (almost doubling profits with growth of close to 100% compared to the previous year), RevPAR (revenue per available room) growth over the previous year higher than that of the competitors, the record figures achieved in the upselling strategy, the implementation of a tool for automating sales and occupancy forecasts, and the complete definition and launch of NH PRO program and value proposition aimed at companies for the B2B segment.

- Migration of all brands to the GHA Discovery program, which already has 25 million users. A loyalty program is already available to guests, giving them access to more options for redeeming their points and a benefit program based on better local experiences.
- Implementation of digital tools, new concepts and personalization: NH Hotel Group has continued to make great efforts to respond more and more effectively to its guests' demands and to changing market trends. In this regard, the Company has developed:
 - Tools and technologies to digitize the full guest experience in the hotel. For example, the online check-in and check-out functionality has been improved, communication with guests during their stay at the hotel has been digitalized through a Progressive Web App (PWA) which can be accessed from any mobile device or the launch of Click & Meet, a new NH PRO functionality for online booking of venues for meetings and events, giving real-time access to information on prices, availability and immediate confirmation for venues for up to 20 people.
 - New experience concepts or improvement of current concepts: To do this, a review of Brilliant Basics was carried out (improving mattresses, pillows, showers, minibar...) or the implementation of Lobbies Alive, seeking to revitalize hotel lobbies to generate a welcoming atmosphere and greater customer use.
 - The improvement in personalization capacities including new functionalities in Customer Relationship Management that facilitate booking processes and the selection of guests' preferences.

Carrying out continuous improvement in all processes.

- In addition, a new strategic lever has been added this year with the aim of placing special focus on the F&B (food and beverages) division, to ensure that all points of sale offer a value proposition with quality that is adapted to guests' demands. Among other projects, work has begun on new concepts in updating operating standards, improving cost management or implementing digital and mobile tools to improve operational efficiency.

More information is provided in the chapter: ["Customers"](#)

2. Growing to scale up

The Company continues to grow in its current markets, strengthening its network and relying on its existing excellent operating structure.

- Agreements on 4 new hotels in strategic destinations for the Company have been signed, such as Paris (NH Collection Paris Champs Elysees, NH Paris Gare de L'Est and NH Paris Opera La Fayette) and Helsinki (NH Collection Helsinki Grand Hansa).
- Growth in current markets has been maintained, supported on the existing structure with new agreements signed in Austria (Vienna), Portugal (Porto), Mexico (Guadalajara) and Italy (Sistiana). This is in addition to forthcoming openings in Portugal, Italy, Mexico, Chile and Perú, among others.
- Efforts committed on diversifying towards highly profitable and resilient businesses such as luxury, resorts and the lifestyle segment. In this sense, the Company already has 9+ hotels operated under the Anantara brand, 2 NH resorts hotels and 6 Avani hotels.
- With regard to the business models, NH Hotel Group has a special interest in the management and franchise business, an aspect which is reflected in the new agreements that have been signed this year.
- On 18 December 2023, NH Hotel Group announced the acquisition of 5 hotels in Portugal from Minor for €133 million. The transaction is in compliance with the provisions of the Framework Agreement signed between the Company and Minor on 7 February 2019 regarding the geographic areas of preference of each of the parties. Through the Transaction, NH strengthens its presence in the Portuguese resort market by acquiring ownership of a portfolio of hotels that it has been operating since June 2019 under a management agreement with Minor, which will enable it to leverage operational and commercial synergies through the NH platform in Southern Europe and reinforce its current growth strategy in this holiday segment. Furthermore, with the Transaction, NH consolidates a portfolio of hotels that represents an expected incremental contribution of approximately EUR 11 million of EBITDA in 2024. It should be noted that the transaction has been carried out at arm's length and with the validation of external advisors, with the result that the entire Minor business in Portugal now belongs to NH Hotel Group.

More information on the Company's growth model is available in the section: "[Our presence in the world 2023](#)" and "[Breakdown of the portfolio](#)"

3. Evolving the value proposition for team members

The perception of a hospitality sector as an attractive sector has improved although it has still not reached pre-pandemic levels. Accordingly, NH Hotel Group has a specific line of work that deals with the evolution of the Employee Value Proposition, adapting it to this new situation.

Work has been done during the year on projects that improve the value proposition for team members updating the internal mobility policy or by creating more flexibility in team member compensation benefits.

In addition, a series of actions are being tested to improve talent attraction and retention in the Company such as, for example, the possibility of offering accommodation for team members at resorts, improvement and increase in training that provide an improvement in their development or an increase in rotation opportunities between departments, among others.

For more information on the Company's UP FOR PLANET pillar, see the section: [UP FOR PEOPLE](#).

4. Being a benchmark in sustainability

Sustainability continues to gain more and more relevance for NH Hotel Group, with the aim of continuing to contribute positively to the planet's environmental and social wellbeing.

Thanks to the sustainable business strategy with the two pillars (UP FOR PLANET and UP FOR PEOPLE), the following important milestones, among others, have been reached:

- 184 hotels have some kind of environmental certification, making a total of 233 environmental certifications at the end of the year.
- Inclusion of the NH Hotel Group in the S&P Global Sustainability Yearbook 2024.
- The renewal of the presence in the *FTSE4GOOD* index thanks to the responsible management of the business and the improvements that have been implemented.
- Obtaining a rating of B for climate change and B- for water management in the Carbon Disclosure Project (CDP) annual ranking, which recognizes the work of leading global companies in combating climate change and in water management in both surveys.
- The emissions of 364 large events were offset, which represents the neutralization of the equivalent of 2,544 metric tons of CO₂eq.

In this regard, this year NH Hotel Group has been recognized again as one of the most sustainable companies in the sector according to the S&P Global Corporate Sustainability Assessment, fulfilling in this way its mission to continue leading this ranking and maintaining its presence in the Sustainability Yearbook published by S&P Global in 2024, which recognizes the companies that are best placed and most valued for their sustainability performance based on environmental, economic, social and governance criteria.

For more information on the Company's UP FOR PLANET pillar, see the section [UP FOR PLANET](#).

5. Digital transformation

The continued commitment to digital transformation has brought greater efficiency to internal processes and systems, increased the differentiation from competitors and has enabled us to provide better service to the guests. The main projects executed in 2023 thanks to digitalization include:

- Mobile Guest Service: development of an app that can be accessed from any of the guest's devices, whether a cellphone, tablet or PC, and which offers guests the possibility of having all the information on the hotel available to them: hotel facilities, hours, ordering room service, booking a table in the restaurant, requesting new amenities, etc. This is a development that eliminates interactions and guarantees safe and reliable information.
- FastPass: a project that offers guests the possibility of online check-in, choose your room and online check-out.
- Housekeeping Mobility App: an app that optimizes housekeeping management and the check-in process. As soon as a room is clean and ready, the hotel's housekeeping staff can confirm this in real time using the app. This accelerates the process, eliminates paper and provides more efficient communication between different areas of the hotel.
- Smart Tablets in reception: this is a new initiative that digitalizes all the phases of the check-in and check-out processes. In 2023, more than 100 hotels have implemented this project and thousands of paper prints have been avoided.

More information on the Company's innovative projects is available in the section: ["Innovative projects in 2023"](#) and ["Initiatives to improve the quality of the experience for individual customers"](#).



Evolution of Results

Revenues in 2023 amounted to 2.158 million euros, an increase of 25.3% (+435.8 million euros). Profit for the year attributable to shareholders of the Parent Company reached 128.3 million euros compared to 100.3 million euros in 2022. This increase is explained by the increase in downstream activity and the consolidation of the recovery during 2023.

With regard to the gross debt situation in this financial year, it decreased from 610.7 million euros in December 2022 to 301.8 million euros in December 2023. The cash and other liquid assets position as of 31 December 2023 amounted to EUR 2201.8 million (EUR 301.8 million as at 31 December 2022). In addition, this liquidity is supplemented by the syndicated credit line of EUR 242.0 million (available in full at year-end 2023 and 2022) and credit lines at year-end 2023 amounting to EUR 62.0 million.

Shareholder Structure

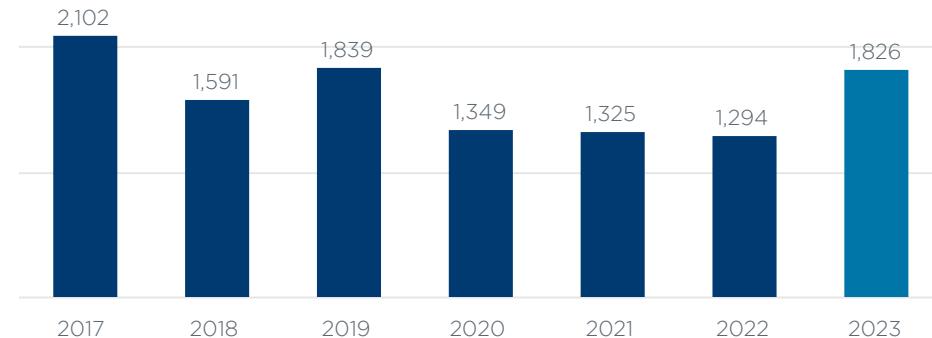
At the end of 2023, the share capital of NH Hotel Group, S.A. was € 871,491,340 and was represented by 435,745,670 fully subscribed and paid-in bearer shares with a par value of 2€ each.

According to most recent notices received by the Company and the communications made to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) before the end of each year the most significant shareholdings at the year-end were as follows:

	2023	2022
Minor International Public Company Limited ("MINT")*	95.87%	94.12%

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

Capitalization at the end of each year (in million €)



Relations with shareholders and investors

Throughout 2023, NH Hotel Group has been in permanent contact with the Company's analysts and investors to satisfy their needs concerning the Group's general evolution. This contact with the market has taken place through individual meetings and in the participation in investors' conferences organized by various financial institutions and individual call requests.

Key indicators on relations with shareholders and investors in 2023

Entities that performed analyses of NH Hotel Group	8
Queries from shareholders and investors handled	90
Individual meetings with shareholders and investors	100
Analyst follow-up reports	50

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, Hotel Group publishes quarterly results for the market. At the time of the half-yearly and annual publications, a call / conference with the market is also carried out, attended on average by 50 participants between investors and analysts.

The quarterly results published detail the following:

- KPIs and drivers of results.
- Evolution by geographical area.
- Evolution of costs.
- Breakdown of cash flow and financial debt position.

In addition, the Investor Relations department is in permanent contact with the market through calls, trips, investors' conferences... to inform the investment community of the Company's evolution. All the information of interest to shareholders, including information on corporate governance and other information on General Meetings is available at all times on the NH Hotel Group website www.nh-hotels.es, under "Shareholders and Investors".





nhow Frankfurt
Frankfurt, Germany

nh | HOTEL GROUP
PART OF
MINOR
HOTELS

5

**CORPORATE
GOVERNANCE**

CORPORATE GOVERNANCE

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

This System has been formalized in line with the highest standards of compliance with good practice in corporate governance, as defined by, among others, the Good Governance Code for listed companies (the "Good Governance Code"), approved by a Resolution of the Board of the CNMV on 18 February 2015 and revised in June 2020, which is aligned with the recommendations on good governance of international markets.

Governance structure

The functioning of the management bodies and the decision-making process is described in detail in the Annual Corporate Governance Report (ACGR), where the roles of the General Shareholders' Meeting and the Board of Directors are notable, as the Company's senior governance bodies.

Board of Directors of NH Hotel Group

The Board of Directors is the Company's senior management and representation body. It is empowered, within the scope of the corporate object defined in the Bylaws, to carry out any acts of administration or disposal, under any legal title, except those reserved by law or by the Company's Bylaws to the exclusive competence of the General Shareholders' Meeting. Consequently, the Board of Directors is conceived basically as a supervisory and control body, while the ordinary management of the Company's business is entrusted to the executive bodies and the management team.

The functions of the Board of Directors and its Committees (Audit and Control Committee and Nominations, Remuneration and Corporate Governance Committee) are expressly reflected in articles 33, 47 and 48 of the Bylaws and articles 5, 25 and 26 of the Board Regulations, among others. At the General Meeting of the Shareholders of NH Hotel Group dated 30 June, 2021, and at the meeting of the Board of Directors of NH Hotel Group held on 28 July 2021, the Company approved the amendment of several articles of the Bylaws and of the Board Regulations in order to adapt their content, to Act 5/2021, of 12 April, which amends Royal Legislative Decree 1/2010, of 2 July, which approved the Companies Act (Consolidating Act), in relation to the functions and powers of the Board of Directors and its Committees.

The Board of Directors discharges its duties in line with the corporate interest, which is understood to be the Company's interest; and in this regard it acts 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.

For further information please access the [Regulation of the NHHG Board Directors NH Hotel Group](#) available on the corporate website.

Composition of the Board of Directors (as of 31 December, 2023)

Name	Position on the Board	Category
Mr. Dillip Rajakarier	Chairman	Proprietary
Mr. Ramón Aragonés Marín	Vice Presidente and Chief Executive Officer	Executive
Mr. Kosin Chantikul	Director	Proprietary
Mr. Stephen Andrew Chojnacki	Director	Proprietary
Ms. Miriam González-Amézqueta López	Director	Independent
Mr. William Ellwood Heinecke	Director	Proprietary
Ms. Laia Lahoz Malpartipa	Director	Executive
Mr. Tomás López Fernebrand	Director	Independent
Mr. Rufino Pérez Fernández	Director	Executive
Ms. María Segimón de Manzanos	Director	Independent
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

*The complete profile of all the 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 or in section C.13 of the CNMV Corporate Governance Report.

The current composition is the result of the following changes that occurred in 2023:

- On 18 May 2023, the Company's Board of Directors resolved to take note of the resignation tendered on 16 May 2023 by the independent directors Mr. Alfredo Fernández Agrás, Mr. José María Cantero de Montes-Jovellar and Mr. Fernando Lacadena Azpeitia, with effect from the end of the Company's Ordinary General Shareholders' Meeting.
- As a result of the above, and as the Board had lost confidence in the capacity of Mr. Fernández Agra to remain in his post as Chairman until his resignation as a director came into effect, at its meeting held on 22 May 2023, the Board resolved to appoint Mr. Dillip Rajakarier and Mr. Ramón Aragonés, as the new Chairman and Vice-Chairman, respectively, of the Board of Directors.
- The General Shareholders' Meeting held on 29 June 2023 re-elected Mr. Ramón Aragonés as an executive director, and he was re-elected as CEO at the Board meeting held after that General Meeting.
- At its meeting held on 29 June 2023 after the above-mentioned General Shareholders' Meeting, the Board of Directors resolved to appoint Ms. Miriam González-Amézqueta López, Mr. Tomás López Fernebrand and Ms. María Segimón de Manzanos as independent directors by co-optation, at the proposal of the Nominations, Remuneration and Corporate Governance Committee.

The re-elections and the appointment of these directors were resolved at the Company's [General Shareholder Meeting](#) held on 29 June 2023.

Between 31 December 2023 and the date of drawing up this Report, there have been no changes in the composition of the Board.

At the end of the year the Board of Directors of NH Hotel Group had met on thirteen occasions.



Board Committees

Audit and Control Committee

Focused mainly, among other matters, on supervising the effectiveness of the Company's internal control and the process of drawing up and presenting statutory financial and non-financial information, ensuring the independence and effectiveness of the internal audit function and of the external audit. In 2023, Ms. Miriam González-Amézqueta López was appointed as Chair of the Audit and Control Committee, replacing Mr. Fernando Lacadena Azpeitia.

Composition of the Audit and control Committee

As of 31 December, 2023

Name	Position	Category
Ms. Miriam González-Amézqueta López	Chairman	Independent
Mr. Tomás López Fernebrand	Member	Independent
Mr. Stephen Andrew Chojnacki	Member	Proprietary
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

At the end of the year, the Audit and Control Committee of NH Hotel Group had met on six occasions.

Nominations, Remuneration and Corporate Governance Committee

Focused mainly on proposing the appointment of Independent Directors or reporting on the suitability of other directors to be appointed, as well as analyzing 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 for environmental, social and financial, non-financial and corporate reporting policies, proposing the necessary Reports to the Board.

Composition of the Nominations, Remuneration and Corporate Governance Committee

As of 31 December 2023

Name	Position	Category
Ms. María Segimón de Manzanos	Chairman	Independent
Mr. Tomás López Fernebrand	Member	Independent
Mr. Stephen Andrew Chojnacki	Member	Proprietary
Mr. Carlos Ulecia Palacios	Secretary	Non-Director

At the end of the year, the Nominations, Remuneration and Corporate Governance Committee of NH Hotel Group had met on seven occasions.



Anantara The Marker Dublin Hotel
Dublin, Ireland

Selection Policy for Director Candidates

Candidate Selection Objectives and Process

On 22 December 2020, following a favorable 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 takes into account the skills, experience, professionalism, suitability, gender, independence, knowledge, qualities, capacities and availability of members of the Board of Directors from time to time. The Nominations, Remuneration and Corporate Governance Committee plays a relevant role in this process.

This Policy seeks to avoid discrimination and ensure that merit is the prevailing 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 honorability. 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 always established by law 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 and 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. As far as is compatible with the composition of the shareholders and the management body, the Company maintains the intention to comply with the 15th Recommendation of the Good Governance Code. For these purposes, in 2023, the Nominations, Remuneration and Corporate Governance Committee proposed the appointment as Directors of Ms. María Segimón de Manzanos and Ms. Miriam González-Amezqueta López, who were appointed by co-optation by the Board of Directors (together with Mr. Tomás López Fernebrand), at its meeting held after the General Shareholders' Meeting.

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 31 December 2023

Name	Category
Mr. Ramón Aragón Marín	<i>Chief Executive Officer</i>
Mr. Alonso Escrivá de Romaní Arsuaga	<i>Chief Strategy Officer</i>
Mr. Carlos Ulecia Palacios	<i>General Counsel & Chief Legal and Compliance Officer</i>
Mr. Fernando Vives Soler	<i>Chief Commercial Officer</i>
Mr. Isidoro Martínez de la Escalera Álvarez	<i>Chief Marketing & Communication Officer</i>
Ms. Laia Lahoz Malpartida	<i>Chief Assets & Development Officer</i>
Mr. Luis Martínez Jurado	<i>Chief Financial Officer</i>
Ms. Marta Pérez-Leirós Fernández	<i>Chief People & Sustainable Business Officer</i>
Mr. Rufino Pérez Fernández	<i>Chief Operations Officer & Global Transformation Leader</i>

*The complete profile of all the members of the Management Committee can be found in the Management Team section of the [corporate website](#)

Senior Management and Board Remuneration

The average remuneration of Senior Management in 2023 is 433,699 euros which includes: fixed salary, short-term variable salary accrued in 2023, vehicle, medical insurance, life and accident insurance.

As of 31 December 2023, Senior Management, excluding Executive Directors, is made up of 2 men and 1 woman. For confidentiality reasons, the average remuneration has not been broken down by gender. The gender pay gap for Senior Management is 7.7%.

In accordance with the Directors' Remuneration Policy, the Chairman of the Board of Directors receives a fixed annual allowance of 200,000 euros, and the Chairmen of the Audit and Control Committee and the Nominations, Remuneration and Corporate Governance Committee receive a fixed annual allowance of 90,000 euros. The fixed allowance for a member is 50,000 euros.

Executive Directors do not receive any fixed annual remuneration or expenses for attending Board or Committee meetings.

As of 31 December 2023, the Executive Directors are 2 men and 1 woman. The average annual remuneration of the Executive Directors for their Senior Management duties in 2023 is 864,390 euros which includes fixed salary, short-term variable salary accrued in respect of 2023, vehicle, medical insurance, life and accident insurance.

By gender, the average annual remuneration of male Executive Directors is 1,007,742 euros and the average annual remuneration of female Executive Directors is 577,686 euros.

The General Shareholders' Meeting approved the Annual Remuneration Report for the previous year with 99.99 % of votes in favour, a majority support which the Company achieves year after year. This high percentage ratifies the backing given by shareholders and investors to NH Hotel Group's Board Remuneration Policy.

Further information on the Remuneration Policies for the Board of Directors is available in the Annual Report on Remuneration of Directors of Listed Companies 2023. Specifically, in the section [Individual remuneration of each director accrued during the financial year \(including the remuneration paid for performing their executive duties\)](#).



Tivoli Doelen Amsterdam
Amsterdam, Netherlands

nh | HOTEL GROUP
PART OF
MINOR
HOTELS

6

ETHICS AND COMPLIANCE

6. ETHICS AND COMPLIANCE

NH Hotel Group continues to implement measures to foster and highlight the compliance culture and the importance of consolidating an ethical business culture, raising awareness among all team members of the relevance not only of complying with the applicable legislation but also of acting ethically and in accordance with the Company's principles and values.

The aim pursued is that all team members be aware that not only what is done but also how it is done matters, and to this end a number of measures and tools have been put in place to work on this mission, the most important of which are described below.

Ethical commitment and compliance system

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

COMMITMENTS	<ul style="list-style-type: none"> ■ to people ■ to customers ■ by suppliers ■ by competitors ■ to shareholders ■ to communities and society ■ to the Company's assets, know-how and resources
OBLIGATIONS	<ul style="list-style-type: none"> ■ with respect to fraudulent or unethical practices

Code of Conduct

NH Hotel Group continues to bolster the compliance function, based fundamentally on the principles and values contained in its [Code of Conduct](#), which has been translated into seven languages, which is published on the corporate website and the intranet, and is applied in all the countries where the NH Hotel Group is active. Furthermore, since 2017, through the "My NH" app, team members can access it from their mobile device. team members of establishments that operate under the NH Hotel Group brands also have a Practical Guide and a FAQs document.

The purpose of the Code of Conduct 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 that interact with NH Hotel Group. The Code of Conduct summarizes the professional conduct that is expected of NH Hotel Group team members, who are committed to acting with integrity, honesty, respect and professionalism in performing their duties.

The Code of Conduct is reviewed periodically by the Compliance Officer to adapt and update its contents when necessary.

At its meeting held on 8 November 2022, the Board of Directors approved an update of the Code of Conduct, to adapt it to recent legislative developments, comply with the new legal requirements and meet standards and best practice with regard to compliance, including the anonymization of the whistleblowing channel

The NH Hotel Group Code of Conduct is governed by three fundamental pillars: 1) Respect for the law; 2) Integrity and 3) Honesty, transparency and trust and sets out commitments to its stakeholders, overseeing and assuring respect for the provisions of the Code, including - among many other aspects- operating and competing in the market in a fair and transparent way or safeguarding full protection of consumers and appropriate advertising of the services.

To this end, the Company encourages and promotes knowledge and observance of the Code of Conduct through continuous training, among other actions. In this regard, and aware of the relevance of the Company's ethical principles and values, all team members are required to take a compulsory training course on the Code of Conduct in order to ensure that they have read and understood it. Completion of this course is recorded in the system.

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 should be handled.

Criminal Risk Prevention Model

This model describes the principles applicable to the management and prevention of crimes within NH Hotel Group and defines the structure and operation of the control and oversight bodies established within the Company, systematizing existing controls for the purpose of preventing and mitigating the risk of crime in the different areas of the Company. Some of the risks identified in the prevention model are: corruption, public finance fraud, money laundering, swindling, disclosure of private information, fraud against workers' health, among others.

Monitoring, updating and evaluation of controls is performed periodically by the Compliance Office.

In 2023, a complete review and update of the Company's Criminal Risk Prevention Model was carried out in order to continue bolstering the robustness of the model by updating the list of crimes and criminal risks that are applicable to the Company's activity and by improving and standardizing the risk assessment methodology and optimizing the existing control matrix.

Procedure for Conflicts of Interest

This 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.

This procedure was updated in 2021 -with a favourable report from the Audit and Control Committee and the approval of the Board of Directors - as a result of the changes made in Royal Legislative Decree 1/2010, of 2 July, approving the Companies Act (Consolidating Act).

It has not been necessary to activate this procedure in 2023.



NH Brugge
Bruges, Belgium

Corporate Policies

In addition to the NH Hotel Group Code of Conduct, the Company has a number of specific policies. These are corporate policies and are therefore applicable to the entire Group. It should also be noted that these policies show the principles and the commitments acquired by the Company in different areas, as detailed below:

[Anti-Fraud & Corruption Policy*](#)

Approved in 2019 and updated in 2023 (with an update concerning the whistleblowing channel), this policy establishes the commitment, in accordance with the provisions of the code of conduct, to zero tolerance of bribery and corruption, both in the public and private sector. The policy establishes the general principles on which it is based - such as zero tolerance of conduct that is contrary to the policy, compliance with the law, transparency, integrity and accuracy in financial reporting and the importance of internal control, among others- and states the main prohibited practices (such as contributions related to political purposes), practices that are strictly regulated (such as showing hospitality, managing donations or sponsorship) and those which are acceptable.

[Corporate Gift Policy](#)

Approved in 2018, this policy was established with a twofold aim. On the one hand, to regulate the gifts received and given by team members of establishments that operate under NH Hotel Group brands, when they are acting on the Company's behalf and, on the other hand, to prevent and detect situations that may result in breaches of ruling legal provisions or have a negative reputational impact for the Company. It establishes the criteria and internal guidelines concerning any gestures of hospitality received by team members.
Any doubt, incident or information related to this matter can be sent to a specific mailbox created for this purpose: giftcompliance@nh-hotels.com

[Corporate tax policy*](#)

Approved in 2015 and updated in 2022, this policy establishes the corporate tax strategy as a fundamental element for good corporate governance. It is based on compliance with tax legislation in all the jurisdictions where NH Hotel Group is present, interpreting such legislation in a manner that is fundamentally aligned with the spirit and purpose of the laws. It also establishes the principles that are to be followed in order to comply with tax obligations and for relations with tax authorities.

[Environment and Climate Change Policy*](#)

Updated in 2023 with the aim of reinforcing the Group's commitment to minimize its impact on climate change and increase the efficient management of the available resources in the places where the Group's hotels are located. In line with the main applicable international frameworks and best practice in the sector, it includes aspects relating to combating climate change, the management of natural resources, circular economy and the protection and conservation of biodiversity and ecosystems.

[Human Rights Policy*](#)

Approved by the Board of Directors in 2020, this policy establishes the Company's commitment to respect for internationally recognized Human Rights. It also contains the values and principles of the Group that are used as a guide for its activity both with customers, team members, suppliers and communities among others.
Through this policy, the Company undertakes to assure compliance with Human Rights following the highest international recognized standards, with the aim of protecting, respecting and correcting (prevention and management) the risks associated to the breach of these rights.

[Information Security Policy*](#)

Approved in 2013 and updated in 2023. This establishes the regulation on the Group's information security as well as guidelines to assure the confidentiality, integrity and availability of information under the control of NH and its value chain. It also defines the lines of action that make up NH's corporate strategy in relation to information security, developing key and concise guidelines for the management, protection and good use of the Group's information assets, defining basic principles of action.

[Occupational Health and Safety Policy*](#)

Approved in 2023 with the aim of promoting and reinforcing health and safety in work environments. It sets out the general principles that assure an occupational health and safety management model, and occupation wellbeing in the daily action of the Group's team members and compliance with laws and regulations related to occupational safety. It also involves team members in the identification and mitigation of risks in reporting occupational incidents.

[Policy regarding communication of financial, non financial and corporate information through media, social media and other channels*](#)

Approved by the Board of Directors in 2020, this policy was created with the aim of establishing the framework for action and of defining the general principles that govern the communication of financial, non-financial and corporate information through traditional media, social media or other channels, with the aim of assuring the protection of investors and the orderly functioning of the market. It was approved in order to comply with Recommendation 4 of the Code of Good Governance of Listed Companies, approved by the CNMV in 2015 and was updated in June 2020.

[Policy on prevention of money laundering and terrorist financing*](#)

Approved in 2019 and updated in 2023, this policy reflects the Group's commitment to the prevention of money laundering and terrorist financing. This policy establishes the general guidelines that will help with the prevention and early detection of situations that may entail a risk for NH Hotel Group and its Group companies in relation to the prevention of money laundering and terrorist financing. It also expresses its commitment to collaborate with the competent authorities on this matter.

Approved in 2014, this policy regulates the procedure for the contracting of goods and services by NH Hotel Group and establishes rules and guidelines to be followed by the different departments in situations that affect or could affect the Company's external contracting. This is aimed at reinforcing (i) the commitment to guarantee transparency, honesty and ethics in the procurement function (ii) the need to carry out professional contracting processes in order to optimize results and (iii) the need to align with internal control guidelines, and timely and appropriate updating and communication to all the Company's team members.

Procurement Policy

This policy was completed in 2023 with responsible procurement commitment, which is included as an appendix to the NH Hotel Group Procurement Policy which establishes the global framework for the control and management of risks (market, credit, business, regulatory, operational and reputational, cybersecurity and criminal) resulting from equipment and material purchasing activities, and the contracting of works and services throughout NH Hotel Group, with special emphasis on compliance with the ethical commitments both of the Group's team members and of its suppliers.

Risk Management Policy*

Approved by the Board of Directors in 2015, NH Hotel Group's corporate risk management policy is aimed at defining the basic principles and the general framework of action to identify and control of all kind of risks that could affect NH, notwithstanding any policies and procedures a company, department or geographic level.

Selection policy for candidates to director posts and management positions*

Thanks to this policy, NH Hotel Group undertakes to provide a framework for action that will permit comprehensive risk management, including suitable identification, measurement, control and handling of all the significant risks that affect the Group, and alignment of the Group's activities to the approved risk tolerance levels. This framework is based on the following principles of action: responsibility, integrity, consistency, independence, co-ordination, updating and continuous improvement, effectiveness and transparency.

Subsidies Policy

Approved in 2020 for the purpose of reinforcing transparency in the Company's actions, this policy establishes a general framework for the selection of candidates for the Board of Directors based on compliance with the highest corporate governance standards. This specific and verifiable policy for the selection of candidates for posts on the Board of Directors ensures that proposals for appointments as members of the Company's Board of Directors are based on a prior analysis of the Board's needs. Accordingly, the procedures for evaluating the candidates who participate in the selection process considers skills, experiences, professionalism, suitability, gender diversity, independent judgment, knowledge, qualities, capabilities and availability of the members of the Board of Directors from time to time. The Nominations, Remuneration and Corporate Governance Committee undertakes a relevant role in this process.

Approved in 2018, the purpose of this policy is to establish general guidelines to help in the prevention of situations that may be in breach of applicable domestic legislation on the award and management of aid, subsidies and other public funds.

Through this policy, NH Hotel Group rejects any kind of fraud involving public aid, funds and subsidies and establishes the main guide for the prevention of situations of breach in obtaining aid or subsidies. All of this is set out in accordance with the principle of integrity, accuracy, recording and transparency.

Sustainability Policy*

Approved by the Board of Directors of NH Hotel Group in 2023. This policy establish governance on Sustainability and includes the general principles that allow us to assure an ethical, responsible and sustainable management model. It also sets out a common and overarching framework of reference on the basis of which all the Company's team members are required to act and make decisions based on the balanced management of economic interests and the social and environmental implications of our operations. A notable new development is the section on communication with stakeholders, which replaces and repeals the Corporate Social Responsibility Policy.

* Public access

** Completed by the [Sustainable Procurement Commitment](#).

Zero tolerance of corruption

As stated above, 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 team members, executives and members of the Board of Directors of NH Hotel Group.

In addition, NH has other internal procedures, such as the Gifts Policy or even the internal Travel Policy, all of which contribute to establishing controls, internal processes and mitigating the associated risks.

The Company's Criminal Risk Prevention Model also contains a series of controls that have been specifically established to mitigate the risk of corruption in the broadest sense, regularly monitoring compliance with and the effectiveness of these controls.

NH Hotel Group is committed to carrying out its business activity with total transparency, honesty, integrity and responsibility, reliably and respecting at all times and complying with the applicable laws in all the countries where the Group is present, as established by the corporate values and principles.

Furthermore, NH Hotel Group has a system of oversight and control both for preparing financial information (ICFR), which is audited periodically, and for criminal risks (CPM).

Compliance Committee

Established in 2014, the Compliance Committee is made up of members of the Management Committee who have sufficient knowledge of the activities of NH Hotel Group and at the same time have the necessary authority, autonomy and independence to assure the credibility and binding nature of the decisions made.

This body is responsible for overseeing compliance with the key areas of the Compliance System: the Internal Rules of Conduct on Securities Markets, 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 monitors all the internal processes and policies implemented in the Company, and observance and compliance with them. It also has the authority to take disciplinary measures against team members in relation to matters falling within its scope of competence.

In 2023, three (3) meetings of the Compliance Committee were held.

Compliance Office

The Compliance Office, under the leadership of the Compliance Officer, reports directly to the Chief Legal & Compliance Officer of NH Hotel Group and to the Compliance Committee and is responsible for spreading awareness of and monitoring compliance with the Code of Conduct, for monitoring and periodic supervision of the Criminal Risk Prevention Model, for creating and updating corporate policies as well as monitoring compliance with them and handling queries regarding the Code of Conduct, among other functions.

Furthermore, during the year NH Hotel Group has provided the head of the Compliance Office with the necessary resources for continuous training on compliance.

Whistleblowing Channel

NH Hotel Group has a whistleblowing channel that allows team members, executives, members of the Management bodies, suppliers, customers or any stakeholders to report any breach of the Code of Conduct, guaranteeing confidentiality and respect for all the phases the procedure involves, as well as the absence of reprisals. Following the entry into force of Law 2/2023 of 20 February on the protection of persons who report regulatory infringements and the fight against corruption, NH Hotel Group has decided to adapt its internal reporting protocol and handling of reports through the implementation of a new external platform in line with the local legislation in each country transposing Directive (EU) 2019/1937 of the European Parliament and the Council.

Access to whistleblowing channel is available on the NH Hotel Group website using the following [link](#), and the employee portal (New Whistleblowing Platform section). In this regard it should be noted that in 2023 in line with the update of the Whistleblowing Channel, all the Group's team members were informed through this portal and through the corporate mail and internal newsletter (*Tell The World*).

It is an independent, confidential channel that can be used by any person related to NH Hotel Group, guaranteeing their anonymity, to discuss and report concerns about breaches of the Code of Conduct (for example, about human rights, discrimination or harassment, dangers to health and safety or the environment, accounting and audit matters, corruption, bribery or conflict of interests, competition or anti-trust violations, falsification of records, fraud or theft, tax evasion).

In order to assure the security and confidentiality of the information sent, NH Hotel Group uses an external case management tool. This platform is WhistleB, the servers of which are not part of the NH Hotel Group website or intranet and does not capture the Internet Protocol (IP) address or telephone number of the complainant. As such, any information submitted will be kept confidential in accordance with local law. The reports issued will be managed by NH Hotel Group's Internal Audit Manager. NH Hotel Group is committed to analyzing all reports received and to open internal investigations when necessary.

In this way, NH Hotel Group guarantees the objectivity and privacy of the reports received, the receipt and safeguarding of which is managed by an external third party.

The Company also has a "[Procedure for notifying, processing and resolving breaches of the Code of Conduct](#)". It establishes and regulates the communication channels in place to report irregularities, complaints or queries related to the treatment of the principles of the NH Hotel Group Code of Conduct, the Internal Rules of Conduct in Securities Market, the Procedure for Conflicts of Interests, other internal corporate documents of the Group or any ruling laws, and any matter related to regulatory breach.

The procedure establishes the principles of the lines of ethical information that must be followed and the investigation procedure which consists of the following phases:



NH Hotel Group does not allow reprisals to be taken against whistleblowers who report in good faith alleged breaches of the Code of Conduct or of the law. This protection is aligned with the provisions of applicable legislation transposing Directive (EU) 2019/1937, and in Spain, Act 2/2023 of 20 February, regulating the protection of individuals who report regulatory breaches and the fight against corruption.

It should be noted that at the date of publication of this Report there are no ongoing external investigations against NH Hotel Group in relation to the Code of Conduct, nor matters of the above typology. However, in 2023, 65 alleged breaches of the Code of Conduct were reported, none of them related to cases of human rights violations or workplace harassment. The main categories of alleged breaches reported concerned the workplace environment and corruption and bribery (minor fraud). In this respect, 15 of them have been confirmed and in all cases the necessary corrective and disciplinary measures have been taken. It should be noted that none of them concerned corruption or human rights violations.

Likewise, a total of 193 doubts/consultations (not corresponding to the complaints section) have been received through the aforementioned channel, and all of them have been answered.

After analysing the queries and alleged breaches received through the complaints channel. The following confirmed cases have been obtained:

Category of confirmed non-compliance received through the reporting channel	No. of incidents with fines	Nature	Fines (€)		Number handled through resolution mechanisms	Actions taken by NH
			2023	Cumulative 2017-2022		
Bribery and Corruption	0	NA	€—	€—	NA	NA
Anti-competition behaviour	0	NA	€—	€—	NA	NA
Environmental regulations	0	NA	€—	€—	NA	NA
Human Rights	0	NA	€—	€—	NA	NA
Workplace environment (discrimination, equality, harassment, etc.)	0	NA	€—	€—	NA	NA
Voluntary regulations and/or codes relating to the effects of products and services on health and safety	0	NA	€—	€—	NA	NA
Voluntary regulations and/or codes relating to information and labelling of products and services	0	NA	€—	€—	NA	NA
Voluntary regulations and/or codes relating to commercial communications, including advertising, promotion and sponsorship	0	NA	€—	€—	NA	NA
Complaints received on breaches of customer privacy and data protect	0	NA	€—	€—	NA	NA
Laws and Regulations in the social and economic scope	0	NA	€—	€—	NA	NA
Conflicts of Interest	0	NA	€—	€—	NA	NA
Money Laundering or Insider trading	0	NA	€—	€—	NA	NA

It should be noted that no contracts with any business partner have had to be terminated due to corruption incidents or any other incidents in the above-mentioned categories.

Awareness of and training on ethics and conduct

The Company has an online training tool for all NH Hotel Group team members through which they are provided with online courses on different matters, to ensure that they are correctly informed of, understand and consequently comply with them. This includes the following courses relating to ethics and conduct:

- Code of Conduct
- Crime Prevention Model
- General Data Protection Regulation
- Prevention of money laundering and terrorist financing
- Anti-fraud
- Human Rights
- Information Security

Completion of all courses on these matters is recorded in the system. .

Furthermore, all members of the Board of Directors have access to the Talent platform, through which they can access the available courses.

In this regard, the Company aware of the importance of fostering and nurturing an ethical and transparent business culture, NH Hotel Group evaluates the provision of its training.

Compliance training 2023

	Consolidated perimeter	Corporate perimeter
Training on the Code of Conduct		
Number of team members trained	3,060	3,656
Hours of training	3,114	3,722
Training on Criminal Risk Prevention Model		
Number of team members trained	1,034	1,039
Hours of training	2,732	2,737
Training on Prevention of Money Laundering and Terrorist Financing		
Number of team members trained	2,781	3,321
Hours of training	2,126	2,540
Anti-fraud Training		
Number of team members trained	2,750	3,315
Hours of training	1,393	1,681
Training on Human Rights		
Number of team members trained	3,334	4,014
Hours of training	3,644	4,422

Aware of the importance of fostering and encouraging the ethical and business culture, the Company offers its team members training on compliance.

Initiatives relating to Compliance in 2023

During 2023, the specific section in the internal newsletter "Tell The World" has continued to be used to issue capsules of information related to Compliance to all the Company's team members.

With these monthly information capsules, the Company promotes knowledge and awareness among all NH Hotel Group team members of the importance of Compliance to continue reinforcing the Company's ethical business culture.



Tax Transparency: Profits and Taxes

The Tax Strategy for NH Hotel Group (set out in the [Corporate Tax Policy](#)) was approved on 27 July 2015. In July 2022, the tax policy was updated and approved by the Board of Directors, considering that one of the pillars underpinning the entire Group's business strategy should be to avoid or minimize risks, including task risks.

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.

NH Hotel Group S.A. has been signed up to the Spanish Tax Agency's Code of Good Tax Practice since 2016. The purpose of that Code is to promote a reciprocally cooperative relationship between the Tax Agency and the different companies that have signed up to the Code. This relationship is based on the principles of transparency and mutual trust, with the aim of reducing the legal uncertainty to which companies may be exposed with the tax authorities.

Guiding Principles of the Tax Strategy

- Compliance with tax legislation in all locations where it is present.
- Prevention and reduction of significant tax risks.
- Collaboration, fairness and good faith with the tax authorities.
- Reporting to the Board of Directors on the main tax implications of transactions and on any tax inspection processes in which Group companies are involved.
- Not using artificial structures for the purpose of minimizing the effective tax burden, and not carrying out transactions with related parties for the purpose of eroding tax bases or shifting profits to low-tax territories.
- In relation to international taxation and transfer pricing, the Company will give regard to the conclusions reached in the OECD and G-20 BEPS (Base Erosion and Profit Shifting) Project.
- All related-party transactions are governed by the arm's-length principle in relation to Transfer Pricing and the Code of Conduct on Transfer Pricing Documentation for associated companies in the European Union.

Monitoring and Control

The Board of Directors, through the CEO and the Management Committee, drives the monitoring by the Group of the application of the principles and good practice concerning tax affairs.

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

The Company monitors and follows up its tax policy, complying with the mechanisms established by law, in its tax policy and in the control framework approved by the Board.



PROFITS OF NH HOTEL GROUP AND INCOME TAX PAID BY COUNTRY (THOUSANDS OF EUROS)

Tax Jurisdiction	2023		2022	
	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)
Argentina	13,977	(1,022)	(5,251)	0
Austria	(10,793)	0	(916)	0
Belgium	12,741	(1,217)	41,845	0
Brazil	(216)	(4)	(165)	1
Chile	2,036	(228)	654	252
Colombia	957	(84)	(148)	55
Czech Republic	(3,899)	0	(2,338)	0
Denmark	(1,969)	0	(2,907)	0
Dominican Republic	(21)	0	(206)	0
Ecuador	103	(56)	26	14
Finland	(156)	0		
France	(5,540)	216	(4,719)	0
Germany	(30,157)	(563)	(14,268)	578
Hungary	(1,918)	(209)	(4,191)	0
Ireland	(2,035)	(2)	3,481	(728)
Italy	97,223	(9,657)	80,841	0
Luxembourg	(2,611)	0	(942)	0
Mexico	3,424	(37)	320	9
Netherlands	45,777	(7,653)	2,655	1,091
Poland	(24)	0	(6)	0
Portugal	4,931	365	1,925	22
Romania	178	(16)	(60)	0
South Africa	2,081	0	(59)	0
Spain	96,619	(8,489)	72,396	8,230
Switzerland	(5,194)	(21)	(3,429)	21
United Kingdom	(1,200)	0	(773)	0
United States	(11,176)	(1)	(8,405)	0
Uruguay	23	0	251	0
Total countries	203,161	(28,678)	155,611	9,545



The pre-tax profits or losses and taxes paid per country described above are affected, in some cases, by circumstances such as the sale of assets, hotel departures, early depreciation of assets due to repositioning or the hyperinflationary situation in the case of Argentina. On the other hand, it should be noted that the corporate income tax shown in the table above corresponds to the cash basis.

Net revenue from business by country is detailed below:

Net revenues from business by country (thousands of euros)

Tax Jurisdiction	2023	2022
Argentina	31,800	35,265
Austria	55,029	43,004
Belgium	92,160	73,912
Colombia	35,817	30,151
France	53,201	29,910
Germany	349,660	270,473
Hungary	37,933	24,538
Italy	459,740	350,930
Mexico	44,143	34,475
Netherlands	316,561	255,178
Spain	472,338	410,357
Portugal	82,900	69,135
Others	127,713	95,029
Total countries	2,158,995	1,722,357

And the tax accrued during the year:

Accrued tax by country (thousands of euros)

Tax Jurisdiction	2023	2022
Netherlands	(10,967)	(9,423)
Argentina	(3,390)	2,369
Colombia	(710)	653
Germany	(6,706)	(3,983)
Ireland	29	230
Italy	(28,874)	(30,556)
Mexico	(3,701)	(726)
Portugal	(1,650)	(513)
Spain	(11,875)	(11,125)
Others	(2,472)	8
Total countries	(70,316)	(53,066)



NH Bern The Bristol
Bern, Switzerland

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7

**PROTECTION OF
HUMAN RIGHTS**

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 all 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 defense 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 in which the defense of these rights is assured.

Protection and Promotion of Human Rights

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

The commitments acquired on subscribing to these international agreements guide the conduct of all the Company's team members.

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

The Company rejects any tourist activity that might constitute an attack on human rights or human dignity, paying 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

In 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 scope of which encompasses not only team members but also customers, partners and other stakeholders.

The Policy establishes the commitment to respect Human Rights in accordance with the highest international standards¹ and works to PROTECT, RESPECT AND REMEDY (prevent and manage) the risks associated to the breach of such rights.

The guiding principles on which the policy is based are as follows:



¹ For further details, please see the section "Regulatory Framework of the NH Hotel Group Human Rights Policy [Human Rights Policy](#)". Notable among such standards are the United Nations Guiding Principles on Business and Human Rights, as well as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights and the OECD Guidelines for Multinational Enterprises 2011 and the ILO Declaration on Fundamental Principles and Rights at Work.

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 undertakes 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 labor rights of all team members, customers, suppliers and partners, in all the countries where the Company is present, in accordance with ruling law in each country.

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

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

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

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

The Code also explicitly states that the exercise of the rights of protest, association, organization and collective bargaining in the framework of the rules regulating each of these fundamental rights and in accordance with international law and practice will not be unduly limited.

NH Hotel Group establishes its commitments to assure compliance with human rights in its Human Rights Policy. These commitments are developed in line with the UN International Charter of Human Rights, the declaration of the International Labor Organization (ILO) as well as the fundamental charters (freedom of association and trade union freedom, the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour; and the elimination of discrimination in work and occupation) and conventions on indigenous and tribal peoples, the OECD Guidelines for Multinational Enterprises and the European Convention on Human Rights.



NH Collection Amsterdam Flower Market
Amsterdam, Netherlands

Compliance in relation to Human Rights

NH Hotel Group has been working for years on governance in relation to Human Rights. This started with the publication of the Human Rights Policy and with a first self-diagnosis on this matter carried out in 2022.

The company is developing a governance model to ensure due diligence on sustainability, with a focus on human rights and the environment, both in its own operations and in those of the value chain, with a particular focus on investee companies and the supply chain. In this regard, NH has consulted its stakeholders through various mechanisms to identify potential impacts on human rights. In this regard, it should be noted that the company has carried out a self-assessment process of the main suppliers identified for each region during the financial year 2023, evaluating aspects related to compliance and non-violation of Human Rights (for more details, see the [Corporate Sustainability Due Diligence Directive](#)). B2B customers and associations with which the company works were also consulted and asked about their perception of human rights. No critical human rights issues were identified among the stakeholders consulted.

As described above, in order to guarantee compliance with the Human Rights Policy, the Internal Audit department undertakes to supervise 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 [Group's Whistleblowing Channel](#) managed by an independent third party. The Company also has a [Procedure for notifying, processing and resolving breaches of the code of conduct](#) under the responsibility of the Group's Senior Vice President of Internal Audit.

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

NH Hotel Group has not received any confirmed complaints through the aforementioned channels regarding human rights non-compliance, and consequently, none of the complaints received have been related to violations of indigenous peoples' rights or operations involving child labour.

As a result, in 2023 the Company has not recorded any significant impacts from a criminal, economic or reputational point of view in terms of compliance and human rights violations. Consequently, NH Hotel Group has not had to take timely corrective measures and actions in this regard during 2023, specially related to violations of indigenous peoples' rights and operations involving child labour.

Human Rights Due Diligence

NH Hotel Group continues with its Human Rights Risk Management project which has been implemented in different phases.

- Initially, in 2020, it carried out a process to identify the inherent human rights risks of its global operations; and the subsequent publication of the Policy that includes the commitment to respect and protect the rights identified in the Company.
- Subsequently, a Corporate Due Diligence Guide for Human Rights was drawn up as a support tool in applying the Protocol to all the Company's operations. This Guide serves as an instrument to increase the control over and the efficiency of processes, mitigate the risk of reputational damage and favour the correct public positioning of the Company.
- An assessment of risks in relation to human rights was carried out in all the hotels under ownership, lease and management, through an assessment questionnaire. Thanks to this, it was observed that all hotels are aware of the human rights policy and commitments, including the Code of Conduct or the specific policies concerning human rights, although in some cases it is necessary to keep moving forward in this regard to reinforce these commitments, making them public and providing training to team members.

As part of this analysis, NH Hotel Group is analysing the principal adverse impacts related to human rights through its own operations. This is a starting point to draw up specific action and mitigation plans where applicable.

86% of hotels assessed

In the assessments carried out, NH Hotel Group considers that the level of risk of breach is low in all hotels. Thanks to this assessment, a low likelihood of situations of breach of human rights in the hotels in the portfolio was identified, and the most sensitive aspects identified are related to the workplace environmental and work conditions.

NH Hotel Group also considers that this exercise has generated a very positive effect in the hotels, where most of them have implemented improvement projects and have promoted training for all team members in the hotels.

In addition, the most significant risks in relation to Human Rights that came to light in this analysis are included in the Company's risk map in the "Compliance" category, in order to monitor and control the pertinent mitigation or resolutions processes.

In 2024 NH Hotel Group will review the Due Diligence processes in relation to third parties, focused on protecting Human Rights, in line with the proposal of the new European Corporate Sustainability Due Diligence Directive (CSDDD). The regulation sets out new lines of work and NH Hotel Group is working to align the Company's management activity to the new regulatory environment.

Training on Human Rights

Respect for and protection of Human Rights are part of the culture of NH Hotel Group. The Company is committed to respect for the dignity and rights of all persons and works proactively to avoid any abuse related to its activity or that of its collaborators.

This commitment is reflected in the Code of Conduct, in the Human Rights Policy and in different internal regulations and procedures as well as training on these matters which is mandatory for all team members. This training promotes knowledge not only of the Company's Human Rights policy, but also of the due diligence process to identify, prevent, mitigate and report potential risks and consequences deriving from the daily action of team members, suppliers or customers.

"In 2023, 4,422 training hours have been completed on Human Rights"





Anantara Plaza Nice
Nice, France

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8

DIGITAL
TRANSFORMATION

DIGITAL TRANSFORMATION

Aware of the global environment in which it operates and the opportunity it has as an operator in a digital world, NH Hotel Group wants to be an active part of the change. The Company wants to drive transformation in different areas in order to provide solutions to the new challenges that arise in rapid succession. The result is the incorporation of digital transformation as a pillar of growth and value creation in its business strategy.

When talking about digital transformation, the Company sees it as a driver and aid that provides and will continue to provide the opportunity to obtain great benefits. Such benefits include improvement in the guest experience, optimization and reduction of operating costs, greater efficiency of processes and systems, deeper data analysis, greater agility when responding to market changes and, especially, a significant boost to the culture of innovation within the organization.

In view of this and applying the motto "Take care of what's important, automate the rest", NH Hotel Group is immersed in an ambitious and challenging process of digital transformation. It should be noted that NH Hotel Group regards digitalization as a key tool to offer an extraordinary experience, but always as an accompaniment to the work of the team members who, proud to serve, are the ones who really make a difference. They are the heart and soul of NH Hotel Group and digitalization is an enabler; this is why the Group conceives digitalization as an option, never as a means of exclusion.

This journey of digital transformation is driven by the development of new technological capabilities of team members that will accompany them in the performance of their activities, helping them to offer more effective and innovative solutions. In this way, NH Hotel Group is committed to adopting technologies that generate high added value for its stakeholders.

The exponential and global growth of digitalization in companies has changed the landscape of cyber threats, as increased interconnectivity brings with it greater vulnerability. NH Hotel Group prioritizes cybersecurity in all its operations, as well as in its relations with its stakeholders. The protection of the personal data and the security of the information of all the Company's stakeholders is of great importance. In order to manage and guarantee information protection, the necessary structures are in place, together with the necessary security plans and control mechanisms in line with the legislation and regulations in force in each country in which NH Hotel Group operates.

Innovative projects in 2023



Mobile Guest Service

Digitalization of hotel information and services on a Progressive Web App (PWA) that can be accessed from any guest device (cell phone, tablet, PC), offering guests the possibility of having all the information on the hotel at their fingertips: from information on the hotel's facilities and hours, to the possibility of ordering room service or booking a table in the restaurant, requesting additional amenities, etc. An initiative that eliminates interactions, guarantees information in a safe manner during their stay, and generates benefits in terms of sustainability by digitalizing all the information. With a view to improving the guests' experience and internal efficiency, since 2022 we have analysed the integration of the processes with the Hotel Management System, and this tool is already present in 329 hotels in all brands present in all regions.



FASTPASS

An initiative that offers guests the possibility of online check-in, choose your room and online check out, and gives guests total control over their stay, allowing them to choose their own room by exploring the hotel's layout. This initiative will continue to evolve in the future with the analysis and incorporation of new technologies that will let these services go even further with biometrics and face recognition or digital keys. For more details: [Fastpass](#)



Housekeeping Mobility App

NH Hotel Group has continued to implement and improve a Housekeeping app that optimizes 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. This initiative represents an improvement allowing team members to manage room cleaning in an optimal and safer way. In 2023 it has been implemented in 45 more hotels making a total of 75 hotels today and a remarks module has been developed to eliminate paper, calls and any other less efficient communication method.



Smart Tablets in reception

With the aim of continuing to be at the forefront of innovation and offer the best services to its guests, NH Hotel Group has designed Smart Tablets in Reception, a new initiative that digitalizes all the phases of the check-in and check-out processes. In 2023, more than 100 hotels have implemented this initiative and training has been given to more than 20 teams. Thanks to this project we can save 608,000 608 billion A4 sheets of paper per year which represents:

- 7,300 kg of wood saved
- 547 m³ of water not consumed
- 10 kWh of energy saved
- 10 metric tons of CO₂ not emitted into the atmosphere.



nhotel Marseille
Marseille, France

INFORMATION SECURITY

Digitalization is, today, a great source of innovation and social and economic development in the world. And cyber insecurity is the great obstacle to its development. Therefore, when we talk of cybersecurity we are referring to the security of the network and applications, the protection of information stored and in transit, the defense of operations and business continuity, the ability to recover from an attack and the training of end users.

Information Security Policy

The rise of new technologies and the role that businesses play in developing them make information security a fundamental part of their responsibility, and a determining factor for competitiveness. Accordingly, in September the NH Hotel Group Management Committee approved the Information Security Policy, which establishes the guidelines to guarantee the confidentiality, integrity and availability of the information processed within the scope of the business. The objective of this policy is to define the lines of action that make up NH's corporate strategy in relation to information security, developing clear and concise guidelines for the management, protection and proper use of NH Group's information assets.

NH Group team members and Management, as well as associated and third parties who provide their services in the course of NH's business activities, are subject to the obligations deriving from this policy.

NH Group is committed to compliance with the Information Security Policy, following good practice and internationally recognized standards.

The senior governing body that approves matters related to cybersecurity and the risk map, which includes cyberthreats, is the Board of Directors. In turn, the Management Committee is the body that guarantees the viability of the business. There is also an Executive Committee for Information Security, which monitors the cybersecurity strategy. This Committee is led by the Chief Operations Officer & Global Transformation Leader.

In addition, the direct involvement of all members of the organization is promoted, fostering a proactive, critical and constructive attitude in the constant quest for improvement and quality in the processing, evolution, security and safeguarding of information.

In this regard, personal data protection and the security of the information of all NH Hotel Group's stakeholders is of the utmost importance to the Company, as can be seen in the results obtained in the materiality analysis. That is why, to assure correct and effective management, the Company has structures, as well as the necessary security plans and control mechanisms in line with the legislation and regulations in force in each location where it operates.

In this way, any incident and/or request for additional information about the policy can be communicated to Information Security at the e-mail address infosec@nh-hotels.com.

Cybersecurity

Cybersecurity is vital in the digital age. As the World Economic Forum (WEF) has indicated, information security incidents are currently 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 policies, rules, procedures and team member training.

Accordingly, cybersecurity and GDPR training is aimed at fostering a culture of information security in the Company that will serve to establish the bases for the protection of both confidential information and that of the 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 and planned, that are to be implemented to improve NH Hotel Group's security capabilities, and also to prevent and/or mitigate any risk that may arise.

On account of the pandemic, working from home has grown and, as a result, the use of devices away from the secure environment of businesses. The volume of cyberattacks has also grown exponentially. For this reason, NH Hotel Group continues to work on greater monitoring of the entire net, with new, more powerful and advanced tools that give greater control over possible improper accesses, as well raising awareness among team members and stakeholders in order to minimize the risk of such cyberattacks.

Guests also expect their data to be kept securely and processed ethically. Cybersecurity is integrated in the culture to promote behaviour that protects the Company and the guests' information.

Pact for Sustainable Cybersecurity and Good Governance Code on Cybersecurity

NH Hotel Group has signed up to the Pact for Sustainable Cybersecurity, promoted by the Spanish Association for the promotion of Information Security (ISMS Forum). In doing so, the Company commits to a Digital Pact for the protection of persons and the promotion of a transition towards sustainable digitalization. The Company has also aligned its Security Policy to reflect the principles set out in the Good Governance Code on Cybersecurity promoted by the CNMV.

Data Privacy and Protection

In a sector as competitive as the hotel business, the guest experience is a critical differential factor to ensure the satisfaction and loyalty of customers. Aware that it is a key aspect in generating trust and aware of the relevance that digitalization is gaining in an increasingly global way, the Company works under the commitment to carry out diligent information processing.

In line with this commitment, and with the objective of reducing and avoiding the risks associated to this evolution, NH Hotel Group has mechanisms in place to protect data privacy and security. In this regard, the Company applies its information privacy and security policy to team members, customers and suppliers.

The Company's continuous evolution and adaptation to new requirements and good practice in this area is a key feature. Since new data protection regulations came into force in 2018, NH Hotel Group has continued to adapt its personal data management and control systems to EU Regulation 679/2018 (GDPR) and Spanish Act 3/2018 (LOPDGDD). With regard to sensitive data, such as credit cards, NH has once again renewed its PCI-DSS compliance, and has adapted procedures and systems in line with the new NIS2 legislation. NH Hotel Group's intention is to process the personal data of its customers, team members 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 a series of measures to always make these privacy policies and legal disclaimers accessible to customers.

- Express consent is required: For some types of processing (such as sending commercial communications) customers' consent is required.
- The Company also offers customers the possibility of exercising the option of voluntary exclusion of the processing of their data using the e-mail address dataprotection@nh-hotels.com.
- Customers may request their right to data portability using the data protection rights management e-mail account. NH Hotel Group has a form for data portability: however, this process is mainly carried out through the e-mail dataprotection@nh-hotels.com

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](#).

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.

NH Hotel Group also has several email addresses in place for the management, on the one hand, of the data protection right matters raised, whether pertaining to customers, team members and/or suppliers, when personal data are obtained, and also an email address for reporting any kind of incident and/or complaint relating to data protection. Specifically, this last email address is the one created specifically for the Data Protection Officer.

DATA PROTECTION OFFICER (DPO)

As part of its commitment to respect the right to personal data protection, NH Hotel Group has a Data Protection Officer. As a result, all users whose personal data are processed by the Company may submit their complaints or claims or contact the DPO at the following address:

- E-mail: dpo@nh-hotels.com
- Telephone: +34 91 451 97 18. Head office at calle Santa Engracia 120, 7th, 28003, Madrid

When a security matter is reported to the Data Protection Officer's email, a process of evaluation of the notification commences, 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 relations are conducted habitually using that agency's Online Site.

As far as the Company's team members are concerned, in their capacity as users of personal data, they undergo mandatory training on data protection to ensure that they know how to process data 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, whose duties 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 2023 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 Control 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 such as:

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

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

"A total of 3,917 team members have been trained in Data Privacy and Protection, with a total of 4,060 hours of training on this subject"



NH Collection Milano City Life
Milan, Italy



Tivoli La Caleta Tenerife Resort
Tenerife, Spain

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9

RISK MANAGEMENT

9. RISK MANAGEMENT

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

Responsibility for Risk Management

The Company's Board of Directors is the body responsible for supervision of the risk management system, in accordance with the provisions of article 5 of the Board Regulations.

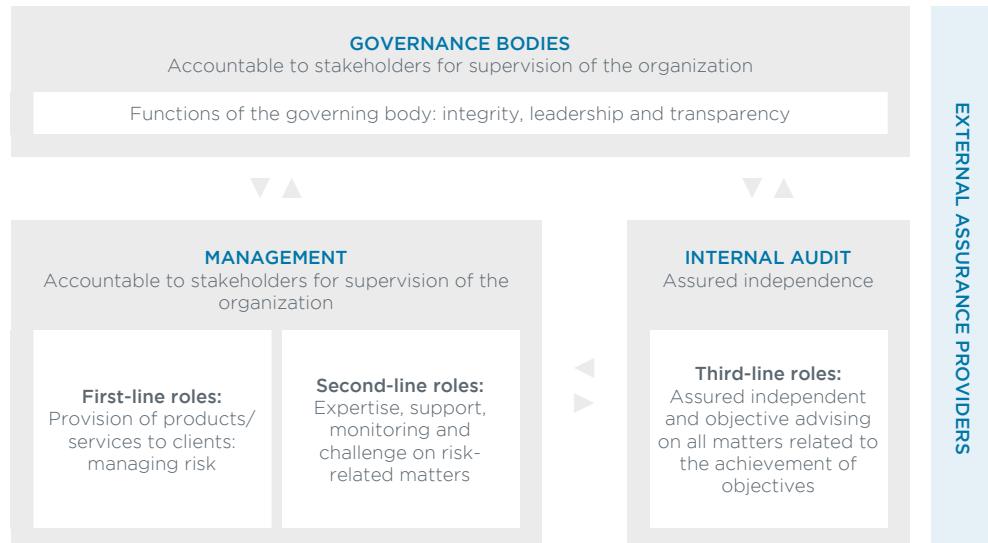
As regulated in article 25 b) paragraph 3 of the Company's Board Regulations, the Audit and Control Committee provides support to the Board of Directors in the supervision of the effectiveness of internal control, internal audit and risk management systems, including tax risk management. In this regard, as in previous years, in 2023, the Audit and Control Committee has supervised and validated the update of the Risk Map and the correct implementation of the action plans that contribute to mitigating the main risks totally or partially, with the prior approval of the Board of Directors.

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, updated in 2021, 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 Company's risk management and control system works as planned in the Corporate Risk Management Policy, an independent third party periodically reviews its operation. Furthermore, to ensure independence, the Risk Management function is independent of the region 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 of Defense model, updated in July 2020 by the Institute of Internal Auditors (IIA) on a worldwide level.



- First line of defense: provided by the functions (hotels, regions and corporate units) that own the risks and their management (Operations, Sales, Marketing, etc.).
- Second line of defense: provided by the functions in charge of oversight of the risks (Risk Management, Compliance, Data Protection, Internal Control, Sustainable Business, etc.)
- Third line of defense: provided by the internal audit function which provides independent assurance.

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

Risk management model

The NH Hotel Group risk management model, which has been rolled out both at Group corporate headquarters and in the regions, seeks to identify events that could have a negative impact on the attainment of the Company's strategic goals, 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 prioritize 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 action plans.



**A notable milestone in 2023 is the implementation of a novel and innovative remote monitoring tool. This tool provides information on certain risks, highlighting those related to data protection.*

Risk management catalogue

Identification, prioritization, 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 2023, the Map was approved by the Board of Directors at its meeting held on 18 December 2023.

The Company has updated its Risk Map through a process in which 27 Senior Executives from all Corporate Departments and regions identified, assessed and prioritized the main risks faced by the Company according to the risk catalogue.

As a result, the Company has identified the most relevant risks for the Company. Each of the main risks in the Company's 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 definitive catalogue is validated with the Senior Executives who participate in the process, as well as the bodies involved in its validation (Management Committee, Executive Risk Committee and Audit and Control Committee) and approval (Board of Directors). In addition, during the year the risk owners can report/suggest a new risk to the Risk Office if they consider it necessary.

Furthermore, for the main risks in the Risk Map, the Audit and Control Committee periodically supervises the status of these risks. Each of the Risk Owners gives a regular presentation to the Audit and Control Committee on the implementation of the action plans for each of the main risks identified.

It should be noted that the corporate Risk Map sets out the main risks to which the Company is exposed, including those associated to climate change.

Risk Categories

Of the 78 risks identified in the Company's risk catalogue, an analysis was performed to identify the risks related to ESG (Environmental, Social and Governance). The six categories into which the risks NH Hotel Group is exposed to are classified are shown below:



OPERATIONAL
Generated by inadequate management of process and resources, whether human, material or technological.

FINANCIAL
In line with NH's risk profile and aligned with the defined strategy.

COMPLIANCE
Derived from possible regulatory changes, as well as from non-compliance with internal and external regulations

STRATEGIC
Created by difficulties in accessing markets, and difficulties in divestment of assets.

EXTERNAL FACTORS
Consequences of natural disasters, health crises, political instability or terrorist attacks.

SYSTEMS
Events that could affect the integrity, availability or reliability of operational and/or financial information.

As a result, it was determined that 37 of the 78 risks are concerned with Environmental, Social and Governance matters, which represents 47% of the total risks. Most of these risks fall under the categories of "Operational" and "Compliance" risks.

As it is integrated within the Company's Risk Management Model, the ESG Risk Map follows the same phases of the process, including response to the risks, monitoring and control and mitigation measures adopted.

All risks deriving from climate change are explained in detail in the chapter headed ['TFCD Report'](#), in line with the recommendations of the Task Force on Climate-Related Financial Disclosures.



Management of the main risks identified

Category	Risk event	Description of the risk	Risk Trend (RT)		Likelihood of the risk		Magnitude	
			↑ Increase	↔ Stable	↓ Decrease	Remote; Unlikely, Likely, Very likely	Very significant; Significant; Material	
Business	Labor 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.	↑		Likely	Significant	<ul style="list-style-type: none"> ■ Presence in associations in the tourist 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 maximization of ADR (Average Daily Rate)	<p>Online travel agencies (OTAs) and distributors continue to increase their market share and NH must put measures in place to counter this by increasing sales through direct channels (Hotel, Website, Central Reservation System) or by renegotiating commissions with OTAs</p> <p>The loss of control over the price in direct channels compared to other distribution channels should also be considered, in light of the liberalization of scraping/crawling tools and technologies in distribution and price.</p> <p>Finally, it is necessary to ensure that pricing projects are not delayed so that NH can maximize the net ADR. The capacity to negotiate commercial conditions should also be considered.</p>	↑		Likely	Significant	<ul style="list-style-type: none"> ■ Existence of a Revenue Management Committee. ■ Optimized 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 DISCOVERY loyalty program. ■ Analysis of price competitiveness (price parity compared to OTAs and distributors). ■ Technological tools to improve pricing and revenue management. ■ Optimized 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. 	
Strategic	Dependence on city and business segment	Any change in patterns in this segment will affect the Company with a limited possibility of mitigating through other segments.	↑		Unlikely	Significant	<ul style="list-style-type: none"> ■ Existence of an Expansion Committee. ■ Periodic attendance at hotel sector investment conferences. ■ Organization of regular meetings with possible investors to develop hotel projects 	
Strategic	Inability to find additional growth	Inability to find additional ways of growth 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.	↔		Likely	Significant	<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). Development of the NH branding the Middle East and the Asia Pacific region and gradual implementation of the Anantara, Tivoli and Avani in Europe and Americas. 	
Compliance	Data privacy (GDPR)	Possible breaches of the General Data Protection Regulation (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.	↑		Likely	Material	<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. ■ Existence of the Data Protection Office, supported by specialist advisors. ■ Mandatory online GDPR training for all team members. ■ Existence of a specific channel for reporting possible security breaches related to data protection. ■ Existence of data Recovery Plan. 	

Category	Risk event	Description of the risk	RT	Likelihood	Magnitude	Control and mitigation 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.	↔	Unlikely	Material	<ul style="list-style-type: none"> ■ Contract management using a computer tool that covers FRS16 currently in force. ■ Specialist advising on new regulations. ■ Periodic attendance at conferences on changes in accounting standards given by specialized advisors (external audit firms). ■ Internal assessment of possible impacts of new accounting standards. ■ Training courses on new accounting standards for the corresponding internal personnel.
Financial (cont.)	Adverse effects of the exchange rate	NH operates in countries subject to fluctuations in exchange rates (Mexico, Colombia or Argentina) and therefore the financial results could be affected.	↔	Likely	Material	<ul style="list-style-type: none"> ■ 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), giving priority to natural hedging (purchases in the same currency as revenues).
	Adverse effects of the inflation rate	This is a phenomenon which is present today not just in hyperinflationary economies. Obviously, this affects us on the costs side. Part of them can be recovered through prices, but it is possible that not all of the increase in costs can be absorbed in this way, which could affect the group's results. 2022 was a year in which inflation rates have risen considerably, and to deal with this situation very active price negotiation policies have been maintained by Procurement/Coperama. In 2023, experts indicate that inflation rates should become more moderate.	↔	Very likely	Significant	<ul style="list-style-type: none"> ■ 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.
Financial (cont.)	Interest rate risk	<p>2023 was another year of interest rate rises, which has had a twofold effect:</p> <p>On the one hand, it affects the cost of the Company's debt structures. A rise in interest rates would cause an increase in the Group's financial expenses associated to debt with floating interest rates, which would affect results and cash flows. In this regard, to reduce its exposure, the Company has proceeded in 2022 and 2023 to repay the structured debt at variable rates (and therefore affected by the interest rate hikes), thanks to the good cash situation generated by the business.</p> <p>At the end of 2023, 12% of the Group's financial debt is exposed to interest rate fluctuations (88% of the debt has fixed interest rates). As an estimate, an increase in interest rates of 25 basis points would lead to an increase in financial expenses of 0.145 million euros.</p> <p>On the other hand, the rise in rates may increase the cost of other products the Company uses, such as guarantees or confirming facilities, which are used to optimize working capital. In the case of guarantees, for example, the better situation of the sector, and of the Company in it, means that we can negotiate not to use this type of products in certain cases (replacing them with cost-free corporate security, which is not linked to any interest rate). In the case of confirming, the cost is not applied to NH but to the suppliers, but a scenario of rising interest rates causes them to lose interest in the product. The approach continues to be to negotiate these instruments while preferring traditional bank transfer as a payment method.</p>	↑	Likely	Material	<ul style="list-style-type: none"> ■ Assessment of interest rate hedging instruments and reasonability of the economic/commercial terms.

Category	Risk event	Description of the risk	RT	Likelihood	Magnitude	Control and mitigation measures
Financial (cont.)	Reduction in available credit facilities due to concentration in the banking system	Difficulties in increasing financial instruments such as bank security and WK (confirming) instruments to match the current size and future growth opportunities.	↔	Unlikely	Material	<ul style="list-style-type: none"> ■ Continuous dialog with banks and financial institutions to identify new partners and find the best financing arrangements for NH. ■ Continuous dialog with the present lender banks to increase this type of facility (in some cases, a reduction in other credit facilities is required as it is difficult to increase the exposure limit). ■ Analyse new short-term capital market solutions (i.e. commercial paper). ■ New local financial institutions should be identified at national level, as most current lenders are unwilling to increase their exposure. ■ The Company's positioning in ESG may help to diversify financing products.
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.	↑	Likely	Very significant	<ul style="list-style-type: none"> ■ Existence 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)	<p>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.</p> <p>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.).</p>	↑	Likely	Significant	<ul style="list-style-type: none"> ■ 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 operation. ■ Existence of an Executive Risk Committee. ■ Documented Risk and Insurance Management process. ■ Adaptation of the commercial strategy to mitigate the impact of certain outbound markets (for example, Russia, China)

Category	Risk event	Description of the risk	RT	Likelihood	Magnitude	Control and mitigation measures
External factors (cont)	New competitors in the tourist sector	<p>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. The uncertainty in the regulator's behavior and attitude towards these new accommodation models also has to be considered.</p> <p>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.</p>	↑	Likely	Material	<ul style="list-style-type: none"> ■ Presence in local and/or national associations in the tourist sector. ■ Presence on committees of sector experts. ■ Institutional relations with various bodies. ■ Pilot projects with technological tools to monitor results of collaborative economy service providers in the main city locations where the Company is present. ■ Operational initiatives aimed at attracting families to NH accommodation and special initiatives launched to facilitate and increase the experience of corporate customers (for example, the NH+ Business Program).
Systems	Cyberattacks	<p>The number of cyberattacks continues to increase significantly as the attacks become more sophisticated and the methods of attack diversify. The damage deriving from such incidents may lead to financial losses or the loss of intellectual property, which makes it necessary to reinforce the current strategies for the mitigation of cyber risks.</p> <p>Cyberattacks could cause a loss of sensitive information of the business or customers (including credit card data), business interruptions, lawsuits deriving from system interruption, and other costs and liabilities.</p>	↔	Likely	Material	<ul style="list-style-type: none"> ■ Existence of a corporate Security Policy. ■ Periodic intrusion testing to detect vulnerabilities in systems and communications. ■ Perimeter security measures. ■ Periodic analysis of malware, virus, etc. ■ Cybersecurity awareness campaigns (training capsules). ■ Online training in cybersecurity for all team members (mandatory). ■ Information Security Management System based on international standards. ■ Annual audit by an external firm of compliance with PCI-DSS regulations.
	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 the 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>	↔	Unlikely	Material	<ul style="list-style-type: none"> ■ Existence of periodic controls to monitor the performance of NH's technological platforms. ■ Recurring analysis to ensure that versions of the systems are kept up to date. ■ Attendance at events and meetings with suppliers and special consultants to keep abreast of new technological developments. ■ Analysis of business and technological requirements and coordination between departments in projects for the integration of hotels in the portfolio. ■ Performance analysis of the customer booking process on the NH website and using the mobile app. ■ Recurring review of the NH web download time on mobile and desktop devices. ■ FastPass initiative, combination of three innovative services: Online Check-in, Choose Your Room and Online Check-out. ■ Existence of a Digital Evolution Plan (DEP).
	SAP/website crashes	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.	↔	Unlikely	Material	<ul style="list-style-type: none"> ■ 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. ■ The measures detailed above for the risk of cyberattacks (intrusion testing, perimeter security, analysis of malware and viruses, etc.)

NH Hotel Group's response to the risks and opportunities associated to climate change based on the Task Force on Climate-Related Financial Disclosure (TCFD)

At NH Hotel Group, the fight against climate change is a fundamental strategic value, and with the aim of advancing in the definition of its climate strategy, in 2021 an analysis was carried out to determine the Company's situation with respect to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the steps that should be taken to align with them.

As a result of this analysis, an exercise was carried out to improve the current methodology for the identification of exposure to physical and transitory risks and the opportunities associated to Climate Change. This analysis included a greater level of detail of these risks, as well as short, medium and long-term time horizons.

Governance

All climate-related matters that the Company has to address are included in the chapter "UP FOR PLANET" and in the chapter "Sustainable Business Strategy > [Sustainable Business Governance](#)".

Strategy

During the first half of 2022, NH Hotel Group carried out an analysis to identify its exposure to the physical and transitory risks and the opportunities associated to Climate Change. For each of the climate-related risks and opportunities considered in the analysis, the impacts in different terms associated to each of them which are expected to materialize significantly have been assessed. The assessment has been carried out considering the impact in 4 timeframes:

- Present (0-2 years :2022-2024)
- Short-term (3 - 8 years: 2025-2030)
- Medium-term (9 - 28 years: 2031-2050)
- Long-term (> 29 years: beyond 2050)

This analysis includes an assessment of the potential financial impact that these risks and opportunities could have on NH Hotel Group and the impact they could have on its business, strategy and financial planning.

The analysis encompasses the countries where NH Hotel Group's presence is most relevant in terms of volume of hotels owned or leased, their contribution to the Company's results and their strategic relevance: Argentina, Austria, Chile, Colombia, France, Germany, Italy, Mexico, Netherlands, Spain, Portugal and the USA.

The definition of the universe of risks included in the analysis took into account the IPCC with regard to climate risk generating factors: "Principal climate impact drivers" and "Secondary climate impact drivers". The types of climate risks defined by the TCFD have also been taken into consideration: physical risks (acute and chronic) and transition risks (political and legal, technologies, market and reputational).

As a result, the risks analysed were classified, following the TCFD inventory, according to their nature in two categories:

- Physical risks, analyzing the impacts of both acute and chronic risks on NH Hotel Group's activities throughout the entire value chain.
- Transitory risks, assessing the political, legal, market, technological and reputational risks they could have on the Group's activities and/or its value chain.

RISK UNIVERSE ANALYZED

Physical	
Chronic	<ul style="list-style-type: none"> ■ Increase in air temperature [SC; I; S] ■ Rise in sea level [I; S] ■ Reduction in availability of water resources [SC; I].
Acute	<ul style="list-style-type: none"> ■ Extreme weather phenomena: Cyclones, hurricanes, typhoons, tornadoes, etc. [SC; I; S] ■ Extreme precipitation: torrential rain, hail, snowstorms, etc. [SC; I; S] ■ Flash and river floods [SC; I; S]. ■ Extreme coastal phenomena [SC; I; S]. ■ Wildfires [SC; I; S] ■ Alteration and imbalance of living organisms in marine ecosystems [SC; I; S]. ■ Insect plagues [SC; I; S].
Transition	<ul style="list-style-type: none"> ■ Taxes linked to GHG emissions [SC; I; S]. ■ New climate reporting requisites [SC; I]. ■ New legal requisites concerning energy efficiency [SC; I; S]. ■ New legal requisites concerning related to the reduction of GHG emissions and climate risk management [SC; I; S]. ■ New legal requisites related to infrastructure safety [I] ■ New legal requisites on protection of the environment [I; S] ■ Greater exposure to environmental litigation/breaches [I] ■ Restrictions to vehicle mobility[SC; I].
Market	<ul style="list-style-type: none"> ■ Change in customer behaviour/preferences [SC; I; S]. ■ Variation in availability of resources [SC; S]. ■ Geopolitical and social instability [SC; I; S]. ■ Change in insurance conditions [I] ■ Inadequate insurance coverage [I] ■ Difficulties in access to financing [SC] ■ Loss in value of assets [I]
Technology	<ul style="list-style-type: none"> ■ Transition to low-emission technologies [SC; I]. ■ Increase in operational difficulties for equipment and facilities [I].
Reputation	<ul style="list-style-type: none"> ■ Failure to achieve climate goals [SC; I; S]. ■ Changes in customers' perception of the Company [SC; I; S]. ■ Degradation of the image of the tourist industry [SC; I; S].

Impact on elements of value chain (supply chain [SC]; infrastructure management [I]; services [S])



Anantara New York Palace Budapest Hotel
Budapest, Hungary

The inventory of opportunities analysed was classified as follows:

Opportunity universe analyzed

Products and services	■ Changes in customer behaviour/preferences [SC; I; S].
Efficiency of resources	■ Direct government incentives related to energy efficiency and consumption of resources [SC; I].
Energy source	■ Direct government incentives related to decarbonization of transport [I].
Markets	<ul style="list-style-type: none"> ■ Access to financing [SC] ■ Changes in customer perception [S] ■ Changes in insurance conditions [SC] ■ Improvement in the image of hospitality [SC; S] ■ Differentiation from competitors [S] ■ Opening of new markets [I; S] ■ Indirect state incentives [SC; I; S]. ■ Asset capitalization [I]
Resilience	■ Direct government incentives related to the battle against climate change [I].

Impact on elements of the value chain (supply chain [SC]; infrastructure management [I]; services [S]).

Once the risks and opportunities for the Company had been identified and defined, a more detailed analysis of the impact on the value chain was carried out. This allows us to understand the specific impact of climate change on the activities of NH Hotel Group as a whole.

Three different areas were considered:

- Upstream - Supply chain [SC]
- Infrastructure management [I]
- Downstream - services [S]

The Company has analysed separately the implications of each risk and opportunity for these three elements in order to assess the effects of the climate change on NH Hotel Group. Thanks to this approach, NH Hotel Group knows in greater detail the impact on the business, on the strategy and on the financial plan.

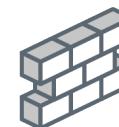


SUPPLY CHAIN

Goods and services necessary for the hotel activity

EXAMPLE

Reduced availability of water resources which entails problems in water supply (limitations, water cut-offs, increase in cost, etc.). Problems in the supply and quality of local food and increase in the cost of food and electricity.



INFRASTRUCTURE MANAGEMENT

Most common installations in the Company's hotels

EXAMPLE

Rise in sea level, increase in expenses and investments associated to maintenance, repair, reinforcement, renovation, and construction of infrastructure, to correct or adapt to the chronic effects of climate change, such as retaining walls, relocation of infrastructure, etc.



SERVICES

Services provided regularly in owned and leased hotels

EXAMPLE

Wildfires: Loss of natural value and biodiversity in the area where the hotels are located, reducing their attractiveness to tourists and, therefore, demand.

In order to know how climate impacts affect financial planning, financial variables that would be affected by the most relevant risks and opportunities have been identified.

Financial variables	Example of potential impact for NH Hotel Group
Revenues	Changes in customer behaviour and preferences, such as the decline in tourism in certain areas affected by the physical risks of climate change, would affect demand for the Company's services, which would lead to a reduction in the revenues obtained.
Costs	Increase in operating costs, such as the price of energy and staff costs. Furthermore, the greater exposure to environmental litigation/breaches may give rise, in the event of non-compliance with these requisites, to an increase in the cost structure, as higher penalties would be faced.
Assets and liabilities	An increase in extreme coastal phenomena could lead to depreciation in the value of assets as a result of being exposed to greater risk. If the requisites of new legislation for the decarbonization of buildings are not met, assets would be affected negatively, which would reduce their market value.
Access to capital	The hotel sector's high exposure to climate change risks (physical or transition risks) could increase the requisites for access to and the price of financing.
<p>The assessment of risks and opportunities that has been carried out includes an analysis of climate scenarios considering both physical and socioeconomic actors, such as Representative Concentration Pathway (RCP), Shared Socioeconomic Pathways (SSP) or International Energy Agency (EIA), principally.</p> <p>Four specific climate scenarios from this combination have been analysed [SSP1-2.6; SSP2-4.5; SSP3-7.0; SSP5-8.5] taking into account the objectives of the Paris Agreement, the new scientific updates of the latest IPCC Assessment Report (AR6) and the overall recommendations of the TCFD, not just the limitation of the temperature increase to 2º or less, but also their general characteristics; type, diversity, scope...</p> <p>Out of all of these, priority has been given to the analysis of risks and opportunities concerning the scenario that envisages a future in which society will shift gradually but extensively towards a more sustainable model than the current model, achieving more integrated development that respects the perceived environmental limits where the increase in temperature is successfully limited to less than 2 ºC by the end of the century: the scenario SSP1 - RCP 2.6.</p> <p>This scenario is in line with NH Hotel Group's commitment to become a net zero emissions company by 2050.</p>	

As indicated above, out of the four scenarios, the one chosen for the analysis of climate risks and opportunities aligns both with the reality of the Company (realistic and consistent with its objectives and commitments) and with the evolution of the projections suggested by the trends analysed by the scientific community for the world climate.

Risk and uncertainty matrix

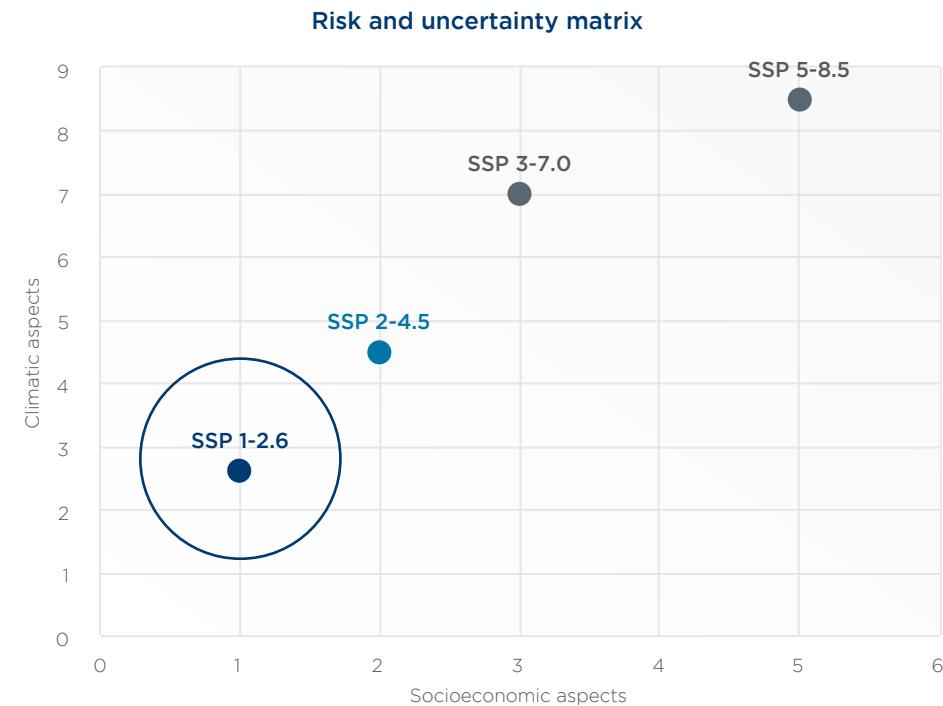


Fig.1 - Scenario selection. The blue arrow is the scenario chosen for the analysis of climate risks and opportunities. Scenario SSP1 -RCP2.6 has been chosen due to NH Hotel Group's commitments to reduce carbon emissions, Minor International's net zero commitments, the TCFD recommendation to choose at least a scenario of 2º or less and the IPCC recommendations.

The time horizon for the assessment of climate risks and opportunities ends in 2050. NH Hotel Group's climate strategy is based on this scenario and time horizon.

Climate risk management

To identify and assess the climate risks and opportunities that will affect NH Hotel Group, the following processes have been carried out:

- Analysis of climate scenarios: by choosing a climate scenario, to help the Company to assess the relevance of the climate risks and opportunities through heat maps.
- Analysis of the value chain: to identify and understand its operations regarded as a whole (supply chain, infrastructure management and services) where the Company, its strategy and its financial planning could be most affected by climate risks and opportunities.
- Definition of the universe of climate risks and opportunities: Based on the IPCC, the TCFD and the nature of NH Hotel Group, a universe of climate risks and opportunities has been defined, giving a preliminary view of the risks that could affect the Company.
- Assessment of climate risks and opportunities: Evaluation of the universe of risks and opportunities defined through the regulatory and cartographic analysis of the climate variations forecast in the selected scenario in 2050. Values for impact, likelihood of occurrence and time horizons are assigned to this evaluation to estimate whether or not the risk or opportunity will be significant for NH. The evaluation scales are established according to the Company's risk analysis corporate model.

The analysis of risks and opportunities carried out is based on the most recent IPCC updates (6th Assessment Report (AR6)). Most of the maps showing the evolution of climate variables (causing the physical risks) analysed for the assessment of physical risks are based on the projections of the CMIP6 (Coupled Model Intercomparison Project).

Furthermore, to assess regulatory transition risks, a regulatory study has been carried out of each of the countries included in the assessment. The methodology followed is aligned with NH Hotel Group's risk management model, based on the Enterprise Risk Management (ERM) Methodology.

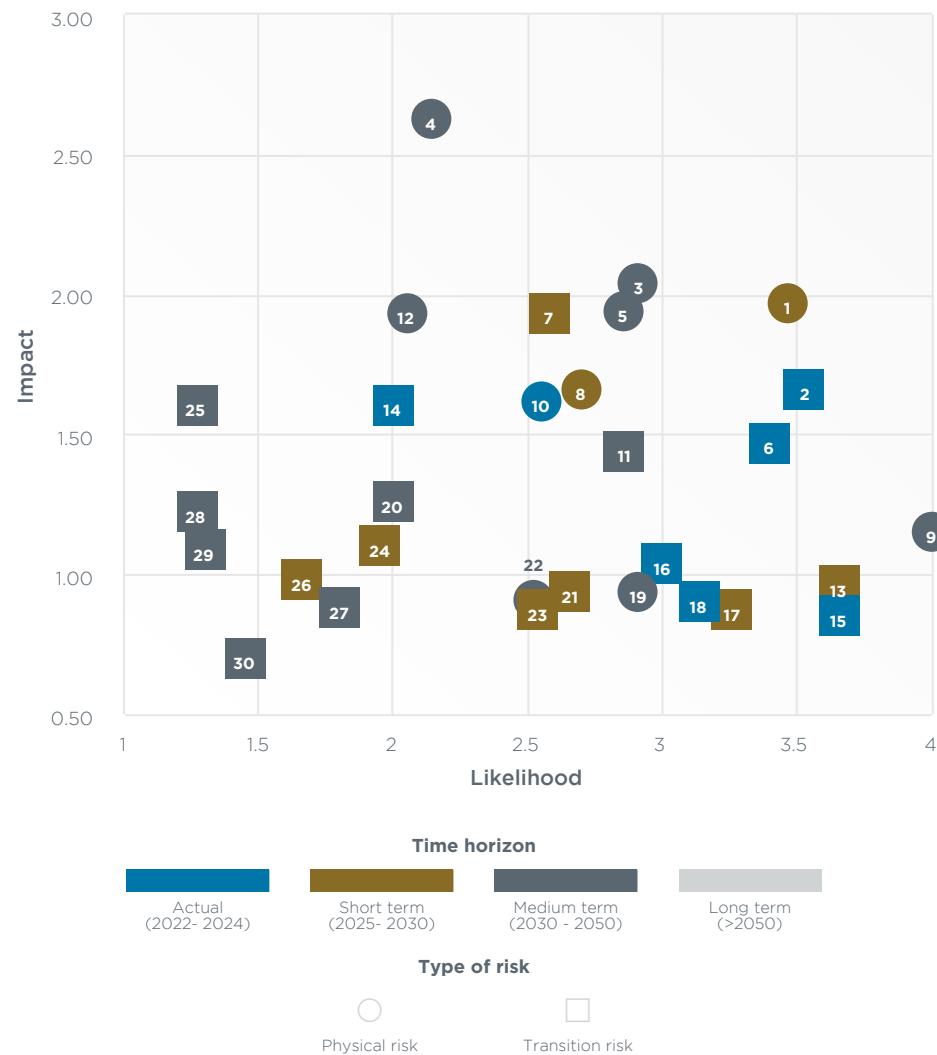
To determine the magnitude of the impact of the risks and opportunities identified, the inherent potential impact and likelihood of occurrence were also evaluated, following the Corporate Risk Scale. This lets the climate risk be integrated into the Corporate Risk Map. Furthermore, to prioritize the climate risks, the control environment has been evaluated to determine whether NH Hotel Group has risk control elements.

In this way, for each of the geographies where NH Hotel Group has hotels under ownership or lease the particular impact that climate change has on each of the risks and opportunities identified has been studied, as well as the current and future implications they have on the Company's activities.

This study has made it possible to establish values for the materialization time horizon, likelihood of occurrence and potential impact, for the purpose of obtaining the global climate risk and opportunity matrices. In line with the integration of the risk identification, assessment and management processes, the scales used in the likelihood and impact analysis are the same scales as in the Company's traditional risk matrix, so that all the information can be integrated consistently.

For the analysis, overall values for the likelihood and potential impact of each of the risks and opportunities have been used.

Giving as a result the following climate risk matrix:

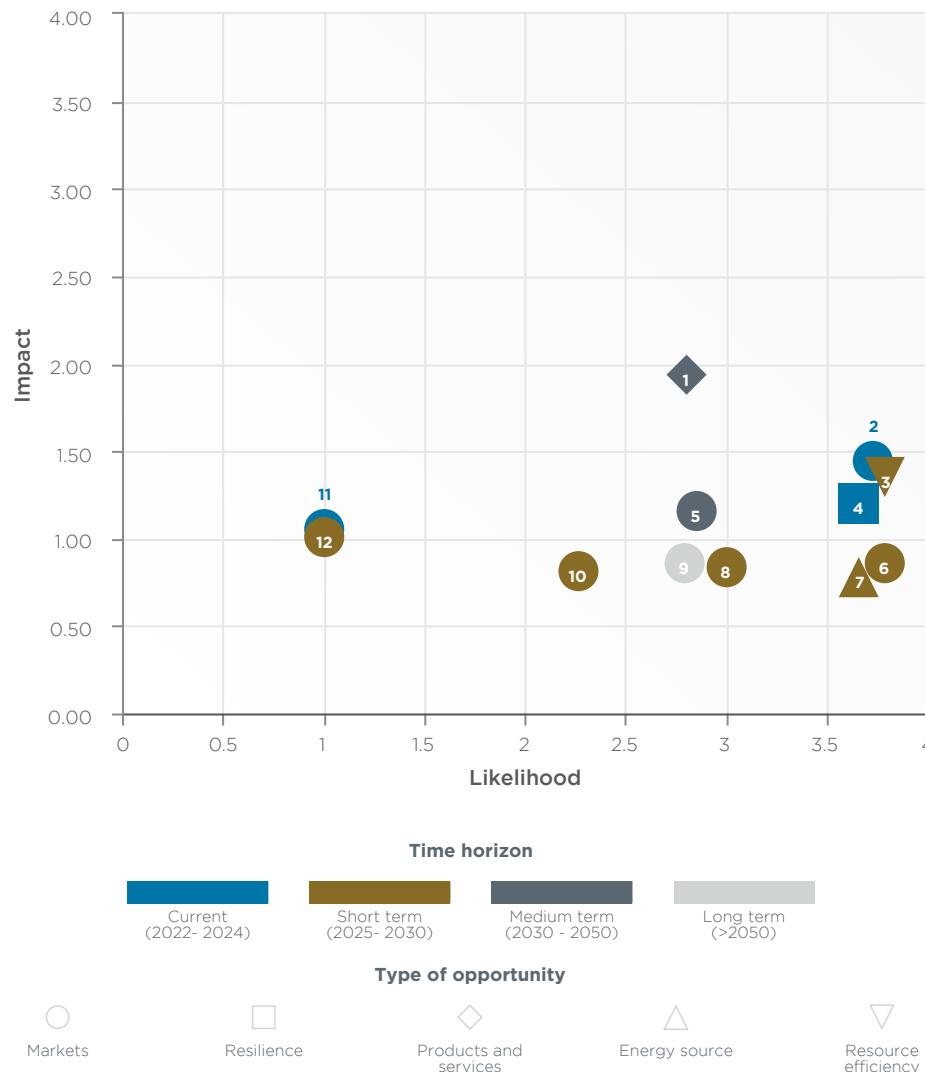


Climate risk ranking*

- 1 Reduced availability of water resources
- 2 Transition to low-emission technologies
- 3 Flash and river floods
- 4 Extreme weather events: Cyclones, hurricanes, typhoons, tornadoes, etc.
- 5 Extreme precipitation: Torrential rain, hailstorms, snowfalls, etc.
- 6 New legal requirements for energy efficiency
- 7 Loss in value of assets
- 8 Sea-level rise
- 9 Rise in air temperature
- 10 Extreme coastal phenomena
- 11 New legal requirements relating to infrastructure security
- 12 Wildfires
- 13 Higher exposure to environmental disputes/ violations
- 14 Failure to meet climate targets
- 15 Restrictions on vehicle mobility
- 16 Change in insurance conditions
- 17 New legal requirements related to GHG emissions reduction and climate risk management
- 18 New requirements for reporting climate information
- 19 Alteration and imbalance of living organisms in marine ecosystems
- 20 Change in availability of resources
- 21 Degradation of the image of the sector
- 22 Emergence of insect plagues
- 23 Taxes linked to GHG emissions
- 24 Changes in customer behavior/preferences (internal/ external)
- 25 Inadequate insurance coverage
- 26 Difficulties in accessing financing
- 27 Increased operational difficulties of equipment and facilities
- 28 Geopolitical and social instability
- 29 Changes in the customer's perception of the Company
- 30 New legal requirements for environmental protection

*Ranking based on severity (likelihood \times impact).

Giving as a result of the following climate opportunities matrix:



Climate opportunities ranking*

- 1 Changes in climate behavior
- 2 Obtaining financing
- 3 Direct government incentives related to energy efficiency and consumption of resources
- 4 Direct government incentives related to combating climate change
- 5 Indirect government incentives
- 6 Changes in customer perception
- 7 Direct government incentives related to decarbonization of transport.
- 8 Change in insurance conditions
- 9 Improvement in the image of the sector
- 10 Differentiation from the competition
- 11 Opening of new markets
- 12 Capitalization of assets

*Ranking based on severity (likelihood \times impact).

Once the risks have been identified and assessed, adequate responses and controls are being designed with the aim of reaching an acceptable risk level for the Company.

If the risk level, after taking into account the controls and actions undertaken to mitigate it, is not within comfort limits (the Organization's willingness to accept it), additional actions will be required through an Action Plan to reduce the risk level even further to an acceptable level.

Main climate risks and related adaptation measures

Reduction in the availability of water resources

Physical Risk | Short term

The increase in the frequency, duration and intensity of droughts, as well as the exhaustion and contamination of underground water resources by saline intrusion to the increase in the sea level and the infiltration of saltwater in the subsoil may lead to a reduction in the availability of water resources.

The overexploitation of water sources and the alteration of climate patterns contribute to the risk concerning the availability of water resources.

When the demand for water exceeds the available supply, various problems may be generated, such as the scarcity of water for human consumption, irrigation in farming and industrial activities.

Adaptation measures

- Sustainable water management, conservation of aquatic ecosystems and the implementation of efficient practice in water use are fundamental in order to mitigate this risk and guarantee long-term water availability.
- Incorporation of the results of water stress analysis in the decision-making process.
- Raising awareness on the importance of responsible water use and promoting practices that reduce demand.
- Investment in technologies that improve efficiency in water management and use.

Risks of flash and river floods and extreme precipitation

Physical Risks | Medium term

In most of the countries where the Company operates, the Group is exposed to the risk of extreme natural events, the frequency and/or gravity of which may be amplified by climate change. Both the flash flood risk and the extreme precipitation risk are due to changes in precipitation patterns, both in frequency and intensity, that take the form of abundant rain and saturation due to an excess of water in the soil or overflowing river courses, flooding the surrounding land.

Among these extreme natural events, both risks are notable for the increase in their potential residual impact on the Company's business, taking into account the estimate of a likely increase in daily extreme precipitation of 7% for each degree Celsius that the global temperature rises. This results in a progressive intensification of the likelihood of floods in specific regions of the world, aggravated both by the increase in sea level and by the increase in intense precipitation.

With the increase in sea level and in intense precipitation and the consequent changes in the intensity of precipitation, the likelihood of floods has increased in some places and will continue to increase. Among the countries most exposed to these risks are countries in northern Europe such as Germany and the Netherlands and in southern Europe such as Spain, France and Italy, where these adverse weather phenomena are becoming more and more intense due to the "tropicalization" of the Mediterranean Sea, with potentially damaging effects for NH Hotel Group, as it represents 49% of the portfolio.

The occurrence of such events could have a direct or indirect impact on guests and team members, but also on the Group's business and assets, affecting its activity negatively and compromising its financial situation. Protecting guests and team members is a priority for NH Hotel Group, so the Company is responding to these changes, analysing the current situation of its hotels and future assets. According to the IPCC, in Spain alone the cost of the floods caused by extreme precipitation phenomena has been on average 800 million euros a year.

Adaptation measures

- Design of contingency plans and action protocols in the event of floods in potentially exposed hotels, which will establish preventive and corrective actions, and investments in infrastructure and equipment (containment dykes, drainage, bilge pumps, cleaning of drains and sewers, correct channelling of bodies of water etc.).
- Installation of watertight closing systems in the main doors and windows that could be affected by a sudden rise in water level (garages, street level...).
- Installation of high-resistance windows (tempered glass) to protect from potential impacts caused by hailstones.

Risks of increase in temperature

Physical Risk | Medium term

In recent decades there has been an increase in the frequency and intensity of extreme heat events which are expected to increase independently of the greenhouse gas emission scenario, with increases in average temperatures of between 1.3°C and 2.2°C between 2041 and 2060.

Independently of the greenhouse gas emission scenario, the frequency and intensity of extreme heat events have increased in recent decades and are forecast to continue to increase. The risk of such an increase in temperature is seen in the increase of stress caused to materials due to temperature, an increase in daily temperature variability, a rise in the number of hot nights per year or the increase in the frequency and intensity of heatwaves.

This risk has a high probability of occurrence in all the countries in NH Hotel Group's portfolio, but it presents a higher residual potential risk in countries in southern Europe. Spain is among the potentially most affected countries, where greater impact of the increase in maximum temperature is observed with heatwaves in the central and southern areas of Spain. Assets located in these regions will be most affected by these variables in 2050 under climate scenario SSP1 -RCP2.6.

Adaptation measures

- Development of energy efficiency studies in hotels to identify actions that will improve energy efficiency: change of windows, installation of façade coverings, replacement of climate control technologies, change of lighting elements, application of domotics, etc.

Risks of extreme weather phenomena

(Cyclones, hurricanes, typhoons, tornadoes)

Physical Risk | Medium term

By 2050, both the average temperature of the earth's surface and the sea temperature will experience significant increases, especially in the basins that flow into the Adriatic Sea, causing an increase in the frequency and intensity of extreme weather phenomena such as cyclones, hurricanes, typhoons or tornadoes.

To study the likelihood and impact of this risk, the variations in average temperature, in relative humidity, sea temperature and wind speed and, finally, the number of consecutive dry days have been taken into account. As a result of these variations, there is a greater likelihood of occurrence in regions such as the USA and Mexico. However, considering that most of NH Hotel Group's assets are located in Europe, the residual potential impact could be greater in this geographical area. For example, it is likely that the Company's assets in Italy will be affected by prolonged periods of high temperatures and drought, as well as intense precipitation associated to more frequent systems such as long-term medicanes.

Adaptation measures

- Design of contingency plans and action protocols for extreme weather phenomena in potentially exposed hotels, that establish preventive and corrective actions, and investments in infrastructure and equipment (protection systems for equipment and infrastructure, containment dykes, bilge pumps, etc.).

Metrics and targets

All issues related to metrics and targets are listed in the Chapter "UP FOR PLANET > Sustainable Products and Assets > SBT Plan 2030.

Emerging risks and new challenges

Emerging risks are risks that are expected to have a significant impact on the Company's operations and, therefore, on its financial results in the future in the medium term (2031-2050). In the risk management process, the Company's environment is analysed in order to identify emerging risks that might not be affecting the business at present but have the potential to do so in the future.

Risk managers may at any time report emerging or newly identified risks for analysis and consideration by the Risk Office. These risks form part of the risk map, but the company analyses them in depth to identify potential long-term impacts and anticipate appropriate mitigation measures. In addition, the early identification and assessment of emerging risks enables the company to make more informed decisions and turn potentially negative events into opportunities.

Internally, the Executive Risk Committee regularly oversees the monitoring of the corporate risk map, which is approved annually by the Board of Directors.



NH Collection Buenos Aires Crillon
Buenos Aires, Argentina

Emerging risks identified in 2023

Adaptation of processes to Artificial Intelligence

Technological Category

Artificial Intelligence (AI) presents some significant dangers, such as the displacement of jobs or security, protection and privacy issues, among others; and raising awareness of these issues helps spark conversations around the legal, ethical, and societal implications of AI. Additionally, it should be noted that there is a great technological sustainability risk. If the entire planet starts using artificial intelligence, there is not enough energy in the world to support it, and there is not enough material to create all the graphics cards needed to make it work.

The applicable regulation in this area in the European Union is not yet defined and AI technologies often collect and analyse large amounts of personal data, which raises issues related to data privacy and security. It is therefore an aspect that requires regulation to assure better conditions for the development and use of this innovative technology.

It is crucial to develop new legal and regulatory frameworks to address the specific issues raised by AI technologies, such as liability and intellectual property rights. Legal systems must evolve to keep pace with technological advances and protect the rights of all. Adequate management of this risk is crucial in order to balance the long-term benefits with the short-term complications.

Mitigation measures

- To mitigate these security risks, best practices for the safe rollout of AI will be developed. In addition, to foster international co-operation to establish global standards and regulations that protect against threats to AI security.
- As AI technologies continue to develop and become more efficient, team members must be provided with training to acquire new skills to remain relevant in the changing landscape.
- Advocating for strict data protection regulations and secure data processing practices. Working to govern adequately the inclusion of such new technologies in everyday life with good change management, to ensure furthermore that the impact is not on replacing people but on increasing capacities.

Transition to new low-emission technologies

Technological-Environmental Category

Changes are taking place in human behaviour towards low-carbon products and activities. Climate-friendly consumption is leading to more sustainable transport, low-carbon manufacturing, and more efficient energy use. In addition, consumers are gradually valuing certification standards (e.g., BREEM or LEED), which is also setting a precedent for consumer behaviour that puts pressure on industries to accelerate the transition. This increased demand for low-emission goods and services will lead to adjustments in value chains.

Shifting from traditional systems and processes towards more sustainable alternatives and keeping up to date with the best available technology to contribute to a low-carbon economy is a challenge. In addition, the costs associated with low-emission technologies due to the purchase of new equipment or replacement of technology. This risk involves aspects such as initial investment in new technologies, the adaptation of existing infrastructure and/or team member training.

As decarbonization processes make further progress, certain technologies or systems used will begin to suffer unforeseen or premature depreciation or devaluation. This would lead to changes in the value of assets and investments.

Other challenges will also arise on replacing existing products and services with innovative low-emission options. This includes the development and use of renewable energy and energy efficiency. It is also likely that some activities will be replaced or become financially unfeasible as more affordable options become available, with direct social implications.

Mitigation measures

- Implementing technologies and practices that improve energy efficiency in facilities. Completing sustainable certification procedures that highlight the commitment to sustainability.
- Evaluating and investing in clean technologies such as more efficient heating and cooling systems.
- Investments associated to improving the efficiency and useful life of equipment.
- Proactively planning an orderly transition to face the challenges posed by new technologies.



NH Collection New York Madison Avenue
New York, USA

NH | HOTEL GROUP
PART OF
MINOR
HOTELS

10
**SUSTAINABLE BUSINESS
STRATEGY**

10. SUSTAINABLE BUSINESS STRATEGY



NH Hotel Group conducts its hotel business with the ambition of leading responsible behaviour, creating shared economic, social and environmental value wherever it is present.

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 negative impacts and maximize its positive impacts.

At NH Hotel Group, the fight against climate change is a fundamental strategic value, and with the aim of advancing in the definition of its climate strategy, during 2022 and 2023 an analysis has been carried out to determine how the Company is placed in relation to the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) and what steps should be taken to be aligned with it.

With the ambition to operate in a decarbonized world, NH Hotel Group will redefine its carbon emissions reduction target across its value chain by 20% by 2030 to align with the global ambition to keep temperature rise below 1.5°C. In addition, NH Hotel Group has created the "SBT 2030" working group. The coordination of this working group is led by the Sustainable Business Department, with the participation of all areas with a key role in the decarbonization of the company.

In this regard, NH Hotel Group operates with the aim of minimizing the negative impact that its presence may have on the environment, taking into account aspects ranging from design, to operations and renovation work. It also promotes the reduction, reuse and recycling of natural resources, such as water and energy, and considers emissions such as greenhouse gases, replacing existing materials with more sustainable, innovative and respectful alternatives.

The Company is also aware of its role in relation to people and job creation and operates under the motto "people that welcome people". It therefore promotes the career development of its team members, fosters a culture of responsibility and a mindset of sustainability in its teams while also promoting diversity, ethics and wellbeing as some of its main priorities.

For all these reasons, the Company operates with the goal of generating a positive impact in the places and communities where it is present so as to offer its guests the best experience, having them participate in its social awareness-raising.

For further details or queries please contact the following e-mail address: sustainablebusiness@nh-hotels.com

Sustainable Business Model

NH Hotel Group conveys human rights and ethical business principles in the way it works throughout its value chain: shareholders, customers, partners, suppliers and team members, promoting responsible alliances through two main pillars: UP FOR PLANET and UP FOR PEOPLE.

The Company considers it essential to integrate its stakeholders' vision and their interests and expectations in the Company's strategy. Through the inputs received in processes such as the Double Materiality Analysis and the various communication channels, the Company has defined its sustainability strategy based on two pillars and six broad lines of action that address and reflect the principal material matters identified by NH Hotel Group and the associated risks, impacts and opportunities.

Accordingly, the Sustainable Business strategy is defined according to the following decalog:

UP FOR PLANET

WORKLINE 1	WORKLINE 2	WORKLINE 3
 <p>SUSTAINABLE PRODUCTS AND ASSETS</p> <p>Combat climate change and advance towards decarbonization, minimizing the environmental footprint while developing more sustainable hotels through buildings renovation.</p> <p>Sustainable buildings and infrastructure</p> <p>Carbon emission per sqm Energy consumption per sqm Water consumption per sqm</p>	 <p>PROCESSES AND OPERATIONAL STANDARDS</p> <p>Manage resources carefully with a '4R' approach: Reduce - Reuse - Recycle - Replace, while offsetting residual footprint</p> <p>Increase green electricity consumption Improve ecoefficiency performance Eco-friendly amenities Single use plastic elimination</p> <p>Carbon emission per RN Energy consumption per RN Water consumption per RN Waste generation per RN</p>	 <p>SUSTAINABLE PROCUREMENT</p> <p>Strengthen the sustainable value chain, prioritizing key partnerships, local suppliers and responsible organizations.</p> <p>ESG partnership with suppliers Improve packaging Improve logistic impact Circularity Local communities development through purchases</p> <p>Positive impact (indirect) Reduce carbon emissions Reduce "global" plastic consumption Local development - Local suppliers (<100 km)</p>

UP FOR PEOPLE

WORKLINE 4	WORKLINE 5	WORKLINE 6
 <p>TEAM MEMBERS</p> <p>Promote a responsible culture and sustainable mindset for the teams and fostering diversity, ethics and wellbeing.</p> <p>Diverse and inclusive workforce Team members development Sustainable Mindset Health and wellbeing</p> <p>Minorities development Healthy environment Sustainability mindset</p>	 <p>CUSTOMERS</p> <p>Provide excellent service through innovative sustainable solutions, while educating and actively involving customers in the projects and commitments.</p> <p>Green Stay > The Forest + Hotels with Heart Carbon Offset events > The Forest Green mobility > ESG partnership with clients > Wellness offer</p> <p>Quality perception linked to sustainable offer Customer's diversity food offer RFPs won thanks to sustainable driver Carbon offset events</p>	 <p>COMMUNITIES</p> <p>Support their key partners, creating positive social and environmental impact on the local communities where we are present.</p> <p>Hotels with a Heart Together with love Communities development</p> <p>RN donation Benefits Team members involved Local suppliers (<100 km)</p>

These pillars are built on basic principles of action that guide and steer the way the Company implements its Sustainable Business strategy:



SUSTAINABLE GROWTH

Combine company-wide best practices with careful consideration of environmental factors and the communities' interest to promote responsible tourism.



INNOVATION

Promote the exchange of ideas and best practices between properties to enhance the best experience and continue to demonstrate industry leadership.



LEADERSHIP

Ensure progress by building a sustainable supply chain through long-term partnerships with key stakeholders: suppliers, business partners and customers.



EQUAL OPPORTUNITIES

Invest in development programs designed to nurture talent and future leaders, from within the organization as well as the community at large, promoting diversity and inclusion.



RESPONSIBLE GOVERNANCE

Practice good corporate governance by instilling a responsible business culture and focusing on ethics and integrity.



OWNERSHIP MENTALITY

Turn the personal commitment of the Company, team members and guests into actions to capture the full potential of sustainability efforts.



RESOURCE EFFICIENCY

Reduce the negative impact of the operations by efficiently utilizing natural resources and minimizing waste and emissions.



CULTURE

Offer opportunities for local suppliers, promote local cultural awareness amongst guests and integrate local culture into everyday experiences.

Sustainable Business Governance

The Board of Directors of NH Hotel Group is responsible for supervising the Sustainable Business Strategy, defined as one of the pillars of the Company's strategy. This supervision and control task is articulated through two of the Committees of the Board of Directors:

- On one hand, the Nominations, Remuneration and Corporate Governance Committee is responsible for overseeing and controlling compliance with the Sustainable Business Strategy, proposing the necessary reports to the Board and assuring that the corporate culture is aligned with its purpose and values.
- On the other hand, the Audit and Control Committee is responsible for evaluating any matter related to risks, including climate risks.

The Chief People and Sustainable Business Officer and the Chief Operations Officer are responsible for environmental and climate aspects on the Management Committee and validate the Company's climate strategy as set out in the Sustainable Business model. In line with this, the Management Committee is the body responsible for approving the Company's Sustainable Business strategy.

This function has been boosted since 2 October 2020, when the Chief Operations Officer was appointed as an executive member of the Board of Directors.

Executive Sustainability Committee

At its meeting held on 12 May 2022, the Nominations, Remuneration and Corporate Governance Committee approved the creation of the Executive Sustainability Committee ("Sustainability Committee") as a result of its awareness of the major importance of sustainability and its role as a key factor in the market. As evidence of the Company's commitment to Environmental, Social and Governance (ESG) parameters, this Committee is driven to promote all the actions and initiative carried out in this field and to make the main decisions relating to it.

This Committee therefore has the function of supporting the Board in its duty to supervise the Sustainable Business Strategy, providing the necessary resources to achieve the objectives and goals in this area. To ensure compliance with the long-term objective, the Company establishes interim annual objectives, and the monitoring of compliance with these objectives and of the actions to attain them is carried out through the Executive Sustainability Committee. In this regard, it is the body responsible for validating the Sustainability Strategy, monitoring progress and the attainment of the Sustainable Business objectives and goals, including those related to climate.

It is also the body that reports progress made in the Sustainable Business strategy to the Nominations, Remuneration and Corporate Governance Committee.

Additionally, in collaboration with the Executive Risks Committee, it must validate the process of identifying and evaluating ESG Risk Maps, including climate-related risk and opportunity maps. It is also responsible for validating the action plan defined to minimize identified risks and maximize the value of opportunities. Finally, it is the body responsible for presenting the status of implementation of the agreed action plans to the Audit and Control Committee.

The Executive Sustainability Committee is co-chaired by the Chief People and Sustainable Business Officer and the Chief Assets Officer, and it is made up of members of the Company from different key areas with a direct impact on the NH Hotel Group strategy, but who also represent the group overall. This Committee will meet periodically and as often as is considered advisable or necessary, establishing at least four meetings a year. In 2023, the Executive Sustainability Committee held four meetings.

As far as managing the environmental strategy is concerned, NH Hotel Group has a Corporate Sustainable Business Department which reports to the Chief People & Sustainable Business Officer. Furthermore, with the aim of preventing and reducing environmental risks and impacts, and of implementing the Company's commitments on this matter, co-ordinated work is carried out between teams from different areas, both at corporate and regions and hotel level.

The Company knows that to achieve its sustainable commitments it is crucial to involve the entire Company and to materialize this through a sustainable mindset. Accordingly, the key areas on which joint work and combined efforts are required in order to tackle its ambition to be ready to operate in a decarbonized world have been identified.

Variable remuneration linked to ESG criteria

As part of the Company's commitment to sustainability and the evolution towards a model in which sustainable criteria are integrated in its daily operations, ESG targets are set for the variable remuneration of senior management and key positions for compliance with the Company's commitments.

Accordingly, all of the Management Committee have variables linked to the attainment of the annual net emissions targets defined in the framework of the SBT Plan 2030, as well as the results of the S&P Global assessment 2023.

Furthermore, the Company has identified all the key functions responsible for activating the levers of the SBT Plan, to achieve decarbonization of the Company by 2050. To this end, they have linked objectives as part of their variable remuneration, which are defined according to the following structure:

- Managing Directors (MDs) of the different regions have their variable remuneration linked to the attainment of the annual net emissions target defined in the framework of the SBT Plan 2030 for their region.
- In operations, the variable remuneration of personnel ranging from General Regional Managers to department managers/heads is linked to the reduction in the consumption ratio per RN (kWh/RN) which is under their control (hotel or region).
- Other key functions responsible for activating any of the levers defined in the SBT Plan 2030 have ad hoc objectives defined in relation to their function.



NH Collection Andorra Palomè
La Massana, Andorra

"NH Hotel Group conducts its hotel business with the ambition of leading responsible behavior, based on the firm conviction that our impact on people and on the planet has huge potential. By making the right decisions now, we are guaranteeing a better future for the planet and for future generations"

RAMÓN ARAGONÉS (CEO of NH Hotel Group)

"Sustainability has become a strategic element which, if managed well and integrated in the Company's culture, generates profitability and increases the commitment of all stakeholders"

MARTA PÉREZ -LEIRÓS (Chief People & Sustainable Business Officer at NH Hotel Group)

"Sustainability is an overarching catalyst of value in NH Hotel Group, with three fundamental commitments: caring for customers, the destinations where the Group's hotels are located and the planet. To achieve these goals, it is essential to work in collaboration with all our stakeholders and develop creative and innovative solutions with them"

ELENA RUIZ (VP of Sustainable Business at NH Hotel Group)

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

En 2023, NH Hotel Group participated for the fifth time in the Corporate Sustainability Assessment (CSA) performed by the sustainable investment agency S&P Global, the international benchmark that assesses the performance of companies in sustainability and responsible management.

NH Hotel Group has held on to fourth position in the ranking, with respect to companies belonging to the "Hotels, resorts and cruises lines" sector. The commitments in this area have led the Company to form part of the Sustainability Yearbook 2024 published by S&P Global.

This result consolidates NH Hotel Group as a benchmark in sustainability in the sector and underlines NH Hotel Group's sound performance in economic, environmental and social aspects. .

Presence of NH Hotel Group in sustainability indices and rankings

NH Hotel Group has obtained fourth place in the Corporate Sustainability Assessment rating carried out by S&P Global, the sustainable investment agency that assess the companies that make up the Dow Jones Sustainability Index.

S&P Global



FTSE4Good



The sustainability commitments have led the Company to form part of the Sustainability Yearbook 2024 published by S&P Global. This result consolidates NH Hotel Group as one of the benchmarks in sustainability in the sector and underlines NH Hotel Group's sound performance in economic, environmental and social aspects.

Since 2013, NH Hotel Group is 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 fourth time in the Bloomberg gender equality 2023, and is the only Spanish hotel company among the 484 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.

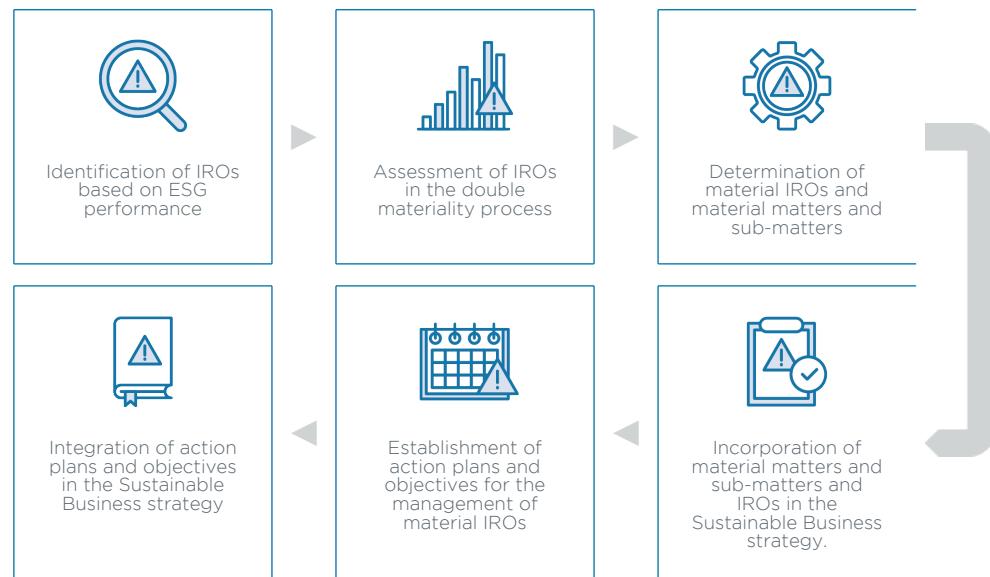
Carbon Disclosure Project recognizes the efforts made by leading global companies in the battle against climate change. In the latest report published in December 2023, NH Hotel Group obtained a rating of B in the annual ranking for climate change and a rating of B- in the annual ranking for water security. With this rating, NH Hotel Group once again sees recognition of its pioneering vision to place sustainability as a strategic value that has acted as lever for value across the Group for more than a decade.

The NH Hotel Group is one of the 100 most responsible Spanish companies in terms of ESG (Environmental, Social and Governance) in the Merco Ranking 2023. It is also ranked 2nd in the tourism sector. Through this Corporate Reputation Business Monitor, Merco offers a comprehensive measurement of sustainability that incorporates stakeholder evaluation into its performance.

Double Materiality Analysis

In a global context where demands and requirements in relation to sustainability are increasing all the time, market positioning through integrated management of sustainability and business in line with the expectations of regulators and stakeholders is a fundamental element in NH Hotel Group. The Double Materiality Analysis is therefore an essential level in the process of defining and managing the [Sustainable Business Strategy](#).

In this regard, Double Materiality is critical for the Company. It identifies the impacts, risks and opportunities facing the Company and evaluates their relevance with regard to all stakeholders. It also provides a view as to which are the most relevant matters to be tackled and, accordingly, define and establish proper management through actions plans and objectives.



Updated annually, in 2023 the process was led by the Executive Sustainability Committee in collaboration with more than 12 corporate departments which, together with an independent consultant, have reviewed the material issues according to the provisions of the CSRD, [European Union's Sustainability Reporting Directive \(CSRD\)](#)¹ and was verified by an independent third party (for further details see: [Appendix VI: Independent Verification Report](#)).

¹ It should be noted that this Directive will be applicable for NH Hotel Group in reporting on 2024, which is why the chapter responds to the disclosure requirements established in Act 11/2018. However, the calculation methodology is based on the provisions of the CSRD.



The purpose of Double Materiality is to allow an organization to report simultaneously on sustainability matters that are material for the business, which is known as the "outside-in" perspective, and material for people and the environment, or "inside-out" perspective. Under this double materiality approach, the process takes into account:

- **Impact materiality:** a matter is material from the perspective of impact if it generates significant impact(s) on people and/or the environment. These impacts can be:

- Actual or potential impacts;
- Short-term and/or medium-term and/or long-term impacts;
- Direct or indirect impact deriving from the Company's activity.

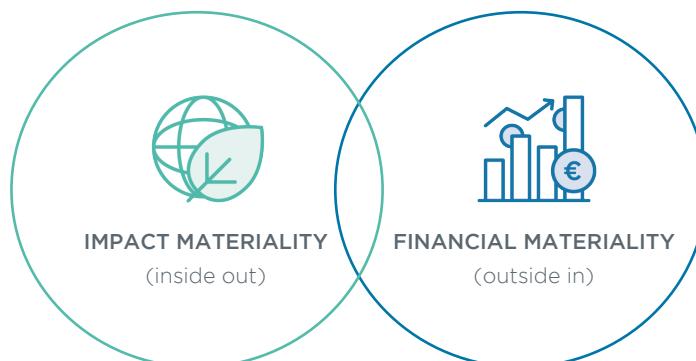
Consideration also has to be given to two aspects:

- The severity of the impact: its scale, scope and irremediable nature.
- The likelihood of the impact: both impacts caused directly by the company and impacts it has or may have throughout its value chain.

- **Financial materiality:** A matter is material from the financial perspective if it produces or could produce significant financial effects for the Company which may ultimately affect the development, performance and/or positioning of the firm. The analysis seeks to identify the material matters that produce or could produce financial effects for the Company, i.e. that generate or could generate risks or opportunities that affect future cash flows and, therefore, the value of the Company in the short, medium or long term.

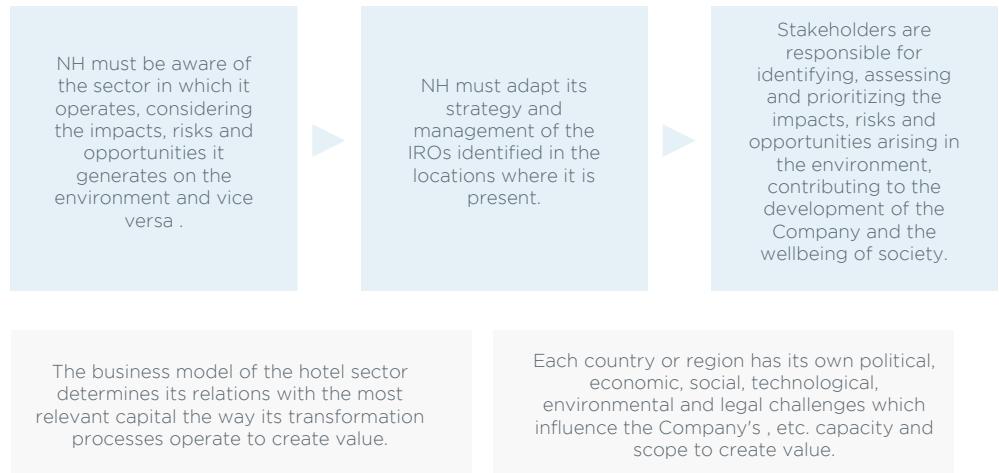
A matter would be considered material under this perspective if:

- It can affect the Company's capacity to rely on its necessary relations in its business processes in acceptable terms.
- It can affect the Company's capacity to continue using or obtain the necessary resources in its business processes, as well as the quality and price of such resources.

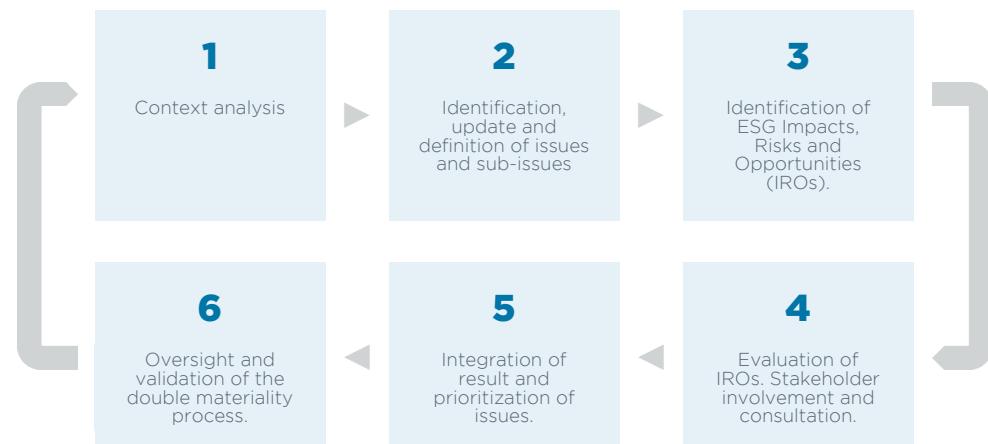


A matter would be considered relevant if it is material from the standpoint of impact materiality, financial materiality or both.

Accordingly, the materiality of the matters is determined by the combination of the activity that NH Hotel Group carries out and the impacts the Company generates on the environment and the risks and opportunities deriving from a global and common environment.



Based on this double approach, the Company has updated its double materiality analysis through a process that follows the methodology shown below:



1. Context analysis

The first step has been the identification of a broad universe of potentially material ESG issues for the Company. In this regard, the Company has started from the material aspects identified in previous years, and has added to the analysis based sources of special relevance in relation to ESG such as reporting standards (Global Reporting Initiative - GRI; Task Force on Climate-Related Financial Disclosures- TCFD and the Sustainability Accounting Standards Board - SASB), regulations (Act 11/2018 and the CSRD) and other sustainability prescribers such as WEF, WBCSD or Global Compact. The analysis of these regulations and good practice have permitted a strategic vision in the evaluation of the double materiality analysis.

The Company has also carried out a market analysis, monitoring the principal peers in the hotel sector that have allowed it to complete the analysis. The analysis has also been completed with an evaluation of the main market trends and dynamics, and sectorial reports and the expectations and interests of ESG analysts in the sector (Corporate Sustainability Assessment de S&P Global., Bloomberg, etc).

In this first phase, an exhaustive analysis of various diligent sources was carried out. Reference to multiples sources is essential in order to minimize the risk of overlooking any emerging matter and assuring an exhaustive analysis.

2. Identification, update and definition of issues and sub-issues

In the second phase of the project, attention focused on identifying potentially material issues and sub-issues and defining them, taking into consideration the contents of the new European Sustainability Reporting Standards (ESRS) developed by EFRAG, and the results obtained from the analysis carried out in the first phase.

As a result, a total of 19 potential material matters were identified. Alongside this, the list of 42 sub-matters included in each of the sub-issues was defined and the content of the issues was determined with the aim of linking similar matters, concepts or areas and integrating them in the particular terms of the business approach of NH Hotel Group and of the hotel sector.

ESG ASPECT	Relevant issues 2023	Sub-issues	Description
ENVIRONMENT	Responsible energy management	Consumption of renewable and non-renewable energy Energy efficiency	Energy consumption from renewable and non-renewable sources necessary for the Company's operations. Reduction in the energy used in the different activities carried out within the Company.
	Fighting climate change	GHG emissions Adaptation to climate change	Greenhouse gas emissions deriving from the Company's operations and initiatives and actions carried out to mitigate them. The Company's capacity to anticipate, plan and respond to climate changes and their consequences, minimizing the risks and maximizing the opportunities to assure operational resilience.
	Pollution	Air pollution Soil pollution	Deterioration of air as a result of the release of harmful substances or the alteration of natural conditions. Deterioration of the soil as a result of the release of harmful substances or the alteration of natural conditions.
	Responsible water management	Water consumption Water pollution, effluent Degradation of habitats and consumption of marine resources	Water consumption necessary for the Company's operations. Deterioration of water as a result of the release of harmful substances or effluent. Deterioration of marine ecosystems or environments and the unsustainable exploitation of resources.
	Protection of biodiversity and conservation of ecosystems	Effects on biodiversity and ecosystems	Impact or influence that the Company's commercial activities, operations or practice have on the natural environment and on biodiversity.
	Circular economy and waste management	Circular business model	Measures aimed at reusing, repairing, renewing and recycling existing materials and products to create added value.
		Responsible waste management	Actions aimed at minimizing the negative environmental impacts derived from the generation of waste through the reduction and correct treatment or destruction of such waste.
		Use of renewable and non-renewable resources*	The consumption* of resources by the Company in the course of the activity from each of the business lines and its value chain.

*Resources are considered to be the inputs the Company requires to carry out its business operations, which are not raw materials. Raw materials are natural resources used to process them into products or services, such as metals, minerals or wood. In light of NH's business model, it is considered that it consumes resources in order to perform its services but it does not require raw materials per se.

ESG ASPECT	Relevant issues 2023	Sub-issues	Description
SOCIAL	Communication with stakeholders	Communication channels and engagement with internal stakeholders Communication channels and engagement with external stakeholders	Strategy and means used by the Company to interact, inform and engage its team members, executives and other internal stakeholders, and consider their opinions for developing the business strategy and model. Strategy and means used by the Company to interact, inform and engage customers, suppliers and other external stakeholders and consider their opinions for developing the business strategy and model.
	Culture of equality, diversity and inclusion	Labor diversity, integration and inclusion Equality of treatment and opportunities	Strategy and politics that the Company implements to promote a working environment that values and respects diversity in terms of gender, ethnic origin, sexual orientation and other characteristics. Daily practice present in the Company aimed at ensuring that all team members are treated with equity and justice irrespective of their gender, age, ethnic origin, sexual orientation or any other personal characteristic.
	Talent, training and professional development	Talent attraction Talent retention and loyalty Training and professional development	Strategies and practices used by the Company to identify, attract and hire qualified candidates who show potential, with the aim of covering its personnel needs and strengthening its team in the hotel industry. Strategies and actions designed to retain existing team members, foster their commitment and loyalty to the Company, and promote a labor environment that incentivizes the promotion of long-term loyalty in team members. Investment and programs aimed at training and improving the skills of team members, allowing them to grow in their careers and contribute more effectively to the Company in the sphere of the hotel industry.
	Team Members health and safety	Team Members health and safety	Practice and policies aimed at assuring a safe and healthy working environment for team members and others who work in the business.
	Protection of human rights and labor rights	Protection of human rights Protection of labor rights	Strategy and policies implemented by the Company to assure that its operations respect and promote human rights in all its aspects, including equality, non-discrimination, dignity and justice, both within the organization and in its relations with local communities and other stakeholders. Policies and practices aimed at assuring that the Company's team members enjoy fair and safe labor conditions that respect their rights.
	Commitment to team members and responsible contracting	Wellbeing of Team Members Collective agreements and responsible contracting	Policies and practices that seek work-life balances for team members, as well as competitive salaries and fair work conditions. Policies and actions that respect the basic rights of team members related to transparency during hiring and decent work conditions and benefits.
	Responsible value chain	Health, safety and wellbeing of workers in the value chain ESG criteria in selecting and evaluating suppliers	Actions and policies that the Company implements to ensure that the workers in its supply chain have safe and healthy work conditions that respect their rights. The practice of considering environmental, social and governance (ESG) factors when selecting and evaluating the Company's suppliers. This involves ensuring that suppliers share and comply with sustainable and ethical standards in areas such as environmental management, labor rights and business integrity, aligning the supply chain with ESG principles.
	Affected communities and local impact	Rights of local communities, promotion of local culture and indigenous communities Social actions and corporate volunteering	Policies and practices that respect the rights of local communities, preserve their culture and support the sustainable development of indigenous communities, promoting beneficial and respectful relations. Initiatives and programs through which the Company is involved in beneficial and community support activities.
	Customer experience and quality of the service	Quality of the service, satisfaction and wellbeing	Practices and approaches used by the Company to guarantee that guests receive an exceptional service, experience satisfaction in their stay and enjoy an environment that promoted their wellbeing and comfort.

SOCIAL	Customer experience and quality of the service	Unique and sustainable experiences for guests Management of incidents Guest health and safety	Strategy of offering guests memorable and sustainable experiences during their stay in the Company's hotels. This involves providing exceptional services while minimizing the environmental impact, promoting respect for the community, offering guests a unique and responsible experience. Processes and protocols used by the Company to identify, tackle and resolve problems, complaints or unexpected situations that might arise during the operation of their hotels. This includes the management of guest complaints, operational problems and any other incident that might affect the guest experience. Policies and practices implemented to guarantee a safe and healthy environment in the Company's hotels. This includes health and safety measures and protocols to protect the health and wellbeing of the guests.
	Ethics, transparency and business culture	Code of conduct, ethics and business integrity Whistleblowing channel Prevention pf corruption, money laundering and bribery Structure, composition and operation of governance bodies	Set of ethical and behavior principles, rules and guidelines that establishes the expectations and standards for conduct that team members and members of the Company must follow in exercising their functions and in their interaction with others, both inside and outside the Company. Mechanism or system established by the organization to allow team members, customers, suppliers and other stakeholders to report in a confidential and secure manner on improper, unethical or illegal behavior or activities that could be occurring in the Company. Measures and policies aimed at illegal activities such as bribery, money laundering and abuse of power. Organization and management of leadership and decision-making bodies in the Company.
	Management of business risks	Management of (ESG, non-financial and emerging) risks Regulatory compliance	Capacity of the Company to adapt to the main business risks. Management and prevention of the main global risks of the sector, both current or emerging. Impact of new regulations. Influence of regulatory and policy instability of countries where the Company is present. Participation in tourism lobbies to drive improvements in the sector.
GOVERNANCE	Cybersecurity and data processing	Data processing and protection Cybersecurity	The organization's responsibility to protect personal and confidential information of the people and groups it with which it interacts as customers, team members, suppliers and other stakeholders. The practice of establishing the necessary measures to protect systems, networks sand programs from digital attacks. In general, these cyberattacks aim at accessing, modifying or destroying confidential information, and at extorting users or interrupting business continuity.
	Digitalization and innovation	Digital transformation, innovation and new technologies	Driving and fostering innovative initiatives that allow for the development of new products or services, investment in R&D and promotion of new hotel concepts. Improvement of connectivity and digitalization of apps and systems implemented by the Company. Integrity of the platforms and information systems. Evolution towards a digitalized operating model through more efficient and smarter innovation, technology and processes.

3. Identification of ESG Impacts, Risks and Opportunities (IROs).

After updating the potential material issues and sub-issues for the group, a process of identification of the main impacts, risks and opportunities the Company is facing was carried out.:

- Impact: impact is considered to be the effect that the entity's processes, activities, products, services or relations have on people or the environment over time. There are actual and potential, positive or negative impacts.
- Risk: risk is defined as uncertain events or conditions which, should they occur, could have a negative effect on the business model, its strategy, its ability to achieve goals and to create value. They may condition its commercial decisions and relations. Risks may be actual or potential.
- Opportunity: opportunities are described as uncertain events or conditions which, should they occur, could have a positive effect on the business model, its strategy, its ability to achieve goals and to create value. Opportunities may condition its commercial decisions and relations and may be actual or potential.

Accordingly, to identify impacts, risks and opportunities both internal and external stakeholders were consulted, with the participation of team members, executives and heads of corporate areas, suppliers, associations, analysts and shareholders, among others. Using different tools and mechanisms, their perceptions and expectations regarding the Company were obtained, compiling the IROs in relation to ESG for each potential material issue and sub-issue.

4. Evaluation of IROs. Stakeholder involvement and consultation.

After the complete catalogue of the Company's IROs associated to each material issue and sub-issue had been obtained, a second consultation of all stakeholders was carried out, broadening the selected sample, with the aim of determining the relative importance they grant to each of the sub-issues identified.

Accordingly, the process of consulting and listening to both internal and external stakeholders was carried out by sending questionnaires in which they were asked to evaluate each of the sub-issues in terms of their relevance to them as key stakeholders.

5. Integration of results and prioritization of issues.

After compiling the information contributed by the stakeholders in the course of the previous phases, a process of integration and prioritization of issues was carried out.

First of all, the inputs received from stakeholders were consolidated, including their perception of each of the issues and sub-issues and IROs identified.

The IROs were then prioritized on the basis of different metrics according to the type of impact (actual, potential, positive or negative) and whether it was a risk or an opportunity. In this regard, the metrics analyzed were: scale, scope, likelihood, capability of being remedied and estimated economic valuation.

It should be noted in this regard that the Company has sought to assure the integrity and coherence of the corporate information, and has therefore adapted the limits of the metrics according to the procedure following in the assessment of the Company's risk map.

Once the prioritization metrics for each IRO had been integrated and thanks to a measurement tool, the relevant results were generated. The Double Material Matrix was obtained as a result, making it possible to identify the priorities for each issue and sub-issue per analyzed perspective (impact materiality and financial materiality).

6. Oversight and validation of the double materiality process

In this phase, the results of the materiality analysis were presented to the Executive Sustainability Committee and were subsequently approved by the Management Committee. Through this report and by virtue of signing it, the analysis is validated by the Company's Board of Directors.

The involvement of multiple key areas has played a crucial role in the process, contributing a holistic and complete view to the double materiality analysis. All of this has given senior management a greater understanding of and insight into the reality of the business in ESG terms, allowing it to distinguish between outward-looking impacts and the dependencies, risks and opportunities that the environment offers in NH Hotel Group's business model.

This exercise has also provided a broad and complete view of the Company's situation, a solid basis to identify priority matters, risks and emerging opportunities that let the Company align these results with its sustainable business growth strategy.

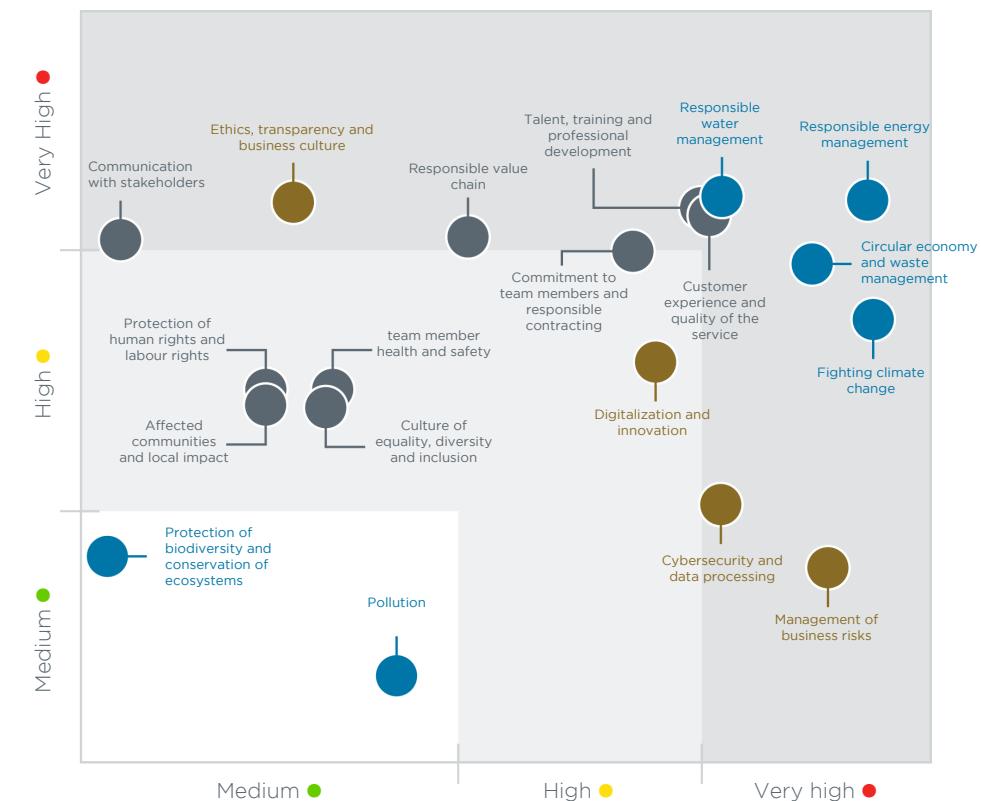
Double Materiality Matrix

As a result of the analysis set out above, the Group's Double Materiality Matrix has been obtained.

As can be seen in the table, the colour code indicates the materiality of each issue from both perspectives, where issues marked red are material from both perspectives.

ESG	Issue	Impact materiality	Financial materiality	Materiality
E	1 Responsible energy management	●	●	●
	2 Fighting climate change	●	●	●
	3 Pollution*	●	●	●
	4 Responsible water management	●	●	●
	5 Protection of biodiversity and conservation of ecosystems	●	●	●
	6 Circular economy and waste management	●	●	●
S	7 Communication with stakeholders	●	●	●
	8 Culture of equality, diversity and inclusion	●	●	●
	9 Talent, training and professional development	●	●	●
	10 Team Members health and safety	●	●	●
	11 Commitment to Team Members and responsible contracting	●	●	●
	12 Protection of human rights and labour rights	●	●	●
	13 Responsible value chain	●	●	●
	14 Affected communities and local impact	●	●	●
	15 Customer experience and quality of the service	●	●	●
	16 Ethics, transparency and business culture	●	●	●
G	17 Management of business risks	●	●	●
	18 Cybersecurity and data processing	●	●	●
	19 Digitalization and innovation	●	●	●

*Not material



Management of material issues

ESG	Material issue	Related SDGs	Key Performance Indicators	Evolution Vs 2022	Target	Material Issue Management
E	Responsible energy management	  	<ul style="list-style-type: none"> ■ Green energy consumption (kWh) ■ Energy consumption ratio (kWh/RN) ■ N. sustainable certifications ■ % of hotels with individual environmental certifications 	▲ ▼ ▲ ▲	<ul style="list-style-type: none"> ■ Increase % of hotels with green energy (vs 2023) ■ Increase % of hotels with sustainable certifications (vs. 2023) 	<ul style="list-style-type: none"> ■ UP FOR PLANET > Sustainable Products and Assets > Environmental certification programme ■ UP FOR PLANET > Processes and Operational standards > Responsible energy management
	Combating climate change	  	<ul style="list-style-type: none"> ■ Emissions ratio (kg eq CO₂/RN) ■ Emissions avoided (t eq CO₂) ■ Emissions offset 	▼ ▲ ▼	<ul style="list-style-type: none"> ■ 4% reduction in CO₂eq net emissions by 2024 (vs. 2023) ■ Approval of SBT target aligned with 1.5°C target (short and long term) 	<ul style="list-style-type: none"> ■ UP FOR PLANET > Sustainable Products and Assets > Environmental Certification program ■ UP FOR PLANET > Sustainable Products and Assets > SBT Plan 2030 ■ UP FOR PLANET > Sustainable Products and Assets > Sustainable Hotels
	Responsible water management		<ul style="list-style-type: none"> ■ Ratio of water consumed (m³/RN) ■ % of hotels in water-stressed areas 	▼ =	<ul style="list-style-type: none"> ■ Reduce water consumption ratio by 1% (vs. 2023) 	<ul style="list-style-type: none"> ■ UP FOR PLANET > Processes and operational standards > Waste management and circular economy ■ UP FOR PLANET > Processes and operational standards > Development of more sustainable products
	Circular economy and waste management	 	<ul style="list-style-type: none"> ■ No. of hotels with the waste management tool implemented 	NAP	<ul style="list-style-type: none"> ■ Advancing automation to monitor waste management 	<ul style="list-style-type: none"> ■ UP FOR PLANET > Processes and operational standards > Waste management and circular economy ■ UP FOR PLANET > Processes and operational standards > Development of more sustainable products
	Communication with stakeholders	 	<ul style="list-style-type: none"> ■ % participation in the climate survey ■ No. of questionnaires sent to suppliers ■ % attendance at the Shareholders' Meeting 	▼ ▲ =	<ul style="list-style-type: none"> ■ Target in progress 	<ul style="list-style-type: none"> ■ SUSTAINABLE BUSINESS STRATEGY > Value creation for our stakeholders ■ UP FOR PEOPLE > Internal communication
S	Culture of equality, diversity and inclusion	  	<ul style="list-style-type: none"> ■ % female team members ■ % of female managers ■ Total number of nationalities of team members 	= ▲ ▲	<ul style="list-style-type: none"> ■ Maintaining recognition as a diverse company 	<ul style="list-style-type: none"> ■ UP FOR PEOPLE > People Strategy ■ UP FOR PEOPLE > Culture of equality, diversity and inclusion ■ UP FOR PEOPLE > A team with the same opportunities

Talent, training and professional development		<ul style="list-style-type: none"> Total hours of training ▲ Investment in training ▲ % internal promotions in key positions (TOP 100) ND Total hours per team member trained ▲ Total turnover rate ▲ Voluntary turnover rate ▲ Voluntary turnover rate TOP 100 ND 	<ul style="list-style-type: none"> Increasing training hours in 3% (vs. 2022) 	<ul style="list-style-type: none"> UP FOR PEOPLE > People Strategy UP FOR PEOPLE > Training UP FOR PEOPLE > Talent Management UP FOR PEOPLE > Turnover, absenteeism and exit rate UP FOR PEOPLE > Talent Attraction
Team members health and safety		<ul style="list-style-type: none"> No. of fatalities = Accident severity rate ▲ Accident frequency rate ▲ Occupational disease severity rate ▲ Occupational disease frequency rate ▲ 	<ul style="list-style-type: none"> Reducing accidents at work (vs.2023) Promote wellbeing initiatives 0 Fatalities 	<ul style="list-style-type: none"> UP FOR PEOPLE > People Strategy UP FOR PEOPLE > Occupational health, safety and wellbeing
Commitment to team members and responsible contracting		<ul style="list-style-type: none"> % of team members covered by collective bargaining agreements = 	<ul style="list-style-type: none"> Maintain % of team members covered by collective bargaining agreements 	<ul style="list-style-type: none"> UP FOR PEOPLE > People Strategy UP FOR PEOPLE > Quality job creation UP FOR PEOPLE > Social dialog with team members UP FOR PEOPLE > Flexibility and work-life balance
Protection of human rights and labor rights		<ul style="list-style-type: none"> Confirmed human rights allegations = Human Rights assessment of suppliers = 	<ul style="list-style-type: none"> Increasing participation in human rights training Monitor action plans with respect to the ESG supplier program 	<ul style="list-style-type: none"> PROTECTION OF HUMAN RIGHTS
Responsible value chain		<ul style="list-style-type: none"> % of purchases from nominated suppliers ▲ % of purchases from local suppliers ▼ Number of suppliers assessed through ESG Supplier Program NAP % of monitored carbon-intensive suppliers NAP 	<ul style="list-style-type: none"> 85% volume of purchases from nominated suppliers Increase the number of suppliers included in the ESG Supplier Programme. Increase the number of monitored high carbon suppliers 	<ul style="list-style-type: none"> UP FOR PLANET > Sustainable procurement
Affected communities and local impact		<ul style="list-style-type: none"> Indirect monetary contribution (€) ▲ Collaboration with associations ▼ Collaboration with NGOs and foundations ▲ 	<ul style="list-style-type: none"> Target in progress 	<ul style="list-style-type: none"> SUSTAINABLE BUSINESS STRATEGY > Sustainable alliances UP FOR PEOPLE> Communities

S

S	Customer experience and quality of the service	10 11 13 17	<ul style="list-style-type: none"> ■ GRI: Global Review Index ■ CQI: Competitive Quality Index ■ % use of OCI & OCO (Online Check in & Online Check out) 	▲ ▲ NAP	<ul style="list-style-type: none"> ■ Maintain the satisfaction level in customer surveys. (vs. 2023) ■ Review and implementation of new Green Stay initiative <i>new Green Stay</i> 	■ UP FOR PEOPLE > Customers
G	Ethics, transparency and business culture	17	<ul style="list-style-type: none"> ■ Hours of compliance training ■ Confirmed reports through the whistleblowing channel ■ Confirmed corruption and bribery cases ■ Women on the Board of Directors 	▲ = = ▲	<ul style="list-style-type: none"> ■ Alignment with best practices in the sector based on CNMV recommendations. ■ Maintain commitment to investigate 100% of complaints received 	■ CORPORATE GOVERNANCE ■ ETHICS AND COMPLIANCE
G	Business risk management	8 17	<ul style="list-style-type: none"> ■ Provide basic risk management training to all team members. 	NAP	<ul style="list-style-type: none"> ■ Target in progress 	■ RISK MANAGEMENT
G	Cybersecurity and data processing	10 12 17	<ul style="list-style-type: none"> ■ % team members trained in cybersecurity (PCI, privacy, etc.) 	NAP	<ul style="list-style-type: none"> ■ Maintain completion of cybersecurity courses at more than 60%. 	■ DIGITAL TRANSFORMATION > Information Security > Cybersecurity ■ DIGITAL TRANSFORMATION > Information Security > Data privacy and protection
G	Digitalization and innovation	12	<ul style="list-style-type: none"> ■ Total number of Tablets in reception ■ New hotels with Housekeeping Mobile App ■ % paper saved through PORTAL ONE (online platform to manage supplier invoices) 	▲ ▲ ▼	<ul style="list-style-type: none"> ■ Target in progress 	■ DIGITAL TRANSFORMATION > Innovative projects

Sustainability Policy

NH Hotel Group as a Company with a solid positioning in the hotel sector at national and international level, operates with the firm commitment to become a socially responsible company, contributing actively to sustainable development.

It therefore works with the aim of offering sustainable, consistent and efficient services for its customers, shareholders, suppliers, team members and society as a whole with the desire to be the benchmark in sustainability in the sector.

In line with this commitment, in 2023 the Company reached a relevant milestone in its Sustainability Business strategy. On 26 July 2023, the Board of Directors of NH Hotel Group2023 approved the Sustainability Policy that replaces and repeals the Corporate Social Responsibility Policy.

Through this policy, NH Hotel Group establishes the general principles to assure an ethical, responsible and sustainable business model by establishing a common and overarching framework of reference so that all the team members who form part of NH Hotel Group can act and make decisions based on a balanced management of the economic interests and the social and environmental implications deriving from the Company's operations.

With this policy, NH wishes to assure that all the Company's activities are carried out with the commitment to promote among its team members and other stakeholders, such as customers, suppliers or partners among others, the values of responsibility, integration and ethics, so that both the needs of today's society and of future generations are satisfied in a committed and sustainable manner.

Notwithstanding the above, this policy will be developed and complemented with different [policies](#) that the Group approved directly related to the established general principles.

The main objectives of the policy include:

- Driving sustainable hotel management.
- Respecting and protecting human rights in a manner that is integrated in the Company's culture.
- Contributing actively to the generation of social and economic value / to the economic and social wellbeing of the communities where it operates.
- Promoting business transparency and reporting periodically on its progress and practices in relation to sustainability.
- Developing innovative sustainability initiatives.
- Educating and training internally on the Company's sustainability strategy.

Furthermore, through this policy, the Company reaffirms its commitment to its stakeholders. Evidence of this is the significant involvement of stakeholders in relevant processes for the Company such as the [Double Materiality Analysis](#) (process for the identification of material or relevant non-financial matters for NH's business activity). Communication with stakeholders is also important. NH therefore has a series of channels and means through which it establishes communication and dialog with all stakeholders, based on transparency and commitment, as basic foundations to build stable relations of mutual trust.

Value creation for our stakeholders

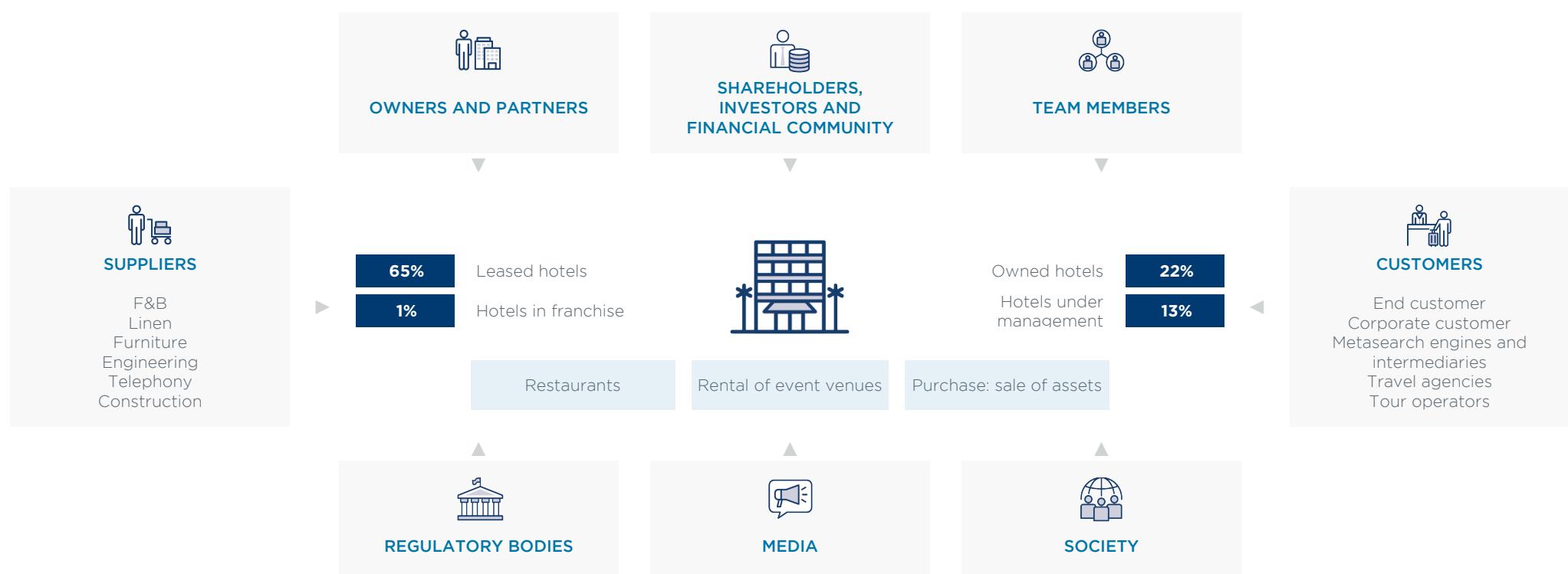
NH Hotel Group's impact influences the long-term success of the Company and its stakeholders. This is why listening to its stakeholders, for NH Hotel Group, is essential in drawing up, developing, implementing, following up and monitoring the Sustainable Business strategy. In this respect, the Company establishes continuous, transparent and clear two-way communication with its stakeholders.

Dialog 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: team members, customers, suppliers, owners and partners as well as shareholders, investors and financial community who are considered to be partners in the business, and also external parties: regulators, media and society as a whole, starting with the local communities where the Company carries out its business.

NH Hotel Group has identified eight main stakeholders, and with whom throughout 2023 it has continued to maintain a close relationship. Evidence of this can be seen in the update of the materiality analysis, the active presence in forums and meetings, direct response to requests for information, direct messages through channels and social media among others.



Commitment and communication channels

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 dialog with its stakeholders, and gets involved in local communities, 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. Through these channels, the Company is aware of the vision and expectations of its stakeholders, which are tackled through the Group's growth strategy and its sustainable business strategy.

Frequency of communication: (■) Recurring (■) Periodic (■) Sporadic

Stakeholders	Dialog and participation mechanisms	Relevance	Corporate department
Team members	<ul style="list-style-type: none"> ■ Satisfaction / work climate surveys ■ Internal communication: Newsletters, Town Halls, talks, intranet, MyNH App, sundry communications ■ Skills and knowledge assessment: Time For You (TFY) ■ Suggestion box: Team Member Suggestion Box ■ Complaints systems: Whistleblowing channel ■ Employee portal ■ Non-Financial Information Statement ■ Corporate website and social media 	Very high	People Department
Shareholders, investors and financial community	<ul style="list-style-type: none"> ■ General Shareholders' Meeting ■ Direct communication channels with investors: investor.relations@nh-hotels.com ■ Shareholder and investor communication policy ■ Newsletters ■ Proxy Advisors ■ Roadshows ■ Regular meetings: Investor Agenda ■ Annual and quarterly corporate reports ■ Whistleblowing channel ■ Non-Financial Information Statement ■ Corporate website and social media 	Very high	Finance Department and PR Department, Communication & Public Affairs

Frequency of communication: (■) Recurring (□) Periodic (■) Sporadic

Owners and partners	<ul style="list-style-type: none"> ■ Regular meetings ■ Organization of and participation in different forums, meeting, conferences, events, etc. ■ Advertising and media ■ Internal communication platform ■ Corporate website 	Very high	Assets & Development Department
Customers	<ul style="list-style-type: none"> ■ Satisfaction survey ■ Loyalty programs: NH DISCOVERY ■ Complaints system: Whistleblowing channel ■ Customer Service ■ Corporate videos ■ Advertising campaigns ■ Webinars ■ Digital channels: Corporate website, corporate app and social media 	Very high	CRM & Loyalty & Promotions Department, Experience Department, Design & Innovation, Marketing Strategy Brand & Product Department, and Quality Department
Suppliers	<ul style="list-style-type: none"> ■ Direct communication through regular face-to-face meetings, calls and mail ■ Direct visits to suppliers ■ Sector conventions ■ Advertising and media ■ Supplier approval platform ■ Non-Financial Information Statement ■ Corporate website and social media 	High	Procurement Department
Media	<ul style="list-style-type: none"> ■ Press releases ■ Forums, meetings, conferences, events, etc. ■ Institutional relations ■ Corporate website and social media 	High	PR, Communication & Public Affairs Department
Regulatory bodies	<ul style="list-style-type: none"> ■ Collaboration through alliances at local, regional, autonomous community and national level with international organizations, essentially in the tourist and hotel sector ■ Annual and quarterly publications ■ Collaboration with sector associations ■ Corporate website 	High	PR, Communication & Public Affairs Department and Legal Affairs Department
Society	<ul style="list-style-type: none"> ■ Organization of and participation in different forums, meetings, conferences, events, etc. ■ Regulation meetings and direct communication with different social organizations ■ Collaboration agreements ■ Volunteering actions ■ Non-Financial Information Statement ■ Corporate website and social media 	Medium	Sustainable Business Department

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 meet the sustainable development agenda. Accordingly, the Company establishes alliances based on common principles, values and goals with different organizations, both public and private, and at world, regional, national and local level.

Tourism has a high impact on the development of cities. The sector must contribute to ensuring that this growth is carried out in a sustainable and planned manner, respecting the local character.

Relations with associations

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

Throughout this year, with the aim of boosting an institutional positioning of leadership that is useful and suited to the present context, NH Hotel Group has continued with the strategy of establishing and maintaining close relationships with associations whose principal goals are aligned with ours and that promote and defend responsible business development that creates opportunities, sustainable tourism and the continued training of professionals, among others.

For their relevance, this notably includes NH Hotel Group's participation in the UN Global Compact, the UN World Tourism Organization, Exceltur, UNESCO Pledge and the CEOE (Spanish Confederation of Business Organizations), among others. In addition, NH Hotel Group is facilitating a common way forward for hotel sustainability that is accessible to all hotels. To this end, it has been instrumental in developing the Hotel Sustainability Essentials to help hotels take responsibility for the planet and people, based on essential actions that everyone must put into practice.



UN Global Compact

NH Hotel Group, which has been a member of UN Global Compact since 2002, periodically renews its commitment and reports publicly and transparently on the progress made in this respect in an annual report on the website of the Global Compact (www.pactomundial.org). The Company takes into consideration the 10 principles and the Sustainable Development Goals as the framework of reference to design the strategy and management of the Company's Corporate Responsibility. NH Hotel Group's annual contribution is € 2,400€



UNESCO Pledge

NH Hotel Group has joined UNESCO and the Expedia Group to prove its commitment to protect the environment, local culture and communities that depend on travel to prosper. The Commitment by UNESCO aims to boost sustainable travel, the adaptation of communities, and the conservation of heritage all over the world. Therefore, NH Hotel Group has publicly pledged with all its owned and leased hotels to implement measures to reduce the environmental impact of its business, which in turn contributes to raising awareness among travellers, helping them to opt for more sustainable travel.



UN World Tourism Organization

The UN WTO is the United Nations agency responsible for promoting responsible, sustainable and universally accessible tourism, advocating for tourism that contributes to economic growth, inclusive development and environmental sustainability. Until we left in September 2021, NH formed part of the working group supporting the SDG. NH Hotel Group's annual contribution is € 5,200.



Spanish Confederation of Business Organizations

Founded in 1977, the Spanish Confederation of Business Organizations (CEOE) brings together voluntarily two million businesses and self-employed individuals from all sectors of activity, who join CEOE through more than 4,500 grassroots associations. It is noted for always favouring dialog and negotiation with both sides of the labour market, respecting the interests of its members.

NH Hotel Group collaborates in the organization's Sustainable Development and Ecological Transition and its Business Social Responsibility Commission.

NH Hotel Group's annual contribution is € 50,000.



Exceltur

This association is the result of the personal commitment of a very significant group of leaders and heads of the principal Spanish tourist companies, who in January 2002 got together to form this non-profit association, motivated by their firm conviction to drive two major goals - lines of action:

- To promote greater socioeconomic recognition of what tourism contributes and represents as the principal sector of the Spanish economy.
- And to encourage the highest levels of competitiveness to consolidate leadership and profitable and sustainable growth of the tourism activity in Spain, in light of the significant and growing challenges and opportunities that the future holds for us.

NH Hotel Group's annual contribution is € 25,000.



Hotel Sustainability Basic Framework

NH Hotel Group, in conjunction with other hotel companies, launched an initiative to establish a common definition of hotel sustainability to promote responsible travel and tourism.

The Hotel Sustainability Basics Framework offers a common starting point for the sustainability of hotels, which is accessible to all players in the hotel industry throughout the world, regardless of whether they belong to a major international group or are independent hotels. Offering this basis for common understanding to all the hotels in the world, with actions that have a positive effect on the planet and on people, generates a real change by stimulating demand for responsible travel.

This year, the hotel groups that participate in this initiative have worked in close collaboration with the World Travel & Tourism Council, the Sustainable Hospitality Alliance and the principal stakeholders to finalize essential sustainability actions that will have a demonstrable positive effect, and will collaborate to share suitable tools and practice with the other members and with the industry in general, to ensure that all hotels start the evolution towards the goals of the COP21 Paris Agreement.

Contribution to sector associations, non-profit associations and chambers of commerce

NH Hotel Group has been committed for years to tourism focused on sustainable development, that minimizes the negative impact on the environment, as well as generating wealth and diversity.

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

96 to a number of sector associations, chambers of commerce, associations related to the environment or non-profit NGOs, among others:

In 2023, NH Hotel Group made a total contribution of € 501,626 to a number of sector associations, chambers of commerce, environmental and cultural associations and foundations and non-profit NGOs, among others:

Contributions to associations in 2023 (en €)

	2023	2022
Sector associations	378,932	325,532
Trade associations (Chambers of Commerce)	22,260	99,015
Associations related to the environment	70,376	56,016
Cultural associations	16,171	24,698
Foundations, NGOs & non-profit associations	13,887	3,335
Total	501,626	508,596

*None of the contributions made by NHHG correspond to contributions to political parties and/or candidates as well as to electoral processes or other typologies not reflected in the table above.

Participation in all of them responds to two key objectives of the Group in this regard: to promote sustainable tourism and responsible business opportunities both locally and internationally. NH Hotel Group promotes and fosters sustainable tourism in line with the Company's values, which is why it collaborates with different associations to advance in this purpose. In this line, it is worth highlighting the Company's participation in the World Tourism Organization and the United Nations Global Compact.

In relation to the second key objective, we would highlight NH Hotel Group's membership of more than 700 sector associations and almost 60 Chambers of Commerce, where its principal mission is to support a sound and solvent tourist business activity in the city in which it is located.

Due to the nature of the activity, we are aware of the great work that we can do with young people in this field, offering them opportunities to work in the sector and promoting stable employment.

Main areas of interest for NH Hotel Group

	2023	2022
Sustainable Tourism	€102,833	€86,863
Promotion of local and international relationships and responsible business opportunities	€401,192	€421,739

The Company is aware of the importance of collaboration between institutions to meet the sustainable development agenda and, consequently, it establishes alliances based on common principles, values and objectives with different organizations in the public or private sector at world, regional, national and local level.

Relationship with governments

The Company manages its business according to its corporate values, its ethical and conduct framework and guarantees strict compliance with ruling law in each country.

In relation to local governments, it always acts independently of any political power, upholding transparency with the different public and administrative institutions.

NH Hotel Group is characterized by absolute political neutrality. The Company does not make cash or other contributions to political parties or electoral candidates. NH Hotel Group's code of conduct and the money-laundering prevention policy expressly prohibit contributions to political parties.

NH Hotel Group does not belong to sector organizations or foundations linked to its activity or the geographic area where it operates. Through its presence in these organizations, the Company aspires to contribute to progress and development of the places where it is present. *More information in the "Contribution to sector associations, non-profit associations and chambers of commerce" section of this Report.*

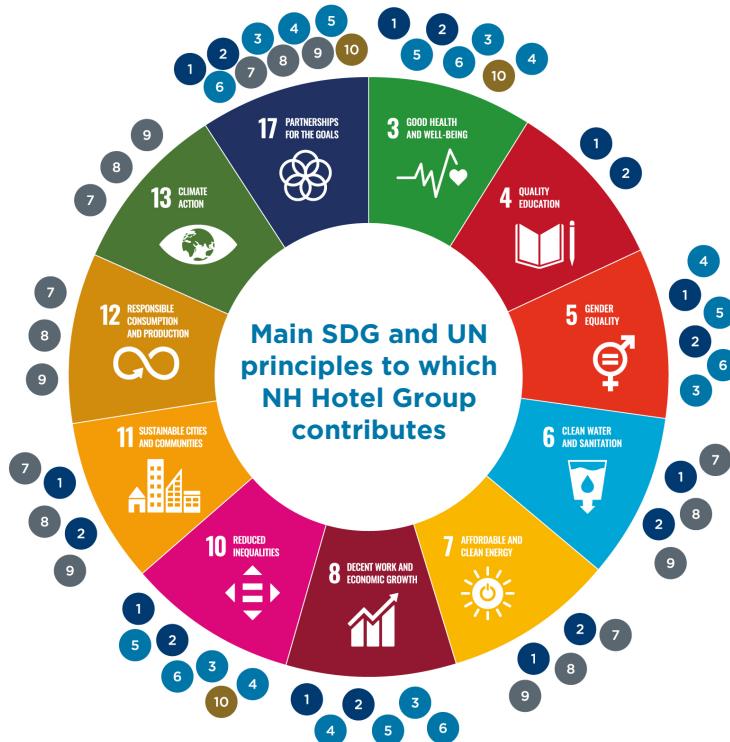
NH Hotel Group and the 2030 Agenda

The UN Global Compact and the Sustainable Development Goals (SDG) are two interconnected initiatives aimed at promoting responsible business practices. The 10 UN principles provided a framework for companies to align their strategies and operations to broader social goals, the SDG establish goals that help companies to implement the previously defined strategies.

Along these lines, and for the purpose of focusing the business model on a hotel model that is committed to sustainable development, NH Hotel Group generates value through the Sustainable Business strategy for stakeholders in the places where it operates. In this context,

the Company has impact and a capacity to influence 11 Sustainable Development Goals, focusing the strategy on two of them:

- SDG 8 Decent work and economic growth;
- SDG 11 Sustainable cities and communities.



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Business should make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: Businesses should defend the elimination of all forms of forced and compulsory labour.

Principle 5: Business should defend the effective abolition of child labour.

Principle 6: Business should defend the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Business should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

NH Hotel Group has performed an analysis of the agenda's contribution to the SDG, which in turn has allowed us to identify which goals are more relevant for the Company, both on account of its activity, commitments and strategic focus and on account of different external factors considered.

Convinced that it is going in the right direction to meet the next challenges set in relation to sustainability, the Company is aligned with the Sustainable Development Goals (SDG) it can contribute to and is therefore committed to continuing to create value in the long term and at global level, in the framework of the 2030 Agenda.





11 SUSTAINABLE CITIES
AND COMMUNITIES



13 CLIMATE
ACTION



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



8 DECENT WORK AND
ECONOMIC GROWTH



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17 PARTNERSHIPS
FOR THE GOALS

SUSTAINABLE PRODUCTS AND ASSETS

184 Total certified hotels/year

26 Newly certified hotels/year

66% of electricity consumed comes from renewable energy sources

100% of green electricity in hotels in Southern Europe

99 Hotels with bicycle hire service

72 Hotels with electric chargers

PROCESSES AND OPERATIONAL STANDARDS

47.01 Energy consumption ratio

0.33 Water consumption ratio

7.23 Carbon footprint ratio

SUSTAINABLE PROCUREMENT

13,875 Suppliers

1,835 Active suppliers with signed Ethical Codes

367 Critical suppliers

62% Approved procurement (OpEx + CapEx)



UP FOR PEOPLE



Promote a responsible culture for team members and foster diversity, ethics and wellbeing.

Provide excellent service through innovative sustainable solutions, while educating and actively involving customers in projects and commitments.

Support key partners, creating a positive social and environmental impact on the local communities where the Company are present.



TEAM MEMBERS

171,273 Total training hours for team members

113 Team members with disabilities

45% Women in management positions

51% Women on the workforce

36% Average turnover

443 Accidents with sick leave



CUSTOMERS

8.4 Rating in customer reviews - NH survey

8.5 Rating in customer reviews - Online survey

30,373 Requests received by 'Customer Care'

286 Hotels with elements adapted to special needs

COMMUNITIES

1,752 Volunteers

19,680 Beneficiaries

1,590 Solidarity room nights

237,892 indirect contribution in social action

149 Hotels involved

58 Social initiatives



NH Collection Frankfurt
Frankfurt, Germany

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11

UP FOR PLANET

II. UP FOR 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. All this, reducing the Company's environmental footprint with responsible consumption of natural resources.

This approach is based on three pillars:

UP FOR PLANET



PRODUCTS: SUSTAINABLE ASSETS

Battle against climate change and progress towards decarbonization, minimizing the environmental footprint while developing more sustainable hotels through building renovation.



PROCESSES: OPERATIONAL STANDARDS

Manage resources carefully with a '4R' approach: Reduce - Reuse - Recycle - Replace, while offsetting residual footprint and promoting the development of a circular economy and more sustainable products, as well as the involvement of team members, suppliers, partners and customers as key players in achieving these goals.



SUSTAINABLE PROCUREMENT

Strengthen the sustainable value chain, prioritizing key partnerships, local suppliers and responsible organizations.

NH Hotel Group is a company committed to the wellbeing of its guests and to 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.

These commitments, applicable to all NH Hotel Group's operations and to the Company's decision-making process, are formalized in the Environment and Climate Change Policy. It includes both the supply chain and distribution, the inclusion of new partners or the addition of hotels to the portfolio and the operation of hotels under ownership, lease, management and franchise to assure compliance with this policy, with voluntary commitments adopted by NH Hotel Group, or with applicable environmental laws and regulations.

The Sustainable Business department is responsible for the implementation of the Environmental and Climate Change Policy and for the commitment to continuous improvement in environmental performance at all internal levels of the organization. Together with the Procurement (Coperama), Commercial and Assets departments, it conveys the commitments made to external stakeholders in order to raise awareness about sustainability among all stakeholders and even encourage them to follow suit and share the Company's commitments and be aware of the environmental impacts associated to the activity.

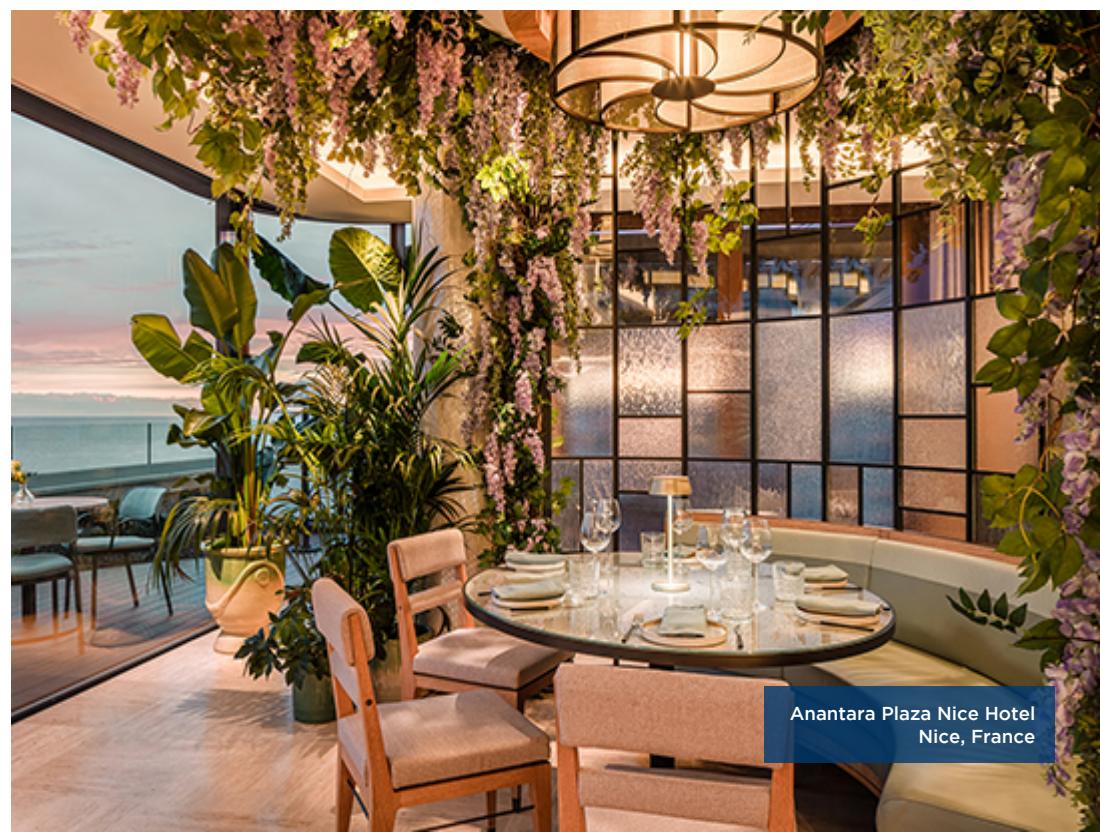
With the commitments acquired in the Environment and Climate Change Policy, applicable both to sustainable products and assets and to services (operational management processes), the Company seeks to involve team members, customers, public administrations and other stakeholders. The main commitments are: combating climate change, efficient management of natural resources, the circular economy, including responsible supply and the prioritization of local elements that are certified or promote animal welfare or sustainable fishing and protection of biodiversity, including a commitment against deforestation.

In relation to provisions and assurances to cover environmental risks, it should be noted that NH Hotel Group makes investments in environmental activities that are valued at acquisition cost of capitalized as a higher cost of property, plant and equipment or inventories in the year they are incurred. Expenses arising on the protection and improvement of the environment are recorded in the income statement in the year they are incurred, independently of when the associated monetary or financial flow takes place.

Provisions relating to likely or certain liabilities, ongoing litigation and ongoing damage compensation or obligations relating to the environment, the amount of which has not been determined, not covered by the Company's insurance policies, are recorded at the start of the liability or obligation that determines a possible compensation or payment. It should be noted that in 2023 NH Hotel Group has not received any significant fine imposed by the competent authorities in each region where it operates.

For information on energy and water consumption and on the carbon footprint, figures are reported based on the consolidated perimeter under conservative criteria (minimum age of 6 months in the Company's portfolio, excluding figures for central services and head office as they are not material with respect to the figures recorded in the hotels)

The Company's environmental strategy is channelled through UP FOR Planet, which defines the roadmap to fulfil the commitments undertaken to combat climate change and progress towards decarbonization, the efficient management and the responsible, circular consumption of resources and the development of more sustainable products. This approach is based on three pillars:



Anantara Plaza Nice Hotel
Nice, France



Tivoli Avenida Liberdade Hotel
Lisbon, Portugal

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II.1

UP FOR PLANET

SUSTAINABLE PRODUCTS
AND ASSETS

SUSTAINABLE PRODUCTS AND ASSETS

UP
FOR PLANET

A strategic pillar aimed at combating climate change and advancing towards decarbonization, minimizing the carbon footprint derived from the activity by refitting hotels to make them more sustainable.

Environmental certification program

NH Hotel Group's hotels are certified under the ISO 14001 environmental management system and ISO 50001 energy efficiency system for accommodation services, restaurants, meetings and events. At the end of 2023, 65.48% of the hotels in Germany, Spain and Italy have ISO 14001 certification -a total of 96 hotels- and/or ISO 50001 -33 hotels-.

In addition to the ISO certification, some of the group's hotels also have other environmental certifications such as: BREEAM, LEED, Green Key, Hoteles+Verdes, Biosphere, DGNB and Bioscore. The goal is to have an increasingly significant volume of hotels with globally recognized environmental certification, specific to the tourist sector, and approved by the Global Sustainable Tourism Council, the leading body in the industry.

In 2023, 26 hotels obtained sustainability recognition for the first time, giving a total of 184 certified hotels out of the 350 hotels in the portfolio.

"NH Hotel Group has individual certification for 53% of the hotels in the portfolio"

Region	Certification	Environmental certifications		2023		2022	
		Consolidated perimeter	Corporate perimeter	Consolidated perimeter	Corporate perimeter	Consolidated perimeter	Corporate perimeter
Region America	Hoteles +Verdes	6	7	6	7		
	LEED	1	1	1	1		
	GreenKey	14	18	8	9		
	ISO 14.001	0	1	0	1		
Region Northern Europe	ISO 14.001	27	27	27	27		
	ISO 50.001	1	1	1	1		
	BREEAM	4	4	3	3		
	GreenKey	37	39	41	43		
Region Southern Europe	DGNB	1	1				
	ISO 14.001	70	71	67	68		
	ISO 50.001	32	32	30	30		
	BREEAM	12	12	7	7		
	GreenKey	3	7	3	4		
	Biosphere	9	11				
	WEEL H&S	1	1				
	Total number of certifications	218	233	194	201		

New Hotels added to the certification programme in 2023

Hotel	Country	Type of certification
Avani Cancún Airport	Mexico	GreenKey
Avani Palazzo Moscova	Italy	BREEAM
		WELL H&S
Hilton Aeropuerto	Mexico	GreenKey
NH Collection Constanza	Spain	Biosphere
NH Collection Eurobuilding	Spain	BREEAM
NH Collection Flower Market	Netherlands	BREEAM
NH Collection Gran Hotel Calderón	Spain	Biosphere
NH Collection Mérida Paseo Montejo	Mexico	GreenKey
NH Collection Monterrey San Pedro	Mexico	GreenKey
NH Collection Pódium	Spain	Biosphere
NH Collection Royal Andino	Colombia	GreenKey
NH Collection Royal Hacienda	Colombia	GreenKey
NH Collection Royal Teleport	Colombia	GreenKey
NH Collection Royal WTC Bogotá	Colombia	GreenKey
NH Collection Santa Fe	Mexico	GreenKey
NH Diagonal Center	Spain	Biosphere
NH Eixample	Spain	Biosphere
NH Entenza	Spain	Biosphere
NH Les Corts	Spain	Biosphere
NH Queretaro	Mexico	GreenKey
NH Sants Barcelona	Spain	Biosphere
NH Savona Darsena	Italy	BREEAM
NH Stadium	Spain	Biosphere
Tivoli Marina Vilamoura Algarve Resort	Portugal	GreenKey
Tivoli Carvoeiro Algarve Resort	Portugal	GreenKey
Anantara Vilamoura	Portugal	GreenKey



NH Collection Copenhagen
Copenhagen, Denmark

Recognitions and Alliances to favor Environmental Management

As a sign of the environmental commitment, all the Company's hotels have obtained the Booking recognition, 307 have obtained the HRS el GreenStay recognition and 62 are recognized as part of the [GHA Green Collection](#).



In addition, in March 2023, the Company's entire portfolio obtained Bioscore rating.

Bioscore certification is based on the independent assessment of a hotel for its level of sustainability through a rating based on ESG criteria and aligning the most relevant parameters of the main internationally recognized ecolabels to offer a global and standardized view of the efforts made by the hotels in relation to sustainability.



SBT 2030 Plan

NH Hotel Group's efforts to combat climate change are part of the "SBT 2030 Plan" which sets out the levers of action to reach the goal of reducing carbon emissions throughout the entire value chain by 20% by 2030. In 2019, the Company established a target of a 20% reduction in its emissions by 2030, validated by the Science Based Target Initiative with the ambition of not exceeding a 2º increase in the planet's temperature.

In 2023 NH Hotel Group has work on redefining the medium and long-term goal with the ambition of not exceeding an increase of 1,5ºC, and on establishing its commitment to become a net zero emissions Company by 2050. To ensure compliance with the long-term goal, the Company establishes intermediate annual goals. The monitoring of compliance and of the actions to attain them are carried out through the Executive Sustainability Committee.

The five levers of action on which efforts to reach the goal are primarily applied are:

- Control and monitoring – the lever on which work is being done to improve data capture and analysis, both from the activities of the hotels and of their suppliers, and to seek an alignment of commitments to reduce emissions in the value chain.
- Energy efficiency - considers all actions that can improve efficiency in the hotel's energy consumption. For more details see [Sustainable hotels](#)
- Green energy considering both the installation of renewable energy for self-consumption and the purchase of green electricity.
- Emission offset strategy, with a twofold objective. On one hand, to use offset as an exceptional alternative in order to comply with the annual targets set and on the other hand give visibility to the Company's climate commitment by involving customers in it.
- Carbon analysis in expansion projects to anticipate the needs of new properties to adapt to the climate goal so that is not compromised.

43,561

EMISSIONS AVOIDED BY THE
PURCHASE OF GREEN ELECTRICITY
(T EQ CO₂)

3,026.0

EMISSIONS OFFSET THROUGH
PROJECTS (T EQ CO₂)



Hotel Tivoli Carvoeiro Algarve
Algarve, Portugal

NH Hotel Group's emissions are calculated according to the Greenhouse Gas Protocol "A Corporate Accounting and Reporting Standard (Revised Edition)", using the operational control approach, and its supplement Corporate Value Chain (Scope 3) Standard.

NH Hotel Group's consolidation criteria encompass all the Company's hotels with ownership and lease agreements.

- Scope 1: Direct GHG emissions come from sources owned by the Company or under its control (natural gas, LPG, BTZ, propane, diesel and biomass).
- Scope 2: Indirect emissions from the generation of purchased (Market Based) electricity, district heating and district cooling consumed by hotels.
- Scope 3: Indirect emissions which are a consequence of the Company's activities but come from sources that are not owned by the Company or under its control.
 - Upstream: purchase of goods and services, capital assets, indirect consumption of fuel and energy, prior transport and distribution, waste generated, business trips and commuting by team members.
 - Downstream: managed and franchise hotels (Scope 1 and 2).

The purchase of goods and services is the highest impact in the Company's scope 3.

Over the last two years, the suppliers with the largest carbon footprint have been identified in order to work with them on improving information channels and seek alignment to reduce emissions in the value chain.

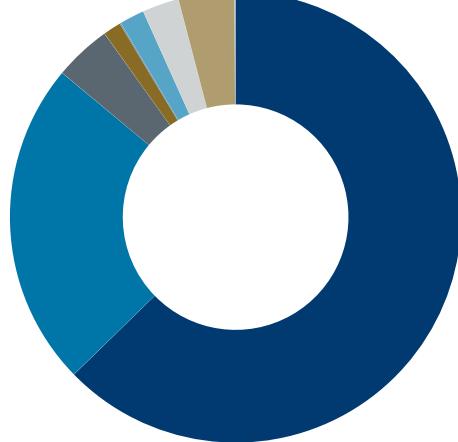
In addition, NH Hotel Group has a corporate standard "Eco-Efficient Hotel Guide" to integrate sustainability and energy efficiency in the design and construction of new hotels and in refurbishments. This standard assures that all the activities in its buildings will take ecological guidelines and climate change risks into account in design and construction in order to minimize and control the risks.

Carbon footprint

	Total emissions (eq Tn CO ₂)			Emissions ratio (eq kg CO ₂ /RN)		
	2023	2022	Variation (in %)	2023	2022	Variation (in %)
Scope 1						
Region America	4,753	4,606	3.2	3.75	4.18	-10.3
Region Northern Europe	20,345	21,101	-3.6	3.89	4.72	-17.7
Region Southern Europe	18,228	18,622	-2.1	3.56	3.88	-8.1
Total	43,326	44,329	-2.3	3.73	4.28	-12.9
Scope 2						
Region America	10,909	9,123	19.6	8.61	8.27	4.1
Region Northern Europe	28,139	33,069	-14.9	5.38	7.40	-27.4
Region Southern Europe	1,579	2,295	-31.2	0.31	0.48	-35.7
Total	40,627	44,487	-8.7	3.50	4.29	-18.5
Scope 1+2						
Region America	15,662	13,729	14.1	12.35	12.45	-0.8
Region Northern Europe	48,484	54,170	-10.5	9.26	12.13	-23.6
Region Southern Europe	19,807	20,917	-5.3	3.87	4.36	-11.2
Total	83,953	88,816	-5.5	7.23	8.57	-15.7
Compensation						
	3,026	3,408	-11.2			
Total net emissions	80,927	85,408	-5.2			

With the acquisition of the SBTi commitment to reduce emissions by 20% by 2030. NH Hotel Group worked on the annualization of this objective so that, by 2023, it set a target of a 3 % reduction in emissions with respect to the actual emissions in 2022. At the end of this financial year, this target had been achieved by acting on four of the levers of action of the SBT 2030 Plan (control and monitoring, energy efficiency, purchase of green energy and offset strategy).

Following the approval of the emission reduction targets validated by SBTi, NH Hotel Group has estimated, under this methodology, a total of scope 3 emissions of 351,959¹ tCO₂ in 2022. The breakdown of the relevant categories of emissions that make up the Company's Scope 3 is as follows:



Category 1 Acquisition of goods and services	220.725 tCO ₂
Category 2 Capital goods	82.134 tCO ₂
Category 3 Activities related to energy production	14,417 tCO ₂
Category 4 Upstream transport and distribution	4.513 tCO ₂
Category 5 Waste generated during the operation	294 tCO ₂
Category 6 Business travel	6.258 tCO ₂
Category 7 Employee commuting	9.253 tCO ₂
Category 8 Assets leased by the Organization	14.132 tCO ₂
Category 14 Franchises	233 tCO ₂

NH Hotel Group also participates in different forums and projects to promote actions to combat climate change and the reduction of carbon emissions and consumption:

The World Wildlife Fund (WWF) Earth Hour 2023

NH Hotel Group has joined this global initiative which fosters environmental awareness about climate change. The Group's hotels participate by switching off the lighting on their exterior for an hour and organize activities to involve guests and team members.



¹ The scope 3 emissions published are not included in the scope of the audit.



Tivoli Alvor Algarve Resort
Algarve, Portugal

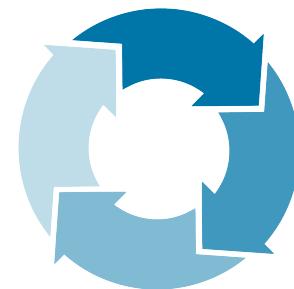
Sustainable hotels

Aware of the importance of operating in a decarbonized world, the Company has identified a line of work in its Sustainable Business strategy to adapt its real estate assets to best practice in the sector on environmental sustainability.

In 2023 the Company has taken a step further on this matter. As the owner and manager of real estate assets through its different types of contracts, the Company has gone further in the inclusion of sustainable criteria both in signing deals on new hotels and in the refurbishment and improvement of hotels that are already included in the Group's portfolio.

Drive

A model of more efficient and sustainable hotels, applying best practice with the aim of minimizing the negative environmental impact and maximizing the positive impact, preserving the environment and generating value in the destinations where it operates.



Maximize

The quality of the Group's portfolio in all its value aspects, including ESG.

Improve

the efficiency of buildings, reducing energy and water consumption through appropriate and effective management of resources.

For NH Hotel Group, 2023 has seen the start of automation and use of IoT in monitoring energy and utilities consumption data, establishing agreements with new partners that will shape this new structure focused on optimizing not just the aspect pertaining to reporting, but also with regard to the energy management of its buildings.

Additionally, new tools have been developed internally that make it possible to manage these large volumes of data and capture them in such a way that they can be interpreted and traceable in a simple way. New models that predict consumption have been tested, to estimate and compare new data, supported on historical occupation and climate variables.

In its Energy Efficiency Plan, NH Hotel Group continues along the lines following in recent years, carrying out the gradual refurbishment of facilities with new equipment that improves performance and reduce overall consumption in its buildings.

In this regard, it should be noted that the investment of 7.3 M€ made in 2023 through works and renewal of equipment with energy efficiency criteria, and other measures to improve the Company's impact on the environment.

The projects carried out in 2023 include:

- Replacement of installations based on fossil fuels (conventional combustion boilers) with other equipment based on electricity aimed at decarbonization.
- Actions on building façades and envelopes to improve thermal insulation of the building. Replacement of equipment with other more efficient new equipment: pumps, coolers, kitchen equipment.
- Incorporation of renewable energy producing installations. In 2023, 15 hotels have photovoltaic energy with a total installed capacity of 268 kWp and a production of photovoltaic energy of approximately 387 MWh/year.

CapEx on Sustainability (works and equipment renewal)

Initiative	Investment
Installation control systems - BMS	€1,587,099
Insulation, barriers and façades	€1,418,391
Chilled water production equipment	€1,004,946
Fan coils	€931,757
Pumping facilities	€614,218
Boilers	€489,809
Renewable energy installations	€462,768
Hot water production installations	€336,121
Lighting	€326,300
Air-conditioning and ventilation	€54,645
Other equipment	€69,607
Total	€7,295,660

The Company has also included four hotels with BREEAM certification in the environmental certification program.

In 2024 NH Hotel Group will continue advancing in the optimization of consumption in its hotels by applying the sustainable criteria established internally in its design and refurbishments guides.



Avani Alonso Martinez
Madrid, Spain

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11.2

UP FOR PLANET

PROCESSES AND
OPERATIONAL
STANDARDS

PROCESSES AND OPERATIONAL STANDARDS

UP FOR PLANET

A strategic pillar focusing on efficient management and responsible consumption of resources, prioritizing the “4R” rules”: Reduce, Reuse, Recycle and Replace, while residual emissions are offset and favoring evolution towards a circular economy and the development of more sustainable products, but also the involvement of team members, suppliers, partners and guests as key players to achieve these goals.

Environmental Awareness Training

In relation to this commitment and to foster this culture in all team members, the mandatory online environmental awareness course has been added to the NH University training catalogue. The course sets out the guidelines that all team members must follow to comply with the principles set out in the Environmental and Energy Policy.

With this training, team members will gain knowledge on environmental aspects and how to incorporate them into their daily routines and tasks, so that they participate in the attainment of the Company's commitments.

In 2023 and future years, this training will continue to be given to all team members who join the Company and must be completed within 30 days.

*"2,555 hours of environmental training received by
3,188 team members"*



Responsible energy management

To keep exhaustive and rigorous control over the energy consumption, carbon footprint and water consumption measures, NH Hotel Group conducts monthly monitoring of the consumption indicators and energy and water costs through an online system to which almost all the Company's hotels have access that permits reporting, control, monitoring and traceability of the indicators.

Energy consumption by sources (kWh)

	2023	2022	Variation (in %)
Natural Gas	204,980,553	210,777,554	-2.8
Gas Oil	2,233,053	2,124,687	5.1
LPG	4,329,143	3,717,119	16.5
Propane	1,095,016	1,049,586	4.3
BTZ	0	1,064,878	-100.0
Biomass	280,900	322,297	-12.8
Electricity	279,374,607	268,933,759	3.9
Renewable electricity	183,647,050	172,293,808	6.6
District Heating	50,328,274	48,402,338	4.0
District cooling	3,468,518	2,719,539	27.5
Total	546,090,063	539,111,757	1.3

Energy consumption

	Energy consumption (kWh)			Energy ratio (kWh/RN)		
	2023	2022	Variation (in %)	2023	2022	Variation (in %)
Region America	58,558,464	55,204,444	6.1	46.19	50.06	-7.7
Region Northern Europe	257,155,084	252,137,038	2.0	49.12	56.46	-13.0
Region Southern Europe	230,376,515	231,770,275	-0.6	45.06	48.30	-6.7
Total	546,090,063	539,111,757	1.3	47.01	52.00	-9.6

In terms of energy consumption and energy per RN ratio, 2023 has seen a return to full hotel activity after the pandemic, as in the first months of 2022 some hotels were still closed or with very low production levels, especially in the Americas. It should also be noted that throughout 2023 new hotels were added to the portfolio, with significant absolute energy consumption, such as the Tivoli Alvor (Portugal), Tivoli Portopiccolo (Italy), NH Collection Spin Tower Frankfurt (Germany) and nhw Frankfurt (Germany) among others.

In addition, the information obtained on climate conditions shows that 2023 has been in general, slightly less warm than 2022 in the summer months (less demand for air-conditioning) while the winter months were slightly warmer (less demand for heating). This has meant that thermal energy consumption in Northern Europe (BUNE), despite having risen, was lower than expected due to the addition of the two hotels in Frankfurt, yet consumption for Southern Europe has decreased, despite the addition to the portfolio of two Tivoli brand hotels. In the Americas, slightly more favourable climate conditions in 2023 have prevented the increase in consumption from being higher and have succeeded in mitigating the effect of the return to activity by hotels that were still closed in the first months of 2022, especially in Argentina.

Finally, there has been a significant drop in terms of consumption per occupation because of the energy savings measures implemented throughout the organization.

Responsible water management

NH Hotel Group is committed to responsible management of water as a natural resource. Aware that water use and consumption should be managed responsibly, it has developed a series of measures and plans aimed at reducing the impact the Company's operations have on the destinations where it operates.

Since the first Sustainability Plan was defined in 2007, water consumption saving measures have been implemented, such as the installation of aerators and consumption reduction devices in cisterns, the installation of novel water recovery and reutilization systems, the efficient procurement of devices such as dishwasher equipment in kitchens, as well as training and awareness raising in team members and the redesign of operational guidelines and actions in kitchen and housekeeping. In 2014, progressive implantation started of showers that reduce the volume of water used by 40% thanks to their savings technology.

Once again, we have worked with the Aqueduct tool provided by the World Resources Institute (WRI), which allows us to identify the areas with the highest water-stress risk at world level and to monitor the portfolio located in these areas, so that we can take preventive measures if necessary. The result of the analysis is that 29% of the hotels in NH Hotel Group's portfolio are located in areas with a high water-stress level.

Hotels based in water stress areas

	2023			
	Consolidated perimeter		Corporate perimeter	
	Hotels	% of the total	Hotels	% of the total
Region America	9	15.52 %	13	22.41 %
Region Northern Europe	12	10.08 %	12	10.08 %
Region Southern Europe	65	45.77 %	81	46.82 %
Total	86	29.35 %	106	30.29 %

The "water footprint" calculation identifies water withdrawal based on the original source. For NH Hotel Group, water mainly originates from either public or private water suppliers.

Water withdrawal from supply networks

	Water withdrawal (m³)			Water ratio (m³/RN)		
	2023	2022	Variation (in %)	2023	2022	Variation (in %)
Region America	520,288	473,746	9.8	0.410	0.430	-4.6
Region Northern Europe	1,417,989	1,263,942	12.2	0.271	0.283	-4.3
Region Southern Europe	1,845,396	1,767,632	4.4	0.361	0.368	-1.9
Total	3,783,672	3,505,320	7.9	0.326	0.338	-3.6

Parallel to what is happening with energy consumption, increased activity is directly related to increased water use. The increase is more pronounced in Southern Europe, due to the entry into operation of the New York hotel, which belongs to this region despite its geographical location, and has a very significant consumption. Another of the reasons for this increase in water consumption is the addition of large new hotels to the portfolio, and the fact that hotels have operated throughout the entire year while in 2022 there were still some hotels that were closed in the first quarter.

To some extent, this increase in activity helps to distribute the "baseline" consumption of the hotel activity (cleaning, filling of circuits, cooling towers, kitchen, etc.) which is not directly related to hotel occupancy.

The water that enters hotels for use in kitchens, cleaning, bathrooms, filling pools, etc. is disposed of through municipal sewer networks. In this regard, the Company monitors the discharge of sewage from its hotels, assuring that in all cases it complies with applicable legislation where the hotel is located and therefore guarantees discharge to the network with a similar quality to the water extracted for use.

Water consumption attributable to losses caused by evaporation of pools or fountains, irrigation or rainwater tanks and fire water is not significant.

Waste management and circular economy

NH Hotel Group has a system of waste separation at the point of origin in all its hotels, which permits and facilitates recycling. The types of waste separated are paper and cardboard, glass, used cooking oil, packaging (plastic, cartons, tins, etc.) and organic. This system permits the recovery of material for recycling and subsequent valuation.

Furthermore, in its commitment to mitigating impacts on its surroundings, NH Hotel Group studies the different ways in which the Company's inputs, activities and products affect the environment and sustainable business development.

WASTE MANAGEMENT AND CIRCULARITY PILOT PROJECT:

In 2023, a pilot project was carried out in all the hotels in Madrid involving the automation of the entire waste management process with the aim of advancing in the reduction, reuse, recycling and valuation of the waste generated. As a result of this project, a number of actions for improvement have been identified to maximize prevention and marketing and to contribute to the promotion of the circular economy.

Thanks to this pilot, it has been possible to categorize both the type of waste generated in each of the hotels and the quantity of waste generated in each case.

Using the result of the pilot for each hotel as a baseline, and considering other factors that potentially affect the quantity of waste generated (size and category of the hotels and volume of restaurants services and events), the quantity of hazardous and non-hazardous waste in the rest of the hotels in the consolidated perimeter has been estimated.

This year, NH Hotel Group has compiled the following information:

Hazardous and non-hazardous waste management

	2023	2022	Difference (in %)
Consolidated perimeter			
Hazardous waste (t)	200.4	174.61	14.7%
Non- hazardous waste (t)	20,349.7	17,793.73	14.4%

As far as the management of such waste is concerned, NH Hotel Group is subject to the arrangements in place in each country. Accordingly, in certain locations a third party is involved in waste collection and management, while in other cases, waste management is carried out through municipal waste collection services.

The increase in the management of non-hazardous waste is mainly due to the increase in hotel activity compared to 2022. Non-hazardous waste includes organic waste, packaging, residual waste fraction, paper and cardboard, glass, etc. the generation of which has increased in proportion to the increase in hotel activity. On the other hand, hazardous waste management has increased due to the increase in refurbishment and refit activity in the hotels.

Hazardous waste is separated according to the legal requirements of each region. Furniture and fittings withdrawn during refurbishment processes that are in good condition may be given away to team members or donated to local organizations.

Commitment to reduce single-use plastics: Sustainable Amenities

As part of NH Hotel Group's commitment to improving the impact of its activity on the environment, and offer guests the best experience, a new line of amenities was introduced that allowed us to eliminate all single-use plastics in room setup.

The packaging is 100% recycled and recyclable PET, complemented with a new line of bathroom accessories made using biodegradable materials (wheat straw) presented in 100% recycled paper packaging (eliminating chemical dyes or varnishes used in packaging).

In addition to this, the products do not contain parabens, silicones, or alcohol; they have not been tested on animals and are EcoLabel certified.

All hotels of the NH Hotels, Collection and nhow brands also use pens made with compostable material (Wheat Straw) and resin.

Analysis of purchased packaging

At the same time as amenities have evolved, NH Hotel Group has initiated an analysis in greater depth of the single-use packaging generated through the Company's purchases (plastic, glass, wood or paper and aluminium foil) with the aim of quantifying the single-use packaging used for each material, evaluating whether the measures taken are having an effect and, with a view to the future, establishing specific goals in use reduction and transition to reusable materials as far as possible.

Based on this preliminary analysis, it has been estimated that the quantity of packaging used in beverages and amenities is more than two thousand metric tons in a year.

Campaign to eliminate plastic in Corporate Offices

While work is being done to minimize and offset the carbon footprint throughout the Company, NH Hotel Group fosters and cultivates a sustainable mindset among its team members.

Accordingly, as part of the Company's commitment to the environment, a number of improvements have been introduced in the corporate offices and CRO in the framework of a campaign aimed at reducing the consumption of single-use plastics by team members and increase their awareness of waste management. This has involved eliminating most disposable plastic elements present in the team member canteen area and the sale of plastic water bottles, replacing them with a returnable glass alternative.

In addition, in order to minimize the waste generated by team members and raise awareness about food wastage, a compost machine has been installed in the canteen at central offices which transforms organic waste into natural compost which is used in the gardens of two hotels in Madrid: NH Ventas (Spain) and NH Ribera del Manzanares (Spain).

Biodiversity management

NH Hotel Group is a mainly urban hotel chain. Based on the Company's portfolio, only (corporate scope) is considered to be within the resort segment, which is considered to be the most extractive and the segment most intrinsically connected to natural ecosystems.

This is the reason why biodiversity is not a material issue for the Company, given its business model. However, Hotel Group is concerned about the conservation and protection of natural habitats in the destination where it is present.

For this purpose, through Protected Planet, the most exhaustive source of information at world level about protected areas, the Group has carried out an exhaustive analysis of the presence of its hotels in special protection areas. As a result of this analysis, the Company has identified that 3.43% of the hotels in its portfolio are located directly in a protected area.

"3,43% of the hotel portfolio is located directly in a special protection area"

However, as it is committed to the environment NH uses a more rigorous criterion and therefore considers that a hotel is located in a special protection area if it is located directly in a special protection area or close to such areas, less than 100 kilometres in the case of resort hotels. Based on this criterion, the Company has obtained the following results.

Hotels based in special protection areas

	2023			
	Consolidated perimeter		Corporate perimeter	
	Hotels	% of the total	Hotels	% of the total
Region America	0	— %	1	1.7 %
Region Northern Europe	3	2.5 %	3	2.5 %
Region Southern Europe	7	4.9 %	17	9.8 %
Total	10	3.4 %	21	6.0 %

It should also be noted that the Company monitors % of urban hotels located near special protection areas (less than 150 meters). A total of 22 hotels have been identified on this basis (including the 12 hotels located directly in special protection areas).



Some of the actions carried out in relation to protection and conservation of biodiversity and ecosystems are:

Sustainable fishing

Although NH Hotel Group does not carry on its activity within any protected natural area, the Company applies different measures and initiatives to preserve and restore biodiversity in the environments where it operates.

The Company's hotels promote sustainable fishing through legal compliance with the consumption of species and responsible procurement of these products.

Urban vegetable gardens

In 2023, 32 NH Hotel Group hotels in Argentina, Austria, Colombia, Czech Republic, Denmark, France, Germany, Italy, Mexico, the Netherlands, Portugal and Spain have space to install urban vegetable gardens. Growing vegetables in these areas enhances the landscape and the gastronomic value of dishes while reducing the negative impact on the environment by reducing the need to transport these products and generating a sense of community among the hotel's team members.

In Italy, the NH Collection Piazza Carlina also has a vegetable garden where herbs such as parsley, thyme, mint, rosemary, peppermint, basil, oregano, etc. are grown. These herbs, which are pesticide-free and have a high nutritional value, are used in preparations in the kitchen and the bar.

In turn, the Anantara Grand Hotel Convento di Amalfi (Italy), on the Amalfi coast, also has a garden in which 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). Guests 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, the Group's hotels promote homes 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 Collection Prague (Czech Republic), NH Prague City (Czech Republic), Anantara Plaza Nice Hotel (France), NH Collection Frankfurt City (Germany), NH Mannheim (Germany), NH München Ost (Germany) and NH Potsdam (Germany), NH Luxembourg (Luxembourg), Anantara Grand Hotel Krasnapolsky (Netherlands), NH Atlantic Den Haag (Netherlands), NH Collection, Amsterdam Flower Market (Netherlands), NH Conference Centre Koningshof (Netherlands) and NH Groningen (Netherlands).

Cage-free eggs

NH Hotel Group promotes animal welfare, prioritizing the use of cage-free eggs. This initiative was implemented in hotels in northern Europe, which currently use cage-free eggs in their preparations. In addition, as part of MINT, the Company has joined in the commitment made by Minor Hotels to obtain all the eggs consumed in its establishment from cage-free hens by the end of 2027.

This initiative is already implemented in 11 countries with 28.00% of eggs consumed being cage-free.

Development of more sustainable products

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

As the most noteworthy examples of the project, NH Hotel Group offers EcoFriendly Meeting and Events and Sustainable Mobility services in its hotels.

Sustainable Meeting & Events - Carbon Neutral

In its commitment to combat climate change, NH Hotel Group uses the offset of emissions as an exceptional alternative in order to meet its annual emissions targets and to give visibility to the Company's climate commitment by involving customers in it.

With the new events proposition launched in the last quarter of 2022, the Company calculates and offsets the carbon footprint attributed to the most relevant events held at the hotels. The most relevant events are considered to be those in which, due to the number of people in attendance, the commitment could have a greater impact both among guests and society as a whole.

The event's carbon footprint is calculated following the HCMI (Hotel Carbon Measurement Initiative) methodology, supported by the Sustainable Hospitality Alliance.

In 2023, the carbon footprint of 364 large events was offset, which represented the neutralization of 2,544 metric tons of carbon emitted into the atmosphere.

THE NH HOTEL GROUP FOREST

In 2023, NH Hotel Group has worked on identifying possible emission offset projects that will contribute to the conservation of nature in the surroundings where it operates.

This action materialized with the signing of a collaboration contract with Retree to reforest the area known as the "Valley of the Dreams" in the Sierra Norte de Madrid, classed as a Biosphere Reserve since 2005. This valley, located in a highly depopulated area that has suffered serious soil degradation, had an exceptional forest ecosystem.

The priority goal of the creation the Forest Project is to contribute to the revitalization of the area, recover the ecosystem, and to develop the local area by creating rural jobs and reforestation as protection against climate change. NH Hotel Group is currently in the process of creating new alliances with local suppliers, with the aim of creating a network of forests located in the areas where it operates.

RESULTS SINCE THE START OF THE PROJECT

2,553

native trees planted

20,000 m²

of forest area generated

612.79 t eq CO₂

absorbed, equivalent to the emissions of
84800 room nights

766

hours of rural employment

Sustainable mobility

During guests' stays and sightseeing trips, the Company offers mobility services such as car sharing or bicycle hire. Currently there are more than 99 hotels that offer bicycle hire services, as well as charging points for electric cars installed in 72 hotels.

Alliance with Vattenfall

NH Hotel Group has signed an agreement with Vattenfall to include charging points for electric cars in its hotels in Germany. In December 2022, the Management Committee approved the initiative with an initial target of creating 175 charging points by 2024.

Movés Project

NH Hotel Group has joined the "Movés" Project for the promotion of electric mobility. In the context of this initiative, in Region America a total of 4 chargers for electric vehicles have been installed in NH Collection Plaza Santiago (2), NH Antofagasta (2), NH Columbia Montevideo (1) and NH Collection Santa Fé (1). In 2024, the intention is to continue working to increase the number of charging points available in Mexico, Chile and Colombia.

Agreement with Wenea for electric charging points

In July 2022, NH Hotel Group formalized a framework agreement with Wenea, a company providing services for electricity vehicle customers that offers smart charging solutions, to install charging points in all the hotels in Spain and Portugal that have parking facilities.



The agreement establishes that more than 250 charging points will be installed in more than 100 hotels throughout the territory. Guests who download the Wenea app will be able to see the NH Hotel Group charging points on the map, which will let them locate new stations where they can plan their stops during their trips or use the route planner, which will show them when they have to stop to charge. In 2023, 29 hotels in Spain and Portugal already have them, representing 25% of the hotels in the two countries.

The aim of these collaborations is to participate actively in promoting sustainable mobility, reducing the carbon footprint in travel and the importance of improving air quality in cities, where the Company has so much presence.



NH Collection Paseo Montejo
Mérida, México

F&B commitments at NH Hotel Group

As an integral part of its sustainability strategy, the F&B department is implementing different lines of action by NH Hotel Group region:

Zero plastic policy

We are actively working to reduce the use of plastics in all areas:

- Single-use straws have been replaced with biodegradable alternatives, in accordance with current legislation.
- In the minibars in the rooms, plastic bottles have been replaced by returnable glass alternatives.
- Plastic-free packaging, regardless of whether it is recycled and recyclable, is encouraged in Takeaway and Delivery services, in favor of models made of biodegradable materials.

Packaging (cardboard/plastic) and containers (glass)

Several of the Company's hotels have initiated a process to optimize and manage more efficiently the waste from the packaging and containers of their purchases, working directly with suppliers on their correct segregation, removal and reuse.

Actions to combat food waste

NH Hotel Group is aware that food waste does not only occur in the amount of food that is not consumed, but also throughout the entire process associated with its production, preparation and processing in each of the F&B services, including its transportation.

In order to minimize the impact of this waste and guarantee the best quality of service, the Company has manufacturing standards and technical data sheets that apply to the entire production process chain, from the forecasting of needs (orders) and manufacturing, to the conservation and rotation of all products guaranteed.

Food Waste Pilot

Throughout 2023, NH Hotel Group has carried out an analysis to evaluate automated solutions to improve the Company's food consumption optimization and food waste reduction strategies. In the last three months of the year, a possible solution has begun to be tested in two hotels in Spain, in which, through technological innovation, data on food that is not being used and ends up in the trash is captured in the daily kitchen operations in an agile and simple way. As a result of these months of testing, the amount of organic waste generated in the kitchen has been reduced by 36% and additional lines of action have been identified to continue improving this figure.

Partnership with Too Good To Go

NH Hotel Group continues its alliance with Too Good To Go to combat food waste in its hotels in Spain, Portugal, Holland, Austria and Germany. In this way, the Company continues to demonstrate its commitment to sustainability with the implementation of practices that contribute in this case to the use of food, waste reduction and environmental conservation.

With Too Good To Go, the Company offers surprise packs every day through the app with those products not consumed from its morning buffet that platform users can buy at a reduced price to avoid waste.

During this fiscal year, 3,213 food packs have been saved, which translates into more than 3,213 kilos of food that has not been wasted and the equivalent of having saved the emission of more than 80.33 t of CO2eq.

Relevant projects in F&B

CORK2CORK Project

This project was created with the aim of promoting the circular economy and encouraging recycling, reuse and other forms of recovery. This project is a pioneering sustainable initiative in the European hotel sector, which NH Hotel Group has developed together with the leading cork coating and production company Amorim. The initiative aims to recover and recycle corks from bottles uncorked in their hotels to give them a new use, converting them into cladding and insulation material to be used as raw material in the group's rooms. This insulating material reduces noise pollution and the need for artificial air-conditioning in the rooms, thus improving their energy efficiency. In addition, in 2023 the Avani brand has made available to customers a cork die with printed QR codes as a sustainable alternative to the paper information that customers find in the room. This die, made in collaboration with Amorim, has a QR code on each side to provide guests with all the information they need during their stay.

Waste cooking oil for biodiesel

In line with our environmental commitment, all waste oils generated in hotels in Spain are managed through an authorized manager and used as raw material to manufacture biodiesel, which is then used as a renewable fuel.

Certified sustainable fish and urban vegetable gardens

Two lines of action are prioritized, focused both on the purchase of certified fish with sustainable guaranteed seals and the installation of urban vegetable gardens in some of the establishments. This project is committed to the reduction of CO2 emissions, as well as to local products, Km0 and the conservation of marine and terrestrial biodiversity.

Bottled water

We are currently committed to reducing bottled water consumption. To this end, several of the Company's hotels have installed water fountains to offer customers in meeting rooms, reception areas and at our points of sale, allowing us to significantly reduce the consumption of bottled water, whether glass or plastic.



Avani Palazzo Moscova
Milan, Italy

Notable local projects

Region Americas

Bottle cap collection for social projects

The hotels belonging to the Americas Region have carried out a project to reduce plastic waste and generate resources that are converted into health. This initiative involves collecting plastic bottle caps for recycling so as to fund treatments and care for children and young people with cancer. The collection is carried out through containers installed in the hotels and both guests and team members are encouraged to participate. This has been possible thanks to the collaboration with respected foundations such as *Banco de Tapitas*, *Fundación Sanar Niños con Cáncer*, *Fundación Garrahan* and *Damas de Café*. In 2023, 2 metric tons of caps were collected.

Green Planet by NH Initiative

Continuing with the task of raising awareness among team members, in 2022 the Americas Region created the "Green Planet by NH" campaign. This campaign focused on raising awareness and training team members. In 2023 the campaign has focused on obtaining Green Key certification for hotels and executing energy CapEx.

Region Northern Europe:

In line with its commitment to circularity, NH Hotel Group actively seeks alternatives to reduce waste generation. In this regard, the Company has implemented a pilot project which, based on a study of the waste generated and on coffee grounds, aims to establish an extended PMC (plastic, metal and beverage carton) and ground coffee waste separation plan in three pilot hotels in the Netherlands for 2023.

In addition, in collaboration with Ecocreation, NH Hotel Group is developing a pilot project called "Ecocreation Ecodigester". This initiative, which started in December 2022, involves the NH Collection Eindhoven Centre and NH Conference Centre Koningshof hotels (Netherlands).

The aim of the project is to achieve a reduction in waste of 15% of the original volume by installing composters in the hotels to create compost that will be used as fertilizers for the surrounding woodland areas.

Region Southern Europe:

Portugal by Nespresso

NH Hotel Group is collaborating with Nespresso for a more circular economy and responsible waste management. The initiative consists of the delivery of used capsules to Nespresso so that the coffee grounds can be extracted and reused as compost to grow km-zero rice. Furthermore, depending on the number of kilograms of capsules delivered to it, Nespresso donates the corresponding metric tons of rice to the Food Bank institution.

Local accommodation for birds

Hotels in the Algarve are taking part in a biodiversity project called "Alojamento Local para Aves" throughout 2023 by installing and monitoring nest boxes for various bird species, in collaboration with the Associação Vita Nativa and the Direcção Regional do Algarve do Instituto de Conservação da Natureza e das Florestas. Over the course of two years, this project will install and monitor a total of 2,000 nest boxes for various urban bird species throughout the Algarve, as well as carrying out educational and environmental awareness activities with the community.



Anantara Plaza Nice Les Colonnades
Nice, France

nh | HOTEL GROUP
PART OF
MINOR
HOTELS

11.3

UP FOR PLANET

SUSTAINABLE
PROCUREMENT

SUSTAINABLE PROCUREMENT



Through this pillar, NH Hotel Group strengthens its sustainable value chain, prioritizing key partnerships, increasing consumption from local suppliers and responsible organizations.

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).

737.5 M€

ANNUAL PURCHASE VOLUME (OPEX + CAPEX) in 2023

+33.0% compared to 2022

€618.0 M€

TOTAL VOLUME OPEX in 2023

+26% con compared to 2022

Purchase volume by Region (CAPEX + OPEX)* (in million €)

	2023	2022	Variation (in %)
Region America	37.1	37.1	-0.1%
Region Northern Europe	283.9	214.8	32.2%
Region Southern Europe	416.5	302.6	37.7%
Total	737.5	554.5	33.0%

*Excluding rental expenses paid, commissions and volume discounts on sales and supplies, among others.

Purchase volume by type of service (CAPEX + OPEX)* (in million €)

	2023	2022	Variation (in %)
F&B (Food & Beverages)	143.0	110.0	30.0%
OSE (operating costs)	475.1	379.2	25.3%
CapEx (Construction)	119.5	65.3	83.0%

The increase in the volume of purchases this year is mainly due to the reactivation of the business.

Procurement Policy

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

The Procurement Policy contributes to reinforcing:

- The commitment to guarantee transparency, honesty and ethics in the procurement function.
- The need to carry out professional contracting processes to optimize results.
- The need for alignment with internal control guidelines, such as timely and proper updating and communication to all the Company's team members.

As indicated in the NH Hotel Group Procurement Policy, all services or products included in categories for which Coperama has to handle the contracting process are part of the Procurement Perimeter. In the total OPEX procurement volume, the Procurement Perimeter encompasses 90% of the hotels in NH Hotel Group's consolidated perimeter of NH Hotel Group.

The Procurement Perimeter is reviewed periodically by NH Hotel Group and Coperama to ensure that it is always make these privacy policies and legal disclaimers accessible to customers. s to the Company's needs.

With regard to OpEx*:

554.6 M€

TOTAL VOLUME
PROCUREMENT
PERIMETER

399.3 M€

VOLUME OF
APPROVED
PURCHASES IN THE
PROCUREMENT
PERIMETER

72%

APPROVED
PROCUREMENT IN THE
PROCUREMENT
PERIMETER

*Excluding utilities

Sustainable Procurement Commitment

NH Hotel Group seeks to assure a fair, transparent and ethical value chain, and involve its suppliers from the first contact with the Group, adopting at all times a proactive attitude to their needs and supporting them in the development of new capabilities. Accordingly, in July 2023, the Executive Sustainable Business Committee approved a "Sustainable Procurement Commitment" which is applicable to the entire Group. This Commitment has been developed in the framework of the Company's Procurement Policy and is an appendix to it.

The products, services and activities of NH Hotel Group's suppliers can have an impact on the Company's reputation, affecting the level of trust of other stakeholders. Suppliers must comply with NH Hotel Group's Procurement Policy and with the rules established in this document, the applicable laws and regulations, and ask their supply chain, including third-pay employment agencies, to do the same.

The Procurement Policy establishes the overall framework for the control and management of the (market, credit, business, regulatory, operational and reputational cybersecurity and criminal) risks deriving from purchasing equipment and material, and contracting goods and services through NH Hotel Group, with special emphasis on compliance with ethical commitments by the Group's professionals and its suppliers.

NH Hotel Group is not the co-owner or co-employer of any of its suppliers, each of which is the sole employer of its team members and, therefore, fully responsible for any of its decisions related to the job and for compliance with all applicable laws, rules and regulations in the operation of its business. Failure to comply with NH Hotel Group's Code of Conduct for Suppliers may give rise to termination of the contract as a supplier of the Group.

Initiatives in 2023 to advance towards a sustainable procurement model

Buyer training

The profile of buyers is a key element in transforming the Company's supply chain. Therefore, as part of the ESG development program in the Group's supply chain, specific training has been provided to the procurement team on the European taxonomy of sustainable activities and on sustainability in general. This training is focused directly on their tasks as buyers and the processes in which they are involved.

Switch to more environmentally friendly products

- Ecolabel certified cleaning products in some hotels. This certification allows us to know whether a product or service has been created following sustainable production standards.
- New compostable coffee capsules for some hotels in Spain and Portugal. This type of capsules facilitates management of the end of their useful life as they can be turned into compost.
- New hamburgers in room service in Spain with CCPAE certification as a locally produced organic product.
- Update of the organic coffee certification with the approved national supplier in Colombia-
- New bin bags have been selected in Spain which will start to be used in 2024. They are made with 100% recycled plastic and some of them are biodegradable. They will help to develop the ongoing waste management project.

Ecoperama

As part of the sustainable improvement in the group's supply chain, the Ecoperama project is in the process of being developed. This is a project that has been developed in parallel with a marketplace through which the hotels' purchases will be made.

In Ecoperama the supplier's sustainability will be valued and will serve to give visibility to such suppliers/products over others, distinguishing them in the marketplace. Accordingly, on making the purchase, it will be possible to value the supplier's capacity for change and efforts towards a more sustainable market.

Supplier approval

The selection of suppliers, and the working relationship with them, is based on transparency, honesty and ethics with the clear goal of assuring an excellent, efficient and high-quality provision of services.

Since 2010, the different procurement departments of the Company have become the different Coperamas (companies wholly owned by NH Hotel Group). Their function consists of seeking, rating and approving suppliers, as well as negotiating and contracting the goods and services necessary for the correct operation of hotel management. Each local Coperama provides service to the Regions of the NH Hotel Group assigned to it. Coperama Holding provides service at corporate level to the Group in all its locations.

I. Invitation to tender

Supplier management starts when a need is detected and continues until the service has been finally provided:



Before the procurement process by hotels and offices 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 both economic, quality and ESG matters.

Through the invitations to tender, Coperama seeks the most efficient supplier in quality, price and services. The phases of the contracting processes are:

- RFP (Request For Proposal): specifications
- RFI (Request For Information): request for technical information and elimination phase.
- RFQ (Request For Quotation): request a financial quote.

NH Hotel Group uses its Electronic Negotiation Platform for the management of tenders. This tool allows, through its RFI, to evaluate and analyse the legal, financial, environmental, operational and the social and labour situation of those suppliers that apply for tenders. In this way, the possible risks that suppliers may generate in future operations with the Company are reduced. In this part of the tender, suppliers must accept both the Group's Code of Conduct and Coperama's Supplier Code of Conduct, which includes environmental and labour commitments.

In order to ensure a responsible operation and achieve long-term relationships with suppliers, Coperama includes ESG criteria in its RFI, thus increasing the weight of the score in the Sustainability questions and prioritizing suppliers with sustainable criteria. This questionnaire is part of the overall assessment for the validation process.

There are some criteria in the RFI that, if not accepted or implemented by suppliers, would result in their automatic disqualification from the tender. One of these criteria is the signature of both the Group's Code of Conduct and the Coperama Supplier Code of Conduct, by which NH Hotel Group is governed.

Throughout the entire process, a special focus is placed on sustainability, in order to try to mitigate possible negative impacts on the environment, while mitigating the risks inherent in the operation of the supply chain.

Although NH Hotel Group does not currently conduct social and environmental audits of its suppliers, it works continuously to align ESG criteria with sustainable supply chain management. To ensure responsible sourcing, the Company has developed a series of procedures to help reinforce this commitment.

2. Contract

The winning supplier will sign the Coperama Approval Contract, which contains, among other documents, the Coperama Supplier Code of Conduct and the NH Hotel Group Code of Conduct. The signature of this contract grants the supplier the status of Approved Supplier. Clauses referring to the sustainability of the supplier have already been included in this contract, in order to provide contractual validity to the sustainable aspects of the services or products provided by the supplier.

In addition, and as part of the Approval Contract, the SLA (Service Level Agreement) is applied, which parameterizes the level of service and penalizes any deviation in the service offered by the supplier.

Failure by the supplier to comply with any of the clauses of the Approval Contract, as well as any of its terms or annexes (e.g. NH Hotel Group Code of Conduct or the Coperama Supplier Code of Conduct) will lead to automatic termination of the contract, giving rise to the possibility of taking legal action against the supplier.

1,835

NOMINATED SUPPLIERS
WITH SIGNED CODE OF CONDUCT
CURRENTLY IN FORCE

151

NEW SUPPLIERS
WITH THE CODE OF CONDUCT
SIGNED IN 2023

During 2023, a total of 151 new suppliers globally have signed up to the NH Hotel Group Code of Conduct and the Coperama Code of Conduct. This brings the total number of active suppliers with signed codes to 1,835. in 2023.



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.

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 the responsible sourcing 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 procurement from nominated suppliers within the Procurement Perimeter.

Although in 2023 the targets for approved purchases were also not achieved, they have increased by 31% across the group. For this year, the Company will continue to strive to achieve its original target.

62%

APPROVED PROCUREMENT
(OpEx+ CapEx)

85%

APPROVED PROCUREMENT GOAL IN
2023

90%

OF PROCUREMENT VOLUME IN 2023 IS
FROM LOCAL SUPPLIERS

95%

OF PROCUREMENT VOLUME IS
CONCENTRATED IN THE EUROPEAN
REGION

13,875

TOTAL SUPPLIERS*

13,244

LOCAL SUPPLIERS**

*Suppliers with invoices recorded in 2023.

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

Number of suppliers by Region*

	2023	2022	Variation (en %)
Region America	2,154	2,288	-5.9%
Region Northern Europe	5,521	4,960	11.3%
Region Southern Europe	6,392	5,448	17.3%
Total	13,875	12,532	10.7%

*The sum of the number of suppliers differs from the number of total suppliers, since the same supplier can serve more than one Region.

Other relevant figures (in €)

	2023	2022
Total approved procurement volume (OpEx) at global level in the Purchasing perimeter	399,259,303.5	314,594,721.5
Total approved procurement volume (CapEx) at global level	50,591,182.3	29,666,353.1
% of procurement volume in Europe	95 %	94 %

Critical Supplier Analysis

NH Hotel Group works to expand sustainability to a supply chain that is permanently improving, with innovation always at the forefront, made up of the best partners and suppliers. The supply chain management process is based on an assessment of the intrinsic risk factor of outsourcing a service or the supply of a product.

In order to carry out the management, NH Hotel Group has identified its critical suppliers as those that may affect the Company at a reputational level (or generate an operational and/or legal risk) or because they have a significant volume of turnover or because they have products specially designed for the Company. In accordance with the above definition, the critical categories for NH Hotel Group from a business point of view would be the subcontracting of cleaning services, security services, laundry, amenities and textiles, the latter belonging to Tier 2.

25%

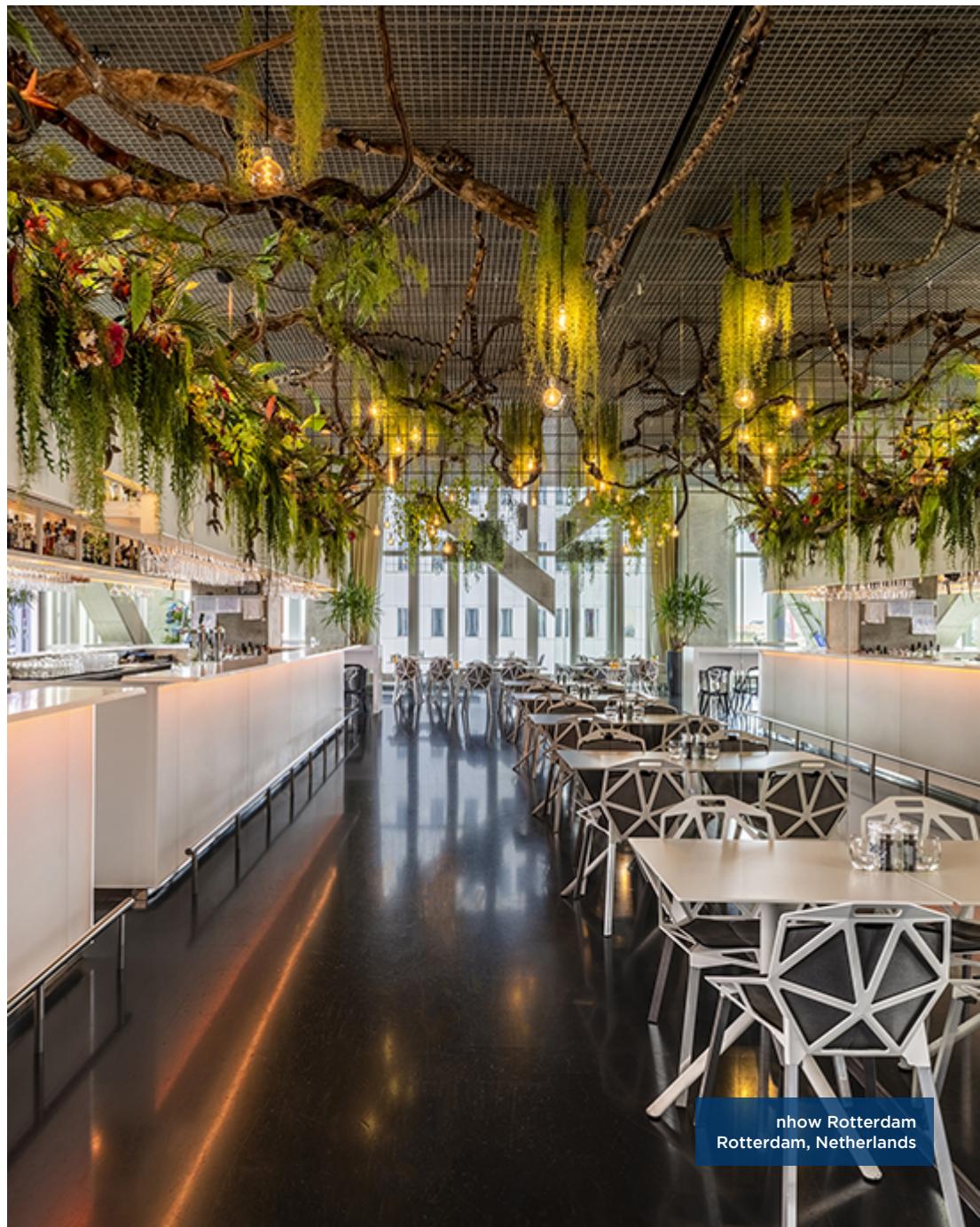
PROCUREMENT VOLUME
FROM CRITICAL
SUPPLIERS

367

CRITICAL SUPPLIERS
IDENTIFIED

The selection of these suppliers has to be carried out using the highest quality standards, which will be established by the RFP document, 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 requisites included in it.

The SLA is also applied. 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 2023, no such case has arisen in any of the Regions.



Corporate Sustainability Due Diligence Directive (CSDDD)

Following the publication of the draft CSDDD, the Group has started to work on the due diligence process in the Company's supply chain. This process involves a series of phases in which work is being carried out in order to incorporate the criteria of the directive in internal processes and in relations with suppliers. For this reason, the ESG Supplier Program has been developed, adapted to comply with the draft CSDDD and taking into account best practice industry standards such as the "OECD Due Diligence Guidance for Responsible Business Conduct".

ESG Supplier Program

In 2023 the supplier analysis process has continued in relation to all ESG-related matters. This process has been enhanced by emulating the best standards and practice in the industry in order to detect actual and potential sustainability risks in the supply chain, and overcome or mitigate them. Through this process, the Group assures best compliance with all the different aspects of its Code of Conduct: environmental, social and governance. This continuous monitoring process will be carried out at least one a year.

To this end, a series of steps have been established that include: supply chain screening, supplier self-assessment together with training, response analysis, risk detection and subsequently an improvement or corrective plan and comparative report for the supplier,

Buyers also play a fundamental role in this program as they are in direct contact with the different suppliers. This is why specific sustainability training has started for buyers in their role as liaison with the supplier.

Understanding that the supply chain is a fundamental part in the group's sustainability, this program will be carried out annually with the aim of shifting the supply chain towards a more sustainable model. The process itself will be analyzed on an annual basis and improvements will be proposed.



Review of the process and repetition the following year

This ESG supplier development process is carried out by the sustainability department together with the purchasing department and, if necessary, the relevant departments are involved.

1. Screening

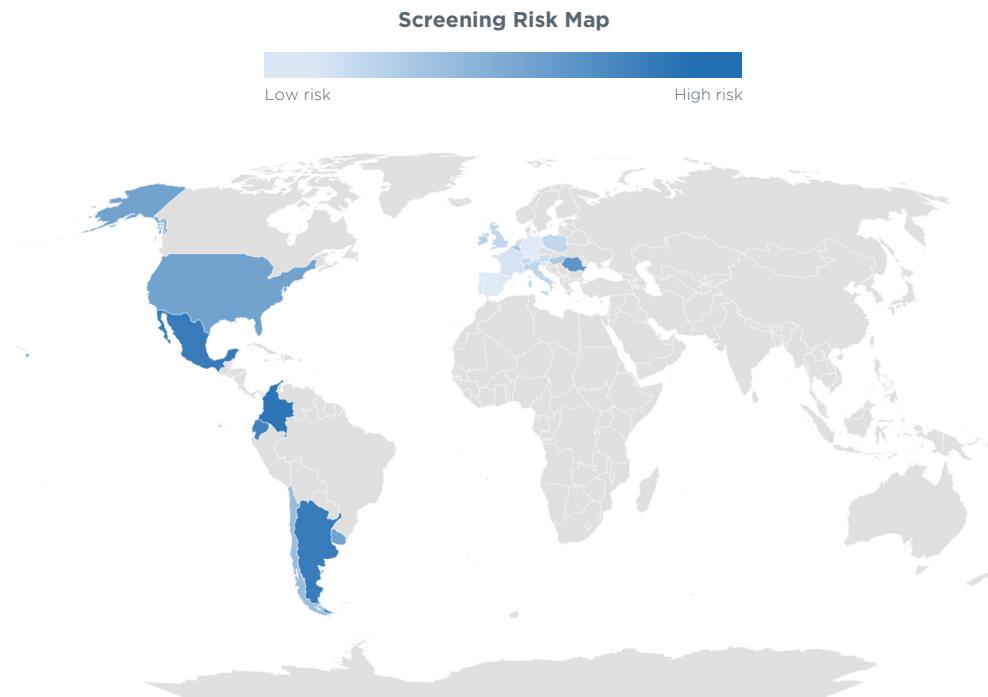
The first step consists of detecting the significant suppliers in the Group's supply chain¹. To this end, a screening of the supply chain has been carried out to detect the most relevant suppliers for this analysis. In previous years, this analysis only included aspects of business relevance; this time, in addition to aspects of business relevance, environmental, social and governance issues have been included.

In order to perform a holistic risk mapping, in this screening, environmental, social, governance and business relevance aspects have been considered. To be specific, 54 indices or metrics have been considered that bring together the criteria of these 4 fundamental aspects.

¹ The data analysed in the 2023 screening was extracted from purchases made throughout 2022.

Three different points of view have been taken into account:

1. Firstly, an approach by country where the supply chain is located. This approach is particularly important in order to detect the countries at international level where the suppliers are located and which could represent a high potential risk in any of the 4 aspects mentioned above. For this purpose, the 52 countries in which the Group has made purchases from suppliers have been taken into account.



2. Secondly, an approach at the supplier sector level. NH's supply chain is very diverse, resulting in purchasing relationships with suppliers from many different sectors. For this analysis, 146 internal sub-categories from different sectors have been taken into account. This has made it possible to detect which suppliers' sectors could pose the greatest potential risk in any of the 4 aspects mentioned above.

- Finally, 25 different commodities on which the group's supply chain depends have been analyzed. In this way, it has been possible to detect the possible risks related to any of the raw materials needed and their suppliers to carry out the Group's activity.

Having established the screening methodology, we have detected the countries, sectors and commodities that pose the greatest number of potential risks related to the environmental, social, governance and business relevance aspects chosen.

Following this methodology, and taking into account the date of the analysis data, a total of 1002 potentially significant suppliers have been detected in terms of ESG risk and business relevance. These 1002 suppliers represent 8% of the total number of suppliers for the same year and account for 80% of the procurement expenditure of the data analyzed.

In relation to Tier 2, only 2 suppliers potentially significant for the business have been counted. For next year, we intend to carry out a more in-depth mapping that includes a larger number of Tier 2 and even Tier 3 suppliers.

With this screening and the mapping of the Group's supply chain, it has been possible to detect the red flags that have allowed us to prioritize a total of 68 suppliers, out of the total of 1002 ESG significant suppliers, to be analyzed in greater depth. For future years, we intend to increase the scope of the program to a greater number of suppliers. The aggregate procurement volume of these 68 suppliers accounts for 30% of the Company's purchases and 37% of purchases from potentially significant suppliers.

In addition to this screening, and focused on the analysis of the group's carbon footprint, the categories of dairy products, dry feeding and perishable fresh have been selected and the 50 suppliers with the highest volume of emissions in these categories have been selected. These suppliers have been included in a similar specific process (Carbon Assessment) but focused on reducing the carbon footprint. The volume of purchases analyzed with this process is 7% of the total purchases in the same year and corresponds to 11% of the total emissions calculated for the year of the data analyzed.

As a final result, the % of the total procurement volume that has been selected in both processes combined (Carbon Assessment + ESG Supplier Program) is 34%² The data analysed in the 2023 screening was extracted from purchases made throughout 2022. of the total purchases for the year of the data analyzed (2022) and 43%² of total purchases from significant suppliers in terms of ESG risk in the same year.

² Some suppliers have been included in both the Carbon Assessment and the ESG Supplier Programme.

2. Self-assessment questionnaire

After selecting the significant suppliers, they were sent a questionnaire to complete. This questionnaire has 134 questions on various matters included in the ESG approach and relevant for the business.

The matters discussed in the questionnaire are related to general management of the business, ESG standards, human rights, health and safety, business ethics, environment, energy, water, production and waste management, plastic, biodiversity, circular economy, supplier management, policies and regulation and possibilities of collaboration towards a more sustainable model. If necessary, together with the questions, documentation may be requested to verify the veracity of the response. 10% of the questions refer directly to compliance in relation to human rights.

The suppliers are also provided with:

- A link to the whistleblowing channel.
- The group's code of conduct.
- A training manual on the sustainability matters raised in the questionnaire.

The response ratio this year was 95% of the selection procurement volume. For next year, we will work on increasing the response ratio. As far as possible, we will attempt to achieve a 100% response rate from the selected suppliers.

At present, clauses have been included in new contracts concerning the supplier ESG analysis process, so that it is a process which the supplier is contractually required to undergo once a year. In other words, this annual monitoring process is added to the initial ESG criteria requirement through the RFI in the contract award process.

3. Analysis of responses

After sending the questionnaire, the responses provided were analyzed and their veracity was verified by asking for additional information, documentation or certificates.

In analyzing the responses, the volume and capacity of the supplier and its sector were taken into consideration. In this way, conclusions can be drawn and similar suppliers can be compared according to their main characteristics.

In this analysis of the responses, the importance of some of them and their repercussion on the development of the supply chain have been emphasized in line with the Group's strategy and the draft European Corporate Sustainability Due Diligence Directive (CSDDD).

4. Corrective action plan - recommendations and comparative report

After analyzing the responses, the suppliers are classified and those which could implement improvements in their processes from the ESG and business standpoint are identified.

These suppliers are contacted and sent an improvement or corrective plan, estimated timescale for implementation and examples of the proposed improvements. NH offers remote support to suppliers to comply with these stipulated objectives, so that they will have been able to execute the recommendations by the following year. If the improvements are not implemented, in accordance with the CSDDD priority will be given to supplier development, offering greater support. However, if the supplier's negative situation persists over time, NH Hotel Group reserves the right to rule out that supplier for new contracts.

All the suppliers are also sent the document setting out the responses provided, together with the report on the total responses received, so that they can access and compare their responses with their peers and establish improvements for the following year in relation to ESG aspects.

An important statistic in carrying out this supplier development program is that 88% of suppliers that responded would like to be part of a supplier sustainable development program supported by NH Hotel Group. For this reason, work has started on developing an ESG development program in greater depth focused on long-term improvement in suppliers.

5. Analysis of the process, KPIs and improvement

The summarized KPIs of the process are shown below. These KPIs serve as a baseline for monitoring the status of the process and improving it.

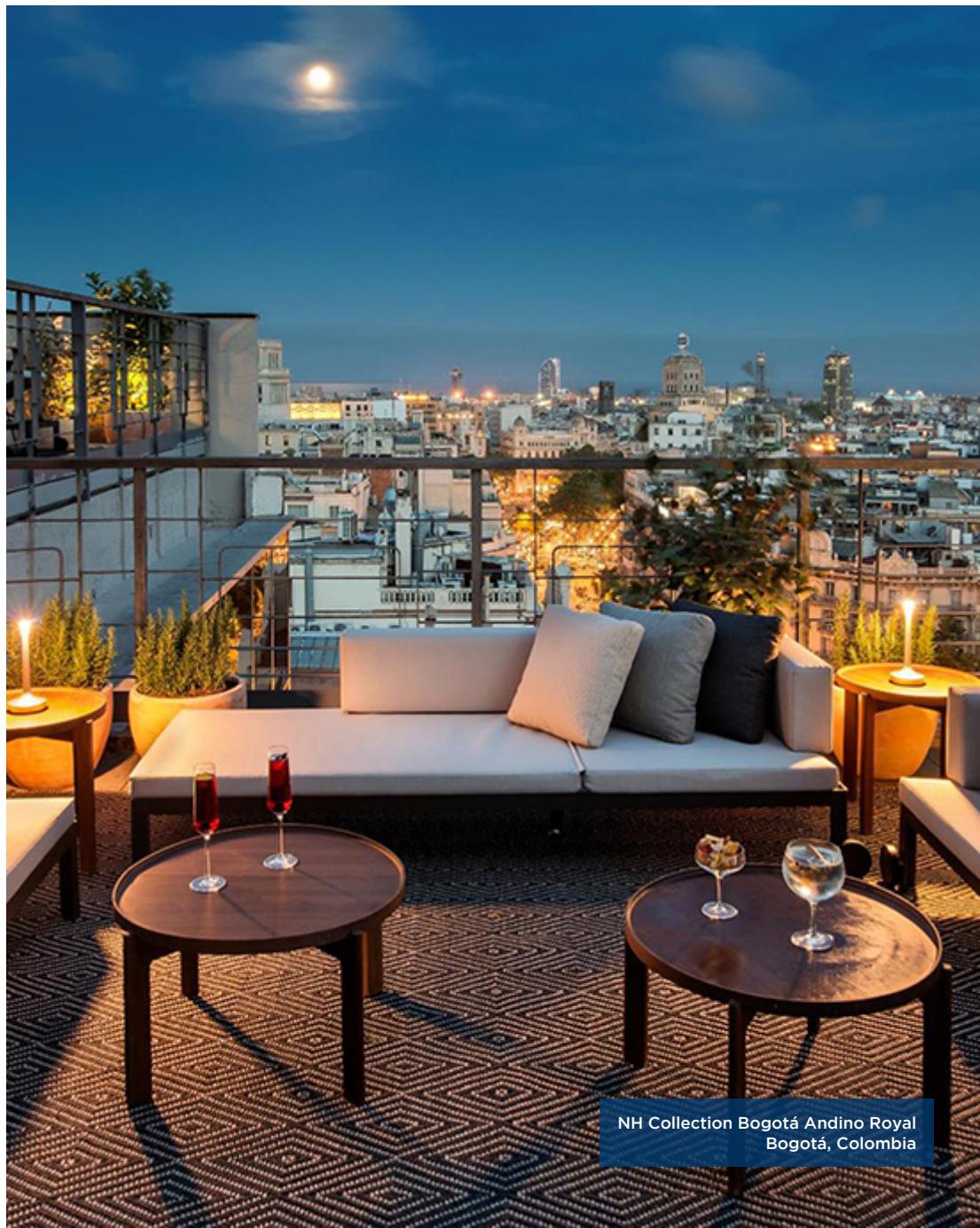
ESG Supplier program	Definition	Number of suppliers	% of total suppliers	% of total direct purchase volume
Total number of suppliers analyzed	All suppliers in the supply chain analyzed in the ESG supplier screening	12,532	100%	100%
Screening of Tier 1 suppliers	Suppliers identified as ESG significant. Tier 1	1,002	8%	80%
Screening of Tier 2 suppliers	Suppliers identified as ESG significant. Tier 2	2	—%	—%

The data analysed in the screening, carried out at the beginning of 2023, were drawn from purchases made in the previous full year

ESG Supplier program	Number of suppliers	% of ESG significant suppliers	% of total procurement (CapEx+OpEx)	% of procurement from ESG significant suppliers (CapEx+OpEx)
Suppliers included in ESG Assessment process	68	7%	30%	37%
Suppliers with ESG aspects to improve detected	56	6%	27%	34%
Suppliers to which an improvement plan is sent	56	6%	27%	34%
Suppliers expected to be invited to ESG in-depth development program	49	5%	22%	28%

Carbon Assessment	Number of suppliers	% of total procurement (CapEx+OpEx)	% of total Scope 1, 2 and 3 emissions	% of Scope 3 emissions
Suppliers included in the Carbon Assessment	50	7%	11%	15%

**Figures for the year of the data analyzed in the screening*





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12
UP FOR PEOPLE

12. UP FOR PEOPLE

In the context of the UP FOR PEOPLE pillar, the Company promotes the professional development of its team members, while creating a positive impact in the places and communities where it is present, to offer guests the best experience, enabling them to participate in the sustainable commitments. Under this pillar, the commitments of three categories of stakeholders are managed:

- **Team members**, by promoting a responsible culture and fostering inclusion, diversity and wellbeing for all of them.
- **Customers**, by providing an excellent service through sustainable and innovative solutions.
- **Community**, by creating a social and environmental impact in the places where it operates.

In the following pages, the main projects carried out and impacts produced in respect of each of these pillars are identified.

UP FOR PEOPLE



TEAM MEMBERS

Promote a responsible culture and sustainable mindset for teams and fostering diversity, ethics and wellbeing.



CUSTOMERS

Provide excellent service through innovative sustainable solutions, while educating and actively involving customers in their projects and commitments.



COMMUNITIES

Support key partners, creating positive social and environmental impact on the local communities where the Company is present.



Tivoli Alvor Algarve Resort
Algarve, Portugal

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12.1

UP FOR PEOPLE

TEAM MEMBERS

TEAM MEMBERS

UP FOR PEOPLE

"Promoting a responsible culture and a sustainable mindset for their teams while fostering diversity, ethics and wellbeing are some of their priorities"

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

In NH Hotel Group's business strategy, the corporate culture is key. The Company considers its human capital to be its principal asset and understands that in order to build a firm corporate culture, it is essential to manage the attraction and development of talent, and also to sustain their motivation and their pride in belonging to NH Hotel Group. To this end the Company's people strategy focuses on the values established in its Sustainable Business model, such as leadership, equal opportunities, communication and innovation which aim to create a homogeneous culture. This culture fosters responsible behavior in all team members who form part of the NH Group.

This year, key projects of the people strategy have been consolidated, and the foundation has been laid for the launch of strategic initiatives which are grouped in along three major lines of action:

- Organizational commitment.
- Talent attraction and management.
- Value proposition for team members.

To bolster organizational commitment as a lever of the people strategy, the Company has focused on evolving and extending the opportunities for listening to team members in order to get closer to its team members and implement specific actions accordingly or address critical points of people management that will encourage continuous improvement. Internal communication channels have also been improved and extended, with the aim of reaching all team members.

In addition, the talent pools and succession, career development and retention plans for key roles in the Company have been updated. Furthermore, in 2023 the performance review and talent management model has been consolidated, the main aim of which is to strengthen meritocracy and skills development as key levers for growth and development in the Company.

This model, based on key objectives, skills and capabilities for NH Hotel Group, covers all fixed team members who have been with the Company for more than 3 months.

Incorporating the best talent in all areas of the Company is also one of the priorities of NH Hotel Group. Another of the actions undertaken during the year has been to bolster the employer brand image, emphasizing the benefits of joining a global Company.

In 2023, the redefined talent attraction and retention strategy has been consolidated with the aim of tackling the new market reality and NH Hotel Group's needs. In this way the Company makes progress in the advancement of internal mobility of team members, as well as promoting actions to attract external talent, strengthening relations with the network of academic institutions we have been collaborating with for some time and incorporating new organizations, all with the aim of supporting and promoting interest in a career in the hotel industry among young people.

At the same time, the employee value proposition has evolved to assure talent attraction and long-term retention, reconsidering the importance of key elements such as career development, wellbeing or compensation, among others.

It should be noted that in the last two years the Company has resumed very relevant processes in the people strategy, such as the climate survey, talent calibrations, the recognition, training and internal development programs, among others. All of these have been adapted to the Company's new reality. In all these ways, NH Hotel Group has continued to care for its teams and has provided them with tools to manage the uncertainty of past years, and focuses on identifying, developing and retaining talent.

In addition, the Company will continue to reinforce its commitment to its team members and to create optimal working environments to maximize their contribution.

People Strategy

Throughout the year, NH Hotel Group has maintained the focus on its strategic pillars, ensuring that it continues to uphold its long-term vision, but adapting the initiatives launched so that they made sense and were useful in the complex individual, social and company context of recent years.

The main projects in place in this strategic pillar are highlighted below:

Strategic lines of work in the People area

Organizational commitment

- Creation of action plans at all levels, based on the results of the 2022 climate survey.
- Launch of the engagement pulse to measure the impact of the action plans designed.
- Launch of the team member suggestion box as continuous feedback channel for team members to make the Company a better place to work.
- Relaunch of the corporate university identity as a driver of the commitment to and extension of the available online training for all team members.
- Updating the channels strategy to boost and maintain internal commitment, as well as to strengthen its role as a lever of change management.

Talent attraction and management

- Continuing the talent calibration process in key positions.
- Promoting the use of the feedback function in the standard performance management process, beyond the manager perspective.
- Expanding global recruitment sources based on profile segmentation.
- Promote internal mobility, especially in terms of task forces that allow team members to have international experiences and get to know other brands within the Company.
- Diversity employer branding actions, focusing on collaboration with the top hospitality schools in Europe.
- Give greater visibility to sustainability content as a relevant lever for attracting and retaining talent.

Value proposition

- Levelling of all company-wide roles by analysing the contribution of existing roles to the Company's new strategic lines.
- Strengthening Pay for Global Performance with the introduction of variable pay in 2023 and a new cycle of the Long-Term Incentive Plan.
- Definition of new salary increment models, enhancing the existing models with talent parameters.

Our Team Members

As of 31 December 2023, the distribution of the workforce by gender and professional category is as follows:

Team members by category (in headcounts)

	12/31/2023		12/31/2022	
	Male	Female	Male	Female
Group General Management	7	2	6	2
Directors and Heads of Department	886	694	864	647
Technicians	522	582	514	493
Commercial	304	696	257	580
Administration	53	100	49	94
Rest of staff	4,754	5,018	4,321	4,624
Total	6,526	7,092	6,011	6,440

However, all information relating to team members corresponds to full-time equivalent (FTE) figures for all types of team members (except Outside Labor, Extra Labour and Trainees) considering hotels under ownership, lease, and management included in NH Hotel Group's ERP SAP HCM management system. In this regard, the system does not include data for Andorra, Brazil, Cuba, Haiti, Poland and Tunisia.

Based on this scope, in 2023, NH Hotel Group had 14,431 team members, located in 24 countries, where 51% are women and 49% men.

Team members by Region

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Difference (in %)	2023	2022	Male
Headquarters	515	423	21.7%	515	423	21.7%
Region America	1,855	1,592	16.5%	2,190	1,939	13.0%
Region Northern Europe	4,754	4,340	9.5%	5,281	4,846	9.0%
Region Southern Europe	5,312	4,641	14.5%	6,444	5,593	15.2%
Total	12,436	10,995	13.1%	14,431	12,800	12.7%



Breakdown of team members by country and gender

Consolidated perimeter

	2023			2022			Variation (%)
	Female	Male	Total	Female	Male	Total	
Argentina	284	253	537	218	201	419	28.3%
Austria	146	127	273	126	121	247	10.5%
Belgium	288	245	533	275	229	504	5.8%
Chile	95	69	164	86	60	146	12.3%
Colombia	240	254	494	186	218	403	22.6%
Czech Republic	39	29	68	31	24	55	24.0%
Denmark	33	54	87	28	37	65	33.8%
Ecuador	21	26	46	18	25	43	7.6%
France	124	158	281	72	89	162	73.7%
Germany	967	983	1,949	887	866	1,753	11.2%
Hungary	54	41	94	48	34	82	14.8%
Ireland	66	74	140	60	72	133	5.3%
Italy	657	814	1,471	556	676	1,232	19.4%
Luxembourg	21	23	44	21	21	42	5.6%
Mexico	297	283	580	285	268	553	4.9%
Netherlands	763	697	1,461	693	666	1,359	7.5%
Portugal	321	286	608	247	235	481	26.3%
Romania	18	9	28	18	8	25	10.3%
Spain	1,800	1,575	3,375	1,641	1,463	3,104	8.7%
Switzerland	41	36	76	33	31	64	19.5%
United Kingdom	0	0	0	7	4	11	-100.0%
United States	58	34	92	55	30	84	9.9%
Uruguay	17	16	33	14	13	27	22.5%
Total	6,349	6,087	12,436	5,605	5,390	10,995	13.1%

Breakdown of team members by country and gender

Corporate perimeter

	2023			2022			Variation (%)
	Female	Male	Total	Female	Male	Total	
Argentina	284	253	537	257	251	507	6.0%
Austria	146	127	273	126	121	247	10.5%
Belgium	298	250	548	303	246	549	-0.2%
Chile	136	98	234	99	70	169	38.4%
Colombia	248	263	511	189	222	411	24.4%
Czech Republic	132	104	237	122	89	211	12.2%
Denmark	33	54	87	28	37	65	33.8%
Ecuador	21	26	46	18	25	43	7.6%
France	124	158	282	72	89	162	73.8%
Germany	967	983	1,949	887	866	1,753	11.2%
Hungary	54	41	94	48	34	82	14.8%
Ireland	66	74	140	60	72	133	5.3%
Italy	657	816	1,473	556	680	1,236	19.2%
Luxembourg	21	23	44	21	21	42	5.6%
Mexico	422	406	829	403	379	781	6.1%
Netherlands	874	826	1,700	791	780	1,571	8.2%
Portugal	785	804	1,589	638	652	1,290	23.2%
Romania	18	9	28	18	8	25	10.3%
Slovakia	27	21	48	27	20	47	2.8%
Spain	1,891	1,632	3,523	1,730	1,514	3,244	8.6%
Switzerland	41	36	76	33	31	64	19.5%
United Kingdom	24	32	56	30	28	58	-3.5%
United States	58	34	92	55	30	84	9.9%
Uruguay	17	16	33	14	13	27	22.5%
Total	7,344	7,087	14,431	6,525	6,276	12,800	12.7%

Breakdown of team members by gender

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Variation (%)	2023	2022	Variation (in %)
Female	6,349	5,605	13.3%	7,344	6,525	12.6%
Male	6,087	5,390	12.9%	7,087	6,276	12.9%
Total	12,436	10,995	13.1%	14,431	12,800	12.7%

*The breakdown is based on the information collected in NH Hotel Group's ERP SAP HCM. In this regard, when an team members is added to the platform he or she may be recorded in one of the three categories identified for gender. In this reporting year, the records show day for the category of man and woman.

Breakdown of team members by age and gender

Consolidated perimeter

	2023			2022			Variation (in %)
	Female	Male	Total	Female	Male	Total	
<30 years old	1,695	1,437	3,132	1,325	1,122	2,447	28.0%
30 - 50 years old	3,211	3,220	6,431	2,958	2,934	5,892	9.1%
> 50 years old	1,443	1,430	2,873	1,322	1,334	2,656	8.2%
Total	6,349	6,087	12,436	5,605	5,390	10,995	13.1%

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown.

Corporate perimeter

	2023			2022			Variation (in %)
	Female	Male	Total	Female	Male	Total	
<30 years old	1,973	1,730	3,703	1,560	1,346	2,906	27.4%
30 - 50 years old	3,691	3,713	7,404	3,405	3,385	6,789	9.1%
> 50 years old	1,680	1,644	3,324	1,560	1,545	3,105	7.1%
Total	7,344	7,087	14,431	6,525	6,276	12,800	12.7%

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown.

Breakdown of team members by professional category and gender

Consolidated perimeter

	2023			2022			Variation (%)
	Female	Male	Total	Female	Male	Total	
Top Management	134	245	379	125	239	363	4.4%
Middle Management	943	1,047	1,990	837	997	1,833	8.6%
Staff	5,272	4,795	10,067	4,644	4,155	8,799	14.4%
Total	6,349	6,087	12,436	5,605	5,390	10,995	13.1%

Corporate perimeter

	2023			2022			Variation (%)
	Female	Male	Total	Female	Male	Total	
Top Management	145	261	406	134	260	394	3.0%
Middle Management	1,034	1,164	2,197	925	1,107	2,032	8.1%
Staff	6,166	5,662	11,828	5,466	4,908	10,374	14.0%
Total	7,344	7,087	14,431	6,525	6,276	12,800	12.7%

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

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

Breakdown of team members by professional category and gender

Consolidated perimeter

	2023			2022			Variation (%)
	Female	Male	Total	Female	Male	Total	
Central Services & Headquarters							
Top Management	28	62	90	25	60	85	6.1%
Middle Management	258	186	445	216	175	391	13.7%
Staff	694	354	1,047	571	285	856	22.3%
Total	980	602	1,582	811	520	1,332	18.8%
Hotel							
Top Management	106	183	289	100	179	279	3.5%
Middle Management	685	861	1,545	621	821	1,442	7.2%
Staff	4,578	4,441	9,020	4,073	3,869	7,943	13.6%
Total	5,369	5,485	10,854	4,794	4,870	9,664	12.3%

Corporate perimeter

	2023			2022			Variation (%)
	Female	Male	Total	Female	Male	Total	
Central Services & Headquarters							
Top Management	28	62	90	25	63	88	2.5%
Middle Management	258	186	445	220	177	396	12.3%
Staff	694	354	1,047	605	300	905	15.7%
Total	980	602	1,582	850	539	1,389	13.9%
Hotel							
Top Management	117	199	316	109	197	306	3.2%
Middle Management	775	977	1,752	705	930	1,636	7.1%
Staff	5,472	5,308	10,781	4,860	4,609	9,469	13.9%
Total	6,364	6,485	12,849	5,675	5,736	11,411	12.6%

Quality job creation

NH Hotel Group's commitment to job stability can be clearly seen in the high percentage of team members with indefinite contracts, who total 11,665.

Type of contracts*

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Variation (%)	2023	2022	Variation (%)
Indefinite contracts						
Part-time	748	701	6.7%	795	728	9.3%
-Male	198	179	10.4%	215	188	14.5%
-Female	550	522	5.4%	580	540	7.4%
Full-time	9,632	8,662	11.2%	10,870	9,968	9.0%
-Male	4,890	4,433	10.3%	5,515	5,080	8.6%
-Female	4,743	4,428	7.1%	5,355	4,888	9.6%
Total	10,380	9,363	10.9%	11,665	10,696	9.1%
Temporary contracts						
Part-time	196	164	19.7%	220	181	21.8%
-Male	75	64	17.9%	87	73	19.2%
-Female	121	100	20.8%	133	108	23.6%
Full-time	1,859	1,469	26.6%	2,545	1,923	32.3%
-Male	924	714	29.4%	1,270	934	36.0%
-Female	936	754	24.1%	1,275	989	28.9%
Total	2,056	1,633	25.9%	2,766	2,104	31.4%

(*) Note for the interpretation of the data related to the annual average of contract modalities:

- Retired part-time team members are considered a temporary contract modality.
- Part-time contracts are a type of contract for both temporary and permanent contracts.

The increase in the number of contracts is due to the good performance recorded in the hotel business and, therefore, to the new hires made. Accordingly, in 2023, 83% of average contracts of women are indefinite (-1% vs. 2021).

Type of contract by region and gender

	Consolidated perimeter							
	2023				2022			
	Full-time		Part-time		Full-time		Part-time	
	Male	Female	Male	Female	Male	Female	Male	Female
Indefinite contracts								
Germany	813	715	18	100	707	633	13	97
Argentina	252	284	1	0	199	215	1	2
Austria	115	112	5	18	111	99	3	16
Belgium	216	238	4	20	205	222	5	22
Chile	69	94	0	1	60	86	0	1
Colombia	254	240	0	0	218	186	0	0
Denmark	51	30	3	2	35	26	2	2
Ecuador	26	21	0	0	25	18	0	0
Spain	1,403	1,550	24	70	1,300	1,389	18	59
United States	34	56	0	1	30	53	0	1
France	146	106	0	2	82	63	0	1
Hungary	40	50	0	4	33	43	0	5
Ireland	42	31	32	35	35	27	37	33
Italy	567	396	36	90	495	362	39	92
Luxembourg	22	19	1	2	20	18	0	3
Mexico	258	272	18	19	266	282	0	3
Netherlands	399	294	50	163	420	284	58	169
Portugal	135	170	0	1	126	149	0	1
United Kingdom	0	0	0	0	4	5	0	2
Czech Republic	22	23	1	5	15	17	0	4
Romania	9	18	0	0	5	16	0	0
Switzerland	33	24	3	16	29	22	1	10
Uruguay	16	17	0	0	13	14	0	0
Total	4,922	4,758	196	550	4,433	4,229	177	523

Type of contract by region and gender

	Corporate perimeter							
	2023				2022			
	Full-time		Part-time		Full-time		Part-time	
	Male	Female	Male	Female	Male	Female	Male	Female
Indefinite contracts								
Germany	813	715	18	100	707	633	13	97
Argentina	252	284	1	0	249	254	2	2
Austria	115	112	5	18	111	99	3	16
Belgium	220	246	4	20	219	246	5	22
Chile	98	135	0	1	70	98	0	1
Colombia	263	248	0	0	222	189	0	0
Denmark	51	30	3	2	35	26	2	2
Ecuador	26	21	0	0	25	18	0	0
Slovakia	21	27	0	0	19	25	0	1
Spain	1,448	1,627	24	73	1,338	1,462	18	61
United States	34	56	0	1	30	53	0	1
France	146	106	0	2	82	63	0	1
Hungary	40	50	0	4	33	43	0	5
Ireland	42	31	32	35	35	27	37	33
Italy	569	396	36	90	499	362	39	92
Luxembourg	22	19	1	2	20	18	0	3
Mexico	370	381	26	31	375	396	0	4
Netherlands	465	344	52	174	486	340	61	181
Portugal	383	376	1	1	394	378	1	1
United Kingdom	26	21	6	3	24	26	4	3
Czech Republic	68	80	1	5	61	79	0	7
Romania	9	18	0	0	5	16	0	0
Switzerland	33	24	3	16	29	22	1	10
Uruguay	16	17	0	0	13	14	0	0
Total	5,530	5,361	214	578	5,081	4,887	186	543

Type of contract by region and gender

	Consolidated perimeter							
	2023				2022			
	Full-time		Part-time		Full-time		Part-time	
	Male	Female	Male	Female	Male	Female	Male	Female
Temporary contracts								
Germany	147	144	4	7	142	150	4	6
Argentina	0	0	0	0	1	1	0	0
Austria	7	16	0	0	7	11	0	0
Belgium	24	29	1	1	19	31	0	1
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Cuba	0	0	0	0	0	0	0	0
Denmark	0	1	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Spain	134	162	14	17	131	174	13	19
United States	0	1	0	0	0	0	0	0
France	12	16	0	0	7	8	0	0
Hungary	0	0	0	0	1	0	0	0
Ireland	0	1	0	0	0	0	0	0
Italy	197	153	15	18	132	90	10	12
Luxembourg	0	0	0	0	0	0	0	0
Mexico	6	6	0	0	2	0	0	0
Netherlands	207	232	42	75	152	181	36	58
Portugal	151	149	0	1	108	97	0	0
United Kingdom	0	0	0	0	0	0	0	0
Czech Republic	6	10	0	1	9	8	0	3
Romania	0	0	0	0	3	1	0	0
Switzerland	0	0	0	0	0	0	1	0
Uruguay	0	0	0	0	0	0	0	0
Total	892	921	77	121	714	752	64	99

Type of contract by region and gender

	Consolidated perimeter							
	2023				2022			
	Full-time		Part-time		Full-time		Part-time	
	Male	Female	Male	Female	Male	Female	Male	Female
Temporary contracts								
Germany	147	144	4	7	142	150	13	97
Argentina	0	0	0	0	1	1	2	2
Austria	7	16	0	0	7	11	3	16
Belgium	25	32	1	1	21	35	5	22
Chile	0	0	0	0	0	0	0	1
Colombia	0	0	0	0	0	0	0	0
Cuba	0	0	0	0	0	0	0	0
Denmark	0	1	0	0	0	0	2	2
Ecuador	0	0	0	0	0	0	0	0
Slovakia	0	0	0	0	1	1	0	1
Spain	145	171	15	20	144	186	13	51
United States	0	1	0	0	0	0	0	1
France	12	16	0	0	7	8	0	1
Hungary	0	0	0	0	1	0	0	5
Ireland	0	1	0	0	0	0	37	33
Italy	197	153	15	18	132	90	39	92
Luxembourg	0	0	0	0	0	0	0	3
Mexico	10	9	0	1	3	3	0	4
Netherlands	257	272	52	84	190	208	61	181
Portugal	420	407	0	2	256	258	1	1
United Kingdom	0	0	0	0	0	0	4	3
Czech Republic	34	45	2	2	27	35	0	4
Romania	0	0	0	0	3	1	0	0
Switzerland	0	0	0	0	0	0	1	10
Uruguay	0	0	0	0	0	0	0	0
Total	1,254	1,270	89	135	935	987	181	530

In addition, the average for contracts has been calculated by dividing the total contract days per category of each team member by the total number of days in the year.

Annual average types of contract by gender

Consolidated perimeter

	2023			2022		
	Female	Male	Total	Female	Male	Total
Temporary contracts	1,168	1,087	2,255	957	866	1,823
Indefinite contracts	5,588	5,215	10,803	5,028	4,718	9,746
Total	6,756	6,301	13,058	5,985	5,584	11,569
Part-time contracts	1,034	482	1,516	957	417	1,374

Annual average types of contract by age

Consolidated perimeter

	2023			2022		
	< 30 years old	30 - 50 years old	> 50 years old	< 30 years old	30 - 50 years old	> 50 years old
Annual average temporary contracts	1,288	762	204	998	632	193
Annual average indefinite contracts	2,062	5,907	2,834	1,627	5,479	2,640
Total	3,351	6,669	3,038	2,625	6,110	2,834
Annual average part-time contracts	444	641	430	355	596	423

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown.

Annual average types of contract by professional category

Consolidated perimeter

	2023			2022		
	Top Management	Middle Management	Staff	Top Management	Middle Management	Staff
Annual average temporary contracts	1	83	2,171	0	66	1,759
Annual average indefinite contracts	385	1,937	8,482	372	1,795	7,579
Total	386	2,019	10,653	372	1,861	9,338
Annual average part-time contracts	6	82	1,427	6	69	1,299

New hirings

The policies and actions related to the selection, hiring, training and internal promotion of team members are based on criteria of capacity, competence and professional merit.

In 2023, 7,691 new hirings were made, of which 50% are team members under 30 years old and 51% are women.

New hiring

	2023			
	Top Management	Middle Management	Staff	Total
Consolidated perimeter				
Male	<30 years old	0	16	1,433
Male	30 - 50 years old	16	124	1,079
Male	> 50 years old	5	26	230
Female	<30 years old	0	30	1,572
Female	30 - 50 years old	7	102	1,147
Female	> 50 years old	2	22	226
Total		30	320	5,687
Corporate perimeter				
Male	<30 years old	0	19	1,829
Male	30 - 50 years old	17	155	1,410
Male	> 50 years old	9	30	285
Female	<30 years old	0	34	1,950
Female	30 - 50 years old	10	117	1,490
Female	> 50 years old	2	26	308
Total		38	381	7,272
Total				
Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown.				

	2022			
	Top Management	Middle Management	Staff	Total
Consolidated perimeter				
Male	<30 years old	0	24	1,433
Male	30 - 50 years old	20	135	1,204
Male	> 50 years old	5	28	225
Female	<30 years old	0	26	1,582
Female	30 - 50 years old	9	75	1,379
Female	> 50 years old	0	12	334
Total		38	300	6,157
Corporate perimeter				
Male	<30 years old	0	30	1,735
Male	30 - 50 years old	22	166	1,470
Male	> 50 years old	8	32	279
Female	<30 years old	0	35	1,912
Female	30 - 50 years old	12	100	1,682
Female	> 50 years old	0	18	427
Total		42	381	7,505
Total				
Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown.				

Culture of diversity, equality and inclusion

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

Year after year NH Hotel Group monitors the associated metrics to assure correct management and measurement of diversity and equality. An example of this can be seen in the 150 different nationalities identified among the Company's 12,436 team members in 2023. Of these team members, 24% work in countries that not their country of origin. Furthermore, 51% of the total workforce are women, who hold 45% of the total management posts.

150
DIFFERENT NATIONALITIES

24%
WORK IN DIFFERENT COUNTRIES TO
THEIR COUNTRY OF ORIGIN

51%
OF WORKFORCE ARE FEMALE

45%
MANAGEMENT POSITIONS HELD BY
WOMEN

In 2023 it has fulfilled the goal of keeping women as at least 51% of the workforce and 45% in management posts. Although the goal has been achieved, hiring and team member turnover are monitored to ensure this parity.

As far as age is concerned, in 2023 the percentage of team members in the consolidated perimeter under 30 years old was almost 25%, while those between 30 and 50 years old is 52%, and those over 50 years old made up 23%.

In 2023 the workforce also included 113 disabled team members, who represent around 1% of the global workforce. Additionally, NH Hotel Group is committed to the integration into work of disabled persons through responsible sourcing from Special Employment Centers as providers of laundry services. Outsourcing from Special Employment Centers in 2023 represented 8.6% (estimated with respect to the workforce in Spain, together with Special Employment Center team members associated to NH Hotel Group procurement).

Equality and diversity

	Consolidated perimeter		Corporate perimeter	
	2023	2022	2023	2022
FTEs	12,436	10,995	14,431	12,800
% Indefinite contracts	82.7	84.6	80.2	83.2
% Average turnover	35.9	37.5	40.6	38.6
Number of nationalities	150	141	151	141
% Team Members in country other than country of origin	24.5	22.2	27.1	24.5
% Women on the workforce	51.0	51.0	50.9	51.0
% Female in management	45.4	44.0	45.2	44.3
% < 30 years old*	25.2	22.3	25.7	22.7
% 30 - 50 years old*	51.7	53.6	51.3	53.0
% > 50 years old*	23.1	24.2	23.0	24.3
Number of disabled Team Members	113	101	ND	ND

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown

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.

NH Hotel Group, recognized for promoting equality and diversity by Bloomberg Gender & Equality

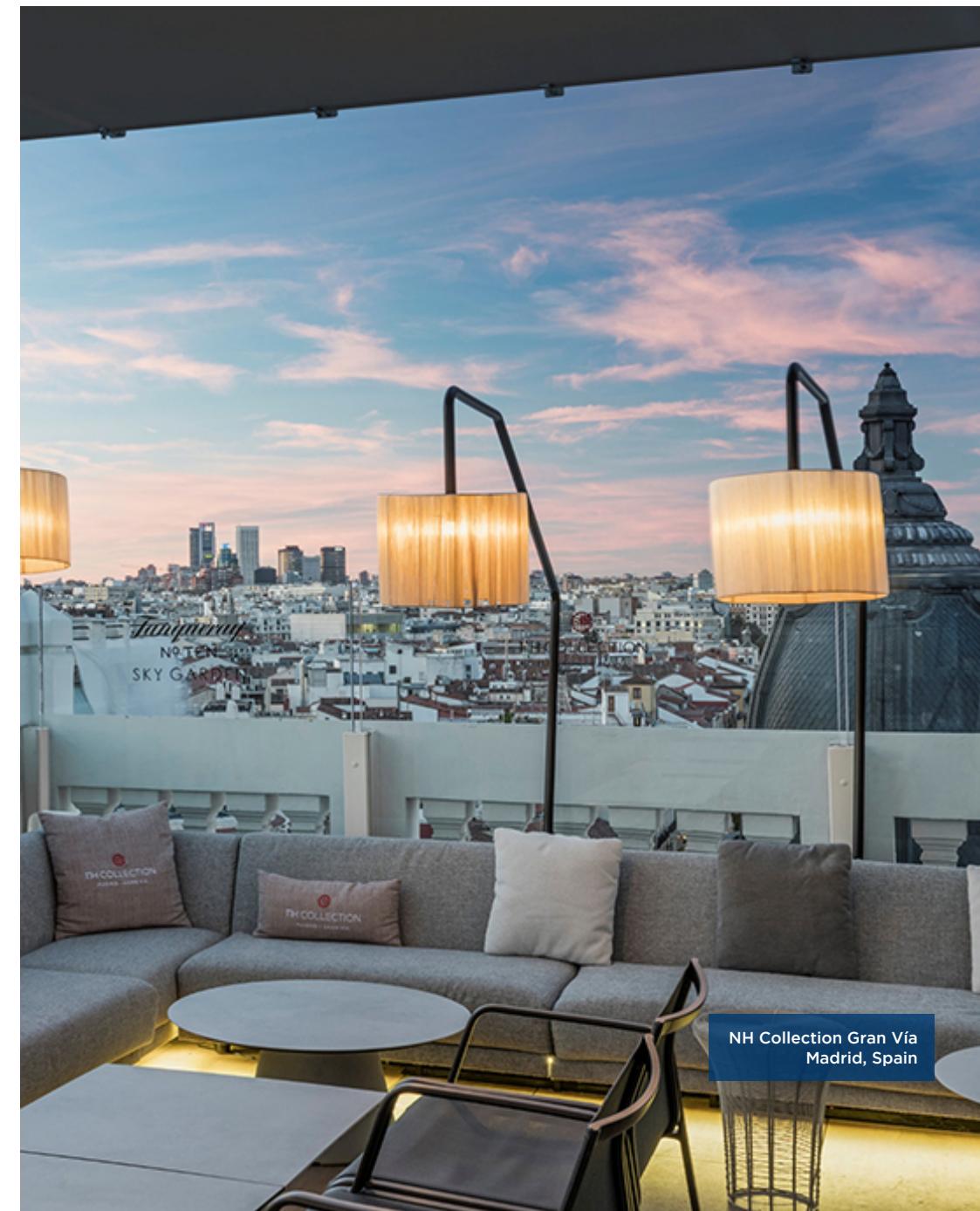
In January 2023 NH Hotel Group was included for the fourth year in the Bloomberg Gender Equality Index 2023. The Company the only hotel company out of the Spanish companies that appear in the index. This international index measures the commitment and contribution in terms of transparency of gender information and promotion of equality. NH Hotel Group sees this inclusion as an opportunity to continue working towards diversity and inclusion globally.



Project for LGTBQ+ inclusion in workplaces

The hotels in Latin America have continued with their initiative in support of the inclusion of transsexual individuals in workplaces, in line with the Company's commitment to the LGTBQ+ community.

This initiative was developed integrating the recommendations of Human Rights Campaign global guidelines, NH Hotel Group's policies and code of conduct, as well as the legal frameworks for each of the countries in the region where the project is initially being implemented. At present, vacancies have been covered by members of this community in Mexico, Argentina and Chile. At the same time, certification by the Human Rights Campaign has been obtained as best places to work for the LGTBIQ+ community for all the hotels in Mexico and the NH Collection Lancaster in Argentina, with the latter also obtaining the Equality Seal granted by the city of Buenos Aires, while the NH Collection Medellín in Colombia obtained the Equality Seal awarded by Icontec.



Equality Plan

In December 2022, the Second NH Hotel Group Equality Plan was approved with representatives of the workers. A Plan Monitoring Committee was also set up, with the mission of interpreting and evaluating the degree of compliance with it, overseeing its execution, ensuring application, compliance with the contents and objectives of the plan and tracking execution and the results obtained in the different areas of action.

To draw up the Plan, the Company conducted an exhaustive diagnosis of the situation of real equality between men and women, for which it was analysed whether NH Hotel Group respects equal treatment and opportunities in the workplace and has adopted measures aimed at preventing any kind of job discrimination between men and women.

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 have been victims of gender violence: giving them priority in hiring, monitoring any cases of gender violence that arise and the measures taken, and informing the workforce of the rights of women in this situation.

As set out in the Second Equality Plan, the policies and actions concerning the selection and hiring of NH Hotel Group team members are based on criteria of capability, competence and professional merits in equal conditions, without taking gender into account. Access to employment in the Company does not show any imbalances in terms of equality of opportunity between genders. Hirings during the year respond to the operational needs of the business although most direct personnel are employed under indefinite contracts.

The defined selection and hiring process provides access under equal conditions to all those who seek to obtain a job in the Company following objective criteria based on parameters of skills and qualities for each of the jobs, allowing candidates to be evaluated in equal conditions. The analysis highlights that NH Hotel Group has internal tools accessible by all team members providing information on active vacancies, which facilitates promotion and career development within the Company.

Protocol against sexual harassment

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

All team members of NH Hotel Group are entitled to a working environment that is free of hostile or intimating conduct or behaviour towards them, a working environment that assures their dignity, and their physical and moral integrity. All people, especially those who manage teams, must avoid and report to Company management any kind of conduct that is contrary to the Protocol.

Any conduct that constitutes harassment because of moral, race ethnicity, disability, age, sexual orientation or gender will be considered to be gross misconduct and penalized in line with the gravity of the behaviour.

NH Hotel Group is committed to investigating all reports of harassment, for which purpose a dispute resolution procedure is established, which assures at all times the right to privacy and confidentiality of the issues discussed and the individuals involved.

The procedure is initiated once the report has been received or a team member is aware that another team member has been subjected to such situations, using the following e-mail address for this purpose: protocoloacoso@nh-hotels.com.

A team with the same opportunities

Throughout 2023, the Company has materialized its commitment to assure a decent salary for its team members. With the approval of the Sustainability Policy, the Company undertakes that the salaries of its team members will be decent and competitive in the market and that are also aligned with the standards of salary fairness, guaranteeing that salaries cover the basic needs of team members and their families. In parallel, the Company's human rights policy guarantees decent working conditions. Accordingly, at NH Hotel Group salaries are based on transparent and equitable criteria that take into account factors such as experience, training, responsibilities and job performance.

In this regard, the Company will take an important step in 2024 aimed at ensuring equitable remuneration. To do so it will carry out an in-depth analysis of team members' jobs, remuneration and the gender balance. With this analysis, NH Hotel Group hopes to continue to be a commitment employer, ensuring its team members have a decent salary, which is one that covers a basic living standard aligned at least with the collective agreement, which are always higher than the legal minim salary.

The salary of women in NH Hotel Group 2023 nonetheless constitutes 90% of the gross hourly salary of men; the average gross hourly salary is 64.54 euros for men and 46.06 euros for women.

The gender pay gap has been calculated by comparing remuneration between equivalent professional categories, giving as a result the average salary of women compared to men. In other words, categories that carry out the same function or have the same position. As a result, the overall figure for the gender 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, considering the number of professionals in that category.

Ratio of women's salary compared to men by professional category (%)^{*}

	Consolidated perimeter	
	2023	2022
Top Management	71 %	75 %
Middle Management	95 %	98 %
Staff	98 %	99 %
Total	90 %	91 %

**Measured as the total annual remuneration of men (fixed gross annual salary plus variable salary) compared to the total annual remuneration of women (fixed gross annual salary plus variable salary), broken down by professional category.*

Ratio of women's salary compared to men by professional category (%)^{*}

	Consolidated perimeter	
	2023	2022
Top Management	28.9 %	25.0 %
Middle Management	5.0 %	2.5 %
Staff	2.0 %	1.0 %
Total	9.8 %	8.8 %

Measured as the quotient of the average gross hourly remuneration of men less the average gross hourly remuneration of women divided by the average gross hourly remuneration of men broken down by professional categories.

This analysis of the pay gap has served to identify that the gap increases in top management, especially due to the smaller presence of women in this category.

This situation offers a great opportunity to carry out an analysis in more depth of the different groups, not just women, and establish as a priority the continued implementation of a long-term project of real management of all aspects of team member diversity and support professional development within the Company. To eliminate this gap, NH Hotel Group's priority is to close the gap and to this end it will continue working on the adoption of the most suitable measures and procedures that affect remuneration and increase the presence of women in management posts.

Average remuneration by professional category and age (in €)^{*}

	Consolidated perimeter					
	2023		2022		Variation (%)	
	Female	Male	Average	Female	Male	Average
Top Management	83,242	117,838 €	105,186	74,808	99,758	91,134
Middle Management	42,863	45,033	44,001	40,364	41,392	40,921
Staff	24,363	24,818	24,577	23,346	23,570	23,450
Total	27,400	30,364	28,822	26,078	28,598	27,287
						5.6%

** Remuneration corresponds to the annual gross fixed salary plus variable target.*

Average remuneration by gender and age (in €)*

Consolidated perimeter

	2023			2022			Variation (in %)
	Female	Male	Average	Female	Male	Average	
<30 years old	23,184	22,365	22,808	21,576	20,996	21,306	7.0%
30 - 50 years old	29,351	32,247	30,775	27,531	30,246	28,858	6.6%
> 50 years old	30,139	38,710	34,292	27,276	34,873	30,864	11.1%

* Remuneration corresponds to the annual gross fixed salary plus variable target.

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown

Total annual compensation ratio

Consolidated perimeter

	2023			
	Region America	Region Northern Europe	Region Southern Europe	Headquarters
Top Management	5.14	5.83	6.26	7.70
Middle Management	10.99	3.70	6.18	2.11
Staff	12.88	3.63	5.55	2.33
<i>Total annual compensation ratio</i>				45.59

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 professional who are part of the Company. The purpose of variable remuneration in the Company is to measure what is done (team members individual and collective contribution to the Company's results) and how it is done (performance assessment), while reinforcing the importance of and NH Hotel Group's commitment to the principles of non-discrimination and quality of opportunity.

Variable remuneration has the following objectives:

- To reward performance based on attainment of the Company's quantitative targets. See "[Management by Objectives](#)"
- To link the attainment of annual targets established by the Company to its medium and long-term strategy and to long-term sustainability interests. See "[Management by Objectives](#)"
- To align individual objectives with the Company's objectives. See "[Management by Objectives](#)"

In Spain, NH Hotel Group offers a flexible remuneration plan that allows its beneficiaries to apply part of their remuneration to transport tickets, childcare vouchers, the purchase of vacation days, the purchase of vacation days, restaurant card, medial insurance or external training, benefiting in this way from special prices and tax benefits.

Training

NH Hotel Group is committed to the career development and training of all its team members as a way to put into practice the philosophy that inspires its customer service vocation. All face-to-face and online training projects are managed through the corporate university, NH University

In 2023, the Company's goal has been to continue offering team members the necessary training for their development. Such training has continued to adapt to best practice and new methodologies, and are offered through a range of platforms and learning modes (face-to-face, e-learning, webinars, hybrid, videos, infographics, etc).

This year, we have continued to promote online training in skills with GoodHabitz, through various communication campaigns, such as monthly launches with team member recommendations on short training capsules that promoted team member care and wellbeing. This international training platform is focused on making training fun, different and tailored personally to each participant, and makes it possible to learn in the way best adapted to each person. This year, 1,028 team members have completed 2,417 hours of training on the platform.

As part of the strategic goal of improving the online training courses available to all team members, at the beginning of 2023 the online language-learning platform GoFluent was launched worldwide for all team members. During its launch and promotion, the advantages offered by this training solution were highlighted, such as learning up to 12 languages or accessing group classes in 6 languages, adapted according to level, among others. The launch of this new platform has been a success, and has helped 3,169 team members to improve their language level in the 5,868 hours they have spent on the platform.

The total number of hours of training, both face-to-face and online, in 2023 was 171,273 through 1,243 training programs, with a total of 13,274 team members trained. Throughout 2023, training hours and the number of team members trained have increased with respect to 2022.

Face-to-face training, which also includes training through webinars, represented 65% of the training hours, with 298 internal training providers leading the sessions.

1,578,979 €

TOTAL INVESTMENT IN 2023

171,273*

HOURS OF FACE-TO-FACE
AND ONLINE TRAINING
GIVEN

1,243

TRAINING PROGRAMS

13,274

team members TRAINED

**The total number of hours of training includes 2,979 hours through the "GHA - NH DISCOVER in a box" training platform in which the hotels received training on new features of the loyalty program.*

Training

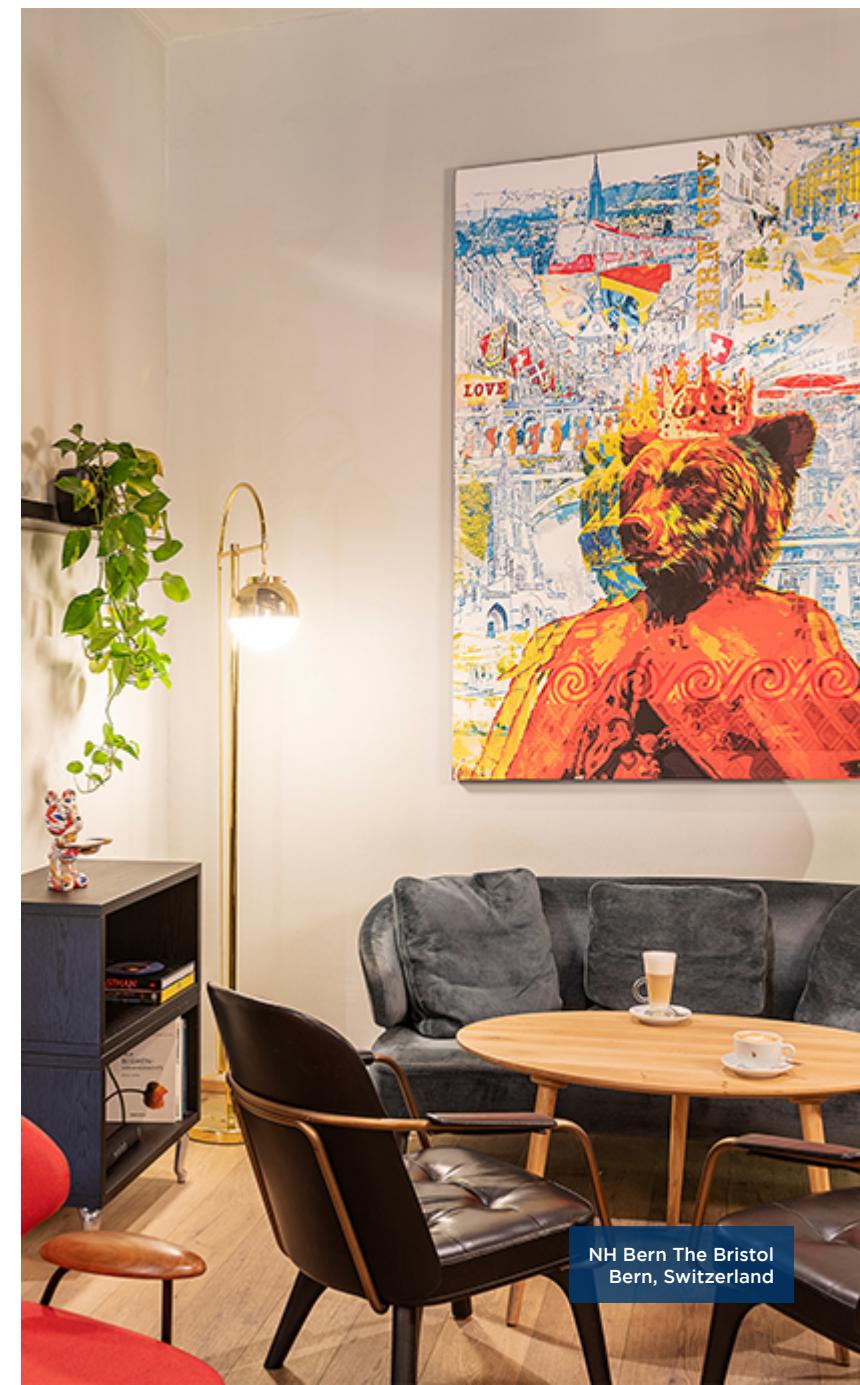
	Consolidated perimeter		Corporate perimeter	
	2023	2022	2023	2022
Hours per Team Member trained (face-to-face)	15.7	16.9	15.3	16.3
Hours per Team Member trained (e-learning)	5.2	5.2	5.2	5.2
Total hours per FTE	11.9	12.3	11.7	12.3
Total hours per Team Member trained	12.9	12.5	12.7	12.1

Training hours by Region

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Variation (%)	2023	2022	Variation (%)
Face to face training						
Headquarters	3,515	7,198	-51.2%	3,515	7,198	-51.2%
Region America	28,771	28,548	0.8%	30,603	31,428	-2.6%
Region Northern Europe	28,993	21,769	33.2%	30,611	22,770	34.4%
Region Southern Europe	34,958	27,090	29.0%	44,827	33,362	34.4%
Total face to face	96,237	84,605	13.7%	109,556	94,758	15.6%
Online training						
Headquarters	1,839	1,544	19.1%	1,839	1,544	19.1%
Region America	8,135	9,255	-12.1%	9,679	11,639	-16.8%
Region Northern Europe	21,633	18,119	19.4%	24,085	20,200	19.2%
Region Southern Europe	19,948	21,309	-6.4%	23,135	25,220	-8.3%
Total Online	51,555	50,227	2.6%	58,738	58,604	0.2%
Total training hours	147,791	134,832	9.6%	168,294	153,362	9.7%

Training hours by department

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Variation (%)	2023	2022	Variation (%)
Administration	1,376	1,004	37.0%	1,910	1,603	19.2%
Food and Beverages	40,964	37,560	9.1%	49,179	42,305	16.2%
Management	14,276	10,007	42.7%	15,815	11,290	40.1%
Maintenance	6,205	5,783	7.3%	6,857	6,514	5.3%
Housekeeping	9,655	9,431	2.4%	12,304	11,165	10.2%
Reception	43,692	41,811	4.5%	49,297	47,724	3.3%
Reservations	10,222	17,258	-40.8%	10,222	19,850	-48.5%
Revenue Management	3,286	1,714	91.7%	3,307	1,722	92.0%
Central Services	11,277	6,185	82.3%	11,277	6,186	82.3%
Sales	5,292	3,049	73.6%	5,899	3,666	60.9%
Others	1,546	1,031	49.9%	2,228	1,337	66.6%
Total	147,791	134,832	9.6%	168,294	153,362	9.7%



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Bern, Switzerland

Training hours by professional category and gender

Consolidated perimeter

	2023							
	Top Management		Middle Management		Staff		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Face to face training hours	4,436	5,938	17,143	14,435	31,208	23,077	52,787	43,450
Online training hours	485	655	3,133	3,187	24,441	19,654	28,059	23,496
Total by gender	4,922	6,593	20,275	17,621	55,649	42,731	80,846	66,946
Total by category	11,515		37,897		98,380		147,791	

	2022							
	Top Management		Middle Management		Staff		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Face to face training hours	3,056	3,385	9,260	10,419	34,868	23,617	47,184	37,421
Online training hours	657	918	3,499	4,015	22,852	18,285	27,009	23,218
Total by gender	3,714	4,303	12,758	14,434	57,720	41,902	74,193	60,639
Total by category	8,017		27,192		99,622		134,832	

	Variation							
	Top Management		Middle Management		Staff		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Face to face training hours	45.2%	75.4%	85.1%	38.5%	-10.5%	-2.3%	11.9%	16.1%
Online training hours	-26.1%	-28.6%	-10.5%	-20.6%	7.0%	7.5%	3.9%	1.2%
Total by gender	32.5%	53.2%	58.9%	22.1%	-3.6%	2.0%	9.0%	10.4%
Total by category	43.6%		39.4%		-1.2%		9.6%	

Corporate perimeter

	2023							
	Top Management		Middle Management		Staff		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Face to face training hours	4,672	6,639	18,119	15,624	36,665	27,837	59,456	50,100
Online training hours	513	687	3,392	3,577	27,939	22,630	31,844	26,894
Total by gender	5,186	7,326	21,510	19,201	64,604	50,467	91,300	76,994
Total by category	12,512		40,711		115,071		168,294	

	2022							
	Top Management		Middle Management		Staff		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Face to face training hours	3,359	3,696	10,083	11,712	38,788	27,120	52,230	42,528
Online training hours	735	1,047	3,990	4,491	27,005	21,337	31,729	26,875
Total by gender	4,094	4,743	14,073	16,203	65,793	48,457	83,959	69,403
Total by category	8,837		30,276		114,250		153,363	

	Variation							
	Top Management		Middle Management		Staff		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Face to face training hours	39.1%	79.6%	79.7%	33.4%	-5.5%	2.6%	13.8%	17.8%
Online training hours	-30.2%	-34.3%	-15.0%	-20.4%	3.5%	6.1%	0.4%	0.1%
Total by gender	26.7%	54.5%	52.8%	18.5%	-1.8%	4.1%	8.7%	10.9%
Total by category	41.6%		34.5%		0.7%		9.7%	

Training hours by age

2023	Consolidated perimeter	Corporate perimeter
Face to face training hours		
<30 years old	26,936	31,290
30 - 50 years old	55,309	62,436
> 50 years old	13,992	15,830
Total face to face	96,237	109,556
Online training		
<30 years old	20,943	24,139
30 - 50 years old	24,885	28,144
> 50 years old	5,726	6,455
Total online	51,555	58,738
2022	Consolidated perimeter	Corporate perimeter
Face to face training		
<30 years old	29,849	33,667
30 - 50 years old	45,945	51,342
> 50 years old	8,810	9,749
Total face to face	84,605	94,758
Online training		
<30 years old	17,706	21,158
30 - 50 years old	25,481	29,503
> 50 years old	7,040	7,944
Total online	50,227	58,604

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown.

Variation	Consolidated perimeter	Corporate perimeter
Face to face training		
<30 years old	-9.8%	-7.1%
30 - 50 years old	20.4%	21.6%
> 50 years old	58.8%	62.4%
Total face to face	13.7%	15.6%
Online training		
<30 years old	18.3%	14.1%
30 - 50 years old	-2.3%	-4.6%
> 50 years old	-18.7%	-18.7%
Total online	2.6%	0.2%

Corporate Training

New Image of the Corporate University

Work was done in 2023 to the relaunch the image of the Corporate University to give it a fresher and more modern look, aligned with the new training methodologies. Practical brand guides have also been created for local training teams, and materials have been adapted to this new design which keeps the identity of the area and its recognition among team members.

This project is aligned with the new internal communication guidelines, ensuring that we follow the same line of communication. Thanks to this project, their Regions have resources available to them so that they can create their own communications and training materials, following the same visual pattern.

Training for new AVANI hotels

In April 2023, hotel managers and brand ambassadors of hotels that were to switch to the AVANI brand received training. This training was also attended by Quality Directors and a University member from each region to provide support to the training of the rest of the hotel team that would later be imparted locally, with the brand ambassadors providing the training.

The aim of this training was to expand these team members' knowledge of the AVANI brand, based on the brand's pillars and standards and placing value on the brand's behaviour. The hotel managers and brand ambassadors also received training as trainers on the last day, to review the materials available to them in order to convey this knowledge to the rest of the hotel team.

Training on new Review Pro tool

In March 2023, the Quality Focus tool was replaced by Review Pro, as the new tool to measure the quality ratings the Company receives. Review Pro is an online reputation management solution that examines more than 100 million opinions from more than 175 sources, in 45 languages, with daily content updates.

With the launch of this new tool, 12 virtual training sessions were provided which offered training on semantic analysis view per hotel, a complete analysis of the competition, standard automatic reports, among other windows that this new platform offers. The duration of each virtual training session was 2 hours, and they were given in English, Spanish and Italian. These webinars were given by Review Pro, training 700 team members who have to use the platform in their daily work. team members who were unable to participate or who want more information on the platform can access the recordings of the sessions and the training materials through Talent.

Training on new forecast process

In June 2023, training of trainers was organized for the Revenue Management team and hotel managers on the new forecast process, the purpose of which was to improve on the previous process and automate it, by creating forecast algorithms that take into account internal and external variables capable of predicting the results of their hotels.

Following this training, the internal trainers imparted more than 1,000 hours of training in their own regions, ensuring successful implementation of the project.

Online training for the Front Office team

In 2023 two new online training courses on their business processes for the Reception team and Heads of Reception were launched. Both courses set out the key functions and responsibilities of members of the Reception team and encompass all the necessary processes and procedures for excellent job performance.

These courses are recommended for any person who carries out this key function, as they provide the necessary tools for continuous improvement of customer and team member satisfaction and are compulsory for new team members, as they help them to identify the key tasks they have to carry out in their daily work. New training on business processes for other key hotel positions will be launched soon.

Southern Europe Region Training:

Service excellence training (Italy):

A training itinerary for 5-star and some 4-star hotels. This training was given by an expert in standard development. The phases of this itinerary were as follows:

- 1st phase: two days of Mystery Guest to assess the baseline level.
- 2nd phase: focused on department heads to work on standards and feedback culture.
- 3rd phase: on-the-job training and role play on different cases and difficult situations.

Food & Beverage training (Spain):

A training program for Restaurant and Kitchen staff that allows them to receive two days of training in other Company hotel. The program started in 2023 and in light of the success it has had it will continue in 2024. This training is comprised of 14 training contents, 42 internal training providers, 24 hotel schools involved, 13 different cities that team members can go to for their training.

Debate League (Spain):

This is a practical and fun way to develop the capacity of persuasion and expression of ideas. Thank to this program, the persuasive techniques learned and public speaking and arguing skills are put into practice. .

Two debate leagues were held in 2023, and the teams that competed over 5 debates had to build sound arguments, know how to present them and be capable of overcoming the objections raised by the opposing team.

Northern Europe Region Training:

Revenue Revealed

Based on the interest shown by team members of the Region in receiving training on Revenue Management, training was designed with the aim of "revealing" the basic aspects of revenue management and was provided by an internal trainer. This training was aimed at any team member who managed revenue and wished to study the subject of Revenue Management in greater depth.

The training immediately became a great success, as it is interactive and entertaining, with places on the course being filled immediately. At present the training is only available in the Netherlands and will reach more countries soon.

New internal training evaluation process

To adapt and improve the internal training offered, a 4-phase evaluation process was created in 2023. The aim was to understand how participants perceived the training, how their skills improved in the first two weeks after the training (their learning) and, three months later, how they changed their behaviour in terms of knowledge applied, also taking into account their manager's opinion. In the last phase, the impact of the training was measured according to certain KPIs. The data collected were structured and analysed using a Business Intelligence tool and shared on a quarterly basis with the internal training team. In this way, transparency was increased and areas for improvement and areas for potential development could be identified, all of this for the purpose of enhancing the quality of internal training.

Americas Region Training:

Teaching hotels (Argentina)

This is a training program the aim of which is to prepare future hotel professionals in different areas of the sector. It is designed for hospitality students at different universities in the country, who want to do their work experience in a hotel company, and to young people who are starting out on their career in the sector. This program comprises 40 hours of work experience completed in the Food and Beverage, Housekeeping, Maintenance and Reception departments. This program is an opportunity for the students, as once the work experience program is over they have the opportunity to apply for their internal vacancies.

Energy Savings (BUAM)

In 2023, in conjunction with the Operations team, work was done on this program through which teams were invited to make smart and conscientious decisions on energy consumption, seeking actions that reflect energy savings. This program encompassed different actions such as: communications, information, training, knowledge management and recognition, with the aim of fostering an energy saving culture in each of the hotels in the region.

Headquarter Training

Technical Training Grants Program

Based on the training needs identified thanks to the team member Engagement Survey 2022, grants were offered for the purpose of subsidizing part of a technical training course on a matter related to the team member's functional area. The way this initiative was received was a success, as the number of applications almost double the number of available grants. After evaluating all these applications, it was finally decided to award grant to all applicants.

Executive Leadership and People Management Program

A new edition of this training, provided by a prestigious specialist consultancy took place this year. This training is aimed at management positions responsible for a team so that they develop conscious, participative, motivating, demanding and transformative leadership, improving people management skills, both in-person and virtual communication, conscious influence at all levels and in all settings, change management, in-person and remote relations with the team. In summary, better management of all the real situations that leadership involves, so that they can continue growing and developing as people managers.

Grants for Masters in Revenue Management

Aimed at team members who wish to expand their knowledge of the world of Revenue Management through the Master's Degree at King Juan Carlos University, which are part of a collaborating entity.

Onboarding session for new Team Members

A training session provided twice a year for new team members to reinforce their onboarding within the Company, with the aim of learning in more depth and detail about the different internal processes such as TFY, MBO, flexible remuneration, etc., and to clear up doubts and promote networking among such team members.

NH Talks

This started as an initiative so that each area could inform and share their know-how and their most relevant objectives with team members, as well as their plans and ongoing projects. This year, we have held a total of nine sessions, focused especially on examining the Company's strategy in more depth and its different lines of action. This initiative was created to cover the need expressed by team members to have more information about the projects and plans carried out by each department within Headquarters.

Talent management

The key aspects tackled in their people management model are the structure and sizing of their organization (workforce), job stability and equality, team member training and development programs and compliance with labour rights, paying particular attention to diversity and inclusion, work-life balance and equal opportunities. The Company is also commitment to talent management, performance assessment, team member development plants and the recruitment and selection of the best professionals, as well as managing the experience of their team members.



MBO -individual and department objectives

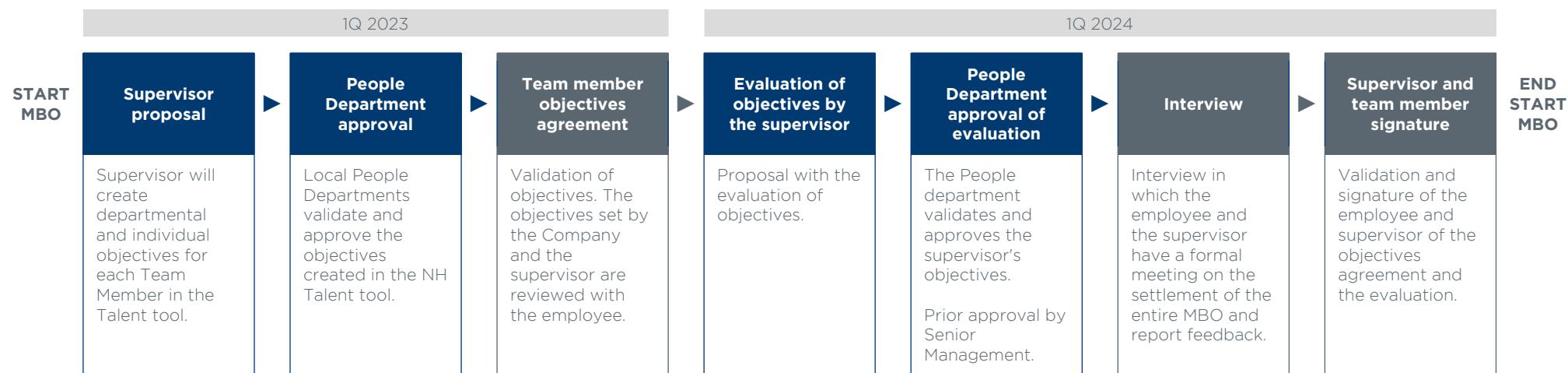
Through the management by objectives process, NH Hotel Group, identifies and evaluates quantitative objectives.

This process is described in NH Hotel Group's Variable Remuneration Regulation Plan for the purpose of:

- Linking individual and collective objectives to the group is global strategy.
- Measuring what is done (individual and collective contribution of team member to the Company's results).
- Establishing a relationship of constant dialog between the supervisor and the team member.
- Helping the team member to understand his or her functions.
- Applying a tool that will determine the Variable Remuneration to be received based on compliance with the previously set objectives.
- Reinforcing the importance of and NH Hotel Group's commitment to the principles of non-discrimination and equal opportunities.
- Providing better co-ordination among all the Company's team members and improving their work approach.

Variable remuneration is additional and complementary to team members' fixed remuneration and will be equal to attainment of 100% of the objectives set.

There are three kinds of objectives in the Plan:



Time For You

At NH Hotel Group the performance management process is a key and consolidated element of their leadership culture and is called Time for You (TFY). It is aimed at all permanent and temporary team members with at least 3 months' service in the Company.

This process measures how objectives have been achieved through the evaluation of competences, which makes it possible to guide the team member's development effectively, as the strengths and area for development in his or her work performance are identified, and based on the areas for improvement identified the individual development plan is defined. Furthermore, the overall valuation obtained has an impact on other human resources processes such as internal selection and talent processes and on variable remuneration (Management by Objectives).

TFY comprises two formal moments during the year: the Mid-Year Review and the Annual Review:

- The Mid-Year Review is based on a review of the individual development plan set out in the previous year's TFY and invites the team member and his/her manager to reflect together Manager on what is going well, and what aspects could be improved in the second half of the year.
- At the end of the year, the Annual Review process is launched, based on feedback and career development, as key tools for growth within the Company. This stage of TFY represents a moment of truth in the team member's experience, as it opens up a space to talk about what makes each of us different in terms of performance and development needs, to focus their growth on the year that is just beginning. It is an opportunity for team members to dig deeper into their self-knowledge through feedback, which lets them identify what their strengths and areas for improvement are in terms of competencies and behaviors, also through Development, as this includes drawing up a personalized Action Plan tailored to the individual and career development needs of each team member, since questions on functional and geographic mobility spark a conversation to discuss internal mobility possibilities within NH Hotel Group.

Time For You is supported by the Talent corporate tool which lets this process be managed with a 360º approach, as the manager can enrich his/her view by asking other team members for feedback on their colleague, thus enhancing the feedback from all perspectives (peers, team, etc.).

Another element that has been well received is the availability of this tool on the Talent app, which has let all team members participate in this process, giving them access to the Mid-Year Review and the Annual Review from the app, allowing them to write comments and sign it. It also given them access at any time of the year to their Individual Development Plan, clearly a great advance that gradually closes the digital gap between non-desk team members and people management processes.

As a result of this, a participation level of 88% has been achieved, which entirely cover the target audience of the process, showing once more the relevance and acceptance of TFY in their leadership culture.

Internal talent identification and development

NH Hotel Group has a process to identify and development talent which analyzes not only sustained performance over time, but also the potential and ambition of the people who hold key positions in the Company. This year, talent calibrations in key positions for the Company were carried out (more than 500 team members were calibrated in 2023) and career and succession plans were defined.

Internal development programs have also been implemented based on the needs for business growth. These programs are aimed at developing both the knowledge and skills of participants, with the aim of assuring a successful internal transition to a new position in the Company. Specifically, in 2023 the following internal development programs have been implemented:

Leadership Development Programs in the Southern Europe Region:

- Individual Coaching Program: as a result of these talent calibrations, an individual coaching initiative has been put in place for hotel managers. This individual coaching program is provided in collaboration with an external provider and has top-level certified coaches and the best technology for holding unlimited coaching sessions from any place. In addition, all team members who have participated in this program have taken part in a 360º Feedback process, designed in a completely personalized way based on critical behaviour to be developed identified during the coaching process. Hotel managers in Spain, Portugal, France and Italy have participated in this program.
- New HOD (Head of Department) internal development program: this is a leadership and development program to obtain certification in order to become a Head of Department in the hotel. In 2023 there were a total of 15 participants.
- Crossing Border program: this is an exchange program between countries that allows participants to develop knowledge of different hotels in different countries and obtain unique international experience. This program allows participants to swap jobs for 3 months with a colleague in another country in the region.
- Becoming a GM (General Manager) internal development program: this is an internal development leadership program aimed at Heads of Department with potential to become hotel managers. This program has a very complete training itinerary to guarantee the development of participants' knowledge and skills, assuring in this way a successful internal transition to hotel management. In 2023 a total of 11 team members were selected to participate in this program.

2023 Becoming a GM (General Manager)

At NH Hotel Group the hotel manager position is critical. The manager is the brain behind efficient operation of the hotel and must combine complementary professional skills, ranging from problem solving to empathy. For all these reasons, a development program for this specific post is in place.

The hotel manager is responsible for overseeing all the operational aspects of the hotel, from hiring all the team members to scheduling maintenance or the creation of new revenue management strategies, assuring that all departments co-ordinate and collaborate effectively. When an employee becomes the manager of a hotel, this means that he or she has spent time in all the different departments that make up the hotel, acquiring comprehensive knowledge and experience and this program complements this and trains the employee for this.

In 2023 a total of 11 team members participated in this program. With a duration of 12 months, plus 6 months of mentorship, the future GMs enjoyed a wide-ranging and holistic training program featuring leadership learning and group coaching. Other key skills such as the corporate values and culture, communication, quality, the customer experience, team management and management of emergency situations, among others, were also covered.

At the start of the program, the future GMs received a week of in-person training at central offices. Subsequently, during the months of training the team members on the program had the experience of being hotel managers, by staying at different hotels to their hotel of origin, allowing them to find out first hand what the day-to-day work of a hotel manager is like. After completing the program, a review process was carried out in which the performance of the participants was evaluated. If the result is positive, they are assigned a first hotel as Junior GM.

This program reflects the Company's commitment to internal promotion as the cornerstone of NH's business, by considering the post of GM as one of the most strategic in the Company. In this regard, the Company obtains great benefits thanks to the program:

- Providing a clear career path for hotel team members.
- Guaranteeing a perfect cultural fit.
- Ensuring internal transitions to the new role.

Leadership Development Programs in the Northern Europe Region:

- Internal development program (IDP): this is a program to develop the necessary skills to become a hotel manager. Fourteen team members were selected for the IDP program in 2023. During the program, the candidates completed 5 modules and learned about personal leadership, team leadership, general management skills and participated in a 2-week exchange in another hotel, shadowing a hotel manager.
- JUMP internal development program: this is an internal program focused on developing the necessary skills to become a head of a hotel department. It is focused on developing leadership, management and communication skills. A total of 21 team members in Northern Europe participated in the program.
- Cornell General Managers Program: As part of the development actions to be undertaken following the calibrations, several hotel managers were selected to participate in this prestigious program from Cornell University.
- Next GM Challenge: This year the "NXT GM Challenge" program, which started in 2022, continued in the Netherlands. It is a challenge in which young graduates of hospitality schools in that country compete with each other to win a hotel manager position for one year. In 2023, they completed a range of tasks and challenges, after which the winning student will receive in February 2024 the keys of the hotel cluster NH Schiller and NH Caransa in Amsterdam. The NXT GM Challenge is a powerful employer brand tool for NH Hotel Group, that allows the Company to reach out to and inspire students of the Dutch hospitality schools.

Leadership Development Programs in the Americas Region:

- Deputy General Managers Program: this is a manager development program that aims to prepare team members with high potential and commitment under NH Hotel Group's standards, policies and procedures, assuring the comprehensive vision, global reach and availability of talent for all the hotels in the Americas Region. As Hotel Deputy Manager, the team members selected to participate in the program develop the role while they reinforce their skills to become hotel managers. It is a program that was implemented in 2023 and in which a total of 6 team members have participated.

Team Member Engagement

At NH Hotel Group, in addition to the biennial engagement survey, there is a firm commitment to listen to team members. Accordingly, a broad strategy of continuous listening has been developed which lets us gather immediate information at multiple key moments related to team members' experience and use this information to improve it. The Company is also committed to finding new ways of gathering opinions more frequently in order to be closer to team members and the Company's needs.

In 2023, the following initiatives to listen to team members were carried out:

- Team member Suggestion Box: a channel which is always available on the homepage of the Employee Portal, where they can always give their opinion and include any kind of suggestion, comment or idea about how to improve their workplace. It is totally anonymous, although team members may answer a number of voluntary demographic questions so that the information can be segmented and analysed in detail. The People teams have access to these opinions and suggestions, which they analyse and take into account to launch new initiatives and implement improvements.
- 2023 Engagement Pulse: this is a brief biennial pulse the purpose of which is to measure the impact of the actions undertaken based on the results of the 2022 Team Member Engagement Survey and follow up the evolution of engagement. It is aimed at all permanent and temporary team members (excluding interns) who have been working at the Company for at least three months. The survey was translated into 11 of the languages present in the Company, to make it easier for team members to respond to it in their preferred language. It comprised a total of 12 questions.

Furthermore, in order to facilitate participation by their team members, especially those who do not have a corporate email address, an ambitious plan was put in place to multiply the channels they could use to respond: Starting with the Talent platform (management platform for team members), both in its desktop format and the app version, and posters with QR codes placed at the back of the house of the hotels and on the Employee Portal, MyNH App, and on screensavers on computers throughout the chain, and naturally a direct emailing campaign for more than 5,000 team members with a corporate email address.

As in previous occasions, the survey was managed by an external provider, which has made it possible to compare the results with the survey in 2022.

Once again, we had the invaluable support of their hotels' Ambassadors, hotel team members responsible for engagement and for dealing with their colleagues' questions and doubts about this key process in the Company. All of them received a kit with materials to use in the workplace.

An internal communication campaign was designed which included prior expectations, together with impacts for each of the weeks during which the survey was open, and a final impact expressing thanks to the thousands of team members who offered their opinion with the aim of making NH a better place to work.

Overall participation was 68% with the following breakdown based on gender.

68%

FEMALE TEAM MEMBERS
PARTICIPATED IN THE TEAM MEMBER
ENGAGEMENT SURVEY

65%

MALE TEAM MEMBERS PARTICIPATED
IN THE TEAM MEMBER ENGAGEMENT
SURVEY

- Furthermore, in 2023, the hotel and office managers who have access to the report on the results of the 2022 Team Member Engagement Survey worked on action plans. At the same time, global actions plans have been implemented, focused on enhancing the main strengths and working on the opportunities identified at Company and region level. 86% of the workplaces (both offices and hotels) have implemented action plans with the aim of improving their team members' engagement and experience in the Company, to make it a better place to work.
- Finally, in 2023 the launch, to take place in January 2024, of two surveys associated to the Team Member lifecycle was prepared: Team Member Lifecycle Touchpoints. Specifically, the first to be launched will be the Onboarding and Offboarding touchpoints:
 - Onboarding Touchpoint: a confidential survey assigned automatically to team members 2 months after the date they are hired, the aim of which is to ensure that all team members who join the Company have the best possible experience.
 - Offboarding Touchpoint: a totally anonymous survey sent to team members who voluntarily leave the company, with the aim of identifying points for improvement and developing new programs and procedures that ultimately seek to make their Company a better place to work.

Occupational health, safety and wellbeing

NH Hotel Group understands that offering people a safe and healthy working environment is an absolutely necessary requisite in conducting its business. This year, NH Hotel Group has launched an Occupational Health and Safety Policy at corporate level that establishes the Group's general framework for action in relation to Occupational Health and Safety. It includes the general principles that will ensure an occupational health and safety management model and occupational wellbeing in the daily actions of all team members.

The Policy also sets out the Company's commitment in relation to this matter. Notable aspects include the continuous integration of occupation risk prevention in the Company's general management system, the assessment of risks and hazards relating to occupational health and safety throughout the group's activities, guaranteeing safe working environments, training team members on health and safety and the establishment and promotion of close relations of collaboration with the different competent public and private administrations.

In this regard, it serves as a framework for the Company's actions to assure occupational health and safety in all its workplaces, notwithstanding the various local and sectorial regulations that may be approved in relation to occupational health and safety.

Furthermore, 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 Co-ordination.

The Plan is based on the integration of these processes throughout the Company's hierarchical structure. Both Central Services heads of department and hotel personnel (from 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 Portugal there is also a Prevention Service that operates in the hotels and in Italy there is a Health and Safety Coordinator who, with the support of an external Prevention Service, provides support to hotels in the country. In some of the other countries, NH Hotel Group team members 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 programs and action plans in hotels and offices in different countries.

Health initiatives

GENERALI Vitality

This initiative has been launched at HQ and offers the possibility of accessing a health and wellbeing program provided by GENERALI Vitality where "taking care of yourself has its reward". This initiative helps you to have a more active life and rewards you, when you complete a weekly challenge, with gift vouchers for Amazon, El Corte Inglés, Adidas, through its app.

NH Runners

Since 2022 we have recovered the NH Runners initiative, the purpose of which is to live a healthier life and do exercise. This time, we funded registration in the 2023 Business Race held in Madrid. With this initiative we invited team members to form part of this team to go out and train and participate in the races organized.

NH Bikers

After an absence of a few years, the NH Bikers initiatives has returned with the 32nd Valdemorillo Classic, where team members of the Business Unit in Spain and of Headquarters compete in mountain bike racing.

GoodHabitz

A globally accessible online training platform that lets team members participate in courses that stimulate the development of key skills to tackle personal and professional challenges. This platform offers specialized courses in personal care and best practice to achieve proper wellbeing at work. These include courses dedicated to stress and time management, the benefits of a break for mental and physical health or the benefits derived from good eating habits.

Fruit at HQ Office and CRO

During the year, fresh fruit was again available at the HQ and CRO offices from Monday to Thursday.

Treadmill in Office HQ

Continuing our commitment to promoting wellness in the office, a 'Walking Pad' was installed at City Hall to reduce sedentary behaviour in the workplace.

Height-adjustable table in HQ

Availability of height-adjustable desks for Team Members to promote healthy posture in the office within the framework of well-being at work.

Computer tool for H&S management

An Occupational Health and Safety management computer tool "6 Conecta" has been acquired. This tool will permit the digitalization of several of the preventive processes set out in the Prevention Plan in Spain (risk assessment, preventive planning, information, training, delivery of PPE, accident investigation, etc.). This tool will make these process more agile, saving documenting and handling time and will permit greater compliance with legal obligations. The tool is currently being parameterized and is expected to be implemented in the first quarter of 2024.

Training in Health and Safety

E-learning in Occupational Health and Safety has been developed more effectively, dynamically, intuitively, and realistically than in previous years, as it has been made more accessible and can be completed on a cell phone, which has facilitated access for many groups of team members such as housekeeping staff, while the duration of the training has been reduced to make it more dynamic.

The training has placed special emphasis on the most relevant risks of each job, including 26 short videos with the most significant preventive measures.

In 2023 a training platform has been added which can be accessed by staff who do not have access to the Talent tool, satisfying an important need.

This new training through e-learning has been very well received and the feedback obtained from participants has been very positive.

Occupational Health and Safety training hours

	Consolidated perimeter		Corporate perimeter	
	Face to face training	Online training	Face to face training	Online training
Number of team members trained	1,989	3,184	2,322	3,435
Number of programs	121	22	147	23
Training hours	14,309	7,415	15,919	7,941

Accident rates and occupational diseases

In 2023, all regions have reported information on workplace accidents and occupational diseases.

Accidents

	2023					
	Consolidated perimeter			Corporate perimeter		
	Female	Male	Total	Female	Male	Total
Fatal accidents	0	0	0	0	0	0
Accidents with absence from work	188	175	363	234	209	443
Accidents with serious consequences	3	5	8	4	6	10
Accidents without absence from work	97	67	164	116	87	203
Total accidents	285	242	527	350	296	646

	2022					
	Consolidated perimeter			Corporate perimeter		
	Female	Male	Total	Female	Male	Total
Fatal accidents	0	0	0	0	0	0
Accidents with absence from work	133	108	241	153	120	273
Accidents with serious consequences	4	2	6	5	3	8
Accidents without absence from work	64	50	114	76	65	141
Total accidents	197	158	355	229	185	414

Occupational diseases

	2023					
	Consolidated perimeter			Corporate perimeter		
	Female	Male	Total	Female	Male	Total
Fatal occupational diseases	0	0	0	0	0	0
Occupational diseases with absence from work	11	12	23	11	12	23
Occupations diseases with serious consequences	1	2	3	1	2	3
Occupational diseases without absence from work	3	2	5	3	2	5
Total occupational diseases	14	14	28	14	14	28

	2022					
	Consolidated perimeter			Corporate perimeter		
	Female	Male	Total	Female	Male	Total
Fatal occupational diseases	0	0	0	0	0	0
Occupational diseases with absence from work	0	0	0	0	0	0
Occupations diseases with serious consequences	0	0	0	0	0	0
Occupational diseases without absence from work	1	1	2	1	1	2
Total occupational diseases	1	1	2	1	1	2

In 2023, H Hotel Group recorded 2 team members with occupational diseases. It should be noted that most active occupational diseases are related to damage to the musculoskeletal system, epicondylitis or tendinitis.

Accident rates and occupational diseases

		2023			2022		
		Female	Male	Total	Female	Male	Total
Consolidated perimeter							
Frequency Rate (FI)* fatal accidents		0.00	0.00	0.00	0.00	0.00	0.00
Frequency Rate (FI)* occupational accidents		22.42	19.82	21.15	17.50	14.58	16.07
Frequency Rate (FI)* occupational accidents with sick leave		14.79	14.33	14.57	11.81	9.97	10.91
Frequency Rate (FI)* occupational accidents with high consequences		0.24	0.41	0.32	0.36	0.18	0.27
Frequency Rate (FI)* occupational diseases		1.10	1.15	1.12	0.09	0.09	0.09
Frequency Rate (FI)* occupational disease with sick leave		0.87	0.98	0.92	0.00	0.00	0.00
Severity Rate (SI)** occupational accidents		0.38	0.40	0.39	0.35	0.23	0.29
Severity Rate (SI)** occupational accidents high consequence		0.05	0.10	0.07	0.11	0.05	0.08
Severity Index (SI)** occupational diseases		0.04	0.06	0.05	0.00	0.00	0.00
Seriousness Index (SI)** occupational diseases high consequence		0.03	0.03	0.03	0.00	0.00	0.00
Corporate perimeter							
Frequency Rate (FI)* fatal accidents		0.00	0.00	0.00	0.00	0.00	0.00
Frequency Rate (FI)* occupational accidents		24.20	21.25	22.75	17.75	14.93	16.37
Frequency Rate (FI)* occupational accidents with sick leave		16.18	15.00	15.60	11.86	9.69	10.80
Frequency Rate (FI)* occupational accidents with high consequences		0.28	0.43	0.35	0.39	0.24	0.32
Frequency Rate (FI)* occupational diseases		0.97	1.00	0.99	0.08	0.08	0.08
Frequency Rate (FI)* occupational disease with sick leave		0.76	0.86	0.81	0.00	0.00	0.00
Severity Rate (SI)** occupational accidents		0.42	0.43	0.43	0.36	0.24	0.30
Severity Rate (SI)** occupational accidents high consequence		0.06	0.10	0.08	0.11	0.07	0.10
Severity Index (SI)** occupational diseases		0.03	0.05	0.04	0.00	0.00	0.00
Seriousness Index (SI)** occupational diseases high consequence		0.03	0.03	0.03	0.00	0.00	0.00

* Frequency Index (FI) = number of occupational accidents or occupational diseases / hours worked *1,000,000.

** Severity Index (SI)= days of sick leave due to occupational accidents or occupational diseases / hours worked.

Turnover, absenteeism and leaving

Aware of the highly competitive labour market and the many challenges faced by the hospitality industry, NH Hotel Group defines the importance of the employer brand as key to attracting talent and, of course, retaining talent.

In this regard, the company is aware of the importance of highlighting the benefits and attractions of the tourism sector and the hotel industry in particular. NH Hotel Group believes that the loyalty and pride of its team members is an essential asset in communicating these benefits and attractions to new talent through experience.

For this reason, the Company is using the social network Instagram and specifically its account (@nhhotelgroupcareers) to share the experience of NH professionals with the world. This initiative allows people to see first-hand what it is like to work at NH Group, what team members do on a daily basis, and what opportunities and benefits they can enjoy as part of the NH family. Team members share their experiences, their professional development in the company and highlight the values and culture of the NH Group.

All of this demonstrates the Group's firm commitment to making all team members feel part of the Company even before they become part of it. The Company works to make all team members feel a fundamental part of NH from the very beginning and throughout their development and growth at NH.

In such a complex and volatile employment market, subject to the economic cycle, NH is concerned with the expectations and interests of its team members by promoting active, proactive and continuous listening through its [internal communication](#) channels.

The Group continues to work on its ability to retain the great talent in its team. To this end, it monitors, analyses and evaluates the attrition rates recorded in recent years, taking into account various factors such as age, business area or professional category of its team members.

Turnover rate by gender, age and professional category (in %)

	2023	2022		
	Consolidated perimeter	Corporate perimeter	Consolidated perimeter	Corporate perimeter
Breakdown by gender				
Female	35.4	39.8	38.1	39.1
Male	36.3	41.5	36.8	38.1
Breakdown by age				
<30 years old	64.2	69.7	66.8	68.9
30-50 years old	30.4	35.0	33.9	33.9
>50 years old	16.0	19.7	19.6	19.6
Breakdown by professional category				
Top Management	8.3	9.9	12.4	13.2
Middle Management	17.3	18.8	17.5	17.9
Staff	40.3	45.5	42.3	43.4
Total	35.9	40.6	37.5	38.6

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown

Voluntary turnover rate by Region (in %)

	2023			2022			Variation (in %)
	Female	Male	Total	Female	Male	Total	
Consolidated perimeter							
Headquarters	9.1	12.8	10.7	13.3	10.1	11.8	-9.3%
Region America	38.6	37.6	38.1	41.5	39.2	40.4	-5.7%
Region Northern Europe	27.8	27.6	27.7	33.6	31.5	32.6	-15.0%
Region Southern Europe	14.6	14.1	14.3	12.4	14.9	13.6	5.1%
Total	23.0	22.7	22.8	25.1	24.8	25.0	-8.8%
Corporate perimeter							
Headquarters	9.1	12.8	10.7	13.3	10.1	11.8	-9.3%
Region America	42.3	38.9	40.6	43.7	39.7	41.7	-2.6%
Region Northern Europe	28.0	28.5	28.2	32.2	31.1	31.7	-11.0%
Region Southern Europe	17.5	17.7	17.6	14.9	16.9	15.9	10.7%
Total	24.8	24.6	24.7	25.8	25.5	25.7	-3.9%

Non-Voluntary turnover rate by Region (in %)

	2023			2022			Variation (in %)
	Female	Male	Total	Female	Male	Total	
Consolidated perimeter							
Headquarters	14.3	11.1	12.9	11.6	6.7	9.3	38.7%
Region America	5.4	7.9	6.6	6.6	9.4	8.0	-17.5%
Region Northern Europe	8.3	11.2	9.7	9.3	9.8	9.5	2.1%
Region Southern Europe	18.6	18.1	18.3	18.9	15.3	17.2	6.4%
Total	12.4	13.7	13.0	13.0	12.0	12.5	4.0%
Corporate perimeter							
Headquarters	14.3	11.1	12.9	11.6	6.7	9.3	38.7%
Region America	8.4	12.9	10.6	6.7	9.3	8.0	32.5%
Region Northern Europe	9.3	11.6	10.4	9.4	9.7	9.6	8.3%
Region Southern Europe	22.4	23.0	22.7	19.2	16.5	17.9	26.8%
Total	15.0	16.9	15.9	13.3	12.5	12.9	23.3%

* Non-voluntary exits refer to all terminations, independently of the cause (objective causes such as the closure of hotels or end of contract and causes deriving from disciplinary terminations).

The variation in the turnover rate is due to the current reality. Due to the pandemic, measures were implemented as part of the contingency plan and almost no temporary hires were made. During this year, due to the reactivation of the business and after eliminating the measures of the plan, temporary hires have resumed (revisar con los resultados que se obtengan pero a priori no debería variar en exceso respecto a 2022)

To calculate non-voluntary exist, all terminations have been considered, independently of their cause (objective causes such as hotel closures or end of contract and causes deriving from disciplinary terminations).

Non-Voluntary exits

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Variation (in %)	2023	2022	Variation (in %)
Breakdown by gender						
Female	225	182	23.6%	261	218	19.7%
Male	320	209	53.1%	359	243	47.7%
Breakdown by age						
<30 years old	186	137	35.8%	207	169	22.5%
30-50 years old	284	185	53.5%	327	214	52.8%
>50 years old	75	69	8.7%	86	78	10.3%
Breakdown by professional category						
Top Management	12	4	200.0%	13	4	225.0%
Middle Management	64	39	64.1%	72	44	63.6%
Staff	469	348	34.8%	535	413	29.5%
Total	545	391	39.4%	620	461	34.5%

Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown

Hours of absenteeism

	Consolidated perimeter		Corporate perimeter	
	2023	2022	2023	2022
Accident	68,432	69,525	85,614	77,268
Occupational diseases	983,727	921,119	1,096,100	1,048,201
Total	1,052,159	990,644	1,181,714	1,125,470

Calculated on valid working days.

Absenteeism rate (in %)

	Consolidated perimeter		Corporate perimeter	
	2023	2022	2023	2022
Accident	0.3	0.3	0.3	0.3
Occupational diseases	3.9	4.2	3.9	4.1
Total	4.2	4.5	4.2	4.4

Calculated on valid working days.

Talent Attraction

With the aim of presenting NH Hotel Group's employer branding and the job and career opportunities the Company offers, while contributing to the employability of young talent in the sector, in 2023 the Company participated in 44 job fairs and events at universities and hospitality schools worldwide.

In Europe, NH Hotel Group has visited more than 25 Universities, mostly in Spain, France, the Netherlands, Portugal and Switzerland. These visits were mainly focused on participation in job fairs and interviews with students, company presentations and recruiting events with other companies in the sector.

NH has also participated in new careers fairs at prestigious schools, with the aim of responding to their growing need for young talent interested in a pursuing a career in luxury hotels, a segment in expansion in the Company. These events have been an excellent occasion to connect with young talent seeking internship opportunities, or in their final years of study to find a career opportunity.

In Latin America, a total of 17 universities and hospitality schools were visited, in Argentina, Colombia and Mexico. These visits have mainly consisted of presence at local universities to promote the internship program and thus offer opportunities to the students.

The NH INHternship Training program has been implemented with these students, with the aim of developing professional talent in hospitality and tourism, to encourage the potential development and availability of key talent. The INHternship Trainee Program reflects the Company's commitment to the development of future professionals who will ensure that hospitality continues to be a leading player in the growth of society in Latin America. This program consists of an internship in which students can participate across all the different processes of the hotel business, and have contact with all the areas involved, through training and carrying out particular tasks in each of them. In this way they will have the opportunity to accelerate their development and get ready to tackle the challenges arising in professional life.

Employer Branding

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

The long-term goal of the Employer Branding plan is to establish a unique culture around the Company's values as an employer brand, through uniform and consistent communication of the Company's identity and essence: People, Passion and Challenge. To do so, the Company continues to focus its strategy on these values, both in the initiatives aimed at consolidating internal talent and in those focused on attracting external talent.

Furthermore, in 2023 Employer Branding actions have diversified, placing special emphasis on collaboration with the top Hospitality Schools in Europe, which NH Hotel Group has visited, representing Minor Hotels, creating a direct connection with the students of these schools and acting as a reference for those interested in what we have to offer as a hotel chain, especially in the luxury sector.

In 2023 the new strategy of content and sections on social media has been consolidated, with their team members playing a leading role, mainly on the Instagram account @nhhotelpgroupcareers, which has more than 10k followers. Content related to Employer Branding and sporadic talent attraction actions are focused on the Company's corporate profile on LinkedIn, giving greater weight to the content strategy, concentrating and maximizing its impact.

In the diversification of Employer Branding content on social media, different subject matters can be found such as development and training programs, opening events, Team Member celebrations, job vacancies, recognitions and awards. The Company continues to favour Sustainability as a lever that is becoming more and more relevant in attracting and retaining talent, giving greater visibility to the Company's milestones in relation to Responsible Commitment and Sustainability, as well as the Corporate Volunteering campaigns under the slogan Together With Love.

In addition to the value of the content published organically, we have promoted recruiting through segmented campaigns, defined according to target public or geographical area. Focusing basically on LinkedIn and Instagram as the priority social media channels, the Company continue to drive talent attraction through TikTok in general recruiting campaigns.

Memorable Dates

Memorable Dates continues to be the program that celebrates the most important anniversaries (5, 10, 15, 20 and 25 years), as well as the retirement of hotel and central office team members in all regions. In 2023, the gala to acknowledge team members' service at the Company has been resumed, awarding DISCOVERY Dollars (D\$) which can be redeemed at the hotels.

Intern Week

The Company has implemented the "Intern Week" global initiative that took place from 18 to 22 September 2023 in all regions. During this week a number of initiatives were carried out to recognize the essential role that our interns play.

Welcome Pack

Launch of the "welcome pack" for new team members: this initiative was introduced in September was introduced in September 2023 with the aim of fostering engagement of new team members right from their first day in the Company to improve the value proposition for team members, one of the strategic pillars of the People & Sustainable Business area.

Welcome breakfast

Action within the Onboarding process to welcome the new Team Member in a more welcoming and informal way that will facilitate integration with coworkers.

Christmas party for children

Event aimed at the children of team members of Headquarters and CRO during the Christmas season. The event features external animators, a Christmas drawing competition and gifts for those present.

Christmas party for team members

A cocktail party is prepared at one of the hotels in Madrid y Barcelona for team members of Central Services and hotels during the Christmas season. The Management Committee of both the Southern Europe business unit and of Headquarters is present.

Social dialog with Team Members

NH Hotel Group is committed to maintaining a model of responsible and positive labour relations based on the principles of dialogue, consultation and Team Member participation.

For this reason, the NH Hotel Group European Works Council (EWC) was established in October 2015 at the initiative of the European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) and at the request of the affiliates in Italy, Belgium and Spain.

This EWC covers all the company's workplaces in the European Economic Area and is in line with Directive 2009/38/EC and its transposition into Spanish law. Its main function is to achieve a level of communication and social dialogue that allows, in a climate of mutual trust, mutual understanding on transnational issues affecting its team members.

The coverage of NH Hotel Group team members by collective agreements, which generally include aspects related to the health and safety of team members, varies according to the different regions (Northern Europe, Southern Europe and the Americas).

Team members covered by collective bargaining by Region (in %)

	Consolidated perimeter		Corporate perimeter	
	2023	2022	2023	2022
Headquarters	100	100	100	100
Region America	66	43	62	39
Region Northern Europe	91	91	87	87
Region Southern Europe	100	98	100	98
Total	91	87	89	85

*In Colombia, the collective agreement between the company and the team members was taken into account.

Team members covered by collective bargaining by country (in %)

	Consolidated perimeter	Corporate perimeter
Argentina	79%	79%
Austria	100%	100%
Belgium	100%	100%
Chile	-%	-%
Colombia	100%	100%
Czech Republic	-%	-%
Denmark	100%	100%
Ecuador	-%	-%
France	100%	100%
Germany	99%	99%
Hungary	-%	-%
Ireland	-%	-%
Italy	100%	100%
Luxembourg	100%	100%
Mexico	47%	48%
Netherlands	93%	94%
Portugal	100%	100%
Romania	100%	100%
Slovakia	-%	-%
Spain	100%	100%
Switzerland	100%	100%
United Kingdom	-%	-%
United States	76%	76%
Uruguay	75%	75%
Total	91%	89%

*The countries where the percentage is 0% are those where there are no collective agreements.

**In Colombia, the collective agreement between the company and the team members was taken into account.

Internal communication

In 2023, internal communication continued to be one of the key levers for generating and maintaining the internal commitment of team members, positioning itself as a powerful tool for change management and alignment with the company's strategic objectives.

In a year of major milestones within the company, it has become even more important to accompany all these achievements and give them internal visibility in order to generate greater commitment and pride in belonging to the team.

In 2023, after analyzing the information from the focus groups carried out the previous year, the company launched its new internal communication strategy. This strategy includes the redesign of internal communication channels, giving a new visual identity to the main internal areas that generate communication, providing consistency and clarity to team members about the type of information and who is sending it.

This important project also includes the integration of a module for sending and segmenting audiences into the communication layout tool itself. This makes it possible to optimize the targets affected by the communications and to obtain basic metrics to measure the impact of internal communications.

In addition, the Employee APP has been reviewed and updated, including a new look and feel, global and local news feeds, and integration with the internal communications global metrics module to provide a clear view of team members' information consumption and preferences.

Key internal communication projects in 2023

MyNH App

In 2023, NH Hotel Group will once again use digital tools to communicate with its team members. The new hybrid working models that are beginning to be formalized, as well as the predominance of team members working in hotels without a fixed desk, make the APP the best alternative to stay connected with team members, keep them informed and thus generate greater commitment.

"TELL THE WORLD" CHANNEL

During 2023, their flagship channel, Tell The World, underwent a facelift. As part of the redesign of the internal channels, our internal communications reference has been given a new header, new sections and a much more accessible and audiovisual language. New sections that put the team member at the center, without neglecting information on the opening of new Minor Hotels and projects linked to the company's strategic priorities.

VIRTUAL TOWN HALLS & CEO CHANNEL

The Town Hall format is consolidated both from the point of view of the visibility of managers and in terms of the alignment and commitment of team members to the company's priorities. The hybrid Town Halls, i.e. face-to-face and live via streaming, are attended by the different leaders of the company, who share the most important milestones from their respective management areas.

'SUSTAINABLE BUSINESS & TOGETHER WITH LOVE'

Internal communication highlights the value and visibility of the company's commitment to sustainability and its position as an industry leader in sustainable excellence. In addition to the relaunch of the section in the monthly newsletter Tell The World, a new dedicated internal communication channel was launched: "Up for Planet and People", through which the company's sustainable initiatives are shared.

Sustainable Business has promoted specific corporate volunteering initiatives through its "Together With Love" program. These initiatives continue to be very well received by the company's team members, who put their vocation of service at the disposal of those who need it most.

Flexibility and work-life balance

For NH Hotel Group, one of the fundamental pillars on which to attract and retain talent is the reconciliation of personal and professional life, which is achieved by seeking a balance between the needs and interests of team members and those of the company.

The culture of the NH Hotel Group has evolved in recent years towards a system of greater flexibility and balance, thanks to the "New Way of Working" project launched several years ago. In September 2021, forced by the circumstances of the pandemic, this hybrid working model project was launched in the various central offices of each region, and during the 2022 financial year it was maintained and improvements to the hybrid working model were introduced, towards which the Company moved quickly, efficiently and sustainably. This model was maintained throughout 2023.

During the 2023 financial year, this hybrid working model was consolidated, allowing team members to choose whether they wanted to follow this working model according to their needs. In this way, it was necessary to define and sign an agreement between the company and each member of the Central Services team. All this has allowed for a correct and effective implementation in accordance with the required labour regulations.

This hybrid model has the following characteristics at Headquarters:

- A minimum of 3 days in the office and 2 days working from home, Monday to Friday, depending on the nature of the job
- In order to facilitate meals during office hours, the Company has decided to provide a meal allowance of €112 per month (excluding July and August) to members of the headquarters team.
- To make the office environment safer, additional hygiene and safety measures have been adopted, such as CO2 meters on all floors and meeting rooms, air purifiers with particle filtration, etc.

In addition, a clear example of success was the signing of a work-from-home agreement between the company and employee representatives at the Central Reservations Office (CRO) in Madrid, where around 200 reservation agents now benefit from a 5-day-a-week remote working scheme, while retaining the option of coming into the office if they so wish.

In order to optimize its processes and be more agile, the company also wants to reinforce the importance of conducting and organizing effective meetings and is launching its "Effective Meetings" campaign, based on the following pillars "Ask yourself if the meeting/email is necessary, set an agenda, limit the number of participants, keep to the time, stay focused, end with an action plan".

Thanks to this program, the NH Hotel Group has been able to continue its activities while offering its team members an added value thanks to the hybrid working model, which strengthens the bond of trust and commitment.

Main work-life balance and flexibility measures and other social benefits

	Examinations during working hours
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48 hours' notice and proof of attendance.

	Fulfilment of an inexcusable duty of a public and personal nature
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The company will allow the necessary time for this.

	Assisted reproduction techniques
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Any professional undergoing treatment for assisted reproduction techniques has the right to be absent from work, subject to prior justification.

	Birth or adoption
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The company offers:

- Guaranteed paid leave for pre-international adoption procedures.
- The possibility of a 4-6 month leave for people in the process of international adoption, with job retention.
- The possibility of combining paternity leave with leave to facilitate the other parent's travel when the child is born outside Spain.

It should be noted that 100% of team members are entitled to paternity/maternity leave. In the financial year 2023, 2023 of team members exercised these rights (3% female, 1% male)*.

	Encouraging the recruitment of women victims of gender violence
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Priority in the recruitment of women who can prove their status as victims of gender-based violence, on equal terms.

	Geographical mobility
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Priority in geographical mobility for reasons of caring for dependent persons (minors and family members).

	Promotion of new technologies
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Use and promotion of new information technologies (videoconferencing, etc.) wherever possible to avoid continuous travel or journeys.

	Flexible working hours / Balanced and intensive working hours
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Flexible start and finish times. Intensive working day in the summer and every Friday throughout the year in Central Services, in departments where organizationally possible.

	Discount program
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The company works to ensure that team members have time off at the end of the working day. During the year, a feature was implemented in Outlook to limit the sending of emails outside of working hours. In particular, before sending an out-of-hours email, the Team Member must consider whether it is really necessary to send it at that time or whether it can wait until the next working day.

	Virtual bank office
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Access to a program of discounts and exclusive prices on a wide range of products, services and leisure activities online via the Coperama platform.

	Payflow
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A virtual bank that offers financial products and services to team members and former team members at advantageous conditions, with a 50% share of the profits generated each year. 135 team members from headquarters and the CRO are already customers of this office.

	Payflex
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Payroll Advance Project, which allows the team member to be paid immediately, whenever he/she wants. The Flexible Remuneration Plan is a personalized remuneration system whereby each Team Member voluntarily decides how to receive their total annual remuneration in order to adapt it to their personal and family needs at any given time. As it is voluntary, you can receive your salary as before or choose a new distribution between your salary and the products and services offered by NH: childcare vouchers, restaurant card, transport card, health insurance, training or purchase of holiday days.

	GoFluent
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An online platform for learning up to 12 languages has been made available to Head Office and Southern Europe team members, with the aim of improving their English language skills.

* headcounts



NH Collection Frankfurt
Frankfurt, Germany

NH | HOTEL GROUP
PART OF
MINOR
HOTELS

12.2

UP FOR PEOPLE

CUSTOMERS

CUSTOMERS UP_{FOR} PEOPLE

NH Hotel Group provides excellent service and innovative offerings and invites its customers to participate and engage in ethical, social and environmental commitments.

NH Hotel Group's Business Model

"The responsible way of working": a new way of doing business

The commercial strategy, based on the Customer Centric philosophy, is based on the experience, specialization and closeness that has been generated with customers over the years, to offer the highest quality service. This improves the ability to assess the real opportunity cost at all times, impacting the Company's global strategy and accelerating its growth.

Over the last few years, projects have been led for the optimization and commercial development of the Company with several objectives:

- Evolution of the commercial model with a clear focus on the B2B segment, both through the acquisition of this type of customer and their subsequent development and retention.
- Develop and evolve the value proposition for the luxury segment, capitalizing on new assets through the highly recognized Anantara Hotels, Resorts & Spas brand and the resorts focused on the Tivoli Hotels & Resorts brand.
- It is committed to harnessing technological advances to ensure greater efficiencies and equipping sales teams with the necessary tools to enhance the customer experience and maximize profitability.

The Responsive Way of Working is an opportunity to accelerate the company's business capabilities that will guide its evolution to adapt to both the customers of the future and those of today. It focuses on creating new digital tools, driving growth and strengthening the connection with customers. Adapting the service to the digital age, creating new processes and ways of working and identifying development opportunities will improve efficiency and deliver a much more personalized and high-quality experience in line with new customer needs.

One of the most important projects launched in recent years is NH PRO, a digital solution for B2B customers (agencies, companies and event organizers) that guarantees a specialized service, a commitment to innovation, where the company offers its services to meet customer expectations anywhere in the world.

In addition, as part of the evolution of the commercial model, a focus is being placed on defining an optimal model that will allow the development of synergies (cross-selling) with the Minor Hotels, in order to promote more transversal action plans adapted to each market, boosting NH Hotel Group's growth in both new and traditional geographies, increasing demand and reducing seasonality.

In this way, the cohesion between the service culture that characterizes NH Hotel Group and the move towards digitalization increases the ability to identify new opportunities and drives growth as professionals, as leaders and as an organization.

Experience for individual and professional customers

As a corporate strategy, NH Hotel Group is committed to defining the customer experience for each brand under four main pillars:

- Sustainability.
- Digitalization.
- Personalization
- Efficiency and simplicity of customer processes.
- Innovation and adaptation to consumer trends.

The methodology for defining the experience is always based on the analysis of the customer journey, the identification of the "moments of truth" for the continuous redesign and implementation of projects, as well as the monitoring of their acceptance.

In recent years, as a result of the Company's new business strategy, the foundations for the quality that distinguishes the NH Hotel Group have been laid.

Key initiatives in 2023

Click & Meet

As part of the Company's ongoing commitment to digitize its services, our professional website NH PRO (nhpro.com) launches Click & Meet, a new feature for online booking of meeting and event space, allowing professionals to access real-time pricing and availability information, as well as instant booking confirmation for rooms for up to 20 people.

Duetto autopilot

Duetto is an innovative profit management system. Based on collection/forecast/historical data, it makes price recommendations to optimize revenue.

Thanks to autopilot, recommendations are automatically sent to the TMS and connected channels 3 times a day. This optimizes revenue, reduces the workload of revenue managers and improves time to market.





Initiatives to improve the quality of the experience for individual customers

FASTPASS

This initiative allows guests to check in, choose their room and check out online. It puts the customer in full control of their stay, allowing them to choose their own room by exploring the hotel's architectural layout. In addition, the online check-in and check-out functionalities allow both processes to be digitized, reducing the use of paper and allowing guests to carry out both interactions conveniently from their smartphone, tablet or PC. The project is constantly evolving and improving. In 2023, several enhancements and new features have been applied to the online check-in process, including enabling the service for external channels such as Booking.com and Expedia, increasing its visibility across the NH website and improving the process to optimize conversion (shortening the process and making it more efficient to avoid abandonment). FastPASS will continue to evolve with the analysis and incorporation of new technologies that will allow us to take these services to the next level, such as biometrics and facial recognition or digital keys. This latest digital key service is currently in the pilot phase and is expected to be rolled out in some of their hotels during 2024.

Tablets in Reception:

In order to remain at the forefront of innovation and offer the best services to its customers, this proposal reduces physical contact elements and dwell times at the hotel reception during check-in and check-out, improving touch points both operationally and in terms of experience by digitizing all phases of these processes.

This project allows guests to check in and check out using a tablet connected to the PMS, so that

- It makes it easy to check your reservation details, contact details or invoices without having to print paper, and to correct any errors at the same time.
- Possibility to update the GDPR and NH DISCOVERY policy from the tablet itself.
- Sign the registration and police form (if applicable) from this device (digital signature).
- Digitize the check-in and check-out processes.

To achieve the following objectives:

- Improve the customer experience.
- Achieve paperless processes.
- Improve the quality of the CRM and increase the uptake of NH DISCOVERY.
- Digitize the customer data storage process (GDPR/Policy).
- Improve efficiency of these processes

During 2023 we have carried out a second roll-out, reaching the following milestones:

- More than 100 hotels with the Tablets in Reception project implemented.
- More than 300 tablets implemented.
- More than 20 f training sessions for operational teams.
- Project implemented in NH Hotels, NH Collection, nhow, Avani and Anantara brands.
- Project implemented in 7 different countries (Spain, Italy, Belgium, Netherlands, France, Austria and Denmark).

Based on the use of tablets in reception throughout 2023 and compared to a traditional check in, thanks to this project we have been able to save 608,000 sheets of A4 paper per year which translates into:

- More than 60 trees saved.
- 7,300 kg of wood saved.
- 547 m³ of water not consumed.
- 21,280 kWh of energy saved.
- 10.032 tCO₂eq not emitted into the atmosphere.

For the financial year 2024, NH Hotel Group will continue to support this project, with the following objectives:

- Scheduling of a 3rd phase of deployment in the group's hotels.
- Implementation of Wireless Tablet, which will allow a more experiential check-in in places other than reception.
- Improvements in the usability of this solution.

Chromecast

The change in audiovisual media consumption is already a reality. Digital media is becoming increasingly important and the younger generation already spends more time streaming than watching traditional television.

To adapt to this trend, NH Hotel Group has made the integration of Google Chromecast for Hotels into in-room TVs standard across several of its brands. This solution allows guests to send content from their mobile phone, tablet or PC to the connected TV to watch their favorite digital content.

During FY2013, we worked on the implementation of Chromecast in Avani, Anantara and several of nhow and Tivoli hotels.

Mobile Guest Service

As part of NH Hotel Group's digitalization and sustainability strategy, the company continues to invest in Mobile Guest Service.

Mobile Guest Service is a PWA (Progressive Web Application) that digitizes the information, services and functionalities that a customer needs during their stay at a hotel and opens another channel of communication or interaction between the customer and the hotel team.

The platform includes

- All the information about the hotel.
- Useful content: guides and tips about the city, online press.
- Reservations for services: spa, restaurant reservations, excursions.
- Possibility to make requests for: room service, extra services in the room, cleaning, VIP services.

Throughout the year, the implementation of the Mobile Guest Service continued to be promoted, with this tool already in place in 329 hotels of all brands present in all of the Group's Regions.

The following improvements were also made:

- Improved content structures.
- Integration with the company's PMS to improve customer recognition.
- Quarterly training sessions for hotel staff to optimize this tool.

Pet friendly

A complete experience for guests travelling with their pets. This new pet promise reassures guests that it is possible and comfortable to travel with their pet to an NH hotel, which is especially important today as more and more people choose to travel with their pets. The company offers a uniform pet policy worldwide, making NH Hotel Group a pet-friendly hotel chain.

In addition, a pet program proposal has been implemented exclusively for Anantara branded hotels.

Sensory branding:

- Musical identity: the Experience Division is working on continuous improvement, and the company has already launched projects in this area, such as the case of the musical atmosphere in the hotels according to the brand. A system is in place to design the music to create a comfortable and pleasant atmosphere in the hotels, in line with the values and attributes of each brand. The designed musical environments evolve throughout the day to create the perfect atmosphere at all times so that guests can relax, work, dine or rest in a pleasant atmosphere. During 2023, the musical identity has been defined for Avani, Tivoli (differentiating the resort offering from the urban offering) and most Anantara hotels.
- Scent Identity: the Experience Department ensures the definition and correct implementation of the Scent Project for the common areas of the hotels. An olfactory identity will be defined for each of the brands to create a pleasant atmosphere and generate a brand recognition effect. During the year, the olfactory identity was developed for Avani, Tivoli (differentiating the resort proposal from the urban proposal), now and, in the case of Anantara, the fragrance defined for this brand was replicated.

Sustainable product

In line with the company's general policy, work continues to propose sustainable alternatives to all elements defined in the hotel standards.

Brilliant Basics for rooms

During the year, work was undertaken to update and redefine the Brilliant Basics for the NH Hotels and NH Collection brands. The Brilliant Basics are the key products in the customer experience during the stay phase. The following criteria were taken into account in this redefinition:

- Feedback from customers and prospects on the in-room experience.
- Consumer trends.
- Analysis of the competitive environment by brand.
- Sustainability and reduced environmental impact.
- Internal expertise.

Based on these criteria, a new value proposition has been developed for NH Hotels and NH Collection rooms that focuses on their guests' rest and well-being from a holistic perspective, including new elements that enhance the bed experience, shower experience and overall stay.

Initiatives to improve the quality of the experience for professional customers

The Responsive Way of Working – re-launch of the umbrella concept of corporate communication for professional customers

Responsive Way of Working is the Company's value proposition for B2B professional segments. The Responsive Way of Working is the re-launch of the corporate communications umbrella concept for professional clients.

The program is linked to a philosophy that encompasses the following five pillars that underpin the services we offer:

- Single point of contact for all hotels to provide agile services.
- Customized pricing solutions based on the flexibility of their processes.
- Unique customer-centric experiences across all their hotels and resorts.
- Extensive industry knowledge through their team of experts.
- Smart digital solutions through their commitment to innovation.

Digitizing the online experience through NH PRO.com

The NHPRO.com online platform is a unique digital space exclusively for professionals, designed to simplify and facilitate their administrative tasks and provide them with new functionalities to develop their business. Among other things, it allows you to consult information about the NH Hotel Group's offer for professionals, access special rates, make reservations or plan events.

NH PRO Blog – New content and features

One of the great novelties of the NH PRO website is the blog, whose content is constantly updated based on the latest market trends. It is a virtual space where you can find relevant content for business travelers, articles and inspiration related to the world of events, business travel and managing work and personal life. In 2022, the blog will be available in the seven main languages in which the company operates, and in 2023 the content will be enriched and expanded, with a special focus on the latest technologies, in particular a reflection on the impact of artificial intelligence.

Dedicated benefits program for business customers NH+ Business Program

NH+ Business Program is a program created for companies and professionals with exclusive benefits. The more nights they stay with the company, the more benefits they receive. With NH+, depending on the category and booking through NH's professional website (NHPRO.com), they can enjoy up to 25% discount on public rates, discounts in car parks, premium Wi-Fi service, late check out or early check in, among other benefits.

Value propositions for maximum personalization and exclusivity in the NH Meetings segment: Full Buyout and Luxury Buyout.

This is a proposal from the NH Hotel Group that allows you to book an entire hotel or just part of it for exclusive use. A completely personalized experience that guarantees privacy, security and above all an unforgettable experience.

The experience can also be enjoyed in one of their luxury hotels for a completely unique experience where exclusivity, personalization and privacy will make any occasion unforgettable.

Value Propositions Meetings & Events to Enjoy Outdoor Spaces and Unique Environments Outdoor spaces and unique venues

Promoting the hotels through the spaces and areas available for outdoor events, be it a corporate activity, a creative team meeting, a reception or a social event. From terraces overlooking the mountains or the sea, to urban enclaves with rooftops, gardens and swimming pools, you will find the perfect place to organize a meeting or event in all regions.

In addition to outdoor spaces, the Singular Venues offer includes unique, surprising and original hotel spaces where you can create unforgettable events and experiences. The offer includes hotels with the best locations that guarantee the success of corporate events.

Offers for long term business travelers: Extended stays

Extended Stays is a special offer for long stays of 7 nights or more, with discounts of up to 35% and additional benefits. The offer responds to new travel habits and the commitment to minimize the annual carbon footprint associated with transport, particularly for long-distance business travel, by extending the stay for certain projects.

Value propositions for specific segments or industries: INCENTIVES & ENTERTAINMENT

INCENTIVES is the value proposition that offers hotel services in the most exclusive destinations for companies and organizations that want to incentivize and reward their team members or partners with an unforgettable experience.

Strengthen communication with key professional customers through participation in professional events and major hotel trade shows:

- Fitur is one of the most important tourism fairs in the world. Held in Madrid during the week of 18-22 January 2023, the MINOR Europe and Americas teams had the opportunity to reconnect with customers, media and companies in the sector and present the latest news, products and trends from the past year, including progress in sustainable business initiatives and strategies.
- ITB, one of the world's most important international travel trade shows, returned with a bang after a three-year absence, and will return in 2019. From 7 to 9 March, the MINOR team had the opportunity to meet again with customers from all over the world.
- Imex Frankfurt is the most important MICE trade fair in Europe and took place from 23 to 25 May. As in previous years, the MINOR team had the opportunity to hold more than 600 meetings with new and existing clients.
- The Business Travel Show Europe was held in London on 28 and 29 June. This show was the ideal venue for NH's commercial teams to re-engage with customers and suppliers from across Europe and to learn about the latest trends in the travel industry.
- GBTA is a business travel focused convention held in Dallas during the week of 13-16 August 2023. It is one of the most important events for the corporate segment in the Americas, where our company had its own space as an exhibitor.
- Small international roadshows - Part of our sales team had the opportunity to attend several roadshows in international markets such as Brazil, China, Korea, Japan and India, mainly during 2023. During these days, the MINOR Europe and Americas sales teams supported the regional teams in presenting the Group's different brands to the relevant local partners in these important emerging markets.
- LTM Cannes, Americas and Asia - the team had the opportunity to attend the various editions of one of the most important trade shows dedicated to luxury travel. The MINOR Europe and Americas teams had the opportunity to meet with buyers, travel agents and travel media to present the hotels in the Premium & Luxury portfolio.

Other initiatives to improve quality and experience

Gastronomic innovation

NH Hotel Group is firmly committed to haute cuisine, innovation and the application of the latest trends in the sector, which is why the process of innovation and development of exclusive gastronomic standards has been a constant in the Company.

The Company currently offers an exceptional gastronomic offer, created by chefs with a total of 10 Michelin stars:

- Dabiz Muñoz, 3 Michelin stars with DiverXO at NH Collection Eurobuilding and GoXo at NH Collection Barcelona Constanza (until December 2023).
- Paco Roncero, 2 Michelin stars with Restaurant Paco Roncero at NH Collection Casino de Madrid.
- Randy Karman, 1 Michelin star, with the White Room at Anantara Amsterdam Grand Hotel Krasnapolsky.
- Marcos Morán, 1 Michelin star, executive chef at Hispania Brussels, NH Collection Grand Sablon.
- Joachim Koerper, 1 Michelin star, with Seteais, at the Tivoli Palácio de Seteais in Portugal.
- Tristan De Boer, 1 Michelin star, with The White Room at Anantara Grand Hotel Krasnapolsky Amsterdam in the Netherlands.
- Oliver Da Costa, 1 Michelin star, with Seen Lisboa, at Tivoli Avenida in Portugal.

In an effort to communicate the sustainability of its products and standards, NH Hotel Group has undertaken several initiatives in the F&B sector, such as the implementation of a new process to increase efficiency in the management of resources and the use of surplus production in the kitchens.

To this end, we have begun to work with various food start-ups that reuse these surpluses, providing an outlet for the product not consumed in the hotel.

In line with its commitment to promoting a sustainable offer to its customers, NH Hotel Group offers a gastronomic offer that takes into account the needs of its customers and the planet. With a view to 2024, the F&B department will implement a fortnightly plan to monitor the following products in all regions:

- Km0 products.
- Promotion of seasonal products.
- Promotion of healthy food.
- Use of ecological packaging.
- Promotion of vegan cuisine.
- Adoption of free food (products free of intolerances, trans-fats and sugars).

Improving direct sales channels

NH Hotel Group has demonstrated its commitment to excellence through a strategy that values both direct and indirect channels for marketing its products and services. It highlights the essential role of hotels, the "call center" and, above all, the web, which in 2023 played a decisive role in the marketing of its products and services through 51 websites and microsites, using 23 languages and/or language localizations.

In 2023, the business generated by NH Hotel Group's website has experienced remarkable growth, consolidating itself as one of the company's main channels with an impressive increase of almost +25% compared to the previous year.

Changes in consumer habits in both B2C and B2B have affected all regions, channels, segments, brands and domains. The B2B segment has seen a significant acceleration, while B2C has gained weight, with the dynamic development of the direct web channel compared to intermediate channels standing out. This has led to historically high levels of contribution, even exceeding that of 2022, with the web channel representing around 23% of the company's total turnover in the B2C segment at the end of the year.

NH Hotel Group's commitment goes beyond innovation, focusing on tailoring and personalizing the experience of the millions of customers who visit the website and app to improve service and usability. Personalization, together with the systematic implementation of conversion and usability improvement techniques, with hundreds of active experiments and tests throughout 2023, has resulted in double-digit improvements in web conversion at certain times. This approach reflects the company's proactive spirit of continuous improvement.

Loyalty program: NH DISCOVERY

Importance of loyalty programs

Loyalty programs have established themselves as an important business tool. According to recent market research, 75% of travelers in Europe consider loyalty programs to be an important or very important factor when choosing a hotel.

For NH, it is an excellent way to nurture customer relationships while helping to grow the business.

NH DISCOVERY benefits

NH Hotel Group has a successful loyalty program, NH Rewards. From June 2022, NH Hotel Group will join the GLOBAL HOTEL ALLIANCE (GHA) alliance and its GHA DISCOVERY loyalty program with its NH DISCOVERY program. This brings more than 10 million members and 350 hotels in 30 countries to one of the ten largest loyalty programs in the global hotel industry, with a total of more than 23 million members and 800 hotels.

The program has 4 categories: Silver, Gold, Platinum, Titanium and multiple ways to progress and benefit from the first stay, where members can earn and redeem DISCOVERY Dollars (D\$), the global rewards system where 1 D\$ equals 1 US\$.

In addition, this alliance gives members access to Live Local, the Local Offers & Experiences proposition that offers unique and exclusive moments beyond the destination and is now available across the NH Hotel Group portfolio. NH DISCOVERY members will be able to enjoy the same benefits across 35 brands, more than 800 hotels and 100 countries. With the support of GHA DISCOVERY, they have access to a new customer base and cross-brand revenue opportunities, while the company offers new travel experiences to program members. The integration into GHA also helps the company position itself in the upper upscale and luxury hotel segment, where it is growing.

Social impact of NH DISCOVERY worldwide

For GHA DISCOVERY, social awareness and environmental sustainability are core values of the hotel brands contributing to the initiative, including the NH Hotel Group brands.

In this line, NH Hotel Group participates in the global loyalty program GHA DISCOVERY, which offers its members the opportunity to donate their DISCOVERY Dollar (D\$) points to specific causes or charities supported by the member brands.

In 2023, NH Hotel Group selected the Make-A-Wish International Foundation as the brand's charity of choice, resulting in a donation of USD 7,473.67 (approximately €6,820).

GREEN COLLECTION Program of GHA DISCOVERY

Green Collection is a portfolio of hotels in the GHA DISCOVERY loyalty program that have demonstrated their commitment to protecting people and the planet. Certified by recognized environmental organizations, they pioneer sustainable practices and initiatives that protect the natural environment and benefit the local communities in which they operate.

Each Green Collection property has achieved at least one globally recognized certification from leading bodies such as EarthCheck, Green Growth 2050, Green Key and Green Globe. Green Collection enables the 24 million GHA DISCOVERY members - the guests of the hotel brand - to make informed and responsible travel decisions based on their values, beliefs and priorities. 64 hotels in the NH Hotel Group portfolio have joined GHA Discovery's Green Collection program.

Green Stay

In order to further support sustainable goals and join the common challenge against climate change on a global scale, Green Stay aims to align the company's activities with the guidelines defined at European and international level.

NH Hotel Group has extended its Green Stay initiative to most of its hotels, a service that applies to all of the company's hotels. Through this initiative, NH offers guests staying more than one night the option to opt out of room cleaning services, thus contributing to the conservation of water, energy and other resources. As a reward for its customers, the hotel is offering a voucher for a free drink for each day they participate in the initiative.

In addition, QR codes are included in room and bathroom communication materials regarding the use of towels and extra toiletries, contributing to energy savings and promoting faster, more transparent and efficient digital communication.

NH Hotel Group App

NH Hotel Group's app and its approach go beyond being a basic service tool for guests. In addition, guests can continue to use the 'StayApp' during their stay, an app specifically designed to enhance the enjoyment of their stay.

In line with the innovative spirit of the company, the mobile app is used as a key differentiation tool, as a laboratory, to launch new concepts in a massive and multi-device way, such as the aforementioned FASTPASS service, which allows you to check in online and choose your room on a virtual map of the hotel.

Quality measurement

NH Hotel Group works to continuously improve the quality of its services in order to guarantee unique and memorable experiences for its customers. In order to achieve this, it is essential to monitor perceived quality in order to implement various action plans.

For this reason, the Directors and Quality Managers of each NH Hotel Group region carry out customer experience quality visits to the vast majority of hotels, and especially to those where areas for improvement are identified, in order to develop action plans and implement the necessary corrective measures. The main tool used to carry out quality checks in NH Hotel Group hotels is a smartphone application called Iristrace, which continues to be the main tool used during their visits.

In addition, during the month of April this year, NH Hotel Group implemented a powerful customer experience management software called "Review Pro". The tool allows the monitoring of customer reviews through internal channels (customer survey) and external channels (online platforms such as Booking.com, TripAdvisor, Google and others). The tool provides a real-time, all-in-one dashboard to measure and respond to guest reviews. It also includes a specific section for semantic analysis, which allows you to analyze the elements that have the greatest impact on guests, and a specific section that facilitates comparison and evolution with the competition.

Main quality indicators

	2023	2022	Variation (in %)
NH Hotel Group survey rating			
General	8.4	8.5	-1.2%
Service F&B	8.5	9.0	-5.6%
Nº of customer survey ratings	142,631	119,555	19.3%
Online survey rating			
General	8.5	8.4	1.2%
Service	8.9	8.4	6.0%
Nº of online survey ratings	481,466	457,439	5.3%

In addition, in order to maintain the Company's high standards of quality and customer satisfaction, the figure of "Quality influencers" has been further strengthened in 2023, becoming a fundamental pillar in their quality network as ambassadors of the Company in their area of influence and providing support to the Quality Directors in the different regions.



NH Collection Royal WTC Bogotá
Bogotá, Colombia

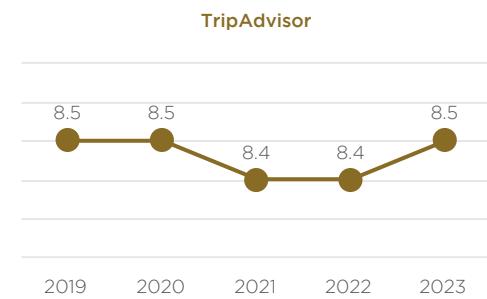
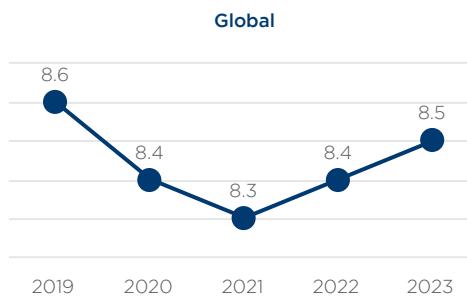
Impact on visibility and perception of quality

This year, NH Hotel Group has developed an internal tool, Advance Quality Report, which complements all the information collected by Review Pro and provides teams with a great deal of help with quality metrics, both for analysis and forecasting.

Some of these features include the ability to help identify the areas that have the greatest impact on the customer experience, link ADR and occupancy data to quality results, track targets and benchmark between hotels.

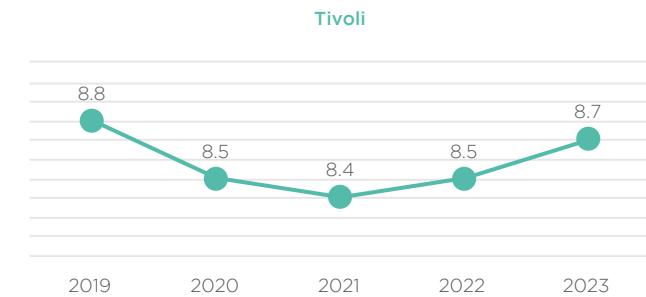
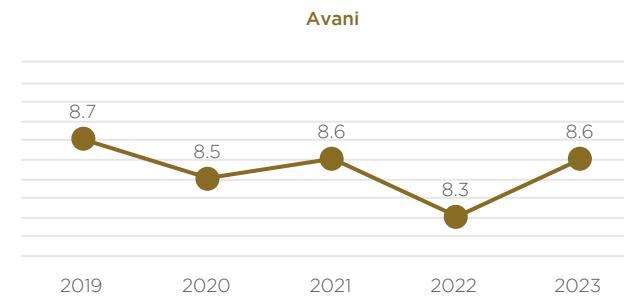
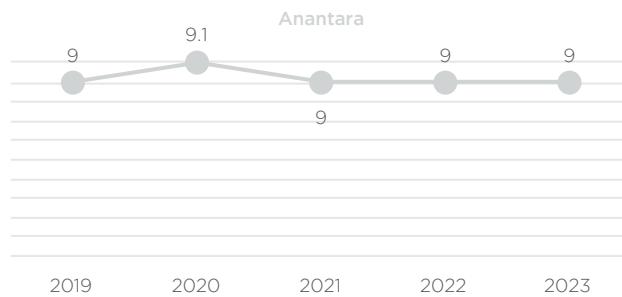
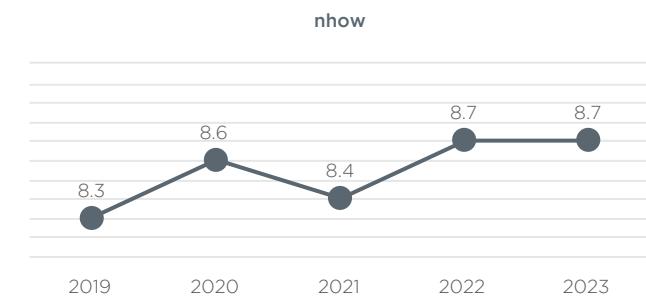
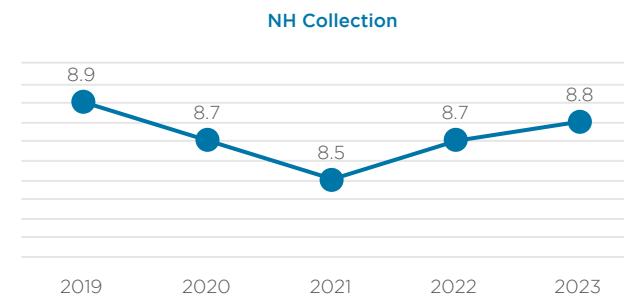
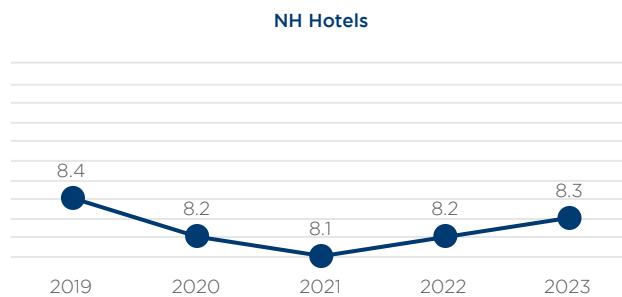
As a result of these and many other efforts, the overall perception of the company's quality through external channels has increased by +0.1 points compared to last year, bringing us to 8.5 and marking the second consecutive year of growth since the outbreak of the health crisis. This growth in online reviews is driven by Booking.com, the site where NH Hotel Group receives the most reviews. Google Reviews and TripAdvisor complete the top 3 in terms of number of reviews.

NH Hotel Group quality score on external channels



In terms of online perception by brand, Avani grew by +0.3 points and Tivoli by +0.2 points. Anantara remains the highest rated brand in the group with 9 points. NH Collection is the second best rated brand in the group (8.8), followed by nhow and Tivoli with an average score of 8.7 points. NH Hoteles has improved at the same pace as last year (+0.1 points) and is approaching its pre-pandemic score.

NH Hotel Group quality score on external channels



Single Customer Care Center: Customer Care area

The Single Customer Care Centre (CUAT) provides support to hotels and customers. Grouped into the Customer Care, NH DISCOVERY and VIP Desk units, it is the area responsible for providing information about the Company and its hotels around the world, as well as for answering questions, making reservations and dealing with customer requests.

During the 2023, the CUAT has continued to consolidate its position by expanding its response capacity and improving the level of service, highlighting its key role by taking on the increased contact with customers, being an essential point of contact for the Company due to the implementation of the new Loyalty Program (NH DISCOVERY).

The Single Customer Service Center receives information from various sources, through telephone contacts (Global Access +34 91 398 44 38) or via e-mail (for further contact details: [customer service](#)). Through these channels, agents are available in more than 7 languages to respond to customer requests and questions. All this information is very valuable for the Company, which, through internal control tools, allows us to analyze it and thus improve the services offered to the customer.

Tools for monitoring inbound contacts

SAP Module Customer Care

This is a module that allows the registration of every interaction with the customer from the moment the complaint is received. The customer can manage their complaint through a wide range of channels: email, telephone, web, hotels, social networks... The types of contact are divided into comments or suggestions, complaints, congratulations, requests, claims or technical incidents.

Zendesk

This is a tool that makes it possible to receive private comments from customers via social networks (Facebook, Twitter) and to reply to the customer via the same platform; in some cases, the customer is instructed to send all comments to the customer service email address, if necessary, to request more data to deal with their query, complaint or any other comment.

Review Pro

It is a tool that allows the monitoring of customer reviews through internal channels (customer survey) and external channels (online platforms such as Booking.com, TripAdvisor, Google and others). The tool provides a real-time, all-in-one dashboard to measure and respond to guest reviews.

In addition to the above complaint tools, the Company has official complaint forms in accordance with the legislation in force in each country. In this context, it should be noted that the Company uses the personal data received in a responsible manner.

In 2023, the Customer Care department handled a total of 30,852 contacts from the Single Customer Service Center (whether congratulations, requests, suggestions, complaints, etc.), an increase of 5,059 contacts compared to 2022.

Contacts received by the Customer Care area*

	2023		2022	
	Number	%	Number	%
Comments/Suggestions	3,604	12 %	2,153	8 %
Congratulations	459	1 %	15	— %
Technical incidents	0	— %	137	1 %
Complaints / Claims	11,058	36 %	7,729	30 %
Data Requests	15,731	51 %	15,759	61 %
Total Contacts	30,852		25,793	

**The scope of this data includes all hotels in the portfolio. However, metrics disaggregated by reporting perimeters are not reported as a significant number of the contacts received cannot be assigned to a specific hotel.*

With regard to the management of the contacts received by the Customer Care department, these are resolved by means of a letter of apology with the solution, the response from the hotel or the legal department, among others. For the most part, responses to customers have been handled within the established timeframe, except in some cases where there have been peaks in emails (relating to incidents related to the migration of the program or simply to request information about the new program) which have had an impact on response times. However, the company continues to focus on the customer and customer satisfaction.

Resolution provided by contacts received

	2023	2022
Reply to suggestion/request/comments	25,722	22,016
Compensation Points NH Discovery/ D\$	14	117
Charge of NH Discovery	62	419
Apology letter	1,297	1,120
Response from the hotel	376	269
Refund	34	86
Discount voucher	309	284
Thanks letter	144	9
Free upgrade	2	16
Free night	0	2
Free breakfast	0	1
Response from legal department	4	1
Others	2,772	876
Error*	116	66
None (in duplicate)**	0	511
Total	30,852	25,793

(**) Technical incidents - solution provided by IT.



Customer Health and Safety

NH Hotel Group continues its commitment to ensure a safe stay by promoting safety and hygiene at a global level and in each of its hotels and catering centers. To achieve this commitment, NH Hotel Group relies on the support of technicians and collaborating companies in the various processes, from cleaning and disinfection to food safety.

The Company ensures that all food preparation procedures and catering services comply with international regulations on Hazard Analysis and Critical Control Point in Food & Beverage (HACCP). Finally, kitchens and kitchen equipment are sanitized according to hospital protocols to ensure proper disinfection and decontamination at all times. To this end, the NH Hotel Group has signed an international agreement with an external company specialized in food safety and hygiene (Diversey), which audits, verifies and guarantees compliance with these standards, as well as the mandatory legal registrations, food laboratory analyses, continuous training of the teams in food health and hygiene and specific hygiene manuals for each center.

These processes are continuously audited in all restaurants and kitchens of the NH Hotel Group. All hotels are regularly inspected by Diversey for food safety. Their supervision and monitoring is an absolute guarantee that the necessary measures for total disinfection of the facilities, with specific protocols, are optimally applied. In this way, any error committed by a supplier means that it must be corrected, without incurring any criminal consequences, or it will result in the automatic termination of the contract with the NH Hotel Group.

In this line, the Group is committed to the well-being of its guests by offering a variety of healthy and wholesome options to meet their dietary needs. Likewise, the NH Hotel Group has taken various measures to ensure the health and safety of its guests.

Health and Safety measures for customers

Prevention of legionnaires' disease

Cleaning, recording, analysis, etc. are carried out in accordance with local regulations.

Potability analysis of drinking water for human consumption.

Annual analyses are carried out at various points of consumption and accumulation in the hotel.

Indoor Air Quality (IAQ) testing

Indoor air quality tests are carried out in some hotels.

Maintenance of lifting equipment

All lifts are serviced on a monthly basis and undergo statutory inspections every two years by an authorized body.

Maintenance of fire protection installations

Fire protection systems are maintained on a quarterly basis, in addition to regular statutory inspections by an authorized body.

Maintenance of boiler rooms and air-conditioning systems

Boiler rooms and air conditioning systems are serviced on a monthly basis.

Maintenance of low voltage installations

These installations are maintained on an annual basis, in addition to statutory inspections every five years by an approved body.

Maintenance of high voltage installations

These installations are maintained on an annual basis, in addition to the statutory inspections every three years by an approved body.

Cleaning of kitchen hoods, ducts and extraction fans

All kitchen hoods, extraction ducts and extraction fans are cleaned annually to prevent potential fires in hotel kitchens.

Automatic extinguishing systems in kitchens

Automatic fire extinguishing systems are installed in hotel kitchens.

Contracts for disinfection, fumigation and pest and rodent control

Disinfection, fumigation, rat extermination and pest control procedures are carried out to avoid and prevent possible infections or pests in the hotels.

Maintenance of automatic doors

The maintenance of automatic doors ensures their operation in the event of evacuation to prevent accidental impact and trapping.

Light curtains on lift doors

Installation of light curtains in lift doors to prevent shocks when accessing the lifts.

Accessibility in hotels

As a result of NH Hotel Group's commitment to diversity, inclusion and customer accessibility in its properties, there are 342 hotels across all regions with elements adapted to special needs. NH Hotel Group continues to work to ensure that accessibility reaches all of the company's hotels.

“98% of hotels have some level of accessibility.”

Hotels that are more accessible every day

	Consolidated perimeter			Corporate perimeter		
	2023	2022	Variation (in %)	2023	2022	Variation (in %)
Number of hotels with elements adapted to special needs	286	292	-2.1%	342	344	-0.6%
Number of hotels with disabled access elevators	250	249	0.4%	291	290	0.3%
Number of hotels with disabled parking	208	207	0.5%	250	246	1.6%
Number of hotels with public areas adapted for people with a physical disability	269	270	-0.4%	322	316	1.9%
Number of rooms adapted for people with a physical disability	864	777	11.2%	1,002	887	13.0%

In addition, NH Hotel Group is committed to the employment integration of people with disabilities through responsible sourcing from Special Employment Centers as suppliers of laundry services. The share of sourcing from Special Employment Centers will reach 8.6% in 2023 (approximation in relation to the workforce in Spain, together with the team members of Special Employment Centers that can be assumed to be NH Hotel Group procurement).



Anantara Vilamoura Algarve Resort
 Algarve, Portugal

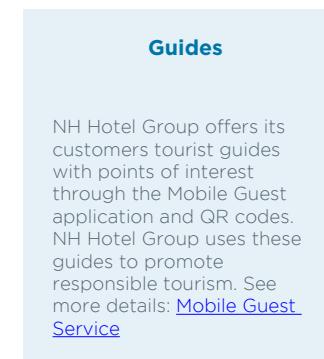
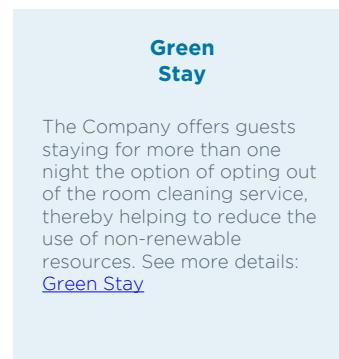
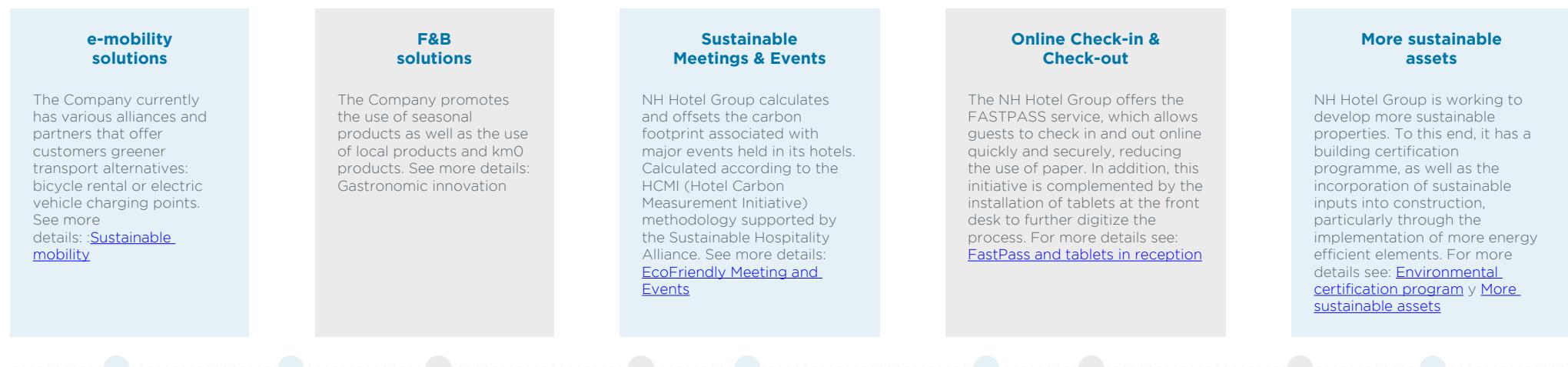
Responsible customers

In its commitment to sustainability, NH Hotel Group seeks to engage and involve customers in its sustainable initiatives, either by creating opportunities for social contribution or by promoting environmentally responsible behavior.

In a changing and demanding context, the Company continues to adapt its business model to the new challenges facing the hotel industry. Customers are increasingly aware and conscious of the importance of their positive contribution to the environment and are demanding new

services. In this sense, the company is in a process of continuous improvement and adaptation in order to offer its customers increasingly responsible products and services.

Supported by the Sustainable Business Strategy and in collaboration with all departments of NH Hotel Group, the Company offers an increasingly immersive sustainability experience throughout the customer journey:



Customer satisfaction with sustainability

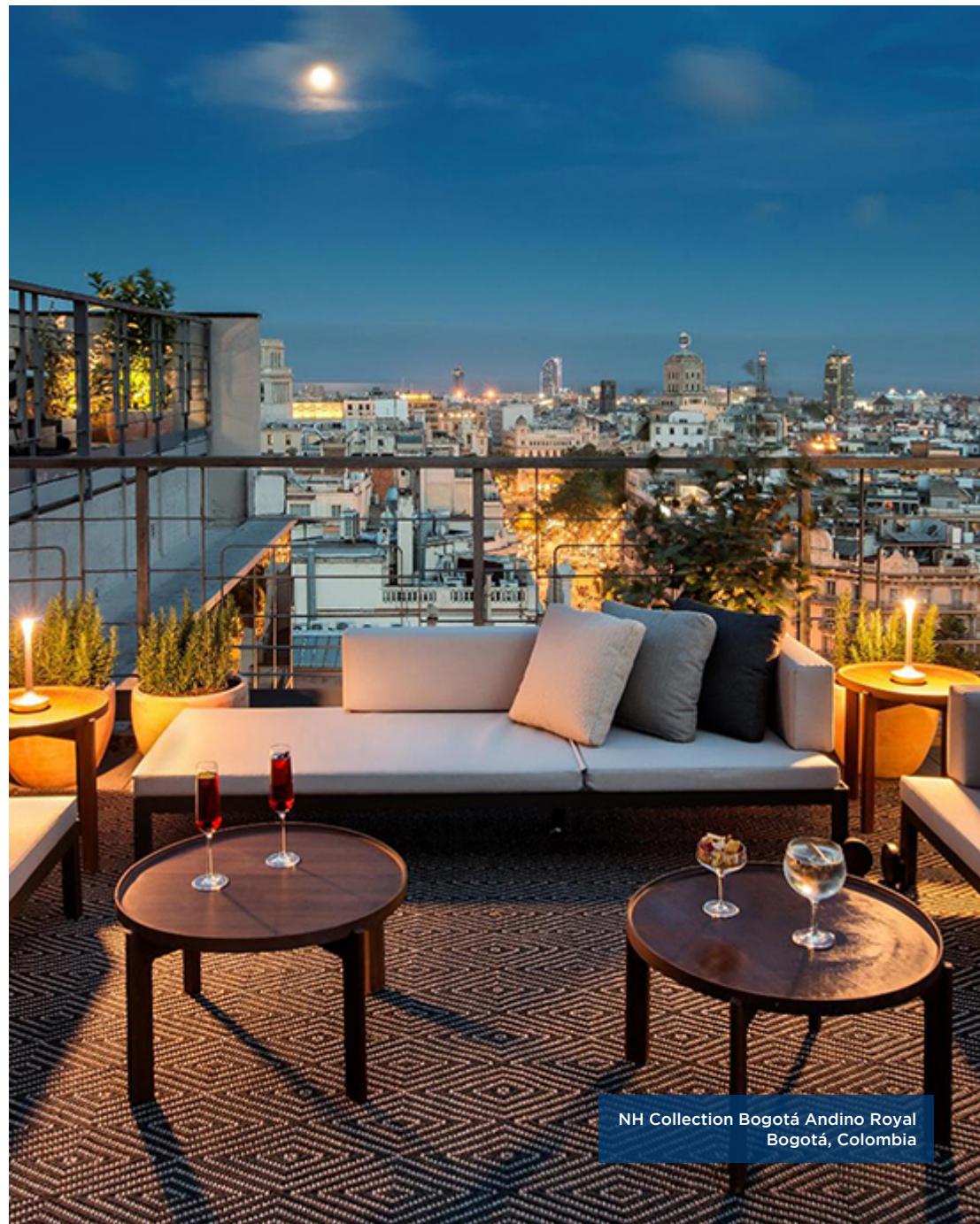
One of the ways NH Hotel Group measures customer satisfaction is through the Customer Satisfaction Survey. This survey evaluates and monitors customer satisfaction in relation to sustainability management.

As a result, the Company annually analyses the evolution of customer perception of sustainability for each hotel.

Top 10 NH Hotel Group hotels rated in terms of customer sustainability

Region	Hotel Name	Score (0-10)
Region Southern Europe	Anantara Convento di Amalfi Grand Hotel	9,56
Region Southern Europe	Anantara Palazzo Naiadi Rome Hotel	9,42
Region Southern Europe	Anantara New York Palace Budapest Hotel	9,40
Region America	NH Collection Mexico City Centro Histórico	9,37
Region Southern Europe	NH Collection Porta Rossa	9,32
Region Southern Europe	Anantara Villa Padierna Palace Benahavís Marbella Resort	9,32
Region Southern Europe	NH Collection Fori Imperiali	9,28
Region Southern Europe	Anantara Villa Padierna Palace Benahavís Marbella Resort	9,27
Region America	NH Collection Royal Hacienda	9,23
Region Northern Europe	NH Collection Olomouc Congress	9,22

The indicator that relates the number of reviews to the score of the reviews has been used in order to reflect the reality of the customer's perception.





Anantara New York Palace
Budapest, Hungary

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12.3
UP FOR PEOPLE
COMMUNITIES

COMMUNITIES UP_{FOR} PEOPLE

NH Hotel Group strives to create a positive social and environmental impact in the communities where we operate through key responsible partnerships.

One of the main objectives of the NH Hotel Group's sustainable business strategy is to maintain active relationships in the communities in which it operates, contributing to local development and meeting the needs of each destination in which it is present through its own business. This ambition was born out of a natural recognition of the company's ability to create value in the way it operates.

NH Hotel Group is committed to building responsible and successful alliances with solidarity partners, with the aim of developing local and replicable projects in the three regions NH Hotel Group is aware of the capacity of tourism to transform the impact on the destination and, in particular, plays a key role in positively influencing the different environments in which it operates, valuing the contribution to the Sustainable Development Goals.

Through the UP for PEOPLE pillar, NH Hotel Group promotes various projects that have an impact on the communities in which it operates, contributing to the reduction of social inequalities. In line with the company's values and the approach of having a direct impact on the destinations in which it operates, the NH Hotel Group works on social action through three programs that have a direct impact on hotel operations:

- Hotels with a Heart (HWH): free accommodation program for needy families with sick children in partnership with foundations and NGOs.
- Together with Love (TWL): the company's global corporate volunteering program.
- Youth Employability: employability program for young people at risk of exclusion.



Through these projects, NH Hotel Group generates a different impact in the environments where we operate, providing real value that allows us to encourage continuous improvement, share knowledge between initiatives, establish relationships and alliances with local entities and support local communities, achieving a positive impact. Thanks to the social initiatives that NH Hotel Group has carried out in 2023 a total of 19,680 people benefited from the social initiatives carried out by NH Hotel Group in 2023. In this way, and as a result of the initiatives carried out, NH Hotel Group strengthens its commitment to the communities in which it operates year after year.

Contribution to society

	2023	2022	Variation (%)
Beneficiaries	19,680	60,724	-67.6%
Social initiatives	58	28	107.1%
NH Hotel Group volunteers	1,752	4,885	-64.1%
Hotels involved	149	136	9.6%
Contribution of NGO Rate*	77,529	91,085	-14.9%
Contribution of Friend Rate + Employee Rate **	91,280	179,500	-49.1%
Contribution to social action***	237,892	135,429	75.7%

*NGO rate - 30% discount on the best available rate for entities previously evaluated and approved by the Sustainable Business department.

** Friends & Family voucher and Employee rate: €2 and €1 respectively from bookings made at the special rate for team members, family and friends, which will be used for accommodation and meals, special rates and scholarships for the social action programs of the different regions.

*** The monetary contribution in social action is the monetary estimate of the social programs: On the one hand, the HWH program, based on the rooms with free accommodation offered by NH Hotel Group to different associations with which the Company collaborates, taking into account the average rate (ADR) of each room on the corresponding date. On the other hand, the monetary contribution through the TWL corporate volunteering program. The reason for the increase in this investment during the year was due to the development of an internal procedure for the collection of these rooms in a homogeneous manner throughout the group.

Thanks to these initiatives, NH Hotel Group's total indirect monetary contribution in 2023 is €406,701.

Partnerships with Foundations and NGOs

Local impact is achieved through the creation of responsible partnerships with local foundations and NGOs, as well as the collaboration of volunteer team members in social projects. These partnerships always follow the guidelines of the Sustainability Policy.

Hotels with a Heart

Hotels with a Heart is a solidarity initiative that aims to ensure that children and teenagers who suffer from a serious illness and have to go to hospital far from home can be accompanied by their closest family members during this difficult period of time.

To this end, NH Hotel Group is offering free rooms to families in hotels close to the hospital centers as a pro bono gesture. With this objective, and in close collaboration with local NGOs and foundations, the company provides accommodation to families with limited resources so that they can accompany their loved ones, and the NH Hotel Group is proud to contribute to these families at such a difficult time.

One of the most important foundations with which we have been working for several years is the "Menudos Corazones" Foundation, thanks to which NH Hotel Group provides 10,094 free nights per year to families with children with congenital heart disease.

Another example is the Make-A-Wish Foundation, with which the Company has a global agreement to provide free accommodation to children with serious illnesses so that they can fulfil their dreams wherever we operate in the world.

The alliance with both foundations began in 2005 and continues today. In addition to these collaborations, we also have agreements with the Lovaas Foundation, which focuses on children with ASD, the CORALL Family, which fights against congenital heart disease in children, and the Alzheimer's Association.

As a novelty, three collaboration agreements have been signed for 2023:

- With the José Carreras Foundation to provide free accommodation for leukemia patients and bone marrow donors who have to donate away from their home. Thanks to this agreement, NH Hotel Group offers 70 rooms per year free of charge in its hotels in Barcelona, mainly.
- With the Spanish Association Against Cancer. Thanks to this agreement, NH Hotel Group offers 324 rooms free of charge to patients of the association in any of its hotels in Spain.
- With St. Jude Hospital in New York, through which the NH Collection Madison Avenue hotel offers 20 free rooms per year to families with sick children in the hospital.

Many of the Company's team members volunteer their time to participate in the program, acting as hosts for these families and "ambassadors" for the program in each of the hotels.



Each hotel has a person who follows up with the families, sharing their experiences and helping to make their stay as comfortable as possible.

Since the program began, more than 2,000 team members have become true hosts to the families, helping the hotel to become a second home for them.

In addition, the NH Hotel Group, as part of the Hotels with a Heart program, works with various NGOs and associations throughout the year through solidarity vouchers to contribute at specific times. These requests must always be made through formal communication channels and the contribution is made if the NGO has a mission and values in line with those of NH Hotel Group.

One of NH Hotel Group's values is to create unforgettable experiences and to bring happiness to all families staying at its hotels through this charitable initiative. NH Hotel Group's commitment to hospitals, foundations and charities around the world has provided more than 24,000 free room nights to more than 5,500 families in nearly 20 years.

#HotelswithaHeart (HwH)

	2023	2022	Variación (en %)
HwH beneficiaries	4,103	2,876	42.7%
NH Hotel Group volunteers*	154	118	30.5%
Foundations and NGOs involved	43	22	95.5%
Hotels involved	77	59	30.5%
Free nights stay	1,590	1,438	10.5%
Indirect monetary contribution HwH	226,506	135,429	67.3%

* It is considered that each hotel has 2 team members looking after the families that benefit from this accommodation: the GM and the FOM.



In line with the agreement signed with St. Jude Hospital, the NH Collection New York Madison Avenue hotel carried out a campaign to benefit them. The initiative, in addition to providing free rooms, was to create custom blown glass ornaments that were sold in the lobby, cocktail bar and reception area of the hotel, raising a total of €7,514 from the sale of these hearts to be donated to St. Jude Childrens Research Hospital.

Together with Love: Corporate Volunteering

In 2023 and under the motto "Together with Love", the NH Hotel Group has once again organized its corporate volunteering program. Corporate Volunteering is a global initiative focused on sustainability and strengthening relationships with the local communities where the Group is present, in which all the company's team members were invited to participate.

In this way, NH Hotel Group complements the volunteering initiative developed annually by Minor International, with which it shares a solid commitment to the development of its sustainability strategy. Once again, the organized volunteering sessions were very well received by all team members as they had the opportunity to make a positive contribution to society.

During the year, 1,220 team members volunteered in a wide range of initiatives:

- At headquarters, there were a number of initiatives in line with their environmental strategy. In one, 64 team members planted 150 trees in the NH forest in the Sierra de Madrid. In the second initiative, 17 team members cleaned up an area near the Jarama River, collecting 74kg of plastic. There was also an activity with Menudos Corazones, where 33 team members made different gifts to take to families with children in hospital. As in previous years, blood donations and work in the soup kitchen took place.
- In the Northern Europe Region, several hotels donated food, equipment and furniture to various associations and NH Amsfoort organized its staff to clean up the city's parks. The hotels nhow Brussels Bloom and NH Collection Grand Sablon collected clothes and food, cooked them and distributed them through the streets of Brussels to people in need.
- In the Southern Europe Region, the NH Coimbra Doña Inés hotel donated clothes and household items to a nursing home and in Madrid, the NH Collection Colón hotel organized a collection of items for animals to be delivered to a local animal welfare organization.
- In the Americas Region, the NH Puebla Centro Historico and NH Puebla Finsa hotels carried out activities to accompany children in hospitals, helping them to decorate picture frames and handing out gifts.



#TogetherWithLove (TWL)

	2023	2022	Variación (en %)
Beneficiarios TWL	15,358	57,842	-73.4%
Voluntarios de NH	1,220	4,767	-74.4%
Fundaciones y ONGS involucradas	109	66	65.2%
Hoteles involucrados	79	87	-9.2%
Iniciativas llevadas a cabo	56	27	107.4%
Contribución monetaria indirecta TWL	11,386		

Christmas charity campaigns from NH volunteers

During the Christmas period, the company launched a special edition of its "Together With Love" initiative, which was once again a success thanks to the hospitality and solidarity of all the regions, promoting corporate volunteering initiatives among their team members. Some of these initiatives are described below:

Americas Region:

The hotels in Argentina, Chile and Mexico organised various activities with children and elderly people in collaboration with different foundations. They handed out sweets and gifts, made Christmas decorations, took lots of photos to remember the day and even received a visit from Santa Claus!

Northern Europe Region:

The Northern European hotels took part in various volunteering activities: making and decorating typical gingerbread houses, distributing food and warm clothes to the homeless, surprising the elderly with gifts, sweets and Christmas cards, etc. And even help our four-legged friends by donating pet food!

Southern European Region:

In Southern Europe, hotels supported several soup kitchens and prepared menus for distribution to those in need. Hotels in the Algarve also took part in a charity walk to raise money for a good cause.

Headquarters - HQ

Headquarters also participated in this Christmas edition of corporate volunteering, working with the Madrid Food Bank, delivering the gifts requested by the children in the Three Wise Men's letter and even transforming the Town Hall into a "conscious" Christmas market full of organic and fair trade products.

Employability programs: promoting youth employment

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

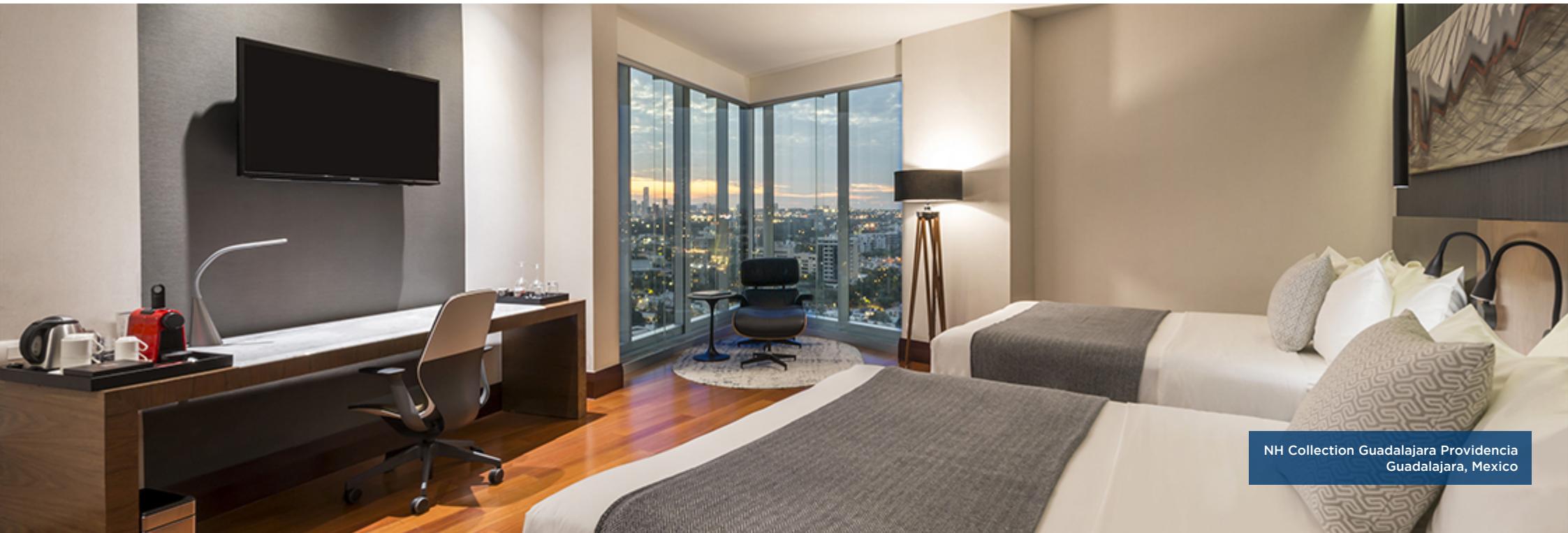
NH Hotel Group remains committed to increasing the employability of this group and intends to promote different training, work experience and employment programs for young people at risk of exclusion and with disabilities in the hotels of all its regions.

During 2023, one of the collaborations was with the Fundación Tomillo, dedicated to promoting employability and reducing school drop-out rates among young people at risk of exclusion, with which it has been working for years. During the month of June, as part of this relationship with the foundation, the Company hosted several Erasmus students from different parts of Europe who were training in 12 of its hotels in Spain and Italy. As well as getting to know the facilities, the students were able to experience first-hand the main functions of a hotel professional, which was a very enriching experience.



Thanks to the various employability projects carried out in the Group's hotels, 34 of these students were hired in 2023, 11 of them on a permanent basis.

During the financial year, the Americas Region, in collaboration with the Vatel University, the Inter-American Open University and the Government of Buenos Aires, provided training at the NH Florida hotel for 26 trainees, 4 of whom were taken on indefinitely. The programme consisted of training the students in the daily tasks of a hotel, rotating through the different departments.



NH Collection Guadalajara Providencia
Guadalajara, Mexico



Anantara New York Palace
Budapest, Hungary

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13

EUROPEAN UNION
TAXONOMY OF
SUSTAINABLE ACTIVITIES

13. EUROPEAN UNION TAXONOMY OF SUSTAINABLE ACTIVITIES

Introduction

In recent years, the European Union has made great strides in building a sustainable financial ecosystem, with the aim of redirecting capital flows towards more sustainable investments. To this end, in 2019 it presented the "European Green Deal" or "European Green Pact", which is a set of initiatives aimed at achieving several environmental objectives. To achieve these objectives, the EU presented the Sustainable Finance Action Plan.

In this context, on 22 June 2020, the European Commission and the Council adopted Regulation (EU) 2020/852, also known as the "Taxonomy Regulation", which provides the basic framework to facilitate the flow of capital towards sustainable activities. The Taxonomy Regulation has promoted standardization and transparency in the reporting of sustainable activities, providing tools to facilitate harmonized reporting, thus enabling investors and other stakeholders to analyze and identify sustainable investment opportunities to achieve a climate neutral Europe by 2050.

WHAT IS TAXONOMY? ¹

- A single classification system to help businesses and investors identify and determine which economic activities are environmentally sustainable.
- A single classification system that promotes the transition to a sustainable economy in order to achieve the EU's climate and environmental objectives.
- A consistent classification system that promotes homogenization and transparency in the reporting of information on environmentally sustainable activities².
- A single classification system that acts as a tool to support companies in their transition towards climate neutrality and prevention of environmental degradation.

In this sense, the taxonomy not only represents a reporting obligation, but also allows new development, renovation and maintenance projects of NH Hotel Group hotels to contribute positively to sustainable development from the early stages of their conception and throughout their life cycle.

¹ It should be noted that the current Taxonomy regulation sets out mandatory reporting requirements; however, it does not emerge as a list of mandatory environmental performance activities and requirements for companies or for financial products. For more details see: EU Taxonomy Navigator. [EU Taxonomy Navigator](#)

² Environmentally sustainable economic activities are those that make a significant contribution to at least one of the EU's environmental objectives, while not significantly harming any of the other objectives and respecting minimum social safeguards.

REGULATORY CONTEXT

The legal framework for the EU Taxonomy was established by the aforementioned EU Regulation 2020/852³.

According to Article 1.1, it applies to companies subject to the obligation to publish a non-financial statement or consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU of the European Parliament and of the Council.

In addition, Article 9 sets out the six main environmental objectives.



Climate change mitigation



Climate change adaptation



Sustainable use and protection of water and marine resources



Transition to a circular economy



Prevention and control of pollution



Protection and restoration of ecosystems and biodiversity

This Regulation has been followed by three main complementary Delegated Acts:

- Firstly, Delegated Law 2021/2139 of 4 June 2021 (or "Climate Law")⁴ which establishes the list of economic activities that contribute significantly to the objectives of climate change mitigation and adaptation and that do not cause significant damage to the other environmental objectives.
- Secondly, the Delegated Act 2021/2178 of 6 July 2021 (or "Delegated Act on Disclosure of Information")⁵ describes the specifications for the content and presentation of the information to be reported by companies on environmentally sustainable activities, including the key indicators to be reported and their calculation methodology.
- Thirdly, Delegated Act 2023/2486 of 27 June 2023 established the list of economic activities that contribute significantly to the environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, protection and restoration of ecosystems and biodiversity, and do not cause significant damage to the other environmental objectives.

Thus, in 2023, the new regulations adopted by the EU will make it possible to know the complete catalog of sustainable activities covering the six environmental objectives.

³ On establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088

⁴ This law has been supplemented / amended twice. Firstly, it was supplemented by Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (Delegated Act supplementing the climate taxonomy) as regards economic activities in certain energy sectors: natural gas and nuclear energy; and secondly, it was amended by Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023, which extends the economic activities contributing to climate change mitigation and adaptation that were not previously included, in particular in the manufacturing and transport sectors. It also amends and adds technical selection criteria to determine the conditions under which certain economic activities can make a significant contribution to climate change mitigation or adaptation and whether such activities cause significant damage to other environmental objectives.s.

⁵ This law has been amended through Annex V of Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023.

OBJECTIVE AND SCOPE

For companies to make public the information that the capital market needs to incorporate sustainability criteria in their decision making, the Delegated Regulations of the European Taxonomy oblige companies to carry out an analysis of the degree of compliance under two criteria -eligibility and alignment- and to report the results in their Non-Financial Information Statements.

- **Eligible activities:** an economic activity is considered eligible as long as the Company complies with the description set out for each of the activities listed in Annexes I and II of Delegated Regulation 2021/2139 of 4 June 2021. In this sense, eligibility is of a "potential" nature, i.e. an eligible activity is one that could become green according to the European Taxonomy.

ELIGIBILITY

1

Identification of activities

Does the activity carried out by NHHG meet the description of sustainable activities in the Supplementary Delegated Acts of the European Taxonomy?

► **NO.** The accounting item is not eligible (and therefore not aligned).

2

Substantial contribution to an environmental objective

Does the activity meet the significant contribution criteria defined for one of the environmental objectives?

► **NO.** The accounting item is eligible (but not aligned).

3

Not to cause significant harm to the other environmental objectives (DNSH)

Does the activity cause damage to any of the other 5 environmental objectives according to the defined criteria?

► **NO.** The accounting item is eligible (but not aligned).

4

Compliance with the Minimum Social Safeguards

Are the minimum safeguards met (at the company level, compliance with the human rights, corruption and bribery, tax and fair competition requirements is assessed)?

► **NO.** The accounting item is eligible (but not aligned).

5

Calculation Of the key reference indicators (turnover, CapEx and OpEx)

YES. The accounting item is ELIGIBLE and ALIGNED.

In this line, for the 2021 report, the obligation to disclose the key reference indicators in terms of eligibility was established. In 2022, the report went into greater depth, requiring the disclosure of these indicators in terms not just of eligibility but also of alignment.

For the current financial year, given the regulatory advances that have taken place, European Taxonomy disclosure is required in terms of eligibility for the six environmental objectives and in terms of alignment for the climate change mitigation and adaptation objectives. In this regard, the analysis will be carried out in greater depth in future years, in line with best practice and making use of the most advanced technology, allowing for continuous improvement in evaluating and reporting on alignment for all the environmental objectives described in the European Taxonomy.

It should also be noted that the European Taxonomy is still a regulation under development, and there is a certain degree of uncertainty in relation to the application and interpretation of certain aspects of the legislation. Participating companies are exposed to making judgment decisions in relation to the classification of the activities included in the Taxonomy. For this reason, in 2023 NH Hotel Group proceeded to review the previous year's eligibility exercise, going deeper in the analysis carried out in 2022 by taking into account new updates, legislative changes and FAQs and therefore eligible activities in the current year conform to a more precise and homogeneous criterion. The alignment exercise has also been carried out for the second time, performing an analysis of compliance with the criteria of substantial contribution, respect for the "Do No Significant Harm" principles and compliance with Minimum Social Safeguards for the objectives of climate change mitigation and adaptation.

Furthermore, in accordance with best practice in the sector and in light of the regulatory developments and clarifications issued by the European Union, this may be reviewed in future years with the intention of ensuring that the expectations of the regulator and other stakeholders are met.

In view of this, and in accordance with the provisions of the Delegated Regulations, the consolidated non-financial statements for the year of application must present the following key performance indicators (KPIs):

- The proportion of turnover derived from products or services related to economic activities that are considered environmentally sustainable (turnover).
- The proportion of total fixed assets (CapEx).
- The proportion of operating expenses related to assets or processes associated with economic activities that are considered environmentally sustainable (OpEx).

In applying and calculating these KPIs, the activity of NH Hotel Group S.A. and subsidiaries according to the perimeter included in the Consolidated Annual Accounts has been considered.

CONTEXTUAL INFORMATION OF THE PROCEDURE: Criteria for analysis.

To understand the activities considered eligible for the Company it is necessary to know NH Hotel Group's business model based mainly on the operating urban hotel establishments the purpose of which is to provide services to customers, the principal service being short-term accommodation (see chapter "[NH HOTEL GROUP Business Model](#)" of this Non-Financial Information Statement).

For this purpose, applying conservative criteria, NH Hotel Group has analyzed all the activities listed in the Taxonomy, among which those that are linked to the Company's business have been identified:

- Activity "*7.3 Installation, maintenance and repair of energy efficiency equipment*" listed in the activities related to the climate change mitigation objective.
- Activity "*7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings*" listed in the activities related to the climate change mitigation objective.
- Activity "*7.6 Installation, maintenance and repair of renewable energy technologies*" listed in the activities related to the climate change mitigation objective.
- Activity 2.1 "*Hotels, holiday, camping grounds and similar accommodation*" listed in the activities related to the objective of protection and restoration of biodiversity and ecosystems.

NH Hotel Group's sustainable activities, in accordance with the latest update of Art. 8 of the Taxonomy Regulation, are managed from the corporate Construction, Engineering and Maintenance department for activity 7.3, 7.5 and 7.6 and from the corporate Sustainable Business department for activity 2.1.

The following is a brief summary of the focus of the activities within the Company and the correspondence with the activities of the European Taxonomy:

Environmental Objective	Economic activity according to Taxonomy	Description of Activity
Climate change mitigation	7.3. Installation, maintenance and repair of energy efficient equipment	NH Hotel Group is committed to energy efficiency in its facilities and, with the aim of reducing its emissions by 20% by 2030, it has equipped itself in 2022 to meet this commitment. To this end, it has carried out the installation, maintenance and renovation of building elements (doors and windows) and lighting (LED), HVAC systems (boilers and cooling and ventilation equipment), piping, cooking equipment (ovens), batteries and other electrical appliances (washing machines, refrigerators, dryers...) that are more energy efficient.
Climate change mitigation	7.5. Installation, maintenance and repair of instruments and equipment for measuring, regulating and controlling the energy performance of buildings	NH Hotel Group, committed to reducing its emissions, continued in 2023 with the installation and maintenance of devices and instruments to monitor its energy consumption. to this end it has implemented the review, repair or replacement of buildings' energy consumption monitoring and control systems: sensors, meters, thermostats, automation and control systems or presence detectors, among others.
Climate change mitigation	7.6. Installation, maintenance and repair of renewable energy technologies	Committed to the growing and greater use of renewable energy technologies, the Company has carried out the installation of solar panels, photovoltaic panels and vacuum tubes in 13 of its hotels. This has contributed to the introduction of this activity in NH Hotel Group's catalog of eligible taxonomic activities.
Protection and restoration of ecosystems and biodiversity	2.1 Hotels, Resorts, Campsites and Similar Accommodation	<p>In line with its principal activity, NH Hotel Group provides short-term tourist accommodation. In most cases this is associated to additional services.</p> <p>However, it should be noted that not all of NH Hotel Group's portfolio has the potential to contribute substantially to the protection and restoration of ecosystems and biodiversity*. In this regard, according to the database generated by Protected Planet (mapping protected natural spaces and associated data with worldwide cover),, only 3,43% of NH Hotel Group's hotels are located directly in special protection areas. If this analysis were limited to the consolidated perimeter (scope of the taxonomic metrics), the % would be even lower.</p> <p>In addition, NH Hotel Group, in its commitment to the protection of biodiversity, applies conservative criteria considering that due to the type of activity carried out in the resorts they have the potential to contribute substantially to the protection and restoration of ecosystems and biodiversity despite not being located in protected areas. In this regard, the Company has 9 resorts in the portfolio (2 of them in the consolidated perimeter and therefore included in calculating the taxonomic metrics).</p> <p>As a result of applying this criterion, a total of 10 hotels are included in the "turnover" indicator, 2 of them because they are resort hotels in the consolidated perimeter and the other 8 hotels because they are directly located in special protection areas.</p>

*In accordance with the third matter of the following [FAQ](#), "Eligible activities constitute the baseline universe of activities that have the potential to align with the technical screening criteria". It is also taken into account that the first criterion of substantial contribution refers to the fact that "The activity contributes to conservation or recovery measures in clearly identified areas (conservation areas) in or near the same tourist destination as the accommodation (...)".

In 2022, the CapEx incurred by the Construction, Engineering and Maintenance department for the execution of works in buildings was linked to activity "7.2 Renovation of existing buildings". However, the nature of these projects does not correspond to "Construction and civil engineering works or preparation of such work", in other words they are not integral works, but rather comprise rebrand or minor works aimed at relocating certain rooms or the installation of new instruments, equipment or devices linked to energy efficiency. In this regard, it has been determined that the investment made to that activity in the current year fall under the description of activity 7.3: "Installation, maintenance and repair of energy efficiency equipment" and 7.5: "Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings".

The Company has also considered other activities listed by the taxonomies and has concluded from an analysis of them that none of them is eligible for the group:

- Activity 7.1: "Construction of new buildings". In line with its growth strategy and business model, NH Hotel Group does not carry out the development of projects for the construction of new buildings.
- Activity 7.4 "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)": NH Hotel Group offers the electric charging services. Through collaboration agreements with suppliers such as Wenea or Vattenfall, NH Hotel Group assigns its spaces for the installation of such charging stations, which are not the Company's property. For further details see [Sustainable mobility](#).
- Activity 7.7 "Acquisition and ownership of buildings": NH Hotel Group does not carry out real estate development activities. Therefore, the purchase and sale of real estate assets is not a recurring business activity but arises in the context of asset rotation as part of the strategy of the hotel activity.

Alignment analysis: compliance with technical criteria, DNSH and Minimum Social Safeguards

Following the process of identifying eligible activities, NH Hotel Group has carried out the alignment analysis by assessing compliance with:

- The CRITERIA OF SUBSTANTIAL to the objective of climate change mitigation as set out in Annex I of Delegated Regulation (EU) 2021/2139 of the Commission and subsequent amendments issued for activities 7.3, 7.5 and 7.6.
 - For Activity "7.3. Installation, maintenance and repair of energy efficiency equipment", it has been reviewed that eligible CapEx and OpEx comply both with the applicable minimum requisites set out in the domestic transposition of Directive 2010/31/UE and with the classification in the two highest energy efficiency classes in accordance with Regulation (EU) 2017/1369 where applicable. It has also been determined that these items comply with at least one of the individual measures set out in the legislation⁶.
 - For activity "7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings" it has been determined that CapEx and OpEx comply with at least one of the individual measures set out in the applicable legislation⁷.
 - For activity "7.6. Installation, maintenance and repair of renewable energy technologies" it has been determined that each item of CapEx and OpEx complies with at least one of the individual measures set out in the applicable legislation⁸.
- DO NO SIGNIFICANT HARM TO THE REMAINING ENVIRONMENTAL OBJECTIVES (DNSH) in compliance of the applicable appendices required for activities 7.3, 7.5 and 7.6. In this regard, it should be noted that the Company complies with the requirements of Appendix A with an analysis of physical climate risks and an adaptation plan for the risks that have been identified as material.

⁶ For more details please see pages 128-129 of the following document [Actividades taxonómicas para la Mitigación al cambio climático](#) (section: Substantial contribution to climate change mitigation for activity 7.3).

⁷ For more details see page 130 of the following document [Actividades taxonómicas para la Mitigación al cambio climático](#) (section: Substantial contribution to climate change mitigation for activity 7.5).

⁸ For more details see page 131 of the following document [Actividades taxonómicas para la Mitigación al cambio climático](#) (section: Substantial contribution to climate change mitigation for activity 7.6).

A material risk is considered to be any risk that, on account of its likelihood of occurrence or the consequences for the business or the combination of the two, has the potential to affect NH Hotel Group's operation or financial statements significantly in the assessed timeframes and scenarios.

In this regard, it should be noted that NH Hotel Group has carried out an analysis of physical and transition climate risks on its main assets, evaluating its exposure to climate risk factors on asset scale, considering short-term (2030) and long-term (2050) timeframes, analyzing scenarios RCP2.6 and RCP8.5 taking into consideration all the risks set out in Appendix A of the Taxonomy.

For more details on the methodology followed and the results obtained, see the chapter "[NH Hotel Group's Response to the Risks and Opportunities associated to Climate Change based on the Task Force on Climate-related Financial Disclosure \(TCFD\)](#)"

■ **MINIMUM SOCIAL SAFEGUARDS.** These are assessed at corporate level and emerge as a safeguard to ensure that revenue/CapEx/OpEx is not considered sustainable if it is generating a negative effect in social terms. In other words, for revenue, CapEx and Opex, as well as complying with a range of technical criteria for each of the taxonomic activities (which in global terms measure environmental performance), alignment depends on compliance at corporate level with a range of minimum social safeguards set out in art. 18 of Delegated Regulation 2020/852⁹ in which four major thematic areas are identified:

- Human Rights: NH Hotel Group is committed to ensuring the non-violation and, consequently, the promotion of Human Rights. For years the Company has been working to prevent and manage the risks associated to violation of these rights and to that end has several measures, tools and mechanisms such as the corporate Human Rights policy, and a due diligence procedure sequences in different phases and materialized through the Protocol and the Implementation guide. For more details see the chapter "[Protection of Human Rights](#)".
- Corruption and bribery: the Group is committed to zero tolerance of corruption and therefore has various internal controls in place to comply with the Anti-Fraud and Corruption Policy, the Policy for the Prevention of Money Laundering and Terrorist Financing or the Gift Policy. For more details, see "[Zero tolerance of corruption](#)".
- Taxation: NH Hotel Group ensures compliance with its tax obligations, as well as the application of best tax practice. Accordingly, among other measures, the Group is signed up to the Code of Good Tax Practice and has a Tax Policy that was updated in 2022. For more details see the chapter "[Tax transparency: Profits and taxes](#)".
- Fair competition: NH Hotel Group is committed to long-term sustainable growth through fair competition, as set out in its Code of Conduct. In this regard, the Company carries out its activity in a manner that is consistent with all the applicable competition laws and regulations in all the jurisdictions where it does business. To this end, the Company fosters a corporate culture based on free competition, providing its team members with assistance to prevent, detect and remedy any breach in this regard. For more details see the chapter "[Code of Conduct](#)".

It should also be noted that NH Hotel Group has been signed up to the United Nations Global Compact since 2002, and is therefore committed to the integration of the 10 ethical business principles in its daily operations and in its long-term strategy.

⁹ Which guarantees that all the activities considered are carried out in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights established in the eight fundamental conventions referred to in the Declaration of the International Labor Organization relating to fundamental principles and rights in work and the International Charter of Human Rights.

Content and methodology of key performance indicators

To avoid double counting, the Group has established the necessary oversight and control measures to ensure consistency and reliability from the information extraction and transformation process to calculation and final reporting of the information. These measures include checking subtotals, in order to ensure that all information is being included.

The calculation of the indicators has been carried out following the same accounting policies as are applied to NH Hotel Group's financial statements, based on the information recorded in the corporate Enterprise Performance Management application.

In this regard, the main sources of information are the accounting and management information used for the consolidated annual accounts and confidential corporate and analytical documents on each of the projects executed during the year in each of the hotels in the group's consolidated portfolio.

Due to NH Hotel Group's extensive hotel portfolio, the Company has made use of a sampling technique to determine that percentage of its activity is eligible and aligned with the Taxonomy. The way in which turnover, CapEx and OpEx were determined and assigned both to the numerator and to the denominator of each reported indicator is described below.

Turnover

This indicator is defined as the ratio of Taxonomy-adjusted turnover (numerator) to the Company's total revenues (denominator).

In compliance with section 1.1.1 of Annex I of Delegated Regulation 2021/2178 of 6 July 2021, the numerator is defined as part of the net turnover derived from products or services, including intangibles, associated to Taxonomy-aligned activities, and the denominator is made up of revenues recognized pursuant to IAS 1, paragraph 82, a¹⁰).

To calculate the denominator, in accordance with the preceding paragraph, Note 3.1 of the Consolidated Annual Accounts has been taken into consideration.

To calculate the numerator, the same statement of results used in calculating the denominator is used, taking into consideration only the items that comply with the description of an eligible taxonomic activity for NH Hotel Group (this year this corresponds to activity 2.1 "Hotels, holiday, camping grounds and similar accommodation"). In this regard, in accordance with the Taxonomy criteria and considering the new objective of Protection and restoration of ecosystems and biodiversity, only 3.1% of the revenues generated by NH Hotel Group come from that activity (a total of 66.86 million euros).

The following criteria were applied in the calculation methodology: see [Protection and restoration of ecosystems and biodiversity](#). In this regard, an in-depth analysis has been carried out of the presence of hotels (based on the consolidated perimeter) in areas where their activity could have a significant impact on ecosystems and biodiversity.

CapEx

This indicator is defined as the ratio of Taxonomy-adjusted CapEx (numerator) to total CapEx (denominator).

To calculate the numerator of this KPI, the breakdown of the CapEx per project obtained from the cost accounting has been used, which has been recorded according to International Accounting Standards (hereinafter IAS) and in accordance with the requirements described in section 1.1.2 of Annex I of Delegated Regulation 2021/2178 of 6 July 2021.

In this calculation, investment items associated to Taxonomy-aligned activities¹¹ -eligible with regard to activities 7.3, 7.5 y 7.6-. With the selection, each item was then labelled by product type (lighting, HVAC, fancoil, coolers, thermostats and control systems among others) in order to discern the CapEx per taxonomic activity.

After that, and taking eligible CapEx as the basis, a random sample of items per product types was selected. The alignment of these items was analyzed according to their technical data sheet and other inputs that have allowed us to evaluate compliance with the technical screening criteria concerning substantial contribution to the objective of climate change mitigation. The "Do No Significant Harm" principle and the Minimum Social Safeguards were also assessed.

This analysis has allowed us to obtain the percentage alignment per product type and therefore to proceed to the extrapolation by taxonomic activity. This extrapolation was carried out in proportion to the associated total budget per product type.

¹⁰ Adopted by Regulation (EC) 1126/2008 of the Commission.

¹¹ The numerator includes the part of CapEx included in the denominator of the indicator in accordance with the provisions of section 1.1.2.2 of Annex I of the Delegated Regulation of 6 July.

It should be noted that the CapEx items dedicated to Taxonomy-aligned activities have been calculated by a single area of the Company, which ensures that they have been counted only once in the analysis and, therefore, there has been no double counting of investments.

For activity 2.1, the entire CapEx associated to the 14 hotels that have the potential to contribute to the objective of Protection and restoration of biodiversity and ecosystems has been taken. In this regard, to ensure that no double counting occurs, the CapEx associated to activities 7.3, 7.5 and 7.6 for these hotels has been excluded.

For the denominator, additions to property, plant and equipment and intangible assets have been included, before amortization and depreciation and possible revaluations and impairment, including the results of revaluations and impairment corresponding to 2023, excluding changes in fair value. Additions to property, plant and equipment and intangible assets resulting from business combinations, if any, were also included, covering costs recorded in accordance with IAS 16 Property, plant and equipment and IFRS 16 Leasing.

According to the consolidated financial statements of NH Hotel Group, the total CapEx (denominator) is indicated in Note 6, Note 7 and Note 9 of the Consolidated Annual Accounts for 2023.

OpEx

This indicator is defined as the ratio of Taxonomy-adjusted OpEx (numerator) to total OpEx (denominator).

In compliance with section 1.1.3 of Annex I of Delegated Regulation 2021/2178 of 6 July 2021, the denominator is defined as and reduced to the total of direct non-capitalized costs that relate to research and development¹², building renovation measures¹³, short-term lease¹⁴, maintenance and repairs, and any other direct expenditure s related to the day-to-day servicing of assets of property, plant and equipments by NH Hotel Group or a third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

In the case of NH Hotel Group, the denominator is calculated on the basis of the consolidated income statement. Therefore, the denominator of the OpEx taxonomic indicator is made up of the sum of the following accounts in line with the previously defined criteria:

- Maintenance and repairs of property plant and equipment: Note 23.2 of the consolidated annual accounts.

On the other hand, the numerator has been calculated on the basis of the figure obtained in calculating the denominator, including only the OpEx corresponding to taxonomic activities.

In this case, to carry out sampling, the hotels in the portfolio were ordered by brands, year of opening, geography and number of rooms. Using this database, and thanks to a cluster analysis, the Company's hotels have been classified into a small number of hotels with similar characteristics to perform the sampling.

Based on conservative criteria and with the aim of determining the indicators precisely, a second level of classification was carried out. For each of the clusters obtained (first classification level), the hotels were ordered in three groups according to Taxonomy-aligned OpEx (second classification level).

For each of these groups obtained, a specific umber was selected that is representative of the rest of the hotels -the most representative in terms of maintenance and repair tasks- taking into accounts aspects such as the age of the hotels, the year of renovation, the type of equipment and the geographic locations in the Company's area of operation.

Based on the selection of eligible OpEx items in relation to Taxonomy in these representative hotels, the percentage of eligible OpEx in the sample was calculated and then extrapolated to NH Hotel Group's hotels as a whole.

To obtain the aligned OpEx, it has been considered that the acquisition of Taxonomy-aligned equipment has occurred in a linear fashion over the last ten years (average `depreciation terms for the type of equipment in questions) and, therefore, the maintenance and repair tasks on them has also occurred on a linear basis over the last few years. This assumption has been applied when calculating the part of eligible OpEx that is aligned with the Taxonomy.

It should be noted in calculating the OpEx associated to activity 2.1 the same process as for calculating CapEx has been applied.

¹² In light of the Company's activity it does not incur research and development expenses beyond those considered for the development of apps. In this regard, it should be noted that all this is capitalized and therefore ultimately not treated as OpEx. Furthermore, based on section 1.1.13.1 of Annex I of the Delegated Regulation of 6 July, only non-capitalized direct expenses should be included.

¹³ In light of the Company's activity, it does not incur non-capitalized direct costs related to building renovation measures. In this regard, the amounts applied to "renovation" of buildings are capitalized and, accordingly, for accounting purposes are incurred in the Company's CapEx.

¹⁴ With regard to the information reported in the consolidated annual accounts, no short-term lease item appearing in the notes to the accounts. The leases referred to in note 23.2 are all leases not subject to IFRS 16 but this mainly includes variable leases (not included in the item to be considered short-term lease), and short-term leases are not material compared to variable leases.

Performance of key indicators: Turnover, CapEx and OpEx

Turnover

In accordance with the above, NH Hotel Group has classified its activities in accordance with the criteria established in the most recent version of the European Taxonomy.

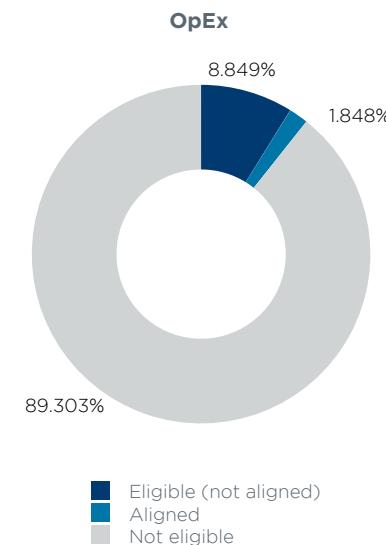
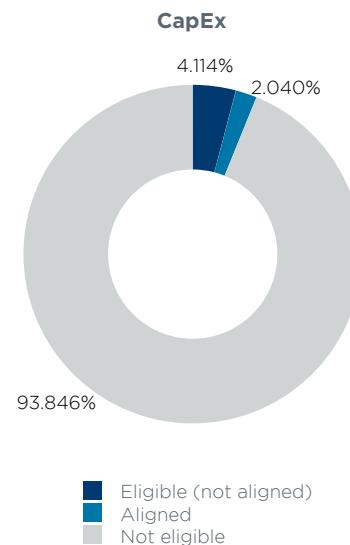
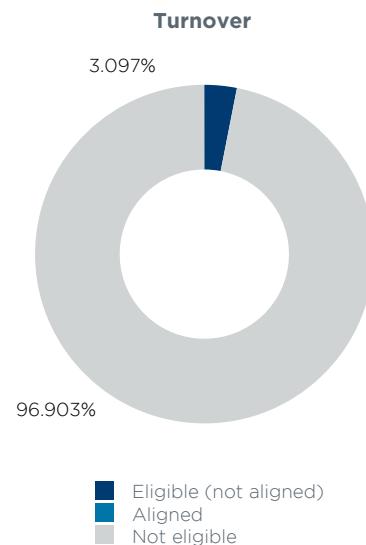
In relation to turnover, NH Hotel Group records 3.1% that meets the requisites established in terms of eligibility in relation to the objective of Protection and restoration of ecosystems and biodiversity.

CapEx

In relation to CapEx, NH Hotel Group records 4.1% that meets the requisites established in terms of eligibility (non-aligned) in relation to the objective of climate change mitigation and the objective of Protection and restoration of ecosystems and biodiversity. In terms of alignment, the percentage is 2.0%, with respect to the Company's total CapEx.

OpEx

Finally, in relation to OpEx and in terms of eligibility (non-aligned), 8.8% meets the requisites established in relation to the climate objectives mentioned above. In terms of alignment, the percentage recorded is 1.8%.



For more details see [Appendix II: European Taxonomy](#)



Tivoli La Caleta Tenerife Resort
Tenerife, Spain

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RECOGNITIONS AND
AWARDS IN 2023

14. RECOGNITIONS AND AWARDS IN 2023

NH Hotel Group is working to consolidate its position as a global benchmark for excellence, innovation and sustainability in the tourism sector. The awards and recognitions received in 2023 are a reflection of their commitment to continue progressing along this path.

SPAIN



THE 100 BEST COMPANIES TO WORK FOR IN SPAIN - FORBES (NH Hotel Group)



CONDÉ NAST TRAVELER AWARDS 2023. Best International Resort 2023 - Anantara Vilamoura Algarve Resort



PALOMA DE PLATA AWARD, EXAMPLE FOR YOUTH AWARD (International and National Business Ethics and Volunteerism Award) - NH Hotel Group - Ms. M. Victoria Motilva



HOTEL&MANTEL AWARDS 2023. Best Cocktail Bar - The Argo Cocktail Bar, Tivoli Marina Vilamoura Algarve Resort



XII LA RAZÓN TOURISM AWARDS

- Best International Chain on its 90th Anniversary - Tivoli Hotels & Resorts
- Best City Hotel Award - Avani Alonso Martínez Madrid

ASOCIACIÓN ESPAÑOLA DEL LUJO
LUXURY SPAIN

DIAMOND OF EXCELLENCE AWARDS. Ramón Aragón, Vice President and CEO of Minor Europe & Americas



VII LA RAZÓN GASTRO&CIA AWARDS. Best Gastronomic Show - Restaurante La Veranda, Anantara Villa Padierna Palace Benahavís Marbella Resort

ITALY



ITALY'S BEST EMPLOYERS FOR WOMEN. Italy's Best Employers for Women 2023 - NH Hotel Group



SPANISH CHAMBER OF COMMERCE IN ITALY AWARDS.
Internationalization Award: NH Hotel Group

TRUSTYOU AWARDS



- Best Rated Hotels Florence 2022 - Best overall score - NH Collection Firenze Palazzo Gaddi
- Best Rated Hotels Milan 2022 - Improvement 2022 vs 2021 - Avani Palazzo Moscova Mila



ITALIAN MISSION AWARDS

- Best Venue For Events in Northern Italy, Central and Southern Italy - NH Collection Firenze Palazzo Gaddi
- Best Meeting Space: Up to 10 Meeting Rooms - NH Collection Milano CityLife

GERMANY

ROLLING PIN AWARDS



- Bar Opening of the Year in Germany: NFT Skybar - nhnow Frankfurt
- The 50 Best Bars in Germany: NFT Skybar - nhnow Frankfurt

ARGENTINA

BALC (BARILOCHE A LA CARTA. Best Dessert:

- NH Bariloche EdelweissHRC EQUITY RECOGNITION. Best Workplaces for LGBT+ Talent: NH Collection Buenos Aires Lancaster

COLOMBIA



ICONTEC. Non-Discrimination Seal: NH Collection Medellin Royal

MÉXICO



DISTINTIVO H. NH Collection Mérida Paseo Montejo

WORLDWIDE



Sustainability Yearbook
Member 2022

S&P Global



BLOOMBERG GENDER EQUALITY. NH Hotel Group has been included in the Bloomberg Gender Equality Index

S&P GLOBAL - THE SUSTAINABILITY YEARBOOK.

NH Hotel Group has been recognized once again as a benchmark in sustainability thanks to its including in the S&P Global Sustainability Yearbook.



TRAVEL WEEKLY MAGELLAN AWARDS 2023. Green Collection - Minor Hotel

HOSPITALITY AWARDS

- Sustainable Development - Nature-Based Hotels Long-Term Conservation Initiative: NH Hotel Group
- Iconic Employee Award - Edward Minyoyi, Guest Relations Officer at Royal Livingstone Victoria Falls Zambia Hotel by Anantara



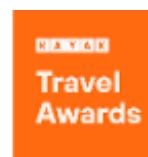
HISTORIC HOTELS WORLDWIDE. Top 20 Best Hotels in Spain: NH Collection Barcelona Gran Hotel Calderón (6th place)



LUXURY TRAVEL ADVISOR. Most Instagrammable Hotel in the Western Hemisphere (Latin America, the Caribbean and North America): Tivoli Mofarrej São Paulo Hotel



FORBES TRAVEL GUIDE STAR AWARDS. Recommended hotel - NH Collection Prague Carlo IV



KAYAK TRAVEL AWARDS

- Best Hotels in Colombia: NH Collection Medellín Royal (1st place)



GREEN KEY CERTIFICATION

- México:
 - NH Collection Monterrey San Pedro
 - NH Collection Mexico City Centro Histórico
 - NH Collection Mexico City Reforma
 - NH Puebla Centro Histórico
 - NH Collection Mexico City Airport T
 - Avani Cancún Airport Hotel
- Colombia:
 - NH Collection Teleport Royal
 - NH Collection Hacienda Royal
 - NH Collection Andino Royal
 - NH Collection WTC Royal





CONDÉ NAST TRAVELER READERS' CHOICE AWARDS 2023

- Hotels
 - Anantara Convento di Amalfi Grand Hotel (2nd place)
 - Europe - Rome: Anantara Palazzo Naiadi Rome Hotel (3rd place)
- Rest of Europe:
 - Anantara Grand Hotel Krasnapolsky Amsterdam (18th place)
 - Anantara New York Palace Budapest Hotel (26th place)
 - Top 10 Spain: NH Collection Barcelona Gran Hotel Calderón (6th place)
 - South of France & Monaco: Anantara Plaza Nice Hotel (11th place)



TRIPADVISOR TRAVELER'S CHOICE AWARDS

- Chile:
 - NH Collection Plaza Santiago (Excellence Certificate)
- Argentina:
 - NH Collection Buenos Aires Crillon (Excellence Certificate)
 - NH Collection Buenos Aires Centro Histórico (Excellence Certificate)
 - NH Buenos Aires Florida (Excellence Certificate)
 - NH Buenos Aires 9 de Julio (Excellence Certificate)
- Cuba:
 - NH Collection Victoria La Habana
 - NH Capri La Habana
- Colombia:
 - NH Collection Barranquilla Smartsuites Royal
 - NH Collection Bogotá Royal Terra 100
 - NH Collection Bogotá Royal Teleport
 - NH Collection Bogotá Andino Royal
 - NH Collection Bogotá Hacienda Royal (Best of the Best)
 - NH Collection Bogotá WTC Royal
 - NH Collection Medellín Royal
 - NH Cali Royal
 - NH Bogotá Boheme Royal
 - NH Cartagena Urban Royal
 - NH Bogotá Urban 26 Royal
 - NH Collection Bogotá WTC Royal
 - NH Collection Medellín Royal
- México:
 - NH Collection Mexico City Reforma
 - NH Collection Guadalajara Providencia
 - NH Collection Mexico City Centro Histórico
 - NH Collection Monterrey
 - NH Collection Plaza Santiago
 - NH Collection Victoria La Habana
 - NH Querétaro
 - NH San Luis Potosí
 - NH Collection Monterrey



NH Eindhoven Conference Centre Koningshof
Veldhoven, Netherlands

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15

**REPORTING FRAMEWORK
AND REPORTING
PRINCIPLES**

15. REPORTING FRAMEWORK AND REPORTING PRINCIPLES

Reporting frameworks

To prepare the 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, as well as Act 5/2021 of 12 April amending the consolidated text of the Capital Companies Act and the EU 2017/C215/01 guidelines for reporting its performance on non-financial information.
- EU Guidelines 2017/C215/01 for reporting their performance on non-financial information.
- GRI Standards (reporting with reference) for Sustainability Reporting.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment which, in its first delegated act, establishes the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable in relation environmental objectives.
- The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- Commitment to the Ten Principles of the UN Global Compact and the Sustainable Development Goals (SDG).

Principles governing the preparation of the Report

In line with the principles of the GRI Standards and ESRS 1 Appendix B, this report has been prepared in accordance with the following principles:

- Accuracy: the information presented in the report is detailed and consistent in both quantitative and qualitative terms, enabling stakeholders to assess the Company's impact.
- Balance: the information contained in the report is presented in an unbiased manner, presenting both the positive and the less positive impacts of the Company's performance, so that the information presented does not unduly influence the conclusions or assessments of the users of the information.
- Understandability: the information contained in the report is presented in a clear, accessible, understandable and concise manner. This enables any interested party to understand the information provided in a straightforward manner.
- Relevance: the information presented is explained in the current market context and the information presented is related. It allows users to relate the information by providing them with the data they need to make decisions.
- Comparability: the information provided includes references to previous years so that key stakeholders can analyze the evolution of the Company's performance. It also allows comparison with the performance of other organizations. Consistency contributes to comparability.
- Completeness: the Company includes the key impacts identified as material, as well as the various actions and measures that NH Hotel Group takes to meet information needs and expectations. The report presents information on its ESG performance for the reporting period in a manner that is sufficient to assess its impact.
- Accurate representation: the information provided reflects the essence of the business operations in terms of sustainability from a perspective of neutrality and prudence. In this sense, it allows the different stakeholders to know how the company has adapted its strategy and management of events, risks and opportunities to the reality of the business in which it operates.
- Sustainability context: the information is presented in the global context in which the Company operates, with the aim of growing and creating value in a broad environment and context of sustainable development.

- Timeliness: the information is published on a regular annual basis and is made available to all stakeholders so that they can make decisions based on the information provided.
- Verifiably: the information provided is collected, recorded, collated and analyzed to high quality standards. This information is verified by an independent third party to ensure stakeholder confidence that the information provided is complete, neutral and accurate.

In all this, the report aims to publish a balanced, accurate and coherent account of its performance, linked to the issues relevant to its strategy and its stakeholders. In this sense, the comparability of data and information with previous years is essential as a tool for traceability and evolution. As in previous editions, this report has been prepared with the involvement and participation of those responsible for the business areas and for dialogue with each stakeholder group, which allows us to focus the information on the aspects relevant to the stakeholders and to respond to their expectations. In this way, an internal process of information gathering and comparison has been carried out, with indicators and quantitative and qualitative measurements of the sustainable management of the NH Hotel Group.

It should also be noted that the information contained in the report represents the Group's views and forecasts as at the date of the report. Such information involves known and unknown risks, uncertainties and other factors that may affect future prospects, such as the achievement of stated objectives. Therefore, future events and developments may lead to changes in the prospects and forecasts presented in this report. NH Hotel Group may choose to update these forward-looking statements at a later date, but expressly disclaims any obligation to do so.

Verification of the Consolidated Statement of Non-Financial Information

The Consolidated Statement of Non-Financial Information has been verified externally by PricewaterhouseCoopers Auditors S.L. The Independent Review Report is available at "[Appendix VI: Independent Verification Report](#)" of the current document.





NH Berlin Kurfürstendamm
Berlin, Germany

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APPENDICES

APPENDIX I: TABLE OF INDICATORS

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

Note: Data for fiscal year 2022 have been restated according to new age brackets, not affecting the reporting of the total data, only its presentation and breakdown

Indicators	2023	2022
PROFILE		
Hotel portfolio	350	350
N. of rooms	55,626	54,820
N. of clients (millions)	4.3	3.8
Subsidies - M€	7.6	46.5
Net profit - M€	128.1	100.3
Consolidated revenue - M€	2,159.0	1,722.4
GOVERNANCE		
Members of the Board of Directors	10	11
External Independent Directors	3	3
% attendance at the Board of Directors	98 %	94 %
No. of female on the Board of Directors	3	1
Meetings of the Board of Directors	13	6
HUMAN RIGHTS		
% of hotels that have completed the Human Rights assessment	86 %	86 %
No. of Human Rights non-compliances	0	0
CONTRIBUTION TO ASSOCIATIONS AND NGOS		
Contribution to associations - €	501,626	508,596
Contribution to sectoral associations - €	378,932	325,532
Contribution to non-profit associations - €	13,887	3,335

Indicators	2023	2022
UP FOR PLANET		
Activos con certificaciones sostenibles	184	173
PRODUCTS AND HOTEL BUILDINGS		
Energy consumption (kWh)	546,090,063	539,111,757
Energy ratio (kWh/RN)	47	52
% Hotels located in water-stressed areas	29 %	28 %
Water withdrawal (m ³)	3,783,672	3,505,320
Water ratio (m ³ /RN)	0.33	0.34
Carbon footprint - CO ₂ emissions (t eq CO ₂)	83,953	88,816
Carbon Footprint - CO ₂ Emissions Ratio (kg eq CO ₂ /RN)	7.23	8.57
PROCESSES AND OPERATIONAL STANDARDS		
% of green electricity	66 %	64 %
No. of hotels with electric chargers	72	64
No. of hotels with bicycle rentals	99	69
Emissions Scope 1 (SBTi) - (t eq CO ₂)	43,326	44,329
Emissions Scope 2 (SBTi) - (t eq CO ₂)	40,627	44,487
Emissions Scope 3 - (t eq CO ₂)	351,959	298,885
SUSTAINABLE PURCHASING		
Number of total suppliers	13,875	12,532
Number of active suppliers with signed Codes of Ethics	1,835	1,760
Number of new suppliers with signed Codes of Ethics	151	87
% purchases from local suppliers	90 %	89 %
Annual purchase volume (CapEx+OpEx) - M€	737.5	554.5

Indicators	2023	2022
UP FOR PEOPLE		
TEAM MEMBERS		
FTEs (no. of Team Members)	12,436	10,995
% Permanent contracts	83 %	85 %
Voluntary turnover rate	0.2	0.3
Non-voluntary turnover rate	0.1	0.1
% Team Members in country other than country of origin	24 %	22 %
% Female in the workforce	51 %	51 %
% Female in management positions	45 %	44 %
% Team Members covered by collective bargaining agreement	91 %	87 %
% Team Members < 30 years old	25 %	22 %
% Team Members 30 - 50 years old	52 %	54 %
% Team Members > 50 years old	23 %	24 %
No. of nationalities	150	141
Team Members con discapacidad	113	101
Training		
Hours of training delivered	171,273	157,455
Hours of training per Team Member	12	12,3
Total investment in training - €	€1,578,979	€1,085,746
Safety, health and well-being		
No. of fatal accidents	0	0
No. of accidents with sick leave	363	241
Frequency Rate Fatal accidents	0.0	0.0
Frequency Rate occupational accidents	21.2	16.1
Frequency Rate occupational diseases	1.1	0.1
Severity Index occupational accidents	0.4	0.3
Severity Rate occupational diseases	0.1	0.0
Absenteeism rate	4.16	4.40

Indicators	2023	2022
CUSTOMERS		
Customer reviews - NH survey		
Customer reviews - NH survey	8	8,5
Customer Reviews - Online Surveys	9	8
Number of Customer Care contacts	30,852	25,793
No. of hotels with elements adapted to special needs	342	344
COMMUNITIES		
Social initiatives		
Social initiatives	58	28
No. of volunteers NH	1,752	4,885
Investment in social action	226,506	135,429
Contribution to NGO Tariff	77,529	91,085
Contribution of Bono Amigo + Employee Tariff	91,280	179,500
Total beneficiaries	19,680	60,724
Hotels with a Heart		
Agreements with NGOs		
Agreements with NGOs	43	22
Free Roomnights	1,590	1,438
Beneficiaries HwH	4,103	2,876
NH volunteers HwH	154	118
Hotels involved	77	59
Together with Love		
Partnerships involved		
Partnerships involved	109	66
NH volunteers TWL	1,220	4,767
Hotels involved	79	87
Beneficiaries TWL	15,358	57,842

APPENDIX II: EUROPEAN TAXONOMY

All the companies that make up the NH Hotel Group's Consolidation perimeter have been considered in the analysis carried out to establish the eligible and aligned main activities under the European Commission's Taxonomy criteria.

As additional information to that reported in the EU Taxonomy of Sustainable Activities chapter, the requirements established in relation to the environmental objectives are:

Turnover

CapEx

Financial year 2023	2023			Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year	Category enabling activity (E)	Category transitional (T)
	Code	CapEx (€)	Proportion of CapEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)						
Economic Activities																					
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Renovation of exiting building	CCM 7.2*	€0.00	-%	S	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.978%		T	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€5,043,768.89	1.402%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.599%	E		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	€1,802,869.58	0.501%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.324%	E		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	€493,730.31	0.137%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-%	E		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€7,340,368.78	2.040%	2.040%	-%	-%	-%	-%	-%	Y	Y	Y	Y	Y	Y	Y	Y	1.901%			
Of which Enabling		€7,340,368.78	2.040%	2.040%	-%	-%	-%	-%	-%	Y	Y	Y	Y	Y	Y	Y	Y	0.923%	E		
Of which Transitional		€0.00	-%	-%						Y	Y	Y	Y	Y	Y	Y	Y	0.978%		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Renovation of exiting building	CCM 7.2/CE 3.2	€0.00	-%	EL	N/EL	N/EL	N/EL	EL	N/EL									0.371%			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€8,293,292.10	2.305%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									1.474%			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	€0.00	-%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.309%			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	€0.00	-%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									-%			
Hotels, holiday, camping grounds and similar accommodation**	BIO 2.1	€6,510,092.64	1.809%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL								-%			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€14,803,384.74	4.114%	2.305%	-%	-%	-%	-%	1.809%									2.154%			
Total (A.1+A.2). CapEx of Taxonomy eligible activities		€22,143,753.51	6.154%	4.345%	-%	-%	-%	-%	1.809 %									4.055%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
CapEx of Taxonomy-non-eligible activities		€337,662,246.49	93.846%																		
		€359,806,000	100%																		

* Activity 7.2. has only been considered to be aligned in 2022 with the CCM target and therefore only the code for CCM7.2 is indicated.

** The assessment of eligibility for the activity 'Hotels, resorts, camp sites and similar accommodation' for the year 2022 was not applicable.

OpEx

Financial year 2023	2023			Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')							Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity (E)	Category transitional (T)		
	Code	OpEx (€)	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)								
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
Renovation of exiting building	CCM 7.2*	€0.00	-%	S	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0.018%		T				
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€1,015,750.00	1.809%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.854%	E					
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	€18,193.05	0.032%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.101%	E					
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	€3,654.30	0.007%	S	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-%	E					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€1,037,597.35	1.848%	1.848%	-%	-%	-%	-%	-%	Y	Y	Y	Y	Y	Y	Y	1.973%						
Of which Enabling		€1,037,597.35	1.848%	1.848%	-%	-%	-%	-%	-%	Y	Y	Y	Y	Y	Y	Y	1.955%	E					
Of which Transitional		€0.00	-%	-%						Y	Y	Y	Y	Y	Y	Y	0.018%		T				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
Renovation of exiting building	CCM 7.2 / CE 3.2	€0.00	-%	EL	N/EL	N/EL	N/EL	EL	N/EL								0.085%						
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	€3,310,978.39	5.896%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.692%						
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	€59,302.79	0.106%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.474%						
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	€11,911.70	0.021%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-%						
Hotels, holiday, camping grounds and similar accommodation**	BIO 2.1	€1,587,493.07	2.827%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								-%						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€4,969,685.94	8.849%	6.023%	-%	-%	-%	-%	-%	2.827%							9.251%						
Total (A.1+A.2). OpEx of Taxonomy eligible activities		€6,007,283.29	10.697%	7.870 %	-%	-%	-%	-%	-%	2.827 %							13.224 %						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
OpEx of Taxonomy-non-eligible activities		€50,150,716.71	89.303%																				
Total (A+B)		€56,158,000.00	100%																				

* Activity 7.2. has only been considered to be aligned in 2022 with the CCM target and therefore only the code for CCM7.2 is indicated.

** The assessment of eligibility for the activity 'Hotels, resorts, camp sites and similar accommodation' for the year 2022 was not applicable.

Proportion of Turnover/ Total Turnover

	Taxonomy-ligned per objective	Taxonomy-eligible per objective
CCM	-%	-%
CCA	-%	-%
WTR*	-%	-%
CE*	-%	-%
PPC*	-%	-%
BIO*	-%	3.097%

*It should be noted that, in accordance with current legislation, alignment with these objectives has not been assessed for the 2023 financial year.

Proportion of CapEx/ Total CapEx

	Taxonomy-ligned per objective	Taxonomy-eligible per objective
CCM	2.040%	2.305%
CCA	-%	-%
WTR*	-%	-%
CE*	-%	-%
PPC*	-%	-%
BIO*	-%	1.809%

*It should be noted that, in accordance with current legislation, alignment with these objectives has not been assessed for the 2023 financial year.

Proportion of OpEx/Total OpEx

	Taxonomy-ligned per objective	Taxonomy-eligible per objective
CCM	1.848%	6.023%
CCA	-%	-%
WTR*	-%	-%
CE*	-%	-%
PPC*	-%	-%
BIO*	-%	2.827%

*It should be noted that, in accordance with current legislation, alignment with these objectives has not been assessed for the 2023 financial year.

Note:

- Climate Change Mitigation (CCM)
- Climate Change Adaptation (CCA)
- Sustainable use and protection of water and marine resources (WTR)
- Prevention and control of pollution (CE)
- Transition to a circular Economy(PPC)
- Protection and restoration of ecosystems and biodiversity (BIO)

APPENDIX III: RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

Areas	Recommendations	Chapter
Governance	Describe the board's oversight of climate change risks and opportunities.	SUSTAINABLE BUSINESS STRATEGY > Sustainable Business Governance
	Describe the role of senior management in assessing and managing climate change risks and opportunities.	
Strategy	Describe the risks and opportunities related to climate change that the organisation has identified in the short, medium and long term.	NH HOTEL GROUP'S RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED TO CLIMATE CHANGE BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) > Strategy
	Describe the impact of climate change risks and opportunities on the organisation's business, strategy and financial planning.	
Risk Management	Describe the resilience of the organisation's strategy under different climate scenarios, including a 2°C or lower scenario.	NH HOTEL GROUP'S RESPONSE TO THE RISKS AND OPPORTUNITIES ASSOCIATED TO CLIMATE CHANGE BASED ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) > Climate risk management
	Describe the organisation's processes for identifying and assessing risks related to climate change.	
	Describe the organisation's processes for managing risks related to climate change.	
	Describe how the processes for identifying, assessing and managing risks related to climate change are integrated into the organisation's overall risk management.	

Areas	Recommendations	Chapter
Objectives and metrics	Report on the metrics used by the organisation to assess climate change risks and opportunities in line with its strategy and risk management process.	SUSTAINABLE BUSINESS STRATEGY > Sustainable Business Governance
	Report on Scope 1, Scope 2 and, where relevant, Scope 3 greenhouse gas (GHG) emissions and associated risks.	SUSTAINABLE PRODUCTS AND ASSETS > SBT 2030Plan
	Describe the organisation's targets for managing climate change related risks and opportunities and its performance against these targets.	

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

Fields	Contents	GRI Standards	GRI: Foundation 2023	Section title
Global	The consolidated statement of non-financial information shall include the information necessary to understand: #the development #the results and position of the group, and the impact of its activity with respect to, at least: #environmental issues; #social issues; #respect for human rights; #respect for anti-corruption and anti-bribery; #as well as personnel issues, including measures taken, where appropriate, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility.	---		Chapter: ON THE CONSOLIDATED NON-FINANCIAL STATEMENT OF INFORMATION - SUSTAINABILITY REPORT Chapter: NH HOTEL GROUP BUSINESS MODEL Chapter: ETHICS AND COMPLIANCE. Chapter: Fiscal Transparency: Profits and Taxes; Chapter: PROTECTION OF HUMAN RIGHTS Chapter: SUSTAINABLE BUSINESS STRATEGY
Business model	Brief description of the group's business model, including: 1. its business environment; 2. its organisation and structure; 3. the markets in which it operates; 4. its objectives and strategies; 5. the main factors and trends likely to affect its future development.	2-1 2-6 2-7 2-22	Company Details Activities, value chain and other business relationships Employees Sustainable Development Strategy Statement	Chapter: NH HOTEL GROUP BUSINESS MODEL Chapter: NH HOTEL GROUP'S BUSINESS MODEL Chapter: UP FOR PLANET. Section: Sustainable Purchasing Chapter: UP FOR PEOPLE. Section: Team Members Chapter: SUSTAINABLE BUSINESS STRATEGY
Policies	A description of the group's policies with respect to such issues, including: 1. the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts; 2. the verification and control procedures, including what measures have been taken.	3-3	Management of material topics	Chapter: ETHICS AND COMPLIANCE Chapter: PROTECTION OF HUMAN RIGHTS Chapter: RISK MANAGEMENT
Policy results	The results of these policies, including relevant non-financial key performance indicators that allow for: 1. the monitoring and evaluation of progress and; 2. that support comparability across societies and sectors, in accordance with national, European or international frameworks of reference used for each subject.	3-3	Management of material topics	Chapter: ETHICS AND COMPLIANCE CHAPTER: SUSTAINABLE BUSINESS STRATEGY
Risks to ST, MT and LT	#The principal risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas, and; #how the group manages those risks; #explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks; #Information on the impacts identified, including a breakdown of the impacts, in particular the main short, medium and long-term risks, should be included.	2-12	Role of the highest governance body in overseeing the management of impacts	Chapter: RISK MANAGEMENT

KPIs	<p>Non-financial key performance indicators that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability. # In order to facilitate the comparison of information, both over time and between entities, non-financial key performance indicator standards that can be generally applied and that comply with the European Commission's guidelines in this area and the standards of the Global Reporting Initiative shall be used, and the national, European or international framework used for each subject shall be mentioned in the report. #Key non-financial performance indicators should be applied to each section of the non-financial information statement. #These indicators must be useful, taking into account the specific circumstances and consistent with the parameters used in its internal risk management and assessment procedures. # In any case, the information presented must be accurate, comparable and verifiable.</p>	N/A	ANNEX I: TABLE OF INDICATORS
Environmental Issues	<p>Global Environment</p> <p>1. Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment procedures or certification; 2. The resources devoted to the prevention of environmental risks; 3. The application of the precautionary principle, the amount of provisions and guarantees for environmental risks</p>	<p>3-3</p> <p>2-12</p> <p>2-23</p>	<p>Management of material topics</p> <p>Role of the highest governance body in overseeing the management of impacts</p> <p>Policy commitments</p>
			<p>Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy</p> <p>Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy</p> <p>Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy</p>
	<p>Pollution</p> <p>. Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment; 2. Taking into account any form of activity-specific air pollution, including noise and light pollution*.</p>	<p>3-3</p> <p>305-5</p>	<p>Management of material topics</p> <p>Reduction of GHG emission</p>
			<p>Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy</p> <p>Chapter: UP FOR PLANET. Section: Sustainable products and assets</p> <p>Chapter: SUSTAINABLE BUSINESS Strategy > Double Materiality Analysis</p>
	<p>(*) Light pollution and noise have not been considered an environmental impact for NH Hotel Group's business.</p>		
	<p>Circular economy and waste prevention and management</p> <p>Circular economy</p> <p>Waste: waste prevention, recycling, reuse, other forms of recovery and disposal measures;</p> <p>Actions to combat food waste.</p>	<p>3-3</p> <p>3-3</p> <p>306-2</p> <p>3-3</p>	<p>Management of material topics</p> <p>Management of material topics</p> <p>Management of significant waste-related impacts</p> <p>Management of material topics</p>
			<p>Chapter: UP FOR PLANET. Section: Operational processes and standards > Waste management and circular economy</p> <p>Chapter: UP FOR PLANET. Section: Operational processes and standards > Waste management and circular economy</p> <p>Chapter: UP FOR PLANET. Section: Operational processes and standards > Waste management and circular economy</p> <p>Chapter: UP FOR PLANET. Section: Operational processes and standards > Developing more sustainable products > NH Hotel Group's F&B commitments > Fighting food waste</p>

Sustainable use of resources

Water consumption and water supply according to local constraints;

3-3	Management of material topics	Chapter: UP FOR PLANET. Section: Operational processes and standards > Water management
303-3	Water withdrawal	Chapter: UP FOR PLANET. Section: Operational processes and standards > Water management

Consumption of raw materials and measures taken to improve the efficiency of their use;

3-3	Management of material topics	Chapter: UP FOR PLANET. Section: Operational processes and standards > SBT Plan 2030
302-1	Energy consumption within the organisation	Chapter: UP FOR PLANET. Section: Operational processes and standards > Sustainable Hotels

Direct and indirect energy consumption, measures taken to improve energy efficiency and use of renewable energies.

302-4	Reduction of energy consumption	Chapter: UP FOR PLANET. Section: Sustainable products and assets > Energy efficiency plan; SBT Plan 2030; Chapter: UP FOR PLANET. Section: Operational processes and standards > Sustainable Hotels
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*The consumption of raw materials is not significant for NH Hotel Group. For more details, see chapter [Double Materiality Analysis](#).

Climate Change

Environmental Issues

The significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces;

3-3	Management of material topics	Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy > Sustainable Products and Assets
305-1	Direct (Scope 1) GHG emissions	Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy > Sustainable Products and Assets
305-2	Energy indirect (Scope 2) GHG emissions	Chapter: UP FOR PLANET. Section: Sustainable products and assets > SBT Plan 2030

Measures taken to adapt to the consequences of climate change;

3-3	Management of material topics	Chapter: UP FOR PLANET. Section: UP FOR PLANET Strategy > Section: Sustainable products and assets > SBT Plan 2030
201-2	Financial implications and other risks and opportunities due to climate change	Chapter: RISK MANAGEMENT. Section: NH Hotel Group's response to the risks and opportunities associated with climate change based on the Task Force on Climate-related Financial Disclosure (TCFD).

Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end

3-3	Management of material topics	Chapter: UP FOR PLANET. Section: Sustainable products and assets > Energy efficiency plan; SBT Plan 2030; Chapter: UP FOR PLANET. Section: Operational processes and standards > Responsible energy management.
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Biodiversity protection*

Measures taken to preserve or restore biodiversity;

Impacts caused by activities or operations in protected areas.

*Biodiversity is not material to the Company. For further details see chapter [Double Materiality Analysis](#). However, the Group is committed to protecting biodiversity and ecosystems. Chapter: UP FOR PLANET. Section: Operational processes and standards > Biodiversity management

Social and Employee issues	Employment		Chapter: UP FOR PEOPLE. Strand: Team Members Chapter: UP FOR PEOPLE. Strand: Team Members > Quality job creation Chapter: CORPORATE GOVERNANCE. Section: governance structure > Boards of Directors; Board Committees; Management Committee. Chapter: UP FOR PEOPLE. Section: Team Members > Quality job creation > Culture of diversity and equality. Chapter: UP FOR PEOPLE Strategy: Team Members > Quality job creation > Talent management Chapter: UP FOR PEOPLE. Strand: Team Members > Creation of quality jobs Chapter: CORPORATE GOVERNANCE. Section: governance structure > Boards of Directors; Board Committees; Management Committee. Chapter: UP FOR PEOPLE. Section: Team Members > Creation of quality employment; Culture of diversity, equality and inclusion. Chapter: UP FOR PEOPLE. Section: Team Members > Turnover rate, absenteeism and departures Chapter: UP FOR PEOPLE. Section: Team members > A team with the same opportunities Chapter: UP FOR PEOPLE. Section: Team Members Chapter: UP FOR PEOPLE. Section: Team Members > A team with the same opportunities Chapter: CORPORATE GOVERNANCE Section Remuneration of the Board and Senior Management Chapter: UP FOR PEOPLE. Section: Team Members > An equal opportunity team > NH Hotel Group's compensation model Chapter: UP FOR PEOPLE. Section: Team Members > Flexibility and work-life balance Chapter: UP FOR PEOPLE. Section: Team Members > Culture of Diversity, Equality and Inclusion
		3-3	Management of material topics
	Total number and distribution of employees by gender, age, country and occupational classification	2-7	Employees
		405-1	Diversity of governance bodies and employees
	Total number and distribution of types of employment contracts	2-7	Employees
		2-7	Employees
	Average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational classification;	405-1	Diversity of governance bodies and employees
	Number of dismissals by sex, age and occupational classification;	401-1	New employee hires and employee turnover
	Average salaries and their evolution disaggregated by sex, age and professional classification or equal value;	405-2	Ratio of basic salary and remuneration of women to men
	Wage gap, the pay for equal or average jobs in society,	3-3	Management of material topics
		405-2	Ratio of basic salary and remuneration of women to men
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender,	405-2	Ratio of basic salary and remuneration of women to men
		2-19	Remuneration policies
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender,	3-3	Management of material topics
	Employees with disabilities	405-1	Diversity of governance bodies and employees

Social and Employee issues	Work organisation		
	Universal accessibility for people with disabilities	3-3	Management of material topics
	Number of hours of absenteeism	3-3	Management of material topics
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	403-9	Work-related injuries
		3-3	Management of material topics
Health and safety			
Health and safety conditions at work;	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Team Members > Occupational safety, health and wellbeing
Accidents at work, in particular their frequency and severity, and occupational diseases; disaggregated by sex.	403-9	Work-related injuries	Chapter: UP FOR PEOPLE. Section: Team Members > Occupational safety, health and wellbeing
	403-10	Work-related ill health	Chapter: UP FOR PEOPLE. Section: Team Members > Occupational safety, health and wellbeing
Social relations			
Accidents at work, in particular their frequency and severity, and occupational diseases; disaggregated by sex.	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Team Members
Accidents at work, in particular their frequency and severity, and occupational diseases; disaggregated by sex.	2-30	Collective bargaining agreements	Chapter: UP FOR PEOPLE. Section: Team Members > Social Dialogue with Team Members
Accidents at work, in particular their frequency and severity, and occupational diseases; disaggregated by sex.	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Team Members > Safety, Health and Welfare
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	3-3	Management of material topics	Chapter: SUSTAINABLE BUSINESS STRATEGY > Creating value for our stakeholders Chapter: UP FOR PEOPLE. Section: Team Members > Engagement of Team Members; Internal Communication
Training			
Policies implemented in the field of training;	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Team Members > Training
	404-1	Average hours of training per year per employee	Chapter: UP FOR PEOPLE. Section: Team Members > Training
Policies implemented in the field of training;	404-2	Programs for upgrading employee skills and transition assistance programs	Chapter: UP FOR PEOPLE. Section: Team Members > Training
	404-3	Percentage of employees receiving regular performance and career development reviews	Chapter: UP FOR PEOPLE. Section: Talent Management > Identifying and Developing Internal Talent Chapter: UP FOR PEOPLE. Section: Talent Management > MBO. Time For You (TFY)

<p>Social and Employee issues</p>	<p>Universal accessibility for people with disabilities</p>	3-3	Management of material topics	<p>Chapter: UP FOR PEOPLE. Team Members section> Culture of diversity, equality and inclusion Chapter: UP FOR PEOPLE. Section: Customers > Accessibility in hotels</p>
	<p>Equality</p> <p>Measures adopted to promote equal treatment and opportunities between women and men;</p> <p>Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities;</p> <p>The policy against all types of discrimination and, where appropriate, diversity management.</p>	3-3	Management of material topics	<p>Chapter: UP FOR PEOPLE. Section: Team Members > Culture of Diversity, Equality and Inclusion</p> <p>Chapter: UP FOR PEOPLE. Section: Team Members > Culture of Diversity, Equality and Inclusion > Equality Plan</p> <p>Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitment and compliance system > Code of Conduct. Chapter: PROTECTION OF HUMAN RIGHTS. Section: Human Rights Policy</p> <p>Chapter: UP FOR PEOPLE. Section: Team Members > Culture of Diversity, Equality and Inclusion</p>
<p>Human Rights</p>	<p>Implementation of human rights due diligence procedures Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress potential abuses;</p> <p>Complaints of human rights violations;</p> <p>Promotion and enforcement of the provisions of the International Labour Organisation's core conventions related to respect for freedom of association and the right to collective bargaining;</p> <p>The elimination of discrimination in employment and occupation;</p> <p>The elimination of forced or compulsory labour;</p> <p>The effective abolition of child labour.</p>	3-3 406-1 3-3 3-3	Management of material topics Incidents of discrimination and corrective actions taken Management of material topics Management of material topics	<p>Chapter: PROTECTION OF HUMAN RIGHTS. Section: Due Diligence Process</p> <p>Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitment and compliance system > Whistle-blowing channel. Chapter: PROTECTION OF HUMAN RIGHTS. Section: Human Rights Policy</p> <p>Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitment and compliance system > Whistle-blowing channel. Chapter: PROTECTION OF HUMAN RIGHTS. Section: Human Rights Policy Chapter: UP FOR PEOPLE. Section: Team Members > Culture of Diversity, Equality and Inclusion</p> <p>Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitment and compliance system > Code of Conduct. Chapter: PROTECTION OF HUMAN RIGHTS. Section: Human Rights Policy</p>

Corruption and bribery	Measures taken to prevent corruption and bribery;	3-3	Management of material topics	Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitment and compliance system > Code of Conduct; Internal Code of Conduct, Conflict of Interest Procedure. Corporate policies; Whistle-blowing channel. Chapter: PROTECTION OF HUMAN RIGHTS. Section: Human Rights Policy
		205-2	Communication and training about anti-corruption policies and procedures	
	Measures to combat money laundering	205-2	Communication and training about anti-corruption policies and procedures	
		413-1	Operations with local community engagement, impact assessments, and development programs	
	Contributions to foundations and non-profit organisations.	413-1	Operations with local community engagement, impact assessments, and development programs	
Society	Company commitments to sustainable development	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Communities Chapter: UP FOR PEOPLE. Section: Communities > Hotels with a Heart; Together with Love: Corporate Volunteering; Employability programmes: promoting youth employment.
	Company commitments to sustainable development	413-1	Operations with local community engagement, impact assessments, and development programs	
	Company commitments to sustainable development	413-1	Operations with local community engagement, impact assessments, and development programs	
		2-29	Approach to stakeholder engagement	
	Company commitments to sustainable development	413-1	Operations with local community engagement, impact assessments, and development programs	
Environment	Company commitments to sustainable development	2-28	Membership associations	Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our stakeholders Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our stakeholders > Sustainable procurement Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our stakeholders > Sustainable partnerships. Chapter: UP FOR PEOPLE. Section: COMMUNITIES
		2-28	Membership associations	

Society			
	2-6	Activities, value chain and other business relationships	Chapter: UP FOR PLANET. Section: Sustainable procurement
	3-3	Management of material topics	Chapter: UP FOR PLANET. Section: Sustainable Purchasing > Supplier Approval
	204-1	Proportion of spending on local suppliers	Chapter: UP FOR PLANET. Section: Sustainable Purchasing > Supplier Approval; Supplier Management
	308-1	New suppliers that were screened using environmental criteria	Chapter: UP FOR PLANET. Section: Sustainable Purchasing > Supplier Approval; Supplier Management
	414-1	New suppliers that were screened using social criteria	Chapter: UP FOR PLANET. Section: Sustainable Purchasing
	3-3	Management of material topics	Chapter: UP FOR PLANET. Section: Sustainable Procurement > Supplier Approval; Supplier Management; Critical Supplier Management; Corporate Sustainability Due Diligence Directive.
	308-1	New suppliers that were screened using environmental criteria	Chapter: UP FOR PLANET. Section: Sustainable Purchasing > Supplier Approval; Supplier Management
	414-1	New suppliers that were screened using social criteria	Chapter: UP FOR PLANET. Section: Sustainable Purchasing > Supplier Approval; Supplier Management
Society			
Consumers			
Measures for the health and safety of consumers	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Customers > Customer Health and Safety
Complaint systems, complaints received and their resolution.	3-3	Management of material topics	Chapter: UP FOR PEOPLE. Section: Customers > Quality Measurement > Single Customer Care Center: Customer Care area
Tax information			
Profits earned on a country-by-country basis Taxes on profits paid	3-3	Management of material topics	Chapter: ETHICS AND COMPLIANCE. Section: Fiscal Transparency. Profits and tax
Public subsidies received	201-4	Financial assistance received from government	The total amount of public grants received during the year was 7,628,772 Euros.

Fields	Contents	GRI Standards	GRI 1: Foundation 2021	Section title
Other relevant indicators	Corporate Governance	2-9 2-10 2-11 2-13 2-15	Governance structure and composition Nomination and selection of the highest governance body Chair of the highest governance body Delegation of responsibility for managing impacts Conflicts of interest	Chapter: CORPORATE GOVERNANCE. Section: Governance Structure Chapter: CORPORATE GOVERNANCE. Section: Governance Structure Chapter: CORPORATE GOVERNANCE Chapter: CORPORATE GOVERNANCE. Chapter: RISK MANAGEMENT. Chapter: SUSTAINABLE BUSINESS STRATEGY. Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitment and compliance system > Conflict of interest procedure.
	Eligibility and alignment of business activities with the European Taxonomy			Chapter: EUROPEAN UNION TAXONOMY OF SUSTAINABLE ACTIVITIES ANNEX II: EUROPEAN TAXONOMY

Note: In addition to the indicators included in the table, additional information can be found in the following indicators: 2-2, 2-3, 2-4, 2-5, 2-14, 2-16, 2-17, 2-18, 2-20, 2-21, 2-24, 2-25, 2-26, 2-27, 201-2, 207-1, 205-3, 207-2, 207-4.

APPENDIX V: INDEX OF GRI STANDARD CONTENTS

Declaration of use Declaration of use: NH Hotel Group reports GRI standards “with reference” for the period 1 January 2023 to 31 December 2023.

Table of GRI indicators

GRI Standard	Content	Title of the section or direct response
Perfil de la organización		
	2-1 Organizational details	Chapter: NH HOTEL GROUP'S BUSINESS MODEL
	2-2 Entities included in the organization's sustainability reporting	Chapter: CONSOLIDATED NON-FINANCIAL STATEMENT OF INFORMATION. Section: Content; Scope For further information: Santa Engracia, 120 28003 Madrid T: +34 91 451 97 18
	2-3 Reporting period, frequency and contact point	The restated KPIs are presented in a separate reporting table throughout the Report.
	2-4 Restatements of information	
	2-5 External assurance	APPENDIX VI: INDEPENDENT VERIFICATION REPORT
	2-6 Activities, value chain and other business relationships	Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our stakeholders > Stakeholder dialogue. Chapter: UP FOR PLANET. Section: Sustainable procurement
	2-7 Employees	Chapter: UP FOR PEOPLE. Section: Team Members
GRI 2: Contenidos Generales		
	2-9 Governance structure and composition	Chapter: CORPORATE GOVERNANCE Chapter: SUSTAINABLE BUSINESS. Section: Sustainable Business Governance; Sustainability Policy.
	2-10 Nomination and selection of the highest governance body	Chapter: CORPORATE GOVERNANCE. Section: Governance Structure > NH Hotel Group Board of Directors; Board Committees; Management Committee. Chapter: CORPORATE GOVERNANCE. Section: Governance Structure > NH Hotel Group Board of Directors.
	2-11 Chair of the highest governance body	Chapter: CORPORATE GOVERNANCE. Section: Governance Structure > NH Hotel Group Board of Directors; Board Committees; Management Committee. Chapter: CORPORATE GOVERNANCE. Section: Governance Structure > NH Hotel Group Board of Directors.
	2-12 Role of the highest governance body in overseeing the management of impacts	Chapter: CORPORATE GOVERNANCE. Section: Governance Structure > NH Hotel Group Board of Directors; Board Committees; Management Committee. Chapter: CORPORATE GOVERNANCE. Section: Governance Structure > NH Hotel Group Board of Directors.
	2-13 Delegation of responsibility for managing impacts	Chapter: RISK MANAGEMENT. Section: Risk Management > Risk Management Governance; Risk Management Model. Chapter: SUSTAINABLE BUSINESS. Section: Governance of Sustainable Business Chapter: CORPORATE GOVERNANCE. Section: NH Hotel Group's Board of Directors > Committees Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Sustainable Business Governance
	2-14 Role of the highest governance body in sustainability reporting	Chapter: CORPORATE GOVERNANCE. Section: NH Hotel Group's Board of Directors > Committees Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Sustainable Business Governance
	2-15 Conflicts of interest	Chapter: ETHICS AND COMPLIANCE. Section: Ethical Commitment and Compliance System > Conflict of Interest Procedure

GRI 2: Contenidos Generales	2-16 Communication of critical concerns	Chapter: CORPORATE GOVERNANCE. Section: Governance structure > Board Committees; Management Committee. Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our stakeholders > Stakeholder dialogue. Chapter: UP FOR PEOPLE. Section: Team Members> Internal communication
	2-17 Collective knowledge of the highest governance body	Chapter: CORPORATE GOVERNANCE. Chapter: SUSTAINABLE BUSINESS. Section: Governance of Sustainable Business
	2-18 Evaluation of the performance of the highest governance body	See Annual Corporate Governance Report 2023
	2-19 Remuneration policies	Chapter: CORPORATE GOVERNANCE. Section: Remuneration of Senior Management and the Board. Chapter: UP FOR PEOPLE. Section: Team Members > An Equal Opportunities Team > NH Hotel Group's Remuneration Model For further details see: Board Remuneration Policy Report and Annual Directors' Remuneration Report as well as additional information submitted to the CNMV on Remuneration Policy.
	2-20 Process to determine remuneration	Chapter: UP FOR PEOPLE. Section: Team Members > An equal opportunity team > NH Hotel Group's compensation model; Talent Management> MBO; Time For You
	2-21 Annual total compensation ratio	Chapter: UP FOR PEOPLE. Section: Team Members > An Equal Opportunities Team
	2-22 Statement on sustainable development strategy	Chapter: SUSTAINABLE BUSINESS STRATEGY
	2-23 Policy commitments	Chapter: ETHICS AND COMPLIANCE, Section: Ethical commitment and compliance systems > Corporate Policies; Chapter: SUSTAINABLE BUSINESS STRATEGY. Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Double Materiality Analysis
	2-24 Embedding policy commitments	Chapter: ETHICS AND COMPLIANCE Chapter: SUSTAINABLE BUSINESS STRATEGY > Chapter: NH Hotel Group and the Agenda 2030
	2-25 Processes to remediate negative impacts	Chapter: NH HOTEL GROUP BUSINESS MODEL Chapter: CORPORATE GOVERNANCE Chapter: ETHICS AND COMPLIANCE Chapter: PROTECTION OF HUMAN RIGHTS Chapter: RISK MANAGEMENT Chapter: SUSTAINABLE BUSINESS STRATEGY Chapter: UP FOR PLANET Chapter: UP FOR PEOPLE
	2-26 Mechanisms for seeking advice and raising concerns	Chapter: ETHICS AND COMPLIANCE
	2-27 Compliance with laws and regulations	Chapter: ETHICS AND COMPLIANCE
	2-28 Membership associations	Chapter: ETHICAL COMMITMENT AND COMPLIANCE SYSTEM. Section: Relations with governments and political influence > Creating value for our stakeholders > Sustainable Partnerships Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our stakeholders. Sustainable partnerships; NH Hotel Group and the 2030 Agenda.
	2-29 Approach to stakeholder engagement	Chapter: SUSTAINABLE BUSINESS. Section: Creating value for our stakeholders > Stakeholder dialogue; Double Materiality Analysis; Sustainable Partnerships. Chapter: UP FOR PEOPLE. Section: Engaging with Team Members; Internal Communication.
	2-30 Collective bargaining agreements	Chapter: UP FOR PEOPLE. Section: Team Members > Social Dialogue with Team Members

MATERIAL TOPICS FOR NH HOTEL GROUP

Business risk management

GRI 3: Material Topics	3-3 Management of material topics	Chapter: RISK MANAGEMENT Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Double MaterialityAanalysis
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed 201-4 Financial assistance received from government	Chapter: RISK MANAGEMENT. Section: NH Hotel Group's response to the risks and opportunities associated with climate change based on the Task Force on Climate-related Financial Disclosure (TCFD) Chapter: UP FOR PEOPLE. Section: Sustainable Products and Assets > Sustainable Hotels The total amount of government grants received during the year was €7,628,772

Ethics, transparency and culture

GRI 3: Material Topics	3-3 Management of material topics	Chapter: ON THE STATEMENT OF NON-FINANCIAL INFORMATION Chapter: NH HOTEL GROUP BUSINESS MODEL Chapter: CORPORATE GOVERNANCE Chapter: ETHICAL COMMITMENT AND COMPLIANCE SYSTEM Chapter: RISK MANAGEMENT. Section: Risk Factors and Control and Management Measures
GRI 207: Tax	207-1 Approach to tax 207-2 Tax governance, control, and risk management 207-4 Country-by-country reporting	Chapter: ETHICAL COMMITMENT AND COMPLIANCE SYSTEM. Section: Fiscal Transparency: Profits and Taxes For GRI 207-4: 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 make this information public. The required information is verified in the Tax Transparency chapter of the aforementioned GRI. Por razones de confidencialidad,
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken	Chapter: ETHICS AND COMPLIANCE.

Cybersecurity and data processing

GRI 3: Material Topics	3-3 Management of material topics	Chapter: DIGITAL TRANSFORMATION. Section: Information security > Cybersecurity; Privacy and data protection. Chapter: UP FOR PEOPLE. Section: Customers
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Protection of Human and Labour Rights

GRI 3: Material Topics	3-3 Management of material topics	Chapter: PROTECTION OF HUMAN RIGHTS
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Chapter: ETHICS AND COMPLIANCE. Section: Ethical commitments and compliance systems > Whistle-blowing channel. Chapter: PROTECTION OF HUMAN RIGHTS. Section: Human Rights Compliance.

Fighting climate change

GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PLANET. Section: Sustainable products and assets; Operational processes and standards
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GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Chapter: UP FOR PLANET. Section: Sustainable products and assets > Plan SBT 2030
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-5 Reduction of GHG emissions	
Responsible energy management		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PLANET. Section: Sustainable Products and Assets > Energy Efficiency Plan.
	302-1 Energy consumption within the organization	Chapter: UP FOR PLANET. Section: Sustainable Products and Assets > Energy Efficiency Plan; Operational Processes and Standards > Responsible Energy Management.
GRI 302: Energy	302-4 Reduction of energy consumption	
Circular economy and waste management		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PLANET. Section: Operational processes and standards > Waste management and circular economy
GRI 306: WASTE	Disclosure 306-2 Management of significant waste-related impacts	Chapter: UP FOR PLANET. Section: Operational processes and standards > Waste management and circular economy
Responsible water management		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PLANET. Section: Operational processes and standards > Responsible water management
GRI 303: WATER AND EFFLUENTS	303-3 Water withdrawal	Chapter: UP FOR PLANET. Section: Operational processes and standards > Responsible water management
Culture of equality, diversity and inclusion		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PEOPLE. Section: Team Members > Culture of Diversity, Equality and Inclusion
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Chapter: CORPORATE GOVERNANCE. Section: Governance structure > Board of Directors, Board Committees > Policy for the selection of candidates for directorship
	405-2 Ratio of basic salary and remuneration of women to men	Chapter: UP FOR PEOPLE. Section: Team Members > Creation of quality employment; Culture of diversity, equality and inclusion.
Talent, training and professional development		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PEOPLE. Sections: Team Members > Introduction; PEOPLE Strategy; Equal Opportunities Team; Training; Talent Management; Attracting Talent".
GRI 401: Employment	401-1 New employee hires and employee turnover	Chapter: UP FOR PEOPLE. Section: Team Members > Quality job creation > New recruits; Turnover, absenteeism and departures.

GRI 404: Training and Education	404-1 Average hours of training per year per employee	Chapter: UP FOR PEOPLE. Section: Team Members > Training
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter: UP FOR PEOPLE. Section: Team Members > Talent Management > MBO; Time For You
Communication with stakeholders		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creation of value for our stakeholders > Dialogue with our stakeholders. Chapter: UP FOR PEOPLE. Section: Team Member Engagement; Internal Communication
Safety and health of Team Members		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PEOPLE. Section: Team Members > Occupational safety, health and wellbeing
GRI 403: Occupational Health and Safety	Disclosure 403-9 Work-related injuries	Chapter: UP FOR PEOPLE. Section: Team Members > Occupational safety, health and wellbeing
	Disclosure 403-10 Work-related ill health	Chapter: UP FOR PEOPLE. Section: Team Members > Occupational safety, health and wellbeing
Communities affected and local impacts		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PEOPLE. Sections: Community
GRI 413: Local Communities	Operations with local community engagement, impact assessments, and development programs	Chapter: SUSTAINABLE BUSINESS STRATEGY. Section: Creating value for our Stakeholders > Stakeholder Dialogue; Sustainable Partnerships > Relationship with Partnerships Chapter: UP FOR PEOPLE. Sections: Community > Hotels with Heart; Together with Love: Corporate Volunteering; Employability programmes: promoting youth employment.
Responsible value chain		
GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PLANET. Section: Sustainable procurement
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Chapter: UP FOR PLANET. Section: Sustainable purchasing > Supplier management
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Chapter: UP FOR PLANET. Section: Sustainable Procurement > Supplier Approval; Supplier Management; Critical Supplier Analysis; Corporate Sustainability Due Diligence Directive.
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Chapter: UP FOR PLANET. Section: Sustainable Procurement > Supplier Approval; Supplier Management; Critical Supplier Analysis; Corporate Sustainability Due Diligence Directive.

OTHER MATERIAL TOPICS FOR NH HOTEL GROUP

Digitalization and innovation

GRI 3: Material Topics	3-3 Management of material topics	Chapter: DIGITAL TRANSFORMATION. Section: Innovative projects Chapter: U FOR PEOPLE. Section: Customers > Experience for individual customers and professionals.
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Customer experience and service quality

GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PEOPLE. Sections: Customers > NH Hotel Group's business model; Individual and professional customer experience, Quality measurement, Customer health and safety, Hotel accessibility, Responsible guest
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Engagement and responsible recruitment of team members

GRI 3: Material Topics	3-3 Management of material topics	Chapter: UP FOR PEOPLE. Sections: Team Members > Creating quality jobs; Culture of diversity, equality and inclusion; Equal opportunities for all; Turnover, absenteeism and departures; Social dialogue with Team Members; Flexibility and work-life balance.
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APPENDIX VI: 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 of NH Hotel Group, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2023 of NH Hotel Group, S.A. (Parent company) and subsidiaries (hereinafter "NH Hotel Group") which forms part of the NH Hotel Group's consolidated management report.

The content of the SNFI includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in the "Appendix IV: Table of contents Act 11/2018 on non-financial reporting and diversity" and in the "Appendix V: Index of GRI standard contents" included in the accompanying SNFI.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in NH Hotel Group's consolidated management report and the content thereof, are the responsibility of the directors of NH Hotel Group, S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and using as a reference the criteria of the *Sustainability Reporting Standards of the Global Reporting Initiative* ("GRI Standards") as per the details provided for each matter in the "Appendix IV: Table of contents Act 11/2018 on non-financial reporting and diversity" and in the "Appendix V: Index of GRI standard contents" of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of 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 SNFI is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3º
Inscrita en el R.O.A.C. con el número 80242 - NIF: B-79031290

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in 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 in the Guidelines for verification engagements of the Statement of Non-Financial Information 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 nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of NH Hotel Group that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the NH Hotel Group, S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2023, based on the materiality analysis carried out by NH Hotel Group and described in section "Double Materiality Analysis", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2023.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2023.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2023 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of NH Hotel Group, S.A. and its subsidiaries, for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and using as a reference the criteria of GRI as per the details provided for each matter in the "Appendix IV: Table of contents Act 11/2018 on non-financial reporting and diversity" and in the "Index of GRI standard contents" of the aforementioned Statement.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts promulgated in accordance with the provisions of the aforementioned Regulation, establish the obligation to disclose information on the manner and extent to which the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the rest of the environmental objectives), and with respect to certain new activities included in the objectives of mitigation and adaptation to climate change, for the first time for the 2023 financial year, in addition to the information referring to eligible and aligned activities already required in the 2022 financial year in relation to the objectives of climate change mitigation and climate change adaptation. Consequently, comparative information on eligibility in relation to the rest of the environmental objectives indicated above or on new activities included in the objectives of climate change mitigation and climate change adaptation, has not been included in the accompanying SNFI. Furthermore, to the extent that the information relating to the 2022 financial year was not required with the same level of detail as in the 2023 financial year, the information disclosed in the accompanying SNFI is not strictly comparable either. In addition, it should be noted that NH Hotel Group, S.A.'s directors have incorporated information on the criteria that, in their opinion, allow for improved compliance with the aforementioned obligations and which have been defined in note "European Union Taxonomy of sustainable activities" of the accompanying SNFI. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Ramón Abella Rubio

8 February 2024



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APPENDIX I

Standard form and statistics of the Annual Directors' Remuneration Report, according to Circular 4/2013 issued by the Spanish Securities and Exchange Commission (CNMV)

APPENDIX I Standard form and statistics of the Annual Directors' Remuneration Report, according to Circular 4/2013 issued by the Spanish Securities and Exchange Commission (CNMV)

IDENTIFICATION DETAILS OF THE ISSUER

END DATE OF THE REFERENCE FINANCIAL YEAR 31/12/2023

Tax Identification Code (CIF): A28027944

Company name:
NH HOTEL GROUP, S.A

Registered office:

Calle Santa Engracia 120

ANNUAL DIRECTORS' REMUNERATION REPORT OF LISTED JOINT STOCK COMPANIES

A. THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the current directors' remuneration policy applicable to the current year. To the extent that it is relevant, certain information may be included related to the remuneration policy approved by the General Shareholders' Meeting, providing that these references are clear, specific and explicit.

The specific determinations as the board may have made for the current year must be described in accordance with the provisions in the contracts signed with the executive officers and with the remuneration policy approved by the General Shareholders' Meeting, regarding the directors' remuneration both in their positions as such and for the executive duties they perform. In any case, at least the following aspects must be reported:

- a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.*
- b) Specification and, where applicable, an explanation about whether comparable companies have been taken into account in order to determine the company's remuneration policy.*
- c) Information about whether any external advisors took part in this process and, if so, their identity.*
- d) Procedures set forth in the current remuneration policy for the directors in order to apply temporary exceptions to the policy, the conditions under which such exceptions can be applied and the components that may be subject to exceptions according to the policy.*

General Principles and Grounds

The Directors' Remuneration Policy for NH Hotel Group S.A., (hereinafter referred to as "NH", the "Company" or the "Group") for the three-year period 2024-2026 was approved by the Board of Directors at its meeting held on 22 May 2023 and submitted for a binding ballot as a separate item on the agenda at the General Shareholders' Meeting held on 29 June 2023.

The basic aim of the Remuneration Policy is to reward the commitment, responsibility and talent of NH's Directors, always taking into consideration the economic situation, the Company's earnings, the Group's strategy and best market practices.

The Remuneration Policy is in line with the previous Policy, including the same principles and remuneration elements, while taking into account the economic environment, the results obtained in the last exercises, the Group's strategy, the best market practices as well as the corporate governance recommendations.

According to the foregoing, the principles that govern the Remuneration Policy are as follows:

- Alignment with the investors: The design of the Remuneration Policy is regularly reviewed to ensure it is aligned with achieving earnings and creating value for the shareholder.
- Proportionality: The remuneration is in a suitable proportion to the Company's features and business model.
- Balance: The Directors' remuneration should strike a balance between the different components of the remuneration.
- Suitability: The Remuneration Policy of the Non-Executive Directors is adapted to the composition of the Board and the amounts are sufficient to remunerate the Directors' qualifications, the time they spend on their duties and their responsibility, guaranteeing their required loyalty and allegiance to the Company, but without compromising its members' independence.
- Non-discrimination: NH's Remuneration Policy respects non-discrimination due to gender, age, culture, religion or race.

- Alignment with the strategy: The Directors' remuneration must be consistent with the Group's strategy, including any remuneration components that may be necessary for such purpose. It must also contribute to the Company's long-term interests and sustainability.
- Transparency: The information published about the remuneration is in line with the best corporate governance practices.

Pursuant to the provisions in Article 42 of NH's Articles of Association and Article 36 of the Board of Directors' Regulations, regarding the remuneration components contained in the Remuneration Policy, NH differentiates between the Remuneration Policy applicable to Non-Executive Directors, in which their joint supervisory and decision-making duties are remunerated, and the Policy applicable to Executive Directors, which rewards the senior management duties they perform, as shown below:

- The remuneration components for Non-Executive Directors are as follows:
 - A fixed annual amount that depends on the post or posts the directors hold on the Board or on its committees.
 - Fees for attending the Board of Directors' committee meetings. The total annual amount for this item will vary depending on the number of meetings held by each committee and the Director attending them.
- The remuneration components for Executive Directors are as follows:
 - Fixed remuneration, sufficient for their services and the duties they perform.
 - Short and long-term variable remuneration linked to the Company's earnings and creating value for the shareholder.
 - Remuneration in kind.

Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

The Company's main bodies involved in determining and approving the Remuneration Policy are as follows:

- The General Shareholders' Meeting:

According to the Spanish Capital Companies Act, the General Shareholders' Meeting is competent for approving the following matters related to the Directors' remuneration:

- The Remuneration Policy at least every three years.
- Possible amendments to the Remuneration Policy in force from time to time.
- The maximum amount of the annual remuneration payable to all the Directors in their positions as such.
- The remuneration system, including the award of shares or stock options or share-linked remuneration.
- The Annual Remuneration Report (advisory ballot).

- The Board of Directors:

This is the competent body for proposing the Remuneration Policy to the General Shareholders' Meeting. The Board is also responsible for adopting resolutions related to the Directors' remuneration within the scope of the Articles of Association and the Remuneration Policy.

Moreover, the Board of Directors determines the basic terms and conditions for the contracts, including the remuneration for the executives who directly report to the Board or any of its members.

The Board of Directors is informed of all the actions performed by the Appointment, Remuneration and Corporate Governance Committee, as explained below, and provides it with the relevant documents in order to be informed of such actions to perform its duties.

As a precautionary measure, in order to avoid any conflict of interests, at the Board's meetings that deal with proposals related to the specific remuneration of the Executive Directors, the latter may not be present nor take part in the deliberations or decision-making process.

- The Appointment, Remuneration and Corporate Governance Committee, (hereinafter referred to as the "ARCGC"):

This is the main body for determining and applying the Remuneration Policy. In this respect, the ARCGC is competent to propose the Directors' Remuneration Policy and the remuneration for those who perform senior management duties directly reporting to the Board, Executive Committees or Executive Directors, and the individual remuneration and other contractual terms and conditions for the Executive Directors, and to ensure such terms and conditions are observed.

Notwithstanding the competences attributed by the Regulation of the Board of Directors, the ARCGC performs the following duties:

- Determining the Policy:
 - It proposes to the Board of Directors the distribution, among the different components, of the maximum remuneration amount approved by the General Shareholders' Meeting for the Directors in their positions as such.
 - It determines and proposes to the Board of Directors the amount and, if need be, the adjustment of the Executive Directors' fixed remuneration.
- Applying the Policy:
 - Every year it proposes to the Board of Directors the objectives for the annual variable remuneration and the relevant cycle for the multi-year variable remuneration applicable to the Executive Directors.
 - It assesses achievement of the objectives after the end of the performance period for the short- and long-term variable remuneration and proposes to the Board of Directors the amount or number of shares to be received by the Executive Directors.
- Reviewing the Policy
 - It reviews the amount of the various remuneration components for the Directors in their positions as such; bearing in mind market practices and submits its conclusions to the Board of Directors.
 - It reviews the structure and level of the Executive Directors' remuneration to ensure it is competitive, taking into account the market conditions.
- Transparency of the Policy
 - The ARCGC decides on the contents of the Annual Directors' Remuneration Report and proposes it to the Board of Directors for its final approval.

Information on whether any external advisors took part in this process and, if so, their identity details.

WTW has provided advice to the ARCGC on drawing up this Annual Directors' Remuneration Report.

Procedures set forth in the current remuneration policy for the directors in order to apply temporary exceptions to the policy, the conditions under which such exceptions can be applied and the components that may be subject to exceptions according to the policy.

The Remuneration Policy does not include any procedure for temporary exceptions to application thereof.

A.1.2 Explain the relative importance of the variable remuneration components vis-à-vis the fixed components (remuneration mix) and the criteria and objectives taken into consideration to determine them and ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, specify the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the company's long-term goals, values and interests, which must include, as the case may be, mention of the measures taken to ensure that the company's long-term earnings are taken into account in the remuneration policy, the measures adopted in relation to the categories of staff whose professional activities have a significant impact on the company's risk profile and the measures in place to avoid conflicts of interest.

Furthermore, specify whether the company has established any period for the accrual or vesting of certain variable remuneration components, in cash, shares or other financial instruments, a deferral period in the payment of amounts or award of accrued and vested financial instruments, or whether any clause has been agreed to reduce the deferred remuneration not yet vested or obliging the director to return the remuneration received when such remuneration was based on figures that have since been clearly shown to be inaccurate.

The remuneration mix:

The Non-Executive Directors receive remuneration based on the best corporate governance practices. Such remuneration only consists of a fixed amount and attendance fees, with no amount being payable whatsoever for variable remuneration.

On the other side, the total remuneration of the Executive Directors is mainly composed of (i) fixed remuneration, (ii) annual variable remuneration and (iii) multi-year variable remuneration. The Executive Directors are currently the Chief Executive Officer ("CEO"), the Chief Operations Officer ("COO") and the Chief Assets and Development Officer ("CADO").

In this respect, in 2024 the percentage that the ordinary (annual and multi-year) variable remuneration represents of the total remuneration, in a situation in which 100% of the objectives are achieved ("target scenario") and maximum achievement ("maximum scenario"), is approximately as follows:

- CEO: 56.5% (target scenario) - 66.1% (maximum scenario).
- COO: 47.4% (target scenario) - 57.4% (maximum scenario).
- CADO: 47.4% (target scenario) - 57.4% (maximum scenario).

Measures adopted to adapt the Remuneration Policy to the company's long-term goals, values and interests. Reference to the measures adopted to guarantee that the company's long-term earnings are taken into account in the remuneration policy.

The measures adopted by the Company related to the remuneration system to reduce exposure to excessive risks and to adapt it to the Company's long-term goals, values and interests are as follows:

a) Balance in the total remuneration:

The remuneration package of the Executive Directors includes short- and long-term variable parts, both parts being balanced. In this respect, the relative weight of the long-term variable remuneration, in annual terms, is equivalent to that of the short-term variable remuneration.

b) Formulating the variable remuneration objectives:

The variable remuneration is linked to the achievement of a combination of predetermined objectives, which are economic-financial, value creation, non-financial and/or ESG (Environmental, Social and Governance). In addition, through performance evaluation, the sustainability of the Company is promoted through the evaluation of form and procedure, other than results.

Economic-financial and value creation targets may include, for example, EBITDA, Recurring Net Profit, Revenues, return and/or cost efficiency metrics at NH Group level. In addition, strategic indicators associated with the specific position of each Executive Director may be included, such as Revenues, EBITDA, ESG metrics or other strategic indicators.

Regarding the short-term variable remuneration, the ARCGC is responsible for proposing the objectives at the beginning of each year, and for proposing the evaluation of their fulfillment at the end of it.

The variable components of the remuneration are designed with sufficient flexibility so that no amount whatsoever is payable if the minimum objectives are not achieved.

In addition, in order for the short-term or long-term variable remuneration to be accrued, the Group's Recurrent Net Profit must be positive, if not, no remuneration is payable.

Measures adopted by the company to reduce exposure to excessive risks and avoid conflicts of interest and claw-back clauses that reduce the deferred remuneration or oblige the director to reimburse the remuneration received.

a) Ex-post adjustments to Executive Directors' remuneration:

In the event that certain circumstances occur that show the targets have not been achieved, even if *a posteriori*, according to a proposal made by the ARCGC, the Board may claim the return of all or part of the long-term variable remuneration already paid (claw-back). These clauses will be applicable to all the Beneficiaries and will be applicable for two years, counted from the date the Measurement Period ends. Specifically, repayment of the long-term variable remuneration already paid may be required in the following cases, among others:

- I. Reformulation of the Company's financial statements without this being based on changes in the applicable accounting standards or interpretations.
- II. Sanctions imposed on the Beneficiary due to serious breaches of the code of conduct and other applicable internal regulations.
- III. When the settlement and payment of the incentive was partially or fully based on information that is clearly shown *a posteriori* to be seriously false or inaccurate.

b) Adjustments to the variable remuneration:

Under exceptional circumstances caused by extraordinary internal or external factors or events, the ARCGC may propose to the Board of Directors adjustments of the components, criteria, thresholds and limits of the annual or multi-year variable remuneration.

c) Measures to avoid conflicts of interest:

At the Board's meetings that deal with proposals related to the specific remuneration of the Executive Directors, the latter may not be present or take part in the deliberations or decision-making process.

Regarding measures to avoid conflicts of interest by the Directors, according to the Spanish Capital Companies Act, Articles 29-33 of the Board of Directors' Regulations include the obligations of the Directors related to their duties of diligence, allegiance, confidentiality, loyalty and prohibition of competition.

A.1.3. State the amount and nature of the fixed components that are expected to be accrued during the year by the directors in their positions as such.

The maximum amount of the remuneration that could be payable every year by the Company to all its Directors, in their positions as such, is €800,000, such amount being approved at the Ordinary General Shareholders' Meeting held on 29 June 2023, however such limit may be changed at the General Shareholders' Meeting to be held in 2024 (on the date this Report is drawn up, it is not expected this will occur).

The remuneration system of the Non-Executive Directors for their supervisory and joint decision-making duties, as specified above in this Report, consists of an annual fixed amount and fees for attending the meetings of the Board of Directors and its committees.

In this respect, the amounts planned for the aforementioned components in 2024 will be as follows:

■ Annual fixed amount:

- The Chair of the Board of Directors: €200,000. No amount will be payable for fees to attend the meetings of the Board or the Committees.
- The Chairs of the Auditing Committee and/or the ARCGC: €90,000. No amount will be payable for fees to attend the committee meetings that they chair.
- The other members of the Board of Directors: €50,000 for each Director.

■ Attendance fees:

- Fees for attending the Audit and Supervisory Committee Meetings: €1,000.
- Fees for attending the ARCGC Meetings: €1,000.

However, the Proprietary Directors representing the shareholder, Minor International PLC, have waived payment of the aforementioned remuneration.

The amounts payable to the Non-Executive Directors may vary from year to year within the maximum amounts approved by the General Shareholders' Meeting with the prior approval of the Board of Directors. In this respect, additional remuneration may be granted if any Director is required to spend additional time over a certain period of time.

However, the Executive Directors will not be entitled to receive the aforementioned remuneration.

A.1.4. State the amount and nature of the fixed components that will be accrued during the year due to the Executive Officers performing their senior management duties.

According to the Articles of Association, the Executive Directors are entitled to receive remuneration for the executive duties they perform, apart from their duties as Directors, within the scope of their labour or commercial relationship with the Company. Such remuneration includes both their executive duties and their duties as Director.

The amount of the aforementioned fixed remuneration planned for each of the Executive Directors in 2024 is €771,750 for the CEO, €441,000 for the COO and €385,875 for the CADO. These amounts approved by the Board of Directors imply an increase of 5% compared with the previous year. When approving this increase, the Board of Directors, according to a proposal made by the ARCGC, has taken into consideration the importance of the three Executive Directors in achieving the necessary stability of the Company in terms of business performance.

A.1.5. Amount and nature of any component of remuneration in kind that will be accrued during the year, including, but not limited to, insurance premiums paid in favour of the director.

The Directors do not receive any remuneration in kind due to being members of the Board of Directors.

The Executive Directors are beneficiaries of a health care insurance policy for them and their first-degree relatives, a life and accident insurance policy and a company car. It is estimated that the cost for this remuneration in 2024 will amount to €27,480 for the CEO, €18,791 for the COO and €10,922 for the CADO. However, the final amount could vary depending on the changes taking place in the prices or premiums of the aforementioned remuneration.

A.1.6. Specify the amount and nature of the variable components, differentiating between those established in the short- and long-term. Financial and non-financial parameters, including among these the social, environmental and climate change parameters selected to determine the variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance at the end of the year with the parameters used in the design of the variable remuneration, explaining the criteria and

factors applied related to the time required and methods used for verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Specify the range, in monetary terms, of the different variable components according to the level of achievement of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The Executive Directors are the only members of the Board of Directors that are entitled to be paid variable remuneration. The Executive Directors' variable remuneration is structured as additional and supplementary to their fixed remuneration and it consists of a short-term annual variable and a long-term variable. This compensation is contingent and non-consolidable.

The main features of the variable remuneration components for the Executive Directors are described below:

1. ANNUAL VARIABLE REMUNERATION

The short-term variable remuneration is linked to achieving the corporate goals determined by the ARCGC and approved by the Board of Directors at the beginning of each financial year.

The functioning of the annual variable remuneration for NH's Executive Directors is the same as for the Company's other employees. It is determined based on the Management by Objectives Programme (MBO) for the following purposes:

1. To reward performance, bearing in mind achievement of the Company's quantitative goals.
2. To link achievement of the annual objectives set by the Company to its medium- and long-term strategy.
3. To align the individual objectives with the Company's goals.

The ARCGC approved the following objectives for the Executive Directors with their corresponding weightings for the financial year 2024:

- 50% Corporate Goals:
 - 25% Group's recurrent EBITDA.
 - 25% Group's recurrent Net Profit.
- 10% Performance assessment.
- 40% of strategic indicators related to the position.

The functioning of each of the aforementioned objectives is described below, along with the specified scales of achievement:

1. **Group EBITDA/ Net Profit:** The goal initially set for the Group's recurrent EBITDA/ Net Profit is compared with the Group's actual recurrent EBITDA/ Net Profit, determining the following pay-out levels established based on the scale of achievement:
 - If the level of achievement of the Group's recurrent EBITDA/ Net Profit goal is lower than 90%, no amount whatsoever is payable for this target.
 - If the level of achievement of the Group's recurrent EBITDA/ Net Profit goal is between 90% and 100%, 100% of the annual variable remuneration will be payable for this target.
 - If the level of achievement of the Group's recurrent EBITDA/ Net Profit goal is 120% or higher, a maximum of 120% of the annual variable remuneration for this target is payable.
 - When the achievement level of the target is between 100% and 120%, the pay-out will be calculated by linear interpolation.
2. **Performance assessment:** The performance assessment system for the Executive Directors has the same structure as for NH's other employees.

In order to promote the Company's sustainability, the performance assessment is included in the annual variable remuneration by evaluating the system and procedures apart from the earnings obtained.

Performance will be evaluated according to the following scale consisting of five levels: Underperforming, Needs Improvement, Good, Very Good and Outstanding. Each one of the levels will be equivalent to a percentage of achievement of the target according to the following scheme:

- "Underperforming". Equivalent to 0% achievement.
- "Needs Improvement". Equivalent to 50% achievement.

- "Good". Equivalent to 100% achievement.
- "Very Good". Equivalent to 125% achievement.
- "Outstanding". Equivalent to 200% achievement.

3. **Individual Objectives** (indicators related to the post): Maximum achievement is set for the rest of the objectives that could imply up to 125% of the target payment level for this. These individual objectives include objectives related to the reduction of net CO2 emissions and NH's position in the S&P Sustainability Index.

The ARCGC determines the specific amount payable depending on the achievement level of the objectives.

In addition, in order to guarantee that the annual variable remuneration is aligned with the Company's earnings, the Group's Recurrent Net Profit acts as a "key target". In this respect, in order to accrue annual variable remuneration, the Group's recurrent Net Profit must be positive, otherwise no remuneration will be payable.

The target annual variable remuneration is set at 65% of the CEO's fixed remuneration (€501,637.5) and 45% of the COO's and the CADO's fixed remuneration (€198,450 and €173,643.7 respectively), providing 100% of the targets set by the Board of Directors are achieved.

The maximum amount the Executive Directors can receive, if the maximum score is obtained in the performance assessment and a maximum percentage is obtained in their individual objectives, is 130% for the three Directors, equivalent to €652,128.75 for the CEO, €257,985 for the COO and €225,736.8 for the CADO, notwithstanding the fact that, in accordance with the Remuneration Policy, these amounts may reach up to 150% of the target amount in certain scenarios.

If the aforementioned minimum targets are not achieved, the Executive Directors will not be paid any amount whatsoever as variable remuneration.

In order to calculate the amount of the annual variable remuneration, the ARCGC will first and foremost consider the individual level of achievement and weighting of each of the objectives and subsequently the level of overall achievement of the objectives as a whole, along with the key goal for the Group's Recurrent Net Profit. This assessment is conducted based on the results audited by the Company's external auditor. Both for determining the objectives and assessment of their being achieved, the Committee also takes into consideration any associated risk and can rely on the support of the Audit and Supervisory Committee.

In this respect, any positive or negative economic impact caused by extraordinary events that could distort the findings of the assessment are disregarded and the quality of the long-term earnings and any associated risk in the proposal for annual variable remuneration are taken into consideration.

The annual variable remuneration will be fully paid in cash, providing the targets set for such purpose are achieved. This remuneration will not be paid until the ARCGC has carried out the aforementioned actions in the first quarter of the year.

2. LONG-TERM INCENTIVE PLANS

Long Term Incentive Plan 2022-2026:

The Company implemented the Long-Term Incentive Plan 2022-2026 ("Performance Cash Plan") in 2022. This plan grants a cash amount to be paid out if the targets set in this respect are achieved. The plan was proposed to the Board and was approved on 24 February 2022.

The term of the Plan is five years, divided into three cycles of three years each one:

1. First cycle 2022-2024 payable in 2025.
2. Second cycle 2023-2025 payable in 2026.
3. Third cycle 2024-2026 payable in 2027.

Before the start of each of the cycles, the Board of Directors is authorised to decide on its effective implementation depending on the Group's economic situation at the time.

The main features of the third and last cycle of the Plan applicable to the Executive Directors, the start date of which is 1 January 2024, are set out below:

Purpose: To reward the achievement of NH's long-term strategic goals and the creation of sustainable value for the shareholder.

Amount: The target incentive in the second cycle is set at 65% of the CEO's fixed remuneration (€501,637.5) and 45% of the COO's and the CADO's fixed remuneration (€198,450 and €173,643.7 respectively), providing 100% of the targets set by the Board of Directors are achieved.

The maximum amount of the incentive can be up to 120% of the target amount, i.e. 78% of the fixed remuneration for the CEO (€601,965) and 54% of the fixed remuneration for the COO and the CADO (€238,140 and €208,372.5 respectively), notwithstanding the fact that, in accordance with the Remuneration Policy, these amounts may reach up to 150% of the target amount in certain scenarios.

Performance period: Years 2024, 2025 and 2026.

Objectives: 50% of the incentive will be linked to the Group's recurrent EBITDA for the financial years 2024, 2025 and 2026 and the other 50% of the incentive will be linked to the Group's recurrent Net Profit for the financial years 2024, 2025 and 2026.

Performance Scale: The incentive for the third cycle 2024-2026 is determined as follows:

- If the level of achievement of the Group's recurrent EBITDA/Net Profit goal is lower than 90%, no amount whatsoever is payable for the long-term incentive.
- If the level of achievement of the Group's recurrent EBITDA/Net Profit goal is between 90% and 100%, 100% of the long-term incentive will be payable.
- If the level of achievement of the Group's recurrent EBITDA/Net Profit goal is 120% or higher, a maximum of 120% of the long-term incentive will be payable.

When the achievement level of the target is between 100% and 120%, the level of achievement of the Group's recurrent EBITDA/Net Profit will be calculated by linear interpolation.

Functioning: The ARCGC will consider the level of achievement of the recurrent EBITDA/Net Profit goal based on the results audited by the Company's external auditor in each of the cycles included in the target performance period. Both for determining the objectives and assessment of them being achieved, the Committee also takes into consideration any associated risk and can rely on the support of the Audit and Supervisory Committee.

In this respect, any positive or negative economic impact caused by extraordinary events that could distort the findings of the assessment are disregarded and the quality of the long-term earnings and any associated risk in the proposal for incentive payable is taken into consideration.

The incentive 2024-2026, will be fully paid in cash, providing that the targets set for such purpose are achieved. This remuneration will not be notified as fulfilled until the ARCGC has carried out the aforementioned actions in the first quarter of the year 2027.

A.1.7. State the main features of the long-term savings schemes. Among other information, specify the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that must be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or compensation for early termination or dismissal, or related to the termination of the contractual relationship, according to the stipulated terms, between the company and the director.

Specify whether the accrual or vesting of any of the long-term savings plans is linked to achieving certain targets or parameters related to the director's short- or long-term performance.

The Company does not plan to undertake any obligation or commitment whatsoever with the Directors in 2024 related to pensions, retirement or similar items.

A.1.8. Any other type of payment or compensation for early termination or dismissal, or related to the termination of the contractual relationship, according to the stipulated terms, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contractual term or loyalty, which entitles the director to any kind of remuneration.

The Company's Directors, in their positions as such, are not entitled to any severance pay or compensation in the event of dismissal or resignation from their posts.

The terms and conditions included in the Executive Directors' commercial contracts in this respect are described below:

- **CEO:** Under no circumstances will the CEO be entitled to any severance pay due to his resignation or termination of his commercial relationship. However, the terms and conditions regulating his suspended labour relationship stipulate that the period of time in which the Executive Director holds his commercial relationship must be acknowledged as seniority for the purpose of possible severance pay due to termination of such labour relationship.

In this respect, once the commercial relationship has been terminated, the labour relationship that was in force between the Company and the Executive Director will be resumed until he takes up his new position, unless gross and wilful breach of contract is ruled by the courts. If, at the time of termination of the commercial relationship and, apart from the aforementioned exception, the Company refuses to reinstate the Executive Director in his previous labour relationship, this fact will be considered unfair dismissal. In such case, the Executive Director will be entitled to the relevant severance

pay according to applicable labour regulations. In order to calculate the severance pay, the compensation basis will be determined according to the full salary paid and received thereby over the twelve months prior to the termination including, if any, those paid and received in his position as Executive Director.

If the termination of the labour relationship is due to serious and wilful breach of the Executive Director's essential obligations and this is ruled by the competent court, all rights to receive any kind of severance pay will be deemed null and void.

- **COO:** The COO is not entitled to receive any severance pay whatsoever if the Company decides to terminate his contract by virtue of a resolution adopted by the General Shareholders' Meeting or the Board of Directors, which implies the COO being dismissed from his post as Executive Director, however his seniority in the position is acknowledged for all purposes (even for the purpose of severance pay that could be applicable in the event of termination) in the previous labour relationship between the parties, which will be resumed after the aforementioned termination of the commercial relationship.

If the Company refuses to reinstate the COO in his previous labour relationship, the COO will be entitled to severance pay, according to the applicable labour regulations, and his acknowledged seniority, the Company undertaking to pay him severance pay at least equivalent to one year of his fixed salary and the last variable remuneration he received. In order to calculate the severance pay that could be received by the COO in the event of termination of his ordinary labour relationship, the basis for the severance pay will be calculated regarding the whole remuneration paid and received thereby in the twelve months prior to such termination, even if it were payable by virtue of a commercial relationship.

However, if the termination of the commercial relationship between the parties is due to serious and wilful breach of the Executive Director's essential obligations and this is ruled by the competent court, all rights to receive any kind of severance pay will be deemed null and void.

- **CADO:** The Executive Director is not entitled to receive any severance pay whatsoever due to her dismissal as a Director by virtue of a resolution adopted at the General Shareholders' Meeting or the Board of Directors, due to her resignation, mutual agreement or because her term of office has expired. However, her seniority in the post will be acknowledged for all purposes (even for the purpose of severance pay that could be applicable in the event of dismissal) in the previous labour relationship between the parties, which will be resumed after the aforementioned termination of the commercial relationship, unless the termination of the commercial relationship between the parties is due to serious and wilful breach of the Executive Director's essential obligations and this is ruled by the competent court.

If, at the time of termination of the commercial contract (and apart from the aforementioned exception), the Company refuses to reinstate the Executive Director or CADO in her previous labour relationship as Chief Asset and Development Officer, this fact will be considered unfair dismissal and the Executive Director or CADO will be entitled to the relevant severance pay according to applicable labour regulations and the Company must undertake to pay her at least an amount of severance pay equivalent to one year of her fixed salary and the last variable remuneration she received.

In order to calculate the severance pay that could be received by Ms. Laia Lahoz Malpartida in the event of termination of her ordinary labour relationship, after termination of her commercial relationship regulated by such contract, the basis for the severance pay will be calculated regarding the whole remuneration paid and received thereby in the twelve months prior to such termination, even if it were payable by virtue of a commercial relationship.

A.1.9. Specify the conditions that the contracts of the Executive Officers performing senior management duties should contain. Among other things, information must be provided on the duration, limits on amounts of compensation, minimum contractual term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to contractual bonuses, as well as compensation or golden parachute clauses in the event of early termination of the contractual relationship between the company and the executive officer. Include, inter alia, the clauses or agreements related to non-competition, exclusivity, minimum contractual terms and loyalty and post-contractual non-competition, unless these have been explained in the previous section.

The contract of NH's Executive Directors is of a commercial nature and includes the duties and obligations they undertake within the scope of their posts and their remuneration.

The most significant clauses in their contracts are described below:

- Indefinite term.
- Full-time commitment and non-competition. They may not perform the following actions without the Company's prior consent during the period they render their services within the scope of their valid contracts:
 - Acquire an indirect or direct stake of any kind in companies that perform activities that are in competition with or are similar or related to the Company's activities or that are suppliers and/or customers of NH. Any part-time teaching activities that could be performed by the Executive Directors shall be deemed excluded from the previous point.

- This condition will remain in force, in the case of the CEO, until twelve months have elapsed after the termination of his commercial agreement or employment contract with NH, whatever the reason for such termination may be. The gross annual fixed remuneration of the Executive Directors already includes compensation for the non-competition clause.
- The Executive Directors must provide at least two months' prior notice of their decision to terminate their commercial relationship with NH and may choose to renew their ordinary labour relationship.
- Severance pay: See the previous section.
- Confidential information: During the valid term of the commercial agreement and after the termination thereof for any reason, the Executive Directors must not indirectly or directly disclose or disseminate to third parties not associated with NH any commercial or industrial secrets, processes, methods, information or data related to the activities, business or finances of NH or any company in its Group, making every effort to prevent, if need be, publication of such information and all that is related to activities and future plans both of NH HOTEL GROUP, S.A. and any of its enterprises.

A.1.10. The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year as consideration for services rendered other than those inherent in their position.

The Directors have not received any other supplementary remuneration for services apart from those inherent to their posts and that have not already been described in this Report.

A.1.11. Specify any other remuneration components, such as those related to the company granting the director advances, loans or guarantees or any other remuneration.

It is not expected to grant to the Directors any advances, loans, guarantees or other remuneration.

A.1.12. Specify the nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the previous sections, whether paid by the company or by another enterprise in the group.

It is not planned for the Directors to receive, any other supplementary remuneration for services apart from those inherent to their posts and that have not already been described in this Report.

A.2. Explain any significant change in the remuneration policy applicable to the current year resulting from the following:

- **A new policy or an amendment to a policy already approved by the General Shareholders' Meeting.**
- **Significant changes in the specific determinations established by the Board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.**
- **Proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting that this annual report will be subject to and for which it is proposed they will be applicable in the current year.**

Up to the date this report is published, no significant changes have been made to the Remuneration Policy that could seriously affect the Remuneration Policy for this year.

A.3. Specify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://www.nh-hotels.com/corporate/assets/uploads/files-accionistas/2023/en/4._nh_politica_remuneraciones_consejeros_2024-2026_eng.pdf

A.4. Taking into account the data provided in Section B.4, explain how the votes of the shareholders at the General Shareholders' Meeting have been taken into account to which the annual report on remuneration for the previous year was submitted on an advisory basis.

The last General Shareholders' Meeting held on 29 June 2023 approved the Annual Directors' Remuneration Report with 99.99% of the votes.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED LAST YEAR

B.1.1. Explain the process used to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information must include the role played by the remuneration committee, the decisions adopted by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process for applying the remuneration policy last year.

In 2023 the Policy in force has been the Directors' Remuneration Policy for NH for the three-year period 2021-2023, approved by the Board of Directors at the meeting held on 12 May 2021 and submitted to a binding b as a separate item on the agenda at the General Shareholders' Meeting on 30 June 2021.

Process used to apply the Remuneration Policy

The main bodies of the Company that are involved in applying the Company's Remuneration Policy are the General Shareholders' Meeting, the Board of Directors and the ARCGC.

The role played by the ARCGC

The ARCGC is the competent body for proposing the Directors' Remuneration Policy and the remuneration for those who perform senior management duties, directly reporting to the Board, Executive Committees or Executive Directors, and the individual remuneration and other contractual terms and conditions for the Executive Directors, and for ensuring such terms and conditions are met.

As explained in the Remuneration Policy, the ARCGC may hold meetings to correctly fulfil its duties as often as (i) considered necessary by its Chair, (ii) required by the Board of Directors or (iii) requested by two or more of its members with voting rights. The ARCGC held 7 meetings in 2023.

The items related to remuneration that were discussed by the ARCGC in 2023 are explained below:

- Proposal and approval of the Annual Directors' Remuneration Report for the financial year 2022.
- Proposal and approval of the launch of a new Long-Term Variable Remuneration Plan 2022-2026, whose second cycle began on 1 January 2023.
- Proposal and approval of the salary adjustment for the Executive Directors for 2023. Assessment and approval of the annual variable remuneration for the CEO and COO (Executive Directors) due to the 2022 results.
- Approval of the objectives linked to the annual variable remuneration of the Executive Directors in 2023.
- Information from the CEO to the ARCGC on the assessment of the variable remuneration in 2022 for the Executive Committee, along with the objectives linked to the annual variable remuneration in 2023.
- Proposal and approval of the NH Hotel Group Directors' Remuneration Policy effective from 1 January 2024 until 31 December 2026.

During 2024, up to the date of preparation of this report, the ARCGC has discussed the following matters related to the implementation of the 2023 Remuneration Policy:

- Proposal and approval of the settlement of the 2023 annual variable remuneration of the Executive Directors
- Proposal and approval of the settlement of the Biennial Long-term Incentive 2022-2023 of the Executive Directors.

Composition of the ARCGC

According to Article 47 of the Articles of Association, the Committee must be comprised of a minimum of three and a maximum of six Directors and must only consist of Non-Executive Directors appointed by the Board of Directors, at least two of which must be Independent Directors.

On 31 December 2023, the Committee was composed of three non-executive members, two of whom were Independent Directors:

- Mrs. [María Segimón de Manzanos](#); Chair and Independent Director since 29/06/2023.
- Mr. [Stephen Andrew Chojnacki](#); Member and Independent Director since 21/06/2018.
- Mr. [Tomás López Fernebrand](#); Member and Proprietary Director since 29/06/2023.

B.1.2. Explain any changes in the procedure established for application of the remuneration policy that have occurred during the year.

There has been no deviation from the procedure established in the Remuneration Policy. All the remuneration elements accrued by the Directors in 2023 are included in the Remuneration Policy and their amounts have been determined in accordance with the corresponding procedures.

B.1.3. Specify whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company believes that these exceptions have been necessary to serve the company's long-term interests and sustainability as a whole or to ensure its viability. Similarly, quantify the impact that application of these exceptions has had on the remuneration of each director over the year.

No temporary exceptions to the Remuneration Policy were applied in 2023.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the company's long-term goals, values and interests, including a reference to the measures adopted to ensure that the company's long-term earnings have been taken into consideration in the remuneration accrued and to ensure that an appropriate balance has been achieved between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

The actions carried out by the Company related to the remuneration system to reduce exposure to excessive risks and to adapt it to the Company's long-term goals, values and interests have been in line with those explained in sections A.1.6 and A.1.7 of this Report. It is explained below how these actions were carried out in 2023:

A) Claw-back clauses:

The claw-back clauses referred to in section A.1.2 are applicable to the Long-Term Variable Remuneration Plan 2022-2023.

B) Formulation of the variable remuneration objectives:

A binary scheme was applied to the variable remuneration accrued in 2023 so that failure to achieve the Group's positive Recurrent Net Profit resulted in a 0% pay-out.

The objectives determined for the annual variable remuneration for 2023, as described in section B.7, by the Board of Directors for the Executive Directors, according to a proposal made by the ARCGC, are also aligned with the Company's strategic priorities. Moreover, the Company's sustainability is promoted through the performance assessment by evaluating the system and procedures, apart from the Company's earnings.

C) Balance of the total remuneration:

The remuneration package of the Executive Directors includes short- and long-term variable parts, both parts being balanced.

In this respect, the percentage that the (annual and multi-year) variable remuneration represented of the total remuneration in 2023, in a situation in which 100% of the targets were achieved, was approximately 62% for the CEO and 53% for the COO and the CADO. In the event of achievement above the target level, both short- and long-term variable remuneration had maximum amounts established in the Remuneration Policy in force in 2023.

Lastly, the variable remuneration accrued in 2023 was the following:

- The short-term variable remuneration was 124%, 117% and 120% for the CEO, COO and CADO respectively.
- In relation to multi-year variable compensation, the biennial incentive that began on 1 January 2022 and ended on 31 December 2023 was completed in 2023, with a final target achievement of 115.99%.

B.3. Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, provide information about the link between the remuneration obtained by the directors and the earnings or other performance measures of the company in the short- and long-term, explaining, if applicable, how variations in the company's performance have influenced changes in the directors' remuneration, including any accrued remuneration payment that has been deferred, and how such remuneration contributes to the company's short- and long-term earnings.

The components included in the Directors' remuneration package in the financial year 2023 are summarized below. Similarly, the details of these components can be found in the following paragraphs of this section:

Remuneration of the Non-Executive Directors:

In 2023, the Non-Executive Directors' remuneration consisted of fixed amounts and fees for attending the meetings, as explained in section B.5.

The maximum gross annual amount payable to the Directors in their positions as members of the Board of Directors observed the limit stipulated by the General Shareholders' Meeting held on 29 June 2023 (€800,000), a total of €310,589.04 being paid out as fixed remuneration and attendance fees.

Executive Directors:

The remuneration items of the Executive Directors in 2023 were as follows:

CEO:

- Fixed remuneration: €735,000.
- Short-term variable remuneration accrued in 2023: €593,568,64, bearing in mind an overall achievement level of the targets of 124%. The settlement of the variable remuneration accrued in 2023 will be approved and paid in the first quarter of 2024.
- Long-term variable compensation (2022-2023 biennial plan that began on 1 January 2022 and ended on 31 December 2023): €827,732 taking into account an overall target achievement rate of 115,99%.
- Other remuneration (company car, health care insurance policy and life and accident insurance policy): €27,480.

COO:

- Fixed remuneration: €420,000.
- Short-term variable remuneration accrued in 2023: €220,643,33 bearing in mind an overall achievement level of the targets of 117%. The settlement of the variable remuneration accrued in 2022 will be approved and paid in the first quarter of 2023.
- Long-term variable compensation (2022-2023 biennial plan that began on 1 January 2022 and ended on 31 December 2023): €334,773 taking into account an overall target achievement rate of 115,99%.
- Other remuneration (company car, health care insurance policy and life and accident insurance policy): €18,791.

CADO:

- Fixed remuneration: €367,500.
- Short-term variable remuneration accrued in 2023: €199,264.47 bearing in mind an overall achievement level of the targets of 120%. The settlement of the variable remuneration accrued in 2023 will be approved and paid in the first quarter of 2024.
- Long-term variable compensation (2022-2023 biennial plan that began on 1 January 2022 and ended on 31 December 2023): €268,676, taking into account an overall target achievement rate of 115,99%.
- Other remuneration (company car, health care insurance policy and life and accident insurance policy): €10,921

A breakdown of the level of achievement of the targets for the annual variable remuneration is provided in section B.7.

The above long-term variable compensation amounts include an additional component that rewards extraordinary management performance during the 2022-2023 period, beyond EBITDA overachievement. When awarding these amounts, the overall limit established by the Remuneration Policy in force in 2023 with respect to long-term variable remuneration has been taken into account.

As explained in the previous sections, the Executive Directors are not paid any additional remuneration for their positions as members of the Board of Directors.

In addition, the Executive Directors' remuneration package contributes to the Company's sustainable performance to the extent that a minimum Recurrent Net Profit is required for the annual variable remuneration to be accrued.

B.4. Provide information about the result of the advisory ballot on remuneration for the previous year held at the General Shareholders' Meeting, specifying the number of votes in favour, votes against, abstentions and blank votes:

	Number	% of total
Votes cast	419,698,688	96.32%
	Number	% of votes cast
Votes against	4,112	0.01%
Votes in favour	419,694,576	99.99%
Blank votes	0	0.00%
Abstentions	0	0.00%

Remarks

B.5. Explain how the fixed components accrued and vested during the year by the directors were determined, in their positions as such, their relative proportion with regard to each director and how they changed compared with the previous year:

The Directors, in their positions as such, who received fixed remuneration in 2023 were Non-Executive Directors that do not represent the shareholder, Minor International PLC. Such Non-Executive Directors waived all remuneration payable to them due to being members of the Board of Directors.

The remuneration effectively received in the financial year 2023 was as follows:

- Annual fixed amount:
 - Chair of the Board of Directors (until 29 Jun 2023): €99,452.
 - Chair of the Auditing Committee (until 29 Jun 2023): €44,753.
 - Chair of the ARCGC (until 29 Jun 2023): €44,753.
 - Chair of the Auditing Committee (since 29 Jun 2023): €45,247.
 - Chair of the ARCGC (since 29 Jun 2023): €45,247.
 - Member of the Auditing Committee and the ARCGC (since 29 July 2023): €31,137.
- Attendance fees of the members:
 - Fees for attending the Audit and Supervisory Committee Meetings: €1,000 per meeting.
 - Fees for attending the ARCGC Meetings: €1,000 per meeting.

B.6. Explain how the salaries accrued and vested by each of the Executive Officers over the past financial year for performing their management duties were determined and how they changed compared with the previous year.

The CEO's fixed remuneration for performing his senior management duties last year amounted to €735,000 in accordance with the Remuneration Policy. This remuneration means a 5% increase compared to 2022.

The COO's fixed remuneration for performing his senior management duties in 2023 amounted to €420,000. This remuneration means a 5% increase compared to 2022.

The CADO's fixed remuneration for performing his senior management duties in 2023 amounted to €367,500. This remuneration means a 5% increase compared to 2022.

As mentioned above, the Executive Directors are not paid any remuneration whatsoever for their positions as Directors.

B.7. Explain the nature and the main features of the variable components in the remuneration systems accrued and vested last year.

In particular:

- a) **Specify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors last year, including information on their scope, date of approval, date of implementation, any applicable vesting conditions, periods of accrual and validity, criteria used to evaluate performance and how this affected the calculation of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the stipulated conditions and criteria, explaining the criteria and factors applied in regard to the time required and the methods for verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.**
- b) **In the case of share options and other financial instruments, the general features of each plan must include information about the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.**
- c) **Each director that is a beneficiary of remuneration schemes or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).**
- d) **Information must be provided about any periods for accrual, vesting or deferral of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.**

Explain the short-term variable components in the remuneration systems

As explained above, the only Directors entitled to payment of variable remuneration are those assigned executive duties.

An overall framework for the annual variable remuneration of Executive Directors was agreed at the ARCGC meeting held on 21 February 2023. The features of this annual variable remuneration were outlined in section A.1.6 of 2022's Annual Remuneration Report.

The details about the process to calculate the aforementioned amounts are provided below.

1. Level of achievement of the targets

■ **CEO:** The level of achievement of the targets was as follows:

- EBITDA (weighting of 25%): The level of achievement was between target and maximum.
- Recurrent Net-profit (weighting of 25%): The level of achievement was at the maximum.
- Performance evaluation (weighting of 10%): The level of achievement was at the maximum.
- Individual objectives (weighting of 40%): The level of achievement was between the target level and the maximum.

■ **COO:** The level of achievement of the targets was as follows:

- EBITDA (weighting of 25%): The level of achievement was between target and maximum.
- Recurrent Net-profit (weighting of 25%): The level of achievement was at the maximum.
- Performance evaluation (weighting of 10%): The level of achievement was at the maximum.
- Individual objectives (weighting of 40%): The level of achievement was between the target level and the maximum.

■ **CADO:** The level of achievement of the targets was as follows

- EBITDA (weighting of 25%): The level of achievement was between target and maximum.
- Recurrent Net-profit (weighting of 25%): The level of achievement was at the maximum.
- Performance evaluation (weighting of 10%): The level of achievement was at the maximum.
- Individual objectives (weighting of 40%): The level of achievement was between the target level and the maximum.

2. Key target

As we have mentioned in previous sections of this report, the Net Profit acts as a key target for accrual of the annual variable remuneration. For such purpose, it is indispensable that the Group's Recurrent Net Profit is positive. The Company's Recurrent Net Profit was positive in 2023.

3. Calculating the annual variable remuneration

Bearing in mind the target amount of variable remuneration, (65% of the fixed remuneration for the CEO and 45% for the COO and the CADO), and that the overall level of achievement of the targets was 124% (CEO), 117% (COO) and 120% (CADO), the Board of Directors agreed on 07 February 2024 the following amounts::

- CEO: €593,568.54.
- COO: €220,643.33
- CADO: €199,246.47.

Explain the long-term variable components in the remuneration systems

The main features of the biennial Long-Term Incentive that ended on 31 December 2023, as well as the final amounts to be vested, are as follows:

Biennial long-term incentive 2022-2023

This biennial long-term incentive has the following general and particular characteristics:

Purpose: adapt the compensation package of the Company's executives to incentivize the extra effort they are making to recover NH's business volume and results within the economic context derived from COVID-19.

Amount: The target incentive of the Biennial Incentive is set at 65% of the fixed compensation in 2022 for the CEO (€455,000) and 45% of the fixed compensation in 2022 for the COO and CADO (€180,000 and €157,500 respectively), in the event of 100% achievement with the objectives established by the Board of Directors.

Performance period: Years 2022 and 2023.

Targets: 100% of the incentive will be linked to the Group's recurring EBITDA for fiscal years 2022 and 2023. However, the Group's recurring Net Profit must be positive in each of the aforementioned years in order to vest the full incentive. Otherwise, the portion of the target incentive linked to the year in which the recurring Net Profit target has not been met will be forfeited.

Achievement scales: The biennial Long-Term Incentive is set as follows:

- If the level of achievement of the Group's recurrent EBITDA goal is lower than 90%, no amount whatsoever is payable for the biennial incentive.
- If the level of achievement of the Group's recurrent EBITDA goal is between 90% and 100%, 100% of the biennial incentive will be payable.
- If the level of achievement of the Group's recurrent EBITDA goal is 120% or higher, a maximum of 120% of the biennial incentive will be payable.

When the achievement level of the target is between 100% and 120%, the level of achievement of the Group's recurrent EBITDA will be calculated by linear interpolation.

Achievement level:

- 2022: Maximum level.
- 2023: Between target and maximum.

The ARCGC has considered the degree of compliance with the recurring EBITDA target based on the results audited by the Company's external auditor in each of the years included in the measurement period. Both for the establishment of the objectives and for the evaluation of their compliance, the Committee also considers any associated risks and can count on the support of the Audit and Control Committee.

In this regard, the economic effects, positive or negative, derived from extraordinary events that shall introduce distortions in the evaluation results are eliminated and the quality of the results in the long-term and any associated risks will be considered in the incentive proposal to be paid.

Incentive amount:

The overall achievement rate was 115.99%. In addition, in view of the extraordinary performance of the management team beyond the achievement of EBITDA, the Board of Directors has decided to increase the incentive to be paid within the overall limit established in the Remuneration Policy in force in 2023.

In view of the above, the amounts granted were as follows:

- CEO: €827,732.
- COO: €334,773.
- CADO: €268,676.

The incentive will be paid in full in cash during the first quarter of 2024.

Clawback: This Plan provides for a clawback clause, the basic conditions of which have been previously reported.

B.8. Specify whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or claw-back clauses, why they were implemented and the years to which they refer.

No clause of this kind was applied in 2023.

B.9. Explain the main features of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefits, whether financed in whole or in part by the company or through internal or external contributions, specifying the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights are vested in favour of the directors and their compatibility with any type of severance pay for early termination or cessation of the contractual relationship between the company and the director.

In 2023, the Company did not undertake any obligation or commitment related to pensions, retirement or similar items.

B.10. Explain, where applicable, the severance pay or any other type of payment for early termination, whether at the company's or the director's initiative, or due to termination of the contract, according to the terms stipulated therein, accrued and/or received by directors last year.

The Company has not undertaken any commitment or obligation for any severance payment or other payments due to early termination, whether at the Company's or the Director's initiative, or due to termination of the contract.

B.11. Specify whether there have been any significant changes in the contracts of persons performing senior management duties, such as Executive Officers, and, if so, explain such changes. In addition, explain the main terms and conditions of the new contracts signed with Executive Officers during the year, unless these have already been explained in Section A.1.

In 2023, no changes were made to the Executive Directors' contracts.

B.12. Explain any supplementary remuneration accrued by directors as consideration for rendering services other than those inherent in their positions.

The Remuneration Policy does not include any supplementary remuneration other than that previously specified.

On the date this Report is issued, there was no supplementary remuneration payable to the Directors as consideration for services rendered other than those related to their posts.

B.13. Explain any remuneration payable for advances, loans or guarantees granted, specifying the interest rate, their key features and any amounts reimbursed, as well as the obligations undertaken on their behalf as a guarantee.

The Remuneration Policy does not include any possibility to grant advances, loans or guarantees to the Directors.

On the date this Report is issued, no advances, loans or guarantees have been granted to any of the Directors.

B.14. List the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

The Directors, in their positions as such, do not receive remuneration in kind.

The Executive Directors accrued the following remuneration in kind for performing their executive duties:

- A health care insurance policy for each Executive Director and their first-degree relatives.
- A life insurance policy with insured capital of €2,205,000 (CEO), €1,260,000 (COO) and €1,102,500 (CADO).
- An accident insurance policy with insured capital of €2,205,000 (CEO), €1,260,000 (COO) and €1,102,500 (CADO).
- A company car in the case of the CEO and the CADO. The COO has chosen to receive economic compensation instead of a company car.

The amount for such remuneration was €27,480 for the CEO, €18,791 for the COO (including the company car) and €10,922 for the CADO.

B.15. Explain the remuneration accrued by any director due to payments made by the listed company to a third company in which the director renders services when the purpose of these payments is to remunerate the director's services to the company.

On the date this Report is approved, no amounts have been paid to third-party enterprises due to possible services being rendered by the Directors.

B.16. Explain and detail the amounts accrued in the year related to any other remuneration item other than those set forth above, whatever its nature or the group enterprise that pays it may be, including all benefits in any form, such as when it is considered a related-party transaction or, in particular, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been taken into account, if applicable, that do not imply remuneration to the director or consideration for performing his/her executive duties and whether or not it has been considered appropriate to be included among the amounts accrued under the "Other items" heading in Section C.

On the date this Report is approved, there are no other items of remuneration apart from those explained in the previous sections.

C. LIST OF INDIVIDUAL REMUNERATION PAYABLE TO EACH DIRECTOR

NAME:	TYPE:	Period of accrual in year 2023
MR. ALFREDO FERNÁNDEZ AGRAS	Independent Director	From 01/01/2023 to 29/06/2023
MR. RAMÓN ARAGONÉS MARÍN	Executive Director	From 01/01/2023 to 31/12/2023
MR. RUFINO PEREZ FERNÁNDEZ	Executive Director	From 01/01/2023 to 31/12/2023
MRS. MIRIAM GONZALEZ-AMEZQUETA LOPEZ	Independent Director	From 29/06/2023 to 31/12/2023
MRS. MARIA SEGIMON DE MANZANOS	Independent Director	From 29/06/2023 to 31/12/2023
MR. TOMAS LOPEZ FERNEBRAND	Independent Director	From 29/06/2023 to 31/12/2023
MR. DILLIP RAJAKARIER	Proprietary Director	From 01/01/2023 to 31/12/2023
MR. STEPHEN ANDREW CHOJNACKI	Proprietary Director	From 01/01/2023 to 31/12/2023
MR. WILLIAM ELLWOOD HEINECKE	Proprietary Director	From 01/01/2023 to 31/12/2023
MR. KOSIN CHANTIKUL	Proprietary Director	From 01/01/2023 to 31/12/2023
MR. JOSÉ MARÍA CANTERO DE MONTES-JOVELLAR	Independent Director	From 01/01/2023 to 29/06/2023
MR. FERNANDO LACADENA AZPEITIA	Independent Director	From 01/01/2023 to 29/06/2023
MRS. LAIA LAHOZ MALPARTIDA	Executive Director	From 01/01/2023 to 31/12/2023

C.1 Complete the following tables regarding the individual remuneration of each director accrued during the financial year (including the remuneration paid for performing their executive duties).

a) Remuneration of the company, object of this report

i) Remuneration accruing in cash (in thousands of euros)

Name	Fixed Remuneration	Fees	Remuneration for membership of Board's Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2023	Total in 2022
Mr. Ramón Aragonés Marín	735	-	-	-	594	828	-	16	2,173	1,290
Mr. Rufino Pérez Fernández	420	-	-	-	221	335	-	3	979	626
Mrs. Laia Lahoz Malpartida	368	-	-	-	199	269	-	10	846	276
Mrs. Miriam Gonzalez-Amezqueta Lopez	45	-	-	-	-	-	-	-	45	-
Mrs. María Segimón de Manzanos	45	-	-	-	-	-	-	-	45	-
Mr. Tomás López Fernebrand	25	6	-	-	-	-	-	-	31	-
Mr. Alfredo Fernández Agras	99	-	-	-	-	-	-	-	99	200
Mr. Fernando Lacadena Azpeitia	45	-	-	-	-	-	-	-	45	90
Mr. José María Cantero de Montes-Jovellar	45	-	-	-	-	-	-	-	45	90
Mr. Emmanuel Jude Dillip Rajakarier	-	-	-	-	-	-	-	-	-	-
Mr. Stephen Andrew Chojnacki	-	-	-	-	-	-	-	-	-	-
Mr. William Ellwood Heinecke	-	-	-	-	-	-	-	-	-	-
Mr. Kosin Chantikul	-	-	-	-	-	-	-	-	-	-

Remarks:

The Proprietary Directors representing the shareholder Minor International PLC have waived receiving remuneration.

Ms. Laia Lahoz' remuneration in 2022 is only recorded since her appointment as Executive Officer.

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Financial instruments at start of 2023		Financial instruments granted in 2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial Instruments at end 2023			
Name	Name of plan	No. of instruments	No. of Shares	No. of instruments	No. of equivalent Shares	No. of instruments	No. of equivalent Shares / vested shares	Price of vested shares	Gross profit from shares awarded or vested financial instruments (in thousands of €)	No. of instruments	No. of instruments	No. of equivalent Shares
-	-	-	-	-	-	-	-	-	-	-	-	-

Remarks:

No award of shared-based remuneration was granted or accrued in 2023 nor is any planned for 2024.

iii) Long-term saving schemes

Name	Remuneration by vesting savings scheme rights							
	Year 2023				Year 2022			
Contribution by the company during the year (in thousands of €)				Amount of accumulated funds (in thousands of €)				
Vested economic savings scheme rights	Non-vested economic savings scheme rights	Vested economic savings scheme rights	Non-vested economic savings scheme rights	Year 2023	Year 2022	Year 2023	Year 2022	
Name	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
-	-	-	-	-	-	-	-	-

Remarks

In 2023, the Company did not undertake any commitment or obligation related to pensions, retirement or similar items.

iv) Details of other items

Name	Item	Amount of Remuneration
Mr. Ramón Aragónés Marín	Premiums of Life and Accident Insurance Policy	11
Mr. Rufino Pérez Fernández	Premiums of Life and Accident Insurance Policy	2
Mrs. Laia Lahoz Malpartida	Premiums of Life and Accident Insurance Policy	1
Mrs. Miriam Gonzalez-Amezqueta Lopez		
Mrs. María Segimón de Manzanos		
Mr. Tomás López Fernebrand		
Mr. Alfredo Fernández Agras	-	-
Mr. Fernando Lacadena Azpeitia	-	-
Mr. José María Cantero de Montes-Jovellar	-	-
Mr. Emmanuel Jude Dillip Rajakarier	-	-
Mr. Stephen Andrew Chojnacki	-	-
Mr. William Ellwood Heinecke	-	-
Mr. Kosin Chantikul	-	-

b) Remuneration paid to the directors of the listed company for seats on the boards of other subsidiary companies

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Per diem expenses	Remuneration for membership of Board's Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance Pay	Other items	Total in 2023	Total in 2022
-	-	-	-	-	-	-	-	-	-	-

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Financial instruments start of 2023		Financial items awarded in 2023		Financial instruments vested during the year			Instruments measured but not exercised	Financial instruments at end of 2022			
	Name of Plan	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares		Gross profit from shares awarded or vested financial instruments (in thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
-	-	-	-	-	-	-	-	-	-	-	-	-

iii) Long term saving schemes

Name	Remuneration by vesting savings scheme rights															
	Year 2023				Year 2022											
Contribution by the company during the year (in thousand of €)																
Amount of accumulated funds (in thousands of €)																
Name	Vested economic savings scheme rights	Non-vested economic savings scheme rights	Vested economic savings scheme rights	Non-vested economic savings scheme rights	Year 2023	Year 2022	Year 2023	Year 2022								
-	-	-	-	-	-	-	-	-								

iv) Detail of other items

Name	Item	Amount of Remuneration
-	-	-

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accrued in the Company				Remuneration accrued in Group companies					Total FY2023 company + Group
	Total cash remunerati on	Gross profit from vested shares or financial instruments	Remuneration for saving systems	Other items of remuneration	Total FY2023 company	Total cash remunerati on	Gross profit from vested shares or financial instruments	Remuneration for savings systems	Other items of remuneration	
Mr. Ramón Aragonés Marín	2,173	-	-	11	2,184	-	-	-	-	2,184
Mr. Rufino Pérez Fernández	979	-	-	2	981	-	-	-	-	981
Mrs. Laia Lahoz Malpartida	846	-	-	1	847	-	-	-	-	847
Mrs. Miriam González- Amezqueta Lopez	45	-	-	-	45	-	-	-	-	45
Mrs. María Segimón de Manzanos	45	-	-	-	45	-	-	-	-	45
Mr. Tomás López Fernebrand	31	-	-	-	31	-	-	-	-	31
Mr. Alfredo Fernández Agras	99	-	-	-	99	-	-	-	-	99
Mr. Fernando Lacadena Azpeitia	45	-	-	-	45	-	-	-	-	45
Mr. José María Cantero de Montes-Jovellar	45	-	-	-	45	-	-	-	-	45
Mr. Emmanuel Jude Dillip Rajakarier	-	-	-	-	-	-	-	-	-	-
Mr. Stephen Andrew Chojnacki	-	-	-	-	-	-	-	-	-	-
Mr. William Ellwood Heinecke	-	-	-	-	-	-	-	-	-	-
Mr. Kosin Chantikul	-	-	-	-	-	-	-	-	-	-
TOTAL	4,308	-	-	14	4,322	-	-	-	-	4,322

Remarks:

The Proprietary Directors representing the shareholder Minor International PLC have waived receiving remuneration.

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2023	% Variation 2023/2022	Year 2022	% Variation 2022/2021	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019
Executive Directors									
Mr. Rufino Pérez Fernández	981	56.21	628	44.68	434	176.43	157	-	-
Mr. Ramón Aragonés Marín	2,184	67.98	1,300	56.63	830	20.46	689	-54.28	1,507.00
Mrs. Laia Lahoz Malpartida	847	205.55	277	-	-	-	-	-	-
External Directors									
Mrs. Miriam Gonzalez-Amezqueta Lopez	45	-	-	-	-	-	-	-	-
Mrs. María Segimón de Manzanos	45	-	-	-	-	-	-	-	-
Mr. Tomás López Fernebrand	31	-	-	-	-	-	-	-	-
Mr. Alfredo Fernández Agras	99	-50.50	200	30.43	153	31.05	117	-59.38	288
Mr. José María Cantero de Montes Jovellar	45	-50.00	90	27.12	71	26.43	56	-55.56	126
Mr. Fernando Lacadena Azpeitia	45	-50.00	90	28.57	70	32.08	53	-59.23	130
Mr. Emmanuel Jude Dillip Rajakarier	0	-	0	-	0	-	0	-	0
Mr. Stephen Andrew Chojnacki	0	-	0	-	0	-	0	-	0
Mr. William Ellwood Heinecke	0	-	0	-	0	-	0	-	0
Mr. Kosin Chantikul	0	-	0	-	0	-	0	-	0
Company consolidated results	203,161	30.56	155,610	2.07	-145,257	71.82	-515,489	-	131,419
Average employee remuneration	34	5.43	33	50.75	22	13.67	19	40.03	32

Remarks:

- Mr. William Ellwood Heinecke, Mr. Emmanuel Jude Dillip Rajakarier, Mr. Stephen Andrew Chojnacki and Mr. Kosin Chantikul: The Proprietary Directors representing the shareholder Minor International PLC waived receiving remuneration.
- Calculations: In order to calculate the employees' average remuneration, the average workforce and the amount specified in "Wages, salaries and similar", "Severance Pay", "Contributions to pension plans and similar" and "Other social expenses" in section 24.3 "Staff expenses" have been used (excluding social charges) of the Autonomous Communities.
- % variation 2023/2022:
 - Regarding Mr. Rufino Pérez Fernández, Mr. Ramón Aragonés Marín and Mr. Laia Lahoz Malpartida, total amount accrued includes vested amounts as part of the 2023-2023 biennial incentive.
 - Mrs. Lahia Lahoz's total amount accrued in 2022 is only recorded since his appointment as Executive Officer in June 2022.
 - Regarding Mr. Alfredo Fernández, Mr. Jose María Cantero and Mr. Fernando Lacadena, total amount accrued is only recorded until their leave in June 2023.
 - Regarding Mrs. Miriam Gonzalez-Amezqueta Lopez, Mrs. María Segimón de Manzanos and Mr. Tomás López Fernebrand, total amount is only recorded since his appointment as Executive Officer in June 2023.

D. OTHER INFORMATION OF INTEREST

If there are any relevant issues related to the Directors' remuneration that you have not been able to explain in the previous sections of this report but that are necessary to provide more comprehensive information with full grounds for the company's remuneration structure and practices regarding its Directors, please list them briefly.

This annual remuneration report was approved at the company's Board of Directors' Meeting held on 08/02/2024.

State whether any Director has voted against or abstained from approving this report.

Yes

No