



NH | HOTEL GROUP  
PART OF

MINOR  
HOTELS

# 2

ABOUT THE  
NON-FINANCIAL  
INFORMATION  
STATEMENT

NH Collection Köln Mediapark  
Germany



## ABOUT THE NON-FINANCIAL INFORMATION STATEMENT

This Consolidated Statement of Non-Financial Information 2022 (hereinafter SNFI or “the Report”) is presented as a separate report and forms part of the Consolidated Directors’ Report 2022 of NH Hotel Group. It deals extensively with the Company’s Responsible Business Strategy, concentrating in a single document:

- The Company’s response to the legal requirements of Act 11/2018 of 28 December 2018 on non-financial information and diversity, 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.
- 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 June 18<sup>th</sup>, 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 in relation to the climate change mitigation and adaptation goals. See the Chapter on ‘European Union Sustainable Activities Taxonomy’.
- The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). See Appendix III: ‘Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)’.
- Commitment to the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) 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 SNFI was drawn up by the Board of Directors of NH Hotel Group on February 22<sup>nd</sup>, 2023, and was signed by all its members, with the specifications resulting from the Directors’ Statement of Responsibility for the purposes of the provisions of article 118.2 of Royal Legislative Decree 4/2015, of October 23<sup>rd</sup>, 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 [www.nhhotelgroup.com](http://www.nhhotelgroup.com).



## Contents

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

To update the 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.

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 2022, 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 sixteenth Annual Sustainable Business Report of NH Hotel Group. It includes the Group's activity and principal results in 2022, including its performance in the economic, environmental and social sphere.

The Report shows NH Hotel Group's management of the impacts, both positive and negative, that the Company generates, and its scope therefore contemplates two perimeters: consolidated scope (owned and leased hotels) and corporate scope (hotels under ownership, management and lease). It therefore includes information on all the hotels operated by the Company, in other words, hotels operated under lease, ownership and management.

In the case of information referring to the workforce, full-time equivalent (FTE) figures are included for all types of employees (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 management system.

In cases where the information is not disclosed broken down by both perimeters, this may be due to two cases: either it is not managed directly by the Company or there is no possibility of breaking down the information. Likewise, where the scope of the information varies from these criteria, this is indicated in a footnote.

### GEOGRAPHIC PRESENCE OF NH HOTEL GROUP IN 2022

|  | Consolidated perimeter (hotels owned and leased) | Corporate perimeter (hotels under ownership, rental and management) |
|--|--|---|
| Number of hotels in the world                            | 293  | 350   |
| Number of countries in which NH Hotel Group has activity | 23   | 30  |
| Numbers of rooms   | 46,874   | 54,820  |
| Employees*   | 10,995   | 12,800  |

\* Data from FTEs. Does not include franchises.



NH Collection Plaza Santiago Chile



## EUROPEAN UNION TAXONOMY OF SUSTAINABLE ACTIVITIES

### Introduction

Over the last few years, the European Union has made great strides in building a sustainable financial ecosystem. Under this objective, last year the European Commission adopted Regulation (EU) 2020/852, also known as the “Taxonomy Regulation”, which constitutes the basis for increasing transparency and providing tools that allow investors to identify sustainable investment opportunities, improving the flow of capital towards sustainable activities.

In this sense, beyond presenting a reporting obligation, the Taxonomy enables new development, renovation and maintenance projects of NH Hotel Group hotels to contribute positively to sustainable development from the early stages of their conceptualisation and throughout their entire life cycle.

This Regulation was followed by two Delegated Regulations that complement the previous one: firstly, Delegated Regulation 2021/2139 of 4 June 2021, which established the list of economic activities that contribute substantially to the objectives of climate change mitigation and adaptation and that do not cause significant damage to the other environmental objectives[1]. On the other hand, the Delegated Regulation of 6 July 2021 described the different key indicators to be reported.

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 (future corporate sustainability reports).

- **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.
- **Aligned activities:** the alignment of an activity goes a step further by indicating that the company is making a substantial contribution to at least one of the defined environmental objectives. This contribution is measured through compliance not only with the requirements in the activity definitions, but also with the technical criteria for substantial contribution, the principle of no significant harm (DNSH) to the other environmental objectives and minimum social safeguards.

In this line, for the 2021 report, the obligation to disclose the key reference indicators in terms of eligibility was established. However, for the current financial year, progress must be made by additionally disclosing these indicators in terms of alignment.

In view of this, and in accordance with the provisions of the Delegated Regulations, the consolidated non-financial statements must present the following key performance indicators:

- 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).





NH Collection New York Madison Avenue  
USA

## Eligibility analysis: identification of NH Hotel Group’s sustainable activities

For this purpose, NH Hotel Group has analysed all the activities listed in the Taxonomy, among which those that are linked to the Company’s business have been identified:

- Activity “7.2. Building renovation”.
- Activity “7.3. Installation, maintenance and repair of energy efficiency equipment”.
- Activity “7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings”.

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.

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:

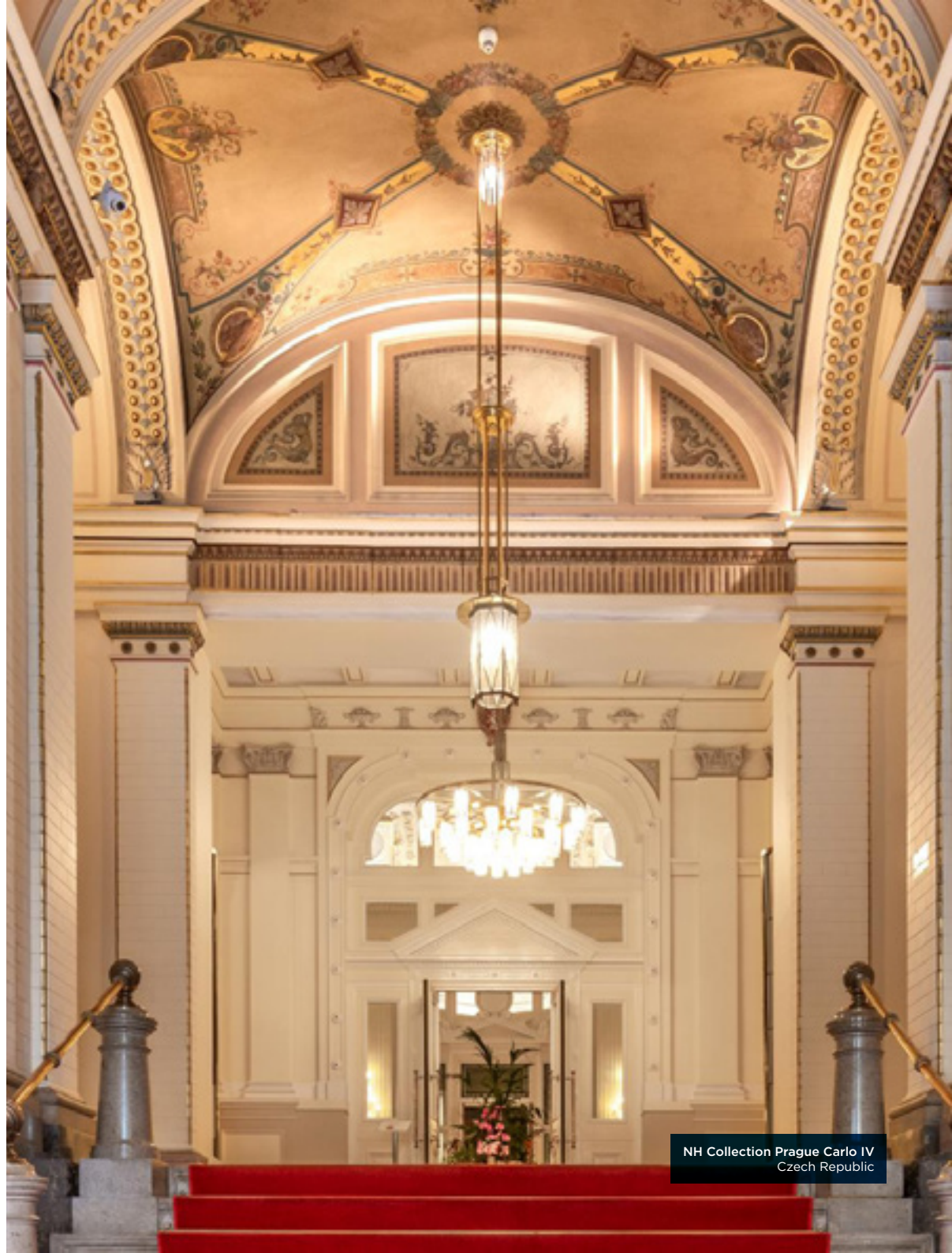
| Economic activity according to the Taxonomy   | Description of the activity   |
|---|---|
| <b>7.2. Building renovation</b>   | Renovation of hotels, including civil construction works for the adaptation of hotels, as well as envelope improvement works or refurbishment and remodeling of rooms.  |
| <b>7.3. Installation, maintenance and repair of energy-efficient equipment</b>  | Maintenance and renovation of enclosure elements (doors and windows) and lighting, HVAC systems (boilers and refrigeration and ventilation equipment), piping, kitchen equipment (ovens), batteries and other electrical appliances (washing machines, refrigerators, dryers...). |
| <b>7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings.</b> | Commissioning, overhaul, repair or replacement of building energy consumption monitoring and control systems; probes, meters, thermostats, automation and control systems, among others.  |



## 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 technical criteria of substantial contribution to climate change mitigation as set out in Annex I of the Delegated Regulation of 4 June.
- Not to cause significant detriment to the rest of the environmental objectives based on compliance with the application appendices required for activities 7.2, 7.3 and 7.5. In this regard, it should be noted that the company complies with the requirements of Appendix A by having a physical climate risk analysis and an adaptation plan for the risks that have been identified as material. For further details, see chapter “NH Hotel Group’s response to the risks and opportunities associated with climate change based on the Task Force on Climate-Related Financial Disclosure”).
- Minimum social safeguards set out in Art. 18 of Delegated Regulation 2020/852 which identifies four broad areas:
  - Human Rights: NH Hotel Group is committed to compliance with Human Rights and works to prevent and manage the Risks associated with their violation; it therefore has various measures in place, such as the corporate Human Rights policy, as well as a Due Diligence process implemented in different phases. For further details, see chapter “Protection of Human Rights”.
  - Corruption: 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 and the Gifts Policy. For further details see section “Zero tolerance for corruption”.
  - Taxation: NH Hotel Group ensures compliance with its tax requirements as well as the application of best tax practices. Therefore, among other measures, the Group adheres to the Code of Best Tax Practices and has a tax policy that will be updated in 2022. For further details, see chapter “Tax Transparency: Profits and Taxes”.
  - Fair competition: NH Hotel Group is committed to long-term success through fair competition in its Code of Conduct.



## Content and methodology of key performance indicators

The calculation of the indicators has been carried out following the same accounting criteria that govern NH Hotel Group's financial accounting, based on the information registered in the corporate Enterprise Performance Management application.

Due to NH Hotel Group's extensive hotel portfolio, the Company has resorted to a sampling technique to determine what percentage of its activity is eligible and aligned with the Taxonomy in terms of CapEx and OpEx. The specific sampling technique used for CapEx and OpEx is described below:

### Turnover

This indicator is defined as the ratio of Taxonomy-adjusted turnover (numerator) to the Company's total revenues (denominator). According to the Taxonomy criteria, none of the activities identified generate revenues for NH Hotel Group. Therefore, the key indicator referring to turnover is 0%.

### CapEx

This indicator is defined as the ratio of Taxonomy-adjusted CapEx (numerator) to total CapEx (denominator).

For its calculation, the investment items associated with the activities that comply with the Taxonomy -eligible with respect to activities 7.2, 7.3 and 7.5- have been selected. With this selection, the hotels in the portfolio have been ordered according to their brand, year of last renovation, geography and number of rooms. From this database, and thanks to a cluster analysis -a statistical procedure supported by a computerised data processing tool- the Company's hotels have been classified into a small number of groups with similar characteristics for sampling purposes.

For each of these groups, a specific number of hotels have been selected, which are representative of the rest of the hotels in the same cluster and which, therefore, allow the results on eligibility to be extrapolated to the whole group of hotels with similar conditions. This extrapolation has been carried out proportionally to the weight that each group represents over the total of the Company's hotel portfolio, in order to obtain NH Hotel Group's eligible CapEx.

Based on the selected hotels, the eligible CapEx items that comply with the technical selection criteria associated with the taxonomic activities,

as well as the principle of "Do not cause significant harm" and the minimum social safeguards, have been studied and contrasted internally. This analysis has made it possible to obtain the alignment percentage of the selected hotels and, as before, to extrapolate the percentage proportionally to all the Company's hotels as a whole, in order to obtain NH Hotel Group's aligned CapEx.

It is worth mentioning that the CapEx items dedicated to activities aligned with the Taxonomy have been computed by one area of the Company, which ensures that they have only been accounted for once in the analysis and that, therefore, in no case has double-counting of investments been incurred.

In the case of the denominator, additions to tangible and intangible assets, before amortisation and possible new valuations, including those resulting from revaluations and impairments, have been included for the financial year 2022, excluding changes in fair value. Additions to tangible and intangible assets resulting from business combinations, if any, would also have been included, covering costs that are accounted for in accordance with IAS 16 Property, plant and equipment and IFRS 16 Leases.

In accordance with NH Hotel Group's consolidated financial statements, the total CapEx is shown in Note 6, Note 7 and Note 9 of the Consolidated Financial Statements 2022.





## OpEx

This indicator is defined as the ratio of Taxonomy-adjusted CapEx (numerator) to total CapEx (denominator).

Taxonomy-adjusted OpEx has also been obtained from the control and monitoring records of OpEx 2022 items. In this case, in order to carry out the sampling, the hotels have been sorted into three groups according to their OpEx expenditure associated with the Taxonomy. For each of these groups, a sample of two hotels -the most representative in terms of maintenance and repair tasks- was selected, taking into account aspects such as the age of the hotels, the year of renovation, the type of equipment, as well as the geographical location within the Company's area of operation.

Based on the selection of the eligible OpEx items with respect to the Taxonomy in these representative hotels, the percentage of eligible OpEx of the sample has been calculated and extrapolated to all NH Hotel Group hotels.

To obtain the aligned OpEx, it has been estimated that the acquisition of equipment that meets the alignment criteria of the Taxonomy has

occurred in a linear fashion over the last ten years (average depreciation period for the type of equipment in question), and therefore, that the maintenance and repair work on these has also occurred in a linear fashion over the last few years. This assumption has been applied when estimating the part of the eligible OpEx that is aligned with the Taxonomy.

The denominator reduces total operating expenses to non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets by NH Hotel Group or a third party to whom activities are outsourced and that are necessary to ensure the continued efficient operation of these assets.

On the other hand, the numerator of this indicator would include the operating expenses included in the denominator that are allocated to eligible activities. This key indicator is included in Note 25.4 in the maintenance and cleaning expenses line of NH Hotel Group's Consolidated Financial Statements 2022.





## 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 (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021), so that none of the activities identified generate income for the Company. Therefore, the reference indicator relating to turnover takes on a value of 0%.

### CapEx

In relation to CapEx, NH Hotel Group registers a 4.05% that meets the requirements established with the objective of climate change mitigation in terms of eligibility. In terms of alignment, the percentage is 1.90% of the Company's total CapEx.

For further information, see Annex II: European Taxonomy, where details of the degree of eligibility and alignment of the CapEx of NH Hotel Group's taxonomic activities are presented.

### OpEx

Finally, in relation to OpEx and in terms of eligibility, 11.22% meet the requirements established in relation to the aforementioned climate objectives. In terms of alignment, the percentage is 1.97%.

For further information, see Annex II: European Taxonomy, which presents the details of the degree of eligibility and alignment of the OpEx of NH Hotel Group's taxonomic activities.

