



NH | HOTEL GROUP  
PART OF

MINOR  
HOTELS

5

ETHICAL  
COMMITMENT  
AND COMPLIANCE  
SYSTEM

NH Collection Doelen  
Netherlands



## ETHICAL COMMITMENT AND COMPLIANCE SYSTEM

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 employees 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 employees 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.

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:

To people

To customers

By suppliers

### COMMITMENTS

By competitors

To shareholders

To communities and the society

To the group's assets, know-how and resources compared to the stock market.

### OBLIGATIONS

With respect to fraudulent or unethical practices



NH Collection Brussels Grand Sablon  
Belgium

## 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 ten languages, seven of which are 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, the Company's employees can access it from their mobile device. Employees of centers 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 behavior 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 employees, who are committed to acting with integrity, honesty, respect and professionalism in performing their duties.

Employees are required to take a 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.

The Code of Conduct is reviewed periodically by the Compliance Officer to adapt and update its contents when necessary.

At its meeting held on November 8<sup>th</sup>, 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.

In addition to the NH Hotel Group Code of Conduct, there are a number of specific policies which are listed below:

<a href="#">Purchasing policy</a>	<a href="#">Anti-fraud and corruption policy</a>
<a href="#">Travel policy</a>	<a href="#">Prevention of money laundering and terrorist financing policy</a>
<a href="#">Energy and environment policy</a>	<a href="#">Corporate social responsibility policy</a>
<a href="#">Information security policy</a>	<a href="#">Financial indebtedness policy</a>
<a href="#">Credit policy</a>	<a href="#">Board member selection policy</a>
<a href="#">Corporate tax policy</a>	<a href="#">Risk management policy</a>
<a href="#">Corporate gift policy</a>	<a href="#">Human Rights policy</a>
<a href="#">Shareholder and investor communication Policy</a>	<a href="#">Policy Subsidies policy</a>





## 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

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

Monitoring, updating and evaluation of controls is performed periodically by the Compliance Office through the SAP GRC tool.

## 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 favorable 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 July 2<sup>nd</sup>, approving the Companies Act (Consolidating Act).

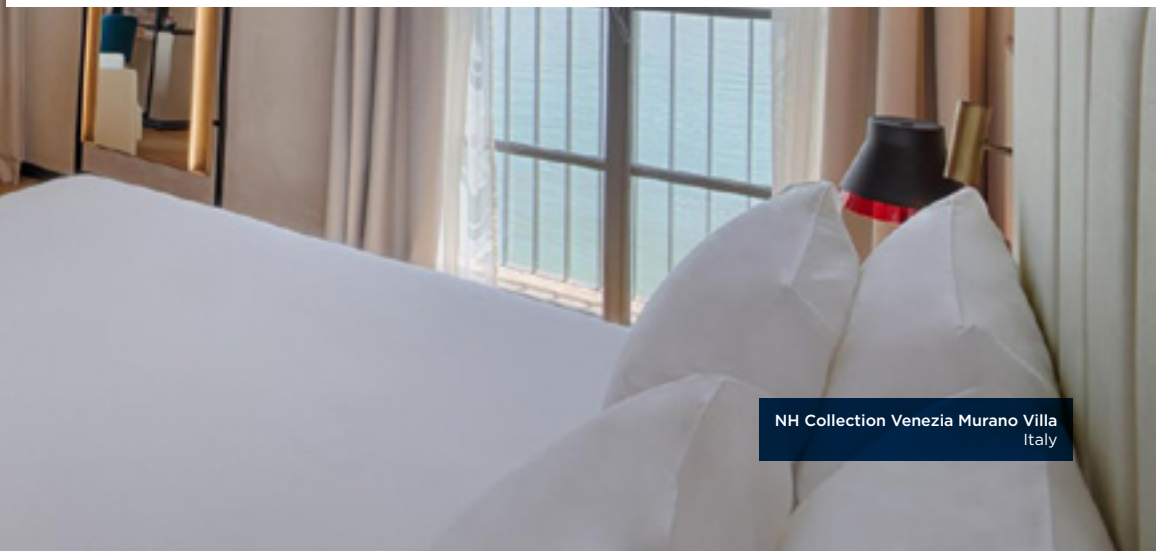
## Compliance Committee

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 employees in relation to matters falling within its scope of competence.

Three meetings of the Compliance Committee were held in 2022.



## 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 the Model and handling queries regarding the Code of Conduct, among other functions.

Furthermore, in 2022, 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 employees, 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 effect on December 17<sup>th</sup>, 2021, of the new European legislation on whistleblowing channels, 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. This platform is available in 7 languages.

Access to and the email address of the whistleblowing channel are available on the NH Hotel Group website and the intranet. The Head of Internal Audit is responsible for managing the Whistleblowing Channel.

NH Hotel Group has also defined a procedure for reporting and dealing with possible misconduct and breaches of the Code of Conduct. The procedure sets out the principles that govern the Channel, a description of the parties involved in the reporting, the timing and the penalty procedure.

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

There are currently no ongoing external investigations against NH Hotel Group related to the Code of Conduct or matters relating to corruption.

During 2022, 40 alleged breaches of the Code of Conduct received were reported. Likewise, the relevant measures have been implemented for those cases confirmed, having responded to all of the 38 queries received, none of them related to cases of human rights violations or workplace harassment.

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

Breach category	No. of incidents	Nature	Fines (€)		Number handled through resolution mechanisms	Actions taken by NH
			2022	Cumulative 2017-2021		
Bribery and Corruption	0	NA	0	0	NA	NA
Anti-competition behavior	0	NA	0	0	NA	NA
Environmental regulations	0	NA	0	0	NA	NA
Human rights	0	NA	0	0	NA	NA
Discrimination	0	NA	0	0	NA	NA
Voluntary regulations and/or codes relating to the effects of products and services on health and safety	0	NA	0	0	NA	NA
Voluntary regulations and/or codes relating to information and labelling of products and services	0	NA	0	0	NA	NA
Voluntary regulations and/or codes relating to commercial communications, including advertising, promotion and sponsorship	0	NA	0	0	NA	NA
Complaints received on breaches of customer privacy	0	NA	0	0	NA	NA
Laws and Regulations in the social and economic scope	0	NA	0	0	NA	NA

In relation to these breach categories, the Company currently has no ongoing investigations initiated in 2022 or prior years and has not had to take any disciplinary action against any employee. Furthermore, it has not had to terminate any contract with any commercial partners due to incidents of corruption or any other type of incident included in the categories mentioned above.

### Policy updates in 2022

This year the Corporate Policy for the Prevention of Money Laundering and Terrorist Financing was updated to conform to the new thresholds for cash payments, and to include a company identification form.

Furthermore, on July 26<sup>th</sup>, 2022, the Corporate Tax Strategy was updated. This update was approved by the Board of Directors, after being reviewed and validated by the Audit and Control Committee on the same date.

The changes made have fundamentally consisted of (i) the introduction of an additional paragraph indicating that all transactions with related parties are arm's length, in line with Spanish tax legislation, the OECD guidelines and the Code of Conduct of the EU Joint Transfer Pricing Forum; and (ii) stating that since 2016 the NH Group has been signed up to the Code of Good Tax Practice of the Spanish Tax Agency.

## Awareness of and training on ethics and conduct

The Company has an online training tool for all NH Hotel Group employees with personalized mail through which they are provided with online courses on different matters, 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
- General Data Protection Regulation
- Prevention of money laundering and terrorist financing
- Antifraud and corruption
- Human Rights

All courses on the above matters include an exam that measures employees' level of comprehension. NH Hotel Group also has a supervision and control system both for drawing up financial information (ICFR) and for criminal risks (CPM). This system is audited regularly.

Furthermore, all members of the Board of Directors have access to the NH University platform, through which they can access the available courses.

### COMPLIANCE TRAINING 2022

	Consolidated perimeter	Corporate perimeter
	Online	
<b>Training on the Code of Conduct</b>		
Number of employees trained	2,180	2,643
Hours of training	2,255	2,736
<b>Training on Criminal Risk Prevention Model</b>		
Number of employees trained	659	716
Hours of training	2,185	2,395
<b>Training on Prevention of Money Laundering and Terrorist Financing</b>		
Number of employees trained	2,282	2,744
Hours of training	1,786.5	2,152.5
<b>Anti-fraud Training</b>		
Number of employees trained	2,187	2,642
Hours of training	1,142.5	1,378
<b>Training on Human Rights*</b>		
Number of employees trained	6,280	7,217
Hours of training	6,850	7,878

### Initiatives relating to Compliance in 2022

During 2022, 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 employees.

With these monthly information capsules, the Company promotes knowledge and awareness among all NH Hotel Group employees 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 (available at [nh-hotels.es/corporate/es](https://nh-hotels.es/corporate/es) > **Corporate Governance** > **Policies**) was approved on July 27<sup>th</sup>, 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 avoiding or minimizing 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, loyalty and good faith with the Tax Administrations.
- 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.

### 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 periodically.

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.







NH Collection Palazzo Verona  
Italy

**PROFITS OF NH HOTEL GROUP AND INCOME TAX PAID BY COUNTRY  
(THOUSANDS OF EUROS)**

Tax Jurisdiction	2022		2021	
	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)	Income / (losses) before Corporate Income Tax	Corporate Income Tax (settlement basis)
Argentina	(5,251)	-	(6,212)	107
Austria	(-916)	-	(6,143)	0
Belgium	41,845	-	(14,316)	525
Brazil	(165)	1	(271)	1
Chile	654	252	(2,070)	179
Colombia	(148)	55	(2,681)	(391)
Czech Republic	(2,338)	-	641	2
Denmark	(2,907)	-	(1,081)	0
Dominican Republic	(206)	-	(124)	0
Ecuador	26	14	(283)	14
France	(4,719)	-	(5,438)	31
Germany	(14,268)	578	(21,591)	723
Hungary	(4,191)	-	(4,040)	0
Ireland	3,481	(728)	(90)	3
Italy	80,841	-	7,051	0
Luxembourg	(942)	-	(3,635)	0
Mexico	320	9	(7,999)	61
Netherlands	2,655	1,091	(46,096)	821
Poland	(6)	-	(9)	0
Portugal	1,925	22	(4,529)	(25)
Romania	(60)	-	(9)	10
South Africa	(59)	-	(88)	0
Spain	72,396	8,230	(16,652)	(2,652)
Switzerland	(3,429)	21	2,038	4
United Kingdom	(773)	-	(2,119)	0
United States	(8,405)	-	(7,967)	143
Uruguay	251	-	(1,544)	0
<b>Total countries</b>	<b>155,611</b>	<b>9,545</b>	<b>(145,257)</b>	<b>(444)</b>

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 REVENUE FROM BUSINESS BY COUNTRY

Tax jurisdiction	2022	2021
Argentina	410,357	214,252
Austria	350,930	159,542
Belgium	270,473	112,605
Colombia	255,178	91,066
France	69,135	26,686
Germany	73,912	24,246
Hungary	43,004	19,545
Italy	29,910	17,722
Mexico	34,475	17,484
Portugal	30,151	13,266
Spain	24,538	9,675
Netherlands	35,265	6,421
Others	95,029	33,974
<b>Total countries</b>	<b>1,722,357</b>	<b>746,484</b>

And the tax accrued during the year:

#### ACCRUED TAX BY COUNTRY

Tax jurisdiction	2022	2021
Argentina	(9,423)	12,746
Colombia	(726)	1,912
Germany	(513)	1,643
Ireland	230	926
Italy	653	791
Mexico	(3,983)	381
Portugal	(11,125)	(1,508)
Spain	2,369	(1,937)
Netherlands	(30,556)	(6,135)
Others	8	508
<b>Total countries</b>	<b>(53,066)</b>	<b>9,327</b>

#### New tax developments

On July 26<sup>th</sup>, 2022, the Board of Directors of NH Hotel Group approved the updated Tax Transparency Policy, expressly stating that the Company is committed to applying good practice in its tax affairs:

- Not making use of artificial structure with the aim of minimizing the actual tax burden or carrying out transactions with related parties for the purpose of eroding taxable income or transferring profits to low-tax territories.
- In relation to international tax and transfer pricing, the Company will refer to the conclusions reached by the OECD's BEPS (Base Erosion and Profit Shifting) Project and the G-20.
- All related-party transactions are governed by the principle of free competition on Transfer Pricing and the Code of Conduct Transfer Pricing for associated companies in the European Unions.



## RELATIONS WITH GOVERNMENTS AND POLITICAL INFLUENCE

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

In relation to local governments, the Company always acts independently of any political power, maintaining transparency in its dealings with public and administrative institutions.

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

NH Hotel Group does however form part of sectorial organizations or foundations linked to its activity or to the geographical area where it operates. Through its presence in these organizations, the Company aspires to contribute to the progress and development of the places where it is present.

### 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 employees, executives and members of the Board of Directors of NH Hotel Group, under which, among others, funds, assets or other resources of the Group may not be used to make contributions or offer items of value to political candidates, political parties or party members (although anyone may participate in activities related to politics in their free time in a personal capacity).

In addition, NH has other internal procedures, such as the Gifts Policy, all of which contribute to establishing controls, internal processes and mitigating the associated risks.

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

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





## INFORMATION SECURITY

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Cybersecurity is vital in the digital age. 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 employee training.

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

NH Hotel Group's strategy in relation to cybersecurity is under constant review in the committees of the Executive Management team that oversees the cybersecurity strategy. To achieve the goals that have been set, a range of initiative and measures are identified 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 employees 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 our culture to promote behavior that protects the Company and our guests' information.

### 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 our customers. NH Hotel Group has mechanisms in place to protect data privacy, aware that this is a key aspect in generating trust.

With the entry into force of the new data protection regulations in 2018, NH Hotel Group has continued to adapt its personal data management and control systems to EU Regulation 679/2018 (GDPR) and Spanish Act 3/2018 (LOPDGDD). With regard to sensitive data, such as credit cards, NH has once again renewed its PCI Compliance certification, and has adapted procedures and systems in line with the new PSD2 legislation. NH Hotel Group's intention is to process the personal data of its customers, employees and suppliers with the utmost guarantees of respect for their privacy and complying at all times with the applicable legal obligations.

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

In the framework of this adaptation, the Company has implemented an additional information system that is available to end customers, so that they can discover each of the types of processing carried out by NH Hotel Group. All of this is set out in the NH Hotel Group privacy policy which can be accessed using the following link: [nh-hoteles.es/privacy-policy](https://nh-hoteles.es/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, employees 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. 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 employees 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 2022 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 and different management and control measures are in place such as:

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

***A total of 2,926 employees have been trained  
in Data Privacy and Protection, with a  
total of 3,192 hours of training***

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.

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

