



NH | HOTEL GROUP
PART OF
MINOR
HOTELS

11

UP FOR PLANET

NH Collection Frankfurt
Frankfurt, Germany

11. 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



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11.1

UP FOR PLANET

SUSTAINABLE PRODUCTS
AND ASSETS

Tivoli Avenida Liberdade Hotel
Lisbon, Portugal

SUSTAINABLE PRODUCTS AND ASSETS

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”

Environmental certifications

Region	Certification	2023		2022	
		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
	DGNB	1	1		
Region Southern Europe	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 2° 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 1,5°C, 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 is 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.

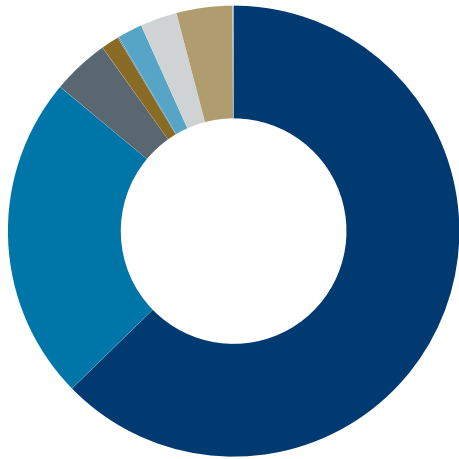
In addition, NH Hotel Group has a corporate standard "Eco-Efficient Hotel Guide" to integrate sustainability and energy efficiency in the design and construction of new hotels and in refurbishments. This standard assures that all the activities in its buildings will take ecological guidelines and climate 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 teq CO₂ in 2023. 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 teq CO ₂
Category 2 Capital goods	82.134 teq CO ₂
Category 3 Activities related to energy production	14.417 teq CO ₂
Category 4 Upstream transport and distribution	4.513 teq CO ₂
Category 5 Waste generated during the operation	294 teq CO ₂
Category 6 Business travel	6.258 teq CO ₂
Category 7 Employee commuting	9.253 teq CO ₂
Category 8 Assets leased by the Organization	14.132 teq CO ₂
Category 14 Franchises	233 teq CO 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.

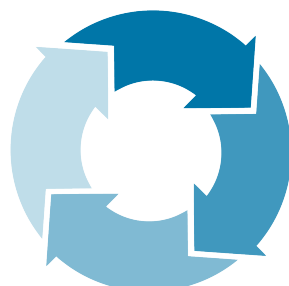
In 2023 the Company has taken a step further on this matter. As the owner and manager of real estate assets through its different types of contracts, the Company has gone further in the inclusion of sustainable criteria both in signing deals on new hotels and in the refurbishment and improvement of hotels 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.

Ensure

Efficiency of investments, assuring diversification of the portfolio and differentiation of the hotel products and services.

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



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"*



NH Collection Berlin Mitte
Berlin, Germany

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 nhow 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 succeed 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 (m ³)			Water ratio (m ³ /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 nhov 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).



Anantara Convento di Amalfi Grand Hotel
 Amalfi, Italy

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 (German), 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.



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 To 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, 44,386 food packs have been saved, which translates into more than 44,386 kilos of food that has not been wasted and the equivalent of having saved the emission of more than 110.96 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 Direção 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.



NH | HOTEL GROUP
PART OF

MINOR
HOTELS

11.3

UP FOR PLANET

SUSTAINABLE
PROCUREMENT

Anantara Plaza Nice Les Colonnades
Nice, France

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-party 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 service 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.

1. Invitation to tender

Supplier management starts when a need is detected and continues until the service has been finally provided:



■ Approval

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.



NH Collection Antwerp Centre
Antwerp, Belgium

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%

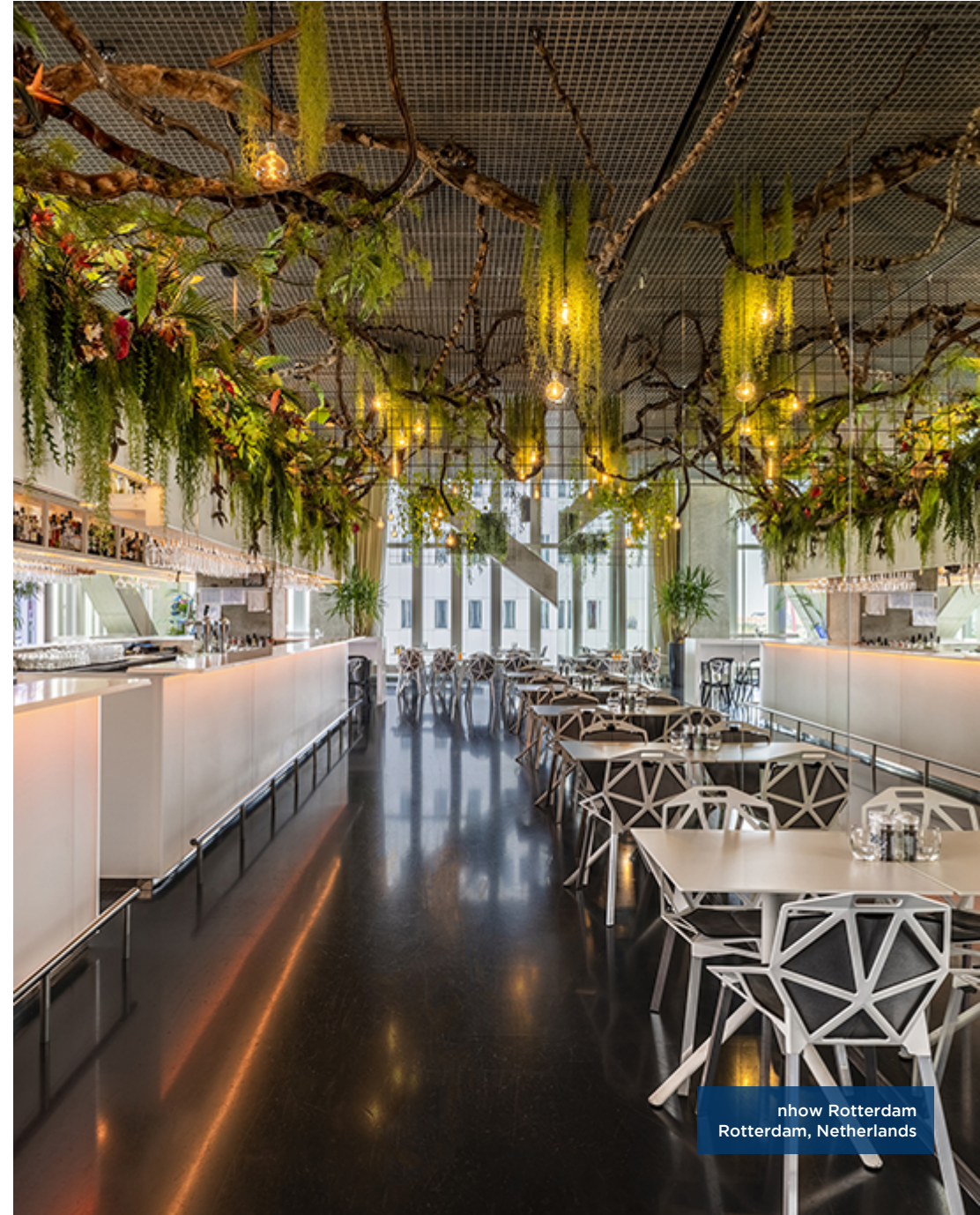
PROCUREMENT VOLUME
FROM CRITICAL
SUPPLIERS

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".

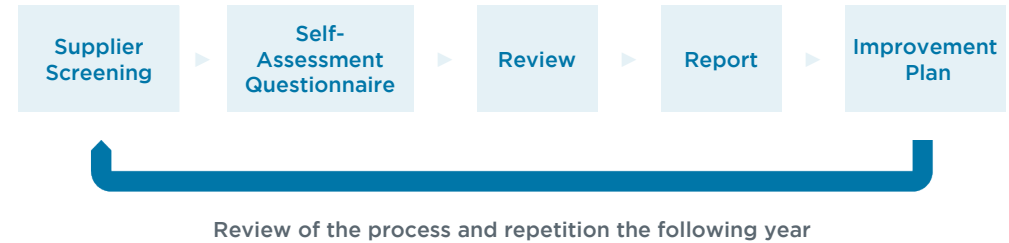
ESG Supplier Program

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.



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

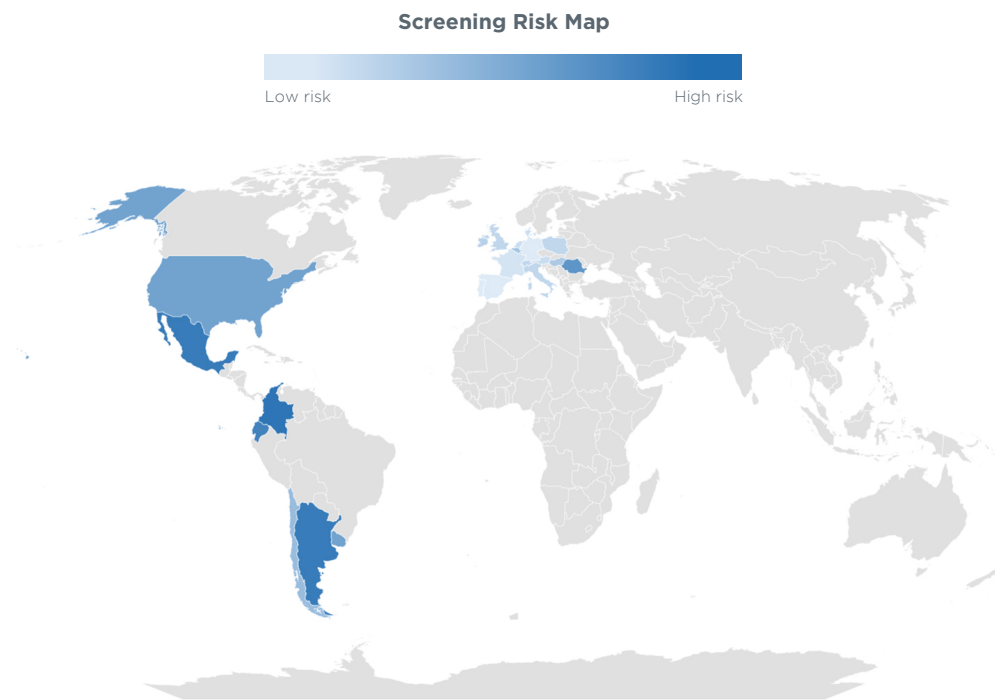
The first step consists of detecting the significant suppliers in the Group's supply chain¹. To this end, a screening of the supply chain has been carried out to detect the most relevant suppliers for this analysis. In previous years, this analysis only included aspects of business relevance; this time, 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.

3. 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 Programme) is 34%. 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.

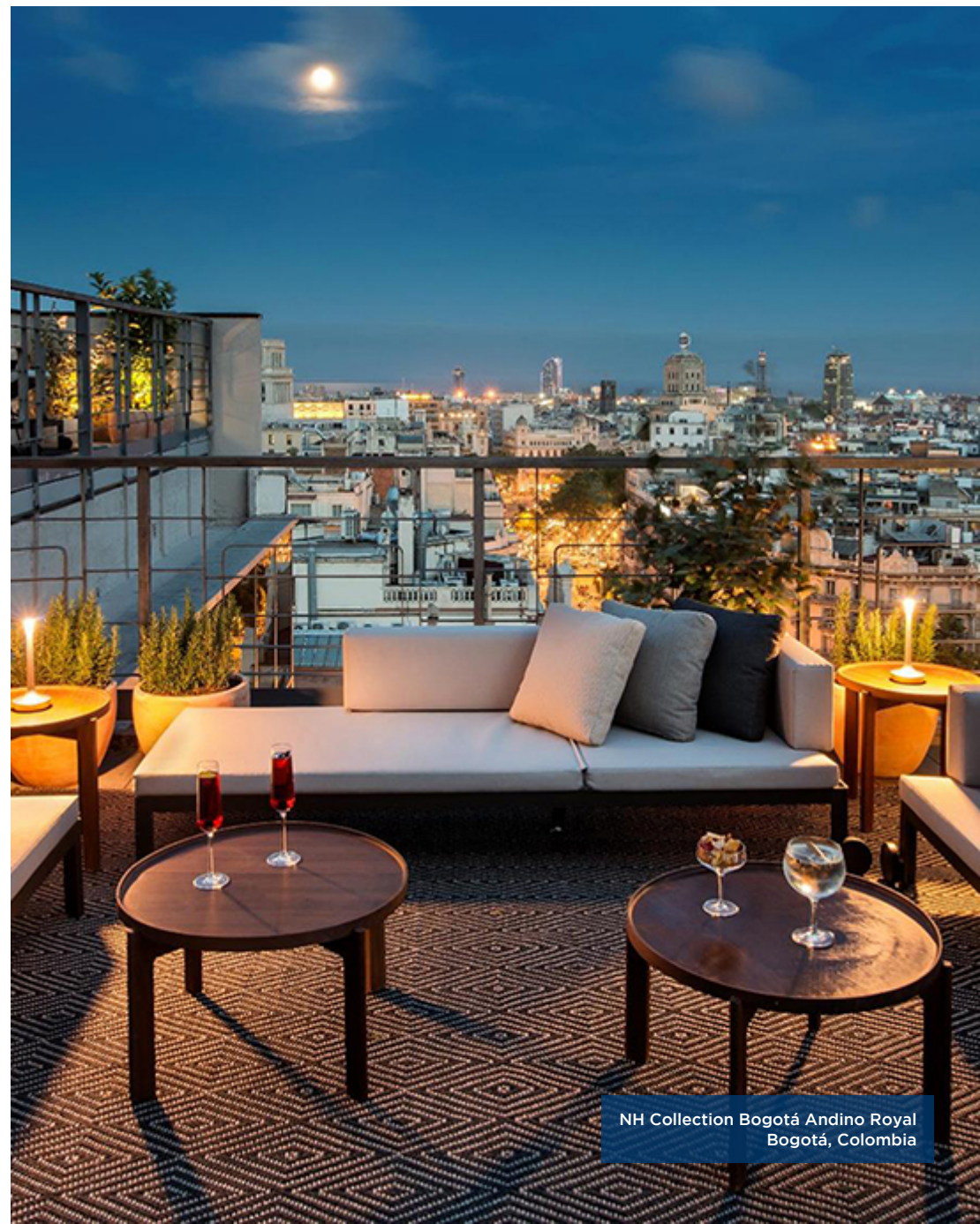
ESG Supplier program	Definition	Number of suppliers	% of total suppliers	% of total direct purchase volume
Total number of suppliers analyzed	All suppliers in the supply chain analyzed in the ESG supplier screening	12,532	100%	100%
Screening of Tier 1 suppliers	Suppliers identified as ESG significant. 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*



NH Collection Bogotá Andino Royal
 Bogotá, Colombia