
IDENTIFICATION DETAILS OF THE ISSUER

End date of 12-month period of reference: [31/12/2019]

CIF: [A28027944]

Company Name:

[**NH HOTEL GROUP, S.A.**]

Registered Office:

[SANTA ENGRACIA, 120 - 7ª PLANTA MADRID]

A. OWNERSHIP STRUCTURE

A.1. Fill in the following table regarding the share capital of the Company:

Date of last change	Share capital (€)	Number of Shares	Number of voting rights
09/05/2018	784,360,486.00	392,180,243	392,180,243

Indicate whether there are different shares classes with different associated rights:

- Yes
 No

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors.

Name or company name of the shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MINOR INTERNATIONAL PUBLIC COMPANY LTD	0.00	94.13	0.00	0.00	94.13

Breakdown of the indirect holding:

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
MINOR INTERNATIONAL PUBLIC COMPANY LTD	MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD.	94.13	0.00	94.13

Indicate the most significant movements in the shareholding structure of the company during the year:

Most significant movements

There were no significant movements in the shareholding structure of NH Hotel Group, S.A. in 2019.

A.3. In the following tables, list the members of the Board of Directors (hereinafter "directors") with voting rights in the company:

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR ALFREDO FERNÁNDEZ AGRAS	0.04	0.00	0.00	0.00	0.04	0.00	0.00
MR RAMÓN ARAGONÉS MARÍN	0.01	0.00	0.00	0.00	0.01	0.06	0.00
MS BEATRIZ PUENTE FERRERAS	0.00	0.00	0.00	0.00	0.00	0.03	0.00
% of total voting rights held by the Board of Directors						0.05	

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
No data					

A.4. If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are significant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related Party	Nature of relationship	Brief description
No data		

A.5. Indicate, where applicable, the commercial, contractual or corporate relationships existing between major shareholders, and the company and/or its group, unless they have little relevance or arise from normal trading activities:

Name of related Party	Nature of relationship	Brief description
No data		

A.6. Describe the relationships, unless significant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Explain, as the case may be, how the significant shareholders are appointed. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR STEPHEN ANDREW CHOJNACKI	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD.	Minor International Public Company Ltd. is an indirect shareholder in NH Hotel Group, S.A. and, through MHG Continental Holding (Singapore) Pte Ltd, holds 94.132% in NH Hotel Group, S.A. MHG Continental Holding (Singapore) Pte Ltd, in exercising its right of proportional representation, has appointed Mr Stephen Andrew Cojnacki as a proprietary director of NH Hotel Group, S.A. Likewise, Mr Chojnacki is a director of MHG Continental Holding (Singapore) Pte Ltd.
MR STEPHEN ANDREW CHOJNACKI	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MINOR INTERNATIONAL PUBLIC COMPANY LTD	Mr Stephen Andrew Chojnacki is a Director

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
			Chief Commercial Officer and General Secretary of Minor International Public Company Ltd. Mr Chojnacki is also a director of the Minor group companies as listed in section H of this report.
MR WILLIAM ELLWOOD HEINECKE	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD.	Minor International Public Company Ltd. is an indirect shareholder in NH Hotel Group, S.A. and, through MHG Continental Holding (Singapore) Pte Ltd, holds 94.132% in NH Hotel Group, S.A. MHG Continental Holding (Singapore) Pte Ltd, in exercising its right of proportional representation, has appointed Mr William Ellwood Heinecke as a proprietary director of NH Hotel Group, S.A.
MR WILLIAM ELLWOOD HEINECKE	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MINOR INTERNATIONAL PUBLIC COMPANY LTD	Mr William Ellwood Heinecke is Chairman of the Board of Directors of Minor International Public Company Ltd. as well as Chairman of the Executive Management Committee. Finally, note that Mr Heinecke holds the positions in the Minor group companies as broken down in section H of this report.
MR EMMANUEL JUDE DILLIPRAJ RAJAKARIER	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MHG CONTINENTAL HOLDING (SINGAPORE) PTE. LTD.	Minor International Public Company Ltd. is an indirect shareholder of NH Hotel

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
			Group, S.A. and, through MHG Continental Holding (Singapore) Pte Ltd, holds 94.132% in NH Hotel Group, S.A. MHG Continental Holding (Singapore) Pte Ltd, in exercising its right of proportional representation, has appointed Mr Rajakarier as a proprietary director of NH Hotel Group, S.A.
MR EMMANUEL JUDE DILLIPRAJ RAJAKARIER	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MINOR INTERNATIONAL PUBLIC COMPANY LTD	Mr Rajakarier was appointed Group Chief Executive Officer of Minor International Public Company Ltd. effective from 1 January 2020. He is also a director of the Minor group companies as broken down in section H of this report.
MR KOSIN CHANTIKUL	MINOR INTERNATIONAL PUBLIC COMPANY LTD	MINOR INTERNATIONAL PUBLIC COMPANY LTD	Minor International Public Company Ltd is the significant indirect shareholder (94.132%) in NH and has proposed the aforesaid Director. Mr Chantikul is also a director of the Minor group companies as listed in section H of this report.

A.7. Indicate whether the company has been informed of shareholders' agreements which affect it, as established in Articles 530 and 531 of the Capital Companies Act. If so, describe these agreements and list the party shareholders:

Yes
 No

Indicate if the company is aware of the existence of concerted actions among its shareholders. If so, give a brief description:

Yes
 No

In the event of any modification or termination of these pacts, agreements or agreed actions during the year, please specify it:

A.8. Indicate whether any individual person or legal entity exercises, or could exercise, control over the Company in accordance with Article 5 of the Stock Market Act. If so, give details here:

Yes
 No

Name
MINOR INTERNATIONAL PUBLIC COMPANY LTD

A.9. Fill in the following tables regarding the Company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
374,464		0.10

(*) Through:

Name or company name of the direct holder of the shareholding	Number of direct shares
No data	

Explain any significant changes during the year:

Explain the significant changes

At year-end, NH Hotel Group, S.A. had 374,464 own shares on its balance sheet compared to 600,000 at 31 December 2018. This reduction during the period is explained by the following movements:

- Part of the long-term incentive plan was settled in the first half of 2019. The settlement was realised through the delivery of 226,067 shares.
- On 11 April 2019 the liquidity contract signed between the Company and Banco de Santander, S.A. to manage treasury stock came into force. The total number of shares allocated to the securities account associated with the liquidity contract was 82,645 and the amount allocated to the cash account was 400,000 euros. At 31 December 2019, the number of shares related to liquidity contracts amounted to 83,176; an additional 531 to those initially allocated to the securities account.

A.10. Describe the conditions and the term of the current mandate of the Board of Directors to issue, repurchase or transmit treasury stock, as conferred by the General Shareholders' Meeting.

The General Shareholders' Meeting held on 29 June 2017 authorised the Board of Directors of the Company to repurchase treasury stock under the terms indicated below:

- a) The acquisition can be made by any title accepted in Law, once or more times, provided that the acquired shares, added to those the Company already owns, do not exceed 10% of the Company's share capital, together with those owned by other companies in the group, if applicable.
 - b) The acquisition, including the shares which the Company, or a person acting in their own name but on behalf of the Company, may have acquired beforehand and have in its portfolio, can be made as long as this does not lead to net equity being below the amount of share capital plus the reserves made unavailable by law or the Company's articles of association. For these purposes, equity will be considered the amount qualified as such pursuant to the criteria for preparing the annual accounts, reduced by the amount of the profit directly attributed to it, and increased by the amount of the uncalled subscribed share capital, as well as the amount of the nominal and the premiums for issuing the subscribed share capital that is accounted for as a liability.
 - c) The shares must be fully paid up.
 - d) The authorisation will be valid for 5 years from the day this agreement comes into force.
 - e) The minimum purchase price will be 95% and the maximum price will be 105% of the listed market value at the close of Spain's continuous market the day before the transaction, and the purchase transactions will adhere to security market regulations and customs.
- The shares acquired due to the authorisation can be disposed of or amortised, or used in the payment systems set out in Article 146.a) 3 of the Capital Companies Act.

A.11. Estimated free float:

	%
Estimated free float	5.87

A.12. State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes
 No

A.13. State whether the General Shareholders' Meeting has agreed to adopt neutralisation measures against take-over bids, pursuant to Law 6/2007.

Yes
 No

If so, please explain the measures approved and the terms under which such limitations would cease to apply.

A.14. State if the company has issued shares that are not traded on a regulated EU market.

Yes
 No

If so, please list each type of share and the rights and obligations conferred on each.

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate whether differences exist between the minimum quorum established in the Spanish Capital Companies Act (LSC) and the quorum of the General Shareholder's Meeting. If so, explain these differences.

Yes
 No

B.2. Indicate, and if applicable, specify any differences from the system established in the Capital Companies Act (LSC) for adopting company agreements:

Yes
 No

- B.3.** Indicate the regulations applicable to modification of the company articles of association. In particular, note the majorities required for changes to the articles of association and, if any, the regulations governing the protection of shareholders' rights when making changes to the articles of association.

Title VIII, covering Articles 285 - 345, of Royal Decree-Law 1/2010 of 2 July, approving the Revised Text of the Capital Companies Act (hereunder, LSC), and Articles 158 - 164 of Royal Decree 1784/1996, of 19 July, approving the Regulation of the Companies Register (hereunder, RRM), establish the legal system applicable to the modification of articles of association. The text of the articles of association of NH Hotel Group faithfully reflects these legal regulations, with no higher quorum or majority required than is set out therein.

- B.4.** Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

	Attendance data				
	%	%	% distance voting		Total
Date of general meeting	physically present	present by proxy	Electronic voting	Others	
29/06/2017	39.02	42.57	0.00	0.00	81.59
Of which, free float:	0.08	26.24	0.00	0.00	26.32
21/06/2018	8.28	62.77	0.00	0.31	71.36
Of which, free float:	0.00	24.40	0.00	0.31	24.71
13/05/2019	94.21	0.90	0.00	0.00	95.11
Of which, free float:	0.08	0.90	0.00	0.00	0.98

- B.5.** State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

Yes
 No

- B.6.** State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

Yes
 No

- B.7.** State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

Yes
 No

B.8. Indicate the address and access on the Company website to information on corporate governance and other information on general shareholders' meetings which must be available to shareholders on the Company website.

All information of relevance to shareholders, including information on corporate governance and other information on general shareholders' meetings is available at all times on the NH Hotel Group website, www.nh-hotels.es, in the section "Shareholders and Investors".

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of Directors	20
Minimum number of Directors	5
Number of directors set by the general meeting	9

C.1.2 Complete the following table with the members of the Board:

Name of director	Representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to the Board
MR ALFREDO FERNÁNDEZ AGRAS		Independent	CHAIRMAN	19/06/2015	13/05/2019	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MR RAMÓN ARAGONÉS MARÍN		Executive	CHIEF EXECUTIVE OFFICER	29/06/2017	29/06/2017	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MR JOSÉ MARÍA CANTERO MONTES-JOVELLAR		Independent	DIRECTOR	21/06/2016	21/06/2018	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MR KOSIN CHANTIKUL		Proprietary	DIRECTOR	10/04/2019	13/05/2019	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MR STEPHEN ANDREW CHOJNACKI		Proprietary	DIRECTOR	21/06/2018	21/06/2018	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MR WILLIAM ELLWOOD HEINECKE		Proprietary	DIRECTOR	21/06/2018	21/06/2018	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING

Name of director	Representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to the Board
MR FERNANDO LACADENA AZPEITIA		Independent	DIRECTOR	21/06/2016	21/06/2018	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MS BEATRIZ PUENTE FERRERAS		Executive	DIRECTOR	10/04/2019	13/05/2019	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING
MR EMMANUEL JUDE DILLIPRAJ RAJAKARIER		Proprietary	DIRECTOR	21/06/2018	21/06/2018	AGREEMENT BY GENERAL SHAREHOLDERS' MEETING

Total number of directors	9
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State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
MS MARIA GRECNA	Independent	21/06/2018	10/04/2019	Ms Maria Grecna was a member of the Audit and Control Committee.	YES
MR PAUL JOHNSON	Independent	21/06/2018	10/04/2019	Paul Johnson was a member of the Executive Committee until 7.02.2019, the date on which the Board unanimously decided to assume all the functions that were its own and having relieved the Executive Committee of	YES

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
				its activities and terminating the positions of its members.	
MR JOSÉ MARÍA SAGARDOY LLONIS	Independent	29/06/2017	10/04/2019	Mr José María Sagardoy was a member of the Audit and Control Committee, as well as the Appointments, Remunerations and Corporate Governance Committee, acting as Chairman of the latter.	YES

C.1.3 Fill in the following tables about the Board members and their corresponding categories:

EXECUTIVE DIRECTORS		
Name of director	Post in organisational chart of the company	Profile
MR RAMÓN ARAGONÉS MARÍN	CHIEF EXECUTIVE OFFICER	Tourism diploma from the University of Palma de Mallorca. Master's in International Hotel Management from the International Business School, Hotel and Tourism Management. His professional career, for more than twenty years, has been in positions of management and responsibility, in companies in the tourism sector, such as Hesperia (General Manager) and NH Hotel Group, S.A. (Chief Operations Officer). He is currently Chief Executive of NH Hotel Group, S.A.
MS BEATRIZ PUENTE FERRERAS	CHIEF FINANCIAL OFFICER	Ms Beatriz Puente Ferreras has been Chief Financial Officer of NH Hotel Group, S.A. since 2015. Prior to joining NH, she was Finance Director of AENA (2013-2015) where she was responsible for preparing and coordinating the process to privatise the company and its IPO. She also led the negotiations to restructure its debt. Prior to that, She was Finance Director (2007-2013) and Investor Relations and Corporate Development Director (2005-2007) at Vocento, S.A. and was responsible for preparing the IPO

EXECUTIVE DIRECTORS		
Name of director	Post in organisational chart of the company	Profile
		for the company. Before Vocento, Ms Puente worked for Citigroup Global Markets (Spain) as Deputy Chairwoman of the investment bank's M&A division (2003-2004) and Investment Banking Associate for the Financial Institutions & LatAm area (2001-2003) in London and NY. In 2018 she was awarded Best CFO by Institutional Investor in the Leisure&Hotels sector and in 2012 received the Young Managers with Talent Award (Financial Management category) from Seeliger and Conde. Ms Beatriz Puente Ferreras has an MBA from JL Kellogg School of Management (Northwestern University) (1998-2000) with a Fullbright scholarship and a Degree in Business Administration from Colegio Universitario de Estudios Financieros (CUNEF) (1995).

Total number of executive directors	2
Percentage of Board	22.22

PROPRIETARY DIRECTORS		
Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
MR KOSIN CHANTIKUL	MINOR INTERNATIONAL PUBLIC COMPANY LTD	With a degree in Economics from Wesleyan University, USA (2000-2004) and having studied the Director Certification Program (DCP), he was a member of the Thai Institute of Directors (IOD) (2014). He began his career at Lehman Brothers, was an associate at Lehman Brothers Principal Transactions Group (until 2008) and subsequently at Nomura Asia Asset Finance (until 2010). In 2012 he was appointed Investments Director at Boutique Asset Management and between 2013 and 2015 he was Group Acquisitions Director for Minor International PCL. Since 2015, he has been responsible for the Minor Group's investments and acquisitions. He has led investments, strategic partnerships and mergers and acquisitions activities in the hospitality sectors on behalf of Minor International PCL and led transactions in Thailand, Indonesia, Malaysia, Vietnam, Cambodia, Australia, United Kingdom, Portugal, Spain, Brazil, Maldives, Seychelles, South Africa, Zambia, Botswana, Lesotho and Mozambique.
MR STEPHEN ANDREW CHOJNACKI	MINOR INTERNATIONAL PUBLIC COMPANY LTD	Degree in Foreign Relations and Economics from the University of Virginia, obtaining a Doctorate from the University of Virginia/School of Law. Mr Chojnacki has spent his professional career in the law firm Linklaters in their New York, Hong Kong and Bangkok offices. He is currently

PROPRIETARY DIRECTORS		
Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
		Chief Commercial Officer and General Secretary (General Board) of Minor International PLC., Director of MHG Continental Holding (Singapore) Pte.Ltd., as well as a Director of companies in the Minor group. During his time leading the commercial activities and legal advice of the Minor Group, he has carried out a number of mergers and acquisitions with other leading companies in the hospitality sector, with presence in Portugal, Brazil, China, Vietnam, Indonesia and Africa.
MR WILLIAM ELLWOOD HEINECKE	MINOR INTERNATIONAL PUBLIC COMPANY LTD	He holds an Honorary Doctorate of Business Administration in Management from Yonok University, Lampang. He also completed the Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD). Mr Heinecke is the founder of Minor International Pcl. (MINT) and is currently Chairman of the Board of Directors of said company. Over the five decades of the Minor group's existence, Mr Heinecke has led the company and expanded its portfolio of restaurants, hotel businesses and lifestyle brand distribution. It currently has more than 2,100 restaurants, 160 hotels and 400 lifestyle outlets in 40 countries (excluding the NH Hotel Group portfolio). MINT is listed on the Thailand Stock Exchange, with revenues of more than 1.5 billion euros and a market capitalisation of 4 billion euros. Mr Heinecke is the author of the book "The Entrepreneur – 25 Golden Rules for Global Business Manager"
MR EMMANUEL JUDE DILLIPRAJ RAJAKARIER	MINOR INTERNATIONAL PUBLIC COMPANY LTD	Degree in Computer Systems Analysis & Design in Sri Lanka in 1984. MBA in Finance in the United Kingdom. Mr Rajakarier has spent his professional career from 2007 to date at Minor International Public Company Limited as Chief Operating Officer (COO) and Director and Chief Executive Officer (CEO) at Minor Hotel Group Limited. Minor International Public Company Limited is a global company focused on three main businesses: restaurants, the hotel sector and retail brands. From 2001 to 2007 he was Deputy Chief Financial Officer and Internal Audit Manager in the leading operator Orient Express Hotels, Trains & Cruises (Belmond). Since 1.01.2020 he has been Group CEO of Minor International Public Company Limited.

Total number of proprietary directors	4
Percentage of Board	44.44

INDEPENDENT DIRECTORS	
Name of director	Profile
MR JOSÉ MARÍA CANTERO MONTES-JOVELLAR	<p>He holds a degree in Law and Economics and Business Administration and Management from the Universidad Pontificia Comillas (ICADE E-3) and a diploma from the Business Management Programme (PADE) of IESE Business School. He was a founding partner of Results Mazimizer (consultancy for the execution and implementation of marketing, sales and communications projects) and E nub es (digital marketing company) and has been the Managing Partner since September 2015. Between July 2008 and August 2015 he held various senior positions in Mutua Madrileña, first as Sales and Marketing Director until May 2011 and subsequently as Deputy General Manager, whilst also being a Director at SegurCaixa Adeslas (from July 2011) and a Director at Mutuactivos Inversiones (from July 2013). Between August 2003 and June 2008 Mr José María Cantero de Montes-Jovellar was Marketing and Customers Director (sales and value enhancement management of the Residential Business Unit) of Amena/Orange in Spain. Previously, between July 1994 and July 2003 he worked for Procter & Gamble España in various positions within the marketing department: Assistant Brand Manager, Brand Manager, and his final position as Business Team Leader Textiles Care division for Spain and Portugal.</p>
MR ALFREDO FERNÁNDEZ AGRAS	<p>Degree in Economic and Business Sciences, as well as in Law from Universidad Pontificia Comillas (ICADE) in 1993. Experienced investment banker, currently dedicated to investing in private companies and advising in corporate finance.</p> <p>He is additionally a board member of several companies, both private and listed. Over the last 20 years, he has worked for several investment banks, having been Managing Director and co-head at 360 Corporate and Managing Director at UBS Investment Bank in Spain. Previously, he worked for Merrill Lynch and Morgan Stanley in London. He has been involved in numerous M&A and capital markets operations in southern Europe, especially in relation to listed companies. He previously worked as a commercial lawyer and a statistician at Arthur Anderson.</p>
MR FERNANDO LACADENA AZPEITIA	<p>Degree in Economics and Business Administration and a Law Degree from ICADE (Specialty E-3) in Madrid. Executive with more than 35 years' experience in financing and very oriented towards management. Lately, specialised in the financial area in large listed multinational corporations, with significant experience in the negotiation and structuring of financing operations, relationships with capital markets and investment operations (M&A). Since December 2014, he has been the CEO of Testa Inmuebles en Renta SOCIMI, S.A., a leading property leasing management company in the third sector, having directed the operation to float the company with Merlin Properties taking a stake in its share capital; an operation valued at approximately €2 billion. He is the chairman of ASPRIMA, the association of companies with leased assets in Spain. Prior to that, for seven years he was the CFO at Grupo Sacyr Vallehermoso, managing financing with banks and the relationship with analysts and investors and participating directly in the investment processes and the partnership strategy to develop new businesses in both local markets and internationally. Previously he worked for 13 years in similar positions in Grupo ACS Dragados, after having started in Arthur Andersen where he spent the first 10 years of his professional career.</p>

Number of independent directors	3
Percentage of Board	33.33

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of director	Description of relationship	Statement of the Board
No data		

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile
No data			

Total number of other external directors	N.A.
Percentage of Board	N.A.

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status
MR ALFREDO FERNÁNDEZ AGRAS	13/05/2019	Other External	Independent

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each.

	Number of female directors				% of directors of each category			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive	1				50.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent		1	1	1	0.00	25.00	16.67	25.00
Other External				1	0.00	0.00	0.00	25.00
Total	1	1	1	2	11.11	10.00	10.00	18.18

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized companies, in accordance with the definition established in the Accounts Auditing Law, will at least have to report the policy they have established in relation to gender diversity.

- Yes
 No
 Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

On 25 February 2016, following a favourable report from the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors approved a Selection Policy for Directors. Said policy seeks to prevent discrimination, with meritocracy as the criterion guiding the selection process to identify the best candidates for the Company. However, and notwithstanding the foregoing, each time that there is a vacancy on the Board of Directors, and the corresponding selection process begins, at least one woman must be considered as a candidate until the 30% target is met.

In order to fulfil the aforementioned goal, the Appointments, Remuneration and Corporate Governance Committee shall ensure that the selection procedure does not suffer from any implicit bias that may hamper the selection of female directors and that women that fulfil the professional profile sought are included among the potential candidates.

- C.1.6 Explain the measures agreed, if any, by the Appointments Committee to ensure that the selection process is not implicitly biased against selecting female Directors, and so that the company deliberately seeks to include women who meet the desired professional profile among potential candidates and that allows a balance of men and women to be reached:

Explanation of the measures

The Appointments, Remuneration and Corporate Governance Committee ensures that each time a vacancy occurs in the Board of Directors and the corresponding selection process begins, at least one woman is a candidate.

In the event that there are few or no female directors in spite of any measures adopted, please explain the reasons that justify such a situation:

Explanation of the reasons

So far, women have been found who fit the professional profile sought.

- C.1.7 Explain the conclusions of the appointments committee regarding the verification of compliance with the policy on director selection. In particular, as it relates to the goal of ensuring that the number of female directors represents at least 30% of the total membership of the Board of Directors by the year 2020.

The Appointments, Remuneration and Corporate Governance Committee has concluded that, despite women having taken part in the selection process for Directors women, to date none have meet the required profile.

- C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the request of shareholders whose holdings are below 3% of share capital:

Name of shareholder	Justification
No data	

Indicate whether formal requests for representation on the Board from shareholders whose shareholding is equal to or greater than other shareholders at whose request proprietary directors have been appointed, have not been acted upon. If this is the case, please explain why the aforementioned requests were not met:

Yes

No

- C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees.

Name of director or committee	Brief description
MR RAMÓN ARAGONÉS MARÍN	All the powers that correspond to the board of directors, except those that cannot be delegated by law or the company's articles of association.

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Name of director	Company name of group company	Position	Does the director have executive duties?
MR RAMÓN ARAGONÉS MARÍN	NH HOTELES AUSTRIA GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HOTELES SWITZERLAND GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HOTELES CZECHIA S.R.O.	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HOTELES DEUTSCHLAND GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HOTELBETRIEBS-UND ENTWICKLUNGS GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	JOLLY HOTELS DEUTSCHLAND GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HOTELBETRIEBS- UND DIENSTLEISTUNGS GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH CENTRAL EUROPE GMBH	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HOTELES POLSKA SP.Z.O.O.	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH MANAGEMENT BLACK SEA SRL	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH CASH LINK, S.L.	JOINT DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	NH HUNGARY SZALLODUAZEMELTETO KFT	JOINT AND SEVERAL DIRECTOR	NO
MR RAMÓN ARAGONÉS MARÍN	JOLLY HOTELS USA INC	CHAIRMAN OF THE BOARD	NO
MR RAMÓN ARAGONÉS MARÍN	HEINER GROSSEN HOTELBETRIEBS GMBH	JOINT AND SEVERAL DIRECTOR	NO
MS BEATRIZ PUENTE FERRERAS	COPERAMA SPAIN, S.L.U.	JOINT DIRECTOR	NO
MS BEATRIZ PUENTE FERRERAS	NH EUROPA, S.L.U.	JOINT AND SEVERAL DIRECTOR	NO
MS BEATRIZ PUENTE FERRERAS	COPERAMA HOLDING, S.L.U	DIRECTOR	NO

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Name of director	Name of listed company	Position
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MR EMMANUEL JUDE DILLIPRAJ RAJAKARIER	SERENDIB HOTEL PCL	DIRECTOR
MR EMMANUEL JUDE DILLIPRAJ RAJAKARIER	MINOR INTERNATIONAL PUBLIC COMPANY LIMITED	CHIEF EXECUTIVE OFFICER

MR WILLIAM ELLWOOD HEINECKE	MINOR INTERNATIONAL PUBLIC COMPANY LIMITED	CHAIRMAN
MR WILLIAM ELLWOOD HEINECKE	INDORAMA VENTURES PUBLIC COMPANY LIMITED	DIRECTOR
MS BEATRIZ PUENTE FERRERAS	METROVACESA, S.A.	DIRECTOR

D. William Ellwood Heinecke is also Chairman of the Appointments, Remuneration and Corporate Governance Committee of the company Indorama Ventures Public Company Limited.

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

- Yes
 No

Explanation of the roles and identification of the document where this is regulated

Article 29 of the Board Regulations expressly establishes that directors must dedicate the necessary time and effort to performing their duties, and must notify the Appointments, Remuneration and Corporate Governance Committee of any circumstances that may interfere with the required dedication. Similarly, directors may not belong to more than 10 boards of directors, excluding the Board of NH Hotel Group, S.A. and the boards of holding companies and family companies, without the express authorisation of the Appointments, Remuneration and Corporate Governance Committee based on the individual circumstances in each case.

C.1.13 State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousand euros)	2.888
Amount of vested pension interests for current members (thousand euros)	
Amount of vested pension interests for former members (thousand euros)	

C.1.14 Identify members of senior management who are not also Executive Directors, and indicate their total remuneration for the year:

Name	Position
MR FERNANDO CÓRDOVA MORENO	GENERAL MANAGER, PEOPLE
MS LAIA LAHOZ MALPARTIDA	GENERAL MANAGER, ASSETS AND DEVELOPMENT
MR ISIDORO MARTINEZ DE LA ESCALERA	GENERAL MANAGER, MARKETING
MR RUFINO PÉREZ FERNANDEZ	GENERAL MANAGER, OPERATIONS
MR CARLOS ULECIA PALACIOS	GENERAL SECRETARY
MR FERNANDO VIVES SOLER	GENERAL MANAGER, SALES

Total remuneration of senior management (€ thousands)	3.501
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C.1.15 State whether there has been any change to the regulations of the Board during the year:

- Yes
 No

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

The directors are appointed by the General Shareholders' Meeting, or provisionally by the Board of Directors in accordance with the provisions contained in the Capital Companies Act and the company's articles of association.

Proposals for appointments or the re-election of members of the Board of Directors is the responsibility of the Appointments, Remuneration and Corporate Governance Committee in the case of independent directors and is the responsibility of the Board itself for all other cases. Proposals should always be accompanied by a report from the Board assessing the proposed candidate's competence, experience and merits, which will be attached to the minutes of the General Shareholders' Meeting or that of the Board.

Proposals for appointing or re-electing any non-independent Director must also be preceded by a report from the Appointments, Remuneration and Corporate Governance Committee.

The Board of Directors must ensure that the selection process for its members favours diversity in terms of gender, experience and knowledge and does not suffer from implicit biases that may lead to any type of discrimination and, particularly, that it facilitates the selection of female directors.

In terms of appointing external directors, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee have a duty to ensure, within the scope of their respective competencies, that the election of candidates falls on people with a solid reputation, proven skills and experience, and who are prepared to dedicate a sufficient part of their time to the Company, taking the utmost care in choosing people who may be selected to be independent directors.

The Board of Directors will propose or designate people who meet the requirements set out in article 9.3.2 of the Regulation of the Board of Directors to cover the position of independent directors.

In any event, those subject to any incapacity, disqualification, prohibition or conflict of interests set forth in current legislation may not be proposed for appointment as Board members. All those directly or indirectly holding interests of any type or that have an employment, professional or mercantile relationship, or relations of any other type with competitor companies, shall be considered as incompatible for the position of director, except when the Board of Directors, with a favourable vote of at least 70% of its members, agrees to set aside this condition. The above is without prejudice to any other waiver that, in compliance with current legislation, the General Shareholders' Meeting had to provide.

C.1.17 Explain how far the annual assessment of the board has led to important changes in its internal organisation, and on the procedures applicable to its activities:

Description of amendment

Following the annual evaluation of the Board of Directors carried out in December 2018, an action plan was developed to improve the detected areas of opportunity.

- The period with which information was provided to the directors prior to the committees/board has improved.
- The Annual Work Plan and the structure of the Audit and Control Committee sessions have markedly improved.
- There has been a slight improvement in the frequency of Board meetings.

There remain, however, areas to improve. Some of these are repetitions of the above such as increasing the frequency of board meetings or receiving documentation prior to the meetings even sooner. Other areas, such as changing the focus of Board presentations, placing greater attention on the new and relevant and less so on what has already been sent are new aspects for improvement that arose in the December 2019 Board Evaluation.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas

The evaluation process of the NH Board of Directors is carried out annually to identify the directors' perceptions regarding the practices of the Board of Directors and its committees in aspects such as composition, operation, sessions or performance of the functions.

KPMG, an independent company specialised in this area, were employed for the evaluation process and have assisted in the collection, order and processing of the forms filled out by the directors, as well as presenting the results and plan of action.

The 2019 evaluation was answered by all board members who held their positions throughout all of 2019.

The directors responded on various issues in reference to NH's governing bodies (operations, Board functions, strategic planning, operational and financial supervision, etc.), as well as questions about the sessions of each committee (planning, presentations, communication and participation, etc.)

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

KPMG, have not participated in any matter presented to the Appointments, Remuneration and Corporate Governance Committee for the years in which they have collaborated in the Board of Directors evaluation process.

C.1.19 Indicate cases in which Directors are compelled to resign.

Directors shall step down when the period for which they were appointed comes to an end or when agreed by the General Shareholders' Meeting based on the powers legally attributed to it.

Article 14.2 of the Regulations of the Board of Directors also stipulates that Directors shall place their office at the disposal of the Board of Directors and tender their resignation in any of the following circumstances:

- a) When they cease the executive positions to which their appointment as Director was associated or when the reasons for which they were appointed disappear, it being understood that said circumstance occurs to a Proprietary Director when the Entity or Business Group they represent ceases to hold a shareholding significant in the Company's share capital or when, for an Independent Director, they are integrated into the executive line of the Company or any of its subsidiaries.
- b) Where they are subject to any incapacity, disqualification, prohibition or conflict of interests established in current legal provisions.
- c) Where they are seriously reprimanded by the Appointments, Remuneration and Corporate Governance Committee for failing to comply with any of their obligations as Directors.
- d) When their continued presence on the Board may affect the good standing or reputation that the Company enjoys in the market, or put its interests at risk in any other way. In this case, the Director must immediately inform the Board of the facts or procedural difficulties that affect said reputation or risk.

C.1.20 Are reinforced majorities other than those applicable by law required for any type of decision?:

- Yes
- No

If so, please describe the differences.

Description of the differences

For the appointment of Directors with direct or indirect interests of any type in, or an employment, professional, commercial or any other relationship with competitor companies, a vote in favour by 70% of the Board members is required (Article 11.3 of the Board regulations).

C.1.21 Explain if there are any specific requirements, other than those relating to Directors, to be appointed Chairman of the Board of Directors.

- Yes
- No

C.1.22 Indicate whether the Articles of Association or the Board Regulations establish any age limit for Directors:

- Yes
- No

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law.

- Yes
- No

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 40 of the Articles of Association sets the rules around delegating votes, stating that "Directors shall personally attend Board meetings and, when they are unable to do so in exceptional circumstances, shall ensure that the proxy granted to another member of the Board shall include the relevant instructions insofar as possible."

Similarly, Article 22 of the Board Regulations in implementing said article adds that "Non-executive directors can only delegate their vote to another non-executive director."

The Board of Directors has not governed the maximum number of times a Director may delegate their vote.

C.1.25 Indicate the number of meetings that the Board of Directors has held over the year. Also indicate, as applicable, the number of times that the Board has met without its Chairman attending. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	8
Number of Board meetings without the Chairman	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0
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Please specify the number of meetings held by each committee of the Board during the year:

Number of Meetings held by the APPOINTMENTS AND REMUNERATION COMMITTEE	8
Number of meetings of the APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE	5

C.1.26 State the number of meetings held by the Board of Directors during the year in which all of its directors were present. For the purposes of this section, proxies given with specific instructions should be considered as attendance

Number of meetings where at least 80% of the directors attended	4
% of attendance over total votes during the year	82.00
Number of meetings in situ or representations made with specific instructions of all directors	8
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100.00

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

- Yes
 No

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

C.1.28 Explain, if applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated annual accounts it draws up from being submitted to the General Meeting of Shareholders with qualifications in the auditors' report.

Article 41.2 of the Regulations of the Board establishes that the Board of Directors shall ensure the financial statements are drawn up definitively so that there is no need for auditor qualifications. Nevertheless, when the Board considers that its criteria should remain unchanged, it shall publicly explain the content and scope of the discrepancies.

C.1.29 Is the Secretary of the Board a Director?

- Yes
 No

If the secretary is not a director, please complete the following table.

Name of the secretary	Representative
MR CARLOS ULECIA PALACIOS	

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

The Board of Directors has established a stable and professional relationship with the Company's external accounts auditor through the Audit and Control Committee, strictly respecting its independence. By way of an example, the Audit and Control Committee holds regular meetings with the external auditor without the executive team being present. In this sense, article 25. b) of the Regulations of the Board of Directors expressly establishes that one of its responsibilities is to pass along to the Board of Directors proposals for selecting, appointing, re-electing and substituting external auditors, as well as conditions for their contracting and regularly collecting information from them on the audit plan and its execution, in addition to preserving its independence in exercising its functions.

Furthermore, the Audit and Control Committee is responsible for establishing suitable relationships with auditors or audit firms in order to receive information regarding any issues that may jeopardise their independence, so that these can be examined by the committee, and any other matters related with the process of conducting financial audits, as well as any other communications stipulated in the financial auditing legislation and audit regulations. In any event, it must receive written confirmation on an annual basis from the auditors or auditing firms of their independence from the Company or entities related to it either directly or indirectly, as well as information on any additional service of any kind provided to such entities and the corresponding fees received by the aforementioned auditors or by persons related to them in accordance with the provisions set forth in legislation regarding auditing.

Likewise, every year, prior to issuing the audit report, the Audit and Control Committee must also issue a report in which it gives its opinion on the independence of the auditors or auditing firms. This report must always contain an assessment of the additional services referenced in the above paragraph, considered individually and together, that are separate from the legal audit and with regard to their independence and to audit regulations.

C.1.31 State whether the Company has changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

- Yes
 No

Outgoing auditor	Incoming auditor
Deloitte, S.L.	PricewaterhouseCoopers Auditores, S.L.

If there were any disagreements with the outgoing auditor, please provide an explanation:

- Yes
 No

C.1.32 State whether the audit firm carries out other work for the company and/or its group other than audit work and if so, state the total fees paid for such work and the percentage this represents of the fees billed to the company and/or its business group:

- Yes
 No

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	161	275	436
Amount invoiced for non-audit services/Amount for audit work (in %)	29,54	23,25	27,66

C.1.33 State whether the audit report of the financial statements for the previous year included qualifications or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

- Yes
 No

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by%)	3,13	3,13

C.1.35 Indicate and, if applicable, provide details of whether there is a procedure whereby Directors can have the information necessary to prepare for meetings of the management bodies with sufficient time:

- Yes
 No

Explanation of procedure

According to article 21 of the Regulations of the Board, the announcement of the meeting, which will be published at least three days before the date of the meeting, will include a preview of the likely agenda for the meeting and will be accompanied by the necessary written information that is available.

Furthermore, article 27 of the aforementioned Regulations indicates that Directors must diligently inform themselves of the Company's progress, and to that end, collect any necessary or pertinent information in order to correctly perform their duty. To this end, the Board has been assigned the broadest possible powers to gain information about any aspect of the Company; to examine its books, registers and documents and any other information concerning its operations. Said right to information is also extended to the various subsidiary companies that are included in the consolidated group, insofar as it is necessary for the Director to correctly perform their functions as referred to in article 6 of said Regulations.

With the aim of not disturbing the Company's normal management, the exercise of the right to information will be channelled through the Chairman or Secretary of the Board of Directors, who will respond to requests from Directors by directly providing him/her the information or putting them in touch with the appropriate people in the suitable level of the organisation. With the aim of being assisted in the exercise of their functions, the Directors may obtain the necessary consulting from the Company to perform their functions. In special circumstances, they may even request that the Company hire legal, accounting or financial consultants or other experts. Such help must relate to specifically defined and complex problems that arise in the course of their work. The decision to employ such services must be communicated to the Chairman of the Company and implemented through the Secretary of the Board, unless the Board of Directors considers that such services are not necessary or appropriate.

C.1.36 State and, if applicable, provide details on whether the company has established rules that require directors to report and, as applicable, resign in those cases where the company's credibility and reputation may be harmed.

- Yes
 No

Explain the rules

The Regulations of the Board includes a mechanism to oblige the Directors to provide immediate notification of all legal proceedings in which they may be adversely affected. In this way, article 14.2.d) of the Regulations of the Board of Directors of NH Hotel Group, S.A., expressly establishes that Directors shall place their office at the disposal of the Board of Directors and tender their resignation when their continued presence on the Board may affect the good standing or reputation that the Company enjoys in the market, or put its interests at risk in any other way. In this case, the Director must immediately inform the Board of the facts or procedural difficulties that affect said reputation or risk.

It also establishes that in all events, those subject to any incapacity, disqualification, prohibition or conflict of interests set forth in current legislation may not be proposed for appointment as Board members.

C.1.37 State whether any member of the Board of Directors has notified the Company that they have been prosecuted or issued with a summons for oral proceedings in relation to the offences indicated in Article 213 of the Spanish Capital Companies Act:

- Yes
 No

C.1.38 List the significant agreements signed by the company and that come into force, are modified or are terminated in the case of a change in control of the company resulting from a take-over bid, and their effects.

The NH Group has signed several financing contracts that contain a clause establishing their early maturity in the event of circumstances that give rise to a change in control of the NH, amongst which includes a Syndicated Credit Line for 250 million euros that matures in 2021. In addition, NH issued guaranteed senior bonds that mature in 2023, which include certain consequences should control of the Issuer change, such as the possibility of NH being required to repurchase the senior bonds.

As a result of the change of control in the Company's shareholders, a unanimous waiver by the creditors of the Syndicated Credit Line amounting to 250 million euros was obtained in September 2018, keeping the maturity until 2021. Additionally, and in line with the change of control, the Company offered the Bondholders the repurchase at 101% of the 2023 Bond for 400 million euros. The requested amount reached only 3.2 million euros of the total nominal.

Likewise, the change of control following a public takeover bid could have different effects on other leasing and hotel management agreements signed by the Company. NH has carried out a study of these clauses and estimates that the change of control will not have a significant economic impact.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	Description of agreement
Two members of Senior Management.	In order to encourage loyalty and permanence in the Company, compensation has been provided for which may be more than the amount resulting from applying legal regulations, in the event of unilateral termination by the Company. These amounts range from one year's fixed salary to two years' total salary, i.e., fixed plus variable pay received over the last two years.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the severance clauses	√	
	Yes	No
Are these clauses notified to the General Shareholders' Meeting?		√

C.2 Committees of the Board of Directors

C.2.1 List all the committees of the Board of Directors, their members and the proportion of Executive, Proprietary, Independent and other external Directors thereon:

AUDIT AND CONTROL COMMITTEE		
Name	Position	Category
MR FERNANDO LACADENA AZPEITIA	CHAIRMAN	Independent
MR JOSÉ MARÍA CANTERO MONTES-JOVELLAR	MEMBER	Independent
MR STEPHEN ANDREW CHOJNACKI	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Audit and Control Committee shall comprise a minimum of three and a maximum of six directors, appointed by the Board of Directors. All members sitting on said Committee shall be External Directors, the majority of whom, at least, must be independent directors, and one of whom must be designated by taking into consideration their knowledge and experience in accounting, auditing, or both. The Chairman of the Audit Committee must be appointed from among its independent members. The Chairman must also be replaced every four years; previous chairmen may be re-elected one year after their previous mandate has ended.

The Audit Committee will have at least the following responsibilities:

1. Report to the General Meeting of Shareholders on any matters broached within the sphere of its competence.
2. Supervise the effectiveness of the company's internal control, internal auditing, where applicable, and risk-management (including tax risk) systems, as well as discussing with auditors or audit companies any significant weaknesses in the internal control system identified during audits.
3. Oversee the process of drawing up and submitting regulated financial reporting.
4. Pass along to the Board of Directors proposals for selecting, appointing, re-electing and substituting external auditors, as well as conditions for their contracting and regularly collecting information from them on the audit plan and its execution, in addition to preserving its independence in exercising its functions.
5. Establish suitable relationships with auditors or audit firms in order to receive information regarding any issues that may jeopardise their independence, so that these can be examined by the committee, and any other matters related with the process of conducting financial audits, as well as any other communications stipulated in the financial auditing legislation and audit regulations. In any event, it must receive written confirmation on an annual basis from the auditors or auditing firms of their independence from the Company or entities related to it either directly or indirectly, as well as information on any additional service of any kind provided to such entities and the corresponding fees received by the aforementioned auditors or by persons related to them in accordance with the provisions set forth in legislation regarding auditing.
6. Issue, once a year and prior to the release of the auditor's report on the financial statements, a report expressing an opinion on the independence of the auditors or audit firms. This report must always contain an assessment of the additional services referenced in the above paragraph, considered individually and together, that are separate from the legal audit and with regard to their independence and to audit regulations.
7. Provide previous information for the Board of Directors on all matters established by law, the articles of association and in the Regulation of the Board, and, in particular on:
 - a. The financial information which the company must periodically publish;
 - b. The creation or acquisition of any equity investments in special purpose vehicles and companies registered in tax havens; and
 - c. Related party operations.

8. Safeguard the independence and effectiveness of the internal audit area; propose the selection, appointment, re-election and removal of the manager of the internal audit service; propose the budget for this service; receive periodic information about its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
9. Set up and oversee a mechanism that allows employees confidentially and anonymously to report any breaches of the Code of Conduct.
10. Supervise compliance and internal codes of conduct, as well as the rules of corporate governance.

The Audit and Control Committee will meet at least once every quarter and as many times as may be necessary, after being called by the Chairperson on their own initiative or upon the request of two of the Committee or the Board of Directors.

The Audit and Control Committee may require any of the Company's employees or managers, including the Company's Accounts Auditor, to attend its meetings. Through its Chairman, the Audit and Control Committee will give the board an account of its activities and work done, either at the meetings scheduled for the purpose or at the very next meeting when the Chairman of the Audit and Control Committee deems it necessary. The minutes of its meetings will be available to any member of the board that requests them.

Non-member Directors may attend Audit and Control Committee meetings on a one-off basis, when invited by the Chairman of the Committee.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR FERNANDO LACADENA AZPEITIA
Date of appointment of the chairperson	25/07/2017

APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Name	Position	Category
MR JOSÉ MARÍA CANTERO MONTES-JOVELLAR	CHAIRMAN	Independent
MR STEPHEN ANDREW CHOJNACKI	MEMBER	Proprietary
MR ALFREDO FERNÁNDEZ AGRAS	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Appointments, Remuneration and Corporate Governance Committee shall comprise a minimum of three and maximum of six Directors and shall be exclusively non-executive directors appointed by the Board of Directors, two of whom, at least, must be Independent Directors. The Chairman of the Committee shall be chosen by the Independent Directors that comprise it. The Appointments, Remuneration and Corporate Governance Committee will have at least the following responsibilities:

1. Evaluate the competences, knowledge and experience necessary on the Board of Directors. For these purposes, it shall define the abilities and functions required by candidates to cover each vacancy, and assess the time and dedication required to correctly carry out their functions.
2. Establish a representation goal for the less represented sex on the Board of Directors and create guidelines for how to achieve said goal.

3. Pass along to the Board of Directors proposals for appointments of Independent Directors for their designation by co-opting or for their submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of said Directors by the General Shareholders' Meeting.
4. Inform the Board of proposals for appointments of remaining Directors for their designation by co-opting or for their submission to the decision of the General Shareholders' Meeting, as well as proposals for their re-election or removal by the General Shareholders' Meeting.
5. Provide notification of proposals for appointing or removing senior management and the basic conditions of their contracts.
6. Examine or organise the Chairman of the Board's and the chief executive's succession and, if appropriate, bring proposals before the Board so that such successions are effected in an orderly fashion.
7. Propose to the Board of Directors the remuneration policy for the directors and general managers or for those who perform functions of upper management directly reporting to the Board, Executive Committee or Chief Executives, as well as the individual remuneration and other contractual conditions for the Chief Executives, ensuring compliance therewith.
8. Supervise and monitor compliance with corporate governance rules and with the corporate social responsibility policy and plan, proposing any necessary Reports to the Board.
9. Periodically evaluate the suitability of the corporate governance system, with the aim of ensuring that it fulfils its mission of promoting the company's interests.

The Board of Directors shall be informed of all the tasks carried out by the Appointments, Remuneration and Corporate Governance Committee during its first meeting, and in all events the corresponding documentation shall be made available to the Board so that it can take these actions into consideration when performing its duties.

The Appointments, Remuneration and Corporate Governance Committee shall meet as often as considered necessary by its Chairman, or when requested by two of its members or the Board of Directors. Furthermore, non-member Directors may attend Appointments, Remuneration and Corporate Governance Committee meetings on a one-off basis, when invited by the Chairman of the Committee.

C.2.2. Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT AND CONTROL COMMITTEE	0	0.00	1	33.00	1	33.00	1	20.00
APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE	0	0.00	0	0.00	0	0.00	1	16.70

C.2.3. Indicate, as applicable, the existence of regulations governing the committees attached to the Board, where they are available for consultation and any amendments that have been made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

The Company Articles of Association (Articles 45 - 48), and the Regulations of the Board of Directors (Articles 23 - 26) comprehensively cover all regulations relating to the Board's Committees. The aforementioned internal regulations of the Company are available on the company website (www.nh-hotels.es), in the section "Shareholders and Investors" - "Corporate Governance". Said website also includes all information regarding the composition of each Committee. The Audit and Control Committee and the Appointments, Remuneration and Corporate Governance Committee annually issue a report on the activities they have carried out during the financial year.

D. RELATED AND IN-GROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

Articles 33.1.c) of the Articles of Association and 5.5.c) of the Board Regulations assign the Board of Directors the duty of approving related party transactions, understood to be transactions between the Company and Directors, significant shareholders or bodies represented on the Board, or people associated with them, as defined in the LSC. This approval will follow a report by the Audit and Control Committee (Article 48.4 of the Articles of Association and 25 b) of the Board Regulations).

Authorisation of the Board shall not be required however, for related party transactions that simultaneously meet the following three conditions:

1. That are carried out under agreements with standardised conditions and are applied in a general way to numerous clients;
2. That are carried out at generally established rates or prices, set by the supplier of the good or service; and
3. Operations with a quantity that does not exceed 1% of the company's annual revenues.

Additionally, on 26 March 2014 the Board of Directors approved a Procedure on Conflicts of Interest and Related Party Transactions, available on the Company's website, which includes the approval of such transactions in greater detail. In this way, the aforementioned Procedure implements the provisions of the Regulations of the Board of Directors and the Internal Code of Conduct on the Securities Market of the NH Hotel Group, S.A., and aims to detail the rules to be followed in those transactions the Group performs with Directors, with people subject to rules of conflict of interest, or with major shareholders. Said Procedure establishes in detail everything relative to i) the written communication that must be submitted by shareholders or Directors regarding transactions to be performed by them or their respective Related Parties to the Secretary of the Board of Directors, who will send it to the Audit and Control Committee periodically for its review and, if necessary, to be passed along to the Board, provided that it does not fall within the pre-established criteria of cases that do not have to be submitted to the Board; and ii) the obligation of maintaining a registry of said transactions.

Finally, to comply with Recommendation 6 of the Code of Good Governance, the Annual Audit and Control Committee Report includes a sections on Related Operations that have been managed in said Committee. This Report was published on the Company's website to coincide with the Board meeting.

D.2. List transactions which are significant for their amount or relevant due to their subject, between the company or entities in its group, and significant shareholders of the company:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
MINOR INTERNATIONAL PUBLIC COMPANY LTD	NH RALLYE PORTUGAL LDA	CONTRACTUAL	MANAGEMENT AGREEMENT	2749
MINOR INTERNATIONAL PUBLIC COMPANY LTD	NH RALLYE PORTUGAL LDA	CONTRACTUAL	RENDERING OF SERVICES	590
MHG CONTINENTAL HOLDING	NH HOTEL GROUP, S.A.	CONTRACTUAL	LICENCE AGREEMENT	116

D.3. List transactions which are significant for their amount or relevant due to their subject, between the company or entities in its group, and the managers or directors of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousands of euros)
No data				N.A.

- D.4.** Report on the significant transactions carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of drafting the consolidated financial statements and do not form part of the Company's normal business in relation to its purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousands of euros)
SOTOCARIBE, S.L.	Loan	9.503

- D.5.** State the amount of any transactions conducted with other related parties that have not been reported in the previous sections.

Company name of related party	Brief description of the transaction	Amount (thousands of euros)
No data		N.A.

- D.6.** Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its Group, and their directors, managers or major shareholders.

Article 32 of the Regulations of the Board establishes the duty of loyalty and the duty to prevent situations of conflict of interest that the Directors must comply with. Thus, the aforementioned article states that Directors must perform their duties with the loyalty of a faithful representative, operating under good faith and in the Company's best interest. In particular, the duty of loyalty obliges Directors to:

- a) Not exercise their powers for purposes other than those for which they have been conceded.
- b) Keep the information, data, reports or background that they have had access to in the performance of their duty confidential, even when they have left the position, except for cases where allowed or required by the law.
- c) Abstain from participating in the deliberation and voting for agreements and decisions in which they or an associate have a direct or indirect conflict of interests. Those agreements or decisions that affect their position as a Director shall be excluded from the above requirement to abstain, such as their selection or removal for positions in the administration body or others of similar significance.
- d) Perform their duties under the principle of personal responsibility with freedom of criteria or judgement and independence with regard to instructions from and connections to third parties.
- e) Adopt the necessary measures for avoiding situations in which his/her interests may enter into conflict with the company's interests and with his/her responsibilities to the company.

In particular, avoiding the situations of conflict of interest referred to in the above letter e), obliges the Director to abstain from:

- i) Carrying out transactions with the Company, except where they were ordinary transactions carried out under standard conditions for clients and of little importance, with these being understood to be those whose information is not necessary to express the true image of the equity, financial situation and profit and loss of the company.
- ii) Using the Company name or their position as director to unduly influence the completion of private transactions.
- iii) Making use of company assets, including confidential Company information, for private purposes.
- iv) Exploiting the Company's business opportunities.
- v) Receiving benefits or remuneration from third parties other than the Company and its Group of associate companies while carrying out my duties, except where these were mere acts of courtesy.
- vi) Carrying out activities on their own account, or for third parties, which would entail either actual or potential effective competition with the Company or which, in any other way, would place them in permanent conflict with the Company's interests.

The above provisions shall also be applicable in the case that the beneficiary of the prohibited acts or activities is an associate of the Director, in accordance with the definition provided in article 231 LSC.

The Company may waive the prohibitions set out in this article, as established in article 230 LSC.

In any event, directors must notify the Board of Directors of any direct or indirect situation of conflict of interest that they or their associates may have with the Company. Situations of conflict of interest involving Directors will be subject to inclusion in the Annual Report.

Additionally, on 26 March 2014 the Board of Directors approved a Procedure on Conflicts of Interest and Related Party Transactions, available on the Company's website, which includes the approval of such transactions in greater detail. In this way, the aforementioned Procedure implements the provisions of the Regulations of the Board of Directors and the Internal Code of Conduct on the Securities Market of the NH Hotel Group, S.A., and aims to detail the rules to be followed when the Company's interests or those of any of its Group's companies directly or indirectly clash with a Director's personal interests. Said Procedure establishes in detail everything relative to i) the obligation of communicating possible situations of conflict of interest to the Secretary of the Board, who will send them to the Audit and Control Committee periodically; ii) the obligation of the affected Director to abstain from attending and intervening in the phases of deliberation and voting regarding those matters in which they are involved in a conflict of interest, both in meetings of the Board of Directors as well as before any other company body, committee or board that participates in the corresponding transaction or decision, and iii) the obligation of keeping a registry of said transactions.

Finally, it should be noted that all related operations entered into between Minor International Public Company Limited (and its group of companies) and NH have been signed under market conditions and in compliance with legal, statutory and the aforementioned provisions, as well as in the Framework Agreement signed between the parties on 7 February 2019 which regulates, among others, the scope of action of the respective hotel groups headed by NH and Minor by means of preferential geographic areas or areas, the mechanisms necessary to prevent and respond to possible conflicts of interest, as well as to carry out operations with related parties and the development of business opportunities. The aforementioned Framework Agreement was duly communicated to the Market via a Relevant Fact and is published in full on the Company's website.

During all Board Meetings dealing with issues related to Minor, the Proprietary Directors were absent when dealing with said matters and therefore did not participate in the adoption of the corresponding agreement.

D.7. Is more than one company in the Group listed in Spain?

- Yes
- No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax compliance risk:

The risk management system of the NH Hotel Group, which is rolled out in both the Group's corporate head office and its Business Units, aims to identify events that may negatively affect achievement of the objectives of the Company's Strategic Plan, providing the maximum level of assurance to shareholders and stakeholders and protecting the group's revenue and reputation.

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

1. To adopt adequate governance in relation to the Company's risk management, as well as promoting an appropriate risk management culture.
2. To ensure that the Company's defined objectives are aligned with its strategy and risk profile.
3. To identify, evaluate and prioritise the most significant risks that could affect achievement of strategic objectives To identify measures to mitigate these risks, as well as establish action plans and Key Risk Indicators based on the Company's tolerance to risk.
4. To follow-up on the action plans and the key indicators established for the main risks, within a continuous improvement model framework.
5. Periodic reporting in SAP GRC by risk managers about the status of their respective risks and, in turn, reporting to the Company's main governing bodies.

Such methodologies and procedures are also used in relation to tax risk management. The NH Hotel Group has a Corporate Tax Strategy that forms part of the Group's Corporate Governance System, the objective of which is to establish the values, principles and rules that must govern the Group's activities in terms of tax, with a Tax Risk Management and Control Procedure.

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

In addition, there are a number of specific policies that complement the Corporate Risk Management Policy and that are established in relation to certain risks:

- Purchasing policy.
- Travel policy.
- Sustainability policy.
- Information security policy.
- Corporate credit policy.
- Corporate tax policy.
- Corporate gifts policy.
- Corporate committees policy.
- Anti-fraud and corruption policy.
- Money laundering and terrorist financing prevention policy.
- Corporate responsibility policy.
- Debt financing policy.
- Code of Conduct.
- Internal Code of Conduct (ICC).

The Group's Risk Map is updated annually and approved by the Board of Directors once reviewed and validated by the Audit and Control Committee. The Company updated its Risk Map in 2019 through a process in which 37 Senior Executives identified and assessed the main risks faced by the Company. The value of each risk is obtained as a result of the product of probability and impact according to a predefined scale (4x4 matrix). This Map was approved by the Board of Directors at its meeting on 25 July 2019.

For the main risks of the Risk Map, the Audit and Control Commission receives a report every six months detailing the operation of the risk management and control system and includes conclusions on it. The measurement of the key indicators is included for this, stating if they are kept within the set tolerance values or if they need to be adjusted. The implementation status of the previously agreed action plans is also included in the report.

Each of the main risks on the Company's Risk Map is assigned a Risk Owner who, in turn, is a member of the Management Committee. Each Risk Owner periodically attends the Audit and Control Committee (in accordance

with an established calendar) to present the existing or ongoing mitigation measures for their risks, implementation status of the action plans and measurement of key indicators in accordance with established tolerances. During 2019, the Owners of the main risks attended the Audit and Control Committee to present their corresponding risks and made a formal validation in SAP GRC.

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

E.2. Identify the company bodies responsible for creating and implementing the Risk Management and Control System, including tax risks:

The Company's Board of Directors is responsible for overseeing the risk management system, in line with the provisions of Article 5 of the Regulation of the Board of Directors.

As regulated by Section 3 of article 25 b) of the Regulation of the Company's Board of Directors, the Audit and Control Committee supports the Board of Directors in supervising the effectiveness of the internal control, internal audit and the risk management systems, including tax risks. In this regard, carried out during the various meetings held in 2019 were control and monitoring of the Company's main risks, their evolution in recent years and the main mitigation and response measures.

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

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

To ensure that there are no conflicts of independence and that the NH risk management and control system works as set out in the Corporate Risk Management Policy, an independent third party has reviewed its operation annually for the last two years.

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

In line with the above, NH follows the Three Lines of Defence model ('The three lines of defence for effective risk management and control' Position Paper issued by the Institute of Internal Auditors in January 2013).

- First line of defence: carried out by each function (business and corporate units) that owns the risk and its management (Operations, Commercial, Marketing, etc.).
- Second line of defence: performed by the functions responsible for risk supervision (Risk Management, Compliance, Data Protection, Internal Control, etc.).
- Third line of defence: carried out by Internal Audit or an independent third party according to the organisational model.

In regard to tax, the Corporate Tax Department forms part of the Finance Department and is responsible for designing, implementing and monitoring the Group's Tax Risk Management.

E.3. State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

The NH Hotel Group's risk catalogue includes a total of 65 risks grouped into the following six categories:

- a) Financial Risks, such as fluctuation of interest rates, exchange rates, inflation, liquidity, non-compliance with financing undertakings, restrictions on financing and credit management.
- b) Compliance Risks, arising from possible regulatory changes, interpretation of legislation, regulations and contracts, and non-compliance with internal and external regulations. This section would include tax, environmental, and fraud and corruption risks. It also covers Reputational Risks, arising from the Company's behaviour which negatively affects fulfilment of the expectations of one or more of its stakeholders (shareholders, customers, suppliers, employees, the environment and society in general)).
- c) Business Risks generated by inadequate management of procedures and resources, whether human, material or technological. This category encompasses difficulty in adapting to changes in customer demand and needs.

- d) Risks arising from External Factors, such as the consequences resulting from natural disasters, political instability or terrorist attacks.
- e) Systems Risks, produced by attacks or faults in infrastructures, communications networks and applications that may affect security (physical and logical) and the integrity, availability or reliability of operational and/or financial information.
- f) Strategic Risks, produced by difficulty accessing markets and difficulties in asset disinvestment.

E.4. State whether the entity has risk tolerance levels, including for tax risk:

The NH Hotel Group's risk management model allows it to identify, evaluate and prioritise the most significant risks that could affect achievement of the Company's strategic objectives. Key Risk Indicators have been defined based on the Company's tolerance to risk so that they can be monitored. These indicators are measured quarterly using SAP GRC.

For the main risks on the Risk Map, the Audit and Control Committee receives a half-yearly report that includes the measurement of the key indicators. This report states if the indicators remain within the set tolerances or if they exceed the acceptable tolerance level in which case the Risk Owners are asked to define mitigation measures to bring the risk level to the desired tolerance level.

Additionally, each Risk Owner periodically attends the Audit and Control Committee to present, amongst other information, the results from the measurement of their key indicators in accordance with the set tolerances.

The results from the measurements of the key indicators for the Company's main risks are also presented at all the meetings held throughout the year by the Executive Risk Committee, formed from members of the Management Committee and Senior Executives. This meeting analyses the measurements and tolerances of the indicators in detail, especially those deviating from an acceptable level of risk.

The NH Hotel Group's Risk Management and Control System seeks to ensure that the Company's defined objectives are aligned with its strategy and risk profile. In the same vein, the corporate Risk Map is aligned with the Strategic Plan, the process of setting objectives and, finally, the budgeting process. To guarantee this alignment, the tolerances defined to monitor the main risks to which the Company is exposed are periodically analysed by the Risk Owners and adjusted if required. In this way, the periodic monitoring of the Company's main risks, as well as the Strategic Plan set the risk tolerance levels.

For tax matters, the Group acts in line with its Corporate Tax Strategy and the Tax Risk Management and Control Procedure. On 11 November 2015, the Group approved its adherence to the Good Tax Practices Code which was approved on 20 July 2010 in the plenary session of the Large Companies Forum.

E.5. State which risks, including tax risks, have had an impact over the year.

In relation to risks which have materialised and had a limited negative effect on the Group in 2019, it is worth noting the exposure to the exchange rate in Latin America and, especially, Argentina (depreciation of the Argentinian peso in a hyper-inflationary environment) as well as the instability in Chile in the final quarter of the year.

With the exception of that previously mentioned, no other risk materialised that had a significant negative impact on the Company's financial statements. In any event, the Company's risk management system has managed to identify, analyse and adequately deal with those risks which threaten compliance of the Company's priority objectives.

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The design of the response to risk takes into account the following factors: the cost/benefit analysis between the impact of risk and the actions to be taken to manage it, the appetite and tolerance for risk and the strategic goals of the NH Hotel Group.

The Company follows an extensive coverage policy by taking out insurance policies for the risks to which it is exposed. It also has a policy of continuously reviewing this coverage.

The Strategic Planning Department oversees the achievement of strategic goals by continuously monitoring strategic objectives and the detection of new risks.

The Internal Audit Department, in carrying out its Risks function, advises the risk managers in defining response plans to mitigate the main risks and supervises their implementation.

In each of its meetings, the Executive Risk Committee's monitors the evolution of the key indicators, the degree of implementation of the Risk Map's action plans as well as new risks and challenges that could affect the company and the industry in the short, medium and long term.

The Audit and Control Committee regularly carries out the following supervisory and control functions, as specified in Article 25 b) of the Regulation of the Board of Directors:

The Tax Department oversees the Group's tax risk management. The Group has approved a Tax Risk Management and Control Procedure in order to identify and, as far as possible, mitigate any tax risk that may arise in Spain or in the countries in which the Group operates.

During 2019, the Company carried out a process to define and identify emerging risks. These risks are those that are expected to have a significant impact on the operations and, therefore, the Company's financial results in the future (long term, 3-5 years or more), although it is possible that in some cases they have already begun to impact the NH Hotel Group business.

Therefore, during the periodic risk oversight and monitoring process in the Executive Risk Committee and the Audit and Control Committee, as well as during the annual risk identification and evaluation process, the Company has the appropriate mechanisms to guarantee that emerging risks and new challenges are taken into account and responded to appropriately. The final result of this analysis is reflected in the corporate Risk Map that is submitted annually to the Board of Directors for approval.

As an additional measure, SAP GRC allows the Risk Owners to report on emerging risks or new risks that are detected at any time so that the Risk Office can analyse them and give due consideration.

Below highlights the emerging risks that the Company has already detected and on which monitoring and analysis, impact assessment and mitigation work is being carried out:

- Technological risks (cyber-attacks, information security, technological innovation)
- Risks related to social behaviour patterns (collaborative economy, changing customer preferences, demographic changes)
- Risks related to climate change (natural disasters, extreme weather events)
- Regulatory risks (data privacy/GDPR, new environmental legislation)
- The dependence on intermediaries and specifically online travel agencies (OTAs) and distributors and the sophistication of technological reservation tools are also considered emerging risks.
- Some geopolitical risks that affect the tourism sector such as terrorism, the change in the economic cycle, political instability and, to a lesser extent, Brexit.
- Some risks arising from external factors such as pandemics or strikes, both internal (hotel staff) and external (e.g. air traffic controllers)

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1. The company's control environment

Report on at least the following, describing their principal features:

F.1.1 What bodies and/or areas are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation, and (iii) their supervision.

Amongst others, the Board of Directors has the powers to determine the risk management and control policy as well as the internal information and control systems as stated in section 3 of article 5 of its governing rules. Likewise, the Board of Directors is responsible for a suitable and effective Internal Control System regarding the Group's Financial Information which aims to provide the Group with a reasonable assurance as to the reliability of the financial information produced and published on the financial markets.
Conversely, the Group's Finance Management is responsible for the design, implementation and proper working of the ICFR.
The Audit and Control Committee is responsible for monitoring the effectiveness of internal control in accordance with section b) of article 25 of the Board of Directors' governing rules. This responsibility is in turn delegated to Internal Audit.

F.1.2 State whether the following are present, especially if they relate to the creation of financial information:

- Departments and/or mechanisms responsible for: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.

Defining and reviewing the organisational structure of the Group is the responsibility of the Management Committee.

Significant changes to the organisation chart, i.e., those affecting Senior Management, are approved by the Board of Directors, after being proposed by the Appointments and Remuneration Committee. The organisation chart is available to all employees on both the Group's intranet.

Both the hierarchical and functional lines of responsibility are duly communicated to all Group employees. The internal communication channels are used for this, amongst which we highlight the intranet, the app for employees, the executive meetings and information boards in each hotel.

In order to fulfil the objectives and responsibilities relating to maintenance and supervision of the Financial Reporting Control process, specific functions have been defined which apply to those responsible for each process involved with Financial Reporting, in order to ensure compliance with the implemented controls, analyse how well they function, and report any changes or incidents that may occur.

On an ascending scale of responsibility, this structure includes the supervisors of each process in the area of control, the directors of each business unit and the directors of each corporate area directly concerned with the processes related to the internal Financial Reporting Control System.

Within the Corporate Finance Department, Internal Control is entrusted with receiving information from the different individuals responsible for the process and is also responsible for ensuring correct operation of the Internal Control System.

- Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.

The NH Group has had a Code of Conduct since 2006, which was last revised in 2015. Responsibility for approving the Code of Conduct rests with the NH Group's Board of Directors. This document affects all NH Group employees, and applies not only to employees, managers and members of the Board of Directors, but also, in certain cases, to other stakeholders, such as customers, suppliers, competitors, shareholders and the communities in which NH runs its hotels.

The Code of Conduct summarises the professional conduct expected of all employees at centres operating under the Group's brands, promoting the commitment to act with integrity, honesty, respect and professionalism in the performance of their work. The NH Group is committed to complying with the laws and regulations in the countries and jurisdictions in which it operates. These include laws and regulations on health and safety, discrimination, taxation, data privacy, competition, anti-corruption, prevention of money laundering and commitment to the environment. The key areas covered by the Code are:

- Commitment to people.
- Commitment to customers.
- Commitment from suppliers.
- Commitment to competitors.
- Commitment to shareholders.
- Commitment to communities and society.
- Commitment to the Group's assets, knowledge and resources.
- Obligations regarding fraudulent or unethical practices.
- Commitment to the stock market.

Since 2014, NH Group has driven the creation of the Compliance function, the scope of which applies to the following key areas:

- Internal Code of Conduct: Sets out minimum standards to be respected in relation to the purchase and sale of securities and privileged and confidential information and its processing.
 - Conflict of Interests Procedure: Establishes the rules to be followed in situations where there is a conflict of interests between the Company, or any of the companies making up the Group, and the direct or indirect personal interests of the Directors or persons subject to the conflict of interests rules.
 - Code of Conduct: Intends to establish the main values and rules which should govern the conduct and actions of each of the employees and executives of the Group, as well as the members of the governing bodies of the companies that form part of the Group.
- Criminal Risk Prevention Model: Describes the crime prevention and management principles in place at NH Group and defines the structure and operation of the control and monitoring bodies set up within the Company, systematising existing controls for the purpose of preventing and mitigating the risk of crimes being committed in the Company's various areas.

Compliance Committee

NH Hotel Group set up the Compliance Committee in 2014, comprising members of the Management Committee and Senior Management. It has the power to oversee compliance with the Group's Internal Code of Conduct, Conflict of Interests Procedure, Code of Conduct and Criminal Risk Prevention Model.

The Compliance Committee has the power to approve decisions and impose, if necessary, disciplinary sanctions on employees in matters within their mandate.

Compliance Office

The Compliance Office is in charge of overseeing compliance with the Code of Conduct and updating, monitoring and overseeing the Criminal Risk Prevention Model. The Compliance Office reports directly to the Compliance Committee.

The Criminal Risk Prevention Model has been implemented in Spain (Business Unit and Corporate) and Italy, where training was imparted on this topic during 2018 and 2019. The percentage of those undertaking training is 75% in Spain (Central Services employees, Hotel Directors and Heads of Department) and 87% in Italy.

In 2018, the roll out of an IT tool in Spain (SAP GRC) was concluded that will help manage and audit the Criminal Risk Prevention Model. During 2019, the Crime Prevention Model was audited by the Internal Audit Department assisted by a top-tier external consultant. Additionally, during 2019, the implementation of the Model to seven other countries begun with the aim of providing the company with a more efficient model.

The Code of Conduct is available for employees on the company intranet, and for third parties on the Group's website. Through the Human Resources departments of each business unit, the NH Group has authorised a procedure whereby each employee is required to adhere to it, with training on the Code of Conduct being made available to all employees.

At 31 December 2019, use of the Code of Conduct through the online course is at 73%.

In regard to financial information and recording operations, a transparent information behaviour is adopted in the Group's Code of Conduct construed as the undertaking to release reliable information to the markets, both financial and of any other nature. Hence, the company's internal and external financial and economic reporting shall faithfully reflect its economic, financial and equity position in accordance with generally accepted accounting standards.

- It is additionally specified in the section on "Obligations regarding fraudulent or unethical practices" that the NH Group adopts a transparent information behaviour, understood as the undertaking to release reliable information to the markets, both financial and of any other nature. Hence, the Company's internal and external financial and economic reporting shall faithfully reflect its economic, financial and equity position in accordance with generally accepted accounting standards with the falsification, manipulation or deliberate use of false information being considered fraud.

- Individuals (amongst whom include, employees, directors, members of the Board of Directors) must transmit information in a manner that is truthful, complete and understandable. Under no circumstances may they knowingly provide incorrect, inexact or inaccurate information and must refrain from:
 - Keeping a record of transactions in non-accounting media not recorded in official books.
 - Keeping accounts which, referring to the same activity and financial year, hide or fake the company's true situation.
 - Recording expenses, income, assets or liabilities which are non-existent or not in line with reality.
 - Noting businesses, acts, transactions or, in general, financial transactions in the compulsory books, or making a note of them with figures other than the true ones.
 - Making entries in accounting books, incorrectly indicating their purpose.
 - Using false documents.
 - Deliberately destroying documents before the end of the legally-required time limit for retaining them.

- Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature.

A procedure has been established for lodging complaints about breaches of the principles enshrined in the Code of Conduct, and this enables employees to provide confidential information about any possible non-compliance. This procedure ensures transparency, confidentiality and respect throughout all its stages.

The procedure for reporting and dealing with possible non-compliance and reports relating to the Code of Conduct is administered by the Senior Vice President of the Group's Internal Audit Department, who acts independently and ensures the channel's confidentiality, giving an account of the most significant incidents over the course the year to the Group's Audit and Control Committee.

Complaints should preferably be lodged electronically using a channel expressly set up for the purpose and available to all stakeholders (codeofconduct@nh-hotels.com), through which they are forwarded to the Internal Audit Department. In addition, they may be sent by post for the attention of the Senior Vice President of NH Hotel Group, S.A. Corporate Internal Audit Department at Santa Engracia 120, 28003 Madrid, Spain.

The Senior Vice President of the Corporate Internal Audit Department is responsible for analysing the information presented and requesting the corresponding evidence and reports. All complaints received are reported periodically to the Compliance Committee and the Audit and Control Committee, upholding the principles of confidentiality non-retaliation guaranteed in the Code of Conduct.

- Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

During 2019, staff from the Corporate Financial Department involved in the preparation and review of the financial information attended training programmes and knowledge update sessions on subjects such as economic forecasts and accounting and tax developments, as well as such as training courses in international taxation.

Similarly, seven members of the Corporate Administration Department and two from Internal Control obtained the "Lean Six Sigma Black Belt for the Services Industry" certification after attending eight training days; a total of 64 hours.

Finally, the Corporate Internal Audit Department, being responsible for reviewing the ICFR model, has a specific training plan that, during 2019, involved a total of 740 hours of training on risks and the reporting tool, audit and fraud prevention conferences, and other topics of interest related to the function which were given to the 10 members of the department. Also during this year, four members of the department obtained the "Certified Internal Auditor Certification", the only certificate recognized worldwide among internal audits. The other members of the internal audit are in the process of obtaining it.

On the other hand, the Corporate Financial Department, through its Internal Control Area, gave training sessions to users of the first line of defence business units, especially in Latin America within the consolidation and development process of the ICFR report.

F.2. Financial reporting risk assessment

Report, at least

F.2.1 The main characteristics of the risk identification process, including error and fraud risk, as regards:

- Whether the process exists and is documented.

The goal of the process of assessing financial risks is to establish and maintain an effective process for identifying, analysing and managing the current risks relevant to the preparation and reporting of financial information.

NH Hotel Group has:

- A Corporate Risk Management Policy approved by the Board of Directors in November 2015. This Policy is publicly available on the corporate website.
- A Corporate Risk Management Manual, approved by the Executive Risk Committee in March 2018, that develops the aforementioned policy.
- An operating procedure for the Risk Committee approved by the Executive Risk Committee in July 2017. The procedure is published in the NH intranet and accessible to all the company's employees.
- A Corporate Tax Policy approved by the Board of Directors in July 2015. This Policy is publicly available on the corporate website.
- A drafting process of the Risk Map.

The Risk Map is updated annually and Senior Executives from finance are involved during the process to identify and assess risks.

There is a formally documented matrix that includes the most important controls and risks of the Internal Control over Financial Reporting System (ICFR). This matrix is reviewed annually by Internal Audit and the external auditor who issues an opinion on the ICFR. The matrix is updated periodically through the identification of key financial risks to ensure the reasonable integrity and exactness of the financial information of the group.

- If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.

In order to ensure the reliability of Financial Reporting, when identifying risks and controls, the accounting errors that may arise from the following objectives for financial information are always considered:

- Completeness: balances or transactions that should be recorded but are not.
- Transaction cut-off: those booked in a period other than when they were accrued.
- Accuracy: transactions recorded with errors (amounts, conditions).
- Occurrence/Existence: registered transactions which have not taken place within the reporting period.
- Valuation/Allocation: record of transactions involving incorrect sums due to inadequate valuation calculations.
- Presentation/Classification: classification errors in the various entries of the financial statements.
- Understandability: lack of quality of financial information which makes it difficult to understand for a person with reasonable economics and business knowledge.

Throughout 2019, Internal Control has continued to update the control activities in the risk matrix and ICFR controls. To do this, it has taken into account the changes that have occurred in the Group's processes and the search to better cover the associated risks, as well as the uniformity of the control activities carried out in the different business units. In this regard, a redesign of controls in human resources and tax areas has been carried out.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.

The Financial Department will consolidate the accounts every month.

This process involves reporting the consolidated income statement and balance sheet reported by each of the Administration Departments of the business units to the Corporate Finance Department.

Each year, the Administration Departments of the business units confirm to the Consolidation area, within the Corporate Financial Department, the companies that are part of their corresponding consolidation perimeters.

Additionally, throughout the year, the business units report on variations which arise in their consolidation perimeter to the Finance Department which, in turn, coordinate the modification of these in all the Group's financial reporting and consolidation systems.

On the other hand, the tax department of the Corporate Finance Department is responsible for maintaining the Group's organisational chart and periodically reporting the updated version to a distribution list of people within the Finance Department to control changes in the consolidation perimeter.

- If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

In designing the risk management process associated with generating Financial Reports, the following objectives have been focused on:

- Definition of the Financial Information Internal Control System processes and sub-processes.
Determination of the relevant risk categories and types for each of the different Internal Financial Information Control System processes defined in the point above.
Corresponding subcategories have been defined for each of these risk categories.
- Definition and analysis of controls for each specific risk and establishment of their degree of effectiveness.
A risk matrix has been established for each of the sub-processes detailed above, in which the most relevant risks for each process are defined, along with the operational controls and their effectiveness in mitigating the risks that affect them.

The governing body within the company that supervises the process.

The company's Board of Directors is responsible for supervising the risk assessment process. To carry out the aforementioned supervision duties, the Board of Directors turns to the Audit and Control Committee, which performs this duty through Internal Audit or the external auditor depending on the nature of the risk.

F.3. Control Activities.

State whether the company has at least the following, describing their main characteristics:

F.3.1 Procedures to review and authorise the financial report and description of the ICFR, to be published on the securities market, indicating its responsible bodies, and documentation describing the workflows and controls (including those regarding fraud risk) of the different types of transactions which can have a tangible effect on the financial accounts, including the accounting close procedure and the specific review of the relevant judgements, estimations, evaluations and projections.

There is a financial information review and authorisation procedure in the NH Hotel Group which is set out below:

- Internal reporting of financial information:

Each month, the Group's Finance Management send the Group's most significant information management to the Board of Directors for their review which contains the income statement and the main economic indicators. Prior to reporting to these governing bodies, the information undergoes a review process by the finance directors at a business unit level, a review process by Group Finance Management at a corporate level and a joint review by Group Finance Management with the finance directors of the business units.

In addition the external auditor of NH realizes limited revisions of the intermediate summarized consolidated financial statements of the Group according to NIC 34, "Intermediate Financial Information" and the audit of the consolidated annual accounts of the group according to IFRS regulation. Additionally the external auditor realized limited revisions of the consolidated financial information of the group in compliance with the International Rules of audit services 2410, "Revision of intermediate financial information realized by independent auditor of the company".

- Reporting of information to stock markets:

The consolidated accounts and the quarterly consolidated financial reports are prepared based on the information reports of the business units and, once reviewed by their respective directors, the consolidation process is undertaken by Corporate Consolidation and the information required to prepare the consolidated accounts is provided both by the Finance Department and other Corporate departments always with the review of the corresponding people responsible for it. Once the consolidated financial statements have been received, they are reviews by the Group's Finance Management and by the Audit and Control Committee before being prepared and approved by the Board of Directors (section b) of article 33 of the Parent's Articles of Association and sections 3. d) and 5. b) of Article 5 of the Board of Directors' Governing rules). Once prepared, they are published through the National Securities Market Commission.

Additionally, each quarter, the Group publishes financial information to the stock markets. Finance Management is responsible for the process of issuing such information while the Board of Directors, in accordance with section 3 of article 40 of its Governing rules, is responsible for ensuring the preparation is carried out in line with the principles, criteria and professional practices with which the Annual Accounts are produced and enjoy the same reliability. To this end, said information is reviewed by the Audit and Control Committee which, when it deems it appropriate, requires the presence of both external and internal auditors.

Likewise, the Board of Directors may request analysis of specific issues, as well as the details of particular financial transactions which, because of their importance, require greater analysis.

The Corporate Organisation Department is responsible for documenting and updating the year-end process, with the support of the Finance Department, which is published on the corporate intranet. This process includes the ICFR controls implemented to mitigate those risks identified at year-end among which are those risks related to the different review levels of the financial information generated.

On the other hand, the NH Hotel Group has implemented an internal control system on financial information (ICFR) based on COSO (Committee of Sponsoring Organizations of the Treadway Commission), as a framework that seeks to ensure that the relevant components and principles of internal control are present and operating jointly in the Organisation, to achieve the following objectives:

- Effectiveness and efficiency of operations
- Reliability of financial information
- Compliance with applicable laws and regulations
- Safeguarding assets

To comply with the objective of ensuring reliability of financial information reported to the markets, the NH Hotel Group has implemented a model based on three lines of defence:

- The first line of defence is all employees responsible for preparing and reporting the financial information reported and the effective execution of ICFR controls.
- The second line of defence is Internal Control, within the Corporate Finance Department, which is responsible for managing and updating the ICFR risk and control matrix as a tool to implement controls that mitigate the identified risks. Among its other responsibilities, it periodically reviews the self-assessment of the controls executed and reported by the first line of defence, communicating and reporting on the main area to improve.
- The third line of defence is the Corporate Internal Audit Department, which delegates the audit of the ICFR to the Audit and Control Committee. The Group's internal control model is audited annually to afford the Audit and Control Committee and Board of Directors reasonable security as to its effectiveness and, as a result, the reliability of the financial information generated and published on the stock market.

As a result of the maturity of the system of internal control of the financial information (SCIIF), fiscal year 2019 has realized the internal certification of the financial controls involving directors of the Business Units, corporate directors and members of the Management Committee of the Group.

The Group's ICFR risk and control matrix considers the relevant business cycles in drafting the financial information prepared and published by the Group, which are detailed below:

- Accounting close, consolidation and financial reporting process
- Purchasing and suppliers
- Sales and customers
- Cash
- Financing
- Fixed assets
- Inter companies
- Tax
- Human resources
- Provisions and contingencies
- Loyalty programme
- Shared services centre
- Business support technological processes

The structure of the financial risk and controls matrix includes the following information:

- Organisational unit: the organisational level to which the controls are implemented and determines the scope of the assessed entities.
- Process and sub-process: set of activities related to a specific function within the operation of an organisational unit. They include those with a potential significant impact on the financial information prepared by the Group.
- Risk: the possible events or actions which could affect the capacity of the company to meet financial reporting objectives and/or implement strategies successfully.
- Description of the control: definition of the control activities included in the policies, procedures and practices applied by the Group to ensure it meets its control objectives and the risk is mitigated.
- Evidence: documentation prepared by the control's owner when executing the control in the first line of defence and that is reported to the following lines of defence to determine the control's effectiveness in mitigating the associated risks.
- Classification of the controls: preventive or detective, manual or automatic; this last one depending on whether they can be monitored using data from automated tools.
- Ownership of the controls: they belong to the first line of defence in accordance with the COSO model. They are those who execute the controls and those responsible for their self-assessment and the assessment of their design.
- Managers of the controls: within the first line of defence are the owners of the sub-processes who are responsible for overseeing the correct execution and reporting of the control activities.
- Frequency: makes reference to how often the controls are executed and reported.

To manage the internal financial information controls model, which is embodied in the update to the risk matrix and ICFR controls, the Corporate Internal Control Department carries out a series of activities, the following of which are of note:

- Planning the evaluation reporting activities for the controls by the first line of defence users.
- Evaluation of the controls' effectiveness in covering the main financial information risks.
- Communication with the first line of defence on incidents detected in relation to the lack of effectiveness of controls resulting from their reviews, and monitoring of compliance with the implemented action plans.
- Communication of incidents and monitoring compliance with the implemented action plans resulting from the annual audits carried out by the Corporate Internal Audit Department.
- Update of the ICFR risks and controls matrix based on: analysis carried out by Internal Control on the scope of the matrix in accordance with quantitative criteria such as balances of the consolidated financial statements, and qualitative criteria such as the complexity of the balances calculation and degree of automation in generating and recording economic transactions, in the main; reporting of proposals to change the design of controls by first line of defence users; communications made by the Corporate Organisation Department on modifications made to those processes that directly or indirectly have an impact on generating and/or reporting financial information.

Within the risks identified in the business cycles defined in the ICFR matrix are the risks of fraud and the controls associated with its mitigation.

Likewise, the matrix includes controls specific to the review of relevant judgements, estimates, valuations and projections whose execution mitigates the risk of reporting unreliable financial information.

Additionally, the Group has a documented procedure which collates the policies to follow in the valuation of those assets of the consolidated balance sheet which involve the making of judgements, estimates, valuations and/or projections with a material impact on the consolidated financial statements.

- F.3.2 Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

Information Security (InfoSec) within Information Systems (IT & Systems) of the NH Hotel Group has a set of security policies and procedures aimed at ensuring the integrity, availability and confidentiality of the company's operational and financial information.

NH Hotel Group has formally defined procedures that regulate changes, maintenance and developments on the systems that hold financial information. Controls are defined in these procedures to ensure that an appropriate system development methodology is followed, assessing the risks and impacts associated with the changes, as well as involving key business users and conducting sufficient and adequate testing before being placed into production.

There is a model implemented that guarantees the appropriate operation of the company's information systems. This model includes event monitoring processes, incident management procedures, guidelines regarding operational continuity (backups, disaster recovery plan, business continuity plan, etc.), as well as user management policies

Finally, this year internal audit has optimized the general IT controls to reduce them to 35 controls that hold the company's financial information.

- F.3.3 Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

The NH Hotel Group has outsourced accounting management to a company with a Shared Services Centre.

The NH Hotel Group's ICFR model includes control activities related to the year-end process and that affect those companies included within the scope of the outsourcing company and which in turn belong to the Group's consolidation perimeter.

Said control activities are executed and reported by users of the Shared Services Centre, although the NH Hotel Group is responsible for their effectiveness to reasonably mitigate the associated risks.

During 2019, the Administration function of the corporate structure of Tivoli was outsourced, and the ICFR model was extended to all outsourced financial reporting and reporting processes affecting these companies.

Additionally, NH Hotel Group's ICFR risk and control matrix has 6 sub-processes and 18 control activities relating to the handover periods of transferring the administrative function to the Shared Services Centre, the settling-in period, the provision of the service, compliance with regulations, the continuity of the service and the governance model in the outsourcing contract.

The NH Hotel Group has also obtained the ISAE 3402 "International Standard on Assurance Engagements" report from an independent third party as a guarantee that the control activities that support the service provider's control objectives operated properly during 2019.

F.4. Information and Communication.

State whether the company has at least the following, describing their main characteristics:

- F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

Through Corporate Consolidation, NH Hotel Group's Finance Management is responsible for defining, updating and correctly applying the accounting policies as well as responding to questions and queries which arise in their interpretation. In this same sense, it is charged with communicating any change which occurs in accounting matters to the heads of the business and corporate units and which affects them in the reporting of financial information. The Group has an accounting policies manual and a consolidation manual -both published on the intranet- in accordance with the International Financial Reporting Standards (IFRS), which are those which govern the NH Hotel Group. The Corporate Organisation Department is responsible for unifying, analysing and publishing the rules and procedures applicable in the Group, among which are the operational, administrative (including accounting), quality and regulatory procedures. It is the responsibility of all departments within the company to periodically review their defined processes, policies and procedures so that may be audited by Internal Audit following the annual audit plan approved by the Audit and Control Committee.

- F.4.2 Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

As discussed in section F.4.1, the consolidated financial information which NH Hotel Group publishes on the stock market is in accordance with International Financial Reporting Standards (IFRS). In this sense, the information reported from the Group's business units follows these international regulations. Likewise, there is a single accounts plan applied by all the companies which are included in the consolidated group. Grupo NH has a common consolidation tool for all companies. This tool centralises all the information corresponding to the accounting of the companies which make up the financial consolidation of the NH Hotel Group into a single system. The input of financial information from the ERP to the consolidation system is automatic for those companies already migrated to the common ERP implemented in most Group companies, or manually for those companies with a different ERP. In this sense, preventive controls have been defined in the consolidation tool itself which ensure data is input correctly. Finance Directors of the business units report the financial information to the Corporate office monthly using two unique standard reporting packets designed by the Corporate Finance Department for reporting of the financial management information and the consolidated balance sheet. The dumping of information from the accounts and the accounting headings to the reporting is the same for both models, having previously been approved by the Corporate Finance Department. Any change in criteria for the dumping and presentation of information to be reported is communicated from the Corporate office to the Finance Directors of the business units. In turn, the Corporate Finance Department uses the same reporting models to prepare the management reports and annual accounts published on the stock market. All this ensures that the information reported between business units is comparable as well as being homogeneous to be included in the Group's consolidated financial reporting. At an internal control level, the area responsible for managing the ICFR model pursues the homogenisation of the processes in all the Group's business units so that the risk and control matrix is the same. Additionally, the self-assessment report and assessment of the controls' design through SAP GRC allows a single reporting model for all business units. Likewise, this method allows reporting evidence of the control activities according to the latest version of the controls recorded in the system.

F.5. Supervision of the system

Describe at least the following:

- F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

Supervisory activities of the Audit Committee

The Audit and Control Committee is the advisory body to which the Board of Directors has delegated its supervisory functions to update and supervise the ICFR. As part of this function and to fulfil the tasks delegated by the Board, the Committee receives and reviews the financial reports which the NH Group issues to the markets and regulatory bodies, particularly the consolidated annual financial statements accompanied by the Audit Report. The Committee supervises the preparation process and the completeness of the financial reports of the Company and its subsidiaries, and checks that the legal requirements applicable to the NH Group are complied with, the consolidation perimeter is appropriate and that generally accepted accounting standards are applied correctly.

The Audit and Control Committee receives an annual report from the Internal Audit SVP on its assessment of the effectiveness of the ICFR model, the weaknesses detected during internal audits, and the plans or actions already in place to remedy any detected weaknesses.

The Audit and Control Committee supports and supervises the work of the Internal Audit department in its assessment of the ICFR. The Committee proposes the selection, appointment and replacement of the body or person responsible for Internal Audit services, validates and approves the strategy, the Internal Audit annual plan and objectives for the year, and is responsible for evaluating the performance of the Internal Audit Department Manager annually.

The Internal Audit Plan for assessing the ICFR is presented to the Audit and Control Committee or its Chairman for approval before it is put into practice, in order to include all the opportune considerations.

The level of implementation of the relevant recommendations arising from the ICFR is reviewed by the Audit and Control Committee at least once a year.

Internal Audit Function

Internal audits are carried out by the Group's Internal Audit Department, which reports functionally to the Audit and Control Committee and administratively to the General Secretariat. This hierarchical structure is designed to guarantee the independence of the internal audit function to encourage direct communication to and from the Audit and Control Committee.

The Internal Audit function, via a team consisting of 10 auditors located in both Corporate and the business units, ensures, within reason, the effectiveness of the internal control system, supervising and evaluating the design and effectiveness of the risk management system applied to the company, including specific IT audits.

This function has internal auditing statutes which were updated in 2017 and have been formally approved by the Audit and Control Committee, and an internal audit manual which sets out the Department's working methods.

In relation to monitoring the ICFR, the Internal Audit Department is responsible for:

- Independently evaluating the internal control model for financial reporting.
- Testing the assertions of the Board.
- Testing the effectiveness of internal controls in the companies within the scope of application.
- Helping to identify weaknesses in controls and reviewing action plans to correct inadequate controls.
- Carry out follow-up work to see if the action plans to mitigate weaknesses in controls have been properly implemented.
- Coordinating between the Board and the external auditor when clarification is needed on scope and testing plans. Scope of ICFR 2019

The NH Hotel Group's ICFR is implemented and consolidated in all its business units. In 2019, the model was extended to companies in the Tivoli hotel portfolio, reporting within the Southern Europe business unit. Therefore, when there is any change in the Group's portfolio, it is integrated into the model's organisational structure.

This implies the scope of all NH turnover, with a portfolio of 307 hotels and 13 business cycles with great significance in the submission of financial reports.

During fiscal year 2019 the number of control activities has been optimized to a total of 290, divided between financial report and IT systems as a consequence of eliminating non key controls and optimizations automatic controls GITC. For each of them control responsables have been defined at corporate level, Business Unit and Shared Service Centre.

- F.5.2 If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Likewise, whether there is an action plan to correct or mitigate the weaknesses found.

The Audit and Control Committee meets at least quarterly to review the periodic financial reports. It also discusses matters relating to internal controls and/or other current initiatives.

The Financial Department, through the Chief Financial Officer, is responsible for notifying senior management of any important matter relating to the ICFR and/or financial reporting through the meetings of the Management Committee.

All the weaknesses detected by the Internal Audit Department during its work are subject to recommendations and action plans agreed with the audited department. The Internal Audit Department supervises the implementation of the agreed actions and reports their status to the NH Group's various governing bodies (mainly the Audit and Control Committee).

The external auditor notifies the Audit and Control Committee of the conclusions of its audit procedures, and any other matters which may be considered important. The external auditor also has access to the Audit and Control Committee in order to share, comment on or report any aspects they consider necessary or pertinent, including without the presence of the Company's Management. The external auditor, without breaching his/her independence, will participate in the dialogue with Management.

F.6. Other relevant information

None.

F.7. Report by the external auditor

Report from:

- F.7.1 Whether the ICFR reports sent to the markets have been reviewed by the external auditor, in which case the company must include the corresponding report as an appendix. If not, it must report its reasons.

The scope of the auditor's review procedures have been carried out in accordance with Circular E14/2013 of 19 July 2013 from the Spanish Institute of Chartered Accountants, whereby the published Guidelines for Action and auditor's report model referred to the information related to the internal control system of the financial information of the listed companies which is attached as an annex.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Code of Good Governance for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company's actions. General explanations are not be acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies Explain

2. That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:

a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies Partially complies Explain Not applicable

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies [X] Partially complies Explain

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

Complies [X] Partially complies Explain

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies Partially complies Explain

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

- a) Report regarding the auditor's independence.
- b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee regarding related-party transactions
- d) Report on the corporate social responsibility policy.

Complies Partially complies Explain

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Complies Explain

8. That the audit committee ensures that the Board of Directors presents financial statements in the audit report for the General Shareholders' Meetings which do not have qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Complies Partially complies Explain

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies Partially complies Explain

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:
- a) Immediately distributes the additions and new proposals.
 - b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
 - c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.
 - d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies Partially complies Explain Not applicable

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.

Complies Partially complies Explain Not applicable

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies Partially complies Explain

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies Explain

14. That the Board of Directors approves a selection policy for directors that:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.
- c) Favours diversity in knowledge, experience and gender.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies Partially complies Explain

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

Complies Partially complies Explain

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.
- b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies Explain

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies Explain

18. That companies publish and update the following information regarding directors on the company website:

- a) Personal and biographical profile
- b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.
- e) The shares and options they own.

Complies Partially complies Explain

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies Partially complies Explain Not applicable

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies Partially complies Explain Not applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies Explain

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

If a director is indicted or sent for trial for any of the offences provided for in company law, the board of directors shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should continue in their post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies [X] Partially complies Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies Partially complies Explain Not applicable

24. When, due to resignation or for other reasons, a director vacates their post before the end of their term, they explain the reasons in a letter sent to every member of the board of directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

Complies Partially complies Explain Not applicable

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies Partially complies Explain

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies Partially complies Explain

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies Partially complies Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies Partially complies Explain Not applicable

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies Partially complies Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require

Complies Explain Not applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies Partially complies Explain

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies Partially complies Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies Partially complies Explain

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies Partially complies Explain Not applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:
- a) The quality and efficiency of the Board of Directors' work.
 - b) The workings and composition of its committees.
 - c) Diversity of membership and competence of the Board of Directors.
 - d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.
 - e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies Partially complies Explain

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies Partially complies Explain Not applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies Partially complies Explain Not applicable

39. That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.

Complies Partially complies Explain

40. Under supervision of the audit committee, there is a unit that carries out the internal audit function, tasked with ensuring the proper functioning of the information and internal control systems and that functionally comes under the non-executive chairman of the board or of the audit committee.

Complies

Partially complies

Explain

41. That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies

Partially complies

Explain

Not applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:
 - a) Supervise the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.
 - b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
 - c) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.
2. With regard to the external auditor:
 - a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.
 - b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
 - c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
 - d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.
 - e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies Partially complies Explain

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies Partially complies Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Partially complies [] Explain [] Not applicable []

45. That the risk management and control policy identify, as a minimum:

- a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.
- b) Fixing of the level of risk the company considers acceptable.
- c) Means identified in order to minimise identified risks in the event they transpire.
- d) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Complies [X] Partially complies [] Explain []

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
- b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.
- c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Partially complies [] Explain []

47. The members of the appointments and remuneration committee (or the appointments committee and remuneration committee, if they are separate) are appointed endeavouring to ensure that they have suitable knowledge, skills and experience for the functions that they are called to perform and that the majority of such members are independent directors.

Complies [X] Partially complies [] Explain []

48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies Explain Not applicable

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [X] Partially complies Explain

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Propose basic conditions of employment for senior management.
- b) Verify compliance with company remuneration policy.
- c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.
- d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.
- e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies [X] Partially complies Explain

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X] Partially complies Explain

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:
- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
 - b) That their chairmen be independent directors.
 - c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
 - d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
 - e) That their meetings be recorded and the minutes be made available to all directors.
- Complies [] Partially complies [] Explain [] Not applicable [X]

53. That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self-organisation, which at least the following responsibilities shall be specifically assigned thereto:
- a) Verification of compliance with internal codes of conduct and the company's corporate governance rules.
 - b) Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.
 - c) The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.
 - d) Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.
 - e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.
 - f) Supervision and evaluation of the way relations with various stakeholders are handled.
 - g) Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.
 - h) Coordination of the process of reporting on diversity and reporting non- financial information in accordance with applicable rules and international benchmarks.

Complies

Partially complies

Explain

54. That the corporate social responsibility policy include principles or commitments which the company voluntarily assumes regarding specific stakeholders and identifies, as a minimum:

- a) The objectives of the corporate social responsibility policy and the development of tools to support it.
- b) Corporate strategy related to sustainability, the natural environment and social issues.
- c) Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.
- d) Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.
- e) Means of supervising non-financial risk, ethics, and business conduct.
- f) Communication channels, participation and dialogue with stakeholders.
- g) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies Partially complies Explain

55. That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.

Complies Partially complies Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies Explain

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies Partially complies Explain

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.
- c) They are configured on the basis of a balance between the achievement of short, medium and long term objectives, which allows the output for continuous performance to be remunerated over a sufficient period of time to appreciate their contribution to sustainable value creation, so that the measurement elements of that performance do not solely revolve around specific, occasional or extraordinary events.

Complies []

Partially complies [X]

Explain []

Not applicable []

The Company's executive short-term variable remuneration has ten per cent linked to the professional performance of both Executive Directors, i.e. their performance assessment. The eight competences measured in this performance assessment are non-financial and are linked to predetermined and measurable performance criteria, as is recommended.

In relation to long-term variable remuneration, although it does not include non-financial criteria as a measure of achievement, it does include a "clawback" clause with an application period of two years from the end of each cycle and for which the payback of the award may be demanded in the following cases:

- i. Restatement of the Company's financial statements wherever not due to the modification of applicable accounting standards or interpretations.
- ii. Any of the Executive Directors being sanctioned for serious breach of the code of conduct and other internal regulations which may be applicable.
- iii. When the settlement and payment of the award was wholly or partially produced on the basis of information whose falsehood or serious inaccuracy is manifestly demonstrated a posteriori.

59. That a material portion of variable remuneration components be deferred for a minimum period of time sufficient to verify that previously established performance criteria have been met.

Complies []

Partially complies [X]

Explain []

Not applicable []

There is no deferral scheme in the Company's current annual variable remuneration system for any of its participants. With long-term variable remuneration, its very nature allows the Company's performance to be seen in the medium and long term (3 years), in addition to ex post control instruments which would be activated when circumstances arise which make it evident that the payment was made on an erroneous premise.

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies Partially complies Explain Not applicable

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies Partially complies Explain Not applicable

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies Partially complies Explain Not applicable

The "Performance Shares Plan 2017-2022" establishes the obligation to retain the shares delivered to the Executive Directors for at least one year. In addition, the Executive Directors will be obliged to hold an amount in shares equivalent to at least one year of fixed remuneration throughout their entire tenure. To determine compliance with this obligation, it considers the share price on the day they were delivered.

63. Contractual agreements include a clause that allows the company to claim repayment of the variable components of remuneration where the payment has not been adjusted to the terms for performance or where they were paid in the light of data which is later proven to be inaccurate.

Complies Partially complies Explain Not applicable

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

Complies Partially complies Explain Not applicable

In no event will the Executive Director appointed in 2017, Ramón Aragonés Marín, and the Executive Director appointed in 2019, Beatriz Puente Ferreras, be entitled to receive any compensation derived from the termination of their position and ending of such commercial relationship. However, the possible indemnities derived from an ending of the employment relationship will continue in effect during their terms as Executive Directors, recognising that period as time employed. Once ended, as appropriate, the business relationship will take over the labour relationship which was in effect between company and employee until the taking on of the new position in all its effects, except in serious and culpable breach and thus declared jurisdictionally.

With regard to the amounts linked to the leave of the previous Chief Executive Officer in 2016 and having provisioned its maximum amounts, during fiscal year 2019 the dispute has been resolved definitively by an amount below the provisioned amount.

H. OTHER RELEVANT INFORMATION

1. If there are any aspects relating to the corporate governance of the Company or the Group's entities which have not been covered in the other sections of this report, but which are necessary to include in order to gather complete and detailed information on the structure and practices of the governance of the entity or the Group, please note them briefly.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In that case, indicate the code in question and the date it was subscribed to. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010.

1. RELEVANT CORPORATE GOVERNANCE ASPECTS THAT HAVE NOT BEEN INCLUDED IN THE OTHER SECTIONS: SECTION A.3.:

The following is a breakdown of the number of shares directly held by each Board member listed in the reference section:

Mr Alfredo Fernández Agras holds 150,000 shares

Mr Ramón Aragonés Marín directly holds 46,156 shares. Additionally, Mr Aragonés holds a total of 227,714 Performance Shares that may be executed as long as the stated objectives are met.

Ms Beatriz Puente Ferreras holds a total of 28,835 direct shares. She additionally holds a total of 110,849 Performance Shares that may be executed as long as the stated objectives are met.

SECTION A.5.:

In regard to the commercial or contractual relations between Minor IPC and the Company and/or its group, refer to section D, Related Transactions.

SECTION A.6.:

The following details the positions that Proprietary Directors who represent to the shareholder Minor IPC hold in companies belonging to its group and that for technical reasons could not be broken down in the reference section.

In view of the foregoing, it is reported that Mr Chojnacki is a Director of the following companies in the Minor IPC group: Anantara

Vacation Club (HK) Limited
Anantara Vacation Club (Cambodia) Co., Ltd.
Anantara (Shanghai) Tourism Consulting Co, Ltd.
Avadina Hills Co., Ltd.
Avani Lesotho (Pty) Ltd
Baan Boran Chiangrai Limited Barbaron
Beach Hotel MHG Limited Chicken Time
Company Ltd.
Coco Palm Hotel & Resort Co., Ltd
Corbin & King Limited
Delicious Food Holding (Singapore) Pte. Ltd. H &
A Park Co., Ltd.

Harbour View Corporation
 Hoi An River Park Company Limited
 Hua hin Village Limited
 Huahin Resort Limited
 Jada Resort and Spa (Private) Limited
 Kulutara Luxury Hotel (Private) Limited
 Layan Bang Tao Development Co., Ltd.
 Layan Hill Residence Co., Ltd.
 Letsatsi Casino (Pty) Ltd
 Liwa Minor Food & Beverages LLC
 MFG International Holding (Singapore) Pte. Ltd.
 MHG Australia Holding Pte. Ltd.
 MHG Australia Investment PYT Ltd.
 MHG Continental Holding (Singapore) Pte. Ltd.
 MHG Desaru Hotel SDN. BHD.
 MHG Desaru Villas SDN. BHD.
 MHG Holding Limited
 MHG International Holding (Singapore) Pte. Ltd.
 MHG IP Holding (Singapore) Pte. Ltd
 MHG Lesotho (Pty) Ltd
 MHG Management Tunisia
 MHG Npark Development Co., Ltd
 MHG Perth Investments PTY LTD
 MI Squared Limited
 Minor Corporation Pcl. Minor
 Development Limited
 Minor DKL Food Group Pty Ltd
 Minor DKL Management Pty Ltd
 Minor Food Group (Singapore) Pte. Ltd.
 Minor Food Holding Co., Ltd
 Minor Hotel Group Gaborone (Pty) Ltd
 Minor Hotel Group Limited
 Minor Hotel Group Management (Shanghai) Limited
 Minor Hotel Group MEA DMCC
 Minor Hotel Group South Africa Pty Ltd
 Minor Hotel Portugal
 Minor Lifestyle Limited
 Mspa International Cairo Mspa
 International Limited
 Navasri Manufacturing Limited
 NYE and RGP Development Co., Ltd
 Oaks Hotel & Resort Limited
 PH Resort (Private) Limited
 Plexus Maldives Pvt. Ltd.
 PT Wika Realty Minor Development
 Rajadamri Lodging Limited Rajadamri
 Residence Co., Ltd
 Rani Minor Holding II Limited
 Ribs and Rumps Operating Company Pty Ltd
 Samui Resort & Spa Limited
 Sands Hotels (Pty) Ltd
 Seredib Hotel Pcl Sizzler
 China Limited
 Tanzania Tourism & Hospitality Investments Limited
 TCC Operations Pty Ltd
 The Coffee Club Franchising Company Pty Ltd
 The Good Life Global Ltd.
 The Minor Good Group Pcl The
 Sothea (K.V.) Pte. Ltd.
 Zanzibar Tourism & Hospitality Investments Limited

Mr Heinecke holds the following positions in Minor IPC group companies: Pacific Cross

International Limited (Director)
 Minor Holdings (Thai) Limited (Director)
 Plu Luang Limited (Board Chairman)
 Sri Bhathana Garden Limited (Director)
 Minor BKH Limited (Board Chairman)
 G5 Jets Limited (Director)
 MD JETS Limited (Director)

MJETS Limited (Director)
 MJETS Maintenance Limited (Director)
 Phuket Vessel Holding Limited (Director)
 Bravo Jets Limited (Director)
 Western - Mjets Limited (Director)
 Minor Food Group (Singapore)
 Pte., Ltd (Director)
 Minor DKL Food Group Pty.Ltd (Director)
 Benihana Asia Pte.Ltd (Director)
 Benihana Holding Pte. Ltd (Director)
 Benihana UK Limited (Director)
 Chao Phaya Resort & Residence Limited (Board Chairman)
 Rajadamri Residence Limited (Board Chairman)
 Zuma Bangkok Limited (Director)
 Panaram Limited (Director)
 Chao Phaya Resort Limited (Director)
 Maerim Terrace Resort Limited (Board Chairman)
 Arabian Spas (Dubai)
 (LLC)(Director)
 MSpa Ventures Limited (Board Chairman)
 Eutopia Holdings Private Limited (Director)
 Harbour View Corporation (Director)
 Jada Resort and Spa (Private)
 Limited (Director)
 Tanzania Tourism and Hospitality Investment Limited (Director)
 Zanzibar Tourism and Hospitality Investment Limited (Director)
 O Plus E Holdings Private Limited (Director)
 PH Resorts (Private)
 Limited (Director)
 Per Aquum Management JLT (Director)
 Sea Fly Limited (Director)
 MHG Desaru Hotel SDN.BHD (Director)
 MHG Desaru Villas SDN.BHD (Director)
 R.G.E. (HKG)
 Limited (Board Chairman)
 Plexus Maldives Pvt Ltd (Director)
 CARDAMON Tented Camp Co.,Ltd.(Director)
 Corbin & King Limited (Director)

Mr Dillipraj Rajakarier is a Director of the following Minor IPC group companies: Minor Hotel Group

Limited
 Samui Beach Residence Limited
 Samui Beach Club Owner Limited
 Coco Residence Limited
 Coco Recreation Limited
 Chao Phaya Resort and Residence Limited
 M Spa International Limited
 Hua Hin Resort Limited
 Hua Hin Village Limited
 Baan Boran Chiangrai Limited
 Samui Resort and Spa Limited
 Coco Palm Hotel & Resort Limited
 MHG Phuket Limited
 MI Squared Limited
 Phuket Beach Club Owner Limited
 Rajadamri Lodging Limited
 Rajadamri Residence Limited
 Zuma Bangkok Limited
 Chao Phaya Resort Limited
 Maerim Terrace Resort Limited
 MHG Holding Limited
 MHG Npark Development Company Limited
 NYE and RGP Development Co.,Ltd.
 Avadina Hills Co., Ltd.
 Layan Hill Residence Co., Ltd.
 Layan Bang Tao Development Co., Ltd. H&A
 Park Co.,Ltd.
 Arabian Spas (Dubai) (LLC)
 Hoi An River Park Company Limited
 Anantara Vacation Club (HK) Limited
 Anantara Vacation Club (Cambodia) Co.,Ltd.
 Sanya Anantara Real Estate Limited



Minor Hotel Management (Shanghai) Limited
MSpa Ventures Limited
Oaks Hotels & Resorts Limited

Eutopia Holdings Private Limited
 Harbour View Corporation Limited
 Jada Resort and Spa (Private) Limited
 Kalutara Luxury Hotel & Resort (Private) Limited
 Tanzania Tourism and Hospitality Investment Ltd
 Zanzibar Tourism and Hospitality Investment Ltd.
 O Plus E Holdings Private Ltd.
 Rani Minor Holding Limited
 The Sothea (K.V.) Pte Ltd.
 PH Resorts (Private) Ltd.
 Per Aquum Management JLT
 Rani Minor Holding II Limited
 Minor Hotel Group South Africa (PTY) Limited
 Minor Hotel Group MEA DMCC
 MHG Desaru Hotel Sdn. Bhd.
 MHG Desaru Villas Sdn. Bhd. M
 SPA International Cairo LLM
 PT Wika Realty Minor Development
 Minor Hotels Zambia Limited
 Avani Lesotho (Pty) Ltd
 MHG Lesotho (Pty) Ltd
 Minor Hotel Group Gaborone (Pty) Ltd
 R.G.E. (HKG) Limited
 Plexus Maldives Pvt. Ltd
 MHG Management Tunisia
 Corbin & King Limited
 (Formerly known as Minor C&K Limited)
 Barbarons Beach Hotel MHG
 Letsatsi Casino (Pty) Limited
 Sands Hotels (Pty) Limited
 MHG Australia Investments Pty Ltd
 Verita MHG Company Ltd
 Anantara /Shangai) Tourism Consulting Co, Ltd
 GHA Holding Ltd
 Minor Hotels Portugal, S.A. MINT
 Residential (VIC) Pty Ltd.
 Chicken Time Co, Ltd.

Mr Kosin Chantikul is a Director of the following companies belonging to the group Minor IPC Ltd:

MHG (India) Private Ltd Bodhi
 Hotel&Resort Put Ltd
 MHG Desaru Hotel Sdn Bhd
 MHG Desaru Villas Sdn Bhd
 Avadina Hills Co, Ltd
 Corbin & King Ltd
 M&S REalty Co Ltd.

Lastly, on 17 January 2020, Mr Aragonés and Ms Puente were appointed members of the Minor IPC Strategic Committee. This appointment falls within the purpose of both Companies to apply unit management criteria in accordance with the provisions of the Framework Agreement signed between NH Hotel Group and Minor IPC on 7 February 2019 and whose full text is available on the Company's website.

SECTION C.1.11.

Other than the positions stated in the reference section, Mr Heinecke also holds the following:

- Executive Management Committee Chairman of Minor International Public Company Limited
- Chairman of the Appointments, Remuneration and Corporate Governance Committee of Indorama Ventures Public Company Limited.

SECTION D.2.

The related transactions described have been signed due to the transaction signed between a Minor's subsidiary and NH Rallye Portugal (100% belonging to NH Hotel Group, S.A.) in order to manage 9 hotels in Portugal and advise the operation of 2 hotels in Brasil. The transaction has been duly informed to the Market on 1st and 30th July 2019.

The first of the mentioned transaction makes reference to the management fess obtained by NH Hotel Rallye Portugal during fiscal year 2019.

The second transaction refers to the Transitional Service Agreement, by virtue of which NH Hotel Rallye pays certain amounts to Minor's subsidiary in order to guarrantly a ordenly transition of the management of the aforementioned hotels.

Finally the last described transaction (under D2) refers to the Brand fee paid due to the Brand Licence agreement by means of which each party licenses to the other party the use of its corresponding commercial brands in the geographical areas where the other party operates. The licence agreement ahs been duly informed to the Market on 7th February 2019.

According to what has been described under sections D1 and D& all related party transactions have been done in compliance with applicable laws and internal regulations, guarantying full transparency and avoiding any conflict of interest.

2. CODES OF ETHICAL PRINCIPLES AND GOOD PRACTICES

NH Hotel Group, S.A. it is a member of the United Nations Global Compact and supports and contributes to the Sustainable Development Goals (SDGs) that contemplate the protection and promotion of fundamental human rights.

Another global frame of reference for NH is the Global Code of Ethics for Tourism, approved in 1999 by the United Nations World Tourism Organization (UNWTO) Assembly. It is a set of 10 principles designed to guide the main tourism development actors, helping to maximise the benefits of the sector, while minimising its impact on the environment, cultural heritage and local communities.

In this vein, in September 2012, NH joined ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) to protect children against sexual exploitation in tourism; also promoted by UNWTO and UNICEF.

NH is part of the International Tourism Partnership (ITP), a global platform for leading companies in the hotel sector that share a common commitment to social responsibility and sustainability. This organisation establishes four main goals, among which is the protection and promotion of human rights, a target that NH endorses and supports.

In 2018, the 16 NH hotels in Mexico initiated a process to voluntarily adhere to the National Code of Conduct for the protection of children and adolescents in the travel and tourism sector that aims to prevent and combat it with special emphasis on child exploitation. It is promoted by the Secretariat of Tourism of the Government of the Republic (SECTUR). In addition, training will be offered to employees in the prevention of human trafficking and child exploitation.

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

Finally, since 2015, NH has adhered to the 20 July 2010 Code of Good Tax Practices.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on.

[25/02/2020]

State whether any directors voted against or abstained from voting on this report

[] Yes
[v] No