

NH Hotel Group

Corporate Anti-Fraud & Corruption Policy

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1. CONTEXT

Fraud and Corruption have become, today, a subject of great social concern. It is important to keep in mind that this is a universal phenomenon that affects all societies and economies, as stated in the Preamble to the 2003 United Nations Convention against Corruption - EDL 2003/247395. Therefore, there is a concern across the world on the part of governments, organisations and companies that are trying to fight fraudulent behaviours through the implementation of new policies in this area, adapted to current legislation, to prevent this type of crime in their field of activity.

The legal rights protected by the laws against corruption in business are the rules of competition, which are intended to uphold "fair and honest competition" and "the rules of proper functioning of the market".

Against this background, the **NH Hotel Group** undertakes to carry out its business activity with complete transparency, honesty, integrity and responsibility, in a reliable manner and always respecting and complying with the applicable laws in every country where the Group has a presence, as established by our corporate values and principles.

In the context of this commitment, established in its Code of Conduct, NH has a **zero tolerance** to **bribery and corruption**, in both the **public and private sectors**. For this reason, the Group has already prepared and implemented policies in this regard as preventive measures, such as the Gift Policy (16 November) and is working on other policies such as a Grants Management Policy (currently being prepared).

In line with the main international rules on corporate responsibility and corruption, such as the recommendations of the OECD, the Foreign Corrupt Practices Act (FCPA) of the United States, the United Kingdom's Bribery Act, or the reforms of criminal legislation in Spain and other countries, it is important for the Group to ensure that it does not allow certain types of behaviour contrary to commercial integrity which would put the Company's reputation at risk.

This Policy establishes the main guidelines for the detection and prevention of fraudulent behaviours, with a special focus on prohibiting any type of bribery.

The legislation treats both active and passive corruption. Consequently, both the person who commits a corrupt act, as well as the person who accepts and benefits from that act, are equally guilty. In both cases, criminal responsibility can not only fall upon the natural persons who commit a criminal act but also, according to the new wording of the Criminal Code, the companies they represent. That is why NH prohibits any type of corruption and bribery such as promising, offering, giving or accepting any incentive or advantage of any nature, directly or indirectly, in order to influence any type of decision that may result in an undue benefit to the Company.

According to current legislation, these crimes are considered serious and can be punished with severe sanctions that affect the persons and entities involved. Therefore, it is very important to understand this policy, become familiar and comply with it.

2. SCOPE OF APPLICATION

Criminal responsibility can be attributed not only to the natural persons who commit the criminal offence but also, according to the new wording of Article 31 bis of the Spanish Criminal Code, to the legal persons they represent. Therefore, NH may be liable for any illegal action carried out by any person contractually related to the Group in any way.

Ensuring compliance with this policy is the **responsibility of all persons working in establishments bearing the name of the NH Hotel Group**. So, **all directors, managers, employees and persons who perform services on behalf of NH**, must comply with the rules and guidelines described in this policy and **must avoid any behaviour, situation or activity** that would **breach** them.

The following groups are subject to the application of this policy:

1. **Employees who work in establishments operating under the name of NH Hotel Group**, irrespective of the type of contract that determines their employment relationship, the position they occupy or the geographical area in which they perform their work. Such establishments include operational centres and central services.
2. **Directors**
3. **Executives of NH Hotel Group, irrespective of the type of contract** determining their employment or business relationship, the position they occupy or the geographical area in which they perform their work. The following are considered executives:
 - a. members of Senior Management (defined as those who report to the Group's Board of Directors or the Executive Director).
 - b. all managers and heads of department, in terms of structure and operation.
 - c. executives should be an example to the staff and how they react to conflicts and complicated situations must be exemplary, all of which means great responsibility.
4. **Interns**
5. Furthermore, **any other legal person or private individual working on behalf of NH** must also avoid any activity that may cause or suggest a breach of this policy

NH Hotel Group is responsible for developing and establishing those instruments and mechanisms necessary for an adequate and efficient coordination between all the companies that make up the Group; all without prejudice or detriment to the autonomous decision-making capacity that corresponds to each of these companies, in accordance with the specific corporate interest of each of them and the fiduciary duties that the members of their administrative bodies have towards all the shareholders.

3. DEFINITIONS

Fraud: wrongful or criminal deception intended to result in financial or personal gain. Fraud is an intentional act committed to secure unfair or unlawful gains for self or others. Fraud can be internal or external and can be broken into three main categories: asset misappropriation, fraudulent financial statements and corruption.

Asset misappropriation fraud happens when people who are entrusted to manage the assets of an organisation steal from it. Asset misappropriation fraud involves third parties or employees in an organisation who abuse their position to steal from it through fraudulent activity.

Financial statement fraud usually involves overstating assets, revenues and profits and understating liabilities, expenses and losses. It is the intentional misrepresentation of a firm's financial statements with the aim to give management/investors a mistaken impression about the hotel/firm's operating performance and profitability.

Corruption is a form of dishonesty or criminal activity undertaken by a person or organization entrusted with a position of authority, often to acquire illicit benefit.

One of the most common practices of corruption is **bribery**.

Bribery means promising, offering, delivering and/or accepting any incentive, advantage or benefit of any kind, directly or indirectly, in order to influence any decision-making process (including governmental, administrative or judicial) that results in an undue benefit, both to them personally and to the Company.

Bribery **may be committed:**

- Directly by one or more persons on their own,
- Indirectly through a Commercial Partner acting on behalf of the Group or third parties.
- During the exercise of professional activity arising from a contractual relationship with NH or taking advantage of a relationship that links any of the parties with the Group.
- In the public and private sector.

Commercial Partner: Third parties acting in the name or on behalf of any company of the NH Group that may interact with external agents (especially in the case that these are Public Officials or Employees) or any association in which the Company has a financial interest and in which these agents act, among others.

(*) *By way of example:* agents, brokers, intermediaries, advisers, consultants, representatives, joint venture partners, co-investors, franchisees, authorised suppliers, travel agencies, authorised carriers or customs agents, lawyers or lobbyists acting in the name of, or on behalf of, the Group.

A bribe can be of a **financial or non-financial** character. This means that a bribe is understood as any amount of money or a gift with an economic value.

As far as bribery is concerned, the legislation distinguishes between public officials and private individuals. **NH does not make any such distinction** and it should be noted that **all forms of bribery and corruption are strictly prohibited, irrespective of the nature of the recipient.**

4. SCOPE

GENERAL PROHIBITIONS:

Gift: any item of tangible or intangible value, broadly defined, in any form and of any nature.

(*) *Examples* include but are not limited to: cash, cash equivalents such as gift cards, and product discounts, loans, gifts, invitations, goods, services, jobs for family members, travel, accommodation, entertainment, meals, reimbursement of expenses, favours, business or employment opportunities, fulfilment of a request to deliver something of value to a third party, contributions for charity or other non-profit organisations and promotional sponsorships.

1. Bribery

The executives, employees and associates of NH Hotel Group must never solicit, accept, offer, provide or authorise bribes of any kind or anything that could be interpreted as a bribe directly or indirectly.

On the other hand, no employee of NH Hotel Group may perform their duties in an inappropriate manner with the expectation of receiving a bribe or as a result of having received one.

All executives, employees and associated persons of NH Hotel Group have a responsibility to know what the law allows in each country where NH has a presence, with respect to the benefits provided or received by them or on their behalf. This also includes knowing if any specific person they are dealing with is a public official.

For these purposes, a Public Official is understood as being:

- Any public official, agent, employee (regardless of rank) or person acting on behalf of:
 - a national, provincial or local government,
 - a department, agency or government agency
 - a company owned or controlled by the state,
 - an international public organisation,
 - a political party
 - or an entity that is financed mostly by public funds.
- Any political party, political candidate for office, or any person acting on behalf of a party or candidate for political office.

(*) *By way of example, these may include:* issuers of government permits, approvals or licences (whether at international, national, regional, municipal level, etc.), airport authorities, employees and managers of state-owned companies, customs, immigration or tax agents, or ministers or representatives of national or foreign

In the event of doubts about the detailed aspects of any anti-corruption law of possible application, consult your line manager, or with the **NH Ethics Helpline** by writing to codeofconduct@nh-hotels.com.

2. Facilitation payments.

Facilitation payments are payments to officials to influence or accelerate administrative procedures to achieve an advantage for the Group.

In this case, a public official could, in exchange for a small payment, enable or accelerate a process that they have an obligation to carry out, such as: issuing permits, licences or other official documents; processing government documents, such as visas and work permits; providing police protection; withholding and delivering mail; providing public services and managing loads. These payments are often called facilitation payments.

These types of payments are illegal under the laws of most countries in the world. In keeping with its policy of compliance with all applicable laws, NH Hotel Group **prohibits** any of its employees, executives, managers or commercial agents from making facilitating payments in the performance of their duties, in order to benefit or obtain an undue advantage for the Company.

Even when a public official has requested an undue payment, that shall not constitute an excuse to violate this policy. NH employees and executives must refuse such requests and make an immediate report to any superior and to the Code of Conduct mailbox. Bribery attempts should be rejected courteously but forcefully. Those requesting bribes should not get the impression that you agree and you must let them know that NH has strict policies and that you could lose your job if you engage in types of behaviour that violate those policies.

3. Anti-competitive practices

Any agreement, covenant or pact with competitors that has the object or effect of limiting or restricting competition may be considered anti-competitive and a potential breach of competition law.

Depending on the jurisdiction, certain agreements represent breaches of anti-monopoly laws, including:

- Formal or tacit agreements to increase, decrease or stabilise prices (e.g. hotel room rates);
- Agreements to reduce production (e.g. retaining inventory);
- Agreements to allocate customers, channels, products or geographic territories (e.g. assigning exclusively clients from one EU country to an intermediary);
- Agreements to refuse to operate or to boycott some customers or suppliers;
- Agreements to coordinate clauses or conditions related to salaries, benefits, fees or other forms of compensation to employees, managers, associates, independent contractors or vendors, except those permitted by specific labour laws.

Without prejudice to the legislation of the corresponding country, there are different business practices that are not allowed:

- Offering prices below real cost or other practices designed to exclude competitors, to maintain or create a dominant position by undermining a competitor's ability to compete, or otherwise designed to discourage competition;
- Absolute exclusivity agreements that deny a competitor access to customers, distribution channels or raw materials, especially if they result in higher prices for customers;
- No "tied" or "conditional" sales agreements must be imposed, without prior authorisation, requiring customers who wish to buy or rent a product, to purchase or rent a second product unjustifiably.

Finally, exchanges of commercially sensitive information with competitors, either directly or indirectly (through consultants, associations, clients, or other third parties, through public announcements, etc.) require specific examination on a case-by-case basis and consultation with the legal department, because in some circumstances these may be sanctioned as infringements of competition law. In particular, the Group will not exchange information about future intentions regarding prices or other commercial conditions.

4. Political contributions

It is not allowed to use funds, property or other resources of the Group to make contributions or offer things of value to political candidates, political parties or party members.

Executives and employees of NH may make political contributions in their personal capacity and participate in any activity related to politics in their free time, but the Group will not reimburse any employee for any personal contribution made for political purposes.

Everyone is free to participate in political activities on their own, as long as this does not interfere with the performance of their duties at the NH Hotel Group and that they do not do so on behalf of the Group or involve it in any way in the exercise of their political activity.

In addition to being prohibited by Group policy, such payments may pose problems with the anti-corruption programme.

REGULATED PRACTICES:

1. Gifts, hospitality and entertainment

To regulate this section, NH has developed and published on the Company's Intranet a specific "Gift Policy" that includes all acts regarding the delivery of gifts, hospitality and entertainment and the manner in which employees and persons connected with NH must act in these circumstances. This policy must be followed in all cases and you must always act in accordance with its content.

By way of reference, NH's Gift Policy states that:

A **gift** is an **object or service voluntarily delivered to a person, free of charge or at a reduced cost**, when there is **no contractual relationship that requires it**.

There is a difference between **goods** (objects), **services** (such as, but not limited to, tickets to shows, football matches, trips, stays, invitations to fairs) and **invitations to meals**.

The Code of Conduct and the Gift Policy of NH Hotel Group establish as a general rule that employees do not have permission to accept gifts or acts of hospitality and entertainment that exceed €200 in value.

In spite of that, no gift, invitation of hospitality or entertainment should be accepted, even those with a value below the established limit, when the context or circumstances in which they are promised, offered or given could give rise to reasonable suspicion that it is an attempt to obtain compliance with an undue action or omission, or compensation for such action.

This established limit is reduced to €30 for employees working in the Purchasing and Projects and Engineering departments.

As a general rule, the NH Gift Policy recommends that, if possible, the gift be returned. In any case, all **employees** are **required to report** any **gift rejected, received, given or promised** by a third party.

On the other hand, to either grant or give something of value must always be done transparently and in accordance with our corporate gift policy. Therefore, it is mandatory to inform the Compliance Committee and always state the reason for offering a gift of value so that it is duly justified and documented.

To expand all the information about this section or to resolve any doubt about it, please, first of all, go to the NH Gift Policy that is published on the NH Intranet. If, after reading you still have doubts about how to act in any situation of this nature, you can send your questions to the following email address: giftcompliance@nh-hotels.com.

2. Donations and Sponsorships

NH Hotel Group undertakes to serve the communities in which it operates. To that end, both NH and its executives, employees and commercial agents can **sponsor events** or **make contributions to charities** for **educational, social, humanitarian purposes** and other legitimate business purposes.

The anti-corruption laws do not prohibit contributions by companies to these types of Non-Profit Organisations in the form of legitimate donations and sponsorships. But companies do have an obligation to guarantee that the funds destined for such purposes are used for and do not deviate from, their intended purpose, and that they reach the appropriate recipients. The **Department of Social Responsibility** will be for this purpose in charge of managing donation and sponsorship requests to which employees and executives of NH wish to respond, as well as ensuring that they are actually carried out in a legitimate and responsible manner.

Group contributions to these types of causes should not give rise to, under any circumstance, any benefit or reward in return. In addition, **contributions** shall be in kind and only **in cash in exceptional circumstances**.

3. Grants

In the context of the activities of NH Hotels, it is possible that the Group may request the concession of **grants, subsidies and public funds** for the development and performance of initiatives and specific Group projects that require this type of aid.

In this regard, and as a preventive measure, the Company is preparing a specific Grants Policy regulating the main guidelines for requesting **grants, subsidies and public funds** from Official Bodies.

In summary:

Grant applications can be managed both directly by the NH Group itself and by intermediaries that provide this service.

Based on the regulations applicable in each country, carrying out any irregular activity when working with public funds may constitute a crime and, consequently, result in sanctions for both the individuals involved as well as their company. Some of the activities considered irregular, and therefore criminal, are:

- **concealing or altering documentation** necessary and required by the authorities in order to obtain the grant;
- **giving funds received for one purpose** a different destination from the one previously reported to the authorities in order to obtain the award.

NH Hotel Group rejects any form of fraud with respect to grants, subsidies and public funds and shall ensure that all its employees and executives act in accordance with the provisions of the rules, being transparent in their relations with the public authorities, avoiding any type of concealment of relevant information in its communications with administrative bodies and using public funds received for the purposes established and for which they have been granted.

4. Contracts with third parties, award of contracts, price fixing, commissions, fees.

Third parties, whether natural or legal persons, may interact with NH Hotel Group in the course of their business. This commitment must not be used to produce an undue advantage or incentive for NH or for personal benefit. Contracts with third parties must always meet the following requirements:

- There is a **legitimate** need for **the goods or services provided**;
- **Pricing** must be **according to market value**;
- **The bidding and adjudication processes** must follow the guidelines established in the corporate purchasing policy;
- There must be a written contract or a similar legal document that governs the relationship;
- Anti-corruption assessments are made in advance as part of the due diligence process;
- **Payments** must be **in accordance with NH's policies and procedures**.

Purchasing and contracting decisions must be based on the possibility of obtaining the best value, taking into account elements such as price, quality, performance, competence, compliance and aptitude (including sustainability criteria) of the third parties with which the Group contracts, whether public authorities, contractors, suppliers and/or commercial partners.

In addition, NH Hotel Group has a list of approved suppliers that comply with the requirements described and with the Group's Code of Conduct. Therefore, no executive or employee of the Group may request or accept any financial or other advantage that is offered, provided, authorised, requested or received as an incentive or reward for the fulfilment of their obligations, inappropriately in relation to purchasing or contracting decisions.

5. Lobbying

Lobbying is interaction with political parties or pressure groups that aims to represent the Group's interests in the processes of policy formulation.

Although NH Hotel Group does not participate directly in political parties, it can participate in lobby groups to contribute its vision to policy debates on topics of interest and special concern to its business, employees, customers, end users and the communities in which it operates. Any NH executive, employee or person connected with the Group who exercises pressure on behalf of the Group must comply with all the requirements of the applicable laws. **Lobbyists should not be used to improperly influence any decision for illegal purposes.**

ACCEPTABLE PRACTICES:

The following payments are expressly excluded from the scope of this policy. Therefore, they shall be considered acceptable and not in breach any of the rules set out above:

- **Commissions paid by NH** – a sum, paid by NH to an employee as a result of a commercial transaction, usually a certain percentage of the sum in question;
- **Commissions invoiced by Coperama (a NH subsidiary)** to external suppliers based on current contracts;
- **Tips** - a sum of money given to an employee by a client as a reward for the quality of their service provision.

5. GENERAL PRINCIPLES

5.1. Zero tolerance

NH does not tolerate or admit any conduct that encourages unlawful acts within the Group. Therefore, NH has a zero-tolerance approach to any type of fraudulent behaviours including corruption in relation to both the private and public sectors.

Failure to comply with the guidelines set by this policy may lead to disciplinary measures, such as penalties imposed by law and additional measures taken by the Group against employees who have carried out fraudulent acts, such as termination of any employment or commercial contract that binds them to the Group.

5.2. Compliance with legislation

Activities carried out by any employee on behalf of NH or in the performance of their duties should always be in accordance with the legislation in force, ensuring compliance with the Group's internal regulations as well as the laws and agreements applicable to the sector and country in which it operates.

When, in the exercise of their functions, any employee has to interact with public bodies or officials, they must have a special duty of care not to interfere with free market competition and never seek to obtain a benefit or advantage for themselves or for the Group.

5.3. Transparency, integrity and accuracy in the keeping of accounting books

Accounting fraud occurs when the annual accounts of the companies do not contain the accounting information necessary to know the current situation and evolution of the Group.

To avoid this, a correct application of accounting principles is necessary, making it possible to obtain a true image of the Group's assets, financial situation and results and to safeguard the impartiality and objectivity required to the information contained in the annual accounts.

Companies are legally obliged to prepare their accounts in accordance with the provisions of the Commercial Code and the rules of the General Accounting Plan.

With regard to accounting responsibility, NH is particularly interested in complying with the principles of transparency, integrity and accuracy by faithfully recording in their accounts any transaction made by the Group. On the other hand, transactions must be documented and must be described in a complete and accurate manner, not only in terms of quantities, but also as to their nature and destination.

NH strictly prohibits any failure to enter mandatory operations, transactions or financial exchanges in its accounts. In addition, all financial transactions or exchanges will be recorded in the accounts following the applicable General Accounting procedures.

No false entry may be recorded or any accepted from a supplier or third party that does not meet legal requirements. All business information, including business and financial transactions, must be disclosed on time and accurately, always reflecting the real situation of each item. NH does not allow entries in the accounting books of amounts that do not represent the actual situation.

The financial information must reflect real transactions and conform to generally accepted accounting principles. All persons are prohibited from establishing undisclosed or unregistered funds or assets.

5.4. Internal control

The recording of transactions in the accounting books as well as compliance with the accounting principles and regulations for the keeping of accounts should be reviewed regularly to ensure that they reflect a faithful image of the Group's assets, financial position and results.

It shall be the responsibility of the Internal Audit Department to evaluate the design and operation of internal controls to ensure the compliance with applicable policies, procedures, authorities, laws and regulations as well as the appropriateness and sufficiency of internal controls to prevent fraud and corruption risks.

5.5. More restrictive local legislation:

Some countries have more restrictive standards than those provided in this corporate policy. In this case, the most restrictive regulations or laws of each country must prevail.

6. INFORMATION CHANNEL

In the event that any person related to NH who has doubts regarding the compliance, application or interpretation of this Policy, should seek advice or send their questions to the **Senior Vice President for Internal Audit** via the **NH Ethics Helpline** (for more details, see the procedure for notifying, processing and resolving non-compliance with the Code of Conduct).

NH has made available to any employee, manager, client, supplier or commercial agent connected with NH an information channel to resolve, first, doubts that may arise regarding fraudulent behaviours and, secondly, to record complaints or suspicions about these types of behaviour and activity when detected in the normal course of the Group's activity.

In this way, any person, without prejudice to reprisals against them and with total and absolute confidentiality, may write to the Code of Conduct mailbox codeofconduct@nh-hotels.com to inform the Group of a breach of this policy.

It is expected that any person who is aware of any infraction or suspected violation of this Policy will communicate it through this Information Channel. NH appreciates this cooperation and, in accordance with its policies, prohibits the adoption of any retaliation against those persons who make such communications in good faith.

7. DISCIPLINARY SYSTEM

It is the responsibility of each and every one of the directors, executives and employees strictly to comply with what is established here, and it is the responsibility of the directors to distribute and explain this Policy to their employees and to supervise their compliance.

Monitoring mechanisms will be implemented to verify the application of the provisions of this Anti-Fraud & Corruption Policy. If there is any evidence of possible breaches of what is established here, the appropriate investigation will be carried out. Periodic audits will be carried out and annual reports on the results will be provided to the corresponding Compliance and Audit Commission.

Violation of the provisions of this Anti-Fraud & Corruption Policy will be considered an infraction subject to disciplinary action to be determined by the HR representative and/or the Compliance Committee, after an appropriate assessment and according to the applicable labour regime. In any event, any form of fraud shall be treated with the greatest severity.

Likewise, failure to comply with this corporate policy may lead to disciplinary action by the Group, such as the suspension or termination of previously established contractual relationships that link the person who has committed the infringement with the Group and in each case without reference to any penalties that may be imposed by the Courts according to applicable legislation, from monetary fines to imprisonment.

8. RELATED DOCUMENTS

- Code of Conduct
- Procedure for notification, processing and resolution of violations of the Code of Conduct
- Corporate Gift Policy
- Corporate Purchasing Policy

9. CONTROL VERSIONS

| Version | Approved by | Decision | Date |
|---------|-----------------------------|-----------|------------|
| 1.0 | Board of Directors | Approved | 31/01/2018 |
| 2.0 | Compliance Committee | Validated | 19/12/2018 |
| 2.0 | Audit and Control Committee | Validated | 10/05/2019 |
| 2.0 | Board of Directors | Approved | 13/05/2019 |