

Environment & Sustainability_General Management

The NH Hotel Group, in its longstanding commitment to the environment and sustainable development, has integrated canyons of sustainability at all levels of the Organization over the years. Therefore, they are part of the daily tasks of all the employees in each of the departments.

The criteria governing the policy of sustainability in the group as well as the different products or services that relate to the environment and sustainable development must be known by the staff. This will provide the staff to clarify our clients in the case that any information of this type is requested.

At the same time, every Department in the hotel must be informed of the monitoring indicators regarding the environment and energy efficiency and to support the management in order to optimize them. All hotel Departments will be informed about the status of the achievement of ratios objective established by the hotel's General Management.

2.1 ENVIRONMENT AND SUSTAINABILITY AT NH HOTEL GROUP

RESPONSIBLE COMMITMENT PLAN 2017-2019:



NH Hotel Group carries out its hotel activity by creating shared value at the economic, social and environmental level wherever it is present. In 2017, with the aim of leading responsible commitment in the industry, it has drawn up the Corporate Responsibility Strategic Plan 2017-2019, establishing the main objectives and initiatives for the different responsible commitments defined by the Company.

The innovative “Room 4” concept encompasses these goals related to the business of NH Hotel Group and its key stakeholders. This transversal three-year plan has been approved by the Company's principal governing bodies and all the areas of the Company are committed to it. On one hand and as starting point for the creation of the Plan, the materiality analysis has been used to determine the key aspects for NH Hotel Group according to its strategy and stakeholders and, on the other hand, the Corporate Responsibility Policy. The United Nations Sustainable Development Goals (SDG) have also been used.

The Plan, a key part of the Company's global strategy, includes its main commitments regarding responsibility, as well as the development of the lines of action in priority areas for the Company: commercial, employee engagement, investment, brand purpose, corporate governance and supplier evaluation. It also provides for annual reporting of the Plan's progress, both consolidated and by Business Unit, to the Board and the Management Committee.

PURPOSE, PILLARS AND COMMITMENTS OF THE PLAN

NH Hotel Group has defined a clear purpose for its Responsible Commitment Plan which is that: *Wherever we are, we strive to have the most positive economic, social and environmental impact.* The Responsible Commitment Plan comprises three pillars of action: People, Planet and Responsible Business. In this document ROOM 4 PLANET is explained. Further info can be found in the Annual Report.



In its commitment to the Planet, NH Hotel Group works to minimize its impact on climate change, increase efficiency of resources and develop more sustainable products. All this by reducing the Company's carbon footprint with responsible consumption of natural resources.

NH Hotel Group has its Sustainability Policy approved by the CEO of the company. It has to be known by all employees, who must be able to respond to questions from guests or stakeholders of their existence and the place where they can consult it.

The Vision on Sustainability

For the NH Hotel Group, sustainability means taking care of the **PEOPLE** who that we host, care for the **DESTINATIONS** where our hotels are located and take care of the **PLANET** we all share. We innovate in order to develop eco-efficient solutions, in a way that the guests in the NH Hotels may feel the site, enjoy a healthy and a pleasant stay and to help take care of the planet.

The Sustainability Policy is available on the intranet and on the NH Hotel Group website:

<https://www.nh-hotels.com/corporate/responsible-and-sustainable-company/sustainability>

A hotel activity has an impact on the environment by the energy and water consumption and waste generation. Additionally, the consumption of water and energy is usually more than 7% of the fixed costs of the hotel. Working on environmental actions in the hotel has positive return for the planet and for the company. This is for the reason why the NH Hotel Group tries to improve every day including the sustainable criteria in the different services that we offer in order to reduce our environmental impact.

At the NH Hotel Group Hotels, in general terms, at least the following environmental initiatives have been implemented:

- Monthly report on the variables:
 - Water consumption.
 - Energy consumption.
 - Carbon footprint.
- Program for the reuse of towels and linen as well as information to the guest on it.
- Control of set point temperatures in rooms and meeting rooms.
- Program on waste recycling.
- The paper used is FSC.
- LED lighting over 75%.
- External Environment Certification (for instance, ISO 14001, Green Key or GreenLeader by TripAdvisor).
- External annual Auditing in order to certify that all the Sustainable Requirements at the NH Hotel Group are observed.
- Green energy consumption.

For each one of the NH Hotel Group Hotels there are annual objectives, the ratios of energy, water and carbon footprint, with the ultimate goal that every one of the hotels can meet the ratio that is optimal for the hotel in question and that is calculated according to their technical specifications, architectural and geographical.

The upending of the individual objectives of each hotel is determined by the fulfillment of the overall objectives of sustainability of NH Hotel Group. Therefore, all actions and initiatives developed at each hotel are relevant to the fulfillment of the objectives at the company level.

The 5Y Plan establishes a series of goals both for the whole of the company as specified by Department of Business and hotel that are related sustainability issues, which is carried out through the following projects:

Green Savings Project

It is directed to the achievement of saving through plans and programs such as:

- Energy efficiency plan.
- Green certifications program.
- Control of consumption ratios through ENABLON.
- Waste Management Plan.

Green Hotel Project

It is directed towards the innovation and brand committed to the sustainability of the NH Hotel Group through actions such as:

- Eco-standards: sustainability criteria on the basic and common elements "Green basics".
- Development and promotion of innovation in Sustainability.
- Agreements and collaborations with key stakeholders.
- Sustainable Mobility Programme.
- Business Plan that integrates sustainable trade initiatives.

2.2 THE HOTEL'S SUSTAINABLE MANAGEMENT

In addition to the NH Hotel Group's commitment to the environmental values the General Management will be responsible for communicating on the hotel's environmental performance to all employees as well as on the objectives in terms of environmental and energy efficiency in an effective manner. Likewise, it must be capable of answering possible questions from any member of the team or guests, either at the hotel itself or through any available means of communication (email, comments on both Trip Advisor and Quality Focus).

Sustainable Hotels

We are able to state that the NH Hotel Group is a sustainable company and committed to the environment. Over the past years the NH Group has implemented several procedures and strategies that have achieved both the reduction in its carbon footprint and in the consumption of resources (water and energy). The same occurs in terms of managing waste efficiently.

The hotels belonging to the NH Hotel Group have implemented initiatives and projects such as:

- All the hotels of the Group have implemented the "ENABLON" software for the recording and the control of consumption that allows comparing the water and energy use on a month-to-month basis with the same period of the previous year. This allows one to easily identify the possible deviations in order to analyze the causes, and therefore, take the appropriate measures.
- An annual target ratio is set for all the hotels for the water and energy consumption, as well as the carbon footprint, which is calculated specifically for each hotel considering its architectural features, location, facilities and historical data.
- Likewise, all the hotels belonging to NH Hotel Group have implemented a system of waste separation in origin that allows recycling either by giving it to a private manager or to Local Governments.

- Every employee in the company has access to a course in environmental studies available on University intranet.
- All the hotels have the option to implement services of sustainable mobility according to the characteristics and type of guest in the hotel.
- All the events at each of our hotels are sustainable ones. In addition, the guests have the opportunity to offset the carbon footprint that has been generated through social and environmental projects.
- Some of our hotels have 'green' certificates such as: ISO 14001, ISO 50001, Green Key, Green Leader by TripAdvisor.
- Many of our hotels have recharging points for electric cars available to the guests.
- Our hotels participate in projects and sustainable initiatives to preserve the environment that surrounds us such as the Cork 2 Cork, Earth Hour, donations to NGOs.

The hotel's environmental objectives in relation to the 5Y Plan

All the hotels in the NH Hotels Group have defined objectives for the water and energy consumption as well as the carbon footprint.

Additionally there are other global objectives for the company that are determined at group level. They are also directly related to the results obtained by the group of hotels.

If the hotel wants it, then it will establish additional objectives, such as the implementation of the bicycle service, to set areas for garden surfaces, to recycle more types of waste, etc.

The hotel Manager is in constant communication with all departments through regular meetings with their Supervisors. In this way they will be able to pass all the information on to the teams.

The Hotel Management must inform the work teams the target ratios on environmental and energy efficiency which are established for their own hotel by the Headquarters, in collaboration with Maintenance personnel when the ratios are received. This communication is to help everyone in the staff understand that the achievement of these ratios is directly related to the annual results of the hotel.

The targets are established specifically by each hotel according to the data history of each one, and also on the basis of its architectural features, size, and geographic location. In addition, the best ratio which the hotel could achieve depending on these variables is set as the target itself.

The control of these ratios is relevant because, for example, the energy expenditure corresponds to 7% of the GOP (Gross Operating Profit), which means that to manage this resource efficiently will affect the results in a significant manner.

Therefore, the Hotel Management must track the level of achievement of those objectives together with the Head of the Maintenance Department. They shall analyze the possible deviations, make decisions in this regard and communicate the findings to the rest of the staff in order to bring about an extra work of awareness-raising and support for the achievement of those objectives.

The Hotel Management shall present the results of monitoring and control of water and power ratios during the regular meetings with the Heads of the different Departments. The Hotel Management may also communicate possible actions to be carried out in order to achieve the ratios that have been established as well as request the collaboration from the staff.

It is convenient to take advantage of these meetings to inform and discuss with the team the possible issues related to environment and energy efficiency that may have been communicated by the Headquarters through the monthly newsletter "Tell the World". In this way the message of

sustainable company may be kept alive among employees and serve as a motivation to continue reducing our environmental impact on a daily basis.

Environmental procedures

This Guide of Procedure is divided into different chapters, each of them is specific to a Department. The chapters explain the interaction of the different activities and processes that are carried out in the hotel regarding the environment.

The Hotels featuring the ISO certifications, have also implemented a number of specific standard procedures of such as:

- Operational control.
- Evaluation of Environmental Aspects.
- Non-conformities and corrective or preventive actions Plan.
- Objectives and goals Plan.

Involvement with local groups

Over the past years, sustainable tourism has increased since the consumer demand has been growing. The providers of tourist services have been developing green programs and Governments have established new policies to encourage sustainable practices in tourism. The Global Sustainable Tourism Criteria are an effort to reach a common understanding, and represent the minimum principles of sustainability that any tourist company must aspire. These criteria are organized around four main themes:

- Effective planning for sustainability.
- Maximizing social and economic benefits for the local community.
- The enhancement of the cultural heritage.
- The reduction of the negative impacts on the environment.

The hotel can, therefore, identify groups or local initiatives which it considers interesting to make alliances in favor of the environment and the conservation of the surroundings where the hotel is located.

If the hotel needs support in the development of these actions, it can request it from the Headquarters.

Energy efficiency

The General Management shall give support to the Maintenance Department to carry out an effective management of energy consumption at the hotel. It shall analyze the possible causes of deviations in the consumption along with Maintenance and approve possible corrective or preventive actions to possible deviations. Likewise, it shall inform the staff in order to get their involvement and awareness in terms of the use of energy.

Water Management

The General Management shall make sure the efficient use of water by the staff in such a way to meet the target ratios established for their hotel. It will also support the decisions and actions taken by the Maintenance Department related to deviations in the consumption and raising awareness in the rest of the staff.

Waste Management

The General Management shall be responsible for evaluating the need to hire a private waste manager or manage the waste with the City Council based on the needs of the hotel and the legal requirements that apply depending on the hotel's location.

The General Management will make sure that there are proper areas for both intermediate and final deposit of waste in the premises. These zones shall remain in good clean condition and must have adequate signage so there is no confusion as to the type of waste to be deposited in each container.

In case that there is a private contractor for waste collection service, the hotel Manager may request a periodic report on the quantities of waste collected by typology.

All types of waste are separated correctly and stored in available areas. Thus, it will avoid any mixing among them.

It is an internal request by the NH Hotel Group that each and every hotel must separate at least 4 types of non-harmful Waste:

- Glass: meaning any glass container.
- Paper and cardboard: understanding as such, paper and cardboard container and office paper.
- Used cooking oil: the oil derived from the kitchens.
- Organic: food leftovers.
- Containers: they may be plastic containers, bricks and cans.
- The furniture removed during the reforms can be given either to employees or donated to NGOs.

The General Management should encourage and promote a good separation of different types of waste in the hotel and should observe that any waste that is classified as "hazardous" (batteries, electronic equipment, toner, etc.) is subject to legal storage and management requirements. In addition, all waste must always be handed over to an authorized administrator.

The General Management must ensure the compliance with the utmost legal requirements by taking measures that are appropriate depending on the situation and location of the hotel.

Note: For more information about how to manage wastes, please refer to the Operative Guideline OI_02_GP_03, which is available on the intranet.

M&E Procedure

At the NH Hotel Group, we believe that our activities can create a direct and indirect impact on the environment in the communities where our hotels are located. And because of this, a MICE procedure has been developed and implemented in order to explain sustainable criteria for Eco-Friendly meetings and events.

Thanks to this initiative, at the NH Hotel Group we integrate our guests in our Sustainability Plan by giving them the opportunity to reduce the environmental impact of their activities without any extra cost.

In addition, we offer those companies and organizations with high environmental awareness the opportunity to make carbon neutral event at a small extra charge to the client.

Working in a sustainable way can be the objective of organizations with a high environmental commitment and in NH Hotel Group we help them meet this requirement:

- We help small companies with few resources allocated to environmental plans to contribute to the development of environmental projects as part of its Policy of Sustainability.
- Large companies, governmental organizations and non-governmental ones contract the services of external consultants to determine the carbon footprint of their events. The NH Hotel Group offers this service free of charge to its clients.
- The client can use the Neutral Carbon certificate along with the logo and the company's name and even post it in press release.
- The international projects, in which we participate, help improve in an exceptional way the ecosystems and the way of life of the most deprived communities.

The main clients who are interested in Eco-Friendly meetings are:

- International organizations.
- Small and medium-sized enterprises with Environmental or Sustainability Policies.
- Non-governmental Associations and Organizations.
- Governmental Associations.

The elements in the room must be prepared, whenever there are meetings and business events, according to the M&E procedure.

The reasons why the meetings and events of NH Hotel Group are Eco-Friendly are the following:

- FSC certified paper.
- Materials without paper: we do not use paper flipcharts in the majority of the hotels.
- Optimized notebooks for not producing more waste paper.
- Oxo-biodegradable pens.
- Access to sustainable mobility services.
- Eco-friendly alternative to conventional bottled water.
- LED lighting and low power consumption.
- Option for organic food in the menus.
- Option to offset the carbon footprint at the event through environmental projects.

The General Management must ensure that the Commercial Department knows this product and is able to transmit to the client its existence and operation. Thus, it shall highlight the commitment in terms of sustainability, which the company has acquired.

Note: For further information on MICE and Eco-Friendly Meetings & Events, Please refer to MICE procedure which is available on the intranet or <http://www.nh-hoteles.es/meetings/eco-friendly-meetings>

Environmental certifications of the hotel

The Environmental certifications of the hotel provide the value in terms of sustainable brand. They also help to ensure the full compliance with the legal requirements and verify that the hotel complies with environmental prerequisites which, in many cases, are required to close business deals. Currently, the NH Hotel Group is certifying hotels under the following standards:

- ISO 14001.
- ISO 50001.
- Green Key.
- Hoteles+Verdes

Also, recognizing our hotels by GreenLeader scheme by TripAdvisor.

The General Management must be aware of its existence and type of certificate that his/her hotel holds and in this way be able to inform the interested party by providing added value to the client and reinforcing the brand image of commitment to the Sustainability of NH Hotel Group.

Likewise, the General Management must be an active part in internal and external audits involving this type of certificates, thus providing the auditors with any requested information.

We can state that the General Management of the hotel contributes to the objectives of sustainability of the company because:

- They are committed to and ensure the compliance with sustainable initiatives by the NH Hotel Group.
- They keep the staff informed in terms of the objectives set for their hotel.
- They monitor the degree of fulfillment of the objectives throughout the year.
- They participate in decision-making for the efficient management of the hotel along with the Maintenance Department and inform the staff about the degree of fulfillment of the objectives throughout the year.
- They actively participate in external certification audits which demonstrate the commitment to an efficient environmental management system aimed at continuous improvement of the environmental performance of the hotel.
- They request the implementation of green mobility services which are more adapted to the situation and features of their hotel.
- They respond to questions or comments either from guests or any member of the team concerning environmental issues.
- They take into account the sustainability of their suppliers and ensure the approvals of eco-friendly products.

Awards and recognitions of the NH Hotel Group

The environmental Plan 2008-2012 of NH Hotels received prestigious national and international awards. At the sectorial level, the NH Hotel Group has been recognized as a leading international hotel chain in sustainability.

The environmental Plan of the NH Hotel Group has been awarded the gold medal to sustainability by the **GBTA** (Global Business Travel Association), moreover, this same organization has awarded the NH Hotel Group the first prize for sustainable hotel chain. At IMEX FRANKFURT the Group won the **Green Supplier** award of the MICE industry (meetings, incentives, conventions and events).

These distinctions have been an incentive to continue working in the field of sustainability, so that these initiatives are strategic for the company in the new 5Y Plan.

Many of these actions have gained their recognition with the **Greenbuilding and Greenlight** awards granted by the European Commission in April 2010 (Frankfurt), which rewards the work carried out by the company in the field of energy efficiency and prevention of the carbon footprint in their hotels. The NH Hotel Group is partner of the European Green Light program.

In September 2011, the Madrid Municipal Company of Transports awarded the prize "**Muévete Verde**" ("Move Green") in regards to the "application of new technologies to mobility", in recognition of the good practices of the hotel chain for the benefit of sustainable mobility in the city of Madrid.

The NH Hotel Group has received from CETRI (European Circle for the third Industrial Revolution) the **TRI AWARD** for its sustainable business model.

Some evidences of International recognition are the number of prizes that NH Hotel Group has been awarded: "**Key Audience Research**" study (KAR) by being valued as one of the best hotel chains. "**Leader of the MercoEnterprises sector 2011**", once again recognized as the company with the best reputation in that sector in Spain. "Responsible MercoEnterprises 2011", the only company in this sector that includes the 50 companies that are the most responsible in Spain.

The NH Hotel Group is actively involved in many initiatives and partnerships with other companies and sectors by promoting sustainable development. Some of them are:

- **World Travel & Tourism council (WTTC):** During the last four years we have participated in this platform which has the support of the highest Management of the 100 most outstanding companies in the world of tourism.
- **International Tourism Partnership (ITP):** In 2011 two events were held in connection with this global platform which brings together the leaders in sustainability of the tourism sector. We have been members of the Working Group that has developed the methodology for the calculation of the carbon footprint for the hospitality industry.
- **Excellence in Sustainability Club:** We are part of the working groups of this organization, whose purpose is to promote sustainable development in the Spanish business sector.
- **Forum of Corporate Responsibility with Entrepreneurs:** The incorporation to this forum took place in 2011 with the aim of promoting entrepreneurs from RC model.
- **European Tourism Conference:** The Group participated in the initiative with the aim of strengthening the development of sustainable tourism in the European destinations. The NH Hotel Group was invited to share their good practices by being considered the responsible reference hotel company in Europe.

We collaborate actively with relevant actors in the sector by establishing directives and guidelines for the tourism sector; examples of these collaborations are the **Global Business Travel Association** (main organization of the sector in the Business Travel segment), **Tripadvisor** or various international universities and technological institutes; We also collaborate on national committees on sustainability and innovation for the tourism sector, the International Standard Organization (**ISO**) and the Spanish Association for quality (**AEC**).

Queries, questions or suggestions

Whenever the General Management Department needs any clarification relating to Sustainability issues, it may contact the Environment and Sustainability Department via the following email: environment@nh-hotels.com

Procedure validation

Version	Corporate Area	Approved by	Document type	Date
3	Environmental & Sustainability Corporate Manager (Process Owner)		Procedure	Nov 2018
2				Feb 2017
1	Operations & Quality		Procedure	June 2015