

nH
HOTELES

ANNUAL REPORT 2012

CORPORATE
RESPONSIBILITY



OUR PRESENCE IN THE WORLD 2012

391
hotels
in **26** countries

58,853
rooms

18,817
employees

16 million
customers

- Argentina
- Germany
- Andorra
- Austria
- Belgium
- Chile
- Colombia
- Slovakia
- Spain
- United States
- France
- The Netherlands
- Hungary
- Italy
- Luxembourg
- Mexico
- Poland
- Portugal
- United Kingdom
- Czech Republic
- Dominican Republic
- Romania
- South Africa
- Switzerland
- Uruguay
- Venezuela

NH Paseo del Prado
(Madrid)

NH Monterrey
(Monterrey)

NH Grand Hotel
Krasnapolsky
(Amsterdam)

Jolly Madison
Towers
(New York)

NH Guadalajara
(Guadalajara, Mexico)

nhow Berlin
(Berlin)

NH Harrington Hall
(London)

NH München Deutscher
Kaiser (Munich)

NH Eurobuilding
(Madrid)

Hesperia
Tower
(Barcelona)

NH City & Tower
(Buenos Aires)

NH Fiera
(Milan)



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This is NH Hoteles' seventh Corporate Responsibility Report detailing the company's approach and economic, environmental and social performance for the 2012 financial year. This report has been produced in accordance with the guidelines set out by the **G3.1 Guide to the Global Reporting Initiative**, being graded as **A+**.

The Report has also been subject to an **independent review** by **KPMG** in relation to the reliability of the information reported and the monitoring of reporting rules. Reported indicators table and our fulfilment is available at the end of this report.

This report and the previous ones are published in digital format and are available at <http://corporate.nh-hotels.es/en/corporate-responsibility-and-sustainability/csr-report>



WE WANT TO HEAR YOUR OPINION

Please, send us your comments and suggestions on this report by e-mail to corporateresponsibility@nh-hotels.com or through the form included in our Corporate Website http://www.suopinioncuenta.es/index_en.html



Dear shareholders

CHAIRMAN



I am pleased to introduce the Company's 2012 Annual Report, which outlines NH Hoteles' performance along the economic, environmental and social dimensions last year and introduces the events taking place in the early part of 2013.

Last year was marked by an especially adverse economic environment that was particularly unfavourable in the main markets where the Company operates. For this reason, NH Hoteles went to significant lengths to adapt its organisational structure to this reality and to secure the refinancing of its debt.

Towards the end of the year, the Group articulated a new corporate governance model, designed to enable more efficient oversight of the Company's highest-level management and governance duties, while facilitating the focus on a more productive business management.

In relation to 2013, we are working intensely to make the Group more solvent so that it can service all its commitments, finance its business plan and reinforce a growth strategy designed to place NH Hoteles in a global leadership position. Along these lines, I am pleased to inform you of the effective investment by the HNA Group, a benchmark

international shareholder and business partner. Our strategic alliance with HNA will translate into business opportunities for NH in the years to come.

I would like to thank all of our shareholders, partners and customers for their support and the confidence they have placed in the Company's new direction. Also my thanks to all of the Company's employees in a complex year, whose constant commitment and hard work is crucial for NH's future.

Lastly, in light of the changes in the composition of the Board of Directors in the early months of 2013, on behalf of the Company I would like to specially thank our outgoing directors and welcome the newcomers.

A handwritten signature in black ink, appearing to read 'Rodrigo Echenique Gordillo'.

Rodrigo Echenique Gordillo
Chairman of NH Hoteles

CEO



Since joining the Company at the end of 2012, I have had the chance to see the Group's performance first hand and come to understand its strengths and enormous potential.

Despite the adverse economic climate prevailing last year, the Company continued to show its ability to innovate and respond to new guest demands, rolling out free Wi-Fi access worldwide in the rooms and communal areas of all the Group's hotels.

Against this backdrop, due to current uncertainty and out of a sense of responsibility, NH Hoteles decided to recognise a series of impairment charges that resulted in a particularly bad earnings performance. These charges however will allow us to rise to the challenges to come from a more realistic position.

Keenly aware of the effects of the prevailing recession, all of the Company's teams are working with intensity, rigour and enthusiasm to add value to our strengths. A broad and diversified portfolio of hotels with prime locations in top destination markets, a varied service offering and a committed and motivated team. These are the bases on which we are building the new NH.

Our vision is that whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they first ask themselves: "Is there an NH Hotel?" NH aspires to be the "top 2 choice" for city/business travelers, offering a different product and service experience.

The roadmap for achieving our goals entails the re-launch of the NH brand and its hotel portfolio by building well-defined product segmentation; revising the portfolio to adapting it into the current and future needs; reinventing the consumers' experiences and solutions; reinforcing the online sales channels; improving our management tools to make us more competitive; and, lastly, specifying where the Company wants to be and in what form.

I would like to thank everyone who is in any way related with our Group. Thanks to your commitment, especially of the employees who have displayed exemplary dedication and constant effort, we are working hard to add value to the Company in 2013 by transforming NH Hoteles into a unique experience of which we can all feel proud.

A handwritten signature in black ink, appearing to read 'Federico González Tejera'.

Federico González Tejera
CEO of NH Hoteles

CORPORATE GOVERNANCE

At the end of 2012, the Board of Directors of NH Hoteles appointed Rodrigo Echenique Gordillo as non-executive Chairman of the Company's highest governing body and Federico González Tejera as Chief Executive Officer.

Rodrigo Echenique Gordillo is deeply familiar with NH Hoteles, having served on its Board of Directors for eight years (1997-2005). He boasts a long and rich professional trajectory, with his experience in banking, in the State Administration and presence on several boards, including the chairmanship of Vallehermoso, standing out. He is currently an independent director at Banco Santander and a non-executive director at Vocento and Agrolimen, S.A.

Federico González Tejera has spent much of his professional career at several leading multinationals in the consumer goods, leisure and tourism industries, including Disneyland Paris and Procter & Gamble. He has spent the last 18 years of his career abroad, working in Belgium, Sweden, Portugal and France, among other countries.

With these two hires, NH Hoteles has articulated a new corporate governance model, splitting the roles of chairman, whose non-executive duties will centre on the Company's management and governance at the highest level, and chief executive, with the newly appointed CEO focusing the Company's business operations.



MANAGEMENT COMMITTEE (AS OF MAY 2013)

- **Mr. Federico González Tejera**, Chief Executive Officer
- **Mr. Ramón Aragonés Marín**, Chief Operations Officer
- **Mr. Ignacio Aranguren González-Tarrío**, Chief Assets & Development Officer
- **Mr. Íñigo Capell Arrieta**, Chief Resources Officer
- **Mr. Roberto Chollet Ibarra**, Chief Financial Officer
- **Ms. Rocío Escondrillas Labad**, Chief Marketing Officer
- **Mr. Carlos Ulecia Palacios**, General Counsel

BOARD OF DIRECTORS (*)

Chairman: Mr. Rodrigo Echenique Gordillo

Vice-Chairman: Mr. José Antonio Castro Sousa

CEO: Mr. Federico González Tejera

Members:

- Mr. Iñaki Arratibel Olaziregi
- Ms. Rosalba Casiraghi
- Mr. Roberto Cibeira Moreiras
- Mr. Ignacio Ezquiaga Domínguez (representing Hoteles Participados S.L.)
- Mr. Manuel Galarza Pont (representing Participaciones y Cartera de Inversión, S.L.)
- Mr. Carlos González Fernández
- Mr. Francisco Javier Illa Ruiz
- Mr. Ramón Lanau Viñals
- Mr. José María López-Elola González
- Mr. Gilles Pélisson
- Mr. Fernando Sobrini (representing Corporación Financiera Caja Madrid S.A.)
- Mr. Carlos Stilianopoulos Ridruejo (representing Sociedad de Promoción y Participación Empresarial Caja Madrid SA)

Secretary, non-member: Mr. Pedro Ferreras Díez

AUDIT AND CONTROL COMMITTEE (*)

Chairman: Mr. Carlos González Fernández

Members:

- Mr. Iñaki Arratibel Olaziregi
- Mr. Manuel Galarza Pont (representing Participaciones y Cartera de Inversión, S.L.)
- Mr. Ignacio Ezquiaga Domínguez (representing Hoteles Participados S.L.)

Secretary, non-member: Mr. Pedro Ferreras Díez

EXECUTIVE COMMITTEE (*)

Chairman: Mr. Rodrigo Echenique Gordillo

Vice-Chairman: Mr. José Antonio Castro Sousa

Members:

- Mr. Manuel Galarza Pont (representing Participaciones y Cartera de Inversión, S.L.)
- Mr. Roberto Cibeira Moreiras
- Mr. Federico González Tejera

Secretary, non-member: Mr. Pedro Ferreras Díez

APPOINTMENTS AND COMPENSATION COMMITTEE (*)

Chairman: Mr. Gilles Pélisson

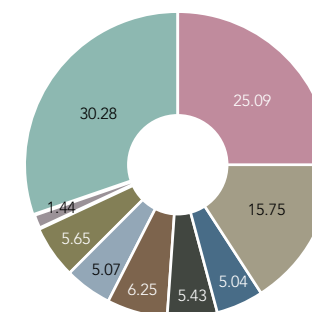
Members:

- Mr. Francisco Javier Illa Ruiz
- Mr. Carlos Stilianopoulos Ridruejo (representing Sociedad de Promoción y Participación Empresarial Caja Madrid SA)

Secretary, non-member: Mr. Pedro Ferreras Díez

(*) As of December 31st 2012

SHAREHOLDING STRUCTURE OF NH HOTELES ON DECEMBER 31ST 2012



- 25.09% Grupo Inversor Hesperia
- 15.75% Banco Financiero y de Ahorros, S.A.
- 5.04% Ibercaja Banco, S.A.
- 5.43% Hoteles Participados, S.L.
- 6.25% CK Corporación Kutxa, S.L.
- 5.07% Pontegadea Inversiones, S.L.
- 5.65% Intesa Sanpaolo S.p.A.
- 1.44% NH Management and Employees
- 30.28% Remaining capital

HNA

In April 2013, NH Hoteles successfully concluded the rights issue approved by the Company's Board of Directors to give Chinese business group HNA a 20% shareholding (post-money). The equity issue (fully subscribed and paid) entailed the issuance of a total of 61,654,358 ordinary shares, each with a par value of €2 plus a share premium of €1.80, giving rise to a total payment of over €234M.

EXPERIENCES AND SOLUTIONS NH HOTELES

WiFree

ecoMEETING

NH & YOU

NH meeting moments

roomAPETIT NH HOTELES

desayunos NH
antiOX

estado puro
los tapas del Pazo Ranzoso

Santeloni
RESTAURANTE

GLYSIUM
SPA & WELLNESS CENTRES



Restaurant Vermeer



Buildings

- 1 nhow Berlin, Berlin - Germany
- 2 NH Fiera, Milan - Italy
- 3 NH Aeropuerto T2 México - Mexico
- 4 Hesperia Tower, Barcelona - Spain



5



6



7



8

Rooms

- 5 NH Josten, Buenos Aires - Argentina
- 6 nhow Milano, Milan - Italy
- 7 NH Príncipe de Vergara, Madrid - Spain
- 8 NH Zandvoort, Zandvoort - The Netherlands



9



10



11

Lobbies

- 9 NH Bogotá 93, Bogota - Colombia
- 10 NH Porta Rossa, Florence - Italy
- 11 NH Ribera del Manzanares, Madrid - Spain



12



14



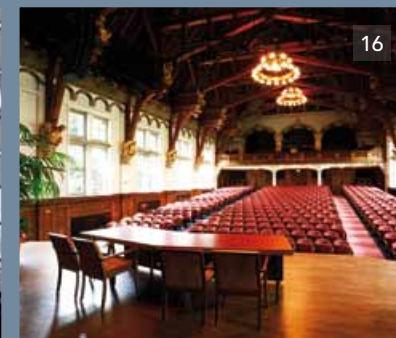
13

Gastronomy

- 12 Restaurant Vermeer, Amsterdam - The Netherlands
- 13 Santceloni, Madrid - Spain
- 14 Terraza del Casino, Madrid - Spain



15



16



17

Meeting Rooms

- 15 NH Lingotto, Turin - Italy
- 16 NH Tropen, Amsterdam - The Netherlands
- 17 NH Constanza, Barcelona - Spain



NH Olomouc, Olomouc - Czech Republic



“NH is synonymous with quality, impeccable and personal guest service, and healthy culinary options across all of the hotels we run”

Eloísa Fernández,
Housekeeping Manager
NH Calderón

REINVENTING THE NH EXPERIENCE

Our target at NH Hoteles is to continuously reinvent the customer experience according to 4 commitments:

- ✓ **We Deliver:** ensure the customer what is to be expected to find, because NH Hoteles provides, always and in all its hotels, the expected services.
- ✓ **We Care:** look after, listen and indulge the customer, paying special attention to the details taken into account.
- ✓ **We make things Easy:** before and during the reservation process, at the check in at the hotel, in the service request, during the stay, at the check out and afterwards in the relation with NH Hoteles by loyalty programmes.
- ✓ **We have the ability to Surprise:** knowing what a guest/consumer likes but does not ask for, providing 'soul' to our hotels in order to make the stay become an 'experience'.

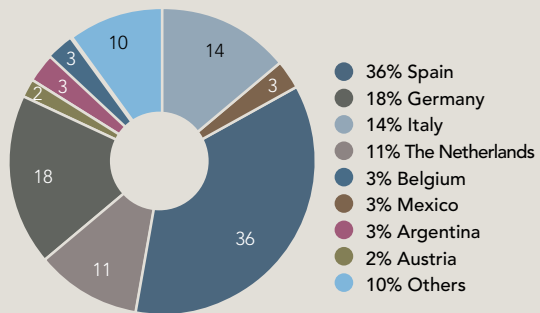
MAIN FIGURES

NH Hoteles has a portfolio of **391 urban and resort hotels**, with **58,853 rooms** in **26 countries** across Europe, America and Africa. Its prime locations in top city destinations make it one of the leading hotel chains in the European business travel segment and an increasingly prominent player in America.



nhow Berlin, Berlin - Germany

BREAKDOWN OF ROOMS BY COUNTRY (DECEMBER 31ST 2012)



AMERICA

36 hotels
7,134 rooms
8 countries



EUROPA

353 hotels
51,477 rooms
17 countries

AFRICA

2 hotels
242 rooms
1 country

NH HOTELES PORTFOLIO BREAKDOWN (DECEMBER 31ST 2012)

	TOTAL		LEASED		OWNED		MANAGED		FRANCHISE	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL NH HOTELES	391	58,853	220	31,868	83	13,820	81	12,643	7	522
EUROPE										
Spain	171	20,677	93	10,712	16	2,428	56	7,108	6	429
Germany	59	10,438	54	9,438	5	1,000	-	-	-	-
Italy	52	8,239	32	5,300	15	2,280	5	659	-	-
The Netherlands	35	6,509	16	2,441	18	3,988	1	80	-	-
Belgium	10	1,550	2	434	8	1,116	-	-	-	-
Austria	6	1,183	6	1,183	-	-	-	-	-	-
Switzerland	4	521	3	399	1	122	-	-	-	-
France	3	556	2	397	-	-	1	159	-	-
Czech Republic	2	579	-	-	-	-	2	579	-	-
United Kingdom	2	321	1	121	-	-	1	200	-	-
Portugal	2	165	2	165	-	-	-	-	-	-
Romania	2	161	1	83	-	-	1	78	-	-
Hungary	1	160	1	160	-	-	-	-	-	-
Luxembourg	1	148	1	148	-	-	-	-	-	-
Slovakia	1	117	-	-	-	-	1	117	-	-
Poland	1	93	-	-	-	-	-	-	1	93
Andorra	1	60	-	-	-	-	1	60	-	-
TOTAL EUROPE	353	51,477	214	30,981	63	10,934	69	9,040	7	522
AMERICA										
Argentina	13	2,049	-	-	11	1,524	2	525	-	-
Mexico	13	2,040	5	689	4	681	4	670	-	-
Dominican Republic	3	1,261	-	-	-	-	3	1,261	-	-
Venezuela	3	1,147	-	-	-	-	3	1,147	-	-
United States	1	242	-	-	1	242	-	-	-	-
Colombia	1	137	-	-	1	137	-	-	-	-
Uruguay	1	136	-	-	1	136	-	-	-	-
Chile	1	122	-	-	1	122	-	-	-	-
TOTAL AMERICA	36	7,134	5	689	19	2,842	12	3,603	0	0
AFRICA										
South Africa	2	242	1	198	1	44	0	0	-	-
TOTAL AFRICA	2	242	1	198	1	44	0	0	-	-

2012 RESULTS: MARKED BY PRUDENT IMPAIRMENT CHARGES

Due to the sharp deterioration in the economic climate in southern Europe, NH Hoteles posted a recurring net loss of €66.9M in 2012, compared to a loss of €9.1M in 2011. As a result of adverse economic trends, particularly in Spain and Italy, the Group tested the recoverable value of its assets on the basis of its business plan, deciding to increase asset impairment provisions to €268M. As a result, the Group registered a consolidated net loss of €292M. Note that these impairment provisions do not imply any cash outlay whatsoever.

HOTEL ACTIVITY AND REAL STATE

Turning to the Group's hotel business performance, NH Hoteles managed to keep its occupancy rate steady at 2011 levels; however, revenue narrowed by 3.4% due to hotels sold in 2011, which make up close to the half of the decrease in sales, as well as the slowdown in the meetings, conventions and events segment, a drop in restaurant takings and a decline in the average daily rate (ADR).

The business climate deteriorated in Spain and Italy in the last quarter of the year relative to the first nine months and the business travel segment was affected by the adverse economic climate engulfing these countries, prompting significant underperformance by secondary cities relative to the main urban destinations. The Benelux Business Unit gained momentum in the last quarter of the year: despite downward pressure on prices, the Company managed to increase its market share. The occupancy rate in this Business Unit improved by 1.1% across comparable hotels in 2012, although the ADR narrowed by 3.4%.

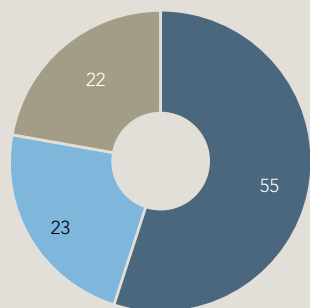
The Central Europe and Americas Business Units were the Group's top-performers in 2012. The occupancy rate in Central Europe rose sharply, as did pricing in all German cities, with Munich and Berlin standing out. Trends in Latin America were mixed. Whereas Argentina was affected by the decline in demand from two of its core issuer markets (Spain and Brazil), Mexico posted a stellar performance, registering growth in RevPar (revenue per available room) of over 10%.

Revenue in the real estate business rose 30% to €22.1M, up from €16.9M in 2011. Deeds were exchanged on a total of 25 homes for an amount of €10.7M, compared to €1.5M in 2011.



Hesperia Tower, Barcelona - Spain

BREAKDOWN BY ROOMS (DECEMBER 31ST 2012)



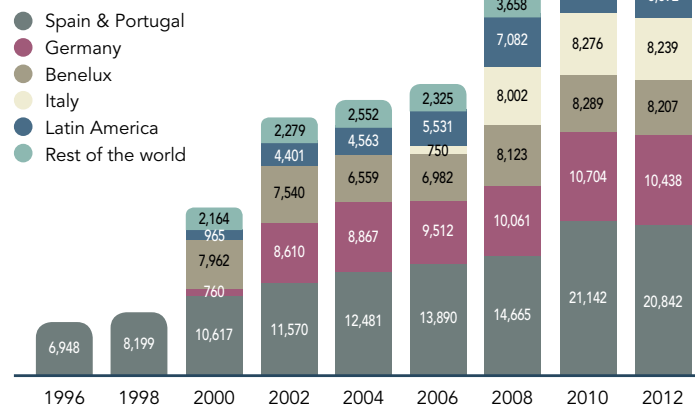
- 55% Leased
- 23% Owned
- 22% Managed

NH HOTELES: AN INTERNATIONAL PLAYER

100% of the rooms opened and contracts signed last year were arranged under management contracts. The Group opened four new hotels in 2012, adding a total of 673 new rooms; it also extended a resort complex in the Dominican Republic by 180 rooms and signed agreements for the upcoming management of five new hotels that will add 908 rooms to the Group's portfolio. Among the new openings, the chain's debut hotel in the **Slovakian market** and the urban hotel in the **Dominican Republic** stand out.

HOTEL ROOMS, 1996 - 2012

Compound annual growth rate: 13.4%



MAIN FIGURES OF THE NH HOTELES GROUP AS AT DECEMBER 31ST 2012

NH HOTELES, S.A. P&L ACCOUNT			
(€ million)	2012	2011	2012/2011
Hotel Revenues	1,288.0	1,339.2	(3.8%)
Real estate sales and other	22.1	17.0	30.3%
TOTAL REVENUES	1,310.13	1,356.21	(3.4%)
GROSS OPERATING PROFIT	411.12	454.28	(9.5%)
EBITDA	118.16	164.15	(28.0%)
EBIT	5.5	45.17	(87.8%)
NET RESULT before minorities	(66.9)	(9.1)	(635.5%)
Non recurring EBITDA	(40.2)	38.2	(205.1%)
Other non-recurring items	(185.0)	(22.9)	(708.4%)
NET RESULT including non-recurring activity	(292.1)	6.2	(4,785.2%)

OPEN HOTELS DURING 2012

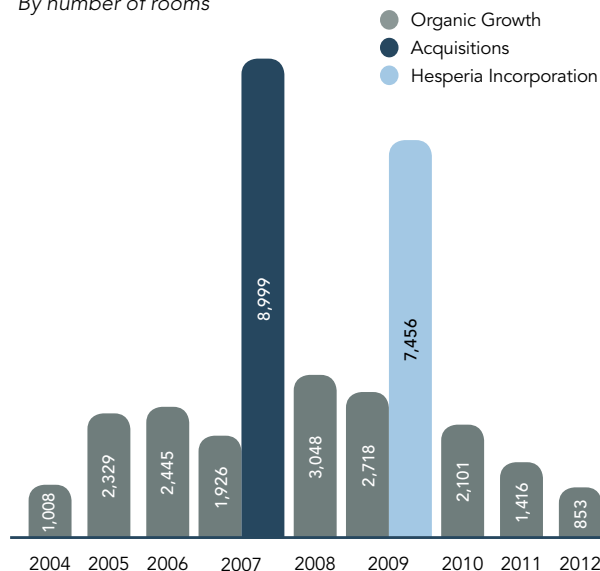
HOTELS	CITY	COUNTRY	ROOMS
Now Larimar Garden View (extension)	Punta Cana	Dominican Republic	180
NH Punta Cana	Punta Cana	Dominican Republic	66
NH Gate One	Bratislava	Slovakia	117
NH Prague	Praga	Czech Republic	442
NH Ourense	Ourense	Spain	48
TOTAL NEW OPENINGS			853



Hesperia Bilbao, Bilbao - Spain

PERFORMANCE OF OPENINGS AND INCORPORATIONS

By number of rooms



EXIT FROM NON-CORE HOTELS

Hotels exited by the NH Group in 2012

HOTELS	COUNTRY	ROOMS
NH Trier	Germany	215
Hesperia London Victoria	United Kingdom	212
Hesperia Gelmirez	Spain	138
NH Praha Radlicka	Czech Republic	134
NH Mercader	Spain	124
NH Condor	Spain	78
Hesperia Sport Barcelona	Spain	63
NH Venus Sea Garden Resort	Italy	59
Hesperia Patricia	Spain	44
Hesperia Carlit	Spain	38
TOTAL EXITS		1,105

ASSET MANAGEMENT

One of the other important strategic initiatives in 2012 was the continued streamlining of NH's hotel portfolio: the chain exited 10 establishments and cancelled two lease arrangements.

2012 KEY MILESTONES

SUCCESSFUL COMPLETION OF THE REFINANCING PROCESS

Following the pertinent negotiations with its creditor banks, NH Hoteles officially culminated its refinancing process. The new notarised agreement was signed by all 33 banks **holding 100%** of the debt subject to refinancing. The transaction implied the refinancing of €729.8M of corporate bank debt and another €75M of debt at the Italian subsidiary level.

NEW APPOINTMENTS AND CORPORATE GOVERNANCE MODEL

NH Hoteles reformed its **corporate governance** model by appointing a new non-executive to chair its highest governing body and a new CEO, thereby splitting these roles and duties.

ORGANISATIONAL TRANSFORMATION

NH Hoteles overhauled its entire organisational structure at a vigorous pace, aligning the business model with its **multinational reality**, emerging consumer trends and its unwavering commitment to efficient management. The Group's comprehensive overhaul was kick-started with the introduction of various plans designed to tackle its business development and sector leadership from a position of strength, while cushioning the consequences of the lingering global recession which remains particularly virulent in some of the Group's core markets. The Company focused its efforts on responding to the challenges thrown up by the sector in terms of **efficiency, sales strategy, technology, quality standards** and its **online presence**.

OUR SUSTAINABLE APPROACH



NH Hoteles, a Responsible Company in the Tourism Industry

NH Hoteles develops its business integrating the **responsibility of being sustainable** in all the processes, in the economic, environmental and social context, within a constant **innovation** to meet our **commitments towards our stakeholders**.

MISSION

To offer sustainable, consistent and efficient hotel services for our customers, shareholders, partners, employees and society in general. We aspire to lead the tourism sector in sustainable development and inspire others.

VISION

To enhance the time that our customers spend with us by heightening their experience and contributing to a more sustainable world.

NH HOTELES VALUES

- People focus
- Innovation
- Environmental Responsibility
- Business Sense



NH Aeropuerto T2 México, Mexico City - Mexico

BENEFITS AND OPPORTUNITIES OF SUSTAINABILITY IN NH HOTELES

INNOVATION

The **NH Sustainable Club and the Volunteering for Development Cooperation**, several times awarded due to its strength and originality, are benchmark projects in the industry and pioneers in sustainable innovation.

SAVINGS AND COMPETITIVE ADVANTAGE

The reduction of environmental consumption with significant operational cost savings on water, energy and gas which enable us to improve our competitiveness without reducing.

COMMITMENT AND STAKEHOLDER ENGAGEMENT

Our **Corporate Responsibility (CR)** strategy enables us to ensure an active collaboration with Customers, Employees, Suppliers and Society in order to achieve sustainable development objectives. Initiatives such as **NH meeting moments**, where we offer the chance to offset carbon emissions, **Christmas for Everyone**, in a particular vulnerability moment, in which for the first time customers and residents from our hotels in Spain were involved, or the solidarity donation at the check out show our customers' awareness on our sustainability commitment.

BRAND DIFFERENTIATION

Our sustainable focus **increases brand value** and makes us stand in the market, being a commercialisation lever in the Corporate Client and Consortiums segments which already assess the supplier's responsible commitment.


LONG-TERM PLANNING

Corporate Responsibility implies integrating a vision with a greater perspective and analysing, not only the quarterly financial results, but also the **long-term impact**.

DIALOGUE WITH OUR STAKEHOLDERS

In NH Hoteles' sustainability management, the dialogue with our stakeholders is crucial, and that means all the stakeholders with whom the company is involved and integrate the value "ecosystem" of our business. In this sense, we are committed with our shareholders, customers, suppliers, environment, employees and society, and we report relevant information to each of them, with indicators enabling to assess and carry on the defined approach with all of them.

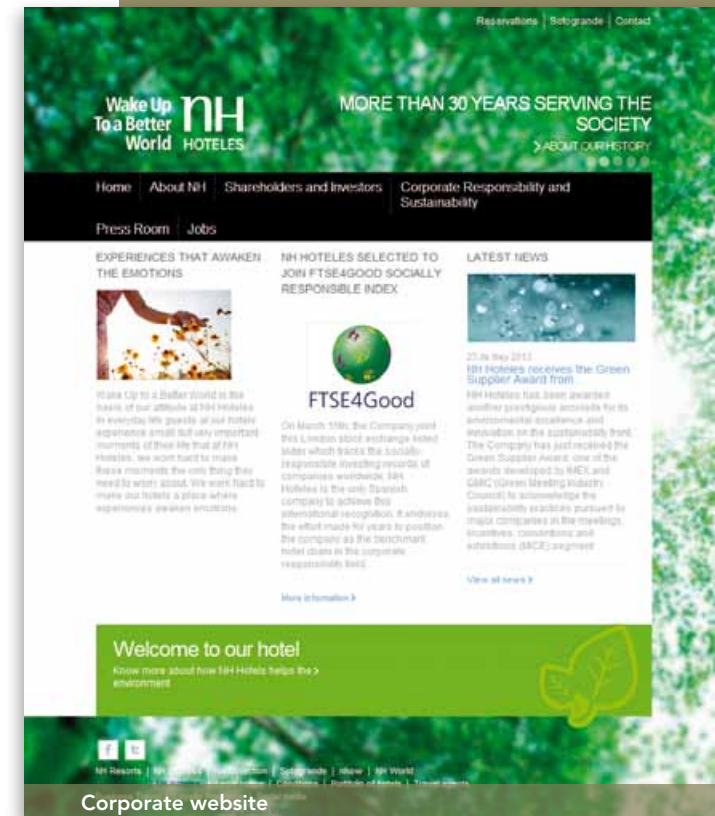
According to its commitment towards each group of interest, the Company fosters several channels for discussing and answering the different needs and challenges raised.

2012	Shareholders	Customers	Employees	Suppliers	Environment	Society
CR Master Plan	■	■	■	■	■	■
Specific corporate webs	■	■	■	■	■	■
Satisfaction Surveys	■	■		■		
Meetings and workshops	■	■	■	■	■	■
Participation in events and forums	■		■		■	■
Communication and publication of information	■	■	■	■	■	■
HIGHLIGHTED IN 2012	Joining  FTSE4Good	Wifree Campaign Customer Assessments	Code of Conduct Training Corporate Volunteering	Responsible Purchases (disabled collaborators rate 8.6)	Successful accomplishment of the 2008-2012 Environmental Strategic Plan	Up! For the People Alliances

This Report is the seventh edition of NH Hoteles' Corporate Responsibility Report, elaborated annually since 2006, a document which reflects the evolution and consolidation of our sustainable approach as a strategic pillar of our management. Once again, in 2012 has an application level of A+ from the reporting standard of **Global Reporting Initiative (GRI)**.

CORPORATE INTRANET INNOVATIONS

There have been created sections which positively increase the website usability, such as "Apps", "For your daily tasks", "For your Interest", and Employee's Benefits, as well as static and rotating banners to communicate significant news and campaigns. Also in 2012 it was created the **Social Media section**, a new one aiming to involve more the employees in campaigns and competitions, and the space was divided in corporate and local contents in order to optimize its organization.



2012 CORPORATE RESPONSIBILITY MILESTONES

- ✓ **Changes on Corporate Governance** appointing a new Chairman and a new CEO, a way of splitting into two their functions and responsibilities within the Group.
- ✓ **Inclusion in the sustainability stock exchange index FTSE4Good** after December 2012 revision. FTSE4Good is one of the global barometers for assessing environmental, ethical, social and corporate governance performance of companies.
- ✓ **New functions and applications of Quality Focus On-line**, platform monitoring customer satisfaction and enabling to answer to their needs. Answering to customers' suggestions, in 2012 we provided **free WiFi in all the rooms and common areas** in the Company's hotels.
- ✓ **Successful results of the 2008-2012 Environmental Strategic Plan**, reflecting the efficient performance on the issue and establishing NH Hoteles position as benchmark company on sustainability for the hotel industry.
- ✓ Launching of the **corporate training programme New Heights**, targeting to prepare every hotel manager on key issues to face short and mid-term challenges.
- ✓ **Up! for the People** social action initiative **is consolidated**, after training 441 young Spanish people at risk of exclusion and disabled people, more than 900 volunteer employees involved and 8,367 donated rooms in 2012.



On-line training on the Code of Conduct

NH HOTELES CODE OF CONDUCT

Since 2011, NH Hoteles has a **new Code of Conduct**, binding on all employees, Board members, shareholders and suppliers. It also incorporates an anonymous procedure for reporting complaints of alleged breaches of the Code, receiving in 2012 a total of 6 complaints.

To promote the Code of Conduct dissemination among the employees, in the Intranet there is a Practical Guide available, which details the rules and values of the Code in an illustrative way, as well as including a FAQ document, considering aspects such as its binding nature, the confidentiality while processing complaints and the anonymity of the channel.

TRAINING ON THE CODE OF CONDUCT

In 2012 the implementation and dissemination of aspects defining our ethical behaviour have been carried on by the development of an **on-line training** on the Code of Conduct in order to bring it closer to employees and help them to know it better.

The training is **available in six languages** and has educational and interactive content, exercises to facilitate the understanding of principles governing the behaviour and the actions of every employee, information on anonymous channels for complains and a test to self-assess the level of acquired knowledge. Training is compulsory and from time to time a follow-up is organized in order to ensure it is fulfilled by all the staff.

CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM

NH Hoteles has the **2011- 2013 Corporate Responsibility Master Plan**, implemented through annual action plans.

2011- 2013 MASTER PLAN STRATEGIC LINES

- ✓ Providing **comprehensiveness and multidimensional character** to every action on Corporate Responsibility
- ✓ Foster **global** Social Action positioning the NH Hoteles brand as "Social Innovator"
- ✓ Support **Corporate Volunteering** as social action and internal standing vehicle.
- ✓ Promote **sustainable innovation** as brand differentiation and standing reinforcement mechanism.
- ✓ Intensify **responsible and sustainable NH communication** as support for global dialogue, particularly with employees, customers and society.

INTERNAL ORGANIZATION

The **Corporate Social Responsibility Department** is dependent on the General Secretary. The General Secretary is a member of the Steering Committee and reports to the CEO. In order to ensure correct implementation and coordination in the different Business Units, there is a CSR manager in each one of them who heads up the management, and channels all of the information, doubts, ideas and initiatives which emerge in each region.



NH Gate One, Bratislava - Slovakia



WE SUPPORT

GLOBAL COMPACT

Since 2006, NH Hoteles is member of the UN Global Compact and its Ten Principles, as a reference framework for designing the strategy and managing Corporate Responsibility. Likewise, the current Code of Conduct of NH Hoteles includes the fulfilment of international and sectorial ethical commitments, comprising **Global Compact's Ten Principles**.

In 2012, and like each year, the Company issued its annual Progress Report through a public letter signed by the Chairman. This contains all the initiatives and outstanding results of the year.



NH Grand Hotel Krasnapolsky, Amsterdam - The Netherlands

“At NH Hoteles we work hard every day to take care of our guests. Our pride in being their hotel of choice means that our enthusiasm never flags”

Javier Frieria,
Director - NH Eurobuilding

GLOBAL FRAMEWORK

As a global company, NH Hoteles manages its business according to corporate values and its standard of ethics and conduct, as well as it ensures the rigorous fulfilment of the legislation in force in each country. In particular issues such as real estate management, the Company operates in accordance with the law, with a process for reviewing the classification of short-listed plots and the conformity of business licences when signing new contracts.

In the relationship with local governments, NH Hoteles always acts independently of any political power, maintaining transparency with the different public and administrative institutions.

RELATIONSHIP WITH GOVERNMENTS

In the relationship with local governments, NH Hoteles always acts independently of any political power, maintaining transparency with the different public and administrative institutions.

In 2012, government subsidies were obtained, principally for building hotels and golf courses in Sotogrande and Donnafugata, to the value of €19,718. For more details, please check the 2012 Financial Statements Report.

RISK MANAGEMENT

The risk control system over Company activities includes those financial, strategic development, business, operational, environmental and regulatory risks. It has been integrated the risk map in a **proprietary management software**, also used for processes and procedures. The implemented improvements to mitigate the operational risks include developing the control in the Company front tools and the incorporation of non-existent controls.

INITIATIVES AND ALLIANCES

On the path to lead the tourism industry in sustainable development NH Hoteles has several partnerships, which become strategic alliances:

INTERNATIONAL TOURISM PARTNERSHIP (ITP)

Global platform bringing together the leaders in sustainability in the tourism sector. In 2012 it is highlighted NH Hoteles' involvement in the following projects and working groups:



- ✓ **Youth Career Initiative.** NH Hoteles takes part in Mexico DF in this alliance for training and professional development of disadvantaged young people in 15 destinations.
- ✓ **Hotel Carbon Measurement Initiative (HCMI).** Co-creators, together with 23 of the main international hotels chains, of this methodology enabling to calculate the carbon footprint and standardize it. It was tested in 5 of our hotels.

CLUB DE EXCELENCIA EN SOSTENIBILIDAD

Business association composed by 22 big companies supporting sustainable growth. It has joint working groups on environment, human resources, ICT and Sustainability or Corporate Governance.



JUNTOS POR EL EMPLEO (SPAIN)

NH Hoteles joins the commitment on improving the job access of the most vulnerable sectors in Spanish society, fostering collaboration among the business sector, the public sector and organizations from the third sector. It is led by Accenture Foundation, Compromiso Empresarial Foundation and SERES Foundation. This initiative aims to share, integrate individual efforts and develop key projects to jointly work and have a collective impact.



Hesperia Tower, Barcelona - Spain

ECONOMIC PERFORMANCE

NH Hoteles is in an ongoing quest for acquiring the needed capacities to carry forward its business in an efficient way and aiming to lead the industry. In times of general recession in the global economic context, and with a significant impact in our operational areas, this approach becomes already more important to face economic sustainability. This allows the Company to answer more efficiently to its shareholders, keep on providing innovative services to its customers and keep a proactive relationship with suppliers in order to make alliances in difficult moments and carry on looking for joint solutions.

SHAREHOLDERS

NH Hoteles works to build a **trust relationship with our shareholders**, strongly committed to transparency, particularly on availability and access to relevant **information in a full and reliable way**.

At the end of 2012, the share capital of NH Hoteles was represented by 246,617,430 bearer shares, each with a par value of €2, fully subscribed and paid up. All these shares are admitted to trading on the Electronic Market of Madrid, Barcelona, Valencia and Bilbao Stock Exchanges and have equal voting and dividend rights.

According to CNMV communication on 12 April 2012, the syndication agreement between Banco Financiero y de Ahorros and Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (Ibercaja), signed in December 2009, will be automatically extended for yearly periods, excepts if one of the parties complains. On the contrary, the agreement signed in December 2009 between Caja Vasca Kutxa and the company Hoteles Participados expired on 31 December 2012, according to CNMV communication on 20 December 2012.

FTSE4GOOD

Sole Spanish Company included in 2013 in the sustainability stock exchange index FTSE4Good after being reviewed in



FTSE4Good

2012. This index is one of the barometers for assessing environmental, ethical, social and corporate governance factors and it means a recognition for NH Hoteles commitment in its Corporate Responsibility strategy.

As part the Company's commitment towards transparency and responsibility, has reported for the fifth consecutive year to **Siri Company** (Sustainable Investment Research International) and **Eiris** (Ethical Investment Research Services), both dedicated to assess social responsible investments and to analyse sustainable performances of companies.



COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDERS' CORNER

In 2012 the platform launched the year before is consolidated, increasing the interactivity with shareholders and investors and optimising their access to key information on different Company areas.

ELECTRONIC SHAREHOLDERS' FORUM

Permanent information and participation tool **facilitating communication** with shareholder which has been implemented due to the entry into force of the Spanish Law 12/2010 of 30 June, modifying, among other legal provisions, the Law on Accounts Audits and actions within the tax, labour and market-opening scopes in order to foster investment and job creation, and the Law on Stock Market. Even if the regulation provides it is compulsory to create such Electronic Forum in order to promote communication to shareholder previously General Meetings are held and to be used as vehicle to publish proposals intending to be presented as additional to the agenda, applications to subscribe them, initiatives to reach the needed percentage to exercise minority rights or requests of voluntary representation, NH Hoteles makes this Forum and the above mentioned characteristics available to shareholders, keeping it operational throughout the year and not only for General Meetings call.

SHAREHOLDERS' GENERAL MEETING

On 29 June 2012 the Company's Annual General Meeting was held on first call, attending 72.61% of social capital.

EVENTS WITH INVESTORS

2 events with investors and **49 meetings with shareholders and investors** were held this year, less than last year. In 2011 investors showed a high interest in the Company due to the announced capital increase agreement with the Chinese group HNA, unlike 2012, which has been a year clearly marked by the efforts to re-financing the Group's debt.

Norwegian Pension Fund increased its share in NH Hoteles

The Norwegian Fund increased its share in the Company from 2.24% in 2011 to 2.40% in 2012. Among the policies taken into account for this decision, it may be stressed our environmental performance, the involvement of all the stake holders in the Code of Conduct, the sustainable innovation measures and the successful Social Action strategy.

SHAREHOLDER CLUB

Initiative to reward shareholders with exclusive benefits. Shareholders earn 6% worth of credits for all the billed items (1 credit = €1), which they can exchange for free accommodation and catering services. Shareholders' reservation line is, also, an exclusive service including direct reservations, extended check-in times, superior rooms, exclusive promotions, Check In Express, NH World online and special equipment in the room, among other benefits.



Shareholders' General Meeting 2012

MAIN SHAREHOLDERS AND INVESTORS INDICATORS

	2011	2012
N° of nationwide entities that issue NH Hoteles analysis reports	10	10
N° of international entities that issue NH Hoteles analysis reports	11	10
N° of shareholders and investors telephone queries answered	874	624
N° of meetings with shareholders and investors	137	49
N° of analyst follow-up reports	135	122

CUSTOMERS

Customer satisfaction is NH Hoteles' priority and, therefore, our aim is facilitating the processes, keeping transparent actions, ensuring the quality of care and service and constantly innovate to meet customer expectations.

EXCELLENCE IN QUALITY

In 2012 both quality management tools from NH Hoteles get consolidated:



Quality Focus, channel of dialogue with customers enabling to position the service and the quality as Company's strategic aspects, giving NH Hoteles competitive advantage in the market and making it easier for employees worldwide to get involved.



Quality Focus On-line, software allowing to get to know customer assessments in all the hotels, to gather all that information in a sole platform and to get reliable statistics showing the satisfaction level to set up on-going improvement plans.

In 2012 more than **228,000 surveys** were collected, with an average global rate of 8.1 over 10, making the Company one of the best rated in the industry. Location, cleanliness and service are the most appreciated elements according to NH Hoteles' guests.

OVERALL SCORE OF NH HOTELES

	2011	2012	DIF.
General Satisfaction (*)	8.0 (from 0 to 10)	8.1 (from 0 to 10)	+ 0.1
No Surveys	105,135	89,985	- 15,150
No Scores (NH Surveys+ external pages)	211,577	229,809	+ 18,232
Value for Money Scores	7.5	7.7	+ 0.2

(*) Including NH Hoteles' internal surveys and external pages scores.

QUALITY FOCUS NEW FUNCTIONS

QUALITY BALANCED SCORECARD (QBS)

Tool that enables linking the customer satisfaction results with other business variables, such as employee productivity or income, and look for best practices in order to increase customer satisfaction and Company efficiency.

MYSTERY GUEST

In 2012, the results of **367 audits** carried out by the Quality Department at NH Hoteles using the Mystery Guest methodology were integrated in the platform Quality Focus On-line to determine whether the service meets the standards and follows the procedures defined by the Company. Furthermore, 79 Mystery Guest visits were made to competing chains to monitor new trends in providing hotel services.

	2011	2012
N° Visits	290	367
Score	7.08	7.73



NH Porta Rossa, Firenze - Italy

TOP RATED HOTELS

The hotels NH Palacio de Tepa, rated 9.0, NH Porta Rossa, rated 8.9, nhow Berlin, rated 8.8 and Grand Hotel Convento di Amalfi, rated 8.8, have become the favourite ones according to travellers because they offer additional services and have innovative spaces.

"I am delighted to be part of NH Hoteles. It is important for me to work day in and day out to make sure that our guests enjoy an unforgettable stay with us"

Rahwa Bumba,
Deputy Hotel Director
NH Frankfurt Airport



QF INTERNATIONAL NEW TEAM

In 2012 the international team dedicated to the Project Quality Focus is created. Its main objectives are leading the Quality Focus programme on a Business Unit level and analyzing the behaviour of every hotel based on Quality Focus On-Line results.

QR CODE PROJECT (BIDI)

A new project allowing to complete the information stored in Quality Focus and manage, in a centralised way, from Quality Focus On-Line, the information obtained with the surveys made through QR codes (BIDI).



NEW SURVEYS BEFORE, DURING AND AFTER THE STAY

In 2012 the cycle of customer opinion registration is completed by including a satisfaction survey on the reservation process and while the stay is taking place through QR codes in different hotel areas. Thanks to this service, customer can answer from their mobile phones questions related to services and products, meeting rooms, etc. The satisfaction surveys have also been extended to Bookers to assess group reservations, lounges and catering services managed by external companies.

NH UNIVERSITY TRAINING NEW HEIGHTS

Training programme relating to the Company's new **project on hotel managers development**, through which already 323 participants have been trained in 17th editions, on key issues to face NH Hoteles challenges. This training is aimed to prepare participants, targeting service quality, managing the Quality Focus On-line tool, focusing on the interpretation of hotel-level information in order to design Action Plans to report an improvement and better results.

NH GUEST SERVICE

The NH Hoteles Customer Care Department carries forward in its relationship with customers, changing from a reactive contact to a proactive one. In this way, guests who expressed a disagreement to the Company are contacted and so is contacted, in a proactive way, everybody else who was not satisfied with the service and communicated it in the internal surveys.

During 2012 a total of **13,705 guests** were contacted, 10,029 of them directly and 3,676 were received through the Guest Service Department. Those contacts allowed us to introduce 29,408 codified comments in the Quality Focus On-Line tool in the rated hotels, thus increasing customers trust and building relationship with them.



NH Gran Hotel Provincial, Mar del Plata, Buenos Aires - Argentina

FIVE-STAR CUISINE

From the beginning, experimentation and care have been two principles for NH Hoteles and it has daily indulged the taste in its almost 400 establishments, as well as in its revolutionary cuisine concepts. From breakfast time until late evening having 'drunch' with Gin&Chicken, we pay special attention to palate. Evidence of this is the molecular cuisine of Spanish talents such as Paco Roncero, Óscar Velasco, Javier Loya or Enrique Martínez, as well as other great chefs' creativity from the NH house, such as Juan Carlos Mateus from NH Bogotá 93.

MICHELIN STARS

The new edition of the 2013 Michelin Guide, published in 2012, compiles 5 stars awarded to different NH Hoteles establishments. One of the hotspot there would be La Terraza del Casino, having Paco Roncero (2 Michelin stars) as executive chef and manager, and Santceloni, with two Michelin stars and lead by Óscar Velasco. Vermeer Restaurant, located in NH Barbizon Palace (Amsterdam) and lead by chef Christopher Naylor, has also been awarded 1 Michelin star.

AVANT-GARDE CUISINE

Berlin-based chef Patrick Rexhausen from Fabrics restaurant, designed by Karim Rashid and located by the lobby of nhow Berlin hotel, offers modern cuisine with a German-French touch and the highest quality.

ESTADO PURO

NH Hoteles carries on reinventing the traditional "tapas" concept in two of its Estado Puro establishments in Madrid, lead by Paco Roncero and having an interior design of iconic peineta hair comb and a clear vintage touch developed by James&Mau.

PACO RONCERO'S HIGH-TECH WORKSHOP

Located in the Casino de Madrid, it has been conceived as a research lab to develop creative talent for the design of new dishes, as well as a connected training room for the best cuisine masters exchanging knowledge. A livinglab provided with an "intelligent table" and an integrated showcooking area, which allow to interact with the guest.



NH Palacio de Tropa, Madrid - Spain



The 5 Michelin Stars of the Group: Christopher Naylor, Óscar Velasco and Paco Roncero

NH ANTIOX BREAKFAST, INNOVATION AND HEALTH

In 2012, NH Hoteles has implemented in all its Business Units NH Antiox Breakfast, having its room service version in **Room Apetit**, which provides a selection of products that combined help to fight premature ageing of the skin, protect the cardiovascular system and strengthen the immunological system.

ROOM APETIT

The guest may comfortably enjoy from his or her room a healthy and innovative experience on traditional room service. Culinary proposal in an original and appealing presentation which goes for quality and health.



"I am forever trying to forge new contacts and not to lose sight of the competition in a constant search for new ideas that have the ability to surprise, add value and take us another step forward"

Thomas Rettig,
F&B Manager - nhow Berlin

NEW SERVICES

WIFREE

Considering that for NH Hoteles quality and customer satisfaction are priorities, the Company constantly improves its proposal in order to meet their demands and keeps ahead of them. Therefore, from August 2012 and in answer to customers' demands, NH Hoteles provides free **Wi-Fi in all the rooms and common areas** in its hotels.

"Free WiFi is become one of the main demands from our guests and it's more and more important in their reservation decisions. Although NH Hoteles has had this free service for a long time in its lobbies, we wanted to extend it also to the rooms and common areas so guest feel at home and they can get in touch with their families or work in such a comfortable and efficient way as if they were in their own office".

To communicate the launching of Wifree, several online and offline media campaigns were developed. Touch screens and advertising panels were placed in some Spanish train stations. It was also elaborated a campaign together with Iberia, delivering more than a million advertising postcards in the lunch trays during intercontinental flights from Madrid and Barcelona.

NH MEETING MOMENTS

Launching this concept, based on simplicity, trust and care, intends to achieve the ultimate expression of customer experience in any event or meeting taking place in our hotels, during its whole cycle. Meeting moments provides customers with an excellent range on catering services as well: from rooms to offer a tasty coffee-break and lunch-time meetings to avant-garde cuisine restaurants.



NH EVENT TOOL

Online tool simplifying and optimizing events and congresses organization, independently of their size or reservation times. It gives the possibility of managing multi-hotel operations, booking rooms in several hotels in one or many cities and countries. It also provides the opportunity to create a personalized website.

CAMPAIGNS AND PROMOTIONS

In 2012 the Company focused on getting to know the preferences and the purchasing behaviour of those who trust its brand and the remaining travellers for fun or business. The marketing email activity resulted in an exponential growth due to the significant offers generation for each market, segment and period, fostering as well cross-selling in its hotels worldwide.

SEASONAL CAMPAIGNS

"**Wake up to the Summer buzz**" was launched through our own channels and intermediaries, highlighting European destinations in Spain, Italy, Benelux and Central Europe as well as Resorts. Likewise, "**400 ways to beat the Winter**" allowed to communicate a wide range of plans based on the Company's great presence in Europe.

UNIQUE EXPERIENCES

Launching significant local offers which, recalling customers' preferences, provided unique experiences such as a romantic or culinary stay, attending the marathon in Vienna, enjoy the landscape on the Dutch seaside or a stunning Resort in Cadiz.

LOYALTY AGREEMENTS

In 2012, the co-marketing area looked for the best strategic partners, being significant the partnership in Italy with **20th Century Fox** and activities relating to art exhibitions and concerts, together with the **Il Sole 24 Ore** group.

In Spain an agreement with CEPSA was signed **CEPSA**, rewarding customers with hotel nights through the exclusive promotion in 2,000 service stations. In Germany and Benelux agreements were held with the gym chain **Fitness First** to offer a differential value proposal for customers who stress the importance of well-being.





2nd NH Resorts Circuit for J80Monotypes



NH Hoteles and the Spanish Film Academy

SPONSORSHIPS AND SPECIAL ACTIONS

NH HOTELES AND SPORTS

✓ Golf and Sailing

NH Hoteles promotes sport activities for guests who are golf and sailing lovers. In 2012 were organised renowned events such as the second edition of NH Resorts National Golf Circuit, having its last venue at Hotel NH Almenara in Sotogrande and the participation of more than 1,200 fans from all over Spain, and the 2nd NH Resorts Circuit for J80Monotypes, starting in October 2012 and ending in June 2013.

✓ **Hípica Sotogrande** attended the first edition of Madrid Horse Week, through Santa María Polo Club, well-known due to its Polo International Tournament, held every summer in Sotogrande and bringing together several international personalities.

✓ Davis Cup

The International Tennis Federation (ITF) and NH Hoteles extended in 2012 the sponsorship of Davis Cup by BNP Paribas for a further three years, showing the Company's commitment to sport. The international profile of this competition makes NH Hoteles' participation as a global sponsor of the Davis Cup for almost nine years an essential tool for communicating the NH Hoteles' brand through a single message to millions of spectators in more than 170 countries over the five continents.

NH HOTELES AND CULTURE

✓ Instituto Cervantes

NH Hoteles signed in 2012 an agreement with Instituto Cervantes, turning this way into the first hotel chain to join the Institute's prestigious Circle of Friends. This agreement, signed to promote Spain's image around the world, will foster both parties' international profile and will spread their commitment to culture.

✓ Mario Vargas Llosa NH Short Story Award

In 2012 was held the 14th Edition of this renowned award supported by the most recent Spanish-speaking Nobel Prize in Literature.

This biannual prize targets to support current writers and to encourage literary creativity in Spanish language and literature as a form of entertainment and culture.

✓ Agreement with the Spanish Film Academy

The Spanish Film Academy and NH Hoteles signed a strategic collaboration agreement whereby both entities undertake to promote Spanish films and give maximum exposure to the Seventh Art, both national and internationally.

A part of the agreement focus on supporting the main film-related events the Academy will organize in 2012-2013.



NH Hoteles' Commercial Website in Russian

ON-LINE MARKETING

In spite the macroeconomic problems of 2012, the e-commerce achieved a growth of 4% compared with 2011.

SEM & SEO

In 2012 a new specialized team in SEM and SEO areas has been incorporated to position NH Hoteles brand in web and mobile environment of Google, Bing, and Yahoo. This strategy enables to optimize the brand presence in search engines.

RETARGETING

A **retargeting** programme was launched in order to contact users who left the NH Hoteles website without making any reservation.

ONLINE PARTNER MARKETING

The Company has signed agreements with Trivago, Kayak, Trabber, fostering the Affiliate Marketing area so related companies publish NH-designed spaces in their websites in order to redirect potential consumers to the commercial website.

MOBILE MARKETING

In 2012, NH Hoteles launched several mobile campaigns aimed to increase apps downloads and the reservations generated through them. As a consequence of these campaigns, the Company achieved the first ranked position on free downloads at Apple Store in the General and Travel categories.



NH HOTELES MOBILE WEB

Now NH Hoteles customers may enjoy in their mobile phones the main functions they can find in the website. This new improved and simpler version has been awarded several recognitions and the Mobile Marketing Association and Interactive Advertising Bureau took it as an example, including it in its mobile efficiency guide.

MOBILE APPS

In 2012 apps for iPhone, Android and iPad have been developed, implementing a new improved interface with a "Reservation Guide in 3 Steps" as the SoLoMo ("Social, Local & Mobile") strategy where customers can find hotels closed by and see the comments on TripAdvisor. Furthermore, adaptations for iPhone 5 and Passbook have been made, being NH Hoteles the first company in the industry making an adaptation of this exclusive Apple app. In all the versions are also integrated the NH Hoteles loyalty programmes.

NH WORLD REDESIGNED

In 2012, NH Hoteles redesigned the loyalty programme NH World with a more appealing image and an exclusive area where members can check their credit balance. It was also developed a mobile app providing its members all the functions they are used to.

CENTRAL RESERVATION OFFICE

New tool allowing to send information to customers in a fast and efficient way. Customers can receive by e-mail the information about hotels they check while searching (for country, city and hotel) once they have chosen dates, number of rooms and the number of adults and children. This tool may send information to customers in eight different languages and it allows that companies see the agreed rates and rates with promotional codes.

WEBSITE USABILITY AND NEW RUSSIAN DOMAIN

NH Hoteles website is settled, after its launching in 2011, and it extends its scope to more than 25 countries, making it more attractive and fulfilling the best practices on usability and conversion to appeal and promote NH experience. Due to the increase on Russian customers, NH Hoteles has also added a new domain in Russian to make the reservation process easier for them because only 20% of them understand a different language.

SOCIAL MEDIA: EXPERIENCES 2.0

NH Hoteles aims to consolidate the close relationship it maintains with its customers by **globally strengthening** its social media strategy, including general interest topics such as sports, arts, cinema, music and travel, and promoting relevant events. Thanks to these actions, by the end of the year, the NH Hoteles community 2.0 had grown by 37.66% in Twitter followers, and 20.65% in Facebook fans. By the end of 2012 the Company almost had **100,000 followers** in Facebook, Twitter and Instagram globally.

This year it has also been stressed a **greater content generation on a local level**, characterized by the development of new profiles and platforms in Mexico, Colombia and Venezuela, in order to keep the global vision as well as to strengthen the local contact.

MICRO STORY AWARD WITHIN THE MARIO VARGAS LLOSA NH SHORT STORY AWARD

Withing the 14th Edition of the Mario Vargas Llosa NH Short Story Award, NH Hoteles launched in 2012 a micro story contest in the Spanish-speaking social media (Spain, Portugal, Andorra and America) to strengthen its bond with the on-line community. Participants had to write a story on 140 words, reinventing a character from Vargas Llosa's books in the 21st century. The prize was attending to the award ceremony at Casino de Madrid, along with the Nobel Laureate himself.

DAVIS CUP CONTEST

The Davis Cup and NH Hoteles share values such as motivation, achievement, competitiveness, teamwork and the meeting of cultures. Thus, the Company sponsors the event since 2004 and during the most recent edition NH Hoteles held a global contest making available for followers a Facebook app and activating the hashtag **#NHDavisCup** in Twitter. From these platforms and the microsite davicup.nh-hotels.com the Company encouraged fans to send messages of support to their favourite teams or players.

The winners of the contest won tickets for the Davis Cup Final in Prague and enjoyed the chance of attending the gala dinner with the teams in the final. The prize included accomodation in the recently opened NH Prague. Likewise, during the final some messages sent by the fans were shown to share them with the players. The success of the action raised brand profile and positioned NH Hoteles as **official sponsor of the Davis Cup**.

NH DAY

Global commercial action supporting the Summer campaign and involving all the Business Units. For almost two months, rooms were given away through Facebook, what resulted in thousands of visits to the hotel factsheets.

CUSTOMER CARE 2.0

During this year, NH Hoteles carried on its Customer Care on social media before, during and after the stay. Among all the services, it is particularly relevant the complaint management during the stay, reinforcing the customer care during the stay. This allows increasing customer satisfaction and is an important link towards loyalty.

COMMERCIAL SUPPORT

An important activity was channelled from the social media, boosting reservations support. Likewise, the social presence of NH Hoteles continued redirecting quality traffic to the commercial website.

PERSONAL DATA PROCESSING

Personal information is handled using compulsory **standard processes** which ensure the fulfilment of the appropriate security measures. Furthermore, in the NH Hoteles Code of Conduct is defined the respect of all Company employees for the legislation on personal data protection when they handle data concerning customers, suppliers, shareholders and employees themselves. The forms enabling customers to exercise their right to data protection are published on the NH Hoteles Intranet and they are accessible to all employees who require them.

NH Hoteles strictly fulfils applicable legislation on data protection and, in this sense, during 2012 the **biannual audit** on data protection in Italy and Spain was finished. At the end of the year, we had only received one complaint concerning the use of personal data in promotion campaigns, which was successfully solved.

MAIN CUSTOMER INDICATORS

	2011	2012
Mystery Guest Hotel Visits	290	367
Nº of Assessments (NH Surveys + external pages)	211,577	229,809
Nº of NH Surveys to customers	105,135	89,985
Nº of Customer Care Communications	17,696	13,705





NH Eurobuilding, Madrid - Spain

SUPPLIERS

NH Hoteles considers its suppliers to be key stakeholders for consolidating the commitment to develop **sustainable and innovative solutions**. NH Hoteles believes that it is valuable to foster a close, accessible and strong relationship with partners and, therefore, the Company strives to optimize resources and to implement tool facilitating bilateral communication.

PROCUREMENT POLICY UPDATE

In 2012 the Procurement Policy has been updated in order to capture the current processes and procedures as well as keeping and highlighting the role of service to the inner customer. The roles, improvement levels and purchase restrictions of each agent taking part in the action, have also been redefined, standardizing criteria and stressing the relation to other areas in the Company. The Department's Code of Conduct has also been replaced by the **Corporate Code of Conduct**.

OUR SUPPLIERS

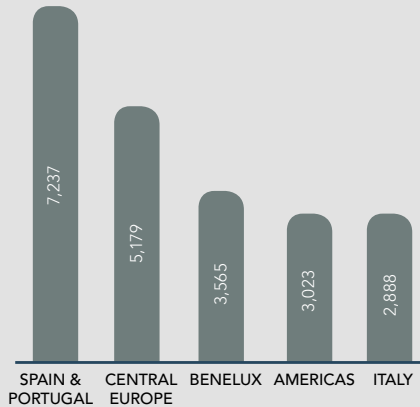
In 2012, NH Hoteles worked with a total of **21,892 national and international suppliers**, with an annual purchasing volume (cost + investment) of €403.4M. 79% of this volume accounts for the Spain, Portugal, Central Europe and Benelux Business Units.

One of the principles of our Corporate Procurement Policy is to offer **equal opportunities and promote local purchasing** in every region NH Hoteles operates. In 2012, the local purchasing volume represented 84% of approved purchases, 4% less than in 2011. For supplier type, 77.8% is included in operational costs and services, which is 63.77% of the total purchasing billed volume.

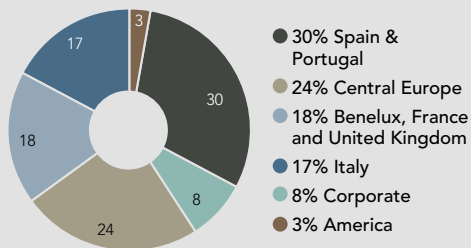
SIGNING THE CODE OF CONDUCT

Since 2012, **NH Hoteles Code of Conduct is incorporated in every approved agreement from the Purchasing Department**. In 2012, in total 224 Codes were signed, reaching an aggregated figure of 1,218 signed Codes, 22.5% more than in 2011. The invoicing volume from suppliers having signed the Code in 2012 amounts to €43,521,421, which is 10.8% of the yearly total invoicing.

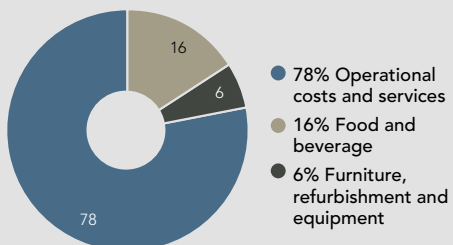
SUPPLIERS BY BU



PURCHASE VOLUME BY BU



SUPPLIERS BY SERVICE TYPE



ENVIRONMENTAL COMMITMENT

In 2012 we carry on assessing the environmental commitment and respect of our suppliers, a system governing corporate tenders the whole year.

In collaboration with the Environmental Department, NH Hoteles carries on using the **Eco-design questionnaire** and tests each candidate under a category system, similar to the European label of energy rating, Energy Star, assessing the company internal environmental management and product efficiency and innovation. As a novelty in 2012, all the assessments have also been integrated in the **Suppliers Registration Process** in our **e-Platform for Purchases**.

NH SUSTAINABLE CLUB

Innovation workshop with suppliers, reaching its 5th year in 2012 and still an important dissemination channel for sustainability, as well as the space where sustainable measures are jointly developed in order to keep NH Hoteles as a model and benchmark on responsible tourism. During the last six months of the year, its target started to be redefined in order to adapt it and align it to the new Company's strategy and the needs of the new Environmental Plan.

ENVIRONMENTAL PROJECTS CONSOLIDATION

- ✓ Use of **LED technology**, low energy lamps and other eco-efficient electrical appliances.
- ✓ Replacement of absorption minibar refrigerators for low energy ones.
- ✓ Manufacture of highly consumed products with **oxo-biodegradable materials**, such as amenities, pens, room keys and laundry bags.
- ✓ Encouragement of use of the **electric car** in Madrid using it along our lifts maintenance routes and installing recharge points in some parking spaces.
- ✓ For the second year in a row, use of **linen certified** by Oekotek and Ecolabel.
- ✓ Bottle **cork recycling** campaign in 200 of our European hotels, being warmly accepted by our employees and customers.
- ✓ Global agreement to acquire new TV, with a model enabling high **energy savings** and minimum environmental impact.

COPERAMA, FIRST PROCUREMENT PLATFORM IN THE INDUSTRY

During 2012, Coperama has consolidated its position as **the first procurement platform in the hotel industry** in Spain. With an average growth rate of 3 new members per week and an increment of 42% compared to 2011, it closed the year with a total of 596 customers, which means 47,312 rooms. Having a portfolio of more than 300 suppliers, Coperama meets the needs on F&B, OSE and FFE of all its establishments, managing an annual purchase of around €250M for all its members.



ACTIONS AND TOOLS

- ✓ **I Coperama Congress** was held in 2012 to analyse current trends and join forces in strategy, format, logistics, sustainability, training, innovation, products and technology.
- ✓ Launch of the **E-Catalogue**, which will allow to turn the product search into purchase orders, facilitating the process and optimizing the communication between customers and **suppliers**, and the **e-Billing**, so providers can send electronic bills to every Coperama establishment, free of charge and without using paper.
- ✓ The **R&D&I Lab** is born, a space enabling customers and suppliers to share knowledge and jointly work to develop products and services targeting an increasing in efficiency and productivity of the hospitality industry.
- ✓ Implementation of an **e-sourcing platform**.

E-SOURCING PLATFORM

In 2012 an e-sourcing platform has been developed and it allows to make **standardized sourcing**, strengthens monitoring on bids, gives more transparency to purchases and enables bigger savings.



NH Ourense, Orense - Spain

CLICK NH'BUY

Our supply management system, Click NH'Buy, was consolidated as sole used tool in Spain and Italy during 2012. In 2013 it will start its implementation in Benelux and Central Europe and it is expected to end up during the last quarter of the year.

In the Business Unit Spain, where the tool is fully consolidated, a total 43 of user suppliers has been reached, with an invoicing volume of €48,393 (39.8% of the total of invoices from suppliers). In Italy, where the projects started the last quarter of 2012, there are already 6 user suppliers and an invoicing volume of 459 (1% of the total).

With the aim of sharing their best business practices and learning from each other, NH Hoteles and Coperama took part in the **Benchmarking 2012 Canal Horeca** programme, by AECOC, targeting to analyze the service level and the commercial relation among manufacturers, intermediaries and food service operators to identify potential improvements.

SATISFACTION OF INTERNAL CUSTOMERS

In 2012, the Purchase Department took part in the **Global Best In Class Programme** to know the assessment and satisfaction level the other Company areas have on the services they provide. The results from this programme enabled to identify improvement points and to set up an Action Plan focused on improving the satisfaction level of our internal customers.

PRIORITY TARGETS FOR 2013

- ✓ **Extending the procurement model** to all the Company's purchase categories, applying criteria established in the new Procurement Policy and stressing the collaboration between the Purchase area and the remaining internal and external agents taking part in these processes.
- ✓ **Consolidating Click NH'Buy** in Spain and Italy, and extending it to Benelux and Central Europe as a way to homogenize the supply, incorporating more modern systems to manage the back office in the interests of expense transparency and better global management.
- ✓ **Extending and consolidating Coperama** to carry on providing our internal customers the best possible procurement terms.
- ✓ **Supporting greater transparency and rigour on procurement**, through the e-sourcing platform that will gradually be implanted during 2013 in all the Business Units.
- ✓ **Redefining the role of NH Sustainable Club**, as support to achieve the targets of the new Environmental Plan and of the Company's global strategy.
- ✓ **Active participation in We are All Sales and Cobranding**, global programmes of the Company focusing internal customer service which generate contacts between the NH Hoteles Commercial and Marketing Department and the approved suppliers in order to generate business opportunities (room nights, dinners, congresses, etc.).

MAIN SUPPLIER INDICATORS

	2011	2012
Volume of suppliers managed	23,866	21,892
Annual volume of purchases (expense + investment)	€447.8M	€403.4M
Nº of suppliers who have signed the Code of Ethics	994	1,218
Amount invoiced by suppliers who have signed the Code of Ethics	€40,523,738.19*	€43,521,421**
% Turnover of suppliers who have signed the Code of Ethics	9%*	10.8%**
Level of internal customer satisfaction ***	3.15	N/A
Nº NH Sustainable Club suppliers	40	40

* Turnover of suppliers who signed the Code of Ethics in 2011.
 ** Turnover of suppliers who signed the Code of Ethics in 2012.
 *** Biannual survey planned for the end of 2013.



NH Gate One, Bratislava - Slovakia

ENVIRONMENTAL PERFORMANCE

NH Hoteles' sustainable and innovative approach, integrated in the whole business cycle, is defined by its commitment towards efficiency and respect for the environment. The Company develops eco-efficient initiatives based on an important research task, working together with suppliers in order to find efficient and innovative solutions, as well as training employees and raising awareness among our customers.

SUCCESSFUL ACCOMPLISHMENT OF THE 2008-2012 ENVIRONMENTAL STRATEGIC PLAN

In 2012 the Company's sustainable performance results went well beyond the targets settled in the **2008-2012 Environmental Strategic Plan** about 20% reduction of consumption, carbon emissions and waste generation. This was possible thanks to the involvement of the senior management, all employees and the customers themselves.

Since the Environmental Plan implementation, NH Hoteles has invested more than €10M to fund environmental actions, 54% of them invested in making more efficient the hotels.

MANAGEMENT SYSTEM

The Environmental Department has a system to follow up and monitor environmental indicators collecting monthly data from all the hotels. These are analysed each quarter to assess target fulfilment and identify improvement opportunities. Likewise, an indicator report is prepared and sent to the all managers of the Business Units and hotel managers. The consumption ratio per guest and night is used as standard throughout the whole chain in order to measure and report.

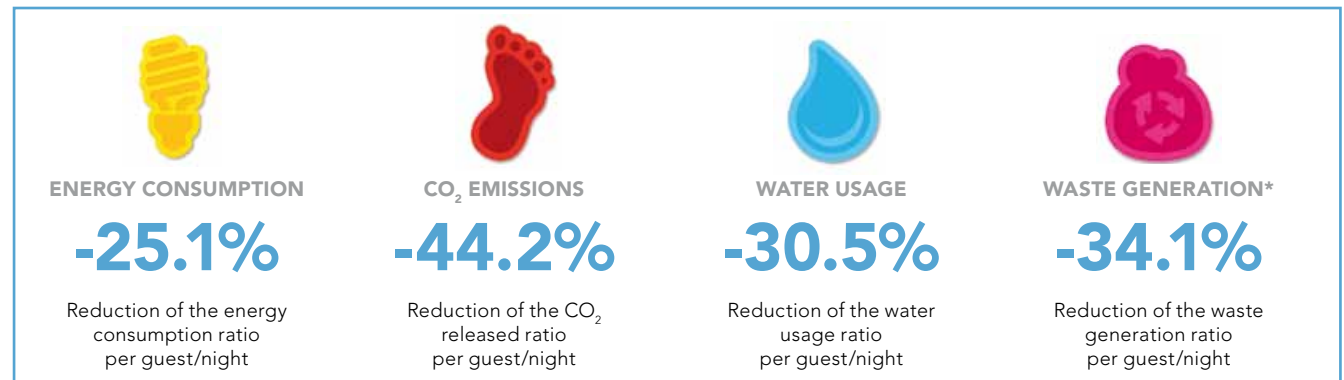
AUDITS AND CERTIFICATIONS

Since 2008, NH Hoteles conducts regular environmental audits to check the efficiency levels and the fulfilment of corporate environmental standards. This has enabled us to identify improvement opportunities in our facilities and action plans to increase **energy efficiency** in recent years

"SMART METERING"

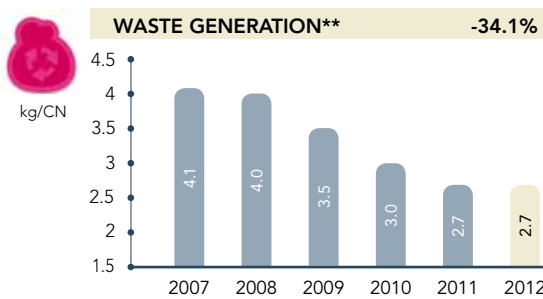
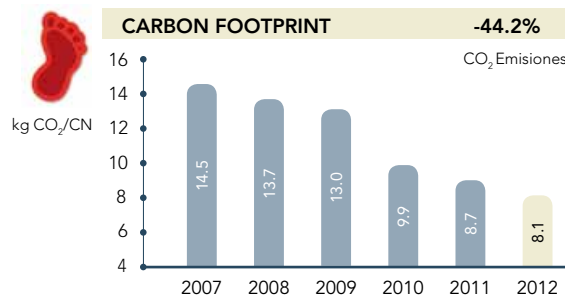
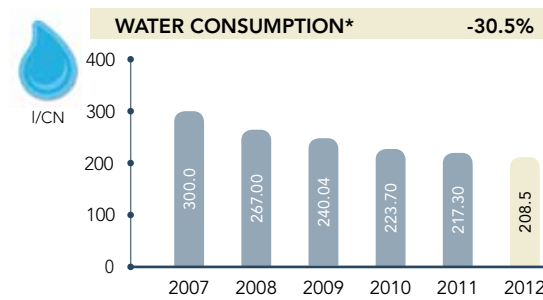
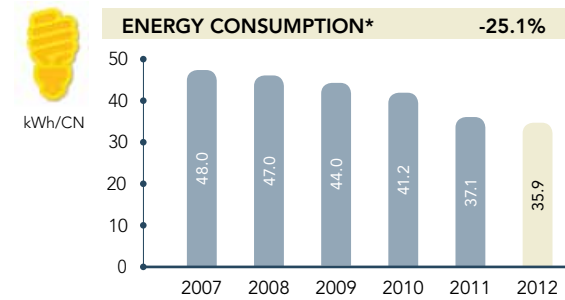
A new e-platform launched in some hotels for an easy reading of energy and water consumption, remotely and on-going, for every hotel in the Company, which in the future will allow resources usage optimization.

ENVIRONMENTAL STRATEGIC PLAN 2008-2012



* Waste: estimated data

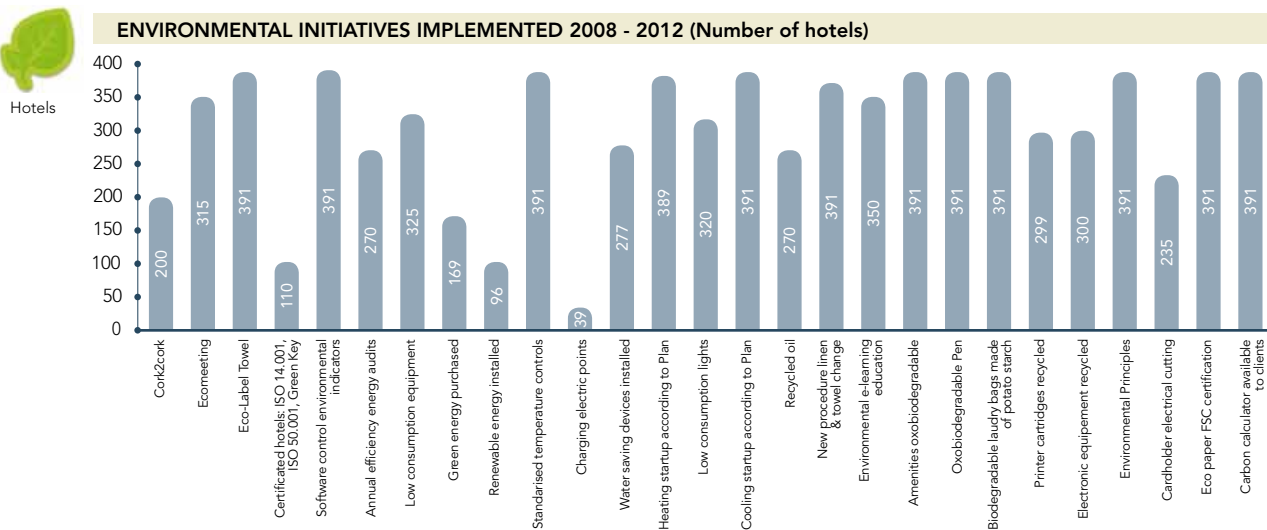
CONSUMPTION REDUCTION PER YEAR



* Water and energy usage taken from bills and meter reading systems.

** Estimated data

Energy and water consumption data according to each year comparable hotels and published in its corresponding Corporate Responsibility Annual Report



NH Hoteles is the first global hotel chain obtaining the ISO 50001 certification, the most important rule on Energy Management Systems.

2012 RESULTS

ENERGY

En 2012, the **energy* consumption-cutting** measures in place managed to lower the consumption ratio per guest/ night by **1.2%** compared to 2011. Since 2008, the energy consumption has been reduced by **25.1%**.

ENERGY CONSUMPTION						
	2011	2012	DIF VS 11	2011	2012	DIF VS 11
	kWh	kWh		kWh / guest night	kWh / guest night	
NH Global	540,400,326	538,479,846	-0.4%	36.4	35.9	-1.2%
BU Benelux, United Kingdom, Africa & France	73,755,950	72,578,258	-1.6%	43.3	41.6	-4.1%
BU Italy	92,652,245	89,762,261	-3.1%	41.8	41.1	-1.6%
BU Spain, Portugal & Andorra	187,198,698	187,322,751	0.07%	32.4	33.1	2.2%
BU Central Europe	140,127,295	142,651,008	1.8%	33.9	32.5	-4.0%
BU America	46,666,138	46,165,568	-1.1%	45.6	45.7	0.2%
BU Resorts	55,646,965	52,930,803	-4.9%	36.2	34.5	-4.8%

WATER

The **water* usage** per guest ratio was lowered by **3.9%** in 2012. Since the launch of the plan, a usage reduction of **30.5%** has been achieved by the installation of aerators, double-flush tanks and usage reduction devices on showers and sinks.

WATER USAGE						
	2011	2012	DIF VS 11	2011	2012	DIF VS 11
	m ³	m ³		Litres / guest night	Litres / guest night	
NH Global	3,094,601	3,003,722	-2.9%	217.0	208.5	-3.9%
BU Benelux, United Kingdom, Africa & France	389,083	386,905	-0.6%	210.0	205.7	-2.1%
BU Italy	639,710	577,708	-9.7%	301.2	276.1	-8.3%
BU Spain, Portugal & Andorra	1,044,476	991,816	-5.0%	199.5	193.2	-3.2%
BU Central Europe	738,674	775,038	4.9%	178.6	176.7	-1.1%
BU America	282,658	272,255	-3.7%	309.9	297.6	-4.0%
BU Resorts	648,916	630,172	-2.9%	408.5	396.8	-2.9%

NH Hoteles establishments obtain water from mains supply networks. No dangerous substances are dumped at our hotels, residual water is managed via the mains drainage systems, which perform the appropriate treatment depending on the application of the local environmental regulations.

EMISSIONS

Since 2008, the **carbon footprint** of NH Hoteles fell by **44.2%** and **4.4%** compared to 2011.

CO ₂ EMISSIONS						
	2011	2012	DIF VS 11	2011	2012	DIF VS 11
	ton	ton		Kg / guest night	Kg / guest night	
NH Global	125,645,600	121,151,676	-3.6%	8.5	8.1	-4.4%
BU Benelux, United Kingdom, Africa & France	18,588,150	18,392,490	-1.1%	10.9	10.5	-3.6%
BU Italy	30,346,115	28,632,281	-5.6%	13.7	13.1	-4.2%
BU Spain, Portugal & Andorra	21,639,489	18,552,733	-14.26%	3.7	3.3	-12.4%
BU Central Europe	40,396,423	40,765,850	0.9%	9.8	9.3	-4.9%
BU America	14,675,422	14,808,323	0.9%	14.4	14.7	2.2%
BU Resorts	10,206,268	8,887,340	-12.9%	6.6	5.8	-12.8%

WASTE

Globally, estimated waste generation per guest/ night (kg.) has been reduced from **4.1** in 2007 (baseline) to **2.7** in 2012.

PAPER

In 2012 NH Hoteles carried on with the ongoing actions to manage to reduce paper usage in the Company.

Business Unit	Paper usage in 2012 (tons)
BU Italy	750.17
BU Spain	173.31
BU C&EE	85
BU Benelux	44
Mexico	10.05
South America	7
Total	1,069.53

* Energy and water consumption data according to the standards of comparability defined by the Company. Hotel comparable percentages from 2012: Energy and emissions: 81%. Water: 78%. Water usage taken from bills and meter reading systems.

N.B.: Resorts are regarded as a separate category on account of their unique nature and their data is processed independently.

"I am proud of working in a company committed to the environment and industry leader on energy management thanks to the 2008-2012 Environmental Plan. This inspires us to develop projects looking to achieve new challenges on energy efficiency".

Samuele Primiceri,
Engineering, Maintenance
& Environment Manager
Central Office BU Italy



NH Ciudad de Cuenca, Cuenca - Spain

SUSTAINABLE INNOVATION

NH Hoteles has a long history on sustainable innovation.

BLUE EFFICIENCY PROJECT

To achieve the greater efficiency, NH Hoteles develops maintenance services enabling to optimize facilities and incorporate state of the art technology, as well as supporting the use of **alternative energy** in supply base and in self-generated solutions.

GREEN ROOMS

In 2012, all the hotels of the chain implement a variety of **eco-efficient solutions** which allows us to position our rooms as the most innovative in the market from an environmental point of view.

ECOMEETING

Innovative concept promoting a respectful usage of energy resources when organizing events and enables to offset CO₂ released emissions. In 2012 NH Hoteles held **136 carbon neutral events**.

RELAMPING PROJECT

In the first stage, a million conventional bulbs were replaced by low energy ones and, in the second stage, LED technology was implemented in all the hotels, representing 70% reduction in lighting energy.

NEW 2012-2015 ENVIRONMENTAL STRATEGIC PLAN

In 2012 the new NH Hoteles Environmental Plan was defined, providing specific actions to strengthen the Company's commitment towards environment protection and the search of innovative initiatives in the sustainability area. The new Plan is called 20+15 aiming to achieve 15% additional reduction on water and energy consumption for 2015 and its two main pillars are **Efficiency and Sustainable Innovation**.

SUSTAINABLE MOBILITY

Currently, there are **82 recharge points** for electric vehicles in Europe, a service free of charge for our clients and suppliers. At NH Berlin Friedrichstrasse we have a sustainable mobility point available for our guests, where they can rent bikes, segway platforms and hybrid or electric vehicles.

WOOD WITH ENVIRONMENTAL CERTIFICATION

Our nhow Berlin hotel has more than 10,300 m² of wood from sustainable forest management with **PEFC** (Programme for Endorsement of Forest Certification) **certification**.

ECO LIFTS - OTIS

Technology which implies an energy savings of 1,200 kWh/year compared to traditional electric lifts and carbon emission savings of 1,200 kg per hotel/year.

CORK2CORK

Pioneering initiative in the European hospitality segment collecting and reusing bottle corks used in the Company (around two million corks per year). After being processed, the corks can be reused to make panelling and insulation materials reducing the need of artificial heating and air-conditioning in the buildings. Since the launch of the project till nowadays, **1,149 kg** of corks have been recycled.

BIODEGRADABLE MATERIALS

NH Hoteles provides its guests with laundry bags, pens or bathroom amenities made up from a plastic additive which catalyzes the natural degradation process of materials. Towels in the rooms have the European ecological label **ECOLABEL**, a label assessing the product impact in the environment through its life cycle.

LED TECHNOLOGY

Until 2012, **53,000 LED lamps** were installed to replace common lamps, investing €1.2M. It is an increase of 70% in lighting efficiency, implying a saving of 18,000,000 kWh/year and avoiding a CO₂ release of 7,560 tons.

GREEN ROOMS

Green laundry

The use of ecological materials and efficiency programs in our externalised laundry service are the main pillars of our "green laundry" policy

FSC certified wood

This certification guarantees that the origin of the wood is both ecological and sustainable



Led technology

Rooms also use this technology, 70% less energy consuming than standard lighting

HVAC independent equipment

The air conditioning equipment is rated A++. It also controls external air according to internal air quality

Controlled consumption

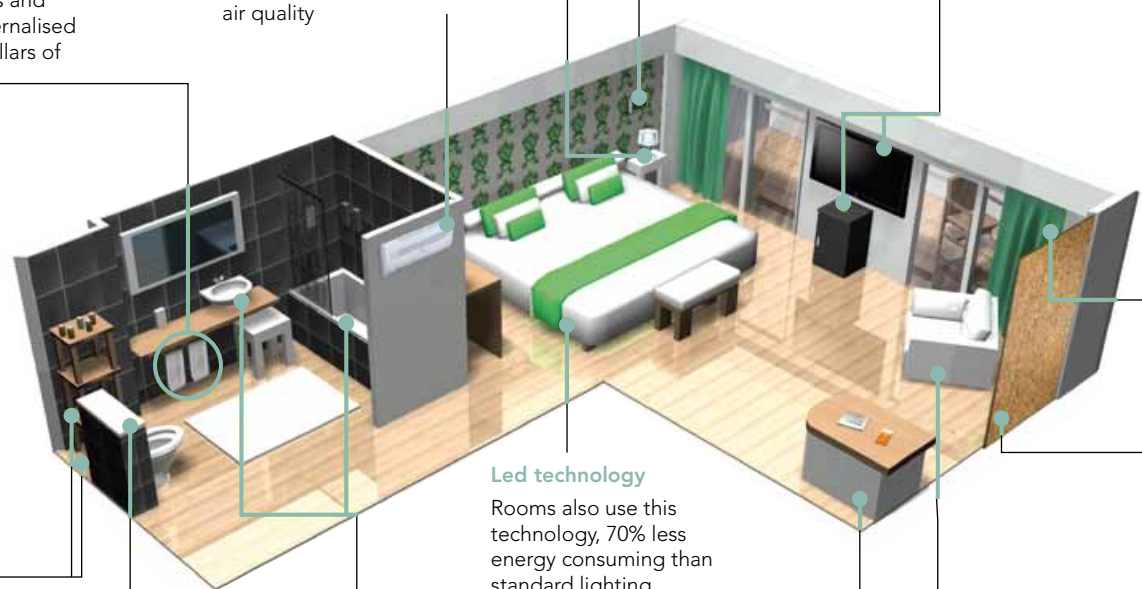
Each room is connected to the reservation, some services like air conditioning cannot be switched on. This also allows for tighter control over spendings

TV and mini-bar

They are both highly energy efficient (A++ category)

Automatic curtains

When the client leaves the room, the curtains close automatically, thermally insulating the room



Led technology

Rooms also use this technology, 70% less energy consuming than standard lighting

Faucet aerators

The water pressure needed for taps and showering is lessened, which results in 40% reduction in water use

Greywater recycling

Independent drain pipes collect rain and shower water that is treated before re-entering the cistern, which also has a double discharge system to save water. The toilet itself needs 25% less water

Recork project

We improve thermal and acoustic insulation with recycled materials such as cork from wine bottles consumed in NH



Tested furniture

We analyse carbon footprint on our furniture in order to select it according to the life cycle variable

Ecological paint

The paint used in our hotels is environmentally friendly

GREEN CERTIFICATION PROJECT

In 2012, the aim of the Environmental Plan to exceed 100 hotels with **green certification** has been achieved, implying more than **21,720 rooms**.

Business Unit	Certification	Total
Benelux	Greenkey Bronze	1
	Greenkey Gold	30
	Greenkey Silver	4
Central Europe	ISO 14001	18
	ISO 50001	1
	Ökobusinessplan	5
Spain & Portugal	ISO 14001	3
	ISO 50001	3
	Catalonian environmental licence	19
Italy	Ecoluxury	1
	ISO 14001	17
	ISO 50001	1
Mexico	Environmental certificate in Mexico	2
	Hydro sustainable hotel	1
	Single environmental licence	4
Total		110

During 2012, we continued working on the specific plan for implementing an environmental management plan according to the **ISO 14001** and **ISO 50001** rules in the Italy and Central Europe Business Units, and the project was extended to Spain. Thanks to this project, **38 hotels** have achieved the **ISO 14001** certification until 2012, which recognizes the best environmental efficiency and the respectful and sustainable use of resources.

NH Hoteles is the **first hotel chain worldwide** obtaining **ISO 50001** certification, the most important rule on Energy Management Systems. In 2012, the hotels nhow Berlin, nhow Milano, NH Palacio de Tepa and NH Ribera de Manzanares joined the already certified hotels.

In 2012, the hotels nhow Berlin, nhow Milano, NH Palacio de Tepa and NH Ribera de Manzanares joined the already certified hotels under **ISO 50001** rule on Energy management systems.



COMMUNICATION OF ENVIRONMENTAL SUSTAINABILITY

NH HOTELES ENVIRONMENT WEBSITE

In 2012 NH Hoteles continues to update and add to the Environment Website the latest news on environmental innovation in our hotels, as well as the results achieved by our Strategic Environmental Plan.

EMPLOYEES

In 2012, **48% of NH Hoteles' employees** have participated in environmental training and awareness-raising programmes. Furthermore, a new campus session for commercials, hotel managers, maintenance, kitchen and housekeeping department has been launched, with a total of 209 people trained in 2012.

SUPPLIERS

The environmental commitment of NH Hoteles' suppliers is evaluated and working sessions are held via the **NH Sustainable Club** to develop new eco-efficient solutions which promote sustainable innovation.

SHAREHOLDERS

Shareholder reports on the Company's main results include progress made in implementing the **Environmental Plan** and the consequent improvements in certain financial ratios due to the reduction of the business' operating expenses.

SOCIETY

NH Hoteles actively participates in working groups and technical sessions and supports sustainable initiatives such as the global campaign "**Earth Hour**", promoted by the WWF.



For the third year running, in 2012 NH Hoteles has reported to the **Carbon Disclosure Project (CDP)**, an independent non-profit organization that analyses companies' environmental performance and whose indicators are **consulted by different stakeholders. NH Hoteles is among the Spanish companies with best rating "B"**, which places the company among the ones with a more advanced commitment with climate change and as the **best rated European hotel chain**.



EUROPEAN GREEN CAPITAL 2012

Victoria was the European Green Capital 2012, as an example of sustainable management for all European cities. In line with this, the hotel NH Canciller de Ayala in Victoria signed the Green Deal, undertaking the commitment of implementing environmental measures in the hotel.

COMMITMENT TO PREVENTING CLIMATE CHANGE

NH Hoteles has a strong track on sustainable innovation which allows the Company to participate in the fight against climate change and go towards sustainability. Climate change is a global risk and there are several initiatives and campaigns which could be implemented in order to reduce companies' carbon footprint, while generating significant savings.

RENEWABLE ENERGIES

In 2012, 169 hotels have asked for **Green Energy certifications**, joining the **"Source Warranty"** modality, which guarantees that the source of the energy supplied comes from renewable energy sources. In 2012, and after the incorporation of 18 hotels to the Green Energy modality, 98% of the Company's hotels in Spain have some form of renewable energy supply in accordance with Directive 2009/28/EC from the European Union, which represents an increase of 4% in the number of hotels using renewable energy.

Hotels that use renewable energies	2011	2012
Cogeneration	5	5
Solar panels	39	38
District heating	37	48
Hydroelectric	11	11
Green energy	151	169
District cooling		3
Biomass		2
Total	243	276

SOLAR POWER

NH Hoteles has a total of **4,701.5 m² of solar panels** which represent 4,104,753 Kw of installed capacity in 38 hotels. In our hotels in The Netherlands, we have cogeneration facilities with an installed capacity of 1,220 kWh. Despite the fact that most of our hotels are urban and centrally located, with limited space for installing these systems, around 13% of our establishments have this technology. In 2012 total installed panels surface increases a 1% and generation a 0.2%.

WIND ENERGY USAGE

In NH Agustinos (Navarra, Spain) wind energy is used to produce electricity, up to 6Kw. This innovative aero generator was installed in 2011, and with the energy produced 60 hotel rooms could be illuminated with LED light bulbs.

INITIATIVES SHARED IN THE PRO CLIMATE FORUM

In 2012, the Environmental Initiatives Catalogue at the Forum was formed by 31 initiatives shared by the participant companies. This way experiences were shared, innovative actions were presented and new initiatives were promoted, with the aim of reducing the environmental impact of these companies and promoting sustainable development through and efficient usage of energy, water and natural resources. In 2012, NH Hoteles presented some of the most relevant initiatives such as the Environment Website, the energy management certification ISO 50001, the electric bikes service and telemetry.

HCMI, STANDARD TO MEASURE CARBON FOOTPRINT

23 global leading hotel companies have developed a common methodology called **Hotel Carbon Measurement Initiative (HCMI)**, for measuring and standardizing carbon footprint. NH Hoteles is part of the working group responsible for developing this methodology, created in collaboration with the World Travel & Tourism Council (WTTC) and the International Tourism Partnership (ITP).

ENERGY EFFICIENCY INVESTMENT

At NH Hoteles we implement all technological advances that help us combine energy efficiency with customer comfort. In 2012 we dedicated more than €3M in funding environmental actions which provide us with more sustainable, highly efficient facilities.

	2010	2011	2012
Environmental investments	€1,839,310.99	€2,373,702	€1,238,724
Environmental expenses	€1,162,067.00	€1,618,987	€1,873,612
TOTAL	€3,001,377.99	€3,992,688.98	€3,112,336.54

BIODIVERSITY ISSUES

The NH Hoteles' business focuses upon urban hotels, as such the majority of our hotels are not located in protected areas, close to them or in areas with species under threat of extinction. However, in the area of **Sotogrande** (Spain), in conjunction with the government of Andalusia, control and monitoring work is being carried out with regard to the wild pig, a local species that has an impact on the area.

On the other hand, water management in Sotogrande makes it possible to maintain the watering system and sprinkler distribution which leads to a reduction in water consumption, as well as the water treatment system and the cleaning of dry goods from the bottom of the lake which makes it possible to increase the level of water storage in the facilities. Furthermore, a tree-transplanting programme has been implemented and work on cataloguing the existing flora continues.

MAIN ENVIRONMENTAL INDICATORS

	2011*	2012
Energy	kWh/guest night	kWh/guest night
Global	36.4	35.9
Water	litres/guest night	litres/guest night
Global	217	208.5
Waste	Kg/guest night	Kg/guest night
Global	2.7	2.7
CO₂ Released	Kg /guest night	Kg /guest night
Global	8.5	8.1
Reduction of the CO₂ released per guest/night		-4.4%
Solar Power		
Solar panels (m ²)	4,663 m ²	4,701,72 m ²
Power generated Kw	4,097,953 kW	4,104,753 kW

*2011 data have been recalculated according to 2012 comparable hotels data.

SOCIAL PERFORMANCE

This approach integrates team management, through which NH Hoteles carries out its sustainable management strategy, and integrates its commitment with the communities where we operate, allowing a sustainable development at a local level.

EMPLOYEES

Employees are a key stakeholder in NH Hoteles' responsibility approach. One of the Company's main commitment is creating quality employment, in an environment that promotes training, professional development and encourages diversity of cultures and nationalities, in equal conditions and rights.

As a global company NH Hoteles operates with an ethical brand, defined in its new Code of Conduct for all its stakeholders, committed to respecting **Human Rights** and the **Principles of the Global Compact**, and to compliance with international and local laws in each country where the Company is present. NH Hoteles does not permit the use of child labour or any kind of forced or non-consented work



STAFF IN 2012

In 2012, average headcount was **18,817 employees**, 3.7% less than in 2011. All Business Units have reduced the number of employees except for America, which increased its staff by 10.5%, mainly due to the management of hotels in Venezuela and the Dominican Republic.

EMPLOYEES PER BUSINESS UNIT

	2011	2012	Dif. (%)
Spain, Portugal, Headquarters, Sotogrande	6,977	6,538	-6.3
Central Europe	3,762	3,680	-2.2
Benelux, UK, France and Africa	3,064	2,748	-10.3
Italy	2,624	2,421	-7.7
America	3,103	3,430	10.5
Total	19,530	18,817	-3.7

	2012	% Over total staff
Fixed contracts 2012 FTEs	10,937	56.0%

*Data obtained from FTEs (Full Time Equivalents) for all kinds of contracts (open-ended, part-time, extras, temporary employment agencies), considering comparable, non-comparable and managed hotels.

"NH Hoteles is committed to society through sustainable actions and strives to achieve new goals involving its employees"

María Dolores Flores,
Director - NH Santa Fe

Your Personal Information

HR Buddy

During your first month at NH, you will count with the personalized help from one of the members of our HR Department. We call this person your HR Buddy.

Your HR Buddy is:



Name:

E-mail:

Extension:

He/She is here to help you!

Employee Number and Party ID

Your employee Number and your Party ID will grant you access to our Internal Reservations website and to the online training platform of NH University.

Employee Number: _____

Party ID: _____

*soon you will receive your employee card.

EMPLOYEE TURNOVER

Present economic environment have contributed to a reduction of employee turnover in the Company from 3.9% in 2011 to 3.54 in 2012 with a voluntary turnover of 0.89% against the 2.65% of non-voluntary turnover. Due to a change in the calculation methodology, these data are not comparable with last year ones (voluntary turnover 1%, non-voluntary turnover 2.9%). With the new methodology, NH Hoteles wants to show a data more adjusted to reality. In order to do this, criteria when considering work leaves have been redefined, excluding temporary work leaves inferior to one month period or employee transfers between business units.

Business Unit	% Turnover						Total
	Non Voluntary			Voluntary			
	Women	Men	Total	Women	Men	Total	
BU America	0.71%	0.80%	1.51%	0.10%	0.14%	0.25%	1.75%
BU Central Europe	0.81%	0.72%	1.53%	1.06%	0.66%	1.72%	3.25%
BU Italy	1.67%	1.47%	3.14%	0.47%	0.43%	0.90%	4.04%
BU Spain and Portugal	2.36%	1.65%	4.01%	0.24%	0.20%	0.43%	4.44%
Headquarters	0.64%	0.60%	1.24%	0.66%	0.68%	1.34%	2.59%
BU Benelux, UK, France and Africa	1.05%	0.82%	1.87%	0.86%	0.79%	1.64%	3.51%
Total	1.48%	1.17%	2.65%	0.49%	0.40%	0.89%	3.54%

	Non Voluntary	Voluntary	Total	Non Voluntary	Voluntary	Total
Women	2,592	858	3,450	1.48%	0.49%	1.97%
Between 25-40 years old	1,223	475	1,698	0.70%	0.27%	0.97%
Under 25 years old	447	194	641	0.26%	0.11%	0.37%
Over 40 years old	922	189	1,111	0.53%	0.11%	0.64%
Men	2,042	696	2,738	1.17%	0.40%	1.57%
Between 25-40 years old	1,101	400	1,501	0.63%	0.23%	0.86%
Under 25 years old	406	155	561	0.23%	0.09%	0.32%
Over 40 years old	535	141	676	0.31%	0.08%	0.39%
Total	4,634	1,554	6,188	2.65%	0.89%	3.54%

HEALTH AND SAFETY

In 2012 accident absenteeism was reduced significantly compared to 2011, with 139 occupational accidents, which means a 25% reduction.

REDUCTION OF ABSENTEEISM RATE

	2011 (%)	2012 (%)
Accident	0.24	0.20
Illness	2.62	2.34
Maternity	0.64	0.59
Total absenteeism	3.50*	3.13

It excludes Extras and temporary employment agencies

*The possible difference with the data reported in 2011 is due to the incorporation of pending hotels data and/or deperations and corrections of the existing ones.

PERCENTAGE OF WORKERS REPRESENTED ON INDUSTRIAL HEALTH AND SAFETY COMMITTEES (IHSC).

	2012 Headcount	Employees represented on IhSC	Percentage
NH Hoteles	3,796	1,033	27.21%
Hesperia	1,994	1,239	12.39%
TOTAL	5,790	2,272	39.24%

DIVERSITY MANAGEMENT

NH Hoteles has a diverse staff made up of **15,780 employees** (permanent and temporary employment) of **141 different nationalities**, 15.3% of whom work in countries other than their home countries.

Country	N° Employees	% Immigrants	% Women	N° Nacionalities	Most frequent immigrant nationality
Argentina	509	6.0%	41.7%	13	Uruguayan
Austria	290	42.6%	48.2%	47	German
Belgium	370	48.4%	55.2%	60	Moroccan
Chile	37	2.7%	45.9%	2	Uruguayan
Colombia	37	25.8%	61.2%	2	Spanish / Mexican
Czech Republic	51	6.6%	53.5%	3	Slovak
Dominican Republic	1,073	29.6%	29.1%	8	Spanish
France	54	20.5%	48.4%	18	Spanish
Germany	2,065	11.4%	54.8%	68	Turkish
Headquarters	405	38.1%	58.3%	25	Italian
Hungary	34	5.9%	55.0%	3	Rumanian/Ukrainian
Italy	1,671	8.3%	43.1%	58	Rumanian
Luxembourg	40	97.3%	50.9%	11	French
Mexico	766	0.3%	47.9%	4	Colombian
The Netherlands	1,682	20.4%	49.4%	75	Ghanaian
Portugal	37	14.7%	72.4%	3	Angolan
Romania	59	0.0%	56.3%	0	-
Sotogrande	200	2.0%	40.3%	6	Italian/British
Slovakia	54	11.1%	55.6%	4	Hungarian
Spain	5,053	11.2%	55.6%	72	Ecuadorean
South Africa	205	11.7%	53.2%	71	Zimbabwe
Switzerland	125	71.8%	47.0%	23	French
United Kingdom	58	87.9%	38.9%	20	Spanish
Uruguay	45	0.0%	44.0%	0	-
Usa	79	72.2%	50.2%	25	Dominican
Venezuela	780	1.9%	30.5%	6	Colombian
	15,780	15.3%	49.1%		

* Figures obtained from number of employees (Full Time Equivalent) with open-ended contract + Part time contract.

WOMEN IN MANAGEMENT POSITIONS

49.1% of total workforce are women, and **48.5%** of them are managers, a figure above the sector average. In Spain the figure rises to 49.5% of women managers.

	N° of Men and Women in management positions		Women in management positions		% 2011	% 2012
	2011	2012	2011	2012		
Global	3,211	3,070	1,562	1,490	48.6	48.5

HIRING OF DISABLED PEOPLE IN SPAIN

The hiring of disabled people in **Spain** in 2012 meant this group accounts for an exceptional **8.62%** of our workforce, considering job insertion in several Special Employment Centres supplying different services, in particular FLISA and Icaria which shone for their social commitment.

Accomplished LISMI quota			
Direct	Donation	Purchase to Special Employment Centres	Total
0.80%	0.00%	7.81%	8.62%

*Information for calculating the generated employment through alternative measures, 2012. Law 2/2012, 29th of June, from the General State Budget 2012.

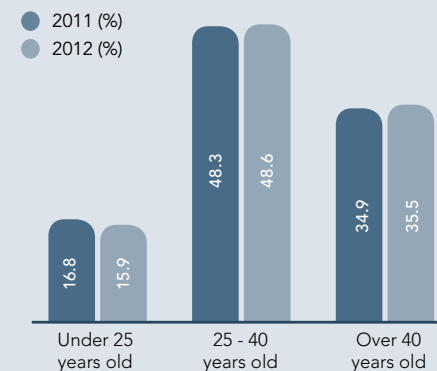
MAIN 2012 INITIATIVES IN DIVERSITY AND EQUALITY IN 2012

- ✓ Reinforcement of NH Hoteles' commitment with Diversity and Equality through our **Code of Conduct training**.
- ✓ Cultural Diversity Management initiatives.
- ✓ Follow-up of defined diversity indicators.
- ✓ Meeting of the Annual Equality Plan Monitoring Committee in Spain with the trade union representatives.



Employees from NH Hoteles Mexico

AGE PYRAMID



* Data referred to employees with fixed or temporary contracts.

INTERNAL COMMUNICATION

NH Hoteles works to develop an internal communication that complements the corporate information with the local one to give the employees close messages.

THE FACE OF OUR TEAM

The campaign “Put a Face to the Name” has been carried out to communicate the new appointments to all employees through videos, banners, posters, and regular memorandums.

SOCIAL MEDIA

Channels used to communicate to all NH Hoteles employees competitions such as the **Wake Up Pics**, the **Davis Cup** and other promotions.

WE ARE ALL SALES

This campaign continues to encourage employees to be the first Brand specifiers. In which the winners in each period where the face for the competition ads in the following period and the Christmas one to boost sales in our hotels. Among the incentives the most relevant one is the competition to win an iPad. NH Hoteles collected **€13M** through these initiatives.



WELCOME PACK

It facilitates the new employees and supervisors the Company guidelines, easy Access to documents, useful brochures and summaries of Company key aspects. There is also a **HR Buddy** at the new incorporations' service, a person from HR who acts as a mentor providing orientation, help and assistance during the first months and makes their integration into the new working environment easier.

In The Netherlands the **Introduction Package** has been digitalized, eliminating the printed document. The USB containing the new guide is reusable, editable and environmentally friendly.

INTERNAL MEMORANDUMS

In 2012, **66 corporate** memorandums were sent, classifying news per Business Unit, to keep employees informed at a local level.

CORPORATE INTRANET

The section “Social Media” has been included in the intranet in order to involve more the employees in campaigns and competitions. The space has been divided in corporate and local contents to optimize their organisation and the section “Benefits for employees” has been changed, making it more appealing and organized. Moreover, flash presentations and the updated content are also an important way of attracting the attention of employees.

NH SPOTLIGHT NEWSLETTER AND TU RED 2.0

In 2012 this bulletin was launched in 3 languages (Dutch, French and English) by and for the employees. It is aimed to cover local information and personal relevant information to increase the employees' pride of belonging. In Spain, **Tu Red 2.0** is the internal bimonthly communications bulletin.

POSTERS

A part from the ones included in the hotels board, posters have started to be used to improve informal and visual communication and supporting competitions and events campaigns.

DESKTOP WALLPAPERS

These remain a key factor in the communication campaigns. In 2012, more than 26 images were used to generate support for the various corporate strategic projects, showing more dynamic images.

SCREENSAVERS

In 2012, NH Hoteles was focused on quality and customer perception. With the aim of communicating this approach, this message has been included in more than 7,000 screensavers.



“I am genuinely convinced that our professionals' undivided support for our business development is the lynchpin of the Company's strategy”

Michael Wazlawiz,
Executive Chef - NH Deggendorf



NH Runners

NH Jobs section has been renovated in the Corporate Website in order to provide it with more dynamism and include more attractive contents and more aligned ones with the Human Resources corporate strategy.

INTERNAL COMMUNICATION QUESTIONNAIRE

Survey to analyze internal communication, information about actions and programmes within the Company, channel efficiency and use and areas for improvement.

- ✓ In 2012, 89% of the hotels perceive NH Hoteles' interest in promoting internal communication.
- ✓ More than 70% of the hotels agree on the interest of the contents covered in TU RED 2.0 bulletin.
- ✓ Almost all the hotels have one notice board (97%), well placed (92%) and regularly updated (95%).

RECOGNITION PROGRAMME

Through NH Hoteles recognition programme, employees were rewarded for their tremendous work by giving them credits that they can exchange for hotel nights and restaurants, encouraging them to travel and enjoy different NH Hoteles' destinations. In 2012 NH Hoteles organized **6 recognition Programmes**, awarding a total of **202,806 credits**.

Christmas Competition	936 credits
Jubilee Programme	82,708 credits
Recognition Programme	99,578 credits
NH & YOU	17,856 credits
Notice board	216 credits
We are All Sales	1,512 credits
Total	202,806 credits

"THE VOICE OF NH" AWARDS

Each year, the hotels assign awards to the best employees according to their performance. In 2012, this programme was carried out in the Headquarters and employees were encouraged to vote for the colleague who was best aligned with the Company's objectives and standards.

"COMPLIMENT" PROGRAMME

A non-official recognition among employees which consists on a "compliment" which they can choose and give to another employee. These messages help to recognize a good job or to thank a general attitude.

SOCIAL BENEFITS

FLEXIBLE REMUNERATION PLAN

Implemented in 2011, this Plan aims to maximize the net remuneration of employees in Headquarters, hotel managers and Central Offices in the Business Unit Spain, as well as offering health insurance, luncheon vouchers and aid for the kindergarten and rent. In 2012 the Transport Ticket and the Connected Home were negotiated in order to implement them in 2013.

INTERNATIONAL ASSIGNMENTS

NH International Mobility Policy governs the international mobility and fixes two types of assignments, short-term assignment, for short term needs and specific projects, and long-term assignments, which integrates long term Company needs and the international development of our employees.

Apart from short and long-term assignments there are also international transfers for an indefinite period. In this case, based on an international experience and a professional career development, the employees apply for international positions not considered as traditional expatriation ones.

In 2012 a total of **56 employees** were transferred by the Company, including all three types of assignments.

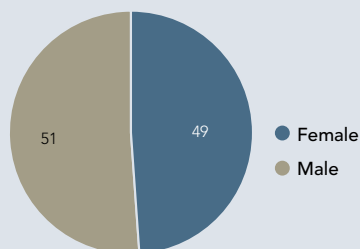
As a novelty, the figure of **Global Employee** has been consolidated, employees who, depending on Central Services or Business Units offices, live abroad. This year the Company has 16 Global Employees.

WELL-BEING AND NH RUNNERS

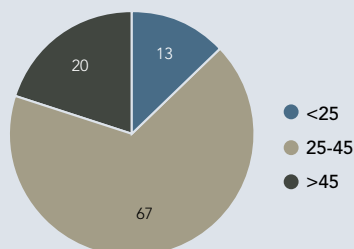
NH Hoteles believes in sport as a pillar of **people's welfare**, which is why the Company invites employees to join NH Runners. The group and the daily runs are an opportunity to share good times with colleagues while doing exercise.

In Spain there are already three groups with more than 60 members in Madrid, Valencia and Barcelona. As part of this healthy initiative the Company has organized massages and well-being workshops, encouraging the employees to share healthy habits. It has also worked with the health insurance company Sanitas in order to obtain the "Healthy Company" certification.

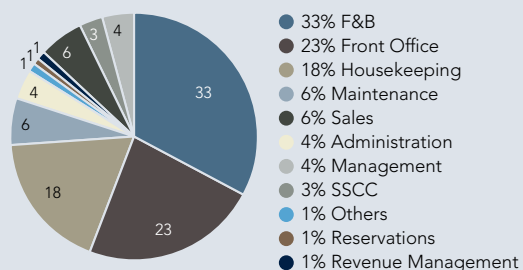
TRAINED EMPLOYEES PER GENDER



TRAINED EMPLOYEES PER AGE



TRAINED EMPLOYEES PER AREA



SPECIAL OFFERS FOR EMPLOYEES

Employees receive promotional campaigns to destinations where NH Hoteles is present, with offers for dinner with sea view in Lanzarote, Spain; sauna and beauty in Capelle, The Netherlands, trip to a volcano in Catania, Italy. Through these offers local campaigns are also supported.

EMPLOYEE RATE

Employees enjoy stays at almost all NH hotels at an extraordinary rate of €36 + VAT and 50% of the BAR (Best Available Rate) in the Company's top hotels, plus 30% discount on products and services. In 2012, employees enjoyed **52,368 nights** this way.

AMIGO VOUCHER

In 2012, employees' relatives and friends enjoyed **134,751 nights** at this special rate.

NH UNIVERSITY

In 2012, NH Hotels held **162,131 hours of training**, which means an increase of 19% compared to 2011, considering the new training hours measurement system, a total investment of €1.10M, 9% more than in 2011.

Based training hours have increased a 34% compared to 2011 and internal training has represented a 68% of the total number of hours and with the participation of 332 internal trainers. NH University has trained **24,791 participants** in 240 different programmes in **1,643 campus sessions**. On-line training participants have received an average of 3.49 training hours. It may be highlighted that all the employees have access to an e-learning training catalogue through the NHU Betrained platform.

TRAINING INDICATORS

Internal/External	Business Unit	2011	2012	Difference	
External	Headquarters	2,774	3,017	244	9%
	BU Spain & Portugal	10,138	15,517	5,379	53%
	BU Benelux, UK, France & Africa	4,701	4,760	59	1%
	BU Central Europe	6,363	7,888	1,525	24%
	BU Italy	4,088	8,658	4,570	112%
	BU America	4,759	7,132	2,373	50%
Total External		32,823	46,972	14,149	43%
Internal	Headquarters	2,117	2,075	-42	-2%
	BU Spain & Portugal	19,144	15,748	-3,396	-18%
	BU Benelux, UK, France & Africa	17,765	10,075	-7,690	-43%
	BU Central Europe	6,865	26,388	19,524	284%
	BU Italy	15,900	9,204	-6,696	-42%
	BU America	14,377	36,058	21,681	151%
Total Internal		76,167	99,548	23,381	31%
Classroom Trainings		108,990	146,520	37,530	34%
E-learning	Headquarters	1,126	780	-346	-31%
	BU Spain & Portugal	11,618	7,538	-4,080	-35%
	BU Benelux, UK, France & Africa	1,631	1,709	78	5%
	BU Central Europe	4,759	2,167	-2,592	-54%
	BU Italy	1,301	1,633	332	26%
	BU America	6,666	1,784	-4,882	-73%
Total E-learning		27,101	15,611	-11,490	-42%
Total training hours		136,091	162,131	26,040	19%

**In 2012 the e-learning training hours measurement system has been changed which implies a change in the data from 2011.

NEW HEIGHTS

In 2012 NH Hoteles has reached a milestone in the development map for hotel employees. Together with **JUMP**, programme for potential department heads, and **PDI**, for potential hotel managers, the Company has launched the corporate programme New Heights, whose objective is to train hotel managers, key figures in our sector, to face every year strategic challenges.



In this first edition **323 managers** have been trained in 17 courses. They worked out their analysis and decision making capacity through a hotel simulator adapted to NH Hoteles' characteristics and needs. They also reinforced their knowledge about Revenue Management, Food&Beverage, Financial Management, Quality and Human Resources.

Hotel managers, who received the highest rating in their 2011 performance, could participate in 2012 in an exclusive edition of the programme. In this edition they received training from one of the most recognized hotel schools worldwide and shared visions about the Company strategy with the Steering Committee.



New Heights programme

2012 NHU HIGHLIGHTS

✓ NH Knowledge Management

During 2012 NH Hoteles concentrated on the concept of sharing knowledge within the Company, consolidating a designed and internally distributed training catalogue. This training is focused on skill development and it enables the employees to reinforce those areas of improvement identified with the performance management system.

Within this framework, the proposal **"Working Breakfasts"** is launched in Headquarters where internal experts in one hour and a half sessions share their knowledge with other colleagues. These sessions are very participative and a part from the learning it also encourages networking and allows a better knowledge of other departments daily job. During 2012, 6 of these working breakfasts have been organized, with the participation of **122 employees**. Some of these sessions' topics were the refinancing of debt, brand value or the new trends in our hotels.

✓ Dual Training

After the success of working with this training modality in Germany, in 2012 NH Hoteles has supported the Regional Government of Madrid with the launch of two dual training modules in Spain within the hospitality sector: tourist accommodation management and restaurant service management. **40 participants** signed in these modules have started to be trained through an internship programme developed in 19 hotels in the Business Unit Spain.

✓ NH meeting moments

The aim is to create value through innovation and differentiation in the **MICE** segment (Meetings, Incentives, Conventions and Events), by transforming the defined product and services standards into training material, in order to guarantee that the participants interiorize them and put them into practice.

✓ Change management through management teams

Team work, cohesion, sense of belonging are necessary competences to manage a growing and competitive market in constant change. In this sense, during 2012, NH University organized several working sessions with the objective of reinforcing the team spirit, the collaboration, the communication, the confidence, and, ultimately, the generation of a "common feeling".

✓ Emergencies training

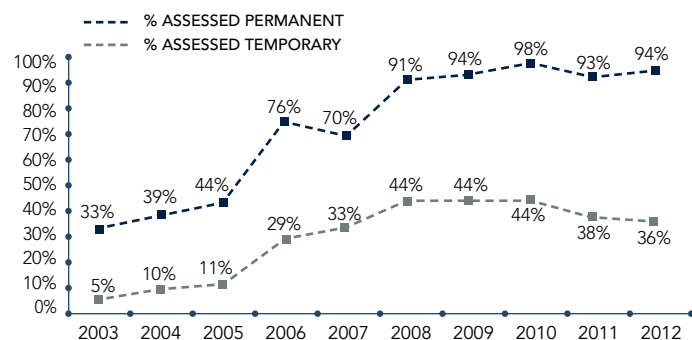
Relevant 2012 training, through which emergencies measures were given to more than 4,000 employees in the Business Unit Spain. 60 drills have been carried out in different hotels. The project has been a big step forward in the improvement of the health and safety of employees.

Employees have access to an e-learning training catalogue through the NHU Betrained platform

TIME FOR YOU, PERFORMANCE MANAGEMENT



In 2012, second year of the Performance Management System **Time For You** (TFY), the process has been simplified and it is now a mean of providing motivation. NH Hoteles conducted 1% more assessments to fixed employees, in coherence with the objective of assessing the most number of fixed employees as possible. 56% of them were not assessed mostly due to long-term sick leaves. Only 12% of employees - 57% of whom were female - received the top score "Excellent".



This year NH Hoteles has worked on the main approach to the development management of employees through three initiatives:

- ✓ **Talent Committees creation** with the aim of agreeing on the overall assessment, strengths and areas to be improved among hotel managers and sales representatives. NH Hoteles wants to reinforce the performance management of these two strategic areas and boost managers' responsibility regarding talent management.
- ✓ Elaboration of an **Action Plan Manual** with improvements which can be implemented to develop every competence from TFY and to establish then a practical methodology for the design of an individual development plan.
- ✓ **Internal Awareness Campaigns** to highlight **Time For You** benefits which help the employees to grow professionally beyond the moment when doing the performance assessment.

REPRESENTACIÓN SINDICAL

Business Unit	Collective Agreements 2012	Collective Agreement 2011	Employees covered
Spain	53	51	100%
Benelux, UK, France, Africa	10	11	100%
Italy	4	8	100%
Germany	12	12	100%
America	23	21	100%

RELATIONSHIP WITH TRADE UNIONS

NH Hoteles' collective agreements are mainly provincial, so the interlocution and negotiation are done from the corresponding hospitality business associations. However, NH Hoteles has different company collective agreements (NH Eurobuilding, Golf Sotogrande, Hesperia Finisterre, Hesperia Peregrino) in which the Company is part of the negotiating table and, therefore, maintains regular meetings with the worker representatives.

The Company gives, at the request of the personnel delegates and works councils, all the documentation and information required by the different applicable regulations. As part of the consultation duty in 2012 NH Hoteles had contact with hotels' trade unions and local trade union federations as a result of disciplinary proceedings or harassment process activation and we participate in the Health and Safety Committees' meetings.

It has also been involved in industrial disputes due to the implementation of measures like a timetable change, the transformation of open-ended contracts into open-ended discontinuous contracts, the temporary collective dismissal and the NH Hoteles' Annual Equality Plan Monitoring.

In 2012 union elections were held within the renewal for expiration of the term of office at NH Valladolid, NH Cornellá, NH Ciutat de Mataró, NH Gran Hotel, NH Obradoiro, NH Palacio de Oriol, NH Villa de Bilbao, NH Amistad de Murcia and NH Villacarlos.

MAIN EMPLOYEE INDICATORS

	2011 (%)	2012 (%)
Average n° of employees 2012*	19,600	18,817
Open - ended contracts	59%	56%
Average staff turnover **	3.9%	3.6%
% Immigrant employees	16.8%	15.3%
% Female employees	50.2%	49.1%
% Women in managing positions	48.6%	48.5%
Under 25 years old	16.8%	15.9%
25 - 45 years old	48.3%	48.6%
Over 45 years old	34.9%	35.5%
NHU training hours	186,404	162,131
N° participants in NHU programmes	79,489	24,791
Investment in training	€1,009,319	€1,100,000
% Performance Evaluations conducted (fixed FTEs)	93%	94%

* FTE including all types of contracts

** Voluntary turnover (0.89%) v. Non-voluntary turnover (2.65%)

** 2012 data not comparable to 2011 because of a change in the calculation methodology.

SOCIETY

NH Hoteles' Social Action strategy has the objective of contributing to the local development with a commitment and collaboration based on its own business. In this sense, NH Hoteles is committed to create responsible partnerships and networking in order to generate value through our hospitality services, aligned with its international Social Action Programme **Up! For the People**.



NH Hoteles' strategy **Up! For the People** has evolved towards new collaborations and areas, in line with the **2011-2013 Corporate Responsibility Master Plan**, consolidated as a management model which provides Social Action initiatives carried out in all Business Units with transversal and global nature.

RESPONSIBLE ALLIANCES

- ✓ Evolution towards **successful responsible alliances** by identifying the most efficient partners and developing long-term projects which could be replicated in other Business Units.
- ✓ Creation of **responsible relationship with our customers** by designing joint actions aligned with our Social Action strategy.
- ✓ **Identification of the most efficient collaborators** and the biggest impact projects in order to provide them with consistency and continuity.
- ✓ Consolidation of **our valuable relationships with all our stakeholders**.
- ✓ **Relevant increase on the employees' implication** in Social Action projects.



NH Hoteles Sprint Programme

SOCIAL IMPACT INDICATORS

Up! for Hospitality



	Agreements with NGOs	Rooms donated/year	Hotels involved
2011	83	3,277	92
2012	196	8,367	179

Up! for Opportunities



	Trainees trained	Agreements	Agreements with NGOs and Institutions
2011	294	15	19
2012	441	38	39

Up! for Volunteering



	Volunteers	Initiatives
2011	193	19
2012	907	56

"All the hotel employees bent over backwards for the children from Menudos Corazones Foundation and their families. It is a satisfaction to give them affection and support in moments when they really need it".

Susana Rubio,
Front Desk Manager - NH Alcalá

2012 data include the Christmas for Everyone Campaign

Up! for Opportunities

International training and apprenticeship programme for young people at risk of social exclusion and disabled people in our hotels. It gathers several projects and encourages the **direct involvement of the hotel employees** who accompany and advise them, carrying out a valuable volunteer and coaching work.

SPRINT PROGRAMME (CENTRAL EUROPE)

In 2012 the first edition of this programme was launched in order to cover job positions with qualified staff in the Business Unit Central Europe. NH Hoteles gave a one-year employment contract to 5 young catering students at risk of social exclusion from Tomillo Foundation and it was financed by Barclays Foundation. NH Hoteles' volunteer employees participated with their mentors in their destination hotels, helping them to integrate both professionally and in the city. After the big success of this first edition, **NH Hoteles, Tomillo Foundation** and the **Barclays Foundation** have confirmed their commitment in continuing with the project and support future students.

COLLABORATION WITH THE SPANISH RED CROSS (SPAIN)

NH Hoteles also incorporates **13 women** at risk of social exclusion, identified by the Spanish Red Cross, in a training programme as housekeeping staff in 6 hotels in Barcelona. Volunteer employees attended the course provided to the women participating.

SUPPORT TO WOMEN VICTIMS OF DOMESTIC VIOLENCE (SPAIN)

In 2012 NH Hoteles signed a commitment with the Ministry of Health, Social Policy and Equality to support women victims of domestic violence and also signed an accession convention to **Incorpora**, a labour intermediation programme financed by "La Caixa" Foundation.

YOUTH CAREER INITIATIVE (MEXICO)

NH Hoteles is the only Spanish company committed with this international initiative together with Intercontinental, Marriott and Starwood. Each year it trains **420 young people at risk of social exclusion** in 53 hotels worldwide. In this 6th year, third in which NH Hoteles participates, **16 young people** have been trained during 24 weeks in NH hotels in Mexico. The support, knowledge and experience of NH Hoteles' volunteer employees were essential for the training. Two of the young participants have been hired as staff in these hotels.

CASAL DELS INFANTS (BARCELONA, SPAIN)

The Second year of collaboration between NH Hoteles and this NGO to support social activities and initiatives in order to improve the integration of young people at risk of social exclusion. In 2012, **19 students** from Initial Professional Qualification Programmes have been trained in NH Hotels in Barcelona and 2 of them have been hired as maintenance assistants.

JINC (AMSTERDAM, THE NETHERLANDS)

NH Hoteles collaborates with this NGO born in Amsterdam in 2003 providing career counselling to young people in underprivileged areas. In 2012, **28 visits** to hotels in Amsterdam were organized to show more in depth the hospitality business to primary students and vocational training ones (VMBO).

BATA ASSOCIATION (GALICIA, SPAIN)

The hotel Hotel Hesperia Isla de La Toja participated again in 2012 together with the BATA Association in supported-training internship programme for **5 people** with intellectual disabilities.

CARMEN PARDO-VALCARCE FOUNDATION (MADRID, SPAIN)

Carmen Pardo-Valcarce Foundation and NH Hoteles create a new opportunity for people with intellectual disabilities. **9 women**, after a training programme given by the Foundation, did their internship as housekeeping staff in different NH hotels in Madrid.

PRODIS FOUNDATION (MADRID, SPAIN)

NH Hoteles offered a student from the Promentor programme (Universidad Autónoma, Madrid) a training programme for young students with an intellectual disability, the opportunity of doing his internship in NH Hoteles **Headquarters**. During his internship the student was supported and trained by several volunteer employees.

SOCIO-LABOUR INTEGRATION PROGRAMMES (BENELUX)

In 2012, in the Business Unit Benelux, NH Hoteles has been committed to the socio-labour integration of disadvantaged people, offering employment to **19 unemployed** people, 8 of which are disabled young people from the following companies and organizations: In2work, Stichting Boost, Refrisk BV, Flex Pay and Social working place of the local community.



6th Generation YCI Mexico

UP! For Opportunities helps many young people from difficult environments. Our volunteer employees help these highly motivated youngsters to develop their personal and professional skills. Through workshops and trainings in our hotels, together we improve their chances on future employment.

Michelle Aarts
Interim Hotel Director
NH Conference Centre
Leeuwenhorst

Up! for Hospitality

NH Hoteles offers alternatives from its business to NGOs and Foundations, by designing sustainable initiatives that allow collaborating with society through products and services. Through the **NGO Rate**, which offers a 30% discount for NGO partners, the Company collaborated in 2012 with **more than 160 organizations**.

MAKE-A-WISH® FOUNDATION (CORPORATE)

Since 2005, NH Hoteles collaborates with the Foundation offering facilities so that children with life-threatening medical conditions make their dream real. The Company has granted **90 wishes**, with a total number of **361 direct beneficiaries and their relatives**, always with the help of volunteer employees.

OUR HOTEL, THEIR SECOND HOME

Through agreements with hospitals in different countries and with the help of **volunteer employees**, the Company supports low-income families who have to travel to other cities to receive long-term medical treatment by giving them hotel accommodation. In 2012 these collaborations have represented the donation of more than **8,000 room nights**.

✓ Menudos Corazones (Madrid, España)

NH Hoteles has been collaborating with this foundation giving away over **1,000 room nights** throughout the year at the NH Alcalá in Madrid, to the relatives of children suffering from both congenital and acquired heart disease

✓ Josep Carreras Foundation (Barcelona, Spain)

The cooperation agreement signed in 2011 between the Josep Carreras Foundation and Hospital Sant Joan de Déu against leukemia, is consolidated. Through this agreement we donate one room in **NH Porta de Barcelona** to patients and their relatives as an additional service to the Foundation's Foster Homes programme.

✓ SAMUR (Emergency service) (Madrid, Spain)

NH Hoteles renovates the accommodation agreement for extreme emergencies with **Samur Social** until 2015. This confirms our commitment with the **Madrid City Hall** and with the security of all those in situations of social emergency. Since the signature of the agreement in 2009, **400 people** have been referred to NH hotels.

✓ "Hospital Hotels" (Madrid, Spain)

NH Hoteles, the **Madrid Rotary Club** and the **Regional Government of Madrid** have signed an agreement to implement the Programme **"Hospital Hotels"**, which provides with room nights at special prices to direct relatives of patients admitted in Madrid hospitals and who live in other cities.

✓ Ronald McDonald Foundation (Amsterdam, The Netherlands)

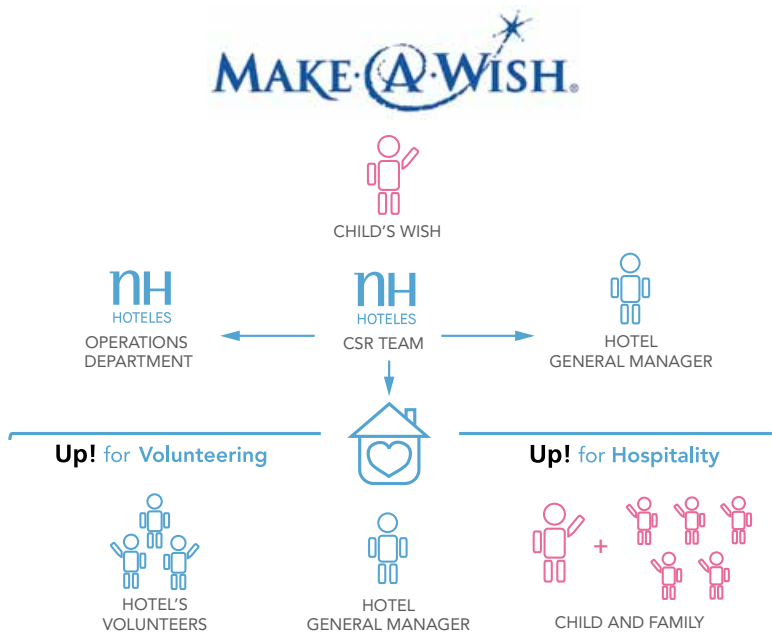
The Benelux Business Unit has signed an agreement with the Ronald McDonald Foundation to provide families with hospitalized children with a room during a year at the **NH Musica** hotel in Amsterdam.

✓ IRIS Hospital (Brussels) and Groningen Hospital (The Netherlands)

In 2012 agreements have been signed with the IRIS Hospital in Brussels and the Groningen Hospital in Holland. Through these agreements NH Hoteles hosts families with hospitalized children. As a result of this agreement, the Company has donated **6,000 room nights** at special prices. Many of them have been directly donated to hospitals.

✓ Anvolt (Italy)

Donation, in 2012, of **840 room nights** in Rome and Milan for patients and their relatives thanks to the agreement signed with Anvolt, an association which gives assistance to cancer patients.





NH Mexico City, México DF - Mexico



GUEST FROM THE HEART (LATIN AMERICA)

After the big success of this collaboration between NH Hoteles and UNICEF, the Company extends the agreement carrying out the "Guest from the Heart" campaign not only in **Mexico** but also in other Latin American countries such as **Argentina, Venezuela, Colombia, Haiti, the Dominican Republic, Chile and Uruguay**. Through this initiative, the Company will collect guests donations from the hotels involved in the project to collaborate with the childhood in those communities where NH Hoteles is present.



Ayuda en Acción concert



AYUDA EN ACCIÓN (SPAIN)

NH Hoteles was one of the sponsors of the concert tour organized by Ayuda en Acción in Spain with the conductor **Inma Shara and the Child and Youth Music Municipal Orchestra from San José de Chiquitos (Bolivia)**. With this initiative, which is part of the development cooperation projects in the Chiquitania region, NH Hoteles donated 30 room nights and provided the musicians and their relatives with rooms for their daily rehearsals.

Up! for Volunteering

2012 marks the consolidation of **the commitment of NH Hoteles' employees** with corporate volunteering projects, evolving into a diversification in three lines: General Volunteering, Coaching Volunteering and Volunteering for Development.

GENERAL VOLUNTEERING

It includes those solidarity volunteer actions where employees do not necessarily bring professional abilities into the projects.

✓ "You can also Sum up" UNICEF (Mexico)

NH Hoteles' volunteer employees in Mexico have donated from their payrolls almost €3,000 for campaigns developed by UNICEF in Mexico to help children.

✓ Week of Hospitality (Benelux)

Meeting celebrated at the hotel NH Amsterdam Centre, where volunteer employees have assessed unemployed people on how to find a job.

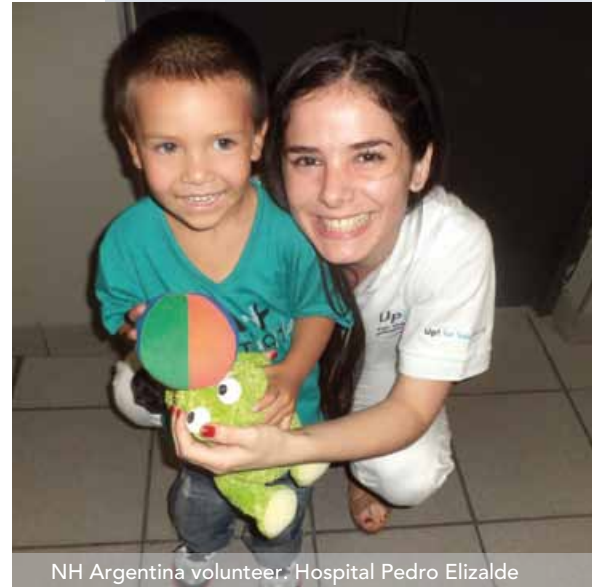
✓ AVIS (Association of Voluntary Italian Blood Donors) (Italy)

AVIS and NH Hoteles in Italy have organized encounters in the 30 Italian cities where NH Hoteles operates, in order to spread the **culture of blood donation** and the importance of adopting healthy and responsible habits. The first 2012 donation campaign was organized at NH Milano Touring, where took place the signing of the agreement and in which participated 22 volunteer employees.

✓ 2012 "Christmas for Everyone" Campaign (Corporate)

It is organized since 2007 and involves all NH Hoteles' employees worldwide. In order to **involve more stakeholders**, this year we have also invited customers and residents of 5 hotels in Madrid and Barcelona (NH Eurobuilding, NH Príncipe de Vergara, NH Prisma, NH Pódium y NH Constanza) to participate by donating non-perishable food, clothes and toys to disadvantaged families.

In Spain these donations were channelized by the **Spanish Red Cross** in order to help the most disadvantaged collectives. In Latin America NH Hoteles collaborated with institutions, hospitals close to the hotels. The collected toys and food was given to 10 organizations in ceremonies organized by more than 80 volunteers.



NH Argentina volunteer. Hospital Pedro Elizalde



"Christmas for Everyone" Campaign. NH Prisma, Madrid - Spain

"CHRISTMAS FOR EVERYONE 2012" IN FIGURES

- ✓ Hotels and Offices: **97**
- ✓ Employee Volunteers: **485**
- ✓ Beneficiary Foundations: **31**
- ✓ Donated Food: **2,600 kilos**
- ✓ Clothes / Household items: **1,500 kilos**

COACHING VOLUNTEERING

Includes those initiatives where employees, during their working hours and inside or outside the Company, put their aptitudes and knowledge at the service of training and apprenticeship programmes for people at risk of social exclusion in which NH Hoteles participates.

✓ EXIT Foundation (Spain)

NH Hoteles, together with EXIT Foundation, designs projects in which volunteer employees from the Company receive a practical training on coaching and mentoring techniques before supporting and assessing young people at risk of social exclusion.

✓ Give & Gain (Madrid, Barcelona y Valencia)

NH Hoteles participates, for the second year, in the **II International Corporate Volunteering Week Give & Gain**, a reference initiative in Europe already developed in 16 countries. NH Hoteles' volunteer employees have participated as coaches, sharing their experience and knowledge with the aim of awaking a professional interest from people at risk of exclusion.

✓ Track the Talent (The Netherlands)

This programme, which started in Amsterdam in 2011, extends this year to Amersfoort and Utrecht. Volunteer employees showed different hotel departments to **128 young people at risk of exclusion** in a total of 6 hotels.

VOLUNTEERING FOR DEVELOPMENT

Volunteering programmes based on hospitality business which improve the economic and social development by job creation, sustainable economic activities development and the contribution to eradicate poverty and improve the living conditions in developing countries. NH Hoteles provides knowledge through the volunteer employees to asses and ensure the success of these projects.

✓ Agoro Lodge Hotel-School, Ethiopia

NH Hoteles, the **NGO Manos Unidas** and the Spanish Agency for International Development (**AECID**) have worked on this project since 2010 to help with the socio-economic development of the Tigray region. Apart from the previous assessment and the collaboration of two employees who traveled to Ethiopia, other volunteers from many of the company's departments have participated remotely to make the project a reality in 2012. As part of our support to the Agoro Lodge in Ethiopia we now help to commercialize it. The visitors to our stand at FITUR 2013 had the opportunity to know further about this new initiative.

"Thanks to all the volunteers from NH Hoteles for their contribution to this project the Agoro Lodge Hotel- School, which is now a reality. www.agorolodge.com



Track the Talent Programme, NH Tropen, Amsterdam - The Netherlands



NH Hoteles volunteers in the Hotel-School in Ethiopia



NH Villa de Bilbao, Bilbao - Spain

AMIGO VOUCHER AND EMPLOYEE RATE

In 2012, with the donation of €1 and €2 from the reservations with Amigo Voucher and Employee Rate, NH Hoteles collected €321,869. This amount has been invested in the housing and catering services, special tariffs and grants of the different Business Units' Social Action programmes.

MANAGEMENT SYSTEM

The Corporate Responsibility Department is responsible for relations with the Community. It supervises and collaborates in all decisions made on social actions to be implemented via the heads of Corporate Responsibility of each business Unit, that channel all the information required as well as the management of the actions, in line with the **Up! for the People** strategy defined in Community Involvement.

NH Hoteles has a Management System called **Solidarity Index** which enables us to identify any local organizations and projects whose field of work, objectives and needs fall in line with our Community Involvement strategy, selecting those with whom we can collaborate.

In turn, all the social actions carried out at NH Hoteles are gathered in an **Annual Inventory**, updated every six months, that lets the Corporate Responsibility Department track, manage and measure investments, broken down to level, hotel and business Unit project and global data.

SOCIAL IMPACT

All NH Hoteles Business Units monitor the social impacts of the actions **Up! for the People** with a **System of Indicators (KPIs)** developed in 2011. First the Solidarity Index assesses the Community Involvement projects best suited to the requirements of the Up! for the People Community Involvement strategy defined by NH Hoteles, then these KPIs that measure their direct impact on society are introduced. As a novelty in 2012, data traceability has been increased in order to quantify at a global level the real amount of donations, the number of solidarity events and the number of volunteer employees who participated in the "Christmas for Everyone" campaign.

OTHER COLLABORATIONS

RESPONSIBLE WITH THE ENVIRONMENT VOLUNTEERING (PUNTA CANA)

Employees from NH Hoteles in Punta Cana, after a training about waste classification and recycling, have established to clean the beaches once a month to contribute to the environment preservation.

EMILIA ROMAGNA EARTHQUAKE (ITALY)

Volunteer employees collaborated with working hours and donations, collecting almost €5,000 for the Italian Red Cross to help the people affected by the earthquake.

CAMPAIGN HELPING IS POSSIBLE (MEXICO)

NH Hoteles collected more than €4,000 for Mexican children at risk of exclusion, helping the education project of Lorena Ochoa Foundation.

HEALTH AND SPORT DAY (THE DOMINICAN REPUBLIC)

NH Hoteles promotes preventive health measures among its employees to improve their quality of life and their relatives one. The Company also promotes sport in order to be physically and mentally healthy.

FAIR TRADE COMMITMENT (HEADQUARTERS)

Low environmental impact products from Fair Trade sources in Ecomeeting, our eco-efficient meetings, and in the vending services in Headquarters in Madrid and the CRO (Central Reservations Office).

MAIN SOCIETY INDICATORS

	2011	2012
Total beneficiary entities: NGO and foundations	More than 290	More than 230
Total community involvement projects	More than 450	More than 700
Total community involvement investment(*)	€490,987	€478,651.25
Total collected through friend Voucher + employee Rate	€387,425	€321,869
Cultural promotion	€16,715	€64,020
Total Community Investment	€880,423	€864,540

AWARDS AND RECOGNITIONS

NH HOTELES GROUP



2012 TRIPADVISOR CERTIFICATE OF EXCELLENCE

NH Hoteles has received the 2012 TripAdvisor Certificate of Excellence, an award that acknowledges hospitality thanks to travellers' reviews on the world's largest travel site. Only about 10% of all accommodations worldwide that appear on the site receive this prestigious award. It is thus a remarkable achievement for NH Hoteles to make that **130** of its establishments receive this recognition of their excellence.

- ✓ NH Hoteles has been rated as the best hotel company in the 12th edition of the **KAR** (Key Audience Research) Study carried out by **IPSOS**.
- ✓ Golden Award for the Best Law Department in the **Legal Alliance Summit & Awards**.
- ✓ Best Mobility Strategy Project by the Mobility and Unified Communications Congress.
- ✓ **Club de Gourmets Award** to the Best Hotel Chain 2012.
- ✓ Sector leader in **MercoEmpresas 2012 and Responsible MercoEmpresas 2012**.
- ✓ **DINTEL Foundation Award** for the best project in Contact Center and Customer Care Center.
- ✓ Best Corporate Annual Report in the **Corporate Register Awards**.

HOTELS

- ✓ **Tripadvisor Certificate of Excellence** to NH Liberdade and NH Castellar.
- ✓ The hotel NH Aeropuerto T2 in Mexico rated top 10 best hotels in Mexico City by the **Latin Trade magazine**.
- ✓ **Hotel Secrets Royal Beach Punta Cana:**
 - Best 2012 Caribbean New Property and/or Renovation (**Travel Age West**).
 - Golden Apple Award for its scores in satisfaction surveys (**Apple Vacations**).
 - One of the top 99 favorite Hotel Beach trips worldwide (**Holiday Check**).
- ✓ **Hotel Secrets Royal Beach Punta Cana and Now Larimar Punta Cana:**
 - 2012 TOP + in Central America and the Caribbean (**Top Companies**).
 - Excellent Quality of the Resort (**RCI Gold Crown Resort**).
- ✓ **Hotelbeds** awards the best hotels in Madrid, including NH Hoteles.
- ✓ **Goethe Frankfurt Award and Die Welt Award** to the best mid-range hotel chain in Germany.
- ✓ **Excellent Award** by Trademark Italy to the Italy BU Director.
- ✓ **Condé Nast Traveler Award** to Grand Hotel Convento di Amalfi (Italy) as the best International non-urban hotel.
- ✓ **R&D Hospitality Award** in the Project Innovation category to Grand Hotel Convento di Amalfi.
- ✓ **The MICE Report Award** to Hesperia Tower as the Best Conference Hotel in Southern Europe.
- ✓ **Top Hotel Opening Award** in the "Exceptional" category to nhov Berlin.



Grand Hotel Convento Di Amalfi, Salerno - Italy



NH Príncipe de la Paz, Aranjuez, Madrid - Spain

CUSTOMERS

In the 12th edition of the **KAR Study from IPSOS**, NH Hoteles is the best rated company for the **quality of our services and customer care**. In 2012 NH Hoteles was recognized as one of **the key actors in the European vacation tourism**.

- ✓ **Silver Blue Award** by TUI Nordic to the Hesperia Lanzarote as part of Lanzarote's offer.
- ✓ Hotel Almenara and the Hesperia Lanzarote finalists in the category of best resorts in Spain and the Hotel Almenara SPA finalist as the best SPA in Spain by **Condé Nast Traveler**.
- ✓ **The DINTEL Foundation** gives recognition to the NH Hoteles mobile marketing strategy with the DINTEL Award 2012.

EMPLOYEES

- ✓ **Best place to work from the Top Companies ranking in America**.
- ✓ Presence in the 2012 MercoPersona in Spain, ranking 24th.
- ✓ Finalists with the training programme New Heights at the World Hospitality Industry Awards organized by the platform Hostelco.

SOCIETY

- ✓ **XIII HR MC Awards**, Spain. NH Hoteles has been awarded in the **"Best Practice in CSR"** category for the Corporate Volunteering **Project Agoro Lodge Hotel-School (Ethiopia)**.
- ✓ **XIII Worldwide Hospitality Awards**, Paris. Finalists in the category **"Best Initiative for Sustainable Development"** for **Up! For Hospitality**.
- ✓ **Make-A-Wish® Foundation** at the Annual Convention celebrated in São Paulo awarded NH Hoteles the **Corporate Partner Award Spain** for the collaboration with **Up! for Hospitality** during the last 7 years and the **Make-A-Wish® "Star"** in the Italy Business Unit.
- ✓ **III Corresponsables Award**, Spain. NH Hoteles finalist for the project **Up! for Hospitality** with Menudos Corazones.

ENVIRONMENTAL PERFORMANCE



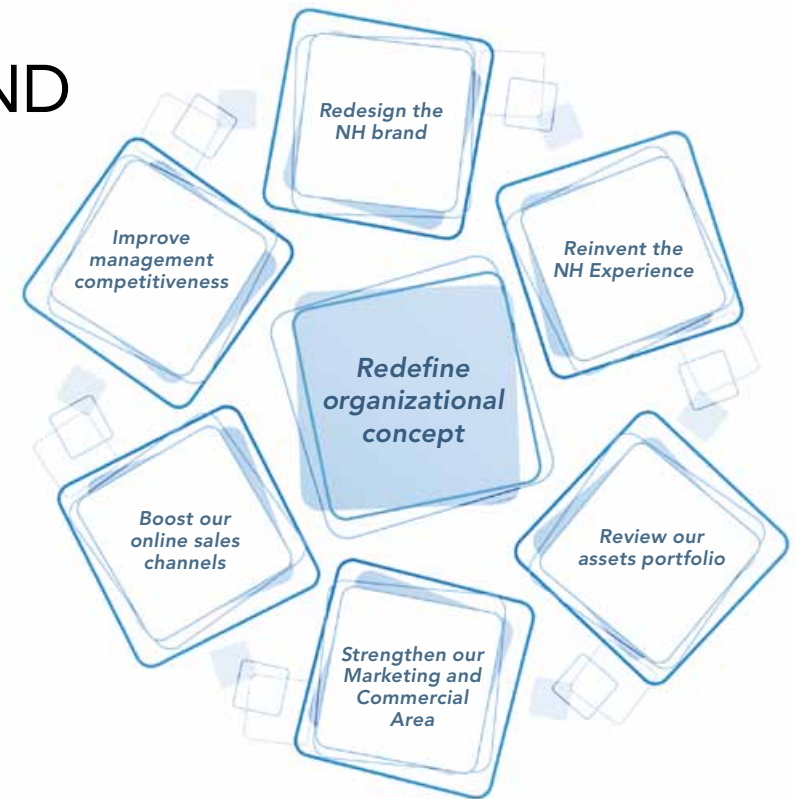
International tourism organism **Global Business Travel Association (GBTA)** has rewarded NH Hoteles with the **Gold Medal** for the sustainable services it offers its guests during their business trips.

- ✓ Award from the **Spanish Confederation of Hotels and Tourist Accommodation (CEHAT)** to the Strategic Environmental Plan 2008-2012 for its contribution to the environmental improvement where NH Hoteles operates, with innovative sustainable initiatives and the accomplishment of the established objectives.
- ✓ **Greenlight** for the whole hotel chain for its energy efficiency progress.
- ✓ **GreenBuilding** for 5 of our hotels, such as the NH Príncipe de la Paz (Aranjuez, Madrid), as the most replicable.
- ✓ **Inneo Award 2012** for our Environmental Consciousness.
- ✓ Finalists at the Forética **CSR Marketplace Award** for Ecomeeting service.
- ✓ Distinction of **Hydro-Sustainable Hotel** awarded to the NH Centro Histórico in Mexico by the Helvex Foundation, the water system from Mexico DF (SACM) and the European alliance for sustainable tourism ECO-TRANS.



Jolly Madison Towers, New York - United States

ROADMAP AND PRIORITIES FOR 2013



The Group is immersed in defining a new five-year business plan, the goal of which is to make NH Hoteles the best choice for hotel users by leveraging its strengths and redefining the NH experience.

The roadmap for achieving our goals implies the following priorities for 2013:

- ✓ **Redesign the NH brand and portfolio**, building a well-defined and tangible asset and service segmentation strategy and articulate an attractive product range tailored to the needs of any consumer in any part of the world.
- ✓ **Reinventing the NH experience** afforded customers before, during and after their stays in our hotels, building the new proposition based on four commitments: deliver, care, ease and surprise.
- ✓ Reviewing existing **sales, marketing and communication plans**.
- ✓ Developing an **IT Plan** that will deliver a significantly more robust IT platform relative to existing infrastructure, one that is kitted out with powerful information management tools that will make NH more agile and competitive.
- ✓ Performance of ongoing case-by-case **analysis of our hotel portfolio**, exiting structural underperformers and non-core hotels.
- ✓ Forging ahead with **international expansion**, weighing up growth opportunities and analysing the investment requirements of the Group's emblematic and core establishments.

Our vision is that whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they first ask themselves: "Is there an NH Hotel?" NH aspires to be the "top 2 choice" for city/business travelers, offering a different product and service experience.

INDICATORS AND ASSURANCE REPORT

CORPORATE RESPONSIBILITY INDICATORS

PROFILE	2011	2012
Portfolio of hotels		
Number of Hotels	397	391
Number of rooms	59,052	58,853
Net income	€6.2M	- €292.1M
EBITDA Increase	115.10%	-28.0%

STAKEHOLDERS	2011	2012
SHAREHOLDERS		
Entities which conduct analysis of NH during the year	21	20
N° of shareholders and investors queries answered	874	624
One-to-one meetings with shareholders and investors	137	49
Analyst tracking reports	135	122
EMPLOYEES		
Average n° of Employees	19,600	18,817
Open-ended contracts	59%	56%
Average staff turnover*	3.9%	3.6%
% Immigrants	16.8%	15.3%
% Female employees	50.2%	49.1%
% Women in management positions	48.6%	48.5%
Under 25 years old	16.8%	15.9%
25 - 45 years old	48.3%	48.6%
Over 45 years old	34.9%	35.5%
N° of Nationalities	138	141
NHU training hours	186,404	162,131
Investment in training	€1,009,319	€1,100,000
% N° of performance evaluations conducted (fixed FTEs)	93%	94%
N° of Employee Mailbox queries	141	-

*2012 data not comparable to 2011 because of a change in the calculation methodology.

STAKEHOLDERS	2011	2012
CUSTOMERS		
N° of "Mystery Guest "hotel assessments"	290	367
N° Scores (NH surveys + external pages)	211,577	229,809
N° of Customer Satisfaction Surveys	105,135	89,985
Communications managed by the Customer Service Department	17,696	13,705
SUPPLIERS		
Volume of suppliers managed	23,866	21,892
N° of suppliers who have signed the Code of Ethics	994	1,218
Annual volume of purchases (expense + investment)	€447.8M	€403.4M
% Turnover of Suppliers who have signed the Code of Ethics	9.0%	10.8%
NH Sustainable Club members	40	40
SOCIAL ACTION		
N° community involvement projects	over 450	over 700
Resources allocated to the Community.	€880,423	€864,540
Resources obtained from solidarity € (Employee Rate and Amigo Voucher)	€387,425	€321,869
Beneficiary Foundations	over 290	over 230
N° of NH Volunteers	193	907
Cultural promotion	€16,715	€64,020
ENVIRONMENT		
Urban hotels		
CO ₂ emissions (Ton.)	125,645	121,151
CO ₂ emissions (kg per guest/night)	8.5	8.1
Energy Consumption (kWh)	540,400,326	538,479,846
Energy Consumption (kWh per guest/night)	36.4	35.9
Water consumption (m ³)	3,094,601	3,003,722
Water consumption (litre per guest/night)	217	208.5
Waste production (kg)	41,319,219	-
Waste production (kg per guest/night)	2.7	2.7
Solar panels (m ²)	4,663	4,701.72
Solar power installed capacity (kW./year)	4,097,953	4,104,753



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to the Management of NH Hoteles, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in the Annual Report – Corporate Responsibility of NH Hoteles, S.A. (hereinafter NH Hoteles) for the year ended 31 December 2012 (hereinafter “the Report”). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter entitled “GRI Indicators”, and identified in the “Assured by KPMG” column with the “●” symbol.

NH Hoteles management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the section entitled “About this report”. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and, based on the work performed, to issue a report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with ethical requirements, including those of independence that form part of the International Ethics Standards Board for Accountants Code of Ethics.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. This report should by no means be considered as an audit report.

Our limited assurance engagement work has consisted of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying the following analytical and other evidence gathering procedures:

- Interviews with relevant NH Hoteles staff concerning the application of sustainability strategy and policies.
- Interviews with relevant NH Hoteles staff responsible for providing the information contained in the Report.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of NH Hoteles.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of NH Hoteles, which were audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Annual Report - Corporate Responsibility of NH Hoteles, S.A. for the year ended 31 December 2012 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the section entitled “About this report”.

Under separate cover, we will provide NH Hoteles management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed on original in Spanish)

José Luis Blasco Vázquez

28 June 2013

ABOUT THIS REPORT

This is the 7th NH Hoteles annual Report and Corporate Responsibility Report, in which the evolution in the focus and sustainable performance during the 2012 financial year wants to be reported. This edition includes the highlights of the year with regard to the sustainable economic, environmental and social management of the business and the relationships with the stakeholders.

PREPARATION CRITERIA

The Report has been prepared based on the reporting of the most important aspects of our management and performance in 2012, in line with objectives set and commitments made to our stakeholders at the end of each section, the main specific indicators are included by stakeholder and at the end of this document, the chart is published containing the general indicators which enable the evaluation of the Company's overall progress in the sustainable management of the business. We also followed the guidelines of the Global Reporting Initiative (GRI) and its guide for the Preparation of Sustainability Reports (version G3.1), both the Principles for defining the contents and quality of the Reports as well as compliance with the recommended content, which is listed in the GRI Indicator Table. In terms of the content reported, we consider that this report reaches GRI application level A+, including external assurance.

This report summarizes NH Hoteles' general management results during 2012, broken down by countries in which we operate. The international dimension of our business, with the incorporation of new hotels to the chain and gradual implementation of measurement systems and processes mean that, in some cases, data is reported for comparable hotels in the associated financial year. In each case, the scope of the data reported is specified for greater accuracy and comparability of the information.

BALANCE AND COMPARABILITY

The objective, just like every year, is to present a balanced, accurate and coherent report of our triple bottom line with emphasis on the traceability of the data and the comparability of the information of previous years and strategic projects.

Like every year, the heads of the different departments and those responsible for each stakeholder involvement process take part and are involved in preparing this report, and this ensures that what we report mirrors what matters to the strategic stakeholders and responds to their expectations.

DEFINITION OF CONTENT

NH Hoteles has different stakeholder involvement systems that are a source of analysis of the contents of interest to different audiences. In addition to the tools described in our "Sustainable approach", we organize specific consultations with stakeholders on a regular basis, and these are described in the sections on Customers, Shareholders, Suppliers, employees and Society. The results of this communication allow us to keep improving our mechanisms for identifying both needs and expectations and relevant issues to be reported in the Annual Report, including tracking of the targets set in previous years and how the commitments made are answered.



NH Hoteles' new Corporate responsibility Plan 2011-2013 integrates these key issues and lets us define the courses of actions to be implemented in the respective annual plans. This Plan is updated annually and the Report-drafting process enables us to report the outcome of our management of the relevant issues, the level of performance and new targets set for the following year.

Each year NH Hoteles conducts a rigorous internal process of gathering quantitative and qualitative measurement data and information about the Company's sustainable management and the Corporate Responsibility indicators defined by NH Hoteles are reported.

EXTERNAL ASSURANCE

This year, the Report has been assured by an independent auditing firm (KPMG) and its assurance report can be found in one of the sections of this chapter. The a+ Self-assessment of the NH Hoteles Sustainability Report has been corroborated by KPMG, and subsequently GRI has reviewed the whole process, assigning the report the highest possible rating A+.

For further information, please go to our website <http://corporate.nh-hotels.com>

GRI INDICATORS

STANDARD DISCLOSURES PART I: Profile Disclosures						
Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation
1. Strategy and Analysis						
Principal 1.1	Statement from the most senior decision-maker of the organization.	Fully	Pag. 4 Messages from the Chairman and CEO CRR			
Additional 1.2.	Description of key impacts, risks, and opportunities.	Fully	Pag. 4 Messages from the Chairman and CEO Pag. 15 Our Sustainable Approach CRR Pag. 41 D-Risk Management Control System ACGR			
2. Organizational Profile						
Principal 2.1	Name of the organization.	Fully	Pag. 2 Our presence in the World CRR			
Principal 2.2	Primary brands, products, and/or services.	Fully	Pag. 2 Our presence in the World CRR			
Principal 2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Pag. 11-14 Main Figures CRR			
Principal 2.4	Location of organization's headquarters.	Fully	CRR cover			
Principal 2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Pag. 11-14 Main Figures CRR			
Principal 2.6	Nature of ownership and legal form.	Fully	NH Hoteles S.A. Pag. 1 ACGR			
Principal 2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Pag. 11-14 Main Figures CRR Pag. 13 NH Hoteles: An International Player			
Principal 2.8	Scale of the reporting organization.	Fully	Pag. 11-14 Main Figures Pag. 39 NH Hoteles Staff CRR			
Principal 2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Pag. 5 Corporate Governance CRR Pag. 13 NH Hoteles: An International Player Pag. 14 Asset Management			
Principal 2.10	Awards received in the reporting period.	Fully	Awards and recognitions Pag. 54-55 CRR			

STANDARD DISCLOSURES PART I: Profile Disclosures

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation
3. Report Parameters						
Principal 3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Pag. 4 Messages from the Chairman and CEO CRR			
Principal 3.2	Date of most recent previous report (if any).	Fully	Pag. 3 Contents last Paragraph CRR			
Principal 3.3	Reporting cycle (annual, biennial, etc.)	Fully	Pag. 16 Dialogue with our stakeholders 3 rd paragraph CRR			
Principal 3.4	Contact point for questions regarding the report or its contents.	Fully	Pag. 3 Contents, last paragraph CRR			
Principal 3.5	Process for defining report content.	Partially	Pag. 16 Dialogue with our stakeholders Pag. 59 About this report CRR	Formalized materiality and prioritization of issues to report	Does not exist	In 2012 a formal process of materiality and relevance has not been carried out for the elaboration of the Annual Report. For the Report an internal process of information collection per area has been done and also an evaluation of the key topics to be included from the dialogue and relationship with the stakeholders
Principal 3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Pag. 59 About this report CRR			
Principal 3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Pag. 59 About this report CRR			
Principal 3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Pag. 59 About this report CRR			
Additional 3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Pag 53 Management System Pag. 59 About this Report			
Principal 3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statement of information provided in earlier reports			
Principal 3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	No significant changes from previous reporting periods			
Principal 3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Pag. 60 GRI Indicators CRR			
Additional 3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Pag. 58 Assurance Report			

STANDARD DISCLOSURES PART I: Profile Disclosures

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation
4. Governance, Commitments, and Engagement						
Principal 4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Partially	Pag. 5 Corporate Governance CRR Pag. 17 B.1.2 ACGR	The Company does not report a data breakdown according to gender or minority group membership	Does not exist	NH Hoteles does not measure those parameters
Principal 4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Pag. 29 B.1.21 ACGR			
Principal 4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/ or non-executive members.	Fully	Pag. 21 Independent Board members ACGR			
Principal 4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Pag. 45-46 ACGR			
Additional 4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Pag. 25 B.1.14 ACGR			
Additional 4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Pag. 40 C.6 ACGR			
Additional 4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Pag. 35 B.2.3 ACGR			
Additional 4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Pag. 15 Our Sustainable Approach CRR Pag. 17 NH Hoteles Code of Conduct CRR			
Additional 4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Pag. 17 NH Hoteles Code of Conduct CRR Pag. 18 Corporate Responsibility Management System CRR			
Additional 4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Pag. 25 B.1.14 ACGR			
Additional 4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Pag. 19 Risk management CRR			
Additional 4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Partially	Pag. 18 Global Compact Pag. 20 FTSE4 Good Paragraph CRR	No charters of this kind have been signed in the reporting period	Does not exist	No charters of this kind have been signed in the reporting period
Additional 4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Pag. 19 Initiatives and Aliances CRR			
Principal 4.14	List of stakeholder groups engaged by the organization.	Fully	Pag. 16 Table CRR			
Principal 4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Pag. 15 Our Sustainable Approach CRR			
Additional 4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Partially	Pag. 16 Table CRR	The frequency of engagement by stakeholder group is not reported	Does not exist	Stakeholder engagement is systematized differently according to the tools used and areas / business units involved. The Company does not yet have a consolidated system for reporting these data
Additional 4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Partially	Pag. 15 Our Sustainable Approach CRR	List of relevant issues and main worries separately detailed	Does not exist	Stakeholders' needs and expectations as identified from the relationship and dialogue with each of them are not disclosed separately but are included in each section of Shareholders, Suppliers, Customers, Environment, Employees and Society

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3.1 DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation
Disclosure on Management Approach EC						
Aspects	Economic performance	Fully	Pag. 11-14 Main Figures of the NH Hoteles Group			
	Market presence	Fully	Pag. 2 Our presence in the World			
	Indirect economic impacts	Fully	Pag. 29-30 Our Suppliers Pag. 74-75 Staff in 2012 Pag. 89 Main Society Indicators			
Disclosure on Management Approach EN						
Aspects	Materials	Not			N.A.	Due to NH Hoteles' type of business, materials transformation is not measured because it is not a critical issue and does not have a high level of impact on the activity development
	Energy	Fully	Pag. 32-38 Environmental Performance			
	Water	Fully	Pag. 32-38 Environmental Performance			
	Biodiversity	Not			Not material	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value
	Emissions, effluents and waste	Fully	Pag. 32-38 Environmental Performance			
	Products and services	Fully	Pag. 30 NH Sustainable Club Pag. 35 Sustainable Innovation			
	Compliance	Fully	There is not record of any sanction related to environmental laws and regulations in the reported period			
	Transport	Not			N.A.	Transportation services used by NH Hoteles are not managed directly but with external suppliers. The Company selects those suppliers based on sustainable criteria and the objective of minimising the environmental impact
Overall	Fully		Pag. 38 Energy efficiency Investment			
Disclosure on Management Approach LA						
Aspects	Employment	Fully	Pag. 39 Staff in 2012			
	Labor/management relations	Fully	Pag. 46 Relationship with Trade Unions			
	Occupational health and safety	Fully	Pag. 40 Health and Safety			
	Training and education	Fully	Pag. 44-45 NH University			
	Diversity and equal opportunity	Fully	Pag. 41 Diversity Management			
	Equal remuneration for women and men	Not				Proprietary information

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3.1 DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Disclosure on Management Approach HR							
Aspects	Investment and procurement practices	Fully	Pag. 17 NH Hoteles Code of Conduct Pag. 29 Membership of the Code of Conduct				
	Non-discrimination	Fully	Pag. 17 NH Hoteles Code of Conduct Pag. 29 Membership of the Code of Conduct				
	Freedom of association and collective bargaining	Fully	Pag. 29 Membership of the Code of Conduct				
	Child labor	Fully	Pag. 29 Membership of the Code of Conduct Pag. 39 Employees 3 rd Paragraph				
	Prevention of forced and compulsory labor	Fully	Pag. 29 Suppliers 2 nd Paragraph Pag. 29 Membership of the Code of Conduct				
	Security practices	Not			N.A.	In case security services are required, the Company has subcontractors NH Hoteles selects its suppliers attending ethical and sustainable criteria	
	Indigenous rights	Fully	Pag. 29 Suppliers 2 nd Paragraph Pag. 39 Employees 2 nd Paragraph				
	Assessment	Not			N.A.V.	The Company manages these aspects through the implementation and signing of the Code of Conduct for all the stakeholders	2014
	Remediation	Not			N.A.V.	The Company manages these aspects through the implementation and signing of the Code of Conduct for all the stakeholders	2014
Disclosure on Management Approach SO							
Aspects	Local communities	Fully	Pag. 47 Society 1 st and 2 nd Paragraph and Social Impact Indicators Pag. 97 Last Paragraph				
	Corruption	Fully	Pag. 17 NH Hoteles Code of Conduct 1 st Paragraph				
	Public policy	Fully	Pag. 29 Global context				
	Anti-competitive behavior	Fully	Pag. 17 NH Hoteles Code of Conduct Pag. 29 Membership of the Code of Conduct				
	Compliance	Fully	Pag. 17 NH Hoteles Code of Conduct Pag. 29 Membership of the Code of Conduct				
Disclosure on Management Approach PR							
Aspects	Customer health and safety	Fully	Pag. 22-23 Excellence in Quality				
	Product and service labelling	Fully	Pag. 22 NH Hoteles Global Assessment				
	Marketing communications	Fully	Pag. 17 NH Hoteles Code of Conduct Pag. 39 Employees 3 rd Paragraph				
	Customer privacy	Fully	Pag. 28 Personal Data Processing				
	Compliance	Fully	Pag. 29 Membership of the Code of Conduct Pag. 39 Employees 3 rd Paragraph				

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Economic								
Economic performance								
Principal EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	■	Partially	Pag. 11-14 Main Figures Pag. 53 Main Society Indicators	Operating costs and employee compensation, among other costs	N.AV.	The Company does not have these data at the close of this Annual Report	2014
Principal EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	■	Partially	Pag. 38 Commitment to preventing climate change	Financial implications for the organization's activities due to climate change and measurement tools	N.A.	The Company does not perform a separate financial calculation of the financial implications of activities performed due to climate change. The consolidated calculation of the whole energy efficiency investment is reported on page 72	
Principal EC3	Coverage of the organization's defined benefit plan obligations.		Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2014
Principal EC4	Significant financial assistance received from government.	■	Partially	Pag. 19 Relationship with governments	Financial assistance for tax or credit accrual, aid for investments, research or awards	N.A.	The Company has not received this type of financial assistance	
Market presence								
Additional EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2014
Principal EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	■	Fully	Pag. 19-31 Our Suppliers				
Principal EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	■	Partially	Pag. 41 Diversity Management	Local hiring with position breakdown	N.AV.	The Company does not have the necessary mechanisms to report this information	2015
Indirect economic impacts								
Principal EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	■	Fully	Pag. 47 Society				
Additional EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		Partially	Pag. 29-31 Our Suppliers Pag. 39 Staff in 2012 Pag. 47 Social Impact Indicators	The significance of the impacts in the context of external benchmarks and stakeholder priorities	Proprietary information	The Company does not publish this kind of information	

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Environmental								
Materials								
Principal EN1	Materials used by weight or volume.		Not			N.A.	There is no production process in which materials are processed in the provision of hotel services	
Principal EN2	Percentage of materials used that are recycled input materials.		Not			N.A.	There is no production process in which materials are processed in the provision of hotel services	
Energy								
Principal EN3	Direct energy consumption by primary energy source.	■	Fully	Pag. 34 Energy Pag. 38 Renewable Energies				
Principal EN4	Indirect energy consumption by primary source.	■	Not			N.A.V.	Indirect energy consumption is obtained from an electricity supplier	2015
Additional EN5	Energy saved due to conservation and efficiency improvements.	■	Fully	Pag. 32 Successful Accomplishment of the 2008-2012 Environmental Strategic Plan Pag. 34 Energy				
Additional EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	■	Fully	Pag. 33 Initiatives implemented in the hotels between 2008 and 2012 Pag. 35-37 Sustainable Innovation				
Additional EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	■	Fully	Pag. 35-37 Sustainable Innovation Pag. 38 Renewable Energies				
Water								
Principal EN8	Total water withdrawal by source.	■	Fully	Pag. 34 Water				
Additional EN9	Water sources significantly affected by withdrawal of water.	■	Not			N.A.	NH Hoteles establishments get their water from municipal water networks and therefore the Company does not have mechanisms to report this information	
Additional EN10	Percentage and total volume of water recycled and reused.	■	Not			N.A.	There are not water recycling processes, the aim is to develop water saving systems	
Biodiversity								
Principal EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Not			N.M.	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value	
Principal EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		Not			N.M.	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value	
Additional EN13	Habitats protected or restored.		Not			N.M.	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value	
Additional EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		Not			N.M.	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value	
Additional EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		Not			N.M.	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value	

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Environmental								
Emissions, effluents and waste								
Principal EN16	Total direct and indirect greenhouse gas emissions by weight.	■	Fully	Pag. 34 Emissions				
Principal EN17	Other relevant indirect greenhouse gas emissions by weight.	■	Not			N.A.	The Company does not have the necessary mechanisms to report this information	2015
Additional EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	■	Fully	Pag. 35-37 Sustainable Innovation				
Principal EN19	Emissions of ozone-depleting substances by weight.		Not			N.A.	NH Hoteles prohibits the use of equipment that contain and/or use chloro-fluorocarbons susceptible of being released into the atmosphere	
Principal EN20	NOx, SOx, and other significant air emissions by type and weight.		Not			N.A.	"NH Hoteles activity does not generate significant emissions of this kind"	
Principal EN21	Total water discharge by quality and destination.		Not			N.A.	NH Hoteles not perform discharges since the wastewater city hotels is managed through the municipalities sanitation networks, which conduct treatments depending on the application of local environmental regulations	
Principal EN22	Total weight of waste by type and disposal method.		Partially	Pag. 33 Waste Generation Pag. 35 8 th and 9 th paragraph	Amount of waste (hazardous and non dangerous) by type of recovery or reuse	N.A.	Relawted to its business, NH Hoteles has developed programs for the reduction in waste generation and increasing recycling, but has not done remarkable composting, incineration, landfill, deep well injection or storage on site	
Principal EN23	Total number and volume of significant spills.		Not			N.A.	There have been no significant spills in the reported period	
Additional EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		Not			N.A.	It has not made any transportation, import, export or processing of hazardous waste	
Additional EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		Not			N.A.	Over 90% of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value	
Products and services								
Principal EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	■	Fully	Pag. 30 NH Sustainable Club Pag. 35-37 Sustainable Innovation				
Principal EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		Not			N.M.	The sale of products and labeling is not a relevant issue for NH Hoteles business	
Compliance								
Principal EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	■	Fully	There is not record of any sanction related to environmental laws and regulations in the reported period				
Transport								
Additional EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		Not			N.A.	The Company has external suppliers for transportation services and does not have data to report this information	
Overall								
Additional EN30	Total environmental protection expenditures and investments by type.	■	Fully	Pag. 32 Successful Accomplishment of the 2008-2012 Environmental Strategic Plan 2 nd Paragraph Pag. 38 Energy efficiency Investment				

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Employment								
Empleo								
Principal LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	■	Fully	Pag. 39 Staff in 2012 Pag. 41 Diversity Management				
Principal LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	■	Fully	Pag. 39 Staff in 2012 and Employee turnover				
Additional LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		Fully	Pag. 43 Social Benefits				
Principal LA15	Return to work and retention rates after parental leave, by gender.	■	Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2015
Labor/management relations								
Principal LA4	Percentage of employees covered by collective bargaining agreements.	■	Fully	Pag. 46 Relatixionship with Trade Unions				
Principal LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		Fully	The minimum notice periods are as specified in the legislation of each country, with no specific corporate rule to regulate it				
Occupational health and safety								
Additional LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		Fully	Pag. 46 Percentage of workers represented on Industrial Health and Safety Committees (IHSC)				
Principal LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		Partially	Pag. 40 Health and Safety	Rates of absenteeism by region and gender	N.A.	The report form is that we consider most appropriate for our business	
Principal LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		Partially	Pag. 45 Emergencies training	Programs in place to assist families or community members	N.A.	The Company does not have the necessary mechanisms to report this information	
Additional LA9	Health and safety topics covered in formal agreements with trade unions.		Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2014
Training and education								
Principal LA10	Average hours of training per year per employee by gender, and by employee category.		Fully	Pag. 44 NH University, Training indicators Pag. 44 Trained employees per area, gender and age				
Additional LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Partially	Pag. 45 2012 NHU Highlights Pag. 45 New Heights	Assistance programs to support employees who are retiring or who have been terminated	N.A.	The Company does not have the necessary mechanisms to report this information	
Additional LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		Partially	Pag. 46 Time For You, Performance Management	Break down by gender	N.AV.	The Company does not have the necessary mechanisms to report this information	2015
Diversity and equal opportunity								
Principal LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	■	Partially	Pag. 5 Corporate Governance CRR Pag. 41 Diversity Management	Government data broken down by gender or minority group membership	N.AV.	The Company does not have the necessary mechanisms to report this information	2015
Equal remuneration for women and men								
Principal LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		Not			Proprietary information	"This information is	

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Social: Human Rights								
Investment and procurement practices								
Principal HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		Fully	Pag. 19 Membership of the Code of Conduct				
Principal HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	■	Fully	Pag. 19 Membership of the Code of Conduct				
Principal HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Not			N.AV.	In 2012 the Company launched an on-line training on the Code of Conduct but the Company does not have the necessary mechanisms to report the information	2014
Non-discrimination								
Principal HR4	Total number of incidents of discrimination and corrective actions taken.	■	Fully	There is no record of such incidents in the reporting period				
Freedom of association and collective bargaining								
Principal HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	■	Fully	Pag. 17 NH Hoteles Code of Conduct Pag. 19 Membership of the Code of Conduct				
Child labor								
Principal HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	■	Fully	Pag. 19 Membership of the Code of Conduct Pag. 39 Employees 3 rd Paragraph				
Prevention of forced and compulsory labor								
Principal HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	■	Partially	Pag. 19 Membership of the Code of Conduct	% of suppliers with most significant risks of such incidents	N.A.	NH Hoteles uses an increasingly accurate supplier performance assessment system based on social, ethical and environmental criteria, but does not assess the % of suppliers with most significant risks of such incidents	
Security practices								
Additional HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Not			N.A.	If security services are required, in all cases are subcontractors	
Indigenous rights								
Additional HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	■	Fully	There is no record of such incidents in the reporting period				
Assessment								
Principal HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	■	Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2014
Remediation								
Principal HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	■	Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2014

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Social: Society								
Local communities								
Principal SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	■	Partially	Pag. 47 Social Impact Indicators Pag. 53 3 rd paragraph	Information on local advisory committees	N.A.	The initiatives that are suited to local needs are analyzed through the Solidarity Index, which integrates the assessment of non-profit organisations and the Business Units responsables	
Principal SO9	Operations with significant potential or actual negative impacts on local communities.		Not			Proprietary information	"This information is confidential"	
Principal SO10	Operations with significant potential or actual negative impacts on local communities.		Not			Proprietary information	"This information is confidential"	
Corruption								
Principal SO2	Percentage and total number of business units analyzed for risks related to corruption.	■	Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2015
Principal SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	■	Not			N.AV.	In 2012 the on-line training on the Code of Conduct was implemented, including anti-corruption guidelines	2014
Principal SO4	Actions taken in response to incidents of corruption.	■	Fully	Pag. 17 NH Hoteles Code of Conduct 1 st Paragraph				
Public policy								
Principal SO5	Public policy positions and participation in public policy development and lobbying.		Fully	Pag. 19 Global context				
Additional SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		Fully	Pag. 19 Relationship with governments				
Anti-competitive behavior								
Additional SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	■	Fully	There is no record of such incidents in the reporting period				
Compliance								
Principal SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	■	Fully	There is no record of such incidents in the reporting period				

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Assured by KPMG	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation	To be reported in
Social: Product Responsibility								
Customer health and safety								
Principal PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	■	Fully	Pag. 22-23 Excellence in Quality				
Additional PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	■	Fully	There is no record of such incidents in the reporting period				
Product and service labelling								
Principal PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Not			N.M.	The products labeling is not a relevant issue for the business of NH Hoteles	
Additional PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	■	Fully	There is no record of such incidents in the reporting period				
Additional PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	■	Fully	Pag. 22-23 Excellence in Quality and Quality Focus New Functions				
Marketing communications								
Principal PR6	The products labeling is not a relevant issue for the business of NH Hoteles		Not			N.AV.	The Company does not have the necessary mechanisms to report this information	2014
Additional PR7	Número total de incidentes fruto del incumplimiento de las regulaciones relativas a las comunicaciones de marketing, incluyendo la publicidad, la promoción y el patrocinio	■	Fully	There is no record of such incidents in the reporting period				
Customer privacy								
Additional PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	■	Fully	There is no record of such incidents in the reporting period				
Customer privacy								
Principal PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	■	Fully	There is no record of such incidents in the reporting period				





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Commercial website: www.nh-hotels.com

Corporate website: <http://corporate.nh-hotels.com>

Environmental website: <http://medioambiente.nh-hotels.es>



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