

ANNUAL
REPORT 2013

Corporate
Responsibility



OUR PRESENCE IN THE WORLD 2013

nH | HOTEL GROUP

nH
HOTELS

nH COLLECTION

nhow

Hesperia
RESORTS

379
hotels

IN 27
countries

58,195
rooms

18,889
employees

16 MILLION
customers



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



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Statement
GRI Application Level Check

GRI hereby states that **NH HOTEL GROUP** has presented its report "CORPORATE RESPONSIBILITY ANNUAL REPORT 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 6 June 2014




Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

The "+" has been added to this Application Level because NH HOTEL GROUP has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 26 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

This is NH Hotel Group's eighth Corporate Responsibility Report detailing the company's approach and economic, environmental and social performance for the 2013 financial year. This report has been produced in accordance with the guidelines set out by the G3.1 Guide of the Global Reporting Initiative (GRI), being graded as A+. The report was also independently reviewed by KPMG concerning the reliability of the information reported and the compliance with reporting standards. Reported indicators table and our fulfillment 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.com>

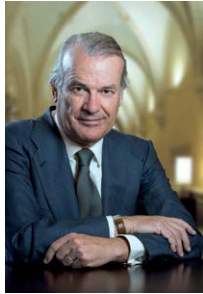




OUR VISION:

One day, whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they will always ask themselves: “Is there an NH hotel at my destination?”

Dear shareholders



CHAIRMAN

I am pleased to present the 2013 Annual Report as part of our transparency commitment to all our shareholders, consumers, employees and society in general. Our intention with this report is to provide insight into our performance and showcase the value created from the economic, environmental and social dimensions in a year which marked a turning point in the Company's history.

Although it is still too early for the milestones achieved last year to have an impact on earnings, NH Hotel Group's strategic positioning has improved considerably since the start of the year, thanks to renewed financial health and a more flexible and favourable financing structure, on the one hand, and the potential implicit in the business plan being deployed in order to boost the Group's productivity, on the other.

Having increased the Company's liquidity and solvency by issuing equity to one of our main shareholders, HNA, while making progress on the asset restructuring effort, the Group successfully placed plain and convertible bond issues which, coupled with the new syndicated loan obtained, have articulated a borrowing structure in line with our business plans.

With the Company's financial equilibrium definitively restored and having secured the funds needed to tackle an ambitious and necessary five-year business plan - rollout of which is being meticulously executed - the Group's credibility improved substantially over the course of the year.

The achievement of all these milestones, the market's approval of the new strategy and decision-making agility, thanks to the renewed shareholder structure, have caught the interest of the investor community, which today sees NH Hotel Group as a leading international player.

This is the new NH: solvent, renovated and credible. All of which without wavering on its commitment to sustainability and solidarity, as is clearly shown in the initiatives undertaken on the corporate social responsibility front, which are outlined inside this report.

I would like to take this opportunity to thank our shareholders, partners and customers for their trust in the management team and in all our employees. I would like to specially congratulate our professionals for their hard work and their dedication to the transformation of NH Hotel Group.



Rodrigo Echenique Gordillo
Chairman of NH Hotel Group



CEO

2013 was a very important year for NH Hotel Group. After a profound analysis of the Company, we have defined a vision that marks the path to follow, who we are and the values that inspire us, clearly shaped by our passion for service. We have established our global operational promise to consumers, whether at an NH Collection, an NH Hotel, a nhov or an Hesperia.

All of this under the umbrella of a five-year business plan designed to overhaul the Company with a view to transforming it into an urban and business hotel group of reference at international level. This plan is the result of a clear and specific vision, which unites us all and that places the Company's focus on a common ambition, namely that one day, whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they will always ask themselves: "Is there an NH hotel at my destination?"

With this ambition guiding us, we set out to face the challenges of a business plan built around four major areas that include all the deliverables which the management team has committed to: revenue, margin improvement, growth and enhanced management and organisational capabilities. Each is supported by specific initiatives and rigorous methodologies which we are executing meticulously.

We are focused on increasing revenue growth and this entails a new value proposition, an improved guest experience, finding the right way of selling and communicating our promise and a portfolio of quality hotels that meet consumer expectations. Because we will only succeed if we win over their trust.

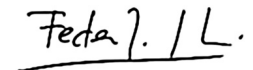
We have already embarked on this journey to fulfil our objectives. The fact that NH is back in action, with renewed energy and a solid plan for the future, has been greeted enthusiastically by the investment community.

We want to be a global company at all levels, a benchmark in our key operating markets, characterised by a consistent culture, a team of extraordinary professionals, efficient systems and unique solutions. We are beginning to leverage these strengths and the market will acknowledge this fact in the short term.

We have a great future ahead of us, a great brand and a group of professionals committed to delivering a superior and memorable experience. We are going to provide what we promise. When we tell consumers that we are passionate about service, they will sense it for themselves. When we tell them we are going to enhance their experience during their stay, they will experience it. And when we tell them we are going to make them feel special, they will feel special.

I would like to thank everyone who has trusted in the new NH for their enthusiasm and support. Together we are going to achieve that shareholders, investors and consumers alike always choose NH as their destination.

Many thanks,



Federico González Tejera
CEO of NH Hotel Group

CORPORATE GOVERNANCE

SHAREHOLDING STRUCTURE

SHARE CAPITAL 2013

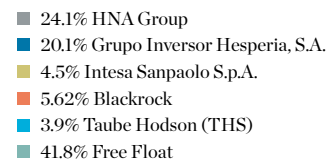
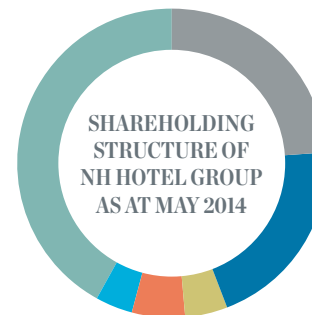
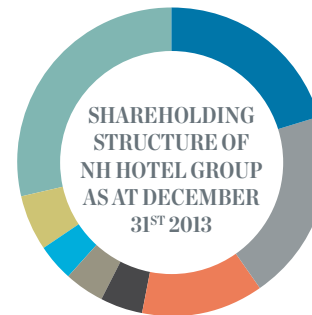
The share capital increase of NH Hotel Group, S.A. was completed on April 17th 2013. The Chinese group HNA became a new shareholder with a 20% shareholding in the Company's share capital. The capital increase (€123,308,716M) was fully subscribed and paid up through the issue and sale of a total of 61,654,358 ordinary shares with a par value of €2 each, i.e. a total disbursement in the amount of €234,286,560.40M.

As at December 31st 2013 and following the capital increase, the Company's share capital is divided into 308,271,788 bearer shares with a par value of €2 each, which have all been fully subscribed and paid up.

- In 2013 the Spanish financial institutions sold their entire share in NH Hotel Group, S.A. This was the case of Hoteles Participados, S.L., Ibercaja Banco, S.A. and Kutxa Bank.
- On January 17th 2014 Banco Financiero y de Ahorros, S.A. reported the sale of its entire share in NH Hotel Group, S.A. Pontegadea Inversiones, S.L. also sold its share (4.06%) in NH Hotel Group, S.A., effective January 24th 2014, to HNA Group Co. Limited, which now holds 24.059% of the Company.
- Following the sale by the financial institutions of their shares in the Company throughout in 2013, the existing Syndication Agreements gradually came to an end. Therefore, as at the date of writing, no Syndication Agreement remained in force.
- On April 15th 2014 NH Hotel Group signed an agreement with Intesa Sanpaolo, thereby acquiring the Italian company's share in NH Italia. As a result, NH Hotel Group now holds 100% of NH Italia. NH Italia manages the Group's hotel business in Italy and the United States, and operates hotels in Germany, the Netherlands and Belgium.

Through this operation Intesa Sanpaolo will have a larger interest in the shareholding structure of NH Hotel Group, increasing its share from 4.5% to 16%, in consideration of its 44.5% interest in NH Italia.

- As part of its transformation process, the NH Group decided to change the registered name of its holding company from NH Hoteles, S.A. to NH Hotel Group, S.A.



* Spain's Securities and Exchange Commission (CNMV), May 2014

No changes were made to our internal corporate governance rules in 2013. However, on March 26th 2014, the Board approved a new Internal Code of Ethics for Activities Conducted at the Securities and Exchange Commission. The new code includes, inter alia, a special protocol on the use and handling of sensitive information, which applies to all persons subject to the regulation. It sets forth strict security measures to prevent undue disclosure of sensitive information. Also on March 26th 2014, the Board of NH Hotel Group, S.A. agreed on a procedure regulating conflicts of interest and associated operations, which applies to the members of the Board and the senior management, as well as the Company.

BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

MEMBERS OF THE BOARD OF DIRECTORS AND
THE MANAGEMENT COMMITTEE
AS AT DECEMBER 31ST 2013

BOARD OF DIRECTORS

Chairman: Mr. Rodrigo Echenique Gordillo

Vice-Chairman: Mr. José Antonio Castro Sousa

CEO: Mr. Federico González Tejera

Members:

Mr. Charles Bromwell Mobus

Ms. Rosalba Casiraghi

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. Daoqi Liu

Mr. José María López-Elola González

Mr. Xianyi Mu

Mr. Gilles Pélisson

Mr. Octavio Sánchez Laguna (representing Abitaria
Consultoría y Gestión S.A.)

Please note, however, that in a meeting held on February 27th 2014 the Board decided to accept the resignation of Participaciones y Cartera de Inversión, S.A. and Abitaria Consultoría y Gestión, S.A., both representing our shareholder Banco Financiero y de Ahorros, S.A. This was the result of the sale of the entire share of the latter company in NH Hotel Group, S.A. At the same meeting the Board decided to accept Mr. Daoqi Liu's resignation, who was then replaced by Mr. Haibo Bai, prior consent of the Commission for Appointments and Compensations. Mr. Haibo Bai was appointed Director (representing an influential part of the share capital) in representation of HNA Group.



Management Committee

MANAGEMENT COMMITTEE

Mr. Federico González Tejera, CEO

Mr. Ramón Aragonés Marín, Chief Operations Officer

Mr. Ignacio Aranguren Gonzalez-Tarrió, 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

NH HOTEL GROUP

PRESENCE

NH Hotel Group is the third most important European hotel chain in the business travel sector worldwide, the fifth largest in Europe and one of the top 25 hotel chains in the world. With **over 370 hotels** in prime locations and **almost 60,000 rooms**, NH Hotel Group is a European leader present in **27 countries**. The Group also has strong presence in America. The Company is present in the world's most important cities including Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Frankfurt, London, Madrid, Mexico D.F., Milan, New York, Paris, Rome and Vienna.

AMERICA

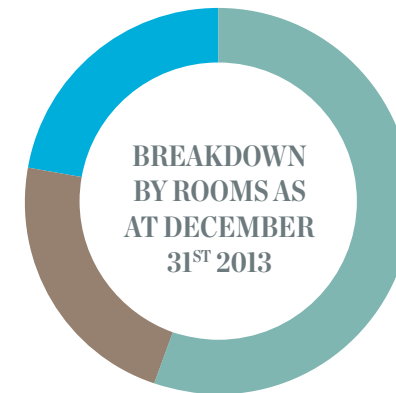
37 hotels
7,947 rooms
9 countries

EUROPE

340 hotels
50,006 rooms
17 countries

AFRICA

2 hotels
242 rooms
1 country



- 53% Leased
- 24% Managed
- 23% Owned



- 33% Spain
- 18% Germany
- 14% Italy
- 11% The Netherlands
- 7% Others
- 4% Argentina
- 3% Belgium
- 3% Mexico
- 3% Dominican Republic
- 2% Austria
- 2% Venezuela



NH HOTEL GROUP PORTFOLIO BREAKDOWN AS AT DECEMBER 31ST 2013

| | TOTAL | | LEASED | | OWNED | | MANAGED | | FRANCHISE | |
|-----------------------------|------------|---------------|------------|---------------|-----------|---------------|-----------|---------------|-----------|------------|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| TOTAL NH HOTEL GROUP | 379 | 58,195 | 211 | 30,966 | 82 | 13,352 | 77 | 13,156 | 9 | 721 |
| EUROPE | | | | | | | | | | |
| Spain | 161 | 19,474 | 86 | 10,032 | 16 | 2,428 | 51 | 6,386 | 8 | 628 |
| Germany | 59 | 10,438 | 54 | 9,438 | 5 | 1,000 | - | - | - | - |
| Italy | 49 | 7,970 | 31 | 5,185 | 15 | 2,280 | 3 | 505 | - | - |
| The Netherlands | 35 | 6,509 | 16 | 2,441 | 17 | 3,520 | 2 | 548 | - | - |
| Belgium | 10 | 1,550 | 2 | 434 | 8 | 1,116 | - | - | - | - |
| Austria | 6 | 1,183 | 6 | 1,183 | - | - | - | - | - | - |
| Switzerland | 4 | 522 | 3 | 400 | 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 | 340 | 50,006 | 206 | 30,187 | 62 | 10,466 | 63 | 8,632 | 9 | 721 |
| AMERICA | | | | | | | | | | |
| Argentina | 13 | 2,049 | - | - | 11 | 1,524 | 2 | 525 | - | - |
| Mexico | 12 | 1,984 | 4 | 581 | 4 | 681 | 4 | 722 | - | - |
| Dominican Republic | 4 | 2,011 | - | - | - | - | 4 | 2,011 | - | - |
| Venezuela | 3 | 1,194 | - | - | - | - | 3 | 1,194 | - | - |
| United States | 1 | 242 | - | - | 1 | 242 | - | - | - | - |
| Colombia | 1 | 137 | - | - | 1 | 137 | - | - | - | - |
| Uruguay | 1 | 136 | - | - | 1 | 136 | - | - | - | - |
| Chile | 1 | 122 | - | - | 1 | 122 | - | - | - | - |
| Haiti | 1 | 72 | - | - | - | - | 1 | 72 | - | - |
| TOTAL AMERICA | 37 | 7,947 | 4 | 581 | 19 | 2,842 | 14 | 4,524 | 0 | 0 |
| AFRICA | | | | | | | | | | |
| South Africa | 2 | 242 | 1 | 198 | 1 | 44 | - | - | - | - |
| TOTAL AFRICA | 2 | 242 | 1 | 198 | 1 | 44 | 0 | 0 | - | - |

RESULTS AND EVOLUTION 2013

A moderate rise in the Company's ratios was observed in 2013. It increased gradually over the year reaching, in comparable terms, an average occupancy rate of 66.8%, an average price of €76.6 and a resulting RevPar of €51.2. This positive trend continued during the first quarter of 2014. Also, there was a marked shift in RevPar trends. This indicator decreased 1.5% in the first quarter and 0.3% in the second quarter, but regained its strength in the third and fourth quarters, increasing 1.8% and 2.7%, respectively. As a result, the Group's consolidated RevPar registered an overall growth of 1.07% over the year as a whole.

In 2013 satisfactory occupancy trends, which grew 3.4%, more than compensated the total drop in average room rates, leading to the growth in RevPar.

Total recurring revenue (€1,280M in 2013) declined only slightly (-2.2%), as opposed to the previous year, mainly as a result of the deconsolidation of non-core hotels (over 1,500 rooms in the year as a whole) and changes in the regime under which other hotels were operated, causing the deconsolidation of their results.

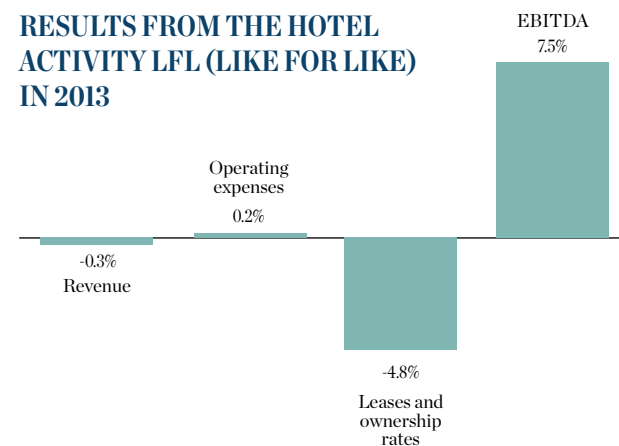
The ability to generate continued earnings was reflected in the initiatives undertaken to cut lease expenses, which decreased significantly in 2013 (-4.8% at comparable hotels), and to contain operating expenses, despite the growth in business volumes and the effect of inflation absorption. The adjustments made throughout the year contributed notably to the reduction in costs sustained in the fourth quarter, as evidenced by the significant growth of the comparable EBITDA in the hotel business.

The initiatives undertaken helped make up for a large part of the decrease in sales and increased recurring EBITDA. This metric gradually improved quarter after quarter, recording a 2.9% growth over the year as a whole, reaching €121.6M.

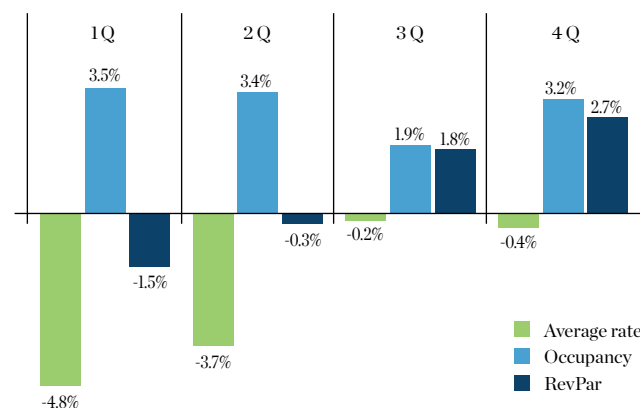
Furthermore, the Group's consolidated net results improved by +86.4%, compared to those of the previous year, and accumulated losses from the previous FY decreased by €252.3M. This decrease resulted from the net gains generated by non-recurring activities and the fact that no extraordinary provision of resources was needed for asset impairment. In this sense, and excluding non-recurring activities, the Company reduced its losses by €22.8M, as opposed to 2012.

Simultaneously, the strengthening of the financial structure started during the second quarter of 2013, as did debt reduction, owing to HNA Group's equity injection (€234M) and the sale of NH Grand Hotel Krasnapolsky (€142M) in June. This hotel remains within the Group's portfolio under a management contract.

RESULTS FROM THE HOTEL ACTIVITY LFL (LIKE FOR LIKE) IN 2013



EVOLUTION OF THE HOTEL ACTIVITY LFL (LIKE FOR LIKE) RATIOS IN 2013



NH HOTEL GROUP RESULTS AS AT DECEMBER 31ST 2013

| NH HOTEL GROUP - P&L ACCOUNT | | | |
|--|----------------|----------------|---------------|
| (€ million) | 12M 2013 | 12M 2012 | 2013/2012 |
| Hotel Revenues | 1,266.0 | 1,288.0 | (1.7%) |
| Real estate sales and other | 14.9 | 22.1 | (32.7%) |
| TOTAL REVENUES | 1,280.8 | 1,310.1 | (2.2%) |
| GROSS OPERATING PROFIT | 398.1 | 411.1 | (3.2%) |
| EBITDA | 121.6 | 118.1 | 2.9% |
| EBIT | 27.7 | 5.5 | 403.8% |
| EBT | (36.0) | (53.6) | 32.9% |
| Recurring NET RESULT | (44.1) | (66.9) | 34.1% |
| Non recurring EBITDA | 21.3 | (40.2) | 153.0% |
| Other non recurring items | (17.0) | (185.0) | 90.8% |
| NET RESULT including Non-Recurring activity | (39.8) | (292.1) | 86.4% |

REFINANCING PLAN

The refinancing of a large part of the Group's debt successfully culminated at the end of October 2013. The process ended with the issuance of the three financial instruments specifically selected to articulate the new financial structure:

- **Senior secured notes**
Simple, senior and secured notes in the amount of €250M, maturing within 6 years in November 2019, with a fixed rate coupon of 6.875%.
- **Convertible bonds**
Unsecured bonds convertible into or exchangeable for shares, at the holder's choice, in NH Hotel Group, S.A. in the amount of €250M, maturing within 5 years in November 2018, with a fixed rate coupon of 4% per annum. The conversion price for NH Hotel Group shares is established at €4.919 per share.
- **"Club Deal" financing**
New syndicated financing ("Club Deal") in the amount of €200M, maturing within 4 years in November 2017 (without prejudice to mandatory and voluntary repayments at an earlier date), with a variable interest rate equal to Euribor three months + 4%.

These operations amounting to €700M enabled the Company to fully repay the March 2012 syndicated loan and other financial obligations. This helped to reduce average financing costs and increased average terms. A new, more flexible financial structure emerged as a result, through which the Group can now have access to additional funds, including cash on hand, for investing up to €200M in the new strategic initiatives contemplated in its Business Plan.

The refinancing of the debt helped achieve the following goals: extending average terms by reducing financial expenditure; diversifying financing sources by reducing dependence on financial institutions; and lastly, aligning the repayment calendar to the initial investment phase of the new plan.

The refinancing of a large part of the Group's debt through the capital markets (fixed rate bond and bonds convertible into shares) led to several investor events and many individual and collective meetings with investors and shareholders in 2013.



ASSET MANAGEMENT

In 2013 the Company reduced its number of establishments by fourteen and twelve projects, which had already been signed and were about to open, were cancelled.

To make up for this, work focused on four new hotels: two enlargements and two planned openings for 2016.

HOTELS THAT LEFT THE GROUP IN 2013

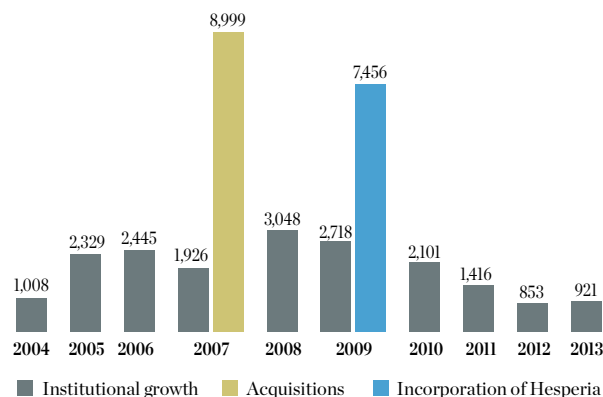
| Hotels | City | Rooms |
|---------------------------|------------------|--------------|
| NH Abashiri | Valencia, Spain | 168 |
| NH Girona | Gerona, Spain | 115 |
| Hesperia Park Hotel Troya | Tenerife, Spain | 318 |
| NH Liberty | Messina, Italy | 51 |
| NH Royal Palace | Messina, Italy | 103 |
| NH La Perdiz | Jaen, Spain | 81 |
| NH Rincon de Pepe | Murcia, Spain | 146 |
| Hesperia Ferrol | Ferrol, Spain | 95 |
| NH Veracruz | Veracruz, Mexico | 108 |
| Hesperia Areatza | Areatza, Spain | 65 |
| NH Jardines del Turia | Valencia, Spain | 112 |
| NH Vicenza | Vicenza, Italy | 115 |
| NH Villacarlos | Valencia, Spain | 51 |
| NH Albar | Albacete, Spain | 52 |
| Total rooms | | 1,580 |

GROUP EXPANSION

All of our 2013 openings were oriented towards a model based on low investment commitments. In this way, 100% of the Group's openings for that year were made under management terms (including two new hotels and two enlargements), adding 921 new rooms to the Group's portfolio.

In 2013 the NH Hotel Group signed a lease contract in **Curitiba (Brazil)**, accounting for 180 rooms and expected opening date in 2016; a management contract in **Punta Cana (Dominican Republic)**, accounting for 750 rooms and opening date in November 2013; and another management contract in **Santiago de Chile**, accounting for 146 rooms and our first ever nhow hotel in Latin America, which is expected to open by the end of 2016.

PERFORMANCE OF OPENINGS AND INCORPORATIONS



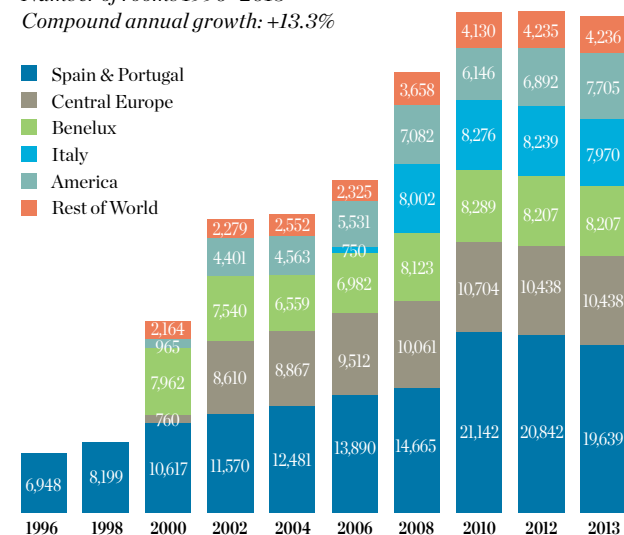
NEW OPENINGS AND ENLARGEMENTS 2013

| Hotels | City | Country | Rooms |
|------------------------|-----------------|--------------------|------------|
| Hesperia WTC Valencia* | Valencia | Venezuela | 47 |
| NH Puebla* | Puebla | Mexico | 52 |
| NH Haití el Rancho | Puerto Príncipe | Haiti | 72 |
| Breathless Punta Cana | Punta Cana | Dominican Republic | 750 |
| Total new rooms | | | 921 |

*Extension of existing hotels

ONGOING GROWTH

Number of rooms 1996- 2013
Compound annual growth: +13.3%



BUILDING THE NEW NH

NH Hotel Group is immersed in an ambitious transformation process in which the Company has defined the vision, beliefs and attributes on which the new NH is built.

OUR VISION

One day, whenever anyone contemplates a trip to a city for an overnight stay or meeting, for business or pleasure, they will always ask themselves: “Is there an NH hotel at my destination?”

This clear and specific vision is the approach guiding the performance and commitment of the people who form part of the Group. Our ambition is that NH becomes the consumers’ choice, rewarding their time with flawless service provided with passion, offering them memorable experiences, and making them feel special.

At the same time our vision seeks to turn the Group into the best choice for investors who wish to grow with us, with a global and flexible proposal, with motivated teams who are proud of what they do, with efficient management tools and unique solutions. The Company wants to offer its investors the best management opportunities with a top tier operator in the urban and business segments.

Above all our vision seeks to maximize returns for shareholders who place their trust in the NH Hotel Group, with the following goals in mind:

- Between 10 and 15% objective for return on capital employed (ROCE)
- Between 3 and 4 times net debt ratio on earnings before interest, taxes, depreciation and amortisation (EBITDA)
- Approximately €200M in EBITDA

NEW CULTURE

Always committed to customer service, the Group’s corporate culture has allowed it to differentiate itself within the sector since its establishment. In this sense, in 1978, NH created the “Fermin” concept, a character focused on commitment and innovation. In 2010, coinciding with the Group’s international expansion, the concept “NH Hoteles, eye for detail” was launched, including innovative values like sustainability.

Inspired by its vision, the new NH culture includes past and present, incorporates new beliefs defined in the five-year Strategic Plan, shows the trends of leading companies and includes the reflections of the Management Committee and the Company’s top 100.

The result is the identification of the beliefs that will guide the new NH Group’s day-to-day activities, fostering change and evolution from a management model to a leadership model.

This new culture is reflected in the **Company’s 8 Beliefs:**

1. WE ARE OBSESSED WITH DELIVERING MEMORABLE EXPERIENCES
 2. WE ARE PROUD TO SERVE
 3. WE STRIVE TO BE THE BEST, EVEN IF WE ARE NOT THE BIGGEST
 4. WE ARE ALL RESPONSIBLE FOR RESULTS
 5. WE CARE FOR OUR PEOPLE. OUR PEOPLE CARE FOR OUR GUESTS
 6. WE ARE ACTIVE IN THE COMMUNITIES WHERE WE LIVE
 7. WE ARE ‘YOUNG MINDED’
 8. WE ENJOY WHAT WE DO
- ... AND WE DO ALL THIS WITH A SMILE!

FIVE-YEAR STRATEGIC PLAN

The Board of Directors unanimously approved the five-year Strategic Plan. Developed in line with the Company's new vision, it guarantees a sustainable and profitable future.

After studying and analysing the Company's key strategic areas, four value creation levers were defined, focused on building the five-year Strategic Plan to transform the business model.

In this sense, the Group has defined and grouped together the initiatives that will allow it to improve profits and margins, increase expansion and provide access to the "facilitators" of NH Hotel Group's transformation through new strategies in sustainability, human resources and systems.

More specifically, these **four value drivers** can be divided as follows:

- 1. IMPROVE REVENUES:** through a **new customer value proposition** based on new brand architecture and experience, as well as new price positioning and increased investment in marketing. In addition, a **repositioning plan** has been designed with enough economic investment to proceed with portfolio segmentation and product renovation, thus increasing the value proposition and maximum ADR potential of the hotels. Furthermore, owned assets that are not in line with NH Hotel Group's new strategy have been sold; and additional assets have also been sold in order to finance this repositioning plan.
- 2. INCREASE MARGINS:** by reducing intermediary costs and indirect channel costs, as well as increasing direct online sales (website and mobile applications). In addition, **sales and pricing** (price-value) **strategy** and a market performance management strategy were designed. Furthermore, we have optimised support (commercial, administration...) and purchasing functions and have continued with the **leases adjustment plan**, including leases renegotiation.
- 3. GROWTH:** through an ambitious **expansion plan** into key markets and reinforcement of presence in Europe and Latin American with different products to compete within each segment (upper-up-scale, up-scale, mid-scale), supported by contracts and conditions of each country.
- 4. TRANSFORMATION ENABLERS:** through a **new Sustainability and Human Resources strategy**, and strong, **innovative IT plans** that will allow us to change business culture and make NH Hotel Group a global company.

24 INITIATIVES UNDER 4 VALUE DRIVERS

| | | |
|---------------------------|------------------------|--|
| ▲ REVENUES INCREASE | NEW VALUE PROPOSITION | <ul style="list-style-type: none"> New Brand Architecture and Experience, new pricing strategy and increased investment in marketing |
| | PORTFOLIO OPTIMIZATION | <ul style="list-style-type: none"> Repositioning Plan: €200-220 investment that will allow the portfolio segmentation and to refresh the product in order to increase the value proposal and to extract the full ADR potential of our hotels Sale of own assets that do not fit either with the new product or NH strategy Sale of additional assets to finance the repositioning plan |
| ▲ MARGIN INCREASE | DIRECT SALES INCREASE | <ul style="list-style-type: none"> Reduction of intermediation costs by increasing direct online sales (web site and mobile applications) and lowering the costs of indirect channel Sales strategy (channels) and strategic pricing (prices-value) and yield management by market |
| | COST EFFICIENCY | <ul style="list-style-type: none"> Optimization of support functions and purchases Continue with the leases adjustment plan and leases renegotiation |
| GROWTH | | <ul style="list-style-type: none"> Organic expansion strengthening presence in Europe and Latam with different products to compete within each segment (upper-up-scale, up-scale, mid-scale) and with the contracts and conditions of each country |
| ENABLERS | | <ul style="list-style-type: none"> IT, Human Resources and Sustainability initiatives Roll out a change in business culture to make NH a global company |

THE NEW NH EXPERIENCE

NEW BRAND SEGMENTATION

As part of this transformation process, the Company has changed its name to **NH Hotel Group** and has reorganised the brand architecture as follows: **NH Hotels**, which includes the rest of the four and three-star city hotels; **NH Collection**, which includes the Company's Premium hotels; **nhow**, our disruptive brand; and **Hesperia Resorts**, the vacational brand.

nh | HOTEL GROUP



ALWAYS A PLEASURE

4 and 3 star urban hotels for those travelers who for business or leisure purposes are looking for an excellent location with the best value for money. With a warm and friendly service, we make sure that each guest makes the most of their stay, making it a memorable experience. We are their guide in the city.



NH COLLECTION

FEEL SPECIAL

NH Collection has hotels located in the main capital cities of Europe and Latin America. Hotels that surprise their guests by exceeding their expectations. These unique and authentic buildings maintain their local character and inspire our guests. We pay close attention to detail to achieve that special experience where we aim to surprise offering more than what the guest expects.

nhow

ELEVATE YOUR STAY

nhow is our most unconventional brand. Through a continuous disruption, sense of wow and constant change, each consumer experiences the brand in a different but always creative way. Each hotel is a unique creation. New forms of contemporary architecture, design, technology and smart luxury by prestigious architects and interior designers (Matteo Thun, Rem Koolhaas, Karim Rashid...).

Hesperia
RESORTS

PERFECT ESCAPES

Holiday resorts with a renewed concept of modern accommodation and customized service that is surprising at every level. Situated in stunning locations, they are the perfect choice for couples and families who need the ideal combination of rest and enjoyment. They offer a wide range of services and leisure activities.

NEW CUSTOMER VALUE PROPOSITION

NH Hotel Group has identified customers' needs and defined the experience for each one of its brands. The following principles of experience were derived from this analysis and set the Group apart from its competitors:

- **FEEL AT EASE:**
we want our customers to feel at ease with us, we want to be accessible and for this, we would like to offer them alternatives and styles that adapt to their way of life, working and interacting.
- **FEEL THE PLACE:**
we want our customers to connect with the city, to become familiar with everything that will make their stay more enjoyable.
- **FEEL SPECIAL:**
we want our customers to feel special, to surprise them with generosity and spontaneity, with details that help them enjoy this custom-tailored attention.
- **"BRILLIANT BASICS":**
we work to ensure guests have a memorable experience when they visit our hotels, improving our relationship with them and striving to make them feel special while exceeding their expectations.





NH Príncipe de Vergara - Madrid, Spain

NH Parma - Parma, Italy



NH Tango - Buenos Aires, Argentina



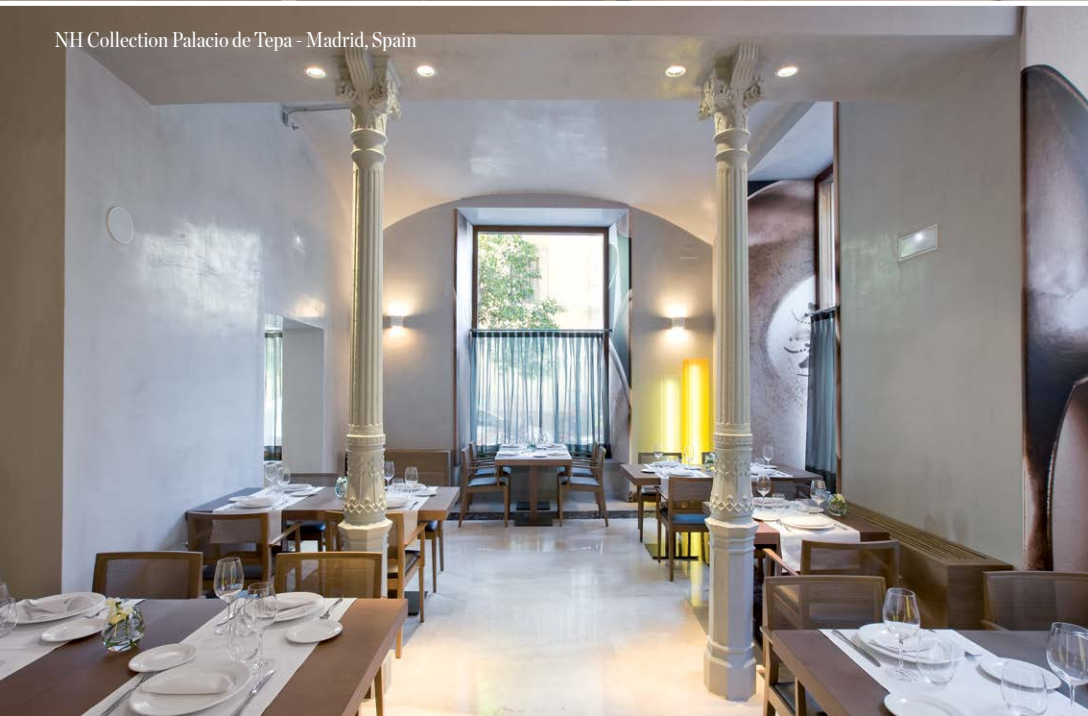
NH COLLECTION



NH Collection Porta Rossa - Florence, Italy



NH Collection Constanza - Barcelona, Spain



NH Collection Palacio de Tepa - Madrid, Spain



NH Collection Olomuc - Olomuc, Czech Republic

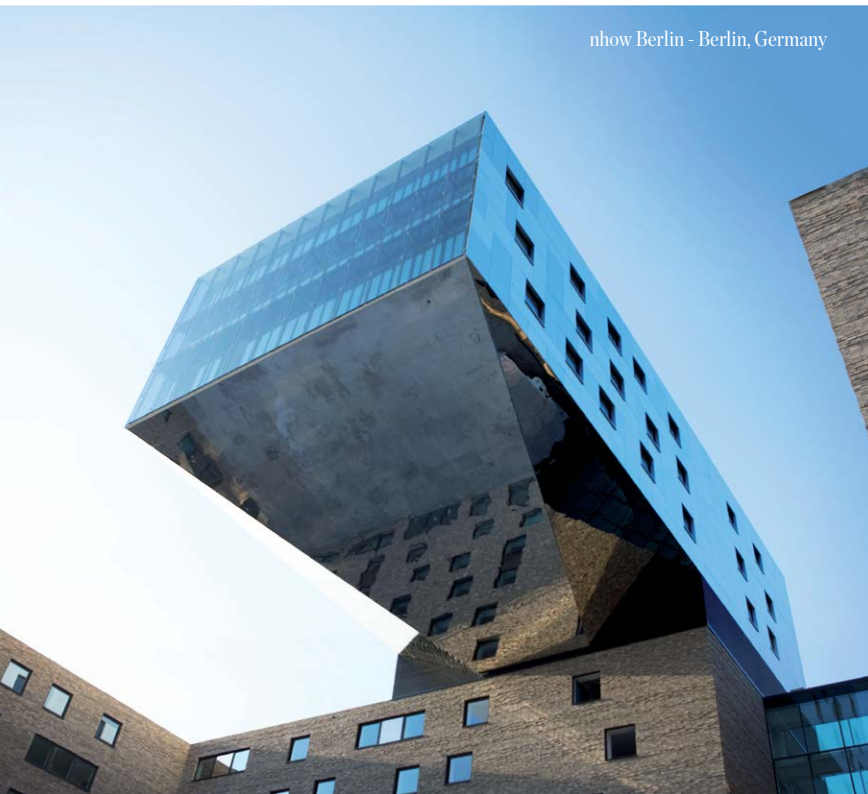
nhow



nhow Milano - Milan, Italy



nhow Rotterdam - Rotterdam, The Netherlands



nhow Berlin - Berlin, Germany



nhow Milano - Milan, Italy



Hesperia Lanzarote - Lanzarote, Spain



Hesperia Lanzarote - Lanzarote, Spain



GLOBAL OPERATIONAL PROMISE

Customer satisfaction is one of the priorities for NH Hotel Group. This is the reason why we work under an **operational and service promise**, focused on maintaining the highest quality and innovation standards with transparency in all actions, while guaranteeing service excellence in order to exceed customer expectations.



ALWAYS A PLEASURE

1. ALWAYS YES
2. BRILLIANT BASICS (BED, SHOWER, AMENITIES)
3. EASY FREE WIFI
4. WORLD FAMOUS NH BREAKFAST
5. FOOD SOLUTIONS AND ADVICE AT ANY TIME
6. ALL YOU NEED AND WANT
7. PERFECT LAUNDRY
8. LAZY SUNDAYS
9. PERFECT FIT
10. LEADING ECO-EFFICIENCY



NH COLLECTION

FEEL SPECIAL

1. ALWAYS YES AND ONE STEP AHEAD
2. EXTRAORDINARY BRILLIANT BASICS
3. EASY HIGH SPEED WIFI
4. WORLD FAMOUS NH COLLECTION BREAKFAST
5. HEALTHY AND TASTY FOOD AT ANY TIME
6. BEYOND ALL YOU NEED AND WANT
7. PERFECT AND EXPRESS LAUNDRY
8. LAZY SUNDAYS
9. WORLD-CLASS FITNESS AREA
10. LEADING ECO-EFFICIENCY



1. ALWAYS YES
2. BRILLIANT BASICS
3. EASY FREE WIFI
4. AMBASSADOR SERVICE
5. SPECIALISED ADVISORY SERVICE
6. PERSONALISED PROFESSIONAL RESPONSE
7. TEMPTING BREAKS
8. ECO-FRIENDLY MEETINGS

REPOSITIONING PLAN

NH Hotel Group plans on investing over €200M on implementing a thorough **refurbishment and modernisation programme** in the Company's most important hotels. This repositioning is the key to obtaining better customer evaluations, as well as increasing ADR.

During the first phase, to be implemented during the next two years, **over €50M will be invested** for the refurbishment of 37 strategic hotels around the world, undertaking partial refurbishment schemes and maintenance in most of the Group's assets.

In addition, the Group aims **to enhance the quality of its portfolio** by including new hotels in strategic markets over the next five years. The addition of these new establishments will offset the exit of hotels with low profit margins that do not fit within the new brand structure.

REPOSITIONING

Apart from the preliminary focus on assets in which the Group will invest during the five year Strategic Plan, partial strategic investments have been made, including the **NH Eurobuilding Collection**. We will progressively invest €24.9M in this asset, although investment in the guest rooms was undertaken during 2013. At the end of 2013 refurbishment works also started at the **NH Grand Hotel Krasnapolsky**, another flagship of the Company and probably the best-known hotel in The Netherlands.

Other assets refurbished during this time include, in Spain, the NH Embajada (**NH Alonso Martínez** since May 2014) and the **NH Collection Amistad in Cordoba**, where the guest rooms were partially refurbished.

In addition, the Business Unit Benelux boasts the new member of the **nhow** brand located in **Rotterdam**, in the emblematic building designed by Rem Koolhaas. This is a unique hotel that communicates the brand's spirit. The establishment's interior was also designed by Koolhaas, winner of the Pritzker Award, considered the Nobel Prize in architecture, and maintains the brand's contemporary spirit.

BRILLIANT BASICS

The scope of Brilliant Basics was defined in the Strategic Plan in 2013. **Brilliant Basics** are the fundamental equipment in our hotels that allow us to define a **quality and comfort standard** for our guests. These accessories and equipment comprise a total investment that exceeds €10M for all the business units, allowing our guests to enjoy them in any of our hotels depending on its category.

Examples of this equipment include the new bed concept, rainfall showerheads, large flat screen televisions, professional hair dryers and shaving mirrors.

EXTERIOR SIGNAGE

The new exterior signage (access signs, entrance signs, totem signs, rugs, vinyl adhesives on windows and doors, etc.) will be implemented during 2014 in approximately 200 hotels across all business units. The rest of the hotels will incorporate the new signage during 2015 in line with the repositioning plan.



▲ Amenities NH Collection

NH Collection Jousten
Buenos Aires, Argentina ▼



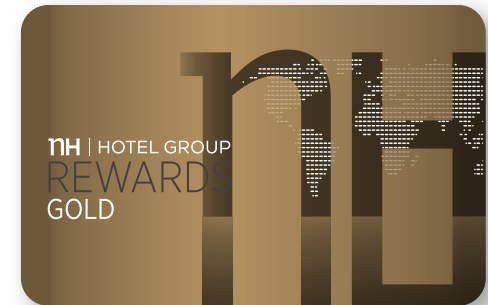
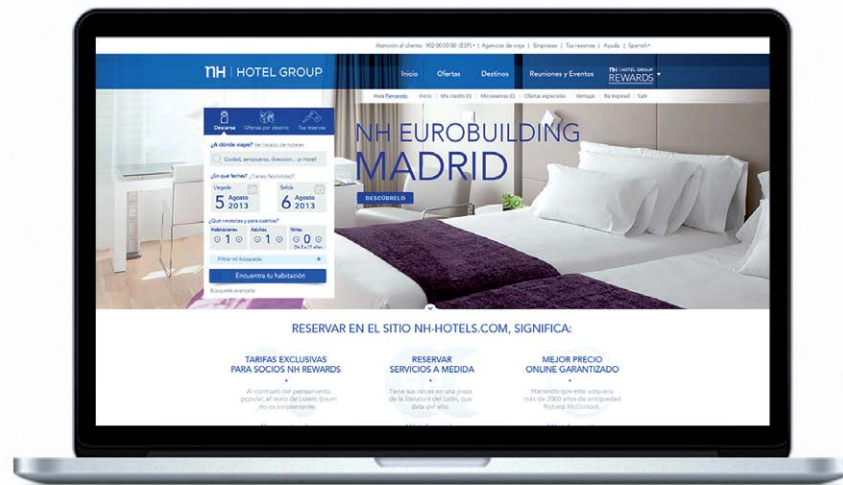
NH HOTEL GROUP REWARDS

The Company has re-launched its customer loyalty programme, NH Hotel Group Rewards, which is one of the strategic pillars of the Group's new differential value proposition. The programme is focused on acknowledging, rewarding and surprising loyal customers. Customers accumulate points they can exchange for free nights or discounts and they also have access to special rates, promotions and exclusive gifts. The programme currently has **over three million members**.

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| NH Rewards members | 2,130,066 | 2,601,187 | 3,245,817 | 4,300,000 | 5,100,000 |

NEW "NH-HOTELS.COM" COMMERCIAL WEBSITE

The Company is committed to the development of an innovative e-commerce platform in order to increase sales through this direct channel, offering customisation possibilities, high-quality content, additional advantages for members of the loyalty programme and excellent usability. To date, **30 million people** have visited the website.



EXCELLENCE IN QUALITY

NH Hotel Group is focused on developing a culture of quality that fosters permanent striving toward excellence; facilitating processes, maintaining transparency in all actions, strengthening bonds with customers while guaranteeing quality of service and innovation.

QUALITY FOCUS

Through the Company's **Quality Management System**, Quality Focus, service and quality have become two of the Group's strategic aspects, giving NH Hotel Group a competitive edge in the market and facilitating the involvement of all employees.

Aware of the importance of this work and in order to carry out more in-depth supervision, an International QualityTeam was created that directly supports the Business Units. The incorporation of new quality coordinators allows for closer, more agile and more specific monitoring of improvement plans.

In collaboration with the managers of each hotel, this team has ensured maintenance of the highest levels of quality and customer satisfaction. For this, 228 internal visits were made to the hotels after which the results, in terms of quality, were analysed, specific actions plans were defined for each hotel, and training sessions were completed when necessary (more than 90 sessions).

These internal visits, along with over 450 audits completed through the Mystery Guest format, allowed for the evaluation of the compliance of services to the standards and procedures defined by the Company and the implementation of corrective plans in the centres where areas of improvement were identified.

| NH HOTEL GROUP GLOBAL EVALUATION SCORES | 2012 | 2013 | DIF. |
|---|-----------------------|-----------------------|----------|
| General satisfaction (*) | 8.1 (from 0 to 10) | 8.2 (from 0 to 10) | + 0.1 |
| Value for money | 7.7 | 7.8 | + 0.1 |
| No. Surveys | 89,985 | 135,471 | + 45,486 |
| No. Evaluations (NH Surveys + external pages) | 229,809 | 302,918 | + 73,109 |

(*) Includes the scores from NH Hotel Group internal surveys and external pages.

THE FIVE BEST RATED HOTELS

NH Collection Olomouc
(Olomouc, Czech Republic) **9.3**

NH Collection Guadalajara
(Guadalajara, Mexico) **9.2**

NH Dresden Altmarkt
(Dresden, Germany) **9.2**

NH Gate One
(Bratislava, Slovakia) **9.1**

NH Gran Casino de Extremadura
(Badajoz, Spain) **9.1**

Selected by travellers thanks to their excellent customer service, prime location and optimum value for money.



CONSOLIDATION OF QUALITY FOCUS

Quality Focus On-line is a comprehensive web tool capable of compiling all the opinions and reviews that exist on Internet about the quality of NH Hotel Group and its competition worldwide. In only one platform, the Company can access customer reviews of all hotels, obtaining reliable and updated statistics to establish plans for continuous improvement.

In 2013, the tool was consolidated because access and all functions were made available to hotel managers (Quality Balance Score card – allows customer satisfaction results to be correlated to other business variables- and access to Mystery Guest information in all the hotels in their Business Units), and generic access was granted to all hotel employees.

INTERNAL CUSTOMER SATISFACTION SURVEY AFTER THE HOTEL STAY

This tool measures customer satisfaction after a hotel stay. In 2013, over **135,000 NH survey** results were collected, with an average global score of 8.4 out of 10. Furthermore, Bookers were also surveyed to evaluate the booking process for groups, meeting halls and restaurant services within the hotels. A total of 3,687 surveys were received, for an average score of 8.7 out of 10, where the best categories were hotel flexibility, professionalism of employees and cleanliness of the meeting halls.

WEB BOOKING PROCESS SURVEY

At the beginning of 2013, a new survey was added exclusively for customers who booked their rooms through the web, including a comments section for improving services. A total of 12,314 surveys were received with an average satisfaction score of 8.9.

CUSTOMER SERVICE

Over **25,000 customers** who requested it were contacted in 2013, either through the Customer Service department or the satisfaction survey. As a new feature this year, 21.3% of those who completed a satisfaction survey received a personal response directly from hotel management. This allowed contact with customers to be more direct and transparent, while increasing their loyalty and surprising them (4,565 total contacts).

In addition, comments were semantically analysed through the Quality Focus On-Line tool. A total of 59,000 comments from customer surveys were examined in order to identify needs and/or areas of improvement. At the same time, the comments about free WIFI service were also analysed in 2013. For this, over 190,000 customer opinions from different web pages were examined, helping us to identify hotels in need of improvement.

NEW SERVICES

Wifree

As a response to customer requests, basic WIFI service is available for free in all rooms since 2012. Thanks to our commitment to innovation and after listening to suggestions for improving service, the speed of the free WIFI in all rooms will be quadrupled in 2014. In the case of NH Collection hotels, the speed will be 8 times faster.

For these improvements, €1.5M will be invested in new technologies. Among other advantages, this will allow more customers to access Internet at the same time without losing quality in the connection and will also simplify access to the service because customers who've already stayed at one of the Group's hotels will be automatically connected when they return.

PERSONAL DATA PROCESSING

Personal data is processed according to standardised and obligatory procedures in order to guarantee compliance with the appropriate security measures. In addition, NH Hotel Group Code of Conduct defines the responsibility all Company employees have with respect to personal data protection laws when dealing with customers, suppliers, shareholders and other employees. Employees who so require have full access, through the Group's Intranet, to the forms customers can use to exercise their personal data rights. NH Hotel Group strictly adheres to the enforceable laws on personal data protection and, in this sense, the biannual audit on personal data protection in Spain and Italy will be completed during in 2014.

MAIN QUALITY INDICATORS

| | 2012 | 2013 |
|---|---------|---------|
| Mystery Guest visits | 367 | 465 |
| No. opinions (NH Surveys + external pages) | 229,809 | 302,918 |
| No. NH customer surveys | 89,985 | 135,471 |
| Communications managed by the Customer Service Department | 13,705 | 25,270 |

OUR SUSTAINABLE COMMITMENT

RELATIONSHIP WITH STAKEHOLDERS

The Company is working to comply with its commitment to integrate responsible business management within the economic, social and environmental scopes, focused on becoming a reference company in **Corporate Responsibility** in the tourism sector.

A key aspect of responsible management is dialogue with the different stakeholders the Company deals with and who are part of the business value "ecosystem". In this sense, the Group reports relevant information to its shareholders, customers, employees, suppliers, environment and society, with indicators that allow for evaluation and continuity of the focus defined for each group. In line with these commitments, the Company promotes multiple channels for dialogue and responds to the different needs and challenges that arise.

| 2013 | SHAREHOLDERS | CUSTOMERS | EMPLOYEES | SUPPLIERS | ENVIRONMENT | SOCIETY |
|---|-----------------------|---|---|---|---------------------------------------|----------------------------------|
| Specific corporate Webs | • | • | • | • | • | • |
| Customer satisfaction surveys | • | • | | | | |
| Market study | • | • | | | | |
| Meetings and seminars | • | • | • | • | • | • |
| Participation in events and forums | • | • | • | • | • | • |
| Communications and publication of information | • | • | • | • | • | • |
| Highlights of 2013 | Presence FTSE4Good | Brand redefinition Repositioning plan NH Hotel Group Rewards Customer opinions | New NH Training Corporate Volunteering | Responsible purchases (Rate of disabled collaborators 7.06) | New Sustainability Plan GBTA Award | Alliances and social projects |

This report is the eighth edition of NH Hotel Group Corporate Social Responsibility Report, published annually since 2006, which reflects the evolution and consolidation of this responsible approach as a strategic pillar of corporate governance. Once again, in 2013 it has achieved an application level of A+ from the reporting standard of **Global Reporting Initiative (GRI)**.

NH HOTEL GROUP CODE OF CONDUCT

All NH Hotel Group employees, Board members, shareholders and suppliers must comply with a Code of Conduct implemented by the Company since 2011. In addition, the Group has a confidential procedure to report non-compliance with this code. For the dissemination of the Code of Conduct among employees, there is a **Practical Guide** available on the intranet that details the rules and values of the Code in a didactical manner, as well as a **Frequently Asked Questions** section that includes aspects such as compliance, confidentiality when processing complaints and the anonymity of the channel.

CODE OF CONDUCT TRAINING

In 2013, we have continued to implement and disseminate the Code with the launching of online training courses to help employees understand and **gain in-depth knowledge about the Code.**

The training sessions are available in six languages and include educational and interactive content, exercises that facilitate understanding of the principles that should guide the conduct of each employee, information about anonymous channels for complaints and a test to self-assess the knowledge acquired. This training is mandatory and periodically monitored in order to guarantee all staff members adhere to the Code.

A total of **709 employees** completed the training courses during December 2013 (2,471 as of April 2014).

GLOBAL FRAMEWORK

UNITED NATIONS GLOBAL COMPACT

Since 2006, NH Hotel Group is a member of the **United Nations Global Compact** and its ten principles as a reference framework for designing Corporate Responsibility strategy and management. In addition, the current Code of Conduct incorporates compliance with international and sectorial ethical commitments that include the Compact's ten principles.

The Company manages its business according to corporate values and its standard of ethics and conduct, and guarantees strict compliance with the laws governing each country. In specific cases, like real estate management, the Company operates according to legislation, with a process for reviewing the classification of short-listed plots and the conformity of business licenses when signing new contracts. In relationships with local governments, the Company always acts independently of any political power, maintaining transparency with the different public and administrative institutions.

The Annual Progress Report was presented in 2013, like each year, through a public letter signed by NH Hotel Group CEO highlighting the initiatives and results achieved during the year.

RELATIONSHIP WITH GOVERNMENTS

During this reporting period, subsidies were obtained from governments, mainly for building hotels and golf courses in Sotogrande and Donnafugata, to the value of €18,086. For more details, please refer to the 2013 Consolidated Financial Statements and Management Report.

RISK MANAGEMENT

The activities undertaken by NH Hotel Group are mainly within the hotel sector and, in particular, in the city hotel sector, characterised by relatively high operating leverage that may require strong investment in fixed assets, especially real estate. These types of assets have long economic cycles that require financed investments, mainly through financial indebtedness. Financial orthodoxy has always been maintained ensuring capital adequacy ratios have always been high.

The management of risks to which the Company is exposed during the development of its activities constitutes one of the basic pillars of operation, with the objective of protecting the value of assets and, consequently, the investments made by shareholders. The Group's Management Committee analyses risk maps in order to minimise these and optimise their management.

SOCIALLY RESPONSIBLE INVESTING (SRI)



PRESENCE IN FTSE4GOOD

The Socially Responsible **FTSE4Good** Investing index, FTSE4Good, was created by the London Stock Exchange and in March 2013, it announced the addition of 20 new international companies, and NH Hotel Group was the only Spanish company in the sector to be included in the semi-annual review.

FTSE4Good was designed to help investors integrate Environmental, Social and Governance (ESG) factors in their investments. This index measures the performance of companies that meet globally recognised corporate responsibility standards and identifies those companies that best manage these factors when aiming for financing, profitability and structured products. These indices are later used by investors looking to incorporate these types of variables in their decision-making processes or can also serve as frameworks for collaboration with other companies or administrations.

CARBON DISCLOSURE PROJECT (CDP)

In 2013 and for the fourth consecutive year, NH Hotel Group has reported to the Carbon Disclosure Project (CDP), an independent non-profit organisation that analyses companies' environmental performance and whose indicators are consulted by various stakeholders.

INITIATIVES AND ALLIANCES

INTERNATIONAL TOURISM PARTNERSHIP (ITP) (GLOBAL).

Global platform that brings together the leaders in sustainability in the tourism sector. NH Hotel Group participated in the following projects in 2013:



- **Youth Career Initiative.** NH Hotel Group participates in this alliance in Mexico D.F. focused on professional training and development of disadvantaged young people.
- **Hotel Carbon Measurement Initiative (HCMI).** Co-developers, along with 23 of the leading international hotel chains, of this methodology to calculate and standardise carbon emissions.

SUSTAINABLE EXCELLENCE CLUB (SPAIN)

A business association comprised of 22 companies that promote sustainable growth. It has joint working groups on corporate responsibility, sustainability, environment, communications and reputation, purchasing, human resources, ICT and corporate governance.



JUNTOS POR EL EMPLEO (TOGETHER FOR EMPLOYMENT-SPAIN)

Commitment to improve the employability of Spanish society's most vulnerable groups, promoting collaboration between the public and business sectors and third sector organisations. It is led by the Accenture Foundation, Fundación Compromiso Empresarial and the SERES Foundation. This initiative is focused on sharing, integrating individual initiatives and developing key projects to work together in order to achieve a collective impact.

CERVANTES INSTITUTE (GLOBAL)

In 2013, NH Hotel Group renewed its agreement with the Cervantes Institute and is the only hotel group to be part of the institute's Circle of Friends. This agreement is focused on promoting Spain around the world and giving both parties international visibility, allowing for increased dissemination of the Company's cultural values.





▲ NH Hotel Group employees ▼



EMPLOYEES

Employees are key stakeholders in NH Hotel Group's responsible approach. The Group is committed to creating quality employment in an environment that fosters training, professional development and cultural diversity, under equal opportunities and rights.

As a global company operating within an ethical framework, defined in NH Hotel Group Code of Conduct, it is committed to respecting human rights and the principles of the Global Compact, and to comply with international and local laws in each country where the Company is present. The Company does not permit the use of child labour or any kind of forced or non-consented work.

STAFF IN 2013

The average number of employees in 2013 was **18,889**, a 0.4% increase over 2012. All the business units have registered a decline in number of employees, except America, which has increased staff by 9.9% , Central Europe with a 7.7% increase and Benelux by 0.1%.

EMPLOYEES PER BUSINESS UNIT

| | 2012 | 2013 | DIFF. (%) |
|---|---------------|---------------|------------|
| BU Spain & Portugal, Headquarters, Sotogrande | 6,538 | 6,194 | -5.3 |
| BU Central Europe | 3,680 | 3,964 | 7.7 |
| BU Benelux, UK, France and Africa | 2,748 | 2,752 | 0.1 |
| BU Italy | 2,421 | 2,209 | -8.8 |
| BU America | 3,430 | 3,770 | 9.9 |
| Total | 18,817 | 18,889 | 0.4 |

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

| | | |
|---------------------------------------|---------------|--------------|
| Open-ended contracts 2013 FTEs | 10,426 | 55.9% |
|---------------------------------------|---------------|--------------|

EMPLOYEE TURNOVER

The current economic circumstances have led to an employee turnover rate of 3.54%, where 0.75% corresponds to voluntary turnover and 2.79% to involuntary turnover.

| Business Unit | % TURNOVER | | | | | | Total |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Involuntary | | | Voluntary | | | |
| | Women | Men | Total | Women | Men | Total | |
| BU Spain & Portugal y HQ | 2.82 | 1.79 | 4.61 | 0.28 | 0.25 | 0.53 | 5.14 |
| BU Benelux, UK, France & Africa | 1.27 | 0.85 | 2.12 | 0.77 | 0.55 | 1.32 | 3.44 |
| BU Central Europe | 0.49 | 0.50 | 1.00 | 0.91 | 0.72 | 1.63 | 2.62 |
| BU Italy | 1.48 | 1.27 | 2.75 | 0.22 | 0.31 | 0.53 | 3.28 |
| BU America | 0.71 | 1.02 | 1.74 | 0.08 | 0.10 | 0.18 | 1.92 |
| Total | 1.58 | 1.21 | 2.79 | 0.41 | 0.34 | 0.75 | 3.54 |

Due to slight modifications in the calculation methodology, the turnover rate for 2013 is not comparable to the 2012 rate.



DIVERSITY MANAGEMENT

NH Hotel Group has a diverse workforce comprised of 15,105 employees (open-ended and temporary contracts) from **141 countries**, of which 14.6% work in countries other than their country of origin.

| Country | N° Employees | N° NO Immigrants | N° Immigrants | % Immigrants | Women | % Women | N° Nationalities (EXCEPT FOR THE LOCAL ONE) | Most frequent immigrant nationality |
|--------------------|---------------|------------------|---------------|--------------|--------------|--------------|---|-------------------------------------|
| ARGENTINA | 497 | 467 | 30 | 6.1% | 213 | 42.8% | 14 | Uruguayan |
| AUSTRIA | 281 | 155 | 126 | 45.0% | 139 | 49.4% | 45 | German |
| BELGIUM | 358 | 188 | 170 | 47.6% | 192 | 53.8% | 55 | Moroccan |
| BRASIL | 2 | 2 | 0 | 19.1% | 2 | 76.8% | 1 | Portuguese |
| CHILE | 37 | 36 | 1 | 2.7% | 17 | 45.8% | 1 | Uruguayan |
| COLOMBIA | 38 | 29 | 9 | 24.5% | 25 | 64.0% | 4 | Mexican |
| CZECH REPUBLIC | 209 | 197 | 12 | 5.9% | 111 | 53.1% | 5 | Slovak |
| DOMINICAN REPUBLIC | 1,257 | 965 | 292 | 23.2% | 369 | 29.3% | 7 | Spanish |
| FRANCE | 80 | 54 | 26 | 32.3% | 43 | 53.7% | 19 | Spanish |
| GERMANY | 2,057 | 1,788 | 269 | 13.1% | 1,119 | 54.4% | 69 | Turkish |
| HEADQUARTERS | 404 | 266 | 138 | 34.2% | 235 | 58.2% | 28 | Italian |
| HUNGARY | 33 | 31 | 2 | 6.1% | 17 | 52.2% | 2 | Rumanian/Ukranian |
| ITALY | 1,302 | 1,204 | 98 | 7.5% | 544 | 41.8% | 43 | Rumanian |
| LUXEMBOURG | 41 | 1 | 41 | 98.2% | 22 | 52.1% | 12 | French |
| MEXICO | 778 | 774 | 4 | 0.5% | 361 | 46.4% | 6 | Colombian/Indian/Swaziland |
| NETHERLANDS | 1,650 | 1,332 | 317 | 19.2% | 805 | 48.8% | 66 | Ghanaian |
| POLAND | 44 | 0 | 44 | 100.0% | 26 | 59.1% | 0 | - |
| PORTUGAL | 30 | 25 | 5 | 15.2% | 22 | 73.5% | 2 | Angolan |
| ROMANIA | 62 | 62 | 0 | 0.0% | 37 | 59.4% | 0 | - |
| SOTOGRADE | 183 | 180 | 3 | 1.8% | 72 | 39.2% | 4 | Dutch/British |
| SLOVAKIA | 47 | 41 | 6 | 12.4% | 28 | 59.5% | 5 | Hungarian |
| SPAIN | 4,483 | 4,011 | 472 | 10.5% | 2,444 | 54.5% | 71 | Moroccan |
| SOUTH AFRICA | 206 | 177 | 29 | 14.1% | 116 | 56.3% | 71 | Zimbabwe |
| SWITZERLAND | 120 | 34 | 87 | 72.1% | 52 | 43.5% | 25 | French |
| UNITED KINGDOM | 50 | 6 | 44 | 87.6% | 18 | 35.6% | 19 | Spanish |
| URUGUAY | 44 | 44 | 0 | 0.0% | 20 | 46.1% | 0 | - |
| USA | 83 | 22 | 61 | 73.5% | 42 | 50.9% | 31 | Dominican |
| VENEZUELA | 727 | 720 | 7 | 1% | 238 | 32.8% | 3 | Spanish |
| | 15,105 | 12,855 | 2,249 | 14.6% | 7,330 | 48.4% | | |

*Figures obtained from number of employees (Full Time Equivalents) with open-ended + temporary contracts

THE NEW NH FIVE-YEAR STRATEGIC PLAN

The Human Resources department is committed to facilitating the successful implementation of the five-year Strategic Plan throughout the organisation. This is achieved through initiatives that strengthen the values and beliefs on which the corporate culture is based. In addition, inspiring and energising leadership is fostered and participates in active listening to promote the transformation and development of its teams. Furthermore, the Group promotes connection, innovation and collaboration beyond geographical and cultural boundaries; contributing day to day to build a significant experience for all employees through the creation of work places and methods that evolve and adapt to different needs and goals.

WOMEN IN MANAGEMENT POSITIONS

48.4% of the total NH Hotel Group workforce corresponds to women, who occupy 48% of management positions. This figure increases in Spain, where **49.5%** hold management positions.

| | No. of men and women in management positions | | Women in management positions | | % 2012 | % 2013 |
|--------|--|-------|-------------------------------|-------|--------|--------|
| | 2012 | 2013 | 2012 | 2013 | | |
| Global | 3,070 | 3,044 | 1,490 | 1,460 | 48.5 | 48.0 |

AGREEMENT WITH THE SPANISH MINISTRY OF HEALTH, SOCIAL SERVICES AND EQUALITY

In January 2013 and along with other leading Spanish companies, NH Hotel Group signed an agreement with the Spanish Ministry of Health, Social Services and Equality to increase the presence of women in management positions. This is a pioneer initiative by which the parties agree to achieve 20% women in management positions and boards of directors, or to increase their presence by five percentage points. Currently, the Company has 14.3% women on its Board and 48% in management positions.

AGE PYRAMID

49.4% of the workforce is between 25 and 40 years of age, percentage that increases with respect to 2012 (48.6%). The percentage for those less than 25 years of age remains at 15.9%, while those over the age of 40 have declined in relation to last year, from 35.5% to 34.7%.

| AGE* | 2012 (%) | 2013 (%) |
|-------------------|----------|----------|
| Less than 25 | 15.9 | 15.9 |
| Between 25 and 40 | 48.6 | 49.4 |
| Over 40 | 35.5 | 34.7 |

*Data refers to employees with open-ended and temporary contracts.

HIRING DISABLED PEOPLE IN SPAIN AND RESPONSIBLE PURCHASING

In 2013, the hiring quota for disabled people in Spain reached **7.06%** including direct hiring and responsible purchases made to Special Employment Centres as suppliers of different services, particularly FLISA and Iearia thanks to their social commitment.

| Accomplished Quota | | | |
|--------------------|----------|--|-------|
| Direct | Donation | Purchases made to Special Employment Centres | Total |
| 0.65% | 0.00% | 6.40% | 7.06% |

* Information for calculating generated employment through alternative measures, 2013, Law 17/2012 of 27 December, from the General State Budget for 2013.

HEALTH AND SAFETY

In 2013, absenteeism due to accident or illness slightly increased globally, although some countries have achieved significant improvement.

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

| | Staff 2013 | Employees represented on IhSC | Percentage |
|-----------|------------|-------------------------------|------------|
| NH Hotels | 3,088 | 731 | 23.67% |
| Hesperia | 1,437 | 1,066 | 74.18% |
| Total | 4,525 | 1,797 | 39.71% |

ABSENTEEISM RATE

| | 2012 (%) | 2013 (%) |
|-------------------|----------|----------|
| Accident | 0.20 | 0.22 |
| Illness | 2.34 | 2.57 |
| Maternity | 0.59 | 0.63 |
| Total absenteeism | 3.13 | 3.42 |

Excluding extras and temporary employment agencies

INTERNAL COMMUNICATION

INTERNAL COMMUNICATION CHANNELS

In order to continue fostering the exchange of information with its employees, the Company promotes various communication channels that disseminate information about internal programmes and initiatives. New for 2013, videos have been included as an interesting channel to communicate important company news.

In addition, Business Unit Spain, Portugal and Andorra and Business Unit Benelux publish local newsletters, **TU RED 2.0** and **Bulletin** respectively, to provide information about important news occurring in each of them.

WELL-BEING PROGRAMMES

NH Hotel Group promotes healthy lifestyles and teamwork among its employees through sports and well-being initiatives. **NH Runners** is one of these initiatives, carried out in Madrid, Valencia, Palma de Mallorca, Barcelona and Milan. In the Business Unit Benelux, a group of employees has participated six times in the **Alpe d'Huez** bicycle ascent in the French Alps to raise funds for the fight against cancer. In addition, the first **Paddle Tennis Tournament** between employees from the Corporate Office and the Business Unit Office in Spain was held this year.

SOCIAL MEDIA

In 2013, the “**Be an NH blogger!**” initiative was launched to provide employees with the opportunity to share their experiences and ideas on NH Hotel Group social networks. In addition, a programme to attract the best talents through local social networks was launched in Germany and Austria

NH HOTEL GROUP RECOGNITION PROGRAMMES

These programmes recognise employees for their extraordinary work by awarding points they can exchange in hotels and restaurants, encouraging them to travel and enjoy the Group's destinations. Six programmes were developed in 2013 and **196,942** points were awarded (€196,942).

| | |
|-------------------------|-----------------------|
| Christmas Contest | 936 points |
| Jubilee Programme | 59,129 points |
| Recognition Programme | 86,896 points |
| NH & YOU | 9,643 points |
| NH World Incentive Plan | 38,862 points |
| We Are All Sales | 1,476 points |
| Total | 196,942 points |

LOYALTY PROGRAMME: INCENTIVES PLAN

An incentives plan was created in 2013 focused on increasing the number of customers in the database and the number of new members in the NH Hotel Rewards loyalty programme. Depending on the achievement of these objectives, the hotels are awarded a certain amount of points that are distributed among the employees.





▲ NH Hotel Group employees ▼



SOCIAL BENEFITS

FLEXIBLE REMUNERATION PLAN

Implemented since 2011, the plan aims to maximise net remuneration of employees in Central Services, the Business Unit Spain offices and hotel managers with the following services and products:

- Health insurance plans
- Food vouchers
- Day-care vouchers
- Transport vouchers
- Internet at Home

Two new products were introduced in 2013: group savings insurance and Stock Bonus, which employees will begin enjoying in 2014.

INTERNATIONAL ASSIGNMENTS

NH International Mobility Policy governs the international mobility of employees and determines the two types of assignment, short and long term. The short-term assignments respond to short-term needs and specific projects, and the long-term assignments address the Company's long-term needs and international development of its professionals.

In addition, NH Hotel Group offers indefinite international transfers. In these cases, based on international experience and professional career development, it is the employee who applies for the international position, not considered a traditional overseas posting.

The concept of the global employee is also fostered. These employees are part of a Business Unit's Corporate or Headquarter Services although they reside in another country.

In 2013, a total of 76 employees were in one of the situations described above.

SPECIAL OFFERS FOR EMPLOYEES

EMPLOYEE RATES

Employees enjoy discounted rates of €36 + VAT at almost any NH hotel and a 50% discount off the BAR (Best Available Rate) in the Company's top hotels, as well as a 30% discount on products and services. In 2013, employees stayed in the group's hotels for a total of **48,615 nights**.

AMIGO SOLIDARIO VOUCHER

In 2013, these vouchers for employee friends and family members accounted for a total of **130,083 nights** at very special rates.

DUAL TRAINING

In September 2012, the Ministry of Education, Culture and Sports invited NH Hotel Group to be part of a pilot team of companies in the tourism sector to implement the Dual Professional Training project in the Region of Madrid, giving the Group the opportunity to actively collaborate in the training of future professionals in the sector and contribute its extensive experience.

The initiative's objective was to create a reserve of professionals trained in the Group's high quality standards in order to facilitate employment of young Spanish people, a group suffering from high unemployment rates.

The Company was involved from the beginning of the implementation of the project, providing internships for **45 students** in the following specialties: **Tourism Accommodation Management and Restaurant Services Management**. An example of this involvement is that the Group is already working with this DUAL training system since it was implemented in Germany.

NH UNIVERSITY

Through NH University, **247 training programmes** have been implemented, distributed into **1,720 campus sessions** and with a total of 27,019 participants, an increase of 9% over 2012. Training hours per employee also increased 15% over 2012.



The students received an average of 16 hours of campus training sessions and 3.5 hours of e-learning sessions. The total number of hours of training in 2013 was **138,602**, with a total investment of €907,796.

TRAINING INDICATORS

| Campus training | Business Unit | 2012 | 2013 | Difference | |
|------------------------------|---------------------------------|----------------|----------------|----------------|-------------|
| External | Headquarters | 3,017 | 8,005 | 4,988 | 165% |
| | BU Spain & Portugal | 15,517 | 6,344 | -9,173 | -59% |
| | BU Benelux, UK, France & Africa | 4,760 | 4,077 | -683 | -14% |
| | BU Central Europe | 7,888 | 4,837 | -3,051 | -39% |
| | BU Italy | 8,658 | 7,490 | -1,168 | -13% |
| | BU America | 7,132 | 16,371 | 9,239 | 130% |
| Total External | | 46,972 | 47,124 | 152 | 0% |
| Internal | Headquarters | 2,075 | 4,261 | 2,186 | 105% |
| | BU Spain & Portugal | 15,748 | 15,782 | 34 | 0% |
| | BU Benelux, UK, France & Africa | 10,075 | 9,088 | -987 | -10% |
| | BU Central Europe | 26,388 | 18,838 | -7,550 | -29% |
| | BU Italy | 9,204 | 7,174 | -2,030 | -22% |
| | BU America | 36,058 | 26,664 | -9,394 | -26% |
| Total Internal | | 99,548 | 81,807 | -17,741 | -18% |
| Total Campus training | | 146,520 | 128,931 | -17,589 | -12% |
| E-learning | Headquarters | 780 | 893 | 113 | 14% |
| | BU Spain & Portugal | 7,538 | 4,120 | -3,418 | -45% |
| | BU Benelux, UK, France & Africa | 1,709 | 758 | -951 | -56% |
| | BU Central Europe | 2,167 | 1,239 | -928 | -43% |
| | BU Italy | 1,633 | 661 | -972 | -60% |
| | BU America | 1,784 | 2,000 | 216 | 12% |
| Total E-learning | | 15,611 | 9,671 | -5,940 | -38% |
| TOTAL TRAINING HOURS | | 162,131 | 138,602 | -23,529 | -15% |

NH UNIVERSITY HIGHLIGHTS 2013

New NH Training

NH University plays a key role in the dissemination of the Group's five-year Strategic Plan, new vision and core values among employees. A training plan is designed specifically for this purpose, transmitting the new corporate identity, the behaviour and necessary procedures that guide the day-to-day business of the New NH.

In addition, in 2013, NH University focused its activity on providing training to two groups that play key roles in the Company's transformation process:

Hotel Managers

- **New Heights (Global)**

For the second consecutive year, a new edition of this programme, focused on hotel managers, was held. This time, the main theme was the commercial aspect of managers' roles and exceptional trainers were in charge of the sessions: the Operations Director and the Regional Operations Directors, along with the Commercial Director and Sales Directors, of each Business Unit. A **New Heights Exclusive** edition was also held for the managers of hotels that received the highest ratings in the "Time For You" performance management system. Last, a new initiative was implemented concerning the concept of leadership, geared towards the Operations teams of the different Business Units.



- **Avanzare e Sostenere (BU Italy)**

Using the world of rugby as a reference, hotel managers attended training sessions based on values like responsibility, capacity to surprise, simplicity, trust, teamwork and communication.

Sales Teams

- **Expansion of the Commercial Strategy meeting (BU Italy)**

Training programme for Sales, Meetings & Events and Revenue employees focused on reinforcing skills like teamwork, communication, customer experience and responsibility, among others. This was a two-day course with 120 participants.

- **Sales Certification Programme (BU Central Europe)**

Training programme to promote talent and foster the development of personal networks imparted by experts in the fields of sales and tourism and including the following topics: large accounts management, effective negotiation, sales in the travel sector, coaching, teamwork, etc. With three different certification levels (Junior, Senior and Team Manager), the students needed approximately 18 months to go from one level to another. In total, 69 participants received 1,104 hours of training.

OTHER TRAINING HIGHLIGHTS

NH KNOWLEDGE MANAGEMENT

The Knowledge Management programme has consolidated itself each year in all Business Units and represents 4% of the total of training hours, including new training sessions in the catalogue. We have continued organising “Working Breakfasts” in the Corporate Office and other Business Units, like Italy.

TALENT MANAGEMENT TRAINING (BU BENELUX, UK, FRANCE & AFRICA)

This course is focused on detecting, identifying and developing talent, both in employees and within the organisation. Twelve workshops with a total of 108 participants were organised for the identification and selection process and in order to obtain information about their skills.

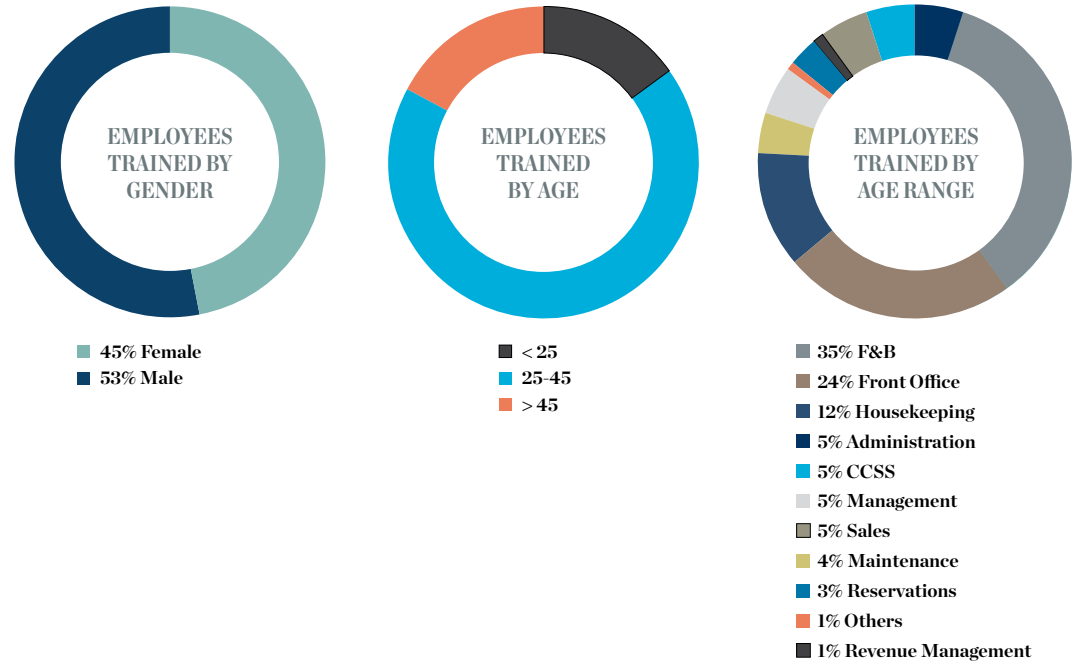
EMERGENCY TRAINING (BU SPAIN, PORTUGAL & ANDORRA)

Continuing with the project begun in 2012, this training initiative was comprised of 22 campus sessions to acquire the skills necessary to respond to emergency situations and were developed in the Business Unit Spain. Furthermore, 30 emergency simulations were carried out in different hotels. The project is a significant step towards improving the safety of employees and customers.

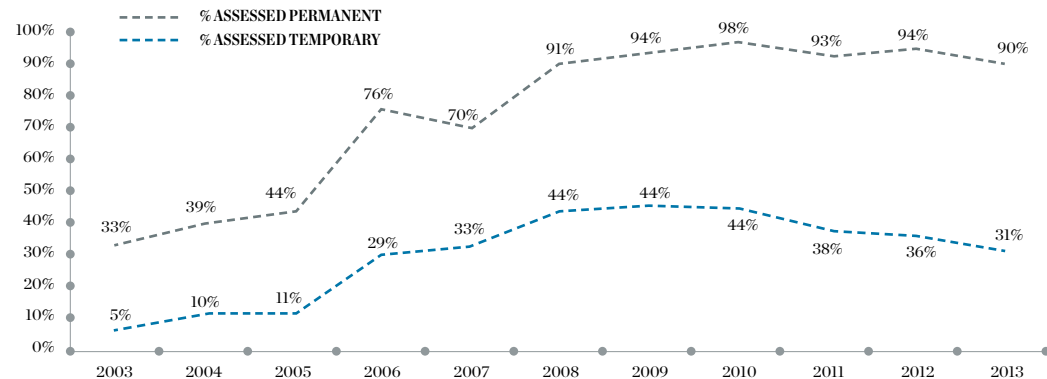
PERFORMANCE MANAGEMENT: TIME FOR YOU (TFY)

The Time For You (TFY) performance management system, developed for the third consecutive year, showed similar levels of employee participation in 2013. Of all those evaluated, only 13% obtained the category of Excellent and 58% of these were women.

In 2013, an Internal Awareness Campaign was developed focused on achieving the same level of understanding among Business Units concerning corporate skills that are common across all employee profiles.



EVOLUTION OF PARTICIPATION



RESTRUCTURING PROCESSES

NH Hotel Group is undertaking a plan to reorganise and rationalise its resources to improve operational efficiency, improve processes and achieve maximum quality standards in the services it offers its customers.

This plan was carried out through three employment regulation processes in the Business Units of Italy and Spain.

For outsourcing of cleaning and maintenance services, and in the case of BU Spain, the administration department, we have put our trust in leading companies in the sector who guarantee maximum quality of services.

Through agreements reached with the employees' representatives to minimise social impact, the affected employees have benefited from support and relocation plans with the subcontracted companies, as well as incentives for leaving the Company.

In Italy, the process concluded on 3 January 2014 with a limited number of employees who did not accept any of the solutions offered.

The first **employment regulation plan in Spain** was signed with agreement of 63.1% of the social part (representing 57.09% of the workers in the affected companies), a part of the workers' representatives presented a collective complaint contesting the ERE (layoffs) and the proceedings were held on 5 July 2013 in the National High Court. The rulings were favourable for the Company and, to date, is not firm because an appeal has been made to the Supreme Court.

RESTRUCTURING PROCESSES

| | LAYOFFS | No. people | Voluntary adherence |
|----------|------------------------------|------------|---------------------|
| BU SPAIN | SSCC HQ | 19 | 5 |
| | SSCC SPAIN | 23 | 2 |
| | HOTEL (OPERATIONAL SURPLUS)* | 66 | 12 |
| | OURSOURCING** | 268 | 19 |
| | TOTAL LAYOFFS | 376 | 38 |
| BU ITALY | SSCC ITALY | 18 | 3 |
| | HOTEL (OPERATIONAL SURPLUS)* | 324 | 273 |
| | OURSOURCING** | 195 | 176 |
| | TOTAL LAYOFFS | 537 | 452 |

* Housekeeping Department not included

** Housekeeping Department

With respect to the second process, which affected the BU Spain administration department, the consultation period also ended with an agreement (this time, unanimously). The measure affected 112 employees: 73 have been dismissed (6 have been transferred to external companies), 17 retain their previous positions, 17 have been relocated internally, and the rest are under partial retirement plans or temporary contracts.

UNION REPRESENTATION

| Business Unit | No. of collective agreements 2012 | No. of collective agreements 2013 | Percentage of employees covered |
|--|-----------------------------------|-----------------------------------|---------------------------------|
| BU Spain | 53 | 53 | 100% |
| BU Benelux, UK, France, USA and Africa | 10 | 10 | 100% |
| BU Italy | 4 | 4 | 100% |
| BU Central Europe * | 12** | 15 | 100% |
| BU America | 23 | 23 | 100% |

* Germany, Austria and Switzerland.

** The 2012 data includes only Germany.

MAIN EMPLOYEE INDICATORS

| | 2012 | 2013 |
|--|-------------|-----------|
| Total employees * | 18,817 | 18,889 |
| Open-ended contracts | 56% | 55.9% |
| Average staff turnover** | 3.6% | 3.54% |
| % Immigrant employees | 15.3% | 14.6% |
| % Women employees | 49.1% | 48.4% |
| % Women in managerial positions | 48.5% | 48% |
| Age pyramid*** | | |
| Less than 25 | 15.9% | 15.9% |
| Between 25 and 40 | 48.6% | 49.4% |
| Over 40 | 35.5% | 34.7% |
| NHU training hours | 162,131 | 138,602 |
| Participants in NHU programmes | 24,791 | 27,019 |
| Investment in training | € 1,100,000 | € 907,796 |
| % Performance Evaluations conducted (fixed FTEs) | 94% | 90% |

* FTEs including all types of contracts

** Voluntary turnover (0.75%) vs. Involuntary turnover (2.79%). Due to slight modifications in the calculation methodology, the turnover percentage for 2013 cannot be compared to 2012 figures.

*** 2012 Data corresponding to "25-45 years old" criterion

SUPPLIERS

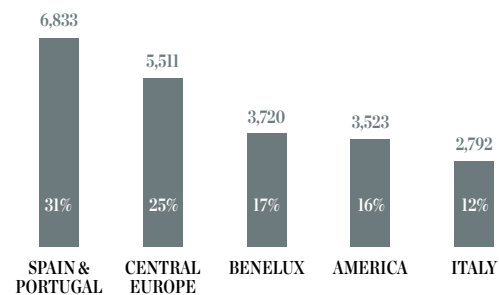
NH Hotel Group believes its suppliers are key partners in the consolidation of the commitment to develop **sustainable and innovative solutions**. The Company is convinced of the value of promoting a close, accessible and solid relationship with its partners and makes every effort to optimise resources and implement tools that facilitate the Company bilateral communication.

OUR SUPPLIERS

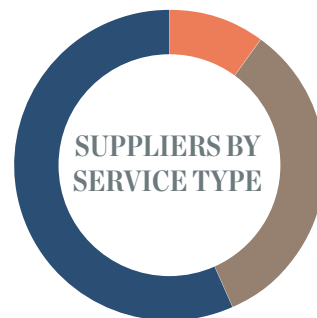
During 2013, NH Hotel Group worked with a total of **22,379 national and international suppliers**, with an annual purchasing volume (cost + investment) of €408.4M. 96% of this volume accounts for the European Business Units.

One of the principles of the Corporate Procurement Policy is to offer **equal opportunities and promote local purchasing** in every region the Company operates. In 2013, the local purchasing volume represented 87% of approved purchases. By supplier type, 78.7% is included in operational costs and services, which is 65.42% of the total volume of invoiced purchases.

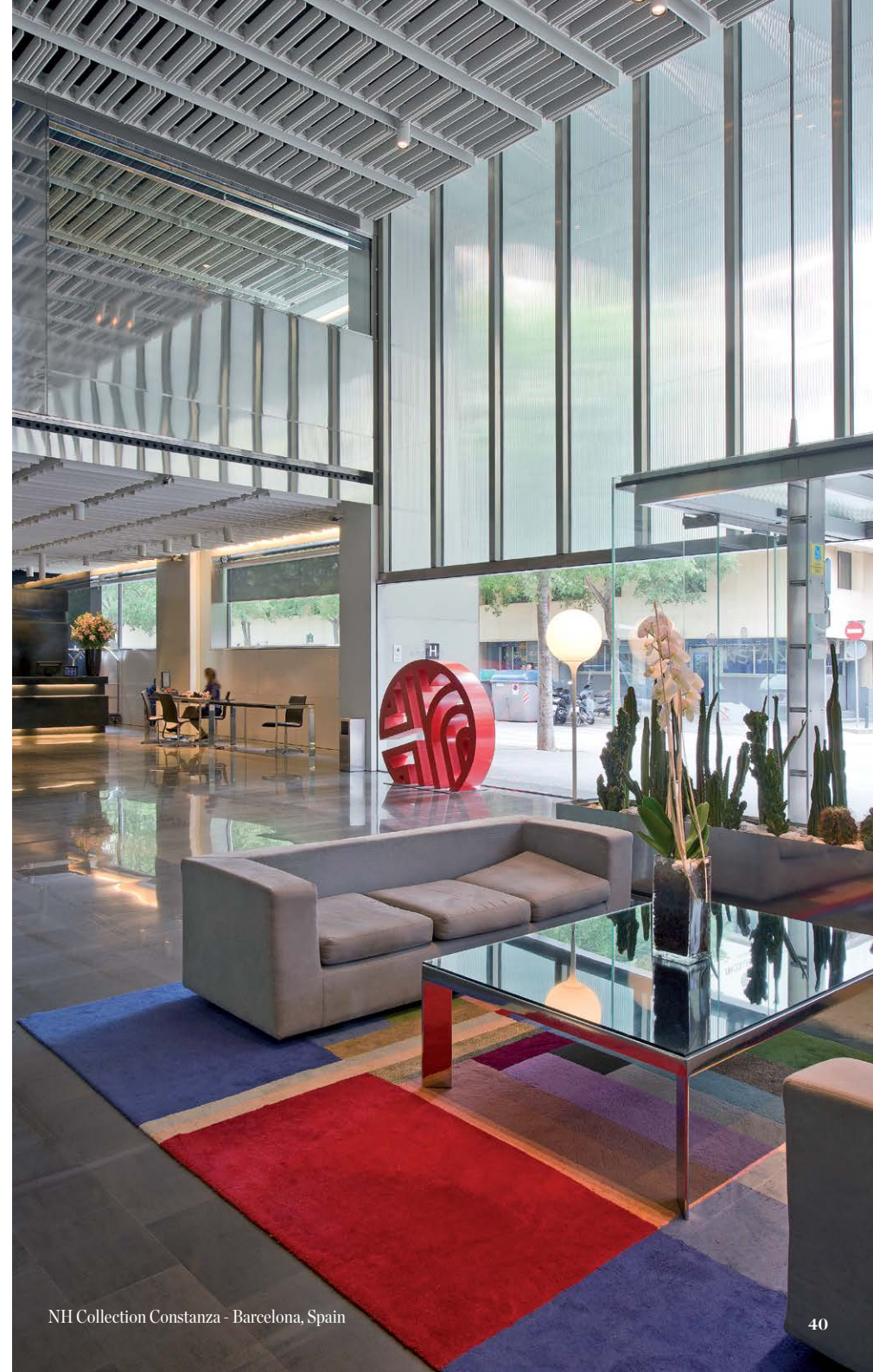
SUPPLIERS BY BU



- 28% BU Spain & Portugal
- 23% BU Central Europe
- 20% BU Benelux, UK, France & Africa
- 17% BU Italy
- 8% Corporate
- 4% BU America



- 28% BU Spain & Portugal
- 23% BU Central Europe
- 20% BU Benelux, UK, France & Africa



FIVE-YEAR STRATEGIC PLAN

The Procurement Department's goals include the internationalisation of its central purchasing platform (Coperama), the optimisation of cost control through an increase in capture ratio, negotiation of new purchasing categories and the complete implementation of Click & Buy, as well as SAP integration. In addition, in 2013 the e-sourcing platform was fully implemented in all Business Units.

COMPLIANCE WITH THE CODE OF CONDUCT

The NH Code of Conduct has been included in every approved supply contract signed by the Purchasing Department since 2012. It includes an acceptance clause in the selection phase for suppliers who are approved for participation in the next stages of adjudication, as exclusion criterion. In 2013, 173 codes were signed, reaching an aggregated figure of **1,391 signed codes**.

ENVIRONMENTAL COMMITMENT

The Purchasing Department uses an extensive questionnaire in the supplier selection process that is automatically evaluated depending on the suppliers' environmental commitments and policies. This questionnaire is part of the global evaluation within the supplier approval process.

NH SUSTAINABILITY CLUB

In line with the new strategic guidelines established in 2103 for the next five years, we are working on renegotiating the NH Sustainability Club in order to align its mission, objectives and results with the Strategic Plan.

COPERAMA, THE FIRST PROCUREMENT PLATFORM IN THE SECTOR

Coperama continues growing as a procurement platform with the addition of 159 new customer establishments and expanding the purchase areas covered by contracts with suppliers. Thus, in 2013 we've added the FF&E area (Furniture, Fixtures and Equipment) to the already existing F&B (Food and Beverage) and OSE (Operating Supplies and Expenses) areas. The platform now has 338 suppliers with signed contracts.

In May of 2013, Hostelería Unida, S.A. left Coperama as shareholder and Grupo Husa establishments left Coperama as customers.

At the closing of the 2013 financial year, Coperama had **500 establishments**: 452 hotels, 45 restaurants and 3 collectives

Regarding the number of rooms captured (indicator of the growth of Coperama for the hotel division, which constitutes the Company's main activity), the procurement platform practically maintained the number of rooms despite the effect of Husa's exit. The loss of rooms was compensated by the capturing of other new ones, for a total figure of 45,824.

ACTIONS AND TOOLS

- Coperama organises a biennial congress in which customers and suppliers unite in order to analyse the sector's trends, foster networking and discuss the optimisation of the procurement function. The II Coperama Congress will be held in 2014.
- After its presentation last year in 2013, a Coperama electronic catalogue was implemented as a tool for communications, loyalty and procurement for all its partners.
- The procurement platform has 140 signed contracts with suppliers who can issue electronic invoices through the BS Invoice platform for Coperama establishments. In order to facilitate the e-billing system for these customers, the BS Invoice platform was integrated with the main transaction platforms in our country (Edicom, Seres, Voxel and Eurobit).



E-SOURCING PLATFORM

2013 saw the consolidation of the e-sourcing platform in all Business Units, where the Company is a pioneer in the hotel sector in successfully developing and implementing an electronic e-sourcing tool.

This platform is a clear commitment to innovation and continuous improvement of the buying processes. It contributes to an increase in the standardisation of process, strengthens monitoring on bids and unifies evaluation criteria worldwide.

It also improves both internal and external communication channels, guaranteeing full transparency of negotiation processes and equal opportunity for all participating suppliers.

Electronic negotiation fosters the participation of more suppliers in the processes, as well as increasing the diversity of these. During the first year the platform was implemented, a total of **2,475 suppliers from 22 countries** registered, of which 617 were invited to participate in negotiation processes.

During the second half of the year, 75.86% of all negotiations were made through the platform and 13 e- auctions were held.

SAP MATERIAL MANAGEMENT

The implementation of SAP MM (Material Management), a comprehensive P2P (Procure to Pay) process management system, through an approved and improved hotel template, allows for increased efficiency and effectiveness in operations.

In 2013, there was a significant increase in the number of electronic invoices, both in Spain and Italy; from 48,843 invoices in 2012 to 68,073 invoices in 2013, which constitutes an increase of 39.4%.

In January 2014, implementation of SAP MM was finalised in hotels in Spain and in Corporate Offices. The objective is to finish the year 2014 having implemented the tools in all Business Units except Italy and the Americas, whose objective is the first semester of 2015.

MAIN SUPPLIERS INDICATORS

| | 2012 | 2013 |
|---|----------|----------|
| Volume of suppliers managed | 21,892 | 22,379 |
| Nº of suppliers who have signed the Code of Ethics | 1,218 | 1,391 |
| Annual volume of purchases (expense + investment) | 403.4 M€ | 408.4 M€ |
| % Volume of purchases from suppliers who have signed the Code of Ethics | 10.8% | - |
| Annual volume of purchases by suppliers who signed the Code of Ethics | - | 46.8 M€ |
| % Negotiations through the e-sourcing platform * | - | 31.81% |
| NH Sustainable Club members | 40 | 40 |

* New indicator added in 2013



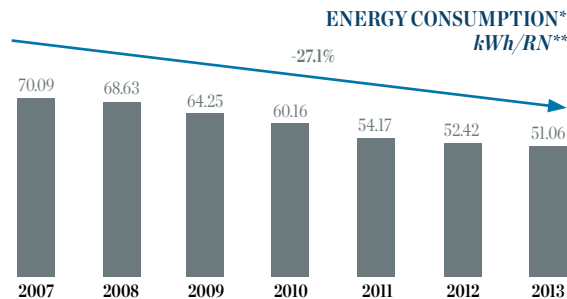
Casino de Madrid - Madrid, Spain

ENVIRONMENT

The Company's sustainability strategy included in the five year Strategic Plan contemplates not only energy efficiency and best environmental practices in all activities, but also constant innovation focused on surprising customers, caring for people and the destinations we share.

Thanks to important measures included in the **2008-2012 Environmental Plan**, NH Hotel Group saved over **€35M**, exceeding our targets. From 2008 to the present, the Company's carbon footprint has been reduced by **60.1%**, energy consumption by **27.1%** and water consumption by **31.2%**. At the beginning of 2013, NH Hotel Group began reporting energy consumption, water usage and carbon footprint ratios based on room/night criteria. (Up to 2012, reporting was based on guest/night).

ENERGY CONSUMPTION OF COMPARABLE HOTELS



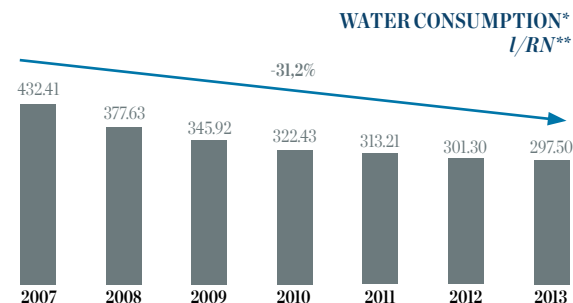
* Energy consumption data extracted from invoices and meters. Energy and water consumption data according to comparability criteria defined by the Company. Percentage of comparable hotels 2012-2013 in energy and emissions: 82%. Resorts are considered a sole category given their unique features and treatment of this data is carried out independently.
** Ratios are kW hour/room and night

| Business Unit | Energy consumption kWh 2012 | Energy consumption kWh 2013 | Diff. | Consumption ratio (kWh/RN*) 2012 | Consumption ratio (kWh/RN) 2013 | Diff. |
|---------------------------------|-----------------------------|-----------------------------|-------------|----------------------------------|---------------------------------|--------------|
| BU America | 51,753,317 | 51,735,149 | 0.0% | 60.00 | 56.21 | -6.3% |
| BU Benelux, UK, France & Africa | 79,615,397 | 79,206,673 | -0.5% | 72.25 | 70.52 | -2.4% |
| BU Central Europe | 148,781,682 | 152,041,730 | 2.2% | 48.06 | 46.88 | -2.5% |
| BU Italy | 100,460,194 | 99,377,835 | -1.1% | 61.65 | 58.39 | -5.3% |
| BU Spain, Portugal & Andorra | 181,943,520 | 182,535,492 | 0.3% | 51.93 | 52.05 | 0.2% |
| Total | 562,554,110 | 564,896,879 | 0.4% | 52.42 | 51.06 | -2.6% |
| BU Resorts** | 26,745,125 | 25,860,729 | -3.3% | 49.67 | 45.63 | -8.1% |

* RN: room and night

** Resorts are considered a sole category given their unique features and treatment of this data is carried out independently.

WATER CONSUMPTION IN COMPARABLE HOTELS



* Water consumption data extracted from invoices and meters. Energy and water consumption data according to comparability criteria defined by the Company. Percentage of comparable hotels 2012-2013 in water usage: 82%. Resorts are considered a sole category given their unique features and treatment of this data is carried out independently.
** Ratios in litres water/room and night.

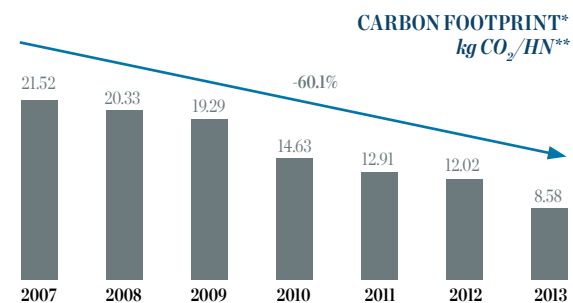
| Business Unit | Water consumption m ³ 2012 | Water consumption m ³ 2013 | Diff. | Consumption ratio (m ³ /RN*) 2012 | Consumption ratio (m ³ /RN) 2013 | Diff. |
|---------------------------------|---------------------------------------|---------------------------------------|-------------|--|---|--------------|
| BU America | 305,014 | 321,824 | 5.5% | 0.426 | 0.418 | -1.9% |
| BU Benelux, UK, France & Africa | 461,160 | 470,903 | 2.1% | 0.323 | 0.327 | 1.5% |
| BU Central Europe | 786,576 | 824,576 | 4.8% | 0.252 | 0.252 | 0.1% |
| BU Italy | 630,553 | 636,374 | 0.9% | 0.418 | 0.402 | -4.0% |
| BU Spain, Portugal & Andorra | 1,042,576 | 1,026,460 | -1.5% | 0.306 | 0.301 | -1.7% |
| Total | 3,225,880 | 3,280,138 | 1.7% | 0.301 | 0.298 | -1.2% |
| BU Resorts** | 360,807 | 373,499 | 3.5% | 0.644 | 0.639 | -0.9% |

* RN: room and night

** Resorts are considered a sole category given their unique features and treatment of this data is carried out independently.

NH Hotel Group 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.

CARBON FOOTPRINT OF COMPARABLE HOTELS



* Resorts are considered a sole category given their unique features and treatment of this data is carried out independently.

** Ratios in kg CO₂/room and night.

*** We reduced our carbon footprint in 2012-2013 by using renewable energies in order to meet our electricity needs in Germany, Spain and Italy.

| Business Unit | Total emissions Kg CO ₂ 2012 | Total emissions Kg CO ₂ 2013 | Diff. | Emissions ratio (Kg CO ₂ /RN*) 2012 | Emissions ratio (Kg CO ₂ /RN) 2013 | Diff. |
|---------------------------------|---|---|---------------|--|---|---------------|
| BU America | 16,618,046 | 15,837,914 | -4.7% | 19.27 | 17.21 | -10.7% |
| BU Benelux, UK, France & Africa | 17,363,338 | 17,682,340 | 1.8% | 14.22 | 14.20 | -0.1% |
| BU Central Europe | 41,793,392 | 20,871,731 | -50.1% | 13.50 | 6.44 | -52.3% |
| BU Italy | 30,451,240 | 18,842,198 | -38.1% | 18.69 | 11.07 | -40.8% |
| BU Spain, Portugal & Andorra | 17,765,229 | 17,862,617 | 0.5% | 5.07 | 5.09 | 0.4% |
| Total | 123,991,245 | 91,096,801 | -26.5% | 12.02 | 8.58 | -28.6% |
| BU Resorts** | 3,638,987 | 2,800,218 | -23.0% | 6.76 | 4.94 | -26.9% |

* RN: room and night

** Resorts are considered a sole category given their unique features and treatment of this data is carried out independently.

EMISSIONS GENERATED BY COMPARABLE HOTELS ACCORDING TO TYPE OF FUEL DURING 2012-2013

| | Total emissions Kg/CO ₂ 2012 | Total emissions Kg/CO ₂ 2013 |
|------------------|---|---|
| GLP | 2,721,968 | 2,600,023 |
| Diesel | 2,885,493 | 1,805,303 |
| District Cooling | 149,556 | 133,042 |
| District Heating | 9,900,363 | 10,175,197 |
| BTZ | 694,981 | 698,535 |
| Propane | 1,598,250,46 | 1,716,521,25 |
| Gas Natural | 41,669,430,19 | 43,924,887,77 |
| Electricity | 68,016,469 | 32,843,510 |
| | 127,636,511 | 93,897,019 |

2013 RESULTS

In 2013, within the framework of the five-year plan (5YP), the results obtained by the hotels included in this plan that comply with the comparability criteria (60% of the Company's hotels) were the following:

CONSUMPTION TRACKING AND MEASUREMENT

For measurement and comparative reports, in 2013 a standard measure is used for the entire chain: consumption rates per night per room.

COMPARABLE URBAN HOTEL

A comparable hotel has a homogeneous business structure and internal organization similar to the one in place in NH Hotel Group:

- It has energy and/or water consumption tracking data for at least two full years.
- During the period, it has not undergone any substantial building renovations or increased the number of rooms or altered the sales area, in any way that directly affects the hotel occupation.
- It is not a hotel with seasonal opening periods which prevent a comparison between similar periods.
- It is not a resort hotel. These are considered as a single category, given their unique nature. Their data are processed independently.

ENERGY RATIO: 52.9 KWH/RN

| Business Unit** | Ratio (kWh/RN*) Comparable Hotels 5YPlan 2013 |
|------------------------------|---|
| BU Americas | 55.8 |
| BU Benelux, UK, AF, F | 71.8 |
| BU Central Europe | 45.8 |
| BU Italy | 56.7 |
| BU Spain, Portugal & Andorra | 49.9 |
| TOTAL | 52.9 |

WATER RATIO: 311 LITRES/RN

| Business Unit** | Ratio (Litres/RN*) Comparable Hotels 5YPlan 2013 |
|------------------------------|--|
| BU Americas | 411 |
| BU Benelux, UK, AF, F | 322 |
| BU Central Europe | 251 |
| BU Italy | 401 |
| BU Spain, Portugal & Andorra | 306 |
| TOTAL | 311 |

EMISSION RATIO: 8.55KG/RN

| Business Unit** | Emissions ratio 5YP Comparable Hotels (Kg CO ₂ /RN*) 2013 |
|------------------------------|--|
| BU Americas | 16.28 |
| BU Benelux, UK, AF, F | 15.97 |
| BU Central Europe | 5.89 |
| BU Italy | 10.69 |
| BU Spain, Portugal & Andorra | 4.72 |
| TOTAL | 8.55 |

* RN: room and night

** Resorts are not taken into consideration in the 5YP due to their unique features.

*** Consumption data according to the standards of comparability defined in the new Strategic Plan (60% of Company hotels)

CLIMATE CHANGE COMMITMENT. SUSTAINABLE INITIATIVES IN THE 5YP

- **Use of renewable energies and reducing the carbon footprint:** The Company has a total of **4,478.12 m² of solar panels**. 100% of the electricity used in NH hotels in Spain, Germany and Italy comes from renewable sources.
- **Neutral events:** The Company offers its customers the possibility of organising events in its hotels with zero environmental impact, contributing to projects in favour of reducing the climate change in Kenya, Uganda and Brazil. Since 2010, the carbon footprint has been compensated for in 286 events.
- **Green mobility:** NH Hotel Group currently offers 82 recharge points for electric vehicles and bicycle rental in over 50 hotels. These solutions help reduce pollution and contribute to the improvement of health overall.

The environmental initiative included in NH Hotel Group's new Strategic Plan is divided into two proposals: the Green Savings Project, which includes energy efficiency measures that guarantee water usage efficiency; and the **Green Hotel Project**, that includes actions to continue advancing in the perception NH guests have of the Company's sustainability. Both initiatives are based on six pillars:

- Sustainable hotel design
- Reducing the environmental impact of materials and amenities
- Nutrition, well-being and local flavour
- Reducing the carbon footprint
- Sustainable hotel operations
- Commitment to green energies

CALCULATING THE CARBON FOOTPRINT

To calculate the carbon footprint, NH Hotel Group has an internal procedure based on the GHG Protocol methodology for scopes 1 and 2. In 2013, the Company participated in the workgroup responsible for designing the Hotel Carbon Measurement Initiative (HCMI) methodology, in collaboration with the **International Tourism Partnership** and **World Travel & Tourism Partnership**.

In addition, for the fourth consecutive year, NH Hotel Group reported to the Carbon Disclosure Project (CDP), and independent non-profit organisation that analyses corporate environmental performance.

GREEN HOTELS

In 2013 we continued working on the specific plan for the implementation of an environmental and energy efficiency management system based on **ISO 14001** and **ISO 50001** standards in the Business Units of Italy, Central Europe and Spain. NH Hotel Group is globally accredited in environmental and energy efficiency based on these standards. The hotels in Belgium and The Netherlands are **Green Key certified**.

MAIN ENVIRONMENT INDICATORS

| | 2012 | 2013 |
|---|-------------|-------------|
| Urban hotels **** | | |
| CO ₂ emissions (Kg) | 123,991,245 | 91,096,801 |
| CO ₂ emissions (kg per room/night) | 12.02 | 8.58 |
| Energy Consumption (kWh) | 562,554,110 | 564,896,879 |
| Energy Consumption (kWh per guest/night) | 52.42 | 51.06 |
| Water consumption (m ³) | 3,225,880 | 3,280,138 |
| Water consumption (m ³ per room/night) | 0.301 | 0.298 |
| Solar panels (m ²) | 4,701.72 | 4,478.12 |
| Solar power installed capacity (kW/year) | 4,104,753 | 4,043,201 |

ENVIRONMENTAL CERTIFICATIONS

| Business Unit | Certification | Total |
|---------------------------------|------------------------|-----------|
| BU Benelux, UK, France & Africa | Greenkey Gold | 32 |
| | Greenkey Silver | 2 |
| | Greenkey Bronze | 1 |
| BU Central Europe | ISO 14001 | 18 |
| | ISO 50001 | 1 |
| BU Spain, Portugal & Andorra | Ökobusinessplan | 5 |
| | ISO 14001 | 3 |
| BU Italy | ISO 50001 | 3 |
| | ISO 14001 | 17 |
| BU America | ISO 50001 | 1 |
| | Hotel Hidrosustentable | 1 |
| Total certifications | | 84 |



SOCIETY

Our Communities is NH Hotel Group's Social Action strategy and is focused on **contributing to the development of communities in which the Company operates** through collaborative alliances with social organisations and the involvement of employee volunteers. Under a global strategy, the local needs in each business unit are identified in order to adapt the initiatives to each country, thus optimising results and promoting a positive impact.

NH Hotel Group considers that the best way in which it can contribute and create social value in the places where it develops its activities is through its own business: hospitality. That is why three different global action lines have been defined: **"Second Home" Alliances, Employment Programmes, and NH Volunteers!**

OUR COMMUNITIES. SOCIAL IMPACT INDICATORS

"SECOND HOME" ALLIANCES IN FIGURES

| | 2012 | 2013 |
|--------------------------------|-------|-------|
| Number of agreements with NGOs | 196 | 247 |
| Number of rooms donated/year | 9,328 | 2,126 |
| Total hotels involved | 143 | 275 |

EMPLOYMENT PROGRAMMES IN FIGURES

| | 2012 | 2013 |
|---------------------------------------|------|------|
| Number of students trained | 441 | 465 |
| Number of contracts | 38 | 38 |
| Agreements with NGOs and Institutions | 39 | 39 |

NH VOLUNTEERS! IN FIGURES

| | 2012 | 2013 |
|-----------------------|------|-------|
| Number of volunteers | 894 | 1,082 |
| Number of initiatives | 57 | 74 |

GUEST FROM THE HEART WITH UNICEF

In 2013, the Company took one more step in its already consolidated alliance with UNICEF by expanding its collaboration agreement with the “Guest from the Heart” campaign to the 13 hotels in Argentina. Through this agreement, donations made by customers are invested in campaigns to help children in the communities where the Business Unit America is present: Mexico, Argentina, Venezuela, Colombia, Haiti, Dominican Republic, Chile and Uruguay.

SECOND HOME ALLIANCES

The **NGO Rate** was created in 2008 in order to cover accommodation needs of collaborating NGOs and foundations. The programme offers discounts of up to 30% off the best available rate to organisations that have been previously evaluated and approved by the Corporate Responsibility Department. Through agreements with hospitals and foundations in various countries, children with serious illnesses and underprivileged families are provided support when they need accommodation outside their cities.

Apart from offering them accommodations, these families receive love and support from all the employees, who strive to make the hotels their second home.

YOU CAN ALSO HELP UNICEF (BU AMERICA - MEXICO)

In 2013, employees of NH Hotel Group in Mexico donated **€6,298.47** for campaigns in favour of children developed by UNICEF in that country.

MAKE A WISH FOUNDATION INTERNATIONAL (GLOBAL)

NH Hotel Group collaborates with the Make-a-Wish Foundation since 2005, making it easier for children with life-threatening medical conditions to make their dreams come true. This special collaboration enriches the lives of the children and their families through personal experiences filled with hope, strength and happiness. From the beginning of this alliance and up to 2013, the Company has helped to make **93 wishes** come true, with a total of **371 direct beneficiaries** and their families; always with the help of employee volunteers.

RONALD MCDONALD FOUNDATION (BU BENELUX)

Collaboration with the Ronald McDonald Foundation in its programmes focused on the well-being of families with sick children, providing them with accommodations when the Foundation's homes are full. These hotels turn into veritable second homes for these families, who receive the support and attention they need from the hotel employees. Some of our suppliers have also joined in this alliance, like Blijcolin and Douwe Egbert, by donating textiles and coffee, respectively, for the Foundation's homes. In addition, employee volunteers from the NH Conference Centre Koningshof hotel help once a month with cleaning and repair work in the nearby Ronald McDonald house. Also, every two years, the Company hosts the Ronald McDonald Foundation Gala in Rotterdam.

MENUDOS CORAZONES (BU SPAIN)

NH Hotel Group has been collaborating with the Fundación Menudos Corazones for 9 years by donating over **1,000 room nights annually** at the NH Alcalá in Madrid for families of children suffering from heart disease. Since the agreement was signed, a total of 1,074 families have stayed at the hotel, also receiving the support and understanding they need from the hotel employees.

JOSEP CARRERAS FOUNDATION (SPAIN)

In 2013, it will have been two years since our Company signed a collaboration agreement with the Josep Carreras Foundation and Hospital Sant Joan de Déu in Barcelona against leukaemia. Through the agreement, patients and their families are provided with a room available for the entire year at the **NH Porta de Barcelona** as support for the Foundation's Foster Homes programme.

EMPLOYMENT PROGRAMMES

Part of the Social Action strategy includes the development of international training and apprenticeship programmes for young people at **risk of social exclusion and the disabled** in the hotels of all the business units. The participants develop technical and personal skills thanks to the direct involvement of hotel employees whose work as volunteer coaches, providing guidance and orientation, is invaluable.

YOUTH CAREER INITIATIVE (YCI) (BU AMERICA - MEXICO)

NH Hotel Group is the only Spanish company committed to this international initiative, along with Intercontinental training over 400 young people at risk of social exclusion in 53 hotels around the world. During this seventh edition, the Group participated, **12 young people** received training during 24 weeks at NH Mexico City and NH Santa Fe.



CASALS DEL INFANTS (BU SPAIN - BARCELONA)

This is the third year that NH Hotel Group collaborates with this foundation, which promotes social initiatives favouring the integration of young people at risk of social exclusion. In 2013, **ten students** in the Professional Qualification programmes were trained at NH hotels in Barcelona.

ESHOB (BU SPAIN - BARCELONA)

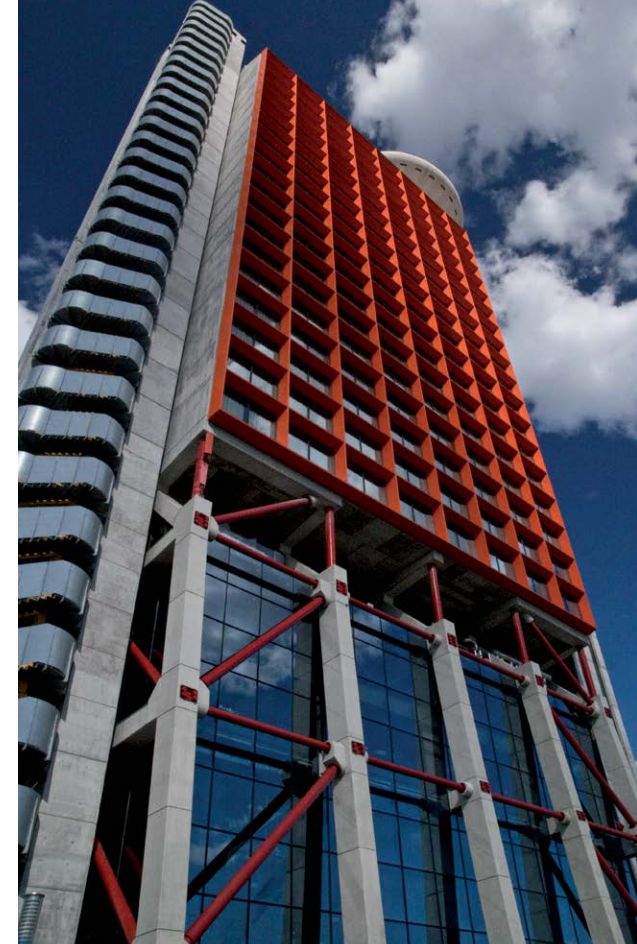
In 2013, the NH Collection Tower collaborated with the School of Hotel Management of Barcelona (ESHOB) by providing apprenticeships to **five students** in the restaurant department. This training course was focused on young people ages 16 to 19 who are at risk of social exclusion and was totally imparted at hotel premises.

HOTEL DOWN HESPERIA FINISTERRE (BU SPAIN - A CORUÑA)

The Hesperia Finisterre Hotel and the Down Syndrome Association of A Coruña collaborated in the Down Hotel by Finisterre programme of apprenticeships for disabled young people focused on promoting their social and employment integration. The hotel signed an apprenticeship agreement whereby **five young people** received training in different departments of the hotel.

JINC (BU BENELUX)

NH Hotel Group and JINC have been collaborating in providing professional training for young people from underprivileged neighbourhoods since 2009, focused on integrating them into the labour market. In 2013, 12 visits and workshops were organised in 7 NH hotels in Amsterdam, Amersfoort and Utrecht, with the participation of **192 young people** during which employee volunteers transmitted their enthusiasm and experience in the hotel sector. The experience for both the participants and employees was profoundly enriching, so much so that in future editions, we will contemplate the option of giving the most motivated ones the opportunity of completing apprenticeships in some of the participating hotels.



Youth Career Initiative (YCI)
(BU America - Mexico) ▼

▲ NH Collection Tower
Barcelona, Spain





Earth Hour
nhow Berlin - Berlin, Germany ▼

▲ NH Collection Lancaster
Buenos Aires, Argentina



NH VOLUNTEERS!

Thanks to the commitment of our employees to these volunteer projects, *NH Volunteers!* is now an important part of the Company's new Strategic Plan.

AWARENESS CAMPAIGNS

Volunteer activities in which employees do not necessarily use their professional skills to support and participate in awareness projects and campaigns.

“Christmas for Everyone” 2013 Campaign (Global)

The Christmas For Everyone campaign is the Corporate Volunteering initiative with the longest tradition and most participation of NH Hotel Group. In 2013, the Company asked employees to collaborate with the International Red Cross working with disadvantaged groups, identifying the most critical needs in each country. In addition, through its New Year's greeting, NH Hotel Group gave customers the opportunity to share their wishes and participate through solidarity clicks (1 click = €1), raising a total of €25,000 for the reconstruction of the areas affected by the typhoon in the Philippines.

Earth Hour 2013 (Global)

For the fifth consecutive year, NH Hotel Group collaborates with **WWF** in this **global initiative**. The Company turned off the façade lighting of 299 of its hotels around the world, thus avoiding energy consumption of more than one million watts and emissions of 12 tonnes of CO₂* into the atmosphere. In addition, the employees organised a variety of activities to involve customers in this worldwide campaign against climate change: candlelight dinners, environmental workshops for children, etc.

World Breast Cancer Day (BU Spain)

NH Hotel Group organised various activities among its employees in Spain to raise awareness. In addition, Reception and Restaurant personnel wore the pink ribbon and seminars were held to raise public awareness about breast cancer and its prevention for employees and customers.

Awareness Week Against Domestic Violence (BU Spain)

In 2012, NH Hotel Group signed a commitment with the Spanish Ministry of Health and Social Services and Equality to support women who are victims of domestic violence. Since then, the Company has participated in training programmes for this group along with the Red Cross, and has also organised awareness campaigns for its employees.

* CO₂ information falls outside KPMG audit scope.

CHRISTMAS FOR EVERYONE IN FIGURES

Hotels and Offices **125**

Employee Volunteers **433**

Beneficiary Foundations **29**

Donated Food (kilos) **1,283**

*Clothes/
Household items (kilos)* **3,904**

Toys **1,409**

Total donations **€ 33,720**

VOLUNTEER COACHING

Includes initiatives in which employees, during their working hours, inside or outside of their workplace, put their skills and knowledge at the service of training and apprenticeship programmes for vulnerable groups in which NH Hotel Group participates.

Track The Talent (BU Benelux - Amsterdam)

This foundation focuses on improving the employability of young people with low levels of education through effective training and employment orientation programmes. Employee volunteers from NH Hotel Group in Amsterdam have participated twice a year since 2009 in kitchen and restaurant workshops organised in the hotels, sharing their knowledge with groups of young people from 12-15 years old in order to help them plan their futures.

Give and Gain (BU Spain – Madrid and Valencia and BU Benelux- London)

For the third consecutive year, NH Hotel Group participated in the III Give and Gain International Week for Employee Volunteering, a reference initiative in Europe that currently develops projects in 16 countries. NH Hotel Group employee volunteers participated as coaches, sharing their experience and knowledge in order to awaken the professional interest of people at risk of exclusion.

Coach Project. EXIT Foundation (BU Spain)

NH Hotel Group participated for the second consecutive year in the EXIT Foundation Coach Project in Madrid, Barcelona, Zaragoza and Palma de Mallorca. The initiative focuses on improving the employability of young people at risk of social and employment exclusion through coaching and mentoring. Both the employee volunteers and their assigned youths greatly benefited from the experience. The youths highly valued the good relationship between hotel co-workers and discovering the different employment options in the hotel sector. Similarly, the employee volunteers became familiar with the reality of these young people, learning from and participating with them in their enthusiasm and excitement.

VOLUNTEER FOR DEVELOPMENT

Volunteering programmes in which employee volunteers transmit their knowledge to disadvantaged communities to promote economic and social development through job creation, the development of sustainable economic activities and contributing to the eradication of poverty in developing countries.

Agoro Lodge Hotel-School. Ethiopia (Corporate)

NH Hotel Group, Manos Unidas and the Spanish Agency for International Development Cooperation (AECID) have been developing this project since 2010 to promote the socio-economic development of the Tigray region. Apart from prior assessment and the collaboration of two employee volunteers who travelled to Ethiopia, other volunteers from different departments also collaborated remotely. At the beginning of 2013, the Agoro Lodge was officially inaugurated, positioning itself as a Sustainable and Responsible Tourism option.

In addition, the project is included in the case manual and book about Corporate Volunteering for Development, published in 2013 by the Fundación Codespa as an example of an initiative that has successfully faced the challenges of its design, implementation and evolution.



NH Palazzo Barocci
Venice, Italy ▼

▲ Track The Talent
(BU Benelux - Amsterdam)



RESPONSE TO EMERGENCIES

NH Hotel Group implements an emergency response protocol applicable to all the Company's hotels. After an initial validation from the Regional Operations Managers of the Business Unit, the hotels closest to the affected area contact the local organisations to identify the most critical accommodation needs and put at their disposal the spaces and rooms necessary for victims and assistance personnel.

SAMURSOCIAL (BU SPAIN - MADRID)

In 2013, we continued with the accommodation agreement for extreme emergencies with Samur Social, reaffirming the commitment with the Town Hall of Madrid and the safety of those who are in situations of social emergency. Since the beginning of the agreement in 2009, 500 people have been accommodated in the Company's hotels.

FLOODS IN GERMANY (BU CENTRAL EUROPE)

In June 2103, the German city of Passau suffered devastating floods from the overflowing of three rivers. The NH Parkhotel Deggendorf, 60 kilometres from the affected city, immediately activated the emergency response protocol. The hotel offered accommodations and food to the victims of the flood and also offered its facilities for use by rescue teams. The hotel employees went above and beyond the call of duty, collaborating outside their working hours to help the rescue teams.

MAIN SOCIAL INDICATORS

| | 2012 | 2013 |
|---|----------|----------|
| Total beneficiary NGOs and foundations | Over 230 | Over 260 |
| Total social projects | Over 700 | Over 700 |
| Total investment in Social Action | €478,651 | €429,613 |
| Total collected through Amigo Voucher+Employee Rate | €321,869 | €308,781 |
| Cultural promotion | €64,020 | €13,800 |
| Total Community Investment | €864,540 | €896,601 |

TRAIN ACCIDENT IN GALICIA (BU SPAIN)

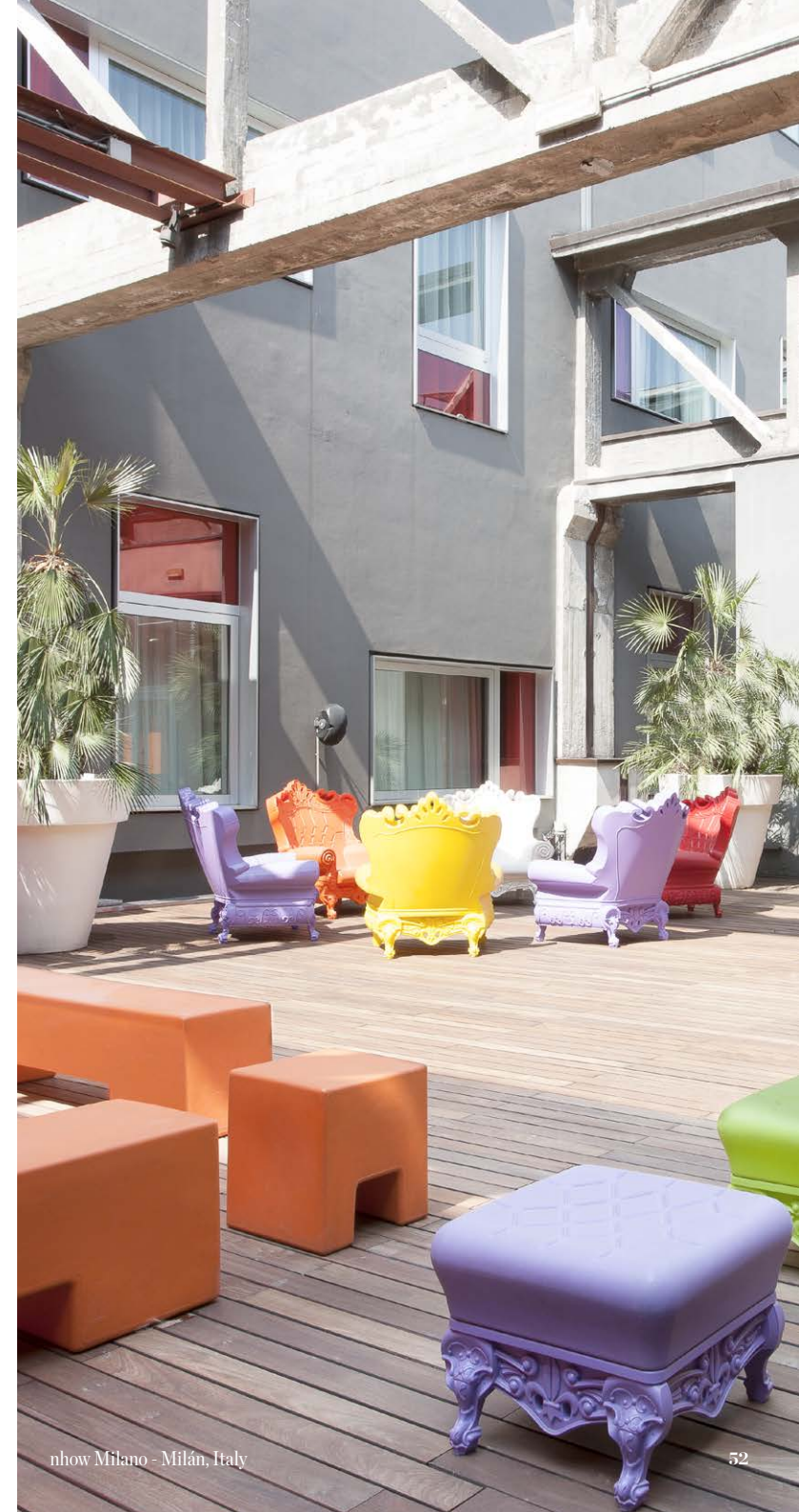
Due to the tragic train accident that occurred in the summer of 2013 in the Galician city of Santiago de Compostela, the Company implemented the protocol established for emergency situations, channelling its support through the Spanish Red Cross. The Company provided accommodations in the city's NH hotels for families of the victims and members of the rescue and psychological support teams.

FLOODS IN MEXICO AND ARGENTINA (BU AMERICA)

In September 2013, the strong rains caused by tropical storm Manuel left thousands of victims, above all in Guerrero, Mexico, where the Huacapa River flooded cities and towns. The employees of the NH Aeropuerto T2 Mexico hotel and NH Collection Guadalajara organised a food collection campaign to donate to the families affected by the catastrophe. In addition, the employees of NH Panorama in Cordoba (Argentina) organised a collection campaign in favour of the victims of the intense flooding in Argentina.

AIR FRANCE-KLM EMERGENCY PLAN (GLOBAL)

In 2103, NH Hotel Group signed an agreement with AIR FRANCE-KLM (member of SKYTEAM alliance) to become the airline company's preferred hotel within its Emergency Plan. With this agreement, the Group agrees to offer complete availability in case of emergency to accommodate survivors, families, technical teams and SKYTEAM support personnel in its hotels.





AWARDS AND RECOGNITIONS

NH HOTEL GROUP

- Recognised by **Conde Nast Traveller** as the most “bike-friendly” hotels in the world.
- **Oracle Award** for Business Relations.
- **Award granted by Agenttravel** to the best hotel chain in terms of value for money, the best urban and business hotels in Spain, and the best hotel chain for business outside of Spain.
- **BizTravel Award** for Best Hotel Chain 2012 (Italy).
- **Award for Innovation** in Expansion and Employment to the Spanish Human Resources Department.
- 2013 **Dintel Foundation Award** to the E-Commerce department for best mobility project.



NH Grand Hotel Krasnapolsky - Amsterdam, The Netherlands

HOTELS

- 197 NH Hotel Group hotels received the **TripAdvisor Certificate of Excellence**, making them reference hotels for the users of this prestigious website. In addition, 7 hotels received the **Travellers Choice Award 2014** for their activity in 2013.
- “Best hotel chain in The Netherlands in 2014” in the **Zoover Awards 2014** thanks to the high ratings obtained in hospitality (9.1 points), cleanliness (8.98), restaurant quality (8.87), services (8.76) and rooms (8.76).
- The NH Almenara chosen as “Best golf destination” at the 2013 **United Arab Fair**.
- “Best Resort in Spain” to the NH Almenara in the national category of the 2013 **Condé Nast Traveller Awards**.
- 2013 **Green Star Diamond Award** of the American Academy of Hospitality Sciences to NH Almenara.
- **Golden Stamp award from Bodas.net** to NH Palacio de Castellanos, NH Parque Avenidas and NH Collection Príncipe de la Paz.
- NH Collection Guadalajara awarded “4 Diamonds” by the **American Automobile Association (AAA)**.
- 2013 **Inspira Award** in the “Spot and Audiovisual” category for the spot “Welcome to the NH World” created to promote NH Palacio del Duero.
- “**Distintivo M Especializado**” award, granted by the governmental institution in charge of Mexico’s tourism sector, to NH Centro Histórico.
- **RCI Gold Crown Resort Award** to the Now Larimar Punta Cana hotel for its top quality services.
- Secrets Royal Beach Hotel recognised as the “Most popular hotel in the Dominican Republic” by **Holiday Check.com**
- **Quality Assurance Award** to Secrets Royal Beach hotel, for the quality of its customer service. This award acknowledges the best hotels in the US, Mexico, the Caribbean and Europe.
- 2013 **Best Company in Valencia** to the Hesperia World Trade Center hotel for the value added to the city of Valencia (Venezuela) by the establishment and its convention centre.
- **Executive Merit Award** to Hesperia World Trade Center hotel for its initiative, creativity and collaboration for the progress of Carabobo and Venezuela.
- **NTBO Mark Award** presented by the Dutch Wedding Organisation Industry to NH Marquette.
- **Ketelbinkie Rotterdam Award** to NH Atlanta for its innovation and emphasis on the positive aspects of the city of Rotterdam.

GASTRONOMY

Vermeer Restaurant (NH Barbizon Palace, Amsterdam), awarded one Michelin star, chosen as the 25th best restaurant in the country by **Lekker magazine**; in addition, it was granted 17 points (out of 20) by the prestigious **Gault&Millau** restaurant guide.

- Journalists Association of Navarra Award for **Enrique Martínez García**, executive chef of NH Hotel Group.
- Award for the Best Maître during the II Gourmet Club Awards to **Abel Valverde** (Restaurante Santceloni).
- Award for the Best Sommelier during the Business Awards for the Wine Industry and Distribution to **María José Huertas** (La Terraza del Casino Restaurant).
- Third prize for best tapa at the **Zamora Tapa Fair** for NH Palacio del Duero.

ENVIRONMENT

- **Gold Medal in the Icarus Project granted by GBTA** (Global Business Travel Association). NH Hotel Group is the first hotel chain to obtain this acknowledgement on a global scale thanks to the Group's constant investment in sustainable innovation and its environmental social and economic focus.
- **Green Supplier Award** for environmental excellence and innovation in sustainability granted by IMEX and GMIC (Green Meeting Industry Council) acknowledging sustainable policies implemented by large companies in the MICE sector (Meetings, Incentives, Conferences and Exhibitions). NH Hotel Group received the Gold standard, the most prestigious standard awarded.
- **Capital 2013 Awards:** Most Environmentally Responsible Company.
- **II International Awards "A real commitment to sustainability"** granted by ISTur (Institute of Tourism Sustainability) for social and environmental commitment.
- **ECO Services Acknowledgement Dominicana granted by Asociación Ecoturismo Responsable**, for promoting responsible tourism.

EMPLOYEES

- **2014 Top Employer Germany** granted by the Top Employers Institute for excellence in Human Resources strategy and commitment to the professional development of its employees with its own programmes like JUMP, PDI and Commercial School.
- High ratings in the categories "Open Company" and "Top Company" of the **Kunuku**, employment evaluation platform in Germany.
- **Estatuto der Vielfalt**, initiative that acknowledges the promotion of diversity with support from the German government, where Chancellor Angela Merkel is the sponsor.
- Second place in the **Ranking Top Companies Centroamérica 2012**, in the category "the place where everyone wants to work", for the Punta Cana hotels.

SOCIETY

- **XIV Worldwide Hospitality Awards**, Paris. Finalists in the "Best Corporate Responsibility Initiative" category for the SPRINT * Social Action Programme.
 - * The first edition of this programme was launched in 2012 out of the need to cover base and qualified job positions in the BU Central Europe of NH Hotel Group. The Company provided one-year work contracts to 5 young people chosen and trained in hotel management by the **Tomillo Foundation**, with financing from the **Barclays Foundation**. NH Hotel Group employee volunteers participated as mentors in the destination hotels.
- **FORGE Foundation Acknowledgement** for NH Columbia for its training programmes for young people from the foundation's institution.
- **UN University Associations UC-MUN International** acknowledgement, to the Hesperia World Trade Center hotel for its collaboration in international exchange events.

ASSURANCE REPORT AND GRI INDICATORS

CORPORATE RESPONSIBILITY INDICATORS

| PROFILE | 2012 | 2013 |
|------------------|-------------|----------|
| Number of hotels | 391 | 379 |
| Number of rooms | 58,853 | 58,195 |
| Net income | - € 292.1 M | € 39.8 M |
| EBITDA Increase | -28.0% | 2.9% |

| STAKEHOLDERS | 2012 | 2013 |
|---|-------------|-----------|
| SHAREHOLDERS | | |
| Entities which conduct analysis of NH during the year | 20 | 20 |
| Nº of shareholders and investors queries answered | 624 | 932 |
| One-to-one meetings with shareholders and investors | 49 | 480 |
| Analyst tracking reports | 122 | 140 |
| EMPLOYEES | | |
| Average nº of Employees | 18,817 | 18,889 |
| Open-ended contracts | 56% | 55.9% |
| Average staff turnover | 3.6% | 3.54% |
| % Immigrants | 15.3% | 14.6% |
| % Female employees | 49.1% | 48.4% |
| % Women in management positions | 48.5% | 48.0% |
| Under 25 years old | 15.9% | 15.9% |
| 25 - 40 years old * | 48.6% | 49.4% |
| Over 40 years old ** | 35.5% | 34.7% |
| Nº of Nationalities | 141 | 141 |
| NHU training hours | 162,131 | 138,602 |
| Investment in training | € 1,100,000 | € 907,796 |
| "% Performance evaluations conducted (fixed FTEs)" | 94% | 90% |
| CUSTOMERS | | |
| Nº of "Mystery Guest "hotel assessments" | 367 | 465 |
| Nº Scores(NH surveys + external pages) | 229,809 | 302,918 |
| Nº of Customer Satisfaction Surveys | 89,985 | 135,471 |
| Communications managed by the Customer Service Department | 13,705 | 25,270 |

| STAKEHOLDERS | 2012 | 2013 |
|--|-------------|-------------|
| SUPPLIERS | | |
| Volume of suppliers managed | 21,892 | 22,379 |
| Nº suppliers who have signed the Code of Ethics | 1,218 | 1,391 |
| Annual volume of purchases (expense + investment) | € 403.4 M | € 408.4 M |
| % Turnover of suppliers who have signed the Code of Ethics | 10.8% | - |
| Annual volume of purchases by suppliers who signed the Code of Ethics | - | € 46.8 M |
| % Negotiations through the e-sourcing platform *** | - | 31.81% |
| NH Sustainable Club members | 40 | 40 |
| SOCIAL ACTION | | |
| Nº community involvement projects | over 700 | over 800 |
| Resources allocated to the Community | € 864,54 | € 896,601 |
| Resources obtained from solidarity € (Employee Rate and Amigo Voucher) | € 321,869 | € 308,781 |
| Beneficiary Foundations | over 230 | over 260 |
| Nº of NH Volunteers | 907 | 1,082 |
| Cultural promotion | € 64,020 | € 13,800 |
| ENVIRONMENT | | |
| Urban hotels | | |
| CO ₂ emissions (Kg.) | 123,991,245 | 91,096,801 |
| CO ₂ emissions (kg. per room/night) | 12.02 | 8.58 |
| Energy Consumption (kWh.) | 562,554,110 | 564,896,879 |
| Energy Consumption (kWh. per room/night) | 52.42 | 51.06 |
| Water consumption (m ³) | 3,225,880 | 3,280,138 |
| Water consumption (m ³ per room/night) | 0.301 | 0.298 |
| Solar panels (m ²) | 4,701.72 | 4,478.12 |
| Solar power installed capacity (kW./year) | 4,104,753 | 4,043,201 |

* 2012 Data corresponding to "25-45 years old" criterion

** 2012 Data corresponding to "Over 45 years old" criterion

*** New indicator added in 2013

The environmental indicators of each year are calculated, then the previous year's indicators are recalculated in terms of the new comparability. This ensures that the indicators are always compared based on the same range. Therefore, in this 2013 Report, some 2012 data differ from the ones published in the 2012 Report.

ASSURANCE REPORT



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 2013 (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) 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. Data corresponding to previous years have not been the object of review. 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 2013 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)

José Luis Blasco Vázquez

24 June 2014

ABOUT THIS REPORT

This Annual Report and Corporate Social Responsibility Report includes the activity and results of NH Hotel Group for the financial year 2013. This eighth edition explains the Group's activities in the economic, environmental and social scopes in line with the sustainable approach and commitments with groups of stakeholders.

PREPARATION CRITERIA

The report has been prepared based on the reporting of the most important aspects of our management and performance during the year, including the most important specific indicators arranged by stakeholders at the end of each section, and a full chart of indicators at the end of the document, in order to facilitate an analysis of the evolution of the Company's Corporate Social Responsibility.

Like every year, we followed the guidelines of the Global Reporting Initiative (GRI) and its Guide for the Preparation of Sustainability Reports version G3.1, taking into consideration the principles for the definition of content and quality of the report, as well as reporting the GRI Indicators at an A+ level, including external verification.

SCOPE AND COVERAGE

In this report, NH Hotel Group publishes the global management results of financial year 2013 broken down by Business Units and countries in which the Company operates. The multinational nature of our activity, with additions and exits of hotels and gradual implementation of measurement systems and processes, in some cases, make it necessary to provide data only from comparable hotels for the corresponding financial year. In each case, the scope of the data reported is detailed for increased precision and comparability of the information, as well as the corresponding explanation.

BALANCE AND COMPARABILITY

The objective of NH Hotel Group 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. This report, like those of previous years, includes the involvement and participation of the heads of the different departments and those responsible for each business area and dialogue with each interest group, which allows us to align the information reported with the most relevant aspects for the stakeholders, responding to their expectations.

DEFINITION OF CONTENT

NH Hotel Group 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 the section "Our Commitment to Sustainable Governance", we organise specific consultations with stakeholders on a regular basis, described in the Customers, Shareholders, Suppliers, Employee and Society sections. 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 following up on the commitments made and tracking the targets set in previous years. All of these processes are organised in the Corporate Responsibility Plan 2011-2013, integrating the key issues identified in order to define the courses of action to be implemented.

This plan is updated annually and the report drafting processes allows us to report the outcome of our management of the relevant issues during the year, the levels of performance and new targets set for the following year.

Following the usual methodology, a rigorous process is conducted to gather information, evaluate the key issues to include, with indicators and quantitative and qualitative measurement data about the Company's sustainable management.

EXTERNAL ASSURANCE

This Report has been assured by KPMG, an independent auditing firm and its assurance report can be found in this section. The A+ self-assessment of this Report has been corroborated by KPMG, and subsequently GRI has reviewed the entire process, also granting the highest possible A+ rating. For further information, please visit our Web site at <http://corporate.nh-hotels.com>



GRI INDICATORS

CRR: Corporate Responsibility Report
 ACGR: Annual Corporate Governance Report
 N.A.: Not Applicable / N.AV.: Not Available / N.M.: Not Material

| 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. 6 Messages from the Chairman and CEO of NH Hotel Group CRR | | | |
| Additional 1.2. | Description of key impacts, risks, and opportunities | Fully | Pag. 6 Messages from the Chairman and CEO of NH Hotel Group CRR Pag.28 Our Sustainable Commitment MRC Pag. 41 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.17 New brand segmentation CRR | | | |
| Principal 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures | Fully | Pag. 9-10 Presence 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. 9-10 Presence CRR | | | |
| Principal 2.6 | Nature of ownership and legal form | Fully | NH Hotel Group, S.A. Pag. 1 ACGR | | | |
| Principal 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) | Fully | Pag. 9-10 Presence CRR | | | |
| Principal 2.8 | Scale of the reporting organization | Fully | Pag. 9-14 NH Hotel Group CRR Pag. 31 Staff in 2013 CRR | | | |
| Principal 2.9 | Significant changes during the reporting period regarding size, structure, or ownership | Fully | Pag. 7-8 Corporate Governance CRR Pag. 11-12 Results and Evolution 2013 Pag. 16 Five-year Strategic Plan Pag. 17 New Brand Segmentation | | | |
| Principal 2.10 | Awards received in the reporting period | Fully | Pag. 54-55 Awards and recognitions 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. 6 Messages from the Chairman and CEO of NH Hotel Group CRR | | | |
| Principal 3.2 | Date of most recent previous report (if any) | Fully | Pag. 4 Contents last Paragraph CRR | | | |
| Principal 3.3 | Reporting cycle (annual, biennial, etc.) | Fully | Pag. 28 Relationships with stakeholders 3rd paragraph CRR Pag. 58 About this report 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. 28 Relationships with stakeholders Pag. 58 About this report CRR | Formalized materiality and prioritization of issues to report | Does not exist | In 2013 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. 58 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. 58 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. 58 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. 58 About this report CRR | | | |
| 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. 59 GRI Indicators CRR | | | |
| Additional 3.13 | Policy and current practice with regard to seeking external assurance for the report | Fully | Pag. 57 Assurance Report 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 |
|---|---|--------------------|--|---|---------------------|---|
| 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. 7-8 Corporate Governance CRR Pag. 2 C.1.2 ACGR | The Company does not report a data breakdown according to gender or minority group membership | Does not exist | NH Hotel Group 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 C.1.22 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. 23 Independent Board members ACGR | | | |
| Principal 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body | Fully | Pag. 50 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. 27 C.1.15 ACGR | | | |
| Additional 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided | Fully | Pag. 39 D.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 C.2.4 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.28 Our Sustainable Commitment MRC Pag. 29 NH Hotel Group 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. 29 NH Hotel Group Code of Conduct Pag. 6 Message from the Chairman of NH Hotel Group 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. 26 C.1.14 ACGR | | | |
| Additional 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization | Fully | Pag. 29 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. 29 United Nations Global Compact Pag. 29 Presence in FTSE4Good 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 |

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 | | | | | | |
| 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. 30 Iniciatives and Aliances CRR | | | |
| Principal 4.14 | List of stakeholder groups engaged by the organization | Fully | Pag. 28 Table Relationships with Stakeholders CRR | | | |
| Principal 4.15 | Basis for identification and selection of stakeholders with whom to engage | Fully | Pag.28 Our Sustainable Commitment CRR | | | |
| Additional 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group | Partially | Pag. 28 Table Relationships with Stakeholders 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.28 Our Sustainable Commitment 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 | TO BE REPORTED IN |
|--------------------------------------|--------------------------------------|--------------------|--|--|---------------------|--|----------------------------------|
| DISCLOSURE ON MANAGEMENT APPROACH EC | | | | | | | |
| Aspects | Economic performance | Fully | Pag. 9-10 Presence CRR | | | | |
| | Market presence | Fully | Pag. 2 Our presence in the World CRR | | | | |
| | Indirect economic impacts | Fully | Pag. 40 Suppliers Pag. 31 Staff in 2013 Pag. 52 Main Society Indicators CRR | | | | |
| DISCLOSURE ON MANAGEMENT APPROACH EN | | | | | | | |
| Aspects | Materials | Not | | | N.A. | Due to NH Hotel Group's 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. 43 Environment | | | | |
| | Water | Fully | Pag. 43 Environment | | | | |
| | Biodiversity | Not | | | N.M. | Most of hotels operated by the chain are urban, with a low impact on areas of high biodiversity value | |
| | Emissions, effluents and waste | Partially | Pag. 43 Environment | Amount of waste by type of recovery or reuse | N.AV. | The Company does not have the necessary mechanisms to report this information | 2015 |
| | Products and services | Fully | Pag. 41 NH Sustainable Club Pag. 46 Sustainable Initiatives Y5P | | | | |
| | Compliance | Fully | There is not record of any sanction related to environmental laws and regulations in the reported period | | | | |
| | Transport | Not | | | N.AV. | The Company does not have the necessary mechanisms to report this information of EN29 | 2015 |
| | Overall | Fully | Data is unavailable due to the change in the Company's management systems | | | | |
| | DISCLOSURE ON MANAGEMENT APPROACH LA | | | | | | |
| Aspects | Employment | Fully | Pag. 31 Staff in 2013 CRR | | | | |
| | Labor/management relations | Fully | Pag. 39 Relationships with Trade Unions | | | | |
| | Occupational health and safety | Fully | Pag. 34 Health and Safety | | | | |
| | Training and education | Fully | Pag. 35-36 NH University | | | | |
| | Diversity and equal opportunity | Fully | Pag. 33-34 Diversity Management | | | | |
| | Equal remuneration for women and men | Not | | | | Proprietary information | This information is confidential |

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 | | | | | | | |
| | Investment and procurement practices | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| | Non-discrimination | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| | Freedom of association and collective bargaining | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| | Child labor | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct Pag. 31 Employees 2nd paragraph CRR | | | | |
| Aspects | Prevention of forced and compulsory labor | Partially | Pag. 40 Suppliers Pag. 41 Compliance with the Code of Conduct CRR | % of suppliers with most significant risks of such incidents | N.A. | NH Hotel Group uses a supplier performance evaluation system based on social, ethical and environmental criteria but does not evaluate the percentage of suppliers with the most significant risk of incidents in these areas | |
| | Security practices | Not | | | N.A. | In case security services are required, the Company has subcontractors NH Hotel Group selects its suppliers attending ethical and sustainable criteria | |
| | Indigenous rights | Fully | There is no record of such incidents in the reporting period | | | | |
| | Assessment | Fully | The Company manages these aspects through the implementation and signing of the Code of Conduct for all the stakeholders | | | | |
| | Remediation | Fully | The Company manages these aspects through the implementation and signing of the Code of Conduct for all the stakeholders | | | | |
| DISCLOSURE ON MANAGEMENT APPROACH HR | | | | | | | |
| | Local communities | Fully | Pag. 47 Society 1st Paragraph Pag. 52 Main Society indicators CRR | | | | |
| Aspects | Corruption | Fully | Pag. 29 NH Hotel Group Code of Conduct 1st Paragraph CRR | | | | |
| | Public policy | Fully | Pag. 29 Global framework CRR | | | | |
| | Anti-competitive behavior | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| | Compliance | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| DISCLOSURE ON MANAGEMENT APPROACH PR | | | | | | | |
| | Customer health and safety | Fully | Pag. 26 Excellence in Quality CRR | | | | |
| | Product and service labelling | Fully | Pag. 26 NH Hotel Group Global Evaluation Scores CRR | | | | |
| Aspectos | Marketing communications | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 31 Employees 2nd paragraph CRR | | | | |
| | Customer privacy | Fully | Pag. 27 Personal Data Processing | | | | |
| | Compliance | Fully | Pag. 29 NH Hotel Group Code of Conduct Pag. 31 Employees 2nd paragraph CRR | | | | |

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. 9-10 Presence Pag. 52 Main Society Indicators CRR | Operating costs and employee compensation, among other costs | N.AV. | The Company does not have these data at the close of this Annual Report | 2015 |
| Principal EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | ■ | Partially | Pag. 46 Climate Change Commitment. Sustainable Initiatives Y5P CRR | 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. | |
| 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 | 2015 |
| Principal EC4 | Significant financial assistance received from government | ■ | Partially | Pag. 29 Relationship with Governments CRR | 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 | 2015 |
| Principal EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation | ■ | Fully | Pag. 40 Suppliers CRR | | | | |
| Principal EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation | ■ | Partially | Pag. 33-34 Diversity Management CRR | 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 CRR | | | | |
| Additional EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts | | Partially | Pag. 40 Suppliers Pag. 31 Staff in 2013 Pag. 52 Main Society Indicators CRR | 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. 43 Energy consumption Natural Gas : 653,243 GJ Propane: 2,179 GJ GLP: 23,490 GJ Gasoil: 6,434 GJ District Heating: 161,897 GJ District Cooling: 2,161 GJ BTZ: 8,698 GJ | | | | |
| Principal EN4 | Indirect energy consumption by primary source | ■ | Partially | Renewable Energies consumption: 128,618,848 Kwh (463,027 GJ) No Renewable Energies consumption: : 78,197,020 Kwh (281,509 GJ) | Type of primary energy source | 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. 46 Sustainable Initiatives Y5P CRR Pag. 43 Energy consumption CRR | | | | |
| 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. 46 Sustainable Initiatives Y5P CRR | | | | |
| Additional EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | ■ | Fully | Pag. 46 Sustainable Initiatives Y5P CRR | | | | |
| WATER | | | | | | | | |
| Principal EN8 | Total water withdrawal by source | ■ | Fully | Pag. 42 Total amount in comparable hotels 2013: 3,653,636.4 m ³ (including Resorts) CRR NH Hotel Group establishments get their water from municipal water networks | | | | |
| Additional EN9 | Water sources significantly affected by withdrawal of water | ■ | Not | | | N.A. | NH Hotel Group 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 | |

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 | | | | | | | | |
| 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 | |
| EMISSIONS, EFFLUENTS AND WASTE | | | | | | | | |
| Principal EN16 | Total direct and indirect greenhouse gas emissions by weight | ■ | Fully | Pag. 44 Carbon footprint | | | | |
| Principal EN17 | Other relevant indirect greenhouse gas emissions by weight | ■ | Not | | | N.A.V. | 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. 46 Climate Change Commitment. Sustainable Initiatives Y5P Pag. 44 Carbon footprint CRR | | | | |
| Principal EN19 | Emissions of ozone-depleting substances by weight | | Not | | | N.A. | NH Hotel Group 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 Hotel Group activity does not generate significant emissions of this kind | |
| Principal EN21 | Total water discharge by quality and destination | | Not | | | N.A. | NH Hotel Group 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 | |

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 EN22 | Total weight of waste by type and disposal method | | Not | | | N.AV. | Related to its business, NH Hotel Group 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 | 2015 |
| 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. 46 Sustainable Initiatives Y5P CRR | | | | |
| 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 Hotel Group 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 | | | | 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 | ■ | Not | | | N.AV. | Data is unavailable due to the change in the Company's management systems | 2015 |

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: LABOR PRACTICES AND DECENT WORK | | | | | | | | |
| EMPLOYMENT | | | | | | | | |
| Principal LA1 | Total workforce by employment type, employment contract, and region, broken down by gender | ■ | Partially | Pag. 31 Staff in 2013 Pag. 33-34 Diversity Management CRR | Type of contract and employment type by gender | N.AV. | Data is unavailable due to the change in the Company's management systems | 2016 |
| Principal LA2 | Total number and rate of new employee hires and employee turnover by age group, gender, and region | ■ | Partially | Pag. 31 Staff in 2013 Pag. 31 Employee turnover CRR | Employees turnover by age pyramid | N.AV. | The Company modified the methodology and criteria for reporting employee turnover | 2015 |
| Additional LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | | Fully | Pag. 36 Social benefits CRR | | | | |
| 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. 39 Trade Unions representations CRR | | | | |
| 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. Minimum notice period two weeks | | | | |
| 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.34 Percentage of workers represented on Industrial Health and Safety Committees (IHSC) CRR | | | | |
| Principal LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender | | Partially | Pag. 34 Health and Safety CRR | 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. 38 Emergencies training CRR | 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 | 2015 |

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: LABOR PRACTICES AND DECENT WORK | | | | | | | | |
| TRAINING AND EDUCATION | | | | | | | | |
| Principal LA10 | Average hours of training per year per employee by gender, and by employee category | | Partially | Pag. 37 NH University, Training indicators Pag. 38 Trained employees per area, gender and age. LThe students received an average of 16 hours of campus training sessions and 3.5 hours of e-learning sessions CRR | Average hours per year by gender and employee category | N.AV. | The Company does not have the necessary mechanisms to report this information | |
| 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. 37 2012 NHU Highlights CRR | 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. 38 Time For You, Performance Management CRR | 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. 7-8 Corporate Governance Pag. 33-34 Diversity Management CRR | 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 confidential | |
| 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. 41 Compliance with the Code of Conduct CRR | | | | |
| Principal HR2 | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken | ■ | Fully | Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| 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 | 2015 |
| 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 | | | | |

| 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 | | | | | | | | |
| 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. 29 NH Hotel Group Code of Conduct Pag. 41 Compliance with the Code of Conduct CRR | | | | |
| 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. 41 Compliance with the Code of Conduct Pag. 31 Employees 2 nd paragraph CRR | | | | |
| 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. 41 Compliance with the Code of Conduct CRR | % of suppliers with most significant risks of such incidents | N.A. | NH Hotel Group 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.A.V. | The Company does not have the necessary mechanisms to report this information | 2015 |
| REMEDATION | | | | | | | | |
| Principal HR11 | Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms | ■ | Not | | | N.A.V. | The Company does not have the necessary mechanisms to report this information | 2015 |

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. 52 Main Society Indicators CRR | 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 | Not applicable because this information is considered confidential | |
| CORRUPTION | | | | | | | | |
| Principal SO2 | Percentage and total number of business units analyzed for risks related to corruption | ■ | Not | | | | | |
| Principal SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures | ■ | Not | | | | | |
| Principal SO4 | Actions taken in response to incidents of corruption | ■ | Fully | Pag. 29 NH Hotel Group Code of Conduct 1st Paragraph. Through the Company's management and information channels, There is no record of such incidents in the reporting period | | | | |
| PUBLIC POLICY | | | | | | | | |
| Principal SO5 | Public policy positions and participation in public policy development and lobbying | | Fully | Pag. 29 Global framework CRR | | | | |
| Additional SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | | Fully | Pag. 29 Relationship with Governments CRR | | | | |
| 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. 26 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 Hotel Group | |
| 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. 26 Excellence in Quality and Quality Focus | | | | |
| MARKETING COMMUNICATIONS | | | | | | | | |
| Principal PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship | | Not | | | N.AV. | The Company does not have the necessary mechanisms to report this information | 2015 |
| Additional PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | ■ | 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 | | | | |
| COMPLIANCE | | | | | | | | |
| 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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