

300 m² LED vault screen
NH Collection Eurobuilding
Madrid, Spain

ANNUAL REPORT 2014

CORPORATE RESPONSIBILITY

NH | HOTEL GROUP

NH
HOTELS


NH COLLECTION
HOTELS

nhow

Hesperia
RESORTS

OUR PRESENCE IN THE WORLD 2014

363

HOTELS

28

COUNTRIES

57,127

ROOMS

18,286

EMPLOYEES

11 MILLION

CUSTOMERS



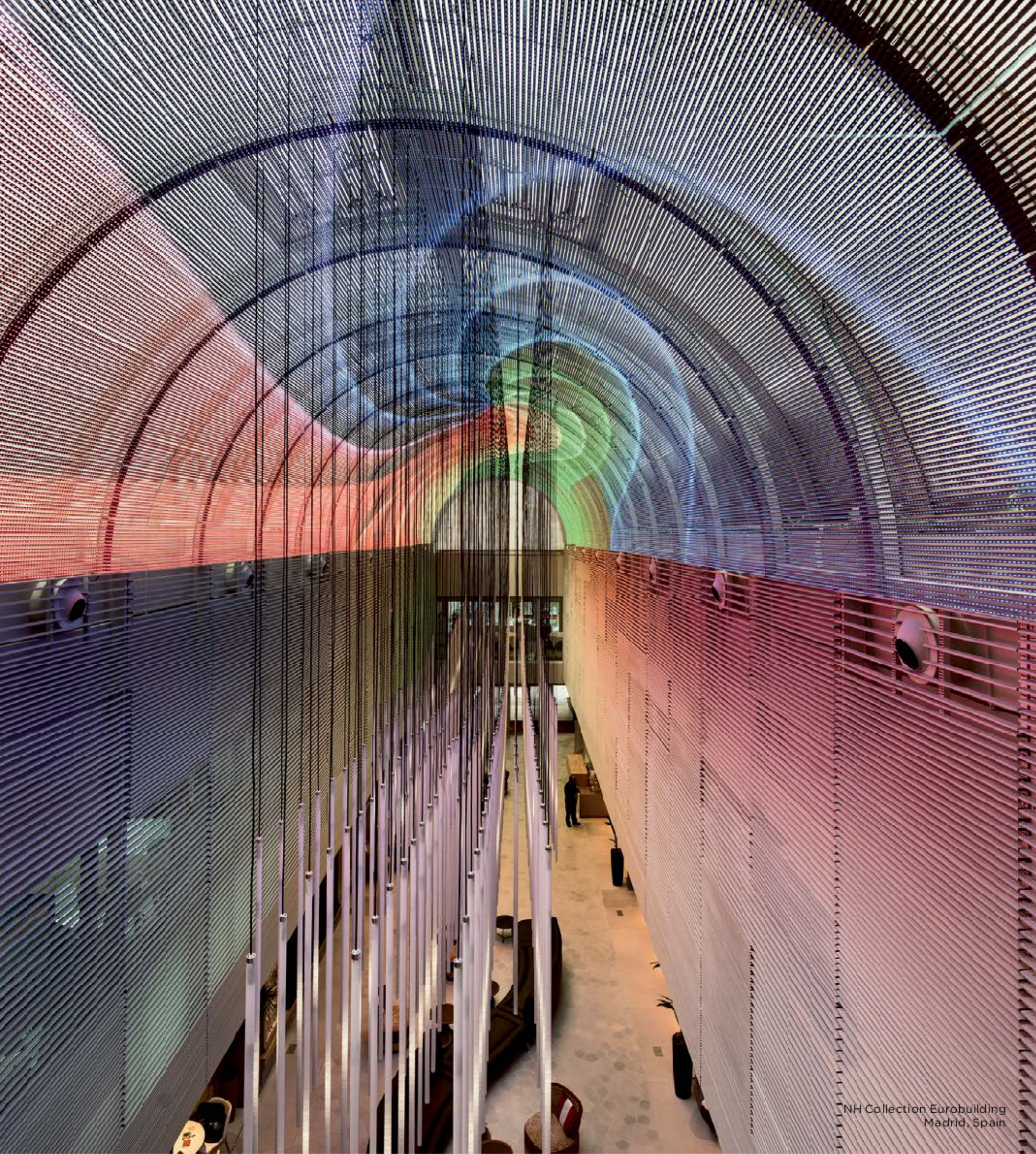
Argentina • Germany • Andorra • Austria • Belgium • Chile • Colombia • Cuba • Slovakia • Spain • United States • France • Haiti • The Netherlands • Hungary • Italy
Luxembourg • Mexico • Poland • Portugal • United Kingdom • Czech Republic • Dominican Republic • Romania • South Africa • Switzerland • Uruguay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

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This is NH Hotel Group's ninth Corporate Responsibility Report detailing the Company's approach and economic, environmental and social performance for the 2014 financial year. This report has been produced in accordance with the guidelines set out by the G4 Guide, Core option, within the Materiality Disclosures Service offered by the Global Reporting Initiative (GRI). The report has also been subject to an independent review by KPMG in relation to the reliability of the information reported and the monitoring of reporting rules. This report and the previous ones are published in digital format and are available at www.nhhotelgroup.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?”**



**CHAIRMAN
OF NH HOTEL GROUP**

Dear shareholders

I am pleased to present the 2014 Annual Report, in which we review and analyze the evolution of all the aspects of the Group's business, while sharing the main milestones we have achieved. This report reflects the progress and consolidation of our responsible business approach, as well as our commitment and willingness to continue building value for the Company, its shareholders, customers, employees and society in general.

After re-establishing the financial balance and ensuring the availability of additional resources for supporting the investment and repositioning plan concerning our hotel portfolio, 2014 marked a major step forward towards the implementation of a model that will guarantee a sustainable and profitable future, full of opportunities for NH. One year into the implementation of our ambitious transformation plan, solid progress has been made in all areas. This is having a positive impact on the Group's results and the level of trust our investors place in us.

The strict implementation of the initiatives included in the Strategic Plan, an increase in hotel guest satisfaction, our enhanced economic indicators in all Business Units and, as a result, the upward trend in the price of our shares from the beginning of 2014 until mid-2015, prove that the Group is taking the right steps to start growing again.

During the year, the acquisition of 44.5% of the share capital that the Company did not control in NH Italy, a Business Unit with significant strategic assets in Italy and abroad, strengthened the Group's equity, streamlined the decision-making process, maximized our management capacity, and consolidated 100% of our operations in a very important market for the Company.

Today, NH Hotel Group generates global interest and credibility, as reflected by our current shareholding structure, which attracted funds of international prestige in the past months. The Company has kept up with the times and is showing that it is more than ready to lead this change responsibly and transparently.

The new NH is already a reality. It is the result of sound values and beliefs, brave decisions, and the enthusiasm and effort of thousands of committed employees. It is a Group that follows the strictest ethical principles and that integrates sustainability and social concerns into its daily activities. It is a Company that encourages dialogue with its stakeholders and provides solutions to the needs and issues it faces.

In this report I would like to share the challenges we have encountered and the excellent development opportunities that the ongoing plans are bringing our way. The Group is ready to grow. It has left behind what it no longer needed and it is maximizing everything that adds value and differentiates it from the rest, consolidating its privileged strategic position in the industry.

On behalf of NH Hotel Group and its Board of Directors, I would like to thank our shareholders, partners and customers for their support and for the trust they have placed in the Company. Very special thanks to each of the employees, without their contribution, nothing would be possible.

To all of you, thank you,

Rodrigo Echenique Gordillo
Chairman of NH Hotel Group



CEO OF NH HOTEL GROUP

Dear shareholders

2014 was the first year in the transformation of the Company at all levels. Regarding our five-year Strategic Plan, whose goal is to help us become the urban and business hotel of reference at an international level, we have rigorously fulfilled the commitments we had set ourselves for the first year, achieving significant improvements in the evolution of our hotel activity and in how the market and the consumers perceive us.

Each and every one of the initiatives focused on increasing our revenue, improving our margins, growing, and optimizing our management and organization capabilities.

Thus, during this period, we built a value proposition materialized in a new brand architecture under the NH Hotel Group umbrella that includes NH Collection, NH Hotels, nhow and Hesperia Resorts. Each of these brands has its own operational promise and its own tangible and differentiated experience.

Experience and hotel refurbishment was and will continue to be a priority in this first stage of the plan. On the one hand, we have incorporated new elements that will make the NH experience new and differential: exclusive mattresses, state-of-the-art LED television sets, professional hairdryers, top-quality showers, and new amenities. They are our "Brilliant Basics". We want consumers to covet them and make them feel better than home. On the other hand, we have made progress in the repositioning of our assets through the total or partial refurbishment of many buildings worldwide.

Consumers and customers are responding very positively, rewarding us with better ratings in their assessments, both internally through our satisfaction surveys and externally on travel websites that base their recommendations on users' feedback. As a result, the positioning of our presence in search engines is improving significantly.

In addition to reviewing and promoting our commercial, marketing and communication plans, in 2014 we made an effort to design solutions with a competitive advantage. Proposals that match the lifestyle, work and modern communication methods of consumers, with a view to always exceed their expectations. An example of this was the launch of "High Tech Made Easy" in the meetings and events segment, which not only includes an extraordinary Wi-Fi connection, revamped meeting rooms and new generation interactive collaboration systems, but also live 3-D technology for high-performing and high-impact meetings and events. These are pioneering experiences in the sector that put us at the forefront of innovation within the hotel industry.

Thanks to many of these measures targeted at stimulating sales and the efforts made in order to contain expenses, in 2014 we surpassed market expectations with revenue and EBITDA increases, and had considerably better net results, compared with the previous year. Trends also improved significantly throughout the year, with price increases over occupancy during the second half, a positive evolution that was reflected in all markets.

Concerning Asset Management, we identified where we wanted to be and how, exiting establishments that failed to meet our expectations. Additionally the sale of Sotogrande allowed us to maintain other strategic assets for the Company.

Regarding the Expansion Plan, and in addition to new agreements, at the beginning of 2015 we completed the acquisition of the Latin American chain Hoteles Royal which has allowed us to launch NH Hotel Group in Colombia, become leaders in Bogotá, and increase our presence in Chile and Ecuador. At the same time, our joint venture in China progressed as planned and we expect to develop a hotel portfolio in that country.

Finally, we made remarkable progress in the optimization of our management and organization capabilities, in particular our technological systems. This will allow us to be more efficient and effective.

All the initiatives we are implementing for the new NH are starting to become a reality and they show enormous potential for the future. We believe in our vision and are certain that we are on the right track. So 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?"

I would like to take this opportunity to thank every one of our employees for their effort in order to make all of this possible, as well as our shareholders for their trust and enthusiasm, and for sharing our ambition of turning NH Hotel Group into a preferred destination amongst consumers. Your support encourages us to continue working towards the accomplishment of our goal.

Thank you,

Federico J. González Tejera
CEO of NH Hotel Group



NH HOTEL GROUP

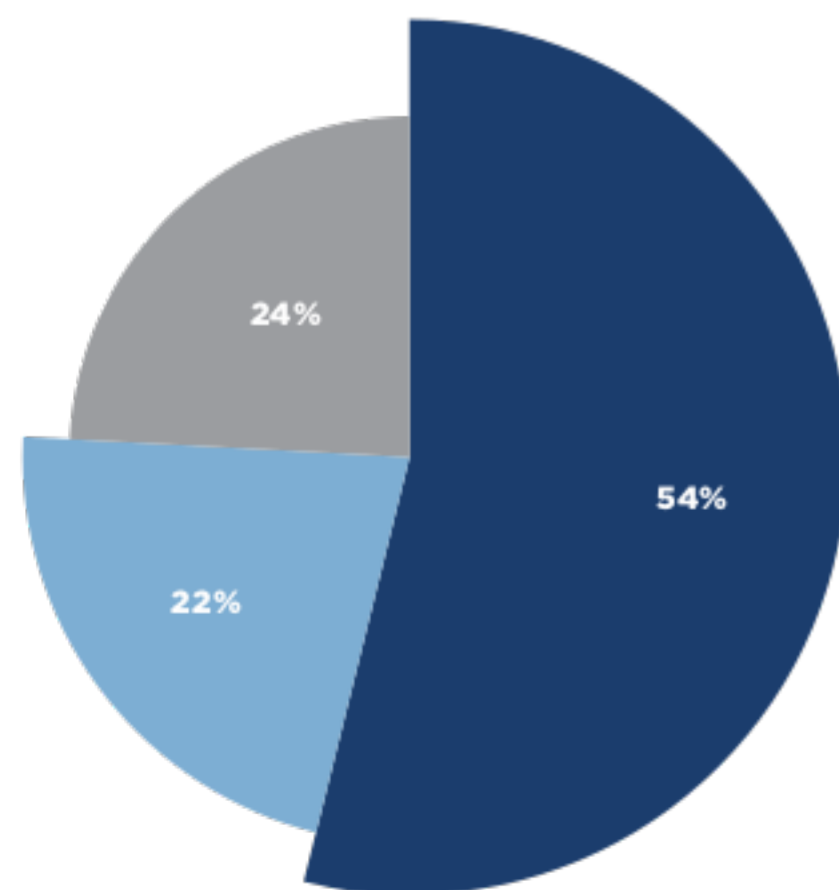
PRESENCE

NH Hotel Group is the fifth largest hotel chain in Europe and one of the top 25 in the world. The Company has 363 hotels (owned, managed and leased), with 57,127 rooms, in 28 countries in Europe, America and Africa, and in cities such as Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico DF, Milan, Munich, New York, Rome or Vienna.

AMERICA
38 HOTELS
8,169 ROOMS
10 COUNTRIES

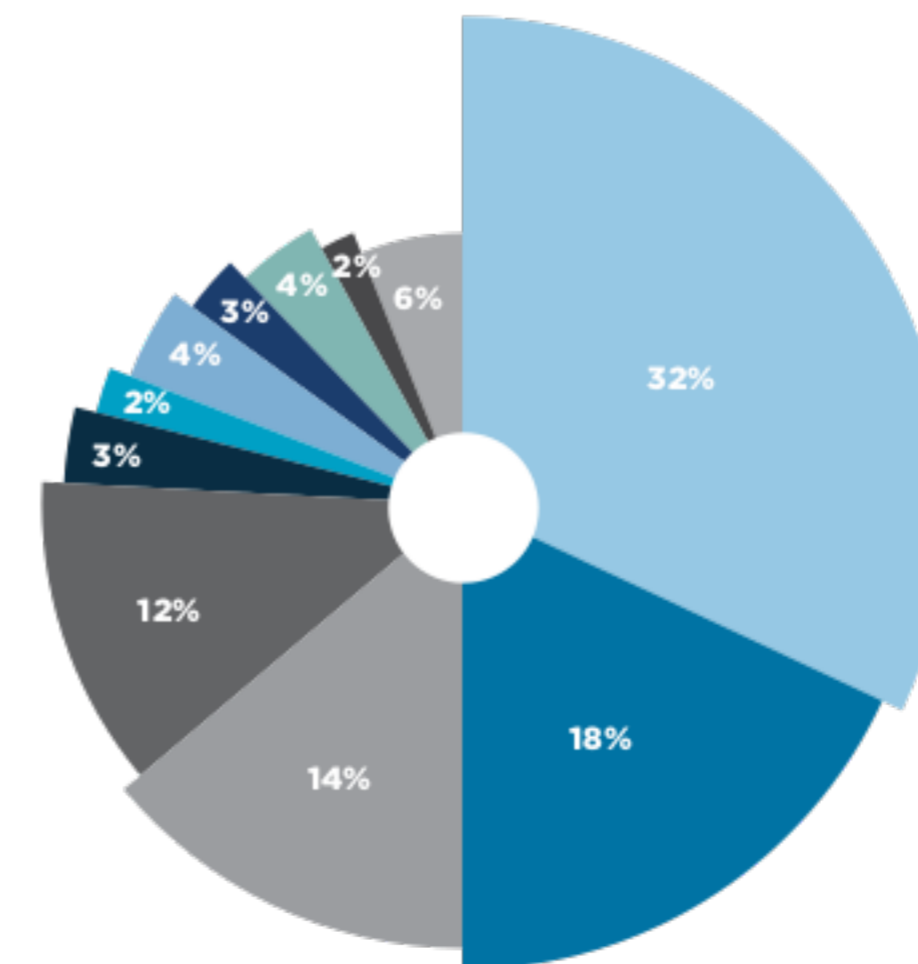
EUROPE
323 HOTELS
48,716 ROOMS
17 COUNTRIES

AFRICA
2 HOTELS
242 ROOMS
1 COUNTRY



BREAKDOWN BY ROOMS
As at December 31st 2014

- 54% Leased
- 24% Managed
- 22% Owned



BREAKDOWN OF ROOMS PER COUNTRY
As at December 31st 2014

- 32% Spain
- 18% Germany
- 14% Italy
- 12% The Netherlands
- 6% Others
- 4% Argentina
- 4% Dominican Republic
- 3% Belgium
- 3% Mexico
- 2% Austria
- 2% Venezuela

NH HOTEL GROUP PORTFOLIO BREAKDOWN

As at December 31st 2014

	TOTAL		LEASED		OWNED		MANAGED		FRANCHISE	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL NH HOTEL GROUP	363	57,127	208	30,938	77	12,469	70	13,042	8	678
EUROPE										
Spain	144	18,046	81	9,634	13	1,975	43	5,852	7	585
Germany	59	10,438	54	9,438	5	1,000	-	-	-	-
Italy	51	8,265	32	5,320	14	2,078	5	867	-	-
The Netherlands	35	6,709	17	2,673	16	3,290	2	746	-	-
Belgium	10	1,554	2	437	8	1,117	-	-	-	-
Austria	6	1,183	6	1,183	-	-	-	-	-	-
Switzerland	4	522	3	400	1	122	-	-	-	-
France	2	397	2	397	-	-	-	-	-	-
Czech Republic	2	577	-	-	-	-	2	577	-	-
United Kingdom	1	121	1	121	-	-	-	-	-	-
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	323	48,716	203	30,159	57	9,582	55	8,297	8	678
AMERICA										
Argentina	13	2,050	-	-	11	1,525	2	525	-	-
Mexico	12	1,984	4	581	4	681	4	722	-	-
Dominican Republic	4	2,011	-	-	-	-	4	2,011	-	-
Venezuela	3	1,195	-	-	-	-	3	1,195	-	-
United States	1	242	-	-	1	242	-	-	-	-
Cuba	1	220	-	-	-	-	1	220	-	-
Colombia	1	137	-	-	1	137	-	-	-	-
Uruguay	1	136	-	-	1	136	-	-	-	-
Chile	1	122	-	-	1	122	-	-	-	-
Haiti	1	72	-	-	-	-	1	72	-	-
TOTAL AMERICA	38	8,169	4	581	19	2,843	15	4,745	0	0
AFRICA										
South Africa	2	242	1	198	1	44	-	-	-	-
TOTAL AFRICA	2	242	1	198	1	44	0	0	-	-

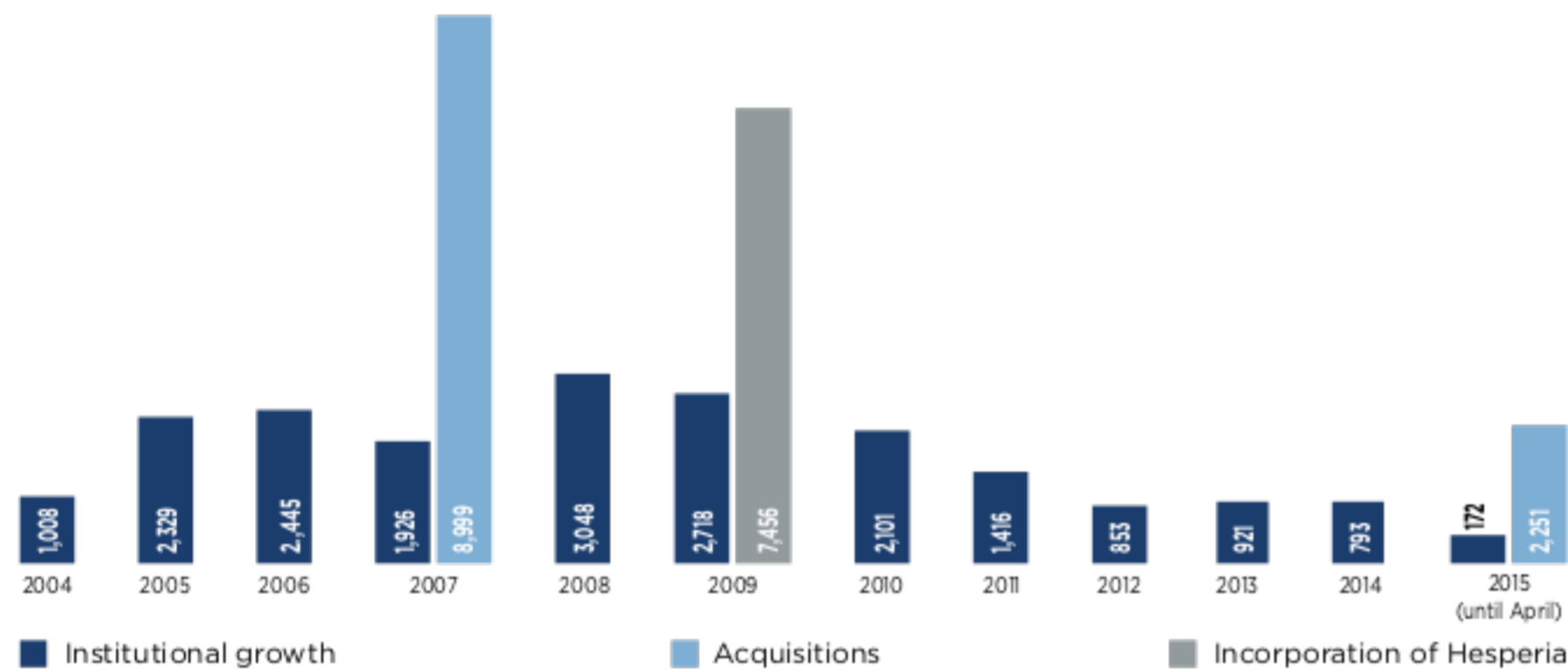


GROUP EXPANSION

As part of the Company's five-year Strategic Plan, the main objectives of the Expansion Plan are to increase the quality of its portfolio in strategic markets, to strengthen the presence in Europe (France, United Kingdom, Germany and Italy) and to enlarge NH Hotel Group's platform in Latin America (Mexico, Colombia, Chile and Peru).

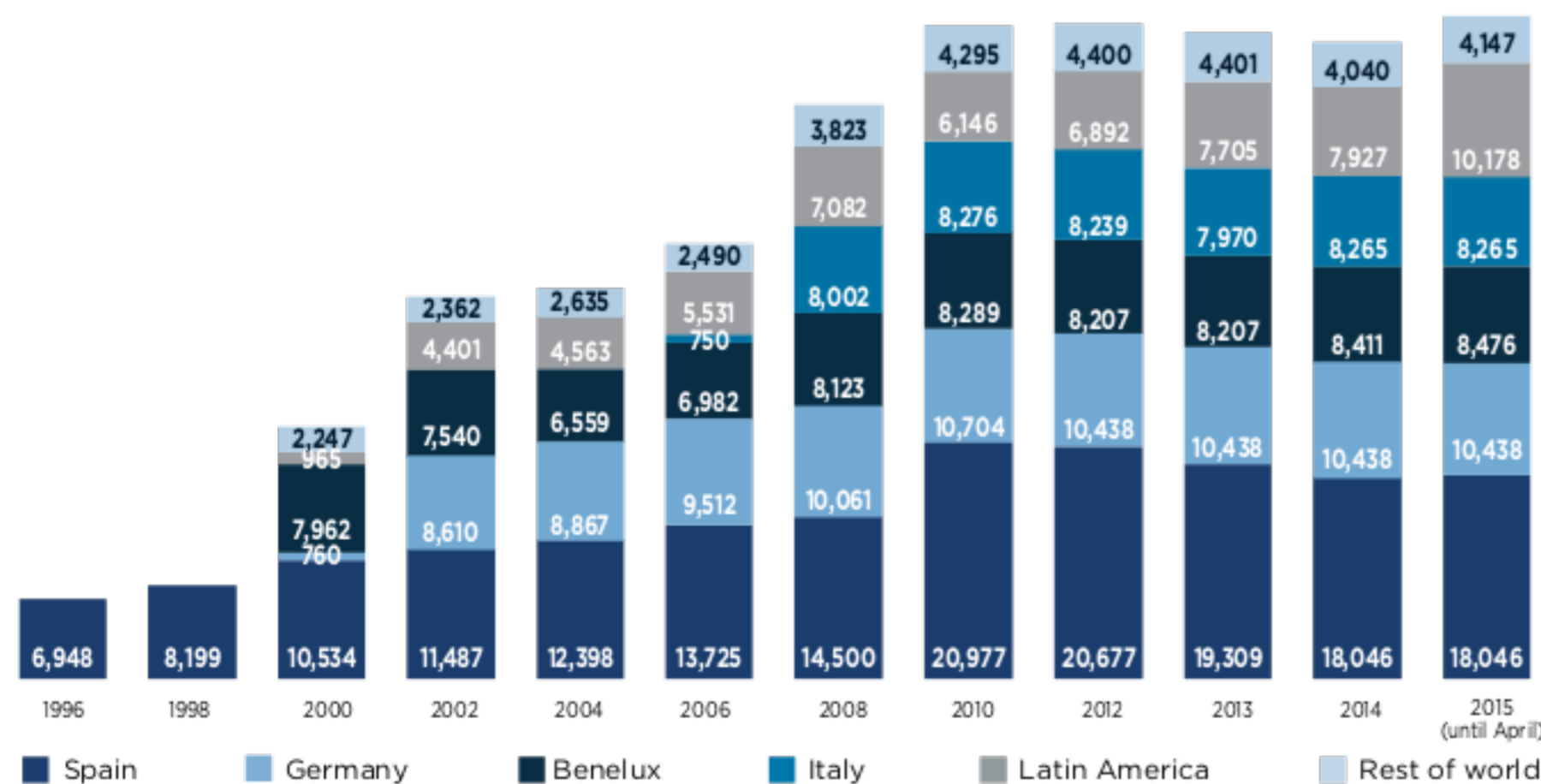
PERFORMANCE OF OPENINGS AND INCORPORATIONS

Number of rooms



ONGOING GROWTH

Number of rooms 1996-2015 (until April) - Compound annual growth: +12%



NEW ROOMS OPENINGS

From January 1st to December 31st 2014

HOTELS	CITY	COUNTRY	ROOMS
nhow Rotterdam	Rotterdam	The Netherlands	278
NH Capri La Habana	Havana	Cuba	220
NH Parma	Parma	Italy	120
*NH Collection Venezia Palazzo Barocci	Venice	Italy	15
NH Collection Torino Piazza Carlina	Turin	Italy	160
Total rooms			793

*Extension of existing hotel

ASSET MANAGEMENT

In 2014 the Group reduced its number of establishments by 20 in 15 cities in Spain, representing a total of 1,859 rooms.

HOTELS THAT LEFT THE GROUP IN 2014

HOTELS	CITY/COUNTRY	ROOMS
NH Agustinos	Berrioplano, Spain	60
NH Delta	Tudela, Spain	43
NH Castellar	Castellar de la Frontera, Spain	74
NH Lotti	Paris, France	159
NH Santander Parayas	Santander, Spain	103
NH Las Rozas	Madrid, Spain	80
NH La Florida	Madrid, Spain	41
NH Aravaca	Madrid, Spain	38
NH Inglaterra	Granada, Spain	36
NH Palacio de Oriol	Santurce, Spain	88
NH Alanda	Marbella, Spain	199
NH Algeciras Suites	Algeciras, Spain	73
NH Orus	Zaragoza, Spain	53
NH Harrington Hall	London, United Kingdom	200
Hesperia del Port	Barcelona, Spain	48
Hesperia Getafe	Madrid, Spain	112
Hesperia Emperatriz	Madrid, Spain	158
Hesperia Isla la Toja	Isla la Toja, Spain	104
NH Tropa	Amsterdam, The Netherlands	80
NH Suites Prisma	Madrid, Spain	110
Total rooms		1,859



NH Collection Piazza Carlina
Torino, Italy

KEY FIGURES

RESULTS AND EVOLUTION

In 2014 NH Hotel Group reported a bottom-line improvement of 76% in the first year of the implementation of its Strategic Plan. The Company thus tops market expectations in a year marked by the rollout of initiatives designed to transform the Group, including the launch of a new value proposition and price strategy, hotel repositioning and system upgrades.

During this period recurring revenue rose to €1,265.1M, up €12.5M compared with the previous year, while recurring EBITDA increased by 2.5% to €126.2M.

In 2014 hotel business performance was shaped by significant growth in prices and revenue per available room (RevPAR) in the second half of the year. Prices rose faster than occupancy throughout the second half, thereby enhancing the Group's RevPAR mix.

As a result, the average daily rate (ADR) increased by 1.7%, while RevPAR growth came in at 3.6%, driven by the strong momentum observed in the hotel business throughout the year, coupled with the impact of the initiatives rolled out by the Company in the context of its Strategic Plan.

SIGNIFICANT MILESTONES ACHIEVED IN 2014

SALE OF ASSETS

NH Hotel Group reached an agreement in October for the sale of 96.997% of Sotogrande S.A. for a value of €225M, a sum that underpins the financing of the Company's Strategic Plan. The agreement encompassed the sale of the assets of the developer, which included land zoned for development, two golf courses and two hotels that will remain under NH Hotel Group's management for an initial period of two years.

This guidance, which called for proceeds of €125M in 2014, was largely exceeded with this transaction and assets divestments for a value of €62M, mainly as a result of the sale of NH Amsterdam Centre in June. This hotel continues to be operated by NH Hotel Group through a sale-and-leaseback agreement, positioning NH to defend its leadership position in the Amsterdam hotel market in the long term, where it currently operates twelve hotels, with almost 3,000 rooms.

NH HOTEL GROUP CONTROLS 100% OF NH ITALY

An agreement was reached with Intesa Sanpaolo to acquire its share in NH Italy. As a result of this operation Intesa Sanpaolo achieved a larger participation in the shareholding structure of NH Hotel Group, up from 4.5% to 16%, in consideration of the 44.5% interest in NH Italy it held until this date. Finally, on January 23rd 2015, Intesa Sanpaolo, S.p.A. reported the sale of 7.6% of the equity in NH Hotel Group, S.A.

NH HOTEL GROUP PROFIT AND LOSS STATEMENT

(€ million)

	12M 2014 M. Eur	12M 2013 M. Eur	2014/2013 Diff. %
TOTAL REVENUES	1,265.1	1,252.6	1%
Gross operating profit	391.8	398.4	(1.7%)
EBITDA	126.2	123.1	2.5%
Net income before minorities	(18.9)	(35.2)	46.3%
Net recurring income	(18)	(34.2)	47.3%
NET INCOME including non-recurring activity	(9.6)	(39.8)	76%



SIGNIFICANT MILESTONES ACHIEVED UNTIL APRIL 2015

ACQUISITION OF HOTELES ROYAL

In early 2015 NH Hotel Group entered into an agreement for the acquisition of the Latin American chain Hoteles Royal. Hoteles Royal is an international company of Colombian origin focused on the development and management of city hotels and is a benchmark player in the corporate segment. The agreement enabled NH to add 20 hotels and 2,257 rooms divided between Colombia (15 hotels), Chile (4 hotels) and Ecuador (1 hotel). The mix of contracts used by Royal fits with the asset-light growth model envisaged by NH for the years to come. The Hoteles Royal establishments provide a homogenous and consistent product offering which presents a strong match with the high standards upheld by NH and will facilitate the integration of these new properties into the latter's hotel portfolio.

This transaction reinforces NH's portfolio in the region in attractive locations. As a result, the Group will emerge as the leading player in Bogota and one of the leading operators in Santiago de Chile. The Company already does business at these two destinations, which had been targeted by NH Hotel Group for growth. The Group will also start operating in Ecuador.

As a result, NH accelerated the growth plans contemplated in its five-year Strategic Plan, taking advantage of a unique opportunity to achieve a leadership position in various destinations throughout the region.

The proceeds from the sale of the NH Bogotá Parque 93 hotel in Colombia in January, coupled with some of the proceeds from the sale of Sotogrande last year, positioned the Group to fund the Hoteles Royal acquisition without having to increase its debt.

JOINT VENTURE IN CHINA

NH Hotel Group set up a joint venture with the Chinese group HNA for the management of a significant portfolio of HNA and third-party hotels in the middle and upper-middle segments of the Chinese market in the years to come. The new company will initially assume the management of six of the Chinese group's hotels, encompassing 1,312 rooms, which are operated under various HNA trademarks.

In addition, the new company will design a prototype hotel for tackling growth in the market under the NH brand and will define a strategic plan to boost its development. Both companies will benefit from NH's management, reward and booking systems, as well as its brand, while leveraging HNA's know-how and local contacts to identify the best locations and professionals within the Group in the Chinese market.

NH WINS THE GLOBAL TENDER TO OPERATE THE LARGEST HOTEL IN BENELUX

After a highly competitive contest, NH Hotel Group's 'nhow Amsterdam RAI' project was chosen as the winning hotel concept by the City of Amsterdam and Amsterdam RAI. The new building will open its doors in 2018 under the nhow brand and it will be the largest hotel in the Benelux area. It will be located at the Amsterdam RAI complex, one of the largest exhibition and conference centers in The Netherlands. With the addition of this iconic hotel, its 650 rooms, 25 floors and a height of 91 meters, the Amsterdam skyline will change and NH Hotel Group will operate 13 hotels in the city.

OUR ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTRIBUTION

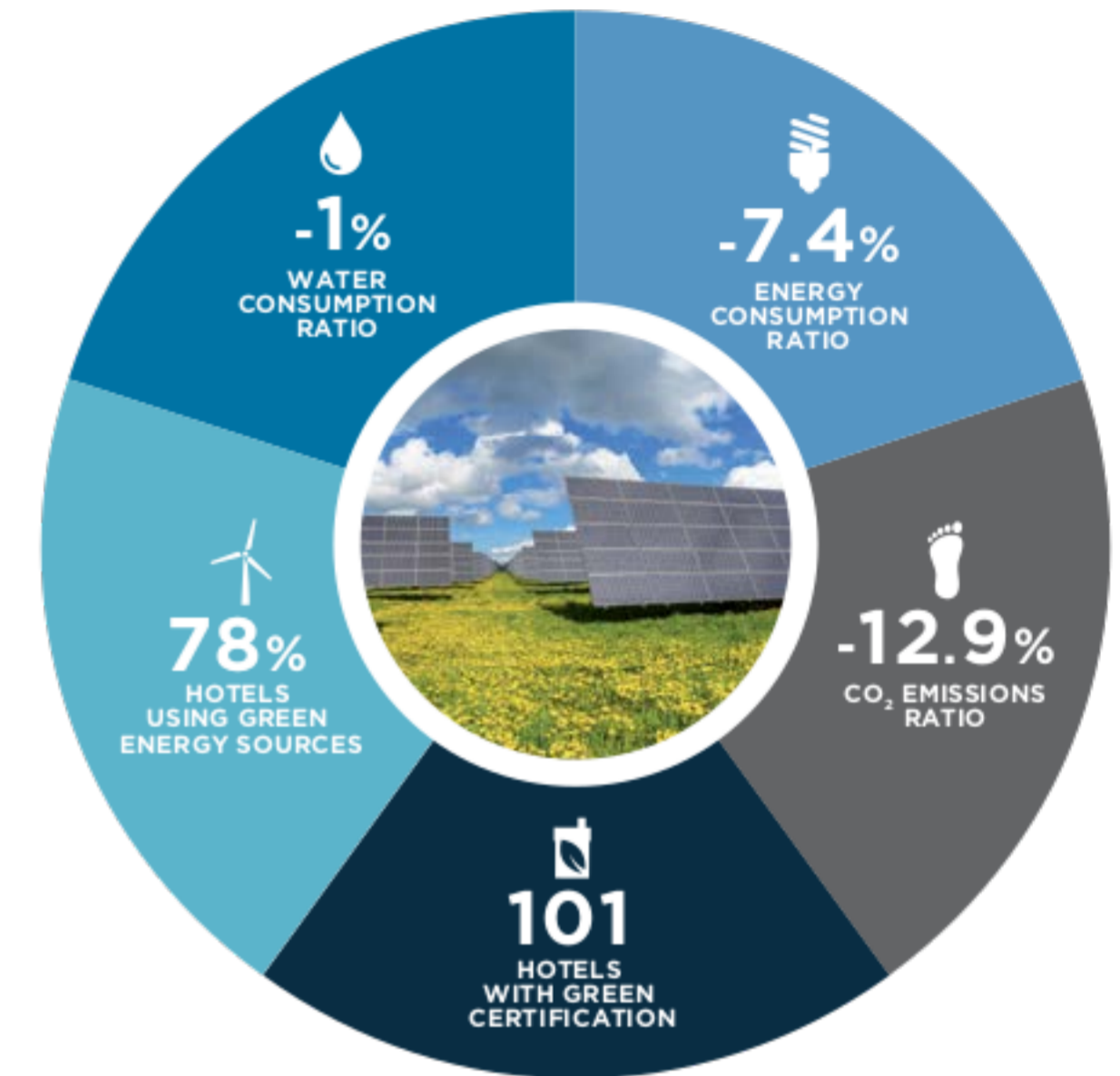
This year NH Hotel Group is proud to share its main direct contributions as a result of the activities developed by the Company in 2014.



Direct impact on the economy of employees, companies and governments



Direct impact in terms of employment, training and contribution to the Community



Direct impact by reducing resource use and CO₂ emissions

CORPORATE GOVERNANCE

NH Hotel Group is constantly updating its Corporate Governance system, which encompasses its Articles of Association, corporate policies, internal rules and regulations, and various internal codes and procedures approved by the competent corporate bodies. In preparing these documents, the good governance recommendations generally accepted in the international markets have been taken into account to a greater or lesser extent.

SHAREHOLDING STRUCTURE

As at December 31st 2014 the share capital of NH Hotel Group was divided into 350,271,788 bearer shares.

MOST SIGNIFICANT CHANGES IN 2014 AND UNTIL THE DATE OF ISSUE OF THIS REPORT

As a result of the share capital increase approved at the General Meeting of 2014, fully subscribed by Intesa Sanpaolo, S.p.A (hereinafter, "Intesa"), the latter holds an interest of 16% in NH Hotel Group, S.A.

Subsequently, in November 2014 HNA Group Co., Ltd (hereinafter, "HNA") reported the acquisition (through Tangla Spain, S.L.U.) of 29,162,596 shares held by Intesa SanPaolo, S.p.A. in NH Hotel Group, S.A., roughly representing 8.33% of its share capital. As a result, HNA became the holder (through Tangla Spain, S.L.U.) of a total of 103,329,925 shares in NH Hotel Group, S.A., representing 29.5% of its share capital.

It is also worth mentioning that on December 23rd 2014 Banco Santander and Grupo Inversor Hesperia reached an agreement for the acquisition by the former of NH Hotel Group, S.A. shares from the latter, representing 8.6% of the share capital, thus reducing the interest held by Grupo Inversor Hesperia to 9.1%.

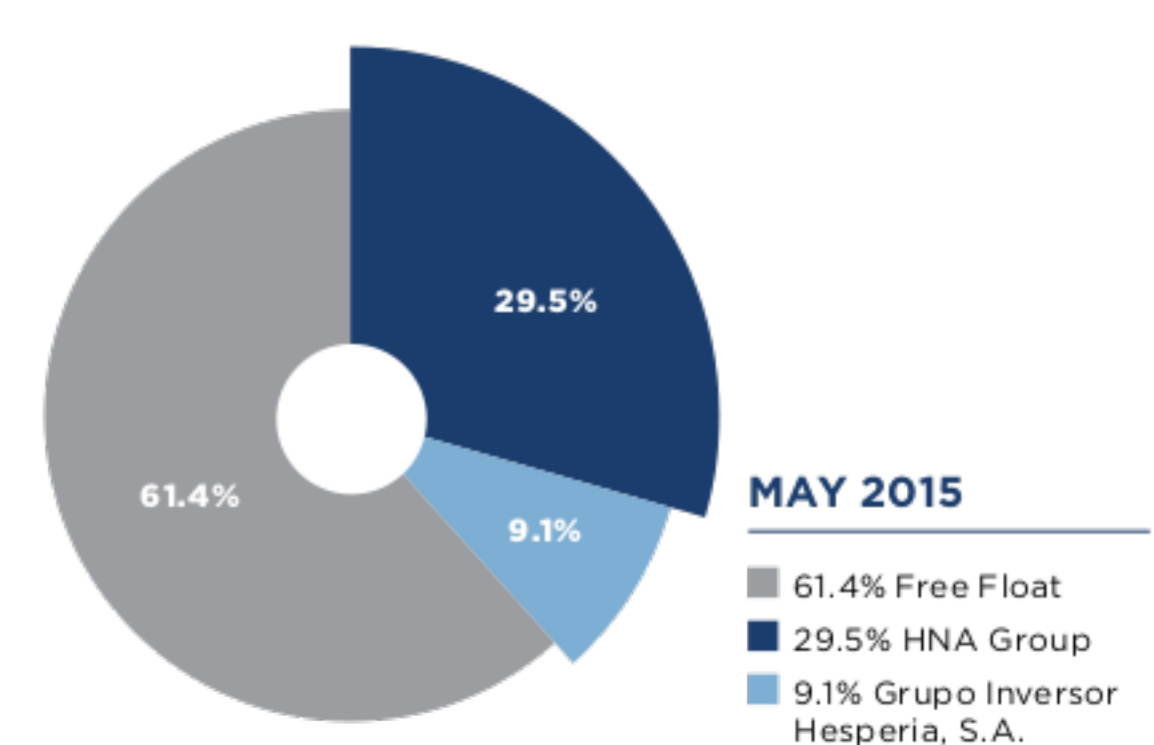
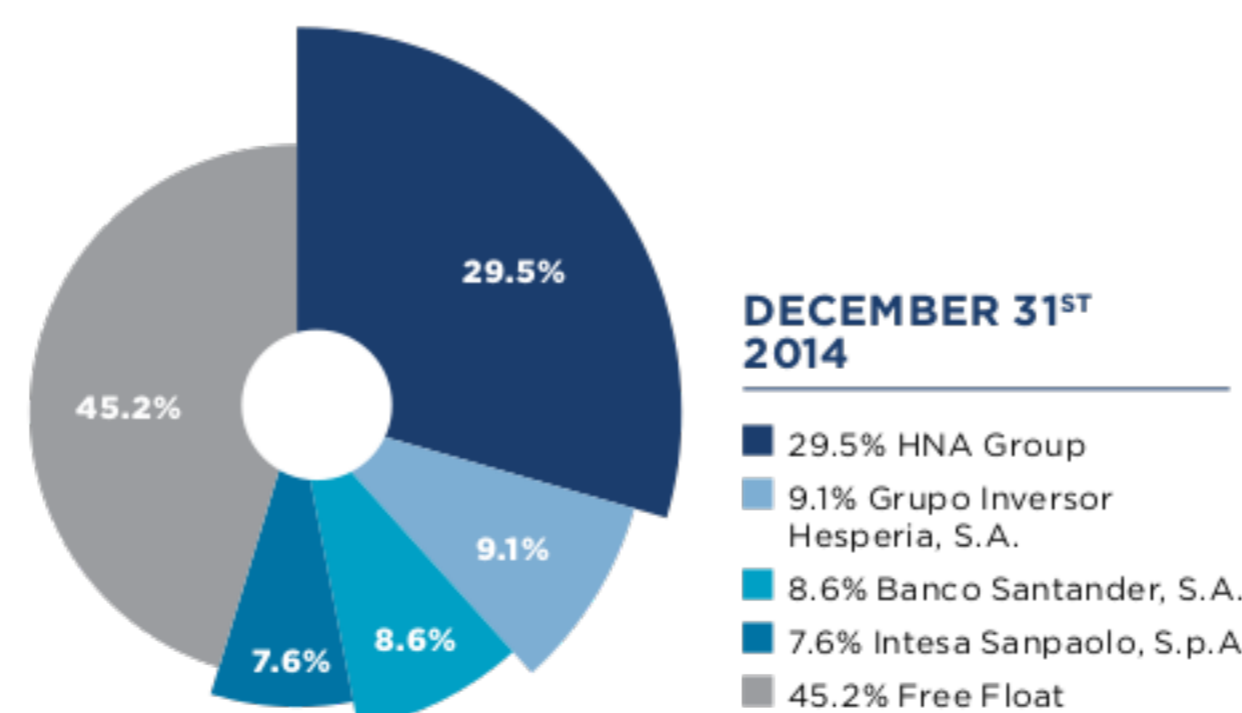
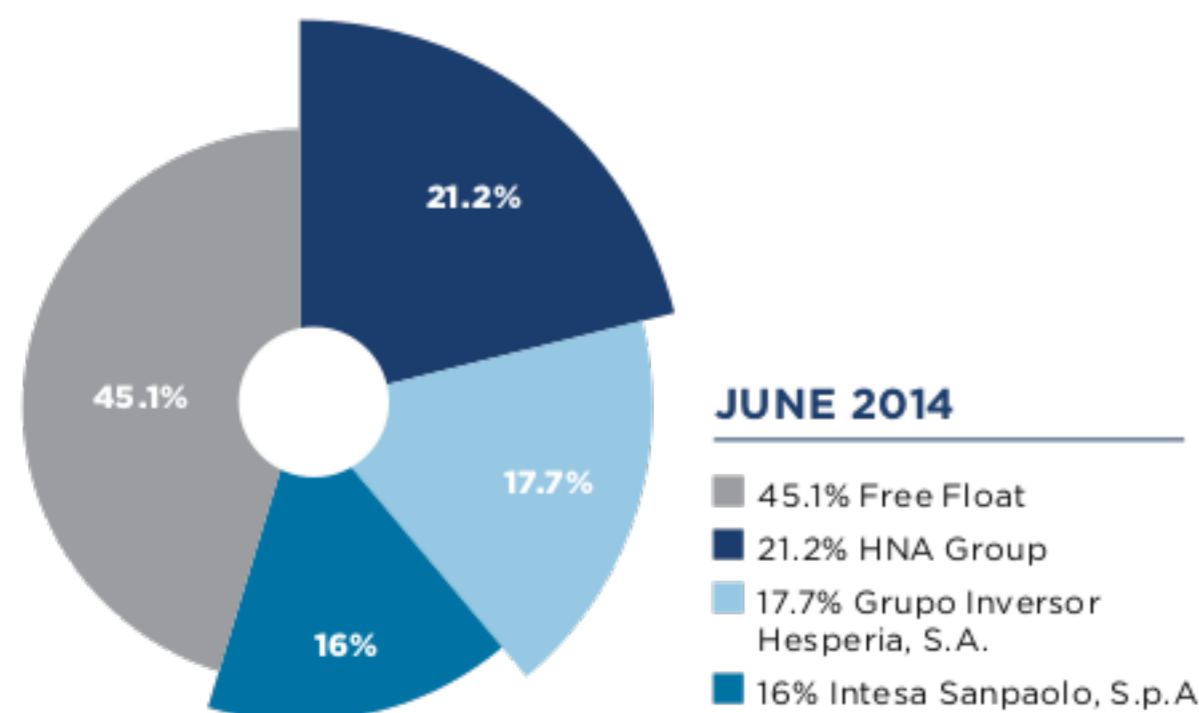
Finally, on January 23rd 2015 Intesa Sanpaolo, S.p.A. reported the sale of 7.6% of the share capital of NH Hotel Group, S.A.

On May 20th 2015, Banco Santander, S.A. sold its 8,565% stake in NH Hotel Group, S.A.

On May 21st 2015, UBS Group, S.A. announced the acquisition of 4,363% in NH Hotel Group.

At extraordinary meeting of the Board of Directors, and prior favorable report of the Designation and Remuneration Committee held on the May 21th 2015, the Board agreed unanimously ratify Mr. Rodrigo Echenique Gordillo as Director and Chairman of the Board of NH Hotel Group with the category of "Other External".

SHAREHOLDING STRUCTURE OF NH HOTEL GROUP





BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

BOARD OF DIRECTORS

The Board of Directors is the Company's oversight and control body. It is charged with defining the Company's management strategies and guidelines, as well as its corporate organization framework in order to achieve greater efficiency, by ensuring that the Company follows appropriate shareholder and market reporting procedures.

As part of its oversight and control role, the Board of Directors takes decisions on major business and financial operations, and approves the basis for its own organization and operation in order to ensure that it fulfils its role in the best possible manner.

As at December 31st 2014, the members of the Board of Directors were:

Non-executive Chairman:
Mr. Rodrigo Echenique Gordillo (Proprietary)

CEO:
Mr. Federico J. González Tejera (Executive)

Vice-Chairman:
Mr. José Antonio Castro (Proprietary)

Members:
Mr. Livio Giovanni Maria Torio (Proprietary)
Mr. Francisco Javier Illa Ruiz (Proprietary)
Mr. Ling Zhang (Proprietary)
Mr. Xianyi Mu (Proprietary)
Mr. Haibo Bai (Proprietary)
Mr. Charles Bromwell Mobus (Proprietary)
Mr. José María López-Elola (Independent)
Mr. Carlos González (Independent)
Mr. Francisco Román Riechmann (Independent)

In addition to the current members of the Board as at December 31st 2014, as described above, please note the following changes to the membership of the Board of Directors as at the date this Report is issued:

■ On January 27th 2015 Mr. Livio Giovanni Maria Torio, who represented Intesa Sanpaolo, S.p.A., resigned as Proprietary Director, as a result of the sale of the entire interest of Intesa Sanpaolo in the Company.

■ At the same Board meeting, prior consent of the Commission for Appointments and Compensations, Mr. Ling Zhang was appointed Vice-Chairman of the Board of Directors.

EXECUTIVE COMMITTEE

The Executive Committee is a decision-making body. It can fulfil the functions of the Board of Directors, with the exception of the Board's legal functions and those functions that cannot be delegated under the Articles of Association.

As at December 31st 2014 the members of the Executive Committee were:

Chairman:
Mr. Rodrigo Echenique Gordillo

Members:
Mr. Federico J. González Tejera
Mr. José Antonio Castro Sousa
Mr. Xianyi Mu

AUDIT AND CONTROL COMMITTEE

The Audit and Control Committee is responsible for ensuring efficient internal controls, liaising with auditors, and supervising the preparation and reporting of financial information. It is also responsible for internal audits, risk management systems, and all other functions falling under its scope of competence under the legislation in force, the Articles of Association, and the Regulation of the Board.

As at December 31st 2014 the members of the Audit and Control Committee were:

Chairman:

Mr. Carlos González Fernández

Members:

Mr. Xianyi Miu

Mr. Francisco Javier Illa

Without prejudice to the foregoing, and with a view to meeting the new legal requirements under the recently enacted Spanish Act No. 31/2014, of December 3rd, amending the Act on Corporations for the purposes of improving corporate governance, on February 27th 2015 the Board of Directors of the Company approved, prior consent of the Commission for Appointments and Compensations, the appointment of Mr. Francisco Román Riechmann, Independent Member, as new member of the Audit and Control Committee. In this way, the requirement to include at least two Independent Members in the Committee was met.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is responsible for functions related to proposed appointments and terminations of directors and senior managers of the Company, as well as for approving compensation scales and senior management contracts. It also deals with matters concerning the remuneration of Board members.

As at December 31st 2014 the members of the Commission for Appointments and Compensations were:

Chairman:

Mr. Francisco Román Riechmann

Members:

Mr. Francisco Javier Illa Ruiz

Mr. Xianyi Mu

Without prejudice to the foregoing, and as a result of the entry into force of Spanish Act No. 31/2014, of December 3rd, amending the Act on Corporations for the purposes of improving corporate governance, on February 27th 2015 the Board of Directors of the Company approved, prior consent of the Appointments and Remuneration Committee the appointment of Mr. José María López-Elola González, Independent Member, as new member of the Appointments and Remuneration Committee. In this way, the requirement to include at least two Independent Members in the Commission was met.

MANAGEMENT COMMITTEE

Mr. Federico J. González Tejera

CEO, Chief Executive Officer

Mr. Ramón Aragonés Marín

Chief Operations Officer

Mr. Ignacio Aranguren González-Tarrío

Chief Assets & Development Officer

Mr. Íñigo Capell Arrieta

Chief Resources Officer

Mr. Roberto Chollet Ibarra

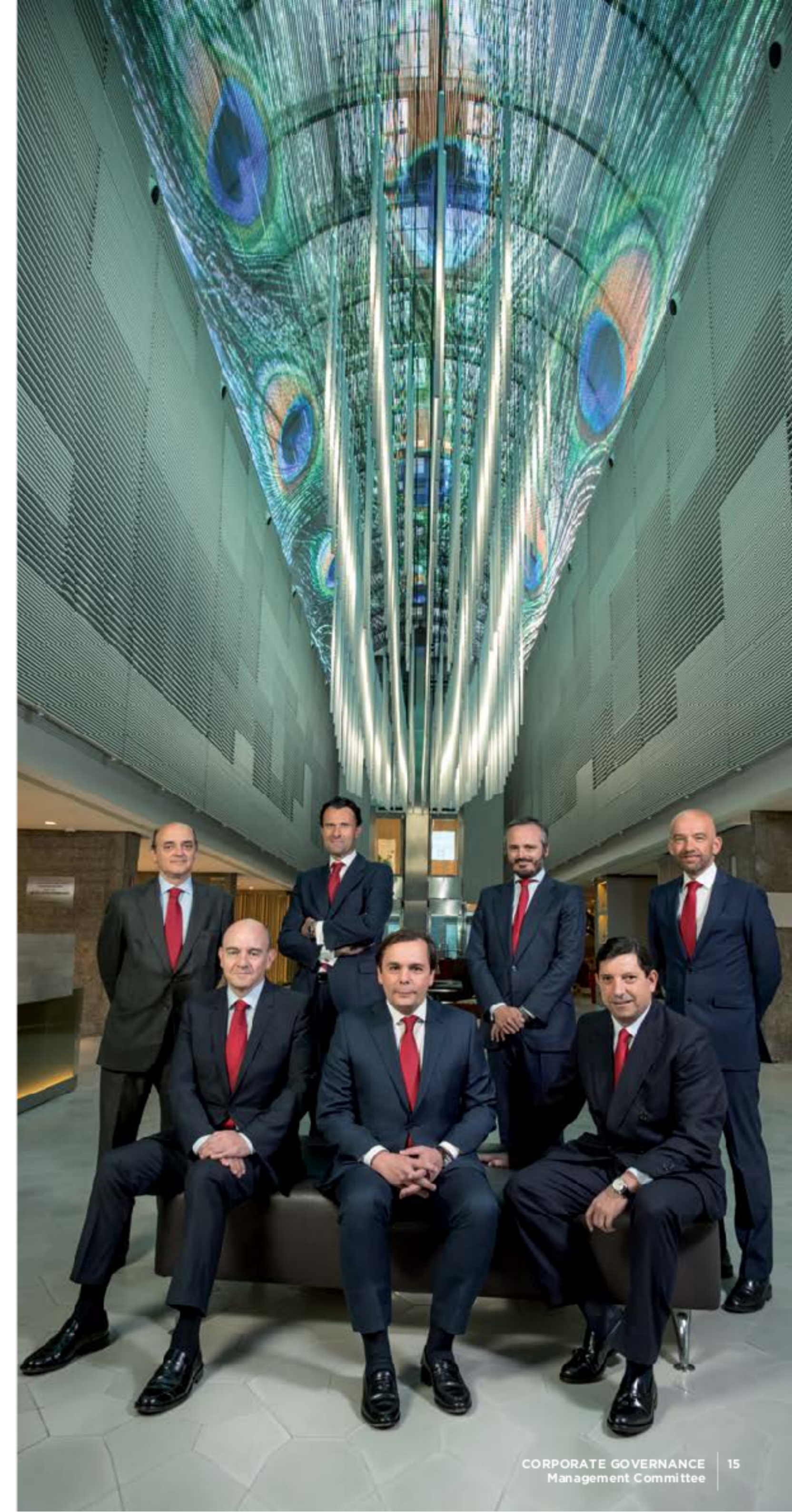
Chief Financial Officer

Mr. Isidoro Martínez de la Escalera Álvarez

Chief Marketing Officer

Mr. Carlos Ulecia Palacios

General Counsel



OUR NEW COMPLIANCE SYSTEM

In 2014 NH Hotel Group promoted the creation of a Compliance function covering the following key areas:

- **Internal Code of Conduct in the Stock Exchange:** It establishes the minimum standards that apply to the purchase and sale of securities, as well as to privileged and confidential information, and how such information must be handled.
- **Procedure on Conflict of Interest:** It establishes the rules that apply to conflicts arising between the interests of the Company, or any company within its Group, and the direct or indirect personal interests of the Directors or a person subject to the rules governing conflicts of interest.
- **Code of Conduct:** It determines the main values and rules that must govern the conduct and behaviour of the employees, senior officials, and members of the governing bodies of the Group.
- **Criminal Risk Prevention Model:** It describes the principles applicable to the management and prevention of crimes within NH Group. It also defines the structure and operation of the control and oversight bodies established within the Company, systematizing existing controls for the purposes of preventing and mitigating the risk of crime at the different areas of the Company.

COMPLIANCE COMMITTEE

NH Hotel Group set up a Compliance Committee in 2014, composed of members of the Management Committee and Senior Management. It is responsible for overseeing compliance with the Internal Code of Conduct in the Stock Exchange, the Procedure on Conflict of Interest, the Code of Conduct and the Criminal Risk Prevention Model.

The Compliance Committee submits detailed reports on its activities to the Audit and Control Commission and can take disciplinary measures against employees in relation to matters falling within its scope of competence.

COMPLIANCE COMMITTEE: SCOPE AND KEY ACTIVITIES

INTERNAL CODE OF CONDUCT IN THE STOCK EXCHANGE

- Oversee compliance with the Internal Code of Conduct in the Stock Exchange

CODE OF CONDUCT

- Ensure that all members of the organization are familiar with the Code of Conduct
- Take decisions on penalties arising from breaches of the Code of Conduct
- Answer questions related to the Code
- Ensure that training on the Code is provided
- Oversee the handling of complaints submitted through the Complaints Channel
codeofconduct@nh-hotels.com

PROCEDURE ON CONFLICT OF INTEREST

- Verify fulfilment of the Procedure on Conflict of Interest

CRIMINAL RISK PREVENTION MODEL

- Regularly monitor and supervise the Criminal Risk Prevention Model
- Take all such complementary measures as may be deemed appropriate to ensure that the organization properly complies with the Criminal Risk Prevention Manual and generally, that it meets the goals contained in the Manual
- Implement planned review schemes and conduct ad hoc reviews requested by the Audit and Control Committee
- Propose improvements where breaches or poor control are observed
- Report on its activities to control officials and the Compliance Committee

COMPLIANCE OFFICE

The Compliance Office is responsible for disseminating and overseeing compliance with the Code of Conduct and preparing the Criminal Risk Prevention Model. The Compliance Office reports directly to the Compliance Committee and is also responsible for managing the Complaints Channel.

The Code of Conduct explains how complaints received through the Complaints Channel must be handled. Transparency, confidentiality and respect are guaranteed at all stages. In 2014 the Office investigated 28 alleged breaches of the Code of Conduct and the relevant sanctions were imposed.

TRAINING ON THE CODE OF CONDUCT

In 2014 the Company continued to implement and disseminate the Code of Conduct with an online training course that helps to increase understanding of the Code amongst employees. A total of 1,696 employees completed the training course in 2014 (2,689 since it was launched in 2012).

RELATIONSHIP WITH GOVERNMENTS

The Company manages its business in accordance with its corporate values and its ethical and conduct framework. It also ensures strict compliance with the domestic legislation in force. At the local level, the Company always acts independently of any political party, ensuring transparency in its dealings with public and administrative institutions.



THE NEW NH

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 are part of the Group. Our ambition is that NH becomes the consumers' choice, offering them memorable experiences by exceeding their expectations 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 proposition, 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 NH Hotel Group, with the following goals in mind:

- Between 10% and 15% target for return on capital employed (ROCE)
- Between three and four 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.

Inspired by its vision, the new NH culture includes past and present in its five-year Strategic Plan, for which the beliefs that will guide the day-to-day activities of the new NH have been identified, fostering change and evolution from a management model to a leadership model.

This new NH culture is reflected in the Company's eight 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 our 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!

FIRST YEAR OF THE STRATEGIC PLAN

The five-year Strategic Plan is based on the key pillars of the value proposition of the new NH. It is structured around four main value creation drivers and 24 initiatives, each of which has its own goals, action plans, calendar, budget and implementation officials.

2014 was the first year of implementation of the five-year Strategic Plan, a year in which the Company has experienced a profound transformation thanks to the Plan's initiatives and the positive results obtained.

These initiatives have focused on improving revenues and margins, promoting our expansion and implementing the so-called "enablers" of NH Hotel Group's transformation: a new strategy in human resources, sustainability and information systems.

The main milestones achieved in 2014 include the launch of a new value proposition (brand architecture and customer experience); the definition and launch of our Repositioning Plan; the implementation of the administration and systems transformation plan; the reduction of leases; and the design and implementation of a new pricing strategy.

INITIATIVES		DESCRIPTION
REVENUES INCREASE	NEW VALUE PROPOSITION	<ul style="list-style-type: none"> ■ Brand architecture and experience ■ Pricing strategy and increased investment in marketing
	PORTFOLIO OPTIMIZATION	<ul style="list-style-type: none"> ■ Repositioning Plan: €200-220M investment ■ Asset rotation of owned assets that do not fit either with the new product or NH strategy
MARGIN INCREASE	DIRECT SALES INCREASE	<ul style="list-style-type: none"> ■ Reduction of intermediation costs increasing direct online sales (website and mobile applications) ■ Sales strategy by channels and strategic pricing (prices-value and yield management by market)
	COST EFFICIENCY	<ul style="list-style-type: none"> ■ Optimization of support functions (i.e. administration) and purchases ■ Leases adjustment plan
GROWTH		<ul style="list-style-type: none"> ■ Strengthen presence in Europe and Latam ■ JV China
ENABLERS		<ul style="list-style-type: none"> ■ IT, Human Resources and Sustainability initiatives ■ Global business culture



KEY INITIATIVES IN 2014

BRAND AND EXPERIENCE	SALES AND MARKETING
REVENUE OPTIMIZATION	REPOSITIONING PLAN
PORTFOLIO OPTIMIZATION	IMPROVEMENTS IN DIRECT ONLINE SALES
EXPANSION PLAN	IT TRANSFORMATION PLAN

BRAND AND EXPERIENCE

NH Hotel Group has a new brand architecture and a new value proposition for its customers. The new structure was launched in 2014 and is based on the needs of consumers and the experience offered by the Company. Under the new brand architecture the NH Hotel Group portfolio is divided into the following hotel groups: NH Hotels, which includes our three- and four-star city hotels; NH Collection, which includes our premium hotels; nhow, the hotel brand for travellers with their own style; and Hesperia Resorts, the vacational brand.

nh | HOTEL GROUP

nh
HOTELS


NH COLLECTION
HOTELS

nhow

Hesperia
RESORTS

Meeting the expectations and needs of our customers is a priority for NH Hotel Group, as is meeting the operational and service promise defined for each of its brands. The Company is committed to maintaining the highest quality and innovation standards.



ALWAYS A PLEASURE

Four and three 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.

OPERATIONAL PROMISE:

- 1 Always yes
- 2 Brilliant Basics
- 3 Easy free Wifi
- 4 World famous NH breakfast
- 5 Food solutions and advice at anytime
- 6 All you need and want
- 7 Perfect laundry
- 8 Lazy sundays
- 9 Perfect Fit
- 10 Leading eco-efficiency
- 11 Best meeting facilities



NH Berlin Mitte
Berlin, Alemania



NH Collection Porta Rossa
Florence, Italy



NH COLLECTION HOTELS

FEEL

NH Collection, the premium brand of NH Hotel Group, has hotels located in the main cities of Europe and Latin America. Its distinctive and authentic buildings maintain their local character, being a suggestive source of inspiration for guests who expect to feel something more. The attention to detail and the little unexpected gestures turn the experience into something extraordinary.

OPERATIONAL PROMISE:

- 1 Always yes and one step ahead
- 2 Beyond all you need and want
- 3 Extraordinary Brilliant Basics
- 4 High superior connectivity
- 5 World class fitness area
- 6 Lazy sundays
- 7 Look great
- 8 Healthy and varied food at anytime
- 9 Leading eco-efficiency
- 10 World famous NH Collection breakfast



NH Collection Grand Hotel Krasnapolsky
Amsterdam, The Netherlands

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, etc.).

OPERATIONAL PROMISE:

- 1 The power of yes
- 2 Beyond Brilliant Basics
- 3 nhow connected
- 4 Wake up nhow!
- 5 F&B hotspot
- 6 We know you
- 7 Express laundry!
- 8 nhow & the city
- 9 It's fitness time
- 10 Leading eco-efficiency



nhow Berlin
Berlin, Germany



nhow Rotterdam
Rotterdam, The Netherlands



nhow Milano
Milan, Italy



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.



Hesperia Sabinal
Almeria, Spain



Hesperia Playa El Agua
Isla Margarita, Venezuela

NH MEETINGS

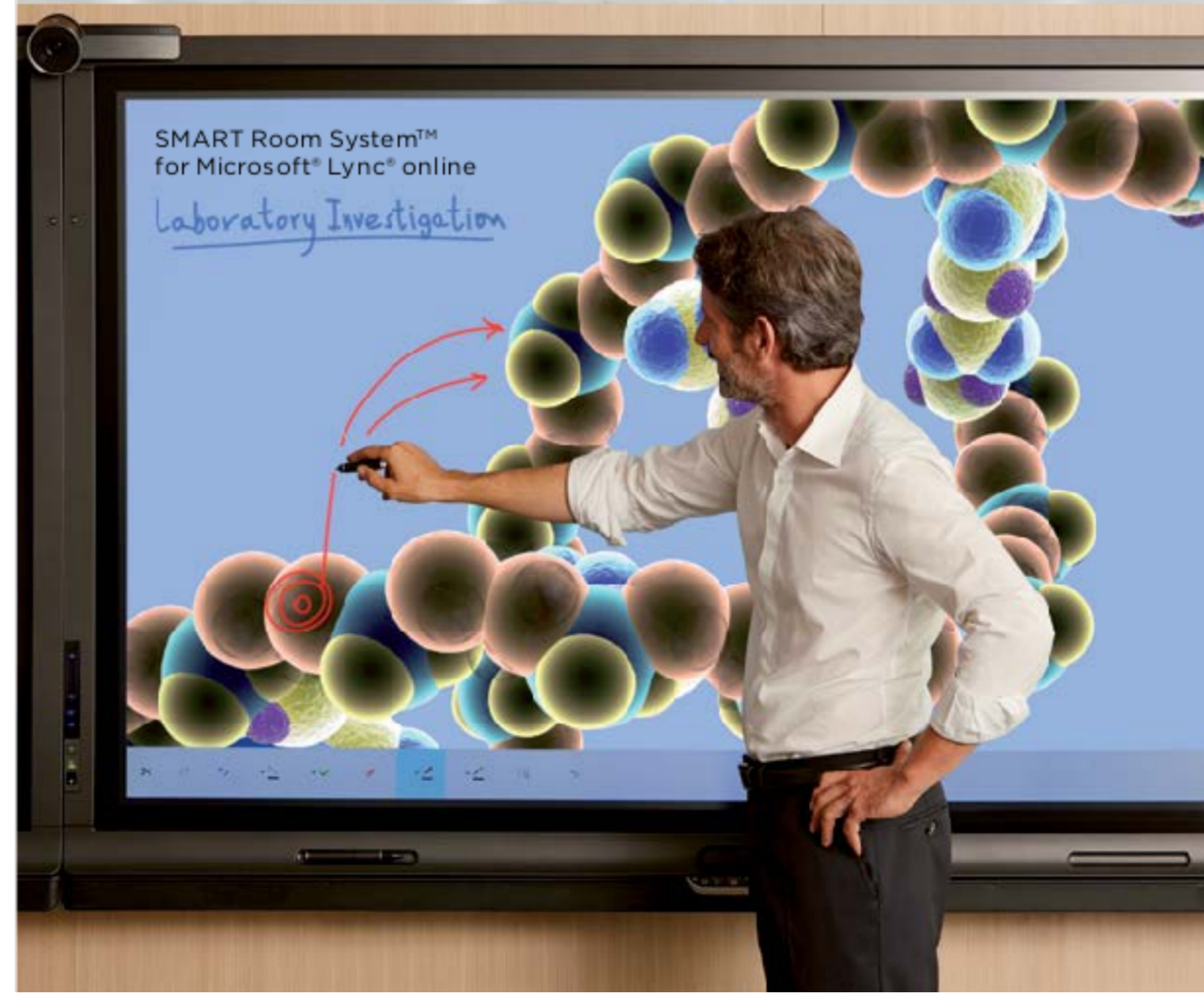
INSPIRE, CREATE, ENJOY

OPERATIONAL PROMISE:

- 1 Ambassador service
- 2 Specialized advisory service
- 3 Customized professional response
- 4 Free easy Wifi
- 5 Tempting Breaks
- 6 Eco-friendly meetings
- 7 Always yes!
- 8 High Tech Made Easy



NH Collection Eurobuilding
Madrid, Spain



Conversation through 3D holographic telepresence system
between the Ambassador of Spain in Germany and the CEO of NH Hotel Group
in Berlin, Germany - NH Collection Eurobuilding, Madrid - Spain



SALES AND MARKETING

In 2014 NH Hotel Group increased the investment in targeted marketing in order to build up brand value and gain recognition from consumers in all countries where the Company operates, by designing campaigns that convey the quality, locations, services and experiences offered by its hotels.

NH Hotel Group Rewards

NH Hotel Group Rewards is the Company's loyalty programme. With more than four million customers in 2014, it has consolidated as one of the strategic pillars of the new, differentiating value proposition of the Group.

In 2014 the Group reinforced its customer relationship management (CRM) database. This resulted in an increase in loyalty programme applications and continued membership.

Every year nearly 11 million people stay at an NH Hotel Group hotels and the challenge is to identify them and win their loyalty through NH Rewards programme.

REVENUE OPTIMIZATION

The goal of the new pricing strategy is to improve the financial performance by increasing average daily rates per occupied room (ADR).

To make customers willing to pay more for their stay at the Company's hotels, NH Hotel Group undertook an ambitious project re-defining its type of rooms and changing the type of rates and discounts applied. To do that, prices charged by other hotels at the same destination have been considered, in addition to implementing modern pricing strategies and systems.

I have **MORE SUMMER** with NH Hotels

FREE BREAKFAST BUFFET + FREE CHILDREN (UP TO 11 YEARS) + FREE LATE CHECK-OUT

Book now: 902 091 954 | nh-hotels.com

Offer valid for stays from 1st July to 31st August. Prepaid, non-refundable. Plus free stay for children under 9. Adults only group with free parents. Free late check-out until 2 pm. Subject to hotel availability.

375 hotels like you around the world

NH HOTELS

"At NH I always find that special touch that makes each meeting a success"
Caroline Scott
Event Manager

nh it's me
HOTELS

We believe in inspiring and memorable events.
We believe in meeting created with passion.
We believe in experiences our guests really enjoy.

Enjoy the best hotel locations with flexible meeting room spaces and a highly professional team that will surpass your most challenging demands.
At NH you will always receive more than you expect.

902 091 954 | nh-hotels.com

NH MEETINGS
inspire. create. enjoy.

"I'm one of those who likes customers to enjoy a job well done".
Laurence Vandenberg
Chef, NH Conference Center Spierenhart

nh it's me
HOTELS

400 hotels like me around the world

nh-hotels.com

feel
the extraordinary

nh-collection.com

NH COLLECTION
HOTELS

Amsterdam • Barcelona • Bilbao • Buenos Aires • Córdoba • Florence • Gijón • Guayaquil • Frankfurt
Hanoi • Monterrey • Oporto • Rome • Santa Fe • Sevilla • Venice



REPOSITIONING PLAN

During the first year of implementation of the Repositioning Plan, the Company made a significant investment to renovate its product, maximizing the full potential of each of the NH Hotel Group assets.

In the first stage, between 2014 and 2016, the Company will invest approximately €227M in 71 hotels, with an estimated return of 20% (EBITDA).

60% of this investment will be used to reposition hotels for conversion into NH Collection, a segment in which the Company already has over 30 establishments. 40% of the new signage has been implemented and the Company expects to complete 100% in 2015.

The repositioning process also includes a specific marketing plan to re-launch hotels in the market, besides the definition of the appropriate price segmentation according to establishments in each destination.

Of the 45 hotels undergoing refurbishments as part of the Repositioning Plan for 2014, 18 have been successfully accomplished, including in particular NH Collection Palazzo Barocci and NH Firenze in Italy; NH Alonso Martínez, NH Collection Abascal, NH Collection Gran Hotel and NH Collection Aránzazu in Spain; and NH Berlin Mitte, NH München Messe and NH Danube City in Central Europe, achieving an average increase of 13.5% in revenue from room sales from April 2014.

Refurbishment works are currently being completed in seven other hotels and it is expected that works will be completed in 12 additional hotels by the end of the year.

Additionally, works at NH Collection Eurobuilding in Madrid finalized in October 2014. The hotel's re-opening was an extraordinary event.



NH Collection Eurobuilding
Madrid, Spain

MILESTONES ACHIEVED WITHIN THE REPOSITIONING PLAN

NH Collection Eurobuilding (Madrid, Spain)

NH Hotel Group displays its firm commitment to excellence in service, business, technology and gastronomy through the new state-of-the-art NH Collection Eurobuilding. Its new features include a 300-sqm semi-transparent indoor LED vault screen, the largest curved LED screen in the world inside a hotel, free high-capacity Wi-Fi and innovative 3D holographic technology that, along with its advanced videoconference systems, will ensure high-performing meetings and high-impact events.

With Living Lab, a pioneering initiative on a global scale, the hotel has become a testing ground for technology, as well as the Company's platform for experimentation and the showcasing of new projects, transforming services and spaces into a digital ecosystem.

NH Collection Eurobuilding was recognized as the hotel with the "Best Technological Equipment" in the 10th edition of the Hospitality Initiative Awards 2014 given by Gran Hotel Turismo magazine.

DiverXO, the only restaurant with three Michelin stars in Madrid, opened its doors at NH Collection Eurobuilding, in line with our goal of turning this hotel into a destination in itself offering exclusive experiences to consumers.

The re-opening was also an extraordinary event for employees. In recognition of their excellent performance, 11 employees from all Business Units had the chance to experience the spectacular re-opening event by being part of the Welcome Committee and the Customer Relations Team.



NH Collection Palazzo Barocci (Venice, Italy)

In July 2014 NH Hotel Group presented its new premium brand, NH Collection, in Venice. The official opening of the new NH Collection Palazzo Barocci provided the perfect scenery for the occasion.

This exclusive boutique hotel, formerly known as NH Manin, re-opened its doors after six months of refurbishments, with a new interior design and greater capacity. Housed in a prestigious palace built in 1890, NH Collection Palazzo Barocci preserves its intimate atmosphere, while incorporating a new style, more modern facilities, elegant furniture and 15 new rooms. The palace is an architectural jewel with 59 luxury rooms combining traditional features and modern decoration to perfection.

NH Alonso Martínez (Madrid, Spain)

Located in the heart of Madrid, the former NH Embajada has been refurbished as part of the Company's assets repositioning strategy, which is aimed at improving customer experience. All rooms and common areas have been modernized for greater comfort. Refurbishment works were completed in February 2014, preserving the unique beauty of the facade.

NH Collection Abascal (Madrid, Spain)

After seven months of refurbishment works, NH Collection Abascal finally opened in November 2014. This is the fourth premium hotel in Madrid, a perfect combination of high-end design, historical legacy, innovation, excellent service and haute cuisine.

PORTFOLIO OPTIMIZATION

One of the main goals of NH Hotel Group's five-year Strategic Plan is to increase the quality of the portfolio through the disposal of low-profitability or non-strategic hotels, renegotiations and the sale of assets.

Therefore, the Company disposed of a total of 20 hotels in 2014. During 2013 and 2014, 13 leases were successfully concluded and more than 100 renegotiations were made. The impact of these agreements meant an increase of €10M in EBITDA in 2014, with an investment of €19M. The investment planned for 2015 amounts to €5M, with an EBITDA growth of €7M. In 2014 the loss of EBITDA was minimized as a result of asset sales.

YEAR	ASSET	€M
2014	NH Amsterdam Centre (lease back)	45
	NH Harrington Hall 25% holding (London)	13.3
	Sotogrande (Cadiz)	178
2015	NH Bogotá Parque 93	21.5

IMPROVEMENTS IN DIRECT ONLINE SALES

The new website of NH Hotel Group was launched in 2014 and it is presented in eight languages and domains. With a responsive design available for all operating systems (IOS, Android, Windows, etc.) consumers, who increasingly turn to mobile devices, will also be able to enjoy a comprehensive experience from their mobiles or tablets.

The new website is a cornerstone of the Company's strategy towards technological leadership in the sector, greater visibility and improved sales through its own sales channel. It has been designed to improve usability, encourage bookings, reinforce the SEO (Search Engine Optimization) strategy and enhance technical capacity and performance.

Exclusive website for the new NH Collection brand

The new website of NH Collection has a modern design based on photographic quality and the visual culture of Internet users. With this graphic approach, NH Collection seeks to bring the extraordinary experience and carefully crafted image of our premium brand into the web environment, integrating colours, styles and typography.

The new websites use a responsive design for mobiles and tablets that automatically adapts layouts to the viewing device.



EXPANSION PLAN

The Expansion Plan is part of the Company's five-year Strategic Plan and it is aimed at:

- Increasing the quality of the portfolio with 62 new hotels (Expansion Plan, 51, and Projects, 11) in strategic markets, compensating the removal of 44 low-profitability or non-strategic hotels until the end of 2014.
- Reinforcing the presence in Europe (France, UK, Germany and Italy) and creating a larger platform in Latin America (Mexico, Colombia, Chile and Peru).

New hotels

In 2014 NH Hotel Group added nine hotels to its portfolio (four new openings and five signed agreements). The growth goal under the Strategic Plan involved six hotels (990 rooms), four in Europe and two in Latin America.

With the acquisition of Hoteles Royal at the beginning of 2015 the Group went from two to 21 hotels (2,379 rooms) in Colombia, Chile and Ecuador, incorporating a hotel portfolio with significant strategic value. This helped to accelerate the growth objectives contemplated in the development plan for the continent.

Joint venture in China

At the end of February 2015 NH Hotel Group and HNA created "HNA-NH Hotel Management Joint Venture Company". The Beijing-based joint venture will develop and manage a significant portfolio of HNA and third-party hotels in the middle and upper-middle segments in the Chinese territories, Hong Kong, Taiwan and Macao. Both groups will contribute €8M in 2015 and 2016 for the development of a prototype hotel and the promotion of the brand.

IT TRANSFORMATION PLAN

NH Hotel Group has successfully completed the migration process of the SAP back-office systems in all its Business Units and is now working on the migration of the front-office systems in its Business Units in Spain, Benelux and Germany (the process started in March 2015). The migration of the public website has also been completed and work is being done on the private and mobile websites. As a result of the migration process, the Company will use a single source of data that is easy to access, save costs with the externalization of the administrative services and develop functionalities that will improve competitiveness.



NH Collection Grand Hotel Convento di Amalfi
Amalfi, Italy

OUR CORPORATE RESPONSIBILITY

NH Hotel Group integrates its Corporate Responsibility commitments in its business and relationship with stakeholders in order to improve the management of its activities and create shared value.

DIALOGUE WITH STAKEHOLDERS

NH has traditionally developed a proactive relationship with all the groups that are part of its business and environment, the key stakeholders for the Group.

With the launch of the new NH and the Group's profound transformation process, proactive interaction, consultation and dialogue with stakeholders are more important than ever, so that we can continue learning about their needs and expectations.

The Company conducts satisfaction surveys with shareholders, customers and employees, and arranges meetings and encounters with all its stakeholders. Additionally, the Company is also active in the social media as a space in which to interact with customers and society.

G4-24, G4-25, G4-26, G4-27

SOCIALLY RESPONSIBLE INVESTMENT



FTSE4GOOD

The Socially Responsible Investing index, FTSE4Good, was created by the London Stock Exchange and is designed to help investors integrate Environmental, Social and Governance (ESG) factors in their investments. NH Hotel Group became part of this index in 2013 and, as part of the review process in 2014, areas for improvement and new opportunities for the Company were identified. These will allow the Company to continue evolving in the responsible management of the business.

CARBON DISCLOSURE PROJECT, CDP



NH Hotel Group obtained the best rating in the CDP reference index and became the leading hotel company in terms of climate change management and the best rated in Europe (97 or A-), ahead of leading companies in the sector.

ETHIBEL EXCELLENCE INVESTMENT REGISTER



NH Hotel Group has been included in this index of leading companies in Corporate Social Responsibility within their respective sectors. Being part of this prestigious register highlights the Company's good performance, above average in the sector, and promotes Socially Responsible Investment (SRI) amongst investors and funds.

MATERIALITY: WHAT IS RELEVANT

NH Hotel Group maintained its transparency commitment in the reporting of its performance in 2014, following the new G4 Global Reporting Initiative (GRI) standards. To do that, the Company first carried out a consultation and analysis exercise to identify relevant business sustainability aspects. The Company then identified the material aspects to be reported by integrating the priorities of the Company and its stakeholders.

IDENTIFICATION PROCESS

The following chart shows how the most relevant aspects conforming NH Hotel Group's materiality were identified by using internal and external sources.

ITP (International Tourism Partnership), a global platform that brings together the leading hotel chains, including NH Hotel Group, promoted the analysis and mapping of the relevant ethical, social and environmental aspects through questionnaires, interviews and dialogues with stakeholders. As a result, a Materiality matrix was obtained that hotel chains have used as the basis for identifying their own relevant aspects. NH Hotel Group thus integrated the Company's priorities, as defined in its five-year Strategic Plan, and the interests of its stakeholders. In addition, other significant sources were considered, such as FTSE ESG Ratings Profile, Reporta report 2014 (Deva) and the Employee Engagement Survey, amongst others.

NEXT STEPS

Next on the Corporate Responsibility priorities of NH Hotel Group is its participation, along with the rest of ITP members, in two working groups on the two most relevant aspects derived from the Materiality matrix: Water and Labour Standards. Throughout 2015 the Group will advance in its commitments with the design of a new Corporate Responsibility Master Plan. It will also define the action plans related to the conclusions drawn from the Employee Engagement Survey.

IDENTIFICATION PROCESS

INTERNAL SOURCES

- Five-year Strategic Plan
- Shareholders General Meeting 2014: Speeches by the Chairman and the CEO
- Consolidated Financial Statements
- Employee Engagement Survey
- Sustainability Strategy

EXTERNAL SOURCES

- ITP (International Tourism Partnership) Materiality Matrix
- FTSE ESG Ratings Profile
- Ethibel Excellence Investment Registers
- Reporta report 2014 (Deva)
- RFPs from customers and suppliers

MATERIAL ASPECTS FOR NH HOTEL GROUP

NEW NH EXPERIENCE

- New services and products
- Innovative technologies
- Direct booking channels
- Reference in urban and business hotels

NEW CULTURE

- Leadership for change
- Talent management
- Training and development programmes
- Employee commitment and engagement

RESPONSIBLE COMMITMENT

- Environmental sustainability
- Responsible management of suppliers
- Contribution to the Community
- Ethical commitment

NEXT STEPS

- Action plans based on Employee Engagement Survey results
- ITP. Water working group
- ITP. Labour Standards working group
- Corporate Responsibility Master Plan



ADHESION AND ALLIANCES

GLOBAL COMPACT

NH Hotel Group adhered to the United Nations Global Compact in 2006, following its 10 principles as an internal reference framework for designing the Corporate Responsibility strategy and management, in line with the Company's vision, values and principles, as well as the transformation of its culture. The Annual Progress Report 2014 contains a letter signed by the CEO of NH Hotel Group highlighting all the main initiatives and results achieved in the year.

WORLD TRAVEL & TOURISM COUNCIL (WTTC)



NH Hotel Group is a member of this prestigious international forum for the travel industry. The forum includes the main companies of the business community and works with governments to create awareness about the travel and tourism industry. NH Hotel Group is part of the Executive Committee of the World Travel & Tourism Council since April 2005.

INTERNATIONAL TOURISM PARTNERSHIP (ITP)



Global platform that brings together the leaders in Corporate Responsibility within the tourism sector. NH Hotel Group participated in the following projects in 2014:

Materiality Study in the Hotel Sector. ITP has promoted the analysis and mapping of relevant ethical, social and environmental aspects through the dialogue with and the active participation of the stakeholders identified by the hotel chains. As a result, a Materiality matrix was obtained that will guide the next Corporate Social Responsibility Master Plan and the current reporting system of NH Hotel Group.

Youth Career Initiative (YCI). The Company participates in this alliance in Mexico D.F. focused on the professional training and development of disadvantaged youth.

Hotel Carbon Measurement Initiative (HCMI). Along with 23 of the leading international hotel chains, NH Hotel Group co-developed this methodology to calculate and standardise carbon emissions. The Company is part of the working group charged with preparing this methodology, which has been created in collaboration with the World Travel & Tourism Council (WTTC) and the International Tourism Partnership (ITP).

ENTERPRISE 2020

Enterprise 2020 is the only business collaboration initiative recognized by the European Strategy on Corporate Social Responsibility (CSR). Its aim is to promote and spread best business-led CSR practices based on collaborations. NH Hotel Group is part of this platform through its Employability Programmes for groups at risk of exclusion, a high-impact collaborative initiative that began in 2007 and it has since trained a total of 2,780 persons and employed 141.

SUSTAINABLE EXCELLENCE CLUB (SPAIN)



Club de Excelencia en Sostenibilidad

Business association comprised of over 20 companies that promote sustainable growth. It has joint working groups on corporate responsibility, environment, sustainability, human resources, reputation and communications, ICT, purchasing and corporate governance.

TOGETHER FOR EMPLOYMENT (SPAIN)

NH Hotel Group continues to participate in this initiative aimed at improving the employability of Spain's most vulnerable groups in society, by promoting collaboration amongst businesses, the public sector and third-sector organizations. The project is led by Fundación Accenture, Fundación Compromiso Empresarial and Fundación SERES.

COMMITMENT TO OUR STAKEHOLDERS

THE NEW NH EXPERIENCE

After building a solid value proposal that gave rise to the new NH Hotel Group brand architecture, in 2014 the Company carried on working on the operational promise for NH Collection, NH Hotels, NH Meetings and nhow, defining a new and distinct experience for each one of them.

In 2014, the Company agreed to and implemented some new product and service standards established for each one of the brands, following the roadmap set out in the five-year Strategic Plan. Numerous initiatives were also put into operation to guarantee that the new NH experience was correctly implemented, giving rise to a wide range of products and services for each one of the Group's brands.

BRILLIANT BASICS

The new NH basics are key for guaranteeing the high standard of quality and comfort that the Company offers its customers. The Brilliant Basics include the new beds and mattresses, the rain effect showers, the Nespresso machines, the large flat-screen LED TVs, the new amenities or the professional hairdryers. In 2014, €31.5M was invested in Brilliant Basics for rooms, plus a further €4.8M to guarantee the very latest, comfortable and convenient standards for NH Meetings, the new NH Hotel Group's proposal for the Meetings and Events segment.





STATE-OF-THE-ART TECHNOLOGY AT NH MEETINGS

NH Meetings makes available to customers the very latest technology to guarantee high impact events and high performance meetings thanks to its new service “High Tech Made Easy”. In 2014, major investments were made to provide more state-of-the-art telepresence solutions, combining the best of videoconference with interactive collaboration, even full-scale 3D holographic telepresence technology and collaboration solutions that combine the best of the new generation videoconferences and interactive visual collaboration tools.

The “Living Lab” is a pioneering initiative on a global scale that has turned NH Collection Eurobuilding, the brand’s flagship in Madrid, into a technology testing-ground, as well as the Company’s platform for experimentation and showcasing new projects, which transforms services and spaces into a digital ecosystem.

GASTRONOMIC INNOVATION

“Haute cuisine” continues to be a keystone of the new NH experience. NH Hotel Group offers its customers innovative gastronomic proposals that seek to surprise and exceed their expectations.

Furthermore, other gastronomic concepts are also featured such as “Tempting Breaks”, personalised pauses during meetings and events with the very best gastronomic offer; the new “Courtesy Bar” for customers of NH Collection or the “Open Bar” concept, which offers a wide range of products round the clock (24 h.).

PERFECT FIT

In 2014, improvements were made to 89 gymnasiums in Group’s hotels, equipping them with latest generation machinery and improving their facilities, a total of €1.7M being invested.

THE EMPLOYEES’ COMMITMENT TO QUALITY

The employees play a key role in achieving the Company’s quality goals and they will also be essential for ensuring that the new NH experience is successfully completed. Therefore, in 2014 further progress was made on training them about the product and service standards established for the new NH while, at the same time, being informed of the Company’s main milestones in this area via “Tell The World”, the NH Hotel Group’s new internal communication channel.

The employees in the Operation teams who have MBO (Management by Objectives), 15% of this variable involves complying with the Key Performance Indicators (KPIs) for quality established for each Business Unit, country and hotel.



QUALITY MANAGEMENT SYSTEM

Measurement to define, update and improve the customers' experience

The implementation of these initiatives has directly led not only to an improvement in quality as perceived by the customers, but also to an improvement in the ratings that are given to the Group's hotels in the sector's online channels. Once again, Quality Focus, which is the Company's Quality Management System, is a key factor to reach these achievements; this system has made it possible to monitor the evolution of all action plans set in both internally and in on-line channels.

Positive effects on visibility and perception

In this sense one outstanding factor is the increase in the rating obtained on TripAdvisor, where a figure of 8.2 was achieved (+0.4 when compared to 2013), which has enabled many of the Group's hotels to position themselves among the best in their cities, with 122 hotels on the first page of the prestigious website by the end of the year.

The areas that stood out the most in 2014 in terms of better quality perception included: service (8.5), which increased by +0.4; good value for money (8.0); and room and bathroom perception (8.2), which improved by +0.3 in both cases, compared to the 2013 rating.

The launching of the brand NH Collection was a success in terms of customers' rating in 2014, because these were the hotels that most improved their perceived quality in all areas, attaining an average rating of 8.9, which made them the Company's best reference in 2014.

TOP 5 Hotels NH Hotel Group	General Satisfaction TripAdvisor (scale 1 to 10)
NH Collection Olomouc Congress	9.7
NH Collection Abascal	9.4
NH Collection Palazzo Barocci	9.4
NH Collection Guadalajara	9.4
NH Collection Eurobuilding	9.2

Quality measurement tool innovations 2014

The new tool offers the possibility of monitoring the client satisfaction level for each brand (NH Hotels, NH Collection, nhow and Hesperia Resorts), for the different customer profiles (leisure, business and meetings) and for the different NH Rewards loyalty programme categories. Furthermore, in 2014, the managers of 273 hotels were able to use the tool to reply to the comments made by the clients in the internal customer satisfaction survey.

TRIPADVISOR SCORE EVOLUTION

NH Hotel Group



MORE THAN
41,000
CUSTOMERS CONTACTED,
WHO REQUESTED TO BE CONTACTED

MORE THAN
100,000
CUSTOMERS' COMMENTS DECODED
BY SEMANTIC ANALYSIS



Internal customer satisfaction survey

The internal satisfaction survey, conducted using the Quality Focus tool, measures customer satisfaction after a hotel stay.

NH | HOTEL GROUP QUALITY FOCUS

GENERAL RATING FOR THE
CUSTOMERS STAY

8.4

OUT OF MORE THAN 165,000
RATINGS

RATING FOR THE PROCESS OF
BOOKING VIA THE WEBSITE

8.9

OUT OF 10,375 OPINIONS

Internal visits and Mystery Guest

The responsible teams for Quality in each one of the NH Hotel Group's Business Units make sure that the Company's high standards are kept up where quality and customer satisfaction are concerned.

Internal visits were made and audits contracted through Mystery Guest, which enabled us to assess how the services adapted to the standards and procedures established by the Company and to implement corrective measures at the centres where room for improvement was pinpointed.

236

INTERNAL VISITS TO THE HOTELS

439

AUDITS BY MYSTERY GUEST

90

CAMPUS TRAINING SESSIONS

MAIN QUALITY INDICATORS

	2013	2014	Dif. (%)
NH survey rating (scale 1 to 10)			
General	8.4	8.4	0.0
Service	8.7	8.8	0.1
No. of NH survey ratings	129,816	166,504	36,688
Online rating (scale 1 to 10)			
General	8.0	8.1	0.1
Service	8.1	8.5	0.4
No. of online survey ratings	178,831	244,495	65,664
Customer care KPIs			
No. communications: Customer Service department	25240	25021	-219
No. communications: Hotel managers	4,565	16,425	11,860

Beatriz Sampedro
Front Office Manager

NH Zurbano
Madrid, Spain

nh SOU YO
HOTELS

A NEW CULTURE

NH Hotel Group's new culture expresses what we are, what we want to do and how we do it. The Company has defined new beliefs based on this new culture, which inspire the employees' everyday activities and motivate them to achieve our vision.

Under this new culture, NH has laid down the foundations that will help to achieve the Strategic Plan goals, thus promoting the change and progress towards a leadership model.

DIVERSE STAFF

The Company has an extremely varied staff with employees of 139 nationalities, 13.6% of whom work in countries other than their place of origin.

The decrease in the average number of employees when compared to the previous year is mainly accounted for by the sale of 97% of the NH Hotel Group's shareholding in Sotogrande and the fact that the Company has ceased to be involved in non-strategic hotels over the past financial year. All the Business Units have shown a decrease in staff numbers, except the Business Unit of America, where the number of employees has increased by 3.5%, accounted for by a significant rise in the occupation of the hotels being managed, especially those in the Dominican Republic, together with a rise in their income.

All the employees (100%) are covered by the collective bargaining agreement.

EMPLOYEES PER BUSINESS UNIT

	2013	2014	Diff. (%)
BU Spain, Portugal, Head Offices, Sotogrande	6,194	5,752	-7.1%
BU Central Europe	3,964	3,883	-2.0%
BU Benelux, United Kingdom, France, USA & Africa	2,752	2,683	-2.5%
BU Italy	2,209	2,065	-6.5%
BU America	3,770	3,902	3.5%
Total	18,889	18,286	-3.2%

Data obtained from FTEs (Full Time Equivalents) for all contract types (open-ended, temporary, extra, TEAs, etc.) considering comparable hotels, non-comparable hotels and management

Open-ended contracts 2014 FTEs	9,903	54.2%
---------------------------------------	--------------	--------------

WOMEN IN THE STAFF:

7,046
(46.9% OF THE
TOTAL STAFF)*

WOMEN IN
MANAGEMENT POSITIONS:

1,386
(47.4% OF THE TOTAL
MANAGEMENT STAFF)*

49.5%
OF THE STAFF
BETWEEN 25 AND 40
YEARS OLD*

139
NATIONALITIES

* Data referring to open-ended and temporary employees

THE HUMAN RESOURCES STRATEGY

NH Hotel Group develops to meet current market needs, which not only means focusing on the customer but also requires a major technological and service transformation. This evolutionary progress goes hand-in-hand with a new culture, which provides the basics and the backup for this transformation.

In order to achieve this, the Human Resources area has defined its new strategy:

- **Transform and reinvent:** Searching, evaluating and taking the opportunities to transform and reinvent in order to evolve and develop our working environment becoming more agile, connected and productive.
- **Human Resources operational excellence:** Striving for HR operational excellence with clear policies and processes delivering on promises and proactively developing and supporting the NH operating model.
- **Top performance organization and Best Place to Work:** Become a recognized top performance company with strong ownership, founded on its high level of alignment, engagement and the employee's active involvement to build the best place to work.
- **Global leadership and talent management:** Implementing an NH leadership and talent management culture, developing self-aware leaders that envision, inspire, energize, connect and grow the culture beyond any geographical or cultural borders, and identifying and developing our talents as key enablers in this transformation.

NH TALENT

The NH Talent platform has been developed to make progress in the construction of a talent management culture and it enables each employee to manage his or her professional development from one single environment. Through NH Talent, all the employees, with the exception of the employees from Germany or those with a German supervisor, can manage their face-to-face learning e-learning, see their grading for their annual performances, manage their goals and devise plans of action. Throughout the next few months, NH Talent will be enriched by further initiatives that will help employees to enhance their professional careers at NH Hotel Group.



■ Training

In 2014, the Group launched the Training module, which makes it possible to carry out management in a much simpler, more complete and much more personalised way. All the employees can see what training courses are available, their own training backgrounds and download documents associated with training activities.

■ MBO (Management by Objectives)

This module enables employees to define and check the extent to which they have achieved their individual objectives, allowing them to monitor the whole process online. Furthermore, as from 2015, one of the MBOs individual aims will be linked to the Performance Management System result, thereby giving recognition to the way in which the goals have been achieved.

■ New Performance Management System: Time For You

In 2014, the Company worked on a new Time For You (TFY) that incorporates the behaviours promoted in the new NH and takes its inspiration from the beliefs. It thus guarantees that the leaders act as the driving force for the new culture, ensuring that it is consistent and assessing the same skills for all the employees but with different behaviours on the basis of the positions they occupy.

Furthermore, the performance management process has changed its schedule: at the beginning of each year the performance from the previous year will be analysed. In line with the new model, work was done on configuring the Time For You module on the NH Talent platform so all the employees can access their performance assessment backgrounds.

ENGAGEMENT

People are vital when it comes to building the new NH and have to feel part of the important moment the Company is immersed in. With a view to achieving this, an Engagement Plan has been established consisting of eight programmes aimed at enhancing the employees' commitment to NH's new strategy.

■ Employee Engagement Survey

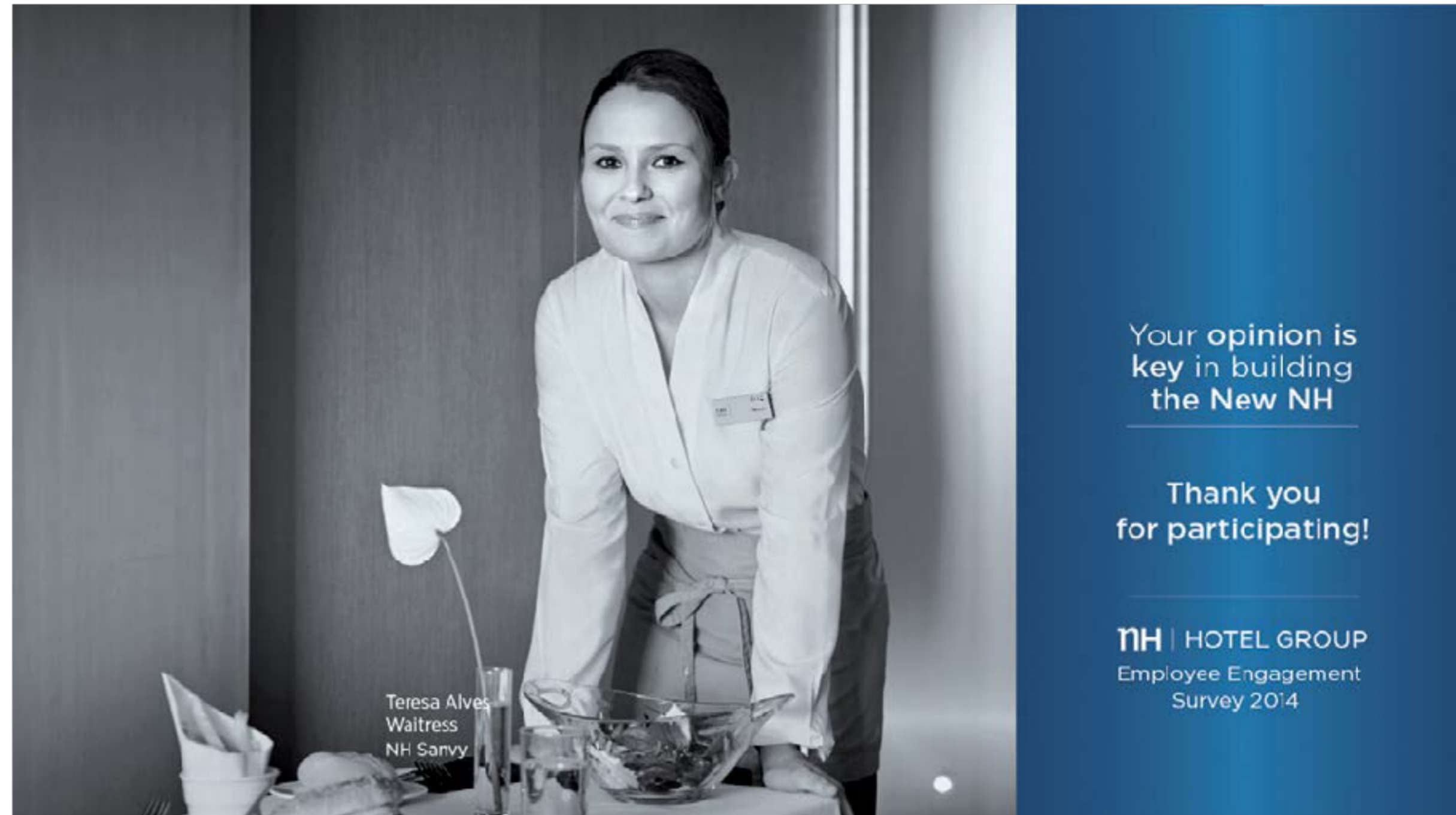
In October 2014, the Company launched an Employment Engagement Survey with a clear view to taking care of its employees and making them feel an important part in building the new NH. The survey enabled the Company to identify the main strengths and areas with room for improvement, as well as to set in motion action plans based upon the employees' opinions.

The Company's main strengths include its greatly customer-oriented employees, the respect with which the employees feel treated and their willingness to collaborate and work as a team. In response to this listening exercise, the Company undertakes to implement specific plans of action for each work centre. The results given by the employees on a local level were used to prepare these action plans, and dialogue environments and work teams have been set up with representatives from every hotel or Central Services area.

12,600
EMPLOYEES INVOLVED

81%
PARTICIPATION

77%
OF SUSTAINABLE COMMITMENT
WITH THE COMPANY



■ Engagement Plan programmes:

These are the programmes aimed at improving the employee's satisfaction with the Company:

1. TELL THE WORLD
2. DEVELOPING THE NEW NH LEADERS
3. SHOW TIME
4. MEMORABLE DATES
5. STRIVING TO BE THE BEST
6. NH THAT'S ME & MY FAMILY
7. HEALTHY LIFE
8. THE NEW WAY OF WORKING

The "Memorable Dates" programme was also set in motion in 2014, whereby the Company wishes to share and celebrate its most important dates with the employees, such as birthdays, seniority or the birth of a child.

The "NH That's Me & My Family" programmes have been developed locally in the Business Units with a host of initiatives, such as Christmas parties with the employees' children.

At the end of 2014, Central Services began to develop the new model "The New Way of Working", with which there is an evolution towards more efficient and collaborative work environments, fostering technologies that enables mobility and flexibility.

Another one of the outstanding programmes that will be established in 2015 is "Show Time", which allows the employees who have recently joined the Central Services to experience first-hand what work is like on a day-to-day basis at a hotel.

EDITORIAL



Hugo Boveira
MD Spanish Portugal

Maarten Marink
MD Greater, F.E., U.K., U.S.A.

Christian Kliefgen
MD Central Europe

José Nª Boitard
MD Italy

Gilles Consolvy
MD America

"Regarding our Business Unit, many changes and projects have taken place over recent months. All these achievements up to now would have been impossible without your support and effort. I would like to thank you for your well done work and I encourage you to keep working over the months to come with the same commitment and enthusiasm shown up to now".

"As the year speeds forward, a short note to thank you for the first part of the year. Many things have happened already! The opening of the New NH Games, the SAP back office implementation, our Zoover Award for Best Hotel Chain of The Netherlands, the ADR-focus and, in line with our Strategic Plan, much more to come in the next months and years. Enjoy the summer holidays!".

"Together, we have filled the New NH with life and in many areas our efforts have already been crowned with success. We have many tasks and challenges to tackle in the next months and years. But now, it is time to recharge our batteries so we can approach the second half of the year as energetic and motivated as the first".

"This is the year of a 'new beginning': we learnt how to overcome issues and to be successful and, after years of hard work, we are determined upon carrying on the Five Year Plan. Our way of working, our passion and the energy we put every day in our activities should never change. I am convinced that in this way we will reach the excellence and the objectives, making real the Five Year Plan!".

"Through the new NH we started a culture that differentiates us in the industry. Since the approval of the new five-year Strategic Plan, the results, effectiveness and evolution have been convincing, achieving this semester's goals. I would like to congratulate the teams understanding on the New NH essence".

NEW NH UPDATE



VENICE HOSTS THE PRESENTATION OF THE NEW "NH COLLECTION" BRAND

NH Hotel Group presented the company's new Premium Brand, NH Collection, in Venice on the occasion of the opening of the NH Collection Palazzo Barocci.

Located opposite Venice's Grand Canal and Rialto Bridge, this exclusive 59-room boutique hotel opens its doors as one of our brand's benchmarks in Italy and aims to provide its customers with memorable experiences.

GRAND OPENING VIDEO
LEARN MORE

NH | HOTEL GROUP
TELL THE WORLD

48

EDITIONS SENT IN
ITS FIRST YEAR

14,000
USERS

30,000
VISITS

1,500
PHOTOS

62
VIDEOS

NH UNIVERSITY

In 2014, NH University, the NH Hotel Group corporate university, placed special emphasis on training for the Company's new procedures and systems, as well as on helping to achieve the goals set out in the five-year Strategic Plan and bringing the new NH closer to all the employees.

As in previous years, NH University opted for internal training, which accounted for 68% of the total number of hours. This year there are 579 internal trainers.

■ Training for the new NH

In 2013, the year of the first phase in training for the new NH, all the employees were made aware of the five-year Strategic Plan and the brand's new vision and behaviours, because such knowledge was required to guarantee that the Company could successfully cope with the transformation.

The second training phase focused on informing the employees about the progress made with the Strategic Plan, going more deeply into the new culture, the beliefs of the Company, the main changes at a product level and the definition of new standards.

In 2014, "The Collection Experience" workshop was set up for employees at the NH Collection hotels and it offers the keys that will enable customers to have unforgettable experiences.

The team leaders play a very important role at these training experiences, which is why specific training about new NH leadership has been given to the hotel managers.

■ SAP Training

NH Hotel Group is seeking to improve the systems that make its employees' day-to-day activities easier, speed up customer care and improve database management. As a result, 2013 saw the initiation of the migrating process to the SAP operating system throughout the Company. A total of 100 training sessions were given to more than 900 employees from the different Business Units in the various SAP modules.

■ TELL THE WORLD

To fulfill its commitment to employees, NH Hotel Group considers it vital to inform them about everything that is happening at the Company. "Tell The World" is much more than an internal communication channel. Its appealing multiplatform audio-visual content is used to inform, surprise and share stories about the employees themselves.

"Tell The World" faces up to the challenge of letting the employees know all about the new NH culture through the beliefs. With a view to this a series of videos were made in which each one of the Management Committee members and selected employees played the main role in a video competition in which they explained how they lived each one of the beliefs from their own personal experience.

■ New Heights

Barcelona played host to the third edition of the “New Heights Exclusive” training, the aim of which was to give recognition to the hotel managers whose performance was excellent during the previous year. This gave them an opportunity to exchange viewpoints with other Company managers, find out what progress had been made with the five-year Strategic Plan and talk to the Operations, Quality, Revenue Management and Human Resources experts.

The second edition of the “New Heights Regionals Summit” was also held and this year the Operations Management team worked on its strategic role within the framework of the new NH. The process took place through two impacts, the first of which used the design thinking methodology and the second via a focus group.

■ 360° Global Customer Solutions

The objective of this training, aimed at the Company's global sales force, is to go more deeply into the strategic account management methodology. The area managers share thoughts and discuss the challenges involved in the new approach to management.

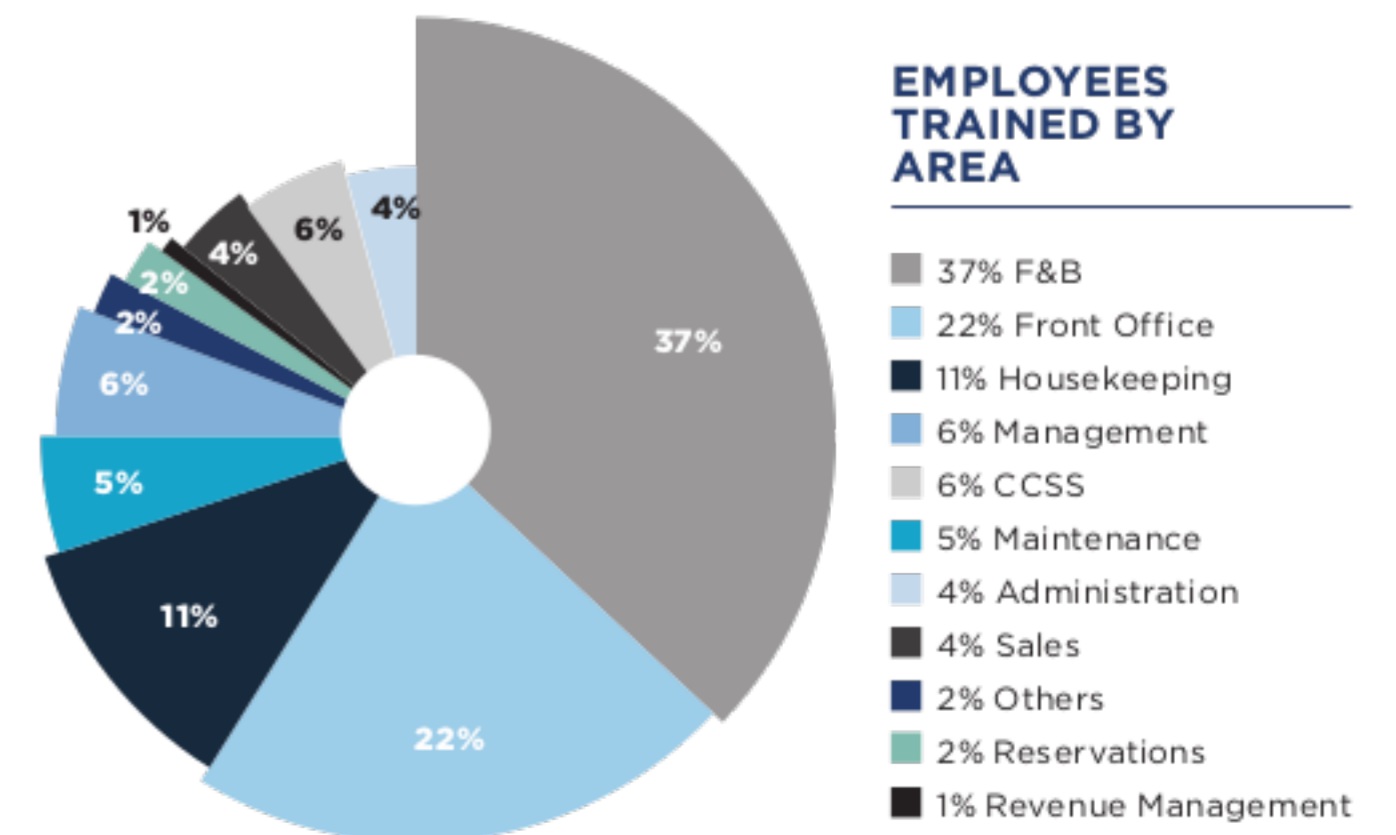
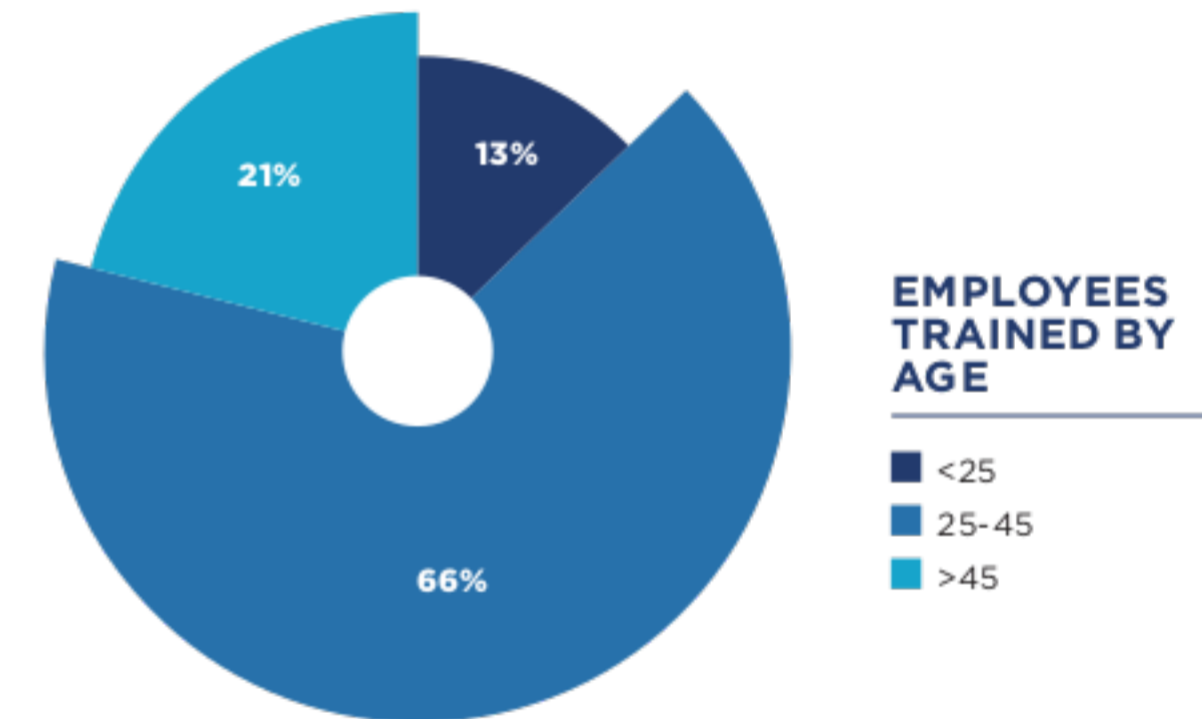
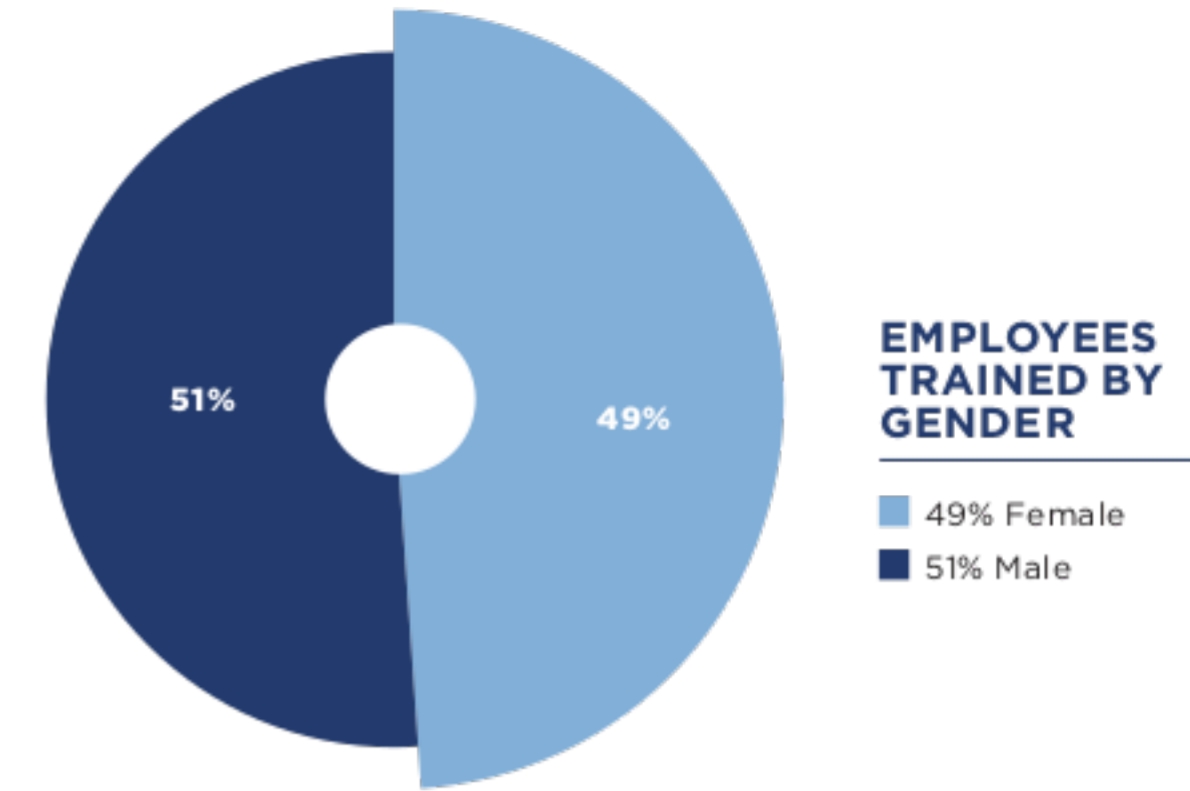
NH | HOTEL GROUP UNIVERSITY

11,179
EMPLOYEES
TRAINED

360
TRAINING
PROGRAMMES

TRAINING PER BUSINESS UNIT

Training	Business Unit	N° hours 2013	N° hours 2014	Difference	%
Campus	BU Corporate	12,266	13,590	1,324	10.79%
	BU Spain, Portugal & Andorra	22,126	26,589	4,463	20.17%
	BU Benelux, United Kingdom, France, USA & Africa	13,165	29,240	16,075	122.10%
	BU Central Europe	23,675	32,001	8,326	35.17%
	BU Italy	14,664	22,918	8,254	56.29%
	BU America	43,035	60,703	17,668	41.05%
Total Campus		128,931	185,040	56,109	43.52%
E-learning	BU Corporate	893	483	-410	-45.91%
	BU Spain, Portugal & Andorra	4,120	3,131	-989	-24.00%
	BU Benelux, United Kingdom, France, USA & Africa	758	528	-230	-30.34%
	BU Central Europe	1,239	2,647	1,408	113.64%
	BU Italy	661	428	-233	-35.25%
	BU America	2,000	568	-1,432	-71.60%
Total E-learning		9,671	7,785	-1,886	-19.50%
Total		138,602	192,825	54,223	39.12%



BUSINESS UNIT PROJECTS

■ Work-Life-Balance: BU Central Europe

Training in which the employees learn how to achieve a balance between their occupational and personal lives and how to establish suitable priorities in their everyday routines in order to limit stress and increase their satisfaction in the workplace.

■ International Guest Handling: BU Central Europe

During this training process, the employees in the Reception, F&B and Housekeeping increase their awareness about the cultural differences and acquire techniques that enable them to adapt the way they treat clients to each particular culture.

■ Sales Campus: BU Italy

Training programmes aimed at the Sales department that, throughout the 12 months that the courses last, endeavour to formalise and optimise the processes devised to manage the relationship with the client, implementing skills associated with the management process and the potential for sharing models and better practices applied to the sales processes.

2,096

CAMPUS TRAINING SESSIONS

192,825

HOURS OF TRAINING, BOTH
CAMPUS AND E-LEARNING
(39% MORE THAN IN 2013)

€1,401,406

INVESTED IN TRAINING

EMPLOYEE TURNOVER 2014

Business Unit	No voluntary			Voluntary			Total
	Women	Men	Total	Women	Men	Total	
BU Corporate	0.74%	0.62%	1.37%	0.58%	0.40%	0.99%	2.35%
BU Spain & Portugal	1.76%	1.26%	3.03%	0.12%	0.12%	0.24%	3.27%
BU Benelux, United Kingdom, France, USA & Africa	1.59%	1.28%	2.87%	0.68%	0.57%	1.25%	4.12%
BU Central Europe	0.58%	0.45%	1.03%	0.66%	0.47%	1.13%	2.16%
BU Italy	1.00%	1.21%	2.21%	0.20%	0.30%	0.50%	2.71%
BU America	1.49%	2.13%	3.61%	0.08%	0.08%	0.16%	3.77%
Total	1.34%	1.30%	2.64%	0.32%	0.27%	0.58%	3.22%

Data obtained using the same calculation criteria applied in 2013.

SOCIAL BENEFITS AND SPECIAL OFFERS FOR EMPLOYEES

■ Flexible Remuneration Plan

This plan, implemented in 2011, seeks to maximise the net salary of the employees at Central Services, the Business Unit Spain offices and the hotel managers. NH Hotel Group offers medical insurance plans, meal vouchers, playschool vouchers, transport tickets, home connected to Internet and collective saving insurance. In 2014, new products were implemented such as training and purchasing vacation days.

■ NH International Mobility Policy

A policy that governs employees' international mobility and that establishes two types of assignment, short-term and long-term assignment. Furthermore, NH Hotel Group also offers international transfers for an unlimited period. In these cases the employees are the ones applying for international positions not regarded as traditional expatriate positions. The figure of global employee also exists. In this case, they are employees that, although they are associated with the Corporate or Central Services of a Business Unit, live in another country.

■ Special offers for employees

The employees have the benefit of being able to stay in nearly all the NH hotels at a rate of €36 + VAT and with a 50% discount on the BAR (Best Available Rate) at the Company's top hotels, plus receiving a 30% discount on products and services. In 2014, they enjoyed 47,640 nights. The employees' family members and friends can make use of a Solidarity Friend Voucher with very special rates. In 2014 they enjoyed 111,918 nights.

EMPLOYEE TURNOVER

The improvement in results, coupled with the success of the talented employee retention policy have led to an employee turnover rate as low as 3.22%, the voluntary turnover rate standing at 0.58% and the involuntary turnover rate being 2.64%.

MAIN EMPLOYEE INDICATORS

	2013	2014
Average staff*	18,889	18,286
Open-ended contracts	55.9%	54.2%
Average staff turnover**	3.54%	3.22%
Immigrants	14.6%	13.6%
Women in the staff	48.4%	46.9%
Women in management positions	48%	47.4%
Age pyramid		
Under 25 years old	15.9%	14%
25 - 40 years old	49.4%	49.5%
Over 40 years old	34.7%	36.5%
Nationalities	141	139
NH University training hours	138,602	192,825
Participants in NHU programme	27,019	11,179
Investment in training	907,796 €	1,401,406 €

* FTEs including all types of contracts

** Voluntary turnover (0.58% vs No Voluntary turnover (2.64%))



ENVIRONMENTAL SUSTAINABILITY

Sustainability is a strategic value for NH Hotel Group, so it forms part of the 24 initiatives that constitute the five-year Strategic Plan, acting as a cross-value enabler to build the new NH. The Company continues to bet on innovation in order to develop eco-efficient solutions.

NH Hotel Group's sustainability perspective:

We care for the PEOPLE we host

We care for the DESTINATIONS where our hotels are located

We care for the PLANET we live on

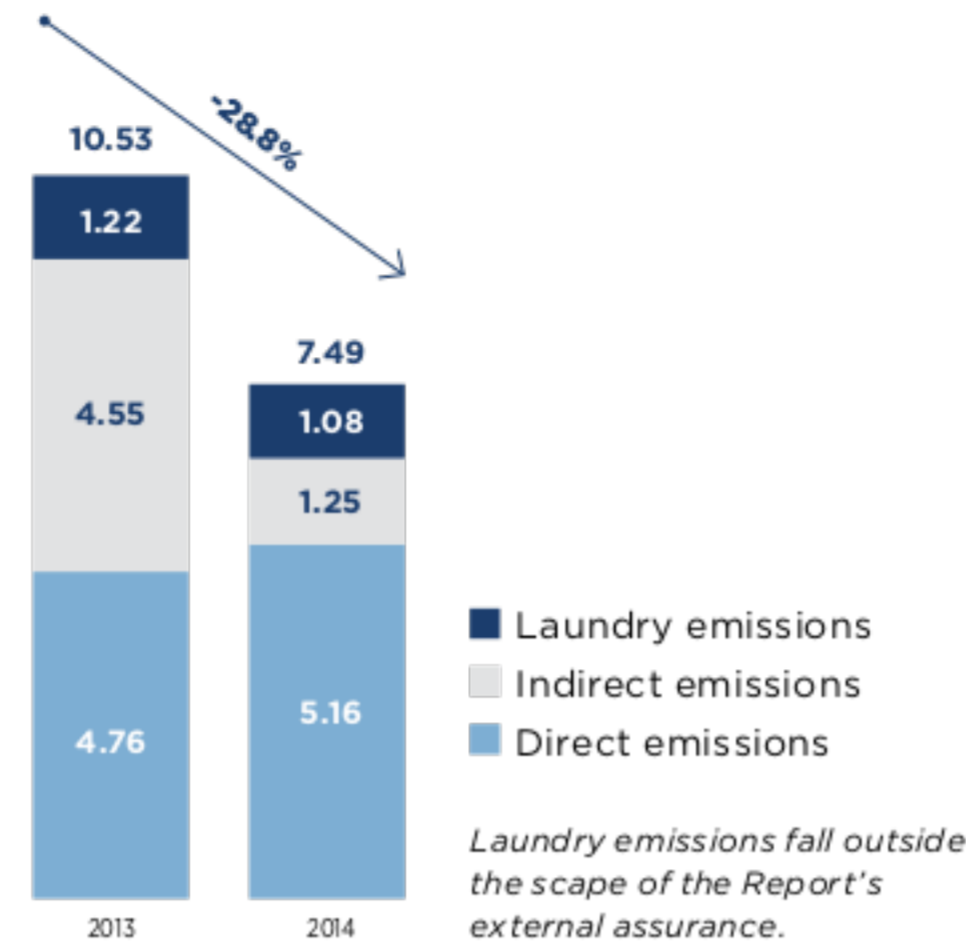
NH Hotel Group believes that innovation is the best way to develop eco-efficient solutions. At NH hotels guests feel at home, are filled with a sense of well-being and enjoy a healthy stay, while taking care of the planet.

The five-year Strategic Plan's sustainability initiative defined six key targets and, on the basis of these, the Company makes cross-cutting decisions in order to achieve the targets set. The sustainability goals set out in the Strategic Plan were achieved in 2014.

Between 2007 and the present time, the Company's carbon footprint has decreased by 69.4%, energy consumption has fallen by 26.4% and water consumption has dropped by 30.6%.

	Reference 2013	Target 2014	Real 2014	Upturns 13vs14	Targets 5YP	
					2016	2018
Energy savings (€M)	n.a.	0.9	1.1	-	4.75	12.78
Hotels with environmental certification	70	104	101	+31	125	150
Energy consumption (kWh per room/night)	55.52	51.9	51.43	-7.4%	50	49
Water consumption (m ³ per room/night)	0.303	0.309	0.300	-1%	0.298	0.298
CO ₂ emissions (kg per room/night)	7.35	8	6.40	-12.9%	8	8
Average hotel satisfaction in terms of sustainability (scale 1 to 10)	8.20	8.20	8.14	-0.7%	8.2	8.3

NH Hotel Group participated in the work group responsible for preparing the methodology known as Hotel Carbon Measurement Initiative (HCMI), which was created in collaboration with the International Tourism Partnership (ITP) and the World Travel & Tourism Council. In 2014 NH Hotel Group also calculated the carbon footprint for its entire portfolio using this methodology, which is added to that established in the GHG Protocol on emissions from external laundry. On this basis, NH Hotel Group's carbon footprint ratio was 7.49 kg of CO₂ per room occupied in 2014.



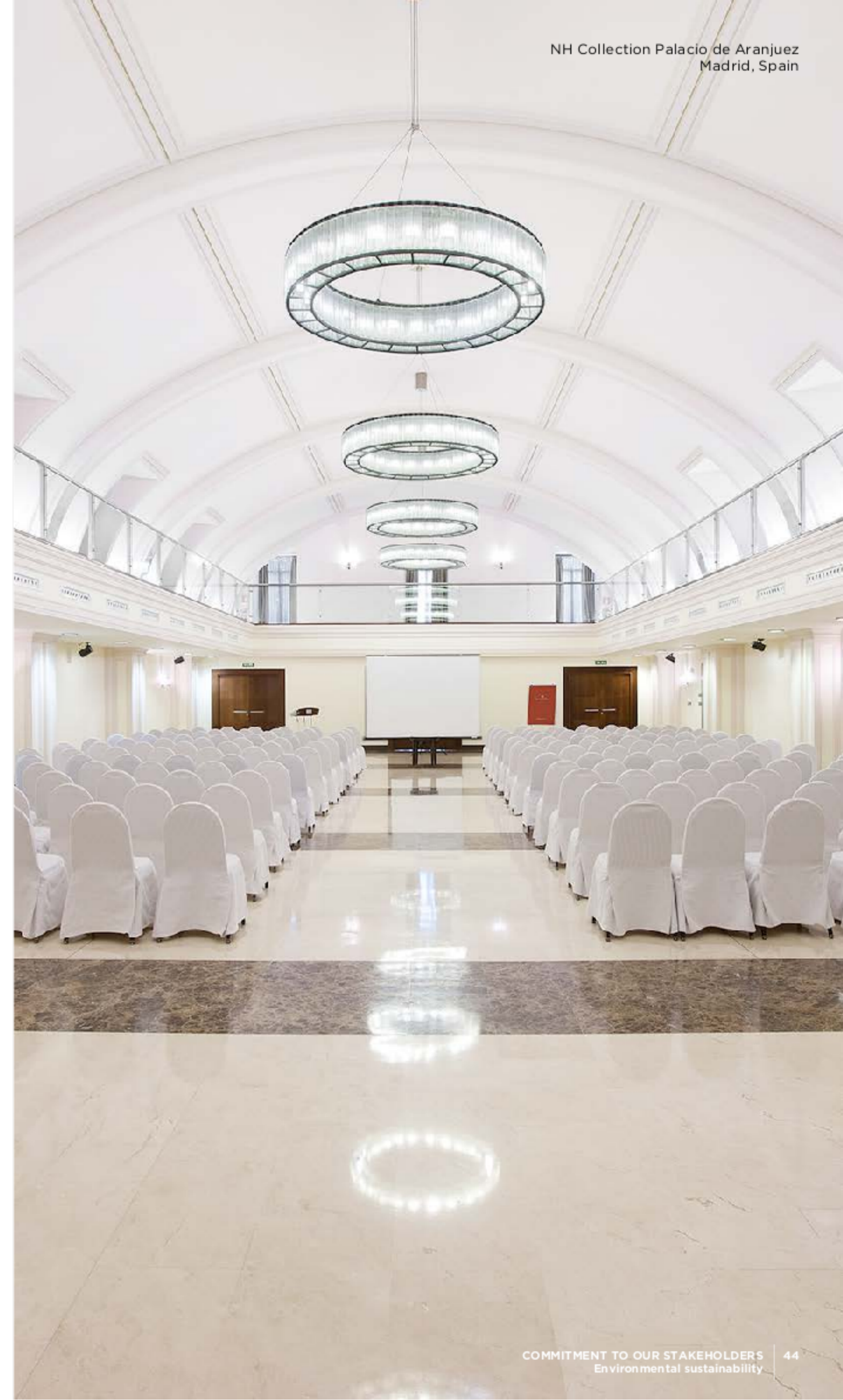
CDP

In 2014, NH Hotel Group reported to Carbon Disclosure Project (CDP), an independent, non-profit organization that analyses the environmental performance of companies and whose indicators are consulted by multiple stakeholders. The Company has obtained a 97 (A-) score, within the companies with a greater commitment on climate change and as the best ranked European hotel chain.

SUSTAIN FOCUS

NH Hotel Group uses the Sustain Focus platform to keep an exhaustive and strict control over the energy consumption, carbon footprint and water consumption measures. It is an online system to which most Company hotels have access and which enables the user to report, control, monitor and trace all the consumptions.

This tool has been designed to be flexible and scalable, is available in five languages and allows reporting in multiple currencies and magnitudes, converting them automatically into the units used for corporate reporting. The system facilitates internal comparisons to improve efficiency at hotels.



ENERGY CONSUMPTION*

kWh/RN**

ENERGY CONSUMPTION	ENERGY CONSUMPTION 2013 (kWh)	ENERGY CONSUMPTION 2014 (kWh)	DIFF 13 VS 14 (%)	ENERGY RATIO 2013 (kWh/RN)	ENERGY RATIO 2014 (kWh/RN)	DIFF 13 VS 14 (%)
BU America	17,571,049	17,662,184	0.5%	54.82	53.74	-2.0%
BU Benelux, United Kingdom, France & Africa	114,431,123.50	108,270,474	-5.4%	80.20	75.88	-5.4%
BU Central Europe	124,453,928	113,793,750	-8.6%	46.51	41.53	-10.7%
BU Italy	67,669,663	62,734,964	-7.3%	57.28	52.77	-7.9%
BU Spain, Portugal & Andorra	59,421,863	57,844,072	-2.7%	45.57	43.90	-3.7%
TOTAL	383,547,626.5	360,305,444	-6.1%	55.52	51.43	-7.4%

Energy data for hotels included in the five-year Strategic Plan (48% of the total portfolio). Source: ENABLON & KHALIX

* The electricity consumption data are obtained from the invoices and the meter readings.

** The ratios are calculated in kilowatts/hour per room and night.

WATER CONSUMPTION*

m³/RN**

WATER CONSUMPTION	WATER CONSUMPTION 2013 (m ³)	WATER CONSUMPTION 2014 (m ³)	DIFF 13 VS 14 (%)	WATER RATIO 2013 (m ³ /RN)	WATER RATIO 2014 (m ³ /RN)	DIFF 13 VS 14 (%)
BU America	114,602	110,022.50	-4.0%	0.428	0.407	-4.9%
BU Benelux, United Kingdom, France & Africa	444,978.50	513,434.10	15.4%	0.305	0.350	14.5%
BU Central Europe	633,402	620,355.50	-2.1%	0.261	0.249	-4.5%
BU Italy	374,125	372,664.90	-0.4%	0.388	0.384	-0.9%
BU Spain, Portugal & Andorra	296,164	297,209.30	0.00%	0.289	0.288	-0.1%
TOTAL	1,863,271.50	1,913,686.30	2.7%	0.303	0.300	-1.0%

Water data for hotels included in the five-year Strategic Plan (42% of the total portfolio). Source: ENABLON & KHALIX

* The water consumption data are obtained from the invoices and the meter readings.

** The ratios are calculated in cubic metres of water per room and night.

CARBON FOOTPRINT*

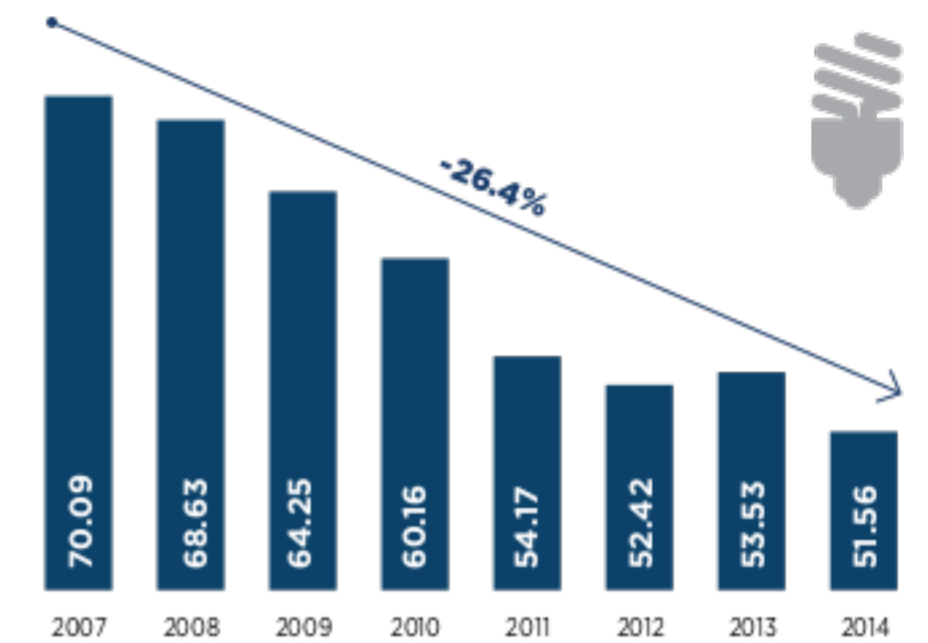
kgCO₂/RN**

CARBON FOOTPRINT	TOTAL EMISSIONS 2013 (kgCO ₂)	TOTAL EMISSIONS 2014 (kgCO ₂)	DIFF 13 VS 14 (%)	EMISSIONS RATIO 2013 (kgCO ₂ /RN)	EMISSIONS RATIO 2014 (kgCO ₂ /RN)	DIFF 13 VS 14 (%)
BU America	5,819,749.31	5,868,070.38	0.8%	18.16	17.85	-1.7%
BU Benelux, United Kingdom, France & Africa	17,494,496.83	14,835,450.05	-15.2%	12.26	10.37	-15.4%
BU Central Europe	15,167,175.64	13,054,377.37	-13.9%	5.67	4.76	-16.0%
BU Italy	6,155,138.04	5,500,056.14	-10.6%	5.21	4.63	-11.2%
BU Spain, Portugal & Andorra	6,111,903.82	5,601,102.86	-8.4%	4.69	4.25	-9.3%
TOTAL	50,748,463.64	44,859,056.79	-11.6%	7.35	6.40	-12.9%

Carbon footprint data for hotels included in the five-year Strategic Plan (48% of the total portfolio). Source: ENABLON & KHALIX

* Carbon footprint calculated using the GHG Protocol Methodology.

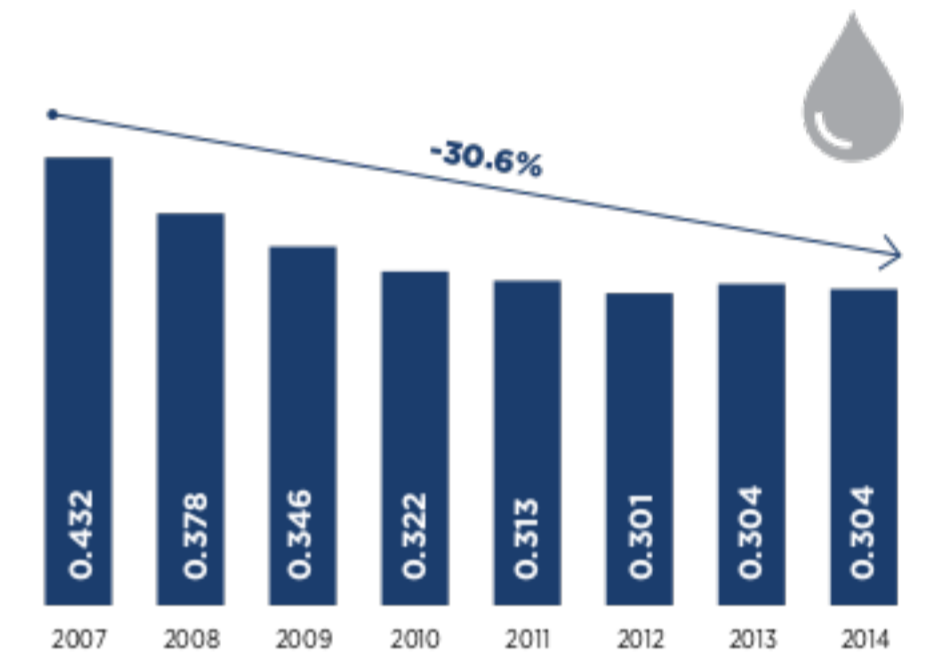
** The ratios are calculated in kilos of carbon dioxide equivalent per room and night.



Energy consumption data for comparable hotels (67.2% of the total portfolio). Source: ENABLON & KHALIX

* The electricity consumption data are obtained from the invoices and the meter readings.

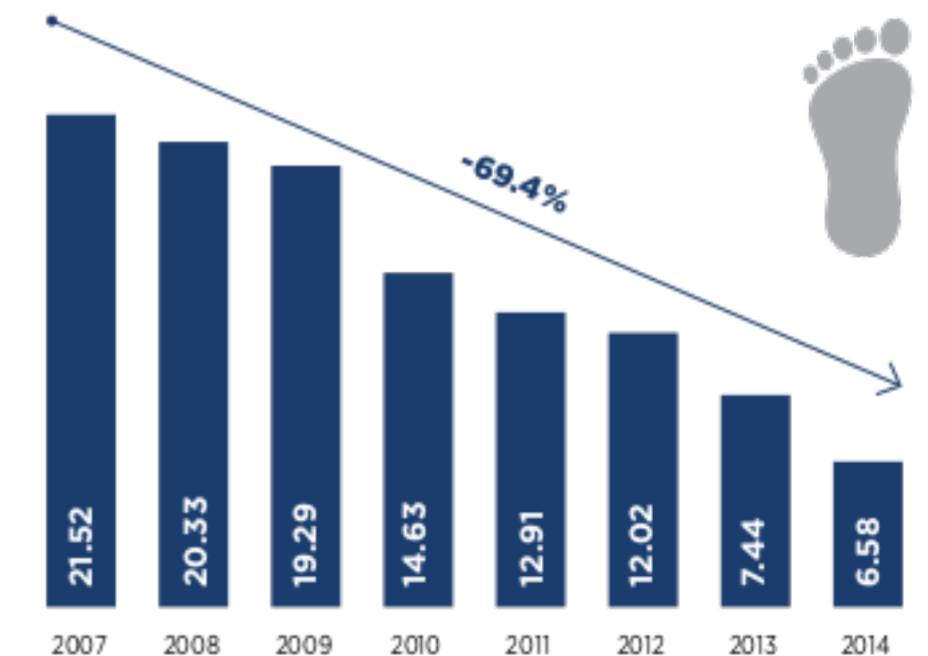
** The ratios are calculated in kilowatts/hour per room and night.



Water consumption data for comparable hotels (57.9% of the total portfolio). Source: ENABLON & KHALIX

* The water consumption data are obtained from the invoices and the meter readings.

** The ratios are calculated in cubic metres of water per room and night.



Carbon footprint data for comparable hotels (67.2% of the total portfolio). Source: ENABLON & KHALIX

* Carbon footprint calculated using the GHG Protocol Methodology.

** The ratios are calculated in kilos of carbon dioxide equivalent per room and night.



GREEN SAVINGS PROJECT

Capture of additional savings

- Energy Efficiency Plan
- Green Certification Program
- Control of energy ratios, based on the Sustain Focus
- Waste Management Plan

DESIGN FOR ENVIRONMENT	LOW IMPACT AMENITIES & MATERIALS	NUTRITION, WELL BEING & LOCAL TASTE
REDUCING CARBON FOOTPRINT	OPERATING SUSTAINABLE HOTELS	RENEWABLE & GREEN ENERGY



GREEN HOTEL PROJECT

Innovation and brand image

- Eco-standards: Green Basics
- Development/Promotion of sustainable innovation
- Agreements with key players
- Green mobility
- Comercial Plan: Integration of sustainability in comercial initiatives

SUSTAINABILITY INITIATIVE PROJECTS IN THE STRATEGIC PLAN

The two specific projects for attaining the NH Hotel Group's environmental targets are:

GREEN SAVINGS PROJECT

Focused on cutting down on the operational costs of the Company, as well as on energy efficiency to guarantee a saving on water, energy and other expenses, such as those in the laundry.

Energy Efficiency Plan 2014-2018

In 2014, approval was given to the Energy Efficiency Plan 2014-2018 at a cost of €31M. During the year energy efficiency projects were implemented in 292 hotels at a cost of €5.6M.

Environmental Certification Programme

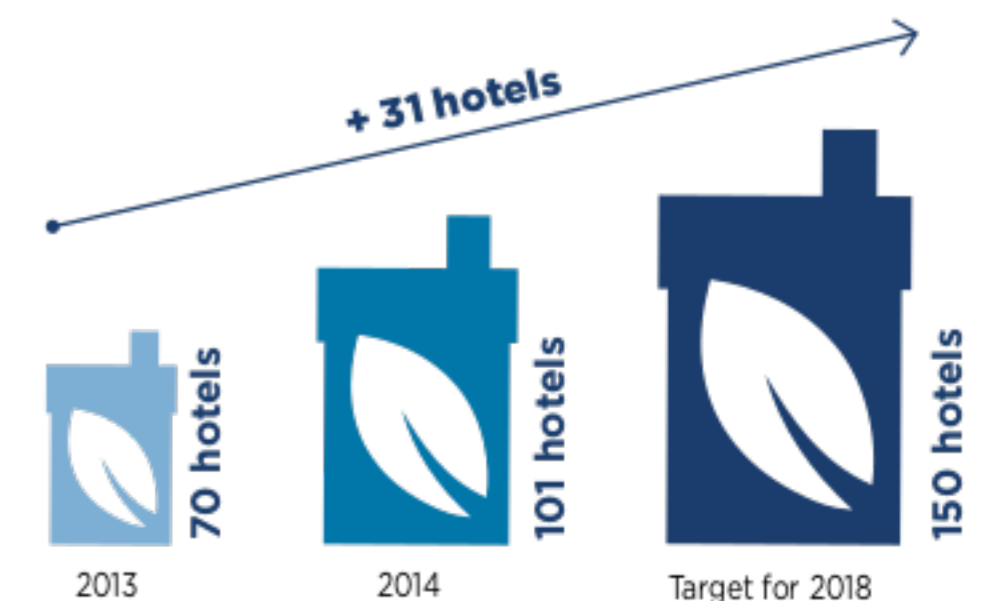
NH Hotel Group has obtained the global environmental management certificate ISO 14001 and the energy efficiency certificate ISO 50001 for the accommodation, restaurant, meetings and events services. In 2014, apart from the Company's global certificate, individual certificates were also awarded to 31 hotels. Also, in 2014, TripAdvisor launched the Green Leaders programme, whose seal has already been awarded to 29.5% of NH Hotel Group hotels, becoming second in the European ranking for the number of its hotels that have achieved this emblem.



NH Grand Hotel Krasnapolsky Amsterdam, The Netherlands

BUSINESS UNIT	CERTIFICATION	2013	2014	DIFF.
BU Benelux, United Kingdom, France, USA & Africa	Green Key Gold	32	35	+ 3
	ISO 14001	18	23	+ 5
BU Central Europe	ISO 50001	1	1	0
	ISO 14001	17	29	+ 12
BU Italy	ISO 50001	1	1	0
	ISO 14001	3	14	+ 11
BU Spain, Portugal & Andorra	ISO 50001	3	14	+ 11
TOTAL CERTIFICATIONS		75	117	+ 42

CERTIFIED HOTELS





WHEN ARE OUR HOTELS SUSTAINABLE?

When they comply with the following requirements:

1. Reporting water consumption, energy consumption and carbon footprint on a monthly basis
2. Arranging for audits from an external company to verify fulfilment of the NH Hotel Group's sustainability standards
3. Having an external environmental certificate (ISO, Green Key or Greenleader)
4. Having a green laundry programme for sheets and towels
5. Having a recycling programme
6. Ensuring that the paper comes from sustainable sources
7. Having installed more than 75% LED lighting

GREEN HOTEL PROJECT

This project aims to offer value to customers through taking sustainable actions and stressing the innovative attributes that improve brand perception.

Eco-Standards: Green Basics

- **Sustainable operations guide for the hotel:** Incorporating the environmental requirements that apply to each hotel department.
- **Ecoefficient hotel guide:** This manual contains water and energy saving strategies and sets out guidelines concerning the use of materials and construction in order to ensure that the hotels are more efficient and environmentally friendly. NH Hotel Group is one of the main companies in the world where preparing and implementing a standard of these characteristics is concerned and its ultimate aim is to make sure that its own new establishments obtain the LEED® or BREEAM environmental certificates.

■ **Sustainable food:** NH Hotel Group offers its customers healthy options, organic food and local produce. Therefore, the Company supports the local economy and culture of the places where its hotels are located.

- "Healthy Corner" for meetings and events service where customers can find fresh and natural options. Vegetarian and specific culture diets and meals are offered, as well as organic and eco-friendly certified products.
- "Regional Corner" includes a local offer of products for breakfast provided by the hotel's nearby suppliers.
- Market gardens in NH Collection Eurobuilding and in NH Barbizon Palace that enable the hotel to offer at its restaurants fresh vegetables coming from the hotels' roof-top gardens.

Promoting sustainable innovation

NH Hotel Group collaborates with universities and technological institutions on a wide variety of projects. One such project is developed jointly with the companies KIC InnoEnergy, EMTE, DEXMA and Enervalis, and the TECNALIA and VITO technological centres. The aim of the project is to promote innovation, initiative and education in the field of sustainable energy, within the framework of Horizon 2020. The project focuses on developing and marketing the eQualtig suite energy efficiency applications in hotels and on vertical surfaces. The application enables those who have it to monitor and optimise energy use; compare a variety of supply contracting options; adapt the price opportunities on the wholesale market and take part in reward programmes in exchange for a flexible energy demand.

- 77 hotels belonging to the Group participate in the “CorktoCork” bottle cork recovery programme for insulation and linings. 8,000 m² of paving have been recovered.
- NH Hotel Group supports green energy in hotels in Italy, Germany, The Netherlands, Belgium and Spain, and 78% of our hotels in Germany, Spain and Italy use renewable energy sources.
- Inclusion in the application HERE by NOKIA for establishing 112 battery recharge points for electric vehicles at the hotels.

Sustainable Mobility

In 2014, NH Hotel Group has given its approval to a global sustainable mobility standard for the hotels and has increased by 44% the number of hotels that offer sustainable mobility services.

- Renting cars at 13 hotels
- 112 battery recharge points for electric cars available at 41 hotels
- Promoting the use of bicycles in the main cities

Incorporating sustainability into commercial initiatives

NH Hotel Group considers that its activity could directly or indirectly have a positive effect on the environment in the communities where it operates. Therefore, as part of its commitment, eco-friendly meetings have been organised. These are meetings and events for customers at which:

- The event’s carbon footprint is calculated, so that customers can organise carbon neutral meetings.
- Support is given to sustainable development projects by making up for carbon emissions.
- Recycled paper and other environmentally-friendly materials are used.
- Environmentally-friendly transportation is made available to customers through local suppliers in the main cities.
- Sustainable food options are included on the menu.
- Eco-friendly beverages are provided instead of bottled water.
- Good quality LED lighting and low-consumption lighting is provided to save energy.
- Renewable energy sources are provided in 78% of the hotels in Germany, Spain and Italy.

The climate change projects supported by the Company to ensure that its events have a neutral environmental impact are:

- Fuel Switch Project in Brazil, to reduce carbon emissions from the ceramics plants. The contribution makes it possible to change the fuel used in this industry, thereby reducing emissions.
- Fuel Efficient Cookstoves in Uganda, to stop the deforestation caused by the use of wood as cooking fuel. The project enables Ugandan families to use efficient stoves.
- Kasigau Corridor REDD Project in Kenya, to prevent deforestation and the deterioration of the local forests by developing sustainable farming practices.

Other outstanding achievements in 2014 include:

- NH Ribera del Manzanares, the first hotel in the world to be awarded the BREEAM “Excellent” certification for building management.
- Supporting the “Earth Hour” global campaign promoted by the NGO “WWF” for the sixth consecutive year.
- Supporting “Grupo Español para el Crecimiento Verde” (the Spanish Group for Green Growth), which is backed by the Ministry of Agriculture, Food and the Environment.
- Signing the Climate Project contract with the Ministry of Agriculture, Food and the Environment. Over the next 4 years NH Hotel Group will reduce its CO₂ emissions by approximately 7,000 tonnes in 10 hotels in the chain.
- NH Collection Eurobuilding’s collaboration with Madrid’s organic producers and the regional Ministry of the Environment to offer organic food and local produce.

MAIN ENVIRONMENT INDICATORS

	2013	2014
Comparable hotels in the five-year Strategic Plan		
CO ₂ emissions (kg)	50,748,464	44,859,057
CO ₂ emissions (kg per room/night)	7.35	6.40
Energy consumption (kWh)	383,547,627	360,305,444
Energy consumption (kWh per room/night)	55.52	51.43
Water consumption (m ³)	1,863,272	1,913,686
Water consumption (m ³ per room/night)	0.30	0.30

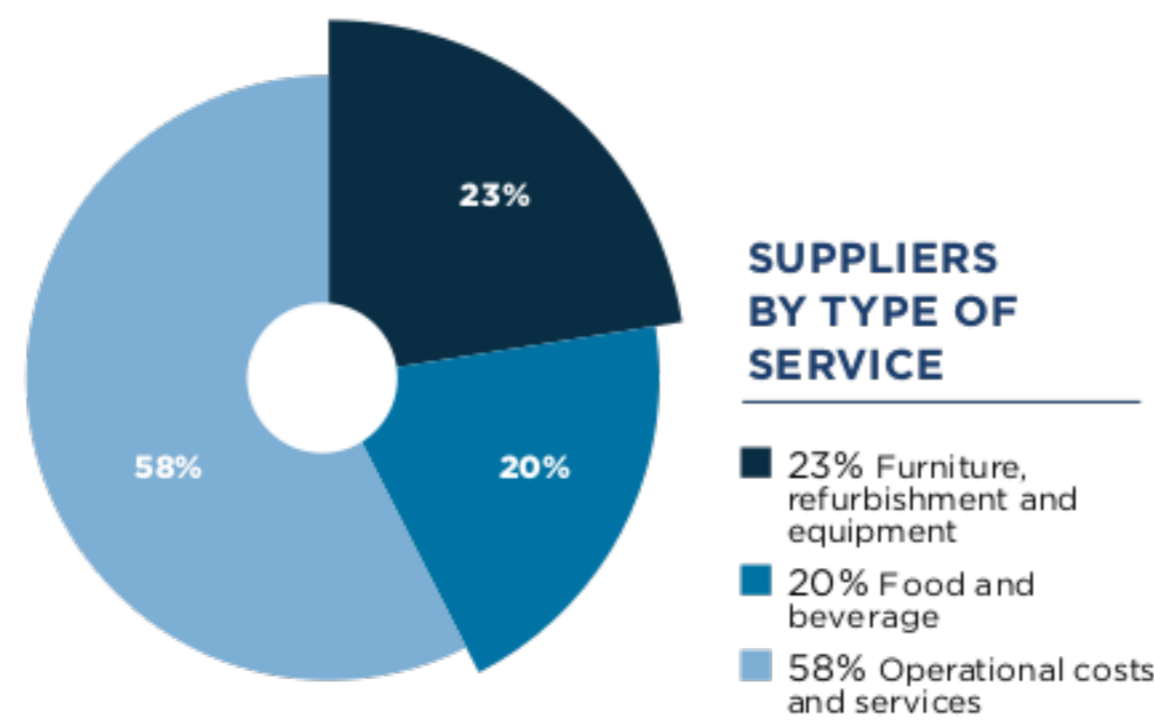
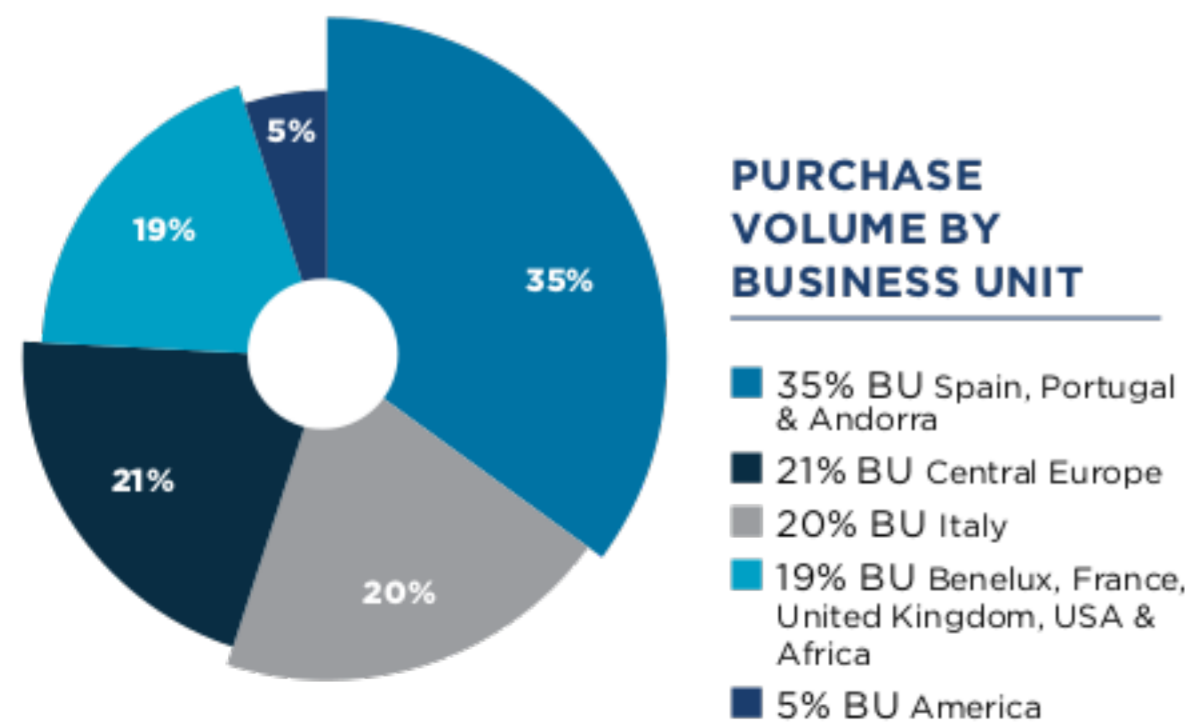
RESPONSIBLE VALUE CHAIN

NH Hotel Group considers its suppliers to be key partners in the commitment to develop sustainable and innovative solutions. The Company is convinced that it is essential to encourage a close, accessible and solid relationship with its partners, so it makes every effort to optimise resources and implement tools that enhance bilateral, transparent and efficient communication.

One of the Company's Procurement policy premises is to promote equal opportunities and to encourage local purchasing in each region where operations take place.

The Purchase Department not only surpassed the milestones set for 2014 in the Strategic Plan, but also exceeded the five-year Strategic Plan objectives:

- Saving 12.2% on what was budgeted and absorbing inflation for the third consecutive year.
- Within the framework of internationalising the purchasing central (Coperama), setting up a company structure and starting to develop the business in The Netherlands.
- Implementing SAP MM (Material Management) in the Business Units of Benelux, Central Europe and Spain.
- The goal of optimising the purchase function through electronic negotiation, containing prices and increasing the categories negotiated by the department has been exceeded.



NEW PROCUREMENT POLICY

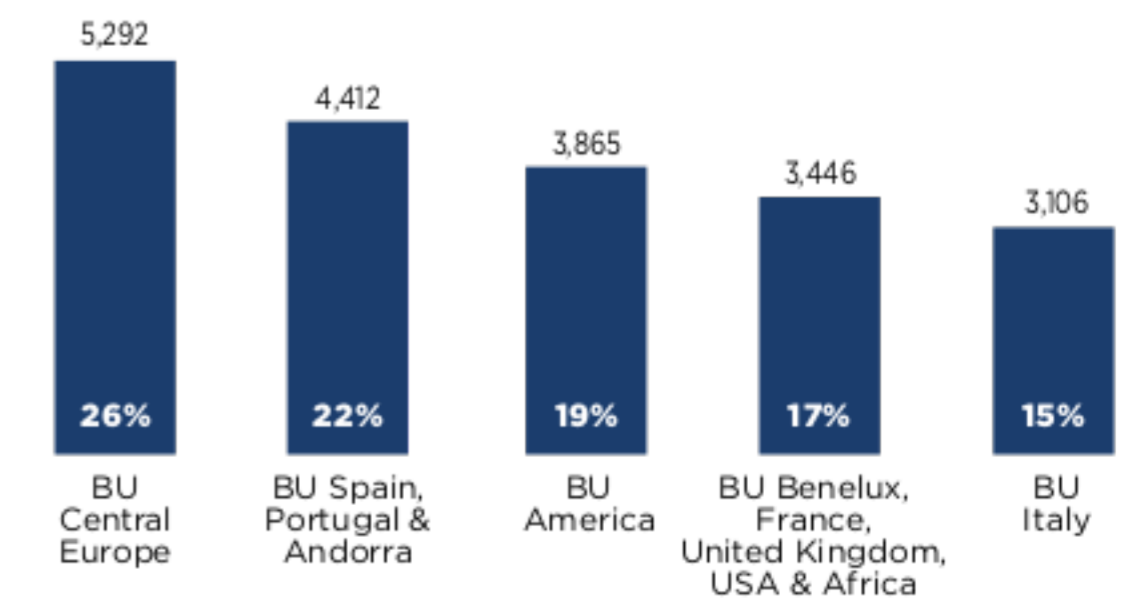
The new NH Hotel Group Procurement policy was updated and published in 2014, with a view to establishing the procedures and guidelines for the external contracting of goods and services, strengthening the commitment to guarantee transparency, honesty and ethics where the Company's purchasing function is concerned.

The new Procurement policy includes a definition of the contracting and delegation limits, the setting up of an Awarding Committee and adherence to the Declaration of Conflict of Interest, thereby guaranteeing that all the award decisions are governed by the same equal opportunities criteria, transparency and rigour.

The purpose of the NH Hotel Group Awarding Committee, made up of an interdisciplinary group of people, is to assess all the major contract award decisions and give approval to them once a consensus has been reached.

With a view to improving ethics where purchases are concerned, all the employees in the area have lent their support to the Declaration of Conflict of Interest. This document contains express reference to the fact that there is no kind of ethical conflict that could affect the objective performance of their functions and this is reviewed by the Resources General Management.

SUPPLIERS BY BUSINESS UNIT



20,121
NATIONAL AND INTERNATIONAL
SUPPLIERS IN 2014

€454.1M
ANNUAL PURCHASE VOLUME
(EXPENSE + INVESTMENT)

94.6%
OF THE VOLUME IS CONCENTRATED IN
THE EUROPEAN BUSINESS UNITS

58%
OF THE PURCHASE VOLUME
IS INCLUDED IN OPERATING
EXPENSES AND SERVICES

81.3%
OF THE APPROVED SUPPLIERS IN 2014
WERE LOCAL



ADHESION TO THE CODE OF CONDUCT

The NH Hotel Group Code of Conduct is part of the Purchasing department's approval contract and is signed by all the suppliers with whom a commercial relationship is entered into.

Furthermore, at the initial stage of all the electronic tenders, there is a Code of Conduct pre-acceptance clause that must be signed, in order to guarantee that all the suppliers accept and abide by it if they happen to be awarded the contract.

148

NEW SIGNATORIES
OF THE CODE OF
CONDUCT IN 2014

1,539

SUPPLIERS ADHERED
TO THE CODE OF
CONDUCT

ENVIRONMENTAL COMMITMENT

Work began on preparing a new Supplier Rating module towards the end of 2014, which is due to be implemented during the course of 2015. In accordance with this module, all the suppliers included on the electronic business platform will be assessed using a series of parameter associated with environmental management, commitment to the fight against climate change, reducing the carbon footprint, responsible consumption of resources and the utilisation of recycled materials.

COPERAMA, CONSOLIDATION AND INTERNATIONAL EXPANSION

The central procurement model was finally consolidated in Spain in 2014, and its expansion into other countries commenced.

At the end of the year, the firm Coperama Holding was established, this being the owner of Coperama Spain as well as any other subsidiaries that might be set up in the future. It is thus equipped with the structure and resources that are needed to successfully develop the project. In January 2015, Coperama Benelux began to operate.

GROWTH OF COPERAMA SPAIN

144

NEW ESTABLISHMENTS

104

RESTAURANTS

644

CLIENTS

4

COLLECTIVITIES

512

HOTELS

24

DIFFERENT CENTRES

DIVERSIFICATION OF CUSTOMERS PORTFOLIO:

GROWTH OF
131%

IN RESTAURANT DIVISION
WEIGHT

CONSOLIDATION OF SUPPLIER PORTFOLIO:

338

CONTRACTS IN FORCE



INNOVATION AND TRANSPARENCY: ELECTRONIC NEGOTIATION

In its second year of implementation, the NH Hotel Group electronic business platform has clearly shown that the Company has opted for innovation, equal opportunities and transparency in the contracting processes.

Consolidating the platform has been conducive to standardising assessment criteria and procedures, making all the processes 100% traceable and ensuring that the decision-making processes are transparent.

Two new models were implemented on the platform at the end of 2014. In the first half of 2015 two new modules will be implemented to enable the users to electronically control the entire purchasing process: supplier rating, e-sourcing and supplier performance assessment.

- Rating Module: It will enable to pre-assess suppliers on the basis of a variety of parameters associated with the extent to which they comply with good governance standards, such as economic-financial, environmental, operational and socio-occupational parameters.
- Assessment Module: It will enable to determine the approved suppliers' performance level and to establish whatever corrective measures may be necessary to achieve excellence in services to internal customers.

SAP MATERIAL MANAGEMENT

The SAP MM (Material Management) module was implemented in 2014. It is used to manage the entire purchasing process, from drawing up the order to paying the invoice (P2P).

It was implemented in the Business Units of Spain and Portugal, Benelux and Central Europe and during 2015 it will carry on being implemented in the rest of the Business Units, with a view to completing the standardisation project in a period of 18 months.

278

SUPPLIERS TOOK
PART IN AN RFI
(REQUEST FOR
INFORMATION)

182

ELECTRONIC TENDERS
WERE AWARDED

€112.5M

AWARDED VIA THE
ELECTRONIC PLATFORM

60.2%

OF THE TOTAL VOLUME
NEGOTIATED BY THE
PROCUREMENT DEPARTMENT
ON A GLOBAL LEVEL

INCREASE OF

28.6%

IN THE VOLUME BILLED (FROM
68,073 TO 87,519 INVOICES)
IN SPAIN, ITALY AND BENELUX

MAJOR REDUCTION

IN PAPER CONSUMPTION
AND AN IMPROVEMENT IN
TRANSACTION EFFICIENCY



COMMITMENT TO SOCIETY

Maintaining active relations in the communities where NH Hotel Group operates and contributing to local development with a commitment based on its own business are among the key objectives of our Corporate Responsibility strategy. This commitment is part of the new culture and is shown in one of our Company beliefs: "We are active in the communities where we live".

The Company maximises its positive impact and generates shared value with initiatives that are adapted to the local needs of each Business Unit, by creating responsible alliances with NGOs and with the collaboration of employee volunteers.

To this end, NH Hotel Group has established three lines of global action: Hotels with a Heart, Employment Programmes and NH Volunteers!

HOTELS WITH A HEART	2013	2014
Agreements with NGOs	247	235
Rooms donated	2,126	2,302
Hotels involved	275	271

EMPLOYMENT PROGRAMMES	2013	2014
Trained students	465	647
Contracts	38	42
Agreements with NGOs and institutions	39	39

NH VOLUNTEERS!	2013	2014
Volunteers	1,082	1,418
Initiatives	74	57

* Includes data from "Christmas for All" campaign



THANKS
FOR PUTTING YOUR HEART
IN EVERYTHING YOU DO

HOTELS WITH A HEART

HOTELS WITH A HEART

NH Hotel Group established the “Hotels with a Heart” programme 10 years ago, with a view to helping foundations and NGOs to cover their accommodation needs in the Group’s hotels. The Company consolidated this commitment through agreements with hospitals and foundations in a variety of countries to support children with serious illnesses and their families with limited resources when they need to be accommodated away from their own towns and cities. Apart from offering them accommodation, these families also receive at such difficult times the love and understanding of NH employees, who make sure that the hotel is like a second home to them.

The Company also has its own special NGO rate, through which it offers discounts of up to 30% off the best rates, and these are available to organisations that have been assessed and approved beforehand by the Corporate Responsibility department.

Hotels with a Heart. 10th Anniversary Campaign

To celebrate the 10 successful years of the “Hotels with a Heart” programme, the Company devised a Christmas campaign on a global scale. Thanks to this initiative, many families with hospitalised children were able to get together at these times that are so special. The employee volunteers from the hotels were the real hosts to these families and those who made them feel at home.

To bring the campaign closer to customers and employees, NH Hotel Group filmed an emotive video based on real events, which puts across the true spirit of the initiative the Company is most involved in. This video was the centrepiece of the Company’s Christmas greeting and was viewed over 150,000 times. Link to video: <https://goo.gl/SFGU5j>

Support for these families was given in each country via the foundations and NGOs with which, in most cases, there is a strong collaboration link involving different initiatives throughout the year.

In Spain, the chosen partner was Fundación Menudos Corazones, whose alliance gave rise to the programme “Hotels with a Heart”.

In Business Unit Benelux, it was the Ronald McDonald Foundation that was the beneficiary of this campaign. Apart from overnight stays in the hotel, the benefitting families also received tickets to go to the amusement parks, museums, circuses, etc. so they could have a good time with the children.

MORE THAN
300
ROOM-NIGHTS

30
CITIES IN EUROPE
AND AMERICA

This Business Unit collaborates with the Ronald McDonald Foundation in its programmes focusing on the well-being of families with sick children, providing them with a home when the foundation’s houses are full.

In Italy, they collaborated with Make A Wish International, a global partner with which the company has been collaborating since 2005, offering all the facilities possible to ensure that children all over the world with serious illnesses can make their wishes come true. From the beginning of this alliance until 2014, help has been given to make 126 wishes come true, amounting to a total of 503 direct beneficiaries and their families.

In the Business Unit of Central Europe the foundation that benefited from this initiative was Kinderkrebshilfe Frankfurt, which helps improve the quality of life of children with cancer.

In the Business Unit America, they collaborated with Fundación Garrahan in Buenos Aires (Argentina), an association that cares for children with cancer, and with Asociación De Ayuda a Niños en Estado Crítico (ADANEC) in Monterrey (Mexico).

You can also join. UNICEF (BU America - Mexico)

During the course of 2014, NH Hotel Group employees in Mexico collected €4,438.73 for the campaigns for children that are developed by UNICEF in that country.



NH Santa Fe
Mexico City, Mexico

EMPLOYMENT PROGRAMMES

Part of the Social Action strategy includes the development of international training, apprenticeship and employment programmes for young people at risk of social exclusion and the disabled at the hotels in all the Business Units. In 2014, 647 students developed technical and personal skills thanks to the direct involvement of the hotels' employees who, by accompanying them and providing guidance, carried out a wonderful volunteering and coaching task.

BU AMERICA. Youth Career Initiative (YCI)



NH Hotel Group is the only multinational company from Spain committed to this innovative international initiative that has a major impact on the fight against youth unemployment. Together with other companies that are leaders in the sector, such as Intercontinental, Marriott and Starwood, every year NH Hotel Group provides training to more than 400 young people at risk of social exclusion in the catering/hotel sector at 53 hotels the world over.

In this, the eighth year, and the fifth year in which NH Hotel Group has been participating, 13 young people were trained for 24 weeks at NH Mexico City Reforma and NH Collection Santa Fe. NH Collection Santa Fe was also the official host of the 2014 edition, hosting the students' graduation ceremony and the hotel manager occupied the post of Deputy Chairwoman of the YCI Council in Mexico.

BU SPAIN

In Spain, where youth unemployment rate is high, mainly among the groups at risk of social exclusion, the programmes aimed at making them more employable and that are conducive to their integration are of particular importance. Some outstanding collaborations include foundations like Casal dels Infants in Barcelona, whose Initial Professional Training programmes have enabled students to do their training courses in Barcelona's NH hotels.

NH Sevilla Viapol and Hesperia Finisterre collaborated with Fundación Síndrome de Down offering practical programmes for young people with this disability,

in order to help them in their social and labour integration. To be specific, agreements were signed for practicals to enable nine young people to receive training in various departments in these hotels.

BU BENELUX. JINC "Track The Talent" (THE NETHERLANDS)

NH Hotel Group and JINC have been collaborating since 2009 in providing professional training for young people in the poorer districts to improve their employability and bring them into the labour market. In 2014, nine visits and workshops were organised at five hotels in Amsterdam and Amersfoort, involving the participation of 59 young people. The employee volunteers at these hotels passed on their experience in the catering/hotel sector and filled them with enthusiasm. This initiative was an extremely enriching experience not only for the young people but also for the hotel employees.

NH VOLUNTEERS!

Thanks to the commitment that these employees have shown to these voluntary projects, NH volunteers! has firmly established itself as an important aspect of the Company's Strategic Plan. The initiatives where employee volunteers put their skills and know-how at the service of every project are particularly outstanding, and their coaching tasks are invaluable. In 2014, 149 voluntary employees at NH Hotel Group took part in training and apprenticeship programmes for vulnerable groups.

NH VOLUNTEERS! MAIN INITIATIVES

■ "CHRISTMAS FOR ALL" CONTEST 2014

The "Christmas for All" campaign is the NH Hotel Group's longest running volunteer initiative. For this edition, the Company invited the employees via Tell The World, the internal communications channel, to form a charitable team and to participate on their own initiative in a contest in which they could choose the NGO that they wished to involve in the campaign and to which they would donate the prize if they happened to be the winners. More than 600 employees from all the Business Units took part in the competition, showing their great commitment, supportive spirit and teamwork skills.

"CHRISTMAS FOR ALL" IN FIGURES

Volunteers	638
Beneficiary NGOs	31
Total initiatives	29
Clothes / household items (kilos)	2,600
Amenities (units)	2,500

■ AWARENESS WEEK AGAINST GENDER VIOLENCE

In 2012, the Company signed in Spain an agreement with the Ministry of Health, Social Services and Equality to support and give a higher profile to the actions against gender violence, together with another 30 leading social responsibility companies. In 2014, NH Hotel Group put into action a series of initiatives to make its employees aware on the occasion of the International Day for the Elimination of Violence against Women, in addition to supporting women who were victims of gender violence through training programmes at NH hotels.

■ EARTH HOUR 2014

For the sixth year running, NH Hotel Group joined the World Wildlife Fund's global initiative "Earth Hour", in which the Company's hotels took part by switching off their outside lighting for one hour, considerably reducing their energy consumption and CO₂ emissions. Furthermore, numerous activities were organised to involve the customers in this campaign against climate change: special candle-light menus, urns for sharing wishes for the planet, social media contests, etc.

■ FURNITURE DONATION FROM REFURBISHED HOTELS

In line with the NH Hotel Group Repositioning Plan, a protocol has been drawn up to coordinate the donation of the Company's removed furniture and its no-longer used facilities, to foundations, NGOs, social institutions and people without resources.

In 2014, in Spain alone, no less than 200 televisions, 900 mattresses and sofas, 400 pillows, 150 chairs and over 10,000 personal hygiene products were donated.

10 YEARS OF RESPONSIBLE ALLIANCES

- 10th Anniversary of the collaboration between NH Hotel Group and Fundación Menudos Corazones. While the XI Congenital Heart Diseases Workshop was being held at NH Madrid Ventas, the children from this foundation wished to thank NH Hotel Group for its 10 years of commitment, its support to more than 400 hosted families and more than 10,000 free room-nights in NH Puerta de Alcalá in Madrid.
- NH Hotel Group was honored in Madrid by the Spanish Red Cross in recognition of its 10 years of collaboration and commitment through its training, employment and apprentice programmes at its hotels for groups at risk of social exclusion.
- NH Hotel Group is celebrating the 10th anniversary of its solidarity initiative supporting Fundación Valora in Spain. Thanks to the donation of more than 14,000 items of furniture and household goods, the Company has managed to improve the quality of life of almost half a million people from 50 organisations in Spain.

MAIN SOCIETY INDICATORS

	2013	2014
Beneficiary entities (NGOs and foundations)	307	395
Social projects	884	621
Social Action investment	€468,245	€483,023
NGO rate contribution	€136,678	€126,477
Resources obtained from Friend Voucher + Employee Rate	€308,781	€271,476
Cultural promotion investment	€13,800	€17,665
Total Community Investment	€927,504	€898,641

AWARDS AND RECOGNITIONS 2014

HOTELS

TRIPADVISOR CERTIFICATE OF EXCELLENCE

190 NH Hotel Group hotels have been awarded the "TripAdvisor Certificate of Excellence", in recognition of the outstanding traveller reviews in 2014. Furthermore, 53 hotels have been entered into TripAdvisor's Certificate of Excellence "Hall of Fame" for having been awarded this certificate five years running.

TRIPADVISOR TRAVELLERS CHOICE AWARD

What is more, nine hotels have received 13 "Travellers Choice Award 2015" prizes for their activities in 2014, in acknowledgement of the most outstanding hotel qualities in the world in different categories (best hotels, family hotels, luxury hotels, romantic hotels, etc.).

"HOLIDAYCHECK QUALITY SELECTION" 2014 CERTIFICATE OF EXCELLENCE

326 NH hotels are awarded the "Holidaycheck Quality Selection" 2014 Certificate of Excellence. The hotels that received the award include more than 140 hotels in Spain, 60 in Germany, 37 in Italy, 30 in The Netherlands and 16 in Latin America, NH Hotel Group thus proves itself to be one of the hotel companies that is best recognised in the world for its quality, according to the opinions and assessments of its own clients that have visited the establishments.

NH SPAIN AND NH ITALY RECEIVE THE "HOTEL BRAND PERFORMANCE AWARD 2014"

NH Spain, as the top hotel brand in Spain, and NH Italy, as the hotel brand that has made the greatest improvements in Italy, have been awarded the "Hotel Brand Performance Award 2014". The prize is based upon metrics such as brand awareness and knowledge, recent use of the hotels, preference and loyalty.

NH COLLECTION EUROBUILDING, WINNER OF THE HOTEL INITIATIVE AWARDS

Recognised as being the hotel with the "Best Technological Equipment" at the 10th announcement of the Hotel Initiative Awards 2014, granted by the magazine Gran Hotel Turismo. This prize is proof of the fact that NH has opted for excellence and innovation.

BEST HOTEL CHAIN IN THE NETHERLANDS

NH Hotel Group was also given recognition by the Dutch tourism portal Zoover.nl as the "Best hotel chain in The Netherlands 2014". With an average of 8.91 points, the Company obtained the highest rating of all the hotel chains in the country. Dutch consumers praised hospitality, rooms, services and the quality of its restaurants.

NH HOTEL GROUP CHOSEN BY GERMAN BUSINESS TRAVELLERS

In 2014 the readers of the German edition of the well-known publication Business Traveller magazine have chosen NH Hotel Group as the winner in two categories: "Best hotel group for business travellers" and "Best hotel group for business travellers in Germany".

NH RESTAURANTS RECEIVE THE 2014 TRIPADVISOR CERTIFICATE OF EXCELLENCE

TripAdvisor has awarded its prizes "2014 Certificate of Excellence" to five restaurants belonging to the NH Hotel Group in The Netherlands and Spain: Vermeer (NH Barbizon Palace) and Reflet (NH Krasnapolsky), in Amsterdam; la Terraza del Casino and Santceloni (Hesperia), in Madrid, and la Tapería Yuste (NH Palacio de Oquendo), in Cáceres (Spain). This award is granted only to the restaurants that manage to receive excellent opinions from the travellers in TripAdvisor.

NH HOTEL GROUP

NH HOTEL GROUP, ONE OF THE BEST HOTEL GROUPS IN THE WORLD

The Company has once again been rated as one of the very best hotel groups in the world and as one of the best hotel brands, according to Hotels Magazine, which publishes a ranking of the world's top 325 hotels, drawn up on the basis of the opinions of the clients themselves. Thanks to the almost 60,000 rooms distributed in 400 hotels all over the world, NH Hotel Group is number 25 in the "Top 50 Hotels" and number 33 in the "Top 50 Brands".

LEADER IN REPUTATION

NH Spain has confirmed for the ninth year running that it is a top company in the tourist sector where reputation is concerned, according to the Monitor Empresarial de Reputación Corporativa (Merco). Since the last edition, NH Spain has moved up 31 places in the rankings of the best rated companies representing most of the main sectors of the Spanish economy and now occupies the 35th position.

BEST HOTEL COMPANY IN SPAIN

According to the study "RepTrak Pulse España 2014", undertaken by Reputation Institute, NH Hotel Group is in the Top 20 companies with the best reputation in Spain. This is the rating given by consumers who have placed NH in the 16th position in this prestigious ranking, making it the only company in the hotel sector that has been given such recognition. The study rates seven aspects: financial results, integrity, civic responsibility, leadership, innovation, work environment and product quality.

"BEST ENTREPRENEURIAL INITIATIVE" IN THE 2014 CAPITAL AWARDS

NH Hotel Group has been given recognition in the category "Best Entrepreneurial Initiative" in the 2014 Capital Awards, devoted in this edition to the enhancement and recovery of the Spanish economy.

HUMAN RESOURCES

2014 TEA CEGOS AWARDS

The NH Hotel Group initiative “Motivational Reward (MORE)” received the award from Tea Cegos and Teams & Talent in the 2014 Cegos Awards, in which the Company was recognised as being one of the firms that have developed and implemented innovative Human Resources practices. To be specific, it has been given recognition in the International Projects category for the initiative that involves the entire Company in achieving the global objectives.

TOP EMPLOYERS GERMANY

In 2014, NH Central Europe was awarded the “Germany Top Employers” certificate for the fourth time. This amounts to recognition of the NH Hotel Group’s human resource management policies and practices, described as being among the best in Germany.

AMONG THE TOP 10 COMPANIES TO WORK IN

According to the “Ideal Employers in Spain” survey, which analyses the preferences of university students where working in companies is concerned, NH Spain emerged as the only company in the hotel sector to appear in the Top 10, occupying the seventh position in the ranking as voted by Spanish students. The survey, conducted by the research consultants Universum and PeopleMatters, involved the opinions of more than 16,000 students from 42 Spanish universities.

ENVIRONMENT

TRIPADVISOR GREENLEADERS RECOGNITIONS

NH Hotel Group has received further international recognition for its environmental commitment and leadership in the sector. After launching the TripAdvisor GreenLeaders programme in Europe for the very first time, the Company obtained the “Eco-Leader” recognition. Receiving this prestigious award was only possible thanks to the positive sustainable practices implemented by the teams at the hotels in Austria, Germany, Italy, Spain and The Netherlands, whose efforts have been rewarded with 42 medals.

EUROPEAN ENVIRONMENTAL AWARD, EUROPEAN COMMISSION

In 2014, NH Hotel Group received the “European Environmental Award” in its Spanish section. This award recognises and rewards the companies that stand out owing to their environmental performance. NH Hotel Group received the award in the “Business and Biodiversity” category on the occasion of World Environment Day. These awards are granted by the European Union Directorate-General for the Environment and were presented by Their Majesties the King and Queen of Spain.



CORPORATE RESPONSIBILITY INDICATORS

PROFILE	2013	2014
Hotel portfolio	379	363
Rooms	58,195	57,127
Net income	€39.8M	€38.1M
EBITDA increase	2.9%	2.5%
STAKEHOLDERS		
SHAREHOLDERS		
Entities which conduct analysis of NH Hotel Group	20	22
Shareholders and investors queries answered	932	1,025
One-to-one meetings with shareholders and investors	480	264
Analyst tracking reports	140	158
EMPLOYEES		
Average staff	18,889	18,286
Open-ended contracts	55.9%	54.2%
Average staff turnover	3.54%	3.22%
Immigrants	14.6%	13.6%
Women in the staff	48.4%	46.9%
Women in management positions	48.0%	47.4%
Under 25 years old	15.9%	14.0%
25 - 40 years old	49.4%	49.5%
Over 40 years old	34.7%	36.5%
Nationalities	141	139
NH University training hours	138,602	192,825
Investment in training	€907,796	€1,401,406
Performance evaluations conducted (fixed FTEs)	90%	-
CUSTOMERS		
"Mystery Guest" hotel assessments	465	439
Scores (NH surveys + external pages)	302,918	410,999
Internal customer satisfaction surveys	135,471	166,504
Internal communications managed by the Customer Service department	25,270	25,021

STAKEHOLDERS	2013	2014
SUPPLIERS		
Volume of suppliers managed	22,379	20,121
Suppliers who have signed the Code of Conduct	1,391	1,539
Annual volume of purchases (expense + investment)	€408.4M	€454.1M
Turnover of suppliers who have signed the Code of Conduct	€46.8M	-
Negotiations through the e-sourcing platform	31.81%	60.20%
NH Sustainable Club members	40	-
Turnover of negotiations through the e-sourcing platform	-	€112.5M
SOCIAL ACTION		
Social projects	884	621
Resources allocated to the Community*	€927,504	€898,641
Resources obtained from solidarity € (Employee Rate and Friend Voucher)	€308,781	€271,476
Beneficiary entities	307	395
NH Volunteers	1,082	1,418
Cultural promotion investment	€13,800	€17,665
ENVIRONMENT		
Comparable hotels in the five-year Strategic Plan		
CO ₂ emissions (kg)	50,748,464	44,859,057
CO ₂ emissions (kg per room/night)	7.35	6.40
Energy consumption (kWh)	383,547,627	360,305,444
Energy consumption (kWh per room/night)	55.52	51.43
Water consumption (m ³)	1,863,272	1,913,686
Water consumption (m ³ per room/night)	0.30	0.30

* NGO Rate contribution included

After the environmental indicators for the year are calculated, the indicators for the previous year are recalculated for comparison. This ensures that indicators are always compared based on the same range. Therefore, in this 2014 Report, some 2013 data differ from the information published in the 2013 Report.

ASSURANCE REPORT AND GRI INDICATORS

ASSURANCE REPORT



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

Independent Assurance Report to the Management of NH Hotel Group, 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 Hotel Group, S.A. (hereinafter NH) for the year ended 31 December 2014 (hereinafter “the Report”). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter entitled “GRI Indicators” with the “✓” symbol.

NH management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) of the Global Reporting Initiative as described in item G4-32 of the Index of GRI contents of the Report, and following the Materiality Disclosures Service criteria, obtaining confirmation from the Global Reporting Initiative on the proper application of these. 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 this 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 been performed through interviews with management and staff responsible for preparing the information included in the Report, and applying the analytical and other evidence gathering procedures, as follows:

- Reviewing NH’s processes for determining material issues, as well as the stakeholders engaged in these processes.
- Risk analysis, including media search to identify material issues during the period covered by the Report.
- Verifying the consistency of the information that responds to the General Standard Disclosures, with internal systems or documentation.

- 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.
- Verifying the consistency of what is described regarding the company’s policies and strategy on sustainability, governance, ethics and integrity.
- Reviewing the application of the Global Reporting Initiative’s G4 Sustainability Reporting Guidelines requirements for the preparation of reports in accordance with core option.
- 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.
- Corroborating that the financial information reflected in the Report was taken from the annual accounts of NH, which were audited by independent third parties.

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

Based on the procedures described, nothing has come to our attention that causes us to believe that:

- the data included in the Annual Report - Corporate Responsibility of NH Hotel Group, S.A. for the year ended 31 December 2014 have not been reliably obtained,
- the information has not been fairly presented, or that significant discrepancies or omissions exist,
- the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines version 4.0 of the Global Reporting Initiative as described in item G4-32 of the Index of GRI contents of the Report.

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

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

25 June 2015



ABOUT THIS REPORT

This Annual Report and Corporate Social Responsibility Report includes the activity and results of NH Hotel Group for the financial year 2014. This ninth 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, on this occasion in its G4 version, Core option, taking into consideration the principles and guidelines of the Guide, with a relevant approach with regard to management and the most significant economic, social and environmental impacts of the Company.

SCOPE AND COVERAGE

In this Report, NH Hotel Group publishes the global management results of financial year 2014 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, 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.

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. For further information, please visit our website at www.nhotelgroup.com

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
G4-1	Pag. 5-6 1. MESSAGES FROM THE CHAIRMAN AND CEO	---
ORGANIZATIONAL PROFILE		
G4-3	Pag. 7-8 2.1. PRESENCE	---
G4-4	Pag. 7-8 2.1. PRESENCE Pag. 19 BRAND AND EXPERIENCE Pag. 24 BRAND AND EXPERIENCE	---
G4-5	Pag. 67 Back cover details	---
G4-6	Pag. 8 NH HOTEL GROUP PORTFOLIO BREAKDOWN	---
G4-7	NH Hotel Group, S.A.	---
G4-8	Pag. 7-8 2.1. PRESENCE	---
G4-9	Pag. 2 OUR PRESENCE IN THE WORLD 2014 Pag. 10-11 KEY FIGURES Pag. 13 SHAREHOLDING STRUCTURE	---
G4-10	Pag. 56 - 57 Diverse staff	---
G4-11	Pag. 56 Diverse staff	---
G4-12	Pag. 49 6.4. RESPONSIBLE VALUE CHAIN	---
G4-13	Pag. 9 Group expansion Pag. 9 Asset management Pag. 11 Significant milestones achieved until April 2015 Pag 13 3.1 SHAREHOLDING STRUCTURE Pag. 49 6.4 RESPONSIBLE VALUE CHAIN	---
G4-14	PAG. 16 3.3. OUR NEW COMPLIANCE SYSTEM	---
G4-15	Pag. 32 5.4. ADHESION AND ALLIANCES	---
G4-16	Pag. 32 5.4. ADHESION AND ALLIANCES	---
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Pag. 7 2.1 PRESENCE	✓ Pag. 59 Assurance Report
G4-18	Pag. 31 5.3 MATERIALITY: WHAT IS RELEVANT	✓ Pag. 59 Assurance Report
G4-19	Pag. 31 5.3 MATERIALITY: WHAT IS RELEVANTE	✓ Pag. 59 Assurance Report
G4-20	Pag. 60 Scope and coverage Pag. 31 5.3 MATERIALITY: WHAT IS RELEVANT	✓ Pag. 59 Assurance Report
G4-21	Pag. 60 Scope and coverage Pag. 31 5.3 MATERIALITY: WHAT IS RELEVANT	✓ Pag. 59 Assurance Report
G4-22	The information has not been restated in relation to previous years	✓ Pag. 59 Assurance Report
G4-23	No significant changes have been made in relation to the previous year	✓ Pag. 59 Assurance Report

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	EXTERNAL ASSURANCE
STAKEHOLDER ENGAGEMENT		
G4-24	Pag. 30 5.1. DIALOGUE WITH STAKEHOLDERS	✓ Pag. 59 Assurance Report
G4-25	Pag. 30 5.1. DIALOGUE WITH STAKEHOLDERS	✓ Pag. 59 Assurance Report
G4-26	Pag. 30 5.1. DIALOGUE WITH STAKEHOLDERS	✓ Pag. 59 Assurance Report
G4-27	Pag. 30 5.1. DIALOGUE WITH STAKEHOLDERS Pag. 30 5.2. SOCIALLY RESPONSIBLE INVESTMENT	✓ Pag. 59 Assurance Report
REPORT PROFILE		
G4-28	Pag. 60 8.1. ABOUT THIS REPORT	---
G4-29	Pag. 60 8.1. ABOUT THIS REPORT	---
G4-30	Pag. 60 8.1. ABOUT THIS REPORT	---
G4-31	Pag. 67 Back cover details	---
G4-32	Pag. 61 8.2. GRI G4 INDICATORS	---
G4-33	Pag. 59 8.3. ASSURANCE REPORT	---
GOVERNANCE		
G4-34	Pag- 14-15 3.2. BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE	---
G4-38	Pag- 14-15 3.2. BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE	---
ETHICS AND INTEGRITY		
G4-56	Pag. 16 3.3. OUR NEW COMPLIANCE SYSTEM	✓ Pag. 59 Assurance Report
G4-58	Pag. 16-25 3.3. OUR NEW COMPLIANCE SYSTEM	✓ Pag. 59 Assurance Report

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	EXTERNAL ASSURANCE
CATEGORY: ECONOMIC					
MATERIAL ASPECT: ECONOMIC PERFORMANCE					
G4-DMA	Pag. 17 4.1. OUR VISION				---
G4-EC1	Pag. 12 2.3. OUR ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTRIBUTION				✓ Pag. 59 Assurance Report
G4-EC2	Pag. 46-48 Sustainability initiative projects in the Strategic Plan	The following is not included: - A description of the risk or opportunity and its classification as physical, regulatory or other. - A description of the impact related to the risk or opportunity. - The financial consequences of the risk or opportunity before taking any measures.	Not available		✓ Pag. 59 Assurance Report
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS					
G4-DMA	Pag. 17 4.1. OUR VISION				---
G4-EC7	Pag. 26-28 REPOSITIONING PLAN Pag. 33-34 6.1. THE NEW NH EXPERIENCE				✓ Pag. 59 Assurance Report
G4-EC8	Pag. 52 6.5. COMMITMENT TO SOCIETY Pag. 56 Diverse staff Pag. 49 6.4. RESPONSIBLE VALUE CHAIN				✓ Pag. 59 Assurance Report
MATERIAL ASPECT: PROCUREMENT PRACTICES					
G4-DMA	Pag. 49 6.4. RESPONSIBLE VALUE CHAIN				---
G4-EC9	Pag. 49 6.4. RESPONSIBLE VALUE CHAIN				✓ Pag. 59 Assurance Report
CATEGORY: ENVIRONMENTAL					
MATERIAL ASPECT: ENERGY					
G4-DMA	Pag. 43 6.3. ENVIRONMENTAL SUSTAINABILITY				---
G4-EN3	Pag. 45 Energy consumption				---
G4-EN5	Pag. 45 Energy consumption				---
G4-EN6	Pag. 45 Energy consumption				✓ Pag. 59 Assurance Report

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	EXTERNAL ASSURANCE
CATEGORY: ENVIRONMENTAL					
MATERIAL ASPECT: WATER					
G4-DMA	Pag. 43 6.3. ENVIRONMENTAL SUSTAINABILITY				---
G4-EN8	Pag. 45 Water consumption				---
MATERIAL ASPECT: EMISSIONS					
G4-DMA	Pag. 43 6.3. ENVIRONMENTAL SUSTAINABILITY				---
G4-EN15	Pag. 45 Carbon footprint				---
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT					
G4-DMA	Pag. 49 6.4. RESPONSIBLE VALUE CHAIN				---
G4-EN32	Pag. 49 6.4. Environmental commitment				✓ Pag. 59 Assurance Report
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK					
MATERIAL ASPECT: EMPLOYMENT					
G4-DMA	Pag. 38 The Human Resources strategy				---
G4-LA1	Pag. 42 Employee turnover				✓ Pag. 59 Assurance Report
G4-LA2	Pag. 42 Social benefits and special offers for employees				✓ Pag. 59 Assurance Report

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)	EXTERNAL ASSURANCE
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK					
MATERIAL ASPECT: TRAINING AND EDUCATION					
G4-DMA	Pag. 38 NH Talent				---
G4-LA9	Pag. 40-41 NH University				✓ Pag. 59 Assurance Report
G4-LA10	Pag. 40-41 NH University				✓ Pag. 59 Assurance Report
G4-LA11	Pag. 38 New Performance Management System: Time For You	The percentage of employees with a periodic performance assessment is not included.	Not available	In 2014 a new performance assessment system was implemented. Its results will be examined in the next report.	✓ Pag. 59 Assurance Report
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-DMA	Pag. 37 6.2. A NEW CULTURE				---
G4-LA12	Pag. 37 Diverse staff				✓ Pag. 59 Assurance Report
SUB-CATEGORY: HUMAN RIGHTS					
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT					
G4-DMA	Pag. 49 6.4. RESPONSIBLE VALUE CHAIN				---
G4-HR10	Pag. 49 New procurement policy				✓ Pag. 59 Assurance Report
SUB-CATEGORY: SOCIETY					
MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	Pag. 16 3.3. OUR NEW COMPLIANCE SYSTEM				---
G4-SO4	Pag. 16 Training on the Code of Conduct				✓ Pag. 59 Assurance Report
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA	Pag. 35 QUALITY MANAGEMENT SYSTEM				---
G4-PR5	Pag. 35-36 QUALITY MANAGEMENT SYSTEM				✓ Pag. 59 Assurance Report





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